

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

## **Rates & Benefits**

Review Self-Funded and Flex-Funded Health Plans  
2023 Experience

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# Review Self-Funded and Flex-Funded Health Plans 2023 Experience

## Agenda

- 2023 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—2023 total dollar basis financial exhibits, glossary of terms

# Today's 2023 Plan Experience Information—Background

In years past, self-funded and flex-funded health plan experience presentations to the Health Service Board (HSB) coincided with recommended Stabilization Fund rating actions into the next plan year.

With the recommendation to reduce the June 30, 2023, levels of contingency reserves for HSB action from an earlier agenda item today, we are presenting on plan experience only today for SFHSS self-funded and flex-funded health plans. Future review and action items include:

<b>HSB Meeting Date</b>	<b>Rates and Benefits Agenda Items</b>
April 11, 2024	Self-Funded and Flex-Funded Plans Rate Stabilization Actions Kaiser HMO and UHC MAPD PPO 2023 Experience Reviews
May 9, 2024	Self-Funded and Flex-Funded Plans 2025 Rates and Contributions
May 23, 2024	Kaiser HMO 2025 Rates and Contributions (Actives/Early Retirees)
June 13, 2024	Medicare Retiree Plans (and Kaiser Multi-Region) 2025 Rates and Contributions

# Today's 2023 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 2023 plan experience will be used in plan underwriting to determine projected 2025 plan year costs—with rate changes to then follow based on the comparison of forecast 2025 costs to actual 2024 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, 2022 to 2023</b>
BSC HMO and UHC EPO Plans	+6.9%
Health Net CanopyCare HMO Plan	+2.2%
Non-Medicare PPO Plan	-4.7%
Active Dental PPO Plan	+2.3%

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

# Non-Medicare BSC HMO and UHC EPO Plans 2023 Experience

## Introduction

This section captures information on calendar year 2023 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.

On the following pages, we summarize 2023 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 2023 Experience

## Current Plan Enrollment

As exhibited below, BSC administers most (97.7%) of the covered lives in the broad network and narrow network plans offered by SFHSS through BSC and UHC. 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.

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 2023 Experience

## Medical and Prescription Drug Costs

- After a very high increase in medical costs from 2021 to 2022, the medical cost increase moderated for 2023 as cost attributable to \$1M+ high-cost claimants reduced.
- Prescription drug claims net of rebates increased on a PEPM basis at a higher rate than expected for the fourth consecutive year — this continues to be driven by specialty medication spend increases.

BSC HMO/UHC EPO Plan Cost Component	Actual SFHSS Cost Change PEPM, 2021-2022	Actual SFHSS Cost Change PEPM, 2022-2023	BCBS Annual Cost Increase Trend Assumption in 2023 Renewal
<b>Medical</b>			
• Before Large Claim Pooling Reimbursements	26.8%	(3.9%)	4.7%
• After Large Claim Pooling Reimbursements	17.0%	5.1%	4.7%
Prescription Drugs (net of rebates)	13.3%	17.5%	9.2%

# Non-Medicare BSC HMO and UHC EPO Plans 2023 Experience

2023 (BSC and UHC) versus 2022 (BSC) — Per Employee/Retiree Per Month (PEPM) Basis

Average total employees/retirees: 14,862 in 2023 versus 15,937 in 2022

Overall increase in plan expenses: 6.9% PEPM

Category	2022 Dollars PEPM	2023 Dollars PEPM	\$ Change PEPM	% Change PEPM
Administration	\$84.36	\$88.08	\$3.72	4.4%
Capitation	\$437.34	\$452.30	\$14.96	3.4%
Medical Claims	\$1,136.69	\$1,092.26	(\$44.43)	-3.9%
Pharmacy Claims	\$352.51	\$415.48	\$62.97	17.9%
Pharmacy Rebate	(\$87.11)	(\$103.65)	(\$16.54)	19.0%
ACO Incentive Payment	\$0.00	\$0.00	\$0.00	NA
Large Claim Pooling	(\$113.22)	(\$16.82)	\$96.40	-85.1%
Change in IBNR	\$20.18	\$29.72	\$9.54	47.3%
<b>Total Expenses</b>	<b>\$1,830.75</b>	<b>\$1,957.37</b>	<b>\$126.62</b>	<b>6.9%</b>

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

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

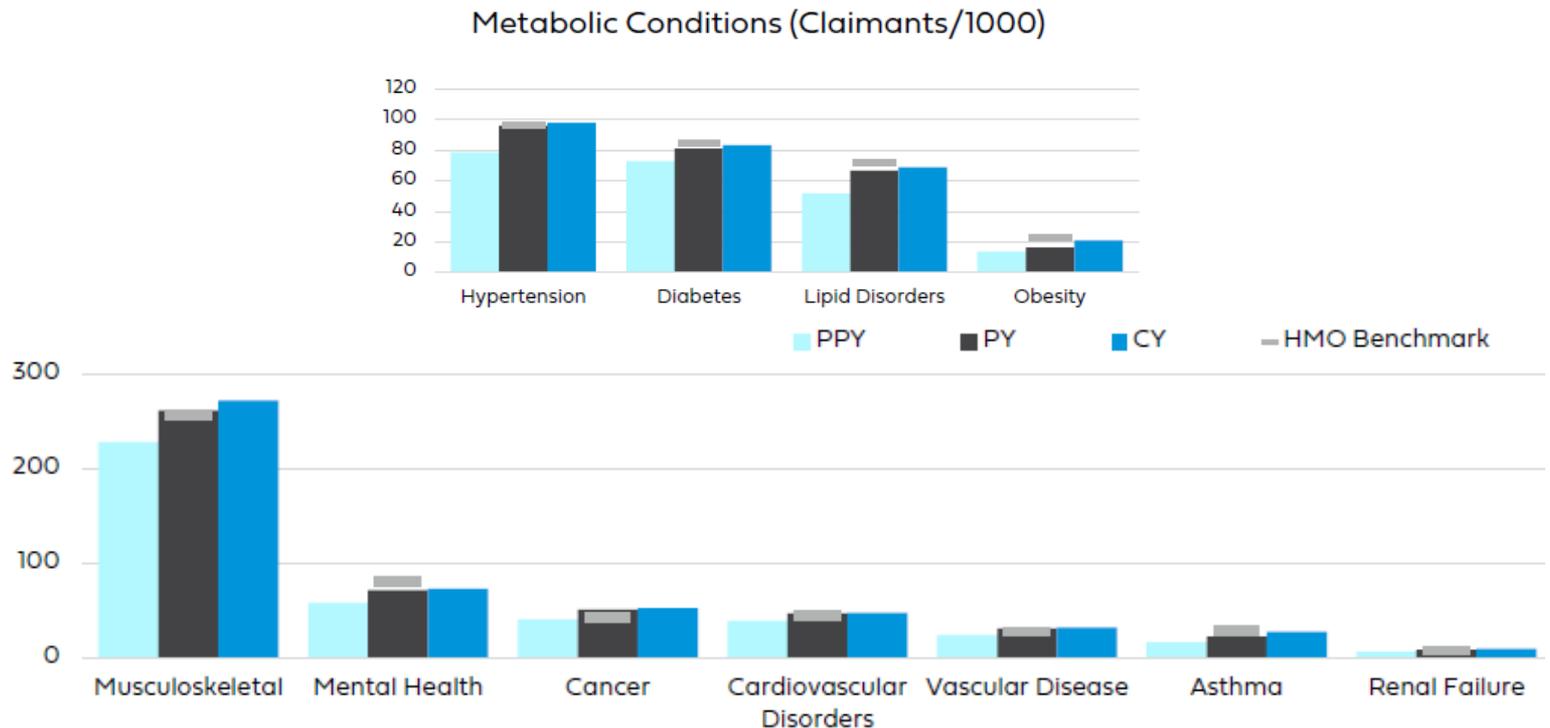
- 37 members exceeded \$500,000 in paid medical/prescription drug claims in 2023 — accounting for \$31.4M of total claim spend.
  - \$3.2M of this was reimbursed to SFHSS for amounts exceeding \$1 million via the large claim pooling mechanism.
  - This compares to \$21.7M reimbursed in 2022 to SFHSS for amounts exceeding \$1 million via the large claim pooling mechanism (where overall in 2022, 49 individuals exceeded \$500,000 in claims).
- Predominant diagnostic categories for 2023 claimants exceeding \$500K were similar to 2022:
  - Childbirth
  - Cancer
  - Cardiovascular
  - Septicemia

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

# Key HMO Plans Cost and Utilization Drivers From BSC Reporting

Total Population (Service Dates Through September 2023)

- After substantial increases in prevalence in chronic conditions in the Blue Shield HMO plans population from 2021 to 2022, prevalence largely stabilized into 2023—with the exception of growth in musculoskeletal prevalence in these Claimants per 1,000 Covered Lives charts:



CY = October 2022 – September 2023 service dates; PY = October 2021 – September 2022 service dates; PPY = October 2020 – September 2021 service dates

# Key HMO Plans Cost and Utilization Drivers From BSC Reporting

## Preventive Care Utilization (Service Dates Through September 2023)

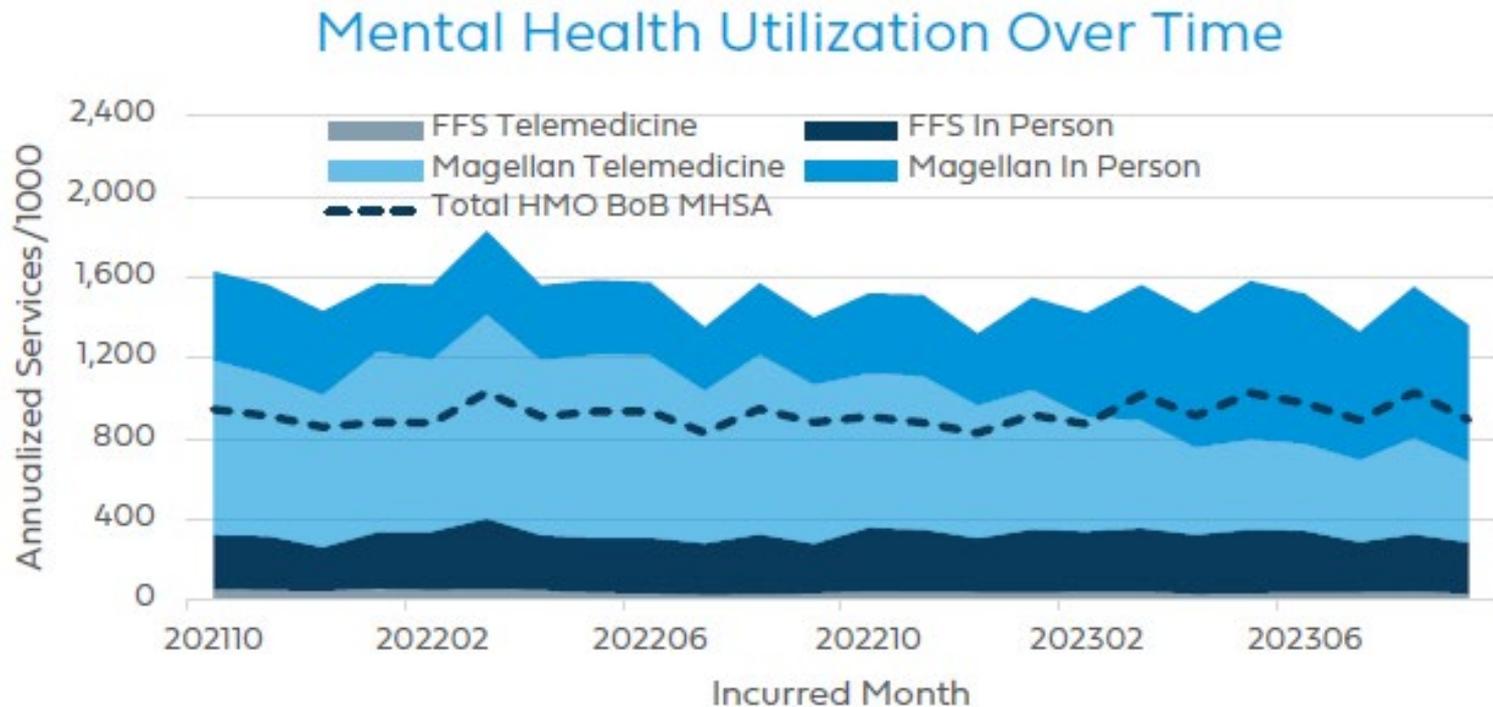
- Preventive care utilization rates increased in all categories below from the prior 12-month period (Oct 2021 – Sep 2022) to the most recent 12-month period (Oct 2022 – Sep 2023):

Screening Category	Incidence per 1,000 Covered Lives			Change, 10/21-9/22 to 10/22-9/23
	Oct 2020 – Sep 2021	Oct 2021 – Sep 2022	Oct 2022 – Sep 2023	
Breast Cancer	147.4	174.1	186.5	7.1%
Colon Cancer	111.6	128.4	132.7	3.3%
Prostate Cancer	48.9	50.1	52.8	5.4%
Preventive Screenings	413.0	426.6	462.8	8.5%

# Key HMO Plans Cost and Utilization Drivers From BSC Reporting

## Mental Health Utilization (Service Dates Through September 2023)

- Mental health service utilization remains above the Blue Shield book-of-business level for its HMO plans—with an increasing proportion of visits in the past six months for the SFHSS population occurring In Person. Anxiety and depression are the most prevalent diagnoses for SFHSS population mental health utilization.



# Key HMO Plans Cost and Utilization Drivers From BSC Reporting

## Prescription Drugs (Service Dates Through September 2023)

- All of the high prescription drug cost increase was driven by the increase in cost per prescription (utilization per covered life actually decreased by 1%).
- Half of total Rx spend was driven by specialty medications, up from 46.7% in the prior 12-month period.
  - Specialty Rx spend trend per covered life was +23% (versus +14% in the prior 12-month period).
- Drug classes driving highest specialty Rx cost trends were anti-inflammatory, dermatological, diabetic, and anti-viral medications.

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

# HN CC Flex-Funded Non-Medicare HMO Plan 2023 Experience

## Introduction

This section captures information on calendar year 2023 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 2023 Experience

## Summary

Covered active employee/early retiree counts in Health Net CanopyCare grew substantially from 2022 (about 200 on average) to 2023 (about 500 on average)—with 517 total covered active employees and 52 early retirees in December 2023.

Overall plan expense per covered employee/retiree increased 2.2% from 2022 to 2023, helped by a reduction in capitation expense per employee/retiree. Most medical plan services in the Health Net CanopyCare plan fall under capitation.

Still, as seen on the next page, there were significant increases in:

- Medical fee-for-service claims (18% per covered employee/retiree); and
- Pharmacy claims (54% per covered employee/retiree—mostly driven by specialty Rx) from 2022 to 2023.

# HN CC Flex-Funded Non-Medicare HMO Plan 2023 Experience

2023 versus 2022 — Per Employee/Retiree Per Month (PEPM) Basis

Average total employees/retirees: 497 in 2023 versus 199 in 2022

Overall increase in plan expenses: 2.2% PEPM

Category	2022 Dollars PEPM	2023 Dollars PEPM	\$ Change PEPM	% Change PEPM
Administration	\$77.66	\$76.62	(\$1.04)	-1.3%
Capitation (incl. Chiro)	\$858.90	\$825.82	(\$33.08)	-3.9%
Medical Claims (incl. MH)	\$82.80	\$97.61	\$14.81	17.9%
Pharmacy Claims	\$118.38	\$182.27	\$63.89	54.0%
Pharmacy Rebate	(\$23.68)	(\$36.45)	(\$12.77)	53.9%
Change in IBNR	\$12.03	\$4.71	(\$7.33)	-60.9%
<b>Total Expenses</b>	<b>\$1,126.10</b>	<b>\$1,150.56</b>	<b>\$24.46</b>	<b>2.2%</b>

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

## Non-Medicare PPO Plan 2023 Experience

This section captures calendar year 2023 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 Blue Shield of California (BSC). UnitedHealthcare (UHC) remains the plan administrator of this PPO plan for Non-Medicare “split retiree family” covered lives within retiree families where one or more family member is enrolled in the UHC Medicare Advantage PPO plan. 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 2023 Experience

2023 versus 2022 — Per Employee/Retiree Per Month (PEPM) Basis

Average total employees/retirees: 2,093 in 2023 versus 1,948 in 2022  
(most of this enrollment growth was active employees)

Overall decrease in plan expenses: 4.7% PEPM

Category	2022 Dollars PEPM	2023 Dollars PEPM	\$ Change PEPM	% Change PEPM
Administration	\$52.04	\$51.20	(\$0.84)	-1.6%
Medical Claims (incl. MH)	\$1,636.97	\$1,532.92	(\$104.05)	-6.4%
Pharmacy Claims	\$428.15	\$445.74	\$17.59	4.1%
Pharmacy Rebate	(\$133.56)	(\$112.57)	\$20.99	-15.7%
Change in IBNR	\$30.18	\$1.35	(\$28.83)	-95.5%
<b>Total Expenses</b>	<b>\$2,013.78</b>	<b>\$1,918.64</b>	<b>(\$95.14)</b>	<b>-4.7%</b>

# Non-Medicare PPO Plan 2023 Experience

## High-Cost Claimants, 2023 Versus 2022

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

- 214 total PPO covered lives in 2023 exceeded \$50K in claims—38 more than in 2022
  - BSC PPO lives: 6% of covered lives in the High-Cost Claimant category generated 62% of 2023 paid claims
  - UHC PPO lives: 7% of covered lives in the High-Cost Claimant category generated 42% of 2023 paid claims
- Key 2023 diagnostic categories for high-cost claimants continue to be cancer and musculoskeletal

	2022 HCCs (BSC)	2022 HCCs (UHC)	2023 HCCs (BSC)	2023 HCCs (UHC)
% of Plan Members Who Are HCCs	5%	8%	6%	7%
Average HCC Claimant Cost	\$152,287	\$147,435	\$140,678	\$97,305
HCC Portion of Total Net Paid	60%	39%	62%	42%

# Non-Medicare PPO Plan 2023 Experience

## Blue Shield PPO Data vs. Blue Shield HMO Data for SFHSS Populations

### Disease Prevalence Comparison, BSC PPO Population vs. BSC HMO Population

- The chart below demonstrates the added influence chronic conditions have for the BSC PPO population relative to those electing the BSC Access+/Trio HMO plans (percentage prevalence by chronic condition category for BSC PPO and HMO plan SFHSS lives):

Chronic Condition Category	Percentage Prevalence, BSC PPO	Percentage Prevalence, BSC HMOs
Musculoskeletal	38%	27%
Mental Health	21%	8%
Hypertension	14%	10%
Diabetes	10%	8%
Lipid Disorders	12%	7%
Cancer	9%	5%
Cardiovascular Disorders	6%	4%
Vascular Disease	4%	3%
Obesity	3%	2%
Asthma	2%	2%

## Non-Medicare PPO Plan 2023 Experience

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

- Data is shown for January-September timeframe for both 2022 and 2023.
- Prescription drug per member per month (PMPM) increased at typical trend from 2022 to 2023 (+9.6%)—all driven by cost per script increase.
- Specialty medications drove the majority of the overall increase in prescription drug spend—led by cancer, dermatological, and anti-inflammatory medications.

Prescription Drug Measures	Jan-Sept 2022, BSC PPO Data	Jan-Sept 2023, BSC PPO Data	Change
Paid Claims PMPM	\$226	\$248	9.6%
Paid Claim per Script	\$150	\$169	12.4%
Scripts Per Member Per Year	18.1	17.6	-2.5%
% of Scripts Dispensed as Generic	84.9%	86.1%	1.3%
% of Scripts Dispensed at Home Delivery	11.2%	9.7%	-1.5%

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

# Delta Dental Active Employee PPO Plan 2023 Experience

Overall, plan costs increased 2.3% per employee from 2022 to 2023—driven primarily by an increase in preventive dental utilization as seen on the following pages.

Average total employees: 30,835 in 2023 versus 30,455 in 2022

PEPM Basis Costs	2022 Dollars PEPM	2023 Dollars PEPM	\$ Change PEPM	% Change PEPM
Administration	\$4.62	\$4.62	\$0.00	0.0%
Dental Claims	\$112.44	\$114.57	\$2.13	1.9%
Change in IBNR	(\$0.26)	\$0.35	\$0.61	-234.6%
<b>Total Expenses</b>	<b>\$116.80</b>	<b>\$119.54</b>	<b>\$2.74</b>	<b>2.3%</b>

Total Dollar Basis Costs	2022 Actual	2023 Actual	\$ Change	% Change
Administration	\$1,688,425	\$1,709,492	\$21,607	1.2%
Dental Claims	\$41,091,385	\$42,393,256	\$1,301,871	3.2%
Change in IBNR	(\$96,833)	\$128,807	\$225,640	-233.0%
<b>Total Expenses</b>	<b>\$42,682,977</b>	<b>\$44,231,555</b>	<b>\$1,548,578</b>	<b>3.6%</b>

# Delta Dental Active Employee PPO Plan 2023 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 2022 (34.1% of covered active lives) and 2023 (33.6% of covered active lives).

There was a slight increase in 2023 for overall service distribution related to Diagnostic & Preventive (78% vs. prior year 76%) — 2023 plan year service distribution is:

Diagnostic & Preventive	Basic	Major
<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 2023, 3% of total covered lives utilized orthodontic services, a slight decrease from 2022 orthodontic services utilization.

# Delta Dental Active Employee PPO Plan 2023 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 18% from 2022 to 2023.

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.

<i>SmileWay Wellness Benefits - Active</i>		
	2022	2023
Total SmileWay Wellness Benefits Members	8,181	9,683
Total Unique SmileWay Wellness Benefits Utilizers	5,477	6,554
% of Unique Member Utilization	66.9%	67.6%
Procedure Count	10,834	13,295

# Delta Dental Active Employee PPO Plan 2023 Experience

## 2023 Service Utilization by Network Dentist Type

- SFHSS active employees and their family members have utilized Premier dentists at a higher rate than PPO dentists over the years.
- From 2022 to 2023, there was a small shift of Premier Network utilization transitioning to Non-Contracted (e.g., out-of-network) providers.

## Percentage of Approved Procedures by Network Provider Type:

<b>Network Provider Type</b>	<b>2022 Service Dates</b>	<b>2023 Service Dates</b>
PPO Network	40%	40%
Premier Network	55%	53%
Non-Contracted	5%	7%
Total	100%	100%

# Delta Dental Active Employee PPO Plan 2023 Experience

## 2023 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 2023 non-orthodontic procedures in counties with at least 1,000 member procedures:

County	2023 Procedure Count	Distribution of Procedures		
		PPO Dentists	Premier Dentists	Non-Contracted Dentists
San Francisco	164,460	31%	61%	8%
San Mateo	102,404	40%	54%	6%
Alameda	54,126	49%	43%	8%
Contra Costa	53,976	46%	48%	6%
Solano	13,314	59%	39%	2%
Santa Clara	11,262	41%	48%	11%
Marin	9,459	44%	46%	10%
Sonoma	6,432	40%	44%	16%
Sacramento	4,178	62%	36%	2%
San Joaquin	3,863	60%	36%	4%
Napa	3,029	53%	46%	1%
Placer	2,513	56%	42%	2%
Tuolumne	1,985	57%	32%	11%
Stanislaus	1,707	73%	25%	2%
Los Angeles	1,076	67%	17%	16%

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## Appendix

- 2023 BSC Flex-Funded HMO and UHC Self-Funded EPO Plans Total Dollars
- 2023 HN Flex-Funded CanopyCare HMO Plan Total Dollars
- 2023 Self-Funded Non-Medicare PPO Plan Total Dollars
- Glossary of Terms

# Non-Medicare BSC HMO and UHC EPO Plans 2023 Experience

2023 (BSC and UHC) versus 2022 (BSC) — Total Actual Dollar Basis

Average total employees/retirees: 15,019 in 2023 versus 15,937 in 2022

Category	2022 Actual	2023 Actual	\$ Change	% Change
Administration	\$16,134,062	\$15,874,850	(\$259,212)	-1.6%
Capitation	\$83,638,423	\$81,517,373	(\$2,121,050)	-2.5%
Medical Claims	\$217,386,065	\$196,855,378	(\$20,530,687)	-9.4%
Pharmacy Claims	\$67,415,300	\$74,880,794	\$7,465,494	11.1%
Pharmacy Rebate	(\$16,658,585)	(\$18,680,588)	(\$2,022,003)	12.1%
ACO Incentive Payment	\$0	\$0	\$0	NA
Large Claim Pooling	(\$21,653,212)	(\$3,031,713)	\$18,621,499	-86.0%
Change in IBNR	\$3,859,215	\$5,356,699	\$1,497,484	38.8%
<b>Total Expenses</b>	<b>\$350,121,269</b>	<b>\$352,772,793</b>	<b>\$2,651,525</b>	<b>0.8%</b>

# HN CC Flex-Funded Non-Medicare HMO Plan 2023 Experience

## 2023 versus 2022 — Total Actual Dollar Basis

Average total employees/retirees: 497 in 2023 versus 199 in 2022

Category	2022 Actual	2023 Actual	\$ Change	% Change
Administration	\$185,220	\$456,966	\$271,746	147%
Capitation (incl. Chiro)	\$2,048,481	\$4,925,164	\$2,876,683	140%
Medical Claims (incl. MH)	\$197,481	\$582,132	\$384,651	195%
Pharmacy Claims	\$282,345	\$1,087,032	\$804,687	285%
Pharmacy Rebate	(\$56,469)	(\$217,406)	(\$160,937)	285%
Change in IBNR	\$28,701	\$28,065	(\$636)	-2%
<b>Total Expenses</b>	<b>\$2,685,759</b>	<b>\$6,861,953</b>	<b>\$4,176,194</b>	<b>155%</b>

# Non-Medicare PPO Plan 2023 Experience

## 2023 versus 2022 — Total Actual Dollar Basis

Average total employees/retirees: 2,093 in 2023 versus 1,948 in 2022

Category	2022 Actual	2023 Actual	\$ Change	% Change
Administration	\$1,216,471	\$1,285,992	\$69,520	5.7%
Medical Claims	\$38,265,753	\$38,500,840	\$235,087	0.6%
Pharmacy Claims	\$10,008,446	\$11,195,314	\$1,186,868	11.9%
Pharmacy Rebate	(\$3,122,148)	(\$2,827,402)	\$294,746	-9.4%
Change in IBNR	\$705,516	\$33,968	(\$671,548)	-95.2%
<b>Total Expenses</b>	<b>\$47,074,039</b>	<b>\$48,188,712</b>	<b>\$1,114,674</b>	<b>2.4%</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

**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

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

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