Health Initiatives
Pension & Health Benefits Committee

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Benefit Programs Policy & Planning
March 14, 2017
Agenda

- Health Accomplishments
- Strategic Alignment
- 2017-22 Initiatives
- Next Steps
Close-Out | 2012-2017 Health Initiatives

**Influence Healthcare Delivery**
- Innovate/Experiment
  - Evidence Based Medicine
  - Value Based Purchasing
  - Bundled Payments
  - Integrated Healthcare
- Strong HIT Infrastructure
  - Uniform Metrics
  - Shared Decision-Making
  - Transparency

**Improve Health Outcomes**
- Manage Disease
  - Incentives For Disease Mgmt.
- Promote Quality & Safety
  - Intensive Case Mgmt.
- Prevent Illness
  - Reduce Unwarranted Care
  - Wellness Platform

**CalPERS Health Benefits**

**Deliver Sustainable Programs**
- Encourage Competition
  - HMO Procurement
  - Kaiser Contract
  - PPO Procurement
  - Risk Adjustment

- Optimized Eligibility
  - Dependent Eligibility Audits
  - Medicare A & B
  - Encourage Spousal Surcharge
  - Member & Children Tiering

- Flex for Growth
  - Expand PA Marketing
  - Regulatory Flexibility for PAs

**Status Key**
- Complete
- Not Pursuing
Approach

- Evaluated Prior 21 Initiatives
- Aligned Priorities to CalPERS 2017-2022 Strategic Plan
- Identified 9 Initiatives to Provide Greatest Value
Accomplishments | 2012-2017 Health Initiatives

Dependent Eligibility Verification

2,200+ employee issues resolved  $122m savings & cost avoidance  18,282 ineligible dependents removed

Value-Based Purchasing

Value-based purchasing design programs have succeeded in saving millions of dollars across these various health specializations.

Joint Replacement of the Knee or Hip

Cataract Surgery

Colonoscopy

Knee or Shoulder Orthopedic Procedures

Savings of $5.5 Million from Jan 2011-Dec 2012

Savings of $1.3 Million in first 2 years

Savings of $7.0 Million in first 2 years

Savings of $2.3 Million in first 2 years
2017-2022 | CalPERS Goals

**GOALS**

- **FUND SUSTAINABILITY**
  Strengthen the long-term sustainability of the pension fund.

- **TALENT MANAGEMENT**
  Promote a high-performing and diverse workforce.

- **HEALTH CARE AFFORDABILITY**
  Transform health care purchasing and delivery to achieve affordability.

- **RISK MANAGEMENT**
  Cultivate a risk-intelligent organization.

- **REDUCE COMPLEXITY**
  Reduce complexity across the enterprise.

**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**
Influence | Strategic Measures

- Legislation
- Contract Negotiations with Carriers
- Active Participation in Associations such as IHA, PBGH, NCHC
- Smart Care Coalition
- National Policy
- Benefit Design

- Increased Employer and Community Outreach
- Employer and employee awareness of benefits of healthy choices
- CalPERS can be a conduit to provide targeted communications
2017-2022 | Nine (9) Health Initiatives

2017-2022 STRATEGIC PLAN

HEALTH CARE AFFORDABILITY
Transform health care purchasing and delivery to achieve affordability

RESTRUCTURE BENEFIT DESIGN

1. Value-Based Insurance Design
2. Site of Care Management
3. Pharmacy Benefit Manager Pilot
4. Reference Pricing Expansion

IMPROVE HEALTH STATUS

5. Population Health Alignment
6. Partner with Health Plans to Engage in Community Activities

REDUCE OVERUSE

7. Statewide Collaboration through Smart Care California
8. Shared Savings Accountable Care
9. Research and Expand Evidence-Based Medicine
STRATEGIC OBJECTIVE

Restructure Benefit Design to Promote High-Value Health Care
### Strategic Objective | Restructure benefit design to promote high value health care

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<thead>
<tr>
<th>INITIATIVES</th>
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| **1.** Value-Based Insurance Design Feasibility  
*Research and develop health benefit design strategies to improve member health, and value of care, while decreasing costs in PPO plans.*  
- Improved health outcomes for members over the long term  
- Reduced health care expenditures for both members and health plans |
| **2.** Site of Care Management  
*Leverage current Integrated Health Care and Population Health delivery models to contain health care costs in PPO plans for possible expansion to HMOs*  
- Reduced health care expenditures |
| **3.** Pharmacy Benefit Manager Pilot  
*Develop and implement strategies to align our pharmacy benefit manager with our reference pricing model.*  
- Reduced Rx expenditures |
| **4.** Reference Pricing Expansion  
*Leverage existing efforts to reduce health care costs by expanding the use for reference pricing for routine non-emergency procedures with price variation in the PPOs.*  
- Standardized services |
STRATEGIC OBJECTIVE

Improve the Health Status of Our Employees, Members, and their Families, and the Communities Where They Live
Strategic Objective | Improve the health status of our employees, members and their families, and the communities where they live

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<td><strong>5</strong></td>
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<tr>
<td>Population Health Alignment with Let’s Go Healthy CA Taskforce Report Dashboard</td>
<td>➢ Share aggregate health data with stakeholders to encourage employer health improvement activities aimed at reaching LGHCTF 2022 targets</td>
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<td>Provide employers with aggregate health care data to identify major health care costs and enhance Population Health Management (PHM).</td>
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<td><strong>6</strong></td>
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<tr>
<td>Partner with Health Plans to Engage in Community Activities</td>
<td>➢ Improved member health status by developing community engagement strategies and leveraging MSS to positively impact the health care cost curve</td>
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<td>Collaborate with health plans to positively impact the health of our members by engaging in community activities which create a culture of good health.</td>
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STRATEGIC OBJECTIVE

Reduce the Overuse of Ineffective or Unnecessary Medical Care
## Strategic Objective

**Reduce the overuse of ineffective or unnecessary medical care**

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<td><strong>7</strong> Statewide Collaboration through Smart Care California</td>
<td>➢ Improved health outcomes for members over the long term</td>
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<td><em>Partner with Covered California and Department of Health Care Services through the Smart Care California coalition to promote safe, affordable care in the areas of opioid use, Caesarean sections, and spinal/back disorders.</em></td>
<td>➢ Reduced health care expenditures for both members and the health plans</td>
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<td><strong>8</strong> Review and Update Shared Savings Accountable Care Organizations Cost and Quality Targets</td>
<td>➢ Improved overall member health status and positively impact the health care cost curve</td>
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<td><em>Research, analyze, and update shared savings cost and quality targets and expand the use of evidence-based medicine in improving outcomes while decreasing costs.</em></td>
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<td><strong>9</strong> Research and Expand Evidence-Based Medicine</td>
<td>➢ Improved overall member health and positively impact the health care cost curve</td>
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<td><em>Apply outcome-based medical strategies to provide affordable and high value care.</em></td>
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Next Steps

- Develop Action Plans
- Produce Ongoing Results
- Report Progress