# 2018 Medical and Pharmacy Benefits for Preferred Provider Organization Health Plans

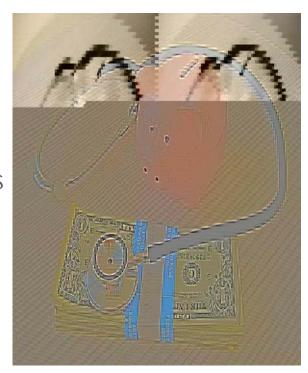
Pension and Health Benefits Committee

Kathy Donneson, Chief Health Plan Administration Division Health Policy Benefits Branch June 20, 2017



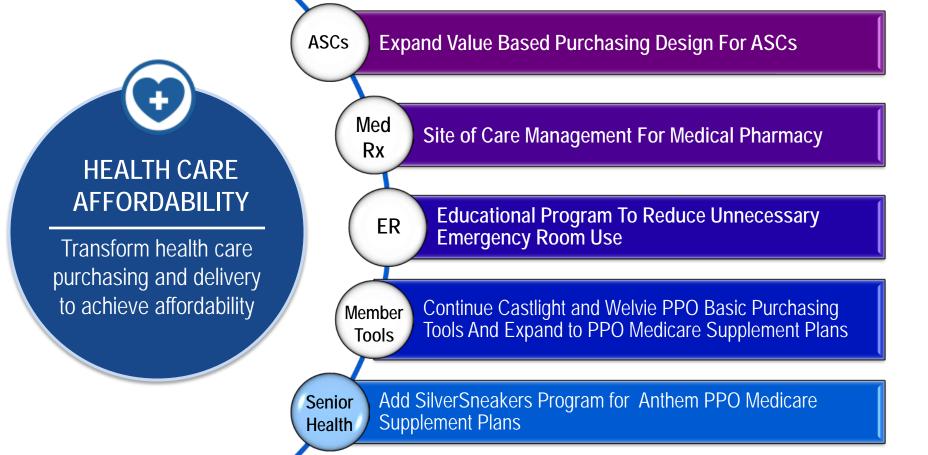
### Agenda

- Background
- 2018 Medical and Pharmacy Benefits for Preferred Provider Organization Health Plans
  - Expand Value-Based Purchasing Design for ASCs
  - Site of Care Management for Medical Pharmacy
  - Reduce Use of Emergency Room for Urgent Care
  - Continue PPO Purchasing Tools (Castlight and Welvie)
  - Add SilverSneakers program to PPO Medicare Supplement Plans





### Potential PPO Plan Medical Benefit Designs for 2018





### Benefits of Exercise and SilverSneakers Program

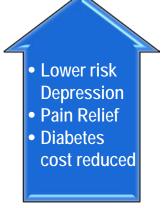














 Better cardio function, lung function, insulin sensitivity



## SilverSneakers Estimated Savings and Costs

#### Estimated PPO Medicare Inpatient Admission Reduction and Cost Savings from SilverSneakers

CalPERS PPO Medicare Inpatient Costs (millions)	Number of Patients with Inpatient Admissions	Inpatient Admission Cost per Patient	Potential 1.4% Reduction in Number of People with Inpatient Admissions <sup>1</sup>	Potential Inpatient Admission Savings <sup>1</sup> (millions)	SilverSneakers Cost (millions)	Net Savings PMPM	Annual Net Savings (millions)
\$490.59	18,897	\$25,961.05	264.6	\$6.87	\$5.71	\$0.77	\$1.15

<sup>&</sup>lt;sup>1</sup> The 1.4% savings based on study: Managed-Medicare Health Club Benefit and Reduced Health Care Costs Among Older Adults, Centers for Disease Control and Prevention, Preventing Chronic Disease, 2008 Volume 5: No. 1



## 2018 Savings and Administrative Costs

	PPO BASIC PLANS				
	Per Memb	Annualized			
	Gross Savings	Administrative Costs	NET SAVINGS	Net Savings (millions)	
Expand VBPD for use of ASCs	\$0.71	\$0.00	\$0.71	\$2.04	
Site of Care Management for Medical Pharmacy (excluding Sutter Network)	\$1.39	\$0.30	\$1.09	\$3.16	
Reduce Use of Emergency Room	\$0.17	\$0.06	\$0.11	\$0.33	
Castlight (continue in Basic)		\$0.62 <sup>*</sup>			
Welvie (continue in Basic and expand to Medicare Supplement)		\$0.34 <b>*</b>			
TOTAL	\$2.27 PMPM	\$0.36 PMPM	\$1.91 PMPM	\$5.53	

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Per Me	Annualized					
Gross Savings	Administrative Costs	NET SAVINGS	Net Savings (millions)			
\$0.10	\$0.06	\$0.04	\$0.15			
	\$0.34					
\$0.10 PMPM	\$0.40 PMPM	\$0.04 PMPM	\$0.15			

**PPO MEDICARE PLANS** 

<sup>\*</sup> already included in 2017 Administrative Costs

	Potential Inpatient Admission Savings (millions)	SilverSneakers Cost (millions)	Net Savings PMPM	Annual Net Savings (millions)
Medicare Savings with SilverSneakers	\$6.87	\$5.71	\$0.76	\$1.15
Total Medicare Annual Savings (millions)				\$1.30



### 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

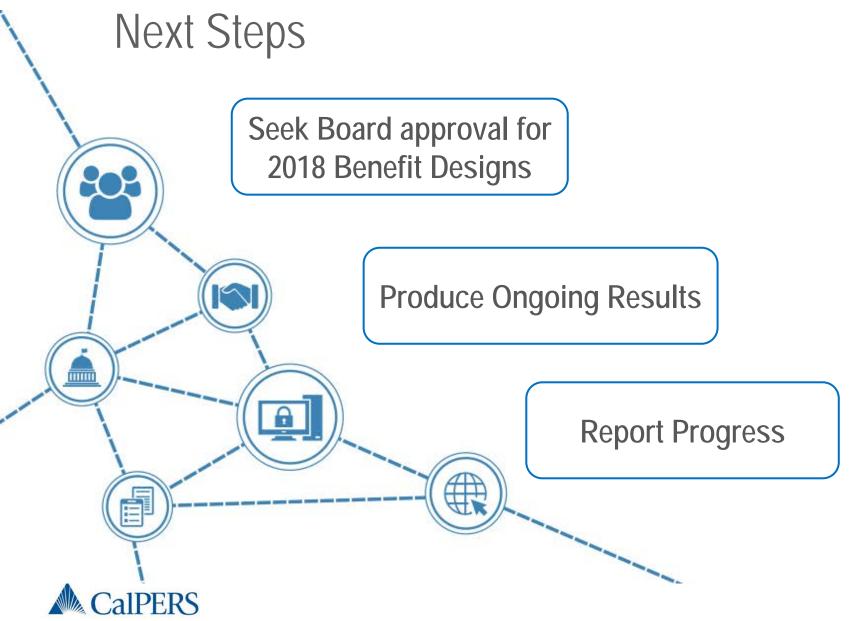
IMPROVE HEALTH STATUS

- 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





### Footnotes

- <sup>1</sup> Depression and Use of a Health Plan-Sponsored Physical Activity Program by Older Adults, American Journal of Preventive Medicine, 2008-08-01, Volume 35, Issue 2
- <sup>2</sup> Health Care Use and Costs Associated with Use of a Health Club Membership Benefit in Older Adults with Diabetes, Diabetes Care, August 2008, Volume 31, No. 8
- Managed-Medicare Health Club Benefit and Reduced Health Care Costs Among Older Adults, Centers for Disease Control and Prevention, Preventing Chronic Disease, 2008 Volume 5: No. 1
- <sup>4</sup> Ibid.
- <sup>5</sup> Benton, Melissa J., M.S.N., Ph.D. "Benefits of Exercise for Older Adults." *Exercise for Aging Adults.* Springer, 2015. 23-25.

