The Unit 9 Memorandum of Understanding was negotiated last year by CalHR and your PECG Bargaining Team, ratified by the membership, and approved by the Legislature and the Governor. It provides that the State's contribution to Health Plan premiums will continue to be based on an 85%/80% formula.

This means that the State pays 85% of the weighted average premium for Unit 9 employees, utilizing the four Health Benefit plans with the highest enrollment in 2016. “Weighted average” means, for example, that a plan with twice as many enrollees will affect the calculation twice as much as a lesser-used plan. For family members, the same calculation is performed using an 80% state payment.

Thus, if the health plan you select has a premium higher than the State's contribution, you'd pay the difference. The calculation is applied to the 2017 premiums which take effect on January 1, 2017. The same process is utilized each year to determine the State's contribution for the following year.

This has been a fairly straightforward, noncontroversial process each year. CalPERS negotiates the premiums with the Health Plan providers for all state and local agency employees included in the CalPERS Health Benefit plans. You select the plan you wish to use for the following year during an open enrollment period in September-October, or you can stay with your current plan for another year.

This year, there is a new complication. The four most-utilized plans in 2016 are Kaiser, Blue Shield Access +, PERS Choice, and Blue Shield NetValue.

But this spring, Blue Shield announced that it would continue to offer Blue Shield Access + but would discontinue Blue Shield NetValue at the end of 2016. They informed employees covered by NetValue that they would be switched over to Access+ for 2017 “and keep all your current health care providers and the exact same benefits” unless employees choose to make a change during the open enrollment period between September 12 and October 7. “If you do not take any action, you will be automatically enrolled into the Blue Shield Access+ HMO plan.”

The Access+ premiums in 2016 are slightly higher (by $6 to $16 per month) than NetValue and will increase in 2017.

That sounds simple enough. The 85/80 calculations would be based on the four plans listed above in determining the State's Health Plan premium contributions next year. As the premiums for the Health Plans are increasing in 2017, the State's contribution would increase by $12 per month for employee only, $26 for two party, and $32 for the family rate.
# Health Plan Monthly Premiums for Unit 9 Employees

## State Employer Contribution for 2017

### Kaiser CA Premium Single Two-Party Family
- **2017:**
  - Premium: $663
  - Single: $1,326
  - Two-Party: $1,724
  - Family: $1,653
- **2016:**
  - Premium: $662
  - Single: $1,324
  - Two-Party: $1,721
  - Family: $1,653

### Blue Shield Access+ Premium Single Two-Party Family
- **2017:**
  - Premium: $830
  - Single: $1,661
  - Two-Party: $2,159
- **2016:**
  - Premium: $767
  - Single: $1,535
  - Two-Party: $1,995

### PERSCare Premium Single Two-Party Family
- **2017:**
  - Premium: $826
  - Single: $1,653
  - Two-Party: $2,149
- **2016:**
  - Premium: $802
  - Single: $1,603
  - Two-Party: $2,084

### PERSChoice Premium Single Two-Party Family
- **2017:**
  - Premium: $741
  - Single: $1,482
  - Two-Party: $1,926
- **2016:**
  - Premium: $716
  - Single: $1,431
  - Two-Party: $1,861

### Kaiser Out of State Premium Single Two-Party Family
- **2017:**
  - Premium: $941
  - Single: $1,881
  - Two-Party: $2,446
- **2016:**
  - Premium: $930
  - Single: $1,861
  - Two-Party: $2,419

### Anthem HMO Select Premium Single Two-Party Family
- **2017:**
  - Premium: $740
  - Single: $1,480
  - Two-Party: $1,925
- **2016:**
  - Premium: $696
  - Single: $1,392
  - Two-Party: $1,809

### Anthem HMO Traditional Premium Single Two-Party Family
- **2017:**
  - Premium: $873
  - Single: $1,746
  - Two-Party: $2,270
- **2016:**
  - Premium: $752
  - Single: $1,505
  - Two-Party: $1,956

### Sharp Premium Single Two-Party Family
- **2017:**
  - Premium: $616
  - Single: $1,233
  - Two-Party: $1,603
- **2016:**
  - Premium: $575
  - Single: $1,149
  - Two-Party: $1,494

### United HealthCare Premium Single Two-Party Family
- **2017:**
  - Premium: $686
  - Single: $1,372
  - Two-Party: $1,784
- **2016:**
  - Premium: $626
  - Single: $1,252
  - Two-Party: $1,627

### Health Net SmartCare Premium Single Two-Party Family
- **2017:**
  - Premium: $693
  - Single: $1,386
  - Two-Party: $1,802
- **2016:**
  - Premium: $651
  - Single: $1,302
  - Two-Party: $1,693

### Out-of-Pocket Cost

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*ACCORDING TO CALHR — SEE PAGE 1 ARTICLE*
2017 HEALTH PLAN PREMIUM INCREASES ... WHO PAYS? CONTINUED FROM PAGE 1

However, the state (CalHR) took a different view. Because the Blue Shield NetValue plan will not be offered next year, they decided not to count those enrollees and premiums at all. Instead, they turned to the fifth most used plan, United Health Care Alliance HMO.

The result of eliminating the larger Blue Shield NetValue plan with higher premiums, and adding the United Health Care Alliance HMO with lower premiums, would actually lower the State's contribution by $3 per month for single and two party and by $7 per month for the family rate below their current contribution, even though all of the premiums are increasing in 2017.

Thus, in CalHR's view, the premiums go up in 2017, the State's contribution goes down, and the employees should pay the difference.

PECG met with CalHR to go over all the data, the calculations, and the wording in the Unit 9 MOU, which makes no allowance for eliminating one of the top four plans from the calculations and bringing in a lower-cost fifth plan instead. We pointed out that, at CalHR's request, the Legislature included funding in the State Budget for the State's increased contribution to the Health Plans. CalHR continued to argue that use of the formula should result in decreased state contributions despite increased Health Plan premiums.

Thus, PECG filed a grievance which will ultimately be resolved by arbitration, meaning the parties will jointly select a neutral arbitrator who will look at the evidence and issue a ruling which will be binding on both parties.

In the meantime, the information laid out on pages two and three of this Informer shows the 2017 premiums for each of the plans, the State's contributions as calculated by CalHR, and your out-of-pocket monthly premium payment. Of course, if PECG is ultimately successful in the arbitration, which could take several months, the State's contribution would increase and your out-of-pocket payment would be reduced.

What about Dental and Vision Care premiums in 2017?

Dental premiums will increase by about 4% next year. The state pays 75% of the premium, so the added cost to Unit 9 employees will be about one dollar per month. Vision Care premiums are fully paid by the State.

What about Supervisors and Managers?

Those employees are covered by CoBen, which is a combined rate including the Health, Dental, and Vision plans. Although the arbitration would not directly affect the CoBen rate and the state's payment is not specified in a contract, if PECG is successful in the arbitration for Unit 9, we will seek to have the State's contribution to CoBen increase for supervisors and managers as well.