

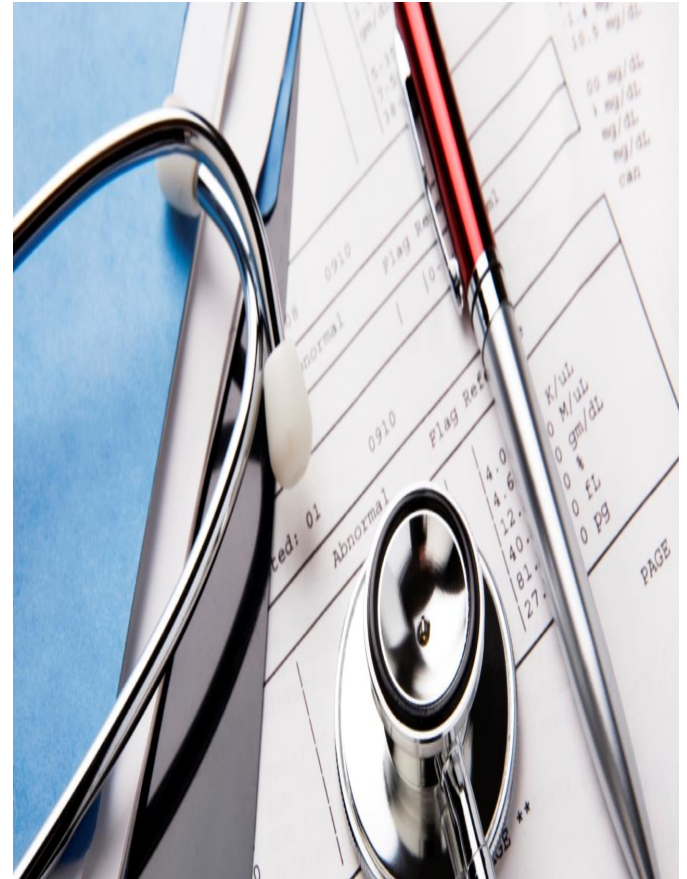
CalPERS PPO Plans: Working to Optimize Health Care Outcomes

Pension and Health Benefits Committee

Kathy Donneson, Chief
Health Plan Administration Division
Health Policy and Benefits Branch
September 19, 2017

Agenda

- Background
- CalPERS PPO Plans: Optimize Health Care Outcomes
- Effects of Risk Adjustment on PPO Plan Design
- Next Steps



Background



History of
PPO Plans



CalPERS
VBPD
Experience



VBID
Approaches

CalPERS PPO Plans: Optimize Health Care Outcomes



HEALTH CARE AFFORDABILITY

Transform health care purchasing and delivery to achieve affordability

VBID

PERS Select with VBID Benefit Design

Modernize

PERS Choice and PERSCare Benefit Design Modernization

Risk Adjust

PPO Plan Premium Differential

Effects of Risk Adjustment on PPO Plan Design



Goal: Charge premiums based on plan value not health status of the enrolled population

	Before Risk Adjustment (Calendar Year 2018)	After Risk Adjustment (Calendar Year 2018)
PERS Select Employee Only Premium	\$473.82	\$661.29
PERSCare Employee Only Premium	\$1,035.21	\$776.19

- Prior to risk adjustment, PERSCare premiums were **more than double** PERS Select premiums, due mostly to differences in health status.
- After risk adjustment, PERSCare premiums are **18% higher** than PERS Select premiums, which is more in line with plan values.

Next Steps



Continuous CalPERS
Team Engagement

Ongoing Analysis

Report to Board

Seek Board Approval