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.

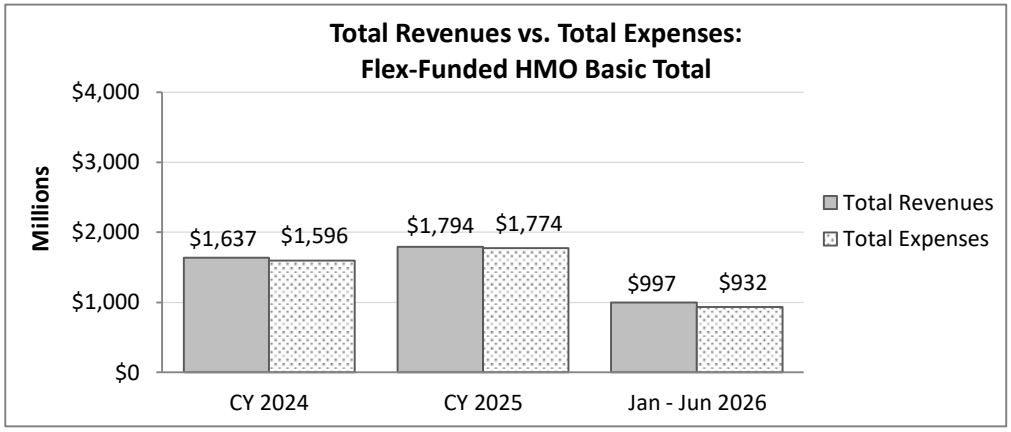
This attachment summarizes the financial status for the flex-funded HMO plans for calendar years 2024, 2025 and the first six months of 2026:

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.

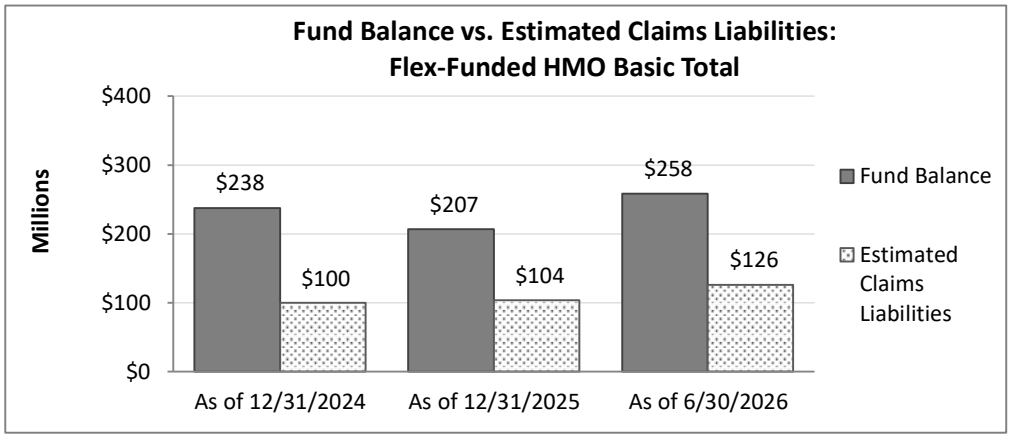
The “Fund Balance vs. Estimated Claims Liabilities” graphs show the account balances and any surpluses or deficits as of the end of each period.

Health Care Fund Status
As of June 30, 2026
Flex-Funded HMO Basic Health Plans Total

In the graph below, total revenues and total expenses are provided for the full calendar years for 2024 and 2025 while 2026 includes transactions for January through June 2026.



In the graph below, the Health Care Fund balance compared to estimated claims liabilities are provided as of June 30, 2026.



Fund Balance vs Actuarial Reserves, as of 6/30/2026: Flex-Funded HMO Basic Total	
Enrollment	188,621
Fund Balance *	$258,382,663
Estimated Claims Liabilities **	$126,165,227
Surplus/(Deficit) ***	$132,217,436
Surplus/(Deficit) PMPM	$58.41

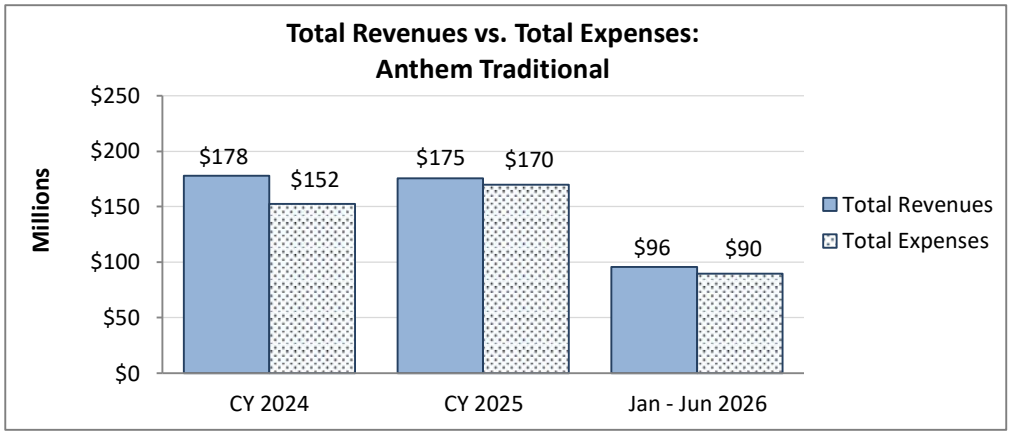
* Fund balance accounts for encumbered dollars for all expenses related to the final accounting for the 2024 contract year, 2025 contract year and other expenses.

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

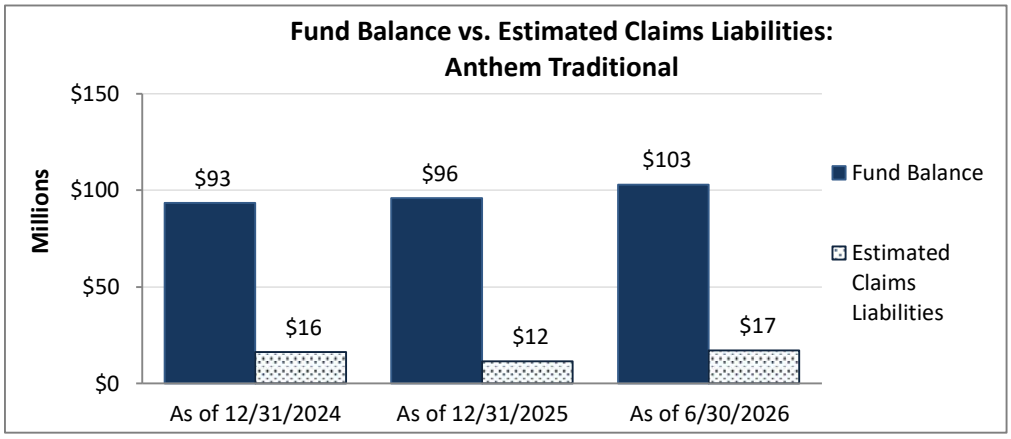
*** Surplus/(Deficit) equals fund balance minus estimated claims liabilities.

Flex-Funded HMO Basic Health Plans: Anthem Traditional

In the graph below, total revenues and total expenses are provided for the full calendar years for 2024 and 2025 while 2026 includes transactions for January through June 2026.



In the graph below, the Health Care Fund balance compared to estimated claims liabilities are provided as of June 30, 2026.



Fund Balance vs Actuarial Reserves, as of 6/30/2026: Anthem Traditional	
Enrollment	12,046
Fund Balance *	$102,889,748
Estimated Claims Liabilities **	$17,121,331
Surplus/(Deficit) ***	$85,768,417
Surplus/(Deficit) PMPM	$593.34

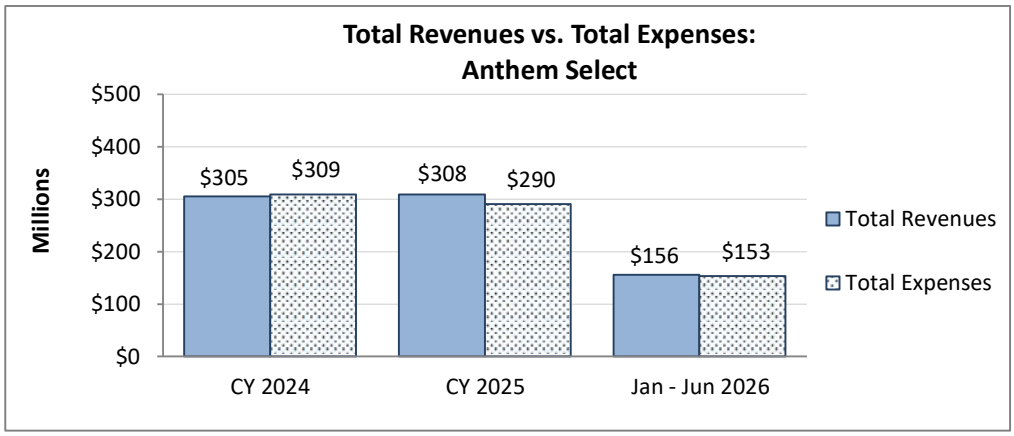
* Fund balance accounts for encumbered dollars for all expenses related to the final accounting for the 2024 contract year, 2025 contract year and other expenses.

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

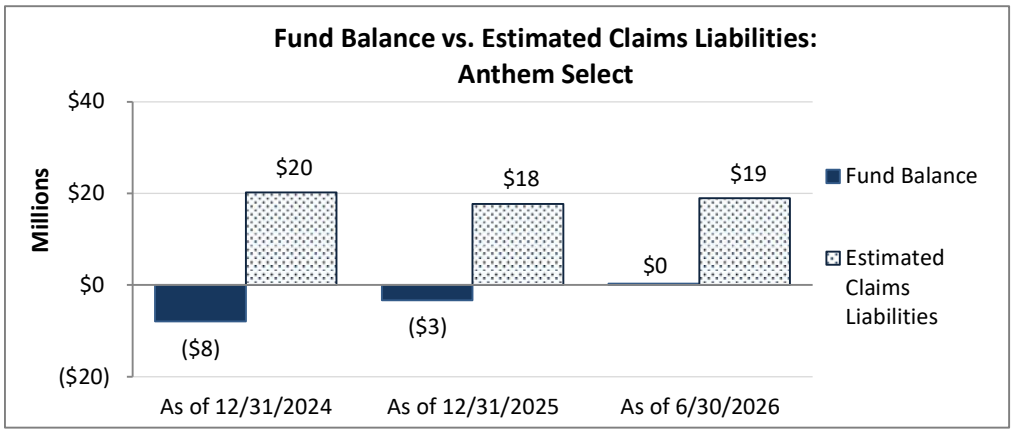
*** Surplus/(Deficit) equals fund balance minus estimated claims liabilities.

Flex-Funded HMO Basic Health Plans: Anthem Select

In the graph below, total revenues and total expenses are provided for the full calendar years for 2024 and 2025 while 2026 includes transactions for January through June 2026.



In the graph below, the Health Care Fund balance compared to estimated claims liabilities are provided as of June 30, 2026.



Fund Balance vs Actuarial Reserves, as of 6/30/2026: Anthem Select	
Enrollment	28,232
Fund Balance *	$306,308
Estimated Claims Liabilities **	$18,943,281
Surplus/(Deficit) ***	($18,636,973)
Surplus/(Deficit) PMPM	($55.01)

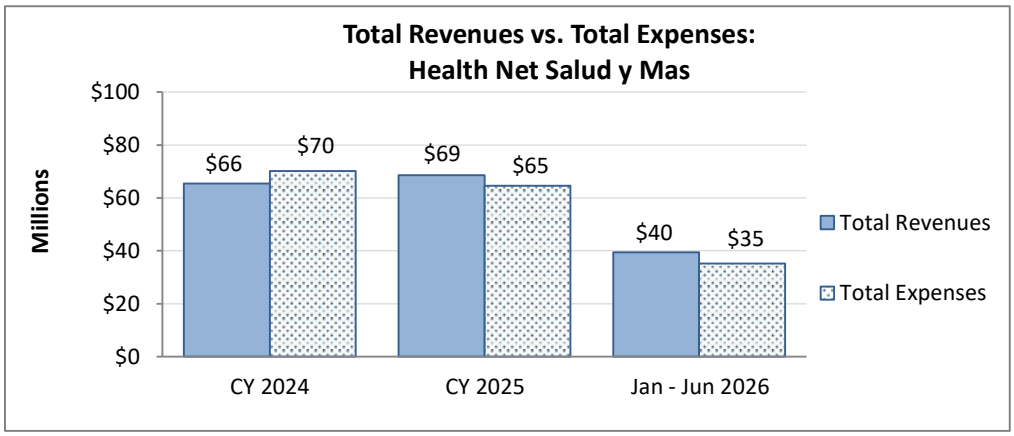
* Fund balance accounts for encumbered dollars for all expenses related to the final accounting for the 2024 contract year, 2025 contract year and other expenses.

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

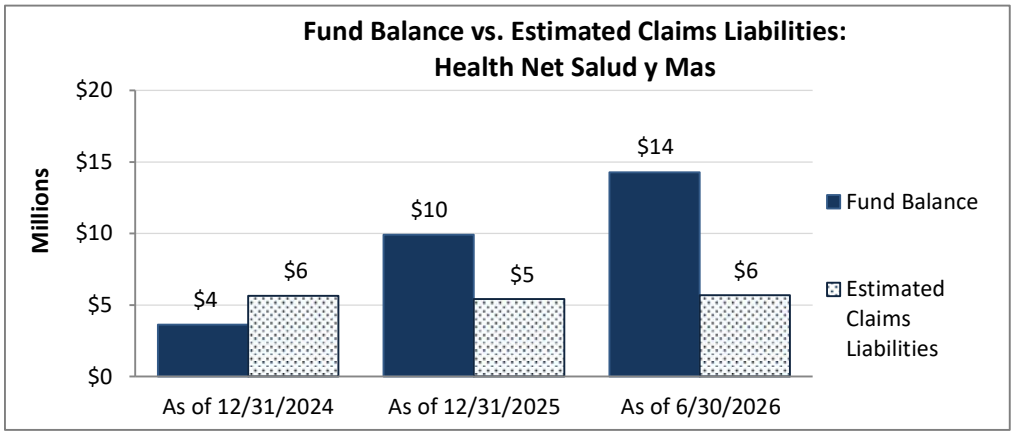
*** Surplus/(Deficit) equals fund balance minus estimated claims liabilities.

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

In the graph below, total revenues and total expenses are provided for the full calendar years for 2024 and 2025 while 2026 includes transactions for January through June 2026.



In the graph below, the Health Care Fund balance compared to estimated claims liabilities are provided as of June 30, 2026.



Fund Balance vs Actuarial Reserves, as of 6/30/2026: Health Net Salud y Mas	
Enrollment	12,710
Fund Balance *	$14,290,703
Estimated Claims Liabilities **	$5,697,991
Surplus/(Deficit) ***	$8,592,713
Surplus/(Deficit) PMPM	$56.34

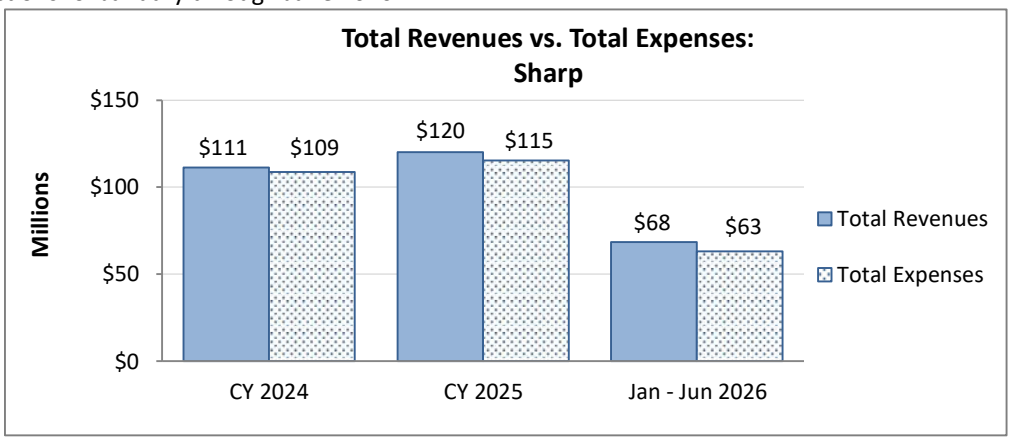
* Fund balance accounts for encumbered dollars for all expenses related to the final accounting for the 2024 contract year, 2025 contract year and other expenses.

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

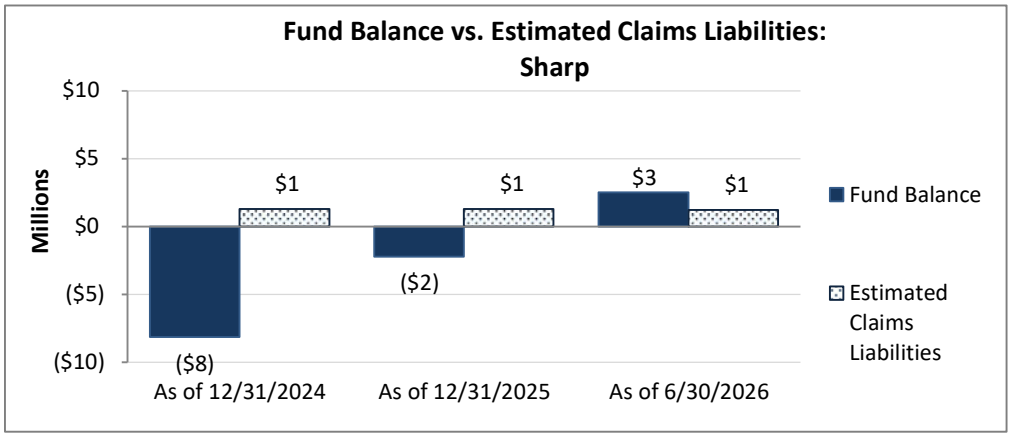
*** Surplus/(Deficit) equals fund balance minus estimated claims liabilities.

Flex-Funded HMO Basic Health Plans: Sharp

In the graph below, total revenues and total expenses are provided for the full calendar years for 2024 and 2025 while 2026 includes transactions for January through June 2026.



In the graph below, the Health Care Fund balance compared to estimated claims liabilities are provided as of June 30, 2026.



Fund Balance vs Actuarial Reserves, as of 6/30/2026: Sharp	
Enrollment	15,600
Fund Balance *	$2,544,685
Estimated Claims Liabilities **	$1,225,601
Surplus/(Deficit) ***	$1,319,083
Surplus/(Deficit) PMPM	$7.05

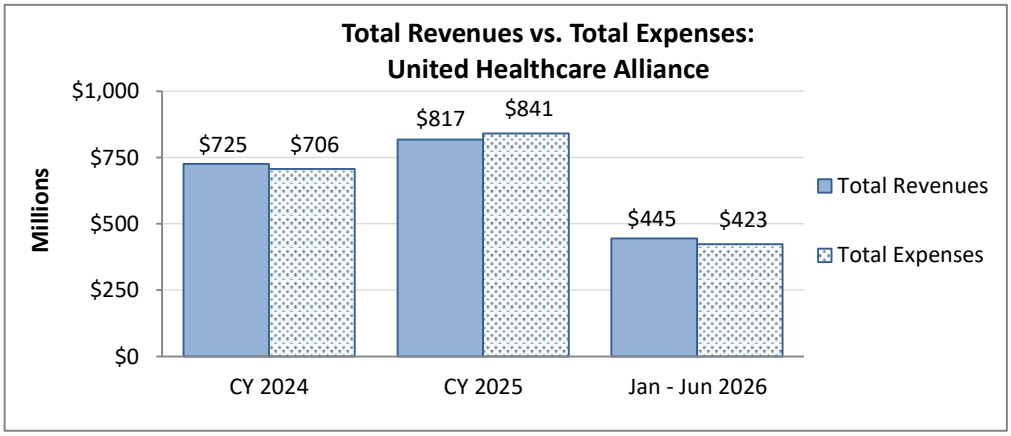
* Fund balance accounts for encumbered dollars for all expenses related to the final accounting for the 2024 contract year, 2025 contract year and other expenses.

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

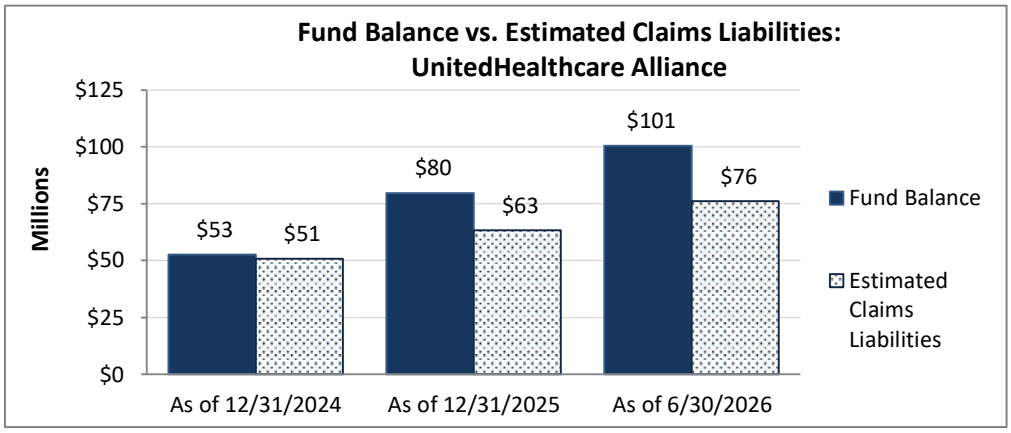
*** Surplus/(Deficit) equals fund balance minus estimated claims liabilities.

Flex-Funded HMO Basic Health Plans: UnitedHealthcare Alliance

In the graph below, total revenues and total expenses are provided for the full calendar years for 2024 and 2025 while 2026 includes transactions for January through June 2026.



In the graph below, the Health Care Fund balance compared to estimated claims liabilities are provided as of June 30, 2026.



Fund Balance vs Actuarial Reserves, as of 6/30/2026: UnitedHealthcare Alliance	
Enrollment	80,389
Fund Balance *	$100,531,185
Estimated Claims Liabilities **	$76,062,483
Surplus/(Deficit) ***	$24,468,702
Surplus/(Deficit) PMPM	$25.36

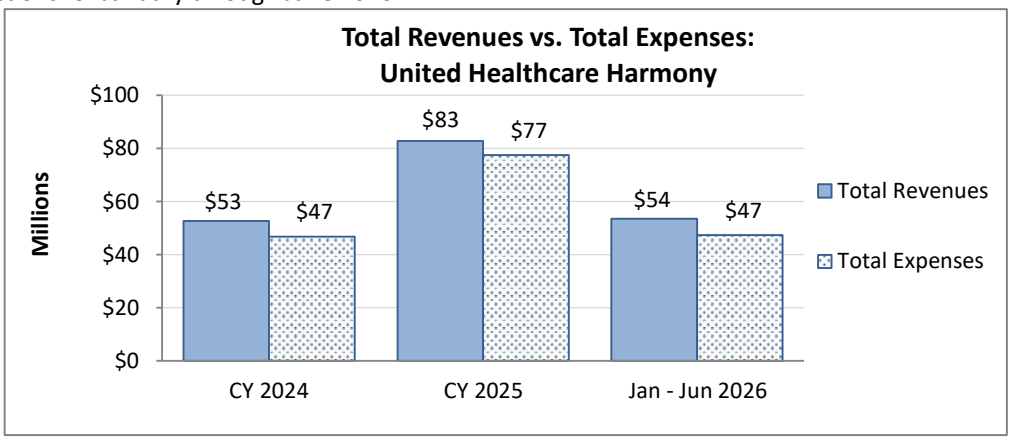
* Fund balance accounts for encumbered dollars for all expenses related to the final accounting for the 2024 contract year, 2025 contract year and other expenses.

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

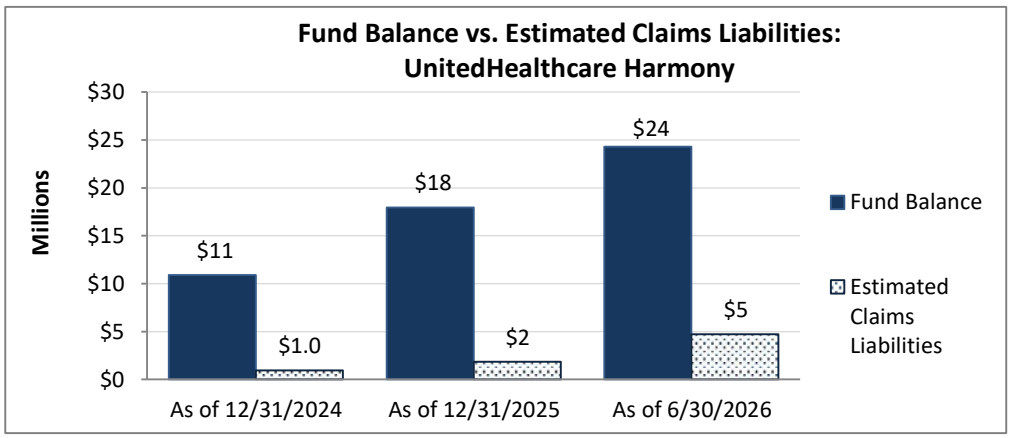
*** Surplus/(Deficit) equals fund balance minus estimated claims liabilities.

Flex-Funded HMO Basic Health Plans: UnitedHealthcare Harmony

In the graph below, total revenues and total expenses are provided for the full calendar years for 2024 and 2025 while 2026 includes transactions for January through June 2026.



In the graph below, the Health Care Fund balance compared to estimated claims liabilities are provided as of June 30, 2026.



Fund Balance vs Actuarial Reserves, as of 6/30/2026: UnitedHealthcare Harmony	
Enrollment	13,583
Fund Balance *	$24,301,875
Estimated Claims Liabilities **	$4,724,261
Surplus/(Deficit) ***	$19,577,614
Surplus/(Deficit) PMPM	$120.11

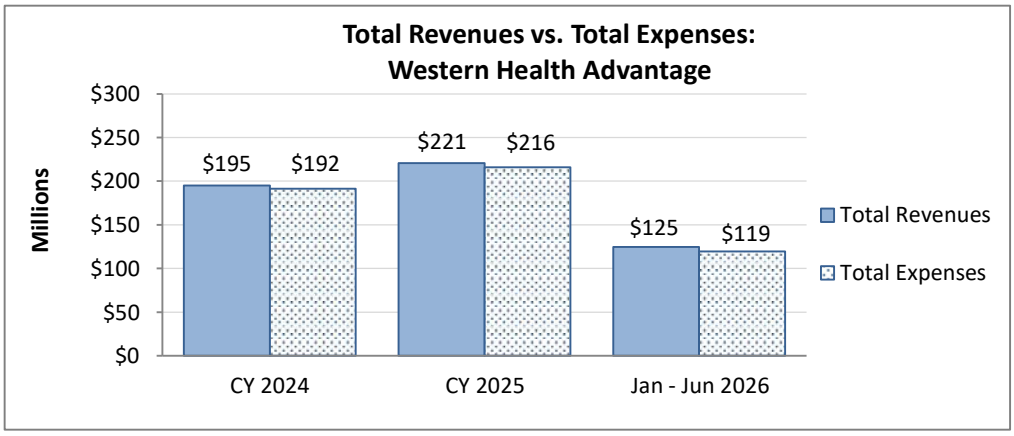
* Fund balance accounts for encumbered dollars for all expenses related to the final accounting for the 2024 contract year, 2025 contract year and other expenses.

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

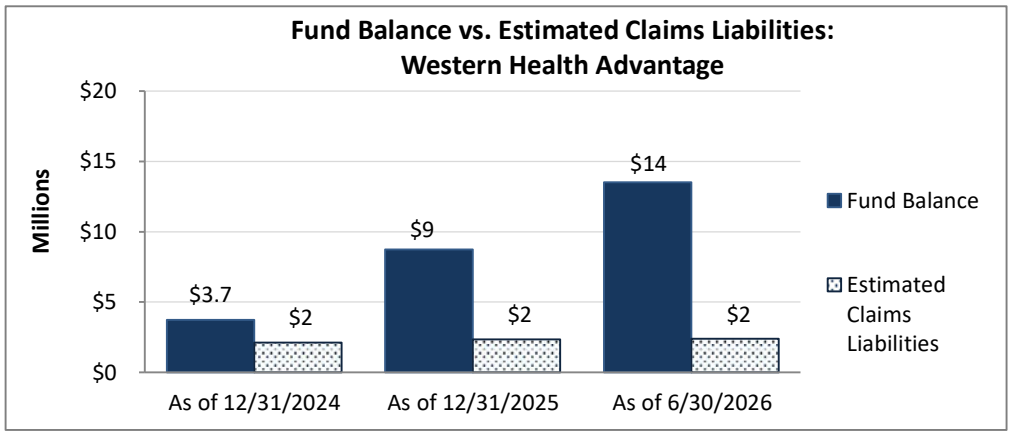
*** Surplus/(Deficit) equals fund balance minus estimated claims liabilities.

Flex-Funded HMO Basic Health Plans: Western Health Advantage

In the graph below, total revenues and total expenses are provided for the full calendar years for 2024 and 2025 while 2026 includes transactions for January through June 2026.



In the graph below, the Health Care Fund balance compared to estimated claims liabilities are provided as of June 30, 2026.



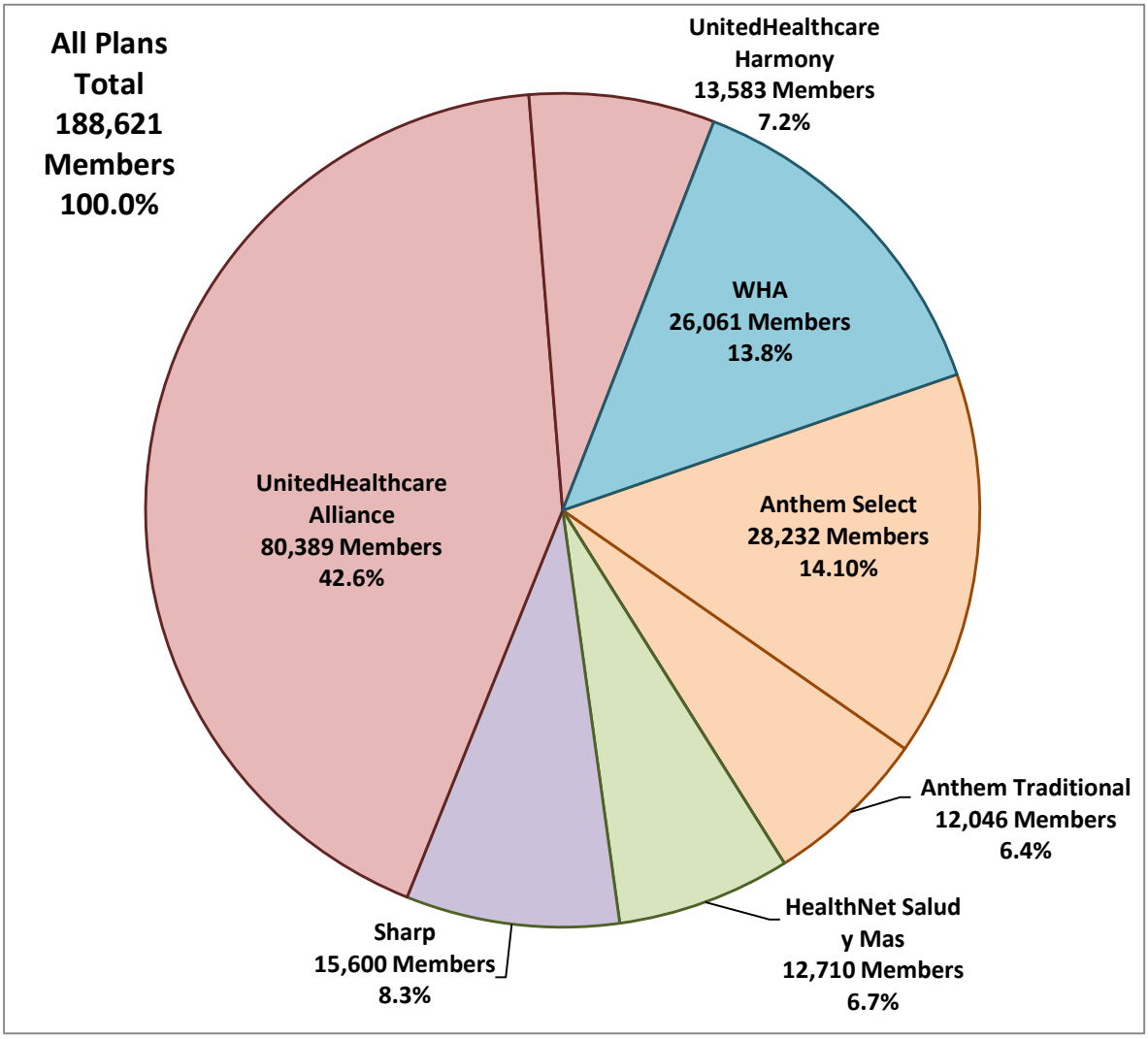
Fund Balance vs Actuarial Reserves, as of 6/30/2026: Western Health Advantage	
Enrollment	26,061
Fund Balance *	$13,518,159
Estimated Claims Liabilities **	$2,390,278
Surplus/(Deficit) ***	$11,127,881
Surplus/(Deficit) PMPM	$35.58

* Fund balance accounts for encumbered dollars for all expenses related to the final accounting for the 2024 contract year, 2025 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 June 30, 2026
Flex-Funded HMO Basic Health Plans



Enrollment			
Plan Name	**2024**	**2025**	**2026**
Anthem Select	32,528	28,960	28,232
Anthem Traditional	12,077	11,445	12,046
Health Net Salud y Mas	12,707	11,545	12,710
Sharp	14,532	14,687	15,600
UnitedHealthcare Alliance	76,531	79,864	80,389
UnitedHealthcare Harmony	7,561	11,102	13,583
Western Health Advantage	22,554	24,194	26,061
Total Flex-Funded HMO	**178,490**	**181,797**	**188,621**