



Pension and Health Benefits Committee Agenda Item 8

November 14, 2017

Item Name: OptumRx Customer Service

Program: Health Benefits

Item Type: Information

Executive Summary

This agenda item provides an update to the Pension and Health Benefits Committee (PHBC) on program activities of OptumRx, the Pharmacy Benefit Manager (PBM) for the California Public Employees' Retirement System (CalPERS). OptumRx provides PBM services for Preferred Provider Organization and most Health Maintenance Organization plans. The update will include responses to complaints about OptumRx customer service made by CalPERS retiree members.

Strategic Plan

This item supports CalPERS 2017-22 Strategic Goal: "Transform health care purchasing and delivery to achieve affordability."

Background

CalPERS transitioned from CVS/caremark to OptumRx as its PBM effective January 1, 2017. The transition caused some member disruption.¹ Among other problematic aspects were:

- CalPERS member complaints about OptumRx's call center customer service.
- A high rate of overturns for Medicare Prior Authorizations (PAs).
- Medicare Part D Employer Group Waiver Plan formulary and tier differences from the prior PBM contract leading to member disruption.

Between January and October, the CalPERS and OptumRx teams have made numerous efforts to rectify these issues.

Analysis

CalPERS held two meetings with stakeholders on October 9, 2017 and October 17, 2017. Dr. Bradford Curtis, OptumRx Senior Medical Director, and Michael Kennedy, OptumRx Senior Account Representative, participated by telephone in the first meeting and in person for the second meeting. OptumRx and CalPERS team members answered stakeholder questions and summarized corrective actions in place and planned for the future.

¹ Liana Bailey-Crimmins, Deputy Executive Officer, CalPERS, during April 18, 2017, CalPERS Pension and Health Benefits Committee meeting, at <https://www.youtube.com/watch?v=qBNmxE23nho&feature=youtu.be&t=15m11s>.

CalPERS actions to date to address retiree concerns have included:

- Requested that OptumRx update its corrective action plan to address additional complaints and provide dates for remedy.
- Assessed and collected additional fees from OptumRx for costs associated with implementation.
- Conducted an unannounced site visit to OptumRx call center and PA offices.
- Made recommendations to OptumRx to improve its handling of escalated calls and its PA processing.
- Analyzed 200 consecutive call recordings of conversations between CalPERS Medicare members and the OptumRx call center, and made recommendations to OptumRx on the basis of the analysis.
- Interviewed OptumRx employees handling escalated CalPERS member issues.
- Obtained utilization and cost data from OptumRx to make decisions about streamlining utilization management and decreasing cost sharing for Medicare members.

Mr. John Prince, Chief Executive Officer, OptumRx, will make a presentation to the PHBC concerning the company's commitment to CalPERS (Attachment 1).

Next Steps

CalPERS and OptumRx will continue to collaborate to assure the highest possible levels of member satisfaction with OptumRx call center operations, prior authorizations, and formulary.

Budget and Fiscal Impacts

Not Applicable.

Benefits and Risks

Not Applicable.

Attachments

Attachment 1 – Slide presentation by OptumRx

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Liana Bailey-Crimmins

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