

# San Francisco Health Service System Health Service Board

## **Rates & Benefits**

UnitedHealthcare (UHC) City Plan Utilization and  
Claims Experience for 2018 Calendar Year

February 14, 2019

# City Plan 2018 Experience—Contents

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# Introduction

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This presentation outlines the following for the UHC City Plan:

- Recent decisions to apply stabilization funds to City Plan rates
- City Plan 2018 plan year claim experience for active employee and early retiree population segments
- Comparative data (2018 versus 2017) for each population segment:
  - Membership
  - Contract size
  - Average incurred (e.g., service date in the year) claim cost per subscriber
  - Average paid (e.g., claim processed in the year) claim cost per subscriber

## Recent City Plan Rate Stabilization Actions

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For the past several years, in an effort to promote long-term sustainability of the City Plan, the Health Service Board (HSB) has chosen to apply rate stabilization funds in full towards City Plan active employee and early retiree rates.

- The conversion of funding for the City Plan Medicare retirees to fully insured as of January 1, 2017, allowed for use of claim stabilization funds previously allocated to the Medicare population to be utilized towards the City Plan active employees and early retirees.
- Most recently, the HSB approved in June 2018, the allocation of the full City Plan calculated Rate Stabilization Reserve as of December 31, 2017 (\$1,661,000) towards 2019 City Plan and City Plan—Choice Not Available rates.

# City Plan 2018 Experience—Active Employees

## Headcount, Contract Size, and Paid/Incurred Claim Loss Ratios

Month	EE	EE + 1	EE + 2	Total Subscribers	Dependents	Average contract size	EE Rate	EE + 1 Rate	EE + 2 Rate	Monthly Premium	Paid claims	Paid Loss Ratio	Incurred claims	Incurred Loss Ratio
Jan-18	677	223	168	1,068	722	1.68	\$880.51	\$1,718.87	\$2,423.73	\$1,386,601	\$1,342,596	97%	\$1,444,153	104%
Feb-18	676	219	166	1,061	711	1.67	\$880.51	\$1,718.87	\$2,423.73	\$1,373,998	\$1,776,771	129%	\$1,323,029	96%
Mar-18	670	227	169	1,066	733	1.69	\$880.51	\$1,718.87	\$2,423.73	\$1,389,737	\$1,565,578	113%	\$1,993,539	143%
Apr-18	677	224	170	1,071	734	1.69	\$880.51	\$1,718.87	\$2,423.73	\$1,393,168	\$1,411,434	101%	\$1,326,068	95%
May-18	677	226	169	1,072	730	1.68	\$880.51	\$1,718.87	\$2,423.73	\$1,394,182	\$2,054,211	147%	\$1,816,732	130%
Jun-18	673	227	170	1,070	733	1.69	\$880.51	\$1,718.87	\$2,423.73	\$1,394,802	\$1,620,530	116%	\$1,349,145	97%
Jul-18	675	228	171	1,074	736	1.69	\$880.51	\$1,718.87	\$2,423.73	\$1,400,706	\$1,425,800	102%	\$1,584,056	113%
Aug-18	675	226	170	1,071	732	1.68	\$880.51	\$1,718.87	\$2,423.73	\$1,394,844	\$1,696,298	122%	\$1,545,846	111%
Sep-18	693	228	172	1,093	740	1.68	\$880.51	\$1,718.87	\$2,423.73	\$1,418,979	\$1,324,861	93%	\$1,387,990	98%
Oct-18	690	236	176	1,102	760	1.69	\$880.51	\$1,718.87	\$2,423.73	\$1,439,783	\$1,583,871	110%	\$2,022,859	140%
Nov-18	685	236	178	1,099	766	1.70	\$880.51	\$1,718.87	\$2,423.73	\$1,440,228	\$1,649,420	115%	\$1,647,539	114%
Dec-18	679	239	177	1,095	766	1.70	\$880.51	\$1,718.87	\$2,423.73	\$1,437,678	\$1,812,445	126%	\$1,551,756	108%
<b>Totals/Averages</b>				<b>1,079</b>						<b>\$16,864,704</b>	<b>\$19,263,815</b>	<b>114%</b>	<b>\$18,992,712</b>	<b>113%</b>
<b>Surplus/(Deficit)</b>											<b>-\$2,399,111</b>		<b>-\$2,128,008</b>	

NOTE: vision plan costs are excluded from both claims and premium in the chart above

**Loss Ratio** = Claims divided by Premiums (higher percentages result from higher claims)

# City Plan 2018 Experience—Active Employees

## Key Observations—Membership Counts

- Enrolled active employee City Plan headcount increased from December 2017 to December 2018

	December 2017	December 2018	Increase / (Decrease)	
			Number	Percentage
Subscribers	1,046	1,095	49	4.7%
All Members	1,725	1,861	136	7.9%
Member-to-Subscriber Ratio	1.65	1.70	0.05	3.0%

# City Plan 2018 Experience—Active Employees

## Key Observations—Premiums/Claims Per Subscriber

- Average premium increased by 12% given reduction in claim stabilization amount applied in 2018 rating versus 2017 rating, while Average Incurred Claim Cost remained relatively stable—this resulted in the Incurred Loss Ratio decreasing from 128% to 113%.
- Average Paid Claim Cost increased by 4.5%, resulting in the Paid Loss Ratio decreasing from 123% to 114%.

Dollars per Subscriber	2017 Plan Year	2018 Plan Year	Increase / (Decrease)	
			Dollars	Percentage
Average Premium	\$1,159	\$1,303	\$144	12.4%
Average Incurred Claim Cost	\$1,481	\$1,468	(\$13)	(0.9%)
o Incurred Loss Ratio	128%	113%		(12.0%)
Average Paid Claim Cost	\$1,425	\$1,488	\$63	4.5%
o Paid Loss Ratio	123%	114%		(7.1%)

# City Plan 2018 Experience—Early Retirees

## Headcount, Contract Size, and Premium

Month	Ret Only	Ret + 1 (both NM)	Ret + 2+ (all NM)	NM Ret Total Subscribers	NM Deps of NM Rets	Average contract size, NM Subscribers	NM Deps of Med Rets	Ret Rate	Ret + 1 Rate	Ret + 2+ Rate
Jan-18	586	169	20	775	227	1.29	233	\$1,186.12	\$2,322.03	\$3,166.93
Feb-18	591	170	18	779	222	1.28	230	\$1,186.12	\$2,322.03	\$3,166.93
Mar-18	601	172	17	790	221	1.28	228	\$1,186.12	\$2,322.03	\$3,166.93
Apr-18	610	174	16	800	221	1.28	223	\$1,186.12	\$2,322.03	\$3,166.93
May-18	600	170	18	788	226	1.29	222	\$1,186.12	\$2,322.03	\$3,166.93
Jun-18	597	172	18	787	228	1.29	223	\$1,186.12	\$2,322.03	\$3,166.93
Jul-18	638	129	15	782	178	1.23	219	\$1,186.12	\$2,322.03	\$3,166.93
Aug-18	640	120	15	775	170	1.22	220	\$1,186.12	\$2,322.03	\$3,166.93
Sep-18	640	118	15	773	168	1.22	218	\$1,186.12	\$2,322.03	\$3,166.93
Oct-18	633	120	13	766	165	1.22	213	\$1,186.12	\$2,322.03	\$3,166.93
Nov-18	634	118	13	765	163	1.21	214	\$1,186.12	\$2,322.03	\$3,166.93
Dec-18	642	117	13	772	162	1.21	214	\$1,186.12	\$2,322.03	\$3,166.93
<b>Totals/Averages</b>				<b>779</b>	<b>196</b>		<b>221</b>			
<b>Surplus/(Deficit)</b>										

Table Heading Abbreviations: NM = Non-Medicare Med = Medicare Ret = Retiree Dep = Dependent

NOTE: vision plan costs are excluded from premium rates in the chart above

Reduced dependent counts starting July 2018 likely results from DEVA outcomes



# City Plan 2018 Experience—Early Retirees

## Paid/Incurred Claim Loss Ratios

Month	Monthly Premium, NM Subscriber Tiers	Est. NM Dep of Med Ret's Premium	Monthly Premium, All NM Members	Paid claims	Paid Loss Ratio	Incurred claims	Incurred Loss Ratio
Jan-18	\$1,150,828	\$266,985	\$1,417,813	\$1,622,153	114%	\$1,411,651	100%
Feb-18	\$1,152,747	\$263,547	\$1,416,294	\$1,281,592	90%	\$1,366,995	97%
Mar-18	\$1,166,085	\$261,255	\$1,427,341	\$1,490,808	104%	\$1,267,868	89%
Apr-18	\$1,178,237	\$255,526	\$1,433,763	\$1,396,400	97%	\$1,574,083	110%
May-18	\$1,163,422	\$254,380	\$1,417,802	\$1,340,750	95%	\$1,105,155	78%
Jun-18	\$1,164,508	\$255,526	\$1,420,034	\$1,431,394	101%	\$1,152,982	81%
Jul-18	\$1,103,790	\$250,943	\$1,354,733	\$1,074,354	79%	\$1,612,324	119%
Aug-18	\$1,085,264	\$252,089	\$1,337,353	\$1,725,241	129%	\$1,359,310	102%
Sep-18	\$1,080,620	\$249,797	\$1,330,417	\$1,117,334	84%	\$2,607,066	196%
Oct-18	\$1,070,628	\$244,068	\$1,314,695	\$1,594,070	121%	\$1,307,626	99%
Nov-18	\$1,067,170	\$245,213	\$1,312,383	\$1,766,467	135%	\$1,491,821	114%
Dec-18	\$1,074,337	\$245,213	\$1,319,550	\$1,977,277	150%	\$1,355,855	103%
<b>Totals/Average</b>	<b>\$13,457,636</b>	<b>\$3,044,543</b>	<b>\$16,502,179</b>	<b>\$17,817,841</b>	<b>108%</b>	<b>\$17,612,737</b>	<b>107%</b>
<b>Surplus/(Deficit)</b>				<b>-\$1,315,663</b>		<b>-\$1,110,558</b>	

Table Heading Abbreviations: NM = Non-Medicare Med = Medicare Ret = Retiree Dep = Dependent

NOTE: vision plan costs are excluded from both claims and premium in the chart above

**Loss Ratio** = Claims divided by Premiums (higher percentages result from higher claims)

# City Plan 2018 Experience—Early Retirees

## Key Observations—Membership Counts

- Enrolled early retiree City Plan headcount remained similar from December 2017 to December 2018

	December 2017	December 2018	Increase / (Decrease)	
			Number	Percentage
Subscribers	759	772	13	1.7%
All Members*	1,164	1,148	(16)	(1.4%)
Average Contact Size	1.53	1.49	(0.04)	(2.8%)

\* Includes Non-Medicare dependents of Medicare retirees.

# City Plan 2018 Experience—Early Retirees

## Key Observations—Premiums/Claims Per Subscriber

- Average premium increased by 2.2%, while Average Incurred Claim Cost increased by 5.4%. This resulted in the Incurred Loss Ratio increasing from 103% to 107%.
- Average Paid Claim Cost remained increased by 8.0%, resulting in the paid Loss Ratio increasing from 102% to 108%.

Dollars per Subscriber	2017 Plan Year	2018 Plan Year	Increase / (Decrease)	
			Dollars	Percentage
Average Premium	\$1,727	\$1,765	\$38	2.2%
Average Incurred Claim Cost	\$1,786	\$1,883	\$97	5.4%
o Incurred Loss Ratio	103%	107%		3.6%
Average Paid Claim Cost	\$1,764	\$1,905	\$141	8.0%
o Paid Loss Ratio	102%	108%		5.9%

## City Plan 2018 Experience—Conclusion

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- Membership in 2018 increased for the active employee pool, and remained similar for the early retiree pool, relative to 2017 membership counts.
- Increases in average claim costs per subscriber were within expected levels from 2017 to 2018—with active employee incurred costs per subscriber slightly decreasing.
- The high loss ratios in 2018 for active employees validate the application of additional City Plan stabilization reserve monies for active employees in 2019 rating.
- During the May 9, 2019 HSB meeting, Aon will present the 2020 City Plan and City Plan—Choice Not Available active and early retiree rate recommendations.