



## Pension and Health Benefits Committee Agenda Item 8

March 14, 2017

**Item Name:** 2017-2022 Health Initiatives

**Program:** Health Benefits

**Item Type:** Information

### **Executive Summary**

This agenda item and presentation to the Pension & Health Benefits Committee (PHBC) provides a summary of the California Public Employees' Retirement System (CalPERS) 2012-2017 Strategic Planning Initiatives and close-out and the accomplishments achieved, provides the process by which nine new health initiatives were developed and aligned to the CalPERS new strategic planning goals and objectives for the CalPERS 2017-2022 Strategic Plan.

### **Strategic Plan**

This agenda item supports Goal A, "Improve long-term pension and health benefit sustainability," by ensuring high quality, accessible, and affordable health benefits.

### **Background**

At the January 2012 Board of Administration (Board) offsite, the Board approved 21 Health Benefits Purchasing Initiatives (HBPI) related to health care delivery, improving health outcomes, and delivering sustainable programs (see Attachment 1).

On June 17, 2014, the CalPERS team reported to the Board that 15 of the 21 initiatives were completed and three would not be pursued.

The following initiatives were concluded after June 17, 2014 and subsequently reported to the Board as follows:

- The "Regulatory Flexibility for PAs" initiative was concluded and reported December 16, 2014.
- The "Medicare A&B" initiative ended June 16, 2015 with the Board's decision to consolidate CalPERS Medicare members into two Medicare Advantage Plans administered by United Health Care and Kaiser Permanente, as well as, the CalPERS Preferred Provider Plans.
- On November 17, 2015, the "Wellness Platform" initiative was consolidated into the CalPERS Population Health program.

During recent Benefit Programs Policy and Planning (BPPP) strategic planning sessions, the CalPERS team reviewed the closure of the 21 initiatives and participated in exercises to identify nine new business planning initiatives for the CalPERS 2017 to 2022 Strategic Plan.

## **Analysis**

This presentation highlights the BPPP team accomplishments achieved in the CalPERS FY 2012-2017 Strategic Plan and conclusion of 21 initiatives embedded within that plan. In this presentation, the CalPERS health team members will underscore some top accomplishments from that plan, and discuss our approach to aligning the CalPERS 2017-2022 Strategic Planning Goals to nine new health initiatives. We will then show how those nine new initiatives will meet the CalPERS Strategic Objectives to:

- Restructure benefit design to promote high-value health care
- Improve the health status of our employees, members and their families, and the communities where they live
- Reduce the overuse of ineffective or unnecessary medical care

Combined, these three strategic objectives will support the 2017-2022 Strategic Goal of Health Care Affordability, "Transform healthcare purchasing and delivery to achieve affordability."

## **Budget and Fiscal Impacts**

The three objectives and nine new initiatives are expected to mitigate future years' premium increases and save money for employers and employees while improving quality, reducing regional provider cost variation, improve evidence based medicine practice standards and quality of life for CalPERS members. At the Board's direction to implement the initiatives during the five year planning cycle, staff will periodically report on the success of each initiative.

## **Benefits and Risks**

The benefits, risks and mitigation will periodically be reported through the PHBC, as well as, the CalPERS Risk and Audit Committee.

## **Attachments**

Attachment 1 – Presentation

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