

# CalPERS PPO Basic Plans: Optimizing Health Care Benefits and Outcomes

Pension and Health Benefits Committee

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# Agenda

- Background
- PPO Plan Modeling
- Optimization of PPO Basic Plans
- Estimated Savings
- Next Steps



# Background

## Sept 2016

- Introduced VBID Strategies

## Jan 2017

- VBID Approaches
- Example CalPERS VBID

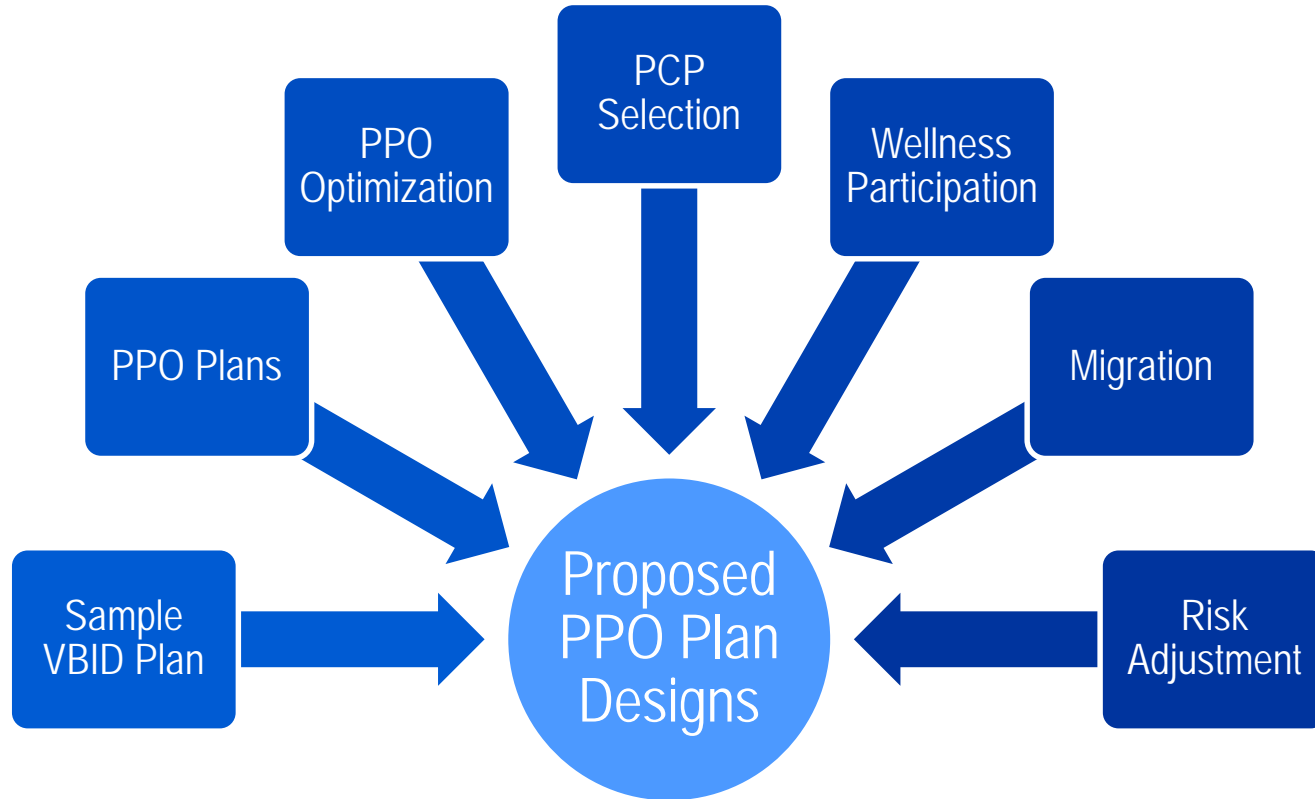
## July 2017

- Expert Panel on High Value vs. Low Value Care

## Sept 2017

- PPO Plan Modernization
- Proposed VBID

# PPO Basic Plan Modeling



Continue to innovate with value based designs  
Modernize the overall PPO plan benefits structure  
Improve the affordability of plan options

# PPO Basic Plan Designs

All plans must be analyzed due to sensitivity of member migration

PERS Select  
PERSCare  
PERS Choice



# PERS Select (New) – A VBID Plan



## Premium

Approximately 9.1% less than PERS Select (Current)



## Deductible

Individual from \$500 to \$1,500  
Family from \$1,000 to \$3,000



## Offsets

Deductible lowered by \$100 each (\$500 max.)

- Wellness Credit (Flu Shot/Immunizations)
- Biometric Screening (Quest Wellness)
- ConditionCare “Health Action Certified Member”
- No Smoking Certification
- Second Opinion (ConsumerMedical)



## Primary Care

\$10 If enrolled with a PCP, \$35 if not enrolled



## Mental Health/Behavioral Health/ Substance Abuse Physician

\$10 office visit copay



## Health Risk Assessment (self reported)

Member receives a \$100 debit card



## Inpatient Maternity (Delivery)

Deductible waived if enrolled in Healthy Pregnancy Program, 20% Coinsurance



## Urgent Care

Increase from \$20 to \$35



## Specialist Visit

Increase from \$20 to \$50



## Emergency Room

\$200, Waived if admitted



## Anthem Engage (Mobile Health)

Available

# Optimize PERS Choice and PERSCare to Align with PERS Select (New)

## PERS Choice



### Premium

Approximately 1.7% less



### Deductible

Individual from \$500 to \$750  
Family from \$1,000 to \$1,500



### Urgent Care

Increase from \$20 to \$35



### Specialist Visit

Increase from \$20 to \$35

## PERSCare



### Premium

Approximately 4.3% less



### Deductible

Individual from \$500 to \$1,000  
Family from \$1,000 to \$2,000



### Urgent Care

Increase from \$20 to \$35



### Specialist Visit

Increase from \$20 to \$35

# Premium Impact of PPO Plan Design

## Example of Single Party Premium

	Before Risk Adjustment (Calendar Year 2018)	After Risk Adjustment (Calendar Year 2018)
PERS Select (Current)	\$473.82	\$661.29
PERS Select (New)	\$430.70	\$601.11
Estimated Premium Savings (Per Month)	(\$43.12)	(\$60.18)

➤ Estimated premium savings \$517 - \$722/year

*Note: Since the premium reduction is a % of the current premium, the amount of the reduction will be greater for the higher risk adjusted premium.*



# PPO Basic Plan Reduction In Cost

	PERSCare	PERS Choice	PERS Select (New)	Estimated Total
Plan Design Impact	(\$12M)	(\$34M)	(\$11M)	(\$57M)
Migration Impact	\$1.1M	(\$2.2M)	\$600K	(\$.05M)
Wellness Incentives (VBID)	\$0	\$0	\$2.5M	\$2.5M
Network Impact	\$200K	\$700K	(\$2.9M)	(\$2M)
				(\$57M)



- Does not factor potential for lower claims costs in future due to wellness participation and PCP selection

# Improve Member Health and Decrease Costs

Increase the use of high value services



Reduce the use of low value services



# Next Steps

Final Modeling & Evaluate Impact  
of Risk Adjustment

*December  
2017*

Refine Migration Analysis

Communication Planning &  
Stakeholder Engagement

Request Board Approval

*March  
2018*

Incorporate Plan Designs  
into 2019 Rates