

Health Care

Today's Discussion Together



Health Care
Costs Drivers



Clinical Priorities &
Measurement



PPO Plans
Assessment

Health Care Spending



Price not utilization

driving cost

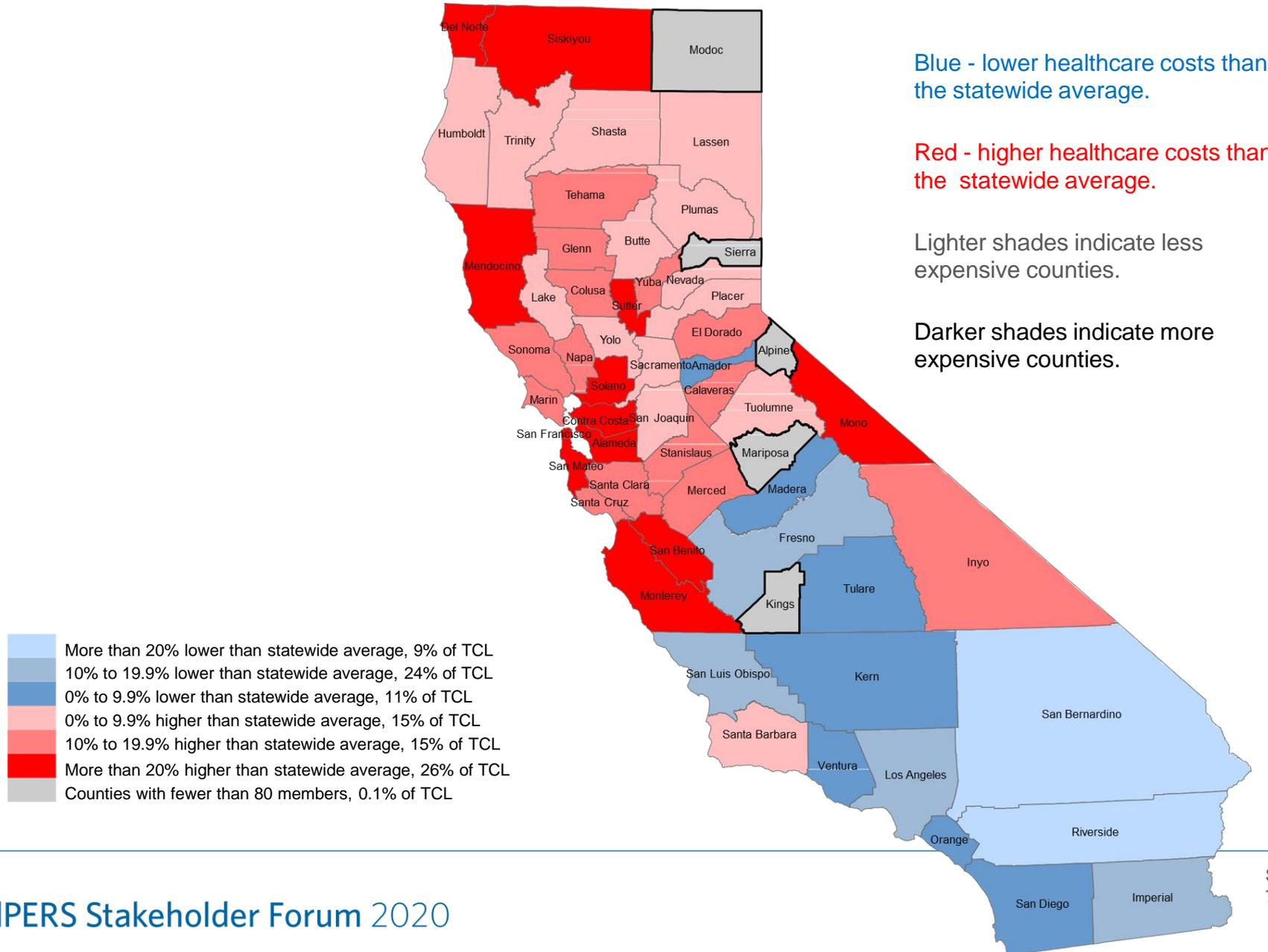


Price Variation

based on geography

- Competition
- Consolidation

Price Variation - CalPERS Non-Kaiser HMO and PPO plans



Source: September 2018 PHBC agenda item 7b attachment 1, County cost relativities



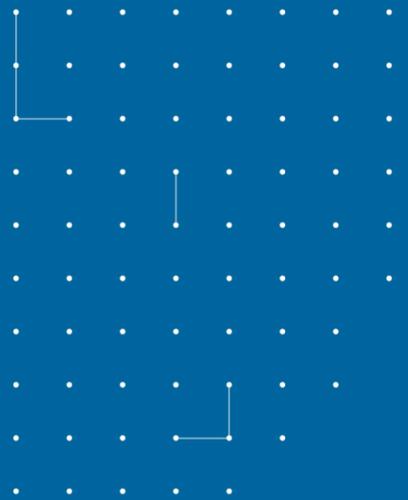
Managing Rx Costs – *Part I*

- Reference pricing for pharmaceuticals
- Biosimilars



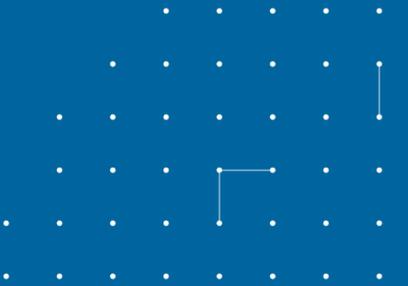
Managing Rx Costs – *Part II*

- Strategy for specialty drugs
- Innovative drug purchasing



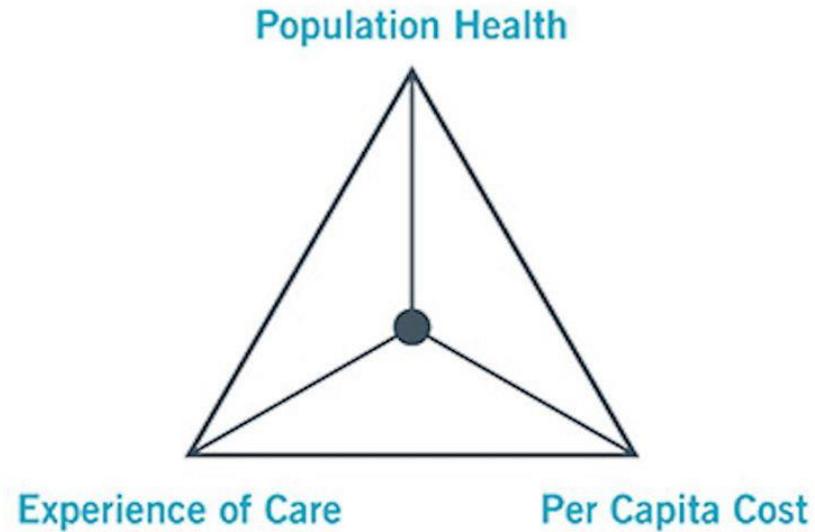
Clinical Priorities 2020-21

Dr. Julia Logan, Chief Medical Officer,
Health Policy and Benefits Branch



Institute for Healthcare Improvement Triple Aim

The IHI Triple Aim



CalPERS Clinical Priorities



Access and
treatment of
mental health
conditions



High cost, high-
need members



Managing Rx
costs



Prevention and
treatment of
chronic disease

Meaningful Measurement



10.56%

8.97%

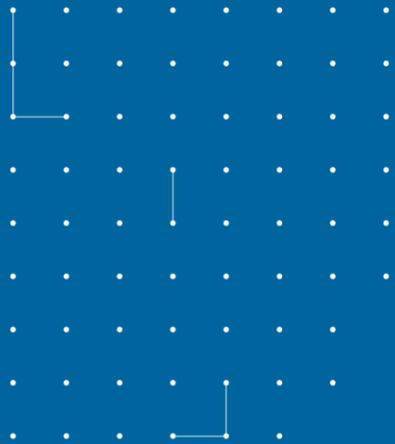
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39,900
10,640
12,660
0,523

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0.17440000
0.12240000
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15,25
10,693
78



PPO Health Plan Assessment Project

Marta Green, Chief, Health Policy and Research Administration · · ·
Emily Zhong, Supervising Health Actuary



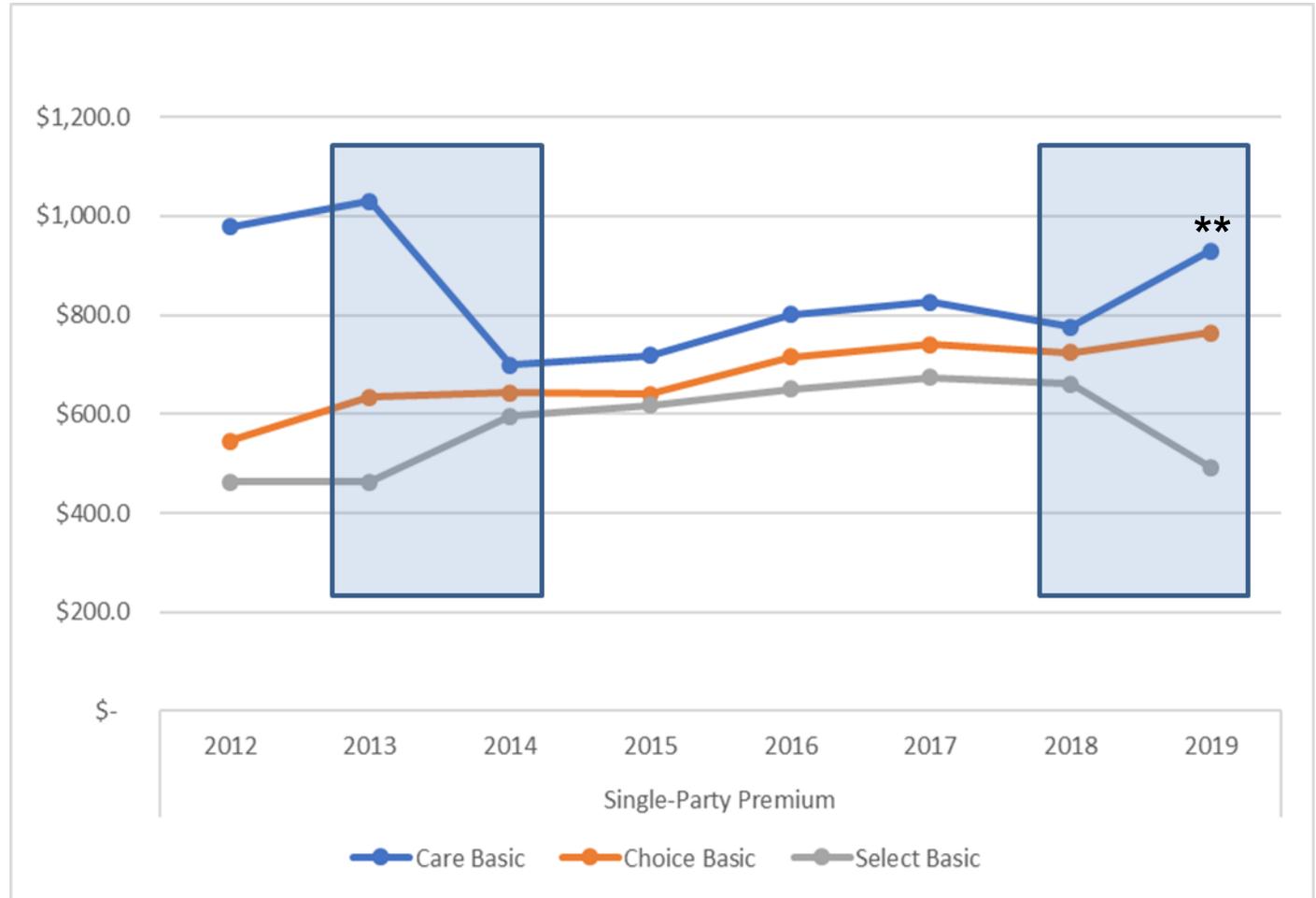
CalPERS PPO Health Plans – A Recent History

- Increased copays for urgent care and specialist visits for PERS Choice and PERSCare (2019)
- Implemented VBID for PERS Select (2019)
- Eliminated Risk Adjustment (2019)
- Spend downs for PERSCare to reduce premium increase to 20% (2019) and 6.5% (2020)

PERS PPO Basic 2012-2019 Historical Premiums

Risk adjustment implementation and elimination produced premium changes for PERSCare and PERS Select.

2019 VBID implementation further impacted PERS Select premium change.



** 2019 Published Single-Party Premium Including Spend-Down

Scope

Perform actuarial analysis and stakeholder outreach to identify challenges to PPO Health Plan affordability. Based on the results, consider potential plan redesign.

- Achieve sustainability for the PPO Health Plans
- Reduce year-over-year premium volatility
- Minimize member disruptions
- Stabilize plan populations

Plan Differential – Actuarial Value

Network and Benefit Comparison

	Broad Network	Richest Benefit Design	PPO Tier	Plan Value in Ideal Environment	PSPM Value
Care	✓	✓	High	+ 7%	\$ 781
Choice	✓	✗	Middle	+ 2%	\$ 752
Select	✗	✗	Low	- 8%	\$ 677
Average PPO Basic Total				100%	

Member migration patterns appear to be strongly influenced by each plan’s network, benefit design, and overall value.

Understanding Member Behavior

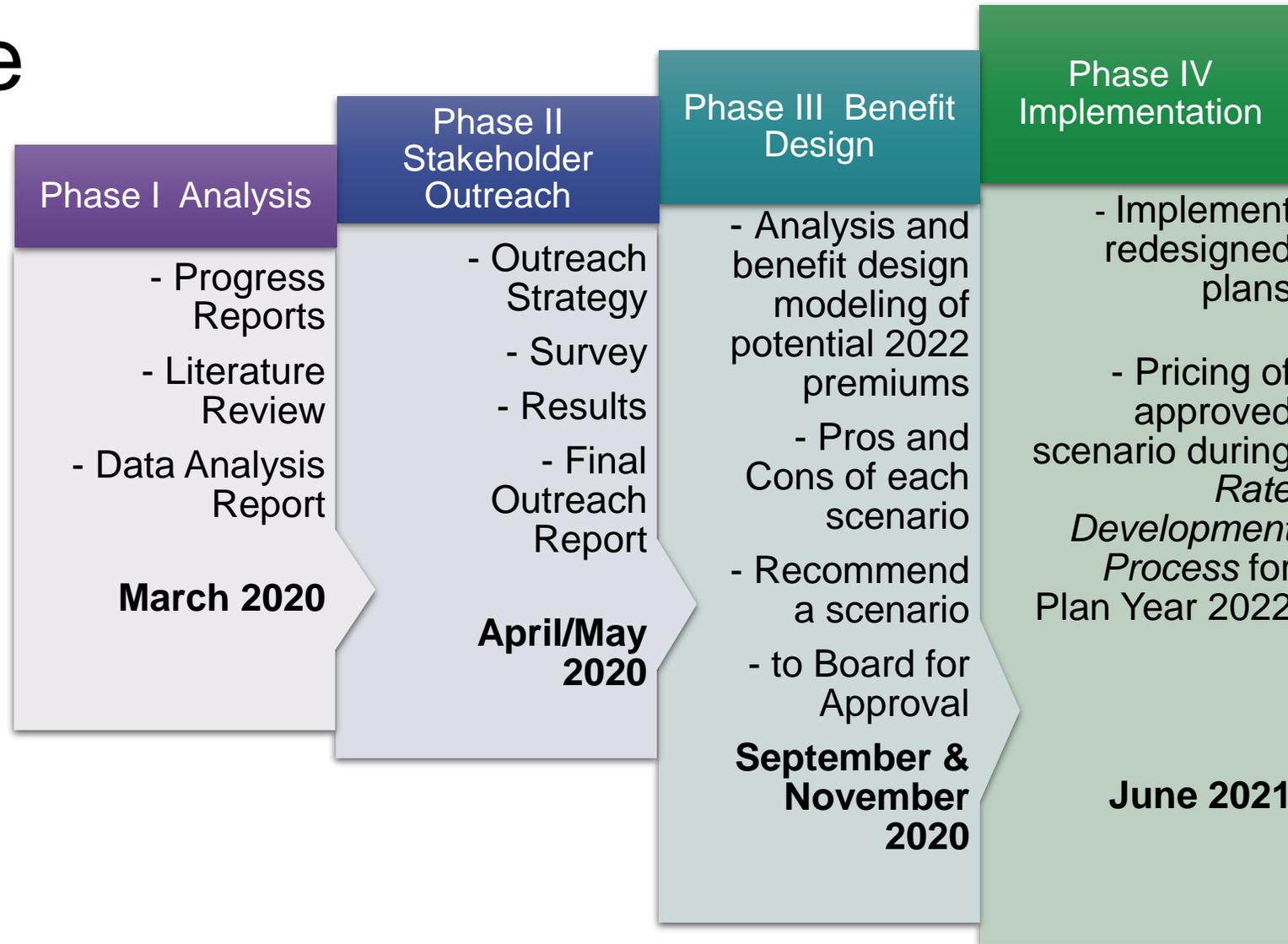
- What is the most important factor when choosing a Health Plan?
 - Premium?
 - Provider?
- Conduct data analysis using 8 years of enrollment and claims data
- Conduct a survey to ask members about what matters most

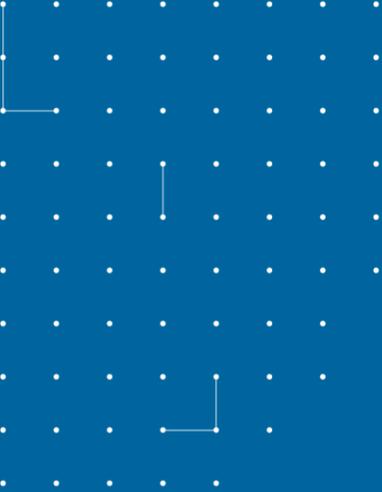
PPO Member Survey

- Random selection of members from the PERS PPOs
- Analysis of survey answers based on targeted groups
- Responses are important to produce valid results
- Online survey to be sent via mail and email in February

Please encourage members to complete if they are contacted

Timeline





Questions?

