

# CalPERS projecting steep health insurance increases. One plan could rise 24 percent



By Wes Venteicher [R https://www.sacbee.com/news/politics-government/the-state-worker/article230409809.html](https://www.sacbee.com/news/politics-government/the-state-worker/article230409809.html)

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*Retirement System, aims to build retirement and health security for state workers. Here's a quick look at the retirement system.*

The premiums state workers and retired public employees pay for CalPERS health insurance are projected to go up 7.2 percent on average next year, with premiums for specific plans increasing as much as 24 percent, according to preliminary estimates published Tuesday.

The estimated increases, presented at a CalPERS board meeting, were the first public glimpse of the 2020 premiums, which take effect January 1. The board approves final 2020 rates in June.

"This is the first time the health plans see each others' rates, which leads to some healthy negotiations," CalPERS division chief Kim Malm told the board, suggesting companies might lower rates for competitive reasons after seeing the figures presented in public this week.

The California Public Employees' Retirement System provides health insurance to about 1.5 million people, including current and retired state workers and their dependent family members. The fund also provides health insurance to workers and families of some other public agencies and schools around the state.

The most popular CalPERS plan, an HMO offered by Kaiser Permanente, would go up about 6 percent, according to the estimates. HMO plans typically have smaller networks of doctors and specialists than the more traditional paid provider organization plans, or PPOs, and are cheaper. HMOs often also require more approvals to visit specialists.

That plan's premium would reach \$751 per month in 2020 for an individual, according to the estimates. The premium for a family with two children would be more than twice that. The second most popular plan, a PPO called PERS Choice, would increase about 5 percent, to \$801 for an individual, according to the estimates.

State employees pay a share of that monthly premium based on their bargaining unit's contract. For individual plans in 2019, the state contributed \$583 to \$668, depending on the bargaining unit, according to [CalPERS figures](#). The state contributed \$1,518 to \$1,673 for family plans.

The state's contributions increase when premiums go up based on contract language.

Medicare plans for retirees generally are projected to see lower rate increases.

In general, the increases stem from the costs of medical care exceeding premium revenue from year to year, health staffers told the CalPERS board Tuesday.

Radiology tests, walk-in surgeries and office visits all increased among policyholders in 2018, the last full year of data, according to a CalPERS analysis. Meanwhile prices increased for prescription drugs, lab tests and emergency room visits.

The largest projected increase, of 24 percent, is for an HMO called Health Net Smart Care. That jump resulted from the plan taking on about 10,000 new Bay Area policyholders after Blue Shield left the region, where medical care is expensive, Malm told the board.

Board members expressed frustration at the rising premiums after agreeing to spend \$44 million in reserves to limit premium increases for a popular PPO plan with rich benefits called PERS Care. The infusion limits the estimated increase to about 9 percent, from a projected 24 percent.

"We need to go back and continue to negotiate ... Even the single-digit increases are relatively high compared to what we've seen before," board member Theresa Taylor said.

Board member Rob Feckner, who represents schools on the CalPERS board, noted that some non-state employers who offer CalPERS insurance have caps on how much they will contribute toward premiums, leaving employees to bear the full brunt of increases.

"Our members will at some point start shifting to the lowest-cost plan they can find," Feckner said. "At the end of the day it comes down to their pocketbook."

Policyholders may switch plans during an open enrollment period from Sept. 9 through Oct. 4.