

Contracting Agency Health Regions: Stakeholder Outreach and Scenarios

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Agenda

- About Regions
- Current Challenges
- Stakeholder Outreach: Employer Survey
- Modeling Approach
- Scenarios
- Next Steps

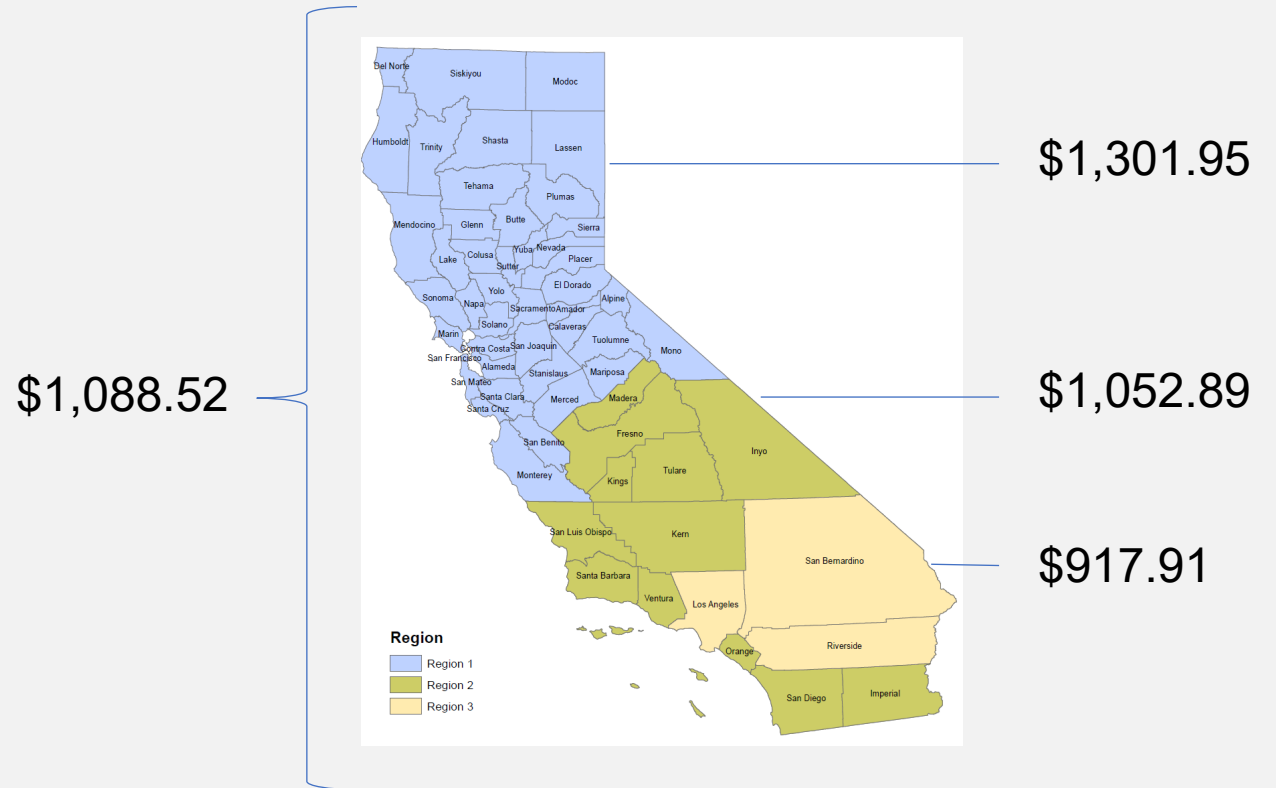
About Regions

Public agency and school contracting employers

Basic Plans only

45%
or 511,000 members

2026 State and Regional Premium Variation Blue Shield Access+ HMO



Current Challenges

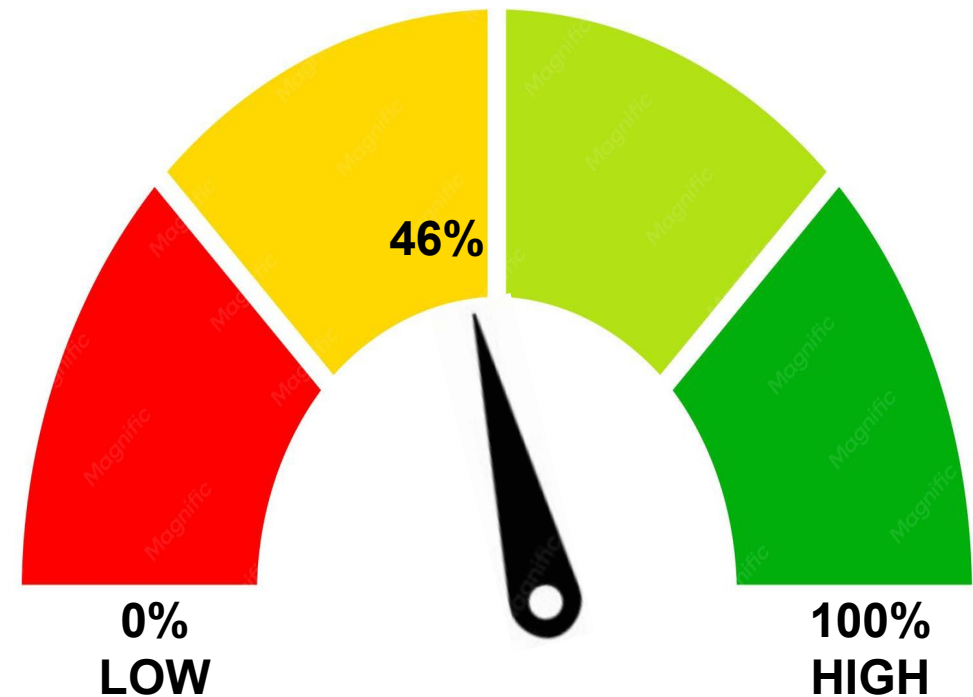
3 regions today with significant cost variation

46% alignment to actual health care costs today

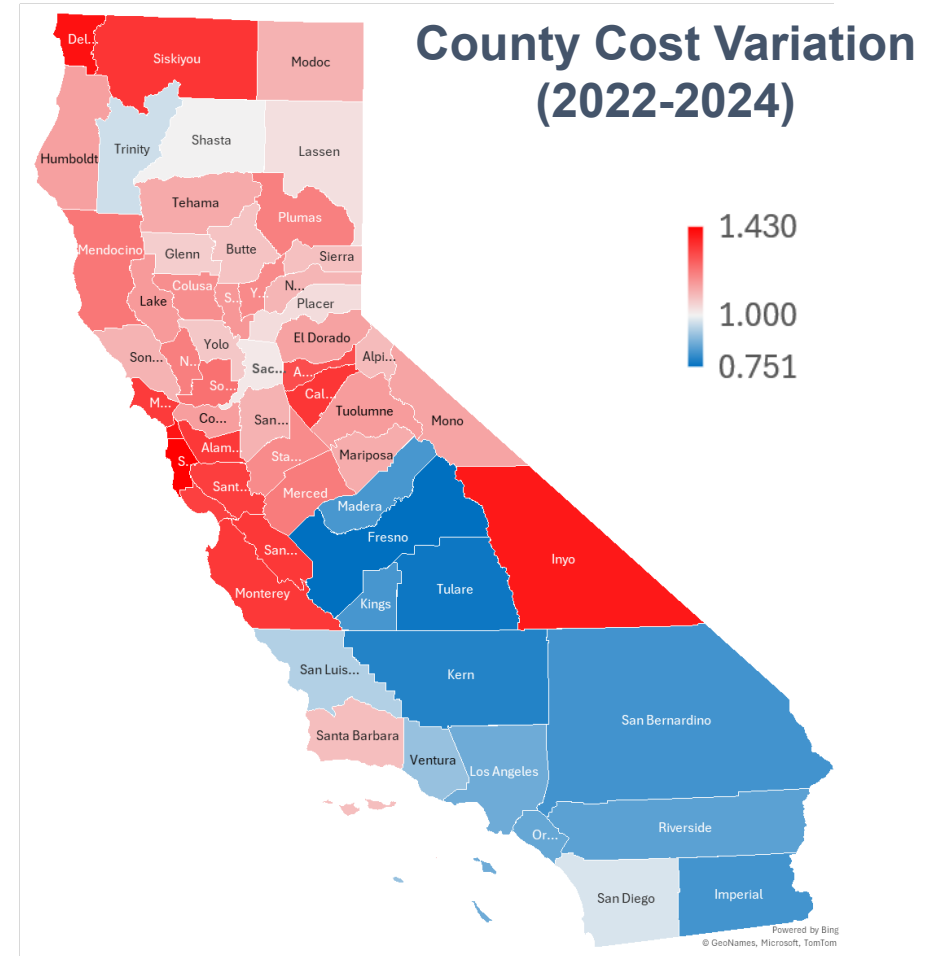
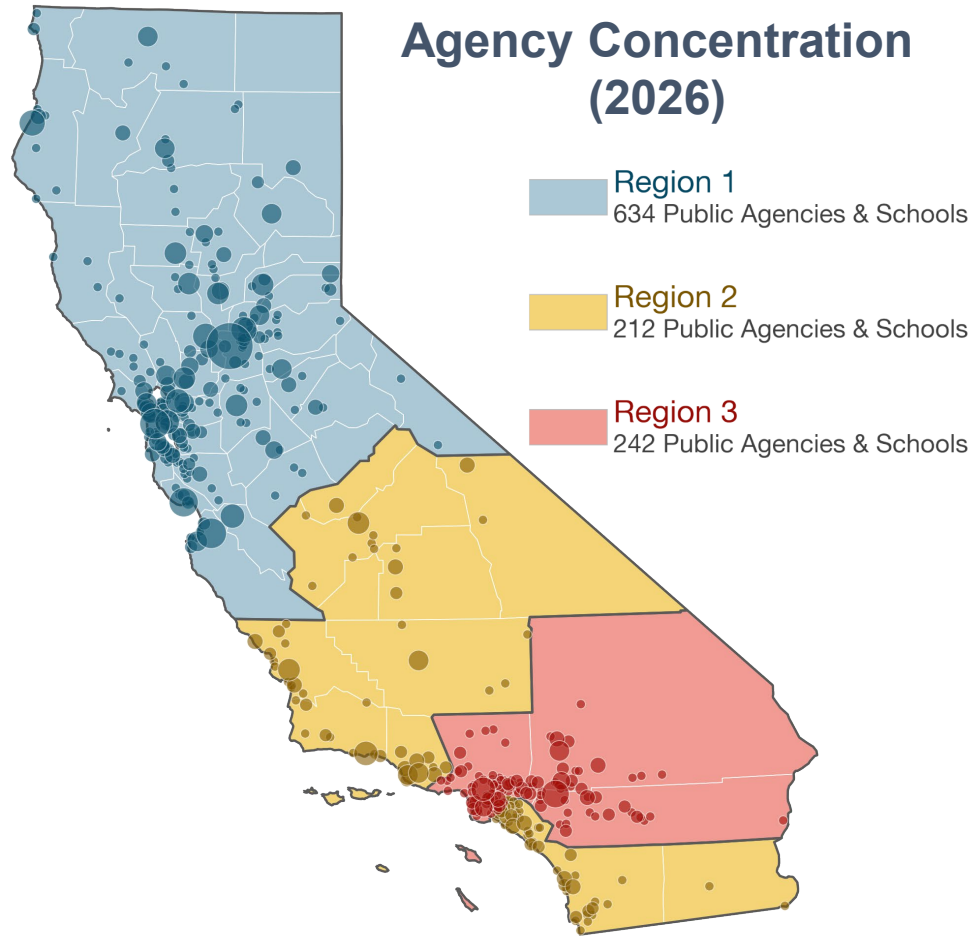
CalPERS is attractive in high-cost areas and significantly less competitive in low-cost areas

Impacts affordability for everyone and sustainability of the program

Alignment to Cost of Health Care
(members paying within 5% of actual county cost of care)



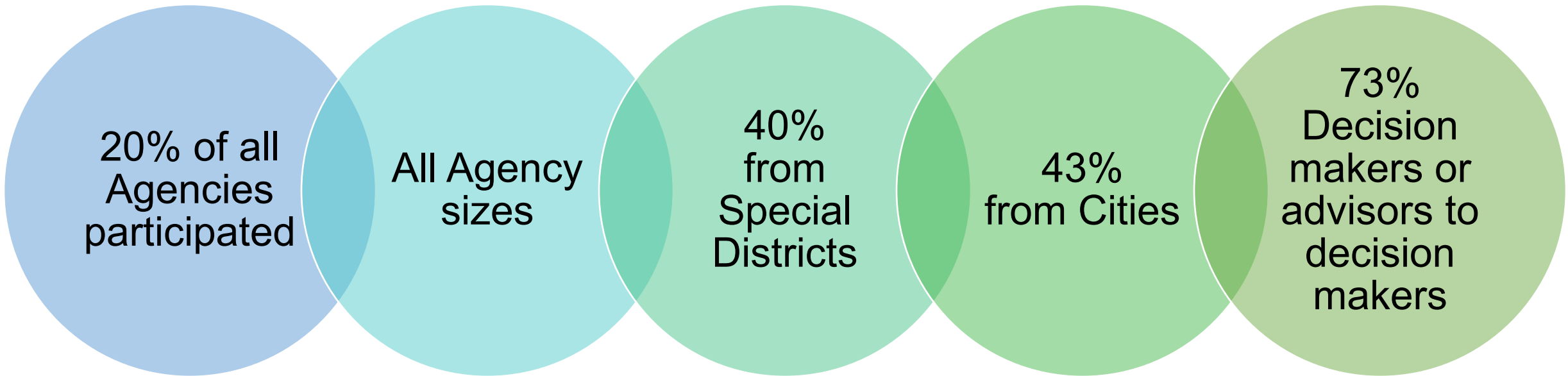
Agency Concentration and Health Care Cost Variation



Health Regions Employer Survey Results

Survey Participants

4,862 surveys sent
356 responses
7.3% response rate



Survey Topics

Perceptions of Local Cost of Care

- Do regions reflect cost of health care in the area?

Views on Premium Competitiveness

- CalPERS premiums compared to similar options

Preference for Contiguity

- Geographic cohesion

Perception of Administrative Complexity

- For the agency and members

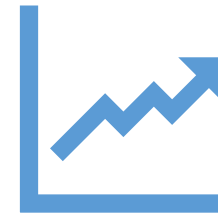
Top Anticipated Administrative Challenges



More time spent answering employee questions about premiums and coverage



Challenges communicating changes to employees



Increased complexity in payroll and benefit administration

Survey Takeaways

Affordability is a top concern

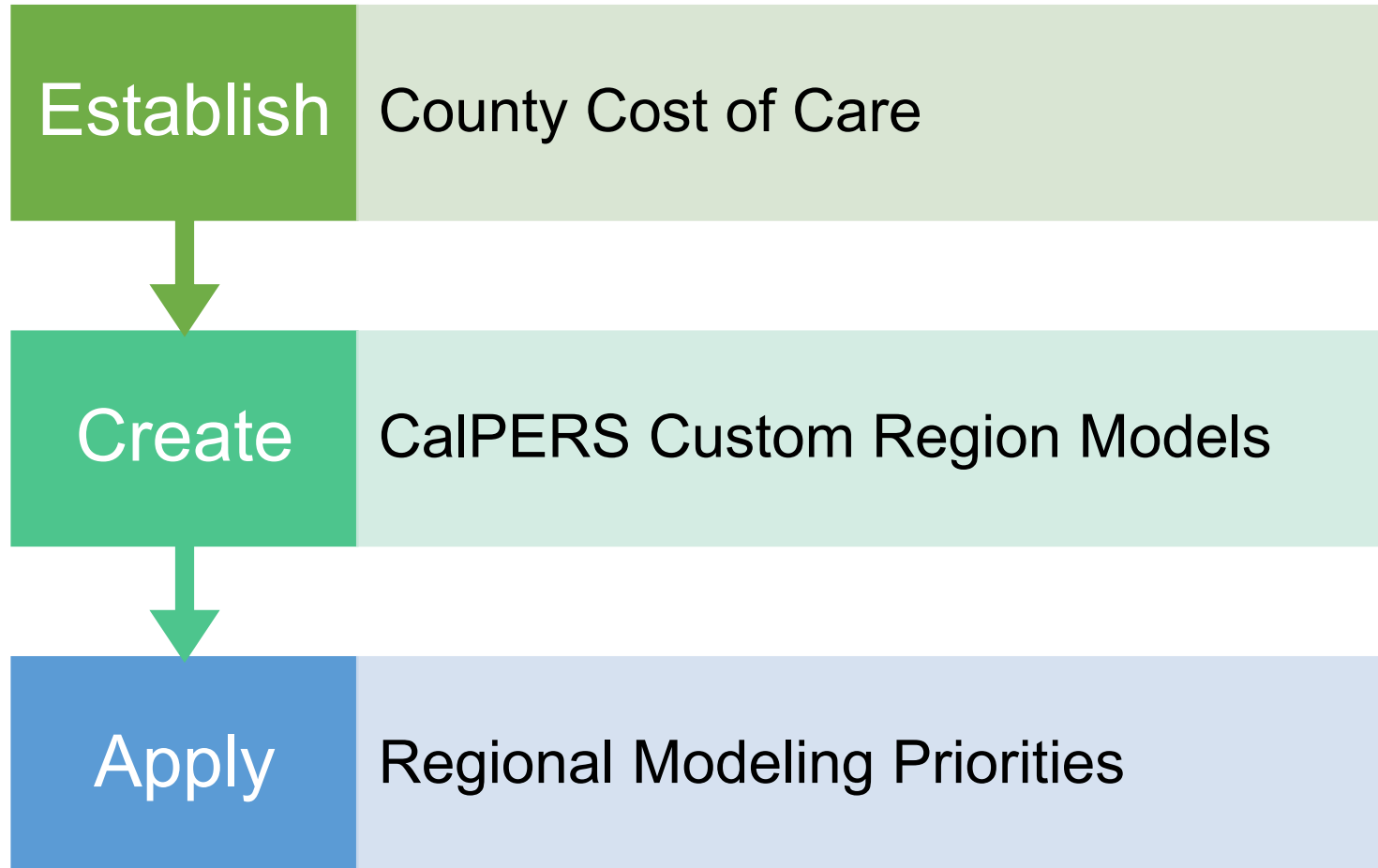
Moderate knowledge of how regions are set

Slight preference for contiguous regions

Anticipate various administrative challenges

Modeling & Regional Scenarios

Approach

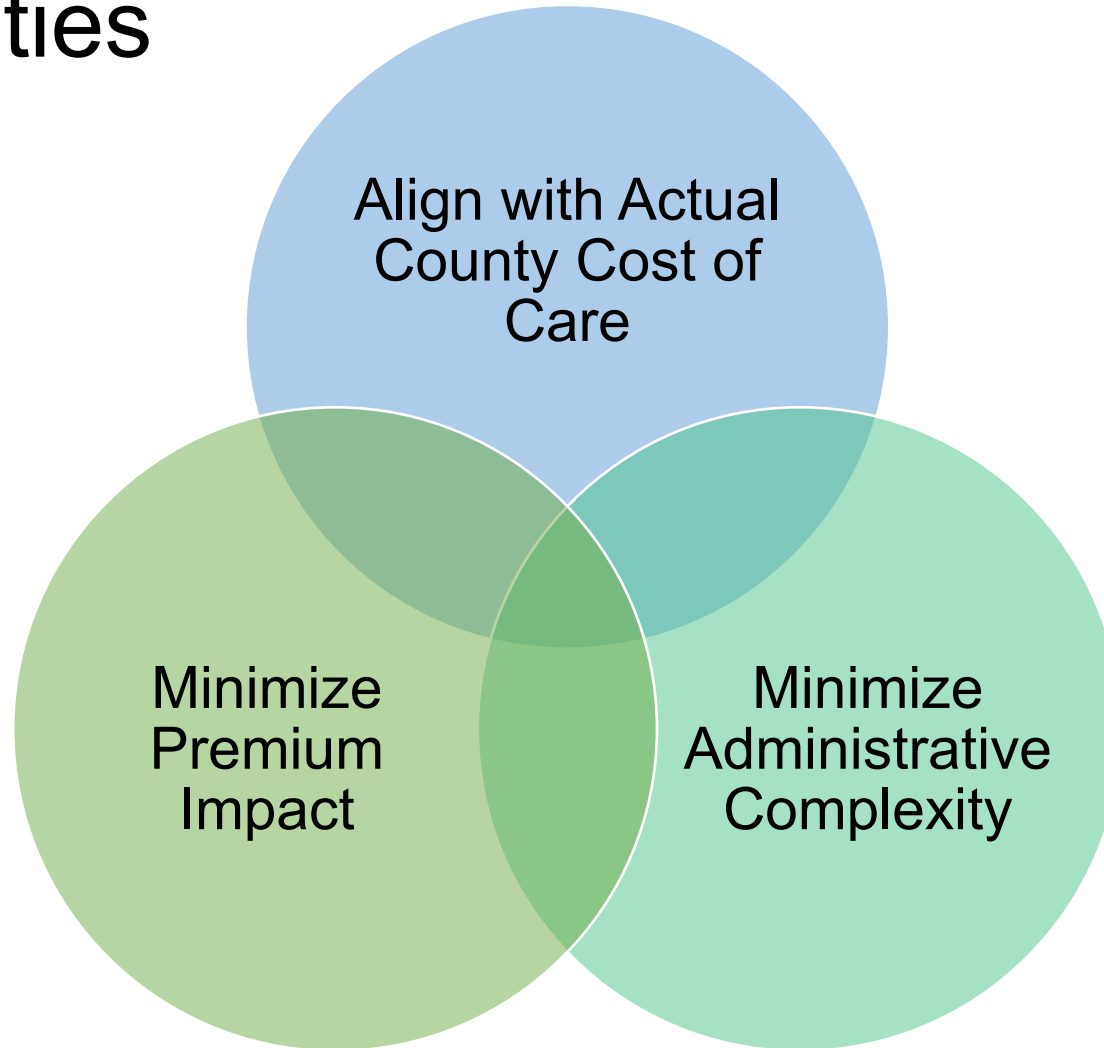


Create CalPERS Custom Region Model

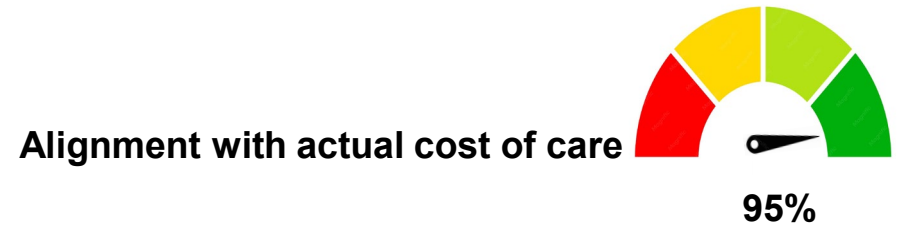
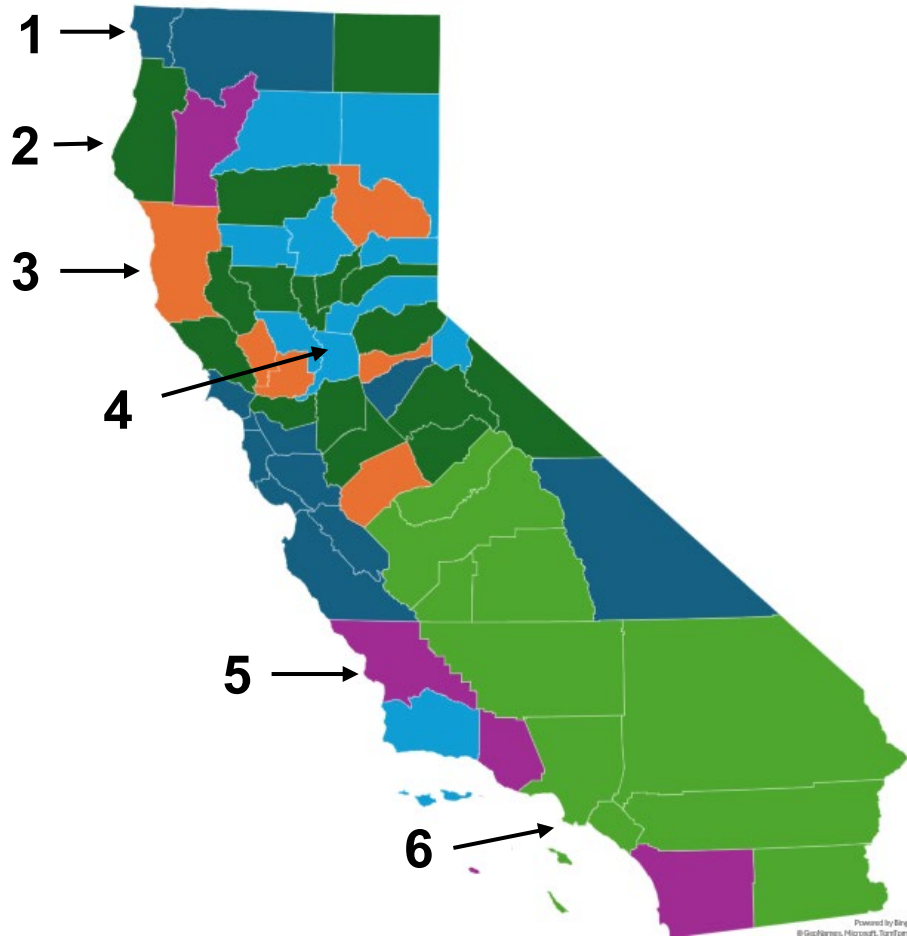


- Cost Alignment
- Percent impact on premium (5%, 5 -15%, >15%)
- Number of members affected

Apply Modeling Priorities



Scenario A – 6 Regions Based on Cost



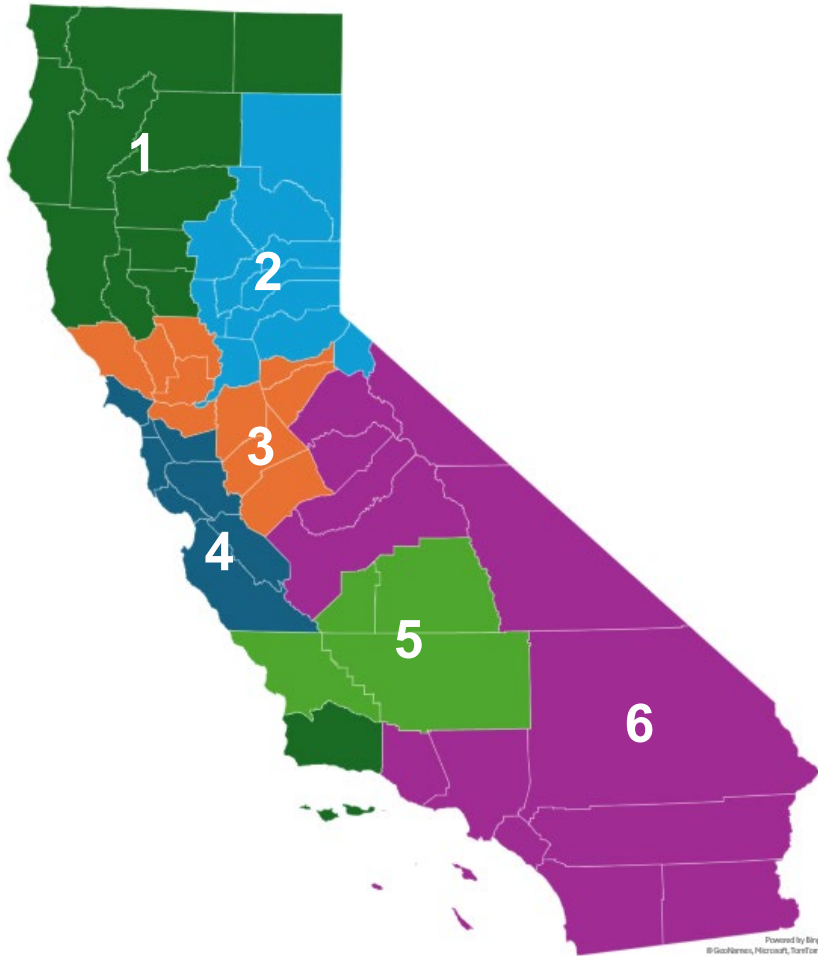
Percent of members with premium increase	41%
Percent of members with premium decrease	59%

Estimated premium impact	Members with premium increase	Members with premium decrease
Up to 5%	86,200	116,400
Between 5 -15%	121,500	180,000
More than 15%	1,900	300

Administrative Complexity: HIGH

Estimates based on 2025 data

Scenario B – 6 Regions



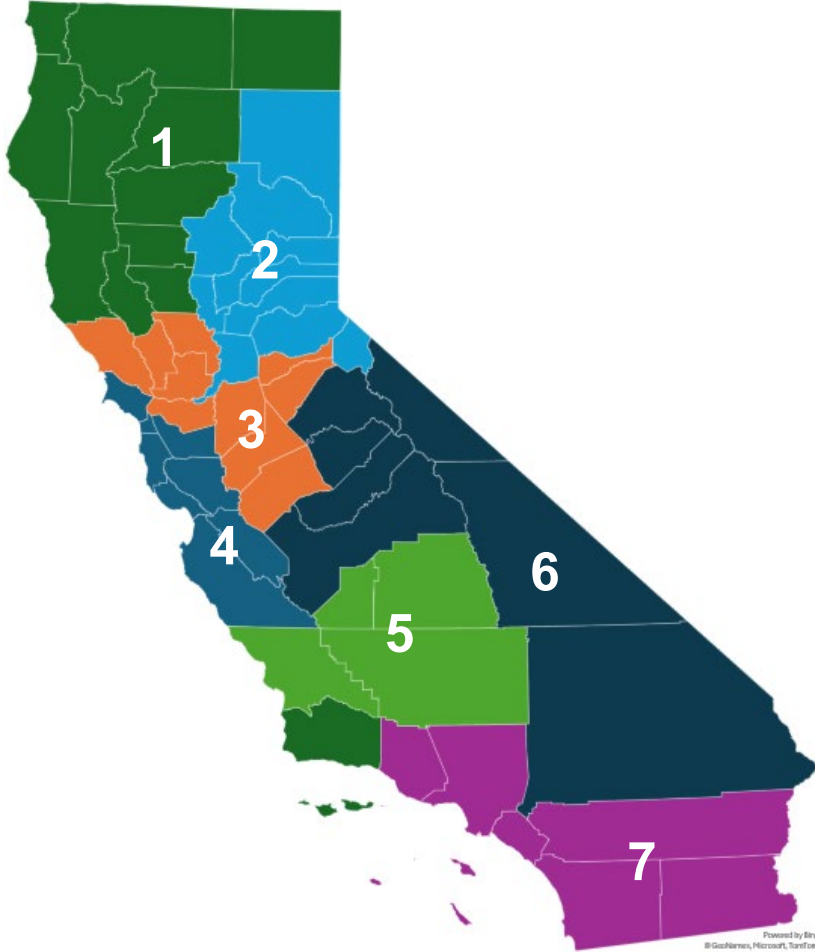
Percent of members with premium increase	36%
Percent of members with premium decrease	64%

Estimated premium impact	Members with premium increase	Members with premium decrease
Up to 5%	64,000	150,600
Between 5 -15%	118,400	171,100
More than 15%	700	1,400

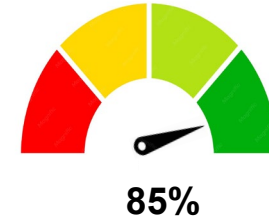
Administrative Complexity: MEDIUM

Estimates based on 2025 data

Scenario C – 7 Regions



Alignment with actual cost of care




Percent of members with premium increase	36%
Percent of members with premium decrease	64%

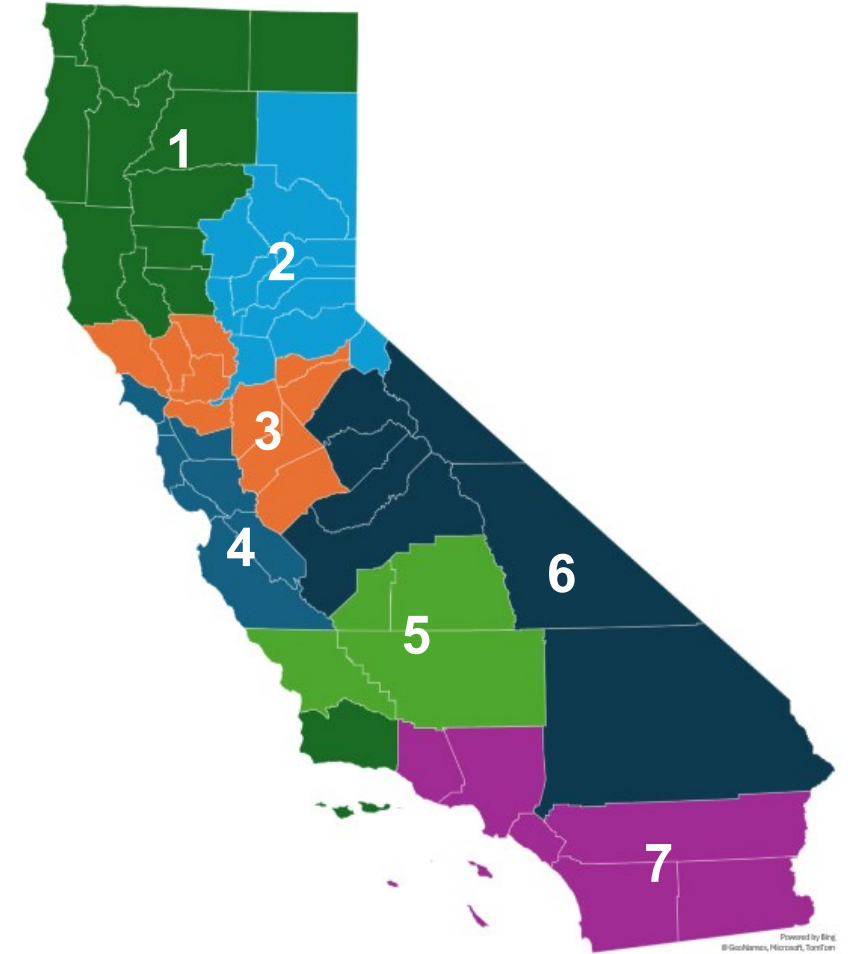
Estimated premium impact	Members with premium increase	Members with premium decrease
Up to 5%	62,900	131,900
Between 5 -15%	117,200	193,300
More than 15%	700	200

Administrative Complexity: MEDIUM

Estimates based on 2025 data

Tentative Team Recommendation: Scenario C, 7 Regions

- Significantly increases cost of health care alignment from 46% to 85% 
- Lowest number of overall members impacted with premium increases
- Highest number of overall members with premium decreases
- Highly contiguous to mitigate administrative impacts



Next Steps

