

**Beaumont-Cherry Valley Water District
Exiting CALPERS Medical**

**Education and Informational Presentation
December 8, 2021**

License No. 0451271 *Innovative Solutions. Enduring Principles.* **Keenan**
Associates


1

BCVWD – Do They Qualify?

- BCVWD Staff reached out inquiring about alternate medical coverage in-lieu of participating in the CALPERS PEMHCA medical plan.
- Keenan asked the District for specific information from Human Resources (employee census) in order to complete an analysis of the viability for the District to obtain alternate medical quotes
- The District had a favorable result

2 *Innovative Solutions. Enduring Principles.* **Keenan**
Associates

2




Beaumont-Cherry Valley Water District
Health Plan Participation Analysis
Group Characteristics


Plan Enrollment Detail By Category of Participants	Positive/ Negative	Comments
Active (Benefits Eligible) Regular Employees	35	-
Plus: Early Retirees	4	-
Plus: Regular Medicare Retirees	1	+
Plus: Waivers (Active & Early Retiree)	0	+
Plus: COBRA Participants	0	+
Total Eligible Active and Retired Employees	40	
Less: Other Health Plan Opt Outs (Coverage through Spouse, Individual Plans or Parents)	0	
Total Participating Active, COBRA and Retired Employees	40	
Divided by: Total Eligible Active and Retired Employees	40	
Total Employee and Retiree Participation Percentage	100.0%	+

3
License No. 0451271

Innovative Solutions. Enduring Principles.



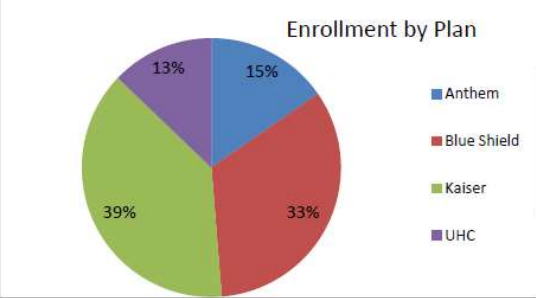
3



Beaumont-Cherry Valley Water District
Health Plan Participation Analysis
Group Characteristics

Plan Enrollment Detail By Health Plan	Enrollment	% of Total Enrolled
Anthem BC Select HMO	6	15.4%
Blue Shield Access+ HMO	13	33.3%
Kaiser	15	38.5%
UnitedHealthcare	5	12.8%
Totals	39	100.0%


Enrollment by Plan



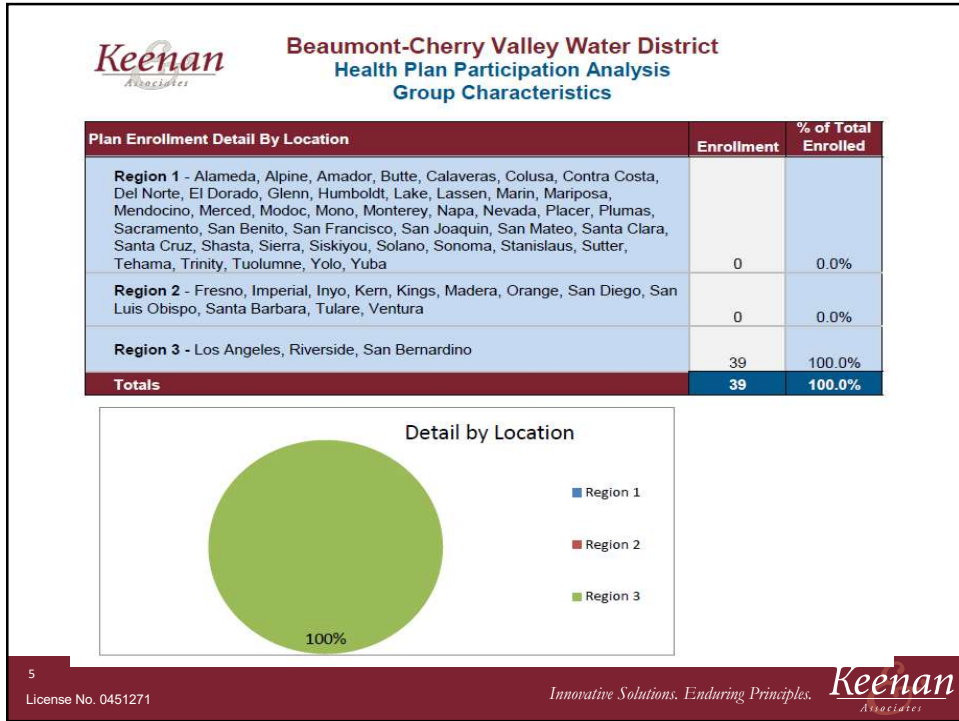
Comments:
High Kaiser population may be viewed negatively by non-Kaiser carriers.

4
License No. 0451271

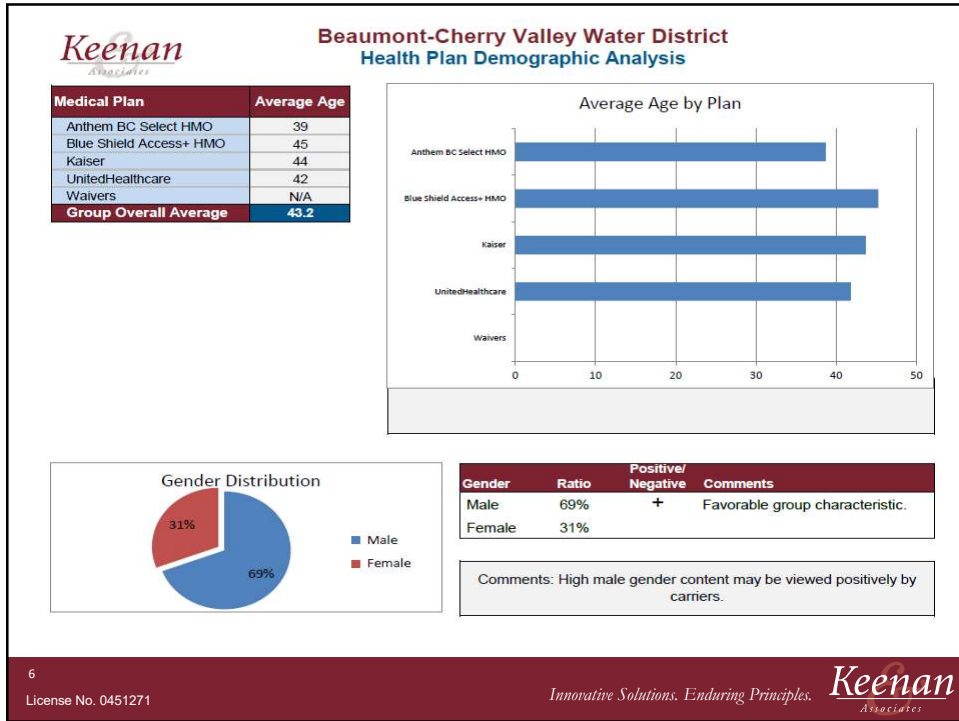
Innovative Solutions. Enduring Principles.



4



5



6



Beaumont-Cherry Valley Water District

Health Plan Participation Analysis
CalPERS Breakaway Risk Score

Criteria	Actual Client Data	Keenan Scoring	Weight	Weighted Score
Total Group Size (Active & Early Retiree, Waivers)	39	0	10%	0.00
Enrolled Employee Average Age (Active & Early Retiree)	43.2	5	30%	1.50
% Male Content	69.2%	5	20%	1.00
% Kaiser Penetration	38.5%	0	30%	0.00
% Early Retirees	10.3%	4	5%	0.20
% Waivers	0.0%	5	5%	0.25
Total Score		19	100%	2.95

Risk Score: Under 3.00=Below Standard | 3.00-4.00=Standard | 4.00-5.00=Above Standard

Percentages are based on Total Group Size
Risk Score Evaluation Version: Municipality

7

License No. 0451271

Innovative Solutions. Enduring Principles.



7

Goals



Reduce the Districts OPEB Liability



Provide quality medical benefits

**Actives
Retirees**

8

License No. 0451271

Innovative Solutions. Enduring Principles.



8

Options & Solutions

Offer Medicare Exchange to retirees 65+

Exit CalPERS medical and select alternate medical program...PACE

Medical Carriers

Anthem Blue Cross

- PPO
- HMO
- EPO
- CDHP/HSA

Kaiser

- HMO
- CDHP/HSA

Medical Plan Offerings

- **HMO Plans** - With an HMO plan, you pick one primary care physician. All your health care services go through that doctor. That means that you need a referral before you can see any other health care professional, except in an emergency. Visits to health care professionals outside of your network typically aren't covered by your insurance.
- **PPO plans** - PPO plans give you flexibility. You don't need a primary care physician. You can go to any health care professional you want without a referral—inside or outside of your network. Staying inside your network means smaller copays and full coverage. If you choose to go outside your network, you'll have higher out-of-pocket costs, and not all services may be covered.
- **EPO plans** - EPO plans combine the flexibility of PPO plans with the cost-savings of HMO plans. You won't need to choose a primary care physician, and you don't need referrals to see a specialist. EPO plans don't cover care outside your network unless it's an emergency. It's important to know who participates in your EPO plan's network. If you go to a doctor or hospital that doesn't accept your plan, you'll pay all costs.
- **HSA Plans** - An HSA Medical plan is a PPO plan with a High Deductible (minimum \$1300 individual/\$2600 family) that allows the participant to contribute (up to \$3350 single or \$6750 family) tax-free money into a Health Savings Account each year to use for covered medical expenses. Contributions to the HSA account accumulate each year if not used by the participant.

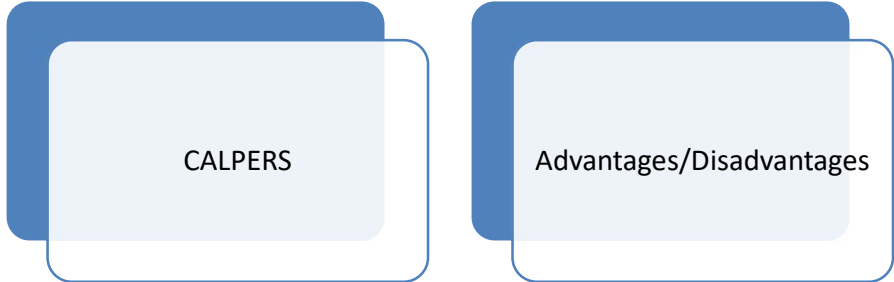
11

License No. 0451271

Innovative Solutions. Enduring Principles.

Keenan
Associates

11



The diagram consists of two light blue rounded rectangular boxes with dark blue borders, positioned side-by-side. The left box contains the text 'CALPERS' and the right box contains the text 'Advantages/Disadvantages'. The boxes are slightly offset, with the right one appearing to be behind the left one.

12

License No. 0451271

Innovative Solutions. Enduring Principles.

Keenan
Associates

12

Introduction to CalPERS – What is CalPERS?



CALPERS medical program is called PEMHCA – Public Employees Medical & Hospital Care Act.



CALPERS Medical and Pension are separate entities. Agencies can participate in one and not the other, or both.

13

License No. 0451271

Innovative Solutions. Enduring Principles.

13

- ✓ **PERS Healthcare** – Nation's 2nd largest pooled program; offering fixed premium rates to its members.
- ✓ Health care contracts with Kaiser, Blue Shield, Anthem Blue Cross, United Healthcare, Health Net & Sharp provide plan and benefit variety
- ✓ Pools risk for public entities across the state, including both active and retiree populations
- ✓ Attempts to create a more stable environment, risk-wise, for public entities with the desire to stabilize healthcare costs increases
- ✓ Groups not reviewed individually, but as a regionalized whole
- ✓ Premium rates are the same for all groups within a region

14

License No. 0451271

Innovative Solutions. Enduring Principles.

14

CalPERS - Value Proposition

EMPLOYER:

- Largest public purchaser of benefits in California
- Sharing of risk
- No minimum participation requirements
- Blended renewals by region across plans and across agencies
- Simplified open enrollment, retiree billing and administration, COBRA administration, consolidated billing

EMPLOYEE/RETIREE

- Several plans to choose from
- Rich benefits
- Blended early retiree rates
- Mandatory retiree and surviving spouse coverage
- Retirees can jump in or out at anytime
- Retirees are entitled to the same employer contribution as active employees

¹⁵ 15
License No. 0451271

Innovative Solutions. Enduring Principles. **Keenan**
Associates

15

CalPERS -Value Proposition

Administrative Services

- Open Enrollment Communication Materials – Actives, Retirees and COBRA Participants
- Toll-free Open Enrollment Assistance for Retirees
- Online Eligibility Maintenance System
- Consolidated Billing
- Retiree Billing and Eligibility Administration
- COBRA Administration

¹⁶ 16
License No. 0451271

Innovative Solutions. Enduring Principles. **Keenan**
Associates

16

Evolving Disadvantages

- Public entities have little to no voice over state agencies in plan/system or process changes to PERS – CalPERS Board not supporting change
- No control over plan design, forced plan changes
- Sharing of risk, no group specific experience available
- No underwriting guidelines – “come one, come all” policy
- Heavy retiree participation
- Minimum contribution requirement by each agency
- Increased GASB liability; AB2544, retirees can come and go on the plan; mandatory lifetime coverage
- Administrative fee not included in the premium rates
- No rate advantage for Wellness Program – No ROI
- Lack of qualified customer service

17 17
License No. 0451271

Innovative Solutions. Enduring Principles. **Keenan**
Associates

17

Disadvantages to CalPERS (continued)

- Because plan designs and rates provided to active and early retirees are same. **Implicit Liability** is immediately applied
- Current retirees must be given an opportunity to enroll in CALPERS medical even if they are not currently covered by the District
- Surviving Spouses must be covered
- The District is responsible for a minimum contribution toward medical for every retiree and surviving spouse covered by CALPERS Medical. Minimum contribution for 2022 is \$149 a month

18 18
License No. 0451271

Innovative Solutions. Enduring Principles. **Keenan**
Associates

18

Disadvantages to CalPERS (continued)

❑ CALPERS has limited Plan Design Options:

- ❖ Only One (1) HMO Plan Design with Seven (7) Carriers
- ❖ HMO \$15


CalPERS – Renewal Development

- January – May: Board negotiates rates for next calendar year
- Mid-June: CALPERS releases preliminary renewal rates and plan design changes
- Mid-July: CalPERS announces new health benefit plan rates and plan design changes. Withdrawal notices for next calendar year must be submitted within 60 days of rate announcement
- Fall: Open Enrollment
- January 1: New rates and plans effective

Gaining Consensus – Dispelling Myths

Employee will not lose Pension or Long-Term Care benefits if they leave CalPERS Medical

Agency will not stop retiree coverage

21
License No. 0451271Innovative Solutions. Enduring Principles.

21

These Things Take Time



Exiting CALPERS Medical should not be rushed



Even though Keenan will do the heavy lifting, this undertaking can be very time consuming and taxing on staff



All employees and retirees will have to thoroughly understand the changes



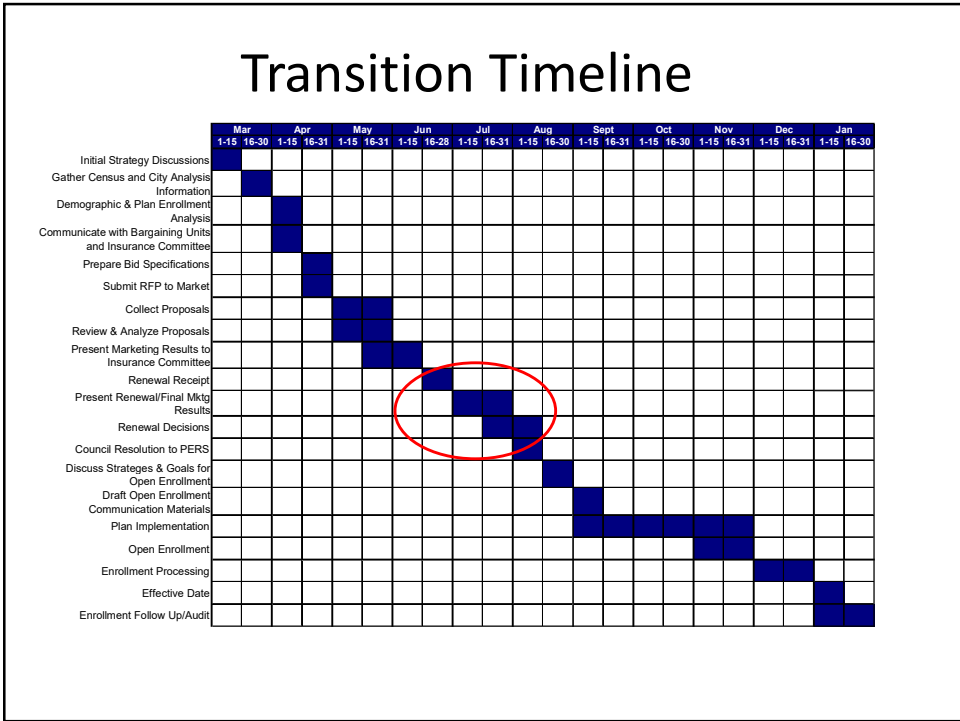
The District and Keenan will need to meet with Bargaining Groups to insure consensus



Target date for moving out of CALPERS is January 1, 2024

22
License No. 0451271Innovative Solutions. Enduring Principles.

22



23

Questions?

24
License No. 0451271

Innovative Solutions. Enduring Principles.

24