

San Francisco Health Service System Health Service Board

Rates & Benefits

Retiree 2022 Dental Rates and Contributions for
Fully Insured Plans

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***Active Employee Dental Plan 2022 Rate Renewals will be presented at the
May 13, 2021 Health Service Board (HSB) Meeting***

Retiree Dental Plans 2022 Renewal—Recommendation

It is recommended that the Health Service Board (HSB) approve the 2022 retiree dental plan rates presented in this document. Further information about each plan’s proposed renewal action follows.

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:

| Retiree Dental Plan | Enrolled Retirees |
|---------------------------|-------------------|
| Retiree Delta Dental PPO | 22,060 |
| Retiree DeltaCare USA HMO | 972 |
| Retiree UHC Dental HMO | 795 |

Rate Setting Methodology Preface

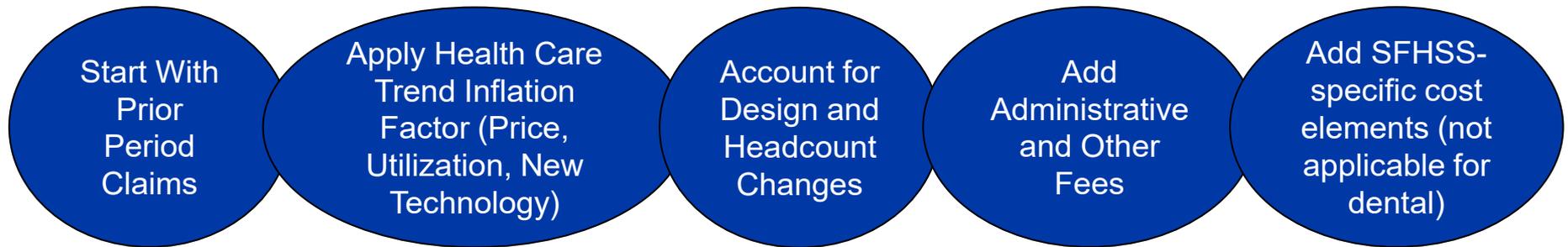
Health Plan Funding—Method Comparison by SFHSS Plan

| 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 health care services ("capitation") as well as plan admin 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 health care services by members, as well as plan administrative fee costs. |
| Who sets the recommended SFHSS plan rates? | 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 admin fees/large claim pooling adjustments (and required legislative fees) |
| SFHSS plans by Funding Method | UHC PPO "City Plan" Delta Dental Active Employee PPO | Blue Shield of CA Access+ HMO Blue Shield of CA Trio HMO | All Kaiser HMO plans UHC Medicare Advantage PPO Delta Dental Retiree PPO DeltaCare USA 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 2022 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:

$$\frac{\text{2022 Total Projected Plan Cost}}{\text{2021 Rates times Enrollment}} = \text{Needed Rate Change Factor (2022 vs. 2021)}$$

Retiree Dental Plans Background

Retiree Dental Plans Background—Distinguishing Elements

This presentation proposes 2022 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 2021 monthly premium rates and retiree contributions are:

| | Delta Dental Retiree PPO | | | DeltaCare USA Dental HMO | | | UHC Dental HMO | | |
|-------------------------------------|--------------------------|---------|----------|--------------------------|---------|----------|----------------|---------|----------|
| | RET Only | RET + 1 | RET + 2+ | RET Only | RET + 1 | RET + 2+ | RET Only | RET + 1 | RET + 2+ |
| Monthly 2021 Insured Premium Rates | \$43.90 | \$87.32 | \$130.32 | \$30.93 | \$51.04 | \$75.50 | \$15.98 | \$26.38 | \$39.01 |
| Monthly 2021 Employer Contributions | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Monthly 2021 Retiree Contributions | \$43.90 | \$87.32 | \$130.32 | \$30.93 | \$51.04 | \$75.50 | \$15.98 | \$26.38 | \$39.01 |

Retiree Dental Plans Background—Distinguishing Elements

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.

Retiree Dental Plans Background—Distinguishing Elements

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 (see next page) 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.

Retiree Dental Plans Background—Rate History

Monthly premiums for the SFHSS retiree dental plans have been largely stable over time

| Year | Retiree Delta Dental PPO | | | Retiree DeltaCare USA HMO | | | Retiree UHC Dental HMO | | |
|------------------------------------|--------------------------|-------------|---------------|---------------------------|-------------|---------------|------------------------|-------------|---------------|
| | Ret Only | Ret + 1 Dep | Ret + 2+ Deps | Ret Only | Ret + 1 Dep | Ret + 2+ Deps | Ret Only | Ret + 1 Dep | Ret + 2+ Deps |
| 2012 (July 1) | \$39.87 | \$79.80 | \$120.54 | \$31.70 | \$52.31 | \$77.37 | \$16.47 | \$27.20 | \$40.22 |
| 2013 | \$39.87 | \$79.80 | \$120.54 | \$31.70 | \$52.31 | \$77.37 | \$16.47 | \$27.20 | \$40.22 |
| 2014 | \$42.37 | \$84.80 | \$128.10 | \$32.85 | \$54.21 | \$80.19 | \$16.47 | \$27.20 | \$40.22 |
| 2015 | \$45.68 | \$90.87 | \$135.63 | \$32.85 | \$54.21 | \$80.19 | \$16.47 | \$27.20 | \$40.22 |
| 2016 | \$42.94 | \$85.42 | \$127.49 | \$32.85 | \$54.21 | \$80.19 | \$16.47 | \$27.20 | \$40.22 |
| 2017 | \$42.94 | \$85.42 | \$127.49 | \$32.85 | \$54.21 | \$80.19 | \$16.47 | \$27.20 | \$40.22 |
| 2018 | \$45.77 | \$91.04 | \$135.88 | \$32.85 | \$54.21 | \$80.19 | \$16.47 | \$27.20 | \$40.22 |
| 2019 | \$45.77 | \$91.04 | \$135.88 | \$32.85 | \$54.21 | \$80.19 | \$16.47 | \$27.20 | \$40.22 |
| 2020 | \$45.77 | \$91.04 | \$135.88 | \$32.85 | \$54.21 | \$80.19 | \$16.47 | \$27.20 | \$40.22 |
| 2021 | \$43.90 | \$87.32 | \$130.32 | \$30.93 | \$51.04 | \$75.50 | \$15.98 | \$26.38 | \$39.01 |
| % Rate Change vs Prior Year | | | | | | | | | |
| o 2013 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| o 2014 | 6.3% | 6.3% | 6.3% | 3.6% | 3.6% | 3.6% | 0.0% | 0.0% | 0.0% |
| o 2015 | 7.8% | 7.2% | 5.9% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| o 2016 | -6.0% | -6.0% | -6.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| o 2017 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| o 2018 | 6.6% | 6.6% | 6.6% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| o 2019 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| o 2020 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| o 2021 | -4.1% | -4.1% | -4.1% | -5.8% | -5.8% | -5.8% | -3.0% | -3.0% | -3.0% |

NOTES: Retiree Delta Dental PPO included increase in annual maximum from \$1,000 to \$1,250 into 2018 plan year
 COVID-19 pandemic suppression premium refund reflected in Retiree PPO / DeltaCare USA HMO rates in 2021
 SmileWay benefit improvement (1.7% of PPO rates) reflected in 2021 Retiree PPO rates
 2021 rates reflect permanent elimination of federal ACA Health Insurance Tax (-1.75% for Delta plans, -3% for UHC plan)



Retiree Dental Plans Background—Distinguishing Elements

Retirees have the option of researching and 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 representative 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

Retiree Dental Plans Background—Distinguishing Elements

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

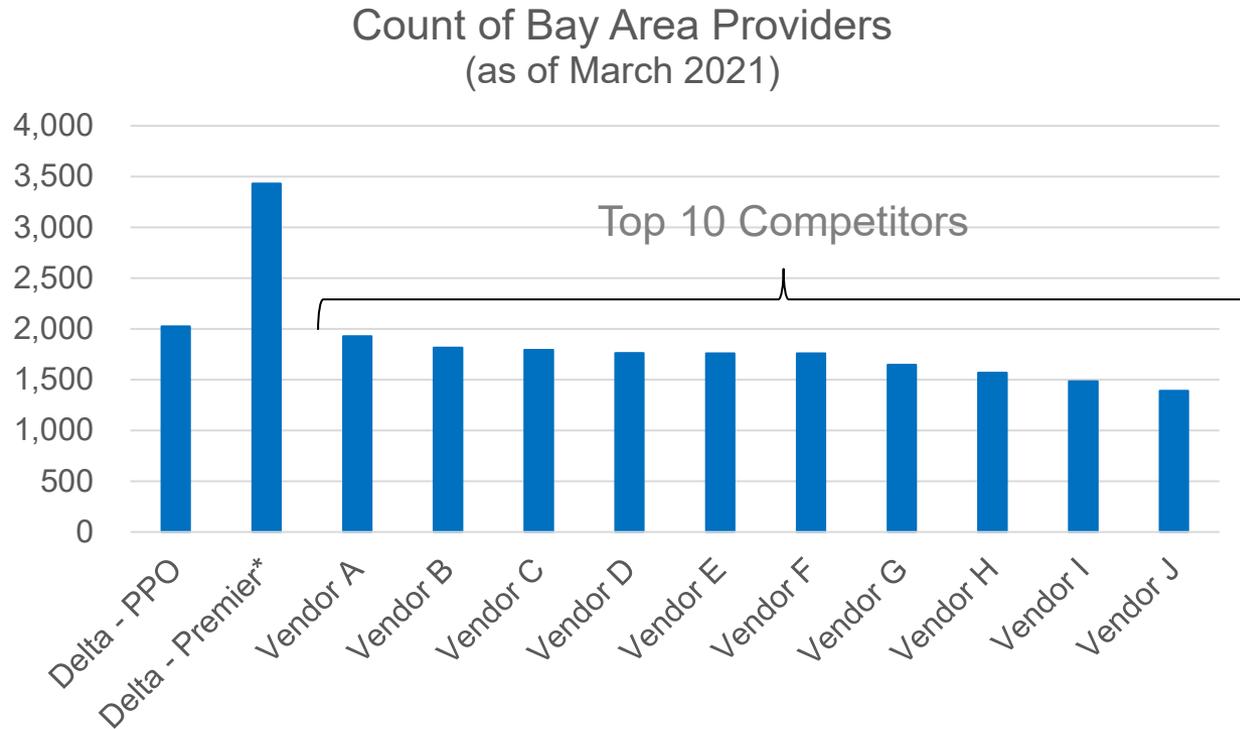
- (1) Premiums must be adequate to cover the claim costs incurred by retirees in these plans, along with provision for administrative and other plan management costs.
- (2) Plan designs are set for the retiree dental plans to strike a balance between reasonable benefit coverage for retirees at time of 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)

Retiree Dental Plans Background—Distinguishing Elements

Network Composition and Dentist Turnover—Delta Dental PPO

- Delta Dental has the largest network of PPO dental providers in the Bay Area
- Provider initiated turnover for Delta Dental remains low relative to total provider counts, though higher in 2020 (168 dentists) than in 2019 (67 dentists) and 2018 (75 dentists)



* Delta Dental's Premier Network dentist designation includes both their PPO providers and those designated as Premier only

Delta Dental Retiree PPO Plan— Plan Design Variation by Type of Dentist Utilized

Three Benefit Levels—Member Costs are Lowest When Using PPO Dentists

| 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 | \$75 per person; \$150 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 | 80% covered | 80% covered |
| ▪ X-rays | 100% 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 | 50% 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

Delta Dental Retiree PPO Plan— Plan Design Variation by Type of Dentist Utilized

Three Benefit Levels—Member Cost Example (Sample Charges Used for This Illustrative Example—Actual Charges for Services May Vary from Below)

Example on next page starts with these dentist charges for a set of services in the course of one plan year:

- One exam, cleaning, and bitewing x-rays: \$410
- One filling (one surface): \$334
- One crown: \$1,200
- Total dentist charges for this set of services in one plan year: \$1,944

(note figures above reflect a realistic charge base, but can vary from a given member's actual experience)

Delta Dental Retiree PPO Plan— Plan Design Variation by Type of Dentist Utilized

Three Benefit Levels—Member Cost Example (Sample Charges Used for This Illustrative Example—Actual Charges for Services May Vary from Below)

| | PPO Dentist | Premier Dentist | Non-Contracted Dentist* |
|---|--------------|-----------------|-------------------------|
| Total Network Plan Allowance (Full Rate for Non-Contracted*) | | | |
| ▪ One Cleaning, Exam, and Bitewing X-Rays | \$246 | \$300 | \$410 |
| ▪ One Filling (one surface) | \$125 | \$195 | \$334 |
| ▪ One Crown | <u>\$700</u> | <u>\$900</u> | <u>\$1,200</u> |
| ▪ Total Annual Service Costs for Example | \$1,071 | \$1,395 | \$1,944 |
| Portion Paid by Member | | | |
| ▪ Deductible (taken from filling service item) | \$0 | \$75 | \$75 |
| ▪ Coinsurance | | | |
| -- For Cleaning, Exams, and Bitewing X-Rays | \$0 | \$60 | \$60 |
| -- For Filling (one surface) | \$25 | \$24 | \$24 |
| -- For Crown | <u>\$280</u> | <u>\$450</u> | <u>\$450</u> |
| -- Total Member-Paid Coinsurance | \$305 | \$534 | \$534 |
| ▪ Non-Contracted Dentist Balance Billing | | | |
| -- For Cleaning, Exam, and Bitewing X-Rays | n/a | n/a | \$110 |
| -- For Filling (one surface) | n/a | n/a | \$139 |
| -- For Crown | n/a | n/a | <u>\$300</u> |
| -- Total Member-Paid Balance Billing | n/a | n/a | \$549 |
| Total Member-Paid Amount | \$305 | \$609 | \$1,158 |
| Total Paid by Plan | \$766 | \$786 | \$786 |

* Charges for non-contracted dentists that exceed Premier dentist contracted fees are balance billed in full to the member

Delta Dental Retiree PPO Plan— Plan Design Variation by Type of Dentist Utilized

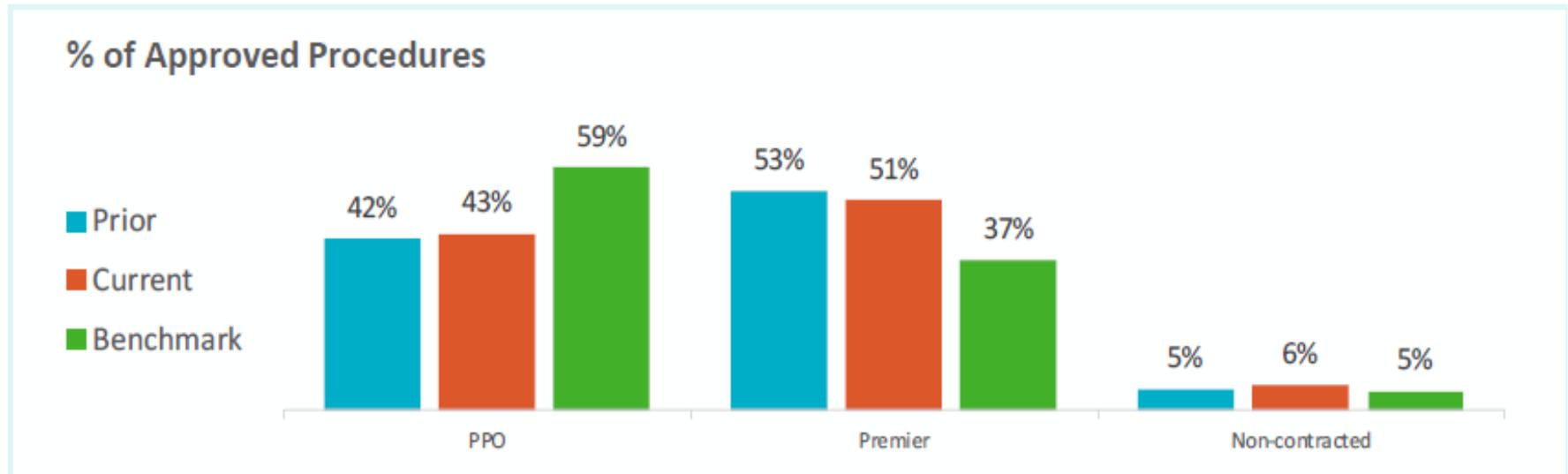
Delta Dental Dentist Network Utilization—Three Benefit Levels

- Delta Dental has two levels of network dentists, based on level of plan discounts dentists are willing to accept:
 - Deepest discounts are for dentists in Delta’s PPO network.
 - Lesser discounts are for dentists in Delta’s Premier (2nd level) network.
 - No discounts are available for dentists choosing not to participate in either Delta’s PPO network or Delta’s Premier network.
- Members receive the highest level of benefits for many services by utilizing a Delta Dental PPO dentist, as exhibited on the previous page.
- A key member benefit for using a Delta network dentist (PPO network or Premier network) is no balance billing if service costs are high.
 - This can happen with use of an out-of-network dentist.

Delta Dental Retiree PPO Plan— Member Dentist Utilization by Type of Network Dentist

Delta Dental Dentist Network Utilization—Three Benefit Levels

- Presently, SFHSS retirees and their family members use Premier dentists at a much higher rate than PPO dentists (blue and red bars)—counter to general book of business experience from Delta Dental (green bars):



Delta Dental Retiree PPO Plan— 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:

| County | State of County | 2020 Procedure Count | Distribution of Procedures | | |
|---------------|-----------------|----------------------|----------------------------|------------------|-------------------------|
| | | | PPO Dentists | Premier Dentists | Non-Contracted Dentists |
| San Francisco | CA | 53,261 | 32% | 60% | 7% |
| San Mateo | CA | 28,865 | 41% | 55% | 4% |
| Contra Costa | CA | 13,808 | 49% | 46% | 5% |
| Alameda | CA | 11,904 | 41% | 54% | 5% |
| Marin | CA | 7,900 | 28% | 65% | 8% |
| Sonoma | CA | 5,910 | 34% | 57% | 9% |
| Solano | CA | 4,764 | 60% | 40% | 1% |
| Sacramento | CA | 3,451 | 67% | 32% | 1% |
| Santa Clara | CA | 2,878 | 33% | 53% | 14% |
| Placer | CA | 1,529 | 75% | 24% | 0% |
| Clark | NV | 1,447 | 89% | 8% | 3% |
| San Joaquin | CA | 1,179 | 53% | 46% | 1% |
| Riverside | CA | 1,074 | 81% | 10% | 9% |
| Tuolumne | CA | 795 | 28% | 64% | 8% |
| Los Angeles | CA | 762 | 69% | 30% | 2% |
| Napa | CA | 752 | 19% | 77% | 4% |
| Maricopa | AZ | 745 | 76% | 17% | 7% |
| San Diego | CA | 665 | 68% | 26% | 6% |
| Stanislaus | CA | 620 | 85% | 15% | 0% |
| Nevada | CA | 534 | 49% | 43% | 8% |
| Washoe | NV | 534 | 67% | 20% | 12% |



Delta Dental Retiree PPO Plan—Finding a Network Dentist

Delta Dental Dentist Network Utilization—Three Benefit Levels

- Members are encouraged to consider seeking Delta 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 these weblinks:
 - <https://www1.deltadentalins.com/individuals/find-a-dentist.html> (enter a zip code and choose PPO Network on the drop-down menu before clicking the Find-a-Dentist search button).
 - SFHSS members can also access this network provider search online tool via <https://www.deltadentalins.com/ccsf/>

Retiree Dental Plans 2022 Renewal Summary

Retiree Dental Plans Background—2021 Rating Actions

Background—2021 Rating Actions Given Pandemic-Influenced Claim Suppression

- 2021 was the third year of a three-year rating agreement with Delta Dental—meaning that originally, Delta Dental retiree rates were to remain the same as 2020 rates.
 - UHC also proposed no change originally in UHC dental HMO rates into 2021.
- Two things led to retiree dental rate reductions from 2020 to 2021:
 - Original reduction source (approved during June 11, 2020 HSB meeting): federal health insurance tax elimination after 2020 plan year—sustains into future years.
 - Updated one-time (in 2021) reduction source applying to Delta Dental plans (approved during September 10, 2020 HSB meeting): reduction to reflect Delta Dental return of premium stemming from claim suppression resulting from dental office closures during outset of COVID-19 pandemic.
 - Premium reduction values: about \$690,000 for Retiree PPO, \$20,000 for Retiree DeltaCare USA HMO.
- The HSB also approved an enhancement to the SmileWay benefit for the Retiree PPO plan during the September 10, 2020 HSB meeting.
- The resulting retiree dental plan rate changes from 2020 to 2021 are on the next page.

Retiree Dental Plans Background—2021 Rating Actions

- Reflecting change influencers from 2020 to 2021—including elimination of federal health insurance tax and Delta Dental rating actions stemming from pandemic-related claim suppression and, for the retiree PPO plan, SmileWay benefit enhancements.

| Retiree Dental Plan | Plan Year | Monthly Retiree Dental Premiums* | | |
|---------------------|---------------|----------------------------------|----------|----------|
| | | RET Only | RET + 1 | RET + 2+ |
| Delta Dental PPO | PY 2020 | \$45.77 | \$91.04 | \$135.88 |
| | PY 2021 | \$43.90 | \$87.32 | \$130.32 |
| | \$ Difference | (\$1.87) | (\$3.72) | (\$5.56) |
| | % Difference | (4.09%) | (4.09%) | (4.09%) |
| DeltaCare USA DHMO | PY 2020 | \$32.85 | \$54.21 | \$80.19 |
| | PY 2021 | \$30.93 | \$51.04 | \$75.50 |
| | \$ Difference | (\$1.92) | (\$3.17) | (\$4.69) |
| | % Difference | (5.84%) | (5.85%) | (5.85%) |
| UHC Dental HMO | PY 2020 | \$16.47 | \$27.20 | \$40.22 |
| | PY 2021 | \$15.98 | \$26.38 | \$39.01 |
| | \$ Difference | (\$0.49) | (\$0.82) | (\$1.21) |
| | % Difference | (3.0%) | (3.0%) | (3.0%) |

* Retirees pay the full premium cost.

Retiree Dental Plans 2022 Renewal Summary

Influencers on 2022 Retiree Dental Plan Rating Actions

- For the 2022 plan year:
 - Delta Dental is entering a new renewal cycle, after expiration of the prior three-year renewal agreement that covered plan years 2019 to 2021. SFHSS has requested a new two-year agreement period covering plan years 2022 and 2023.
 - While the benefit of the expiration of the federal health insurance fee after the 2020 plan year will sustain in future year plan rating, the one-year (2021) reduced premium level in the Delta Dental retiree dental plans attributable to pandemic-related utilization suppression that occurred in 2020 is expiring (this was a one-year premium relief element for 2021 rates only).
 - Each plan developed its 2022 plan year renewal action based on its own evaluation of recent plan experience and 2022 premium levels needed—this results in differing rating actions requested for each of the three retiree dental plans.
- Renewals for each retiree dental plan are presented in these document sections:
 - Delta Dental Retiree PPO
 - Delta Dental DeltaCare USA Dental HMO
 - UHC Dental HMO

Retiree Dental Plans 2022 Renewal Summary

- Based on the renewal actions described in this document, below are the proposed rate actions for each of the three SFHSS retiree dental plans—from actual 2021 premium rates to proposed 2022 premium rates (with enrollments as reported by the plans):

| Retiree Dental Plan | Proposed 2022 Rate Change Action | Enrolled Retirees |
|---------------------------|--|-------------------|
| Retiree Delta Dental PPO | +4.17% (value of 2021 COVID premium adjustment expiration) | 22,060 |
| Retiree DeltaCare USA HMO | +4.17% (value of 2021 COVID premium adjustment expiration) | 972 |
| Retiree UHC Dental HMO | -10.0% | 795 |

- For the Delta Dental retiree dental insured plans (Retiree PPO and Retiree DeltaCare USA HMO), renewal rates reflect no change in rates from what 2021 rates **would have been** without the one-time 2021 rate relief from pandemic suppression.
 - The rate increases proposed on the two Delta Dental plans are reflecting expiration of the one-time 2021 pandemic suppression rate relief at the end of 2021.
- The UHC Retiree Dental HMO rate decrease is based on UHC’s review of recent plan experience forecast into the 2022 plan year.



Retiree Dental Plans 2022 Renewal Summary

Today's Recommendations

It is recommended that the HSB approve the following 2022 Retiree Dental Plan Rate Actions—specific information on each of the three recommendations below are described in this document:

- 1) Delta Dental Retiree PPO:** 4.17% increase in insured rates from 2021 to 2022 **(slides 28-32)**.
- 2) DeltaCare USA Fully Insured Dental HMO:** 4.17% increase in insured rates from 2021 to 2022 **(slides 34-35)**.
- 3) UnitedHealthcare (UHC) Insured Dental HMO:** 10.0% decrease in insured rates from 2021 to 2022 **(slides 37-38)**.

Delta Dental Retiree PPO Renewal

Delta Dental Retiree PPO Plan— 2020 Claim/Fee Experience Summary

The COVID-19 Pandemic Impacted Dental Plan Utilization Significantly

- In 2019, 29% of covered lives **did not** have a dental cleaning—unfortunately that statistic grew to 42% in 2020.
- Even with fewer overall services delivered to members, the relative distribution of services among type of care remained the same as in 2019:

| Diagnostic & Preventive (e.g., Cleanings and X-rays) | Basic (e.g., Fillings, Oral Surgery, Root Canals) | Major (e.g., Crowns, Inlays, Implants, Dentures, Bridges) |
|---|--|--|
| 70% of services | 21% of services | 9% of services |

Delta Dental Retiree PPO Plan—SmileWay Benefit

SmileWay Benefit—Additional Services To Address Health Risks

- Because many chronic conditions that impact member health are able to be managed more effectively through more proactive dental care, Delta Dental created the SmileWay program which SFHSS first adopted in 2019 (and enhanced for the 2021 plan year).
- Additional services are available each year for members presenting with one of the following chronic diseases: diabetes, heart disease, HIV/AIDS, rheumatoid arthritis, and stroke.
- SmileWay benefits were first added for the 2019 plan year at no additional premium charged by Delta Dental.
- Certain SmileWay program enhancements were enacted for the 2021 plan year to prevent application of certain services towards a member’s annual benefit limit—the current Retiree PPO premium portion attributable to the SmileWay benefit is:

| | RET Only | RET + 1 | RET + 2+ |
|---|-----------------|----------------|-----------------|
| Monthly 2021 Insured Premium Rates (without COVID suppression one-time rate relief) | \$45.73 | \$90.96 | \$135.75 |
| SmileWay Benefit Premium Portion | \$0.76 | \$1.51 | \$2.25 |
| % of Premium for SmileWay Benefit | 1.66% | 1.66% | 1.66% |

Delta Dental Retiree PPO Plan—SmileWay Benefit

SmileWay Benefit—Additional Services To Address Health Risks

- Under the SmileWay benefit, qualifying members receive these added benefits annually at no member cost (with these services NOT applying to member annual benefit limits):

| Description | Code | Frequency Limits |
|-------------------------|----------------|-------------------------|
| Teeth Cleaning | D1110 or D1120 | Up to 4 per year |
| Periodontal maintenance | D4910 | |
| Periodontal scaling | D4341 | 1 per quadrant per year |
| Root planing | D4342 | |

- As of February 2021, 560 retiree PPO enrolled covered lives in the Retiree PPO plan were enrolled in the SmileWay program.
- In the 12 months from March 2020 to February 2021, 437 Retiree PPO SmileWay members utilized at least one dental service available as a SmileWay program member.
- While most Retiree PPO members have not enrolled in the SmileWay benefit today, this benefit is available to any member who meets the program enrollment criteria (e.g., new diagnosis of one of the five chronic diseases from the prior page) as an important mechanism to aid a member in controlling chronic disease impacts.

Delta Dental Financial Renewal—Retiree PPO

Proposed Retiree PPO Rating Action by Delta Dental (2022-2023)

- Delta Dental has proposed an 4.17% rate increase from 2021 to 2022.
 - This increase was expected as 2021 rates were one-time suppressed by the accounting for 2020 suppression period premium return in 2021 rates.
 - The next page will illustrate what Delta Dental’s 2022-2023 renewal proposal shows for “net of one-time COVID suppression” rate increase.

| Rate Tier | January 2021 Enrollment | Monthly Rates | | |
|--------------|-------------------------|---------------|--------------|--------------|
| | | 2018-2020 | 2021 | 2022-2023 |
| Retiree Only | 13,706 | \$45.77 | \$43.90 | \$45.73 |
| Retiree + 1 | 7,537 | \$91.04 | \$87.32 | \$90.96 |
| Retiree + 2+ | 817 | \$135.88 | \$130.32 | \$135.75 |
| Total/Annual | 22,060 | \$17,094,073 | \$16,395,548 | \$17,078,984 |

Delta Dental Financial Renewal—Retiree PPO

Proposed Retiree PPO Rating Action by Delta Dental (2022-2023)

- Delta Dental’s proposed increase from actual 2021 rates to 2022-2023 is 4.17%.
- When removing one-time COVID suppression-based premium reduction for 2021 plan year rates, the net impact of the Delta Dental renewal is a **no rate change renewal** from what 2021 rates would have been without COVID suppression reflected.
- The increase is based on Delta Dental claim projections for the 2022 plan year.

| Rate Tier | Monthly Rates | | |
|--------------|---|--|-------------------------|
| | 2021 as of May 2020 (remove ACA HIT) | Would-be 2021 Premium Without COVID Suppression in Rates, Including Provision for 2021 SmileWay Enhancements | 2022-2023 Renewal Rates |
| Retiree Only | \$44.97 | \$45.73 | \$45.73 |
| Retiree + 1 | \$89.45 | \$90.96 | \$90.96 |
| Retiree + 2+ | \$133.50 | \$135.75 | \$135.75 |
| Total/Annual | \$16,795,356 | \$17,078,984 | \$17,078,984 |

DeltaCare USA HMO Renewal

Delta Dental Financial Renewal—DeltaCare USA HMO

Background—Fully Insured Retiree DeltaCare USA HMO

- A three-year rating agreement between SFHSS and Delta Dental started in the 2019 plan year.
- Delta Dental's rating proposal continued prior rates into 2019-2021 with no changes.
- In 2021, rates for the retiree DeltaCare USA HMO plan reduced by 1.75% given the permanent elimination of the ACA Health Insurer Tax—this was approved by the HSB in May 2020.
- Because the Retiree DeltaCare USA HMO is fully paid by retirees, SFHSS asked Delta Dental to reduce rates for COVID-19 pandemic driven claim suppression for the 2021 plan year, and Delta Dental agreed—resulting in an overall 5.84% rate reduction for the Retiree DeltaCare USA HMO from 2020 to 2021 (figure includes the 1.75% above).
- Delta Dental is now requesting 2022 renewal rates (for a two-year renewal cycle) at the level rates would have been in 2021 after the ACA Health Insurer Tax reduction, but before the one-time pandemic-influenced rate reduction.

Delta Dental Financial Renewal—DeltaCare USA HMO

Proposed Retiree DeltaCare USA HMO Rating Action (2022-2023)

- Delta Dental’s proposed increase from actual 2021 rates to 2022-2023 is 4.17%.
- When removing one-time COVID suppression-based premium reduction for 2021 plan year rates, the net impact of the Delta Dental renewal is a **very slight (0.2%) decrease** from what 2021 rates would have been without COVID suppression reflected.

| Rate Tier | January 2021 Enrollment | Monthly Rates | | | |
|--------------|-------------------------|---------------|------------------------------|----------------------------|-----------|
| | | 2014-2020 | 2021 Before COVID Adjustment | 2021 With COVID Adjustment | 2022-2023 |
| Retiree Only | 675 | \$32.85 | \$32.28 | \$30.93 | \$32.22 |
| Retiree + 1 | 271 | \$54.21 | \$53.26 | \$51.04 | \$53.17 |
| Retiree + 2+ | 26 | \$80.19 | \$78.79 | \$75.50 | \$78.65 |
| Total/Annual | 972 | \$467,395 | \$459,252 | \$440,071 | \$458,430 |

UHC Dental HMO Renewal

UHC Financial Renewal—Dental HMO

- UHC's retiree dental renewal represents a 10% premium reduction into 2022, after premiums reduced by 3% from 2020 to 2021.
- This is based on favorable experience expected by the plan in 2022, after coming out of pandemic-related dental plan utilization suppression during 2020.
- UHC did not adjust their 2021 insured plan rates for pandemic-related suppression, but rather provided a premium refund during Summer 2020 that was then cascaded by SFHSS to enrolled retirees at that time in the UHC Dental HMO plan.
- UHC's quotation is for plan year 2022 (this is not a multi-year rate quotation).

UHC Financial Renewal—Dental HMO

| UnitedHealthcare Dental DHMO—Monthly Dental Premiums (Retirees) | | | |
|---|------------|---------------------|---------------------|
| Retiree Tier | Enrollment | 1/1/2021–12/31/2021 | 1/1/2022–12/31/2022 |
| Retiree Only | 566 | \$15.98 | \$14.38 |
| Retiree + 1 Dependent | 205 | \$26.38 | \$23.74 |
| Retiree + 2+ Dependents | 24 | \$39.01 | \$35.11 |
| Total | 795 | | |
| Annual Premium | | \$184,666 | \$166,181 |
| Rate Action | | | -10.0% |

Recommendation for HSB Action

Recommendation for HSB Action

It is recommended that the HSB approve the following 2022 Plan Year Retiree Dental Plan Rate Actions highlighted in blue shading below—based on specific information provided earlier in this document:

| Retiree Dental Plan | Plan Year | Monthly Retiree Dental Premiums | | |
|---------------------|---------------|---------------------------------|----------|----------|
| | | RET Only | RET + 1 | RET + 2+ |
| Delta Dental PPO | PY 2021 | \$43.90 | \$87.32 | \$130.32 |
| | PY 2022 | \$45.73 | \$90.96 | \$135.75 |
| | \$ Difference | \$1.83 | \$3.64 | \$5.43 |
| | % Difference | 4.17% | 4.17% | 4.17% |
| DeltaCare USA DHMO | PY 2021 | \$30.93 | \$51.04 | \$75.50 |
| | PY 2022 | \$32.22 | \$53.17 | \$78.65 |
| | \$ Difference | \$1.29 | \$2.13 | \$3.15 |
| | % Difference | 4.17% | 4.17% | 4.17% |
| UHC Dental HMO | PY 2021 | \$15.98 | \$26.38 | \$39.01 |
| | PY 2022 | \$14.38 | \$23.74 | \$35.11 |
| | \$ Difference | (\$1.60) | (\$2.64) | (\$3.90) |
| | % Difference | (10.0%) | (10.0%) | (10.0%) |

Appendix—Retiree Dental HMO Plan Designs

Appendix—Retiree Dental HMO Plan Designs

Retiree DeltaCare USA and UHC 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 | None | None |
| 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, and 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 / child \$1,800 / adult \$350 start-up fee; limitations apply | Retiree pays: \$2,000 / child \$2,000 / 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