

Health Initiatives

Pension & Health Benefits Committee

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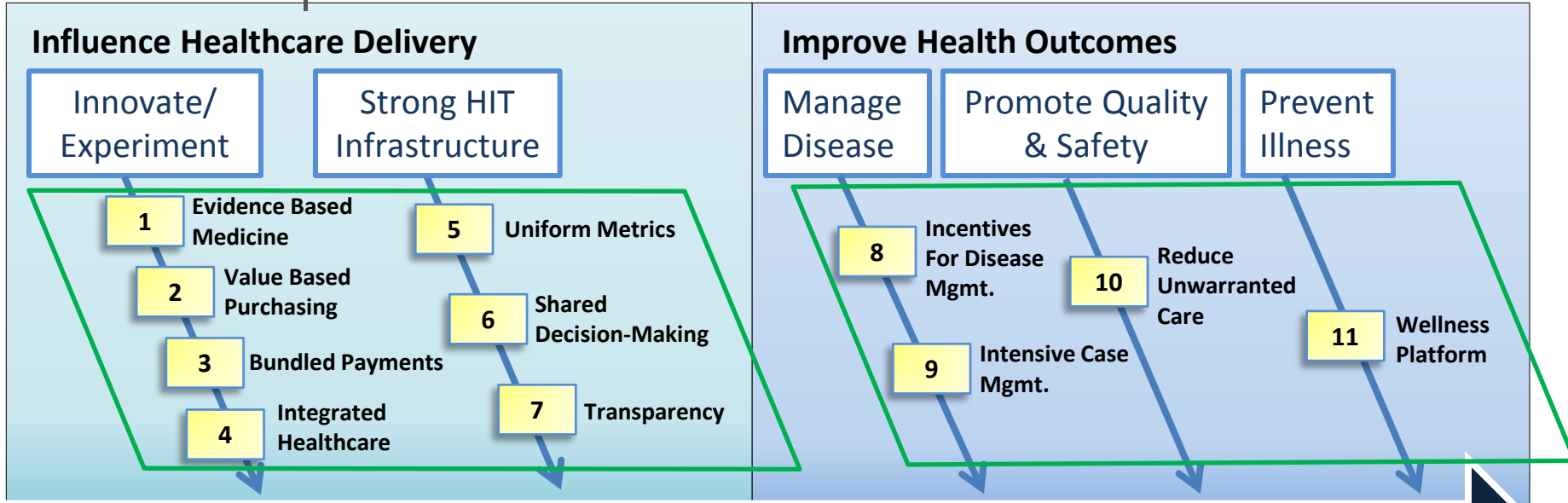
Benefit Programs Policy & Planning
March 14, 2017

Agenda

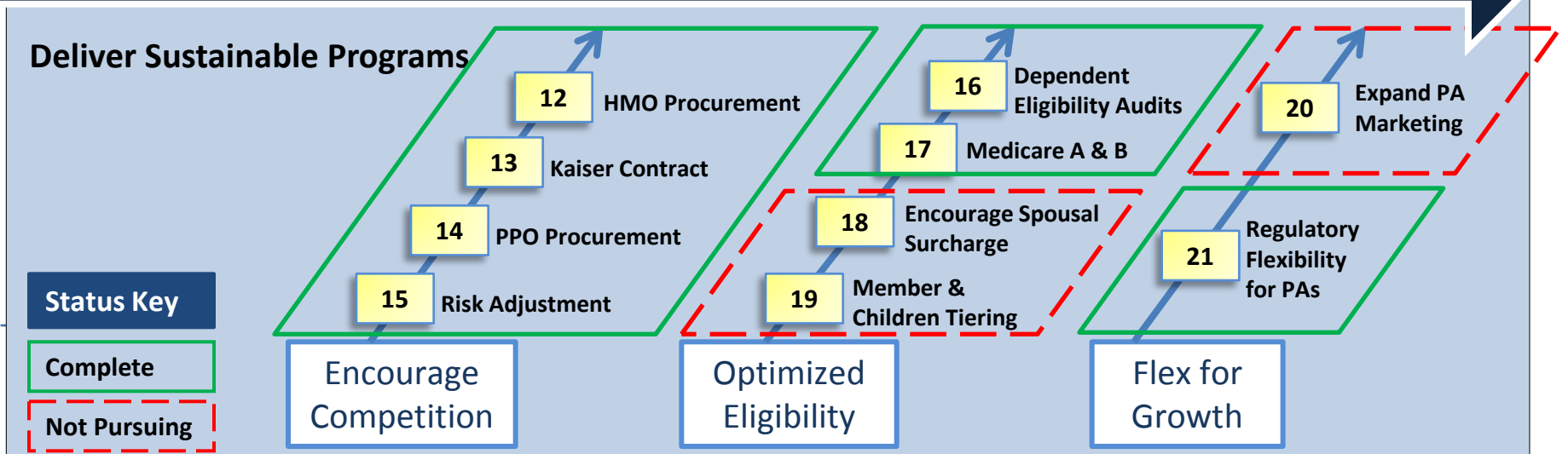
- Health Accomplishments
- Strategic Alignment
- 2017-22 Initiatives
- Next Steps



Close-Out | 2012-2017 Health Initiatives



2012... **CalPERS Health Benefits** ...2017



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

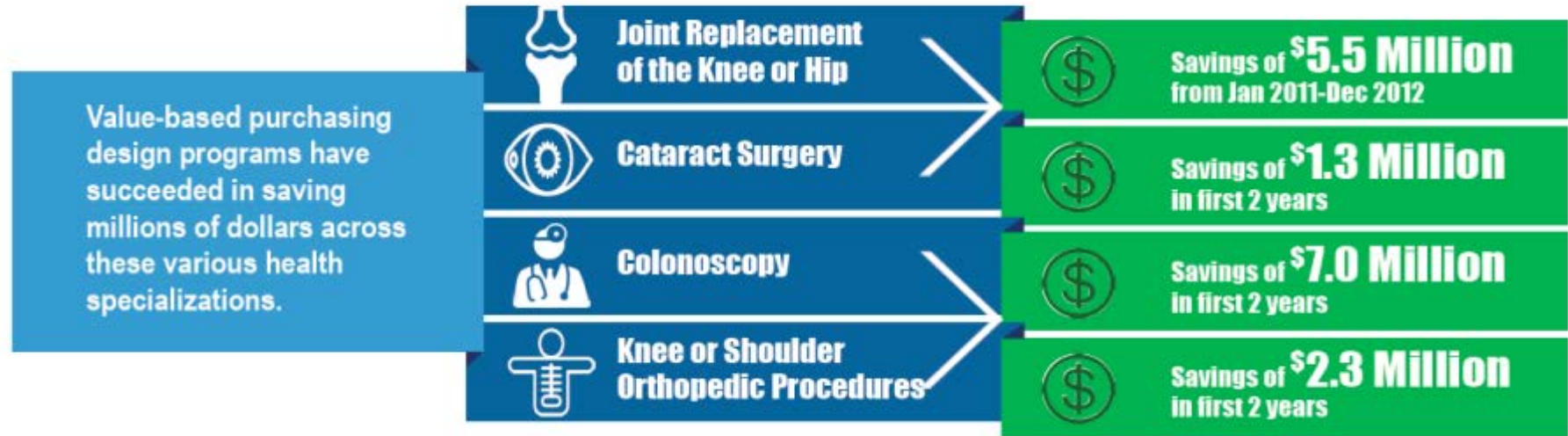
2,200+ **\$122m** **18,282**
employee **savings & cost** **ineligible dependents**
issues resolved **avoidance** **removed**

\$4.88 BILLION
CONTRACT TO SAVE
\$63 MILLION

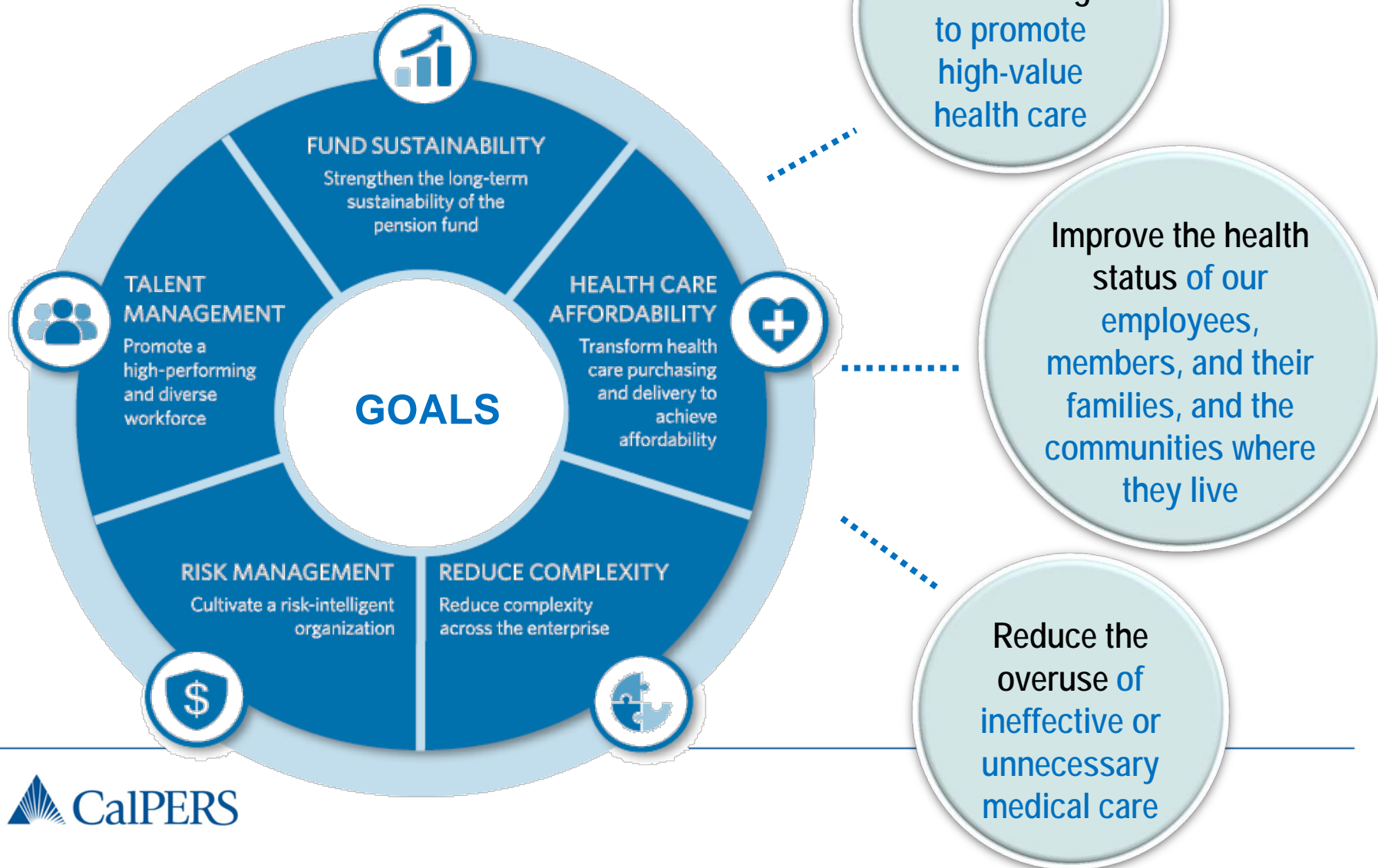
The Board approved a \$4.88 billion Pharmacy Benefit Manager 5-year model contract for competitive solicitation, which saves over \$63 million in 2017.



Value-Based Purchasing



2017-2022 | CalPERS Goals



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



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



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







- 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



INITIATIVES	EXPECTED OUTCOMES
<p>1</p>  <p>Value-Based Insurance Design Feasibility <i>Research and develop health benefit design strategies to improve member health, and value of care, while decreasing costs in PPO plans.</i></p>	<ul style="list-style-type: none"> ➤ Improved health outcomes for members over the long term ➤ Reduced health care expenditures for both members and health plans
<p>2</p>  <p>Site of Care Management <i>Leverage current Integrated Health Care and Population Health delivery models to contain health care costs in PPO plans for possible expansion to HMOs</i></p>	<ul style="list-style-type: none"> ➤ Reduced health care expenditures
<p>3</p>  <p>Pharmacy Benefit Manager Pilot <i>Develop and implement strategies to align our pharmacy benefit manager with our reference pricing model.</i></p>	<ul style="list-style-type: none"> ➤ Reduced Rx expenditures
<p>4</p>  <p>Reference Pricing Expansion <i>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.</i></p>	<ul style="list-style-type: none"> ➤ Standardized services

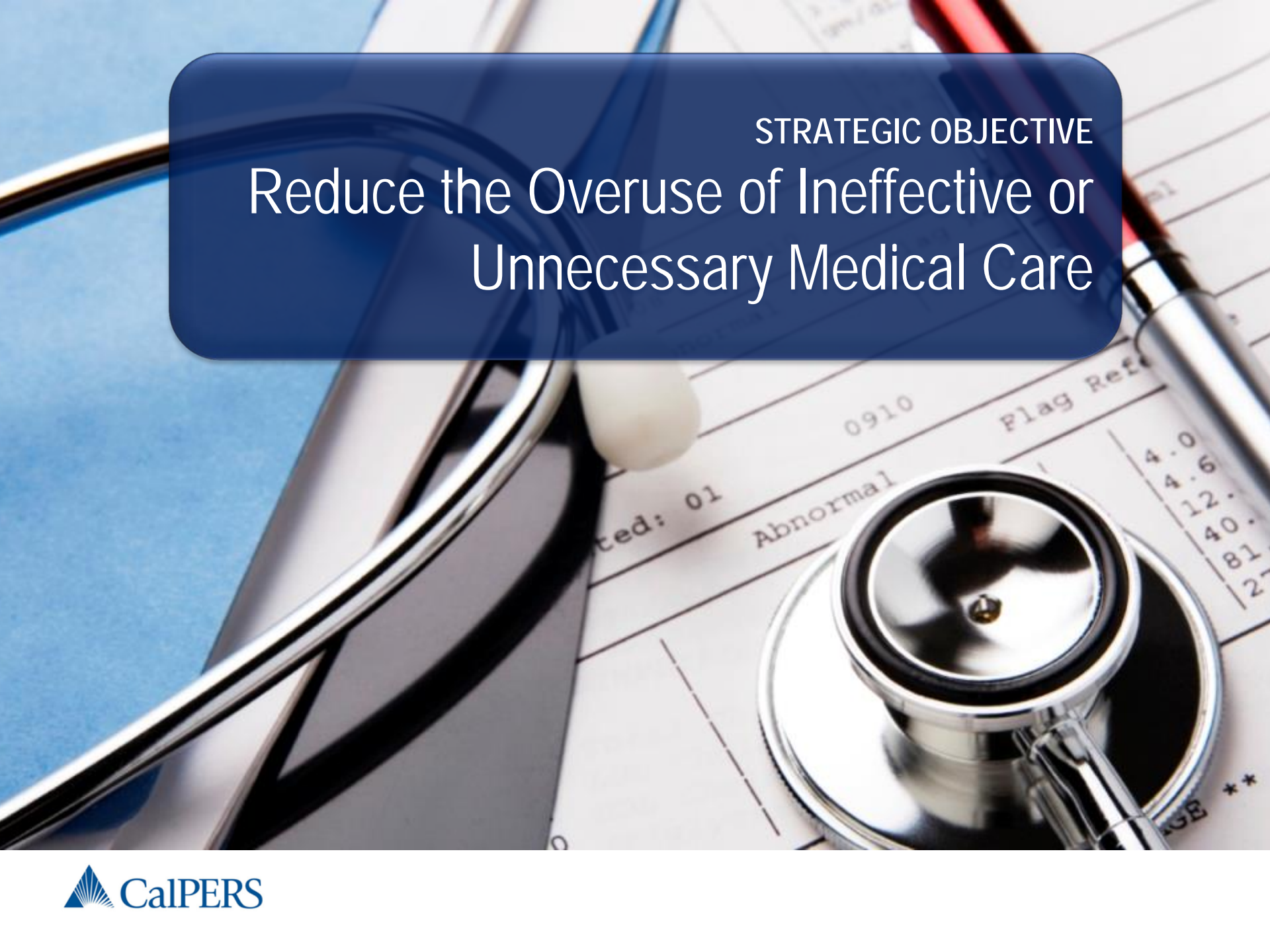


STRATEGIC OBJECTIVE

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




INITIATIVES	EXPECTED OUTCOMES
<p>5</p>  <p>Population Health Alignment with Let’s Go Healthy CA Taskforce Report Dashboard</p> <p><i>Provide employers with aggregate health care data to identify major health care costs and enhance Population Health Management (PHM).</i></p>	<ul style="list-style-type: none"> ➤ Share aggregate health data with stakeholders to encourage employer health improvement activities aimed at reaching LGHCTF 2022 targets
<p>6</p>  <p>Partner with Health Plans to Engage in Community Activities</p> <p><i>Collaborate with health plans to positively impact the health of our members by engaging in community activities which create a culture of good health.</i></p>	<ul style="list-style-type: none"> ➤ Improved member health status by developing community engagement strategies and leveraging MSS to positively impact the health care cost curve

A close-up photograph of a medical chart with a stethoscope and a pen resting on it. A blue rounded rectangle is overlaid on the top left, containing white text. The chart has various fields and numbers, including '0910', 'Flag Ref', 'Abnormal', and '4.0', '4.6', '12.', '40.', '81', '2'.

STRATEGIC OBJECTIVE

Reduce the Overuse of Ineffective or Unnecessary Medical Care

Strategic Objective | Reduce the overuse of ineffective or unnecessary medical care

INITIATIVES	EXPECTED OUTCOMES
<p>7</p>  <p>Statewide Collaboration through Smart Care California <i>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.</i></p>	<ul style="list-style-type: none"> ➤ Improved health outcomes for members over the long term ➤ Reduced health care expenditures for both members and the health plans
<p>8</p>  <p>Review and Update Shared Savings Accountable Care Organizations Cost and Quality Targets <i>Research, analyze, and update shared savings cost and quality targets and expand the use of evidence-based medicine in improving outcomes while decreasing costs.</i></p>	<ul style="list-style-type: none"> ➤ Improved overall member health status and positively impact the health care cost curve
<p>9</p>  <p>Research and Expand Evidence-Based Medicine <i>Apply outcome-based medical strategies to provide affordable and high value care.</i></p>	<ul style="list-style-type: none"> ➤ Improved overall member health and positively impact the health care cost curve

Next Steps

Develop Action Plans

Produce Ongoing Results

Report Progress