What Drives Your Health Care Premiums, and What You Can Do to Help Keep Increases at Bay

Forces Affecting Health Care Costs

Health care costs are rising at more than three times the rate of living and wages. In fact, in the past five years, premium increases have been in excess of 73% nationally. There are a number of factors that contribute to increases in the cost of health care. Some include:

- Increasing number of uninsured,
- Consolidation of hospital and physician networks, which causes hospitals and physicians to charge employer-based plans more than three times the cost of non-employer-based care,
- Overuse of emergency rooms—these are the costliest form of care and are often used for non-emergent conditions.
- Increased use of new technology and drugs.
- An aging population that is living longer, and requiring more care as they age.
- Increasing incidence of costly chronic conditions (such as heart disease, diabetes, cancer, etc.).
- Coronary Artery Disease—3%
- Depression—5%
- Diabetes—5%
- Hypertension—11.7%
- Cataracts—2.8%

In addition, you have an older member population that is being longer, and requiring more care as they age. The average age of our active and retired subscribers is 45 and 68, respectively.

How You Can Help

Staying as healthy as possible will allow you to enjoy life to the fullest, and help keep your health care costs down. Here are a few ideas to help you take a more active role in your good health.

- Learn about and get involved in the Preventive Care Network, (PCN) a performance network next year, will offer out-of-pocket maximums for non-life-threatening events.
- Create an annual ear and nose check.
- Work with your doctor if you have a chronic condition to help you minimize any complications.

At CalPERS, we face all of these same health care cost challenges. Plan, we have addressed cost drivers because they have been designated by Blue Shield (HMO) and Blue Cross (PPO) as best in quality and cost value. Blue Shield (HMO) members who move to the NetValue high performance network next year, will pay less to participate in this care.

- Set healthy lifestyle goals, such as eating right, getting enough exercise, and avoiding unhealthy habits.
- Learn about and get involved in the FREE disease management programs that all of our health plans offer. These programs cover the most prevalent diseases for CalPERS members, including hypertension, diabetes, and depression. Call your health plan or check their website for details.

By informed when it comes to choosing your health plan and your doctors. Study up on how hospitals perform so that you can get the best care at the best price.

In this newsletter, you will find all the information you need to keep health care costs down. During Open Enrollment. You will also learn about one new, lower-cost health plan option that could save you money next year.

Welcome to the 2007 Edition of Open Enrollment News

In this newsletter, you will find all the information you need to keep health care costs down. During Open Enrollment. You will also learn about two new, lower-cost health plan options that could save you money next year.

During Open Enrollment:
- Enroll in CalPERS Health Programs
- Change health plans
- Add eligible family members

Open Enrollment begins September 17, 2007 and ends October 12, 2007

Open Enrollment News 2007

New Health Plan Offerings

CAHP, COPOA, and PORAC will have no benefit changes.

New Health Plan Offerings:
- We will be adding one HMO and one PPO high performance network (HPN) plan options next year. These HPN options will provide for the same quality of care as the existing provider.

2006 Basic Health Plan Benefits Updates

The following changes will be in place next year for CalPERS Basic HMO health plans only: Blue Shield of California and Kaiser Permanente. These changes do not apply to CalPERS Medicare plans.
- Eliminate all co-pays for preventive care office visits— including periodic health exams, mammography, cancer, post-natal care, immunizations, well baby visits, hearing evaluations, allergy testing, and allergy treatments (Blue Shield will have no co-pay for allergy testing. Kaiser will charge a $15 co-pay for allergy testing.)
- Increase other office visit co-pays by $15 (from $10 to $25). Kaiser will still charge a $15 co-pay for allergy testing, and $10 for Kaiser.
- Create an annual ear and nose check.
- Work with your doctor if you have a chronic condition to help you minimize any complications.

At CalPERS, we will continue to do everything we can to make sure that you get the best value for your health care dollar. We partner with our health plans, our pharmacy, and hospitals to try to make sure you get the highest quality care at the most affordable price.

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networks, but as a smaller panel of physicians. The beneficiary is to use a cost-saving tool by choosing one of these new plans over the standard plans.

Blue Shield NetValue HMO
• Offered in addition to the current Blue Shield Access+ HMO plan
• Offers a lower premium than the standard Blue Shield Access+ plan
• Provides some level of benefits, access, and quality of care as Access
• Offers a smaller network of selected medical groups than the current Blue Shield Access+ network

Available in portions of 17 counties: El Dorado, Fresno, Kings, Los Angeles, Modoc, Nevada, Orange, Placer, Riverside, Sacramento, San Bernardino, San Diego, San Joaquin, Santa Barbara, Ventura, and Yolo. Some counties will only have partial access. Members should contact Blue Shield to determine whether their ZIP code is included in the NetValue service area.

PERS Select PPO
• Offered in addition to the current statewide PERS Choice PPO plan

If you already have access to a health plan through the Open Enrollment period, check out the Health Plan Chooser tool on our CalPERS Web site. This handy tool lets you:
• Review information that is important to you in selecting a health plan, including benefits and services, performance of physicians, and member satisfaction ratings.
• Rank and compare health plans side-by-side based on your personal preferences.

For beneficiaries of Medicare PPO plans and PERS Choice PPO plans:

myCalPERS is an integrated extension of CalPERS On-Line, the CalPERS Web site. myCalPERS provides access to important health plan information and our online services. It’s the place to go if you’re thinking about changing your health plan during Open Enrollment. Depending on your plan’s service area, your mail-in Open Enrollment Change Request form (HRD-30) which can be addressed to the following address:

Reminder for State Retirees
Are you a State of California retiree who pays in a Medicare Part D premium? If so, you may be eligible to reenroll in plan for your health plan use your home ZIP Code. Remember to avoid future out-of-pocket costs, you need to check your plan’s service area. If you are using your home ZIP Code, go directly to http://my.calpers.ca.gov.

If you are a new CalPERS member, you may select any plan in your residential ZIP code area. Retirees cannot see the address of the employer from which they selected to establish your ZIP Code eligibility online or at a non-CALPERS covered employer.

Accessing myCalPERS
Online Services: myCalPERS
In June 2007, CalPERS launched myCalPERS, a new personalized and secure member Web site. myCalPERS allows you to access all CalPERS self-service tools and services in one, easy-to-use place – with just the click of a mouse.

myCalPERS is an integrated extension of CalPERS On-Line, the CalPERS Web site. myCalPERS provides access to important health plan information and our online services. It’s the place to go if you’re thinking about changing your health plan during Open Enrollment.

For Retirees:
It’s Easier to Change Your Health Plan
myCalPERS makes it easier for retirees to change their health plan during Open Enrollment. Log in to myCalPERS at http://my.calpers.ca.gov and select your Health Plan Summary, then select Change Your Plan. If you haven’t registered for online access yet, be sure to register first so you can take advantage of this self-service tool.

If you prefer, you may change your health plan by calling toll free at 800-847-8737 and use our Interactive Voice Response System to make a change, or you may mail in the Open Enrollment Change Request form (HED-50) which can be found in the Health Program Guide.

Dental Open Enrollment:
The 2008 Open Enrollment period for State-sponsored dental plans is open from September 17 – December 12, 2007. You don’t need to do anything unless you want to enroll in a dental plan. Changes and enrollment issues during this period take effect January 1, 2008.

For more information about the services, registering is easy and fast. We’ve integrated our self-service tools and services in one, easy-to-use place – with just the click of a mouse. It’s your tool for getting things done. You can access myCalPERS extension of CalPERS On-Line, the CalPERS Web site, http://my.calpers.ca.gov.

If you are an Active member and want to change your health plan during Open Enrollment, please contact your health plan’s Personnel or Office Manager.

Tip for Members: CalPERS will post your new health plan coverage on myCalPERS as soon as your new plan is available. For more information about the Health Plan Summary, please contact your health plan’s Personnel or Office Manager.

Understanding Health Plan Availability
In general, active employees and working CalPERS retirees may enroll in a health plan using either their home or work ZIP Code. (The exceptions to this rule apply to members enrolling in Kaiser Permanente Senior Advantage, who must use only their residential ZIP Code; or Blue Shield of Montana, who must use only the San Francisco ZIP Code.) If you are using your home ZIP Code, you must live in the health plan’s service area. If you use your work ZIP Code, all enrolled dependents must reside within the service area (except emergency and urgent care) within the health plan’s service area, even if they do not live in that service area.

Important: If you wish to enroll in one of the plan options for State-sponsored dental plans is also available. If you are a new member, you may select any plan in your residential ZIP code area. Retirees cannot see the address of the employer from which they selected to establish your ZIP Code eligibility online or at a non-CALPERS covered employer.

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networks, but as a smaller panel of physicians. The benefit to you is that you can save money by choosing one of these new plans over the standard plans.

Blue Shield NetValue HMO
• Offered in addition to the current Blue Shield Access+ HMO plan
• Offers a lower premium than the standard Blue Shield Access+ plan
• Provides the same level of benefits, access, and quality of care as Access+
• Offers a smaller network of selected medical groups than the standard Blue Shield Access+ network

Available in 17 counties: El Dorado, Fresno, Kern, Kings, Los Angeles, Madrav, Nevada, Orange, Placer, Riverside, Sacramento, San Benito, Santa Cruz, San Diego, San Joaquin, Santa Barbara, Ventura, and Yolo. Some counties will only have partial access. Members should contact Blue Shield to determine whether their ZIP code is included in the NetValue service area.

PERS Soli PCO
• Offered in addition to the current state’s PERS Choice PCO plan
• Offers a lower premium than the standard PERS Choice plan.
• Offers a smaller network of over 2,100 providers – representing more than 50 percent of the PERS Blue Shield network
• Provides the same level of benefits, access, and quality of care as Access+
• Offers a smaller network of selected medical groups than the standard Blue Shield Access+ network

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PERS Soli PCO
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 removable. If you prefer, you may change your health plan by calling us toll free at 888 CalPERS (888-225-7737) and use our Interactive Voice Response System to make a change, or you may mail to the Open Enrollment Change Request form (HRD-30) which can be found on the Health Program Guide.

Choosing the Right Health Plan
If you need help selecting a health plan during the Open Enrollment period, check out the Health Plan Choozer tool on the CalPERS Web site. This handy tool lets you:

• Review information that is important to you in selecting a health plan, including benefits and services, cost of health care, location, and member satisfaction ratings
• Rank and compare health plans side-by-side based on your personal preferences

Western Health Advantage Not Available in 2008
• Women’s Health Advantage (WHA) will not be available as a health plan option in 2008. WHA serves Colusa, El Dorado, Placer, Sacramento, Solano, Sonoma, and Yolo counties.

Important: If you wish to enroll in one of these HMO plans for 2008, you must change your current health plan to the new HMO plans – even if your current physician is included in the HMO panel of doctors.

Blue Shield Service Area Changes
To combat continually increasing health-care costs in certain rural counties, in 2008 Blue Shield will be switching its HMO plan from four counties: Lake, Napa, Plumas, and certain areas of El Dorado. Members will have access to quality health care in these areas either by joining another CEP HMO plan, if available, or choosing a PCO plan.

State members in Lake and Plumas counties can take advantage of the Rural Health Care Equity Program (RHEP), which could provide a subsidy of up to $1,510 per year. For quick and easy access to these resources, and publications you’ll need to make changes to your health plan during Open Enrollment, please contact your Personnel or Office of Personnel.

If you are an Active member and want to change your health plan during Open Enrollment, please contact your Personnel or Office of Personnel.

Tip for Medicare Members
If you are enrolled in a Medicare Part D plan, you may receive our health-plan coverage. For most members, your CalPERS health-plan health-plan coverage is as good as or better than the Medicare Part D.

For more information about the health-plan coverage, visit our CalPERS Web site at www.calpers.ca.gov. If you have registered for online access yet, be sure to register first so you can take advantage of this self-service option.

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Learn About Your Health Plan Options with My CalPERS Health Summary OptionMembers
If you are a State of California retiree who pays a higher Medicare Part B premium due to new Social Security rules? If so, you may be eligible to enroll for up to 83 premium costs. To apply for this additional reimbursement, you must complete this form and mail in a health plan using either their

myCalPERS as an integrated tool on the CalPERS Web site. myCalPERS provides access to important information and our online services. It’s your tool to obtain your personal information about your health plan. myCalPERS provides accurate information and services.

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Joaquin, Santa Barbara, Ventura, San Bernardino, San Diego, San Francisco, Los Angeles, Madera, Nevada, Orange, Placer, Riverside, Sacramento, San Benito, San Diego, San Joaquin, Santa Barbara, Ventura, and Yolo. Some counties will only have partial access. Members should consult Blue Shield to determine whether their ZIP code is included in the Blue Shield Access+ network.

Important: If you wish to enroll in one of these HIP plans for 2008, you must change your current health plan to the new HIP plan – even if your current physician is included in the HIP plan of record.

Blue Shield Service Area Changes

To combat continually increasing health costs in certain rural counties, in 2008 Blue Shield will be withdrawing its HIP plan from four counties: Lake, Naples, Plumas, and certain areas of El Dorado. Members will still have access to quality health care in those areas either by joining another CalPERS HIP plan, if available, or choosing a PPO plan.

For Retirees: It’s Easier to Change Your Health Plan

myCalPERS makes it easier for retirees to change their health plan during Open Enrollment. Log in to myCalPERS at http://my.calpers.ca.gov and choose “2007 Health Open Enrollment.” Then select “The CalPERS On-Line Health Plan Search by ZIP Code” tool to review information that is important to you in selecting a health plan, including benefits and services, plan features, the pharmacy network and member satisfaction ratings. Bank and compare health plans side-by-side based on your personal preferences.

If you are a retiree with Blue Shield, you may select any plan in your local ZIP Code area. Retirees cannot use the address of the employer from which they retired to establish Blue Shield eligibility unless it is a non-CalPERS covered employer.

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- Consolidation of hospital and doctor networks which may limit competition for services in certain areas
- Increased use of new technology and drugs to diagnose and treat disease
- Overview of emergency rooms—the comfort form of care
- An aging population that is living longer, and requiring more care as they age.
- Asthma—3%
- Coronary Artery Disease—3%
- Depression—5%
- Diabetes—5%
- Hypertension—11.7%

In addition, we have an older member population that is living longer, and requiring more care as they age. The average ages of our active and retired subscribers are 45 and 68, respectively.

At CalPERS, we face all of these same health care cost challenges. Plan, we have added cost containment measures, such as:

- Program of Total Care (PTC) that combines a quality HMO, capitated care, and a network of hospitals and doctors to minimize any complications.
- Work with your doctor if you have a chronic condition to help you maintain your health plan.
- In addition, you will save money on your health plan in the future, and help keep your health care costs down.

By informing you and helping you with your health plan and your doctors.

Staying healthy at a young age will allow you to enjoy life to the fullest, and help keep your health costs down. Here are a few ideas to help you take a more active role in your health care.

- Set healthy lifestyle goals, such as eating right, getting enough exercise, and avoiding unhealthy habits.
- Learn about and get involved in the various disease management programs that all of our health plans offer. These programs are to help manage chronic diseases for CalPERS members, including hypertension, diabetes, and depression. Call your health plan or check their website for details.

Forcibly-Affecting Health Care Costs

How You Can Help

- Be informed when it comes to choosing your health plan and your doctors.
- Study up on how health plans perform on patient satisfaction and quality measures. Check-out the CHART擦拭 Hospital Assessment and Reporting Tool (HPN) for ratings of hospitals before you plan your hospital stay.
- See your doctor or urgent care clinic before going to the emergency room for non-lifethreatening events. Use mail order options to refill prescriptions and use generic drug alternatives. You are more likely to save money than this year.
- Call your health plan or check their website for details. on all the 2008 health benefit
- Changes on the 2008 insurance benefit changes and design changes are outlined below.

2008 Basic Health Plan Benefit Updates

- Eliminate all co-pays for preventive care office visits— including periodic health exams, mammograms, prenatal care, post natal care, hearing evaluations.
- Family excluding pharmacy and dental excluding pharmacy depends on your health plan.
- Standard co-pays for urgent care to $137. If you are a Basic HMO member, you will be happy to know that you will have co-payments for preventive care office visits in 2009. We hope this encourages you to take advantage of the preventive care enrollment health plan offer, including periodic health exams, allergy testing and treatment, and having evaluations.

- In 2009, we will be adding new HMO and PPO plans to our health plans offerings. If they are not offered in your area, you may need to choose another plan. Be sure your family has no co-payments for preventive care.

- Create an annual out-of-pocket maximum for Blue Shield of $1,500 for an individual and $3,000 for a family excluding pharmacy and dental co-payments and copayments. (These maximums have been in effect at Kaiser.)

Open Enrollment begins September 17, 2007 and ends October 12, 2007.

What Drives Your Health Care Premiums, and What You Can Do to Help Keep Increases at Bay

Open Enrollment News 2007

Welcome to the 2007 Edition of Open Enrollment News

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- Change health plans
- Add eligible family members

During Open Enrollment:
- Enroll in the CalPERS Health Program
- Check-out the CHART擦拭 Hospital Assessment and Reporting Tool
- Visit the HPN website for details.
- Get the best value for your health care
- Get involved in disease management programs at CalPERS
- Eliminate all co-pays for preventive care office visits— including periodic health exams, mammograms, prenatal care, post natal care, hearing evaluations.
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Details on all the 2008 health benefit changes are outlined below.

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Increases at Bay
What You Can
Your Health Care
What Drives
Health Care Costs
Forces Affecting
Health Care
As a retiree, you have a stake in what drives health costs and forces that affect increases in the cost of health care. Here are some:
- Increasing number of uninsured
- Consolidation of hospital and doctor cost increases
- Overuse of emergency rooms
- Increased use of new technology and drugs to diagnose and treat disease
- Increasing incidence of costly chronic conditions, like diabetes, obesity, and heart disease
- An aging population

In addition, here are other number population that is living longer, and requiring more care as they age. The average ages of our active and retired subscribers are 67 and 68, respectively.

At CalPERS, we face all of these same health care cost challenges. Plan, we have added cost containment measures that have steady results:
- 20 percent lower drug costs
- 13 percent lower hospital charges
- 5 percent lower doctor charges
- 11 percent lower ambulance costs

Some include:
- Hospital and doctor cost increases
- An aging population
- Increased incidence of costly chronic conditions, like diabetes, obesity, and heart disease
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During Open Enrollment
- Enroll in the CalPERS Health Program
- Change health plans
- Enroll in the CalPERS Health Program

(continued from inside)

How You Can Help
Staying as healthy as possible will allow you to enjoy life to the fullest, and help keep your health care costs down. Here are a few ideas to help you take a more active role in your good health.

- At CalPERS, we face all of these same health care cost challenges. We have added cost containment measures to our medical plan.
- Hospitals costs have risen 73 percent nationally. There are a number of reasons that contribute to increases in the cost of health care.
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Health care costs are rising at more than three times the cost of living and wages. In fact, in the past five years, private health insurance premiums have risen 73 percent nationally. For a number of reasons that contribute to increases in the cost of health care, here are some:

- Hospital and doctor cost increases
- An aging population
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