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FACTS AT A GLANCE: HEALTH

FEBRUARY 2010

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 December 31, 2009, 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 and local government public 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 purchaser of public employee health benefits in California, and the second largest public purchaser in the nation after the federal government
- Will spend more than \$5.7 billion in 2009 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 – PERS Select, PERS Choice, and PERSCare
- Three plans for Association members – California Association of Highway Patrolmen Health Benefits Trust (CAHP), 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 whole new 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, Blue Cross of California, Medco)
- 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.

MEMBERSHIP

| ENROLLMENT | EMPLOYEES | DEPENDENTS | TOTAL MEMBERS |
|--|----------------|----------------|------------------|
| State Employees – 59.69% | | | |
| State Active | 221,623 | 329,936 | 551,559 |
| State Retired | 143,083 | 88,717 | 231,800 |
| State Total | 364,706 | 418,653 | 783,359 |
| 1,100 Public Agencies (Local Government & School Employees) – 39% | | | |
| Public Agency Active | 179,268 | 232,336 | 411,604 |
| Public Agency Retired | 77,138 | 40,273 | 117,411 |
| Public Agency Total | 256,406 | 272,609 | 529,015 |
| Active – 74% | 400,891 | 562,272 | 963,163 |
| Retired – 26% | 220,221 | 128,990 | 349,211 |
| HMO – 69% | 407,929 | 482,364 | 890,293 |
| PPO – 25% | 182,327 | 150,856 | 333,183 |
| Associations – 6% | 30,856 | 58,042 | 88,898 |
| Total Program | 621,112 | 691,262 | 1,312,374 |

ANNUAL HEALTH PREMIUM

Program spending per day

| | |
|------|----------------|
| 2009 | \$15.7 million |
| 2008 | \$15.0 million |

| TOTAL HEALTH PREMIUM | | | | STATE PREMIUM SHARE ESTIMATES | | | |
|---|------------------|------------------|--------|-------------------------------|---------|----------------------|---------|
| Estimates (in Billions) | Total Program | Public Agency | State | Actives | | Retirees | |
| | | | | Employer | Member | Employer | Member |
| 2009 | \$5.72 | \$2.26 | \$3.45 | \$1.933 | \$0.495 | \$0.982 | \$0.045 |
| 2008 | \$5.48 | \$2.17 | \$3.31 | \$1.878 | \$0.432 | \$0.961 | \$0.041 |
| 2007 | \$5.01 | \$1.98 | \$3.02 | \$1.696 | \$0.394 | \$0.892 | \$0.043 |
| Contribution amounts correspond to monthly premiums for single, 2-party and family plan tiers, respectively | | | 2009 | \$382/\$764/\$994* | | \$478/\$909/\$1,167* | |
| | | | 2008 | \$371/\$740/\$959* | | \$471/\$886/\$1,129* | |
| | | | 2007 | \$337/\$677/\$879* | | \$439/\$823/\$1,042* | |

*This is the amount the State contributes toward the health premium for many Active State members, but not all. Please check your specific contract for exact details. Individual member contributions are not noted on this chart.

PREMIUM CHANGES — 2002 TO 2010

| PLAN PRODUCT & TYPE | | 2002 | 2003 | 2004 | 2005* | 2006* | 2007* | 2008* | 2009* | 2010 |
|---------------------|--------------|-------|-------|-------|--------|-------|-------|-------|-------|------|
| BASIC PLANS | OVERALL | 9.6% | 24.1% | 16.4% | 9.9% | 8.9% | 11.9% | 6.8% | 4.8% | 3.2% |
| | HMOs | 6.0% | 25.9% | 18.0% | 11.4% | 8.7% | 11.6% | 7.4% | 6.6% | 3.4% |
| | PPOs | 19.8% | 19.9% | 13.2% | 6.4% | 9.5% | 12.6% | 4.2% | 0.0% | 3.3% |
| | ASSOCIATIONS | 14.4% | 20.8% | 11.6% | 6.8% | 8.3% | 12.8% | 10.8% | 5.0% | 0.9% |
| MEDICAR E PLANS | OVERALL | 16.0% | 17.8% | 10.0% | -11.3% | 7.0% | 13.5% | 3.0% | 0.7% | 1.1% |
| | HMOs | 16.5% | 40.6% | 26.8% | -10.7% | -7.0% | 25.0% | -1.6% | 1.6% | .3% |
| | PPOs | 15.9% | 5.8% | -1.2% | -12.5% | 18.6% | 6.8% | 6.7% | 0.0% | 1.7% |
| | ASSOCIATIONS | 10.5% | 18.8% | 15.0% | 0.5% | 0.0% | 0.2% | -2.3% | 1.3% | 2.5% |

*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, that six of 10 Americans over age 65 will need
- Regular health insurance and Medicare do not cover long-term care
- Nursing home care averages \$65,000/year; home care averages \$20,000/year
- 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
- More than 163,000 members
- Total annual premiums of over \$310 million
- More than \$645 million in benefits paid since the program's inception
- More than \$120 million in benefits paid in 2009

PLAN TYPES

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