

# CalPERS Value-Based Insurance Design and PPO Basic Plan Design Changes

Pension and Health Benefits Committee

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# Agenda







- PPO Basic Plan Overview
- PPO Population Health
- Proposed PPO Plan Design Changes
- Benefits of a Value Based Insurance Design
- Next Steps



## HEALTH CARE AFFORDABILITY

Transform health care  
purchasing and delivery  
to achieve affordability

# PPO Basic Plan Overview

	PERS Choice	PERSCare	PERS Select*
 Coinsurance	80/20	90/10	80/20
 Deductible	Individual \$500 Family \$1000		
 Primary Care	\$20 Copay		
 Urgent Care	\$20 Copay		
 Specialist	\$20 Copay		
 Inpatient Maternity (Delivery)	20% Coinsurance	10% Coinsurance	20% Coinsurance

# PPO Basic Plan Population Health Statistics(2013 & 2017\*)

	PERS Choice		PERSCare		PERS Select	
	2013	2017	2013	2017	2013	2017
<b>Summary Demographics</b>						
Total Covered Lives (TCLs)	194,414	158,134	9,124	31,401	48,112	47,646
Average Age	40	41	52	45	33	33
<b>Major Chronic Conditions Prevalence**</b>						
Asthma	3.95%	2.93%	4.86%	3.36%	3.24%	2.34%
Congestive Heart Failure	0.28%	0.22%	0.90%	0.45%	0.12%	0.09%
Coronary Artery Disease	2.14%	1.65%	4.96%	2.46%	0.91%	0.66%
Depression	5.96%	6.84%	7.56%	7.72%	4.68%	5.64%
Diabetes	7.63%	6.15%	12.61%	7.95%	4.15%	3.54%
Hypertension	14.42%	9.90%	24.44%	12.75%	8.29%	5.69%

## Proposed Plan Design Revisions Since December



Deductibles decreased or left unchanged



Updated copay for urgent, specialist, and emergency room unchanged



Reviewed maximum coinsurance out of pocket

# Background

**2016**

**September**

- Introduced VBID Strategies

**2017**

**January**

- Connecticut VBID
- CalPERS VBID

**July**

- High/Low Value Care
- Minnesota VBID

**September**

- PPO Modernization

**December**

- Proposed VBID Plan

**2018**

**January**

- Stakeholder Feedback
- Plan Design Refinement

# Proposed PPO Changes

Coverage/ Common Medical Event	PERS Choice	PERSCare	PERS Select (New)
Coinsurance (Plan/Member)	80/20	90/10	80/20
Deductible	Individual \$500 Family \$1000	Individual \$750 Family \$1500	Individual \$1000 Family \$2000
VBID Engagement: 5 Deductible Incentives Everyone Can Meet	N/A		Incentives to reduces deductible to: Individual \$500 Family \$1000
Primary Care	\$20 Copay (no change)		\$10 Copay if PCP enrolled \$35 if not enrolled
Urgent Care	\$35 Copay		
Specialist Visit	\$35 Copay		
Inpatient Maternity (Delivery)	20% Coinsurance (no change)	10% Coinsurance (no change)	Deductible waived if enrolled If not 20% Coinsurance
Mental Health/Behavioral Health/ Substance Abuse Physician Visit	\$20 (no change)		\$10 Copay if PCP enrolled \$35 if not enrolled
Maximum Coinsurance Out Of Pocket	\$3000 (no change)	\$3000	\$3000 (no change)
All other plan design coverage/common medical events	No change		

# Benefits of Value Based Insurance Design



Offers Personal Doctor Supported Care



Member/Physician Engagement



Aligns with “Healthier U” Initiative



Continue to Allow Freedom of Choice



Eliminates Tiered Hospitals



# Personal Doctor Supported Care



**Primary Care Copay: \$10 vs. \$35**

Primary care is valuable to individuals

**1**

**Provides a place  
where health  
problems  
can be treated**

**2**

**Guides patients  
through the  
health system**

**3**

**Facilitates  
ongoing  
relationship**

**4**

**Opportunity  
for disease  
prevention**

**5**

**Builds bridges  
between patients  
and health care  
providers**

## Member/Physician Engagement – PERS Select (New)



### Sign up with primary care.

Choose a primary care physician; only pay a \$10 copay.



### Deductible Credit applied – Everyone is eligible for ALL

1. Biometric Screening
2. Preventive Flu Shot
3. Non-smoking certification
4. Second Surgical Opinion
5. ConditionCare (disease management)

# Next Steps

**Member Engagement & Communication**

**Incorporate Changes Into 2019 Rate Development Process**

**Board Decision – Spring 2018**

**Implementation Planning and Execution**

**Monitor Plan Change Effectiveness**