



California Public Employees' Retirement System
External Affairs Branch • Office of Public Affairs
400 Q Street, Sacramento, CA 95811
(916) 795-3991 phone • (916) 795-3507 fax
www.calpers.ca.gov

FACTS AT A GLANCE: HEALTH

JANUARY 2012

Facts at a Glance is a monthly compilation of information of interest to Board Members, staff, and the general public. Information is current as of August 31, 2011 unless otherwise noted. Every effort has been made to verify the accuracy of the information, which is intended for general use only. Please direct any questions and comments to the Public Affairs Office at (916) 795-3991.

VISION STATEMENT

CalPERS will lead in the promotion of health and wellness of our members through best-in-class, data-driven, cost-effective, quality, and sustainable health options for our members and employers.

We will engage our members, employers, and other stakeholders as active partners in this pursuit and be a leader for health care reform both in California and nationally.

CalPERS HEALTH PROGRAM

- Covers nearly 1.3 million active and retired state, local government, and school employees and their family members
- Purchases health benefits for the State of California and more than 1,100 local and government agency and school employers
- Largest employer purchaser of health benefits in California, and the second largest employer purchaser in the nation after the federal government
- Will spend more than \$6.67 billion in 2011 to purchase health benefits

HEALTH CARE PLANS

- Three Health Maintenance Organization (HMO) plans – Blue Shield of California (“Blue Shield”) NetValue, Blue Shield Access+, and Kaiser Permanente
- Three self-funded Preferred Provider Organization (PPO) plans administered by Blue CrossPERS Select, PERS Choice, and PERSCare
- Three plans for Association members – California Association of Highway Patrolmen (CAHP) Health Benefits Trust, (California Correctional Peace Officers Association (CCPOA), and Peace Officers Research Association of California (PORAC)

CalPERS HEALTH PROGRAM MAJOR INITIATIVES

Beginning in 2004, the CalPERS Board launched a series of innovative approaches to improve health outcomes for members and contain cost increases where appropriate. These efforts included:

- Launching the Partnership for Change to promote hospital performance transparency, manage hospital costs, and ensure a high-value hospital network
- Removing the highest cost hospitals from the Blue Shield of California network
- Adjusting premiums for public agencies on a regional basis to remain competitive in regional markets
- Encouraging the use of generic drugs and giving members incentives to order prescriptions by mail when practical
- Negotiating innovative, multi-year contracts (Blue Shield, Anthem Blue Cross, and CVS Caremark)
- Developing disease management programs
- Implementing Centers of Expertise
- Developing incentives for members to get and stay healthy
- Modifying co-payments for 2008 to encourage members to receive the right care at the right place
- Eliminating a small, regional HMO plan
- Withdrawing Blue Shield's HMO from the four costliest rural counties
- Adding new lower-cost health plans (Blue Shield NetValue and PERS Select)

CalPERS will continue to engage the health care marketplace, partnering with our health plans to drive innovation, ensure quality, and contain costs.

NATIONAL HEALTH CARE REFORM

The recent passage of this legislation will provide significant benefits to our members and employers. CalPERS is focusing initially on four significant provisions that have the greatest immediate impact to CalPERS:

- **Help for Early Retirees** – Creates a temporary reinsurance program (until the Exchanges are available) to help offset the costs of expensive premiums for employers and retirees for health benefits for retirees age 55-64
- **Eliminating Lifetime Limits** – Prohibits insurers from imposing lifetime limits on benefits
- **Extending Coverage for Young Adults** – Requires any group health plan or plan in the individual market that provides dependent coverage for children to continue to make that coverage available until the child turns 26 years of age

- **Restructure Payments to Medicare Advantage (MA) Plans** – Sets payments to different percentages of the Medicare fee-for-service (FFS) rates with higher payments for areas with low FFS rates and lower payments (95% of FFS) for areas with high FFS rates

MEMBERSHIP

| ENROLLMENT | EMPLOYEES | DEPENDENTS | TOTAL MEMBERS |
|---|----------------|----------------|------------------|
| State Employees – 59.22% | | | |
| State Active | 212,624 | 332,378 | 545,002 |
| State Retired | 154,113 | 102,664 | 256,777 |
| State Total | 366,737 | 435,042 | 801,779 |
| Public Agencies (Local Government & School Employees) – 40.78% | | | |
| Public Agency Active | 175,678 | 240,746 | 416,424 |
| Public Agency Retired | 88,102 | 47,490 | 135,592 |
| Public Agency Total | 263,780 | 288,236 | 552,016 |
| Active – 71.02% | 388,302 | 573,124 | 961,426 |
| Retired – 28.98% | 242,215 | 150,154 | 392,369 |
| HMO – 67.49% | 411,892 | 501,794 | 913,686 |
| PPO – 25.60% | 186,894 | 159,624 | 346,518 |
| Associations – 6.91% | 31,731 | 61,860 | 93,591 |
| Total Program | 630,517 | 723,278 | 1,353,795 |

ANNUAL HEALTH PROGRAM SPENDING

| | |
|------|----------------|
| 2010 | \$16.5 million |
| 2009 | \$16.0 million |

| TOTAL HEALTH PREMIUM | | | | STATE PREMIUM SHARE ESTIMATES | | | |
|--|---------------|-----------------------------|--------|-------------------------------|---------|-----------------------|---------|
| Estimates (in Billions) | Total Program | Public Agencies and Schools | State | Actives | | Retirees | |
| | | | | Employer | Member | Employer | Member |
| 2011 | \$6.67 | \$2.75 | \$3.92 | \$2.179 | \$0.572 | \$1.127 | \$0.045 |
| 2010 | \$6.12 | \$2.52 | \$3.60 | \$2.003 | \$0.496 | \$1.054 | \$0.047 |
| 2009 | \$5.83 | \$2.32 | \$3.51 | \$1.971 | \$0.494 | \$1.002 | \$0.043 |
| State contribution amounts to monthly premiums for single, 2-party and family plan tiers, respectively | | | 2011 | \$433/ \$866/ \$1,129* | | \$542/\$1,030/\$1,326 | |
| | | | 2010 | \$393/\$787/\$1,024* | | \$493/\$936/\$1,202 | |
| | | | 2009 | \$382/\$764/\$994* | | \$478/\$909/\$1,167 | |

*State Active Health Premium Contribution for many State Members, but not all. Please check your specific contract for exact detail.

PREMIUM CHANGES — 2004 TO 2011

| PLAN PRODUCT & TYPE | | 2004 | 2005* | 2006* | 2007* | 2008* | 2009* | 2010* | 2011* | 2012* |
|---------------------|--------------|-------|--------|-------|-------|-------|-------|-------|-------|-------|
| Basic Plans | Overall | 16.4% | 9.9% | 8.9% | 11.9% | 6.8% | 4.8% | 3.2% | 9.9% | 4.6% |
| | HMOs | 18.0% | 11.4% | 8.7% | 11.6% | 7.4% | 6.6% | 3.4% | 10.6% | 5.3% |
| | PPOs | 13.2% | 6.4% | 9.5% | 12.6% | 4.2% | 0.0% | 3.3% | 8.7% | 3.0% |
| | Associations | 11.6% | 6.8% | 8.3% | 12.8% | 10.8% | 5.0% | 0.9% | 7.2% | 2.7% |
| Medicare Plans | Overall | 10.0% | -11.3% | 7.0% | 13.5% | 3.0% | 0.7% | 1.1% | 3.4% | 0.0% |
| | HMOs | 26.8% | -10.7% | -7.0% | 25.0% | -1.6% | 1.6% | 0.3% | 0.2% | -0.9% |
| | PPOs | -1.2% | -12.5% | 18.6% | 6.8% | 6.7% | 0.0% | 1.7% | 5.6% | 0.7% |
| | Associations | 15.0% | 0.5% | 0.0% | 0.2% | -2.3% | 1.3% | 2.5% | 4.2% | 0.9% |

*Premium changes for public agencies vary depending on geographic location.

CalPERS LONG-TERM CARE PROGRAM

- Provides financial protection from the high cost of extended care, including nursing home care. CalPERS program is not-for-profit and self-funded; began in January 1995
- All California public employees, retirees, their spouses, parents and parents-in-law, and adult siblings (age 18-79) are eligible to apply during enrollment periods
- Members enrolled as of October 31, 2011: 153,024
- More than \$917 million in benefits paid since the program's inception through October 31, 2011.
- Benefits paid in current fiscal year through October 31, 2011: \$55,541,075.90
- Benefits paid during 2011 through October 31: \$133,212,666.47
- Annual Premium as of October 31, 2011: \$332,504,649.89
- Average Annualized Premium as of October 31, 2011: \$2,172.89

PLAN TYPES

- **Comprehensive:** Covers home, community, nursing home, or assisted living facility care (nearly 75 percent of enrollees)
- **Facilities Only:** Covers care in a nursing home or assisted living care facility (no home care; more than 21 percent of enrollees)
- **Partnership:** Covers home, community, nursing home and assisted living facility care, with Medi-Cal asset protection feature (more than 4 percent of enrollees)