

San Francisco Health Service System Health Service Board

Rates & Benefits

Review and Approve 2026 Dental Plans Rates (Self-Funded Delta Dental Active PPO Plan, Fully Insured Delta Dental Retiree PPO Plan, Fully Insured DeltaCare USA HMO Plans, and UnitedHealthcare HMO Plans)

Presented by Mike Clarke, Lead Actuary, Aon

April 10, 2025

Agenda

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- **Delta Dental of California (Delta Dental) Network Commentary**
- **2026 Dental Plans Rates — Renewal Summary and Rating Details**
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 - Delta Dental Retiree PPO
 - DeltaCare USA Dental HMO (actives and retirees)
 - UnitedHealthcare (UHC) Dental HMO (actives and retirees)
- **Recommendation for HSB Action**
- **Appendix: SFHSS Active Employee and Retiree Dental Plan Designs**

Introduction to Today's Discussion

This presentation contains 2026 rating recommendations for the active employee and retiree dental plans offered by San Francisco Health Service System (SFHSS). The rates presented today are largely based on a three-year rating agreement developed between SFHSS and Delta Dental in Spring 2023 for plan years 2024 through 2026. Additionally, insured renewal rates for UnitedHealthcare (UHC) dental HMO plans and recommended self-insured total cost rates for the Delta Dental active employee PPO plan are presented in this material.

We also acknowledge many ongoing questions about the stability of Delta Dental's PPO network, as well as questions related to the differences between the SFHSS dental PPO plan designs for active employees and retirees. We look to address network stability concerns in this material, as well as present quoted rates from Delta Dental for mirroring the current active dental PPO design for retirees.

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Rate Setting Methodology Preface

Health Plan Funding

Method Comparison by SFHSS Plan

Funding Method	Self-Funded	Flex-Funded	Fully Insured
Funding Method Description	Claim dollars based on services delivered to members are paid by the Trust, along with plan administrative fees to manage the plan (process claims, provide call center for members, etc.)	Insurance approach where most claim dollars based on services delivered to members are paid by the Trust, but with fixed costs for certain healthcare services ("capitation") as well as plan administrative fees and large claim reinsurance mechanism ("pooling") at \$1 million per participant annually	Health plan sets fixed dollar plan premiums to cover expected claim costs for healthcare services by members, as well as plan administrative fee costs
Who Calculates the Recommended SFHSS Plan Rates That HSB Approves?	Aon actuary using Aon-determined cost trend assumptions and health plan-determined administrative fees (and required legislative fees)	Aon actuary using plan-determined cost trend assumptions that are validated by Aon actuary, and health plan-determined administrative/large claim pooling fees (and required legislative fees)	Plan's actuary using plan-determined cost trend assumptions which are scrutinized by Aon actuary, and health plan-determined administrative fees/large claim pooling adjustments (and required legislative fees)
SFHSS Plans by Funding Method	<ul style="list-style-type: none"> Non-Medicare PPO Delta Dental Active Employee PPO 	<ul style="list-style-type: none"> Blue Shield of CA Access+ HMO Blue Shield of CA Trio HMO Health Net CanopyCare HMO 	<ul style="list-style-type: none"> All Kaiser HMO plans BSC Medicare Advantage PPO Delta Dental Retiree PPO DeltaCare Dental HMO UHC Dental HMO VSP Vision
HSB Rate Stabilization Policy Applies?	Yes	Yes	No

Health Plan Rate Setting Process for Next Plan Year

Determining Needed Plan Rate Changes For Next Year — Five Step Process

Completion of these five steps below produces an aggregate cost projection based on current plan enrollment for the next plan year (right now, the 2026 plan year)



Next, the Aon and plan actuaries compare these next-year cost projections to the total current-year dollars when multiplying rates times enrollment — and that leads to the needed percentage change in rates from this year to next year:

$$\frac{\text{2026 Total Projected Plan Cost}}{\text{2025 Rates x Enrollment}} = \text{Needed Rate Change Factor (2026 vs. 2025)}$$

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Delta Dental PPO Network Commentary

Delta Dental PPO Network Commentary

Introduction

Since the mid-2010s, the Delta Dental PPO network has experienced shifts in composition—both terminations and additions. We know network dentist terminations have impacted many SFHSS members.

SFHSS has worked closely with Delta Dental over the past several years to monitor impacts to members from network dentist terminations.

Almost all SFHSS active employees and retirees have access to at least 2 dental providers within a 15-mile radius (with average closest to provider of < 1 mile for general dentists, 1.3 miles for specialist dentists):

Percentage With 2 Dentists Within 15 Miles Access	PPO Network Dentists	Premier Network Dentists
General Dentists	99.6%	99.7%
Specialist Dentists	98.9%	99.3%

Delta Dental PPO Network Commentary

Dental Services Delivered

SFHSS has worked closely with Delta Dental to track member impacts of provider network terminations in recent years – as well as use of newly contracted dentists. Below is data on dental services delivered in each of 2022, 2023, and 2024 (claims paid through March 31, 2025). Data below is shown for the combination of the active employee PPO plan and the retiree PPO plan.

Year	Providers Utilized by SFHSS Members	Utilized Providers Terminating Network by Year End	Percentage of Utilizing Providers Terminating	Total Provider Adds in U.S. During Year	Number of New Providers Utilized by SFHSS Members
2022	8,641	374	4.3%	10,650	237
2023	8,668	254	2.9%	9,776	203
2024	8,789	239	2.7%	9,376	221

Reasons tracked by Delta Dental for terminations include going insurance independent, other voluntary, attrition, and involuntary. Reason not given is also tracked.

Delta Dental PPO Network Commentary

Dental Network

Though Delta Dental has added new dentists into their PPO network in recent years, provider network terminations have led to an increase in out-of-network provider utilization by SFHSS members year-by-year as reported to the HSB for the active employee population at the March 13 meeting and later in this material for the retiree population. From 2022 to 2024, there has been a 3.6% increase in approved out of network claim dollars. Still, the substantial majority of SFHSS participant dental care is delivered by PPO and Premier Network dentists.

Post-pandemic, there has been a shift in the dental industry where more and more providers are opting to retire, consolidate their practice, or close their offices. Dentists have also made decisions to leave dental networks and move to practice models that no longer accept any insurance. This is an industry-wide shift and is not just specific to Delta Dental.

Delta Dental PPO Network Commentary

Dental Network (continued)

Delta Dental continues to grow their PPO network, and overall, Delta Dental offers the largest network of contracted dentists in the United States (1.4% growth from 2022 to 2023, and 0.5% growth from 2023 to 2024).

As a result of changes in the dental industry, Delta Dental's provider relations team has updated their approach with initiatives to support providers—one of which is the creation of the provider advisory council that allows the dentist a forum to talk through initiatives. Through these initiatives, Delta Dental strives to improve and enhance their relationships with dental providers.

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Active Employee 2026 Dental Plans Rate Recommendations

Active Employee 2026 Dental Plans Rates

Renewal Summary and Proposed Monthly Rates

The Delta Dental of California (Delta Dental) active employee dental PPO plan is self-funded, and therefore the recommendation includes the administrative fees and Aon-calculated total plan cost rates for action by the HSB today. The total plan cost rates include the 2026 plan year rate stabilization action approved by the HSB at the March 13, 2025, meeting.

Acknowledging concerns about increasing utilization of out-of-network care by the active employee population in the dental PPO plan, we asked Delta Dental to estimate the projected increase in 2026 active employee dental PPO plan claim cost for increasing out-of-network benefit design elements to mirror Premier network tier design parameters—the amount is \$1,880,000. More information on this estimate is contained in the Appendix to this document.

The active employee dental HMO plans offered through SFHSS are fully insured, and therefore the recommendation includes the insured rates for action by the HSB for those plans today.

Active Employee 2026 Dental Plans Rates

Renewal Summary and Proposed Monthly Rates

SFHSS Dental Plan Active Employee Covered Populations/Member Contributions

- Active employees of these employers are offered dental coverage through SFHSS: City and County of San Francisco (CCSF), Superior Court and Municipal Executive (MEA) employees.
 - CCSF, CCSF MEA and MTA MEA employees pay the following monthly contributions for the Delta Dental PPO plan:
 - \$5 for Employee Only tier
 - \$10 for Employee Plus One Dependent tier
 - \$15 for Employee Plus Two or More Dependents tier
 - No contributions are required for CCSF, CCSF MEA and MTA MEA employees selecting the DeltaCare USA HMO and UnitedHealthcare (UHC) HMO dental plans.
 - Superior Court and Superior Court MEA employees pay no contributions for any of the three available dental plans.
- San Francisco Unified School District (SFUSD) and City College of San Francisco (CCD) do not elect to offer dental coverage for their active employees through SFHSS.

Active Employee 2026 Dental Plans Rates

Renewal Summary and Proposed Monthly Rates

- Below is a summary of total rate change recommendations that are being presented today — with each rating action calculated by individual plan based on the process reviewed earlier in this presentation.
 - The increase in active employee dental PPO plan total cost rates is mostly due to a lower amount of rate stabilization buy-down in 2026 rates versus the amount in 2025 rates. The active employee dental PPO plan recommendation also includes a higher age for children to receive coverage for first molar sealants (to age 9 currently – recommend to age 16) - further information shown on next page.
 - HMO plan rates remain at 2025 levels into 2026 based on carrier quotations.

Active Employee Dental Plan	Proposed 2026 Rate Change Action	2025 Enrolled Employees (SFHSS Demographic Report)
Active Employee Dental PPO— same design as current	+12.4%	32,052
Active Employee DeltaCare USA HMO	No Change	1,207
Active Employee UHC Dental HMO	No Change	593

Active Employee 2026 Dental Plans Rates

Childhood Sealants Age Enhancement Recommendation

Recommended Enhancement in Active PPO Plan Sealants Coverage for Children

- A dental sealant is a protective coating that is painted onto the chewing surfaces of the back teeth. It acts as a barrier, preventing cavities and helping to keep a child's teeth healthy.
- **Current:** Sealant Benefits include the application of sealants only to permanent first molars through age eight and second molars through age 15 if they are without caries (decay) or restorations on the occlusal surface. Sealant Benefits do not include the repair or replacement of a sealant on any tooth within two years of its application.
- **Proposed enhancement** for active employee PPO plan effective January 1, 2026: raise first molar age to through age 15 to match second molar age.
- **Impact:** very slight projected increase in overall claims (less than 0.1% of overall plan claims)
- **Prevalence:** 80% of Delta Dental of California public sector clients have child sealants coverage for both first and second molars through age 15

Active Employee 2026 Dental Plans Rates

PPO — Impact of Historical Experience on Rate Stabilization Reserve

December 31, 2013	Not Yet Applicable
December 31, 2014	\$3,861,000
December 31, 2015	\$7,125,000
December 31, 2016	\$9,583,000
December 31, 2017	\$12,681,000
December 31, 2018	\$14,031,000
December 31, 2019	\$11,325,000
December 31, 2020	\$18,343,000
December 31, 2021	\$10,617,000
December 31, 2022	\$11,113,000
December 31, 2023	\$9,018,000
December 31, 2024	\$3,960,000
Surplus/(Deficit) Amount Applied to Rating	
2016 Plan Year	\$1,287,000
2017 Plan Year	\$2,375,000
2018 Plan Year	\$3,194,000
2019 Plan Year	\$4,227,000
2020 Plan Year	\$7,016,000
2021 Plan Year	\$5,663,000
2022 Plan Year	\$12,229,000
2023 Plan Year	\$5,309,000
2024 Plan Year	\$7,409,000
2025 Plan Year	\$6,012,000
2026 Plan Year	\$1,320,000

Favorable claim experience over time has led to substantial rate stabilization reserve surpluses in the active employee dental PPO plan.

HSB amortization actions by rating year:

- **2016 – 2019:** One-third of new stabilization reserve per HSB Stabilization Policy
- **2020, 2021, 2023:** One-half of new stabilization reserve
- **2022, 2024, 2025:** Two-thirds of new stabilization reserve
- **2026:** One-third of new stabilization reserve per HSB Stabilization Policy

Active Employee 2026 Dental Plans Rates

Recommendation for HSB Action

Today's Rate Action Recommendations

Staff recommends to the HSB approval of the following 2026 Active Employee Dental Plan Rates and Administrative Fees — specific information on each recommendation below is contained in this document:

1. Delta Dental Active Employee PPO:

Same per employee per month, or PEPM, administrative fee from 2025 to 2026 (\$4.82 PEPM) and a 12.4% increase in self-funded total cost rates from 2025 to 2026, along with the increase in age for child sealants for first molar to through age 15.

2. DeltaCare USA Fully Insured Dental HMO:

No change in insured rates from 2025 to 2026.

3. UnitedHealthcare Fully Insured Dental HMO:

No change in insured rates from 2025 to 2026.

Delta Dental Active Employee PPO Plan 2026 Rates

- After a review of the Delta Dental active PPO 2024 plan year experience trended to 2026, and the application of the 2026 plan year rate stabilization amount approved by the HSB in March—a **12.4% increase** in the self-funded total premium equivalent rates from 2025 to 2026 is recommended. All except 1% of this increase is due to the reduced amount of stabilization rate buy-down in 2026 rating versus that applied in 2025 rating.
- This change incorporates 2024 claim experience reviewed with the HSB in March.
- As part of the current three-year administrative fee agreement with Delta Dental (2024 to 2026), the 2026 per employee per month (PEPM) administrative fee will remain at the 2025 fee amount:

Year	PEPM Administrative Fee
2012 – 2015	\$4.38
2016 – 2018	\$4.35
2019 – 2023	\$4.62
2024	\$4.70
2025 – 2026	\$4.82

Delta Dental Active Employee PPO Plan 2026 Rates

Status Quo Plan Design (No Design Change Into 2026)

- The recommendation is a 12.4% increase in premium rates from 2025 to 2026—mostly attributable to a lower rate stabilization buy-down amount in 2026 rates versus in 2025 rates.
- Claim experience from the 2024 plan year serves as the basis of the projection, with a 3% annual trend assumption used to project claims to 2026.

STATUS QUO PLAN DESIGN, 2025 TO 2026

	EE Only	EE + 1	EE + 2+
February 2025 Enrollment (32,339 enrolled employees)	12,758	8,202	11,379
2026 Self-Insured Pre-Stabilization Rates (monthly)	\$64.77	\$136.02	\$194.31
Claims Stabilization Buy-Down (\$1,320,000 total)*	(\$1.72)	(\$3.61)	(\$5.16)
2026 Self-Insured Recommended Rates (monthly)	\$63.05	\$132.41	\$189.15
2026 Self-Insured Recommended Rates (bi-weekly)	\$29.10	\$61.11	\$87.30
2025 Self-Insured Active Dental PPO Rates (monthly)	\$56.10	\$117.81	\$168.30
Change From Current	+12.4%	+12.4%	+12.4%

DeltaCare USA HMO and UnitedHealthcare (UHC) HMO

Active Employee Fully Insured Dental Plans — 2026 Rates

Proposed 2026 Rate Actions for Fully Insured Active Employee Dental HMO Plans

- DeltaCare USA HMO:
 - No change in rates from 2025 plan year to 2026 plan year as part of their 2024-2026 three-year renewal rating commitment.
- UnitedHealthcare (UHC) HMO:
 - No change in rates from 2025 plan year to 2026 plan year (based on UHC proposed renewal action for 2026 plan year—with commitment to maintain current rates through the end of 2027).

Each insured dental plan has based its 2026 dental HMO plan renewal upon recent plan experience projected to the 2026 plan year, as underwritten by the actuaries of each dental plan organization.

DeltaCare USA HMO and UnitedHealthcare (UHC) HMO

Active Employee Fully Insured Dental Plans — 2026 Rates

Dental HMO Plan Monthly Rates for 2026 Plan Year (same rates as 2025)

DeltaCare USA HMO	2025	2026	Rate Change
Employee Only	\$26.48	\$26.48	No Change
Employee + 1	\$43.68	\$43.68	No Change
Employee + 2+	\$64.61	\$64.61	No Change

UHC Dental HMO	2025	2026	Rate Change
Employee Only	\$24.99	\$24.99	No Change
Employee + 1	\$41.27	\$41.27	No Change
Employee + 2+	\$61.02	\$61.02	No Change

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Retiree 2026 Dental Plans Rate Recommendations

Retiree Dental Plans 2026 Renewal Rates

Recommendation Summary

It is recommended that the Health Service Board (HSB) approve the 2026 retiree dental plan rates presented in this document.

This presentation also includes plan cost and utilization information for the Delta Dental Retiree PPO plan — by far the highest enrolled of the three retiree dental plans offered by SFHSS to retirees, as shown below (from the SFHSS 2025 Demographics Report):

Retiree Dental Plan	Enrolled Retirees
Retiree Delta Dental PPO	24,693
Retiree DeltaCare USA HMO	831
Retiree UHC Dental HMO	691

Retiree Dental Plans 2026 Renewal Rates

Recommendation Summary (continued)

Specific information on each of the retiree dental plan renewal recommendations below are described in this document:

- **Delta Dental Retiree PPO:**

- Insured rate increase of 2.0% from 2025 to 2026 (as part of third year of renewal three-year rating commitment for annual 2% increases through the 2026 plan year).

- **DeltaCare USA Fully Insured Dental HMO:**

- Insured plan rates remain same from 2025 to 2026 (as part of third year of renewal three-year rating commitment for no change in rates from 2024 through 2026 plan years).

- **UnitedHealthcare (UHC) Insured Dental HMO:**

- Insured plan rates remain same from 2025 to 2026 (with commitment by UHC to keep rates same into 2027 plan year).

Current (2025) Retiree Dental Plans Monthly Rates

- This presentation proposes 2026 rating recommendations for the retiree dental plans offered by San Francisco Health Service System (SFHSS). Retirees of all employers participating in SFHSS (including SFUSD and CCD retirees) are offered dental plan coverage in retirement through SFHSS.
- Each of the three dental plans that SFHSS offers to retirees are **fully insured** — meaning the dental plans set the rates for these plans.
- Retiree members pay the full premium rates as member contributions, as there are no employer contributions for SFHSS retiree dental plans. Plan Year 2025 monthly premium rates and retiree contributions are:

	Delta Dental Retiree PPO			DeltaCare USA Dental HMO			UHC Dental HMO		
2025 Monthly Premium Rates and Contributions	RET Only	RET + 1	RET + 2+	RET Only	RET + 1	RET + 2+	RET Only	RET + 1	RET + 2+
Premium Rates	\$51.26	\$101.93	\$152.12	\$32.22	\$53.17	\$78.65	\$14.38	\$23.74	\$35.11
Employer Contributions	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Retiree Contributions	\$51.26	\$101.93	\$152.12	\$32.22	\$53.17	\$78.65	\$14.38	\$23.74	\$35.11

Current (2025) Retiree Dental Plans Monthly Rates

Background — 2024/2025 Rating Actions

- 2024 plan year was the first year of a three-year rating agreement with Delta Dental (for the 2024 through 2026 plan years), while UHC rates are quoted on an annual basis.
- Delta Dental's Retiree PPO rates increased by 2.0% from 2023 to 2024, as part of a three-year rating commitment for further 2.0% rate increases into each of the 2025 and 2026 plan years.
- DeltaCare USA Retiree HMO rates returned to 2022 levels in 2024 after a one-time rate reduction by Delta Dental for 2023 given COVID-19 pandemic suppression in this plan. Delta Dental committed to holding 2024 rates at the same levels for the 2025 and 2026 plan years.
- UHC dental HMO rates for retirees remained at 2023 levels for 2024 and 2025.

Delta Dental 2026 Retiree PPO Plan Renewal

Recent Plan Utilization Patterns

- **Starting Point** — 2026 is the third year of a 2024-2026 rating agreement — where Delta Dental proposed 2% rate increases each year 2024 through 2026.
- **Experience Observations** — overall, 69.6% of retiree PPO plan covered lives had at least one dental cleaning during 2024—similar to 2023.
 - There has been a slight increase in diagnostic and preventive utilization as a percentage of overall services—now 74% of total services delivered to retiree PPO plan covered lives:

Diagnostic & Preventive (D&P) Services	Basic Services	Major Services
Cleanings, Exams, X-rays	Fillings, Oral Surgery, Root Canals	Crowns, Inlays, Implants, Dentures, Bridges
74% of services	19% of services	7% of services

Delta Dental 2026 Retiree PPO Plan Renewal

Recent Plan Utilization Patterns

- **Network Dentist Utilization** — overall use of Delta Dental network dentists is high, though lower in 2024 (86% of approved plan procedures) versus 2023 (88%). Delta Dental does not assign benefits for use of out-of-network providers (e.g., members need to submit claims to be reimbursed for plan-paid portions of service costs for Non-Contracted dentists).
- There has been an increase in the proportion of total services delivered by non-contracted (e.g., out-of-network) dentists over the past few years.
- Below is the service distribution by network dentist type (PPO, Premier, and Non-Contracted) for SFHSS retirees in 2022, 2023, and 2024:

Network Provider Type	2022 Service Dates	2023 Service Dates	2024 Service Dates
PPO Network	42%	41%	41%
Premier Network	49%	47%	45%
Non-Contracted	9%	12%	14%
Total	100%	100%	100%

NOTE: See next page for 2024 County-specific dentist type utilization detail

Delta Dental Retiree PPO Plan

2024 Member Dentist Utilization by Type of Network Dentist

Delta Dental Dentist Network Utilization — Three Benefit Levels

- Retiree service utilization across the three dentist network categories (PPO dentists, Premier dentists, and non-contracted dentists) varies by county (top 21 counties by retiree procedure counts listed):

County	State of County	2024 Procedure Count	Distribution of Procedures		
			PPO Dentists	Premier Dentists	Non-Contracted Dentists
San Francisco	CA	72,283	30%	56%	14%
San Mateo	CA	41,242	40%	49%	10%
Contra Costa	CA	20,403	46%	45%	9%
Alameda	CA	17,554	42%	42%	15%
Marin	CA	10,147	29%	33%	38%
Sonoma	CA	8,209	29%	41%	30%
Solano	CA	7,301	54%	39%	7%
Sacramento	CA	4,999	62%	34%	5%
Santa Clara	CA	3,785	33%	46%	22%
Placer	CA	2,495	61%	35%	4%
Clark	NV	2,168	90%	7%	3%
San Joaquin	CA	1,644	61%	35%	4%
Napa	CA	1,461	33%	58%	9%
Riverside	CA	1,256	75%	16%	9%
San Diego	CA	1,063	60%	27%	13%
Los Angeles	CA	1,012	61%	27%	12%
Maricopa	AZ	917	81%	15%	4%
Tuolumne	CA	910	45%	37%	18%
Stanislaus	CA	889	70%	25%	5%
Orange	CA	827	72%	21%	7%
El Dorado	CA	697	46%	45%	9%

NOTE: Figures are rounded to nearest whole % so may not add to 100%

Delta Dental 2026 Retiree PPO Plan Renewal

Retiree PPO SmileWay Wellness Program Membership Continues to

~~Increase~~ membership in SmileWay—providing added covered services each year for members with certain identified chronic conditions—increased 9.7% from 2023 to 2024.

About 2/3 of eligible covered SmileWay lives are utilizing the dental plan—the goal is to increase utilization of the additional covered benefits available to SmileWay members.

SmileWay Wellness Benefits - Retiree		
	2023	2024
Total SmileWay Wellness Benefits Members	11,536	12,655
Total Unique SmileWay Wellness Benefits Utilizers	8,010	8,968
% of Unique Member Utilization	69.4%	70.9%
Procedure Count	16,580	18,899

Delta Dental Retiree PPO Plan

Finding a Network Dentist

Delta Dental Dentist Network Utilization — Three Benefit Levels

- Members are encouraged to consider seeking Delta Dental PPO dentists for services
- Member coinsurance requirements will be less for many services when using a PPO dentist
- Overall service costs are generally less for PPO dentists given higher discounts for PPO network dentists versus Premier network dentists

SFHSS members can search for PPO network dentists (and Premier network dentists) at this weblink:

<https://www1.deltadentalins.com/group-sites/ccsf/find-a-dentist.html>

Weblink for SFHSS member Delta Dental group site:

<https://www1.deltadentalins.com/group-sites/ccsf.html>

Delta Dental 2026 Retiree PPO Plan Renewal Rates

Proposed 2% Increase to Premium Rates

Reflects dental trend as well as recent fee schedule increases paid to certain Delta Dental providers

		Monthly Rates	
Rate Tier	January 2025 Enrollment	2025 Plan Year	2026 Plan Year (Current Plan Design)
Retiree Only	15,319	\$51.26	\$52.29
Retiree + 1	8,484	\$101.93	\$103.97
Retiree + 2+	890	\$152.12	\$155.16
Total/Annual	24,693	\$21,424,954	\$21,854,453

Delta Dental 2026 Retiree PPO Plan Renewal Rates

Quoted 2026 Premium Rates to Change Retiree PPO Design to Mirror Active Employee PPO Design

The rates below reflect changing the Retiree PPO plan to a design mirroring the active employee dental PPO design (see design information in Appendix). The retiree PPO plan rate increase from 2025 levels would be 61.6%.

Rate Tier	January 2025 Enrollment	Monthly Rates	
		2025 Plan Year (current Retiree PPO design)	2026 Plan Year (change to Active PPO design)
Retiree Only	15,319	\$51.26	\$82.83
Retiree + 1	8,484	\$101.93	\$164.70
Retiree + 2+	890	\$152.12	\$245.80
Total/Annual	24,693	\$21,424,954	\$34,619,395

DeltaCare USA HMO and UnitedHealthcare (UHC) HMO

Retiree Fully Insured Dental Plans — 2026 Rates

Proposed 2026 Rate Actions for Fully Insured Retiree Dental HMO Plans

- DeltaCare USA HMO:
 - No change in rates from 2025 plan year to 2026 plan year as part of their 2024-2026 three-year renewal rating commitment.
- UnitedHealthcare (UHC) HMO:
 - No change in rates from 2025 plan year to 2026 plan year (based on UHC proposed renewal action for 2026 plan year—with commitment to maintain current rates through the end of 2027).

Each insured dental plan has based its 2026 dental HMO plan renewal upon recent plan experience projected to the 2026 plan year, as underwritten by the actuaries of each dental plan organization.

DeltaCare USA HMO and UnitedHealthcare (UHC) HMO

Retiree Fully Insured Dental Plans — 2026 Rates

Dental HMO Plan Monthly Rates for 2026 Plan Year (same rates as 2025)

DeltaCare USA HMO	2025	2026	Rate Change
Retiree Only	\$32.22	\$32.22	No Change
Retiree + 1	\$53.17	\$53.17	No Change
Retiree + 2+	\$78.65	\$78.65	No Change

UHC Dental HMO	2025	2026	Rate Change
Retiree Only	\$14.38	\$14.38	No Change
Retiree + 1	\$23.74	\$23.74	No Change
Retiree + 2+	\$35.11	\$35.11	No Change

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Recommendation for HSB Action

2026 SFHSS Dental Plans Rating Actions

Recommendation for HSB Action

2026 Dental Plans Rates

Today's Recommendations

Staff recommends to the HSB approval of the following 2026 SFHSS Dental Plans Rating/Administrative Fee Actions — with specific information on each recommendation provided earlier in this document:

1. Approve the following Delta Dental Active Employee PPO rating actions: same per employee per month, or PEPM, administrative fee from 2025 to 2026 (\$4.82 PEPM) and a 12.4% increase in self-funded total cost rates from 2025 to 2026, along with the increase in age for child sealants for first molar to through age 15.
2. Approve the following Delta Dental Retiree Fully Insured PPO Plan rating action: 2.0% increase in insured rates for current plan design from 2025 to 2026.
3. Approve the following DeltaCare USA Fully Insured Dental HMO Plan rating action: no change in insured rates from 2025 to 2026 for actives and retirees.
4. Approve the following UnitedHealthcare (UHC) Insured Dental HMO Plan rating action: no change in insured rates from 2025 to 2026 for actives and retirees.

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Appendix

Dental Plan Design Elements

Dental Insurance General Background

Active Employee Dental PPO Plan Design Elements

See next page for financial impact to bring Out-of-Network benefit design features to Premier Dentists network levels (though out-of-network remains subject to balance billing)

Plan Feature	PPO Dentists	Premier Dentists	Out-of-Network
Choice of Dentist	You may choose any licensed dentist. You will receive a higher level of benefit and lower out-of-pocket costs when using a Delta Dental PPO network dentist.		
Annual Deductible	No deductible		
Annual Plan Year Maximum	\$2,500 per person (excluding orthodontia and diagnostic/preventive services)		
Covered Services			
Cleanings and Exams	100% covered	100% covered	80% covered
X-rays	100% covered	100% covered	80% covered
Nitrous Oxide/Non-IV Sedation	90% covered	80% covered	60% covered
Extractions	90% covered	80% covered	60% covered
Fillings	90% covered	80% covered	60% covered
Crowns	90% covered	80% covered	50% covered
Dentures/Pontics/Bridges	50% covered	50% covered	50% covered
Endodontic/Root Canals	90% covered	80% covered	60% covered
Oral Surgery	90% covered	80% covered	60% covered
Implants	50% covered	50% covered	50% covered
Orthodontia	50% covered to a \$2,500 Lifetime Maximum	50% covered to a \$2,000 Lifetime Maximum	50% covered to \$1,500 Lifetime Maximum
Night Guards	80% covered (1 x 3 years)	80% covered (1 x 3 years)	80% covered (1 x 3 years)

Delta Dental Active Employee PPO Plan—Design Alternative

Rates to Bring Out-of-Network Plan Design Elements to Premier Tier Levels

- The rate increase becomes 16.8% (added \$1.88M estimated cost) to bring out-of-network plan design elements to Premier network tier levels.
- The \$1.88M differential would be paid by the City.

INCREASE OUT-OF-NETWORK DESIGN PROVISIONS TO MATCH PREMIER NETWORK LEVELS¹

	EE Only	EE + 1	EE + 2+
February 2025 Enrollment (32,339 enrolled employees)	12,758	8,202	11,379
2026 Self-Insured Pre-Stabilization Rates (monthly)	\$67.22	\$141.16	\$201.66
Claims Stabilization Buy-Down (\$1,320,000 total)*	(\$1.72)	(\$3.61)	(\$5.16)
2026 Self-Insured Recommended Rates (monthly)	\$65.50	\$137.55	\$196.50
2026 Self-Insured Recommended Rates (bi-weekly)	\$30.23	\$63.48	\$90.69
2025 Self-Insured Active Dental PPO Rates (monthly)	\$56.10	\$117.81	\$168.30
Change From Current	+16.8%	+16.8%	+16.8%

¹ See prior page for current Active Employee Dental PPO design plan information.

Active Employee Dental HMO Plan Design Elements

Plan Feature	DeltaCare USA	UHC Dental HMO
Choice of Dentist	DeltaCare USA network only	UHC DHMO network only
Annual Deductible	No deductible	No deductible
Annual Plan Year Maximum	None	None
Covered Services		
Cleanings and Exams	100% covered	100% covered
X-rays	100% covered	100% covered
Extractions	100% covered	100% covered
Fillings	100% covered	100% covered
Crowns	100% covered	100% covered
Dentures/Pontics/Bridges	100% covered	100% covered
Endodontic/Root Canals	100% covered	100% covered
Oral Surgery	100% covered	100% covered
Implants	Not covered	Covered (see copay schedule)
Orthodontia	Employee pays: \$1,600 per child and \$1,800 per adult (\$350 start-up fee; limitations apply)	Employee pays: \$1,250 per child and \$1,250 per adult (\$350 start-up fee; limitations apply)
Night Guards	\$100 copay	100% covered

NOTE: This exhibit contains plan summary information only. For a more detailed description of benefits and exclusions for each plan, please review the plan's Evidence of Coverage (EOC), available on sfhss.org

Retiree Dental PPO Plan Design Elements

Plan Feature	PPO Dentists	Premier Dentists	Out-of-Network
Choice of Dentist	You may choose any licensed dentist. You will receive a higher level of benefit and lower out-of-pocket costs when using a Delta Dental PPO network dentist.		
Annual Deductible	No deductible	\$50 per person; \$100 for family (excluding diagnostic and preventive care)	
Annual Plan Year Maximum	\$1,250 per person (excluding preventive cleanings and exams)		
Covered Services			
Cleanings and Exams	100% covered	100% covered	80% covered
X-rays	100% covered	100% covered	80% covered
Nitrous Oxide/Non-IV Sedation	80% covered	80% covered	80% covered
Extractions	80% covered	80% covered	80% covered
Fillings	80% covered	80% covered	80% covered
Crowns	60% covered	50% covered	50% covered
Dentures/Pontics/Bridges	60% covered	50% covered	50% covered
Endodontic/Root Canals	60% covered	50% covered	50% covered
Oral Surgery	80% covered	80% covered	80% covered
Implants	60% covered	50% covered	50% covered
Orthodontia	Not covered	Not covered	Not covered
Night Guards	80% covered (1x3yr)	80% covered (1x3yr)	80% covered (1x3yr)

NOTE: This exhibit contains plan summary information only. For a more detailed description of benefits and exclusions for each plan, please review the plan's Evidence of Coverage (EOC), available on sfhss.org

Retiree Dental HMO Plan Design Elements

Plan Feature		DeltaCare USA	UHC Dental HMO
Choice of Dentist		DeltaCare USA DHMO network only	UHC DHMO network only
Annual Deductible		No deductible	No deductible
Annual Plan Year Maximum		None	None
Covered Services			
Cleanings and Exams		100% covered	100% covered
X-rays		100% covered	100% covered
Extractions		100% covered	\$5 to \$25 copay (varies by service)
Fillings		100% covered	\$5 to \$25 copay (varies by service)
Crowns		\$0 to \$250 copay (varies by service)	100% covered
Dentures/Pontics/Bridges		100% covered	\$90 to \$100 copay (varies by service)
Endodontic/Root Canals		100% covered	\$15 to \$60 copay (varies by service)
Oral Surgery		100% covered	\$0 to \$30 copay (varies by service)
Implants		Not covered	Covered (see copay schedule)
Orthodontia	Retiree Pays:	\$1,600 per child/\$1,800 per adult \$350 start-up fee; limitations apply	\$2,000 per child/\$2,000 per adult \$350 start-up fee; limitations apply
Night Guards		\$100 copay	100% covered

NOTE: This exhibit contains plan summary information only. For a more detailed description of benefits and exclusions for each plan, please review the plan's Evidence of Coverage (EOC), available on sfhss.org

Dental Insurance General Background

Dental insurance plans exist to provide financial protection towards cost of more intensive dental procedures, as well as to encourage recommended levels of preventive care by the American Dental Association. Common features include:

- Highest levels of coverage for diagnostic and preventive services — including two cleanings/exams per year — to promote maximum dental health.
- Half (50%) to as much as 80% of costs covered for basic restorative and major restorative services — the financial protection element of dental insurance, with remaining costs to be paid by plan members from what is not paid by the plan (e.g., coinsurance).
- An aggregate annual plan maximum for expenses to be paid by the plan — to help assure rate stability across the entire covered population for the dental insurance plan.

Dental Insurance General Background

While there are no employer contributions for SFHSS retiree dental plans, there are advantages for retirees buying their dental plans through SFHSS:

- Historically stable rating over the course of time as these plans are offered via a group insurance mechanism, rather than through individual rating and underwriting.
 - This includes SFHSS and Aon scrutiny of plan premiums underwritten by Delta Dental and UHC.
- SFHSS Member Services support for resolution of individual issues that could arise related to an enrolled SFHSS dental plan.
- Centralized billing and payment for retiree dental plan coverage through SFHSS.
- Enforcement of performance guarantees that SFHSS demands of Delta Dental and UHC to ensure optimal service with minimized dental network disruption is achieved for SFHSS retiree plan members.

Dental Insurance General Background

Retirees have the option of selecting a dental plan that may be available in the individual dental plan marketplace within the geography of a given retiree.

- Individual dental plans are available through public websites such as ehealthinsurance.com as well as through retiree advocacy groups such as AARP.
- Generally speaking, individual insurance market dental plans have higher rates than the group insurance Retiree PPO plan offered through SFHSS, with provisions not present with the SFHSS Retiree PPO plan including:
 - Smoker/non-smoker rate distinctions;
 - Higher levels of member-paid coinsurance in the initial years of coverage;
 - Higher levels of member-paid coinsurance for basic and major restorative services in years when a member does not have preventive care services; and
 - Waiting periods of up to 12 months from initial plan enrollment for basic and major restorative services.
- Rates for individual market dental insurance plans can also vary by geography.

Most retirees will find that buying dental coverage through SFHSS results in a higher level of coverage at a lower premium with no design restrictions upon initial purchase of the plan.

Dental Insurance General Background

Three key elements drive the premium rates that Delta Dental and UHC set for the fully insured retiree dental plans:

- (1) Premiums must be adequate to cover the claim costs incurred by retirees in these plans, along with provision for administrative and other plan management costs.
- (2) Plan designs are set for the retiree dental plans to strike a balance between reasonable benefit coverage for retirees at time of service, and reasonable premiums to be paid by retirees for the plans — this is why benefit coverage levels in the retiree dental PPO are lower than benefit coverage levels in the active employee dental PPO.
- (3) The two-tiered dental network approach in the retiree PPO plan provides retirees the ability to select a network dentist that optimizes their needs — with PPO network dentist use allowing for the lowest out-of-pocket cost at time of service, and Premier network dentist use allowing for a lower out-of-pocket cost at time of service (with no balance billing) versus use of non-network dentists. Retiree PPO rates reflect the existing service utilization by members across the three network dentist distinctions.

Delta Dental contracts with more dentists in Northern California for its PPO product than any other PPO dental plan provider — some Delta Dental network dentists accept the highest service price discount levels offered by Delta Dental (PPO dentists), while some accept lower service price discount levels (Premier dentists).