

Health Care Administration				
Enterprise Risk Profile				
Enterprise Risk	Owner	Oversight	Category	Prioritization
Health Care Administration	Deputy Executive Officer, Benefit Programs Policy and Planning	Pension & Health Benefits Committee	Strategic	TBD
Strategic Plan Goal and Objective	Under Development			
Functional Objective	To offer high quality, accessible, and affordable health care.			
Risk Statement	Inability to offer high quality, accessible, and affordable health care at a competitive price.			
Risk Driver #1: Increases in health care costs				
Effective Mitigations and Controls In Place: 1.1 Annual reports presented to the PHBC: Integrated Health Models, Population Health, and Health Care Cost 1.2 Implementation of Triple Aim Strategies 1.3 Dependent Eligibility Verification 1.4 Eligible enrollees over 65 transitioned to Medicare 1.5 Specific contractual provisions developed with all current health plans to promote and maintain healthy lifestyles, and improve high intensity case management and patient centered care through medical homes				
Risk Driver #2: Increases in pharmaceutical costs				
Effective Mitigations and Controls In Place: 2.1 Evaluation of pharmacy benefits under medical management for cost saving opportunities and leverage Preferred Provider Organization /Pharmacy Benefit Manager PPO/PBM physician-led programs 2.2 Evaluation of site of care opportunities for reducing cost of specialty infusion drugs 2.3 Initiation of a new program for reducing specialty drug cost through physician education/incentives and leveraging PBM and PPO physicians 2.4 Formulary management 2.5 Annual market check of PBM prescription drug pricing terms by independent consultant 2.6 PBM contract with price lock provisions				
Risk Driver #3: Lack of participation in CalPERS Health Benefit Programs				
Effective Mitigations and Controls In Place: 3.1 Annual evaluation and negotiations of Health Plan Premiums 3.2 CalPERS Annual Education Forum for employers 3.3 Increased competition by expanding health plan choices across public agency regions				
Risk Driver #4: Unfavorable changes in state and federal regulations				
Effective Mitigations and Controls In Place: 4.1 Monitoring and tracking of state and federal legislation 4.2 Enhancement and strengthening of proactive outreach and education to federal and state congressional and legislative members 4.3 Identification and communication of policy issues/ballot initiatives (excise tax, drug relief) of interest to CalPERS health benefits				

Risk Driver #5: Sustainability of the Health Care Fund

Effective Mitigations and Controls In Place:

- 5.1 Evaluation of Portfolio Investment Strategy
- 5.2 Evaluation of Health Benefit Cost and Savings
- 5.3 Comprehensive asset allocation review of the HCF every four years
- 5.4 Maintaining a Risk Based Capital required reserve at 300% of the authorized control level
- 5.5 Annual resetting of the health care premiums through rate negotiations

Risk Driver #6: Inability to influence health care provider inefficiencies

Effective Mitigations and Controls In Place:

- 6.1 Alignment of medical and pharmacy benefits across health plans to close clinical gaps in care, improve shared-decision making, control expensive specialty drugs, improve palliative care and support preventive care
- 6.2 Analysis of misuse of medical and pharmacy services including over and under utilization
- 6.3 Increased uptake of electronic health records through Meaningful Use

Risk Driver #7: Health plan contract management non-compliance

Effective Mitigations and Controls In Place:

- 7.1 Contract management oversight, audits, and quarterly business reviews

Residual Risk	Probability	Impact	Velocity	Rating	Trend
For future development (November 2016)					

Future Mitigations

Risk Driver #1: Increases in health care costs

- Explore feasibility to introduce incentives to promote access to quality care and preventive services, increase treatment adherence, and adopt healthy behaviors (2016-17 Business Plan, Goal A, June 2017)
- Value Based Insurance Design development (planned for 2018)

Risk Driver #2: Increases in pharmaceutical costs

- Leveraging CalPERS market position in developing pharmaceutical strategies that reduce costs (this is a 5 year strategy beginning in January 2017)

Risk Driver #3: Lack of participation in CalPERS Health Benefit Programs

- Provide employers with aggregate views of health data to identify major health care costs and assess impacts (2016-17 Business Plan, Goal A, December 2016)

Risk Driver #4: Unfavorable changes in state and federal regulations

- Appropriately assess the impacts of excise tax and execute and outreach plan that provides stakeholders information on the excise tax policy and other Affordable Care Act components (2016-17 Business Plan, Goal C, June 2017)

Risk Driver #6: Inability to influence health care provider inefficiencies

- Assess the specialized hospital transition care management program to improve quality and reduce hospital readmissions for PPO Health Plan members with Long-Term Care policies (2016-17 Business Plan, Goal A, September 2016)

Benefit Administration Enterprise Risk Profile				
Enterprise Risk	Owner	Oversight	Category	Prioritization
Benefit Administration	Deputy Executive Officer, Customer Service and Support	Pension & Health Benefits Committee	Operational	TBD
Strategic Plan Goal and Objective	Under development			
Functional Objective	To ensure accurate and timely benefits and information to members, retirees, and beneficiaries.			
Risk Statement	CalPERS members, retirees, and beneficiaries may not receive timely and/or accurate benefits.			
Risk Driver #1: Member data inconsistencies				
Effective Mitigations and Controls In Place: Please see Data Management Risk Profile				
Risk Driver #2: Inaccurate employer reporting				
Effective Mitigations and Controls In Place: 2.1 Business logic, system edits and data checks on employer data before it comes in (payroll reporting, enrollment, etc...) 2.2 Tools and reports implemented for employers to identify and fix data issues 2.3 Employer training through various mediums 2.4 Employer response team 2.5 Quality assurance reports 2.6 Business partner identity account management 2.7 Public Agency reviews				
Risk Driver #3: Lack of employee knowledge and awareness of relevant laws, regulations, and policies				
Effective Mitigations and Controls In Place: 3.1 Robust employee training program 3.2 Various employee communication tools 3.3 Required second approvals and peer reviews 3.4 Documentation and regular updates of desk procedures and process documents 3.5 Internal audits				
Risk Driver #4: Inability to implement statutory and regulatory changes				
Effective Mitigations and Controls In Place: 4.1 Appropriate governance of system change requests 4.2 Legislative impact analyses 4.3 Post chaptered legislation implementation process 4.4 myCalPERS Project budget (expiring December 2017) 4.5 Various employer and stakeholder communication tools				

Risk Driver #5: Complexity of the benefit plan design

Effective Mitigations and Controls In Place:

- 5.1 Business process complexity reduction efforts
- 5.2 Additional comprehensive complexity assessment being conducted (relative to CEM scoring)
- 5.3 Publication and letter revisions to simplify complex topics
- 5.4 Various employer and stakeholder communication tools
- 5.5 Robust member education
- 5.6 Quality assurance programs

Risk Driver #6: Inaccurate benefit calculations completed through manual and automated processes

Effective Mitigations and Controls In Place:

- 6.1 System testing
- 6.2 Peer review protocol
- 6.3 Clear procedures and process documents
- 6.4 Comprehensive training for all levels of staff
- 6.5 Internal audits
- 6.6 Quality assurance programs
- 6.7 Documentation of system functionality

Residual Risk	Probability	Impact	Velocity	Rating	Trend
For future development (November 16)					
Future Mitigations					