



Finance and Administration Committee

Agenda Item 6b

April 13, 2026

Item Name: Semi-Annual Health Plan Financial Report

Program: Health Benefits

Item Type: Information

Executive Summary

This report provides the committee with an update on the financial status for the California Public Employees' Retirement System (CalPERS) four self-funded Preferred Provider Organization (PPO) health plans and seven flex-funded Health Maintenance Organization (HMO) health plans as of December 31, 2025.

Strategic Plan

This item supports the CalPERS 2023-27 Strategic Goal: Ensure our members have access to equitable, high-quality, affordable health care.

Background

As part of the monitoring and reporting process, CalPERS reports the HCF account balances, the PPO plans' actuarial reserve amounts, and any surpluses or deficits for each health plan's subaccount to the Finance & Administration Committee semi-annually. Fully insured plans and association plans are not included in this report.

Analysis

PPO Plans

As of December 31, 2025, the self-funded PPO plans had a total projected fund balance of \$654 million, an increase of \$404 million from the end of December 2024. The total actuarial reserves amount was \$809 million, an increase of \$91 million from the end of December 2024. The self-funded PPO program had a projected fund balance that was \$155 million lower than the actuarial reserve level. As of December 31, 2025, the fund balance to actuarial reserve ratio was 81%, which is an improvement from December 31, 2024, when the ratio was 35%.

The increase in fund balance was primarily driven by the premium surcharge on the PPO Basic Plans and lower-than-expected medical costs.

HMO Plans

As of December 31, 2025, there were seven flex-funded HMO Basic plans including Anthem Blue Cross Select and Traditional, Health Net Salud y Más, Sharp, UnitedHealthcare Alliance and Harmony, and Western Health Advantage.

Blue Shield Access+ and Blue Shield Trio converted from a flex-funded model to a fully insured model in 2024. Health Net SmartCare is no longer a part of CalPERS plan offerings as of 2024. The financial status for these three plans was reported for an additional 18 months to account for claims run-out and reconciliations for years prior to 2024. These plans were removed from this report since the additional 18 months ended in June 2025.

The total flex-funded HMO projected fund balance was \$269 million as of December 31, 2025, with estimated liabilities of \$122 million.

Budget and Fiscal Impacts

This item serves as a preliminary analysis. Any budget or fiscal impact this item may have on future health plan premiums will be addressed during CalPERS annual Rate Development Process that is overseen by the Pension & Health Benefits Committee.

Benefits and Risks

Benefits

- These semi-annual reports provide better insight into the financial performance and status of the CalPERS PPO and HMO health program.

Risks

- The projected dollar amounts may change due to other factors like account adjustments, timing issues, and higher than expected medical and pharmacy claims.

Attachments

Attachment 1 – Key graphical analyses of financial and historical data for the PPO plans

Attachment 2 – Key graphical analyses of financial and historical data for the HMO plans

Attachment 3 – Semi-Annual Health Plan Financial Report PowerPoint

Emily Zhong
Supervising Health Actuary
Actuarial Office

Hillary Kyumba
Assistant Division Chief
Health Plan Research and Administration Division

Rob Jarzombek
Chief
Health Plan Research and Administration Division

Donald Moulds
Chief Health Director
Health Policy & Benefits Branch