

The State of Health Care in California and the Nation



Liana Bailey-Crimmins,
Chief Health Director

Dr. Kathleen Donneson,
Chief, Health Plan Administration Division

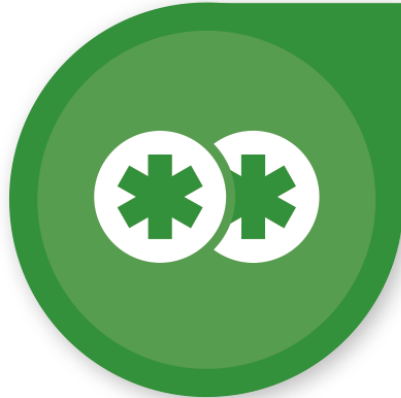
Innovation



Pharmaceuticals



Partnerships



Best Practices



A photograph of a modern building with a glass facade and stone pillars. The building is multi-storied with a complex structure of white stone columns and glass panels. A large, leafy green tree is on the right side of the frame. In the foreground, there is a stone wall with the CalPERS logo and text. The sky is clear and blue.

We serve those
who serve California



CalPERS

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

400 Q STREET



1.4 Million

1.4 million total
covered lives in the
CalPERS health care
system



1,200
Employers

1,200 public agencies
and schools contract
with us for health
benefits



\$9.3 Billion

\$9.3 billion spent in
2017 to purchase
health benefits



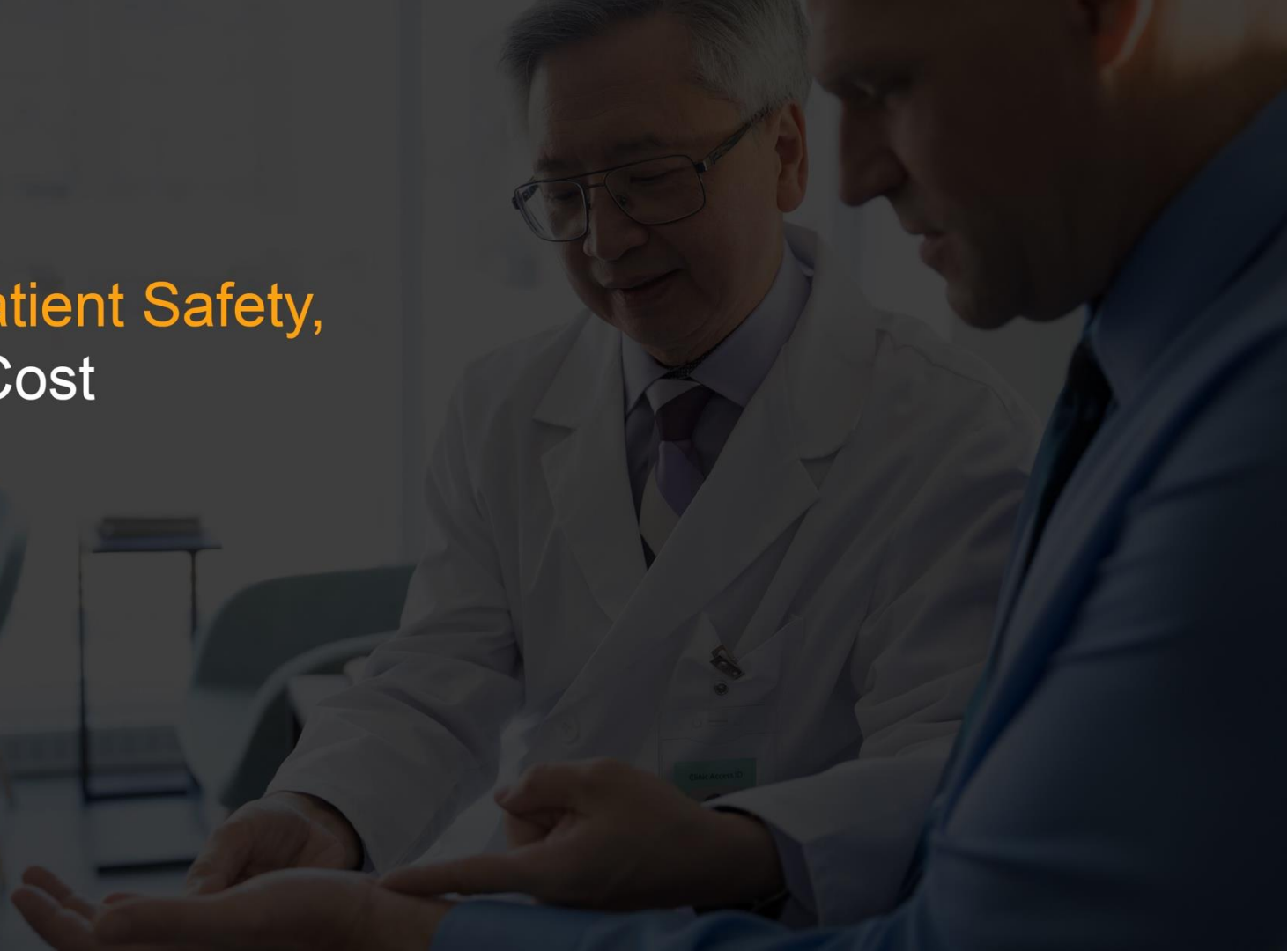
26%

Lowest increase in 20 years



2.2%

Quality, Patient Safety,
and then Cost



Our choice

- Innovate with benefit design
- Improve transparency in pharmacy contracts
- Partner for better programs

Their choice

- Reduce benefits
- Shift to high deductible plans
- Lower the benefit package for new employees
- Shift more costs and responsibility to employees



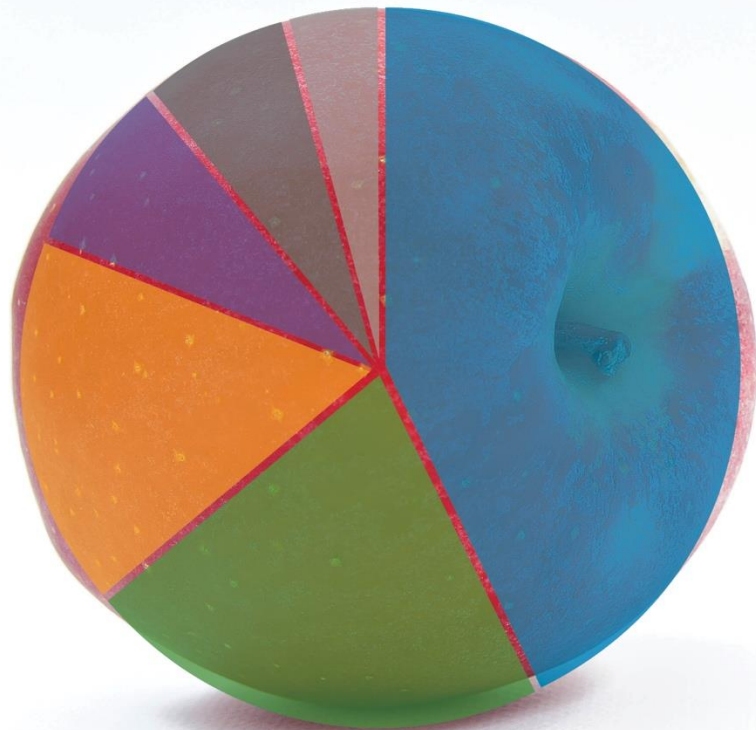
Increased productivity



Reduced absenteeism



Improved morale



Where our Health Care dollars go

Inpatient and Hospital Outpatient Services	43%
Professional Services	21%
Pharmacy	17%
Lab and X-ray	8%
ER	7%
All Other	4%

Innovation Results in Lower Costs



The image is a collage of financial and medical-themed elements. In the upper right, a white calculator with grey and orange buttons is visible. A silver stethoscope with black tubing is draped across the top left and middle. The background features various financial charts: a blue bar chart on the left, a blue pie chart in the center, and a blue bar chart at the bottom right. A silver pen lies diagonally across the bottom right. A semi-transparent blue banner with the text 'Value-Based Purchasing' is centered across the middle. In the bottom left, a portion of a financial table is visible, showing columns for 'Income' and 'Expenses' with various dollar amounts.

Value-Based Purchasing

Income

Expenses

000's

\$40

\$20

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$15,000

\$30,000

\$110,000

Reference Pricing



Hospital

Sites of Care



Ambulatory
Surgery
Center



Home



\$10 co-pay

\$2 actual

Pharmacy Benefit Contract





\$16.1 million

Total savings

\$5.5 million

Joint replacement of the knee or hip

Jan 2011-Dec 2012

\$1.3 million

Cataract surgery in first two years

\$7 million

Colonoscopy in first two years


\$2.3 million

Knee or shoulder orthopedic procedures
in first two years

A woman with curly hair is looking upwards with a thoughtful expression, her hand near her chin. The background is a blurred office or meeting room with several colorful sticky notes (pink, orange, green, blue) attached to a wall. The text "Where We are Going" is overlaid in a yellow-orange font.

Where We are Going

Value-Based Insurance Design



Provides a place
where health problems
can be treated


Guides patients through
the health system

Facilitates ongoing
relationship

High-Quality Coordinated Care

Opportunity for
disease prevention

Builds bridges
between patients and
health care providers

A person wearing a white, textured sweater is holding a bright orange in their left hand and a red apple in their right hand. The background is a soft, out-of-focus white. Two semi-transparent colored rectangles are overlaid on the image: a blue one on the left containing the text 'High deductible plans' and a green one on the right containing the text 'Value-based design'.

High deductible plans

Value-based design

Value and Affordability for Pharmaceuticals

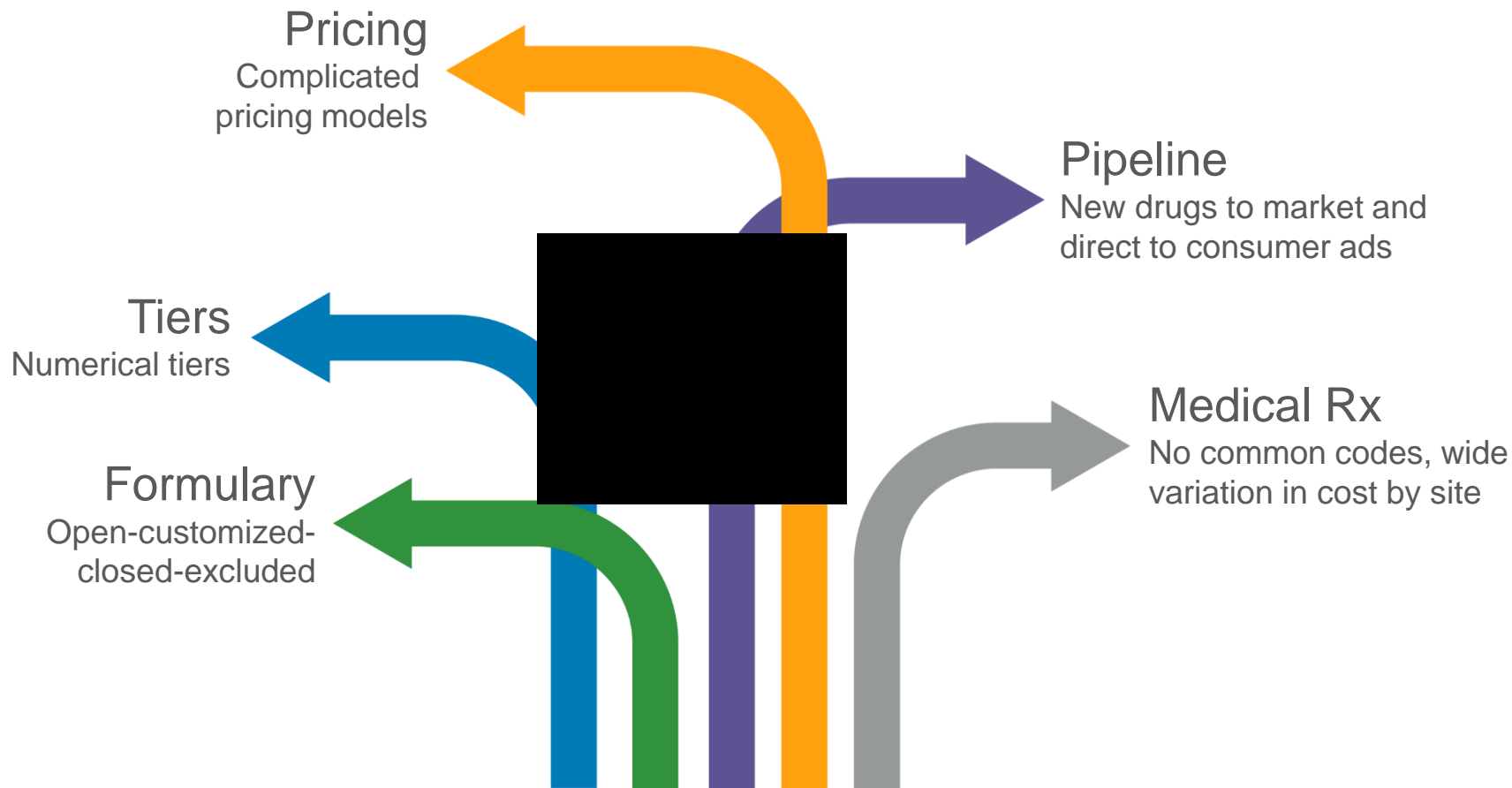
From 2011-2016
prescription drug
costs increased

12.07%



A photograph of two business women in a modern office setting. They are seated at a white desk, looking at a tablet. The woman on the left has short blonde hair and is wearing a dark blue blazer. The woman on the right has dark curly hair, wears glasses, and a light-colored sleeveless top. They are both smiling and appear to be in a collaborative discussion. On the desk, there is a white mug, a blue mug, and some papers. Large windows in the background provide natural light and a view of greenery outside.

The Challenges We Face to Value and Affordability



A background image showing a close-up of a hand holding a small, round, light-colored pill between the thumb and index finger. The hand is wearing a white lab coat sleeve. The image is slightly blurred, focusing on the pill and the hand.

Unified purchasing

More numerical tiers

Negotiate superior
specialty drug pricing

Ways to Make Prescription Drugs More Affordable

Educate prescribers
on costs

Direct value-based
contracting

Measuring Health Outcomes





Partnerships Lead to
Better Outcomes







Measure plan outcomes

Data-driven decisions

Leverage partnerships in
your communities

Best Practices

Require transparency

Support employees in
improving their health

Be proactive at
Open Enrollment

A photograph of a modern building with a large glass facade and a stone monument in the foreground. The building has a complex, multi-level structure with a prominent glass section. The stone monument in the foreground is engraved with the CalPERS logo and name. The text "Provide superior service in the delivery of affordable quality health care." is overlaid on the left side of the image.

Provide superior service in
the delivery of affordable
quality health care.



CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

400 Q STREET