

State Retiree Director Ray Snodgrass

Retiree at Ease

CalPERS is proposing the following health plan programs in the identified areas in the state. At the most recent Board of Administration, approval to move forward with these proposals was given to staff.



Excerpts from the CalPERS staff proposal:

The California Public Employees' Retirement System (CalPERS) team recommends moving forward with the following proposals that were approved at the November 2020 Pension & Health Benefits Committee (PHBC) meeting, contingent on the results of the CalPERS Basic Health Plan Competition Study:

- 1) *Blue Shield's Access+ reentry into eight Bay Area counties (Alameda, Contra Costa, Marin, San Francisco, San Mateo, Santa Clara, Sonoma, and Solano),*
- 2) *Blue Shield Trio service area expansion into three counties (Orange, Santa Cruz, and Stanislaus), and*
- 3) *UnitedHealthcare's SignatureValue Harmony Basic HMO plan in five Southern California counties (Los Angeles, Orange, Riverside, San Bernardino, and San Diego).*

Also, the CalPERS team recommends the approval of the Western Health Advantage Basic HMO service area expansion into Humboldt County beginning in plan year 2022, contingent on California Department of Managed Health Care (DMHC) regulatory approval.

Executive Summary

This agenda item provides an update on the following health plan proposals that were approved pending the results of the Competition Study, as well as an additional proposal from Western Health Advantage. • Blue Shield Access+ reentry into eight Bay Area counties, • Blue Shield Trio service area expansion into three counties, • UnitedHealthcare's SignatureValue Harmony Basic HMO plan in five Southern California counties, and • Western Health Advantage's proposed Basic HMO service area expansion into Humboldt County.

Plan Proposals for 2022 New Health Plan Benefit Design Service Area Recommendation

1. Blue Shield Access+ Reentry into Bay Area (Alameda, Contra Costa, Marin, San Francisco, San Mateo, Santa Clara, Sonoma, and Solano) Approve
2. Blu Shield Trio Expansion (Monterey, Orange, Santa Cruz, and Stanislaus)
3. UnitedHealthcare SignatureValue Harmony Basic HMO (Los Angeles, Orange, Riverside, San Bernardino, and San Diego) Approve
4. Western Health Advantage Basic HMO Service Area Expansion (Humboldt) Approve

Long-Term Care Plan Issues

Previously, CalPERS approved upcoming rate increases for the LTC program. In addition, the board told staff to continue with plan design changes that could offset premium increases for the current plan holders.

The approved rate increases are 52% in 2021 and an additional 25% in 2022. The plan designs included changes that could offset the premium increases based on choices of the plan holder.

We have just been informed CalPERS is delaying implementation of the approved rate increases for an undetermined amount of time. The delay is based on changes made to the asset allocation of the LTC fund, earnings of the fund that have increased since the expected rate of return was lowered to 4.75% and the morbidity and mortality numbers for the general population.

We have not received any indication there will be a change to the approved rate increases. Proposed changes to the plan designs were reported in my previous post. The final approval of plan design changes will be completed very soon.

We have also been told there will be letters mailed to all plan holders about proposed changes to the LTC plans. Then there will be an additional letter sent to each plan holder giving at least a 60-day window to make choices regarding their individual plans.

We were not given an estimate of how long the delay will be so I will not speculate at this point.

I have been asked by more than one member about the overtime for active employees working in assignments related to the COVID emergency declaration being included in determining retirement pay. The Governor's Executive Order (N-25-20) does not include such a provision.

Under no circumstances is unplanned overtime subject to retirement calculations.

*Retired Annuitants working in any assignment, COVID or not, are encouraged to continuously monitor hours of work each fiscal year to assure the 960 threshold is not exceeded. For a retired annuitant working in a COVID assignment under authority of the Governor's Executive order, make sure you have the letter **in-hand** stating the hours are not subject to the 960-hour limitation. If you do not have the exemption letter in-hand, I strongly suggest you request a copy of the letter and you submit a copy of the letter to CalPERS.*

I have been asked to assist a couple of members having problems with their health plan upon their retirement. Some of the problems relate back to the member not completing the form that provides CalPERS with your health plan choice upon retirement. If you do not complete the form, CalPERS will use the plan in which you were enrolled upon your retirement date.

If the member changes their health plan choice during open enrollment, generally during late summer/fall each calendar year, and then retires effective December 30th of the same calendar year, there will be one day of retirement (December 31st) in that same year. In this scenario, your health plan choice will become effective on the date of retirement (12-31) since you do not need to wait for open enrollment to change your health plan upon retirement. Make sure you have completed the form (part of the retirement package) indicating your choice for post-retirement health care.

Several transactions occur upon your retirement. Changing your health plan is one that should be closely monitored.

In the January Executive Board meeting, a presentation was made by LaVawn Valadez to the board regarding services available from Dream Builders. Essentially the services available are

webinars and/or Zoom meetings related to planning for retirement, family financial issues, living trusts etc.

In my discussions with Ms Valadez, I suggested we needed to focus on the needs of new hires, mid-range career members and our members that are nearing retirement age. In addition, I made it clear we will not support offering any products or services that are in conflict with our current insurance broker offerings and services available through our legal firm of record.

Further, I suggested the presentations to our members combine the options/services available now through our current providers including the state and CalPERS. The intent here is to make sure all our members are aware of all options/services available as an active employee/member or retired member.

My plan now, unless I hear otherwise, is to have LaVawn coordinate the presentations via webinars/zoom meetings with the products and services through Harry J. Wilson and our legal firm.

The chair of the CalPERS Pension and Health Benefits Committee directed staff to provide a briefing to the board at the next meeting on Behavioral Health. This is timely as the subject matter relates to the discussions held by our Executive Board on the same subject.

Upcoming CalPERS Board Elections

CalPERS has issued the official Notice of Election for the upcoming election of two (2) member-at-large representatives to the CalPERS Board of Administration.

The Notice of Election provides the timeline for the fall 2021 election, information for members interested in filing to become a candidate for one of the board seats, including eligibility and nomination requirements, access to various required forms, and notice of an incumbent's intent to run for re-election.

Nomination petitions with required signatures, as well as candidate statements, and the nomination acceptance/ballot designation forms are due by 5:00 p.m. on May 13, 2021.

Candidate statement addenda are due by June 1, 2021. Ballots will be mailed August 27, 2021 and votes must be received by September 27, 2021. Votes will be processed beginning September 28, 2021. Voting online, by phone, and by mail will be available to all eligible voting members.

The board seats elected by retired and active members are currently occupied by David Miller and Margaret Brown. Their four-year terms expire on January 15, 2022. Both Miller and Brown were first elected to the CalPERS Board in 2018 and are completing their first terms. These incumbents represent all CalPERS members, so all CalPERS members are eligible to vote in this election.

Margaret Brown has requested our endorsement again as she will be running for re-election. We endorsed her during her previous campaign and the executive board once again unanimously endorsed Margaret Brown for re-election to the CalPERS Board of Administration. In addition, I am suggesting to our president, as a member of the CPF Executive Board, he urge the CPF endorse her candidacy for re-election. I have not received a request from David Miller for his re-election and at this point, I do not know if there will be other candidates nominated for either seat.

Retired Annuitant Issues

At the most recent executive board meeting, we once again emphasized directly to Cal Fire management, with a great degree of emphasis, to not hire RA's in positions performing BU 8 work especially in a 7K position. This alone would reduce many of the issues.

Counsel has confirmed retired annuitants performing bargaining unit work are in the bargaining unit and covered for bargaining and by the MOU of Unit 8. Because of the inconsistent pay methods for RA's, this union has determined the collection of any dues creates more problems than the value of dues collected. It should be noted that many of the retired annuitants are retired members of this union.

As a follow-up to our in-person discussion with Cal Fire management, I am preparing a list of pertinent issues for presentation to Cal Fire management related to the time reporting and pay issues with retired annuitants.

Let us all remember the legacy of Bob Ford who died February 20, 2021. Much of today's retirement and post-retirement benefits, along with his work to establish the scholarship fund, the PAC and benevolent foundation are why we see such benefits and programs.

Ray Snodgrass

State Retiree Director