

Tying the Knot: Health Care Reform, Cost and Quality

California Hospital Patient Safety Organization
Annual Meeting – Getting to Zero: Innovate, Collaborate, Accelerate
April 9, 2013

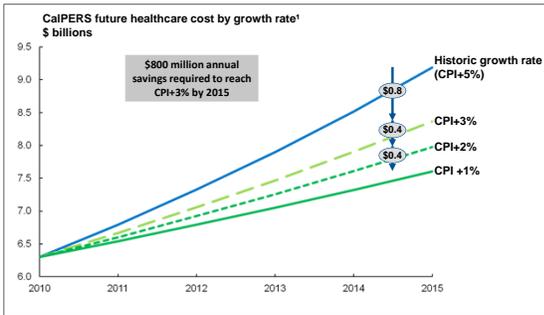


CalPERS faces some key challenges & opportunities over the next 3-5 years

- Unsustainable healthcare cost trend
- Aging population with high health risk
- Fiscal constraints
- Future Affordable Care Act provisions
- Procurement of HMO & PPO contracts
- Changing marketplace (Integrated care, value based benefit designs, reference pricing, bundled pmts.)



Historical growth of CPI+5% shows it will take significant savings to bend the trend



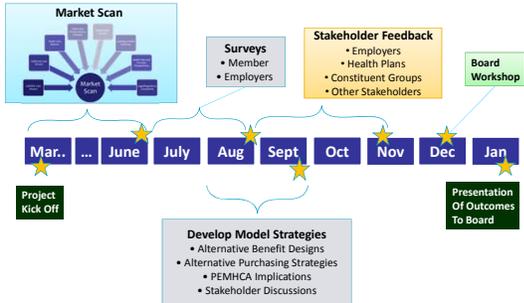
1 CPI is 2.8%; from 1995-2010 CalPERS cost have grown at ~8% or CPI +5%; growth rates extrapolated on 2010 cost base of \$6.3 billion
SOURCE: CalPERS Thomson Reuters HIP Executive Report (Mar 24, 2011); Bureau of Labor Statistics; team analysis



Health Benefits Purchasing Review

- **Market Scan**
Surveys and Key Insights
Path Forward

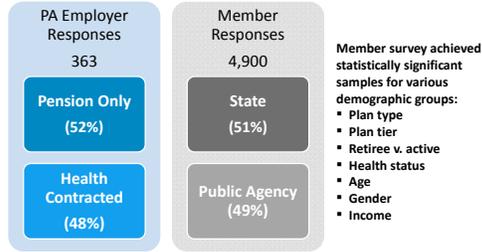
The Health Benefits Purchasing Review methodology - market scan to strategies



Health Benefits Purchasing Review

- Overview and Market Scan
- **Surveys and Key Insights**
Path Forward

Surveys achieved statistically significant sample sizes across major demographic segments

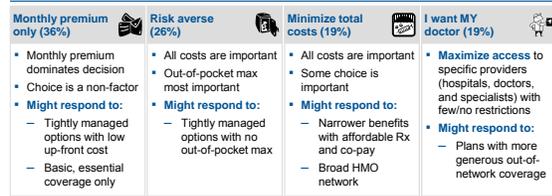


Survey: Member Preferences

Conjoint analysis identified four specific member segments

Conjoint segments

Percentage of respondents in each segment, N=4,900



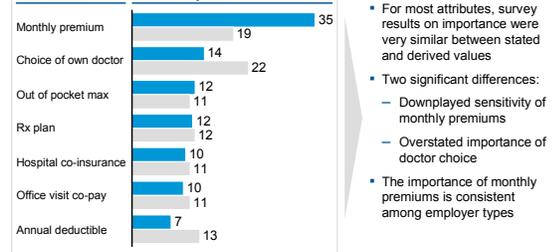
SOURCE: CalPERS Health Benefit Survey (July 2011); conjoint results

Survey: Member Preferences

Conjoint shows that members value lower premiums more than any other attribute

Importance of plan attributes

Average points allocated out of 100



Note: Derived importance is determined from the utilities developed via the conjoint exercise; Stated importance based on how many points out of 100 members allocated to the importance of each attribute

SOURCE: CalPERS Health Benefit Survey (July 2011); conjoint results, Q82

