

Health plan competition study

Leemore Dafny, PhD

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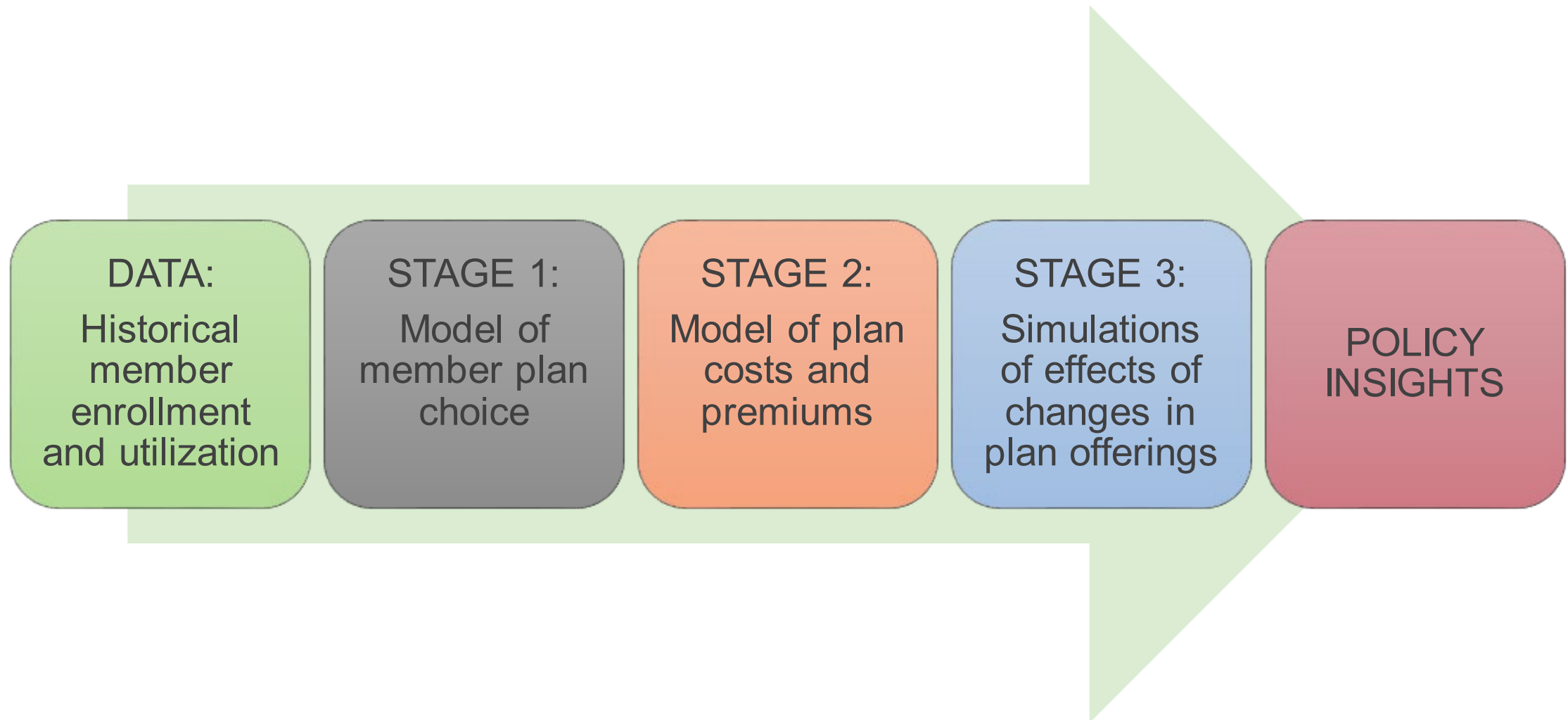
Background and team

- CalPERS is seeking data and information to guide its health plan offering strategy
- In general, greater competition among health plans promotes lower prices, higher quality, and greater value to members
- The right mix of plans can maximize the benefits of competition by limiting administrative burden and distortions due to selection of high-utilization members into a small set of plans
- Bates White team:
 - Leemore Dafny, PhD, Harvard University
 - Robin Lee, PhD, Harvard University
 - Zenon Zabinski, PhD, Bates White

Goals

- Analyze the effect of changing the set of plans offered to CalPERS members on enrollment, premiums, and value provided to members
- Evaluate the effect of introducing new plans on prices of existing plans
- Develop insights to guide CalPERS' long-term health plan offering strategy

Study design



We use the model to simulate effects of changes in plan offerings

- Changes considered
 - Four plan expansion proposals for 2022
 - Six hypothetical scenarios to provide insights that may guide CalPERS' long-term strategy
- Outcomes evaluated
 - Subscriber utility, i.e., the benefit to subscribers due to changes in available plans and premiums
 - Subscriber and total premiums
 - State employer contributions

Implications for CalPERS plan offerings

- Subscribers value variety
 - Low-cost HMO plans in areas where they are currently not available can be especially beneficial, e.g., WHA in Humboldt County
- Plans that attract relatively healthy subscribers generally raise premiums of other plans
 - Need to compare the benefit of providing another plan option against the potential impact on the premiums of other subscribers
- Due to statewide/regional premium setting, changes in plan offerings in one region can affect subscribers statewide

Questions?