

# Overview of Preferred Provider Organization (PPO) Solicitation

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Peter V. Lee, Strategic Consultant for CalPERS Health Program  
September 19, 2023

# Agenda

- Meet Peter V. Lee
- CalPERS Strategic Goal: Exceptional Health Care
- Solicitation Purpose and Objectives
- Timeline
- Discussion and Questions

Ensure our members have access to equitable, high-quality, affordable health care

# Peter V. Lee

## Currently:

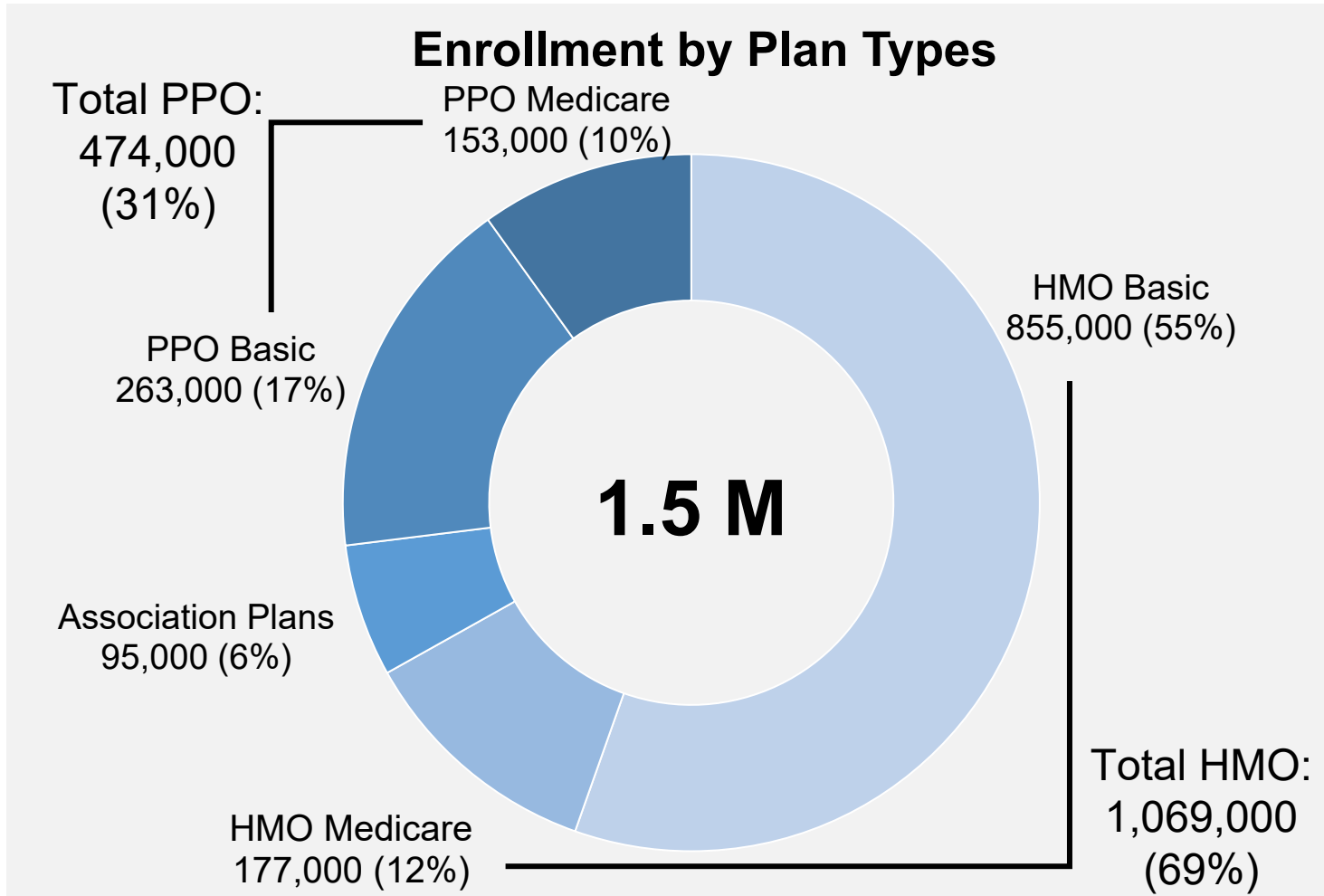
- Strategic Consultant for CalPERS Health Program
- Senior Scholar, Stanford University, Clinical Excellence Research Center

## Prior Experience:

- Founding Executive Director, Covered California
- Obama Administration appointee working on the ACA:
  - Deputy Director, CMS Innovation Center
  - Director, Delivery System Reform, HHS Office of Health Reform
- President/CEO, Purchaser (formerly Pacific) Business Group on Health
- Executive Director, Center for Health Care Rights



# CalPERS Health Benefits Program Membership



### Premiums by Plan Types

Plan Type	Single Party Average Premiums
HMO Basic	\$935
HMO Medicare	\$336
PPO Basic	\$1,038
PPO Medicare	\$447

# Financial Objectives of the PPO Solicitation

## **Align goals of providers and vendors with those of CalPERS on quality, cost, and equity:**

- Align Health Plan and Population Health Management (PHM) Vendor with CalPERS focus on Total Cost of Care
  - Solicit fully-insured options
  - With self-insured, include substantial guarantees related to Total Cost of Care and quality
- Move provider payments towards value and away from “make more by doing more” (fee-for-service)

## **Address volatility and uncertainty for CalPERS and Members**

- Consider fully-insured options
- Other mechanisms (e.g., stop-loss, reinsurance, guarantees)

# PPO Solicitation Approach

Soliciting multiple bid structures to get best value for CalPERS and its active members, including out-of-state, and Medicare Supplement members



Fully-insured  
comprehensive  
carrier



Self-funded  
Comprehensive  
Third-Party  
Administrator (TPA)  
TPA-Only (Network  
and Provider  
Contracting)



Self-funded  
Population Health  
Management &  
Supplemental  
Virtual Health  
Services  
(Primary Care &  
Behavioral Health)



Pharmacy  
carved-out or  
carved-in

# Supports **Exceptional Health Care** for all CalPERS members



# Exceptional Health Care

Ensure our members receive **high-quality** care



- Major focus on Population Health, member navigation support and assistance for those with most complex health conditions
- Soliciting bids from both health plans/TPAs and from best-in-class population health/navigation vendors
- Require effective engagement of Advanced Primary Care and integrated Behavioral Health
- Move payments to providers to align with value
- Focus on aligned quality measures with major incentives tied to quality



# Exceptional Health Care: Population Health Management



# Exceptional Health Care

Ensure our members have **access** to care when and where they need it



- All bidders must meet clear minimum standards to assure members have timely access to needed care
- Provide for very broad choice for those who want it, but potential savings for those willing to have less comprehensive range of providers
- Help and reward members who use better quality and higher value providers
- Consider expanded supplemental virtual services for Primary Care and Behavioral Health
- Targeted strategies for rural and access-challenged areas

# Exceptional Health Care

Affordability is an issue for both members and employers.

Ensure the care we provide is **affordable**



## For Members:

- Encourage use of higher value providers while allowing broad choice
- Minimize out of pocket costs wherever possible

## For Employers (State, CSU, Public Agencies, and Schools):

- Contractual performance standards tied to total cost of care & reducing trend over time
- Align financial interests of TPA/vendors with goals of fostering high-quality, efficient care

# Exceptional Health Care

Ensure our members receive **equitable** care



- Solicit strategies to assure services reach CalPERS' diverse population
- Require health plan collection of member demographic data
- NCQA Health Equity Accreditation requirement for plans
- Stratification of performance measures by member demographics to move incentives to be linked to addressing disparities
- Establish disparity reduction targets with purchaser partners

# CalPERS PPO Solicitation Timeline

Major steps and opportunities for Board and Stakeholder Engagement



# Questions & Discussion