

Health Service Board City & County of San Francisco

Rates & Benefits

2017 Renewal—Dental Plans

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Executive Summary

Health Service System (HSS) offers six dental plans to members. The Delta Dental of California PPO plan for actives is self-insured and the remaining five plans are fully insured. The plans offered are as follows:

- Delta Dental of California Self-Insured PPO for actives
- Delta Dental of California Fully Insured PPO for retirees
- DeltaCare Fully Insured HMO for actives
- DeltaCare Fully Insured HMO for retirees
- Pacific Union Fully Insured HMO for actives
- Pacific Union Fully Insured HMO for retirees

This report summarizes the recommended rate actions for 2017. No plan design changes are recommended. The highlights of these recommendations are found on the following slides.

Executive Summary (continued)

Delta Dental of California Plans

- Delta Dental of California Self-Insured PPO for actives:
 - The administrative fee for the active PPO plan has been reduced to \$4.35 (from \$4.38 currently) per employee per month (PEPM) and is guaranteed through December 31, 2018
 - Claims experience and calculated case specific trend leads to a recommended rate increase of 0.8% for 2017
- Delta Dental of California Fully Insured PPO for retirees:
 - A premium reduction of 6% (from 2015) was offered for January 1, 2016 through December 31, 2017

Executive Summary (continued)

DeltaCare Plans

- DeltaCare Fully Insured HMO for actives:
 - Current rates have been extended on a guaranteed basis through December 31, 2018
- DeltaCare Fully Insured HMO for retirees:
 - Current rates have been extended on a guaranteed basis through December 31, 2018

Pacific Union Plans

- Pacific Union Fully Insured HMO for actives:
 - Current rates have been extended on a guaranteed basis through December 31, 2018
- Pacific Union Fully Insured HMO for retirees
 - Current rates have been extended on a guaranteed basis through December 31, 2018

Delta Dental of California Plans

2015 Self-Insured PPO Plan Claims Experience—Actives

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-15	10,019	7,667	10,589	28,275	38,348	2.36	\$65.95	\$138.49	\$197.84	\$3,817,512	\$3,539,170	93%	\$3,788,929	99%
Feb-15	10,282	7,711	10,668	28,661	38,610	2.35	\$65.95	\$138.49	\$197.84	\$3,856,580	\$3,466,825	90%	\$3,325,851	86%
Mar-15	10,311	7,705	10,672	28,688	38,591	2.35	\$65.95	\$138.49	\$197.84	\$3,858,453	\$3,410,532	88%	\$3,641,739	94%
Apr-15	10,384	7,709	10,690	28,783	38,651	2.34	\$65.95	\$138.49	\$197.84	\$3,867,382	\$4,264,674	110%	\$3,484,148	90%
May-15	10,439	7,715	10,707	28,861	38,713	2.34	\$65.95	\$138.49	\$197.84	\$3,875,204	\$3,048,819	79%	\$3,140,579	81%
Jun-15	10,445	7,730	10,691	28,866	38,694	2.34	\$65.95	\$138.49	\$197.84	\$3,874,511	\$3,251,890	84%	\$3,605,044	93%
Jul-15	10,446	7,653	10,659	28,758	38,522	2.34	\$65.95	\$138.49	\$197.84	\$3,857,582	\$3,970,793	103%	\$3,552,619	92%
Aug-15	10,547	7,701	10,629	28,877	38,482	2.33	\$65.95	\$138.49	\$197.84	\$3,864,955	\$3,218,894	83%	\$3,248,052	84%
Sep-15	10,635	7,717	10,662	29,014	38,583	2.33	\$65.95	\$138.49	\$197.84	\$3,879,504	\$2,738,825	71%	\$2,965,424	76%
Oct-15	10,704	7,747	10,672	29,123	38,625	2.33	\$65.95	\$138.49	\$197.84	\$3,890,187	\$3,633,516	93%	\$3,235,292	83%
Nov-15	10,771	7,785	10,686	29,242	38,690	2.32	\$65.95	\$138.49	\$197.84	\$3,902,638	\$2,777,299	71%	\$3,096,789	79%
Dec-15	10,828	7,792	10,682	29,302	38,685	2.32	\$65.95	\$138.49	\$197.84	\$3,906,575	\$3,738,193	96%	\$4,102,472	105%
Total / Averages				28,871						\$46,451,085	\$41,059,432	88%	\$41,186,936	89%
Surplus / (Deficit)											\$5,391,653		\$5,264,149	

Observations:

- Paid claims costs varied considerably throughout the 2015 calendar year from \$4.3M in April 2015 to \$2.7M in September 2015 with an annual average of \$3.4M.
- Enrollment levels have increased slightly from 28,275 in January to 29,302 in December.
- The incurred loss ratio is 89% and the paid loss ratio is 88%.

Delta Dental of California Plans

Self-Insured PPO Plan Rating Action—Actives

	EE	EE+1	EE+2
January 2016 Enrollment	10,898	9,323	9,480
2017 Self-Insured Active Delta Dental PPO Rates (Monthly)	\$67.87	\$142.53	\$203.62
Claims Stabilization Offset	(\$3.36)	(\$7.05)	(\$10.08)
2017 Self-Insured Recommended Rates (Monthly)	\$64.51	\$135.48	\$193.54
2017 Self-Insured Recommended Rates (Bi-Weekly)	\$29.78	\$62.53	\$89.33
2016 Self-Insured Active Delta Dental PPO Rates (Monthly)	\$64.02	\$134.44	\$192.05
<i>Change From Current</i>	<i>+0.8%</i>	<i>+0.8%</i>	<i>+0.8%</i>

Notes:

- The chart above reflects Aon's recommended 2017 rate increase of 0.8% over 2016 rates on a tier specific basis.
- Claims for January 2014 through December 2015 were used to project 2017 claims and included a 3.0% annual trend assumption. The rating margin was set at 2.0% and the administration fee is the newly reduced amount of \$4.35 PEPM. Also included is the first year of the three-year amortization of the rate stabilization reserve.

Delta Dental of California Plans

Fully Insured PPO Plan Rating Action—Retirees

The monthly rates below are guaranteed through December 31, 2017.

Rate Tier	Monthly Rates		
	2015	2016	2017
Retiree	\$45.68	\$42.94	\$42.94
Retiree + 1	\$90.87	\$85.42	\$85.42
Retiree + 2	\$135.63	\$127.49	\$127.49
Increase / (Decrease)	N/A	(6.0%)	0.0%

DeltaCare Plans

Fully Insured HMO Plans Rating Action—Actives and Retirees

The monthly rates below are guaranteed through December 31, 2018.

Actives Rate Tier	2016	2017	2018
Employee	\$26.95	\$26.95	\$26.95
Employee + 1	\$44.46	\$44.46	\$44.46
Employee + 2	\$65.76	\$65.76	\$65.76
Increase / Decrease	N/A	0.0%	0.0%

Retirees Rate Tier	2016	2017	2018
Retiree	\$32.85	\$32.85	\$32.85
Retiree + 1	\$54.21	\$54.21	\$54.21
Retiree + 2	\$80.19	\$80.19	\$80.19
Increase / Decrease	N/A	0.0%	0.0%

Pacific Union Plans

Fully Insured HMO Plans Rating Action—Actives and Retirees

The monthly rates below are guaranteed through December 31, 2018.

Actives Rate Tier	2016	2017	2018
Employee	\$27.80	\$27.80	\$27.80
Employee + 1	\$45.90	\$45.90	\$45.90
Employee + 2	\$67.86	\$67.86	\$67.86
Increase / Decrease	N/A	0.0%	0.0%

Retirees Rate Tier	2016	2017	2018
Retiree	\$16.47	\$16.47	\$16.47
Retiree + 1	\$27.20	\$27.20	\$27.20
Retiree + 2	\$40.22	\$40.22	\$40.22
Increase / Decrease	N/A	0.0%	0.0%

Recommendations

Aon recommends approval of the following rating actions for 2017 and beyond:

Carrier	Plan	Rate Action	Applicable Year(s)
Delta Dental of California	Self-Insured PPO—Actives	0.8%	2017
	Fully Insured PPO—Retirees	(6.0%)	2017
DeltaCare	Fully Insured HMO—Actives	0.0%	2017 and 2018
	Fully Insured HMO—Retirees	0.0%	2017 and 2018
Pacific Union	Fully Insured HMO—Actives	0.0%	2017 and 2018
	Fully Insured HMO—Retirees	0.0%	2017 and 2018