



**DJUSD**  
DAVIS JOINT UNIFIED  
SCHOOL DISTRICT



# Davis Joint Unified School District

**Overview of CalPERS  
and Medical Marketing**

**January 25, 2023**

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# Agenda

- CalPERS
  - Background
  - Evaluating CalPERS Pros/Cons
  - 10 Year Rate History
- Evaluating CalPERS – Pros and Cons
- Considering Other Options
- Medical Marketing Details
- Considerations When Exiting CalPERS
- Withdrawal Timeline Review
- Project Timeline Review
- Questions

# CalPERS Health Plan Background

- Third largest purchaser of Health plans (FEDS and General Motors are first and second)
- In **1962** – established CalPERS Health for state agencies
- In **1967** – expanded to include other public employers- over 50 years!
- Requires employer contribution for health benefits for both active and retired employees

# Evaluating CalPERS

## Pros:

- The largest health benefits program in the State of CA
- Offers HMO/PPO Plans through multiple carriers
- Health coverage for employees continues into retirement
- Consolidated billing and Cobra administration
- No minimum participation requirements

# Evaluating CalPERS

## Cons:

- Rates favor State of CA employees over other agencies and school districts for same plan designs
- Pooled risk for public entities across the state, combining actives and early retirees (bundled premium rates)
- Participating agencies and school districts are reviewed regionally and share the same rates (e.g., DJUSD is rated in the same region as San Francisco)
- Retiree lifetime coverage with mandatory minimum contribution requirements increases OPEB liabilities
- Same plan designs for all members (no plan flexibility)
- No underwriting guidelines (retiree-heavy population)
- No local control and minimal benefits support for employers

# CalPERS 10 Year Rate History – Sacramento

|                          | Sacramento County Rated |         |        |        |         |         |         | Region 1 Rated |        |                                           |        |
|--------------------------|-------------------------|---------|--------|--------|---------|---------|---------|----------------|--------|-------------------------------------------|--------|
|                          | 2013                    | 2014    | 2015   | 2016   | 2017    | 2018    | 2019    | 2020 *         | 2021   | 2022                                      | 2023   |
| Kaiser                   | 9.53%                   | 11.11%  | -3.03% | 10.09% | -0.65%  | 1.94%   | -2.27%  | 0.03%          | 5.88%  | 5.34%                                     | 6.61%  |
| Anthem Select            |                         | New     | 8.11%  | 11.21% | 0.56%   | 3.88%   | 0.49%   | -8.16%         | 6.52%  | 9.75%                                     | 11.13% |
| Anthem Traditional       |                         | New     | 11.87% | 18.34% | 15.63%  | -18.02% | 11.77%  | 0.51%          | 10.38% | -0.30%                                    | -7.15% |
| Blue Shield Access +     | 10.58%                  | 4.57%   | 10.12% | 9.41%  | -2.93%  | -6.13%  | 9.21%   | 28.01%         | 3.75%  | -4.62%                                    | -7.25% |
| Blue Shield NetValue     | 9.58%                   | 2.03%   | 22.65% | 18.76% | Termed  |         |         |                |        |                                           |        |
| Blue Shield Trio         |                         |         |        |        |         |         |         | New            | 5.70%  | 2.05%                                     | -1.07% |
| United Health Care       |                         | New     | -3.09% | 10.09% | 10.26%  | 9.86%   | 11.72%  | -3.11%         | 4.58%  | 2.41%                                     | 2.33%  |
| Health Net Smartcare     |                         |         |        | New    | -10.02% | 48.81%  | Termed  |                |        |                                           |        |
| Western Health Advantage |                         |         |        |        |         | New     | -6.46%  | 5.06%          | 3.42%  | -2.08%                                    | 2.55%  |
| PERS Select              | -0.04%                  | 40.74%  | 4.91%  | -0.57% | -3.59%  | 6.77%   | -25.37% | 2.28%          | 8.91%  | 23.32%<br>changed to<br>PERS<br>Platinum  |        |
| PERS Choice              | 16.18%                  | 7.33%   | 1.99%  | 7.11%  | -0.56%  | 1.65%   | 8.59%   | 7.84%          | 8.67%  | 11.49%<br>changed to<br>PERS<br>Platinum  |        |
| PERSCare                 | 5.23%                   | -31.09% | 8.20%  | 7.88%  | 0.25%   | -1.82%  | 48.52%  | -4.35%         | 14.26% | -14.85%<br>changed to<br>PERS<br>Platinum |        |
| PERS Gold                |                         |         |        |        |         |         |         |                |        | New                                       | 17.74% |
| PERS Platinum            |                         |         |        |        |         |         |         |                |        | New                                       | 13.54% |

\* Moved from 5 rating regions to 3 rating regions combining all of Northern California.

# CalPERS 10 Year Rate History – Bay Area

|                      | Bay Area Rated |         |        |        |        |         |                    | Region 1 Rated |        |                                           |        |
|----------------------|----------------|---------|--------|--------|--------|---------|--------------------|----------------|--------|-------------------------------------------|--------|
|                      | 2013           | 2014    | 2015   | 2016   | 2017   | 2018    | 2019               | 2020 *         | 2021   | 2022                                      | 2023   |
| Kaiser               | 9.53%          | 11.08%  | -3.81% | 4.48%  | -1.75% | 6.34%   | -1.49%             | 0.03%          | 5.87%  | 5.56%                                     | 6.61%  |
| Anthem Select        |                | New     | 0.77%  | 8.96%  | 8.54%  | 9.31%   | -2.92%             | 4.52%          | 6.52%  | 5.94%                                     | 11.13% |
| Anthem Traditional   |                | New     | 13.61% | 3.37%  | 15.74% | -6.52%  | 20.06%             | 6.63%          | 0.26%  | -1.82%                                    | -7.15% |
| Blue Shield Access + | 10.34%         | 6.62%   | 11.03% | 9.40%  | 0.85%  | -13.25% | 9.21%              | 16.16%         | 3.75%  | -4.13%                                    | -7.24% |
| Blue Shield NetValue | 9.58%          | 5.04%   | 23.66% | Termed |        |         |                    |                |        |                                           |        |
| Blue Shield Trio     |                |         |        |        |        |         |                    | New            | 5.70%  | 2.79%                                     | -1.07% |
| United Health Care   |                | New     | 11.31% | 12.32% | 11.18% | 29.14%  | Termed in Bay Area |                |        |                                           |        |
| PERS Select          | -0.04%         | 35.78%  | 4.73%  | 5.74%  | 0.85%  | -2.55%  | -24.29%            | -4.22%         | 7.14%  | 23.32%<br>changed to<br>PERS<br>Platinum  |        |
| PERS Choice          | 16.18%         | 3.56%   | 1.46%  | 13.91% | 4.00%  | -3.62%  | 8.25%              | -0.59%         | 7.91%  | 11.49%<br>changed to<br>PERS<br>Platinum  |        |
| PERSCare             | 5.23%          | -33.52% | 7.64%  | 14.73% | 4.85%  | -5.36%  | 28.24%             | 0.13%          | 12.32% | -14.85%<br>changed to<br>PERS<br>Platinum |        |
| PERS Gold            |                |         |        |        |        |         |                    |                |        | New                                       | 17.74% |
| PERS Platinum        |                |         |        |        |        |         |                    |                |        | New                                       | 13.54% |

\* Moved from 5 rating regions to 3 rating regions combining all of Northern California.

# CalPERS Rating Regions





# Considering Other Options

## Should Davis Joint Unified School District consider other options outside of CalPERS?

- Employee survey may provide insight on what employees need
- The District may have the ability to implement different plan designs
  - High and/or Low plans
  - Deductible HMO's
  - PPO's
  - Health Savings Accounts
- Davis Joint Unified School District will be rated based upon its own demographics and plan designs

# Considerations When Exiting CalPERS

## What are the rules and impacts of leaving CalPERS?

- Participating carriers within CalPERS are unable to provide the District with a proposal until the official exit resolution has been received by CalPERS (Kaiser has its own Break-away policy shown on the next page)
- 5-year waiting period to return to CalPERS
- If the District leaves CalPERS medical plan:
  - Employees will not lose their pension benefits
  - District can continue retiree medical benefits through other programs
  - District can choose to continue a similar plan design
  - An analysis of the medical provider network would be provided to the District to limit provider disruption



# Considerations When Exiting CalPERS (cont'd)

## What are the rules and impacts of leaving Kaiser CalPERS?



### - Kaiser Break-away Policy

- For breakaway rates, Kaiser requires a final termination letter to CalPERS
- Breakaway rates are requested within the 60-day timeframe from when final rates are released from the CalPERS Board
- Broker of Record (BOR) or Letter of Authorization (LOA) that is dated within six months and is on District letterhead and signed by a person with decision-making authority
- Breakaway rates (first year rates after exiting CalPERS) are the CalPERS rates (adjusted for benefit changes/commissions)
- Benefit plan design request and any additional options
- Confirm the population being quoted (entire population or specific population)
- Existing 3-tier structure and ratios remain at 1.0:2.0:2.6 for the first year
- After the first year, public agencies will be rated on their own

# Considerations When Exiting CalPERS

## What are the rules and impacts of leaving CalPERS?

- CalPERS Break-away Policy
  - District must submit a signed Board resolution to terminate CalPERS within 60 days of the release of CalPERS' final renewal rates (July)
  - Rescissions are not allowed
  - Termination is effective January 1
- Exiting agencies cannot leave retirees in CalPERS
- If entered CalPERS by bargaining group, must exit by bargaining group



# Medical Benefits Marketing

## What is a Medical Benefits Marketing and what steps are involved?

- A medical marketing is performed to confirm whether the current platform for contracting medical benefits continues to be the most appropriate and cost-effective program for the district and employees
- Carriers and pools face shifting risk as their membership changes over time
- Through the marketing process, bids are obtained through a Request for Proposal (RFP), where carriers provide requested plan designs and services for a premium rate
- The proposals are analyzed and summarized for the employer's review and consideration
- The employer may interview the proposed carrier(s) and after a selection, implementation of the new carrier and plan design takes place

# Post 65 Retirees

## What Medicare retiree options are available and why is this important?

- Retiree coverage and minimum contributions will no longer be mandated
- There are several Medicare retiree health options available:
  - Supplemental group plans (designs available that are not available in the individual market, e.g., Plan F) and Prescription Drug plans
  - Several carriers provide direct retiree (group) Medicare contracts
  - Medicare-Advantage plans with Prescription Drugs
  - Medicare exchanges (individual coverage in a zip code)
- District retirees cannot remain with CalPERS' medical if the District exits CalPERS
- District no longer tied to CalPERS minimum contribution requirement (\$151 in 2023, up from \$149 in 2022) or the 0.33% monthly premium administration fee

**Medicare**

# Medical Marketing Details

## Marketing includes the following requests from the carriers:

- Rate guarantees/rate caps
- Plan Design customization
  - Copays, Deductibles, etc.
  - Bargaining units
  - Actives/Early Retiree bundled or unbundled
- Telemedicine
- Wellness program
- Geo-access reports
- Hospital listing
- Network information
- Value-added programs and subsidies
- Retiree Medicare plans

## Carriers in the marketplace:

- Aetna
- Anthem Blue Cross\*
- Blue Shield of CA\*
- Cigna
- Health Net\* (Centene)
- Kaiser\*
- Sutter Health Plus
- UnitedHealthcare\*
- Western Health Advantage\*



\*These carriers are currently in CalPERS and must wait to quote until after CalPERS receives the District's termination letter

# Medical Marketing - Trust's/JPA's

## JPA's

- Municipalities, Colleges & Schools Insurance Group (MCSIG); underwriting review required
- San Mateo Medical Consortium (SMMC) – implemented new underwriting requirements; must submit to carriers for pricing
- Contra Costa County Schools Insurance Group; underwriting impact analysis required

## Trust's

- Self-Insured Schools of California (SISC)
- California Value Trust (CVT)



# Sample Timeline



## ***Initial Process***

### **January/February/March**

- CalPERS withdrawal and marketing discussion
- Data gathering
- Develop marketing strategy
- Request for Proposal (RFP) submissions
- Townhall Meetings – Active/Retiree
- Employee/Retiree Survey

### **May/June**

- CalPERS preliminary renewal released
- Deadline for proposals to be received

### **June/July**

- Review of proposals received
- CalPERS final renewal released

### **July/August/September**

- Review final proposals by Health Benefits Committee
- Decisions finalized – Association votes
- Formal written notice of termination due 60 days from the date the renewal is released
- Board resolution due if exiting CalPERS - would need to be presented at the September 7<sup>th</sup> Board Meeting at latest (if renewal is released mid-July)

## ***If Leaving CalPERS***

### **September/October**

- Employee Open Enrollment communications developed
- Open Enrollment

### **November/December**

- Open Enrollment changes processed
- ID Cards mailed

### **January 1, 2024 – New Plan Effective Date**

# Project Timeline Review

| Task                                                                                                                                                                                                                                                  | Timeline           | Responsible Party | Due Date  | Pending | Completed | Project Time | Comments/Notes |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|-------------------|-----------|---------|-----------|--------------|----------------|
| <b>Plan Review</b>                                                                                                                                                                                                                                    |                    |                   |           |         |           |              |                |
| <b>Document Gathering</b>                                                                                                                                                                                                                             |                    |                   |           |         |           |              |                |
| Rate Exhibits per Plan                                                                                                                                                                                                                                | January            | DJUSD             |           |         | X         |              |                |
| Census                                                                                                                                                                                                                                                | January            | DJUSD             |           |         | X         |              |                |
| <b>Insurance Needs Assessment</b>                                                                                                                                                                                                                     |                    |                   |           |         |           |              |                |
| Plan Comparison Review                                                                                                                                                                                                                                | TBD                | Keenan/DJUSD      | 2/15-2/22 |         |           |              |                |
| Plan Modifications                                                                                                                                                                                                                                    | TBD                | Keenan            | 2/15/2/22 |         |           |              |                |
| <b>Insurance Marketing Plan - Actives/Early Retirees</b>                                                                                                                                                                                              |                    |                   |           |         |           |              |                |
| <b>Submission of RFP's to selected vendors</b><br><b>Carriers:</b> Kaiser/Anthem Blue Cross/Blue Shield/Health Net/Aetna/CIGNA/United Healthcare/Sutter Health Plus/Western Health Advantage<br><b>JPA's:</b> CCCSIG/SISC/SMCMC<br><b>Trusts:</b> CVT | January -February  | Keenan            |           | X       |           |              |                |
| <b>Insurance Marketing Plan - Post 65 Retirees</b>                                                                                                                                                                                                    |                    |                   |           |         |           |              |                |
| <b>Submission of RFP's to selected vendors</b><br><b>Carriers:</b> Kaiser/Anthem Blue Cross/Blue Shield/Health Net/Aetna/CIGNA/United Healthcare/Western Health Advantage/The Hartford/RetireeFirst/Futuris Care                                      | January - February | Keenan            |           |         |           |              |                |

# Project Timeline Review

| CalPERS Renewal                             |               |              |                    |  |  |  |                                                                                                              |
|---------------------------------------------|---------------|--------------|--------------------|--|--|--|--------------------------------------------------------------------------------------------------------------|
| Review Preliminary Renewal                  | May - June    | Keenan/DJUSD |                    |  |  |  |                                                                                                              |
| Review Final CalPERS Renewal                | June - July   | Keenan/DJUSD |                    |  |  |  |                                                                                                              |
| Insurance Marketing Results                 |               |              |                    |  |  |  |                                                                                                              |
| Review of RFP comparisons and proposals     | June-July     | Keenan       |                    |  |  |  | Based on received proposals                                                                                  |
| Present RFP's - Meeting Date                | June-August   | Keenan/DJUSD |                    |  |  |  |                                                                                                              |
| Review of Recommended RFP's                 | TBD           | Keenan/DJUSD |                    |  |  |  |                                                                                                              |
| Review of Final Insurance Placement         |               |              |                    |  |  |  |                                                                                                              |
| Final Review of Applicable Proposals        | July-Aug 2023 | Keenan/DJUSD |                    |  |  |  | Based on CalPERS Renewal Release date                                                                        |
| CalPERS Termination Notice                  |               |              |                    |  |  |  |                                                                                                              |
| District Board Meeting                      | August-Sept.  | DJUSD        | 8/3<br>8/17<br>9/7 |  |  |  | Based on CalPERS Renewal Release date - Termination notification due 60 days after the renewal release date. |
| Final Written Termination Notice to CalPERS | August-Sept.  | DJUSD        |                    |  |  |  |                                                                                                              |

# Project Timeline Review

## District Website Information

|                                                                                      |                  |              |      |   |  |  |                                      |
|--------------------------------------------------------------------------------------|------------------|--------------|------|---|--|--|--------------------------------------|
| Set-up intranet site for informational documents                                     | January          | DJUSD        |      | X |  |  |                                      |
| Documents: District Statement/FAQ's/CalPERS Rules/Timeline                           | January          | Keenan       |      | X |  |  |                                      |
| FAQ regarding process and why district is exploring a withdrawal from CalPERS option | January/February | DJUSD/Keenan | 1/23 | X |  |  |                                      |
| FAQ for Retires (Early & Post)                                                       | January/February | DJUSD/Keenan | 1/23 | X |  |  |                                      |
| FAQ for Actives                                                                      | January/February | DJUSD/Keenan | 1/23 | X |  |  |                                      |
| Employee Survey                                                                      | January/February | DJUSD/Keenan | 3/6  | X |  |  | Will submit after Town Hall Meetings |

## Town Hall Meetings

|                                                                                    |                |              |                 |   |  |  |  |
|------------------------------------------------------------------------------------|----------------|--------------|-----------------|---|--|--|--|
| Inform <b>Retirees</b> Employees of Districts interest in withdrawing from CalPERS | February/March | Keenan/DJUSD | 3/8-9<br>3/9-10 | X |  |  |  |
| Inform <b>Active</b> Employees of Districts interest in withdrawing from CalPERS   | February/March | Keenan/DJUSD | 3/8-9<br>3/9-10 |   |  |  |  |
| Email for personal/private questions                                               | Ongoing        | Keenan/DJUSD | 3/6             |   |  |  |  |

**District Meeting Dates: Wednesday, 3-5pm: 1/25 2/22 3/22 4/26 5/24 6/21 7/26 8/2 8/7 8/30 9/6 9/20**

# QUESTIONS