

# Health Service Board City & County of San Francisco

## Rates & Benefits

UnitedHealthcare Medicare Advantage PPO Fully Funded  
Retiree Rates and Premium Contributions for 2017 Plan  
Year

June 21, 2016

**Renewal**



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# Summary

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- On May 14, 2015 the Health Services Board (HSB) approved offering a UnitedHealthcare (UHC) Medicare Advantage PPO as an additional option for retirees.
- Enrollment in 2016 was higher than expected with approximately 1,345 retirees with their dependents covered as of May 1, 2016. Additionally, member feedback has been positive with no retiree complaints.
- This presentation provides the 2017 retiree rates for the Medicare Advantage PPO plan. The proposed monthly rate is \$334.11 per retiree per month or a 9.5% increase largely due to an increase in the EGWP costs presented at the May 12, 2016 Health Service Board meeting.

When setting the total overall premiums for the UHC Medicare Advantage PPO Plan, the following HSS costs are included:

- The VSP vision (which is a 2% decrease for 2017)
- The Healthcare Sustainability Fee which is \$3.00 per employee per month for 2017
- Best Doctors (second opinion benefit) which is \$1.40 per employee per month

# 2017 UnitedHealthcare Medicare Advantage PPO Monthly Rate Card

	UnitedHealthcare Medicare Advantage PPO			
	Retiree with Medicare	Retiree & Spouse with Medicare	Retiree & Family (All Medicare)	Retiree & Family
Premium	\$334.11	\$668.22	\$1,002.33	\$1,525.90
Vision Expense	\$3.95	\$7.92	\$11.20	\$11.20
Best Doctors <sup>1</sup>	\$3.00	\$3.00	\$3.00	\$3.00
<b>Total</b>	<b>\$342.46</b>	<b>\$680.54</b>	<b>\$1,017.93</b>	<b>\$1,541.50</b>
10-County Amount (Early Retirees and Retirees Only) <sup>2</sup>	\$342.46	\$0.00	\$0.00	\$0.00
Single Retiree Offset <sup>3</sup>	\$0.00	\$342.46	\$342.46	\$342.46
"Actuarial Difference" <sup>4</sup>	\$0.00	\$0.00	\$0.00	\$0.00
Prop. E Subsidy <sup>5</sup>	\$0.00	\$169.04	\$169.04	\$169.04
Subtotal City Contributions	\$342.46	\$511.50	\$511.50	\$511.50
<b>Non-Bargained Contribution Rate</b>	<b>\$0.00</b>	<b>\$169.04</b>	<b>\$506.43</b>	<b>\$1,030.00</b>
<b>Final Member Contribution 2017</b>	<b>\$0.00</b>	<b>\$169.04</b>	<b>\$506.43</b>	<b>\$1,030.00</b>
<b>Final Member Contribution 2016</b>	<b>\$0.00</b>	<b>\$154.58</b>	<b>\$463.05</b>	<b>\$1,045.01</b>
<b>Difference</b>	<b>\$0.00</b>	<b>\$14.46</b>	<b>\$43.38</b>	<b>-\$15.01</b>

**NOTE—Footnotes 1 – 5 defined on page 7**

# 2017 UnitedHealthcare Medicare Advantage PPO Retiree Renewal Premiums and Contributions

		UnitedHealthcare Medicare Advantage PPO			
		RET	RET + 1	RET + 2 (All Medicare)	RET + 2 (Other)
Retiree Contributions	<b>Plan Year 2016</b>	<b>\$0.00</b>	<b>\$154.58</b>	<b>\$463.05</b>	<b>\$1,045.01</b>
	<b>Plan Year 2017</b>	<b>\$0.00</b>	<b>\$169.04</b>	<b>\$506.43</b>	<b>\$1,030.00</b>
	<i>\$ Increase</i>	<i>+\$0.00</i>	<i>+\$14.46</i>	<i>+\$43.38</i>	<i>-\$15.01</i>
	<i>% Increase</i>	<i>-</i>	<i>+9.35%</i>	<i>+9.37%</i>	<i>-1.44%</i>
Employer Contributions	<b>Plan Year 2016</b>	<b>\$311.20</b>	<b>\$465.79</b>	<b>\$465.79</b>	<b>\$465.79</b>
	<b>Plan Year 2017</b>	<b>\$342.46</b>	<b>\$511.50</b>	<b>\$511.50</b>	<b>\$511.50</b>
	<i>\$ Increase</i>	<i>+\$31.26</i>	<i>+\$45.71</i>	<i>+\$45.71</i>	<i>+\$45.71</i>
	<i>% Increase</i>	<i>+10.05%</i>	<i>+9.81%</i>	<i>+9.81%</i>	<i>+9.81%</i>
Total Rate	<b>Plan Year 2016</b>	<b>\$311.20</b>	<b>\$620.37</b>	<b>\$928.84</b>	<b>\$1,510.80</b>
	<b>Plan Year 2017</b>	<b>\$342.46</b>	<b>\$680.54</b>	<b>\$1,017.93</b>	<b>\$1,541.50</b>
	<i>\$ Increase</i>	<i>+\$31.26</i>	<i>+\$60.17</i>	<i>+\$89.09</i>	<i>+\$30.70</i>
	<i>% Increase</i>	<i>+10.05%</i>	<i>+9.70%</i>	<i>+9.59%</i>	<i>+2.03%</i>

## Member Impact

- Retiree (RET) Only monthly contributions are constant at \$0.00.
- RET+1 monthly contributions increases by \$14.46.
- RET+2 (All Medicare) increases by \$43.38 and decreases by (\$15.01) for RET+2 (Other).

## Employer Impact

- Retiree (RET) Only monthly contributions are increases by \$31.26.
- All other tiers increases by \$45.71.

## Recommendation

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Aon recommends that if the Health Service Board does not adopt the plan to fully fund City Plan's PPO and the option of the UnitedHealthcare Medicare Advantage PPO, the "New Fully Funded City Plan" for Blue Shield of California members, then the Health Service Board should adopt the UnitedHealthcare Medicare Advantage PPO renewal as presented.

# Appendix

## UnitedHealthcare Rate Card Footnotes

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- 1) Best Doctors—Second opinion vendor that costs \$1.40 PEPM, including claims data intake to identify members for outreach.
- 2) "10 County" City Contribution: Per Charter Section A8.423, the employer contribution must equal the average of the employer contribution to health premiums of the 10 most populous counties in California, not including San Francisco. If the total single premium is less than the "10 County" amount, which is \$604.84 for 2017, then the total single premium is applied.
- 3) "Single Retiree Offset": Per Charter Section A8.428, for retirees = 10 County Amount; for Medicare eligible retirees = Medicare premium (because it is lower than 10 County Amount).
- 4) Retiree "Actuarial Difference": Per Charter Section A8.428, employer contributes the difference between a single employee and a single non-Medicare retiree cost of premium. Calculated for non-Medicare retiree only.
- 5) Prop. E Subsidy passed in November 2000 election: Per Charter A8.428, employer subsidy for retiree (R) and R+1 =  $50\% \times [\text{Total Rate Cost} - 10 \text{ County} - \text{Actuarial Difference}]$ .

# Appendix

## Glossary

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- **Medicare Advantage Prescription Drug Plan (MAPD):** 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.