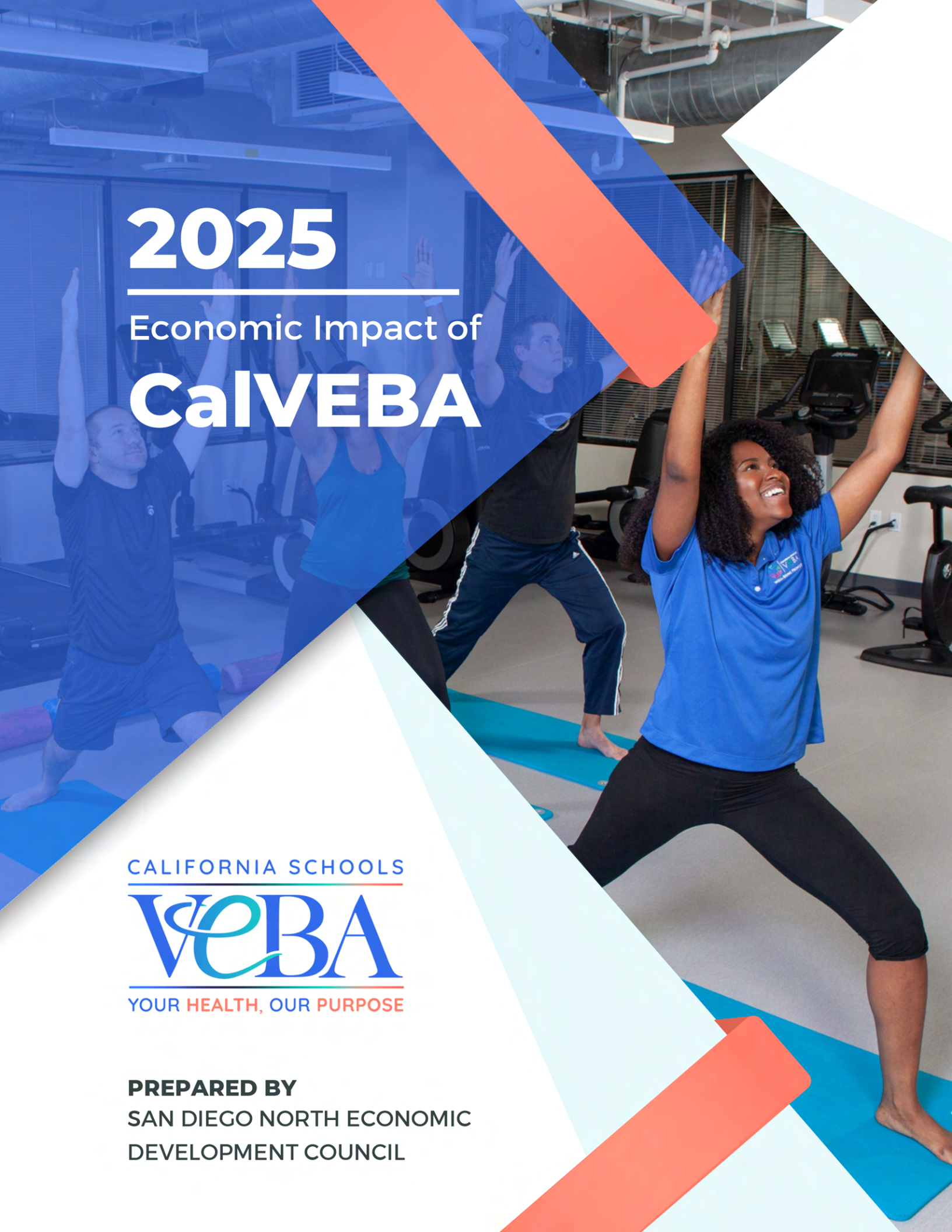




2025

Economic Impact of CaIVEBA

CALIFORNIA SCHOOLS
VEBA
YOUR HEALTH, OUR PURPOSE

PREPARED BY
SAN DIEGO NORTH ECONOMIC
DEVELOPMENT COUNCIL

Executive Summary



California Schools VEBA is more than a healthcare provider—it is a powerful economic contributor in San Diego County. In 2023 alone, CalVEBA’s operations generated over \$1.1 billion in regional economic activity and supported thousands of local jobs. As a nonprofit, CalVEBA delivers cost-effective, high-quality benefits to public sector employees while reinvesting in member wellness and employer savings that help sustain essential services across the region.

Key Findings

- In 2023, CalVEBA’s expenditures of over **\$660 million** directly and indirectly supported more than **6,800 jobs** throughout San Diego County.
- This has generated a total economic impact of **\$1.148 billion** in current dollars.
- To put that into perspective, CalVEBA’s contribution to the regional economy is nearly **10 times the size of Comic-Con’s**.
- As a nonprofit Voluntary Employee Benefit Association, CalVEBA saves employers money—funds that, when reinvested in core services, help support between **230 and 774 public sector jobs**.
- Since 1993, CalVEBA’s structure has saved participating members throughout San Diego County an estimated **\$448 million to \$1.496 billion**.

About CalVEBA



California Schools VEBA (CalVEBA) — or California Schools Voluntary Employees Benefits Association — is a 501(c)(9) tax-exempt trust providing high-quality, affordable, and accessible healthcare benefits for education, municipal, and public sector employees.

Formed in 1993 — through the combined efforts of school superintendents and representatives of both the California Teachers Association (CTA) and the California School Employees Association (CSEA) — CalVEBA currently serves more than 70 employers covering over 150,000 members throughout California. CalVEBA has a large presence in San Diego County, providing services to public sector employees throughout the county, including educators and school staff at several of North County's largest school districts—such as Oceanside, San Marcos Unified, Escondido Union High School District, and others.

CalVEBA currently offers 35 different HMO and 9 PPO plans including UnitedHealthcare, Cigna, SIMNSA, and Kaiser Permanente as well as the new VEBA Direct where CalVEBA has partnered with some of the region's top-tier providers in the Western United States, including Sharp Healthcare, Rady Children's Hospital, and the U.C. San Diego Medical Group and Hospitals. In comparison, CalVEBA offers far more options than large employers and CalPERS which is currently offering only 5 basic PPO plans and 11 basic HMO plans for active members. Members can also access several other primary and specialty care providers.

In addition, as a 501(c)(9) nonprofit healthcare trust, reinvesting into programming and resources that support the health and wellbeing of their members is a strategic cornerstone that informs the CalVEBA budget and financial health. In fact, each year the CalVEBA trust budget intentionally directs and reinvests millions of dollars into resources and program development that encourages members to live healthier lives. This includes:

- Virtual, on demand wellness services
- In-person support across three regional wellness hubs
- Whole health coaching
- Group and individual counseling
- Cooking demos, group fitness, and meditation
- Fertility support services
- Three in-person operations that are accessible to member employees

In addition to keeping members healthier, such preventative care can reduce overall healthcare expenditures, providing benefits to sponsoring employers. These services are not offered by CalPERS, most large employers, or for-profit alternatives to CalVEBA.

Analysis I

Direct Economic Contribution of Healthcare Spending



The San Diego North Economic Development Council (SDNEDC) was asked by CalVEBA to calculate two kinds of economic contributions:

We were asked to estimate the number of direct and indirect jobs supported by CalVEBA expenditures on healthcare in San Diego County. This provides a better estimate of how these expenditures support economic activity in our region and how those expenditures, in turn, recirculate to create secondary and ancillary impacts.

The starting point was understanding from CalVEBA’s tax filings how much is expended on healthcare spending and the percentage that CalVEBA estimates is spent in San Diego County in calendar year 2023.

$\$962.9 \text{ million} \times 70\%$
(estimated percentage
spent in San Diego
County in 2023) =

**\$674.1
million**

An assumption was made that this spending followed the same pattern as overall healthcare expenditures in the region. For example, 30% of healthcare spending in San Diego County goes to the offices of physicians, 37% on hospitals, 14% on outpatient services, etc.

These impacts vary depending on the composition of a region’s economy and the spending pattern of the initial industry(ies). A number of tools have been developed to track these impacts. SDNEDC uses IMPAN, the leading model used in thousands of economic impact studies. All results are for San Diego County as a whole, as counties are the smallest unit of analysis that IMPLAN accommodates.

SDNEDC analyzed this spending as an economic contribution to avoid any issues with double counting certain impacts. As such, these findings should be viewed as a conservative estimate of the jobs supported by CalVEBA’s spending. We adjusted the figures to 2024 dollars.

TABLE 1: Direct Impact of CalVEBA Spending on Healthcare

	2024 Economic Contribution (Direct)
Employment	3,946
Employee Compensation	\$388.8 million
Total Output (Contribution to Gross Regional Product)	\$668.2 million

Indirect and Induced Impacts



Similarly, as employees of healthcare providers spend their wages (and the employees of firms indirectly impacted spend their wages) this has an economic effect. The sum of this activity is called “induced” impacts and follows a similar logic to indirect impacts.

The total economic contribution of CalVEBA’s expenditures in 2023 including direct, indirect and induced impacts totaled 6,440 jobs and a contribution of \$1.14 billion to San Diego County’s Gross Regional Product.

As entities like CalVEBA make these expenditures, this economic impact fuels additional economic activity. For example, hospitals to which CalVEBA compensates for care will, in turn, purchase goods and services. The suppliers providing these goods and services will then reinvest some of that revenue into purchasing their own goods and services.

Over time, an increasing amount of this demand “leaks” out of a region as certain goods and services must be imported when they aren’t available locally. The sum of the additional economic activity described above is referred to as “indirect” economic activity.

TABLE 2: Indirect and Induced Impact of CalVEBA Spending on Healthcare

Impact	Employment	Wages & Compensation	Contribution to GRP (2024 \$)
Indirect	1,029	\$73.5 million	\$203.4 million
Induced	1,465	\$82.3 million	\$276.5 million

6,440 Jobs
directly, indirectly, or induced

\$1.14 Billion
toward San Diego County’s GRP

Member Savings Invested in Core Services

CalVEBA's advantages include its non-profit status, exclusive focus on the California market, and 30 years of experience in San Diego County's healthcare system.

This non-profit structure, local knowledge, and expertise provides cost savings to employers. SDNEDC was asked to estimate the economic impact of various scenarios in which cost savings were reinvested into the core mission of employer participants instead of being paid to out-of-state companies managing health insurance and provider payments.



We analyzed multiple scenarios to see how the impacts varied between school districts and other government employers. The precise amount saved will vary depending on the member and the particular macro conditions of the national insurance market.

Thus, we analyzed three scenarios: one where CalVEBA saves members 3%, one in which member agencies save 5%, and one where members save 10% compared to what they would spend with private, for-profit insurers. We assumed that in the counterfactual, these extra expenses would not be spent locally, but rather immediately leave the region. As with the previous analysis, we calculated the direct, indirect, and induced impacts of these scenarios.

TABLE 3: Member Savings Impacts in Three Scenarios

Scenario	Additional Direct Jobs	Indirect & Induced Jobs	Total Jobs	Total Contribution to GRP (millions)
CalVEBA saving 3%	168	64	232	\$30.4
CalVEBA saving 5%	280	107	387	\$50.7
CalVEBA saving 10%	559	215	774	\$101.4

Cumulative impacts

SDNEDC also looked at CalVEBA's expenditures since its formation in 1993. Using CPI for urban areas and accounting for expenditures in and out of San Diego County, SDNEDC estimates that CalVEBA's structure has saved members between \$448 million to \$1.496 billion in cumulative savings which have been available to invest into core services such as education and public safety.

Other Impacts

CalVEBA continues to pioneer healthcare innovation, setting a new standard for how healthcare can and should be delivered. On January 1, 2024, they successfully launched VEBA Direct, a direct contracting pilot program that now serves over 4,400 members across 15 school districts.

By partnering directly with local medical groups, VEBA Direct aims to reduce overall healthcare costs while improving the quality of patient outcomes. In the first year of the pilot, VEBA Direct has already reported \$1 million in savings for over 4,400 enrollees, demonstrating significant cost savings and pricing transparency through improved contract visibility. This approach allows them to tailor benefits and network designs to meet the specific needs of their population, ensuring the delivery of high-quality, cost-efficient care to their members.

With the legislature approving AB 2063 in 2024, the state has extended their landmark pilot program. This extension ensures the program completes its full 4-year term, strengthening California's commitment to value-driven healthcare solutions. With oversight from the Department of Managed Health Care (DMHC), the pilot remains focused on improving patient outcomes and enhancing accountability. The AB 2063 extension provides the necessary runway to build on its earlier successes and to achieve its intended impact to lower healthcare costs and improve patient outcomes.

By eliminating unnecessary intermediaries and directly negotiating provider rates, VEBA Direct ensures members receive high-quality, cost-effective care tailored to their needs.

The Ripple Effect

For more than 30 years, CalVEBA has supported public sector employers by helping their employees access high-quality, affordable healthcare. That commitment has shown measurable results: healthier, more engaged workforces and more resilient institutions. Research consistently shows that employees who feel supported are more productive and less likely to experience burnout. CalVEBA's approach to healthcare—grounded in collaboration, prevention, and reinvestment—has extended its impact beyond individual members to families, classrooms, and communities. The result is not just better care, but a stronger foundation for the public institutions that serve San Diego County every day.



Up to \$1.496B

in member savings since 1993

\$1M

saved in Year 1 of VEBA Direct

4,400+

members served across 15 school districts

APPENDIX

To make these estimates, we used IMPLAN, the industry standard for input-output models. IMPLAN is a model that estimates the impact of change upon an economy. There are three kinds of impacts. The first of these are direct effects, which represent the first round of changes. Using the analogy of tossing a rock into a pond as the initial, user-input change, the direct effect is the first ripple as the change leads to the hiring (or firing in the case of a negative change) of workers, the initial purchase of supplies and goods in this supply change. The second impact consists of indirect effects. These represent the suppliers (and the suppliers of the suppliers, and so forth) responding to the new changes in demand. The third impact is comprised of induced impacts. These represent the spending of wages by workers impacted by the indirect and induced changes.

One feature of input-output models is their ability to measure “leakage” from a state or regional economy. Not all goods and services are locally produced, and so firms are impacted by the direct, indirect, and induced impacts from some of the demand “leaks” from the economy. *For more information, visit IMPLAN.com.*

