

San Francisco Health Service System Health Service Board

Rates & Benefits

Review 2024 Plan Year Health Value Initiative (HVI)
Benchmarking Study

April 11, 2024

Aon Health Value Initiative (HVI)™

The Aon Health Value Initiative (HVI)™ Database, launched in 1996, captures active employee medical and prescription drug cost and benefit data on health plans for:

- 6.0 million health plan employees;
- 857 employer organizations; [1]
- 2,500+ health plans; and
- \$88.2 billion in health care expenditures.

This benchmarking study captures medical and prescription drug data for **active employees** only.

- Dental and vision plans are not measured in the study.
- Retirees are not measured in this study.

[1] *Total number of employers is dynamic and changes as clients are added or removed from the baseline.*

Aon HVI Benchmarking for SFHSS

Executive Summary

Similar to prior years, San Francisco Health Service System (SFHSS) active employee health plans demonstrate a purchasing efficiency score that remains among the best in our study — SFHSS receives a higher level of value for every dollar spent in health care than most other employers participating in Aon's HVI study.

Financial efficiency is gauged by normalizing plan cost differences caused by plan design, demographic, and geographic differences among populations.

Aon HVI Benchmarking for SFHSS

Executive Summary

Overall medical/prescription drug spend per employee is higher for SFHSS than for average benchmarked organizations — three key factors drive this result:

- Higher average population age for SFHSS than other benchmarks (though similar to Public Sector benchmark average age) — SFHSS population is 3 years older on average than overall study employee average age.
- Higher cost of health care overall in Bay Area versus U.S. averages.
- Higher percentage of allowed costs paid by SFHSS plans versus other benchmarks after applying member plan design elements (e.g., SFHSS plan deductibles and copayments are less, on average, than those for plan designs of benchmark employers).

Aon HVI Benchmarking for SFHSS

Executive Summary (continued)

From the **employee** perspective for plan cost sharing benchmarking:

- SFHSS employees on average pay slightly less than employees of other benchmark organizations for out-of-paycheck contribution amounts.
- SFHSS employees on average pay substantially less than employees of other benchmark organizations for member plan design cost sharing amounts at time of service (e.g., deductibles, copayments, and coinsurance).

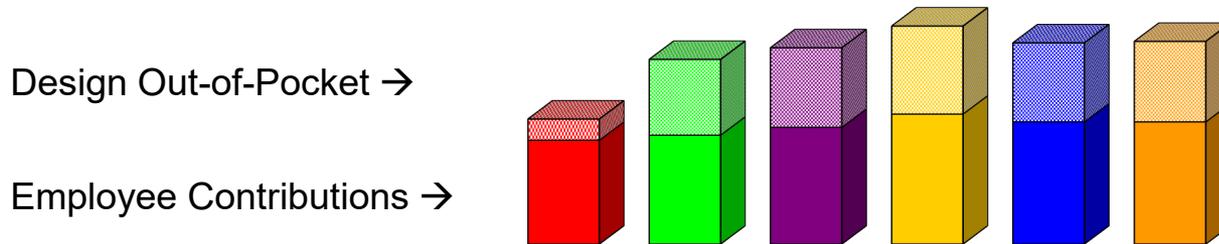
Aon Health Value Initiative (HVI)™ Benchmarks

-  **San Francisco Health Service System (SFHSS)**
SFHSS fully-insured plan costs are based on actual 2024 premium rates; SFHSS self-insured/flex-funded plan costs are based on the medical, prescription drug, and administrative cost portions of total cost rates; all costs exclude Basic Vision rates, SFHSS sustainability fees, and rate stabilization adjustments.
-  **Public Sector Industry (Public) — 65 Organizations**
Public employer subset (primarily states, municipalities, and universities).
-  **Organization Size (25,000+) — 52 Organizations**
Subset of study employers with 25,000 and more employees covered by plans.
-  **Fortune 500 Subset in Database — 58 Organizations**
Subset of study employers that are in the Fortune 500.
-  **Labor Market — 850 Organizations**
Weighted average of all participating organizations operating in same geographies as SFHSS employees. This comparison group is helpful in analyzing the impact of employee location on costs.
-  **HVI Entire Database — 857 Organizations**
Entire Aon database of 857 participating organizations.

2024 Annual Health Plan Costs Per Employee

- SFHSS employers pay 85% of overall health care spend (allowed charges plus fees), compared to a range of 69% to 74% for benchmark averages.
- Member design out-of-pocket cost in SFHSS plans (for deductibles, copayments, coinsurance, etc.) is substantially lower than for other benchmarks, including public sector.

Health Plan Costs Per Employee—Overall

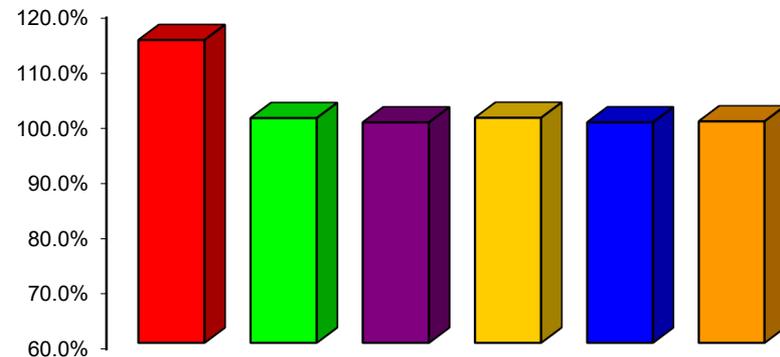


	SFHSS	Public Sector	Jumbo (>25k)	Fortune 500	Labor Market	HVI
Employee Contributions	\$2,475	\$2,595	\$2,783	\$3,098	\$2,912	\$2,911
Employee Design Out-of-Pocket	\$505	\$1,806	\$1,895	\$2,098	\$1,884	\$1,919
Employer Cost	\$16,379	\$12,837	\$11,596	\$11,511	\$11,824	\$11,859
Total Health Plan Cost	\$19,359	\$17,237	\$16,274	\$16,707	\$16,620	\$16,689
Employer Portion Percent	85%	74%	71%	69%	71%	71%

2024 Health Plan Financial Purchasing Efficiency

- The Financial Index (FI) is a measure of financial efficiency of plans offered by SFHSS and other database organizations. It normalizes for cost differences driven by demographic, geographic, and plan design variations among organizations. Plan administrative costs and care management is reflected in the FI measure.
- An FI greater than 100% reflects better-than-average financial efficiency.
- The SFHSS FI exceeds all comparators at 114.7%.
- Thus, SFHSS health plan purchasing efficiency significantly exceeds averages for other benchmarks in the study.

Financial Efficiency—Overall



	SFHSS	Public Sector	Jumbo (>25k)	Fortune 500	Labor Market	HVI
Financial Index	114.7%	100.6%	99.8%	100.6%	99.8%	100.0%
Employees	40,595	629,372	2,994,735	1,340,218	2,876,607	5,973,494

Detailed Profile — 2024 Costs and Demographics

Annual Amounts (Page 1 of 2)

Category	SFHSS	Public Sector	25,000+	Fortune 500	Labor Market	HVI
Overall Profile						
Number of Employees	40,595	629,372	2,994,735	1,340,218	2,876,607	5,973,494
Total Health Plan Costs (\$B) ^[1]	\$0.8B	\$9.7B	\$43.1B	\$19.6B	\$42.4B	\$88.2B
Total Employer Health Plan Costs (\$B)	\$0.7B	\$8.1B	\$34.7B	\$15.4B	\$34.0B	\$70.8B
Average Age	46.6	46.4	43.5	43.8	43.8	43.8
Average Family Size	2.1	2.0	1.9	2.0	2.0	2.0
Percent Females	48.3%	65.4%	53.6%	45.5%	49.4%	49.4%

[1] Net of plan design cost sharing by plan participants (deductibles, copayments, coinsurance, etc.)

Detailed Profile — 2024 Costs and Demographics

Annual Amounts (Page 2 of 2)

Category	SFHSS	Public Sector	25,000+	Fortune 500	Labor Market	HVI
Competitive Medical/Prescription Drug Active Employee Cost Benchmarks						
Total Health Plan Costs Per Employee ^[1]	\$18,854	\$15,432	\$14,379	\$14,609	\$14,736	\$14,770
Employer Health Plan Costs Per Employee	\$16,379	\$12,837	\$11,596	\$11,511	\$11,824	\$11,859
Financial Index	114.7%	100.6%	99.8%	100.6%	99.8%	100.0%
Member Medical/Prescription Drug Active Employee Cost Sharing Benchmarks						
Employee Contribution	\$2,475	\$2,595	\$2,783	\$3,098	\$2,912	\$2,911
Plan Design Out-of-Pocket Expense	\$505	\$1,806	\$1,895	\$2,098	\$1,884	\$1,919

[1] Net of plan design cost sharing by plan participants (deductibles, copayments, coinsurance, etc.)