



Agenda Item 7

December 11, 2012

ITEM NAME: Health Plan Competitiveness

PROGRAM: Health Benefits

ITEM TYPE: Information

EXECUTIVE SUMMARY

This agenda item provides background information for today's panel discussion on health plan competition as a cost containment strategy. Recent CalPERS efforts to contain rising health care costs include the Health Benefit Purchasing Initiative project, which analyzed strategies to reduce healthcare costs and improve outcomes, and the incorporation of these strategies into the 2014 health plan Request for Proposals (RFPs). A key component of the RFPs is the prospective bidder's ability to incorporate strategies of transparency, pricing and performance guarantees, health and disease management, and integrated healthcare models in their proposals. Including these strategies in the RFPs drives health plans to compete on their ability to deliver efficient and quality services to keep costs down.

The panel includes:

- Arnold Milstein, MD, MPH, Professor of Medicine at Stanford's School of Medicine and Medical Director of the Pacific Business Group on Health
- Alan Glaseroff, MD, Clinical Professor of Medicine at Stanford's School of Medicine
- Alain Enthoven, PhD, Professor Emeritus, Stanford Graduate School of Business

STRATEGIC PLAN

This item supports CalPERS Strategic Goal A, Improve long-term health benefit sustainability by implementing new approaches and expanding efforts already proven to reduce health care costs and improve health outcomes.

BACKGROUND

In early 2011, the CalPERS Board of Administration directed the CalPERS Health Benefits Purchasing Review Team to conduct a comprehensive analysis of the healthcare marketplace. This analysis included a comprehensive market scan that included health care cost drivers, best practices, and stakeholder needs.

During the market scan, the Health Benefits Purchasing Review Team heard concerns from Board members about the lack of competition among health plans. With the challenge to reduce the increasing premium trend, the 2014 health plan

procurement presents an opportunity to increase health plan offerings, promote competition among health plans in less competitive urban areas, and implement varying approaches to keep costs down and deliver sustainable programs.

ANALYSIS

Doctors Milstein and Glaseroff, and Professor Enthoven will verbally provide their individual perspectives on market dynamics relative to health plan competition.

ATTACHMENT

- Attachment 1 – Presenter Biographies
- Attachment 2 – Health Affairs Blog
- Attachment 2b – Public responses to the blog

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