

San Francisco Health Service System Health Service Board

Rates & Benefits

Review Kaiser Permanente HMO Plans
2024 Experience

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April 10, 2025

Kaiser Permanente HMO Plans 2024 Experience

Agenda

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

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Kaiser Permanente HMO Plans 2024 Experience Introduction

Kaiser Permanente HMO Plans 2024 Experience

Introduction

This presentation captures information on calendar year 2024 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 non-Medicare retiree populations.

The active employee and non-Medicare retiree experience presented today will largely serve as the basis of plan experience to be utilized by Kaiser to develop fully insured premium rates for the 2026 plan year (for underwriting, they will utilize the most recent 12-months experience available at time of renewal release to SFHSS and Aon, from February 2024 through January 2025). The 2026 rate recommendations for the Kaiser non-Medicare HMO plan will be presented to the Health Service Board (HSB) on June 12, 2025.

Kaiser Permanente HMO Plans 2024 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 2024 plan experience.

Total 2024 premiums for Kaiser HMO plans were \$496M for non-Medicare members (active employees/non-Medicare retirees) in California, \$55M for Medicare members in California, and \$2M for retirees in “multi-region” plans (Washington, Northwest, and Hawaii). Overall, Kaiser HMO represented about 47% of total SFHSS plan spend in 2024.

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

Kaiser Permanente HMO Plans 2024 Experience

Introduction (continued)

The Kaiser experience data in this presentation for active employees and non-Medicare retirees reflects a sizable increase but is consistent with Kaiser's overall book-of-business experience from 2023 to 2024. Recall that Kaiser's plan renewal for SFHSS in Spring 2023 for the 2024 plan year (+12.5%) anticipated a marked increase in Kaiser's cost to deliver services in 2024. In actuality, Kaiser's per covered life per month ("PMPM") costs increased at a greater percentage.

As documented in our May 25, 2023, HSB presentation with the Kaiser non-Medicare population renewal, drivers of these increases in Kaiser's cost of delivery included labor shortages, inflation and supply chain disruptions, increasing demand for care, increasing prescription drug costs, and provider challenges.

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Kaiser Permanente HMO Plans 2024 Experience Insights

Kaiser HMO Plans 2024 Experience — Insights

Active/Non-Medicare Retiree Medical and Prescription Drug Claims

- Total paid per member¹ per month (PMPM) claims increased about 16% in 2024 vs. 2023 for the combination of the active employee and non-Medicare retiree populations:
 - 15.4% increase for medical PMPM expenses
 - 20.8% increase for prescription drug PMPM expenses
 - 15.9% overall PMPM expense increase
- These figures are consistent with Kaiser overall book of business figures (16.0% medical, 20.5% prescription drug, 16.5% overall).
- As shown on the next page, experience increases for the SFHSS non-Medicare retirees in the Kaiser HMO was substantially higher than those for the SFHSS Kaiser active population.

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

Kaiser HMO Plans 2024 Experience — Insights

Active/Non-Medicare Retiree Medical and Prescription Drug Claims

- Active employee medical and prescription drug claims PMPM increased 14.5%.
- Non-Medicare retiree medical and prescription drug claims PMPM increased 27.1%. A 21% increase in inpatient hospitalization rate was the primary contributor for medical; anti-infective and cancer drug increases were significant.
- Typical with book of business data, pharmacy trend was higher than medical trend for both populations.
- \$1M+ claimants (11 total) accounted for 4.6% of total 2024 claim expense.

MEDICAL AND PRESCRIPTION DRUG CLAIMS	ACTIVE EMPLOYEES				NON-MEDICARE RETIREES			
	PMPM Paid Claims				PMPM Paid Claims			
	Covered Lives	Medical	Prescription Drug	All Medical/Rx	Covered Lives	Medical	Prescription Drug	All Medical/Rx
2024 Plan Year	50,225	\$644.64	\$70.71	\$715.35	4,422	\$1,131.34	\$151.80	\$1,283.14
2023 Plan Year	50,054	\$565.91	\$59.06	\$624.97	4,531	\$891.07	\$118.27	\$1,009.34
Change, 2024 vs. 2023								
Lives/Dollars Change	171	\$78.73	\$11.65	\$90.38	(109)	\$240.27	\$33.53	\$273.80
% Change	0.3%	13.9%	19.7%	14.5%	(2.4%)	27.0%	28.4%	27.1%

Kaiser HMO Plans 2024 Experience — Insights

Active Employees: Top Diagnostic SFHSS Spend Categories

Highest Medical Spend Diagnoses

Diagnostic Category	2024 PMPM Medical
Factors Influencing Health Status ¹	\$81
Cancer	\$55
Circulatory	\$41
Mental/Behavioral	\$41
Musculoskeletal	\$39

Highest Rx Spend Categories

Diagnostic Class	2024 PMPM Rx
Anti-Infective	\$18
Endocrine (incl. GLP-1)	\$13
Dermatological	\$9
Anti-Cancer	\$9
Anti-Inflammatory	\$6

¹ Incorporates medical visits that aren't for diseases or injuries, including routine check-ups, vaccinations, and preventive care; infectious disease care; cancer-related care such as chemotherapy.

Kaiser HMO Plans 2024 Experience — Insights

Non-Medicare Retirees: Top Diagnostic SFHSS Spend Categories

Highest Medical Spend Diagnoses

Diagnostic Category	2024 PMPM Medical
Cancer	\$135
Circulatory	\$130
Factors Influencing Health Status ¹	\$105
Injury/Poisoning	\$96
Musculoskeletal	\$74

Highest Rx Spend Categories

Diagnostic Class	2024 PMPM Rx
Anti-Infective	\$42
Anti-Cancer	\$36
Endocrine (incl. GLP-1)	\$27
Anti-Inflammatory	\$10
Dermatologic	\$8

¹ Incorporates medical visits that aren't for diseases or injuries, including routine check-ups, vaccinations, and preventive care; infectious disease care; cancer-related care such as chemotherapy.

Kaiser HMO Plans 2024 Experience — Insights

Inpatient Admission Categories (per 1,000 Plan Members)

- Inpatient utilization rates slightly decreased for actives, but significantly increased for non-Medicare retirees from 2023 to 2024:

Active Population

Inpatient Admits/1000 *			
<u>Service Category</u>	<u>Jan23 – Dec23</u>	<u>Change</u>	<u>Jan24 – Dec24</u>
Medical	14.2	(4.2)%	13.6
Surgical	7.4	(10.8)%	6.6
Maternity	10.0	(3.0)%	9.7
Mental Health	2.6	(11.5)%	2.3
Substance Abuse	1.3	0.0%	1.3
SNF	0.9	(11.1)%	0.8
Total Inpatient Admits/1000	36.3	(5.8)%	34.2

Non-Medicare Retiree Population

Inpatient Admits/1000 *			
<u>Service Category</u>	<u>Jan23 – Dec23</u>	<u>Change</u>	<u>Jan24 – Dec24</u>
Medical	30.2	26.5%	38.2
Surgical	12.1	23.1%	14.9
Maternity	0.4	(50.0)%	0.2
Mental Health	2.0	0.0%	2.0
Substance Abuse	2.4	41.7%	3.4
SNF	4.6	(10.9)%	4.1
Total Inpatient Admits/1000	51.9	21.2%	62.9

Kaiser HMO Plans 2024 Experience — Insights

Outpatient Visit Categories (per 1,000 Plan Members)

ACTIVE EMPLOYEES — overall outpatient visits increased primarily due mental health/substance abuse and outpatient surgery use increases.

Outpatient Visits/1000 *			
<u>Service Category</u>	<u>Jan23 – Dec23</u>	<u>Change</u>	<u>Jan24 – Dec24</u>
Outpatient Visits	5,025.8	(2.3)%	4,909.1
Outpatient Mental Health	1,279.4	21.1%	1,549.2
Outpatient Substance Abuse	44.3	24.8%	55.3
Emergency Room			
Emergency Room KP	183.0	0.3%	183.6
Emergency Room Non-KP	21.2	1.9%	21.6
Surgeries and Hospital Outpatient Other			
Hospital Outpatient Surgery	46.7	14.6%	53.5
Hospital Outpatient Other	116.5	7.9%	125.7
Lab	3,099.5	8.5%	3,363.0
Radiology	1,179.4	8.0%	1,274.3
Total Outpatient Visits/1000	10,995.7	4.9%	11,535.4

Kaiser HMO Plans 2023 Experience — Insights

Outpatient Visit Categories (per 1,000 Plan Members)

NON-MEDICARE RETIREES — overall outpatient utilization increased, especially for mental health and substance abuse services.

Outpatient Visits/1000 *			
Service Category	Jan23 – Dec23	Change	Jan24 – Dec24
Outpatient Visits	6,707.2	(3.9)%	6,446.5
Outpatient Mental Health	785.7	28.5%	1010.0
Outpatient Substance Abuse	6.6	630.3%	48.2
Emergency Room			
Emergency Room KP	221.1	(3.1)%	214.2
Emergency Room Non-KP	28.0	24.3%	34.8
Surgeries and Hospital Outpatient Other			
Hospital Outpatient Surgery	92.0	5.7%	97.2
Hospital Outpatient Other	266.8	14.4%	305.1
Lab	4,056.7	13.4%	4,598.6
Radiology	2,158.6	0.5%	2,169.3
Total Outpatient Visits/1000	14,322.8	4.2%	14,924.0

Kaiser HMO Plans 2024 Experience — Insights

Health Status/Immunization/Preventive Care Rates by Population

ACTIVE EMPLOYEES AND NON-MEDICARE RETIREES — SFHSS member preventive screening rates are higher than KP regional averages; health risk indicator metrics are generally favorable to KP benchmarks, but some are higher for non-Medicare retirees.

	SFHSS Active Employee Population	SFHSS Non- Medicare Retiree Population	KP Regional Average
Health Risk Indicators — Percentage of Population			
Adult Weight — Obese BMI 30.0 or higher	34.1%	32.5%	38.8%
Adult Sedentary — Weekly Minutes <30	48.6%	50.9%	50.4%
Total Cholesterol — High ≥ 240	10.9%	16.0%	10.5%
Blood Pressure — Undesirable $\geq 140/90$	11.1%	13.8%	12.1%
Smoking Status — Yes	5.8%	6.0%	6.3%
Blood Sugar Poor Control — HbA1c $>9\%$ (% among diabetics)	20.4%	18.0%	23.7%
Covered Lives With Chronic Condition(s)	24.6%	36.7%	26.2%
Preventive Screening and Immunization Rates — Percentage of Eligible Population			
Flu Immunization Rate	38.0%	46.4%	30.0%
Childhood Immunization Rate	72.0%	n/a	63.9%
Breast Cancer Screening Rate	84.6%	84.8%	82.5%
Cervical Cancer Screening Rate	86.3%	86.8%	80.7%
Colorectal Cancer Screening Rate	74.1%	81.0%	69.9%

Kaiser HMO Plans 2024 Experience — Insights

Health Status/Immunization/Preventive Care Rates by Population

MEDICARE RETIREES — SFHSS Medicare member preventive screening rates are higher than KP regional averages; health risk indicator metrics are similar-to-favorable to KP benchmarks.

	SFHSS Medicare Retiree	KP Regional
Health Risk Indicators — Percentage of Population		
Adult Weight — Obese BMI 30.0 or higher	30.7%	34.5%
Adult Sedentary — Weekly Minutes <30	54.7%	57.3%
Total Cholesterol — High ≥ 240	10.9%	10.8%
Blood Pressure — Undesirable $\geq 140/90$	17.8%	17.5%
Smoking Status — Yes	3.2%	4.3%
Blood Sugar Poor Control — HbA1c $>9\%$ (% among diabetics)	11.2%	13.5%
Preventive Screening and Immunization Rates — Percentage of Eligible Population		
Flu Immunization Rate	70.9%	65.5%
Breast Cancer Screening Rate	88.5%	86.8%
Cervical Cancer Screening Rate	88.3%	76.2%
Colorectal Cancer Screening Rate	88.2%	86.0%

Kaiser Permanente HMO Plans 2024 Experience

In Closing

The Kaiser experience data in this presentation for active employees and non-Medicare retirees reflects a sizable increase but is consistent with Kaiser's overall book-of-business experience from 2023 to 2024.

Kaiser's plan renewal for SFHSS in Spring 2023 for the 2024 plan year (+12.5%) anticipated a marked increase in Kaiser's cost to deliver services in 2024.

We will present the 2026 Kaiser HMO renewal during the June 12, 2025, HSB meeting.

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Appendix—Detailed Active Employee and Non-Medicare Retiree Monthly Claims and Member Counts

Detailed Monthly Claims and Member Counts

Active Employee Group—2023 and 2024 Plan Years

	Medical Claims			Total Medical Claims	Rx Claims	Total Claims	PMPM Claims	Members
	Inpatient	Outpatient	Other					
Current Year								
Jan 24	\$5,895,648	\$16,108,379	\$5,598,947	\$27,602,974	\$3,534,426	\$31,137,399	\$615.49	50,590
Feb 24	6,796,783	15,953,000	5,979,078	28,728,861	3,358,530	32,087,391	635.47	50,494
Mar 24	7,897,129	17,513,410	5,904,481	31,315,020	3,375,362	34,690,382	688.44	50,390
Apr 24	6,675,902	18,163,958	5,993,080	30,832,940	3,464,475	34,297,415	680.96	50,366
May 24	7,791,433	18,634,881	6,374,366	32,800,680	3,439,169	36,239,848	718.56	50,434
Jun 24	9,000,518	16,210,248	6,027,295	31,238,061	3,508,347	34,746,409	690.18	50,344
Jul 24	5,924,359	17,915,371	5,876,025	29,715,755	3,771,882	33,487,638	671.16	49,895
Aug 24	7,838,546	17,403,950	5,939,001	31,181,497	3,867,545	35,049,042	700.17	50,058
Sep 24	9,279,917	17,711,459	6,124,423	33,115,799	3,541,707	36,657,506	732.11	50,071
Oct 24	16,786,278	19,687,415	6,508,294	42,981,987	3,518,837	46,500,823	927.72	50,124
Nov 24	10,991,649	19,939,471	6,231,421	37,162,541	3,373,904	40,536,444	810.37	50,022
Dec 24	9,797,884	16,159,113	5,891,776	31,848,773	3,860,358	35,709,130	715.53	49,906
Total:	\$104,676,046	\$211,400,655	\$72,448,186	\$388,524,888	\$42,614,541	\$431,139,428	\$715.35	602,694
Prior Year								
Jan 23	\$9,107,598	\$13,421,405	\$5,248,502	\$27,777,505	\$2,876,440	\$30,653,944	\$612.53	50,045
Feb 23	6,197,159	12,916,418	4,871,066	23,984,643	2,470,108	26,454,752	530.01	49,914
Mar 23	10,343,914	13,664,170	5,321,080	29,329,164	2,804,485	32,133,649	643.34	49,948
Apr 23	10,306,896	13,896,707	5,903,739	30,107,342	2,838,986	32,946,328	658.83	50,007
May 23	10,410,643	15,157,509	5,914,082	31,482,234	2,867,332	34,349,566	685.63	50,099
Jun 23	6,939,436	14,203,329	5,034,461	26,177,226	3,032,113	29,209,339	581.73	50,211
Jul 23	8,062,155	14,452,911	5,288,991	27,804,057	3,018,872	30,822,930	620.42	49,681
Aug 23	7,760,727	15,283,322	5,481,736	28,525,785	3,160,850	31,686,635	636.92	49,750
Sep 23	9,040,037	16,604,496	5,574,496	31,219,029	2,942,462	34,161,491	680.11	50,229
Oct 23	6,667,076	13,882,816	5,321,723	25,871,615	3,121,064	28,992,679	577.65	50,191
Nov 23	6,904,760	17,696,599	5,614,792	30,216,151	3,122,814	33,338,964	663.62	50,238
Dec 23	6,703,289	15,390,234	5,323,444	27,416,967	3,220,646	30,637,612	608.64	50,338
Total:	\$98,443,690	\$176,569,915	\$64,898,112	\$339,911,718	\$35,476,171	\$375,387,889	\$624.97	600,651

Detailed Monthly Claims and Member Counts

Non-Medicare Retiree Group—2023 and 2024 Plan Years

	Medical Claims			Total Medical Claims	Rx Claims	Total Claims	PMPM Claims	Members
	Inpatient	Outpatient	Other					
Current Year								
Jan 24	\$1,066,703	\$2,213,341	\$933,865	\$4,213,909	\$678,970	\$4,892,879	\$1,084.90	4,510
Feb 24	1,385,268	2,575,722	1,056,082	5,017,072	568,305	5,585,377	1,243.13	4,493
Mar 24	877,777	2,379,342	868,920	4,126,039	573,316	4,699,355	1,052.49	4,465
Apr 24	2,632,796	2,365,500	1,044,604	6,042,900	767,145	6,810,045	1,528.29	4,456
May 24	1,410,116	2,569,078	1,021,607	5,000,801	680,825	5,681,627	1,286.02	4,418
Jun 24	1,200,010	2,271,096	908,513	4,379,619	626,468	5,006,088	1,135.42	4,409
Jul 24	1,082,031	2,378,301	879,858	4,340,190	785,474	5,125,663	1,132.24	4,527
Aug 24	3,330,843	2,395,259	1,038,671	6,764,773	770,605	7,535,378	1,678.26	4,490
Sep 24	1,391,393	2,594,302	933,634	4,919,329	624,602	5,543,931	1,243.59	4,458
Oct 24	3,640,489	2,410,611	875,498	6,926,598	690,202	7,616,799	1,765.60	4,314
Nov 24	1,394,551	2,226,348	818,050	4,438,949	684,887	5,123,836	1,198.28	4,276
Dec 24	1,240,592	1,888,529	730,645	3,859,766	603,863	4,463,629	1,051.50	4,245
Total:	\$20,652,567	\$28,267,430	\$11,109,946	\$60,029,944	\$8,054,662	\$68,084,606	\$1,283.14	53,061
Prior Year								
Jan 23	\$1,126,113	\$1,854,290	\$791,972	\$3,772,375	\$444,530	\$4,216,904	\$925.17	4,558
Feb 23	751,979	2,057,270	714,804	3,524,053	462,396	3,986,448	873.26	4,565
Mar 23	2,064,113	1,740,569	763,842	4,568,524	539,749	5,108,274	1,124.68	4,542
Apr 23	1,324,419	1,746,889	740,506	3,811,814	484,043	4,295,856	954.00	4,503
May 23	1,033,074	2,185,960	773,990	3,993,024	526,613	4,519,637	1,012.01	4,466
Jun 23	923,354	2,173,468	779,804	3,876,626	521,728	4,398,354	987.73	4,453
Jul 23	163,078	2,346,171	683,743	3,192,992	506,496	3,699,488	797.65	4,638
Aug 23	923,832	2,232,815	815,734	3,972,381	573,864	4,546,245	989.60	4,594
Sep 23	803,541	2,988,092	915,729	4,707,362	583,271	5,290,634	1,162.27	4,552
Oct 23	1,113,515	1,889,114	764,024	3,766,653	672,466	4,439,119	976.92	4,544
Nov 23	1,034,151	2,506,617	875,581	4,416,349	592,716	5,009,064	1,113.87	4,497
Dec 23	1,517,442	2,422,767	909,362	4,849,571	522,822	5,372,393	1,203.76	4,463
Total:	\$12,778,611	\$26,144,022	\$9,529,091	\$48,451,724	\$6,430,694	\$54,882,418	\$1,009.33	54,375