

Health Service Board City & County of San Francisco

Rates & Benefits

UnitedHealthcare (UHC) Medicare Advantage PPO (New City Plan) Fully Funded Retiree Rates and Premium Contributions for 2018 Plan Year

June 8, 2017



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Summary

- On June 21, 2016, the Health Services Board (HSB) approved offering a UnitedHealthcare (UHC) Medicare Advantage PPO (“New City Plan”) as a replacement program for the Blue Shield of California Medicare Advantage and UHC self-funded PPO Medicare programs
- The adoption of the UnitedHealthcare (UHC) Medicare Advantage PPO (New City Plan) left the Medicare-eligible population with two plan choices for plan year 2017. The choices are the Kaiser Medicare Advantage HMO and the UnitedHealthcare (UHC) Medicare Advantage PPO (New City Plan)
- The 2017 enrollment in the New City Plan exceeded 14,000 retirees. This high degree of member acceptance triggered a 2018 rate cap of \$336.00 per retiree per month (PRPM) (4%)
- The 2018 rate cap did not include the Federal Health Insurance Tax (HIT) since it was deferred in 2017

Summary (continued)

- This presentation provides the 2018 retiree rates for the UnitedHealthcare (UHC) Medicare Advantage PPO (New City Plan)
- In 2017 the rate for the UnitedHealthcare (UHC) Medicare Advantage PPO (New City Plan) is \$320.83 PRPM. The 2018 rate is \$374.16 PRPM which is an increase of \$53.33. The components of the increase are:
 - \$38.16 PRPM due to the assessment of the HIT which was deferred in 2017 but is in effect in 2018
 - \$15.17 PRPM based on the initial claims experience along with the increase in the Federal reimbursement rate for Medicare Advantage plans
- The 2018 rate cap is \$336.00 PRPM. The actual 2018 rate is \$374.16 PRPM a difference of \$38.16 PRPM which is solely due the HIT

Summary (continued)

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

- The VSP vision
- The Healthcare Sustainability Fee which is \$3.00 per retiree per month for 2018
- Best Doctors (second opinion benefit) which is \$1.40 per retiree per month

Please note that the possibility exists, based on potential legislation under the American Health Care Act, that the HIT tax could be eliminated for 2018. The Health Service System (HSS) will keep the HSB apprised of the status of the potential repeal. If such repeal comes to pass, the SFHSS will need to adjust the retiree contributions to reflect the reduced premium level

Summary (continued)

Rate cards:

At the May 11, 2017 HSB meeting, the BlueShield of California (BSC) Trio network, in conjunction with the present HMO Access + network, offering was approved. As a result of this action, the non-Medicare members associated with Medicare retirees can have coverage in either network.

This creates the need for two rate cards for approval by the HSB. One set has non-Medicare associated members in the BSC HMO Access +, the other has non-Medicare members in the BSC Trio plan

At the June 8, 2017 HSB meeting, the HSB will approve one of three rates for plan year 2018 for the UnitedHealthcare self-funded PPO. Rate cards for the UnitedHealthcare (UHC) Medicare Advantage PPO (New City Plan) for all of the possible options are in the appendix

2018 UHC Medicare Advantage PPO Plan Monthly Rate Card

	UHC Medicare Advantage PPO (Non-Medicare covered under BSC HMO Access +)			
	Retiree with Medicare	Retiree & Spouse with Medicare	Retiree & Family (All Medicare)	Retiree & Family
Premium	\$374.16	\$748.32	\$1,122.48	\$1,397.13
Vision Expense	\$3.95	\$7.92	\$11.20	\$11.20
Best Doctors ¹	\$1.40	\$1.40	\$1.40	\$1.40
Total	\$382.51	\$760.64	\$1,138.08	\$1,412.73
10-County Amount (Early Retirees and Retirees Only) ²	\$382.51	\$0.00	\$0.00	\$0.00
Single Retiree Offset ³	\$0.00	\$382.51	\$382.51	\$382.51
"Actuarial Difference" ⁴	\$0.00	\$0.00	\$0.00	\$0.00
Prop. E Subsidy ⁵	\$0.00	\$189.07	\$189.07	\$189.07
Subtotal City Contributions	\$382.51	\$571.58	\$571.58	\$571.58
Non-Bargained Contribution Rate	\$0.00	\$189.06	\$566.50	\$841.15
Final Member Contribution 2018	\$0.00	\$189.06	\$566.50	\$841.15
Final Member Contribution 2017	\$0.00	\$162.40	\$486.51	\$783.07
Difference	\$0.00	\$26.66	\$79.99	\$58.08

NOTE—Footnotes 1 – 5 defined on pages 20 & 21

2018 UHC Medicare Advantage PPO Retiree Renewal Premiums and Contributions

		UHC Medicare Advantage PPO (Non-Medicare covered under BSC HMO Access +)			
		RET	RET + 1	RET + 2 (All Medicare)	RET + 2 (Other)
Retiree Contributions	Plan Year 2017	\$0.00	\$162.40	\$486.51	\$783.07
	Plan Year 2018	\$0.00	\$189.06	\$566.50	\$841.15
	<i>\$ Increase</i>	+\$0.00	+\$26.66	+\$79.99	+\$58.08
	<i>% Increase</i>	-	+16.42%	+16.44%	+7.42%
Employer Contributions	Plan Year 2017	\$329.18	\$491.58	\$491.58	\$491.58
	Plan Year 2018	\$382.51	\$571.58	\$571.58	\$571.58
	<i>\$ Increase</i>	+\$53.33	+\$80.00	+\$80.00	+\$80.00
	<i>% Increase</i>	+16.20%	+16.27%	+16.27%	+16.27%
Total Rate	Plan Year 2017	\$329.18	\$653.98	\$978.09	\$1,274.65
	Plan Year 2018	\$382.51	\$760.64	\$1,138.08	\$1,412.73
	<i>\$ Increase</i>	+\$53.33	+\$106.66	+\$159.99	+\$138.08
	<i>% Increase</i>	+16.20%	+16.31%	+16.36%	+10.83%

Member Impact

- Retiree (RET) Only monthly contributions are constant at \$0.00
- RET+1 monthly contributions increases by \$26.66
- RET+2 (All Medicare) increases by \$79.99 and \$58.08 for RET+2 (Other)

Employer Impact

- Retiree (RET) Only monthly contributions increases by \$53.33
- All other tiers increase by \$80.00

2018 UHC Medicare Advantage PPO Plan Monthly Rate Card

	UHC Medicare Advantage PPO (Non-Medicare covered under BSC Trio)			
	Retiree with Medicare	Retiree & Spouse with Medicare	Retiree & Family (All Medicare)	Retiree & Family
Premium	\$374.16	\$748.32	\$1,122.48	\$1,329.06
Vision Expense	\$3.95	\$7.92	\$11.20	\$11.20
Best Doctors ¹	\$1.40	\$1.40	\$1.40	\$1.40
Total	\$382.51	\$760.64	\$1,138.08	\$1,344.66
10-County Amount (Early Retirees and Retirees Only) ²	\$382.51	\$0.00	\$0.00	\$0.00
Single Retiree Offset ³	\$0.00	\$382.51	\$382.51	\$382.51
"Actuarial Difference" ⁴	\$0.00	\$0.00	\$0.00	\$0.00
Prop. E Subsidy ⁵	\$0.00	\$189.07	\$189.07	\$189.07
Subtotal City Contributions	\$382.51	\$571.58	\$571.58	\$571.58
Non-Bargained Contribution Rate	\$0.00	\$189.06	\$566.50	\$773.08
Final Member Contribution 2018	\$0.00	\$189.06	\$566.50	\$773.08
Final Member Contribution 2017	\$0.00	\$162.40	\$486.51	\$783.07
Difference	\$0.00	\$26.66	\$79.99	-\$9.99

NOTE—Footnotes 1 – 5 defined on pages 20 & 21

2018 UHC Medicare Advantage PPO Plan Retiree Renewal Premiums and Contributions

		UHC Medicare Advantage PPO (Non-Medicare covered under BSC Trio)			
		RET	RET + 1	RET + 2 (All Medicare)	RET + 2 (Other)
Retiree Contributions	Plan Year 2017	\$0.00	\$162.40	\$486.51	\$783.07
	Plan Year 2018	\$0.00	\$189.06	\$566.50	\$773.08
	\$ Increase	+\$0.00	+\$26.66	+\$79.99	-\$9.99
	% Increase	-	+16.42%	+16.44%	-1.28%
Employer Contributions	Plan Year 2017	\$329.18	\$491.58	\$491.58	\$491.58
	Plan Year 2018	\$382.51	\$571.58	\$571.58	\$571.58
	\$ Increase	+\$53.33	+\$80.00	+\$80.00	+\$80.00
	% Increase	+16.20%	+16.27%	+16.27%	+16.27%
Total Rate	Plan Year 2017	\$329.18	\$653.98	\$978.09	\$1,274.65
	Plan Year 2018	\$382.51	\$760.64	\$1,138.08	\$1,344.66
	\$ Increase	+\$53.33	+\$106.66	+\$159.99	+\$70.01
	% Increase	+16.20%	+16.31%	+16.36%	+5.49%

Member Impact

- Retiree (RET) Only monthly contributions are constant at \$0.00
- RET+1 monthly contributions increases by \$26.66
- RET+2 (All Medicare) increases by \$79.99 and decreases by (\$9.99) for RET+2 (Other)

Employer Impact

- Retiree (RET) Only monthly contributions increases by \$53.33
- All other tiers increase by \$80.00

Recommendation

Aon recommends UHC Medicare Advantage PPO rates as presented

Appendix

2018 UHC Medicare Advantage PPO Plan Monthly Rate Card

	UHC Medicare Advantage PPO (Non-Medicare covered under UHC Status Quo)			
	Retiree with Medicare	Retiree & Spouse with Medicare	Retiree & Family (All Medicare)	Retiree & Family
Premium	\$374.16	\$748.32	\$1,122.48	\$1,593.22
Vision	\$3.95	\$7.92	\$11.20	\$11.20
Expense	\$3.00	\$3.00	\$3.00	\$3.00
Best Doctors ¹	\$1.40	\$1.40	\$1.40	\$1.40
Total	\$382.51	\$760.64	\$1,138.08	\$1,608.82
10-County Amount (Early Retirees and Retirees Only) ²	\$382.51	\$0.00	\$0.00	\$0.00
Single Retiree Offset ³	\$0.00	\$382.51	\$382.51	\$382.51
"Actuarial Difference" ⁴	\$0.00	\$0.00	\$0.00	\$0.00
Prop. E Subsidy ⁵	\$0.00	\$189.07	\$189.07	\$189.07
Subtotal City Contributions	\$382.51	\$571.58	\$571.58	\$571.58
Non-Bargained Contribution Rate	\$0.00	\$189.06	\$566.50	\$1,037.24
Final Member Contribution 2018	\$0.00	\$189.06	\$566.50	\$1,037.24
Final Member Contribution 2017	\$0.00	\$162.40	\$486.51	\$941.00
Difference	\$0.00	\$26.66	\$79.99	\$96.24

NOTE—Footnotes 1 – 5 defined on pages 20 & 21

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2018 UHC Medicare Advantage PPO Plan Monthly Rate Card

	UHC Medicare Advantage PPO (Non-Medicare covered under UHC Buy-down Option 1)			
	Retiree with Medicare	Retiree & Spouse with Medicare	Retiree & Family (All Medicare)	Retiree & Family
Premium	\$374.16	\$748.32	\$1,122.48	\$1,552.57
Vision	\$3.95	\$7.92	\$11.20	\$11.20
Expense	\$3.00	\$3.00	\$3.00	\$3.00
Best Doctors ¹	\$1.40	\$1.40	\$1.40	\$1.40
Total	\$382.51	\$760.64	\$1,138.08	\$1,568.17
10-County Amount (Early Retirees and Retirees Only) ²	\$382.51	\$0.00	\$0.00	\$0.00
Single Retiree Offset ³	\$0.00	\$382.51	\$382.51	\$382.51
"Actuarial Difference" ⁴	\$0.00	\$0.00	\$0.00	\$0.00
Prop. E Subsidy ⁵	\$0.00	\$189.07	\$189.07	\$189.07
Subtotal City Contributions	\$382.51	\$571.58	\$571.58	\$571.58
Non-Bargained Contribution Rate	\$0.00	\$189.06	\$566.50	\$996.59
Final Member Contribution 2018	\$0.00	\$189.06	\$566.50	\$996.59
Final Member Contribution 2017	\$0.00	\$162.40	\$486.51	\$941.00
Difference	\$0.00	\$26.66	\$79.99	\$55.59

NOTE—Footnotes 1 – 5 defined on pages 20 & 21

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2018 UHC Medicare Advantage PPO Plan Monthly Rate Card

	UHC Medicare Advantage PPO (Non-Medicare covered under UHC Buy-down Option 2)			
	Retiree with Medicare	Retiree & Spouse with Medicare	Retiree & Family (All Medicare)	Retiree & Family
Premium	\$374.16	\$748.32	\$1,122.48	\$1,593.22
Vision	\$3.95	\$7.92	\$11.20	\$11.20
Expense	\$3.00	\$3.00	\$3.00	\$3.00
Best Doctors ¹	\$1.40	\$1.40	\$1.40	\$1.40
Total	\$382.51	\$760.64	\$1,138.08	\$1,608.82
10-County Amount (Early Retirees and Retirees Only) ²	\$382.51	\$0.00	\$0.00	\$0.00
Single Retiree Offset ³	\$0.00	\$382.51	\$382.51	\$382.51
"Actuarial Difference" ⁴	\$0.00	\$0.00	\$0.00	\$0.00
Prop. E Subsidy ⁵	\$0.00	\$189.07	\$189.07	\$189.07
Subtotal City Contributions	\$382.51	\$571.58	\$571.58	\$571.58
Non-Bargained Contribution Rate	\$0.00	\$189.06	\$566.50	\$1,037.24
Final Member Contribution 2018	\$0.00	\$189.06	\$566.50	\$1,037.24
Final Member Contribution 2017	\$0.00	\$162.40	\$486.51	\$941.00
Difference	\$0.00	\$26.66	\$79.99	\$96.24

NOTE—Footnotes 1 – 5 defined on pages 20 & 21

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2018 UHC Medicare Advantage PPO Monthly Rate Card – with Costco Vision Plan

	UHC Medicare Advantage PPO (Non-Medicare covered under BSC HMO Access +)			
	Retiree with Medicare	Retiree & Spouse with Medicare	Retiree & Family (All Medicare)	Retiree & Family
Premium	\$374.16	\$748.32	\$1,122.48	\$1,397.13
Vision Expense	\$4.13	\$8.28	\$11.70	\$11.70
Best Doctors ¹	\$3.00	\$3.00	\$3.00	\$3.00
Total	\$382.69	\$761.00	\$1,138.58	\$1,413.23
10-County Amount (Early Retirees and Retirees Only) ²	\$382.69	\$0.00	\$0.00	\$0.00
Single Retiree Offset ³	\$0.00	\$382.69	\$382.69	\$382.69
"Actuarial Difference" ⁴	\$0.00	\$0.00	\$0.00	\$0.00
Prop. E Subsidy ⁵	\$0.00	\$189.16	\$189.16	\$189.16
Subtotal City Contributions	\$382.69	\$571.85	\$571.85	\$571.85
Non-Bargained Contribution Rate	\$0.00	\$189.15	\$566.73	\$841.38
Final Member Contribution 2018	\$0.00	\$189.15	\$566.73	\$841.38
Final Member Contribution 2017	\$0.00	\$162.40	\$486.51	\$783.07
Difference	\$0.00	\$26.75	\$80.22	\$58.31

NOTE—Footnotes 1 – 5 defined on pages 20 & 21

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2018 UHC Medicare Advantage PPO Monthly Rate Card – with Costco Vision Plan

	UHC Medicare Advantage PPO (Non-Medicare covered under BSC Trio)			
	Retiree with Medicare	Retiree & Spouse with Medicare	Retiree & Family (All Medicare)	Retiree & Family
Premium	\$374.16	\$748.32	\$1,122.48	\$1,329.06
Vision Expense	\$4.13	\$8.28	\$11.70	\$11.70
Best Doctors ¹	\$1.40	\$1.40	\$1.40	\$1.40
Total	\$382.69	\$761.00	\$1,138.58	\$1,345.16

10-County Amount (Early Retirees and Retirees Only) ²	\$382.69	\$0.00	\$0.00	\$0.00
Single Retiree Offset ³	\$0.00	\$382.69	\$382.69	\$382.69
"Actuarial Difference" ⁴	\$0.00	\$0.00	\$0.00	\$0.00
Prop. E Subsidy ⁵	\$0.00	\$189.16	\$189.16	\$189.16
Subtotal City Contributions	\$382.69	\$571.85	\$571.85	\$571.85
Non-Bargained Contribution Rate	\$0.00	\$189.15	\$566.73	\$773.31

Final Member Contribution 2018	\$0.00	\$189.15	\$566.73	\$773.31
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Final Member Contribution 2017	\$0.00	\$162.40	\$486.51	\$783.07
Difference	\$0.00	\$26.75	\$80.22	-\$9.76

NOTE—Footnotes 1 – 5 defined on pages 20 & 21

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2018 UHC Medicare Advantage PPO Monthly Rate Card – with Costco Vision Plan

	UHC Medicare Advantage PPO (Non-Medicare covered under UHC Status Quo)			
	Retiree with Medicare	Retiree & Spouse with Medicare	Retiree & Family (All Medicare)	Retiree & Family
Premium	\$374.16	\$748.32	\$1,122.48	\$1,593.22
Vision Expense	\$4.13	\$8.28	\$11.70	\$11.70
Best Doctors ¹	\$1.40	\$1.40	\$1.40	\$1.40
Total	\$382.69	\$761.00	\$1,138.58	\$1,609.32
10-County Amount (Early Retirees and Retirees Only) ²	\$382.69	\$0.00	\$0.00	\$0.00
Single Retiree Offset ³	\$0.00	\$382.69	\$382.69	\$382.69
"Actuarial Difference" ⁴	\$0.00	\$0.00	\$0.00	\$0.00
Prop. E Subsidy ⁵	\$0.00	\$189.16	\$189.16	\$189.16
Subtotal City Contributions	\$382.69	\$571.85	\$571.85	\$571.85
Non-Bargained Contribution Rate	\$0.00	\$189.15	\$566.73	\$1,037.47
Final Member Contribution 2018	\$0.00	\$189.15	\$566.73	\$1,037.47
Final Member Contribution 2017	\$0.00	\$162.40	\$486.51	\$941.00
Difference	\$0.00	\$26.75	\$80.22	\$96.47

NOTE—Footnotes 1 – 5 defined on pages 20 & 21

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2018 UHC Medicare Advantage PPO Plan Monthly Rate Card – with Costco Vision Plan

	UHC Medicare Advantage PPO (Non-Medicare covered under UHC Buy-down Option 1)			
	Retiree with Medicare	Retiree & Spouse with Medicare	Retiree & Family (All Medicare)	Retiree & Family
Premium	\$374.16	\$748.32	\$1,122.48	\$1,552.57
Vision	\$4.13	\$8.28	\$11.70	\$11.70
Expense	\$3.00	\$3.00	\$3.00	\$3.00
Best Doctors ¹	\$1.40	\$1.40	\$1.40	\$1.40
Total	\$382.69	\$761.00	\$1,138.58	\$1,568.67

10-County Amount (Early Retirees and Retirees Only) ²	\$382.69	\$0.00	\$0.00	\$0.00
Single Retiree Offset ³	\$0.00	\$382.69	\$382.69	\$382.69
"Actuarial Difference" ⁴	\$0.00	\$0.00	\$0.00	\$0.00
Prop. E Subsidy ⁵	\$0.00	\$189.16	\$189.16	\$189.16
Subtotal City Contributions	\$382.69	\$571.85	\$571.85	\$571.85
Non-Bargained Contribution Rate	\$0.00	\$189.15	\$566.73	\$996.82

Final Member Contribution 2018	\$0.00	\$189.15	\$566.73	\$996.82
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Final Member Contribution 2017	\$0.00	\$162.40	\$486.51	\$941.00
Difference	\$0.00	\$26.75	\$80.22	\$55.82

NOTE—Footnotes 1 – 5 defined on pages 20 & 21

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2018 UHC Medicare Advantage PPO Plan Rate Card – with Costco Vision Plan

	UHC Medicare Advantage PPO (Non-Medicare covered under UHC Buy-down Option 2)			
	Retiree with Medicare	Retiree & Spouse with Medicare	Retiree & Family (All Medicare)	Retiree & Family
Premium	\$374.16	\$748.32	\$1,122.48	\$1,593.22
Vision	\$4.13	\$8.28	\$11.70	\$11.70
Expense	\$3.00	\$3.00	\$3.00	\$3.00
Best Doctors ¹	\$1.40	\$1.40	\$1.40	\$1.40
Total	\$382.69	\$761.00	\$1,138.58	\$1,609.32
10-County Amount (Early Retirees and Retirees Only) ²	\$382.69	\$0.00	\$0.00	\$0.00
Single Retiree Offset ³	\$0.00	\$382.69	\$382.69	\$382.69
"Actuarial Difference" ⁴	\$0.00	\$0.00	\$0.00	\$0.00
Prop. E Subsidy ⁵	\$0.00	\$189.16	\$189.16	\$189.16
Subtotal City Contributions	\$382.69	\$571.85	\$571.85	\$571.85
Non-Bargained Contribution Rate	\$0.00	\$189.15	\$566.73	\$1,037.47
Final Member Contribution 2018	\$0.00	\$189.15	\$566.73	\$1,037.47
Final Member Contribution 2017	\$0.00	\$162.40	\$486.51	\$941.00
Difference	\$0.00	\$26.75	\$80.22	\$96.47

NOTE—Footnotes 1 – 5 defined on pages 20 & 21

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UnitedHealthcare Rate Card Footnotes

- 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 2018, 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)

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UnitedHealthcare Rate Card Footnotes

- 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

- **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