

2025 Proposed Preliminary Health Maintenance Organization and Preferred Provider Organization Plan Premiums

Open Session Agenda Item 6a

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June 11, 2024

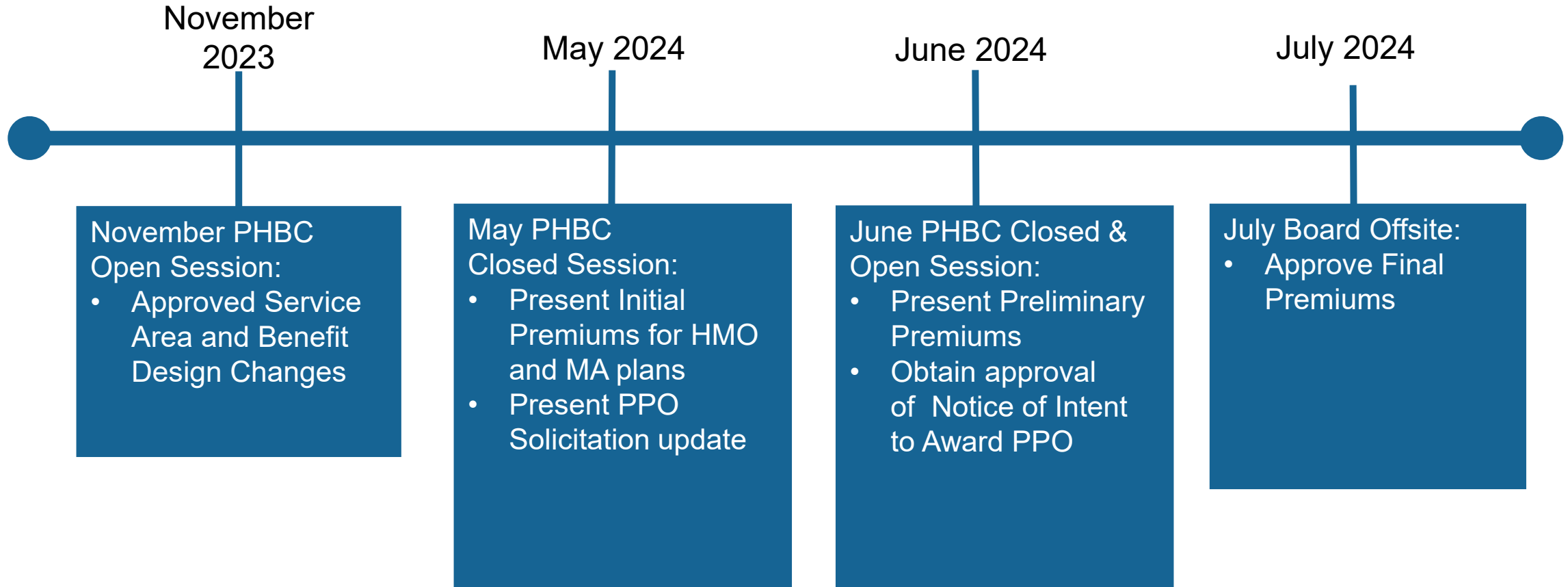
Agenda

- Timeline
- How CalPERS Sets Premiums
- Cost Influencers & Major Trends
- One Risk Pool Adjustment & PPO Impact
- Premiums & Weighted Averages
- Basic HMO & PPO Plans
- Impacts to Medicare
- Medicare Advantage & Supplement Plans
- Next Steps



**Equitable,
High-Quality,
Affordable
Health Care**

2025 Health Plan Rate Development Timeline



How CalPERS Sets Premiums

Premium Components

- Medical
- Pharmacy
- Administration

Create baseline premium and reconcile with each plan

Apply Risk Mitigation for Basic plans

Apply regional factors for Public Agencies and School premiums



Cost Influencers, Major Trends, and Weighted Average Premiums

Cost Influencers & Major Trends

- Medical inflation
 - Increased unit price
- Continued high pharmacy cost
 - Increasing utilization for high-cost specialty and brand drugs
- Inflation Reduction Act impacts

Recommendation: Transition to Single Risk Pool in 2025

- Current projection is PPOs will lose money for 2024
- HCF investments are now fully liquid due to immediate cash needs
- Likely increased outward migration in 2025
- Transition in 2025 could significantly quicken the path back to single-digit PPO increases

Recommendation to One Risk Pool Options for 2025

Item	Continued Phase-In	Full Transition
Basic PPO		
Premium Increase	15.07%	9.82%
One Risk Pool Impact	3.7% downward adjustment	7.5% downward adjustment
Projected Membership Change	10.0% loss	5.0% loss
Basic HMO		
Premium Increase	7.44%	8.72%
One Risk Pool Impact	1.3% upward adjustment	2.6% upward adjustment
Projected Membership Change	2.7% gain	1.5% gain



Premiums and Weighted Averages

2025 Proposed Preliminary HMO and PPO Premiums

2025 Basic HMO Plan Premiums

Basic HMO Plan	2024 Premium	2025 Proposed Preliminary Premium Year 2 Phase In to One Risk Pool	Percent Change from 2024	2025 Proposed Preliminary Premium Full Transition to One Risk Pool	Percent Change from 2024
Anthem Blue Cross Select HMO	\$925.57	\$1,009.69	9.09%	\$1,021.71	10.39%
Anthem Blue Cross Traditional HMO	\$1,197.94	\$1,293.50	7.98%	\$1,309.07	9.28%
Blue Shield Access+ HMO and EPO	\$892.49	\$954.60	6.96%	\$965.86	8.22%
Blue Shield Trio HMO	\$810.24	\$898.48	10.89%	\$909.10	12.20%
Health Net Salud y Más	\$656.96	\$745.30	13.45%	\$753.72	14.73%
Kaiser Permanente	\$964.15	\$1,032.82	7.12%	\$1,045.20	8.41%
Kaiser Permanente Out of State	\$1,312.45	\$1,422.26	8.37%	\$1,422.26	8.37%
Sharp Performance Plus	\$833.24	\$858.61	3.04%	\$868.45	4.23%
UnitedHealthcare SignatureValue Alliance	\$882.98	\$950.37	7.63%	\$961.35	8.88%
UnitedHealthcare SignatureValue Harmony	\$763.70	\$810.87	6.18%	\$820.13	7.39%
Western Health Advantage HMO	\$807.23	\$903.75	11.96%	\$914.27	13.26%
Basic HMO Weighted Average Change			7.44%		8.72%

2025 Proposed Preliminary HMO and PPO Premiums

2025 Basic PPO Plan Premiums

Option 1: Blue Shield of California	2024 Premium	2025 Proposed Preliminary Premium Year 2 Phase In to One Risk Pool	Percent Change from 2024	2025 Proposed Preliminary Premium Full Transition to One Risk Pool	Percent Change from 2024
PERS Gold	\$859.31	\$988.78	15.07%	\$943.70	9.82%
PERS Platinum	\$1,215.87	\$1,399.09	15.07%	\$1,335.30	9.82%
Basic PPO Weighted Average Change			15.07%		9.82%

Option 2: Anthem Blue Cross	2024 Premium	2025 Proposed Preliminary Premium Year 2 Phase In to One Risk Pool	Percent Change from 2024	2025 Proposed Preliminary Premium Full Transition to One Risk Pool	Percent Change from 2024
PERS Gold	\$859.31	\$989.57	15.16%	\$944.37	9.90%
PERS Platinum	\$1,215.87	\$1,400.22	15.16%	\$1,336.28	9.90%
Basic PPO Weighted Average Change			15.16%		9.90%

2025 Proposed Preliminary HMO and PPO Premiums

2025 Medicare Advantage Plan Premiums

Medicare Advantage Plan	2024 Premium	2025 Proposed Preliminary Premium	Percent Change from 2024
Anthem Medicare Preferred PPO	\$405.83	\$487.56	20.14%
Blue Shield Medicare PPO	\$392.68	\$448.28	14.16%
Kaiser Permanente Senior Advantage	\$324.79	\$343.08	5.63%
Kaiser Permanente Senior Advantage Out of State	\$318.43	\$336.72	5.74%
Kaiser Permanente Senior Advantage Summit	\$386.55	\$408.31	5.63%
Kaiser Permanente Senior Advantage Summit Out of State	\$380.21	\$401.97	5.72%
Sharp Direct Advantage HMO	\$256.53	\$272.44	6.20%
UnitedHealthcare Group Medicare Advantage PPO	\$341.72	\$442.25	29.42%
UnitedHealthcare Group Medicare Advantage Edge PPO	\$366.01	\$548.45	49.85%
Medicare Advantage Weighted Average Change			13.75%

2025 Medicare Supplement Plan Premiums

Option 1: Blue Shield of California	2024 Premium	2025 Proposed Preliminary Premium	Percent Change from 2024
PERS Gold	\$406.60	\$546.13	34.32%
PERS Platinum	\$448.15	\$584.70	30.47%
Medicare Supplement Weighted Average Change			30.59%

Option 2: Anthem Blue Cross	2024 Premium	2025 Proposed Preliminary Premium	Percent Change from 2024
PERS Gold	\$406.60	\$544.04	33.80%
PERS Platinum	\$448.15	\$582.60	30.00%
Medicare Supplement Weighted Average Change			30.12%



Basic HMO Plans

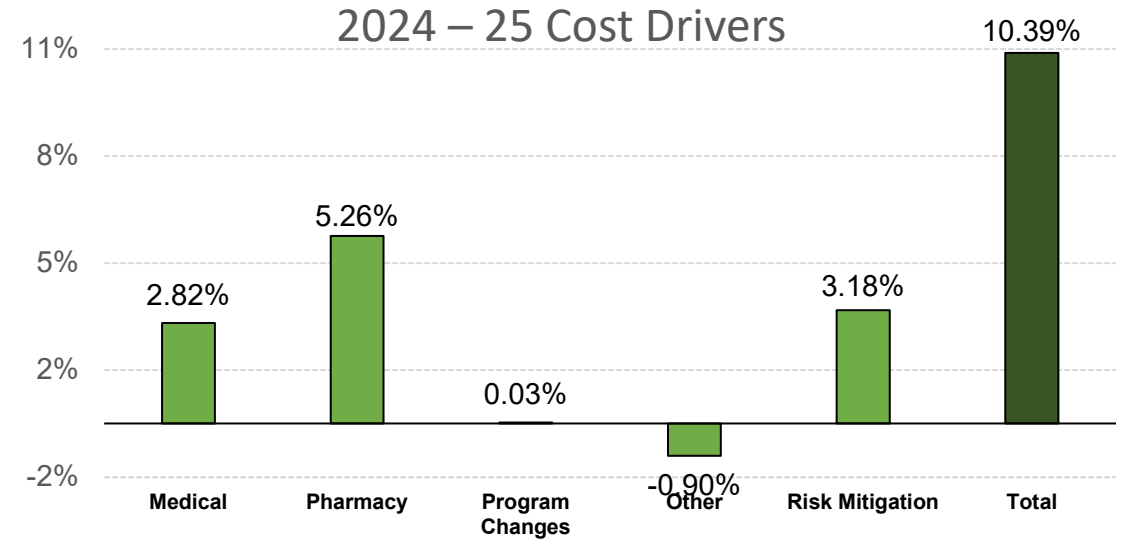
2025 Proposed Preliminary HMO and PPO Premiums

Anthem Blue Cross Select HMO (Basic)

2024 Premium	2025 Premium Before Risk Mitigation	2025 Adjusted Risk Score	Risk Mitigation Impact	2025 Proposed Preliminary Premium with Year 2 Phase In to One Risk Pool	Percent Change from 2024
\$925.57	\$942.02	0.9515	\$67.67	\$1,009.69	9.09%

2024 Premium	2025 Premium Before Risk Mitigation	2025 Adjusted Risk Score	Risk Mitigation Impact	2025 Proposed Preliminary Premium with Full Transition to One Risk Pool	Percent Change from 2024
\$925.57	\$942.02	0.9398	\$79.69	\$1,021.71	10.39%

2024 Total Covered Lives: 31,984



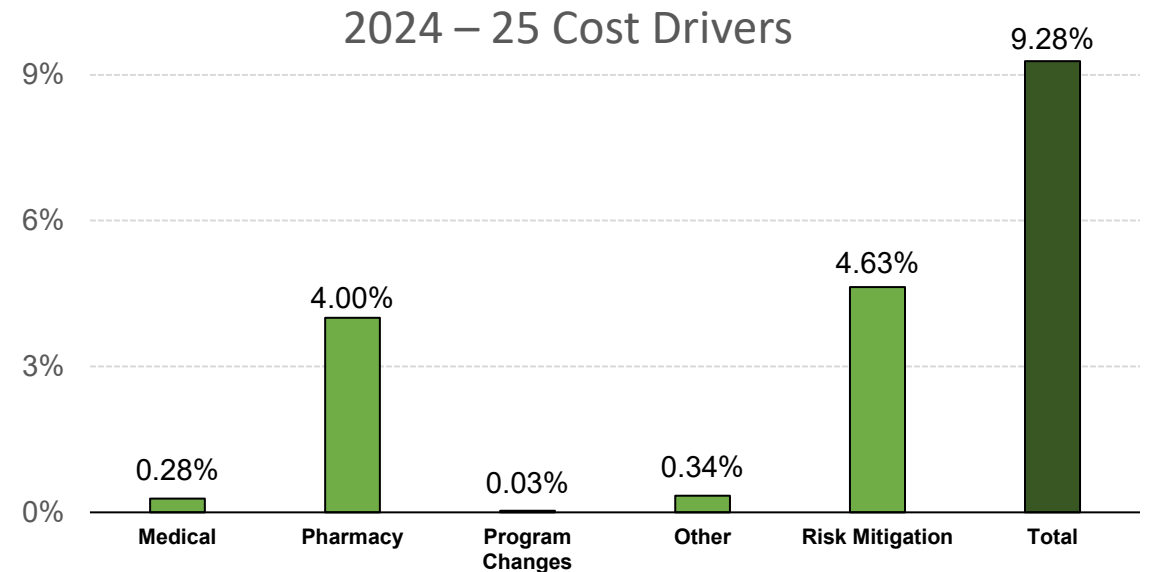
2025 Proposed Preliminary HMO and PPO Premiums

Anthem Blue Cross Traditional HMO (Basic)

2024 Premium	2025 Premium Before Risk Mitigation	2025 Adjusted Risk Score	Risk Mitigation Impact	2025 Proposed Preliminary Premium with Year 2 Phase In to One Risk Pool	Percent Change from 2024
\$1,197.94	\$1,423.20	1.1292	(\$129.70)	\$1,293.50	7.98%

2024 Premium	2025 Premium Before Risk Mitigation	2025 Adjusted Risk Score	Risk Mitigation Impact	2025 Proposed Preliminary Premium with Full Transition to One Risk Pool	Percent Change from 2024
\$1,197.94	\$1,423.20	1.1153	(\$114.13)	\$1,309.07	9.28%

2024 Total Covered Lives: 11,666



2025 Proposed Preliminary HMO and PPO Premiums

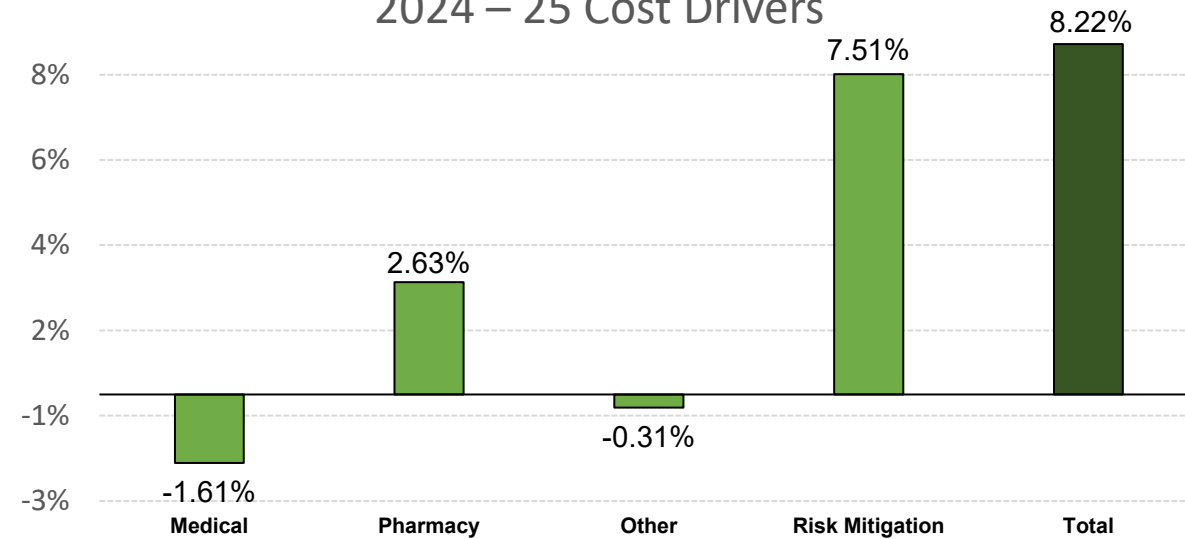
Blue Shield Access+ HMO and EPO (Basic)

2024 Premium	2025 Premium Before Risk Mitigation	2025 Adjusted Risk Score	Risk Mitigation Impact	2025 Proposed Preliminary Premium with Year 2 Phase In to One Risk Pool	Percent Change from 2024
\$892.49	\$1,124.64	1.2158	(\$170.04)	\$954.60	6.96%

2024 Premium	2025 Premium Before Risk Mitigation	2025 Adjusted Risk Score	Risk Mitigation Impact	2025 Proposed Preliminary Premium with Full Transition to One Risk Pool	Percent Change from 2024
\$892.49	\$1,124.64	1.2009	(\$158.78)	\$965.86	8.22%

2024 Total Covered Lives: 124,322

2024 – 25 Cost Drivers



2025 Proposed Preliminary HMO and PPO Premiums

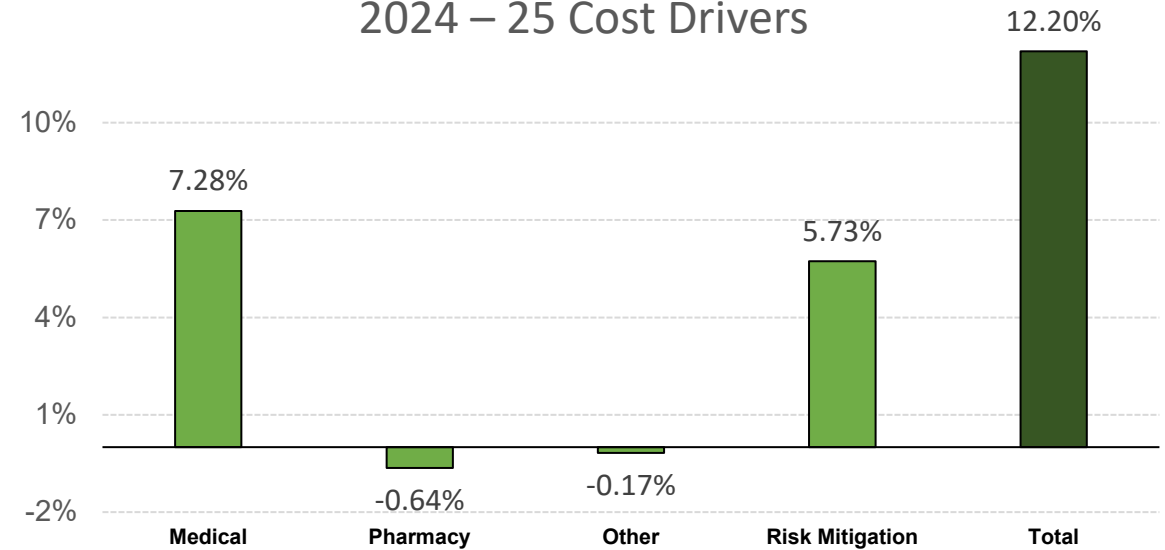
Blue Shield Trio HMO (Basic)

2024 Premium	2025 Premium Before Risk Mitigation	2025 Adjusted Risk Score	Risk Mitigation Impact	2025 Proposed Preliminary Premium with Year 2 Phase In to One Risk Pool	Percent Change from 2024
\$810.24	\$761.44	0.8590	\$137.04	\$898.48	10.89%

2024 Premium	2025 Premium Before Risk Mitigation	2025 Adjusted Risk Score	Risk Mitigation Impact	2025 Proposed Preliminary Premium with Full Transition to One Risk Pool	Percent Change from 2024
\$810.24	\$761.44	0.8485	\$147.66	\$909.10	12.20%

2024 Total Covered Lives: 44,314

2024 – 25 Cost Drivers



2025 Proposed Preliminary HMO and PPO Premiums

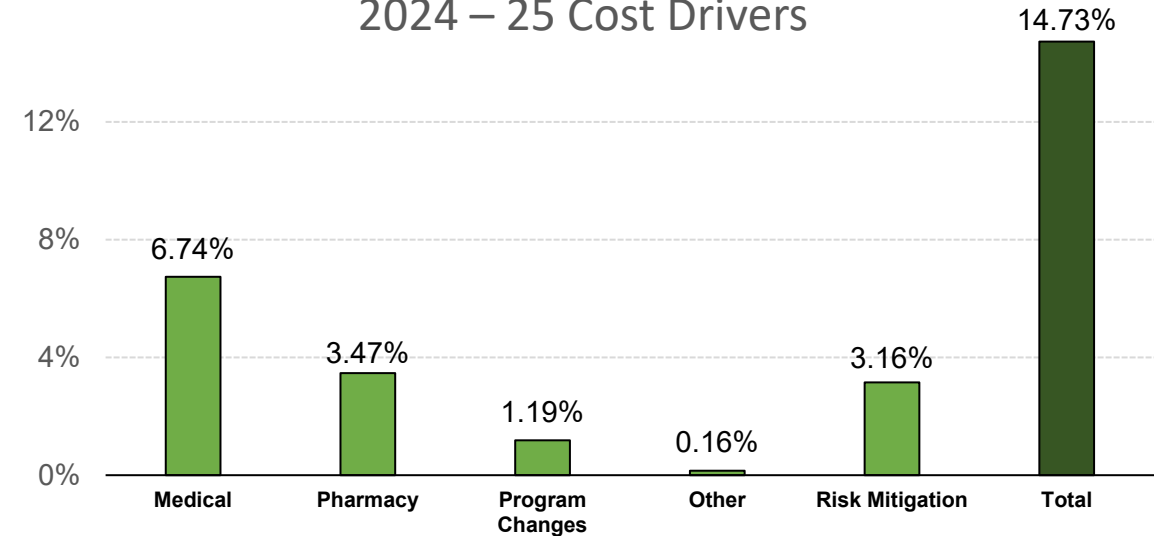
Health Net Salud y Mas (Basic)

2024 Premium	2025 Premium Before Risk Mitigation	2025 Adjusted Risk Score	Risk Mitigation Impact	2025 Proposed Preliminary Premium with Year 2 Phase In to One Risk Pool	Percent Change from 2024
\$656.96	\$579.12	0.7729	\$166.18	\$745.30	13.45%

2024 Premium	2025 Premium Before Risk Mitigation	2025 Adjusted Risk Score	Risk Mitigation Impact	2025 Proposed Preliminary Premium with Full Transition to One Risk Pool	Percent Change from 2024
\$656.96	\$579.12	0.7634	\$174.60	\$753.72	14.73%

2024 Total Covered Lives: 12,524

2024 – 25 Cost Drivers



2025 Proposed Preliminary HMO and PPO Premiums

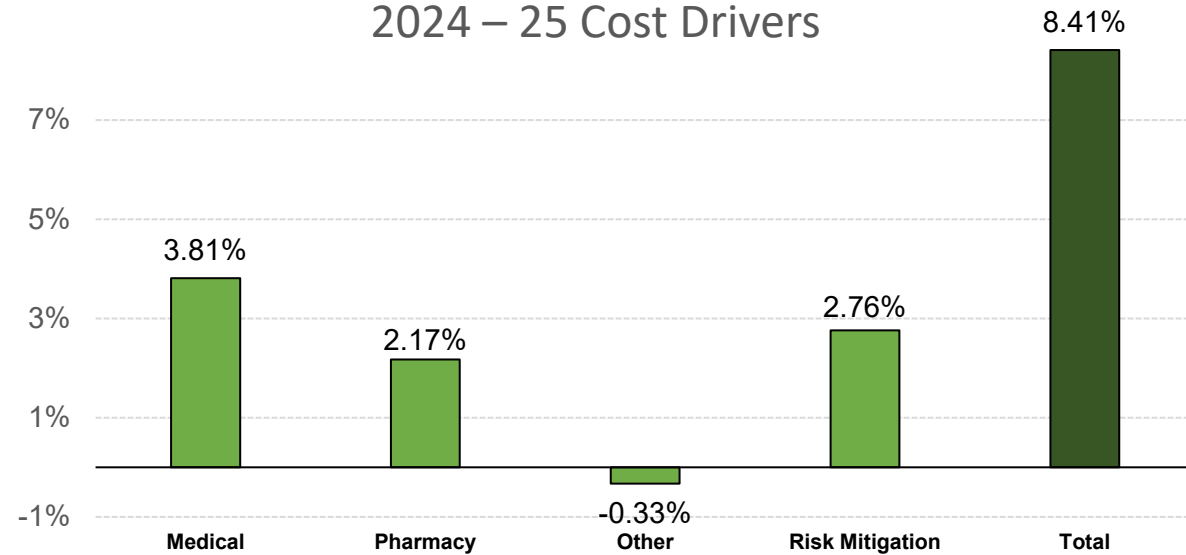
Kaiser Permanente (Basic)

2024 Premium	2025 Premium Before Risk Mitigation	2025 Adjusted Risk Score	Risk Mitigation Impact	2025 Proposed Preliminary Premium with Year 2 Phase In to One Risk Pool	Percent Change from 2024
\$964.15	\$935.24	0.9227	\$97.58	\$1,032.82	7.12%

2024 Premium	2025 Premium Before Risk Mitigation	2025 Adjusted Risk Score	Risk Mitigation Impact	2025 Proposed Preliminary Premium with Full Transition to One Risk Pool	Percent Change from 2024
\$964.15	\$935.24	0.9113	\$109.96	\$1,045.20	8.41%

2024 Total Covered Lives: 527,988

2024 – 25 Cost Drivers



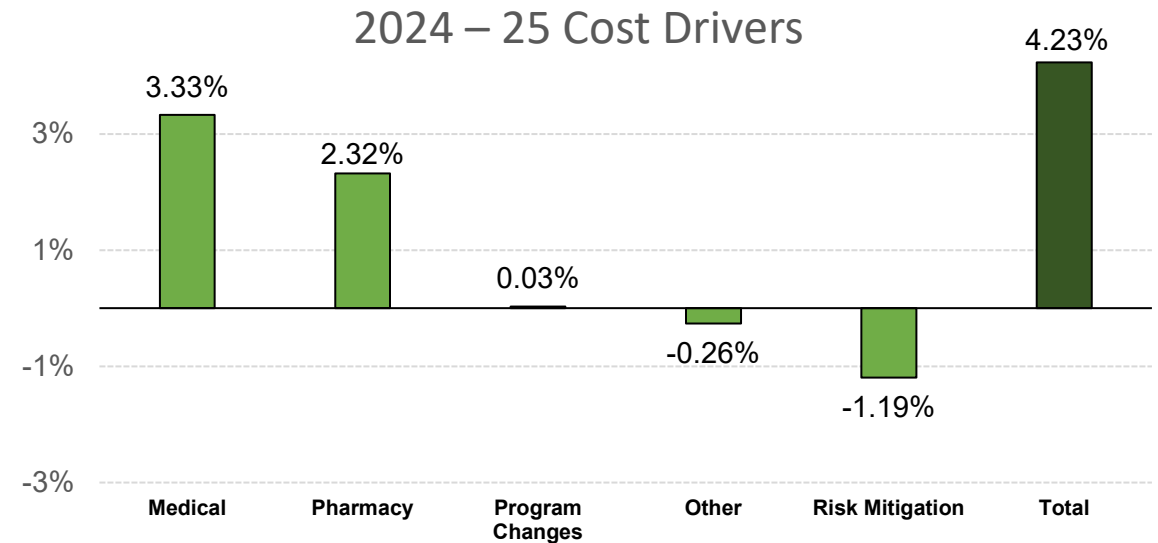
2025 Proposed Preliminary HMO and PPO Premiums

Sharp Performance Plus (Basic)

2024 Premium	2025 Premium Before Risk Mitigation	2025 Adjusted Risk Score	Risk Mitigation Impact	2025 Proposed Preliminary Premium with Year 2 Phase In to One Risk Pool	Percent Change from 2024
\$833.24	\$783.27	0.9265	\$75.34	\$858.61	3.04%

2024 Premium	2025 Premium Before Risk Mitigation	2025 Adjusted Risk Score	Risk Mitigation Impact	2025 Proposed Preliminary Premium with Full Transition to One Risk Pool	Percent Change from 2024
\$833.24	\$783.27	0.9151	\$85.18	\$868.45	4.23%

2024 Total Covered Lives: 14,561



2025 Proposed Preliminary HMO and PPO Premiums

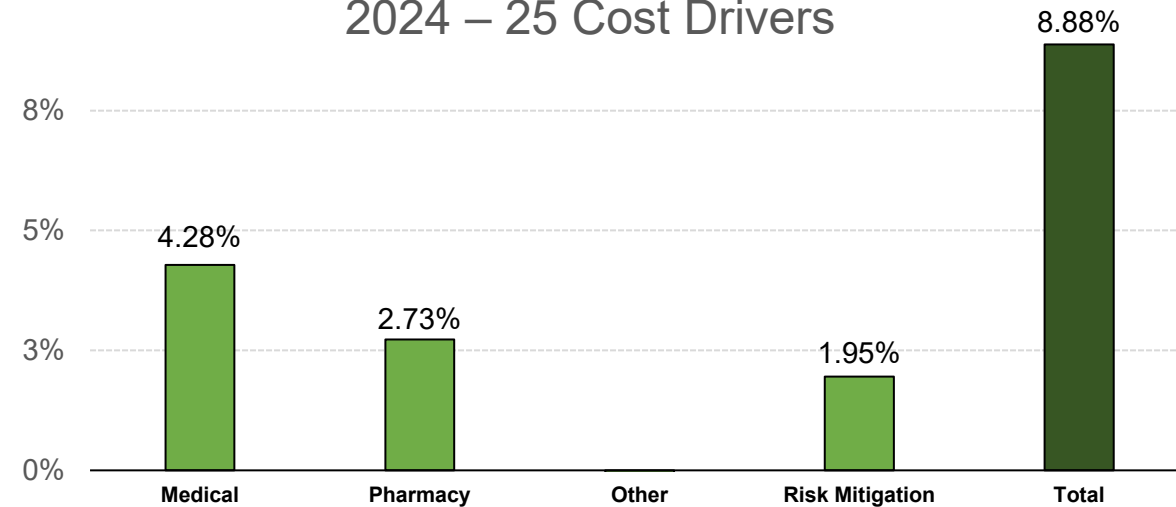
UnitedHealthcare Signature Value Alliance (Basic)

2024 Premium	2025 Premium Before Risk Mitigation	2025 Adjusted Risk Score	Risk Mitigation Impact	2025 Proposed Preliminary Premium with Year 2 Phase In to One Risk Pool	Percent Change from 2024
\$882.98	\$983.46	1.0624	(\$33.09)	\$950.37	7.63%

2024 Premium	2025 Premium Before Risk Mitigation	2025 Adjusted Risk Score	Risk Mitigation Impact	2025 Proposed Preliminary Premium with Full Transition to One Risk Pool	Percent Change from 2024
\$882.98	\$983.46	1.0493	(\$22.11)	\$961.35	8.88%

2024 Total Covered Lives: 76,138

2024 – 25 Cost Drivers



2025 Proposed Preliminary HMO and PPO Premiums

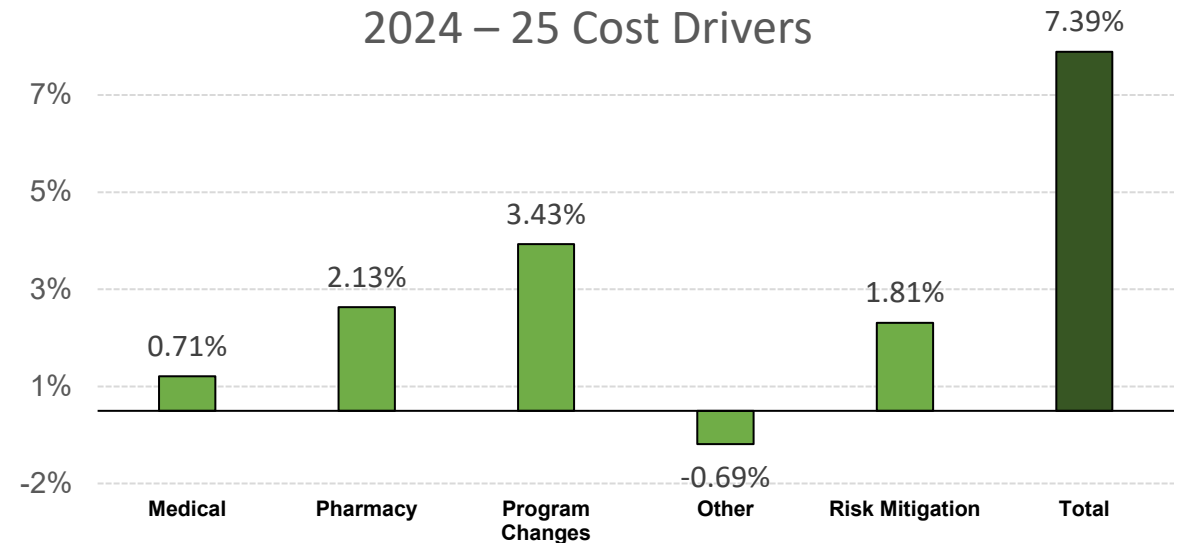
UnitedHealthcare Signature Value Harmony (Basic)

2024 Premium	2025 Premium Before Risk Mitigation	2025 Adjusted Risk Score	Risk Mitigation Impact	2025 Proposed Preliminary Premium with Year 2 Phase In to One Risk Pool	Percent Change from 2024
\$763.70	\$741.88	0.9292	\$68.99	\$810.87	6.18%

2024 Premium	2025 Premium Before Risk Mitigation	2025 Adjusted Risk Score	Risk Mitigation Impact	2025 Proposed Preliminary Premium with Full Transition to One Risk Pool	Percent Change from 2024
\$763.70	\$741.88	0.9178	\$78.25	\$820.13	7.39%

2024 Total Covered Lives: 7,148

2024 – 25 Cost Drivers



2025 Proposed Preliminary HMO and PPO Premiums

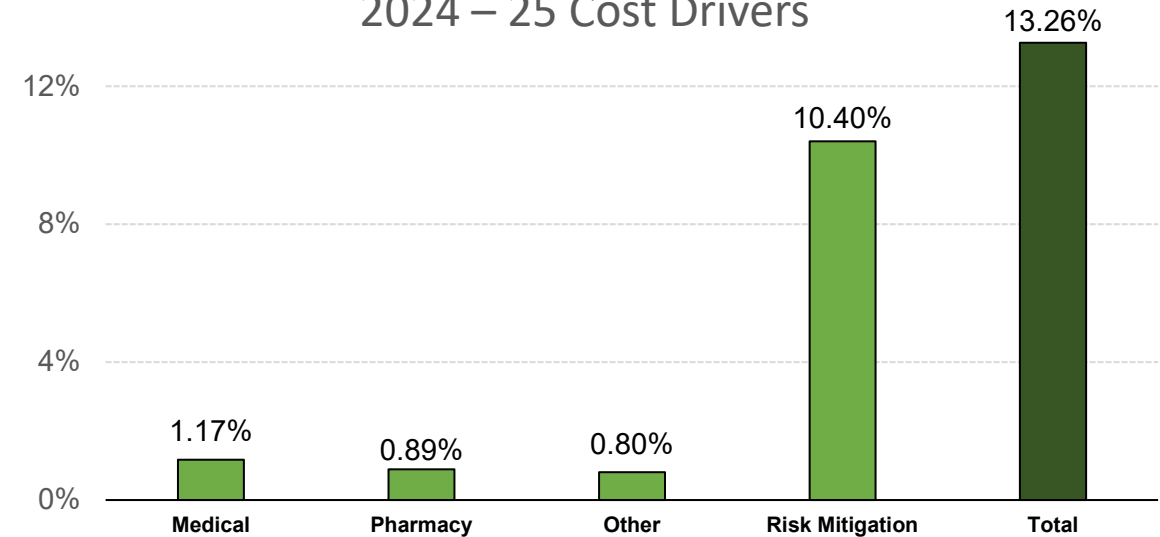
Western Health Advantage HMO (Basic)

2024 Premium	2025 Premium Before Risk Mitigation	2025 Adjusted Risk Score	Risk Mitigation Impact	2025 Proposed Preliminary Premium with Year 2 Phase In to One Risk Pool	Percent Change from 2024
\$807.23	\$875.99	0.9902	\$27.76	\$903.75	11.96%

2024 Premium	2025 Premium Before Risk Mitigation	2025 Adjusted Risk Score	Risk Mitigation Impact	2025 Proposed Preliminary Premium with Full Transition to One Risk Pool	Percent Change from 2024
\$807.23	\$875.99	0.9780	\$38.28	\$914.27	13.26%

2024 Total Covered Lives: 21,607

2024 – 25 Cost Drivers





**Option 1:
Basic PPO Plans
Blue Shield of California**

2025 Proposed Preliminary HMO and PPO Premiums

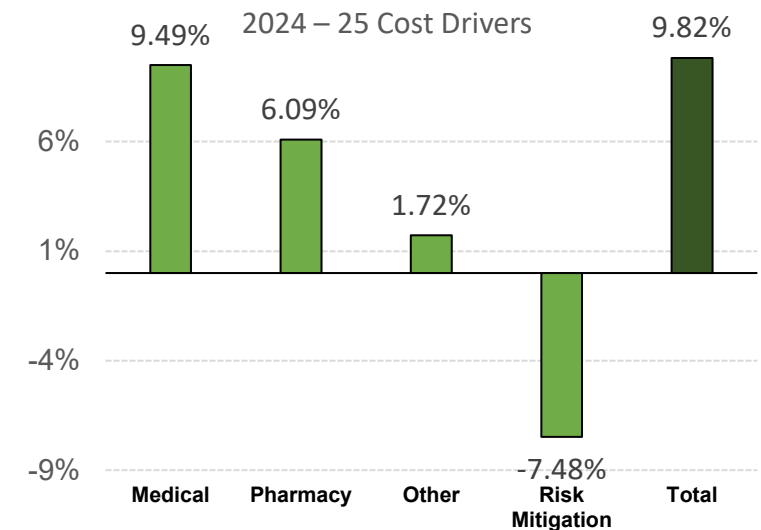
PERS Gold & Platinum (Basic)—Option 1: Blue Shield of California

Plan	2024 Premium	2025 Premium Before Risk Mitigation	2025 Adjusted Risk Score	Risk Mitigation Impact	2025 Proposed Preliminary Premium with Year 2 Phase In to One Risk Pool	Percent Change from 2024
PERS Gold	\$859.31	\$940.27	1.0817	\$48.51	\$988.78	15.07%
PERS Platinum	\$1,215.87	\$1,582.65	1.0817	(\$183.56)	\$1,399.09	15.07%
Basic PPO Weighted Average Change						15.07%

PERS Gold 2024 Total Covered Lives: 134,966

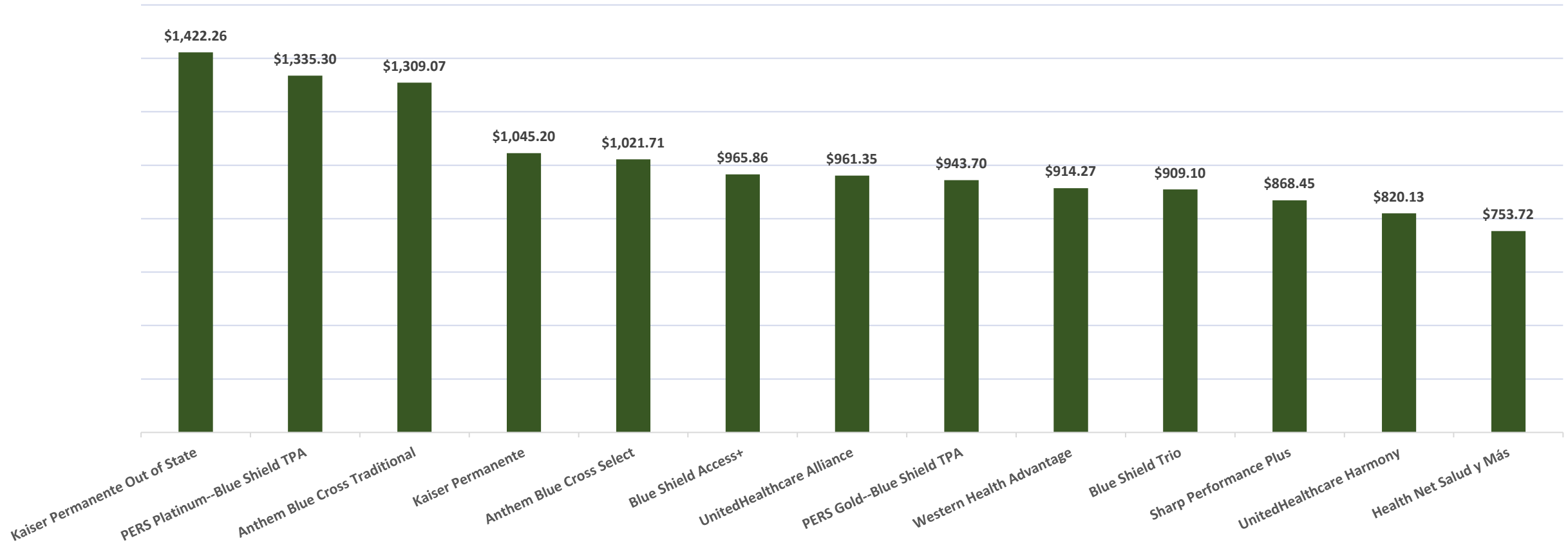
PERS Platinum 2024 Total Covered Lives: 111,685

Plan	2024 Premium	2025 Premium Before Risk Mitigation	2025 Adjusted Risk Score	Risk Mitigation Impact	2025 Proposed Preliminary Premium with Full Transition to One Risk Pool	Percent Change from 2024
PERS Gold	\$859.31	\$925.92	1.1242	\$17.79	\$943.70	9.82%
PERS Platinum	\$1,215.87	\$1,569.70	1.1242	(\$234.40)	\$1,335.30	9.82%
Basic PPO Weighted Average Change						9.82%



2025 Proposed Preliminary HMO and PPO Premiums

Option 1: Blue Shield of California 2025 Proposed Preliminary Basic Premiums Full Transition to One Risk Pool





Impacts to Medicare

2025 Impacts to Medicare

- Inflation Reduction Act
 - Changes to CMS defined standard benefit design
 - Changes to CMS subsidies
 - Affects each plan differently
 - Timing of CMS announcement
- Increase in CalPERS pharmacy costs

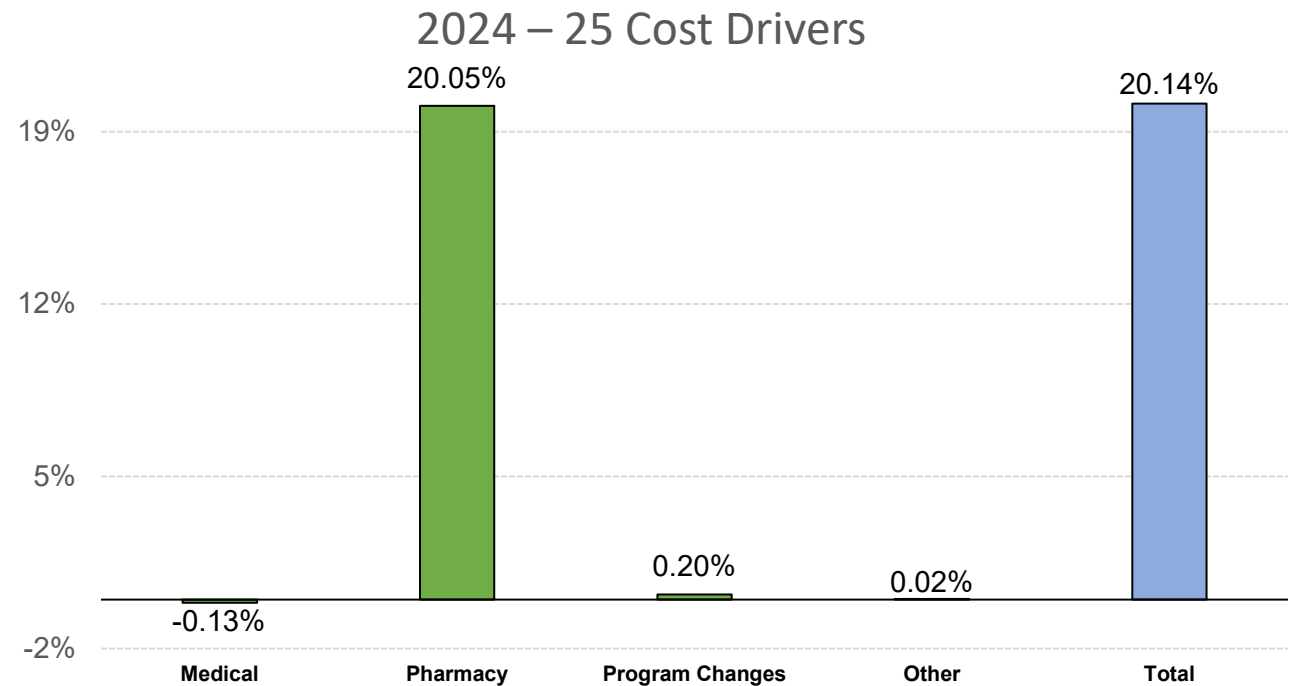


Medicare Advantage Plans

2025 Proposed Preliminary HMO and PPO Premiums

Anthem Blue Cross Medicare Preferred PPO

2024 Premium	2025 Proposed Preliminary Premium	Premium Change from 2024	Premium Change from 2024
\$405.83	\$487.56	\$81.73	20.14%

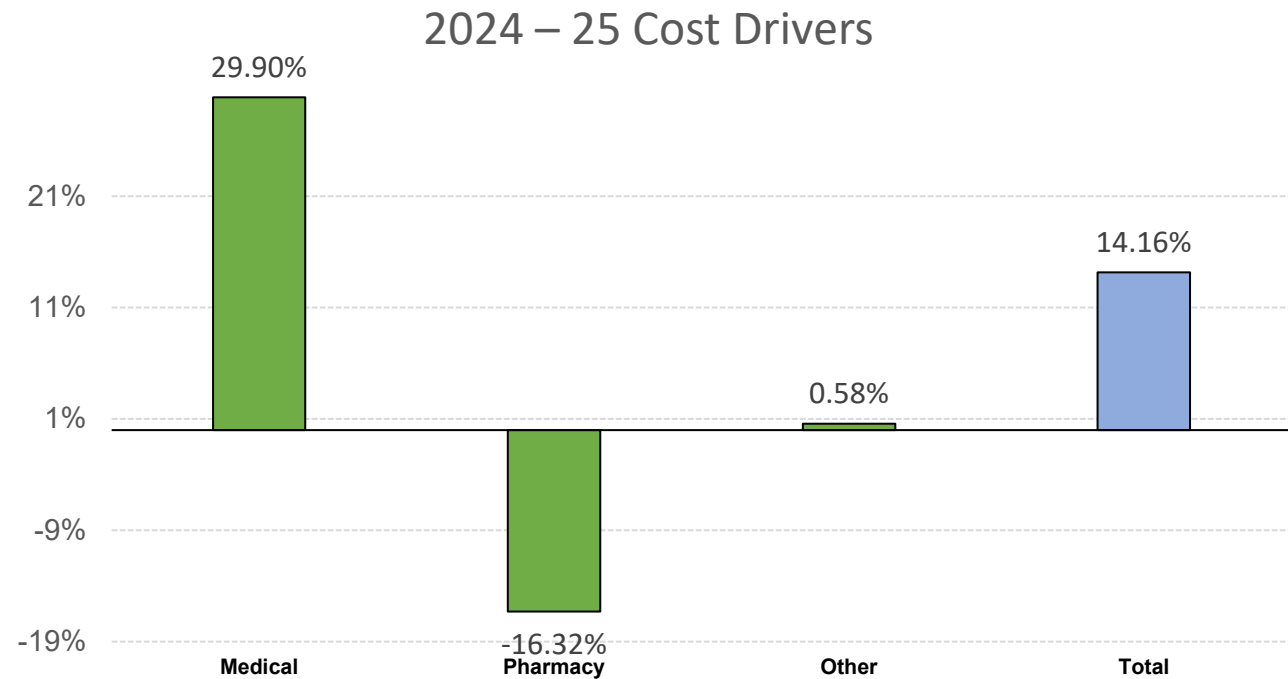


2024 Total Covered Lives: 6,655

2025 Proposed Preliminary HMO and PPO Premiums

Blue Shield Medicare PPO

2024 Premium	2025 Proposed Preliminary Premium	Premium Change from 2024	Premium Change from 2024
\$392.68	\$448.28	\$55.60	14.16%

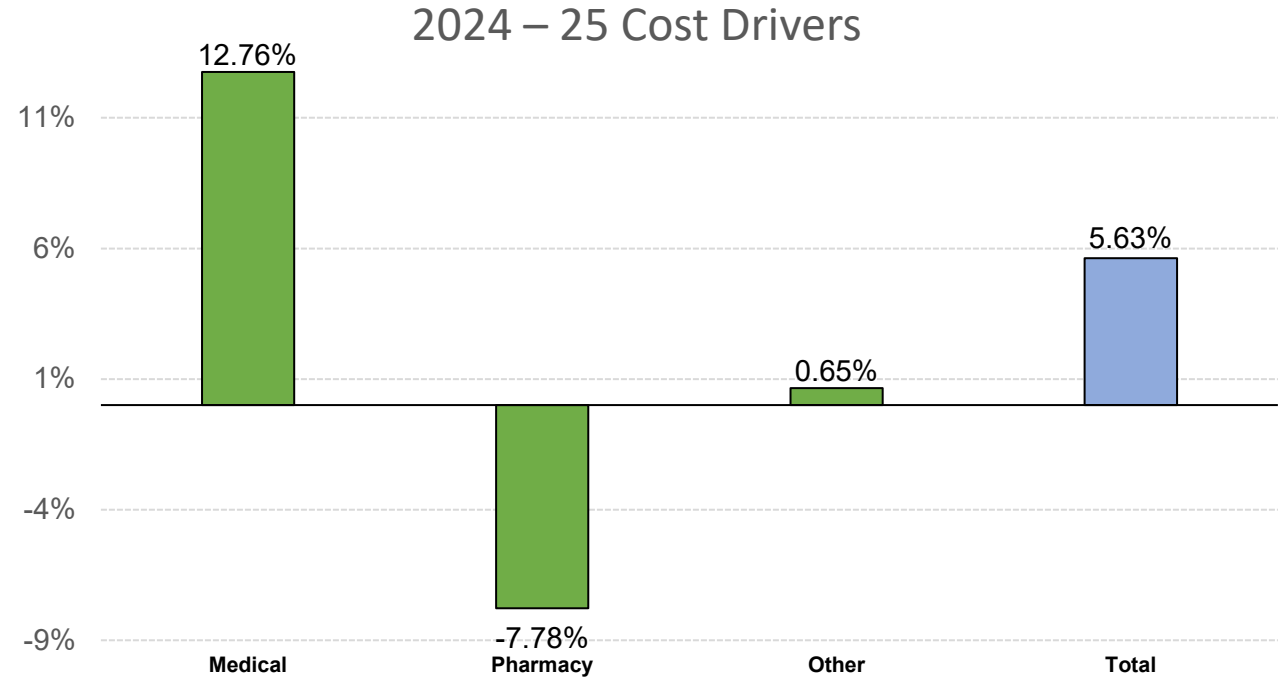


2024 Total Covered Lives: 5,726

2025 Proposed Preliminary HMO and PPO Premiums

Kaiser Permanente Senior Advantage (Medicare)

2024 Premium	2025 Proposed Preliminary Premium	Premium Change from 2024	Premium Change from 2024
\$324.79	\$343.08	\$18.29	5.63%

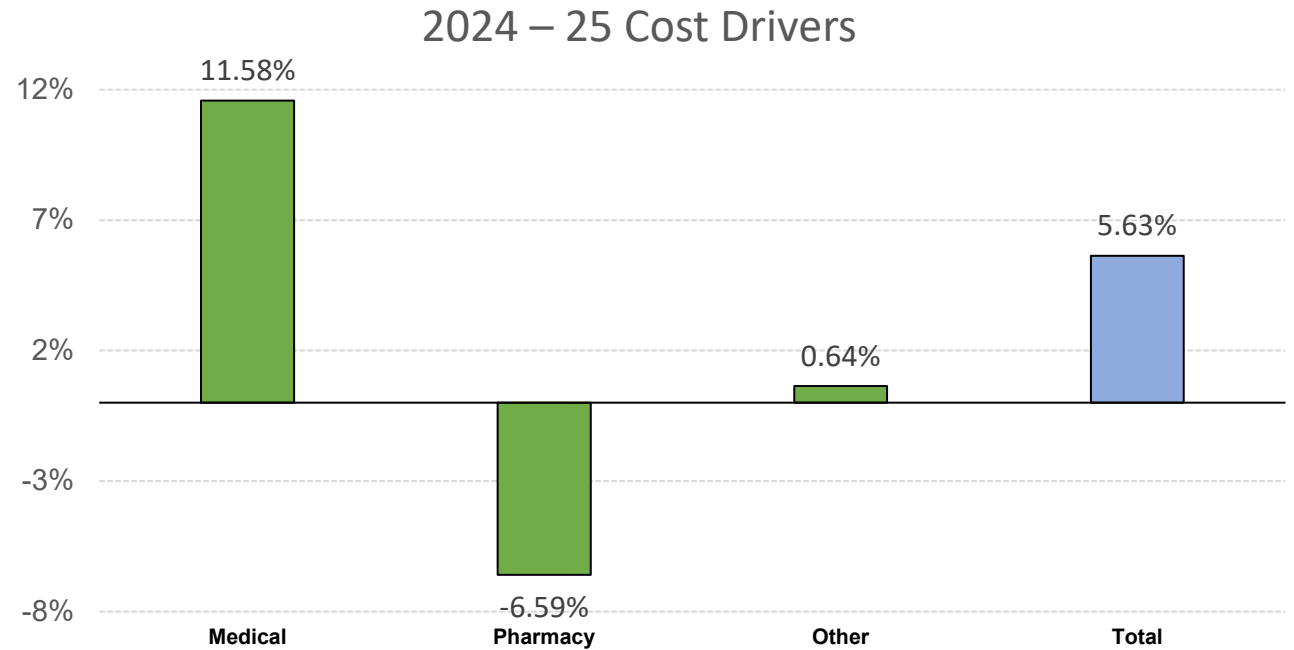


2024 Total Covered Lives: 106,925

2025 Proposed Preliminary HMO and PPO Premiums

Kaiser Permanente Senior Advantage Summit (Medicare)

2024 Premium	2025 Proposed Preliminary Premium	Premium Change from 2024	Premium Change from 2024
\$386.55	\$408.31	\$21.76	5.63%

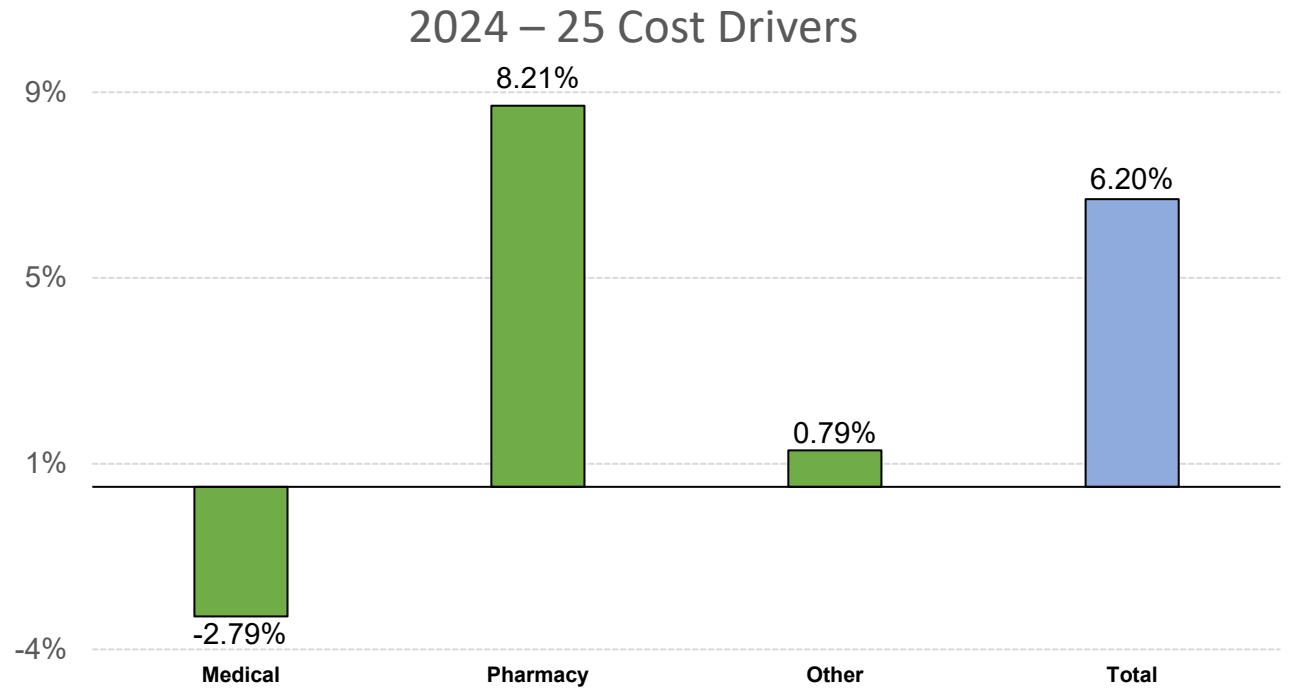


2024 Total Covered Lives: 8,461

2025 Proposed Preliminary HMO and PPO Premiums

Sharp Direct Advantage HMO (Medicare)

2024 Premium	2025 Proposed Initial Premium	Premium Change from 2024	Premium Change from 2024
\$256.53	\$272.44	\$15.91	6.20%

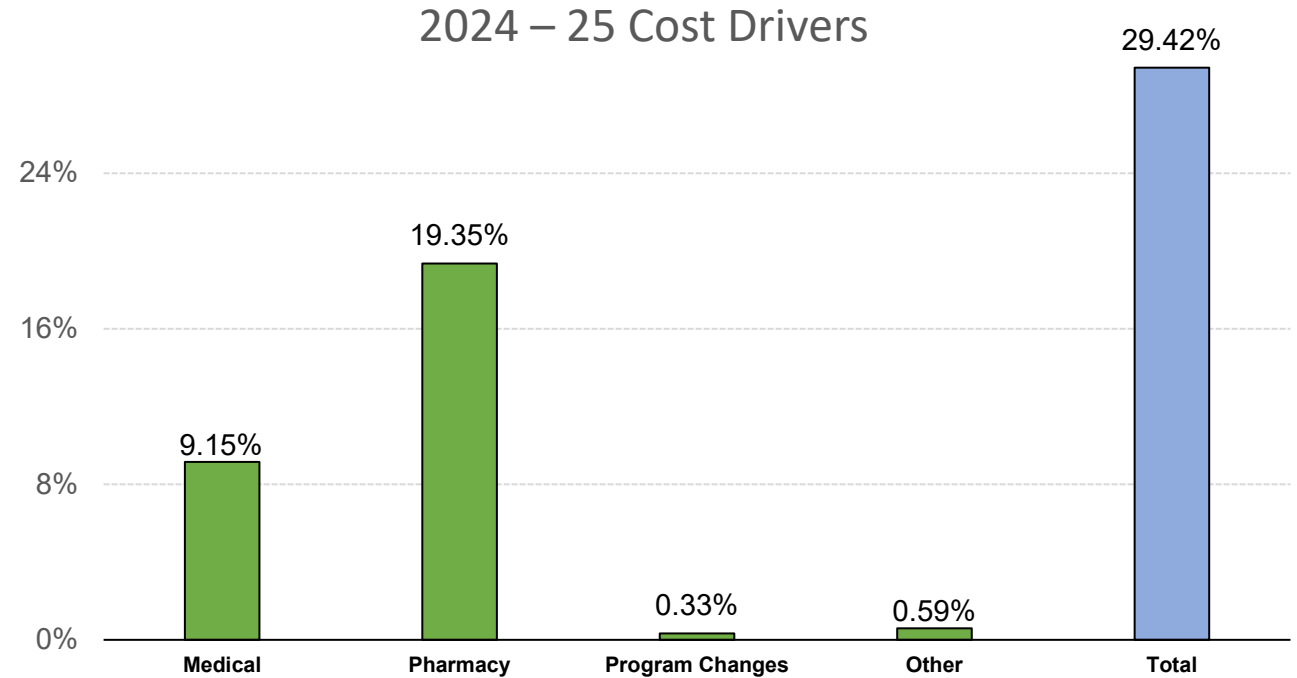


2024 Total Covered Lives: 480

2025 Proposed Preliminary HMO and PPO Premiums

UnitedHealthcare Group Medicare Advantage PPO

2024 Premium	2025 Proposed Initial Premium	Premium Change from 2024	Premium Change from 2024
\$341.72	\$442.25	\$100.53	29.42%

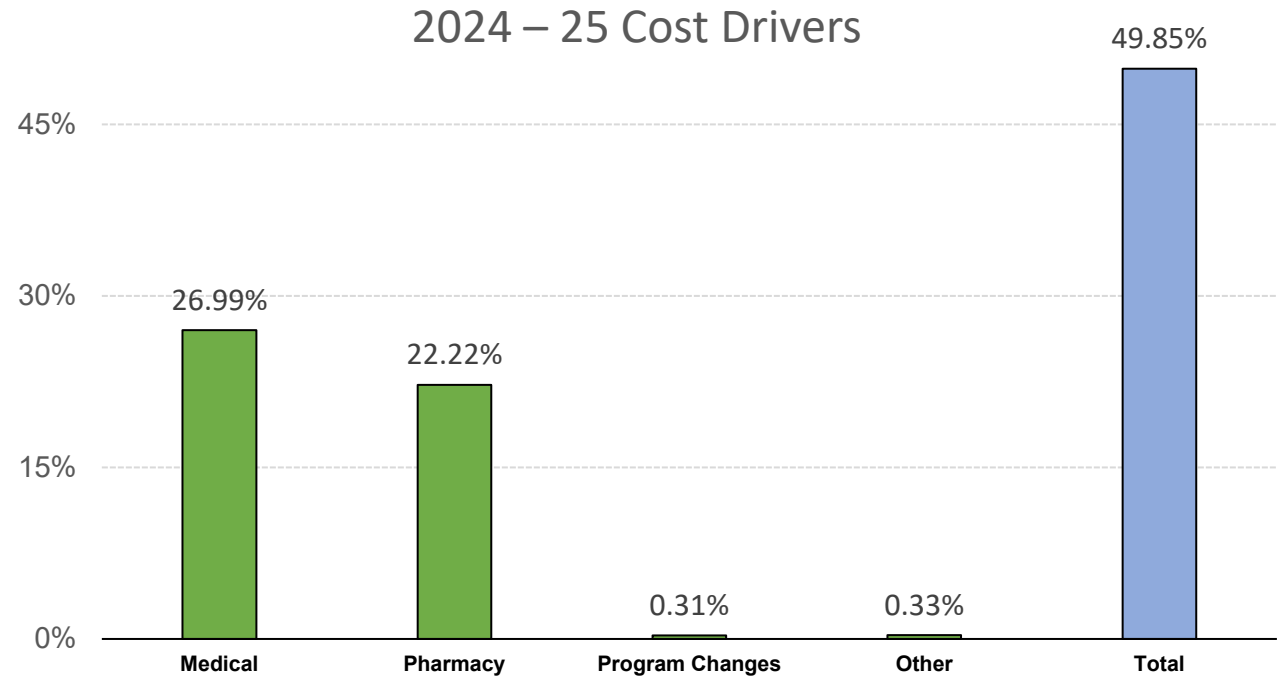


2024 Total Covered Lives: 42,897

2025 Proposed Preliminary HMO and PPO Premiums

UnitedHealthcare Group Medicare Advantage Edge PPO

2024 Premium	2025 Proposed Preliminary Premium	Premium Change from 2024	Premium Change from 2024
\$366.01	\$548.45	\$182.44	49.85%



Recommendation:
Remove plan from CalPERS Health Plan Program

2024 Total Covered Lives: 5,227

Western Health Advantage MyCare Select HMO (Medicare)

- WHA will no longer offer this plan in 2025
- 533 members enrolled
- WHA and CalPERS will communicate to members impacted by this exit

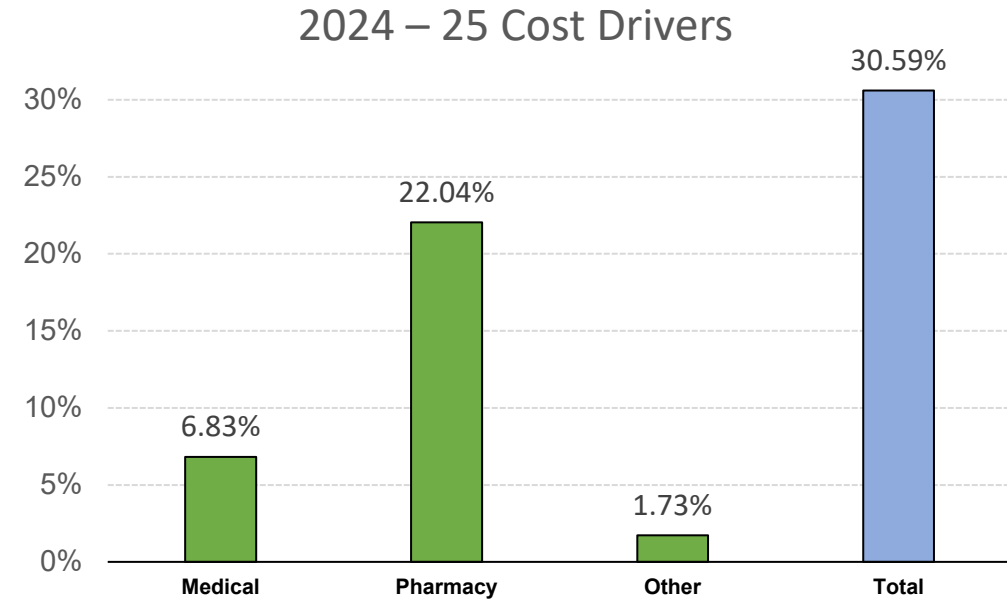


Option 1
Medicare Supplement Plans
Blue Shield of California

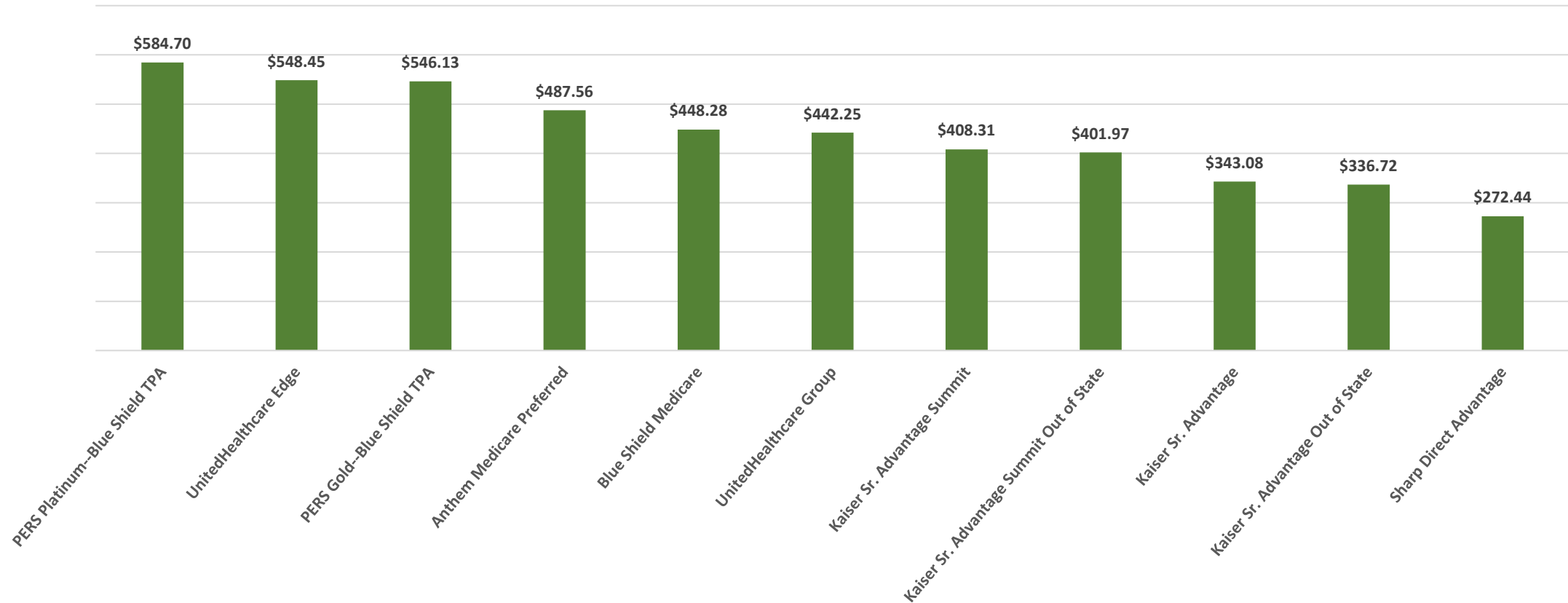
2025 Proposed Preliminary HMO and PPO Premiums

PERS Gold & Platinum Medicare Supplement—Option 1: Blue Shield of California

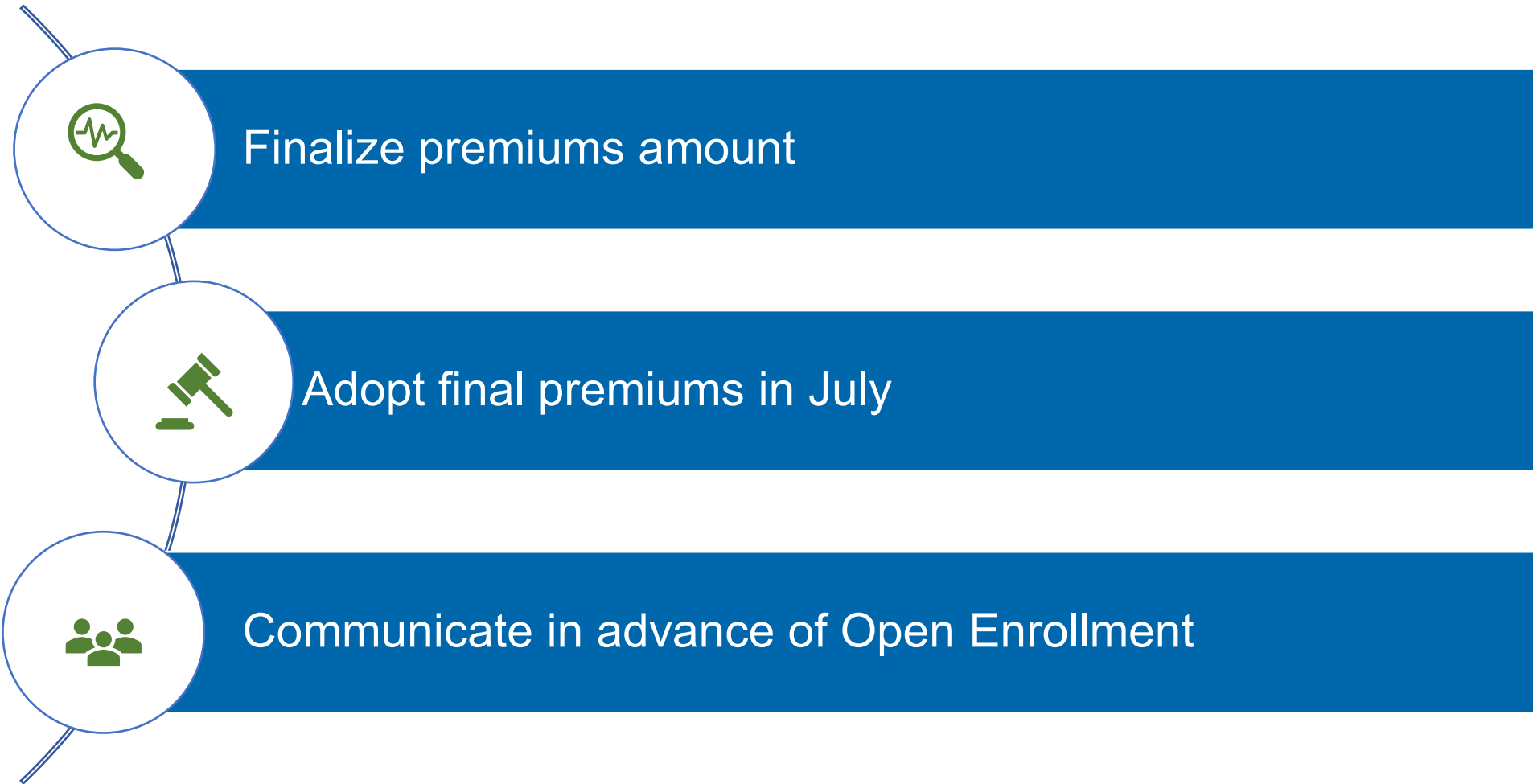
Plan	2024 Total Covered Lives	2024 Premium	2025 Proposed Preliminary Premium	Premium Change from 2024	Premium Change from 2024
PERS Gold	4,633	\$406.60	\$546.13	\$139.53	34.32%
PERS Platinum	147,850	\$448.15	\$584.70	\$136.55	30.47%
Medicare Supplement Weighted Average Change					30.59%



Option 1: Blue Shield of California 2025 Proposed Preliminary Medicare Premiums



Rate Development Next Steps





Appendix



**Option 2:
Basic PPO Plans
Anthem Blue Cross**

2025 Proposed Preliminary HMO and PPO Premiums

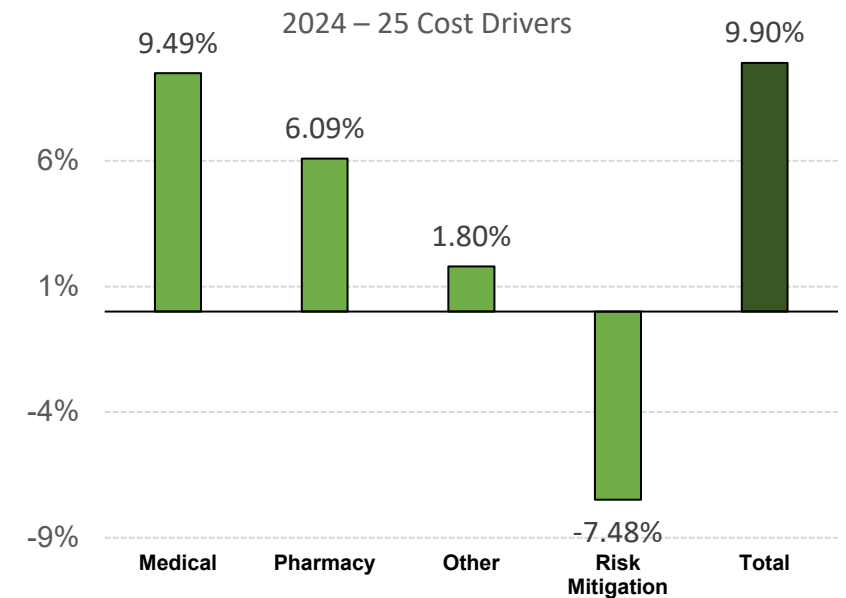
PERS Gold & Platinum (Basic)—Option 2: Anthem Blue Cross

Plan	2024 Premium	2025 Premium Before Risk Mitigation	2025 Adjusted Risk Score	Risk Mitigation Impact	2025 Proposed Preliminary Premium with Year 2 Phase In to One Risk Pool	Percent Change from 2024
PERS Gold	\$859.31	\$941.16	1.0817	\$48.41	\$989.57	15.16%
PERS Platinum	\$1,215.87	\$1,583.49	1.0817	(\$183.27)	\$1,400.22	15.16%
Basic PPO Weighted Average Change						15.16%

PERS Gold 2024 Total Covered Lives: 134,966

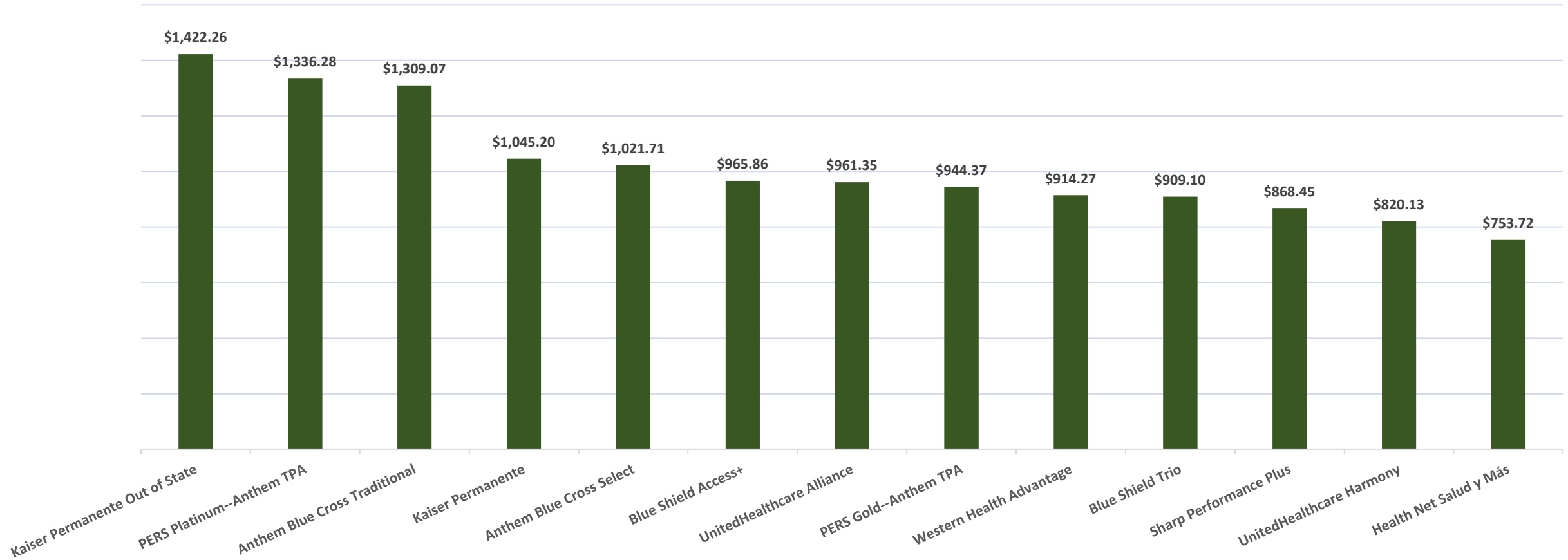
PERS Platinum 2024 Total Covered Lives: 111,685

Plan	2024 Premium	2025 Premium Before Risk Mitigation	2025 Adjusted Risk Score	Risk Mitigation Impact	2025 Proposed Preliminary Premium with Full Transition to One Risk Pool	Percent Change from 2024
PERS Gold	\$859.31	\$926.82	1.1242	\$17.55	\$944.37	9.90%
PERS Platinum	\$1,215.87	\$1,570.54	1.1242	(\$234.26)	\$1,336.28	9.90%
Basic PPO Weighted Average Change						9.90%



2025 Proposed Preliminary HMO and PPO Premiums

Option 2: Anthem Blue Cross 2025 Proposed Preliminary Basic Premiums Full Transition to One Risk Pool



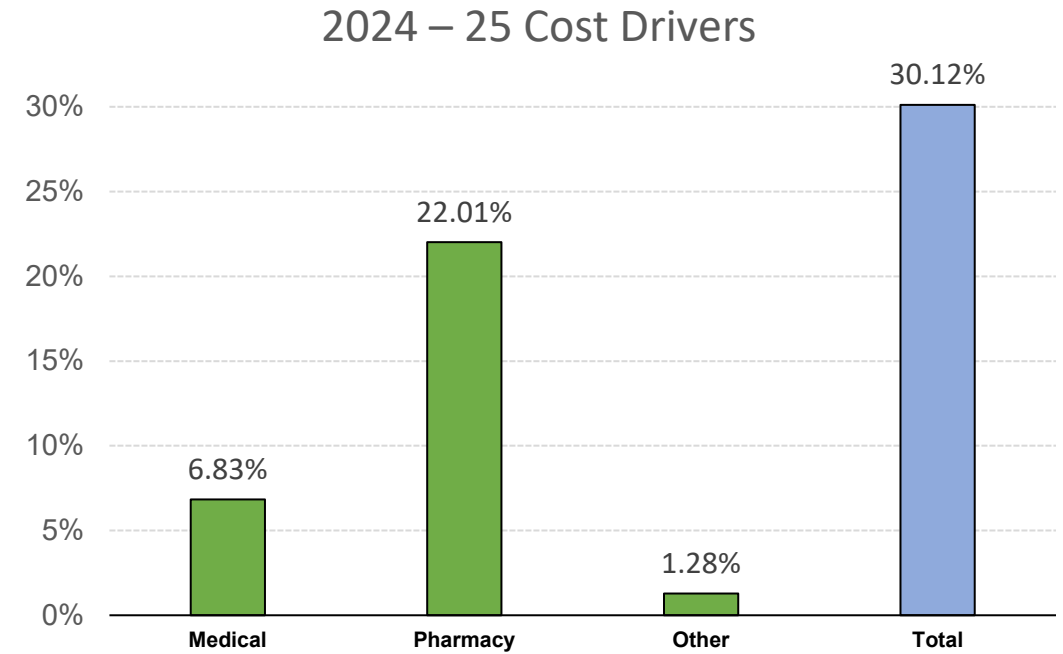


Option 2
Medicare Supplement Plans
Anthem Blue Cross

2025 Proposed Preliminary HMO and PPO Premiums

PERS Gold & Platinum Medicare Supplement—Option 2: Anthem Blue Cross

Plan	2024 Total Covered Lives	2024 Premium	2025 Proposed Preliminary Premium	Premium Change from 2024	Premium Change from 2024
PERS Gold	4,633	\$406.60	\$544.04	\$137.44	33.80%
PERS Platinum	147,850	\$448.15	\$582.60	\$134.45	30.00%
Medicare Supplement Weighted Average Change					30.12%



2025 Proposed Preliminary HMO and PPO Premiums

Option 2: Anthem Blue Cross 2025 Proposed Preliminary Medicare Premiums

