



## Pension & Health Benefits Committee

# Agenda Item 6a

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**November 19, 2024**

**Item Name:** Health Benefits Program Proposals for the 2026 Plan Year

**Program:** Health Benefits

**Item Type:** Action

### **Recommendation**

Approve the following health plan service area expansions for 2026:

- 1) Kaiser Permanente service area expansion into 1 county
- 2) UnitedHealthcare service area expansion into 4 counties

Approve the following benefit design change for 2025:

- 1) Cover health care treatment following rape or sexual assault

### **Executive Summary**

The agenda item provides an update on the Health Benefits Program proposals under consideration for the 2026 plan year, with one item to take effect in 2025. The proposals include expansions to service areas and a benefit design change. The proposals evaluations and summaries will be discussed during the November 2024 Pension & Health Benefits Committee (PHBC) meeting with recommendations 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**

CalPERS recognizes the need for providing affordable health plans and pharmacy benefits to our Basic and Medicare members. Each year CalPERS brings forth proposals for new plan products, additional coverage areas, benefit design changes, and innovative health programs.

## **Analysis**

The CalPERS team conducted internal analyses to determine if the proposals would be beneficial to the health program and would support our strategic goal of providing exceptional health care. The CalPERS team also projected premium impacts for all proposals, evaluated the Basic plan service area expansion proposals through its competition model to understand the competitive dynamics.

## **Service Area Expansions**

### Kaiser Permanente Service Area Expansion into Monterey County

Following Kaiser's Basic plan expansion to 12 ZIP codes in Monterey County in 2025, they propose expanding their Basic plan to the remainder of the county. Additionally, Kaiser proposes expanding their two Medicare plans to all of Monterey County. These expansions are pending Kaiser's successful completion of provider contracting efforts and then approval of covered ZIP codes and networks from the Department of Managed Health Care (DMHC). The Basic HMO plans currently available in Monterey County are Anthem Select and Blue Shield Trio.

### UnitedHealthcare (UHC) Service Area Expansion into El Dorado, Nevada, Placer, and San Joaquin Counties

UHC proposes expanding its SignatureValue Harmony plan into El Dorado, Nevada, Placer, and San Joaquin counties. Harmony would be one of six Basic HMO plans available in El Dorado County, one of five in Nevada County, one of seven in Placer County, and one of six in San Joaquin County. The expansion is pending DMHC approval. This Northern California expansion would provide a lower cost health plan option to members in those areas.

### Legislative Benefit Design Change to cover health care treatment following rape or sexual assault

California Assembly Bill 2843 was recently signed and chaptered into law and will require health plans regulated by the DMHC to cover emergency room services and follow-up health care treatment for a member who is treated following a rape or sexual assault for the first nine months after the member initiates treatment with no cost sharing by July 1, 2025. We propose to apply this newly chaptered law to our PPO health plans and to adopt this benefit for both HMO and PPO plans on January 1, 2025, earlier than required given its potential impact to affected members.

## **Budget and Fiscal Impacts**

CalPERS recognizes the need for providing affordable health plans to our Basic and Medicare members by expanding coverage areas and making benefit design changes where it is appropriate and cost-effective. If approved by the PHBC, the proposed changes could potentially impact premiums and contracts for the 2026 plan year.

## **Benefits and Risks**

We are meeting member expectations by working with our contracted health plans to expand coverage into underserved areas by adding benefits and innovative programs that are impactful and cost-effective. Benefits include:

- Greater access to HMO plans in underserved areas
- Innovative health programs offered to our members at no cost or low-cost
- Expansion of cost-effective benefits and services

Risks include:

- Increased costs associated with plans expanding into new areas/and or providing new benefits
- Difficulty finding affordable, quality HMO providers in underserved areas

## **Attachments**

Attachment 1 – Approval of Health Benefits Program Proposals for the 2026 Plan Year  
PowerPoint

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