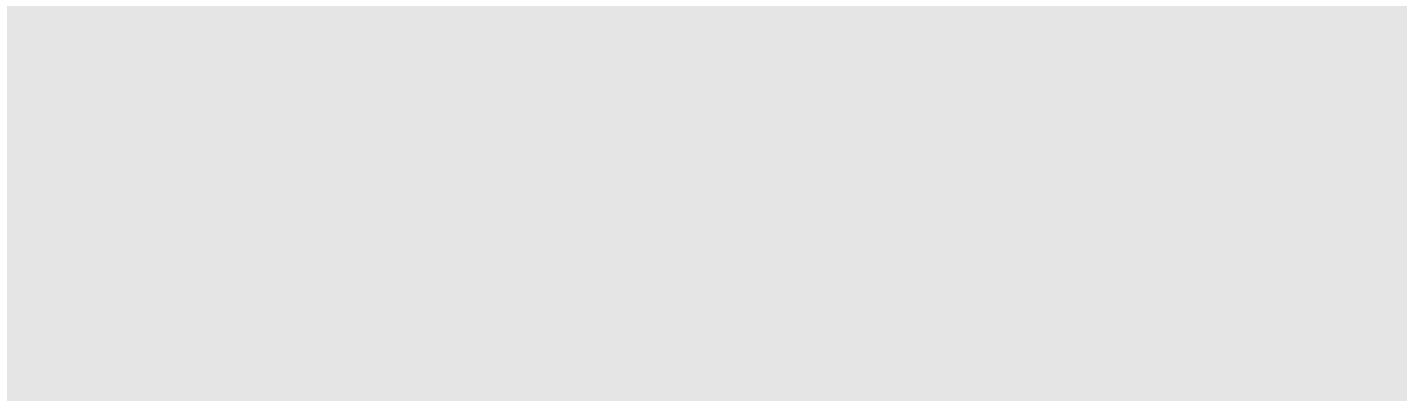


2022 Health Plan Changes



CalPERS Preferred Provider Organization (PPO) Changes

Value Based Pricing

- Currently CalPERS uses risk-based pricing to establish annual premiums
- The new pricing methodology will decrease the premium gap between the current Preferred Provider Organization (PPO) health plans
- PERS Choice will be eliminated effective January 1, 2022

New PPO Options Effective January 1, 2022

- PERS Platinum – Same network as the current PERS Care and PERS Choice plan. Same coverage levels as the current PERS Care plan. 90/10.
- PERS Gold – Same network and coverage levels as the current PERS Select plan. 80/20.

Comparable Agencies Health Insurance Contributions

Agency	Employer Contribution			Employee Out of Pocket Cost		
	EE Only	EE +1	EE +Family	EE Only	EE +1	EE +Family
San Mateo County	\$459-\$1,062	\$458-\$2,205	\$1,296-\$3,209	\$81-\$354	\$161-\$735	\$228-\$1,070
Santa Clara County	\$673-\$1,285	\$1,414-\$1,949	\$1,952-\$2,721	\$0	\$0-\$26	\$0-\$106
Santa Cruz County	\$730	\$1,383	\$1,798	\$133	\$374	\$447
San Benito County	\$550	\$1,050	\$1,315	\$372	\$795	\$1,083
Fresno County	\$343	\$453	\$458	\$0-\$479	\$475-\$1,501	\$962-\$2,397
San Luis Obispo County	\$725-\$750	\$1,075	\$1,310	\$623	\$1,233	\$1,606
Santa Barbara County	\$314-\$427	\$314-\$427	\$314-\$427	\$0-\$448	\$549-\$1,551	\$1,158-\$2,925
Ventura County	\$894	\$1,044	\$1,094	\$0-\$53	\$0-\$217	\$0-\$423
City of Salinas	\$889	\$1,778	\$1,947	\$47	\$94	\$487
City of Monterey	\$893	\$1,872	\$2,330	\$43	\$0	\$103

Data provided by the specific agencies for plan year 2020. Some agency's employer and employee contributions vary based on plan design.

Health plan enrollment for the current CalPERS PPO plans:

	A & B	C	D	E	F, J, K, H	G	L	M & N	Q & V	R	S	O, X, XL	Y
PERS Care	0	0	1	0	11	0	0	0	0	0	10	9	2
PERS Choice	10	0	11	2	1871	10	3	4	4	2	321	146	13
PERS Select	34	5	10	20	679	7	13	2	0	25	56	285	29
PORAC**	235	7	n/a	22	n/a	n/a	n/a	161	n/a	n/a	n/a	0	2

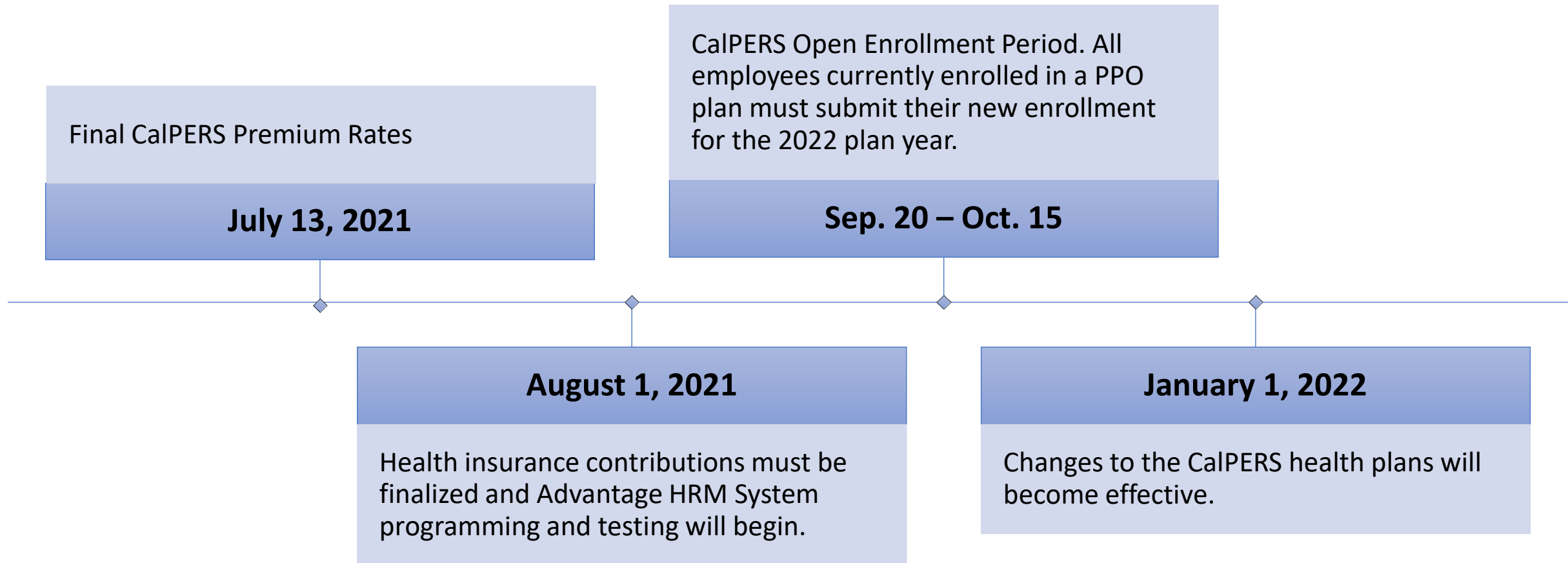
* HMO plans excluded

**PORAC is only available to eligible safety classifications

What does this mean?

- The County's contribution calculated on the PERS Choice plan will become obsolete with the elimination of PERS Choice.
- Employees currently enrolled in a PPO health plan will be required to select a new health plan during Open Enrollment for plan year 2022.

Key Dates



Historical Background

In 2000:

- The County entered into agreement with CalPERS to provide health insurance to all employees.
- Only two PPO health plans were offered: PERS Care 90/10 and PERS Choice 80/20

Subsequently the County's contributions were calculated using PERS Choice as the base plan

- Employee Only Cashback of \$368.06
- Employee Plus One Dependent Cashback of \$53.65
- Employee Plus Family Out of Pocket cost of \$100.00

In 2008:

- CalPERS introduced the PERS Select health plan
 - Lowest PPO premium and smaller network than PERS Choice/Care
 - The premium is only \$16 lower than the PERS Choice plan
 - There was no change to the County's contribution calculation

Historical Background

In 2016:

- PERS Choice premium increased 21%
- PERS Select premium increased 12.5%
- This resulted in cashback increases for those employees enrolled in PERS Select

In 2019:

- CalPERS redesigned PERS Select
- PERS Select premium decreased 26%
- PERS Choice premium increased 6.5%
- Resulted in a 97% increase to cashbacks for those employees enrolled in PERS Select

2020 & 2021:

- Cashback amounts have remained constant for those employees enrolled in PERS Select

Historical Cashback Trends for Units D, E, G, L, O, X, XL and Y

Historically, the County has adjusted its contribution amount to guarantee a cash back of \$368 for employee only, a cashback of \$54 for employee +1 and an out-of-pocket cost of \$100 for employee+ family for employees enrolled in the PERS Choice plan. This County contribution resulted in the following cashback amounts for employees enrolled in the PERS Select plan:

Plan Year	Employee Only	Employee + 1	Employee + Family
2008	\$384 cashback	\$85 cashback	\$59 out of pocket cost
2016	\$436 cashback	\$190 cashback	\$77 cashback
2019	\$724 cashback	\$765 cashback	\$825 cashback
2021	\$737 cashback	\$792 cashback	\$860 cashback

Historical Cashback Trends for Units F & R

Historically, the County has adjusted its contribution amount to guarantee an out-of-pocket cost of \$0 for employee only, an out-of-pocket cost of \$61 for employee +1 and an out-of-pocket cost of \$100 for employee+ family for employees enrolled in the PERS Choice plan. This County contribution resulted in the following cashback amounts for employees enrolled in the PERS Select plan:

Plan Year	Employee Only	Employee + 1	Employee + Family
2008	\$15 cashback	\$30 out of pocket cost	\$60 out of pocket cost
2016	\$68 cashback	\$75 cashback	\$77 cashback
2019	\$356 cashback	\$650 cashback	\$825 cashback
2021	\$369 cashback	\$677 cashback	\$860 cashback

Option #1 for 2022 Health Plan Contributions

- Set County contribution amounts equal to 2021 Flex Credits:
 - \$1,160 employee only
 - \$1,782 employee + one
 - \$2,190 employee + family
- Eliminate cashback provision as existing Personnel Policies and Practices Resolution does not authorize the adjustment of County contribution or guarantee a cashback to employees

Option #1: 2022 CalPERS Preliminary Rates Applied to 2021 Flex Credits

2022 Preliminary Premiums		CalPERS Required Contribution	Subtotal	2022 County Contribution Equal to 2021 Flex Credits	Dental Premium Employee Cost	Vision Premium Employee Cost	Total Estimated Employee Out of Pocket Cost or Cashback	
PERS Platinum								
	EE Only	\$1,053	\$149	\$904	\$1,160	\$0.00	\$0.00	\$0.00
	EE + 1	\$2,107	\$149	\$1,958	\$1,782	\$35.02	\$4.01	\$215
	EE + Fam	\$2,739	\$149	\$2,590	\$2,190	\$86.04	\$12.57	\$498
PERS Gold								
	EE Only	\$699	\$149	\$550	\$1,160	\$0.00	\$0.00	\$0.00
	EE + 1	\$1,398	\$149	\$1,249	\$1,782	\$0.00	\$0.00	\$0.00
	EE + Fam	\$1,818	\$149	\$1,669	\$2,190	\$0.00	\$0.00	\$0.00

- Cashback provision eliminated.

Option #2 for 2022 Health Plan Contributions

- Set County contribution amounts equal to 2021 flex credits as indicated below:
 - \$1,160 employee only (minus \$368 to be applied towards a 401(a) plan)
 - \$1,782 employee + one (minus \$368 to be applied towards a 401(a) plan)
 - \$2,190 employee + family (minus \$368 to be applied towards a 401(a) plan)
- Establish a Governmental 401(a) plan for employees in O, X, XL and Y with a \$368/month County contribution
- Eliminate cashback provision as existing Personnel Policies and Practices Resolution does not authorize the adjustment of County contribution to guarantee a cashback to employees

Option #2 : 2022 CalPERS Preliminary Rates Applied to 2021 Flex Credits minus \$368

2022 Preliminary Premiums		CalPERS Required Contribution	Subtotal	2022 County Contribution Equal to 2021 Flex Credits	Dental Premium Employee Cost	Vision Premium Employee Cost	Total Estimated Employee Out of Pocket Cost or Cashback	
PERS Platinum								
	EE Only	\$1,053	\$149	\$904	\$792	\$0.00	\$0.00	\$112
	EE + 1	\$2,107	\$149	\$1,958	\$1,414	\$35.02	\$4.01	\$583
	EE + Fam	\$2,739	\$149	\$2,590	\$1,822	\$86.04	\$12.57	\$866
PERS Gold								
	EE Only	\$699	\$149	\$550	\$792	\$0.00	\$0.00	\$0.00
	EE + 1	\$1,398	\$149	\$1,249	\$1,414	\$0.00	\$0.00	\$0.00
	EE + Fam	\$1,818	\$149	\$1,669	\$1,822	\$0.00	\$0.00	\$0.00

- Cashback provision eliminated.
- \$368 monthly 401(a) employer contribution redirected from the flex credits

Option #3 for 2022 Health Plan Contributions

- Set County contribution amounts equal to 2021 flex credits as indicated below:
 - \$1,160 employee only (minus \$100 to be applied towards a 401(a) plan)
 - \$1,782 employee + one (minus \$100 to be applied towards a 401(a) plan)
 - \$2,190 employee + family (minus \$100 to be applied towards a 401(a) plan)
- Establish a Governmental 401(a) plan for employees in O, X, XL and Y with a \$100/month County contribution
- Maintain existing cashback provision

Option #3: 2022 CalPERS Preliminary Rates Applied to 2021 Flex Credits minus \$100

2022 Preliminary Premiums		CalPERS Required Contribution	Subtotal	2022 County Contribution Equal to 2021 Amount	Dental Premium Employee Cost	Vision Premium Employee Cost	Total Estimated Employee Out of Pocket Cost or Cashback	
PERS Platinum								
	EE Only	\$1,053	\$149	\$904	\$1,060	\$0.00	\$0.00	(\$157)
	EE + 1	\$2,107	\$149	\$1,958	\$1,682	\$35.02	\$4.01	\$314
	EE + Fam	\$2,739	\$149	\$2,590	\$2,090	\$86.04	\$12.57	\$598
PERS Gold								
	EE Only	\$699	\$149	\$550	\$1,060	\$0.00	\$0.00	(\$511)
	EE + 1	\$1,398	\$149	\$1,249	\$1,682	\$35.02	\$4.01	(\$394)
	EE + Fam	\$1,818	\$149	\$1,669	\$2,090	\$86.04	\$12.57	(\$322)

- Dollar amounts in parenthesis represent a cashback to the employee.
- \$100 monthly 401(a) employer contribution redirected from the flex credits

Option #4 for 2022 Health Plan Contributions

- Set County contribution amounts equal to 2021 Flex Credits:
 - \$1,160 employee only
 - \$1,782 employee + one
 - \$2,190 employee + family
- Maintain existing cashback provision

Option #4: 2022 CalPERS Preliminary Rates Applied to 2021 Flex Credits

2022 Preliminary Premiums		CalPERS Required Contribution	Subtotal	2022 County Contribution Equal to 2021 Amount	Dental Premium Employee Cost	Vision Premium Employee Cost	Total Estimated Employee Out of Pocket Cost or Cashback	
PERS Platinum								
	EE Only	\$1,053	\$149	\$904	\$1,160	\$0.00	\$0.00	(\$257)
	EE + 1	\$2,107	\$149	\$1,958	\$1,782	\$35.02	\$4.01	\$215
	EE + Fam	\$2,739	\$149	\$2,590	\$2,190	\$86.04	\$12.57	\$498
PERS Gold								
	EE Only	\$699	\$149	\$550	\$1,160	\$0.00	\$0.00	(\$611)
	EE + 1	\$1,398	\$149	\$1,249	\$1,782	\$35.02	\$4.01	(\$494)
	EE + Fam	\$1,818	\$149	\$1,669	\$2,190	\$86.04	\$12.57	(\$422)

* Dollar amounts in parenthesis represent a cashback to the employee.

What is a governmental 401(a) plan?

Active Employment:

- A 401(a) is an employer-sponsored deferred compensation plan.
- More flexible and easier to access than a VEBA or an HSA.
- Another layer of retirement savings income.
- Does not restrict what the employee can contribute to their own 457(b) plan.
- Funds can be invested similarly to the current 457(b) plan investment structure.

Upon Separation of Employment or Retirement:

- Funds can be withdrawn through:
 - A rollover to another qualified retirement plan
 - A lump-sum payment (no restrictions)
 - An annuity
- 401(a) withdrawals may be subject to income tax withholdings and a 10% early withdrawal penalty unless the employee is 59½, dies, is disabled, or rolls over the funds into a qualified IRA or retirement plan.

Discussion/Questions