

# San Francisco Health Service System Health Service Board

## Rates & Benefits

2018 Renewal—Vision Service Plan

June 8, 2017

# May Board Meeting Follow-ups

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- Costco Frame Allowance Variation Explanation (VSP):
  - The Costco Retail Frame Allowance is lower because Costco purchases frames in bulk, and adds very little markup. When comparing the price difference, an \$80 frame allowance at Costco is equivalent to a \$150 frame allowance elsewhere
  - If the San Francisco Health Service System were to match the allowances, VSP would essentially be almost doubling the frame allowance, which would cause a rate impact. This is outlined below
- To raise the Costco allowances to the Non-Costco level, premiums would need to increase by:
  - Frame allowance of \$150: +4.5% Base/Current Plan
  - Frame allowance of \$300: +8.5% Buy-Up Plan

## VSP Renewal—Status Quo with Costco Allowance

- VSP's monthly premiums are as follows:

Actives (Bargained) / Retiree Monthly Premiums			
Tier	2018	2018 – Costco Allowance	% Change
EE Only / RET Only	\$3.95	\$4.13	4.5%
EE + 1 / RET + 1	\$7.92	\$8.28	4.5%
EE + Family / RET + Family	\$11.20	\$11.70	4.5%

- To raise the Costco allowances to the Non-Costco level, premiums would need to increase by:
  - Frame allowance of \$150: +4.5% Base/Current Plan

## VSP Renewal—Buy-Up Option with Costco Allowance

- VSP's monthly premiums are as follows:

Actives (Bargained) / Retiree Monthly Premiums			
Tier	2018	2018	% Change
EE Only / RET Only	\$14.81	\$16.07	8.5%
EE + 1 / RET + 1	\$23.46	\$25.45	8.5%
EE + Family / RET + Family	\$42.02	\$45.59	8.5%
Active (Bargained)/Retiree Monthly Employee Cost			
EE Only / RET Only	\$10.86	\$11.94	10.0%
EE + 1 / RET + 1	\$15.54	\$17.18	10.5%
EE + Family / RET + Family	\$30.82	\$33.89	10.0%

- To raise the Costco allowances to the Non-Costco level, premiums would need to increase by:
  - Frame allowance of \$300: +8.5% Buy-Up Plan

# Recommendations

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- Aon recommends that the Health Service Board confirm the 2018 VSP plan premiums voted on in the May meeting

# Appendix- 2018 BSC Flex Funded Monthly Rate Card

## Status Quo HMO Access + With Costco Vision Plan

93 / 93 / 83

### Contribution Strategy

	Actives			Early Retirees		
	Employee Only	Employee and One Dependent	Employee and Family	Retiree without Medicare	Retiree and Spouse w/o Medicare	Retiree and Family
Medical	\$691.28	\$1,382.59	\$1,956.35	\$1,603.20	\$2,322.16	\$2,895.92
Vision	\$4.13	\$8.28	\$11.70	\$4.13	\$8.28	\$11.70
Expense <sup>1</sup>	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
Best Doctors <sup>2</sup>	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40
Claims Stabilization Amount / Self-Funded Policy	\$8.42	\$16.81	\$23.77	\$19.43	\$28.15	\$35.13
<b>Total</b>	<b>\$708.23</b>	<b>\$1,412.08</b>	<b>\$1,996.22</b>	<b>\$1,631.16</b>	<b>\$2,362.99</b>	<b>\$2,947.15</b>

10-County Amount (Early Retirees and Retirees only) <sup>3</sup>	\$0.00	\$0.00	\$0.00	\$649.17	\$0.00	\$0.00
Single Retiree Offset <sup>4</sup>	\$0.00	\$0.00	\$0.00	\$0.00	\$649.17	\$649.17
"Actuarial Difference" <sup>5</sup>	\$0.00	\$0.00	\$0.00	\$922.93	\$922.93	\$922.93
Retiree Prop. E Subsidy <sup>6</sup>	\$0.00	\$0.00	\$0.00	\$29.53	\$395.45	\$395.45
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$1,601.63	\$1,967.55	\$1,967.55
<b>2018 Non-Bargained Contribution Rate</b>	<b>\$708.23</b>	<b>\$1,412.08</b>	<b>\$1,996.22</b>	<b>\$29.53</b>	<b>\$395.44</b>	<b>\$979.60</b>

MOU Negotiated Pickup <sup>7</sup>	\$658.65	\$1,313.23	\$1,656.86			
<b>2018 Typical Bargained Member / Retiree Contribution</b>	<b>\$49.58</b>	<b>\$98.85</b>	<b>\$339.36</b>	<b>\$29.53</b>	<b>\$395.44</b>	<b>\$979.60</b>

<b>Final Member Contribution 2017</b>	<b>\$52.66</b>	<b>\$105.01</b>	<b>\$360.53</b>	<b>\$73.70</b>	<b>\$462.50</b>	<b>\$1,083.17</b>
<b>Difference</b>	<b>-\$3.08</b>	<b>-\$6.16</b>	<b>-\$21.17</b>	<b>-\$44.17</b>	<b>-\$67.06</b>	<b>-\$103.57</b>

**NOTE—Footnotes 1 – 7 defined on page 19 - 20**

# Appendix- 2018 BSC Flex Funded Monthly Rate Card

## Status Quo HMO Access + With Costco Vision Plan

### 100 / 96 / 83 Contribution Strategy

	Actives			Early Retirees		
	Employee Only	Employee and One Dependent	Employee and Family	Retiree without Medicare	Retiree and Spouse w/o Medicare	Retiree and Family
Medical	\$691.28	\$1,382.59	\$1,956.35	\$1,603.20	\$2,322.16	\$2,895.92
Vision	\$4.13	\$8.28	\$11.70	\$4.13	\$8.28	\$11.70
Expense <sup>1</sup>	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
Best Doctors <sup>2</sup>	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40
Claims Stabilization Amount / Self-Funded Policy	\$8.42	\$16.81	\$23.77	\$19.43	\$28.15	\$35.13
<b>Total</b>	<b>\$708.23</b>	<b>\$1,412.08</b>	<b>\$1,996.22</b>	<b>\$1,631.16</b>	<b>\$2,362.99</b>	<b>\$2,947.15</b>

10-County Amount (Early Retirees and Retirees only) <sup>3</sup>	\$0.00	\$0.00	\$0.00	\$649.17	\$0.00	\$0.00
Single Retiree Offset <sup>4</sup>	\$0.00	\$0.00	\$0.00	\$0.00	\$649.17	\$649.17
"Actuarial Difference" <sup>5</sup>	\$0.00	\$0.00	\$0.00	\$922.93	\$922.93	\$922.93
Retiree Prop. E Subsidy <sup>6</sup>	\$0.00	\$0.00	\$0.00	\$29.53	\$395.45	\$395.45
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$1,601.63	\$1,967.55	\$1,967.55
<b>2018 Non-Bargained Contribution Rate</b>	<b>\$708.23</b>	<b>\$1,412.08</b>	<b>\$1,996.22</b>	<b>\$29.53</b>	<b>\$395.44</b>	<b>\$979.60</b>

MOU Negotiated Pickup <sup>7</sup>	\$708.23	\$1,355.60	\$1,656.86			
<b>2018 Typical Bargained Member / Retiree Contribution</b>	<b>\$0.00</b>	<b>\$56.48</b>	<b>\$339.36</b>	<b>\$29.53</b>	<b>\$395.44</b>	<b>\$979.60</b>

<b>Final Member Contribution 2017</b>	<b>\$0.00</b>	<b>\$60.00</b>	<b>\$360.53</b>	<b>\$73.70</b>	<b>\$462.50</b>	<b>\$1,083.17</b>
<b>Difference</b>	<b>\$0.00</b>	<b>-\$3.52</b>	<b>-\$21.17</b>	<b>-\$44.17</b>	<b>-\$67.06</b>	<b>-\$103.57</b>

**NOTE—Footnotes 1 – 7 defined on page 19 - 20**

# Appendix- 2018 BSC Flex Funded Monthly Rate Card

## Trio proposal With Costco Vision Plan

### 93 / 93 / 83 Contribution Strategy

	Actives			Early Retirees		
	Employee Only	Employee and One Dependent	Employee and Family	Retiree without Medicare	Retiree and Spouse w/o Medicare	Retiree and Family
Medical	\$773.29	\$1,546.62	\$2,188.45	\$1,793.40	\$2,597.66	\$3,239.49
Vision	\$4.13	\$8.28	\$11.70	\$4.13	\$8.28	\$11.70
Expense <sup>1</sup>	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
Best Doctors <sup>2</sup>	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40
Claims Stabilization Amount / Self-Funded Policy	\$8.42	\$16.81	\$23.77	\$19.43	\$28.15	\$35.13
<b>Total</b>	<b>\$790.24</b>	<b>\$1,576.11</b>	<b>\$2,228.32</b>	<b>\$1,821.36</b>	<b>\$2,638.49</b>	<b>\$3,290.72</b>

10-County Amount (Early Retirees and Retirees only) <sup>3</sup>	\$0.00	\$0.00	\$0.00	\$649.17	\$0.00	\$0.00
Single Retiree Offset <sup>4</sup>	\$0.00	\$0.00	\$0.00	\$0.00	\$649.17	\$649.17
"Actuarial Difference" <sup>5</sup>	\$0.00	\$0.00	\$0.00	\$1,031.12	\$1,031.12	\$1,031.12
Retiree Prop. E Subsidy <sup>6</sup>	\$0.00	\$0.00	\$0.00	\$70.54	\$479.10	\$479.10
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$1,750.83	\$2,159.39	\$2,159.39
<b>2018 Non-Bargained Contribution Rate</b>	<b>\$790.24</b>	<b>\$1,576.11</b>	<b>\$2,228.32</b>	<b>\$70.53</b>	<b>\$479.10</b>	<b>\$1,131.33</b>

MOU Negotiated Pickup <sup>7</sup>	\$734.92	\$1,465.78	\$1,849.51			
<b>2018 Typical Bargained Member / Retiree Contribution</b>	<b>\$55.32</b>	<b>\$110.33</b>	<b>\$378.81</b>	<b>\$70.53</b>	<b>\$479.10</b>	<b>\$1,131.33</b>

<b>Final Member Contribution 2017</b>	<b>\$52.66</b>	<b>\$105.01</b>	<b>\$360.53</b>	<b>\$73.70</b>	<b>\$462.50</b>	<b>\$1,083.17</b>
<b>Difference</b>	<b>\$2.66</b>	<b>\$5.32</b>	<b>\$18.29</b>	<b>-\$3.17</b>	<b>\$16.60</b>	<b>\$48.16</b>

**NOTE—Footnotes 1 – 7 defined on page 19 - 20**



# Appendix- 2018 BSC Flex Funded Monthly Rate Card

## Trio proposal With Costco Vision Plan

### 100 / 96 / 83 Contribution Strategy

	Actives			Early Retirees		
	Employee Only	Employee and One Dependent	Employee and Family	Retiree without Medicare	Retiree and Spouse w/o Medicare	Retiree and Family
Medical	\$773.29	\$1,546.62	\$2,188.45	\$1,793.40	\$2,597.66	\$3,239.49
Vision	\$4.13	\$8.28	\$11.70	\$4.13	\$8.28	\$11.70
Expense <sup>1</sup>	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
Best Doctors <sup>2</sup>	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40
Claims Stabilization Amount / Self-Funded Policy	\$8.42	\$16.81	\$23.77	\$19.43	\$28.15	\$35.13
<b>Total</b>	<b>\$790.24</b>	<b>\$1,576.11</b>	<b>\$2,228.32</b>	<b>\$1,821.36</b>	<b>\$2,638.49</b>	<b>\$3,290.72</b>

10-County Amount (Early Retirees and Retirees only) <sup>3</sup>	\$0.00	\$0.00	\$0.00	\$649.17	\$0.00	\$0.00
Single Retiree Offset <sup>4</sup>	\$0.00	\$0.00	\$0.00	\$0.00	\$649.17	\$649.17
"Actuarial Difference" <sup>5</sup>	\$0.00	\$0.00	\$0.00	\$1,031.12	\$1,031.12	\$1,031.12
Retiree Prop. E Subsidy <sup>6</sup>	\$0.00	\$0.00	\$0.00	\$70.54	\$479.10	\$479.10
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$1,750.83	\$2,159.39	\$2,159.39
<b>2018 Non-Bargained Contribution Rate</b>	<b>\$790.24</b>	<b>\$1,576.11</b>	<b>\$2,228.32</b>	<b>\$70.53</b>	<b>\$479.10</b>	<b>\$1,131.33</b>

MOU Negotiated Pickup <sup>7</sup>	\$790.24	\$1,513.07	\$1,849.51			
<b>2018 Typical Bargained Member / Retiree Contribution</b>	<b>\$0.00</b>	<b>\$63.04</b>	<b>\$378.81</b>	<b>\$70.53</b>	<b>\$479.10</b>	<b>\$1,131.33</b>

<b>Final Member Contribution 2017</b>	<b>\$0.00</b>	<b>\$60.00</b>	<b>\$360.53</b>	<b>\$73.70</b>	<b>\$462.50</b>	<b>\$1,083.17</b>
<b>Difference</b>	<b>\$0.00</b>	<b>\$3.04</b>	<b>\$18.28</b>	<b>-\$3.17</b>	<b>\$16.60</b>	<b>\$48.16</b>

**NOTE—Footnotes 1 – 7 defined on page 19 - 20**

# Appendix- 2018 Kaiser Permanente Monthly Rate Card

## 93 / 93 / 83 Contribution Strategy

	Actives			Early Retirees		
	Employee Only	Employee and One Dependent	Employee and Family	Retiree without Medicare	Retiree and Spouse w/o Medicare	Retiree and Family
Premium <sup>1</sup>	\$605.18	\$1,210.36	\$1,712.67	\$1,220.85	\$1,826.03	\$2,328.35
Vision Expense	\$4.13	\$8.28	\$11.70	\$4.13	\$8.28	\$11.70
Best Doctors	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40
<b>Total</b>	<b>\$613.71</b>	<b>\$1,223.04</b>	<b>\$1,728.77</b>	<b>\$1,229.38</b>	<b>\$1,838.71</b>	<b>\$2,344.45</b>

10-County Amount (Early Retirees and Retirees Only) <sup>3</sup>	\$0.00	\$0.00	\$0.00	\$649.17	\$0.00	\$0.00
Single Retiree Offset <sup>4</sup>	\$0.00	\$0.00	\$0.00	\$0.00	\$649.17	\$649.17
"Actuarial Difference" <sup>5</sup>	\$0.00	\$0.00	\$0.00	\$580.21	\$580.21	\$580.21
Prop. E Subsidy <sup>6</sup>	\$0.00	\$0.00	\$0.00	\$0.00	\$304.67	\$304.67
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$1,229.38	\$1,534.05	\$1,534.05
<b>Non-Bargained Contribution Rate</b>	<b>\$613.71</b>	<b>\$1,223.04</b>	<b>\$1,728.77</b>	<b>\$0.00</b>	<b>\$304.66</b>	<b>\$810.40</b>

MOU Negotiated Pickup <sup>7</sup>	\$570.75	\$1,137.43	\$1,434.88			
<b>Typical Bargained Member Contribution</b>	<b>\$42.96</b>	<b>\$85.61</b>	<b>\$293.89</b>			

<b>Final Member Contribution 2018</b>	<b>\$42.96</b>	<b>\$85.61</b>	<b>\$293.89</b>	<b>\$0.00</b>	<b>\$304.66</b>	<b>\$810.40</b>
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<b>Final Member Contribution 2017</b>	<b>\$40.78</b>	<b>\$81.25</b>	<b>\$278.90</b>	<b>\$0.00</b>	<b>\$289.08</b>	<b>\$768.95</b>
<b>Difference</b>	<b>\$2.18</b>	<b>\$4.36</b>	<b>\$14.99</b>	<b>\$0.00</b>	<b>\$15.58</b>	<b>\$41.45</b>

**NOTE—Footnotes 1 – 7 defined on page 19 - 20**

# Appendix- 2018 Kaiser Permanente Monthly Rate Card

## 100 / 96 / 83 Contribution Strategy

	Actives			Early Retirees		
	Employee Only	Employee and One Dependent	Employee and Family	Retiree without Medicare	Retiree and Spouse w/o Medicare	Retiree and Family
Premium <sup>1</sup>	\$605.18	\$1,210.36	\$1,712.67	\$1,220.85	\$1,826.03	\$2,328.35
Vision Expense	\$4.13	\$8.28	\$11.70	\$4.13	\$8.28	\$11.70
Best Doctors	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40
<b>Total</b>	<b>\$613.71</b>	<b>\$1,223.04</b>	<b>\$1,728.77</b>	<b>\$1,229.38</b>	<b>\$1,838.71</b>	<b>\$2,344.45</b>

10-County Amount (Early Retirees and Retirees Only) <sup>3</sup>	\$0.00	\$0.00	\$0.00	\$649.17	\$0.00	\$0.00
Single Retiree Offset <sup>4</sup>	\$0.00	\$0.00	\$0.00	\$0.00	\$649.17	\$649.17
"Actuarial Difference" <sup>5</sup>	\$0.00	\$0.00	\$0.00	\$580.21	\$580.21	\$580.21
Prop. E Subsidy <sup>6</sup>	\$0.00	\$0.00	\$0.00	\$0.00	\$304.67	\$304.67
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$1,229.38	\$1,534.05	\$1,534.05
<b>Non-Bargained Contribution Rate</b>	<b>\$613.71</b>	<b>\$1,223.04</b>	<b>\$1,728.77</b>	<b>\$0.00</b>	<b>\$304.66</b>	<b>\$810.40</b>

MOU Negotiated Pickup <sup>7</sup>	\$613.71	\$1,174.12	\$1,434.88			
<b>Typical Bargained Member Contribution</b>	<b>\$0.00</b>	<b>\$48.92</b>	<b>\$293.89</b>			

<b>Final Member Contribution 2018</b>	<b>\$0.00</b>	<b>\$48.92</b>	<b>\$293.89</b>	<b>\$0.00</b>	<b>\$304.66</b>	<b>\$810.40</b>
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<b>Final Member Contribution 2017</b>	<b>\$0.00</b>	<b>\$46.43</b>	<b>\$278.90</b>	<b>\$0.00</b>	<b>\$289.08</b>	<b>\$768.95</b>
<b>Difference</b>	<b>\$0.00</b>	<b>\$2.49</b>	<b>\$14.99</b>	<b>\$0.00</b>	<b>\$15.58</b>	<b>\$41.45</b>

**NOTE—Footnotes 1 – 7 defined on page 19 - 20**

# Appendix

## Contribution Strategy—Footnotes

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- 1) **Healthcare Sustainability Fee**
- 2) **Best Doctors:** Second opinion vendor fees of \$1.40 PEPM
- 3) **"10-County" City Contribution:** Per Charter Section A8.423, employer contribution must equal the average of the employer contribution to health premium of the 10 most populous counties in CA, not including San Francisco. Per the MOU, the 10-County offset does not apply to 93 / 93 / 83 for Actives, and the 2018 10-County amount is \$649.17
- 4) **"Single Retiree Offset":** Per Charter Section A8.428, for Early Retirees = 10-County Amount; for Medicare-Eligible Retirees = Medicare Premium (because it is the lower than the 10-County Amount)

# Appendix

## Contribution Strategy—Footnotes

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- 5) **Retiree "Actuarial Difference":** Per Charter Section A8.428, employer contributes the difference between a single Employee and a single non-Medicare Retiree cost of premium. Calculated for Non-Medicare Retiree only
- 6) **Prop. E Subsidy Passed in November 2000 Election:** Per Charter A8.428, employer subsidy for Retiree (R) and R+1 = 50% x [Total Rate Cost – 10-County – Actuarial Difference]
- 7) **MOU Negotiated Pickup:** The employer pickup at 93% of the BCA EE Only, 93% of BSC EE+1, 83% of BSC EE+2. BSC premium is the second lowest cost plan and is the maximum the City contributes, as outlined in the MOU for applicable bargaining units