

LACERS

**LA CITY EMPLOYEES'
RETIREMENT SYSTEM**

Benefits Administration Committee Agenda

REGULAR MEETING

TUESDAY, MAY 26, 2026

9:30 A.M.

LACERS BOARDROOM

977 N. Broadway

Los Angeles, CA 90012

Chair:

Thomas Moutes

Committee Members:

Janna Sidley

Sung Won Sohn

Manager-Secretary:

Todd Bouey

Executive Assistant:

Ani Ghoukassian

Legal Counsel:

City Attorney's Office Public Pensions General Counsel Division

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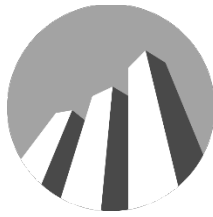
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- I. PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE COMMITTEE'S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE AGENDA
- II. APPROVAL OF MINUTES FOR THE MEETING OF MARCH 10, 2026 AND POSSIBLE COMMITTEE ACTION
- III. HEALTHCARE TRENDS
- IV. VERBAL UPDATE ON 2027 HEALTH PLAN CONTRACT RENEWALS
- V. OTHER BUSINESS
- VI. NEXT MEETING: The next Benefits Administration Committee meeting is not scheduled at this time and will be announced upon scheduling. Please continue to view the LACERS website for updated information on public access to Board/Committee meetings.
- VII. ADJOURNMENT



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM

**Board of Administration Agenda
SPECIAL MEETING
TUESDAY, MAY 26, 2026
9:30 A.M.
LACERS BOARDROOM
977 N. Broadway
Los Angeles, CA 90012**

President:

Annie Chao

Vice President:

Janna Sidley

Commissioners:

Thuy Huynh

Susan Liem

Thomas Moutes

Gaylord "Rusty" Roten

Sung Won Sohn

Manager-Secretary:

Todd Bouey

Executive Assistant:

Ani Ghoukassian

Legal Counsel:

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- VII. ADJOURNMENT

Agenda of: May 26, 2026
Item No.: II
MINUTES OF THE REGULAR MEETING
BENEFITS ADMINISTRATION COMMITTEE
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
March 10, 2026
9:01 A.M.

Present:

Thomas Moutes, Chair

Janna Sidley, Committee Member

Sung Won Sohn, Committee Member

Legal Counselor:

Miguel Bahamon

Manager-Secretary:

Todd Bouey

Executive Assistant:

Ani Ghoukassian

The Items in the Minutes are numbered to correspond with the Agenda.

I

PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE COMMITTEE'S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE AGENDA – Chair Moutes asked if any persons wished to speak on matters within the Committee's jurisdiction, and there were no public comment cards submitted.

II

APPROVAL OF MINUTES FOR THE MEETING OF FEBRUARY 10, 2025, AND POSSIBLE COMMITTEE ACTION – Committee Member Sidley moved approval, and adopted by the following vote: Ayes, Committee Members Sidley, Sohn, and Chair Moutes -3; Nays, None.

III

INCOME-RELATED MONTHLY ADJUSTMENT AMOUNT (IRMAA) – ADDITIONAL INFORMATION – Karen Freire, Chief Benefits Analyst, James Kawashima, Senior

Benefits Analyst II, and Bordan Darm, Lead Consultant, with Keenan Associates, presented and discussed this item with the Committee for 51 minutes. The Committee provided comments to staff and requested that this item be brought to the Board for further discussion.

IV

HEALTHCARE TRENDS – This item was deferred to a future Committee meeting.

V

DISCUSSION OF MEMBERS' EXPERIENCE RELATED TO ANTHEM'S PHARMACY SERVICES AND POSSIBLE COMMITTEE ACTION – Karen Freire, Chief Benefits Analyst, Jennifer Chien, Senior Vice President, and Bordan Darm, Lead Consultant, with Keenan Associates, presented and discussed this item with the Committee for 11 minutes. Chair Moutes reported receiving member concerns regarding Anthem's pharmacy services. He directed LACERS and Keenan to conduct a formal assessment via a survey of Carelon, Anthem's Pharmacy Benefit Manager, to evaluate service performance and member experience. In addition, Chair Moutes requested a review of the Performance Guarantee provisions for consideration in the future RFP process. Chair Moutes moved approval, and adopted by the following vote: Ayes, Committee Members Sidley, Sohn, and Chair Moutes -3; Nays, None.

VI

OTHER BUSINESS – There was no other business.

VII

NEXT MEETING: The next Benefits Administration Committee meeting is not scheduled at this time and will be announced upon scheduling. Please continue to view the LACERS website for updated information on public access to Board/Committee meetings.

VIII

ADJOURNMENT – There being no further business before the Committee, Chair Moutes adjourned the meeting at 10:04 A.M.

Thomas Moutes, Chair
Todd Bouey, Manager-Secretary



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM

LACERS Benefits Administration Committee

2026 Healthcare Trends

May 26, 2026

Presented by: Bordan Darm, Vice President

BAC Meeting: 05/26/2026

Item: III



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Executive Summary

2025: A Transformational Policy and Market Reset

2025 marked a fundamental shift in U.S. health care policy—from decades of coverage expansion toward aggressive cost containment

- Policymakers leaned heavily on operational levers to slow healthcare spending, accelerating adoption of AI, digital health, automation, and prevention-focused care models.
- Payers, providers, and states faced tightening margins driven by persistent high utilization, rising medical costs, and growing pharmacy system strain.

Key Forces

- **HR1 & OBBBA (One Big Beautiful Bill Act) dominated state agendas**, compressing policy calendars and shifting states from innovation to execution
- **Fiscal constraints shaped state decisions**, forcing tradeoffs in rate setting, LTSS (Long-Term Services and Supports) strategy, and value-based care ambitions
- **Medicaid Managed Care deprioritized innovation**, focusing instead on eligibility operations, compliance, and complex care management
- **Medicare Advantage experienced significant margin pressure**, prompting benefit tightening, geographic retrenchment, and growth in D (Dual) and C (Chronic) -SNPs (Special Needs Plans)

2025: A Transformational Policy and Market Reset

Key Forces (continued)

- **CMS Innovation Center accelerated long-horizon reform**, including ACCESS and TEMPO—reshaping future commercialization paths for virtual care and digital therapeutics.
- **ACO programs continued their evolution** (MSSP → REACH → LEAD), with growing emphasis on long-term care integration and specialty-care models.
- **Drug pricing, PBM, and pharmacy economics destabilized**, with Part D exits and reimbursement strain signaling deeper structural reform ahead.
- **Private capital became cautious**, then re-energized late-year by new Innovation Center models and state procurements.
- **AI became a competitive necessity**, shifting from experimentation to deployment across administrative and clinical workflows.
- **Hospitals and home-based/post-acute providers faced sustained financial pressure**, with SNFs receiving relative regulatory relief but Home Health absorbing new rate cuts.

2026: Commercial Medical & Prescription Drug Coverage

Pre-65 Healthcare Coverage Trends

- **2026 Trends – Commercial Medical/Drug Coverage**
 - Significant cost inflation above CPI and COLA
 - Rapid growth in high-cost therapies
 - Major regulatory shifts and tariffs
 - Continued consolidation of health care providers and insurers
 - Hospital Closures and Consolidations: Many are unable to remain profitable since COVID
- **Employers and Plan Sponsors Strategy**
 - Aggressive cost containment management
 - Selective benefit designs and wellbeing initiatives
 - Clinical and condition target programs
 - Expanded use of technology
- **Pharmacy**
 - Cost continues to outpace medical trend (particularly GLP-1 and specialty therapies)
 - Significant impact on premiums and employer budgets
 - Regulatory changes for more pricing transparency for PBMs (Pharmacy Benefit Manager)
 - New players coming to the market – Mark Cuban, Amazon RxPass/Pillpack, Trump Rx

2026: Medicare Medical & Prescription Drug Coverage

Medicare Healthcare Coverage Trends

- **Market:** Insurers continue to be limited in this market segment, particularly in certain states
- **Part A (Hospital Insurance) Changes**
 - Deductibles and coinsurance rise across the board (hospital, SNF, lifetime reserve days)
 - Premiums increase for those without sufficient work credits
- **Part B (Medical Insurance) Changes**
 - Notable increases in both the monthly premium and annual deductible
 - High-income enrollees face sharply higher IRMAA surcharges
 - Coverage itself remains unchanged—costs are the primary area of adjustment
- **Part C (Medicare Advantage) Changes**
 - Premiums minor decrease, but out-of-pocket maximums increase, and plan choices reduced
 - Benefits remain stable, though supplemental offerings tighten
- **Part D (Prescription Drugs) Changes**
 - Historic drug price negotiations dramatically reduce costs for 10 major medications
 - Out-of-pocket cap increases modestly; premiums fluctuate; plan options contract sharply

Outlook: What Will Shape the Market

Defined by operational intensity, regulatory follow-through, and strategic repositioning across payers, providers, and states. Next year favors organizations with strong compliance infrastructure, high-fidelity data capabilities, and readiness for accelerated AI-enabled transformation.

Top Trends to Watch in 2026

- **Rural Health Transformation Program (RHTP) awards become the clearest early indicator** of state priorities, vendor archetypes, and care-delivery models likely to scale
- **State Medicaid** programs continue navigating major eligibility, administrative, and systems changes, constraining capacity for innovation
- **Medicaid Managed Care strategies consolidate around cost avoidance**, LTSS carve-in considerations, PBM restructuring, and procurement readiness
- **Medicare Advantage remains under pressure**, with stabilization depending on the 2027 rate notice, risk-mix dynamics, and carrier retrenchment effects
- **Value-based care is primed for a “thaw,”** driven by ACCESS and advanced ACO models; providers preparing now will capture disproportionate advantage
- **ACCESS becomes a defining differentiator**, especially for virtual care and digital therapeutics—rewarding organizations with strong Part B operational, RCM, audit, and evidence capabilities
- **Dementia, caregiver support, and LTSS financing gain traction**, surfacing new opportunities for vendors delivering sustainable, pre-Medicaid solutions

Outlook: What Will Shape the Market

Top Trends to Watch in 2026 (continued)

- **Program of All-Inclusive Care for the Elderly (PACE) expansion intensifies** across competitive states outside California
- **Drug-pricing pilots:**
 1. **Guarding U.S. Medicare Against Rising Drug Costs (GUARD),**
 2. **Global Benchmark for Efficient Drug Pricing (GLOBE),**
 3. **Better Approaches to Lifestyle and Nutrition for Comprehensive Health (BALANCE), and**
 4. **Generating cost Reductions for U.S. Medicaid (GENEROUS) reshape pharmacy economics,** with winners defined by contracting agility and policy responsiveness
- **AI deployment enters a disciplined phase,** rewarding organizations that select auditable, high-ROI use cases (prior authorization, risk adjustment, reporting automation)
- **Capital becomes a strategic enabler,** driving scale in home-based care, LTSS, facility conversions, and tech platforms



2026 Healthcare Trends on Commercial (Pre-65) Medical and Prescription Drug Coverage

Commercial Medical & Prescription Drug Coverage

1. Medical Cost Trend: High and Persistent Inflation

Commercial medical plans will continue to experience significant cost escalation in 2026:

- Medical cost trend projected at 8.5% for group plans matching 2025 and remaining at a 15-year high.
- Group-sponsored insurance costs also expected to rise by 8.5%, driven by hospital operating expenses, behavioral health utilization, and new high-cost drugs.
- Median medical trend of ~9%, marking the highest annual projection in over a decade; trends similar across PPO/POS, HDHP, and HMO/EPO.

Drivers:

- Rising hospital labor and supply costs.
- Increased behavioral health utilization: 45% surge in claims (2023–24) and expected 10–20% trend in 2026.
- Growing use of advanced therapeutics, including GLP-1s and other specialty drugs.

Commercial Medical & Prescription Drug Coverage

2. Employer Strategy Shifts for 2026

Employers face steep cost growth and are adjusting benefits accordingly:

- 51% of large employers plan to increase deductibles, copays, or shift costs to employees in 2026, up from 45% in 2025.
- 35% of large employers will offer non-traditional medical plan options (e.g., narrow networks, variable copay plans) to promote high-value care.
- Small group ACA plans show a median proposed premium increase of ~11% for 2026.

Key themes for employers:

- More aggressive cost containment and plan design disruption.
- Heightened focus on quality, navigation, and advocacy services for complex chronic conditions.

Commercial Medical & Prescription Drug Coverage

3. Specialty & Prescription Drug Trends: Double-Digit Growth

Pharmacy spend remains the largest and fastest-growing component of health plan costs in 2026

Specialty Drugs Dominate

- Specialty drug trend to be 1% point higher than overall outpatient drug trend
- Specialty medications is over half of total pharmacy spend, utilization continues to rise

GLP-1 Medications Exhibit “Spend Tsunami”

- GLP-1 drugs (Ozempic, Wegovy, Mounjaro, Zepbound) doubled pharmacy spending from 9% to 17% in two years
- Expected to be the top pharmacy spend category, driving affordability concerns

Gene & Cell Therapies

- U.S. annual spending on gene/cell therapies expected to reach \$25.3B in 2026, with per-treatment costs up to \$4.25M
- 73% of plans expect moderate-to-major budget impact

Biosimilar Expansion

- Biosimilars are the top cost drug cost deflator, with adoption increasing since 2024
- Expected to contribute meaningful price competition but adoption remains inconsistent



Commercial Medical & Prescription Drug Coverage

4. Regulatory & Policy Shifts with Big 2026 Implications

Medicare Drug Price Negotiation (IRA)

- Maximum Fair Price (MFP) begins Jan 2026 for 10 high-spend Part D drugs (e.g., Eliquis, Xarelto, Entresto, Enbrel, Stelara).
- Negotiated prices expected to reduce out-of-pocket costs by \$1.5B annually in 2026.
- Commercial plans may adjust formularies in response to manufacturer pricing shifts.

PBM Reform Accelerates

- The Consolidated Appropriations Act of 2026 includes major PBM transparency reforms:
- Semiannual reporting of rebates, spread pricing, and steering behaviors
- Expanded audit rights
- Any-willing-pharmacy network requirements starting 2029
- Employers increasingly pursue transparent/unbundled PBM models; (~10% currently).

Tariffs & Global Pricing Rules

- A 100% tariff on branded/pharmaceutical imports (effective Oct 2025) impacts pricing.
- “Most-Favored Nation” pricing rules affects Medicaid may influence commercial market.

Commercial Medical & Prescription Drug Coverage

5. Benefit Design & Technology Trends in 2026

Employers increasingly adopt narrow networks, value-based formularies, increased copays, and cost-sharing reforms.

AI plays a growing role in:

- Formulary optimization
- Fraud, waste, and abuse detection
- Predictive analytics for high-cost claimants

Rising use of digital therapeutics, remote monitoring, and genomic-informed prescribing.



2026 Healthcare Trends in Medicare Medical and Prescription Drug Coverage

Medicare Part A (Hospital Insurance) Coverage

2026 Part A: Key Trends

1. Higher Inpatient Hospital Deductible
 - The Part A inpatient hospital deductible increases to \$1,736 in 2026 (up from \$1,676 in 2025).
2. Increased Daily Coinsurance Amounts
 - Hospital days 61–90: \$434/day (up from \$419/day).
 - Lifetime reserve days: \$868/day (up from \$838/day).
 - Skilled Nursing Facility (SNF) days 21–100: \$217/day (up from \$209.50)
3. Premium Changes for Those Without Full Work Credits
 - Most beneficiaries still pay \$0 premium because they have 40+ quarters of Medicare-covered employment. For those who must pay:
 - Reduced premium (30–39 quarters): \$311/month (up \$26 from 2025).
 - Full premium (<30 quarters): \$565/month (up \$47 from 2025).
4. Coverage Structure Remains Stable
 - No major coverage changes for inpatient hospital, SNF, hospice, or home health—2026 shifts are primarily cost-driven adjustments.

Medicare Part B (Medical Insurance) Coverage

2026 Part B: Key Trends

1. Standard Premium Increases Significantly
 - 2026 standard premium: \$202.90/month, up from \$185.00 in 2025 (+\$17.90)
2. Higher Annual Deductible
 - 2026 Part B deductible: \$283, up from \$257 in 2025.
3. Drivers of Cost Increases
 - CMS attributes Part B increases to:
 - Higher projected service utilization
 - Price inflation for outpatient services
 - Savings from reduced cost on “skin substitutes” (biosynthetic materials)
4. IRMAA (Income-Related Premium Surcharges) Rising for High Earners
 - Part B premium surcharges apply to ~8% of beneficiaries (i.e. individuals with MAGI \$109,001–\$137,000 will pay a total monthly Part B premium of \$284.10).
5. Coverage Structure Unchanged
 - Coverage for physician services, outpatient care, durable medical equipment, and preventive services remains stable; changes apply only to cost-sharing.

Medicare Advantage (Part C) Medical Coverage: 2026 Trends

1

Premiums & Benefits Generally Stable

CMS projects average Medicare Advantage (MA) premiums to decline from \$16.40 in 2025 to \$14.00 in 2026, with benefits such as dental, vision, and hearing remaining stable.

2

Slight Decline in Plan Availability

Available MA plans will decrease modestly from 5,633 in 2025 to approximately 5,600 in 2026. 99% of beneficiaries will still have access to MA options and 97% will have 10+ plan choices.

3

Out-of-Pocket Costs Rising

Median maximum out-of-pocket (MOOP) is increasing from \$5,400 in 2025 to \$5,900 in 2026, a rise of 9.3% and nearly \$900 over two years.

4

Fewer Low-MOOP & Total Choices

Fewer MA plans will offer MOOPs below CMS limits, and there will be 335 fewer non-special needs plans available.

5

Supplemental Benefits Shifting

While core supplemental benefits stay common, fewer MA plans offer:

- Over-the-counter allowances (66% in 2026 vs. 73% in 2025)
- Meal benefits (57% vs. 65%)
- Remote access technologies (48% vs. 53%)
- Transportation (24% vs. 30%)

Medicare Advantage (Part C) Medical Coverage: 2026 Trends

1

Major Price Reductions on 10 High-Cost Drugs

Beginning January 1, 2026, Medicare implements drug price negotiations (IRA):

Lower negotiated prices apply to 10 high-cost Part D drugs, including Eliquis, Jardiance, Januvia, Xarelto, Enbrel, Entresto, Imbruvica, Farxiga, Stelara, and NovoLog/Fiasp.

These lower prices are estimated to save beneficiaries \$1.5 billion in 2026.

2

Significant Reduction in Out-of-Pocket Costs for Negotiated Drugs

Average out-of-pocket spending for these 10 drugs will drop about 50% for many enrollees.

3

Out-of-Pocket Maximum Cap Increases Slightly

The Part D annual out-of-pocket cap rises from \$2,000 in 2025 to \$2,100 in 2026.

4

Stand-Alone Part D Plan Availability Shrinks

31% fewer stand-alone Part D plans (PDPs) in 2026 compared to 2025, with average PDP choices dropping by 38% per region.

5

Premium Shifts

Stand-alone Part D premiums expected to decline modestly from \$38 in 2025 to \$34 in 2026. 47% of PDP members may see higher cost based on plan-level.

6

Deductible Increases

Standard Part D deductible increases to \$615 (from \$590 2025).

7

Insulin & Vaccines Remain Affordable

Insulin continues to be capped at \$35/month, and most vaccines remain \$0 copay.

Medicare Advantage (Part C) Medical Coverage: 2026 Trends

1

Inflation Reduction Act (IRA) Driving Transformative Reform

2026 marks the first year Medicare directly negotiates drug prices, with discounts of 38%–79% off 2023 list prices.

Additional sets of negotiated drugs will be added annually (15 more in 2027, 20 in 2029, etc.).

2

Part D Market Compression

Fewer Enhanced Alternative Plans and overall contraction in the PDP market.

3

Financial Model Adjustments

Federal program changes (like rollback of the Premium Stabilization Demonstration) and inflation forces contribute to some premium increases and plan design shifts.



2025 Healthcare Initiatives and Recap

Shift in U.S. Health Policy Priorities

Policy Shift to Cost Containment

- In 2025, US health policy shifted focus from coverage expansion to cost containment and operational reforms

Adoption of AI and Digital Health

- Policymakers promoted AI and digital health innovations to improve operational effectiveness and reduce costs

Challenges in Pharmacy Sector

- Pharmacy faced pricing transparency, distribution bottlenecks, and access disparities prompting regulatory actions

Financial Strain on Providers and Payers

- Providers and payers experienced financial pressures due to high utilization and strained care delivery models



State-Level Impacts of HR1 and “One Big Beautiful Bill Act” OBBBA

Policy and Operational Shift

- States had to realign policies and operations due to HR1 and OBBBA mandates, focusing heavily on compliance and system updates

Financial and Budget Constraints

- Mandates increased budget forecasting demands, tightening fiscal resources and influencing Medicaid rate setting and funding allocations

Impact on Medicaid Innovation

- Due to workload and fiscal pressures, Medicaid innovation slowed as agencies prioritized compliance, care management, and program integrity



Evolution in Medicare Advantage Market Dynamics



Market Margin Compression

Sustained margin compression in 2025 influenced plan behaviors and capital deployment decisions significantly.

Strategic Plan Adjustments

Health plans streamlined benefits and tightened administration to focus on profitable geographic and product areas.

Growth in Special Needs Plans

Dual Eligible and Chronic Condition SNPs grew by targeting high-need beneficiaries to improve health outcomes.

Regulatory and Partnership Dynamics

Expanded provider-plan partnerships and CMS regulatory signals emphasize risk mitigation and quality improvements.

Innovation Center Acceleration and Care Model Transformation



Technology-Integrated Care Models

- CMS introduced multi-year payment and care models integrating advanced technology to enhance accountability and care outcomes

Extended Demonstration Timelines

- Longer demonstration periods gave stakeholders insight into future payment systems and CMS's commitment to modernization

ACO Evolution and Integration

- Accountable Care Organizations advanced toward integrating long-term care, community partnerships, and advanced analytics

Specialty Care Model Focus

- Specialty models like TEAM and nested bundles emphasized aligning performance measures with complex patient needs

Drug Pricing, Pharmacy Economics, and Emerging Systemic Pressures

Federal Drug Pricing Reforms

- New federal reforms introduced in 2025 increased scrutiny on drug pricing, affecting PBMs and reimbursement models

Medicare Part D Market Volatility

- Medicare Part D experienced significant plan withdrawals and terminations, highlighting consolidation pressure

Emerging Consumer Access Models

- Direct-to-consumer drug access models grew as patients sought alternatives amid cost fluctuations and formulary changes

Need for Operational Modernization

- Pharmacy sector requires adaptive contracting, transparency, and modernization to manage systemic pressures effectively





2026 Healthcare Expectations

State Medicaid Strategies and RHTP Signals

Operational Challenges in Medicaid

- State Medicaid agencies face complex HR1 compliance, eligibility redetermination, and modernization with limited resources in 2026

Rural Health Transformation Program

- RHTP reveals state priorities for care models, regional focus, and vendor partnerships influencing rural healthcare delivery

Vendor and Payer Alignment

- Vendors and payers must align with states to enhance compliance, reporting, and LTSS carve-in decisions effectively



Medicare Advantage and Value-Based Care

Regulatory Influence on Medicare Advantage

- CMS rules and Innovation Center models will impact coding, authorization, and value-based contracting strategies in 2026

Plan Exit and Network Capacity

- National carriers exiting markets raises challenges for remaining plans to absorb members and sustain networks

Margin Stabilization Factors

- Financial margins will rely on advance rate notices, case-mix changes, and readiness for new payment models

Growth in Value-Based Care

- Expanded ACOs, ACCESS programs, and specialty payment models will drive growth in accountable care strategies



Virtual Care, ACCESS Adoption, and Technology Integration

ACCESS and Virtual Care Growth

- ACCESS enables Medicare Fee-for-Service pathways, driving virtual care adoption and remote digital health models by 2026

Clinical Evidence and Revenue Integration

- Successful ACCESS adoption requires robust clinical evidence and seamless integration with Part B billing and revenue cycle processes

AI-Driven Automation in Workflows

- AI automation scales in prior authorization, risk adjustment, denials management, and state reporting workflows to optimize compliance and finances

Emerging Digital Therapeutics

- Digital therapeutics, remote monitoring, and tech-enabled care coordination expand their role within federal healthcare innovation frameworks



Drug Pricing Reform, PBM Restructuring, and Financial Enablers



Transformational Drug Pricing Models

- Federal demonstration models test new approaches to drug affordability, transparency, and reimbursement realignment

PBM and Pharmacy Network Changes

- Shifts in formulary strategy, utilization management, and pharmacy networks reshape long-term care and specialty markets

Finance as Innovation Enabler

- Finance supports home care scaling, LTSS models, facility conversions, and capital-intensive healthcare technologies

Integration of Policy and Delivery

- Financing, policy, and delivery modernization define adoption and evolution of healthcare innovation models

Long-Term Care, Dementia Services, and Caregiver Support

Policy Focus on LTC and Dementia

- In 2026, LTC and dementia services will receive increased policy and procurement attention due to demographic changes

Caregiver Support Infrastructure

- Strengthening caregiver infrastructure and expanding access to dementia-specific interventions are key priorities

Integrated Care Models

- Scalable models integrating LTC, social supports, and community services will align with federal and state goals

PACE Program Growth

- PACE program expansion continues in multiple states, fueled by competitive requests for proposals and shifting investments





Looking Forward

Summary

Organizations that win in 2026 will share three characteristics:

- **Operational excellence** across compliance, eligibility, reporting, and administrative readiness
- **Strategic technology adoption**, especially AI and evidence-aligned digital health models
- **Financial and contractual agility** to adapt to evolving pharmacy, MA, and Medicaid economics
- 2026 is not simply another year of transition—it is a market reset that rewards disciplined execution, data-driven strategy, and the ability to operationalize reform

Next Step for LACERS:

- Recognize the trends impacting LACERS and be prepared to apply and respond to changes
- Review with LACERS' carrier partners to learn and understand their adaption of 2026 trends
- Continue to monitor trends



Questions