

Semi-Annual Health Plan Financial Report Attachment 2: Flex-Funded HMO Basic Plans

Starting in 2014, CalPERS began flex-funding most of its HMO Basic plans. Flex-funding involves a health plan arrangement where CalPERS covers both the capitated portion of the health care services and the fee-for-service portion up to an agreed upon limit. If the capitation and fee-for-service amounts exceed the agreed upon limit, then the contracted health plan covers the excess of both expenses. The flex-funded HMO plans also have subaccounts within the HCF to deposit the fee-for-service portion of premiums and pay claims and other expenses.

Medical costs for flex-funded HMO plans are paid on both a capitated and fee-for-service basis. Capitation is a payment arrangement with health care service providers and is a set amount per member per month that is paid to cover the risk for a defined set of health care services, whether those services are provided or not. CalPERS reimburses the flex-funded HMO plans for the actual capitation amounts that the plans pay to their contracted capitated health care providers.

Once CalPERS remits the capitation amounts to the plans from the Contingency Reserve Fund (CRF), the remainder of the premium is deposited into the HCF. These funds are used to pay third-party administrative service fees, CalPERS internal administrative expenses, and medical and pharmacy fee-for-service claims, as well as Affordable Care Act Taxes and Fees when the plan submits an invoice to CalPERS for reimbursement.

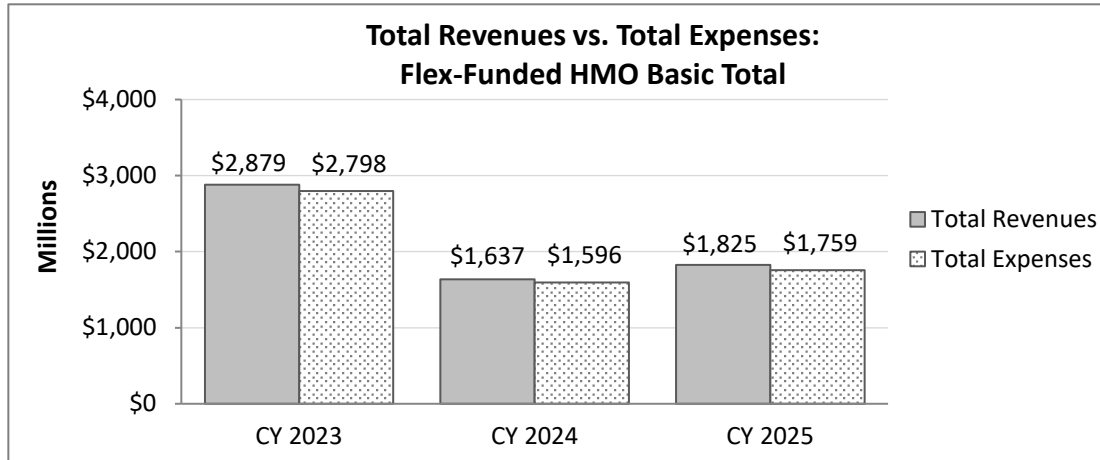
This attachment summarizes the financial status for the flex-funded HMO plans for calendar years 2023, 2024 and 2025:

The "Total Revenues vs. Total Expenses" graphs represent the financial performance of the total HMO program and for each HMO subaccount by showing fund inflows and outflows. Total revenues include premiums, pharmacy rebates, and investment income. Total expenses include medical and pharmacy fee-for-service claims payments, medical capitation payments, third party administrator fees and other administrative expenses. Although capitation payments are handled and remitted through the CRF, the capitation figures are included in both revenues and expenses of the Health Care Fund to more accurately reflect the total costs of the HMO plans.

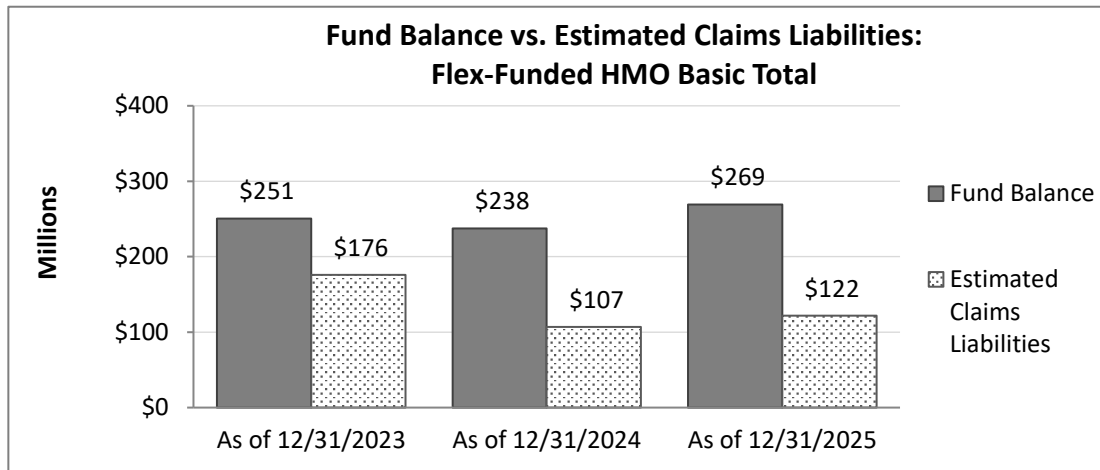
The "Fund Balance vs. Estimated Claims Liabilities" graphs show the account balances and any surpluses or deficits as of the end of each period.

Health Care Fund Status As of December 31, 2025 Flex-Funded HMO Basic Health Plans Total

In the graph below, total revenue and total cost are provided for each calendar year for 2023, 2024, and 2025.



In the graph below, the Health Care Fund balance compared to estimated claims liabilities are provided as of December 31, 2025.

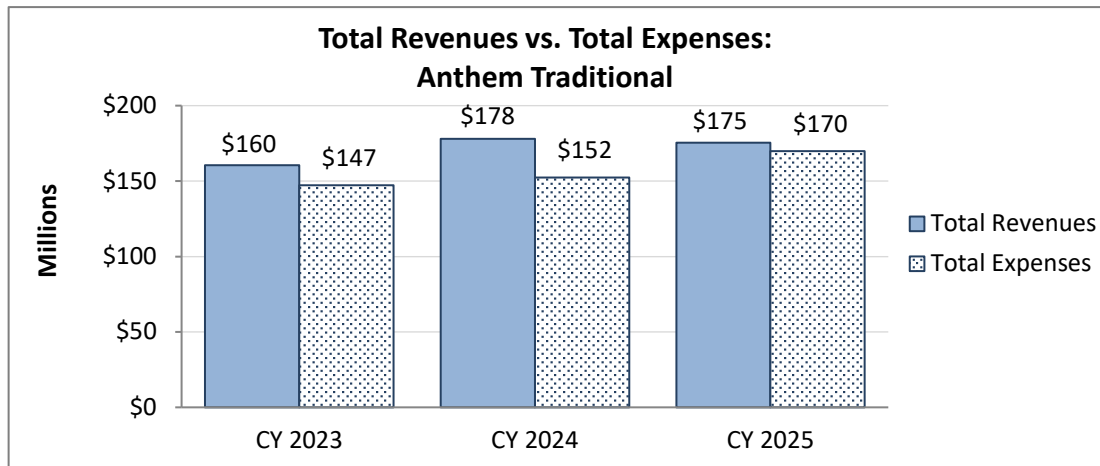


Fund Balance vs Actuarial Reserves, as of 12/31/2025: Flex-Funded HMO Basic Total	
Enrollment	181,788
Fund Balance *	\$269,124,893
Estimated Claims Liabilities **	\$121,616,339
Surplus/(Deficit) ***	\$147,508,554
Surplus/(Deficit) PMPM	\$67.62

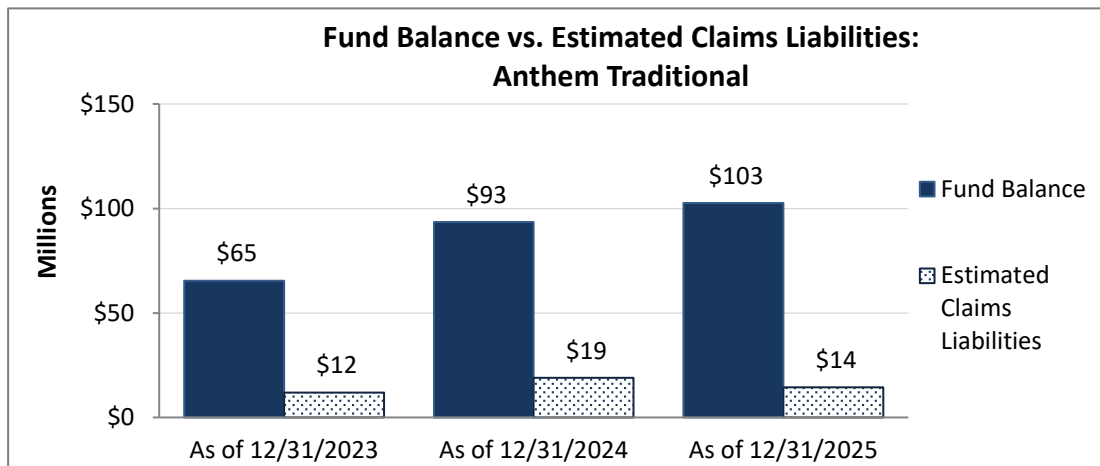
- * Fund balance accounts for encumbered dollars for all expenses related to the final accounting for the 2022 contract year, 2023 contract year, 2024 contract year and other expenses.
- ** Estimated Claims Liabilities for HMO include medical and pharmacy incurred but not reported (IBNR) liability.
- *** Surplus/(Deficit) equals fund balance minus estimated claims liabilities.

Flex-Funded HMO Basic Health Plans: Anthem Traditional

In the graph below, total revenue and total cost are provided for each calendar year for 2023, 2024, and 2025.



In the graph below, the Health Care Fund balance compared to estimated claims liabilities are provided as of December 31, 2025.



Fund Balance vs Actuarial Reserves, as of 12/31/2025: Anthem Traditional	
Enrollment	11,445
Fund Balance *	\$102,635,214
Estimated Claims Liabilities **	\$14,444,181
Surplus/(Deficit) ***	\$88,191,033
Surplus/(Deficit) PMPM	\$642.14

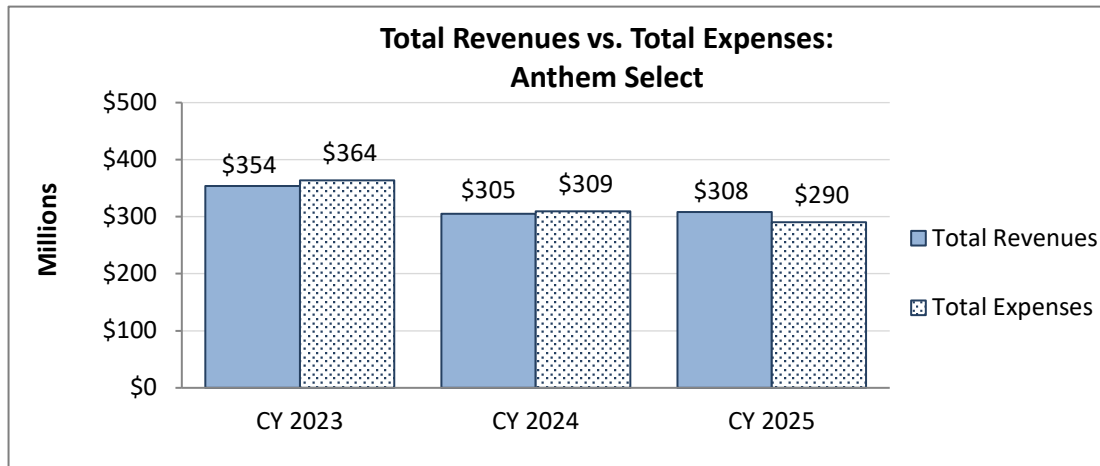
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** Estimated Claims Liabilities for HMO include medical and pharmacy incurred but not reported (IBNR) liability.

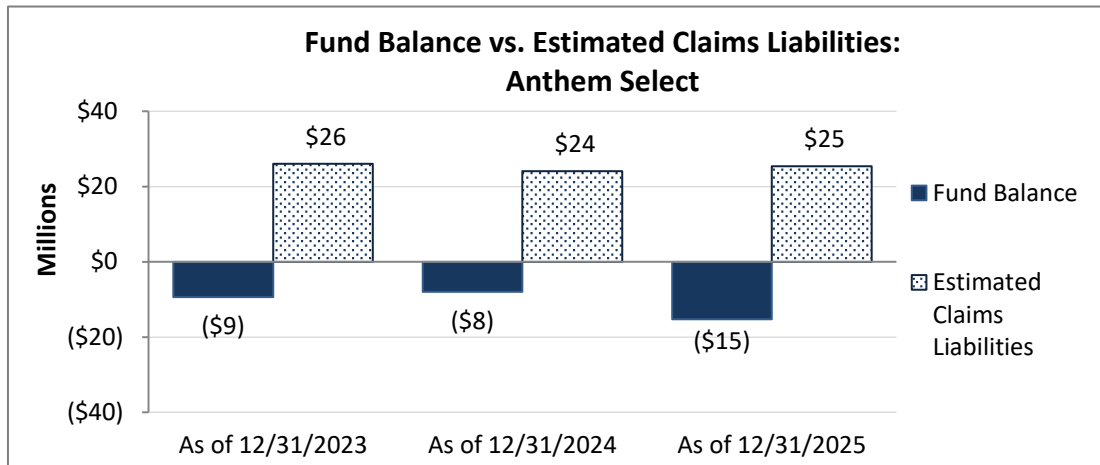
*** Surplus/(Deficit) equals fund balance minus estimated claims liabilities.

Flex-Funded HMO Basic Health Plans: Anthem Select

In the graph below, total revenue and total cost are provided for each calendar year for 2023, 2024, and 2025.



In the graph below, the Health Care Fund balance compared to estimated claims liabilities are provided as of December 31, 2025.



Fund Balance vs Actuarial Reserves, as of 12/31/2025: Anthem Select	
Enrollment	28,960
Fund Balance *	(\$15,317,380)
Estimated Claims Liabilities **	\$25,385,340
Surplus/(Deficit) ***	(\$40,702,720)
Surplus/(Deficit) PMPM	(\$117.12)

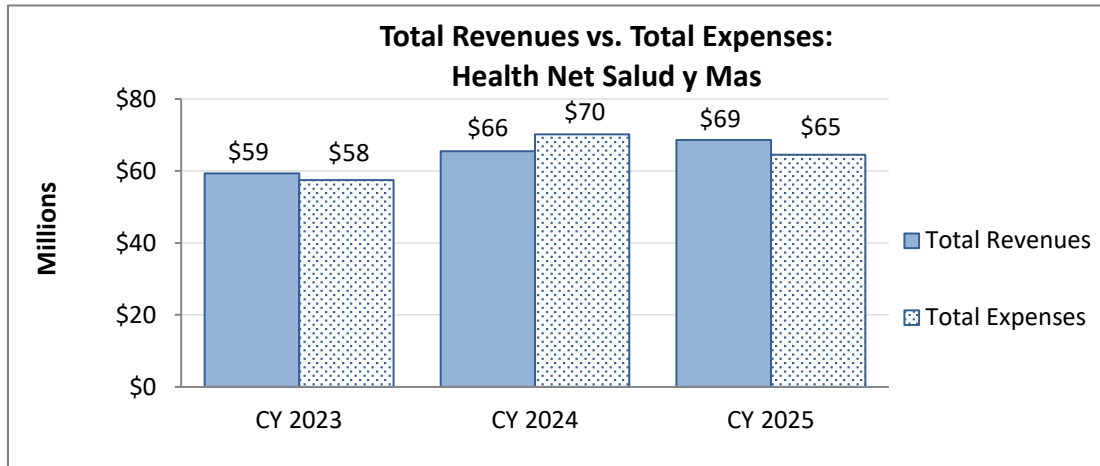
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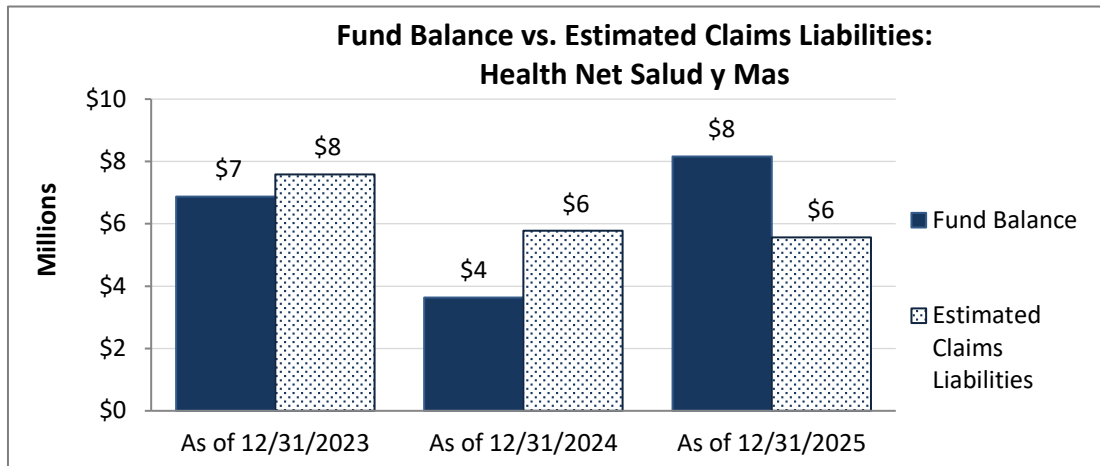
*** Surplus/(Deficit) equals fund balance minus estimated claims liabilities.

Flex-Funded HMO Basic Health Plans: Health Net Salud y Mas

In the graph below, total revenue and total cost are provided for each calendar year for 2023, 2024, and 2025.



In the graph below, the Health Care Fund balance compared to estimated claims liabilities are provided as of December 31, 2025.



Fund Balance vs Actuarial Reserves, as of 12/31/2025: Health Net Salud y Mas	
Enrollment	11,536
Fund Balance *	\$8,156,118
Estimated Claims Liabilities **	\$5,561,663
Surplus/(Deficit) ***	\$2,594,455
Surplus/(Deficit) PMPM	\$18.74

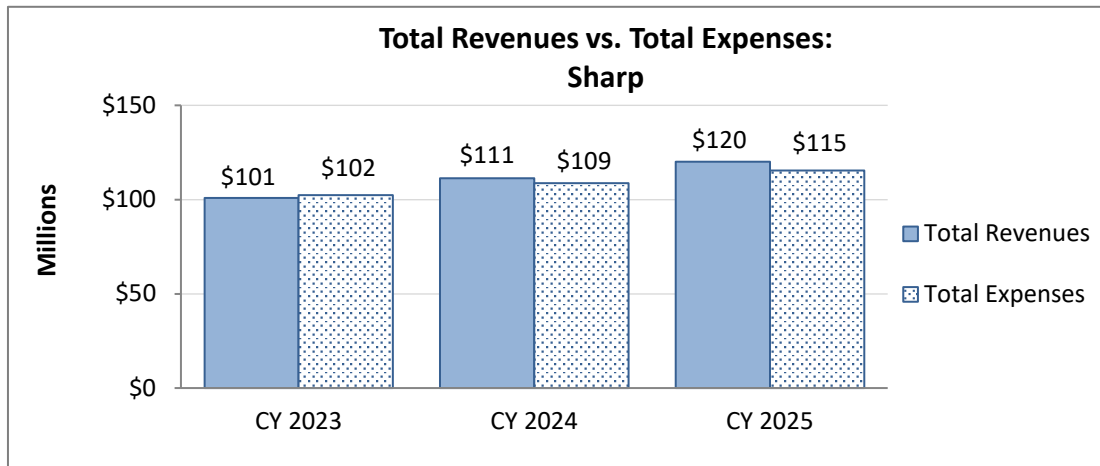
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** Estimated Claims Liabilities for HMO include medical and pharmacy incurred but not reported (IBNR) liability.

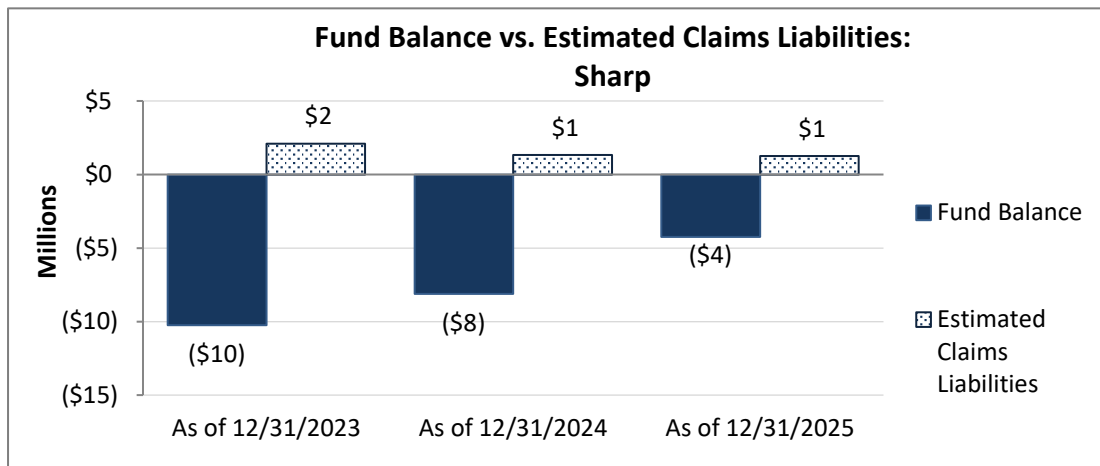
*** Surplus/(Deficit) equals fund balance minus estimated claims liabilities.

Flex-Funded HMO Basic Health Plans: Sharp

In the graph below, total revenue and total cost are provided for each calendar year for 2023, 2024, and 2025.



In the graph below, the Health Care Fund balance compared to estimated claims liabilities are provided as of December 31, 2025.



Fund Balance vs Actuarial Reserves, as of 12/31/2025: Sharp	
Enrollment	14,687
Fund Balance *	(\$4,245,550)
Estimated Claims Liabilities **	\$1,257,718
Surplus/(Deficit) ***	(\$5,503,268)
Surplus/(Deficit) PMPM	(\$31.23)

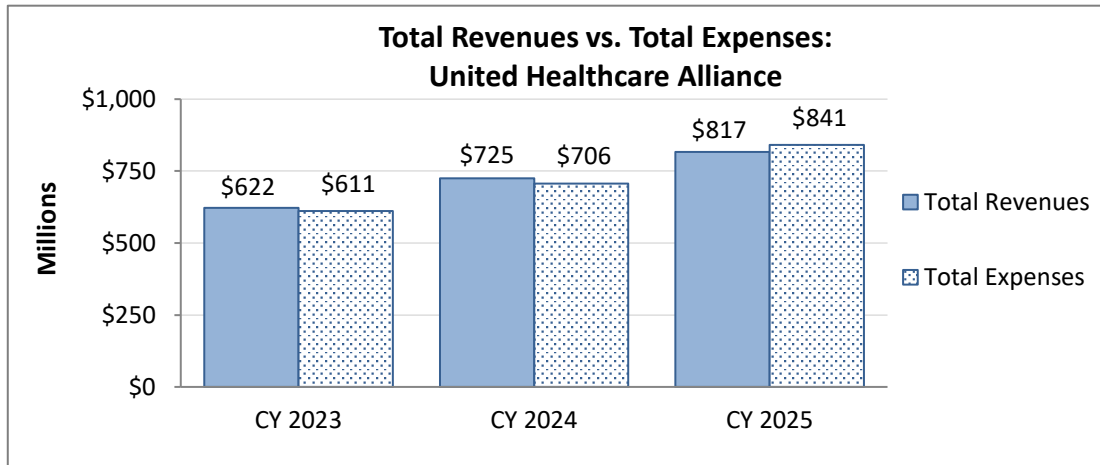
* Fund balance accounts for encumbered dollars for all expenses related to the final accounting for the 2022 contract year, 2023 contract year, 2024 contract year and other expenses.

** Estimated Claims Liabilities for HMO include medical and pharmacy incurred but not reported (IBNR) liability.

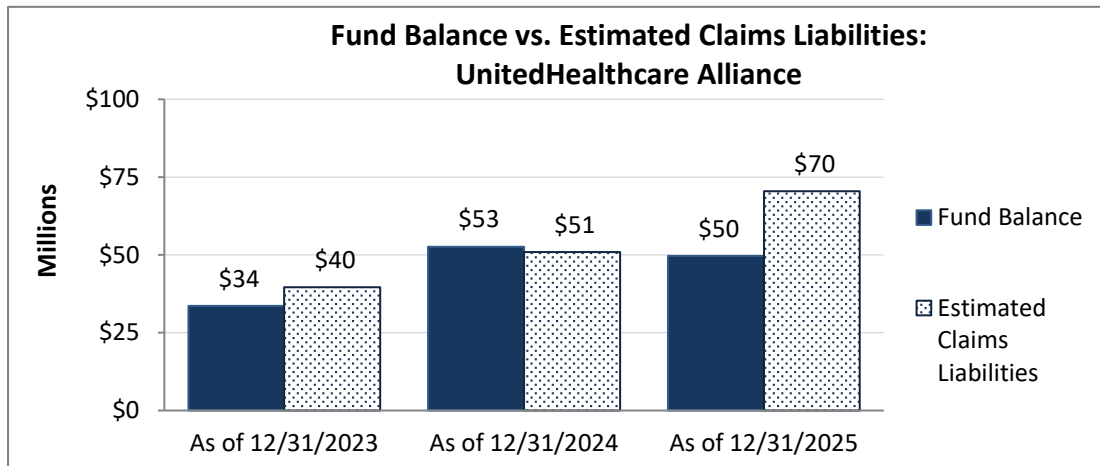
*** Surplus/(Deficit) equals fund balance minus estimated claims liabilities.

Flex-Funded HMO Basic Health Plans: UnitedHealthcare Alliance

In the graph below, total revenue and total cost are provided for each calendar year for 2023, 2024, and 2025.



In the graph below, the Health Care Fund balance compared to estimated claims liabilities are provided as of December 31, 2025.



Fund Balance vs Actuarial Reserves, as of 12/31/2025: UnitedHealthcare Alliance	
Enrollment	79,864
Fund Balance *	\$49,716,743
Estimated Claims Liabilities **	\$70,495,522
Surplus/(Deficit) ***	(\$20,778,779)
Surplus/(Deficit) PMPM	(\$21.68)

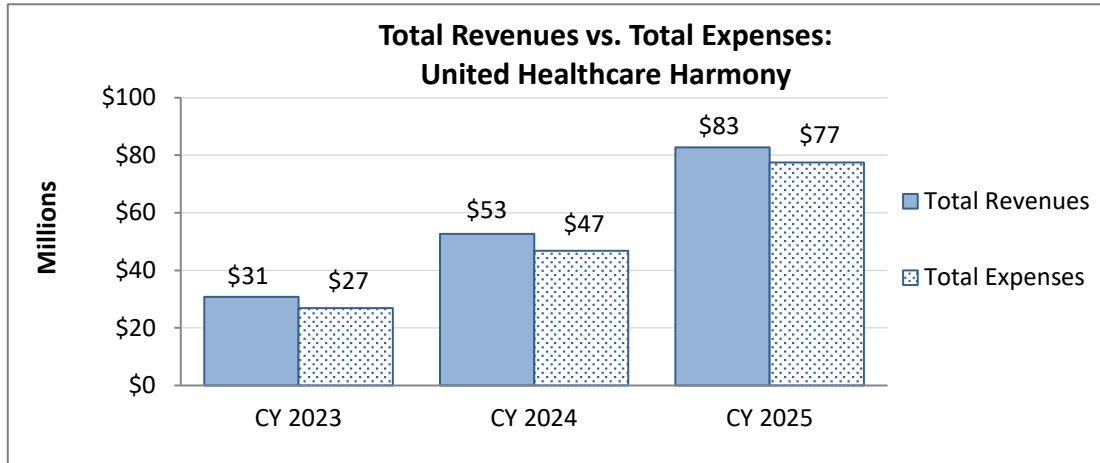
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** Estimated Claims Liabilities for HMO include medical and pharmacy incurred but not reported (IBNR) liability.

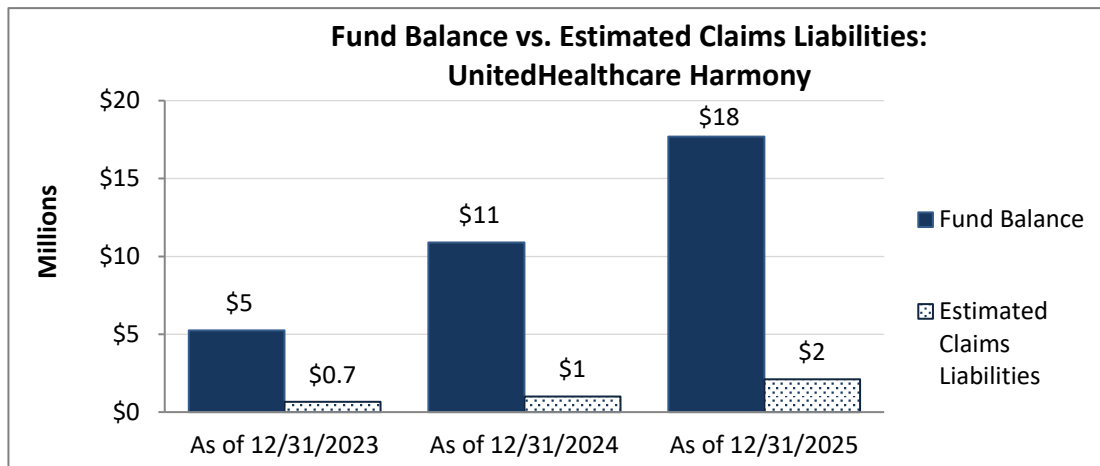
*** Surplus/(Deficit) equals fund balance minus estimated claims liabilities.

Flex-Funded HMO Basic Health Plans: UnitedHealthcare Harmony

In the graph below, total revenue and total cost are provided for each calendar year for 2023, 2024, and 2025.



In the graph below, the Health Care Fund balance compared to estimated claims liabilities are provided as of December 31, 2025.



Fund Balance vs Actuarial Reserves, as of 12/31/2025: UnitedHealthcare Harmony	
Enrollment	11,102
Fund Balance *	\$17,692,959
Estimated Claims Liabilities **	\$2,099,646
Surplus/(Deficit) ***	\$15,593,313
Surplus/(Deficit) PMPM	\$117.05

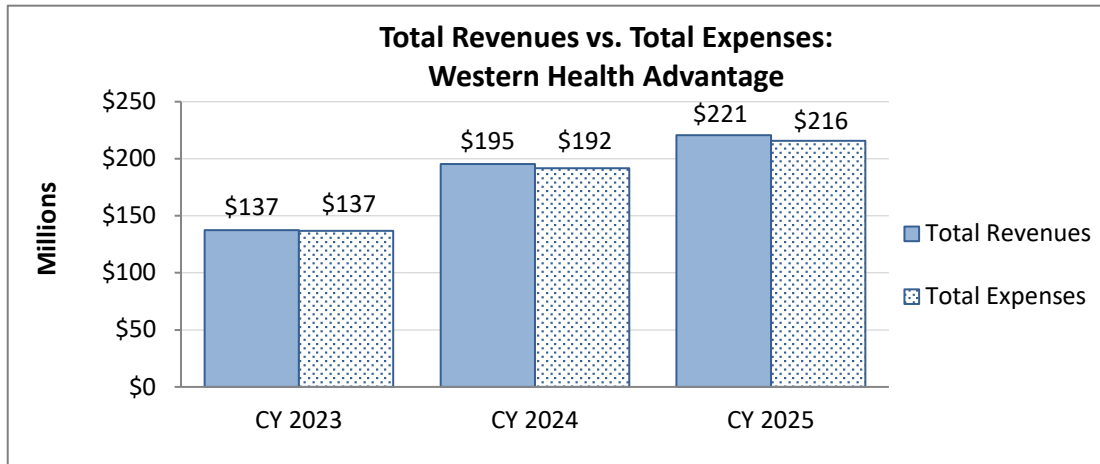
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** Estimated Claims Liabilities for HMO include medical and pharmacy incurred but not reported (IBNR) liability.

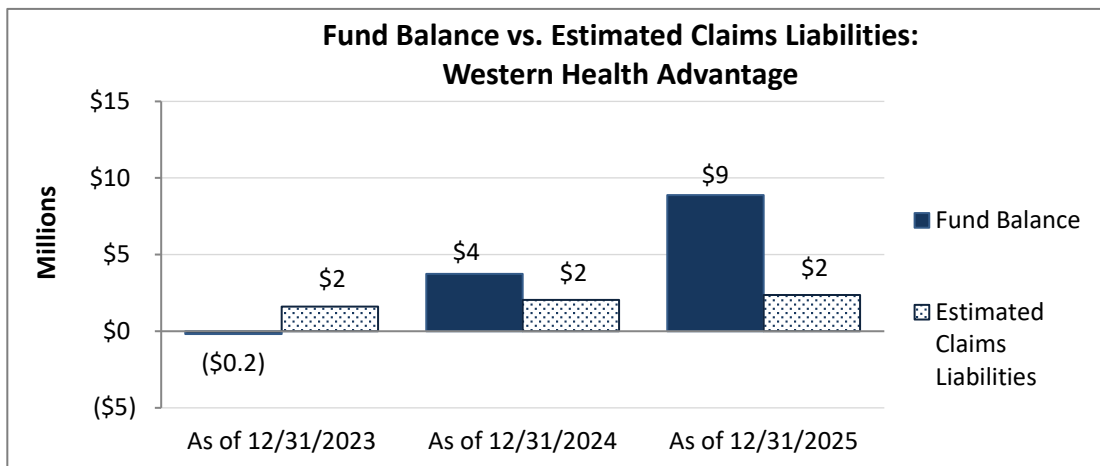
*** Surplus/(Deficit) equals fund balance minus estimated claims liabilities.

Flex-Funded HMO Basic Health Plans: Western Health Advantage

In the graph below, total revenue and total cost are provided for each calendar year for 2023, 2024, and 2025.



In the graph below, the Health Care Fund balance compared to estimated claims liabilities are provided as of December 31, 2025.



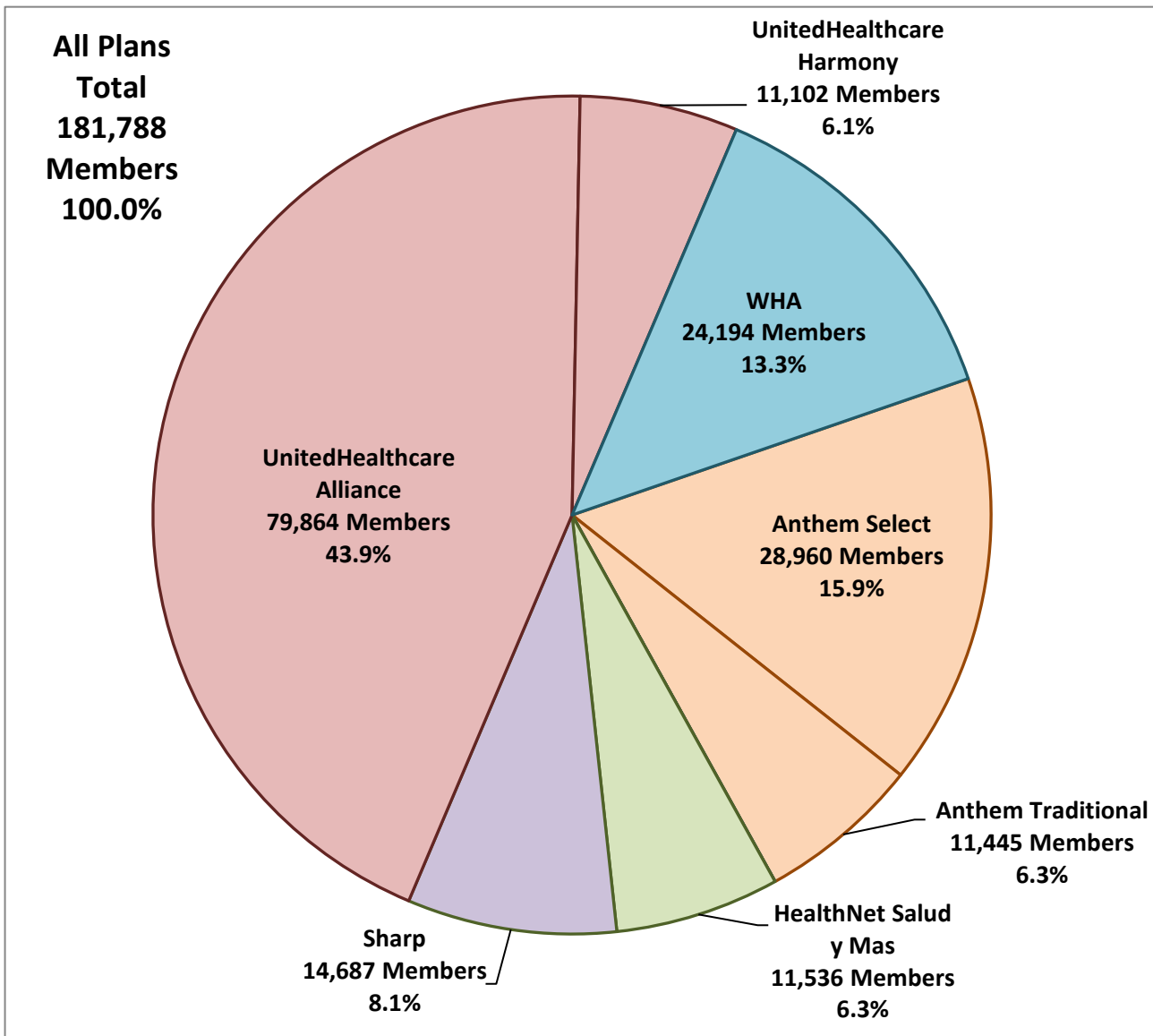
Fund Balance vs Actuarial Reserves, as of 12/31/2025: Western Health Advantage	
Enrollment	24,194
Fund Balance *	\$8,887,135
Estimated Claims Liabilities **	\$2,372,269
Surplus/(Deficit) ***	\$6,514,866
Surplus/(Deficit) PMPM	\$22.44

* Fund balance accounts for encumbered dollars for all expenses related to the final accounting for the 2022 contract year, 2023 contract year, 2024 contract year and other expenses.

** Estimated Claims Liabilities for HMO include medical and pharmacy incurred but not reported (IBNR) liability.

*** Surplus/(Deficit) equals fund balance minus estimated claims liabilities.

**Enrollment
As of December 31, 2025
Flex-Funded HMO Basic Health Plans**



Enrollment			
Plan Name	2023	2024	2025
Anthem Select	38,598	32,528	28,960
Anthem Traditional	11,640	12,077	11,445
Blue Shield Access+ *	98,050	-	-
Blue Shield Trio *	32,975	-	-
Health Net Salud y Mas	12,025	12,707	11,536
Health Net SmartCare *	8,199	-	-
Sharp	14,346	14,532	14,687
UnitedHealthcare Alliance	71,346	76,531	79,864
UnitedHealthcare Harmony	4,719	7,561	11,102
Western Health Advantage	16,729	22,554	24,194
Total Flex-Funded HMO	308,627	178,490	181,788

* Blue Shield Access+ and Trio converted from a flex-funded model to a fully insured model in 2024. Fully insured plans are not in the scope of this report. Health Net SmartCare is no longer part of CalPERS plan offerings as of 2024.