

# San Francisco Health Service System Health Service Board

## **Rates & Benefits**

Vision (VSP) 2021 Insured Rate Renewal Presentation

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**Prepared by:**  
Health Solutions



## Introduction

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- Presently, the San Francisco Health Service System (SFHSS) offers two plan designs to active employees and retirees through Vision Service Plan (VSP):
  - The “Basic Plan” has been offered for many years as part of enrollment in an SFHSS medical plan; and
  - The “Premier Plan”, offered initially in 2018, provides a higher level of benefits than the Basic Plan (e.g., lower member copays, higher frame and elective contact lens allowances, and ability to obtain new frames / lenses / contacts every calendar year) at a member-paid contribution rate equal to the Premier Plan total premium rates less the Basic Plan total premium rates.
- Some SFHSS members also have access to VSP’s Computer VisionCare benefit.
- This document outlines recommendations for the 2021 renewal for the VSP plans offered by SFHSS.

## Recommendations

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- Aon recommends the HSB confirm the following today for the 2021 plan year:
  - (1) VSP Basic Plan total premium rates;
  - (2) VSP Premier Plan total premium rates;
  - (3) VSP Computer VisionCare total premium rates; and
  - (4) VSP Premier Plan participant contribution rates.
  
- Specific information on proposed 2021 plan rates is outlined on the following pages.

## VSP Renewal—Premium Guarantee

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- Effective January 1, 2017, the San Francisco Health Service System (SFHSS) and VSP entered into the following 5-year renewal agreement on the underlying Basic Plan vision premiums:
  - 2017: 2% decrease to 2016 rates
  - 2018: No change
  - 2019: No change
  - 2020: Premium increase not to exceed 2% and only if Paid Loss Ratio is 100% or more <sup>[1]</sup>
  - 2021: Premium increase not to exceed 2% and only if Paid Loss Ratio is 100% or more <sup>[1]</sup>
- Premier Plan was subsequently added for the 2018 plan year.
- Because the overall paid loss ratio for 2019 did exceed 100%, the 2% overall premium increase will apply for the 2021 plan year.
  - The Basic Plan and Computer VisionCare benefit paid loss ratios were below 100%.
  - The Premier Plan paid loss ratio was significantly above 100%.

*[1] If the Paid Loss Ratio is less than 100%, rates remain flat.*

## VSP Renewal—2021 Proposed Premiums

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- Given the significantly high loss ratio experience for the Premier Plan in 2019, which also occurred in 2018, VSP has agreed to the following rate actions into the 2021 plan year on a constant plan design basis:
  - Basic Plan: **No change** from 2020 premium rates;
  - Premier Plan: 4.1% increase from 2020 premium plan rates; and
  - Computer VisionCare benefit: **No change** from 2020 premium rates.
- This results in an aggregate 2% premium increase based on current enrolled member counts by plan.

## VSP Renewal—Enrollment Shifts Into Premier Plan

- As seen below, enrollment in the Premier Plan has continued to increase from its introduction in the 2018 plan year, through the 2020 plan year open enrollment figures. This demonstrates increasing interest in SFHSS members for the Premier Plan.

----- Average 2018 Enrollment -----					
VSP Plan	EE / Ret Only	EE / Ret + 1 Dep	EE / Ret + 2+ Deps	Total	Percent
Basic Plan	34,451	14,767	9,720	58,937	85%
Premier Plan	4,980	3,459	2,049	10,488	15%

----- Average 2019 Enrollment -----					
VSP Plan	EE / Ret Only	EE / Ret + 1 Dep	EE / Ret + 2+ Deps	Total	Percent
Basic Plan	32,801	13,745	8,867	55,412	79%
Premier Plan	7,169	4,801	3,065	15,034	21%

----- January 2020 Enrollment -----					
VSP Plan	EE / Ret Only	EE / Ret + 1 Dep	EE / Ret + 2+ Deps	Total	Percent
Basic Plan	31,747	13,106	8,240	53,093	75%
Premier Plan	8,512	5,697	3,812	18,021	25%

# VSP Renewal—2021 Proposed Premiums

## Proposed 2021 Plan Year Monthly Rates

		Monthly Vision Plan Rates						
		CY2020: EE / Ret Only	CY2020: EE / Ret + 1	CY2020: EE / Ret + 2+	CY2021: EE / Ret Only	CY2021: EE / Ret + 1	CY2021: EE / Ret + 2+	Change
<b>Basic Plan</b>	▪ Rates are part of medical rate cards	\$3.95	\$7.92	\$11.20	<b>\$3.95</b>	<b>\$7.92</b>	<b>\$11.20</b>	No Change
<b>Premier Plan</b>	▪ Total premium rate	\$13.88	\$22.90	\$42.26	<b>\$14.45</b>	<b>\$23.84</b>	<b>\$43.99</b>	+4.1%
	▪ Member-paid contribution rate <sup>[1]</sup>	\$9.93	\$14.98	\$31.06	<b>\$10.50</b>	<b>\$15.92</b>	<b>\$32.79</b>	+5.6% to +6.3%
<b>Computer VisionCare</b>		\$0.83	N/A	N/A	<b>\$0.83</b>	<b>N/A</b>	<b>N/A</b>	No Change

[1] Members enrolling in the Premier Plan pay buy-up contribution rates within their chosen dependent coverage tier equal to the difference in total premium rates between the Premier Plan and the Basic Plan, in addition to the increment for Basic Vision embedded into medical rate cards paid by all VSP vision plan enrollees.

## VSP Renewal—HSB Action Recommendation

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- Aon recommends the HSB approve the VSP rating actions for the current plan designs for 2021 plan year:
  - No rate change from 2020 for Basic Plan and Computer VisionCare benefit.
  - 4.1% total premium rate increase from 2020 for Premier Plan—with corresponding member-paid contributions that result as outlined on the prior page.



## Appendix—Plan Design

SFHSS offers VSP’s Choice Core Plan A as the Basic Plan, and Plan C as the Premier Plan. Here is a summary of certain plan design features:

Design Feature		Basic Plan	Premier Plan
Copays		\$10 Exam / \$25 Materials	\$10 Exam / \$0 Materials
Exam Frequency		Every Calendar Year	Every Calendar Year
Lenses Frequency		Every Other Calendar Year <sup>[1]</sup>	Every Calendar Year
Frames Frequency		Every Other Calendar Year	Every Calendar Year
Frame Allowance	(Non-Costco)	\$150	\$300
	(Costco)	\$80	\$165
Elective Contact Lens Allowance		\$150	\$250

*[1] Interim Benefits: Lenses every 12 months with a prescription change of .50 diopter or more and change in axis of 15 degrees or more.*