

# Public Agency Health Benefit Design Needs Assessment Project

Pension & Health Benefits Committee

Agenda Item 7 | Attachment 3

December 16, 2014

# Primary Discussion Topics

- Flexibility
  - Vesting schedules
  - Health Plan design
- Regions
  - Impact on rates
  - Quality of care

## Primary Discussion Topics (cont'd)

- Wellness
  - Platform design
  - Sustainability
  - Health data / statistics

# Flexibility

# Survey & Focus Group Suggestions, Concerns: Flexibility

	PEMHCA Employers	Member Orgs
Sponsored legislation giving employers the ability to customize vesting schedules and/or choose from alternative vesting schedule options	X	
Wider selection of benefit plans and packages (e.g., more tiering within plans / consumer driven health plans / high deductible health plans)	X	X
Concern that high deductible plans will shift costs to members		X
Concern about Excise Tax and meeting the affordability component of Affordable Care Act	X	

## Excise Tax

- Affordable Care Act (ACA) tax on the value of annual health insurance benefits
  - Commonly known as “Cadillac tax”
  - Based on premium thresholds, adjusted annually for CPI
  - Starts in 2018
  - Expect future federal rules will provide additional guidance on thresholds and adjustments to thresholds
- Potential impacts to CalPERS plans
- Potential mitigation strategies

# Feedback from Non-PEMHCA Organizations

- Why they do not contract with CalPERS
  - Rates are higher for the same benefit structure
  - Requirement to offer coverage to retirees
  - Not enough marketing and visibility
  - No centralized point of contact/personalized customer service

# Regions



# Survey & Focus Group Suggestions, Concerns: Regions

	PEMHCA Employers	Member Orgs
Do nothing (status quo)	X	
Split State into 2 regions (North and South)	X	
Define regions based on cost vs. geography	X	
Consider quality of care when defining regions	X	X
Concern that changing regions will impact access to care	X	X
Concern that more focus groups are needed to solicit input from stakeholders prior to proposing any changes to Board	X	X

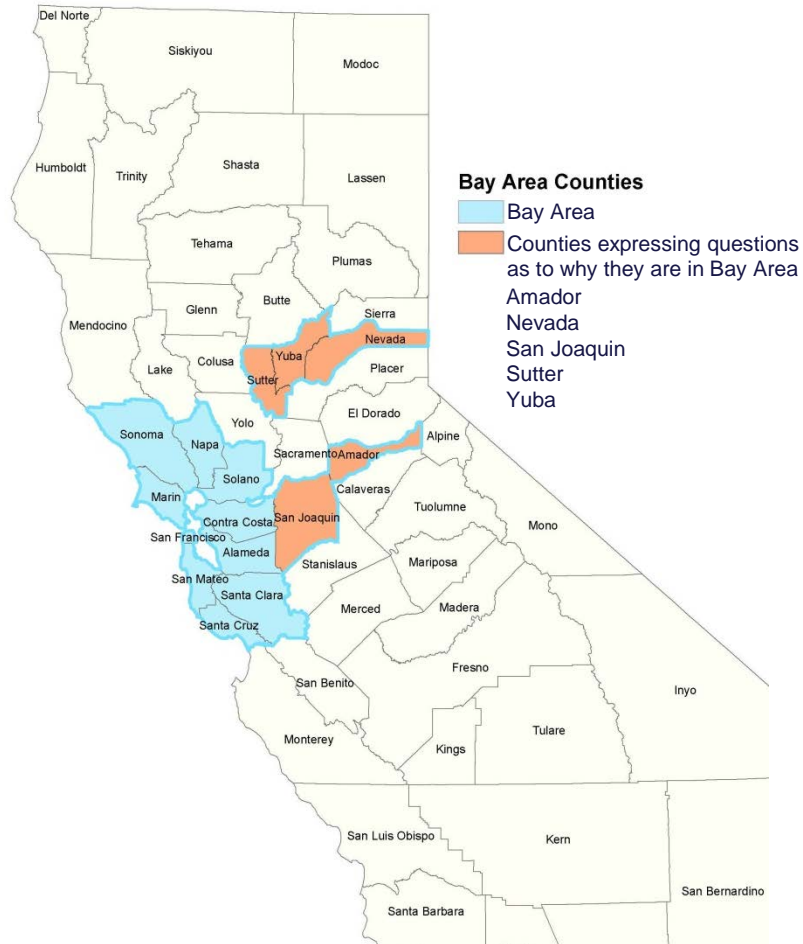
## Regional Pricing – Potential Options

- Status Quo – Current Regions
- Current Regions, Move Some Bay Area to Sacramento
- Four Regions Discussed in January 2014
- Metropolitan Statistical Areas (MSAs)

# Status Quo – Current Regions



# Current Regions, Move Some Bay Area to Sacramento



# Four Regions Discussed in January 2014





## Regional Pricing – Potential Options cont'd

- Five regions based on cost factors only
  - No geographical consideration
  - Low, Moderately Low, Average, Moderately High, High
- Two Regions: North and South
- One Region: Entire state

# Wellness



# Survey & Focus Group Suggestions, Concerns: Wellness

	PEMHCA Employers	Member Orgs
CalPERS-sponsored, customizable wellness program	X	x
Resources & incentives for employers to sustain a wellness program	X	
Incentives for employees to participate	x	x
Direct communication with HR directors to disseminate information down to employees	x	
Direct/in-person engagement with employees		x
Help to reach out to and engage retirees and dependents	x	x
Aggregated health plan data/statistics/outcomes for employees	x	x
Concern that employee health information may not remain confidential		x
Concern that employees could be penalized for non-participation		x

# CalPERS Health and Wellness Program Goals

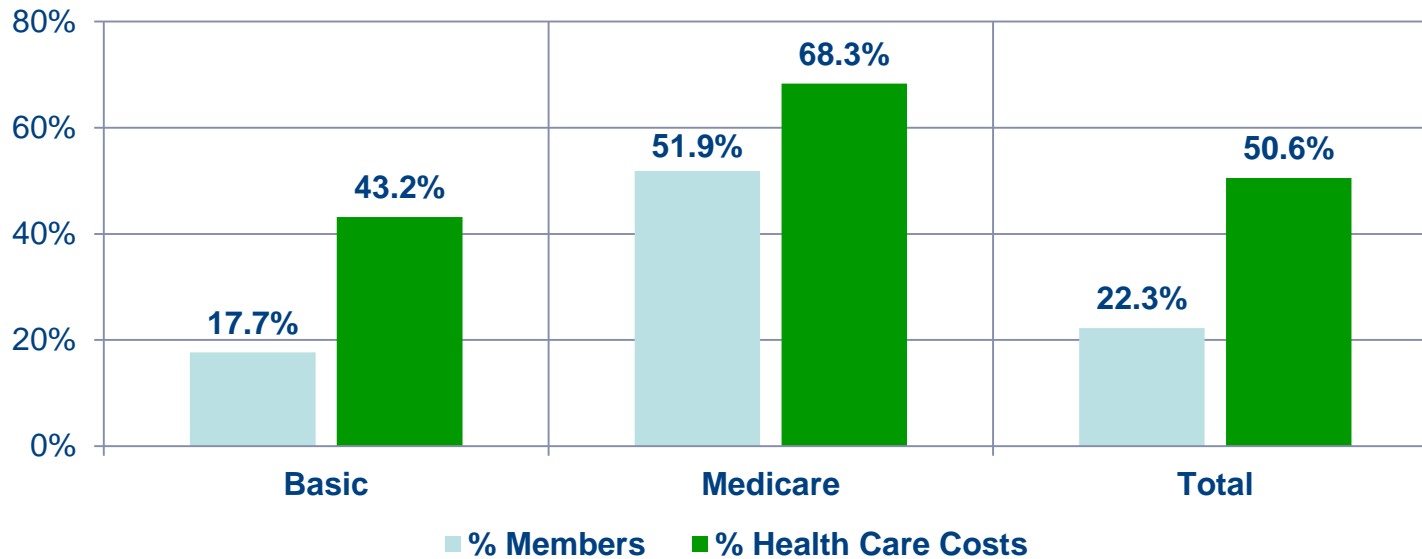
- Common platform
- Proven and effective approaches
- Sustainability
- Organizational acceptance

# Health and Wellness Programs

- Examples of success
  - Cleveland Clinic – Prescriptive, enforcement model
    - Smoking ban
    - Premium rebate for participation in wellness program
  - Oregon – Innovative programs and incentives
    - Health assessment incentive, no-cost wellness programs
    - Healthy Team Healthy U
  - Nebraska – Seven year, award-winning program
    - Governor’s wellness awards

# CalPERS Current State of Wellness

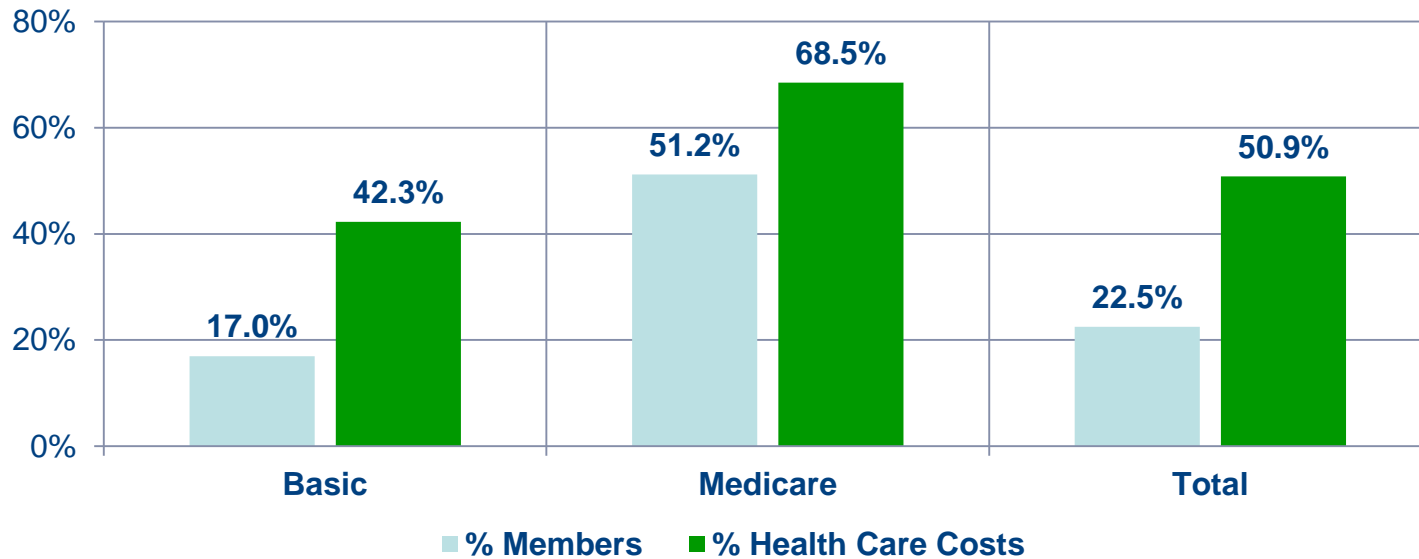
**Percentage of Members with Chronic Condition(s)\* and Member Cost as a % of Total Health Care Costs  
2009 Basic, Medicare, Combined**



\*Chronic Conditions: Asthma, CAD, CHF, COPD, Depression, Diabetes, Hypertension, Rheumatoid Arthritis

# CalPERS Current State of Wellness

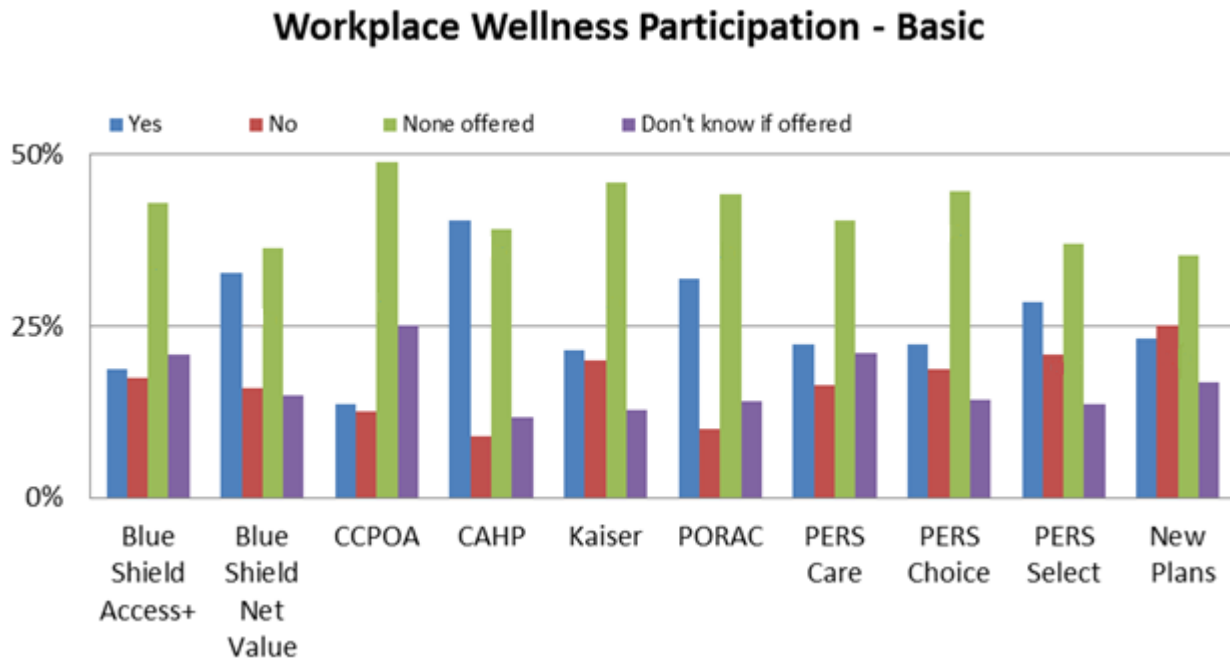
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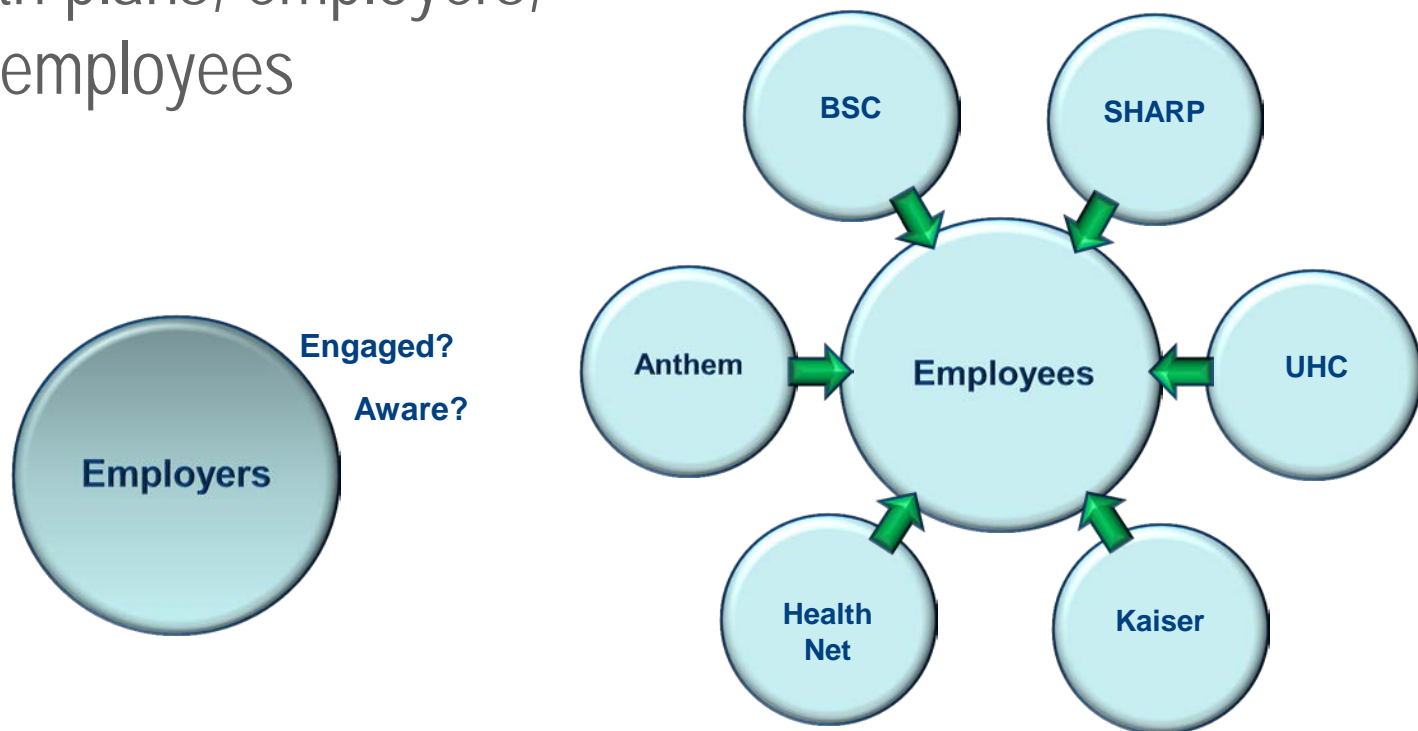
# CalPERS Current State of Wellness

- 2014 Annual Health Plan Member Survey:  
Have you participated in any workplace wellness?



# CalPERS Current State of Wellness

- Lack of wellness coordination between health plans, employers, and employees



## Next Steps for Wellness

- January Offsite
  - Health and wellness in the public and private sector
  - CalPERS worksite wellness pilots
    - Lessons learned
    - Common themes
  - Health and wellness approaches