

San Francisco Health Service System Health Service Board

Aon Health Value Initiative™ Benchmarking Report

August 9, 2018

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Health & Benefits




Aon Health Value Initiative (HVI)TM

- **The Aon Health Value Initiative (HVI)TM Database**, launched in 1996, captures health care cost and benefit data for:
 - 10.9 million health plan employees and dependents
 - 481 employer organizations*
 - 1,260 health plans
 - \$62.3 billion in health care expenditures
- This benchmarking study captures data for active employees (retirees are not measured in this study).

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

Aon Health Value Initiative (HVI)TM Benchmarks

 **San Francisco Health Service System (SFHSS)**
SFHSS fully-insured plan costs are based on actual 2018 premium rates; SFHSS self-insured/flex-funded plan costs are based on the medical, prescription drug, and administrative cost portions of total cost rates (excluding rate stabilization adjustments)


 **Public Sector Industry (Public)** – public employer subset

 **Organization Size (25,000+)** – large employer subset

 **Fortune 500** – subset of participating employers in Fortune 500

 **Labor Market**

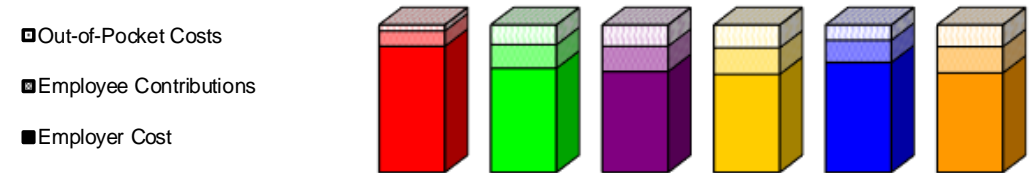
Weighted average of all participating organizations operating in same geographies as SFHSS employees. This comparison group is helpful in analyzing the impact of employee location on costs.

 **HVI** – entire Aon database of 481 participating organizations

Annual Healthcare Costs Per Employee

- SFHSS employers pay an average of \$12,578 per enrolled employee annually for the cost of healthcare—representing 85.6% of overall healthcare spend.
- SFHSS members pay 10.4% of overall cost in contributions, and 4.0% of overall cost in plan design out-of-pocket amounts (deductibles, copayments, and coinsurance).

Annual Per Employee Costs and Distribution of Cost—Overall



Distribution of Cost	SFHSS	Public	25,000+	Fortune 500	Labor Market	HVI
Out-of-Pocket Costs	4.0%	13.3%	14.4%	15.4%	10.3%	14.7%
Employee Contributions	10.4%	16.0%	17.2%	18.0%	15.1%	17.8%
Employer Cost	85.6%	70.7%	68.4%	66.6%	74.6%	67.5%

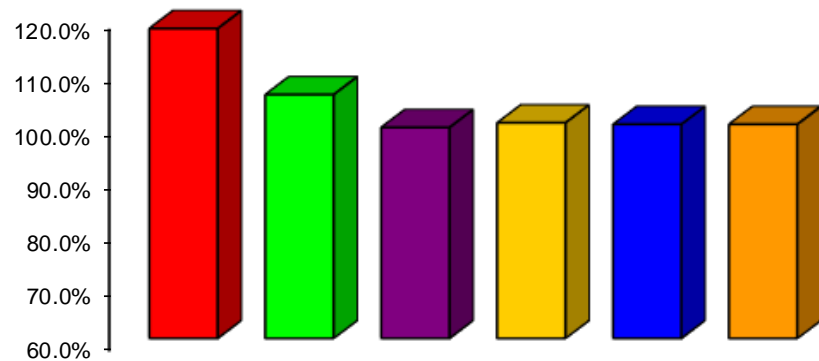
Per Employee Cost	SFHSS	Public	25,000+	Fortune 500	Labor Market	HVI
Out-of-Pocket Costs	\$592	\$1,842	\$2,090	\$2,222	\$1,570	\$2,127
Employee Contributions	\$1,529	\$2,203	\$2,505	\$2,589	\$2,288	\$2,580
Employer Cost	\$12,578	\$9,761	\$9,956	\$9,574	\$11,319	\$9,778
Total Health Plan Cost	\$14,699	\$13,806	\$14,551	\$14,385	\$15,177	\$14,485

Enrollment	SFHSS	Public	25,000+	Fortune 500	Labor Market	HVI
Total Enrolled Employees	40,790	1,017,728	2,936,719	2,036,553	436,088	5,042,625

Financial Index

- 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 the peer group, and has increased from 116.3% in 2017.

Financial Efficiency—Overall



	SFHSS	Public	25,000+	Fortune 500	Labor Market	HVI
Financial Index	117.9%	105.6%	99.4%	100.3%	100.0%	100.0%
Enrollment	40,790	1,017,728	2,936,719	2,036,553	436,088	5,042,625

Cost and Headcount Profile by Coverage Tier (Annual Amounts)

Cost / Enrollment by Coverage Tier	SFHSS	Public	25,000+	Fortune 500	Labor Market	HVI
Employee Only						
Health Plan Costs per Employee (net of plan design cost sharing)	\$8,275	\$7,300	\$6,646	\$6,268	\$6,849	\$6,585
Employer Health Plan Costs per Employee	\$7,847	\$6,314	\$5,494	\$5,092	\$5,843	\$5,354
Employee Contributions	\$428	\$986	\$1,152	\$1,176	\$1,006	\$1,231
Employer Contribution as % of Health Plan Costs per Employee	94.8%	86.5%	82.7%	81.2%	85.3%	81.3%
Employee Only Enrollment	19,264	—	—	—	—	—
Employee + One Dependent						
Health Plan Costs per Employee (net of plan design cost sharing)	\$17,576	\$17,922	\$18,111	\$17,623	\$18,604	\$17,870
Employer Health Plan Costs per Employee	\$16,571	\$14,737	\$14,687	\$14,120	\$16,162	\$14,392
Employee Contributions	\$1,005	\$3,185	\$3,424	\$3,503	\$2,442	\$3,478
Employer Contribution as % of Health Plan Costs per Employee	94.3%	82.2%	81.1%	80.1%	86.9%	80.5%
Employee + Spouse Enrollment	10,387	—	—	—	—	—
Employee + Two or More Dependents						
Health Plan Costs per Employee (net of plan design cost sharing)	\$20,958	\$18,775	\$20,193	\$19,528	\$21,726	\$19,868
Employer Health Plan Costs per Employee	\$17,037	\$14,643	\$15,745	\$15,037	\$17,523	\$15,415
Employee Contributions	\$3,921	\$4,132	\$4,448	\$4,491	\$4,203	\$4,453
Employer Contribution as % of Health Plan Costs per Employee	81.3%	78.0%	78.0%	77.0%	80.7%	77.6%
Employee + Family Enrollment	11,139	—	—	—	—	—

Detailed Profile—Costs and Demographics (Annual Amounts)

Category	2017	2018					
	SFHSS	SFHSS	Public	25,000+	Fortune 500	Labor Market	HVI
Overall Profile							
Number of Employees	39,903	40,790	1,017,728	2,936,719	2,036,553	436,088	5,042,625
Total Health Plan Cost*	\$547,549,557	\$575,425,067	\$12,175,471,633	\$36,592,738,200	\$24,772,464,783	\$5,933,880,408	\$62,317,852,203
Total Employer Health Plan Costs	\$489,519,950	\$513,064,491	\$9,933,912,035	\$29,237,176,537	\$19,498,969,958	\$4,935,948,572	\$49,305,450,088
Average Age	47.0	46.8	45.4	43.3	43.1	43.6	43.6
Adult Cost Factor	1.86	1.86	1.78	2.01	2.06	2.05	2.02
Percent Females	48%	48%	63%	50%	43%	42%	47%
Competitive Cost Benchmarks							
Total Health Plan Costs*	\$13,722	\$14,107	\$11,963	\$12,460	\$12,164	\$13,607	\$12,358
Employer Health Plan Costs	\$12,268	\$12,578	\$9,761	\$9,956	\$9,574	\$11,319	\$9,778
Financial Index	116.3%	117.9%	105.6%	99.4%	100.3%	100.0%	100.0%
Annual Rate of Cost Increase	5.4%	2.8%	7.0%	4.0%	2.0%	4.0%	4.0%
Cost Sharing and Design Index							
Employee Contribution	\$1,454	\$1,529	\$2,203	\$2,505	\$2,589	\$2,288	\$2,580
Out-of-Pocket Expense	\$612	\$592	\$1,842	\$2,090	\$2,222	\$1,570	\$2,127
Total Value of Coverage	115%	114%	102%	100%	99%	106%	100%
Net ER Provided Benefit Value	116%	113%	103%	101%	99%	105%	100%
Enrollment							
Traditional HMO/EPO	38,951	39,763	294,336	496,997	283,808	193,244	751,432
Traditional PPO/POS	952	1,027	378,566	1,138,204	744,287	104,890	2,070,868
Account-Based HMO/EPO	—	—	22,492	75,581	58,791	29,463	94,292
Account-Based PPO/POS	—	—	319,559	1,223,145	948,687	108,365	2,120,138
Indemnity	—	—	2,775	2,792	980	126	5,895

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