



Pension & Health Benefits Committee

Agenda Item 5a

June 16, 2026

Item Name: Approval of Preferred Provider Organization (PPO) Fertility Benefit Design Change

Program: Health Benefits

Item Type: Action

Recommendation

Approve the family building benefit for our PPO Basic plans effective July 1, 2027.

Executive Summary

The agenda item provides updates on the implementation of Senate Bill (SB 729) and a recommended family building benefit design change for CalPERS PPO Basic plans. The proposal evaluation and summary will be discussed during the June 2026 Pension & Health Benefits Committee (PHBC) meeting with a recommendation for action.

Strategic Plan

This item supports the California Public Employees' Retirement System (CalPERS) 2022-2027 Strategic Goal of Exceptional Health Care: Ensure our members have access to equitable, high-quality, and affordable health care.

Background

SB 729, passed into law in 2024, requires CalPERS Basic Health Maintenance Organization (HMO) plans to offer coverage for the diagnosis and treatment of infertility effective July 1, 2027. SB 729 also expands the definition of infertility to be more inclusive. To comply with this law and provide our members with the best possible benefit, CalPERS will implement a family building benefit based on guidance from the California Department of Managed Health Care (DMHC). This is a new benefit for many purchasers and health plans, and DMHC continues to update their guidance as the health care system works through the challenges and questions related to the benefit.

Analysis

Throughout the past year, CalPERS requested health plans and vendors submit pricing and implementation information for a family building benefit that meets the requirements of SB 729. CalPERS analyzed premium impacts and evaluated all available options to implement a benefit that balances cost-effectiveness with strong clinical outcomes, providing our members with the high-quality treatment and support that they need to build their families.

Family Building Benefit

CalPERS will require all health plans to contract with a fertility vendor with a comprehensive high-quality statewide provider network to implement the family building benefit, except Kaiser Permanente. Kaiser will implement the family building benefit as part of its own integrated model of care. The fertility vendor has extensive experience providing high-quality and equitable family building services, including surrogacy benefits and care navigation, to patients in California. The use of a fertility vendor will ensure there is sufficient capacity to meet the expected demand for services while also ensuring sufficient access in underserved areas.

To ensure consistent and equitable benefits, the CalPERS team recommends approval of the family building benefit for our PPO Basic health plans, effective July 1, 2027. Adding this benefit to our PPO Basic plans at the same time as our HMO Basic plans allows for more competitive pricing from the fertility vendor and ensures that PPO Basic members do not have to switch to HMO Basic plans to access this benefit.

Budget and Fiscal Impacts

If approved by the PHBC, the recommended change will impact premiums and contracts for the 2027 plan year. The projected impact to 2027 premiums is \$2.91 per member per month (PMPM), which amounts to an average premium increase of 0.30% for Basic members.

Benefits and Risks

Benefits include:

- Increased access to services for the diagnosis and treatment of infertility
- Innovative health programs offered to our members at no cost or low-cost

Risks include:

- Increased costs associated with plans providing the new benefit

Attachments

Attachment 1 – Approval of Preferred Provider Organization Fertility Benefit Design Change PowerPoint

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