



# CalPERS Health Exploration 2025 Summary

The Budget Ad Hoc Committee directed staff to conduct an initial exploration of the impacts and benefits of the County switching to CalPERS health benefits. This initial exploration and analysis will assist the full Board in deciding whether to direct staff for a more comprehensive analysis and determine actual implementation costs and impacts.

## Rules Governing CalPERS Health

CalPERS health benefits are regulated by the Public Employees' Medical & Hospital Care Act (PEMCHA) as outlined in Government Code 22750-22948. To comply with the Act the County would do the following if switching to CalPERS Health:

- Exclusively provide CalPERS' health insurance to County employees and retirees once the County has opted into CalPERS Health – Government Code 22934.
  - Though CalPERS doesn't prohibit a contracting agency from offering other health plans to specific bargaining units who do not opt into CalPERS Health, the County would lose eligibility for PRISMHealth plans if any unit opted into CalPERS Health as PRISMHealth requires exclusivity (except for grandfathered plans), similar to CalPERS.
- Provide CalPERS' health plans to employees and retired annuitants who meet PEMCHA eligibility as outlined in Government Code 22800 – 22826.
- Provide an employer contribution that is at least the PEMCHA Minimum (Govt Code 22890-22905):
  - The PEMCHA Minimum is \$162 per month for calendar year 2026.
  - It is a contribution for active employees and retirees.
  - The retiree minimum can start at \$1 and increase by 5% annually until reaching the PEMCHA Minimum after 20 years.
- Adopt a Resolution by bargaining unit to elect into CalPERS Health outlining the employer contribution towards the monthly premium. This will require negotiations with represented bargaining units as it entails changes in employee benefits and compensation. The employee could opt not to have County health benefits and use a union-provided plan, as long as the plan is provided and maintained exclusively by the union and not County-offered or supported.

## Plan and Premium Comparison

Though CalPERS offers approximately 982 health plans statewide for the 2025 plan year, the majority of plans have eligibility restrictions such as Medicare, public agency type, or association affiliation; all CalPERS health plans have geographical restrictions except for PERS Platinum PPO. The geographical restriction is based on the employer's primary zip code. CalPERS offers seven active employee health plans to zip code 95667 with varying levels of benefit, including one available only to Peace Officers Research Association of California (PORAC) members. Local agencies can only participate in health plans through CalPERS, not ancillary benefits such as dental or vision (CalPERS only offers dental and vision to State of California and California State University members). Therefore, such ancillary benefits must be obtained and administered by a local agency independent of CalPERS.

El Dorado County offers seven active employee health plans, plus two additional Medicare Advantage supplement plans for retirees. El Dorado County also provides dental, vision, life insurance, long-term disability, Employee Assistance Program (EAP), and other optional benefit offerings. Comparing County to CalPERS plans can be difficult as there are many variables to compare across plans e.g. deductibles,

coverage amounts, plan design, geographic coverage, etc. If the Board directs continued exploration of CalPERS Health a more intensive analysis will be conducted.

An analysis of benefit elections showed that 20% of County employees do not elect health insurance and 60% elect either the Kaiser HMO Traditional or Blue Shield PPO \$200 plans, despite having lower premium cost County plan options available. Staff conducted an analysis of the Kaiser HMO Traditional and Blue Shield PPO \$200 plans, comparing total 2026 premium costs based upon June 2025 active enrollment numbers. The analysis does not estimate changes to elections in response to CalPERS offerings. County and Employee shares of premiums are based on the largest employee group ratio. Also, the plans being compared are not identical but the closest offering; for example, the closest comparable Blue Shield PPO plan from CalPERS, PERS Platinum, has a higher deductible than the County plan. This analysis represents 1,527 employees.

2026 Monthly Premium Analysis			
PPO	Employee Only	Employee +1	Family
County Enrollment	281	146	143
PRISM Blue Shield PPO \$200	\$ 1,792	\$ 3,230	\$ 4,493
PERS Platinum PPO	\$ 1,670	\$ 3,340	\$ 4,342
Employee Share Monthly Difference Per Employee - 20%	\$ (24)	\$ 22	\$ (30)
County Share Monthly Difference Per Employee - 80%	\$ (97)	\$ 88	\$ (120)
Employee Share Annual Difference Countywide	\$ (81,886)	\$ 38,600	\$ (51,590)
County Share Annual Difference Countywide	\$ (327,543)	\$ 154,400	\$ (206,359)
County Share PPO Annual Total Difference			\$ (379,502)
HMO	Employee Only	Employee +1	Family
County Enrollment	436	212	309
PRISM Kaiser HMO	\$ 1,206	\$ 2,388	\$ 3,367
PERS Kaiser Standard	\$ 1,169	\$ 2,338	\$ 3,039
Employee Share Monthly Difference Per Employee - 20%	\$ (7)	\$ (10)	\$ (66)
County Share Monthly Difference Per Employee - 80%	\$ (29)	\$ (40)	\$ (262)
Employee Share Annual Difference Countywide	\$ (38,403)	\$ (25,644)	\$ (242,978)
County Share Annual Difference Countywide	\$ (153,612)	\$ (102,574)	\$ (971,911)
County Share HMO Annual Total Difference			\$ (1,228,097)
County Share Countywide Annual Total Difference			\$ (1,607,599)

## Impacts of Expanding Retiree Health

Switching to CalPERS Health requires the County to expand retiree health benefits. Currently, no employee hired after 2011 is eligible to receive a County contribution to retiree health benefits. Individuals otherwise eligible must meet prescribed criteria, including enrollment and maintenance of coverage requirements to continue retiree health eligibility; those who receive a contribution do not receive a survivorship benefit (the retiree contribution cannot be transferred to a surviving dependent). The Fiscal Year 2025-26 Recommended Budget included \$2,832,000 in appropriations to cover the employer contribution to retiree health benefits.

If switching to CalPERS Health, the County would be required to contribute one of the following three options to all retirees or their surviving spouse: the full PEMCHA Minimum every year, phasing into the full PEMCHA Minimum over 20 years, or providing an amount higher than the PEMCHA Minimum, but equal to the amount contributed to active employees.

Staff conducted an analysis of the possible fiscal impacts of this implementation. This analysis assumes a 5% annual increase to the PEMCHA Minimum. This analysis also assumes that all 1,375 retirees who are currently eligible under CalPERS' criteria to participate receive these benefits but does include the retirees currently receiving retiree health contributions, as those costs must continue and would not be impacted by switching. The analysis does not make any assumptions on an increased number of retirees over the 20-year analysis.

Year	PEMCHA Minimum	Minimum Contribution (20 Year Phase In)	Monthly Cost Minimum Contribution	Annual Cost Minimum Contribution	Monthly Cost Full PEMCHA Contribution	Annual Cost Full PEMCHA Contribution
2027	\$ 167	\$ 1	\$ 1,375	\$ 16,500	\$ 229,625	\$ 2,755,500
2028	\$ 175	\$ 9	\$ 12,055	\$ 144,664	\$ 241,106	\$ 2,893,275
2029	\$ 184	\$ 18	\$ 25,316	\$ 303,794	\$ 253,162	\$ 3,037,939
2030	\$ 193	\$ 29	\$ 39,873	\$ 478,475	\$ 265,820	\$ 3,189,836
2031	\$ 203	\$ 41	\$ 55,822	\$ 669,865	\$ 279,111	\$ 3,349,327
2032	\$ 213	\$ 53	\$ 73,267	\$ 879,198	\$ 293,066	\$ 3,516,794
2033	\$ 224	\$ 67	\$ 92,316	\$ 1,107,790	\$ 307,719	\$ 3,692,634
2034	\$ 235	\$ 82	\$ 113,087	\$ 1,357,043	\$ 323,105	\$ 3,877,265
2035	\$ 247	\$ 99	\$ 135,704	\$ 1,628,451	\$ 339,261	\$ 4,071,128
2036	\$ 259	\$ 117	\$ 160,301	\$ 1,923,608	\$ 356,224	\$ 4,274,685
2037	\$ 272	\$ 136	\$ 187,017	\$ 2,244,210	\$ 374,035	\$ 4,488,419
2038	\$ 286	\$ 157	\$ 216,005	\$ 2,592,062	\$ 392,737	\$ 4,712,840
2039	\$ 300	\$ 180	\$ 247,424	\$ 2,969,089	\$ 412,374	\$ 4,948,482
2040	\$ 315	\$ 205	\$ 281,445	\$ 3,377,339	\$ 432,992	\$ 5,195,906
2041	\$ 331	\$ 231	\$ 318,249	\$ 3,818,991	\$ 454,642	\$ 5,455,702
2042	\$ 347	\$ 260	\$ 358,030	\$ 4,296,365	\$ 477,374	\$ 5,728,487
2043	\$ 365	\$ 292	\$ 400,994	\$ 4,811,929	\$ 501,243	\$ 6,014,911
2044	\$ 383	\$ 325	\$ 447,359	\$ 5,368,308	\$ 526,305	\$ 6,315,656
2045	\$ 402	\$ 362	\$ 497,358	\$ 5,968,295	\$ 552,620	\$ 6,631,439
2046	\$ 422	\$ 401	\$ 551,238	\$ 6,614,861	\$ 580,251	\$ 6,963,011
2047	\$ 443	\$ 443	\$ 609,263	\$ 7,311,162	\$ 609,263	\$ 7,311,162
Total Cost Over 21 Years				\$ 57,882,000		\$ 98,424,398

## Impacts to Benefit Administration

Currently, El Dorado County recoups the cost of benefit administration by including an administrative fee in the Board-approved health premiums and rates. This allows the administrative cost to be shared between the County and employees. This administrative fee covers all broker fees, staff time administering the program, and third-party administrator costs. The total cost to administer health benefits is currently \$500,000 per year. It is unlikely that switching to CalPERS Health will decrease this fee. El Dorado County staff will still need to procure and administer vision and dental benefits (which are not offered by CalPERS) as well as all other ancillary employee benefits. El Dorado County staff will also have to answer questions and assist employees in the administration (including enrollment and election changes) for CalPERS Health and administer health benefit cost sharing. CalPERS only provides administrative services for retirees; the local agency must provide all administration for active employees. There may be some savings when comparing PRISM health plan administrative fees and CalPERS administrative fees; an initial analysis shows a possible savings of approximately \$15,000. CalPERS does not allow agencies to pass CalPERS'

administrative costs to employees or retirees. If directed to continue to explore switching to CalPERS Health, staff would need to determine how to fund these costs, otherwise this will be an additional County cost.

## Possible Impacts to Employee and Retiree Compensation

There could be compensation and tax impacts for employees and retirees due to switching to CalPERS Health. This is due to the changes in cost sharing where premiums can only be deducted by the amount specified in the Resolution submitted to CalPERS. A further analysis of the ways to mitigate any tax impacts and the process of administering benefits would need to be conducted to determine actual tax impacts.

In other jurisdictions, a cafeteria plan is offered to offset the additional cost of benefits paid to actives above the PEMCHA Minimum. A cafeteria plan amount can be dependent upon elected benefits. The table below shows how an employee, currently receiving an 80% County contribution to health benefit premiums could see decreased monthly pay based on the change in benefits. The table shows that the employee's taxable income could increase by \$2,536. This is an early estimate of the possible impacts for an employee with family Kaiser HMO Traditional; all changes to represented employee benefits, including premium contribution, would be subject to labor negotiations.

Monthly Change - 80/20 split	Current County Benefits	CalPERS Benefits
County Contribution to Premium	\$ 2,693	\$ 167
Employee Contribution to Premium	\$ 673	\$ 2,872
Pay to Employee - Optional Benefit Credit / Cafeteria Plan - taxable	\$ -	\$ 2,199
Change in Taxable Income		\$ 2,199
Estimated Tax Impact with 20% tax rate		\$ 440
Cost to Employee	\$ 673	\$ 1,113

There could also be significant impacts to retirees who are currently receiving a retiree health contribution. Currently the County retiree billing administrator bills the retiree for their portion of the health premium after the County portion is deducted from the premium amount. It is likely that under CalPERS Health the retiree would be billed for the full amount of the premium less the PEMCHA Minimum amount. The County would then need to send a check to reimburse the retiree for the County's portion of retiree premium that the retiree currently receives. These reimbursement checks would be taxable and impact retirees. As stated above, the County currently pays \$2.8 million annually in retiree health contributions; this change would increase the number of checks issued and administrative costs.

## Estimated Annual Costs/Savings of Switching to CalPERS Health

A 20-year projection of costs/savings associated with the active and retiree fiscal impacts outlined above was compiled. This analysis assumes that premiums increase 5% annually and does not assume any changes in the total number of retirees. This analysis also assumes all savings in premiums would apply to the County and not be passed through to the employees, however this would have to be negotiated with the County's represented bargaining units.

In the summary below, if the County phases in the PEMCHA Minimum over 20 years, the County will save \$5.6 million over the first 9 years, but then annual costs will increase. At 20 years, the switch would cost the County an additional \$3.8 million in that final year alone. If the County provided retirees the PEMCHA Minimum in year one, it would cost the County an additional \$1.7 million that first year.

Year	Active Premium Annual Savings	EDC Fee	Net Annual Premium Savings	Annual Cost/(Savings) Minimum Contribution	Annual Cost/(Savings) PEMCHA Contribution
27	(\$1.61M)	\$0.50M	(\$1.10M)	(\$1.09M)	\$1.65M
28	(\$1.69M)	\$0.53M	(\$1.16M)	(\$1.01M)	\$1.73M
29	(\$1.77M)	\$0.56M	(\$1.22M)	(\$0.91M)	\$1.82M
30	(\$1.86M)	\$0.58M	(\$1.28M)	(\$0.80M)	\$1.91M
31	(\$1.95M)	\$0.61M	(\$1.34M)	(\$0.67M)	\$2.01M
32	(\$2.05M)	\$0.64M	(\$1.41M)	(\$0.53M)	\$2.11M
33	(\$2.15M)	\$0.67M	(\$1.48M)	(\$0.37M)	\$2.21M
34	(\$2.26M)	\$0.71M	(\$1.55M)	(\$0.20M)	\$2.32M
35	(\$2.38M)	\$0.74M	(\$1.63M)	(\$0.00M)	\$2.44M
36	(\$2.49M)	\$0.78M	(\$1.71M)	\$0.21M	\$2.56M
37	(\$2.62M)	\$0.82M	(\$1.80M)	\$0.45M	\$2.69M
38	(\$2.75M)	\$0.86M	(\$1.89M)	\$0.70M	\$2.82M
39	(\$2.89M)	\$0.90M	(\$1.98M)	\$0.99M	\$2.97M
40	(\$3.03M)	\$0.95M	(\$2.08M)	\$1.30M	\$3.11M
41	(\$3.18M)	\$1.00M	(\$2.19M)	\$1.63M	\$3.27M
42	(\$3.34M)	\$1.05M	(\$2.30M)	\$2.00M	\$3.43M
43	(\$3.51M)	\$1.10M	(\$2.41M)	\$2.40M	\$3.60M
44	(\$3.68M)	\$1.15M	(\$2.53M)	\$2.84M	\$3.79M
45	(\$3.87M)	\$1.21M	(\$2.66M)	\$3.31M	\$3.97M
46	(\$4.06M)	\$1.27M	(\$2.79M)	\$3.82M	\$4.17M
			Total	\$14.06M	\$54.61M