Public Pension Funding Forum
August 25, 2015
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Health Policy Research Division
CalPERS’ Overview

• Nearly 1.4 million members
• More than 1,300 employers
  – State Agencies
  – Public Agencies
  – Schools
• Will spend approximately $8.0 billion in 2015 to purchase health benefits
• Largest public employer health benefits purchaser in California; second largest public employer purchaser in the nation
CalPERS' Six Health Insurers

Health Net

United Healthcare

Anthem Blue Cross

Blue of California

Kaiser Permanente

SHARP

CalPERS
CalPERS Health Enrollment Population (as of 7/1/15)

- Total Subscribers
  - 397,737 Active members
  - 272,297 Retired members

![Pie chart showing 59% Active Members and 41% Retired Members]
CalPERS Health Enrollment Population (cont’d.)

• Retiree Breakdown
  - 182,679 enrolled in a Medicare plan*
  - 89,618 enrolled in a Basic plan

* Does not include 18 active members enrolled in Medicare plan
CalPERS Health Enrollment Population (cont’d.)

- Retiree Breakdown by Medicare Plan Type
  - 107,909 enrolled in a Medicare Supplement plan
  - 74,788 enrolled in a Medicare Advantage plan
Employer Contribution Methods, Formulas

• State Employer: Contribution ranges from 80% to 100%
  - Based on the weighted average of premiums for the four plans with the largest enrollment (GC Section 22871 through 22871.9)
Employer Contribution Methods, Formulas (cont’d.)

- Contracting Agency Employer: Contribution varies – subject to collective bargaining
  - PEMHCA establishes a Minimum Employer Contribution per employee per month (GC Section 22892)
  - Agencies may select equal or unequal contribution method
    - Equal monthly amount for active employees and retirees
    - Unequal (lower) monthly amount for retirees at first; increases over time to being equal
  - Agencies may choose other contribution formulas (e.g., fixed dollar amount, plan premium, or percentage of a premium)
Health Benefits Purchasing Strategies & Initiatives

Influence Healthcare Delivery

- Innovate/Experiment
- Strong HIT Infrastructure

Improve Health Outcomes

- Manage Disease
- Promote Quality & Safety
- Prevent Illness

...2012...

Deliver Sustainable Programs

Status Key
- Complete
- In Process
- Not Started
- Not Pursuing

1. Evidence Based Medicine
2*. Value Based Purchasing
3*. Bundled Payments
4*. Integrated Healthcare
5. Uniform Metrics
6. Shared Decision-Making
7. Transparency
8*. Incentives for Disease Mgmt.
9*. Intensive Case Mgmt.
10*. Reduce Unwarranted Care
11. Wellness Platform
12. HMO Procurement
13. Kaiser Contract
14. PPO Procurement
15. Risk Adjustment
16. Dependent Eligibility Audits
17. Medicare A & B
18. Encourage Spousal Surcharge
19. Member & Children Tiering
20. Expand PA Marketing
21. Regulatory Flexibility for PAs

* Payments & incentives based on value

...2015...

CalPERS Health Benefits

Optimized Eligibility

Encourage Competition

Flex for Growth

CalPERS

Wellness Platform

...2012...

CalPERS Health Benefits

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Single Carrier Medicare Advantage Plan (eff. 1/1/16)

• CalPERS has selected the UnitedHealthcare Group (UHC) to carry the single HMO Medicare Advantage plan, replacing those currently offered by Anthem Blue Cross, Blue Shield of California, Health Net, and Sharp.

• Implementation of UHC’s MA plan is expected to save a minimum of $24 million.
Prefunding Other Post-Employment Benefit (OPEB) Liabilities

<table>
<thead>
<tr>
<th>California Employers’ Retiree Benefit Trust (CERBT)</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Effective date</td>
<td>March 1, 2007</td>
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<tr>
<td>Participating employers</td>
<td>462</td>
</tr>
<tr>
<td>Covered lives represented</td>
<td>383,816</td>
</tr>
<tr>
<td>Assets under management</td>
<td>$4.5 billion</td>
</tr>
</tbody>
</table>

As of 6/30/2015
CERBT FY 2014-15 Highlights, Milestones

- 462 – Total CERBT contracts
- $594 million – Net contributions during the FY
- $4.5 billion – FY-end assets under management
- 15.1% – Growth of trust assets during the FY
- CERBT fee rate decreased by three basis points
CERBT Employers’ Cumulative Growth

As of June 30, 2015
CERBT Employers’ Cumulative Net Contributions

FY 07/08 FY 08/09 FY 09/10 FY 10/11 FY 11/12 FY 12/13 FY 13/14 FY 14/15*

$0.66 $1.01 $1.32 $1.57 $1.77 $2.17 $2.83 $3.42

Billion

* Accruals not included in FY 14/15

As of June 30, 2015
CERBT Employers’ Cumulative Assets Under Management

* Accruals not included in FY 14/15

As of June 30, 2015

CalPERS
CERBT Employers Under Contract

462 total
• State of California
• 118 cities or towns
• 14 counties
• 39 schools
• 20 courts
• 270 special districts and other public agencies
  - 80 Water, 32 Sanitation, 28 Fire, 21 Transportation
Questions?