

San Francisco Health Service System Health Service Board

Rates & Benefits

Kaiser Permanente Senior Advantage Fully Insured Retiree
Rates and Premiums Contributions for 2020 Plan Year

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Contents

- **Recommendation Summary**
- **Introduction**
- **Aon Commentary on Kaiser Permanente Senior Advantage (KPSA) 2020 Rates**
- **Transportation Rider Consideration for 2020**
- **2020 KPSA Monthly Rate Cards for Two Scenarios—Including 2020 vs. 2019 Rates Comparison**
- **Recommendation**
- **Appendix**
 - 2019 KPSA Medicare HMO Monthly Rate Card
 - KPSA Rate Card Footnotes
 - Medicare Advantage Prescription Drug (MAPD) Plan Definition
 - Member Contribution Change Exhibits for All Retiree Tiers

Recommendation

It is recommended that the Health Service Board (HSB) adopt the rate cards displayed in this material for the 2020 plan year that are based upon the KPSA Medicare HMO per member per month (PMPM) premium rate of \$365.76, an increase of 12.2% from 2019. The table below illustrates derivation of this increase, with further explanation of the change elements presented in the following pages.

KPSA Medicare Plan Rate Change Drivers—2019 to 2020 (Kaiser premium only—not including SFHSS rate loads)	PMPM Rate Element
2019 (pre-CMS reconciliation) Kaiser Medicare Member premium rate	\$325.89
Reversal of 2018 CMS reconciliation credit in 2019 premiums	\$21.54
Carryforward deficit reversal plus load for 2019 reconciliation	\$8.64
Underwriting trend, 2019-2020 (+2%)	\$6.94
New recommended Transportation Benefit rider for 2020	\$2.75
2020 (pre-CMS reconciliation) KPSA Medicare Member premium rate (sum of figures above)	\$365.76

Introduction and Aon Renewal Commentary

Introduction

This report provides the HSB with the recommendation for the fully insured 2020 Kaiser Permanente Senior Advantage (KPSA) Medicare HMO renewal in California.

There are 13,123 Medicare-eligible retirees and dependents enrolled in the Kaiser Senior Advantage Medicare HMO plan offered by the San Francisco Health Service System (SFHSS).

Since 2014, per a request by SFHSS, Kaiser has provided an early estimate for the following year's KPSA per member per month (PMPM) Medicare retiree rates to be used in rate card development.

Aon Commentary on KPSA 2020 Rates

KPSA Medicare Plan Rate Derivation for 2020

- After a 13.2% rate decrease from 2018 to 2019, the KPSA premium rate on a “status quo” basis, before the transportation rider consideration, is increasing 11.4% from 2019 to 2020.
 - The rate increase including the transportation rider, which is recommended to add to the KPSA benefit for 2020, is 12.2%.
 - Information on the proposed transportation services rider is included in this document and will be discussed shortly.
- Rate cards are contained in this document for both scenarios:
 - **2020 Status Quo (no changes):** see pages 16 and 17.
 - **2020 With Transportation Rider Added:** see pages 18 and 19.

Aon Commentary on KPSA 2020 Rates

KPSA Medicare Plan Rate Derivation for 2020

- The proposed KPSA plan 2020 rate, adjusted for the prior year Centers for Medicare and Medicaid (CMS) funding reconciliation variances, is an estimate since Kaiser has not received final approval from CMS for the 2020 rate.
- Given that it is an estimate, Kaiser Permanente (Kaiser) will reconcile any differences between the 2020 rate provided today and the ultimate final 2020 rate next Spring. The difference will be applied to the 2021 rates.
- Since SFHSS is risk-rated for the Medicare population, the final rate could be higher or lower than the estimate supplied. Although Kaiser's desire is to have the actual rate be as close to the initial estimate as possible, they cannot project the actual final rate nor predict the ultimate variance between initial and final rates.

Aon Commentary on KPSA 2020 Rates

Due primarily to the impact of reversing a favorable CMS reconciliation adjustment in 2019 rating, the 2020 KPSA Medicare plan initial billed rate before consideration of the transportation rider (\$363.01 PMPM) is 11.4% higher than the 2019 KPSA Medicare plan initial billed rate (\$325.89 PMPM).

When setting the total KPSA premiums, the following SFHSS costs are included:

- The VSP vision Basic Plan premiums; and
- The Healthcare Sustainability Fund charge of \$3.00 per retiree per month.

Best Doctors expert opinion service costs are no longer included starting in 2020 given recent HSB decision to allow the existing contract to expire on December 31, 2019.

Proposed 2020 Program Enhancement

Transportation Rider Consideration for 2020

- As documented earlier in the UHC MA PPO renewal presentation, CMS now allows for Medicare health plans to offer enhanced benefits which are aimed at improving patient outcomes for members—including additional transportation benefits that cover non-emergency and non-ambulance needs.
- In 2019, the HSB approved a transportation benefits enhancement to the UHC MA PPO plan—providing transportation services at no cost to the member for medical appointments (up to 24 one-way rides annually) as well as post-discharge after a hospital stay ends.
- KPSA can now make a similar transportation benefit rider available to KPSA members for the 2020 plan year*, utilizing these provisions:
 - Non-medical transportation (does not include ambulance, wheelchair, or gurney van transport for 2020 due to vendor limitations);
 - Up to 24 one-way trips for routine and post-discharge needs; and
 - A 50-mile distance limit per trip.

** Implementation feasibility for 2020 or any specific month within 2020 may change if Kaiser encounters unforeseen challenges as part of benefit development. Kaiser will keep SFHSS informed if any changes occur to the intended timeline.*

Transportation Rider Consideration for 2020

- The additional premium to add the transportation rider to benefits available under KPSA is \$2.75 PMPM.
- It is recommended that the transportation rider be added to KPSA coverage effective January 1, 2020—in support of SFHSS members in need of medical-related transportation services, and also for consistency to the UHC MA PPO plan enhancement for the 2019 plan year, now that KPSA can make this rider available to SFHSS members for the 2020 plan year.
- Below illustrates KPSA PMPM rates for 2020 without and with the transportation rider.

	2019 Plan Year	2020 Plan Year	
		Before Transportation Rider	With Transportation Rider
PMPM Rate	\$325.89	\$363.01	\$365.76
Rate Change %, 2019-2020		11.4%	12.2%

KPSA 2020 Rate Cards for Two Scenarios

KPSA 2020 Rate Cards for Two Scenarios

Following are two sets of 2020 rate cards:

- 1) **Status Quo** (incorporating overall 11.4% KPSA rate increase); and
- 2) **With Transportation Rider** version (incorporating overall 12.2% KPSA rate increase—including \$2.75 PMPM cost for transportation rider).

It is recommended today that the HSB approve the **With Transportation Rider** 2020 rate card.

Retiree Medical Contributions in Rate Cards

- The rate cards presented in this document reflect the full employer contributions for retiree medical coverage presently available to:
 - Retired employees hired on or before January 9, 2009;
 - Retired persons who retired for disability; and
 - Surviving spouses or surviving domestic partners of active employees who died in the line of duty.
- Retiree medical coverage—but no employer contribution—is available to retired employees hired on or after January 10, 2009 with at least 5 but less than 10 years of Credited Services with the Employers.

Retiree Medical Contributions in Rate Cards

- Retiree medical coverage at the 50% employer Charter-contribution rate is available to retired employees hired on or after January 10, 2009, with greater than 10 years of Credited Service with the Employers, but less than 15 years of Credited Service.
 - This segment of retirees will receive 50% of the full employer Charter contribution for each retiree medical plan and coverage tier as reflected in the following rate cards.

Comparison of 2020 Retiree Contributions

Status Quo and With Transportation Rider Scenarios

		KPSA—Medicare Retirees			
		Medicare Retiree Only	Retiree + 1 (All Medicare)	Retiree + 2+ (All Medicare)	Retiree + 2+ (2 Medicare, 1+ Non-Medicare)
“Status Quo” Retiree Contributions	Plan Year 2019	\$0.00	\$164.93	\$493.72	\$669.01
	Plan Year 2020	\$0.00	\$183.49	\$549.41	\$716.97
	<i>\$ Change</i>	<i>\$0.00</i>	<i>+\$18.56</i>	<i>+\$55.69</i>	<i>+\$47.96</i>
	<i>% Change</i>	<i>-</i>	<i>+11.3%</i>	<i>+11.3%</i>	<i>+7.2%</i>
“With Transportation Rider” Retiree Contributions	Plan Year 2019	\$0.00	\$164.93	\$493.72	\$669.01
	Plan Year 2020	\$0.00	\$184.86	\$553.53	\$718.34
	<i>\$ Change</i>	<i>\$0.00</i>	<i>+\$19.93</i>	<i>+\$59.81</i>	<i>+\$49.33</i>
	<i>% Change</i>	<i>-</i>	<i>+12.1%</i>	<i>+12.1%</i>	<i>+7.4%</i>

Proposed 2020 KPSA Monthly Rate Card

Status Quo Scenario (No Transportation Rider)

	KPSA—Medicare Retirees			
	Medicare Retiree Only	Retiree + 1 (All Medicare)	Retiree + 2+ (All Medicare)	Retiree + 2+ (2 Medicare, 1+ Non-Medicare)
Premium	\$363.01	\$726.02	\$1,088.66	\$1,256.22
Vision	\$3.95	\$7.92	\$11.20	\$11.20
Expense ¹	\$3.00	\$3.00	\$3.00	\$3.00
Total	\$369.96	\$736.94	\$1,102.86	\$1,270.42
10-County Amount (or single tier premium, if less) ²	\$369.96	\$0.00	\$0.00	\$0.00
Single Retiree Offset ³	\$0.00	\$369.96	\$369.96	\$369.96
"Actuarial Difference" ⁴	\$0.00	\$0.00	\$0.00	\$0.00
Prop. E Contribution ⁵	\$0.00	\$183.49	\$183.49	\$183.49
Subtotal Employer Contributions	\$369.96	\$553.45	\$553.45	\$553.45
Non-Bargained Contribution Rate 2020	\$0.00	\$183.49	\$549.41	\$716.97
Final Member Contribution 2020	\$0.00	\$183.49	\$549.41	\$716.97
Final Member Contribution 2019	\$0.00	\$164.93	\$493.72	\$669.01
Difference—2020 vs. 2019 Contribution	\$0.00	\$18.56	\$55.69	\$47.96

NOTE—Footnotes 1 – 5 defined in Appendix

KPSA Monthly Premiums and Contributions—2020 vs. 2019

Status Quo Scenario (No Transportation Rider)

		KPSA—Medicare Retirees			
		Medicare Retiree Only	Retiree + 1 (All Medicare)	Retiree + 2+ (All Medicare)	Retiree + 2+ (2 Medicare, 1+ Non-Medicare)
Monthly Retiree Contributions	Plan Year 2019	\$0.00	\$164.93	\$493.72	\$669.01
	Plan Year 2020	\$0.00	\$183.49	\$549.41	\$716.97
	<i>\$ Change</i>	<i>\$0.00</i>	<i>+\$18.56</i>	<i>+\$55.69</i>	<i>+\$47.96</i>
	<i>% Change</i>	<i>-</i>	<i>+11.3%</i>	<i>+11.3%</i>	<i>+7.2%</i>
Monthly Employer Contributions	Plan Year 2019	\$333.99	\$498.92	\$498.92	\$498.92
	Plan Year 2020	\$369.96	\$553.45	\$553.45	\$553.45
	<i>\$ Change</i>	<i>+\$35.97</i>	<i>+\$54.53</i>	<i>+\$54.53</i>	<i>+\$54.53</i>
	<i>% Change</i>	<i>+10.8%</i>	<i>+10.9%</i>	<i>+10.9%</i>	<i>+10.9%</i>
Monthly Total Rate	Plan Year 2019	\$333.99	\$663.85	\$992.64	\$1,167.93
	Plan Year 2020	\$369.96	\$736.94	\$1,102.86	\$1,270.42
	<i>\$ Change</i>	<i>+\$35.97</i>	<i>+\$73.09</i>	<i>+\$110.22</i>	<i>+\$102.49</i>
	<i>% Change</i>	<i>+10.8%</i>	<i>+11.0%</i>	<i>+11.1%</i>	<i>+8.8%</i>

Proposed 2020 KPSA Monthly Rate Card

With Transportation Rider Scenario

	KPSA—Medicare Retirees			
	Medicare Retiree Only	Retiree + 1 (All Medicare)	Retiree + 2+ (All Medicare)	Retiree + 2+ (2 Medicare, 1+ Non-Medicare)
Premium	\$365.76	\$731.52	\$1,096.91	\$1,261.72
Vision	\$3.95	\$7.92	\$11.20	\$11.20
Expense ¹	\$3.00	\$3.00	\$3.00	\$3.00
Total	\$372.71	\$742.44	\$1,111.11	\$1,275.92
10-County Amount (or single tier premium, if less) ²	\$372.71	\$0.00	\$0.00	\$0.00
Single Retiree Offset ³	\$0.00	\$372.71	\$372.71	\$372.71
"Actuarial Difference" ⁴	\$0.00	\$0.00	\$0.00	\$0.00
Prop. E Contribution ⁵	\$0.00	\$184.87	\$184.87	\$184.87
Subtotal Employer Contributions	\$372.71	\$557.58	\$557.58	\$557.58
Non-Bargained Contribution Rate 2020	\$0.00	\$184.86	\$553.53	\$718.34
Final Member Contribution 2020	\$0.00	\$184.86	\$553.53	\$718.34
Final Member Contribution 2019	\$0.00	\$164.93	\$493.72	\$669.01
Difference—2020 vs. 2019 Contribution	\$0.00	\$19.93	\$59.81	\$49.33

NOTE—Footnotes 1 – 5 defined in Appendix

KPSA Monthly Premiums and Contributions—2020 vs. 2019

With Transportation Rider Scenario

		KPSA—Medicare Retirees			
		Medicare Retiree Only	Retiree + 1 (All Medicare)	Retiree + 2+ (All Medicare)	Retiree + 2+ (2 Medicare, 1+ Non-Medicare)
Monthly Retiree Contributions	Plan Year 2019	\$0.00	\$164.93	\$493.72	\$669.01
	Plan Year 2020	\$0.00	\$184.86	\$553.53	\$718.34
	<i>\$ Change</i>	<i>\$0.00</i>	<i>+\$19.93</i>	<i>+\$59.81</i>	<i>+\$49.33</i>
	<i>% Change</i>	<i>-</i>	<i>+12.1%</i>	<i>+12.1%</i>	<i>+7.4%</i>
Monthly Employer Contributions	Plan Year 2019	\$333.99	\$498.92	\$498.92	\$498.92
	Plan Year 2020	\$372.71	\$557.58	\$557.58	\$557.58
	<i>\$ Change</i>	<i>+\$38.72</i>	<i>+\$58.66</i>	<i>+\$58.66</i>	<i>+\$58.66</i>
	<i>% Change</i>	<i>+11.6%</i>	<i>+11.8%</i>	<i>+11.8%</i>	<i>+11.8%</i>
Monthly Total Rate	Plan Year 2019	\$333.99	\$663.85	\$992.64	\$1,167.93
	Plan Year 2020	\$372.71	\$742.44	\$1,111.11	\$1,275.92
	<i>\$ Change</i>	<i>+\$38.72</i>	<i>+\$78.59</i>	<i>+\$118.47</i>	<i>+\$107.99</i>
	<i>% Change</i>	<i>+11.6%</i>	<i>+11.8%</i>	<i>+11.9%</i>	<i>+9.2%</i>

Recommendation

It is recommended that the Health Service Board accept the KPSA Medicare HMO retiree rates as presented today under the **With Transportation Rider** scenario—which would include adoption of the new Transportation Benefit described in this presentation for the KPSA plan in 2020.

Appendix

2019 KPSA Monthly Rate Card

	Kaiser Senior Advantage Plan—Medicare Retirees			
	Medicare Retiree Only	Retiree + 1 (All Medicare)	Retiree +2+ (All Medicare)	Retiree +2+ (2 Medicare, 1+ Non-Medicare)
Premium	\$325.89	\$651.78	\$977.29	\$1,152.58
Vision	\$3.95	\$7.92	\$11.20	\$11.20
Expense ¹	\$3.00	\$3.00	\$3.00	\$3.00
Best Doctors (expert medical opinion service)	\$1.15	\$1.15	\$1.15	\$1.15
Total	\$333.99	\$663.85	\$992.64	\$1,167.93
10-County Amount (or single tier premium, if less) ²	\$333.99	\$0.00	\$0.00	\$0.00
Single Retiree Offset ³	\$0.00	\$333.99	\$333.99	\$333.99
"Actuarial Difference" ⁴	\$0.00	\$0.00	\$0.00	\$0.00
Prop. E Contribution ⁵	\$0.00	\$164.93	\$164.93	\$164.93
Subtotal Employer Contributions	\$333.99	\$498.92	\$498.92	\$498.92
Non-Bargained Contribution Rate 2019	\$0.00	\$164.93	\$493.72	\$669.01
Final Member Contribution 2019	\$0.00	\$164.93	\$493.72	\$669.01
Final Member Contribution 2018	\$0.00	\$189.68	\$567.97	\$695.28
Difference, 2019 Versus 2018 Contribution	\$0.00	-\$24.75	-\$74.25	-\$26.27

NOTE—Footnotes 1 – 5 defined in Appendix

Kaiser Rate Card Footnotes

- 1) **Expense:** SFHSS Healthcare Sustainability Fund charge of \$3.00 per employee or retiree per month.
- 2) **10-County Amount:** Amount derived from annual survey described in Charter Section A8.423 of contributions provided by 10 most populous counties in CA, not including San Francisco—called the “average contribution”. The 2020 10-County amount is \$705.92.
- 3) **Single Retiree Offset:** Under Charter Section A8.428(b)(2), the 10-County amount is the first of three Charter contribution elements used to calculate retiree rates. Employers are required to pay lesser of the 10-County amount or actual cost of coverage for each retiree member.

Kaiser Rate Card Footnotes

- 4) **"Actuarial Difference"**: Under Charter Section A8.428(b)(3), the employers contribute the difference between Active Employee-Only premium and Early Retiree-Only premium. This is the second of three Charter contribution elements applied to the calculation of retiree rates.
- 5) **2000 Prop. E Contribution**: Under Charter Section A8.428(b)(3)(iii) and A8.428(c), employer contributions toward Retiree Only and Retiree +1 rates = $50\% \times [\text{Total Rate Cost} - \text{10-County Amount} - \text{"Actuarial Difference"}]$. This is the third of three Charter contribution elements that applied to the calculation of retiree rates.

MAPD Plan Definition

Medicare Advantage Prescription Drug Plan (MAPD):

- MAPD includes Medicare Part D and is available to beneficiaries enrolled in Medicare Part A and Part B. SFHSS offers only MAPD plans in which the Center for Medicare and Medicaid Services (CMS) pays a Managed Care Organization a per member per month premium. SFHSS negotiates additional benefits not covered by MAPD plans alone. Kaiser's Medicare Advantage Plan is called Kaiser Permanente Senior Advantage, or KPSA.

KPSA Member Contributions for All Retiree Tiers

Status Quo Scenario for 2020

Overall Coverage Tier	Non-Medicare and Medicare Statuses	Monthly Member Contribution ¹		\$ Change	% Change
		2019	2020		
Retiree Only	Medicare Retiree	\$0.00	\$0.00	\$0.00	0.0%
Retiree + 1 Dependent	Medicare Retiree / Non-Medicare Dependent	\$303.66	\$321.37	\$17.71	5.8%
	Medicare Retiree / Medicare Dependent	\$164.93	\$183.49	\$18.56	11.3%
Retiree + 2+ Dependents	Medicare Retiree / Non-Medicare Dependents	\$807.74	\$854.85	\$47.11	5.8%
	Medicare Retiree / Medicare Dependent / Non-Medicare 2nd+ Dependent(s)	\$669.01	\$716.97	\$47.96	7.2%
	Medicare Retiree / Medicare Dependents	\$493.72	\$549.41	\$55.69	11.3%

¹ For members receiving full City Charter employer contribution amounts.

KPSA Member Contributions for All Retiree Tiers

With Transportation Rider Scenario for 2020

Overall Coverage Tier	Non-Medicare and Medicare Statuses	Monthly Member Contribution ¹		\$ Change	% Change
		2019	2020		
Retiree Only	Medicare Retiree	\$0.00	\$0.00	\$0.00	0.0%
Retiree + 1 Dependent	Medicare Retiree / Non-Medicare Dependent	\$303.66	\$321.37	\$17.71	5.8%
	Medicare Retiree / Medicare Dependent	\$164.93	\$184.86	\$19.93	12.1%
Retiree + 2+ Dependents	Medicare Retiree / Non-Medicare Dependents	\$807.74	\$854.85	\$47.11	5.8%
	Medicare Retiree / Medicare Dependent / Non-Medicare 2nd+ Dependent(s)	\$669.01	\$718.34	\$49.33	7.4%
	Medicare Retiree / Medicare Dependents	\$493.72	\$553.53	\$59.811	12.1%

¹ For members receiving full City Charter employer contribution amounts.