HELP NEWS

The Monthly Newsletter of Helping Employees Learn Prosperity (HELP)

August 2026

Welcome!

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Helping Employees Learn Prosperity (HELP) is an IRC 501 (c)(4) charitable non-profit, tax-exempt, non-partisan, independent employee affiliation.

HELP is a Registered Employee Organization with the County of Los Angeles and has a County assigned payroll deduction code.

HELP's status with the City of Los Angeles is a Qualified Employee Organization.

Medical Insurance Premiums are Increasing in 2027

Inflation has been rising, and medical plan premiums are set to increase again in 2027. Last month, CalPERS – one of the nation's largest medical insurance providers – approved rates for next year's plans. On average, premiums will increase by an average of 5%. These increases are lower than in recent years and are lower than healthcare inflation trends seen outside of CalPERS. For example, recent research from Price Waterhouse Coopers (PWC) indicates that premiums are expected to rise an average of 9% in 2027.

According to CalPERS CEO Marcie Frost, the increases for the 2027 premiums "reflect CalPERS' methodical approach to purchasing health coverage and holding plans accountable for cost and performance, rather than simply accepting the rates proposed by carriers." Frost said that CalPERS "pushed to get the most competitive premiums possible for members while advancing better care across the program."

This month, we will examine the CalPERS medical increases and the PWC study more closely to help members better understand the premium increases they are likely to see in this fall's open enrollment. If your agency is not part of the CalPERS medical plans, this information will help you assess any premium increases proposed by your agency's medical plan broker.

CalPERS Premium Increases:

CalPERS provides health insurance for more than 1.5 million people, including about 770,000 public employees and retirees and about 770,000 dependents. CalPERS offers both preferred provider organization (PPO) and health maintenance organization (HMO) plans. CalPERS members can change health plans later this fall during open enrollment (September 14 to October 9). The new premiums will take effect January 1, 2027. Rates vary based on region, plan, and level of coverage (e.g., employee only, employee + 1, and employee + Family). Detailed information on premiums for each region is available on the CalPERS website: CalPERS Premiums by Region

The 2027 CalPERS premiums reflect an average increase of 5% statewide but vary by plan. The monthly price for the most popular plan – an HMO plan administered by Kaiser Permanente – will rise 2.5%. That plan serves about 550,000 people. The two popular PPO plans – PERS Gold and PERS Platinum – are each increasing about 7.5%. The Anthem HMO Traditional plan will also rise about 7.5%. The Blue Shield Access+ HMO and EPO will each rise nearly 11%. These are average amounts statewide. Actual percentages vary based on region.

2027 health premiums increase 5%

CalPERS also added benefit changes and service area expansions for 2027. This includes a "family-building" benefit that includes coverage for in-vitro fertilization across all Basic HMO and PPO plans effective July 1, 2027. It also includes expansion of Kaiser Permanente's Basic and Medicare plans into six counties in northwestern Nevada, and the expansion of Blue Shield of California's EPO plan into eight counties.

CalPERS did not renew its Basic (non-Medicare) contract with UnitedHealthcare this year. CalPERS said this was due to UnitedHealthcare's high and unjustified 2027 rate increases. UnitedHealthcare's proposed rate increase for their Alliance network, which offers broader coverage to providers, was 23%. UnitedHealthcare's proposed rate increase for their Harmony network, which offers narrower coverage, was 21%. According to CalPERS, the Alliance rates were over three times CalPERS' projection, and CalPERS was projecting no increase for Harmony. If accepted, CalPERS said UnitedHealthcare's proposed rates would have added $167 million in additional premiums paid by members and employers. About 94,000 members are enrolled in one of the two basic HMO UnitedHealthcare plans. These plans are not available to retired members.

CalPERS added Sutter Health Plan as a new HMO Option in 2027. CalPERS said this integrated health plan offers members coordinated care across providers and hospitals and receives high ratings on quality and service through the National Committee for Quality Assurance. CalPERS chose Sutter Health Plan because it will minimize disruptions to members on the UnitedHealthcare plans and will allow most members to continue seeing their current providers, according to Rob Jarzombek, chief of CalPERS' Health Plan Research and Administration Division.

CalPERS negotiates aggressively with insurers. They understand that many members often must absorb cost increases out of their own pocket. While rates tend to reflect the current state of the health care market, CalPERS expects health insurance companies to take decisive action to keep costs down. CalPERS leverages its large pool of members to try and hold insurance companies accountable and keep costs transparent. Premium increases generally stem from the costs of medical care exceeding premium revenue, rather than from an overall increase in usage. Despite efforts to control costs, however, the cost trend is still affected by general inflation.

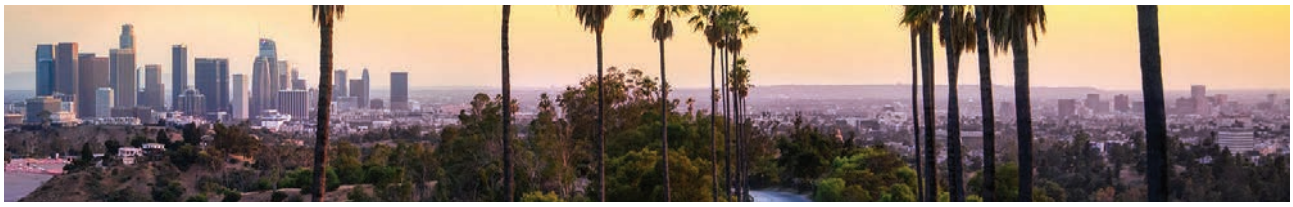
CalPERS also uses its purchasing power to help members get better care across its health program. Through its Quality Alignment Measure Set, CalPERS ties financial incentives to evidence-based medical interventions that prevent illness and save lives. Already, 91% of CalPERS members are enrolled in plans showing improving scores across quality measures. Dr. Julia Logan, Chief Medical Officer, said "our goal is to continuously improve the quality of care our members receive. By aligning financial incentives with better outcomes, we're encouraging health plans to focus on the care that makes the greatest

difference for members' health and well-being."
Chief Health Director, Don Moulds, said "our responsibility is to protect affordability and access for the people who depend on our health benefits. We are grateful to work with plans that prioritize affordability and help us deliver value for our members over the long term." Ramon Rubalcava, chair of the Pension and Health Benefits Committee, said "members are feeling the impact of rising healthcare costs, and the national outlook makes clear that pressure isn't going away. That's why CalPERS is focused on providing health benefits that offer affordable options and consistent value for our members in an unpredictable healthcare environment."
For public employees who do not participate in CalPERS medical, the CalPERS medical increases are a good barometer to compare the increases in your medical plan. It is always a good idea to review the plan and premium changes during open enrollment and select the plan that meets your needs at the best possible price. If you have questions about your medical plan increases, contact your Human Resources Department. Given the increasing rise in medical insurance premiums, your employee organization will continue to demand higher contributions from the employer when negotiating the MOU.

Family coverage could top $30,000

Price Waterhouse Cooper (PWC) Study:

The PWC study projects an average of 9% rise in costs in 2027, the highest in 17 years. According to an article published by the LA Times, the increase would push the average cost of family coverage in California to more than $30,000, roughly the price of a new compact car. Many employers require workers to pay part of that cost. The escalating costs on employers can also reduce workers' wages and take-home pay, while at the same time raising the prices of goods and services in California and across the country. A USC professor of healthcare finance was quoted in the LA Times article as warning that "it's going to erode the standard of living for lots of California families." Seventeen million Californians receive health benefits from an employer. Those premiums have been rising faster in California than the national average.



PWC reports that the increase is largely due to "AI-enabled revenue optimization tools," higher pharmacy spending (including GLP-1s), growing pressure to reimburse providers more, sustained growth in behavioral health utilization, and escalating out-of-network payment disputes under the No Surprises Act. The LA Times article identified prices charged by hospitals as a key driver of rising medical costs. The LA Times reported that, in recent years, some health systems, such as UCLA and Cedars-Sinai, have grown larger by buying nearby hospitals and clinics, becoming more dominant in the community and reducing competition. Another factor is the rising cost of prescription drugs. Spending on cancer drugs, the costliest category, reached $143 billion in 2025. Obesity drugs, including GLP-1 drugs such as Ozempic and Wegovy, soared by 81% last year. A 30-day supply of these drugs lists for more than $1,000. A Gallup poll recently found that 11% of U.S. adults are now taking the GLP-1 drugs for weight loss. The pharmaceutical industry says the medicines reduce expenses by preventing diabetes and heart disease, but the PWC data did not yet show such reductions.

PWC said the challenge now is not simply understanding what is driving healthcare costs, but whether health plans can use cost-of-care strategies quickly and effectively to slow the trajectory before affordability, coverage, and access come under greater strain across the healthcare system. PWC said that many of the forces driving the trend, including pharmaceutical innovation, expanded behavioral health access, and improved clinical documentation, can improve patient outcomes, but the challenge remains whether spending growth will be matched by measurable value and affordability. Historical cost-trend deflators – such as use of generic drugs and optimizing where care is provided (e.g., urgent care instead of hospital emergency rooms if appropriate), continue to play a role, but health plans are already incorporating those assumptions into their baseline costs and they are not enough to materially impact the rising cost trend.

The PWC study notes that a growing share of costs is shifting directly to consumers through higher deductibles and co-pays, increased premium cost-sharing, and more limited coverage choices. Left unchecked, healthcare spending will grow to $9 trillion annually by 2035. Researchers at the California Healthcare Foundation say a large part of the problem is that hospital operating costs, prescription drug prices, and doctor fees have been allowed to grow unchecked for decades. In a report last year, the foundation estimated that 25 cents of every dollar spent on healthcare in California – more than $73 billion each year – does nothing to help patients. Instead, it goes to excessive profits for providers, administrative red tape, and other waste.

To review the PWC study in-depth, visit: Price Waterhouse Cooper Study. The PWC study defines the medical cost trend as the projected percentage increase in the cost to treat patients from one year to the next, assuming benefits remain the same. The study estimates the projected increase in per capita costs of medical services and prescription medications that affect both group and individual health plans. Insurance companies use the projection to calculate health plan premiums for the coming year. The growth rate is influenced primarily by changes in the price of medical products and services and prescription medications (unit cost inflation) and changes in the volume of services used (the utilization rate). PWC health researchers surveyed and interviewed actuaries at 27 U.S. health plans to produce their estimate of medical cost trend for 2027. This covers more than 103 million employer-sponsored members and 8 million Affordable Care Act marketplace members. The report does not cover trends in Medicare and Medicaid.

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News Release - CPI Data

The U.S. Department of Labor, Bureau of Labor Statistics, publishes monthly consumer price index figures that look back over a rolling 12-month period to measure inflation.

3.5% - CPI for All Urban Consumers (CPI-U) Nationally (June)

3.2% - CPI-U for the West Region (from June)

3.3% - CPI-U for the Los Angeles Area (from June)

3.8% - CPI-U for San Francisco Bay Area (from June)

3.4% - CPI-U for the Riverside Area (from May)

3.8% - CPI-U for San Diego Area (from May)

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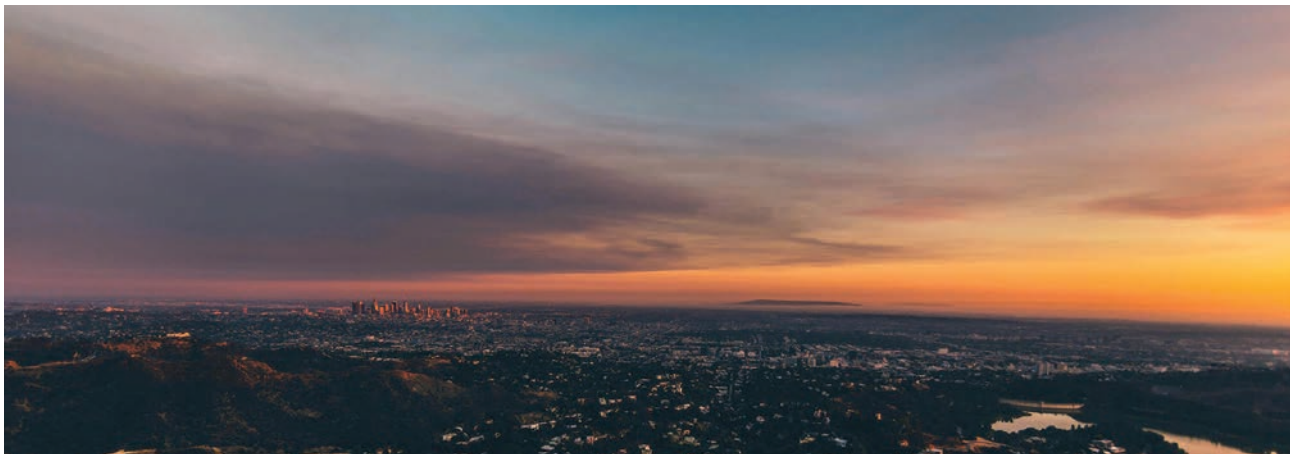
Questions & Answers about Your Job

Each month we receive dozens of questions about your rights on the job.
The following are some GENERAL answers.
If you have a specific problem, talk to your professional staff.

Question: My supervisor is the subject of an HR complaint that was filed by several of us in our workgroup. The employer has not put the supervisor on paid administrative leave but said they are launching an investigation. Does the employer have to place the supervisor on paid leave? We fear retaliation and the ability to speak candidly while the supervisor remains at the worksite. This is causing me distress, and I am wondering if I am eligible to take a medical leave of absence until this is resolved. Please advise.

Answer: The employer is not legally required to place an employee under investigation on administrative leave. In some situations, it may be best practice to do so, but it is not mandated. The employer has wide discretion in deciding who is placed on leave, when, and in what types of investigations. If the HR complaint alleges workplace violence, threats, theft, or sexual harassment, which, if corroborated, will likely lead to termination, the employer is more likely to exercise caution and place the employee on paid administrative leave pending the investigation. If the allegations will not likely result in termination, it is less likely the employer will remove the employee from the workplace



during the investigation.

Keep in mind the employer can place the subject of the investigation on paid administrative leave at any point during the investigation if, for example, the employer discovers information that the potential misconduct is more serious than initially reported or believed.

If there is any retaliation it should be reported to HR immediately. Retaliation is a separate charge and may cause the employer to reconsider keeping the supervisor in the workplace. Retaliation can take many forms and can be verbal or written. Some examples of retaliation may include a change in work assignment, work schedule, or work location. A bad performance review or the denial or cancelation of a leave request can also be retaliatory. If you experience retaliation, report it to HR and to higher level management. Document any incidents of retaliation in writing and keep a record of any communications you provide to HR or to management. You may also request to report to a different supervisor or be re-assigned to another work location.

If the conditions in your workplace cause you physical or emotional distress, you can request medical leave during the investigation. In some cases, removing yourself from a toxic work environment is necessary for your overall health. You may use protected sick leave (one-half of your annual sick leave accrual). However, if you are off work for several days, it is a good idea to get a doctor's note. If you need to be off work for a longer period for medical reasons, you can request medical leave under the Federal Family Medical Leave Act (FMLA) or California Family Rights Act (CFRA). Both laws provide up to 12 weeks of unpaid leave for a serious medical condition. Employees can be paid during this time by using their own accumulated leave. You will need to have your medical provider complete a certification form if you want to take job-protected medical leave under the FMLA or CFRA.

Question: Can I bring my pet to work?

Answer: The short answer is no. Unless there is a medical necessity or a workplace policy that allows for it.

While there is no legal right to have pets at work, some employer policies may allow it. However, it is often subject to limitations, such as safety and sanitary considerations of the workplace and your coworkers. Consult Human Resources about whether your employer has a policy, and if so, make a request and secure approval in accordance with the policy prior to bringing your pet to work. Please keep in mind that many people do not love your pet the way you do. Some people are allergic, while some are fearful. It may be best to leave the pet happy at home.

Pets should not be confused with service animals. A medically necessary service animal would trigger an interactive

process under the Federal Americans with Disability Act (ADA) and California Fair Employment and Housing Act (FEHA) to determine if allowing the animal in the workplace constitutes a reasonable accommodation.

Only dogs and miniature horses are recognized as service animals under the ADA. The service animal must be individually trained to do work or perform tasks for a person with a disability. This includes guiding people who are blind, alerting people who are deaf, pulling a wheelchair, alerting and protecting a person who is having a seizure, reminding a person with a mental illness to take prescribed medications, or calming a person with Post Traumatic Stress Disorder (PTSD) during an anxiety attack.

The work or task a dog has been trained to provide must be directly related to the person's disability. The dog must be housebroken and under the control of the handler. Dogs whose sole function is to provide comfort or emotional support do not qualify as service animals under the ADA.

This definition does not affect or limit the broader definition of "assistance animal" under the Fair Employment and Housing Act (FEHA). FEHA regulations define assistance animals as either service animals (like the ADA) or support animals. Support animals are not limited to dogs and do not require specialized task training. Support animals may provide emotional, cognitive, or therapeutic comfort that alleviates one or more symptoms of a psychological disability. Support animals may constitute a reasonable accommodation under FEHA, but you would need to request a medical accommodation, and the employer will hold an interactive process to identify the reasonable accommodations that it can provide.

Keep in mind that an employer does not have to provide the specific accommodation requested by the employee, but it must reasonably accommodate an employee's disability when required. An employer may provide some other accommodation – e.g., remote work – if that accommodation is reasonable after going through the interactive process. Whether an accommodation is "reasonable" depends on the specific circumstances. An accommodation may be deemed unreasonable if it places an "undue hardship" on the employer.

Question: **A few coworkers are asking about the Department's new policy on Lactation Breaks. One concern is "lactation breaks, if feasible, should be taken at the same time as the member's regularly scheduled rest or meal periods." Some of us interpret that to mean that lactation breaks should be taken in lieu of/ during their lunch break, therefore, not getting an hour-long lunch break. Instead, using the 60-minute lunch break to have lunch as well as to express milk. Another concern is the location; some of the rooms that have been mentioned do not have actual locks, just signage "do not disturb" or something similar. So, the potential for someone walking in is present. How should we handle this?**

Answer: The employer can require that the time to express milk run concurrently with the employee's meal or break time. Under Labor Code §1030, every employer – including public agencies – shall provide a reasonable amount of break time to accommodate an employee needing to express breast milk. The break time shall, if possible, run concurrently with any break time already provided to the employee. Break time for an employee that does not run concurrently with the rest time may be unpaid.

This is the legal minimum. The employee may request to use paid leave for any time beyond the normal breaks and meal period. The employee should work with the supervisor to arrange a time in advance, when possible, to express milk. Under Labor Code §1032, an employer is not required to provide break time if it would seriously disrupt the operations of the employer.

The employer is required to provide a secure location to express milk. Under Labor Code §1031, the employer shall provide an employee with the use of a room or other location for the employee to express milk in private. The room or location may include the place where the employee nor-

mally works if it otherwise meets the requirements of this section. A lactation room or location shall not be a bathroom and shall be in close proximity to the employee's work area, shielded from view, and free from intrusion while the employee is expressing milk.

A lactation room or location shall also be: (1) safe, clean, and free of hazardous materials; (2) contain a surface to place a breast pump and personal items; (3) contain a place to sit; and (4) have access to electricity or alternative devices, including, but not limited to, extension cords or charging stations, needed to operate an electric or battery-powered breast pump.

The employer must provide access to a sink with running water and a refrigerator suitable for storing milk in close proximity to the employee's workspace. If a refrigerator cannot be provided, an employer may provide another cooling device suitable for storing milk, such as an employer-provided cooler.

Where a multipurpose room is used for lactation, the use of the room for lactation shall take precedence over the other uses, but only for the time it is in use for lactation purposes.

Under Labor Code §1034, an employer shall develop and implement a lactation accommodation policy that includes specific information. An employer shall include the policy in a handbook or set of policies that the employer makes available to employees. An employer shall distribute the policy to new employees upon hiring and when an employee makes an inquiry about or requests parental leave. If an employer cannot provide break time or a location that complies with the policy, the employer shall provide a written response to the employee.

You indicated that this is a "new" policy. Keep in mind that the employer must provide notice and an opportunity to meet and confer to all affected employee organizations prior to implementing the policy. Contact your employee organization leaders to see if they have been provided notice and the opportunity to negotiate over the policy.

If they have not yet negotiated the policy, let your employee organization leaders know about any desired changes to the policy. This can include using your leave time for any time outside your regular meal and rest breaks, as well as the placement of secure and functioning locks on the lactation room doors to prevent intrusion while someone is expressing milk.

If the policy already has been negotiated, and it does not conform to the minimum requirements set forth in the Labor Code, let your Human Resources Department know. They can revise the policy to comply with the law.

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