

San Francisco Health Service System Health Service Board

Rates & Benefits

Proposition B Retirees: 2019 Charter Contribution Summary

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Health & Benefits



Introduction

- Contributions toward retiree medical health plans offered through the San Francisco Health Service System (SFHSS) are guided by City Charter Section A8.428—today’s presentation reviews these contributions.
- The rate cards illustrated in our Health Service Board (HSB) presentations reflect the Charter contributions available to retired employees hired on or before January 9, 2009 (see next page for contribution summary).
- For retired employees who were hired on or after January 10, 2009, access to retiree health coverage and employer Charter contributions was set under Proposition B passed in 2008.

Contribution Background—Retirees Who Were Hired On or Before January 9, 2009

- **For all plans offered to retirees**—Apply the three elements of the Charter-defined contribution formula (10-County amount, “Actuarial Difference”, and Prop. E retiree-dependent coverage contributions):
 - (1) The 2019 10-County amount monthly figure is \$672.08—a 3.5% increase over the 2018 amount (\$649.17)—if cost of actual coverage is less than the 10-County amount for a given plan, that cost of coverage applies.
 - (2) “Actuarial Difference”—the difference between total premium for Retiree Only coverage and total premium for Active Employee Only coverage.
 - (3) Prop. E Contribution—For Retiree Only coverage, Charter Section A8.428(b)(3)(iii) states the employers shall contribute 50% of remaining contributions after all other Charter contributions have been made. For dependents, Charter Section A8.428(c) states the employers shall contribute 50% of the dependent care portion of the premium for the first dependent (R+1).

Retiree Contribution Formula—Sample Illustration

“Full Contribution”—For Employees Hired On/Before January 9, 2009

- Assumes monthly total cost rate for Active Employee Only coverage of \$1,000 (used in Early Retiree “actuarial difference” calculation)
- Assumes 10-County survey monthly amount of \$700
- Prop. E contribution: 50% of (Row 1 minus Row 2 minus Row 3 minus Row 4) for Retiree Only and Retiree + 1 tiers (R+2+ = R+1 amount)

		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)
Row 1	Total Monthly Cost Rate	\$2,000.00	\$4,000.00	\$6,000.00	\$500.00	\$1,000.00	\$1,500.00
Row 2	10-County Amount (or single tier premium, if less)	\$700.00	\$0.00	\$0.00	\$500.00	\$0.00	\$0.00
Row 3	Single Retiree Offset for 10-County Amount	\$0.00	\$700.00	\$700.00	\$0.00	\$500.00	\$500.00
Row 4	"Actuarial Difference"	\$1,000.00	\$1,000.00	\$1,000.00	\$0.00	\$0.00	\$0.00
Row 5	Prop. E Contribution	\$150.00	\$1,150.00	\$1,150.00	\$0.00	\$250.00	\$250.00
Row 6	Total Employer Contribution	\$1,850.00	\$2,850.00	\$2,850.00	\$500.00	\$750.00	\$750.00
Row 7	Net Retiree Contribution (Row 1 – Row 6)	\$150.00	\$1,150.00	\$3,150.00	\$0.00	\$250.00	\$750.00

Background—Retirees Who Were Hired On or After January 10, 2009

- Under Charter Section A8.428(b), five contribution classifications exist based on service credit and other criteria.
- **The 50% classification will apply for the first time during 2019.**

Years of Credited Service At Retirement	Percentage of Employer Contribution Established in A8.428 Subsection (b)(3)
Less than 5 years of Credited Service with the Employers (except for the surviving spouses or surviving domestic partners of active employees who died in the line of duty)	No Retiree Medical Benefits Coverage
At least 5 but less than 10 years of Credited Service with the Employers; or greater than 10 years of Credited Service with the Employers but not eligible to receive benefits under Subsections (a)(4), (b)(4) and (b)(5) (A8.428 Subsection (b)(6))	0% - Access to Retiree Medical Benefits Coverage, Including Access to Dependent Coverage, But No Employer Contribution; Employee Pays Health Insurance Premium
At least 10 but less than 15 years of Credited Service with the Employers (A8.428 Subsection (b)(5))	50%
At least 15 but less than 20 years of Credited Service with the Employers (A8.428 Subsection (b)(5))	75%
At least 20 years of Credited Service with the Employers; Retired Persons who retired for disability; surviving spouses or surviving domestic partners of active employees who died in the line of duty (A8.428 Subsection (b)(4))	100%

Retiree Contribution Formula—Sample Illustration

“50% of Full Contribution”—Employees Hired On/After January 10, 2009, With At Least 10, But Less Than 15 Years of Credited Service)

- Same total cost assumptions as prior example—but with 50% of the employer 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)
Row 1	Total Monthly Cost Rate	\$2,000.00	\$4,000.00	\$6,000.00	\$500.00	\$1,000.00	\$1,500.00
Row 2	10-County Amount (or single tier premium, if less)	\$700.00	\$0.00	\$0.00	\$500.00	\$0.00	\$0.00
Row 3	Single Retiree Offset for 10-County Amount	\$0.00	\$700.00	\$700.00	\$0.00	\$500.00	\$500.00
Row 4	"Actuarial Difference"	\$1,000.00	\$1,000.00	\$1,000.00	\$0.00	\$0.00	\$0.00
Row 5	Prop. E Contribution	\$150.00	\$1,150.00	\$1,150.00	\$0.00	\$250.00	\$250.00
Row 6	Total Employer Contribution—"Full Contribution" Group	\$1,850.00	\$2,850.00	\$2,850.00	\$500.00	\$750.00	\$750.00
Row 7	Multiplier: Prop. B Retirees	50%	50%	50%	50%	50%	50%
Row 8	Employer Contribution—50% Group	\$925.00	\$1,425.00	\$1,425.00	\$250.00	\$375.00	\$375.00
Row 9	Net Retiree Contribution (Row 1 – Row 8)	\$1,075.00	\$2,575.00	\$4,575.00	\$250.00	\$625.00	\$1,125.00

New Retiree Contribution Group in 2019

- As noted on prior pages, individuals hired on or after January 10, 2009, with at least 10, but less than 15 years of Credited Service with the Employers, are eligible to retire with a Charter contribution level equal to 50% of the full contribution levels reflected in retiree rate cards.
- This applies for each retiree medical plan and coverage tier.
- Communication and enrollment materials for the 2019 plan year will reflect the 50% contribution level.