

San Francisco Health Service System Health Service Board

Rates & Benefits

Review and Approve UnitedHealthcare (UHC) Medical/Rx
Fully Insured Medicare Advantage Prescription Drug (MAPD)
Passive PPO Plan 2025 Rates and Contributions

Presented by Mike Clarke, Lead Actuary

June 13, 2024 and June 18, 2024

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Staff Recommendation

Staff recommends the Health Service Board (HSB) accept the UHC MAPD Medicare Retiree rate card for status quo plan design as presented today, which includes a 9.6% insured premium renewal increase into the 2025 plan year.

Introduction

This report provides the Health Service Board (HSB) with the recommendations for the fully insured 2025 UnitedHealthcare (UHC) Medicare Advantage Prescription Drug (MAPD) PPO plan. There are 17,553 Medicare-eligible retirees and dependents enrolled in the UHC MAPD PPO plan.

UHC's 2025 renewal rate on a per member per month (PMPM) basis for the MAPD plan is \$563.51 PMPM on a status quo (no design changes) basis.¹ This represents a 9.6% increase versus the 2024 rate — following a 15.0% increase in PMPM rate from 2023 to 2024.

¹ *The Part B Only plan renewal rate for 2024 is \$982.99 PMPM, a 9.6% increase from the 2023 rate (\$897.14 PMPM). The Part B Only plan is for members who have not qualified during their working years for Medicare Part A based on work requirements (40+ quarters paying Medicare taxes) and choose not to pay the Part A premium in lieu. Presently 186 SFHSS covered lives are enrolled in the UHC MAPD Part B Only plan.*

Introduction

For Non-Medicare dependents of retirees enrolled in the UHC MAPD plan, as well as Non-Medicare retirees and dependents where at least one family member is Medicare eligible and enrolled in the UHC MAPD plan, UHC is the administrator for all plans available to Non-Medicare family covered lives in these “split family” (or Mixed Medicare) family situations where at least one family member is enrolled in the UHC MAPD plan.

Non-Medicare family covered lives of a retiree where at least one family member is enrolled in the UHC MAPD plan have the following plan choices:

- UHC Select Network EPO plan (with same rates as Blue Shield of California (BSC) Access+ plan);
- UHC Doctors EPO plan (with same rates as BSC Trio plan); and
- UHC Non-Medicare PPO plan (and Choice Not Available PPO plan¹— with same rates as BSC Non-Medicare PPO plan).

¹ See Appendix for Choice Not Available, or C.N.A., definition.

Retiree Medical Contributions in Rate Card

The rate card presented in this document reflects the full employer contributions for retiree medical coverage presently available to:

- Retired employees eligible for health benefits 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, and their surviving spouses or surviving domestic partners.

Retiree Medical Contributions in Rate Card

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 but less than 15 years of Credited Service with the Employers.

- 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 card.

Retiree medical coverage at the 75% employer Charter-contribution rate is available to retired employees hired on or after January 10, 2009, with greater than 15 years but less than 20 years of Credited Service with the Employers.

- This segment of retirees will receive 75% of the full employer Charter contribution for each retiree medical plan and coverage tier as reflected in the following rate card.

Proposed 2025 UHC MAPD Plan Monthly Rate Card

When setting the total UHC MAPD plan premiums in the recommended 2025 UHC MAPD plan monthly rate card, the following SFHSS costs are included:

- VSP Basic Plan vision premiums (2025 vision rates remain at 2024 levels); and
- The SFHSS Healthcare Sustainability Fund charge of \$4.00 per retiree per month, which is \$1 higher than the 2024 fee.

The UHC MAPD plan rate card has distinct mixed Medicare family columns for each of these variations of non-Medicare dependent plan enrollment:

- UHC Non-Medicare PPO (and City Plan—Choice Not Available);
- UHC Select EPO; and
- UHC Doctors EPO.

As in prior years, Mixed Medicare family enrollment will not be available in the 2025 plan year for the non-Medicare Health Net CanopyCare plan.

Proposed 2025 UHC MAPD Plan Monthly Rate Card

C.N.A. = Choice Not Available

| | All Members in Medicare | | | Full Family — 2 in Medicare, 1+ Non-Medicare | | |
|---|-------------------------|-------------------|-------------------|---|---|---|
| | Retiree Only | Retiree + 1 | Retiree + 2+ | 1+ Non- Medicare in UHC PPO/C.N.A. | 1+ Non- Medicare in UHC Select EPO | 1+ Non- Medicare in UHC Doctors EPO |
| Premium | \$563.51 | \$1,127.02 | \$1,690.53 | \$1,839.60 | \$2,086.32 | \$1,941.72 |
| Vision | \$4.15 | \$8.32 | \$11.76 | \$11.76 | \$11.76 | \$11.76 |
| Expense ¹ | \$4.00 | \$4.00 | \$4.00 | \$4.00 | \$4.00 | \$4.00 |
| Total | \$571.66 | \$1,139.34 | \$1,706.29 | \$1,855.36 | \$2,102.08 | \$1,957.48 |
| 10-County Amount (or single tier premium, if less) ² | \$571.66 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Single Retiree Offset ³ | \$0.00 | \$571.66 | \$571.66 | \$571.66 | \$571.66 | \$571.66 |
| "Actuarial Difference" ⁴ | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Prop. E Contribution ⁵ | \$0.00 | \$283.84 | \$283.84 | \$283.84 | \$283.84 | \$283.84 |
| Subtotal City Contributions | \$571.6 | \$855.50 | \$855.50 | \$855.50 | \$855.50 | \$855.50 |
| Non-Bargained Contribution Rate 2025 | \$0.00 | \$283.84 | \$850.79 | \$999.86 | \$1,246.58 | \$1,101.98 |
| Final Member Contribution 2025 | \$0.00 | \$283.84 | \$850.79 | \$999.86 | \$1,246.58 | \$1,101.98 |
| Final Member Contribution 2024 | \$0.00 | \$259.24 | \$776.99 | \$966.49 | \$1,145.16 | \$991.03 |
| Difference — 2025 vs. 2024 Contribution | \$0.00 | \$24.60 | \$73.80 | \$33.37 | \$101.42 | \$110.95 |

NOTE: Footnotes 1 – 5 defined in Appendix



UHC MAPD Plan Monthly Rates and Contributions

2025 vs. 2024

PY = Plan Year
C.N.A. = Choice Not Available

| | | All Members in Medicare | | | Full Family — 2 in Medicare, 1+ Non-Medicare | | |
|-----------------------------------|-----------|-------------------------|----------------|-----------------|---|---|--|
| | | Retiree Only | Retiree + 1 | Retiree + 2+ | 1+ Non- Medicare in UHC PPO/C.N.A. | 1+ Non- Medicare in UHC Select EPO | 1+ Non- Medicare in UHC Doctors EPO |
| Monthly Retiree Contributions | PY 2024 | \$0.00 | \$259.24 | \$776.99 | \$966.49 | \$1,145.16 | \$991.03 |
| | PY 2025 | \$0.00 | \$283.84 | \$850.79 | \$999.86 | \$1,246.58 | \$1,101.98 |
| | \$ Change | \$0.00 | \$24.60 | \$73.80 | \$33.37 | \$101.42 | \$110.95 |
| | % Change | — | 9.5% | 9.5% | 3.5% | 8.9% | 11.2% |
| Monthly Employer Contributions | PY 2024 | \$521.46 | \$780.70 | \$780.70 | \$780.70 | \$780.70 | \$780.70 |
| | PY 2025 | \$571.66 | \$855.50 | \$855.50 | \$855.50 | \$855.50 | \$855.50 |
| | \$ Change | \$50.20 | \$74.80 | \$74.80 | \$74.80 | \$74.80 | \$74.80 |
| | % Change | 9.6% | 9.6% | 9.6% | 9.6% | 9.6% | 9.6% |
| Monthly Total Rate | PY 2024 | \$521.46 | \$1,039.94 | \$1,557.69 | \$1,747.19 | \$1,925.86 | \$1,771.73 |
| | PY 2025 | \$571.66 | \$1,139.34 | \$1,706.29 | \$1,855.36 | \$2,102.08 | \$1,957.48 |
| | \$ Change | \$50.20 | \$99.40 | \$148.60 | \$108.17 | \$176.22 | \$185.75 |
| | % Change | 9.6% | 9.6% | 9.5% | 6.2% | 9.2% | 10.5% |

Recommendation

Staff recommends the Health Service Board (HSB) accept the UHC MAPD Medicare Retiree rate card for status quo plan design as presented today, which includes a 9.6% insured premium renewal increase into the 2025 plan year.

Appendix

- 2025 UHC MAPD Medicare HMO Monthly Rate Card
- UHC MAPD Rate Card Footnotes
- MAPD Plan Definition
- Non-Medicare PPO Plan—Choice Not Available (C.N.A.) Definition
- Member Contribution Change Exhibits for All Retiree Tiers — 2025 vs. 2024

2024 UHC MAPD Plan Monthly Rate Card

| C.N.A. = Choice Not Available | All Members in Medicare | | | Full Family — 2 in Medicare, 1+ Non-Medicare | | |
|---|-------------------------|-------------------|-------------------|--|-----------------------------------|------------------------------------|
| | Retiree Only | Retiree + 1 | Retiree + 2+ | 1+ Non-Medicare in UHC PPO/C.N.A. | 1+ Non-Medicare in UHC Select EPO | 1+ Non-Medicare in UHC Doctors EPO |
| Premium | \$514.31 | \$1,028.62 | \$1,542.93 | \$1,732.43 | \$1,911.10 | \$1,756.97 |
| Vision | \$4.15 | \$8.32 | \$11.76 | \$11.76 | \$11.76 | \$11.76 |
| Expense ¹ | \$3.00 | \$3.00 | \$3.00 | \$3.00 | \$3.00 | \$3.00 |
| Total | \$521.46 | \$1,039.94 | \$1,557.69 | \$1,747.19 | \$1,925.86 | \$1,771.73 |
| 10-County Amount (or single tier premium, if less) ² | \$521.46 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Single Retiree Offset ³ | \$0.00 | \$521.46 | \$521.46 | \$521.46 | \$521.46 | \$521.46 |
| "Actuarial Difference" ⁴ | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Prop. E Contribution ⁵ | \$0.00 | \$259.24 | \$259.24 | \$259.24 | \$259.24 | \$259.24 |
| Subtotal City Contributions | \$521.46 | \$780.70 | \$780.70 | \$780.70 | \$780.70 | \$780.70 |
| Non-Bargained Contribution Rate 2024 | \$0.00 | \$259.24 | \$776.99 | \$966.49 | \$1,145.16 | \$991.03 |
| Final Member Contribution 2024 | \$0.00 | \$259.24 | \$776.99 | \$966.49 | \$1,145.16 | \$991.03 |
| Final Member Contribution 2023 | \$0.00 | \$225.69 | \$676.35 | \$921.14 | \$999.96 | \$937.19 |
| Difference — 2024 vs. 2023 Contribution | \$0.00 | \$33.55 | \$100.64 | \$45.35 | \$145.20 | \$53.84 |

UHC MAPD Plan Rate Card Footnotes

- 1) **Expense:** SFHSS Healthcare Sustainability Fund charge of \$4.00 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 2025 10-County amount is \$882.05.
- 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.
- 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% x [Total Rate Cost – 10-County Amount – “Actuarial Difference”]. This is the third of three Charter contribution elements that applied to the calculation of retiree rates.

Glossary of Plan Terms

- **Medicare Advantage Prescription Drug (MAPD) Plan:** Medicare Advantage Prescription Drug Plan (MAPD) includes Medicare Part D and is available to beneficiaries enrolled in Medicare Part A and Part B. HSS 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. HSS negotiates additional benefits not covered by MAPD plans alone
- **PPO:** Preferred Provider Organization (PPO) benefit coverage is distinguished by a panel of preferred providers who contract with a health care vendor allowing the vendor to provide their services at a richer level of coverage. Non-preferred providers are covered at a much lower level thus the member is required to pay a much higher level of the cost

Non-Medicare PPO Plan—Choice Not Available (C.N.A.)

Criteria for Availability and Rate Determination

- Non-Medicare participants are assigned to the **Non-Medicare PPO Plan — Choice Not Available** as a plan they enroll in when they live in a zip code where the following occurs:
 - Non-Medicare PPO Plan is the only plan choice available;
 - Non-Medicare PPO Plan and Kaiser Permanente are available plan choices, but not UHC Select EPO; or
 - Non-Medicare PPO Plan and UHC Select EPO are available plan choices, but not Kaiser Permanente.
- Non-Medicare PPO Plan — Choice Not Available provides member contribution relief primarily to active employees in the Hetch Hetchy/Moccasin areas, and early retirees living outside of the Bay Area of Northern California.

Member Contributions for All Retiree Tiers

Non-Medicare Dependents in Non-Medicare PPO (including Choice Not Available)

| Overall Coverage Tier | Non-Medicare and Medicare Statuses | Monthly Member Contribution ¹ | | \$ Change | % Change |
|--------------------------------|--|--|------------|-----------|----------|
| | | 2024 | 2025 | | |
| Retiree Only | Medicare Retiree | \$0.00 | \$0.00 | \$0.00 | -- |
| Retiree + 1 Dependent | Medicare Retiree/Non-Medicare Dependent | \$442.91 | \$448.42 | \$5.51 | 1.2% |
| | Medicare Retiree/Medicare Dependent | \$259.24 | \$283.84 | \$24.60 | 9.5% |
| Retiree + 2+ Dependents | Medicare Retiree/Non-Medicare Dependents | \$1,150.16 | \$1,164.44 | \$14.28 | 1.2% |
| | Medicare Retiree/Medicare Dependent/Non-Medicare 2nd+ Dependent(s) | \$966.49 | \$999.86 | \$33.37 | 3.5% |
| | Medicare Retiree/Medicare Dependents | \$776.99 | \$850.79 | \$73.80 | 9.5% |

¹ For members receiving full City Charter employer contribution amounts.

Member Contributions for All Retiree Tiers

Non-Medicare Dependents in UHC Select EPO Plan

| Overall Coverage Tier | Non-Medicare and Medicare Statuses | Monthly Member Contribution ¹ | | \$ Change | % Change |
|--------------------------------|--|--|------------|-----------|----------|
| | | 2024 | 2025 | | |
| Retiree Only | Medicare Retiree | \$0.00 | \$0.00 | \$0.00 | -- |
| Retiree + 1 Dependent | Medicare Retiree/Non-Medicare Dependent | \$554.98 | \$603.10 | \$48.12 | 8.7% |
| | Medicare Retiree/Medicare Dependent | \$259.24 | \$283.84 | \$24.60 | 9.5% |
| Retiree + 2+ Dependents | Medicare Retiree/Non-Medicare Dependents | \$1,440.90 | \$1,565.84 | \$124.94 | 8.7% |
| | Medicare Retiree/Medicare Dependent/Non-Medicare 2nd+ Dependent(s) | \$1,145.16 | \$1,246.58 | \$101.42 | 8.9% |
| | Medicare Retiree/Medicare Dependents | \$776.99 | \$850.79 | \$73.80 | 9.5% |

¹ For members receiving full City Charter employer contribution amounts.

Member Contributions for All Retiree Tiers

Non-Medicare Dependents in UHC Doctors EPO Plan

| Overall Coverage Tier | Non-Medicare and Medicare Statuses | Monthly Member Contribution ¹ | | \$ Change | % Change |
|--------------------------------|--|--|------------|-----------|----------|
| | | 2024 | 2025 | | |
| Retiree Only | Medicare Retiree | \$0.00 | \$0.00 | \$0.00 | -- |
| Retiree + 1 Dependent | Medicare Retiree/Non-Medicare Dependent | \$458.42 | \$512.52 | \$54.10 | 11.8% |
| | Medicare Retiree/Medicare Dependent | \$259.24 | \$283.84 | \$24.60 | 9.5% |
| Retiree + 2+ Dependents | Medicare Retiree/Non-Medicare Dependents | \$1,190.21 | \$1,330.66 | \$140.45 | 11.8% |
| | Medicare Retiree/Medicare Dependent/Non-Medicare 2nd+ Dependent(s) | \$991.03 | \$1,101.98 | \$110.95 | 11.2% |
| | Medicare Retiree/Medicare Dependents | \$776.99 | \$850.79 | \$73.80 | 9.5% |

¹ For members receiving full City Charter employer contribution amounts.