



Pension & Health Benefits Committee

Agenda Item 7b

March 18, 2025

Item Name: Preferred Provider Organization Transition Update

Program: Health Benefits

Item Type: Information

Executive Summary

This agenda item provides the Pension & Health Benefits Committee (PHBC) with an update on the Preferred Provider Organization (PPO) transition to a new Third-Party Administrator (TPA), Blue Shield of California, and CalPERS' first population health management vendor, Included Health, effective January 1, 2025.

Background

In June 2024, the Board approved the notice of intent to award five-year contracts to Blue Shield and Included Health. Soon after, activities commenced to transition the health enrollment of approximately 400,000 members to these two firms.

Analysis

CalPERS led cross-organizational teams to complete key implementation activities with Blue Shield, Included Health, OptumRx, and Anthem. The transition was complex due to the size of the population impacted and that the incumbent had been in place for more than two decades. Further, the addition of population health management services and a supplemental virtual provider network added to the complexity. The following topics will be discussed with PHBC at the March meeting.

- Member communication and support
- Continuity of care and services
- Care management and member navigation
- Supplemental virtual services
- Partnership with Blue Shield and Included Health

Budget and Fiscal Impacts

There is no budget or fiscal impact from the implementation of the new PPO plans.

Benefits and Risks

There are no risks to CalPERS as a result of the changes in health plans.

Attachments

Attachment 1 – PPO Transition Update PowerPoint

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