

San Francisco Health Service System Health Service Board

Rates & Benefits

Kaiser Permanente 2019 Multi-State Regional Rates
Presentation—Early Retirees and Medicare Retirees

June 14, 2018

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Health & Benefits



Contents

- **Introduction**
- **Aon Commentary on Kaiser Multi-State Region 2019 Rates**
- **2019 Kaiser Permanente Multi-State Region Monthly Rate Cards and 2019 vs. 2018 Rates Comparison**
 - ▶ Washington Rates and Contributions
 - ▶ Northwest Rates and Contributions
 - ▶ Hawaii Rates and Contributions
- **Recommendation**
- **Appendix**
 - ▶ 2018 Kaiser Permanente Monthly Rate Cards
 - ▶ Kaiser Permanente Rate Card Footnotes

Introduction

In 2018, the San Francisco Health Service System (SFHSS) introduced a new set of Kaiser Permanente (Kaiser) plans for retirees living in certain geographies outside of California where Kaiser has plans available. These “multi-state regional” Kaiser early and Medicare retiree plans are offered in three geographies: Northwest (primarily Oregon), Washington state, and Hawaii.

This reports provides the Health Service Board (HSB) with Aon’s recommendation for the fully insured 2019 Kaiser multi-state regional renewal for applicable early retirees and Medicare retirees.

Recommendation

Aon recommends the HSB accept the Kaiser multi-state regional plan rate cards contained in this material. The table below illustrates current membership enrolled in each plan along with the proposed Kaiser rate action from 2018 to 2019.

	Early Retirees and Dependents	Medicare Retirees and Dependents
Total Covered Members		
▪ Washington region	13	4
▪ Northwest region	18	8
▪ Hawaii region	15	21
2019 Rate Change Action		
▪ Washington region	+8.0%	-18.8%
▪ Northwest region	-3.5%	+3.3%
▪ Hawaii region	+14.9%	+4.9%

Aon Commentary on Kaiser 2019 Rates (continued)

Overall average rate increases for the Kaiser multi-state region plans are 4.2% for early retirees and 1.4% for Medicare retirees. Due to the small populations enrolled in these plans, rates are determined by Kaiser on a community rating basis.

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

- The VSP vision core program premiums;
- The Healthcare Sustainability Fee which is \$3.00 per employee/retiree per month for 2019; and
- Best Doctors (second opinion benefit) which is \$1.15 per employee/retiree per month for 2019.

Retiree Medical Contributions in Rate Cards

- The rate cards we present 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.

2019 Kaiser Monthly Rate Card

Washington Rates and Contributions

	Early Retirees			Medicare Retirees			
	Early Retiree Only	Retiree + 1 (All Non-Medicare)	Retiree +2+ (All Non-Medicare)	Medicare Retiree Only	Retiree + 1 (All Medicare)	Retiree +2+ (All Medicare)	Retiree +2+ (2 Medicare, 1+ Non-Medicare)
Premium	\$1,322.49	\$2,644.99	\$3,742.67	\$315.92	\$631.84	\$947.76	\$1,729.52
Vision	\$3.95	\$7.92	\$11.20	\$3.95	\$7.92	\$11.20	\$11.20
Expense (SFHSS Healthcare Sustainability Fee)	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
Best Doctors ¹	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15
Total	\$1,330.59	\$2,657.06	\$3,758.02	\$324.02	\$643.91	\$963.11	\$1,744.87

10-County Amount (or single tier premium, if less) ²	\$672.08	\$0.00	\$0.00	\$324.02	\$0.00	\$0.00	\$0.00
Single Retiree Offset ³	\$0.00	\$672.08	\$672.08	\$0.00	\$324.02	\$324.02	\$324.02
"Actuarial Difference" ⁴	\$658.51	\$658.51	\$658.51	\$0.00	\$0.00	\$0.00	\$0.00
Prop. E Contribution ⁵	\$0.00	\$663.24	\$663.24	\$0.00	\$159.95	\$159.95	\$159.95
Subtotal City Contributions	\$1,330.59	\$1,993.83	\$1,993.83	\$324.02	\$483.97	\$483.97	\$483.97
Non-Bargained Contribution Rate 2019	\$0.00	\$663.23	\$1,764.19	\$0.00	\$159.94	\$479.14	\$1,260.90

Final Member Contribution 2019	\$0.00	\$663.23	\$1,764.19	\$0.00	\$159.94	\$479.14	\$1,260.90
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Final Member Contribution 2018	\$0.00	\$614.09	\$1,633.47	\$0.00	\$196.57	\$589.02	\$1,215.95
Difference, 2019 Versus 2018 Contribution	\$0.00	\$49.14	\$130.72	\$0.00	-\$36.63	-\$109.88	\$44.95

NOTE—Footnotes 1 – 5 defined on pages 18-19

2019 Kaiser Monthly Rate Card

Northwest Rates and Contributions

	Early Retirees			Medicare Retirees			
	Early Retiree Only	Retiree + 1 (All Non-Medicare)	Retiree +2+ (All Non-Medicare)	Medicare Retiree Only	Retiree + 1 (All Medicare)	Retiree +2+ (All Medicare)	Retiree +2+ (2 Medicare, 1+ Non-Medicare)
Premium	\$1,327.83	\$2,655.65	\$3,757.75	\$395.45	\$790.90	\$1,186.35	\$2,005.86
Vision	\$3.95	\$7.92	\$11.20	\$3.95	\$7.92	\$11.20	\$11.20
Expense (SFHSS Healthcare Sustainability Fee)	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
Best Doctors ¹	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15
Total	\$1,335.93	\$2,667.72	\$3,773.10	\$403.55	\$802.97	\$1,201.70	\$2,021.21

10-County Amount (or single tier premium, if less) ²	\$672.08	\$0.00	\$0.00	\$403.55	\$0.00	\$0.00	\$0.00
Single Retiree Offset ³	\$0.00	\$672.08	\$672.08	\$0.00	\$403.55	\$403.55	\$403.55
"Actuarial Difference" ⁴	\$663.85	\$663.85	\$663.85	\$0.00	\$0.00	\$0.00	\$0.00
Prop. E Contribution ⁵	\$0.00	\$665.90	\$665.90	\$0.00	\$199.71	\$199.71	\$199.71
Subtotal City Contributions	\$1,335.93	\$2,001.83	\$2,001.83	\$403.55	\$603.26	\$603.26	\$603.26
Non-Bargained Contribution Rate 2019	\$0.00	\$665.89	\$1,771.27	\$0.00	\$199.71	\$598.44	\$1,417.95

Final Member Contribution 2019	\$0.00	\$665.89	\$1,771.27	\$0.00	\$199.71	\$598.44	\$1,417.95
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Final Member Contribution 2018	\$0.00	\$689.81	\$1,834.89	\$0.00	\$193.41	\$579.55	\$1,455.42
Difference, 2019 Versus 2018 Contribution	\$0.00	-\$23.92	-\$63.62	\$0.00	\$6.30	\$18.89	-\$37.47

NOTE—Footnotes 1 – 5 defined on pages 18-19

2019 Kaiser Monthly Rate Card

Hawaii Rates and Contributions

	Early Retirees			Medicare Retirees			
	Early Retiree Only	Retiree + 1 (All Non-Medicare)	Retiree +2+ (All Non-Medicare)	Medicare Retiree Only	Retiree + 1 (All Medicare)	Retiree +2+ (All Medicare)	Retiree +2+ (2 Medicare, 1+ Non-Medicare)
Premium	\$961.71	\$1,923.41	\$2,721.63	\$368.01	\$736.02	\$1,104.03	\$1,697.73
Vision	\$3.95	\$7.92	\$11.20	\$3.95	\$7.92	\$11.20	\$11.20
Expense (SFHSS Healthcare Sustainability Fee)	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
Best Doctors ¹	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15
Total	\$969.81	\$1,935.48	\$2,736.98	\$376.11	\$748.09	\$1,119.38	\$1,713.08

10-County Amount (or single tier premium, if less) ²	\$672.08	\$0.00	\$0.00	\$376.11	\$0.00	\$0.00	\$0.00
Single Retiree Offset ³	\$0.00	\$672.08	\$672.08	\$0.00	\$376.11	\$376.11	\$376.11
"Actuarial Difference" ⁴	\$297.73	\$297.73	\$297.73	\$0.00	\$0.00	\$0.00	\$0.00
Prop. E Contribution ⁵	\$0.00	\$482.84	\$482.84	\$0.00	\$185.99	\$185.99	\$185.99
Subtotal City Contributions	\$969.81	\$1,452.65	\$1,452.65	\$376.11	\$562.10	\$562.10	\$562.10
Non-Bargained Contribution Rate 2019	\$0.00	\$482.83	\$1,284.33	\$0.00	\$185.99	\$557.28	\$1,150.98

Final Member Contribution 2019	\$0.00	\$482.83	\$1,284.33	\$0.00	\$185.99	\$557.28	\$1,150.98
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Final Member Contribution 2018	\$0.00	\$420.39	\$1,118.24	\$0.00	\$177.32	\$531.28	\$1,017.43
Difference, 2019 Versus 2018 Contribution	\$0.00	\$62.44	\$166.09	\$0.00	\$8.67	\$26.00	\$133.55

NOTE—Footnotes 1 – 5 defined on pages 18-19

Kaiser Medicare Retiree Monthly Premiums and Contributions, 2019 vs. 2018—Washington Region

PY = Plan Year		Early Retirees			Medicare Retirees			
		Early Retiree Only	Retiree + 1 (All Non-Medicare)	Retiree +2+ (All Non-Medicare)	Medicare Retiree Only	Retiree + 1 (All Medicare)	Retiree +2+ (All Medicare)	Retiree +2+ (2 Medicare, 1+ Non-Medicare)
Monthly Retiree Contributions	PY 2018	\$0.00	\$614.09	\$1,633.47	\$0.00	\$196.57	\$589.02	\$1,215.95
	PY 2019	\$0.00	\$663.23	\$1,764.19	\$0.00	\$159.94	\$479.14	\$1,260.90
	\$ Change	\$0.00	+\$49.14	+\$130.72	\$0.00	-\$36.63	-\$109.88	\$44.95
	% Change	-	+8.0%	+8.0%	-	-18.6%	-18.7%	3.7%
Monthly Employer Contributions	PY 2018	\$1,232.56	\$1,846.65	\$1,846.65	\$397.52	\$594.09	\$594.09	\$594.09
	PY 2019	\$1,330.59	\$1,993.83	\$1,993.83	\$324.02	\$483.97	\$483.97	\$483.97
	\$ Change	+\$98.03	+\$147.18	+\$147.18	-\$73.50	-\$110.12	-\$110.12	-\$110.12
	% Change	+8.0%	+8.0%	+8.0%	-18.5%	-18.5%	-18.5%	-18.5%
Monthly Total Rate	PY 2018	\$1,232.56	\$2,460.74	\$3,480.12	\$397.52	\$790.66	\$1,183.11	\$1,810.04
	PY 2019	\$1,330.59	\$2,657.06	\$3,758.02	\$324.02	\$643.91	\$963.11	\$1,744.87
	\$ Change	+\$98.03	+\$196.32	+\$277.90	-\$73.50	-\$146.75	-\$220.00	-\$65.17
	% Change	+8.0%	+8.0%	+8.0%	-18.5%	-18.6%	-18.6%	-3.6%

Kaiser Medicare Retiree Monthly Premiums and Contributions, 2019 vs. 2018—Northwest Region

PY = Plan Year		Early Retirees			Medicare Retirees			
		Early Retiree Only	Retiree + 1 (All Non-Medicare)	Retiree +2+ (All Non-Medicare)	Medicare Retiree Only	Retiree + 1 (All Medicare)	Retiree +2+ (All Medicare)	Retiree +2+ (2 Medicare, 1+ Non-Medicare)
Monthly Retiree Contributions	PY 2018	\$0.00	\$689.81	\$1,834.89	\$0.00	\$193.41	\$579.55	\$1,455.42
	PY 2019	\$0.00	\$665.89	\$1,771.27	\$0.00	\$199.71	\$598.44	\$1,417.95
	\$ Change	\$0.00	-\$23.92	-\$63.62	\$0.00	+\$6.30	+\$18.89	-\$37.47
	% Change	-	-3.5%	-3.5%	-	+3.3%	+3.3%	-2.6%
Monthly Employer Contributions	PY 2018	\$1,384.01	\$2,073.83	\$2,073.83	\$391.21	\$584.63	\$584.63	\$584.63
	PY 2019	\$1,335.93	\$2,001.83	\$2,001.83	\$403.55	\$603.26	\$603.26	\$603.26
	\$ Change	-\$48.08	-\$72.00	-\$72.00	+\$12.34	+\$18.63	+\$18.63	+\$18.63
	% Change	-3.5%	-3.5%	-3.5%	+3.2%	+3.2%	+3.2%	+3.2%
Monthly Total Rate	PY 2018	\$1,384.01	\$2,763.64	\$3,908.72	\$391.21	\$778.04	\$1,164.18	\$2,040.05
	PY 2019	\$1,335.93	\$2,667.72	\$3,773.10	\$403.55	\$802.97	\$1,201.70	\$2,021.21
	\$ Change	-\$48.08	-\$95.92	-\$135.62	+\$12.34	+\$24.93	+\$37.52	-\$18.84
	% Change	-3.5%	-3.5%	-3.5%	+3.2%	+3.2%	+3.2%	-0.9%

Kaiser Medicare Retiree Monthly Premiums and Contributions, 2019 vs. 2018—Hawaii Region

PY = Plan Year		Early Retirees			Medicare Retirees			
		Early Retiree Only	Retiree + 1 (All Non-Medicare)	Retiree +2+ (All Non-Medicare)	Medicare Retiree Only	Retiree + 1 (All Medicare)	Retiree +2+ (All Medicare)	Retiree +2+ (2 Medicare, 1+ Non-Medicare)
Monthly Retiree Contributions	PY 2018	\$0.00	\$420.39	\$1,118.24	\$0.00	\$177.32	\$531.28	\$1,017.43
	PY 2019	\$0.00	\$482.83	\$1,284.33	\$0.00	\$185.99	\$557.28	\$1,150.98
	\$ Change	\$0.00	+\$62.44	+\$166.09	\$0.00	+\$8.67	+\$26.00	+\$133.55
	% Change	-	+14.9%	+14.9%	-	+4.9%	+4.9%	+13.1%
Monthly Employer Contributions	PY 2018	\$845.18	\$1,265.58	\$1,265.58	\$359.03	\$536.36	\$536.36	\$536.36
	PY 2019	\$969.81	\$1,452.65	\$1,452.65	\$376.11	\$562.10	\$562.10	\$562.10
	\$ Change	+\$124.63	+\$187.07	+\$187.07	+\$17.08	+\$25.74	+\$25.74	+\$25.74
	% Change	+14.7%	+14.8%	+14.8%	+4.8%	+4.8%	+4.8%	+4.8%
Monthly Total Rate	PY 2018	\$845.18	\$1,685.97	\$2,383.82	\$359.03	\$713.68	\$1,067.64	\$1,553.79
	PY 2019	\$969.81	\$1,935.48	\$2,736.98	\$376.11	\$748.09	\$1,119.38	\$1,713.08
	\$ Change	+\$124.63	+\$249.51	+\$353.16	+\$17.08	+\$34.41	+\$51.74	+\$159.29
	% Change	+14.7%	+14.8%	+14.8%	+4.8%	+4.8%	+4.8%	+10.3%

Recommendation

- Aon recommends that the Health Service Board (HSB) approve the Kaiser Permanente rates and premium contributions for multi-state regional rates for early retirees and Medicare retirees for Washington, Northwest and Hawaii as presented.

Appendix

2018 Kaiser Monthly Rate Card

Washington Rates and Contributions

	Early Retirees			Medicare Retirees			
	Early Retiree Only	Retiree + 1 (All Non-Medicare)	Retiree +2+ (All Non-Medicare)	Medicare Retiree Only	Retiree + 1 (All Medicare)	Retiree +2+ (All Medicare)	Retiree +2+ (2 Medicare, 1+ Non-Medicare)
Premium	\$1,224.21	\$2,448.42	\$3,464.52	\$389.17	\$778.34	\$1,167.51	\$1,794.44
Vision	\$3.95	\$7.92	\$11.20	\$3.95	\$7.92	\$11.20	\$11.20
Expense (SFHSS Healthcare Sustainability Fee)	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
Best Doctors ¹	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40
Total	\$1,232.56	\$2,460.74	\$3,480.12	\$397.52	\$790.66	\$1,183.11	\$1,810.04

10-County Amount (or single tier premium, if less) ²	\$649.17	\$0.00	\$0.00	\$397.52	\$0.00	\$0.00	\$0.00
Single Retiree Offset ³	\$0.00	\$649.17	\$649.17	\$0.00	\$397.52	\$397.52	\$397.52
"Actuarial Difference" ⁴	\$583.39	\$583.39	\$583.39	\$0.00	\$0.00	\$0.00	\$0.00
Prop. E Contribution ⁵	\$0.00	\$614.09	\$614.09	\$0.00	\$196.57	\$196.57	\$196.57
Subtotal City Contributions	\$1,232.56	\$1,846.65	\$1,846.65	\$397.52	\$594.09	\$594.09	\$594.09
Non-Bargained Contribution Rate 2018	\$0.00	\$614.09	\$1,633.47	\$0.00	\$196.57	\$589.02	\$1,215.95

Final Member Contribution 2018	\$0.00	\$614.09	\$1,633.47	\$0.00	\$196.57	\$589.02	\$1,215.95
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NOTE—Footnotes 1 – 5 defined on pages 18-19

2018 Kaiser Monthly Rate Card

Northwest Rates and Contributions

	Early Retirees			Medicare Retirees			
	Early Retiree Only	Retiree + 1 (All Non-Medicare)	Retiree +2+ (All Non-Medicare)	Medicare Retiree Only	Retiree + 1 (All Medicare)	Retiree +2+ (All Medicare)	Retiree +2+ (2 Medicare, 1+ Non-Medicare)
Premium	\$1,375.66	\$2,751.32	\$3,893.12	\$382.86	\$765.72	\$1,148.58	\$2,024.45
Vision	\$3.95	\$7.92	\$11.20	\$3.95	\$7.92	\$11.20	\$11.20
Expense (SFHSS Healthcare Sustainability Fee)	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
Best Doctors ¹	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40
Total	\$1,384.01	\$2,763.64	\$3,908.72	\$391.21	\$778.04	\$1,164.18	\$2,040.05

10-County Amount (or single tier premium, if less) ²	\$649.17	\$0.00	\$0.00	\$391.21	\$0.00	\$0.00	\$0.00
Single Retiree Offset ³	\$0.00	\$649.17	\$649.17	\$0.00	\$391.21	\$391.21	\$391.21
"Actuarial Difference" ⁴	\$734.84	\$734.84	\$734.84	\$0.00	\$0.00	\$0.00	\$0.00
Prop. E Contribution ⁵	\$0.00	\$689.82	\$689.82	\$0.00	\$193.42	\$193.42	\$193.42
Subtotal City Contributions	\$1,384.01	\$2,073.83	\$2,073.83	\$391.21	\$584.63	\$584.63	\$584.63
Non-Bargained Contribution Rate 2018	\$0.00	\$689.81	\$1,834.89	\$0.00	\$193.41	\$579.55	\$1,455.42

Final Member Contribution 2018	\$0.00	\$689.81	\$1,834.89	\$0.00	\$193.41	\$579.55	\$1,455.42
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NOTE—Footnotes 1 – 5 defined on pages 18-19

2018 Kaiser Monthly Rate Card

Hawaii Rates and Contributions

	Early Retirees			Medicare Retirees			
	Early Retiree Only	Retiree + 1 (All Non-Medicare)	Retiree +2+ (All Non-Medicare)	Medicare Retiree Only	Retiree + 1 (All Medicare)	Retiree +2+ (All Medicare)	Retiree +2+ (2 Medicare, 1+ Non-Medicare)
Premium	\$836.83	\$1,673.66	\$2,368.22	\$350.68	\$701.36	\$1,052.04	\$1,538.19
Vision	\$3.95	\$7.92	\$11.20	\$3.95	\$7.92	\$11.20	\$11.20
Expense (SFHSS Healthcare Sustainability Fee)	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
Best Doctors ¹	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40
Total	\$845.18	\$1,685.97	\$2,383.82	\$359.03	\$713.68	\$1,067.64	\$1,553.79

10-County Amount (or single tier premium, if less) ²	\$649.17	\$0.00	\$0.00	\$359.03	\$0.00	\$0.00	\$0.00
Single Retiree Offset ³	\$0.00	\$649.17	\$649.17	\$0.00	\$359.03	\$359.03	\$359.03
"Actuarial Difference" ⁴	\$196.01	\$196.01	\$196.01	\$0.00	\$0.00	\$0.00	\$0.00
Prop. E Contribution ⁵	\$0.00	\$420.40	\$420.40	\$0.00	\$177.33	\$177.33	\$177.33
Subtotal City Contributions	\$845.18	\$1,265.58	\$1,265.58	\$359.03	\$536.36	\$536.36	\$536.36
Non-Bargained Contribution Rate 2018	\$0.00	\$420.39	\$1,118.24	\$0.00	\$177.32	\$531.28	\$1,017.43

Final Member Contribution 2018	\$0.00	\$420.39	\$1,118.24	\$0.00	\$177.32	\$531.28	\$1,017.43
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NOTE—Footnotes 1 – 5 defined on pages 18-19

Kaiser Rate Card Footnotes

- (1) Best Doctors:** Second opinion vendor fees of \$1.40 per subscriber per month (PSPM) in 2018 and \$1.15 PSPM in 2019.
- (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 2019 10-County amount is \$672.08.
- (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 (continued)

- (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.