



# Pension & Health Benefits Committee

## Agenda Item 6b

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**March 17, 2026**

**Item Name:** Pharmacy Benefits Manager Transition Update

**Program:** Health Benefits

**Item Type:** Information

### **Executive Summary**

This agenda item provides the Pension & Health Benefits Committee (PHBC) with an update on the transition to CVS Caremark as the pharmacy benefits manager (PBM) to provide outpatient pharmacy benefits for our preferred provider organization (PPO) Basic and Medicare Supplement plan members and many of our health maintenance organization (HMO) Basic and Medicare Advantage plan members, effective January 1, 2026.

### **Background**

In July 2025, the Board of Administration approved the notice of intent to award a five-year pharmacy benefits contract to CVS Caremark starting January 1, 2026, to December 31, 2030. Soon after, activities commenced to transition approximately 587,000 members to CVS Caremark.

### **Analysis**

CalPERS led a complex implementation that involved numerous internal and external entities. The PBM transition was complex due to the size of the population impacted and that the incumbent had been in place since 2017. The following topics will be discussed with PHBC at the March meeting:

- Member disruption from formulary changes
- Transition fill clarifications
- Ongoing member communication and support

### **Budget and Fiscal Impacts**

Not Applicable

## **Benefits and Risks**

### **Benefits**

- Secure the most competitive pharmacy benefits pricing and establish strong financial and clinical quality contract terms for CalPERS
- Align CalPERS strategic objectives with pharmacy benefit manager's financial and programmatic goals
- Improve sustainability of the health program

### **Risks**

- Member abrasion and disruption due to formulary changes

## **Attachments**

Attachment 1 – Pharmacy Benefits Manager Transition Update PowerPoint

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