

# **San Francisco Health Service System Health Service Board**

## **Rates & Benefits**

Review Self-Funded and Flex-Funded Health Plans  
2024 Experience

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March 13, 2025

# Review Self-Funded and Flex-Funded Health Plans 2024 Experience

## Agenda

- 2024 Experience Overview for San Francisco Health Service System (SFHSS) Self-Funded and Flex-Funded Health Plans
  - Blue Shield of California (BSC) Flex-Funded HMO and UnitedHealthcare (UHC) Self-Funded EPO plans
  - Health Net (HN) CanopyCare Flex-Funded HMO plan
  - BSC and UHC Self-Funded Non-Medicare PPO plan
  - Delta Dental of California (DDCA) Self-Funded Active Employee Dental PPO plan
- Appendix—2024 total dollar basis financial exhibits, glossary of terms

# Today's 2024 Plan Experience Information—Background

Today's discussion focuses on reporting of 2024 self-funded and flex-funded health plan experience to the Health Service Board (HSB). This information will be used to determine proposed rate stabilization actions for 2026 plan year rating (today for active dental, in April for medical plans), as well as proposed rating actions for these plans during this Rates and Benefits cycle for the 2026 plan year.

<b>HSB Meeting Date</b>	<b>Rates and Benefits Agenda Items</b>
March 13, 2025	Self-Funded and Flex-Funded Plans 2024 Experience Reviews, Active Employee Dental PPO Plan Stabilization Action
April 10, 2025	Self-Funded and Flex-Funded Plans Rate Stabilization Actions, Kaiser HMO 2024 Experience Review, Dental Plans 2026 Rates
May 8, 2025	Self-Funded and Flex-Funded Health Plans 2026 Rates and Contributions
June 12, 2025	Kaiser HMO Plans and BSC Medicare Advantage PPO Plan 2026 Rates and Contributions

# Today's 2024 Plan Experience Information—Summary

Below is a summary of the percentage changes in per employee/retiree per month (PEPM) plan expenses for each self-funded and flex-funded SFHSS health plan. Details for each plan follow in this presentation.

The 2024 plan experience will be used in plan underwriting to determine projected 2026 plan year costs—with rate changes to then follow based on the comparison of forecast 2026 costs to actual 2025 plan total rates. Rate changes will not be the same as the plan experience changes below.

<b>Self-Funded/Flex-Funded Plan</b>	<b>Plan Cost PEPM Percentage Change, 2023 to 2024</b>
BSC HMO and UHC EPO Plans	+6.8%
Health Net CanopyCare HMO Plan	-4.4%
Non-Medicare PPO Plan	-1.8%
Active Dental PPO Plan	+1.3%

# 1

## Financial Experience Results — Non-Medicare BSC HMO and UHC EPO Plans

# Non-Medicare BSC HMO and UHC EPO Plans 2024 Experience

## Introduction

This section captures information on calendar year 2024 claims, fees, and other associated costs relative to total cost premium rates for the two Blue Shield of California (BSC) flex-funded HMO plans (Access+ and Trio), as well as the associated UnitedHealthcare (UHC) self-funded EPO plans for Non-Medicare “split family” covered lives, for active employees and early retirees. UHC as split family lives EPO plan administrator was new as of January 1, 2023 (though these lives have now shifted to BSC administration for the 2025 plan year).

On the following pages, we summarize 2024 key experience observations, followed by month-by-month financial information contained in the Appendix.

All data provided for the plans’ active employee/early retiree populations in this presentation was provided by SFHSS Finance team staff as well as the health plans.

# Non-Medicare BSC HMO and UHC EPO Plans 2024 Experience

## 2024 Plan Enrollment Splits—BSC and UHC

As exhibited below, BSC administered most (97.7%) of the covered lives in the broad network and narrow network plans offered by SFHSS through BSC and UHC in 2024. On January 1, 2023, UHC became the plan administrator of these plans for Non-Medicare covered lives in “split families” where one or more covered life is Medicare and enrolled in the UHC Medicare Advantage PPO (MAPD) plan—since shifted to BSC for the start of the 2025 plan year. Covered SFHSS members (e.g., active employees and retirees) and covered lives (including dependent counts) from the February 2024 SFHSS Demographic Report and separate UHC Non-Medicare split family reporting provided to Aon are:

	SFHSS Members			Total Covered Lives (incl. dependents)		
	Actives	Retirees	Total	Actives	Retirees	Total
Broad Network Plans						
o BSC Access+ HMO	8,992	1,023	10,015	19,653	1,710	21,363
o UHC Select EPO	<u>18</u>	<u>93</u>	<u>111</u>	<u>22</u>	<u>532</u>	<u>554</u>
o Total - Broad Network Plans	9,010	1,116	10,126	19,675	2,242	21,917
Narrow Network Plans						
o BSC Trio HMO	4,279	629	4,908	8,609	963	9,572
o UHC Doctors EPO	<u>7</u>	<u>27</u>	<u>34</u>	<u>7</u>	<u>174</u>	<u>181</u>
o Total - Broad Network Plans	4,286	656	4,942	8,616	1,137	9,753
Total--BSC HMO/UHC EPO Plans	13,296	1,772	15,068	28,291	3,379	31,670

# Non-Medicare BSC HMO and UHC EPO Plans 2024 Experience

## Medical and Prescription Drug Costs

- After a lower-than-trend increase in medical costs from 2022 to 2023, the medical cost increase into 2024 was higher due to plan experience including an increase in high-cost claimants.
- Prescription drug claims net of rebates increased slightly higher than national trend (around 12%) on a PEPM basis — this continues to be driven by specialty medication spend increases.

BSC HMO/UHC EPO Plan Cost Component	Actual SFHSS Cost Change PEPM, 2022-2023	Actual SFHSS Cost Change PEPM, 2023-2024	BCBS Annual Cost Increase Trend Assumption in 2024 Renewal
<b>Medical including Capitation</b>			
• Before Large Claim Pooling Reimbursements	(3.9%)	9.5%	3.3%
• After Large Claim Pooling Reimbursements	5.1%	7.3%	3.3%
<b>Prescription Drugs (net of rebates)</b>	17.5%	13.3%	12.0%



# Non-Medicare BSC HMO and UHC EPO Plans 2024 Experience

2024 versus 2023 — Per Employee/Retiree Per Month (PEPM) Basis

Average total employees/retirees: 14,978 in 2024 versus 15,019 in 2023

Overall increase in plan expenses: 6.8%

Category	2023 Dollars PEPM	2024 Dollars PEPM	\$ Change PEPM	% Change PEPM
Administration	\$90.13	\$108.80	\$18.67	20.7%
Capitation	\$452.31	\$472.64	\$20.32	4.5%
Medical Claims	\$1,092.29	\$1,219.01	\$126.72	11.6%
Pharmacy Claims	\$415.49	\$473.29	\$57.80	13.9%
Pharmacy Rebate	(\$120.74)	(\$139.29)	(\$18.56)	15.4%
ACO Incentive Payment	\$0.00	\$0.00	\$0.00	NA
Large Claim Pooling	(\$16.82)	(\$53.00)	(\$36.18)	215.1%
Change in IBNR	\$29.72	(\$7.26)	(\$36.98)	-124.4%
<b>Total Expenses</b>	<b>\$1,942.38</b>	<b>\$2,074.18</b>	<b>\$131.80</b>	<b>6.8%</b>

# Key HMO Plans Cost and Utilization Drivers From BSC Reporting\*

## High-Cost Claimants (individuals exceeding \$500,000 claims in a year)

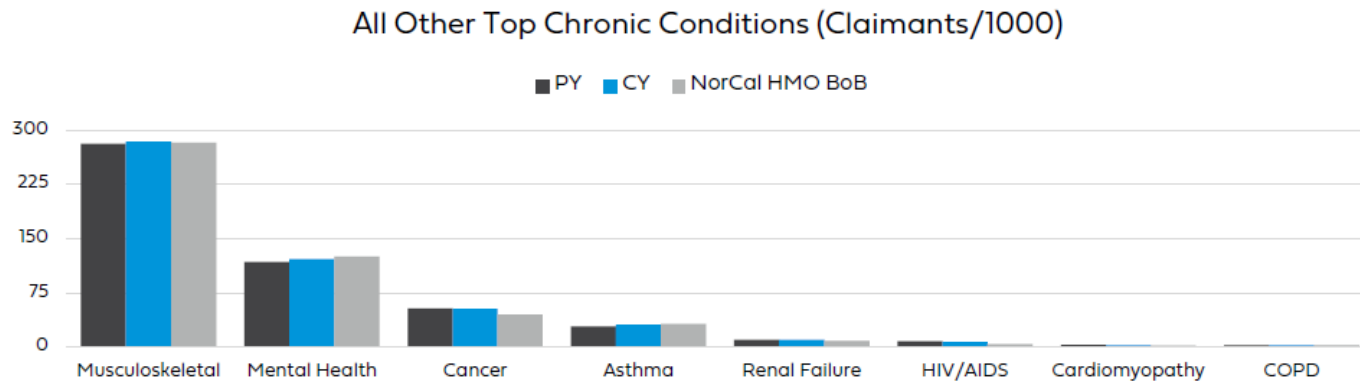
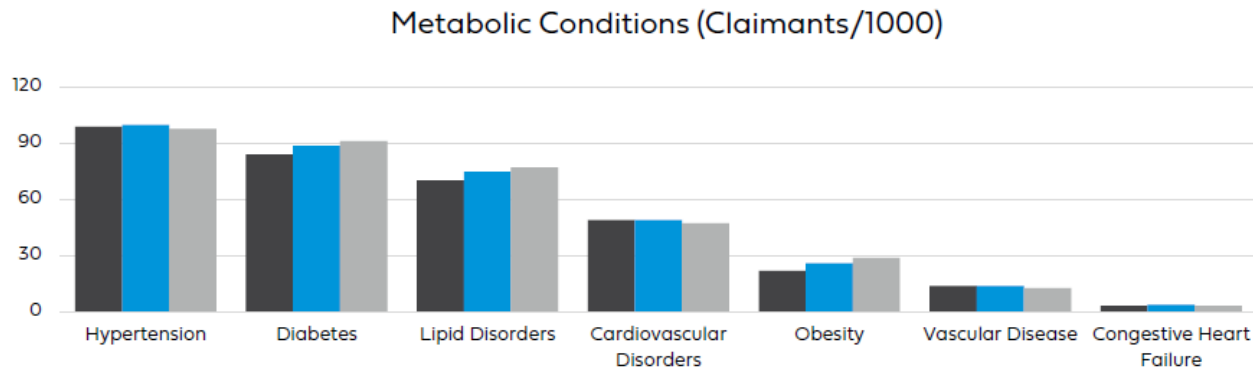
- 38 members exceeded \$500,000 in paid medical/prescription drug claims in 2024 — accounting for \$39.3M of total claim spend.
  - \$9.5M of this was reimbursed to SFHSS for amounts exceeding \$1 million via the large claim pooling mechanism.
  - This compares to \$3.0M reimbursed in 2023 to SFHSS for amounts exceeding \$1 million via the large claim pooling mechanism (where overall in 2023, 37 individuals exceeded \$500,000 in claims).
- Predominant diagnostic categories for 2024 claimants exceeding \$500K were similar to 2023:
  - Childbirth
  - Cancer
  - Cardiovascular
  - Septicemia

\* In 2024, Blue Shield covered about 98% of total covered lives in the BSC HMO/UHC EPO plans; UHC covered the remaining 2% (Non-Medicare “split family” lives)

# Key HMO Plans Cost and Utilization Drivers From BSC Reporting

## BSC HMO Disease Prevalence (Service Dates Through September 2024)

- Diabetes, lipid disorder, and obesity prevalence steadily increased from two years prior to the most recently measured period.



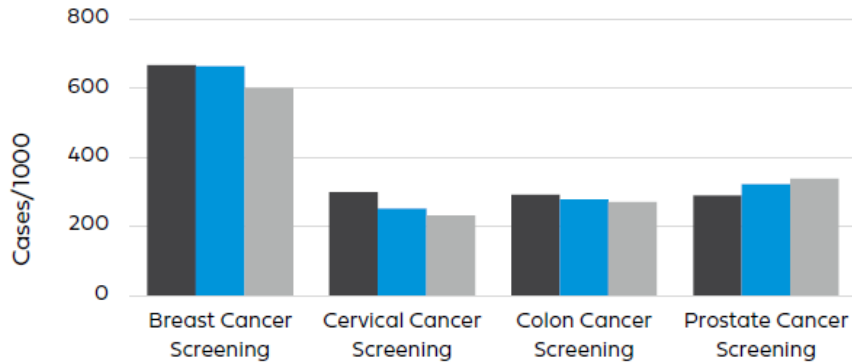
CY = October 2023 – September 2024 service dates; PY = October 2022 – September 2023 service dates; PPY = October 2021 – September 2022 service dates

# Key HMO Plans Cost and Utilization Drivers From BSC Reporting

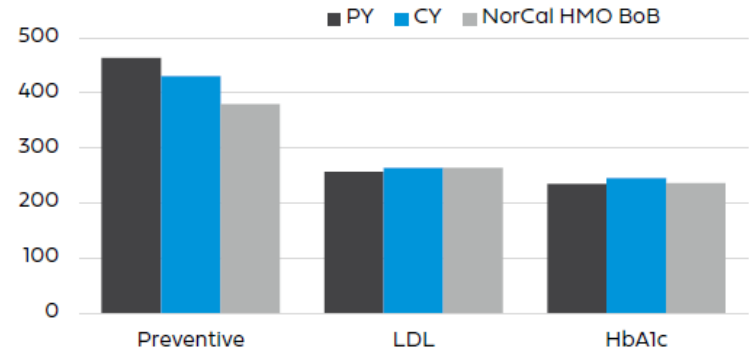
## Preventive Care Utilization (Service Dates Through September 2024)

- Preventive care utilization rates from the prior measurement period (Oct 2022 – Sep 2023) to the most recently measured 12-month period (Oct 2023 – Sep 2024) declined, as did rates of cervical cancer and colon cancer screening. Areas where SFHSS HMO participant screening rates exceed Blue Shield norms include Preventive and Breast Cancer screenings.

Cancer Screenings



All Other Standard Preventive Screenings



# Key HMO Plans Cost and Utilization Drivers From BSC Reporting

## Prescription Drugs (Service Dates Through September 2024)

- Prescription drug costs per covered life increased 15% from the prior measurement period (Oct 2022 – Sep 2023) to the most recently measured 12-month period (Oct 2023 – Sep 2024).
  - 7% due to increased plan utilization
  - 8% due to increase in per prescription costs
- Half of total Rx spend was driven by specialty medications, similar to the prior period—specialty Rx spend trend per covered life was +17% (versus +23% in the prior 12-month period).
- Top drug classes driving highest Rx cost trends were dermatologic, anti-viral, anti-diabetic, anti-inflammatory, and other endocrine/metabolic agents.

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## Financial Experience Results — Non-Medicare HN CanopyCare HMO Plan

# HN CC Flex-Funded Non-Medicare HMO Plan 2024 Experience

## Introduction

This section captures information on calendar year 2024 claims, fees, and other associated costs relative to total cost premium rates for the Health Net CanopyCare HMO Plan for active employees and early retirees.

The Health Net CanopyCare HMO plan was first offered by SFHSS to active employees and early retirees on January 1, 2022. This resulted from the HSB approval to offer this plan in the February 2021 HSB meeting.

# HN CC Flex-Funded Non-Medicare HMO Plan 2024 Experience

## Summary

Covered active employee/early retiree counts in Health Net CanopyCare have been growing substantially since plan debut in 2022—with (about 200 on average) to 2023 (about 500 on average)—with 875 total covered active employees and 78 non-Medicare retirees in December 2024. However, covered lives per enrolled employee/retiree has reduced from 2023 (1.78) to 2024 (1.65).

Overall plan expense per covered employee/retiree decreased 4.4% from 2023 to 2024—and increased 3.2% per covered life (employee, retiree, and dependent). This favorable result is helped by less-than-expected growth in fee-for-service medical claims and prescription drug claims.

Detail by expense item is listed on the following pages.



# HN CC Flex-Funded Non-Medicare HMO Plan 2024 Experience

2024 versus 2023 — Per Employee and Retiree Per Month (PEPM) Basis

Average total employees/retirees: **864 in 2024** versus 497 in 2023 (+74%)

Overall decrease in per employee/retiree plan expenses: -4.4% PEPM

Category	2023 Dollars PEPM	2024 Dollars PEPM	\$ Change PEPM	% Change PEPM
Administration	\$76.62	\$72.84	(\$3.78)	-4.9%
Capitation (incl. Chiro)	\$826.16	\$825.28	(\$0.88)	-0.1%
Medical Claims (incl. MH)	\$124.52	\$74.48	(\$50.04)	-40.2%
Pharmacy Claims	\$181.81	\$174.98	(\$6.83)	-3.8%
Pharmacy Rebate	(\$44.78)	(\$42.00)	\$2.78	-6.2%
Change in IBNR	\$4.70	\$11.62	\$6.92	147.2%
<b>Total Expenses</b>	<b>\$1,169.03</b>	<b>\$1,117.20</b>	<b>(\$51.83)</b>	<b>-4.4%</b>

# HN CC Flex-Funded Non-Medicare HMO Plan 2024 Experience

2024 versus 2023 — Per Covered Life (PMPM) Basis

Average total covered lives: **1,423 in 2024** versus 884 in 2023 (+61%)

Overall increase in per covered life plan expenses: 3.2% PMPM (versus -4.4% PMPM from prior page – difference due to substantial reduction in covered dependents per employee/retiree from 2023 to 2024)

Category	2023 Dollars PMPM	2024 Dollars PMPM	\$ Change PMPM	% Change PMPM
Administration	\$43.11	\$44.25	\$1.14	2.6%
Capitation (incl. Chiro)	\$464.85	\$501.38	\$36.53	7.9%
Medical Claims (incl. MH)	\$70.06	\$45.25	(\$24.81)	-35.4%
Pharmacy Claims	\$102.30	\$106.31	\$4.01	3.9%
Pharmacy Rebate	(\$25.20)	(\$25.51)	(\$0.31)	1.2%
Change in IBNR	\$2.65	\$7.06	\$4.41	166.4%
<b>Total Expenses</b>	<b>\$657.77</b>	<b>\$678.74</b>	<b>\$20.97</b>	<b>3.2%</b>

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## Financial Experience Results — Non-Medicare PPO Plan (administered by BSC and UHC)

## Non-Medicare PPO Plan 2024 Experience

This section captures calendar year 2024 claims, fees, and other associated costs relative to total cost rates for the self-funded Non-Medicare PPO plan.

In 2022, the administrator for the Non-Medicare PPO plan changed for most members to BSC. UHC remained the plan administrator of this PPO plan through the end of 2024 for Non-Medicare “split retiree family” covered lives within retiree families where one or more family member is enrolled in the Medicare Advantage PPO plan – BSC is now administrator starting in 2025 for PPO “split family” lives. Member and covered life counts as of early 2024 based on SFHSS headcount data:

	SFHSS Members			Total Covered Lives (incl. dependents)		
	Actives	Retirees	Total	Actives	Retirees	Total
Non-Medicare PPO Plan						
o BSC administration	1,345	861	2,206	2,105	1,196	3,301
o UHC administration	<u>1</u>	<u>47</u>	<u>48</u>	<u>1</u>	<u>318</u>	<u>319</u>
o Total – Non-Medicare PPO Plan	1,346	908	2,254	2,106	1,514	3,620

The following pages show key observations captured from the experience charts that follow in this document. All data provided for the self-funded Non-Medicare PPO plan in this presentation were sourced from BSC and UHC.

# Non-Medicare PPO Plan 2024 Experience

2023 versus 2024 — Per Employee/Retiree Per Month (PEPM) Basis

Average total employees/retirees: 2,364 in 2024 versus 2,093 in 2023  
(most of this enrollment growth was active employees)

Overall decrease in plan expenses: 1.8% PEPM

Category	2023 Dollars PEPM	2024 Dollars PEPM	\$ Change PEPM	% Change PEPM
Administration	\$60.90	\$60.97	\$0.07	0.1%
Medical Claims (incl. MH)	\$1,532.62	\$1,489.92	(\$42.70)	-2.8%
Pharmacy Claims	\$445.66	\$473.29	\$27.63	6.2%
Pharmacy Rebate	(\$123.46)	(\$127.81)	(\$4.35)	3.5%
Change in IBNR	\$1.35	(\$13.22)	(\$14.57)	-1079.3%
<b>Total Expenses</b>	<b>\$1,917.07</b>	<b>\$1,883.15</b>	<b>(\$33.92)</b>	<b>-1.8%</b>

# Non-Medicare PPO Plan 2024 Experience

## High-Cost Claimants, 2024 Versus 2023

### High-Cost Claimants (Individuals \$50K in a year) Have Magnifying Influence on Overall Spend

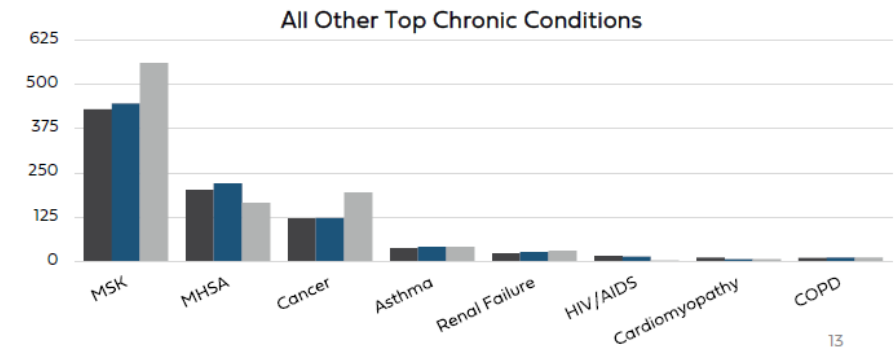
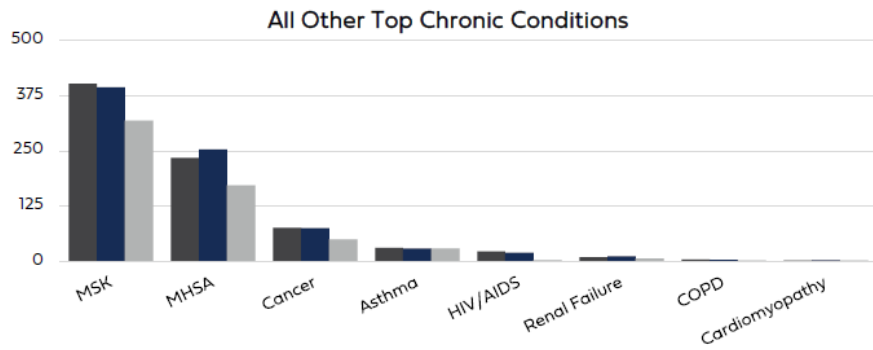
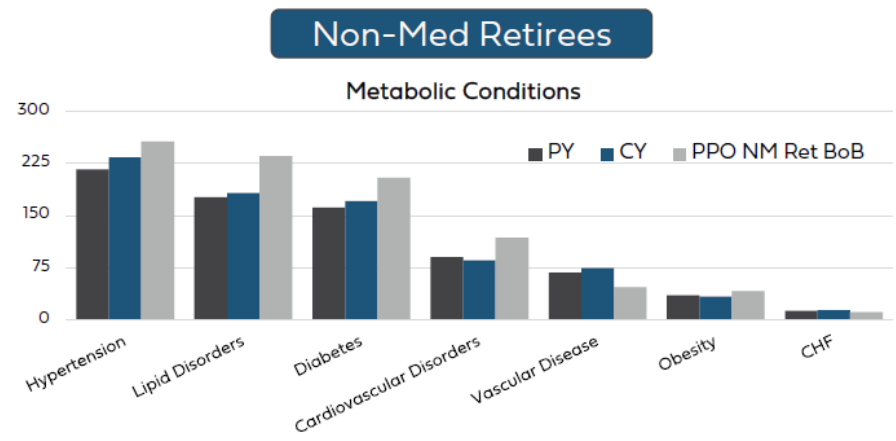
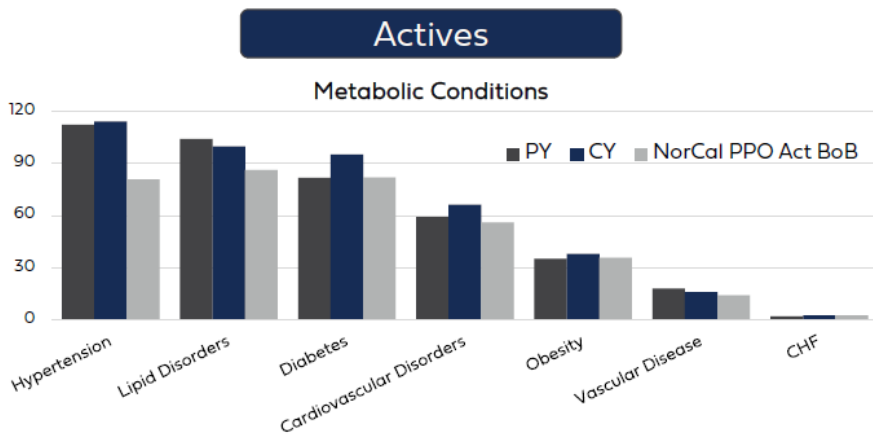
- 269 total PPO covered lives in 2024 exceeded \$50K in claims, versus 214 in 2023
  - BSC PPO lives: 7% of covered lives (247) in the High-Cost Claimant category generated 60% (or \$30.2M) of 2024 paid claims
  - UHC PPO lives: 6% of covered lives (22) in the High-Cost Claimant category generated 50% (or \$2.5M) of 2024 paid claims
- Key 2024 diagnostic categories for high-cost claimants continue to be cancer and musculoskeletal

	2023 HCCs (BSC)	2023 HCCs (UHC)	2024 HCCs (BSC)	2024 HCCs (UHC)
% of Plan Members Who Are HCCs	6%	7%	7%	6%
Average HCC Claimant Cost	\$140,678	\$97,305	\$122,458	\$113,874
HCC Portion of Total Net Paid	61%	42%	60%	50%

# Non-Medicare PPO Plan 2024 Experience

## BSC HMO Disease Prevalence (Service Dates Through September 2024)

- Hypertension, diabetes, and mental health prevalence increased for both active and non-Medicare retiree populations into the most recent 12-month period.



# Non-Medicare PPO Plan 2024 Experience

## Blue Shield Prescription Drug PMPM Cost Changes (Oct-Sept Basis)

- Prescription drug per member per month (PMPM) increased below typical trend from the prior to current 12-month period (thru September 2024) at +5.7%.
  - While member utilization increased 8%, paid claim per script decreased.
- Similar to BSC HMO plans, specialty medications account for half of all pharmacy spend in the Non-Medicare PPO plan—top trend drivers include dermatological, anti-inflammatory, and endocrine/metabolic agent medications.

Prescription Drug Measures	Oct 2022-Sept 2023 BSC PPO Data	Oct 2023-Sept 2024 BSC PPO Data	Change
Paid Claims PMPM	\$255.58	\$270.07	5.7%
Paid Claim per Script	\$166	\$162	-2.4%
Scripts Per Member Per Year	18.5	20.0	8.1%
% of Scripts Dispensed as Generic	85.1%	85.9%	0.7%



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## Financial Experience Results — Delta Dental Active Employee Dental PPO Plan

# Delta Dental Active Employee PPO Plan 2024 Experience

Overall, plan costs increased 1.3% per employee from 2023 to 2024—lower than expected national dental cost trends averaging +3% to +4%. Covered headcount increased by 2.7%.

Average total employees: **31,648 in 2024** versus 30,827 in 2023

PEPM Basis Costs	2023 Dollars PEPM	2024 Dollars PEPM	\$ Change PEPM	% Change PEPM
Administration	\$4.62	\$4.70	\$0.08	1.7%
Dental Claims	\$114.60	\$116.51	\$1.91	1.7%
Change in IBNR	\$0.35	(\$0.13)	(\$0.48)	-137.1%
<b>Total Expenses</b>	<b>\$119.57</b>	<b>\$121.08</b>	<b>\$1.51</b>	<b>1.3%</b>

Total Dollar Basis Costs	2023 Actual	2024 Actual	\$ Change	% Change
Administration	\$1,709,067	\$1,784,924	\$75,857	4.4%
Dental Claims	\$42,393,256	\$44,248,992	\$1,855,736	4.4%
Change in IBNR	\$128,807	(\$49,653)	(\$178,460)	-138.5%
<b>Total Expenses</b>	<b>\$44,231,130</b>	<b>\$45,984,263</b>	<b>\$1,753,133</b>	<b>4.0%</b>

# Delta Dental Active Employee PPO Plan 2024 Experience

## Preventive Dental Utilization Is Improving From 2022 to 2023

In typical years, about 1 out of 3 covered lives do not have a dental cleaning — including in 2023 (33.1% of covered active lives) and 2024 (32.9% of covered active lives).

There was a marked increase in 2024 for overall service distribution related to Diagnostic & Preventive (78% vs. prior year 74%) — 2024 plan year service distribution is:

<b>Diagnostic &amp; Preventive</b>	<b>Basic</b>	<b>Major</b>
<i>Cleanings and X-rays</i>	<i>Fillings, Oral Surgery, Root Canals</i>	<i>Crowns, Inlays, Implants, Dentures, Bridges</i>
78% of services	18% of services	4% of services

In 2024, 3.5% of total covered lives utilized orthodontic services, similar to prior years.

# Delta Dental Active Employee PPO Plan 2024 Experience

## SmileWay Wellness Program Membership Is Increasing

Program membership in SmileWay—providing added covered services each year for members with certain identified chronic conditions—increased 10.8% from 2023 to 2024.

About 2/3 of eligible covered SmileWay lives are utilizing the dental plan—the goal is to increase utilization of the additional covered benefits available to SmileWay members.

<b>SmileWay Wellness Benefits - Active</b>		
	2023	2024
Total SmileWay Wellness Benefits Members	9,683	10,724
Total Unique SmileWay Wellness Benefits Utilizers	6,554	7,349
% of Unique Member Utilization	67.6%	68.5%
Procedure Count	13,295	14,985

# Delta Dental Active Employee PPO Plan 2024 Experience

## 2024 Service Utilization by Network Dentist Type

- From 2023 to 2024, there was a shift away from PPO network dentist utilization toward Premier network dentist (as well as a slight increase in non-contracted dentist use).

## Percentage of Approved Procedures by Network Provider Type:

<b>Network Provider Type</b>	<b>2023 Service Dates</b>	<b>2024 Service Dates</b>
PPO Network	47%	42%
Premier Network	45%	49%
Non-Contracted	8%	9%
Total	100%	100%

# Delta Dental Active Employee PPO Plan 2024 Experience

## 2024 Service Utilization by Network Dentist Type

- Service utilization across the three dentist network categories (PPO dentists, Premier dentists, and non-contracted dentists) varies across Bay Area counties.
- The table below shows the distribution of 2024 non-orthodontic procedures in counties with at least 1,000 member procedures:

County	2024 Procedure Count	Distribution of Procedures		
		PPO Dentists	Premier Dentists	Non-Contracted Dentists
San Francisco	172,427	33%	57%	10%
San Mateo	106,561	41%	52%	7%
Alameda	58,859	51%	40%	9%
Contra Costa	57,833	49%	45%	6%
Solano	13,125	59%	37%	3%
Santa Clara	11,678	40%	47%	13%
Marin	10,006	47%	35%	19%
Sonoma	7,045	34%	42%	24%
Sacramento	4,577	66%	31%	3%
San Joaquin	4,012	63%	33%	4%
Napa	3,302	58%	41%	1%
Placer	2,647	59%	37%	4%
Tuolumne	2,207	63%	27%	10%
Stanislaus	1,997	74%	23%	3%
Los Angeles	1,042	79%	15%	5%

# 5

## Appendix

- 2024 BSC Flex-Funded HMO and UHC Self-Funded EPO Plans Total Dollars
- 2024 HN Flex-Funded CanopyCare HMO Plan Total Dollars
- 2024 Self-Funded Non-Medicare PPO Plan Total Dollars
- Glossary of Terms

# Non-Medicare BSC HMO and UHC EPO Plans 2024 Experience

## 2023 versus 2024 — Total Actual Dollar Basis

Average total employees/retirees: 14,978 in 2024 versus 15,019 in 2023

Category	2023 Actual	2024 Actual	\$ Change	% Change
Administration	\$16,242,939	\$19,555,254	\$3,312,315	20.4%
Capitation	\$81,517,373	\$84,951,001	\$3,433,628	4.2%
Medical Claims	\$196,855,378	\$219,103,580	\$22,248,202	11.3%
Pharmacy Claims	\$74,880,794	\$85,068,503	\$10,187,709	13.6%
Pharmacy Rebate	(\$21,759,402)	(\$25,036,222)	(\$3,276,819)	15.1%
ACO Incentive Payment	\$0	\$0	\$0	N/A
Large Claim Pooling	(\$3,031,713)	(\$9,525,538)	(\$6,494,225)	214.2%
Change in IBNR	\$5,356,699	(\$1,305,061)	(\$6,661,730)	-124.4%
<b>Total Expenses</b>	<b>\$350,062,037</b>	<b>\$372,811,117</b>	<b>\$22,749,080</b>	<b>6.5%</b>



# HN CC Flex-Funded Non-Medicare HMO Plan 2024 Experience

## 2024 versus 2023 — Total Actual Dollar Basis

Average total employees/retirees: 864 in 2024 versus 497 in 2023 (+74%)

Category	2023 Actual	2024 Actual	\$ Change	% Change
Administration	\$457,095	\$755,525	\$298,430	65.3%
Capitation (incl. Chiro)	\$4,928,854	\$8,560,581	\$3,631,727	73.7%
Medical Claims (incl. MH)	\$742,893	\$772,543	\$29,650	4.0%
Pharmacy Claims	\$1,084,649	\$1,815,070	\$730,421	67.3%
Pharmacy Rebate	(\$267,186)	(\$435,617)	(\$168,431)	63.0%
Change in IBNR	\$28,065	\$120,531	\$92,466	329.5%
<b>Total Expenses</b>	<b>\$6,974,370</b>	<b>\$11,588,633</b>	<b>\$4,614,263</b>	<b>66.2%</b>

# Non-Medicare PPO Plan 2024 Experience

## 2024 versus 2023 — Total Actual Dollar Basis

Average total employees/retirees: 2,364 in 2024 versus 2,093 in 2023 (+13%)

Category	2023 Actual	2024 Actual	\$ Change	% Change
Administration	\$1,529,989	\$1,729,246	\$199,257	13.0%
Medical Claims	\$38,500,840	\$42,260,038	\$3,759,198	9.8%
Pharmacy Claims	\$11,195,314	\$13,424,320	\$2,229,006	19.9%
Pharmacy Rebate	(\$3,101,537)	(\$3,625,098)	(\$523,562)	16.9%
Change in IBNR	\$33,968	(\$374,923)	(\$408,891)	-1203.8%
<b>Total Expenses</b>	<b>\$48,158,574</b>	<b>\$53,413,583</b>	<b>\$5,225,010</b>	<b>10.9%</b>

# Glossary of Terms

**ACA** — Affordable Care Act (federal health care reform law)

**ACO** — Accountable Care Organization is an integrated physician and outpatient facility delivery model constructed to provide medical care in the most efficient manner while maintaining high standards of quality

**Administration** — Includes claim processing fees, BSC large claim pooling fees, Affordable Care Act taxes, and SFHSS Health Care Sustainability Fund fee

**Capitation** — Fixed monthly payment on a per member basis remitted to physician groups to cover member medical costs for specified services

**Contingency Reserve** — Reserve held by self-funded plans to cover contingency for unforeseen excess claims cost (measured as of June 30 each year for SFHSS)

## **Glossary of Terms – Cont.**

**IBNR** — Incurred But Not Reported reserve which is actuarial estimate for claims incurred on or before a specific measurement date but paid after that date (measured as of June 30 each year for SFHSS)

**Large Claim Pooling (BSC HMO Plans Only)** — Reimbursements to the plan for claims in excess of \$1,000,000 for an individual member during the plan year (\$1,250,000 for 2025 plan year)

**Member** — Covered individual in health plan (employee, retiree, dependent, and COBRA beneficiary)

**Pharmacy Rebates** — Paid to plans by drug manufacturers