

# Contracting Agency Health Regions: Challenges and Future Directions

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# Current State

### Regions Evaluation

- Critical to recruit and retain public agency employers
- Impact on competitiveness, sustainability, and affordability

### Competing Goals

- Expand the program
- Affordability and sustainability of program

### Strategic Implications

- More regions align with health care costs
- Monitor for adverse selection long term

# About Regions



Geographic groupings where health care costs are comparable

Allows CalPERS to price premiums competitively with the cost of health care in the area

Enables CalPERS to effectively compete to attract and retain public agencies in the Health Program

Public agency  
contracting  
employers

Basic Plans only

45%  
or 511,000 members

2026 State and Regional Premiums example  
UnitedHealthcare Alliance HMO, Single Party Rate

\$1,048.16

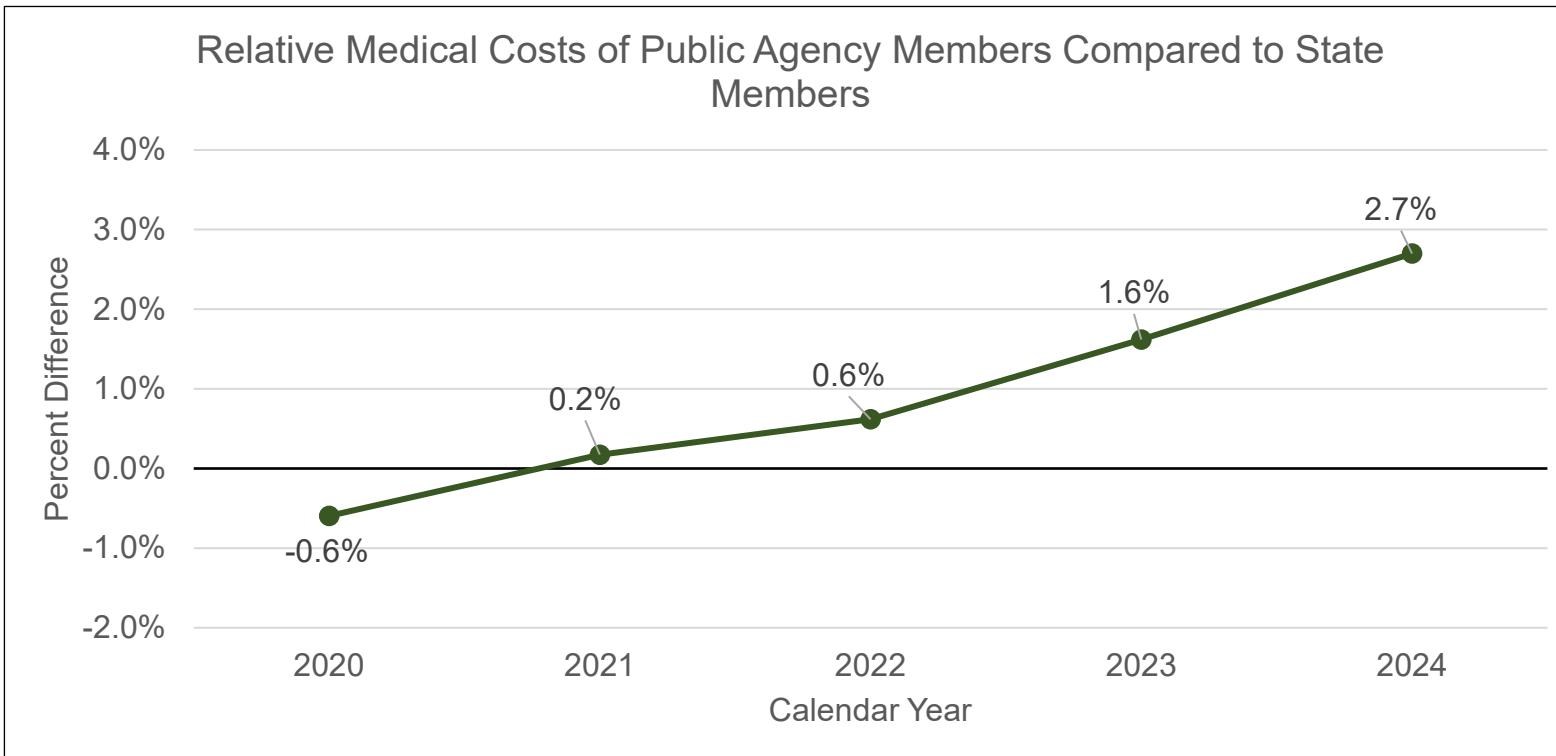
\$1,290.06

\$950.99

\$870.76

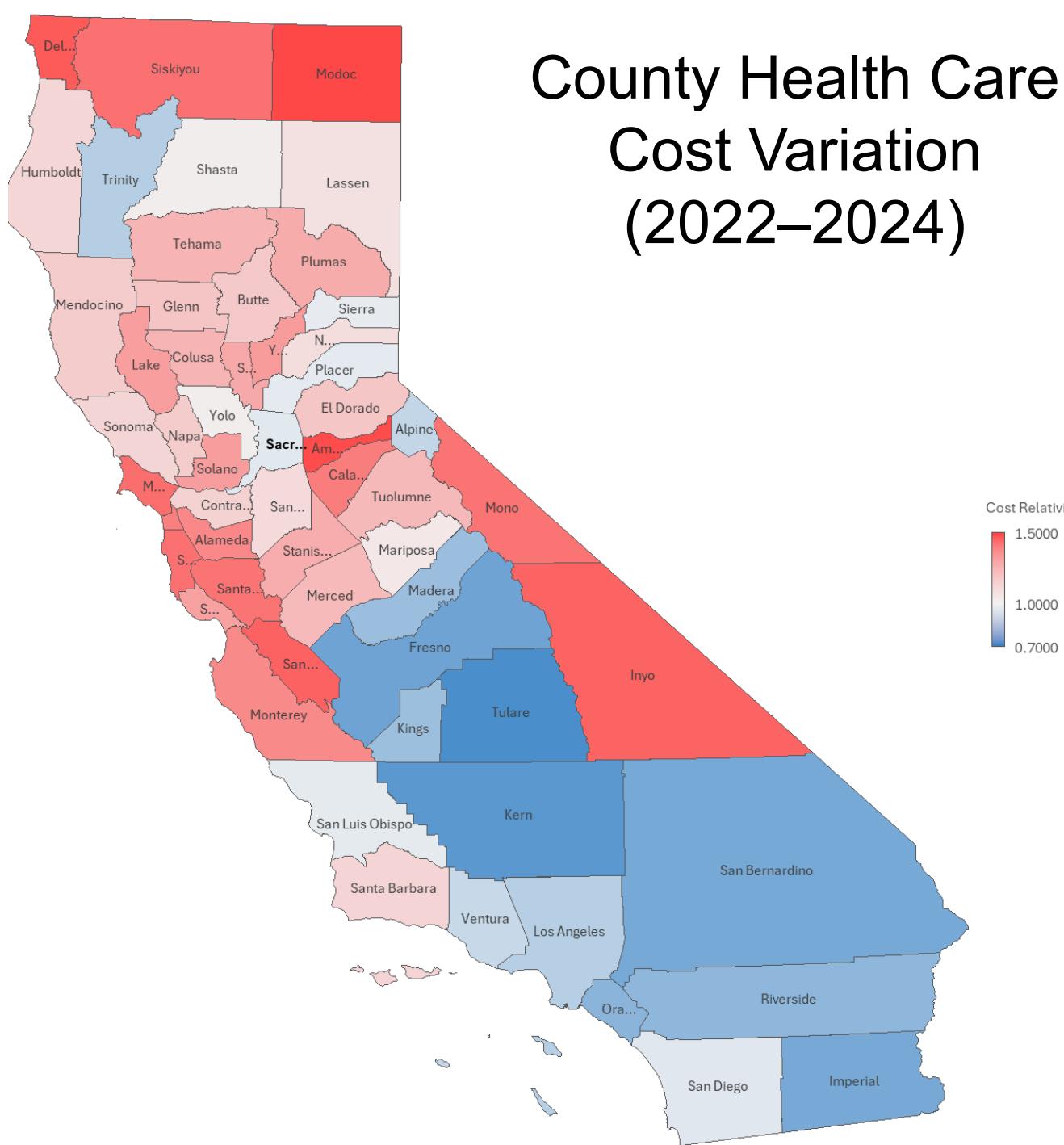


# Comparing Medical Costs



**Key Takeaway:** Public Agency members' average costs are growing faster than State members' costs. In 2020, Public Agency members were 0.6% less expensive than State members; by 2024, Public Agency members had become 2.7% more expensive.

# County Health Care Cost Variation (2022–2024)



# History of Board Action on Regions

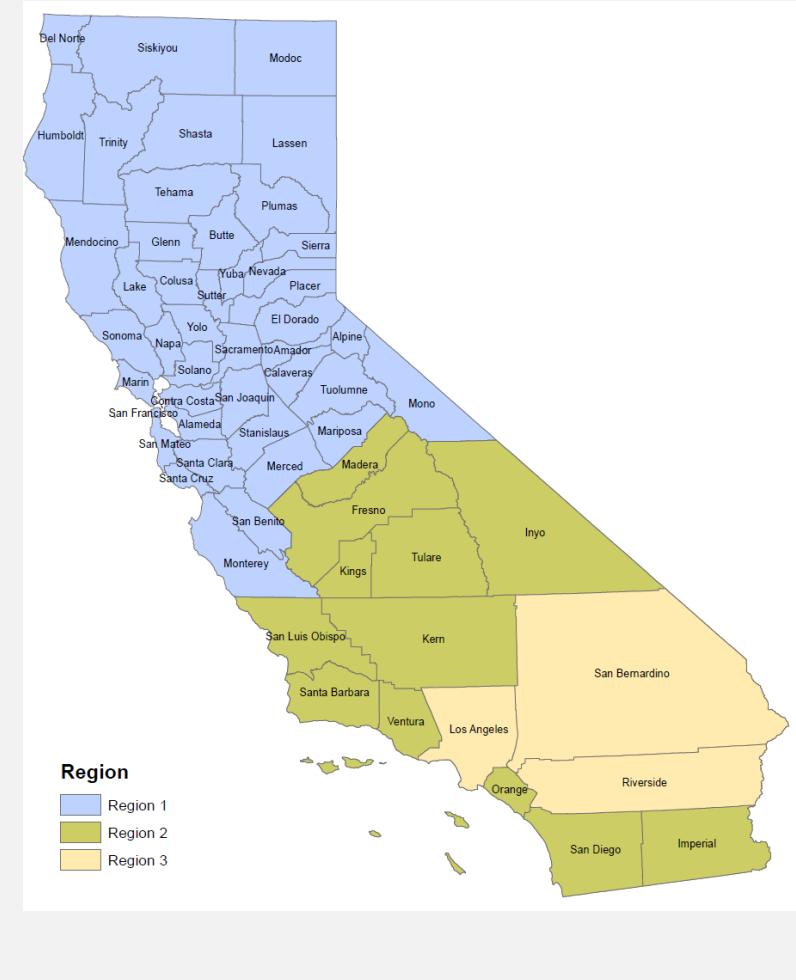
2005: 4 Regions



2009: 5 Regions



2020: 3 Regions Today



# Health Regions Today

## Public agency and school health regions by county

### Region 1

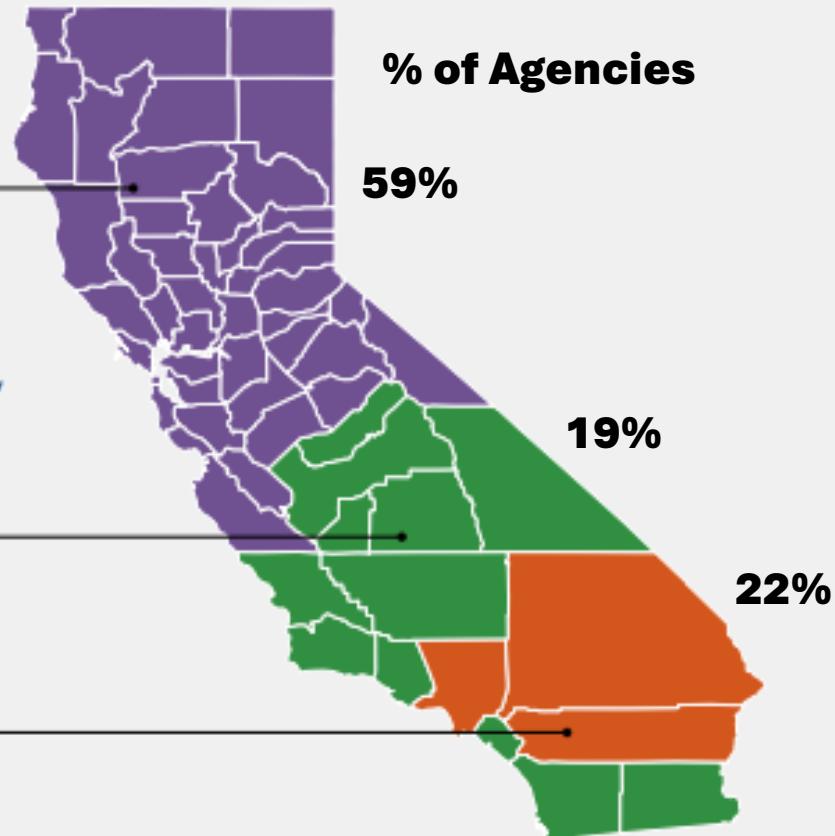
Alameda, Alpine, Amador, Butte, Calaveras, Colusa, Contra Costa, Del Norte, El Dorado, Glenn, Humboldt, Lake, Lassen, Marin, Mariposa, Mendocino, Merced, Modoc, Mono, Monterey, Napa, Nevada, Placer, Plumas, Sacramento, San Benito, San Francisco, San Joaquin, San Mateo, Santa Clara, Santa Cruz, Shasta, Sierra, Siskiyou, Solano, Sonoma, Stanislaus, Sutter, Tehama, Trinity, Tuolumne, Yolo, and Yuba

### Region 2

Fresno, Imperial, Inyo, Kern, Kings, Madera, Orange, San Diego, San Luis Obispo, Santa Barbara, Tulare, and Ventura

### Region 3

Los Angeles, Riverside, and San Bernardino



# Covered California Rating Regions

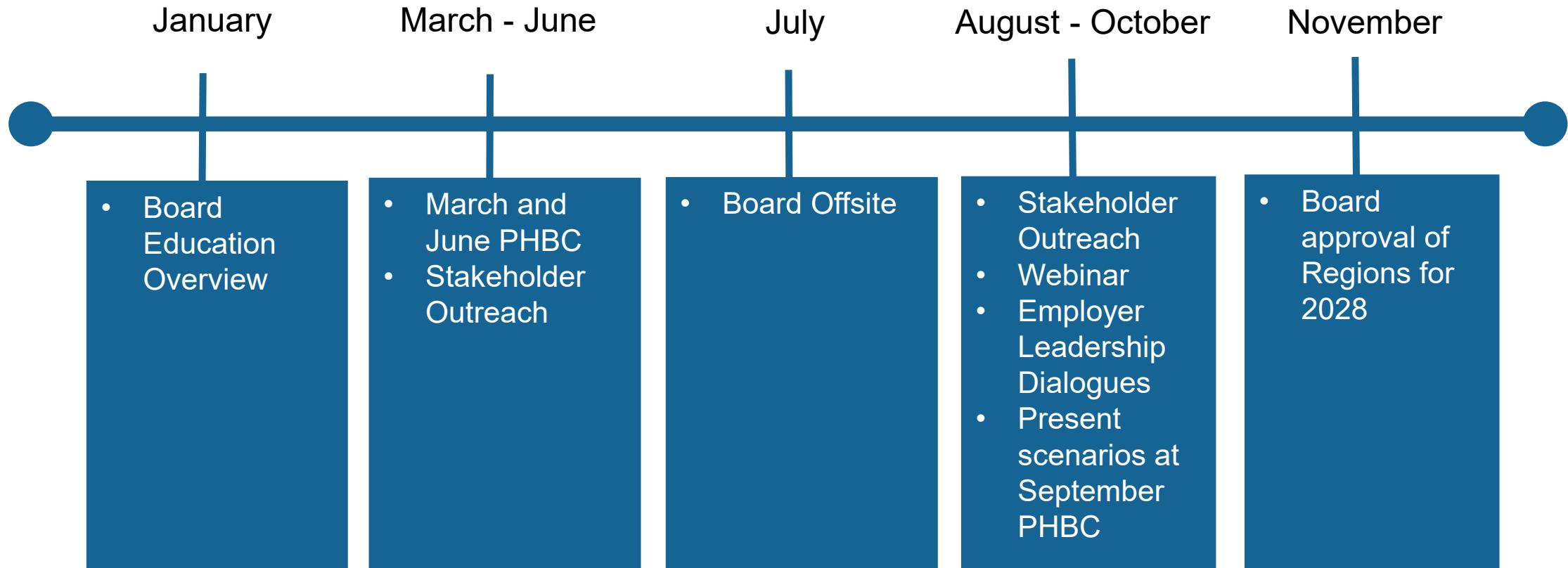
## California Rating & Plan Regions Color Coded by County



PRICING REGION

- 1 Northern counties
- 2 North Bay Area
- 3 Greater Sacramento
- 4 San Francisco County
- 5 Contra Costa County
- 6 Alameda County
- 7 Santa Clara County
- 8 San Mateo County
- 9 Santa Cruz, San Benito, Monterey counties
- 10 Central Valley
- 11 Fresno, Kings, Madera counties
- 12 Central Coast
- 13 Eastern counties
- 14 Kern County
- 15 Los Angeles County East
- 16 Los Angeles County West
- 17 Inland Empire
- 18 Orange County
- 19 San Diego County

# 2026 Regions Evaluation Timeline



# Questions & Answers