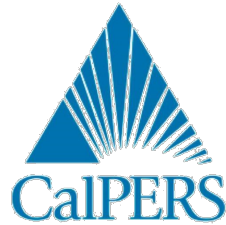




# CalPERS Health Plan Spotlight: Blue Shield of California

September 17, 2024

# CalPERS And Blue Shield Of California Have Closely Aligned Missions And Strategies



- California Public Employees' Retirement System serving those who serve California
- To ensure our members have access to equitable, high-quality, affordable health care
- “We aspire to transform health care purchasing and delivery by ensuring our members have access to high-quality health care that is equitable, affordable, and available for all when and where it’s needed”

*From CalPERS 2022-27 Strategic Plan*



- Established in California in 1939, Blue Shield remains a California-based not-for-profit with a 2% profit cap and a 20+ year CalPERS partnership
- Ensuring all Californians have access to high-quality, equitable and affordable care is core to our company
- Our mission is to transform the health care system into one that is worthy of our family and friends and sustainably affordable for everyone



# Our North Star

To create a healthcare system that is worthy of our family and friends and sustainably affordable.

## How we'll get there



Create a personal, high-quality experience



Serve more people



Be financially responsible



Be a great place to do meaningful work



Stand for what's right

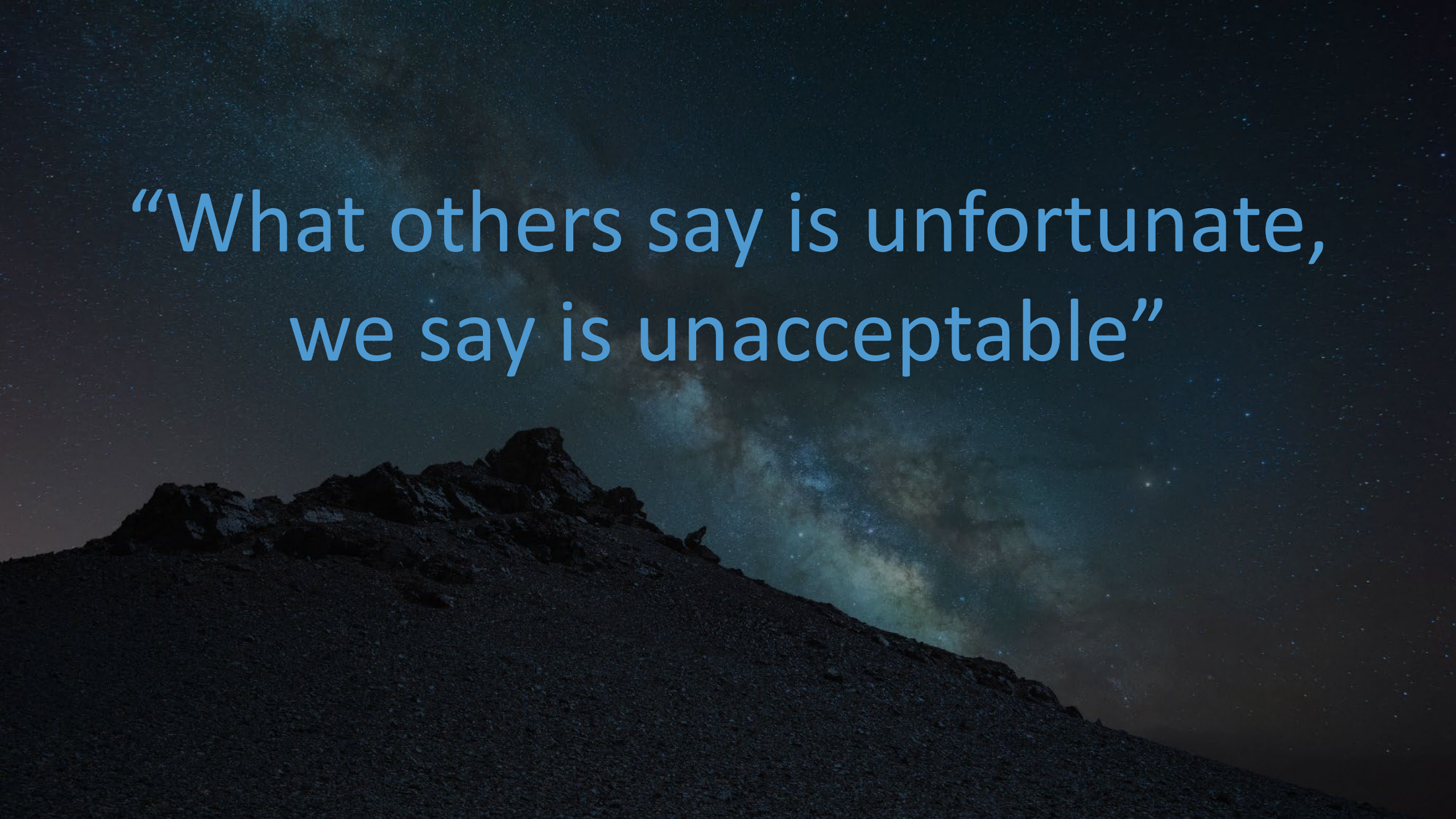


Be digital-first; make health care simple

## Who we are

Human. Honest. Courageous.



A night sky with the Milky Way galaxy visible, set against a dark mountain silhouette in the foreground. The text is overlaid in the center.

“What others say is unfortunate,  
we say is unacceptable”

# We Cannot Fulfill Our Mission Trying To Incrementally Improve An Irretrievably Flawed System. . .

- There is an enormous gap between what we aspire the health care system to be and what it is
- Adopting industry “best practices” will not achieve our goals, particularly for affordability
- Therefore, we forced ourselves to “reimagine” the health care system and our own operating model . . .
- . . . with the full realization that because we are breaking new ground, not everything is going to work the way we want it to at first

## ...So We Reimagined It...

What We Are Building	Example(s)
Digitize, simplify, and automate everything that can be	<ul style="list-style-type: none"><li>• Real-time, comprehensive digital health records</li><li>• Prior authorization process works like it does for credit cards</li><li>• All claims settled in &lt; 10 seconds</li></ul>
Tie pay to value	<ul style="list-style-type: none"><li>• Tie physician, hospital, and others' pay to quality, efficacy, and member satisfaction</li></ul>
Create a consumer-centered, holistic care model	<ul style="list-style-type: none"><li>• Shared decision making</li></ul>
Reimagine the pharmacy distribution model	<ul style="list-style-type: none"><li>• Direct contract with manufacturers for net price</li><li>• Directly managed pharmacy distribution system</li><li>• Elimination of spread pricing, e.g., hospitals, physicians</li></ul>

# ... And Have Been Busy Building It For Years

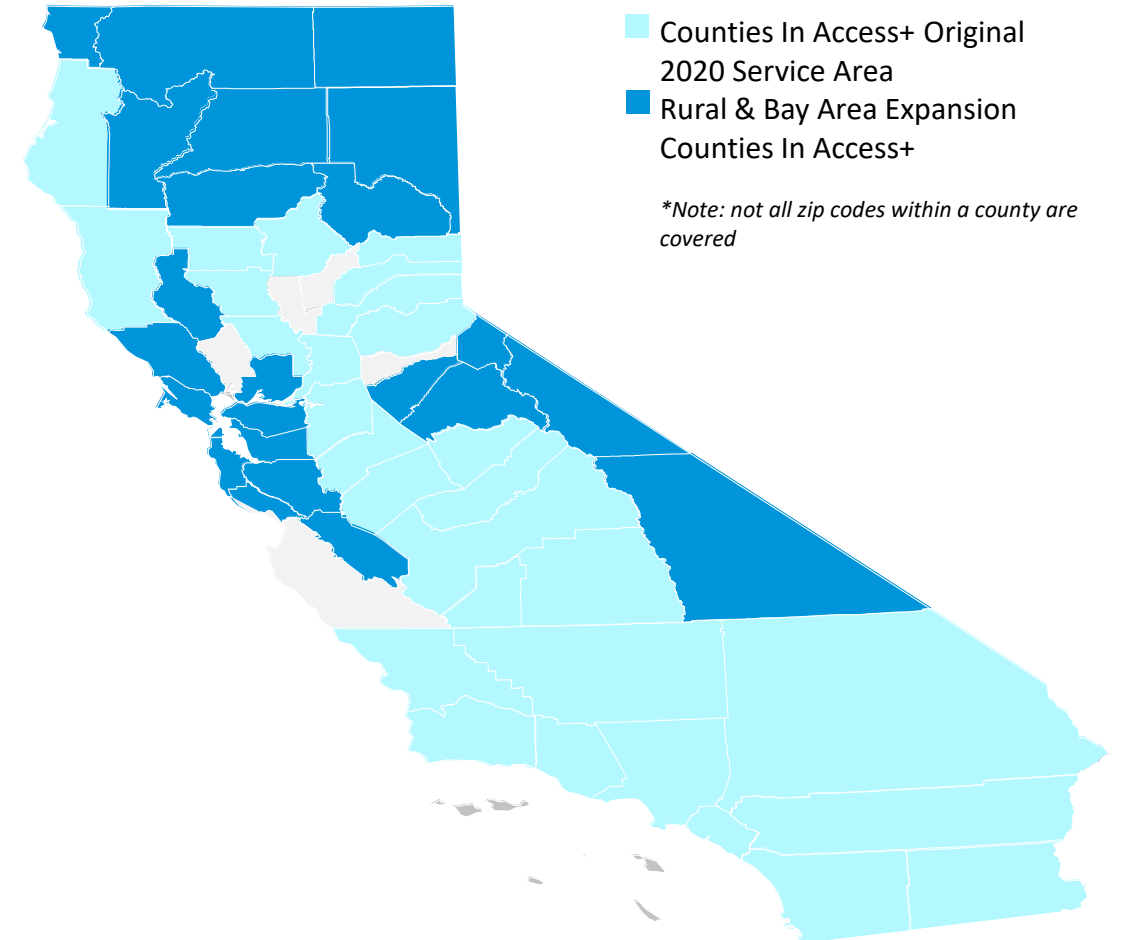


Transformation Initiative Examples	% Adoption by 2026	% Adoption by 2025
<b>Digital health records</b> for all members and their treating providers	>90%	>50%
<b>Pay tied to value</b> (quality, cost, member experience) to physicians, physician groups, and hospitals	PPO Primary Care Practices	78%
	Eligible PPO Specialty Practices	91%
	HMO Physician Groups	100%
	Hospitals	70%
<b>Holistic ecosystem of support</b> for all members	80%	50%
<b>New pharmacy model</b> introduced across all members	100%	Go live for all pharmacy members 1/1/2025

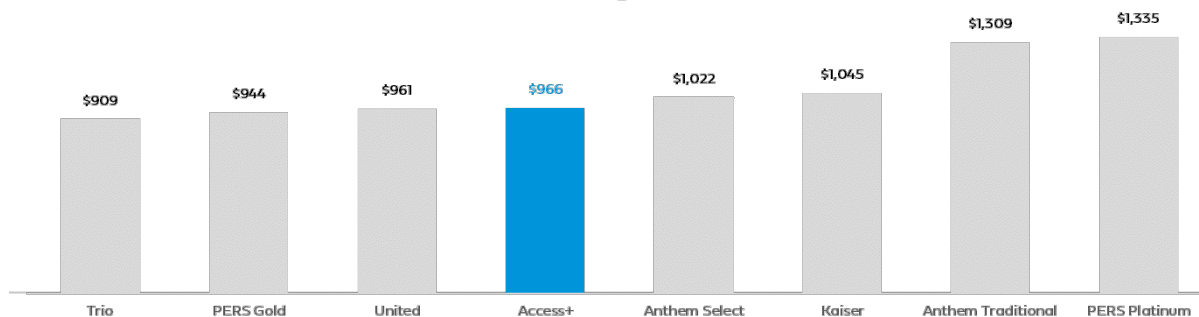


# Blue Shield of California's Access+ HMO/EPO Provides The Broadest CalPERS HMO/EPO Offering At A Competitive Price

- 125k members
- Broadest HMO geographic reach (53 of 58 counties)
- Expanded into 15 rural counties and 8 Bay Area counties since 2020
- One of the most competitively priced, affordable statewide plans in CalPERS



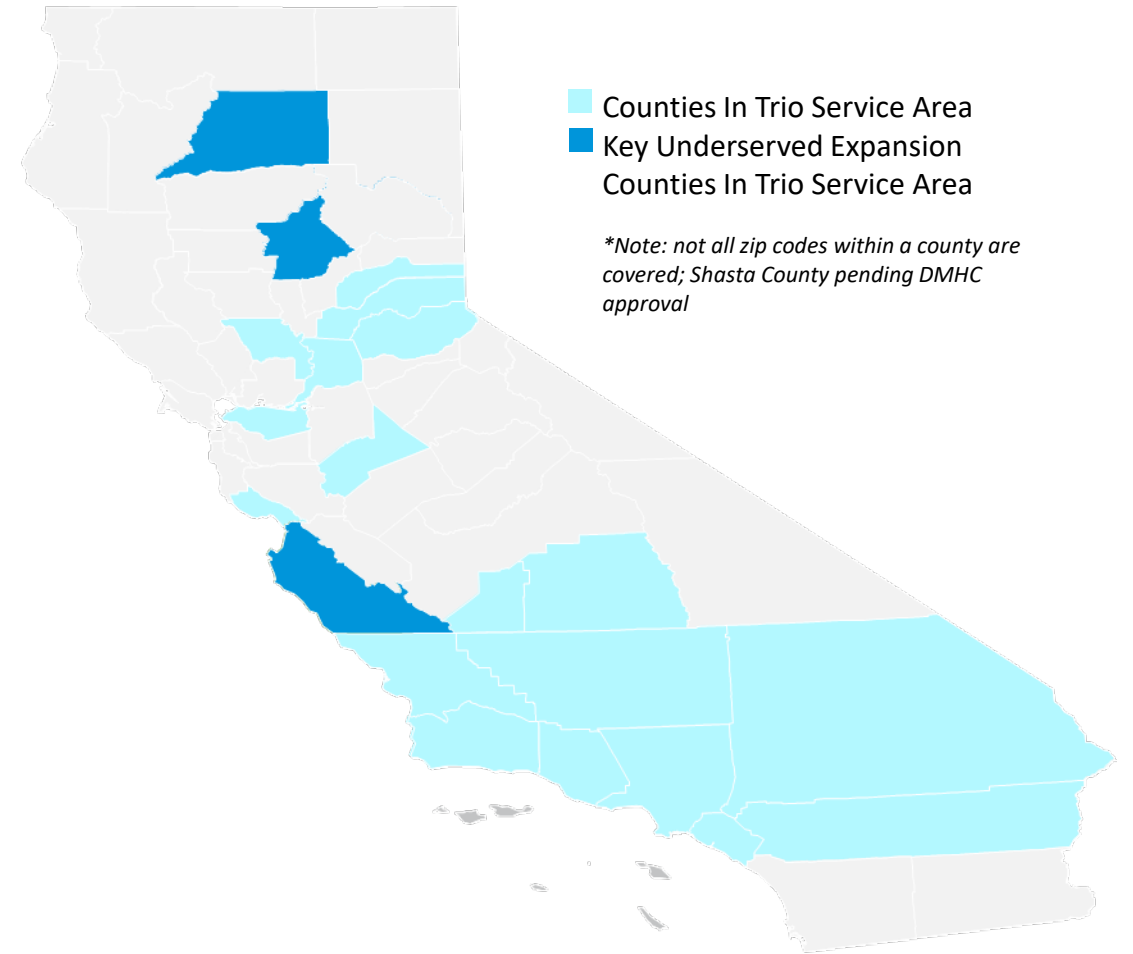
2025 Single Party Premiums For Plans With 1,000+ Members In All Three Regions



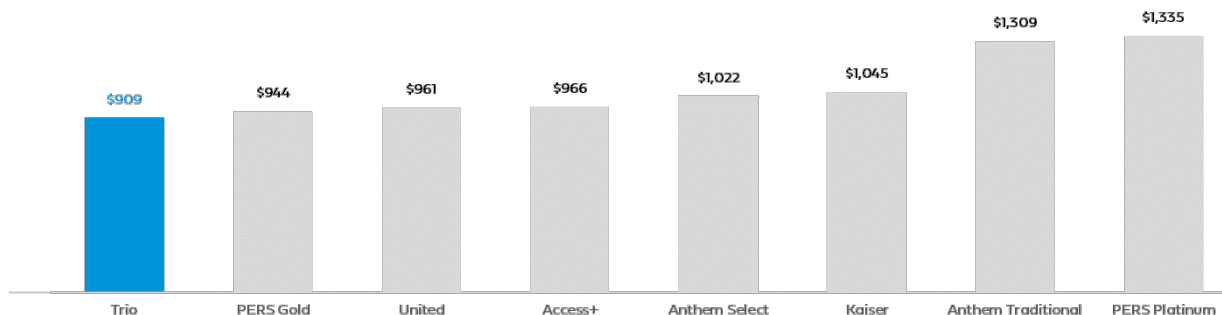


# Blue Shield of California's Trio HMO Provides A High-Quality Offering With One Of The Most Affordable North-South Premiums

- 45k members
- Narrowest HMO network option based on an Accountable Care Organization (ACO) model
- Since 2020, serves 21 counties 3 of which (Monterey, Butte and Shasta) were particularly in-need of options
- Most competitively priced plan in CalPERS today for plans serving all three regions and > 1,000 members



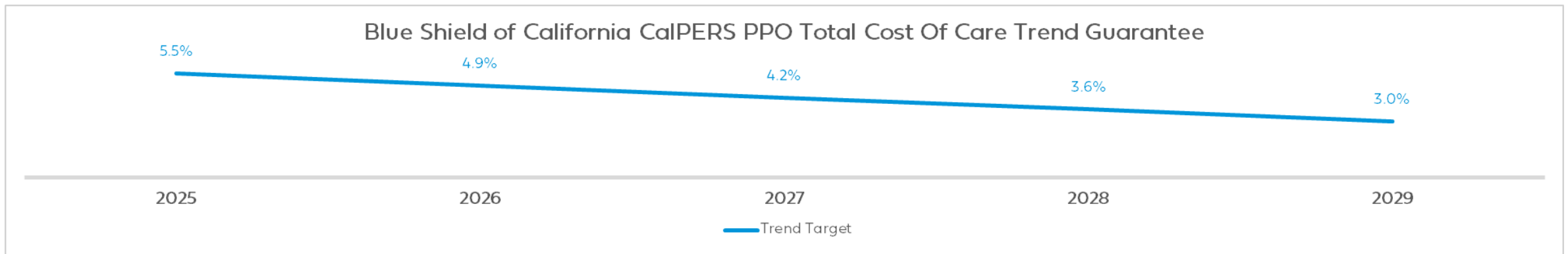
2025 Single Party Premiums For Plans With 1,000+ Members In All Three Regions



# Blue Shield Of California Welcomes The Opportunity To Support CalPERS PPO Members

Our top priority is to ensure CalPERS PPO members have access to high-quality, equitable and affordable care

- For the January 2025 transition, our goal is to provide a positive member experience by:
  - Maximizing continued member access to in-network physicians
  - Providing an out-of-network exception program for in-office visits for the first 12-months
  - Partnering with Included Health to ensure members can find high-quality, affordable providers and care
- For 2025 and beyond, we are focused on hitting ambitious cost, quality, and service goals





Thank you for the opportunity to serve  
CalPERS members.