

San Francisco Health Service System Health Service Board

Rates & Benefits

Review Kaiser Permanente HMO Plans
2023 Experience

April 11, 2024

Kaiser Permanente HMO Plans 2023 Experience

Agenda

- Introduction
- Insights
- **Appendix**—Detailed Active Employee/Early Retiree Monthly Claims and Member Counts

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Kaiser Permanente HMO Plans 2023 Experience Introduction

Kaiser Permanente HMO Plans 2023 Experience

Introduction

This presentation captures information on calendar year 2023 medical and prescription drug claims, plan utilization, and quality indicators for the Kaiser Permanente (Kaiser) non-Medicare, fully insured HMO plans offered by the San Francisco Health Service System (SFHSS). The information in this document relates to covered active employee and early retiree populations.

The active employee and early retiree experience presented today will serve as the basis of plan experience to be utilized by Kaiser to develop fully insured premium rates for the 2025 plan year. The 2025 rate recommendations for the Kaiser non-Medicare HMO plan will be presented by the Health Service Board (HSB) on May 23, 2024.

Kaiser Permanente HMO Plans 2023 Experience

Introduction (continued)

The following pages summarize key observations captured from experience reporting provided by Kaiser to SFHSS leadership and Aon. All data provided by Kaiser for this presentation was based upon 2023 plan experience.

Total 2023 premiums for Kaiser HMO plans were \$444M for non-Medicare members (active employees/early retirees) and \$51M for Medicare members. Overall, Kaiser HMO represented about 46% of total SFHSS plan spend in 2023.

Detailed monthly paid claim and member count information is contained in the Appendix to this document for active employees and early retirees.

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Kaiser Permanente HMO Plans 2023 Experience Insights

Kaiser HMO Plans 2023 Experience — Insights

Active/Early Retiree Medical and Prescription Drug Claims

- Total paid per member¹ per month (PMPM) claims increased about 5% in 2023 vs. 2022 for both the active employee and early retiree populations:

MEDICAL AND PRESCRIPTION DRUG CLAIMS	ACTIVE EMPLOYEES				EARLY RETIREES			
	Covered Lives	PMPM Paid Claims			Covered Lives	PMPM Paid Claims		
		Medical	Prescription Drug	All Medical/Rx		Medical	Prescription Drug	All Medical/Rx
2022 Plan Year	49,991	\$538.77	\$55.11	\$593.88	4,390	\$863.46	\$98.17	\$961.63
2023 Plan Year	50,091	\$565.46	\$59.02	\$624.48	4,311	\$892.92	\$114.84	\$1,007.76
Change — 2023 vs. 2022								
Lives/Dollars: 2023 vs. 2022	100	\$26.69	\$3.91	\$30.60	(79)	\$29.46	\$16.67	\$46.13
% Change	0.2%	5.0%	7.1%	5.2%	(1.8%)	3.4%	17.0%	4.8%

- Active employee medical and prescription drug claims PMPM are generally trending at expected levels when comparing 2023 data to 2022 data.
- Early retiree medical claims trended lower than expected levels, but prescription drug costs increased at a substantially higher rate (17.0%) than expected pharmacy trend.

¹ “Member” = covered life (e.g., employees, early retirees, and dependents)

Kaiser HMO Plans 2023 Experience — Insights

Active Employees: Top Diagnostic SFHSS Spend Categories

Highest Medical Spend Diagnoses

Diagnostic Category	2023 PMPM Medical
Cancer	\$44
Circulatory	\$40
Injury/Poisoning	\$37
Musculoskeletal	\$34
Mental/Behavioral	\$34

Highest Rx Spend Categories

Diagnostic Class	2023 PMPM Rx
Anti-Infective	\$14
Endocrine	\$9
Dermatological	\$8
Anti-Cancer	\$6
Anti-Inflammatory	\$6

Kaiser HMO Plans 2023 Experience — Insights

Early Retirees: Top Diagnostic SFHSS Spend Categories

Highest Medical Spend Diagnoses

Diagnostic Category	2023 PMPM Medical
Cancer	\$116
Musculoskeletal	\$75
Circulatory	\$70
Infectious/Parasitic	\$64
Symptoms/Signs	\$49

Highest Rx Spend Categories

Diagnostic Class	2023 PMPM Rx
Anti-Infective	\$27
Anti-Cancer	\$23
Endocrine	\$21
Anti-Inflammatory	\$11
Central Nervous System	\$6

Kaiser HMO Plans 2023 Experience — Insights

Inpatient Admission Categories (per 1,000 Plan Members)

- Inpatient utilization rates slightly increased for actives and decreased for early retirees from 2022 to 2023:

Active Population

Inpatient Admits/1000 *			
<u>Service Category</u>	<u>Jan22 – Dec22</u>	<u>Change</u>	<u>Jan23 – Dec23</u>
Medical	12.8	10.9%	14.2
Surgical	7.3	1.4%	7.4
Maternity	10.8	(7.4)%	10.0
Mental Health	2.7	(3.7)%	2.6
Substance Abuse	1.3	0.0%	1.3
SNF	0.6	50.0%	0.9
Total Inpatient Admits/1000	35.4	2.5%	36.3

Early Retiree Population

Inpatient Admits/1000			
<u>Service Category</u>	<u>Jan22 – Dec22</u>	<u>Change</u>	<u>Jan23 – Dec23</u>
Medical	33.7	(11.3)%	29.9
Surgical	12.3	(9.8)%	11.1
Maternity	0.5	0.0%	0.5
Mental Health	2.5	(16.0)%	2.1
Substance Abuse	2.5	4.0%	2.6
SNF	3.9	7.7%	4.2
Total Inpatient Admits/10	55.3	(9.0)%	50.3

Kaiser HMO Plans 2023 Experience — Insights

Outpatient Visit Categories (per 1,000 Plan Members)

ACTIVE EMPLOYEES — overall outpatient visits decreased primarily due to lab and outpatient visit reductions—though mental health utilization continued to increase.

Outpatient Visits/1000 *			
<u>Service Category</u>	<u>Jan22 - Dec22</u>	<u>Change</u>	<u>Jan23 - Dec23</u>
Outpatient Visits	5,227.4	(3.9)%	5,021.7
Outpatient Mental Health	1,022.5	25.0%	1278.4
Outpatient Substance Abuse	41.3	7.0%	44.2
Emergency Room			
Emergency Room KP	177.9	2.8%	182.8
Emergency Room Non-KP	18.6	13.4%	21.1
Surgeries, Procedures, and Outpatient Facility	168.2	(3.0)%	163.1
Lab	4,272.3	(27.5)%	3,096.9
Radiology	1,166.6	1.0%	1,178.5
Total Outpatient Visits/1000	12,094.7	(9.2)%	10,986.7

Kaiser HMO Plans 2023 Experience — Insights

Outpatient Visit Categories (per 1,000 Plan Members)

EARLY RETIREES — overall outpatient utilization increased slightly, with a more substantial increase observed in mental health and radiology visits:

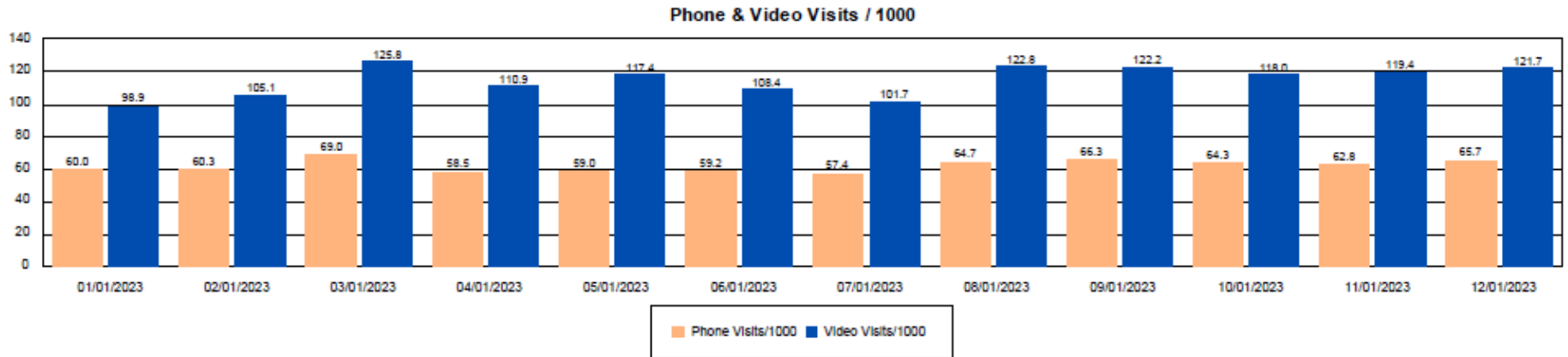
Outpatient Visits/1000			
<u>Service Category</u>	<u>Jan22 – Dec22</u>	<u>Change</u>	<u>Jan23 – Dec23</u>
Outpatient Visits	6,490.7	3.4%	6,711.7
Outpatient Mental Health	569.9	41.7%	807.3
Outpatient Substance Abuse	41.2	(91.0)%	3.7
Emergency Room			
Emergency Room KP	212.7	2.3%	217.6
Emergency Room Non-KP	35.1	(20.8)%	27.8
Surgeries, Procedures, and Outpatient Facility	339.1	4.7%	355.2
Lab	4,293.0	(6.2)%	4,026.1
Radiology	1,938.5	11.0%	2,152.7
Total Outpatient Visits/100	13,920.3	2.7%	14,302.1

Kaiser HMO Plans 2023 Experience — Insights

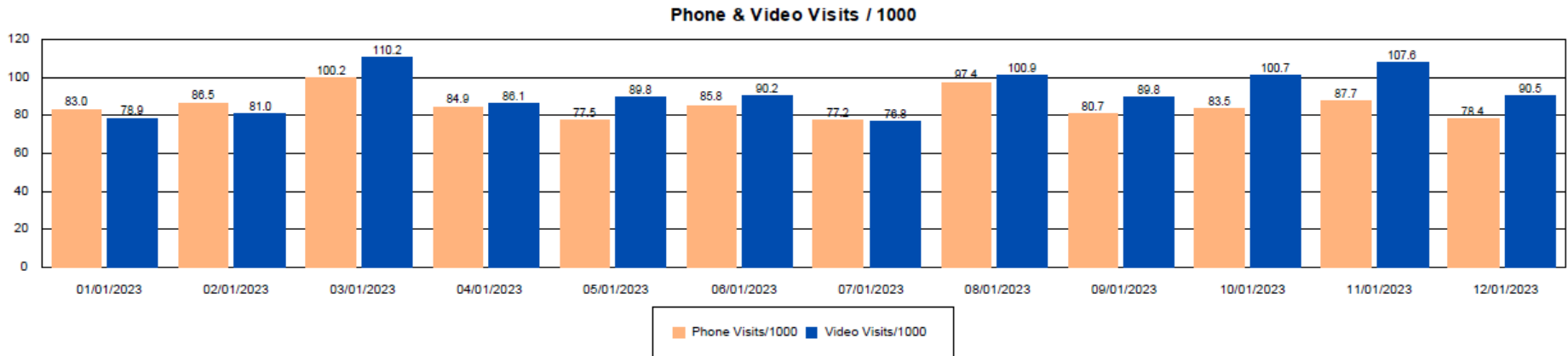
Outpatient Care Drill-Down — Telehealth Visits (per 1,000 Members)

- Members continue to access KP telehealth in 2023—video (blue) more than phone (orange).

Active Population 2023 Telehealth Visit Rates by Month



Early Retiree Population 2023 Telehealth Visit Rates by Month



Kaiser HMO Plans 2023 Experience — Insights

Health Status/Immunization/Preventive Care Rates by Population

ACTIVE EMPLOYEES AND EARLY RETIREES — Preventive screening rates for SFHSS employees and early retirees are higher than KP regional averages; health risk indicator metrics are generally favorable to KP benchmarks, but some are higher for early retirees.

	SFHSS Active Employee Population	SFHSS Early Retiree Population	KP Regional Average
Health Risk Indicators — Percentage of Population			
Adult Weight — Obese BMI 30.0 or higher	33.9%	34.2%	38.5%
Adult Sedentary — Weekly Minutes <30	48.8%	49.4%	49.7%
Total Cholesterol — High ≥ 240	11.1%	16.0%	10.5%
Blood Pressure — Undesirable $\geq 140/90$	11.8%	15.6%	12.9%
Smoking Status — Yes	6.2%	6.4%	6.9%
Blood Sugar Poor Control — HbA1c $>9\%$ (% among diabetics)	24.3%	22.1%	27.4%
Covered Lives With Chronic Condition(s)	22.3%	33.7%	23.1%
Preventive Screening and Immunization Rates — Percentage of Eligible Population			
Flu Immunization Rate	36.4%	47.1%	30.3%
Childhood Immunization Rate	75.9%	n/a	66.6%
Breast Cancer Screening Rate	84.0%	85.4%	83.1%
Cervical Cancer Screening Rate	86.5%	87.2%	82.1%
Colorectal Cancer Screening Rate	74.6%	81.1%	69.7%

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Appendix—Detailed Active Employee and Early Retiree Monthly Claims and Member Counts

Detailed Monthly Claims and Member Counts

Active Employee Group—2022 and 2023 Plan Years

	Medical Claims			Total Medical Claims	Rx Claims	Total Claims	PMPM Claims	Members
	Inpatient	Outpatient	Other					
Current Year								
Jan 23	\$9,107,598	\$13,421,201	\$5,247,691	\$27,776,490	\$2,876,431	\$30,652,920	\$612.67	50,032
Feb 23	6,197,159	12,915,822	4,870,644	23,983,625	2,470,108	26,453,734	530.11	49,902
Mar 23	10,343,914	13,662,850	5,320,422	29,327,186	2,804,429	32,131,615	643.40	49,940
Apr 23	10,306,896	13,896,518	5,903,623	30,107,037	2,839,026	32,946,063	658.88	50,003
May 23	10,410,643	15,156,574	5,913,701	31,480,918	2,867,234	34,348,152	685.67	50,094
Jun 23	6,939,436	14,197,775	5,033,652	26,170,863	3,032,094	29,202,957	581.65	50,207
Jul 23	8,062,155	14,450,683	5,288,636	27,801,474	3,018,869	30,820,344	619.40	49,758
Aug 23	7,760,727	15,283,322	5,481,523	28,525,572	3,160,847	31,686,419	635.83	49,835
Sep 23	9,040,037	16,604,153	5,574,067	31,218,257	2,942,462	34,160,718	678.87	50,320
Oct 23	6,667,076	13,882,431	5,321,212	25,870,719	3,121,064	28,991,782	576.27	50,309
Nov 23	6,904,760	17,696,420	5,614,393	30,215,573	3,122,796	33,338,368	661.46	50,401
Dec 23	6,703,289	15,390,234	5,323,071	27,416,594	3,220,571	30,637,164	609.19	50,292
Total:	\$98,448,690	\$176,557,982	\$64,892,635	\$339,894,307	\$35,475,931	\$375,370,238	\$624.48	601,098
Prior Year								
Jan 22	\$7,039,089	\$13,216,989	\$4,954,534	\$25,210,612	\$2,754,363	\$27,964,975	\$552.49	50,616
Feb 22	7,324,282	14,234,383	5,245,632	26,804,297	2,408,934	29,213,232	579.01	50,454
Mar 22	7,436,312	16,545,924	5,583,632	29,565,868	3,074,382	32,640,249	647.77	50,389
Apr 22	7,338,841	14,052,558	5,099,583	26,490,982	2,648,109	29,139,091	576.67	50,530
May 22	7,665,608	15,221,609	5,282,899	28,170,116	2,874,105	31,044,221	618.08	50,227
Jun 22	6,255,869	13,683,702	5,017,914	24,957,485	2,885,900	27,843,385	555.63	50,111
Jul 22	9,139,384	13,773,689	5,181,450	28,094,523	2,556,093	30,650,616	618.06	49,592
Aug 22	7,040,544	14,529,157	5,125,528	26,695,229	3,009,310	29,704,539	598.76	49,610
Sep 22	8,906,561	12,681,029	5,050,110	26,637,700	2,707,353	29,345,054	593.38	49,454
Oct 22	8,264,531	15,083,772	5,121,342	28,469,645	2,619,965	31,089,610	627.72	49,528
Nov 22	5,625,221	14,438,339	4,900,573	24,964,133	2,736,657	27,700,790	558.07	49,637
Dec 22	7,730,471	14,260,730	5,152,039	27,143,240	2,786,553	29,929,793	601.64	49,747
Total:	\$89,766,713	\$171,721,880	\$61,715,237	\$323,203,830	\$33,061,725	\$356,265,555	\$593.88	599,895

Detailed Monthly Claims and Member Counts

Early Retiree Group—2022 and 2023 Plan Years

	Medical Claims			Total Medical Claims	Rx Claims	Total Claims	PMPM Claims	Members
	Inpatient	Outpatient	Other					
Current Year								
Jan 23	\$982,269	\$1,772,487	\$727,902	\$3,482,658	\$425,843	\$3,908,500	\$899.13	4,347
Feb 23	750,943	2,016,357	694,102	3,461,402	438,438	3,899,840	899.62	4,335
Mar 23	2,063,174	1,678,426	730,532	4,472,132	488,345	4,960,477	1,152.53	4,304
Apr 23	1,323,791	1,695,018	709,721	3,728,530	451,373	4,179,903	975.25	4,286
May 23	962,451	2,059,909	729,552	3,751,912	484,978	4,236,890	997.38	4,248
Jun 23	921,004	2,076,645	742,789	3,740,438	480,235	4,220,674	997.09	4,233
Jul 23	162,900	2,266,368	653,624	3,082,892	463,438	3,546,330	802.16	4,421
Aug 23	922,232	2,166,840	774,885	3,863,957	540,834	4,404,790	1,007.04	4,374
Sep 23	803,541	2,850,339	866,694	4,520,574	551,305	5,071,879	1,170.25	4,334
Oct 23	1,064,805	1,808,976	714,684	3,588,465	597,660	4,186,126	968.79	4,321
Nov 23	797,273	2,377,264	795,957	3,970,494	540,025	4,510,520	1,052.63	4,285
Dec 23	1,339,490	2,364,033	824,009	4,527,532	477,967	5,005,498	1,179.99	4,242
Total:	\$12,093,875	\$25,132,662	\$8,964,450	\$46,190,987	\$5,940,440	\$52,131,428	\$1,007.76	51,730
Prior Year								
Jan 22	\$652,437	\$1,457,471	\$685,739	\$2,795,647	\$487,787	\$3,283,435	\$747.76	4,391
Feb 22	1,593,628	1,571,034	770,983	3,935,645	336,214	4,271,859	968.46	4,411
Mar 22	1,199,238	2,281,478	778,963	4,259,679	408,012	4,667,690	1,058.19	4,411
Apr 22	2,370,613	1,665,224	857,319	4,893,156	436,594	5,329,749	1,216.84	4,380
May 22	1,854,197	1,705,700	835,473	4,395,370	456,769	4,852,139	1,111.86	4,364
Jun 22	1,583,781	1,695,999	764,881	4,044,661	404,573	4,449,234	1,021.64	4,355
Jul 22	487,931	1,884,073	714,640	3,086,644	466,536	3,553,181	787.50	4,512
Aug 22	750,687	1,995,881	711,927	3,458,495	430,500	3,888,994	874.52	4,447
Sep 22	1,430,780	1,655,384	817,004	3,903,168	455,551	4,358,720	989.49	4,405
Oct 22	1,196,289	1,978,711	808,351	3,983,351	452,282	4,435,633	1,013.16	4,378
Nov 22	1,020,625	1,697,232	743,079	3,460,936	425,629	3,886,565	898.84	4,324
Dec 22	923,442	1,561,846	789,640	3,274,928	411,610	3,686,538	855.94	4,307
Total:	\$15,063,648	\$21,150,034	\$9,277,999	\$45,491,681	\$5,172,056	\$50,663,737	\$961.63	52,685