



YESTERDAY, TOMORROW AND FINANCE  
2020 CSMFO ANNUAL CONFERENCE  
JANUARY 28-31, 2020  
DISNEYLAND CA



# Health Care Challenges and Outlook





A man in a dark suit and striped tie is riding a blue bicycle. He is smiling and looking off to the side. A white helmet is hanging from the handlebars. In the background, there is a modern building with large glass windows. Two other people, a man and a woman, are walking in the background. The entire image has a blue tint.

# Health Care Challenges and Outlook

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*Deputy Executive Director, Covered California*

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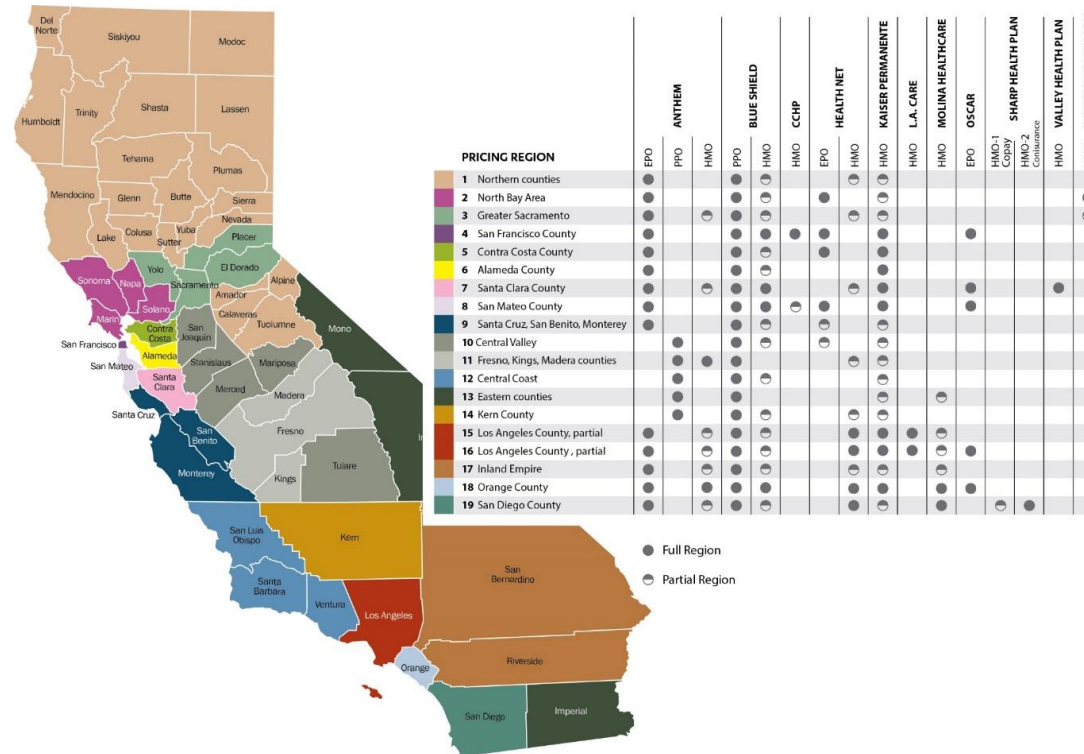
*Chief Health Director, CalPERS*

# 1.39 Million

Consumers enrolled (March 2019)

# 4+ Million

Consumers enrolled at one time or another since 2014



# 11 Health Plans

in different combinations across 19 rating regions.





**1.5  
Million**

Total covered lives  
in the Health  
Benefits program



**1,200  
Employers**

State, CSU,  
public agencies  
and schools



**\$9.2  
Billion**

Spent on  
purchasing health  
benefits in 2018



**\$3.6 trillion**

Spent on health care in U.S.



**18%**

U.S. economy goes  
toward health care



**2x**

Rx per person in U.S.  
compared to other high  
income countries



**5%**

Of patients drive 50%  
of the healthcare  
costs in U.S.



A blue-tinted background image showing a business meeting. Several people are gathered around a table, looking at and pointing to various documents and charts. One person in the foreground is holding a pen over a document. The documents contain bar charts, pie charts, and line graphs. The overall scene suggests a collaborative business discussion or presentation.

# Strategies for Promoting Lower Cost and Higher Value

A stethoscope is placed on a \$100 bill, which is part of a stack of money. The image is in grayscale and serves as a background for the left slide.

## Reference Pricing Medical Procedures

- Fixed price for certain surgeries and procedures
- Saves \$8 million annually

A pharmacist in a white lab coat is smiling and holding a small container of pills. The image is in color and serves as a background for the right slide.

## Managing Rx Costs – Part I

- Reference pricing for pharmaceuticals
- Follow-on biosimilars



### Increasing Competition

- Adding or removing a plan increases or decreases competition
- Right mix of plans in a region to get the best price
- New models to help small medical groups deliver integrated care

### Managing Rx Costs – *Part II*

- Strategy for specialty drugs
- Re-thinking drug purchasing

### Non-medical Health Interventions

- Transportation
- Home care
- Telemedicine

## Assuring Quality Care Domains

- Individualized Equitable Care
- Health Promotion and Prevention
- Mental Health and Substance Use Disorder Treatment
- Acute, Chronic and other Conditions
- Complex Care

## Effective Care Delivery Organizing Strategies

- Effective Primary Care
- Promote integrated delivery systems and ACOs
- Networks Based on Value



**Key Drivers of Quality Care  
and Effective Delivery**

- Benefit Design & Network Design
- Measurement & Public Reporting
- Payment
- Patient-Centered Social Determinants
- Data Sharing and Analytics
- Administrative Simplification



**Performance and  
quality measures  
and reporting**



**Coordinated strategy  
to improve mental  
health access and care**



**Partnerships and  
collaborations**

# Delivery System Reform Strategies

- +
  - +
  - +
  - +
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- |                               |                                  |                          |                                  |                       |
|-------------------------------|----------------------------------|--------------------------|----------------------------------|-----------------------|
| Network design based on value | Improved hospital maternity care | Improved hospital safety | Promoting access to primary care | Promoting integration |
|-------------------------------|----------------------------------|--------------------------|----------------------------------|-----------------------|



## Continued Federal Uncertainty:

- Fifth Circuit Court of Appeals Ruling
- 2020 Election
- Pharmaceutical Pricing
- Surprise Billing
- Medicare-for-All, Single Payer & Other Campaign Health Care Proposals

## Continued California Action:

- All Payer Claims Database – OSHPD
- Health Care For All Commission
- Bulk Purchasing Pharmaceuticals
- Governor's Budget
- 2020 Legislative Cycle



# Q&A