

# San Francisco Health Service System Health Service Board

## Rates & Benefits

Blue Shield of California 2018 Flex Funded HMO Rates and Premium Contributions Presentation—Active Employees and Early Retirees

May 11, 2017

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- ▶ Financial Summary

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# Renewal Summary

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- Blue Shield provided a status quo renewal for the flex funded HMO Access + program and an alternative proposal to add an offering made up of BSC's Trio network panel
- The status quo renewal is the full HMO Access + network panel which includes the following embedded Accountable Care Organizations (ACO's)
  - ▶ Brown & Toland: 45% of membership
  - ▶ Hill Physicians Medical Group: 17% of membership
  - ▶ John Muir Health: 5% of membership
  - ▶ Meritage Medical Network: 3% of membership
  - ▶ Small enrollment in Santa Clara County IPA (Individual Practice Association)
  - ▶ Remaining 30% of the membership is not associated with an ACO

## Renewal Summary (continued)

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- Blue Shield provided an alternative proposal to offer a pre-defined ACO network panel offered through the California Department of Managed Health Care (DMHC) registered name of Trio. Trio would be offered in addition to the current HMO Access + network program
  - ▶ The Trio panel includes the ACOs outlined on the previous slide including Brown & Toland. One key difference is that Brown & Toland physicians will no longer admit to California Pacific Medical Center (CPMC) under the Trio offering

## Renewal Summary (continued)

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- Blue Shield proposes the following:
  - ▶ Offer members with present Trio doctors a choice of Blue Shield's Trio or HMO Access + for the 2018 plan year
  - ▶ Members enrolled in Access + in 2017 who do not actively choose a Blue Shield option for 2018 will be automatically enrolled in the lowest cost Blue Shield plan
  - ▶ Rates for the Trio network are approximately 10% lower than the full HMO Access + program
- Two rates cards are provided for 2018 renewal:
  - ▶ Status quo renewal with the existing HMO Access + program
  - ▶ An additional offering with the Trio program

## Status Quo HMO Access + Financial Summary

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- The overall increase for the BSC plan is 5.03% for active and early retirees across all tiers. This rate includes the flex funded medical and pharmacy (Rx) costs, the claims Rate Stabilization Reserve amortization, vision premium, SFHSS Sustainability Fee, and second opinion fees (Best Doctors)
- The 5.03% includes the following costs:
  - ▶ VSP vision premium
  - ▶ Healthcare Sustainability Fee of \$3.00 per employee per month
  - ▶ Best Doctors fees of \$1.40 per employee per month
  - ▶ Rate cards are provided for the 93 / 93 / 83 and the 100 / 96 / 83 contribution strategies to conform with the majority of union agreements
  - ▶ For the Early Retirees, the 10-County average of \$649.17 is used. The 2018 average increased by 7.33%

# Alternative Trio Proposal Financial Summary

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- The rates for the Trio program are approximately 10% lower than the 2018 status quo HMO access + renewal rates
- To mitigate the claims risk potential of the current membership utilizing non-Trio service providers, BSC offered to lower the specific stop loss threshold for HMO Access + from \$1,000,000 to \$500,000. This eliminates the financial strain of having excess large claimants remaining in the HMO Access + panel
- To reduce the potential excess risk to SFHSS for the Trio plan, BSC offered to reduce the current risk corridor of 25% under the HMO Access + program to a 3% risk corridor for the Trio plan

## Alternative Trio Proposal Financial Summary (continued)

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- BSC also offered a not to exceed premium cap of 5.9% for 2019 and 8.5% for 2020. A minimum of a three year time horizon is essential in programs that support dramatic changes in program delivery and cost. This allows BSC to make the necessary adjustments to maintain long term sustainability of Trio while minimizing the financial impact to SFHSS
- Both full panel HMO Access + and Trio programs comply with the self-insured definition established by DMHC and does not require the inclusion of the Health Insurance Tax (HIT)
- The estimated annual savings from the BSC Status Quo HMO Access + renewal for plan year 2018 is as follows:
  - ▶ \$8,650,000 if 25% of membership enrolls in Trio
  - ▶ \$17,300,000 if 50% of membership enrolls in Trio

# 2018 BSC Flex Funded Rates and Contributions

Status Quo HMO Access +

Active Employee and Early Retiree—93 / 93 / 83 Contribution Strategy

PY = Plan Year		Active			Early Retiree		
		EE	EE+1	EE+2	RET	RET+1	RET+2
Employee / Retiree Contributions	PY 2017	\$52.66	\$105.01	\$360.53	\$73.70	\$462.50	\$1,083.17
	PY 2018	\$55.30	\$110.30	\$378.73	\$70.44	\$478.92	\$1,131.01
	\$ Difference	+\$2.64	+\$5.29	+\$18.20	-\$3.26	+\$16.42	+\$47.84
	% Difference	+5.01%	+5.04%	+5.05%	-4.42%	+3.55%	+4.42%
Employer Contributions	PY 2017	\$699.59	\$1,395.08	\$1,760.23	\$1,659.72	\$2,048.51	\$2,048.51
	PY 2018	\$734.76	\$1,465.45	\$1,849.09	\$1,750.74	\$2,159.21	\$2,159.21
	\$ Difference	+\$35.17	+\$70.37	+\$88.86	+\$91.02	+\$110.70	+\$110.70
	% Difference	+5.03%	+5.04%	+5.05%	+5.48%	+5.40%	+5.40%
Total Rate	PY 2017	\$752.25	\$1,500.09	\$2,120.76	\$1,733.42	\$2,511.01	\$3,131.68
	PY 2018	\$790.06	\$1,575.75	\$2,227.82	\$1,821.18	\$2,638.13	\$3,290.22
	\$ Difference	+\$37.81	+\$75.66	+\$107.06	+\$87.76	+\$127.12	+\$158.54
	% Difference	+5.03%	+5.04%	+5.05%	+5.06%	+5.06%	+5.06%

# 2018 BSC Flex Funded Rates and Contributions

Status Quo HMO Access +

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Active Employee and Early Retiree—93 / 93 / 83 Contribution Strategy

## Member Impact:

- Active Employee: EE Only monthly contribution increases by \$2.64 (from \$52.66 to \$55.30), driven by the rate increase
- Active Employee: Monthly contribution increases by \$5.29 for EE + 1; increases by \$18.20 for EE + 2

## Employer Impact:

- Active Employee: EE Only monthly employer contribution increases by \$35.17 (from \$699.59 to \$734.76), driven by the rate increase
- Active Employee: Monthly employer contribution increases by \$70.37 for EE + 1; increases by \$88.86 for EE + 2

# 2018 BSC Flex Funded Rates and Contributions

Status Quo HMO Access +

Active Employee and Early Retiree—100 / 96 / 83 Contribution Strategy

<i>PY = Plan Year</i>		Active			Early Retiree		
		EE	EE+1	EE+2	RET	RET+1	RET+2
<b>Employee / Retiree Contributions</b>	<b>PY 2017</b>	<b>\$0.00</b>	<b>\$60.00</b>	<b>\$360.53</b>	<b>\$73.70</b>	<b>\$462.50</b>	<b>\$1,083.17</b>
	<b>PY 2018</b>	<b>\$0.00</b>	<b>\$63.03</b>	<b>\$378.73</b>	<b>\$70.44</b>	<b>\$478.92</b>	<b>\$1,131.01</b>
	<i>\$ Difference</i>	<i>+\$0.00</i>	<i>+\$3.03</i>	<i>+\$18.20</i>	<i>-\$3.26</i>	<i>+\$16.42</i>	<i>+\$47.84</i>
	<i>% Difference</i>	<i>-</i>	<i>+5.05%</i>	<i>+5.05%</i>	<i>-4.42%</i>	<i>+3.55%</i>	<i>+4.42%</i>
<b>Employer Contributions</b>	<b>PY 2017</b>	<b>\$752.25</b>	<b>\$1,440.09</b>	<b>\$1,760.23</b>	<b>\$1,659.72</b>	<b>\$2,048.51</b>	<b>\$2,048.51</b>
	<b>PY 2018</b>	<b>\$790.06</b>	<b>\$1,512.72</b>	<b>\$1,849.09</b>	<b>\$1,750.74</b>	<b>\$2,159.21</b>	<b>\$2,159.21</b>
	<i>\$ Difference</i>	<i>+\$37.81</i>	<i>+\$72.63</i>	<i>+\$88.86</i>	<i>+\$91.02</i>	<i>+\$110.70</i>	<i>+\$110.70</i>
	<i>% Difference</i>	<i>+5.03%</i>	<i>+5.04%</i>	<i>+5.05%</i>	<i>+5.48%</i>	<i>+5.40%</i>	<i>+5.40%</i>
<b>Total Rate</b>	<b>PY 2017</b>	<b>\$752.25</b>	<b>\$1,500.09</b>	<b>\$2,120.76</b>	<b>\$1,733.42</b>	<b>\$2,511.01</b>	<b>\$3,131.68</b>
	<b>PY 2018</b>	<b>\$790.06</b>	<b>\$1,575.75</b>	<b>\$2,227.82</b>	<b>\$1,821.18</b>	<b>\$2,638.13</b>	<b>\$3,290.22</b>
	<i>\$ Difference</i>	<i>+\$37.81</i>	<i>+\$75.66</i>	<i>+\$107.06</i>	<i>+\$87.76</i>	<i>+\$127.12</i>	<i>+\$158.54</i>
	<i>% Difference</i>	<i>+5.03%</i>	<i>+5.04%</i>	<i>+5.05%</i>	<i>+5.06%</i>	<i>+5.06%</i>	<i>+5.06%</i>

# 2018 BSC Flex Funded Rates and Contributions

## Status Quo HMO Access +

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### Active Employee and Early Retiree—100 / 96 / 83 Contribution Strategy

#### **Member Impact:**

- Active Employee: EE Only monthly contributions are paid at 100% under the 100 / 96 / 83 contribution formula
- Active Employee: Monthly contribution increases by \$3.03 for EE + 1; increases by \$18.20 for EE + 2

#### **Employer Impact:**

- Active Employee: EE Only monthly employer contribution increases by \$37.81 (from \$752.25 to \$790.06), driven by the rate increase
- Active Employee: Monthly employer contribution increases by \$72.63 for EE + 1; increases by \$88.86 for EE + 2

# 2018 BSC Flex Funded Monthly Rate Card

Status Quo HMO Access +

## 93 / 93 / 83 Contribution Strategy

	Actives			Early Retirees		
	Employee Only	Employee and One Dependent	Employee and Family	Retiree without Medicare	Retiree and Spouse w/o Medicare	Retiree and Family
Medical	\$773.29	\$1,546.62	\$2,188.45	\$1,793.40	\$2,597.66	\$3,239.49
Vision	\$3.95	\$7.92	\$11.20	\$3.95	\$7.92	\$11.20
Expense <sup>1</sup>	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
Best Doctors <sup>2</sup>	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40
Claims Stabilization Amount / Self-Funded Policy	\$8.42	\$16.81	\$23.77	\$19.43	\$28.15	\$35.13
<b>Total</b>	<b>\$790.06</b>	<b>\$1,575.75</b>	<b>\$2,227.82</b>	<b>\$1,821.18</b>	<b>\$2,638.13</b>	<b>\$3,290.22</b>

10-County Amount (Early Retirees and Retirees only) <sup>3</sup>	\$0.00	\$0.00	\$0.00	\$649.17	\$0.00	\$0.00
Single Retiree Offset <sup>4</sup>	\$0.00	\$0.00	\$0.00	\$0.00	\$649.17	\$649.17
"Actuarial Difference" <sup>5</sup>	\$0.00	\$0.00	\$0.00	\$1,031.12	\$1,031.12	\$1,031.12
Retiree Prop. E Subsidy <sup>6</sup>	\$0.00	\$0.00	\$0.00	\$70.45	\$478.92	\$478.92
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$1,750.74	\$2,159.21	\$2,159.21
<b>2018 Non-Bargained Contribution Rate</b>	<b>\$790.06</b>	<b>\$1,575.75</b>	<b>\$2,227.82</b>	<b>\$70.44</b>	<b>\$478.92</b>	<b>\$1,131.01</b>

MOU Negotiated Pickup <sup>7</sup>	\$734.76	\$1,465.45	\$1,849.09			
<b>2018 Typical Bargained Member / Retiree Contribution</b>	<b>\$55.30</b>	<b>\$110.30</b>	<b>\$378.73</b>	<b>\$70.44</b>	<b>\$478.92</b>	<b>\$1,131.01</b>

<b>Final Member Contribution 2017</b>	<b>\$52.66</b>	<b>\$105.01</b>	<b>\$360.53</b>	<b>\$73.70</b>	<b>\$462.50</b>	<b>\$1,083.17</b>
<b>Difference</b>	<b>\$2.64</b>	<b>\$5.29</b>	<b>\$18.20</b>	<b>-\$3.26</b>	<b>\$16.42</b>	<b>\$47.84</b>

**NOTE—Footnotes 1 – 7 defined on page 30 - 31**

# 2018 BSC Flex Funded Monthly Rate Card

Status Quo HMO Access +

## 100 / 96 / 83 Contribution Strategy

	Actives			Early Retirees		
	Employee Only	Employee and One Dependent	Employee and Family	Retiree without Medicare	Retiree and Spouse w/o Medicare	Retiree and Family
Medical	\$773.29	\$1,546.62	\$2,188.45	\$1,793.40	\$2,597.66	\$3,239.49
Vision	\$3.95	\$7.92	\$11.20	\$3.95	\$7.92	\$11.20
Expense <sup>1</sup>	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
Best Doctors <sup>2</sup>	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40
Claims Stabilization Amount / Self-Funded Policy	\$8.42	\$16.81	\$23.77	\$19.43	\$28.15	\$35.13
<b>Total</b>	<b>\$790.06</b>	<b>\$1,575.75</b>	<b>\$2,227.82</b>	<b>\$1,821.18</b>	<b>\$2,638.13</b>	<b>\$3,290.22</b>

10-County Amount (Early Retirees and Retirees only) <sup>3</sup>	\$0.00	\$0.00	\$0.00	\$649.17	\$0.00	\$0.00
Single Retiree Offset <sup>4</sup>	\$0.00	\$0.00	\$0.00	\$0.00	\$649.17	\$649.17
"Actuarial Difference" <sup>5</sup>	\$0.00	\$0.00	\$0.00	\$1,031.12	\$1,031.12	\$1,031.12
Retiree Prop. E Subsidy <sup>6</sup>	\$0.00	\$0.00	\$0.00	\$70.45	\$478.92	\$478.92
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$1,750.74	\$2,159.21	\$2,159.21
<b>2018 Non-Bargained Contribution Rate</b>	<b>\$790.06</b>	<b>\$1,575.75</b>	<b>\$2,227.82</b>	<b>\$70.44</b>	<b>\$478.92</b>	<b>\$1,131.01</b>

MOU Negotiated Pickup <sup>7</sup>	\$790.06	\$1,512.72	\$1,849.09			
<b>2018 Typical Bargained Member / Retiree Contribution</b>	<b>\$0.00</b>	<b>\$63.03</b>	<b>\$378.73</b>	<b>\$70.44</b>	<b>\$478.92</b>	<b>\$1,131.01</b>

<b>Final Member Contribution 2017</b>	<b>\$0.00</b>	<b>\$60.00</b>	<b>\$360.53</b>	<b>\$73.70</b>	<b>\$462.50</b>	<b>\$1,083.17</b>
<b>Difference</b>	<b>\$0.00</b>	<b>\$3.03</b>	<b>\$18.20</b>	<b>-\$3.26</b>	<b>\$16.42</b>	<b>\$47.84</b>

**NOTE—Footnotes 1 – 7 defined on page 30 - 31**

# 2018 BSC Flex Funded Rates and Contributions

## Trio Proposal

### Active Employee and Early Retiree—93 / 93 / 83 Contribution Strategy

<i>PY = Plan Year</i>		Active			Early Retiree		
		EE	EE+1	EE+2	RET	RET+1	RET+2
<b>Employee / Retiree Contributions</b>	<b>PY 2017</b>	<b>\$52.66</b>	<b>\$105.01</b>	<b>\$360.53</b>	<b>\$73.70</b>	<b>\$462.50</b>	<b>\$1,083.17</b>
	<b>PY 2018</b>	<b>\$49.56</b>	<b>\$98.82</b>	<b>\$339.27</b>	<b>\$29.44</b>	<b>\$395.26</b>	<b>\$979.28</b>
	<i>\$ Difference</i>	<i>-\$3.10</i>	<i>-\$6.19</i>	<i>-\$21.26</i>	<i>-\$44.26</i>	<i>-\$67.24</i>	<i>-\$103.89</i>
	<i>% Difference</i>	<i>-5.89%</i>	<i>-5.89%</i>	<i>-5.90%</i>	<i>-60.05%</i>	<i>-14.54%</i>	<i>-9.59%</i>
<b>Employer Contributions</b>	<b>PY 2017</b>	<b>\$699.59</b>	<b>\$1,395.08</b>	<b>\$1,760.23</b>	<b>\$1,659.72</b>	<b>\$2,048.51</b>	<b>\$2,048.51</b>
	<b>PY 2018</b>	<b>\$658.49</b>	<b>\$1,312.90</b>	<b>\$1,656.45</b>	<b>\$1,601.54</b>	<b>\$1,967.37</b>	<b>\$1,967.37</b>
	<i>\$ Difference</i>	<i>-\$41.10</i>	<i>-\$82.18</i>	<i>-\$103.78</i>	<i>-\$58.18</i>	<i>-\$81.14</i>	<i>-\$81.14</i>
	<i>% Difference</i>	<i>-5.87%</i>	<i>-5.89%</i>	<i>-5.90%</i>	<i>-3.51%</i>	<i>-3.96%</i>	<i>-3.96%</i>
<b>Total Rate</b>	<b>PY 2017</b>	<b>\$752.25</b>	<b>\$1,500.09</b>	<b>\$2,120.76</b>	<b>\$1,733.42</b>	<b>\$2,511.01</b>	<b>\$3,131.68</b>
	<b>PY 2018</b>	<b>\$708.05</b>	<b>\$1,411.72</b>	<b>\$1,995.72</b>	<b>\$1,630.98</b>	<b>\$2,362.63</b>	<b>\$2,946.65</b>
	<i>\$ Difference</i>	<i>-\$44.20</i>	<i>-\$88.37</i>	<i>-\$125.04</i>	<i>-\$102.44</i>	<i>-\$148.38</i>	<i>-\$185.03</i>
	<i>% Difference</i>	<i>-5.88%</i>	<i>-5.89%</i>	<i>-5.90%</i>	<i>-5.91%</i>	<i>-5.91%</i>	<i>-5.91%</i>

# 2018 BSC Flex Funded Rates and Contributions

## Trio Proposal

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Active Employee and Early Retiree—93 / 93 / 83 Contribution Strategy

### **Member Impact:**

- Active Employee: EE Only monthly contribution decreases by \$5.74 (from \$55.30 to \$49.56), driven by the rate increase
- Active Employee: Monthly contribution decreases by \$11.48 for EE + 1; decreases by \$39.46 for EE + 2

### **Employer Impact:**

- Active Employee: EE Only monthly employer contribution decreases by \$38.46 (from \$696.95 to \$658.49), driven by the rate increase
- Active Employee: Monthly employer contribution decreases by \$76.89 for EE + 1; decreases by \$85.58 for EE + 2

# 2018 BSC Flex Funded Rates and Contributions

## Trio Proposal

### Active Employee and Early Retiree—100 / 96 / 83 Contribution Strategy

<i>PY = Plan Year</i>		Active			Early Retiree		
		EE	EE+1	EE+2	RET	RET+1	RET+2
<b>Employee / Retiree Contributions</b>	<b>PY 2017</b>	<b>\$0.00</b>	<b>\$60.00</b>	<b>\$360.53</b>	<b>\$73.70</b>	<b>\$462.50</b>	<b>\$1,083.17</b>
	<b>PY 2018</b>	<b>\$0.00</b>	<b>\$56.47</b>	<b>\$339.27</b>	<b>\$29.44</b>	<b>\$395.26</b>	<b>\$979.28</b>
	<i>\$ Difference</i>	<i>+\$0.00</i>	<i>-\$3.53</i>	<i>-\$21.26</i>	<i>-\$44.26</i>	<i>-\$67.24</i>	<i>-\$103.89</i>
	<i>% Difference</i>	<i>-</i>	<i>-5.88%</i>	<i>-5.90%</i>	<i>-60.05%</i>	<i>-14.54%</i>	<i>-9.59%</i>
<b>Employer Contributions</b>	<b>PY 2017</b>	<b>\$752.25</b>	<b>\$1,440.09</b>	<b>\$1,760.23</b>	<b>\$1,659.72</b>	<b>\$2,048.51</b>	<b>\$2,048.51</b>
	<b>PY 2018</b>	<b>\$708.05</b>	<b>\$1,355.25</b>	<b>\$1,656.45</b>	<b>\$1,601.54</b>	<b>\$1,967.37</b>	<b>\$1,967.37</b>
	<i>\$ Difference</i>	<i>-\$44.20</i>	<i>-\$84.84</i>	<i>-\$103.78</i>	<i>-\$58.18</i>	<i>-\$81.14</i>	<i>-\$81.14</i>
	<i>% Difference</i>	<i>-5.88%</i>	<i>-5.89%</i>	<i>-5.90%</i>	<i>-3.51%</i>	<i>-3.96%</i>	<i>-3.96%</i>
<b>Total Rate</b>	<b>PY 2017</b>	<b>\$752.25</b>	<b>\$1,500.09</b>	<b>\$2,120.76</b>	<b>\$1,733.42</b>	<b>\$2,511.01</b>	<b>\$3,131.68</b>
	<b>PY 2018</b>	<b>\$708.05</b>	<b>\$1,411.72</b>	<b>\$1,995.72</b>	<b>\$1,630.98</b>	<b>\$2,362.63</b>	<b>\$2,946.65</b>
	<i>\$ Difference</i>	<i>-\$44.20</i>	<i>-\$88.37</i>	<i>-\$125.04</i>	<i>-\$102.44</i>	<i>-\$148.38</i>	<i>-\$185.03</i>
	<i>% Difference</i>	<i>-5.88%</i>	<i>-5.89%</i>	<i>-5.90%</i>	<i>-5.91%</i>	<i>-5.91%</i>	<i>-5.91%</i>

# 2018 BSC Flex Funded Rates and Contributions

## Trio Proposal

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Active Employee and Early Retiree—100 / 96 / 83 Contribution Strategy

### **Member Impact:**

- Active Employee: EE Only monthly contributions are paid at 100% under the 100 / 96 / 83 contribution formula
- Active Employee: Monthly contribution decreases by \$3.53 for EE + 1; decreases by \$21.26 for EE + 2

### **Employer Impact:**

- Active Employee: EE Only monthly employer contribution decreases by \$44.20 (from \$752.25 to \$708.05) driven by the rate increase
- Active Employee: Monthly employer contribution decreases by \$84.84 for EE + 1; decreases by \$103.78 for EE + 2

# 2018 BSC Flex Funded Monthly Rate Card

## Trio Proposal

93 / 93 / 83

### Contribution Strategy

	Actives			Early Retirees		
	Employee Only	Employee and One Dependent	Employee and Family	Retiree without Medicare	Retiree and Spouse w/o Medicare	Retiree and Family
Medical	\$691.28	\$1,382.59	\$1,956.35	\$1,603.20	\$2,322.16	\$2,895.92
Vision	\$3.95	\$7.92	\$11.20	\$3.95	\$7.92	\$11.20
Expense <sup>1</sup>	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
Best Doctors <sup>2</sup>	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40
Claims Stabilization Amount / Self-Funded Policy	\$8.42	\$16.81	\$23.77	\$19.43	\$28.15	\$35.13
<b>Total</b>	<b>\$708.05</b>	<b>\$1,411.72</b>	<b>\$1,995.72</b>	<b>\$1,630.98</b>	<b>\$2,362.63</b>	<b>\$2,946.65</b>

10-County Amount (Early Retirees and Retirees only) <sup>3</sup>	\$0.00	\$0.00	\$0.00	\$649.17	\$0.00	\$0.00
Single Retiree Offset <sup>4</sup>	\$0.00	\$0.00	\$0.00	\$0.00	\$649.17	\$649.17
"Actuarial Difference" <sup>5</sup>	\$0.00	\$0.00	\$0.00	\$922.93	\$922.93	\$922.93
Retiree Prop. E Subsidy <sup>6</sup>	\$0.00	\$0.00	\$0.00	\$29.44	\$395.27	\$395.27
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$1,601.54	\$1,967.37	\$1,967.37
<b>2018 Non-Bargained Contribution Rate</b>	<b>\$708.05</b>	<b>\$1,411.72</b>	<b>\$1,995.72</b>	<b>\$29.44</b>	<b>\$395.26</b>	<b>\$979.28</b>

MOU Negotiated Pickup <sup>7</sup>	\$658.49	\$1,312.90	\$1,656.45			
<b>2018 Typical Bargained Member / Retiree Contribution</b>	<b>\$49.56</b>	<b>\$98.82</b>	<b>\$339.27</b>	<b>\$29.44</b>	<b>\$395.26</b>	<b>\$979.28</b>

<b>Final Member Contribution 2017</b>	<b>\$52.66</b>	<b>\$105.01</b>	<b>\$360.53</b>	<b>\$73.70</b>	<b>\$462.50</b>	<b>\$1,083.17</b>
<b>Difference</b>	<b>-\$3.10</b>	<b>-\$6.19</b>	<b>-\$21.26</b>	<b>-\$44.26</b>	<b>-\$67.24</b>	<b>-\$103.89</b>

**NOTE—Footnotes 1 – 7 defined on page 30 - 31**

# 2018 BSC Flex Funded Monthly Rate Card

## Trio Proposal

### 100 / 96 / 83 Contribution Strategy

	Actives			Early Retirees		
	Employee Only	Employee and One Dependent	Employee and Family	Retiree without Medicare	Retiree and Spouse w/o Medicare	Retiree and Family
Medical	\$691.28	\$1,382.59	\$1,956.35	\$1,603.20	\$2,322.16	\$2,895.92
Vision	\$3.95	\$7.92	\$11.20	\$3.95	\$7.92	\$11.20
Expense <sup>1</sup>	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
Best Doctors <sup>2</sup>	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40
Claims Stabilization Amount / Self-Funded Policy	\$8.42	\$16.81	\$23.77	\$19.43	\$28.15	\$35.13
<b>Total</b>	<b>\$708.05</b>	<b>\$1,411.72</b>	<b>\$1,995.72</b>	<b>\$1,630.98</b>	<b>\$2,362.63</b>	<b>\$2,946.65</b>

10-County Amount (Early Retirees and Retirees only) <sup>3</sup>	\$0.00	\$0.00	\$0.00	\$649.17	\$0.00	\$0.00
Single Retiree Offset <sup>4</sup>	\$0.00	\$0.00	\$0.00	\$0.00	\$649.17	\$649.17
"Actuarial Difference" <sup>5</sup>	\$0.00	\$0.00	\$0.00	\$922.93	\$922.93	\$922.93
Retiree Prop. E Subsidy <sup>6</sup>	\$0.00	\$0.00	\$0.00	\$29.44	\$395.27	\$395.27
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$1,601.54	\$1,967.37	\$1,967.37
<b>2018 Non-Bargained Contribution Rate</b>	<b>\$708.05</b>	<b>\$1,411.72</b>	<b>\$1,995.72</b>	<b>\$29.44</b>	<b>\$395.26</b>	<b>\$979.28</b>

MOU Negotiated Pickup <sup>7</sup>	\$708.05	\$1,355.25	\$1,656.45			
<b>2018 Typical Bargained Member / Retiree Contribution</b>	<b>\$0.00</b>	<b>\$56.47</b>	<b>\$339.27</b>	<b>\$29.44</b>	<b>\$395.26</b>	<b>\$979.28</b>

<b>Final Member Contribution 2017</b>	<b>\$0.00</b>	<b>\$60.00</b>	<b>\$360.53</b>	<b>\$73.70</b>	<b>\$462.50</b>	<b>\$1,083.17</b>
<b>Difference</b>	<b>\$0.00</b>	<b>-\$3.53</b>	<b>-\$21.26</b>	<b>-\$44.26</b>	<b>-\$67.24</b>	<b>-\$103.89</b>

**NOTE—Footnotes 1 – 7 defined on page 30 - 31**

# 2018 BSC Rates and Contributions

## Status Quo versus Trio Comparison

### 93 / 93 / 83 Contribution Strategy

<i>PY = Plan Year</i>		Active			Early Retiree		
		EE	EE+1	EE+2	RET	RET+1	RET+2
<b>Employee Contributions</b>	<b>Status Quo PY 2018</b>	<b>\$55.30</b>	<b>\$110.30</b>	<b>\$378.73</b>	<b>\$70.44</b>	<b>\$478.92</b>	<b>\$1,131.01</b>
	<b>Trio PY 2018</b>	<b>\$49.56</b>	<b>\$98.82</b>	<b>\$339.27</b>	<b>\$29.44</b>	<b>\$395.26</b>	<b>\$979.28</b>
	<i>\$ Difference</i>	<i>-\$5.74</i>	<i>-\$11.48</i>	<i>-\$39.46</i>	<i>-\$41.00</i>	<i>-\$83.66</i>	<i>-\$151.73</i>
	<i>% Difference</i>	<i>-10.38%</i>	<i>-10.41%</i>	<i>-10.42%</i>	<i>-58.21%</i>	<i>-17.47%</i>	<i>-13.42%</i>
<b>Employer Contributions</b>	<b>Status Quo PY 2018</b>	<b>\$734.76</b>	<b>\$1,465.45</b>	<b>\$1,849.09</b>	<b>\$1,750.74</b>	<b>\$2,159.21</b>	<b>\$2,159.21</b>
	<b>Trio PY 2018</b>	<b>\$658.49</b>	<b>\$1,312.90</b>	<b>\$1,656.45</b>	<b>\$1,601.54</b>	<b>\$1,967.37</b>	<b>\$1,967.37</b>
	<i>\$ Difference</i>	<i>-\$76.27</i>	<i>-\$152.55</i>	<i>-\$192.64</i>	<i>-\$149.20</i>	<i>-\$191.84</i>	<i>-\$191.84</i>
	<i>% Difference</i>	<i>-10.38%</i>	<i>-10.41%</i>	<i>-10.42%</i>	<i>-8.52%</i>	<i>-8.88%</i>	<i>-8.88%</i>
<b>Total Rate</b>	<b>Status Quo PY 2018</b>	<b>\$790.06</b>	<b>\$1,575.75</b>	<b>\$2,227.82</b>	<b>\$1,821.18</b>	<b>\$2,638.13</b>	<b>\$3,290.22</b>
	<b>Trio PY 2018</b>	<b>\$708.05</b>	<b>\$1,411.72</b>	<b>\$1,995.72</b>	<b>\$1,630.98</b>	<b>\$2,362.63</b>	<b>\$2,946.65</b>
	<i>\$ Difference</i>	<i>-\$82.01</i>	<i>-\$164.03</i>	<i>-\$232.10</i>	<i>-\$190.20</i>	<i>-\$275.50</i>	<i>-\$343.57</i>
	<i>% Difference</i>	<i>-10.38%</i>	<i>-10.41%</i>	<i>-10.42%</i>	<i>-10.44%</i>	<i>-10.44%</i>	<i>-10.44%</i>

# 2018 BSC Rates and Contributions

## Status Quo versus Trio Comparison

### 100 / 96 / 83 Contribution Strategy

<i>PY = Plan Year</i>		Active			Early Retiree		
		EE	EE+1	EE+2	RET	RET+1	RET+2
<b>Employee Contributions</b>	<b>Status Quo PY 2018</b>	<b>\$0.00</b>	<b>\$63.03</b>	<b>\$378.73</b>	<b>\$70.44</b>	<b>\$478.92</b>	<b>\$1,131.01</b>
	<b>Trio PY 2018</b>	<b>\$0.00</b>	<b>\$56.47</b>	<b>\$339.27</b>	<b>\$29.44</b>	<b>\$395.26</b>	<b>\$979.28</b>
	<i>\$ Difference</i>	<i>+\$0.00</i>	<i>-\$6.56</i>	<i>-\$39.46</i>	<i>-\$41.00</i>	<i>-\$83.66</i>	<i>-\$151.73</i>
	<i>% Difference</i>	<i>-</i>	<i>-10.41%</i>	<i>-10.42%</i>	<i>-58.21%</i>	<i>-17.47%</i>	<i>-13.42%</i>
<b>Employer Contributions</b>	<b>Status Quo PY 2018</b>	<b>\$790.06</b>	<b>\$1,512.72</b>	<b>\$1,849.09</b>	<b>\$1,750.74</b>	<b>\$2,159.21</b>	<b>\$2,159.21</b>
	<b>Trio PY 2018</b>	<b>\$708.05</b>	<b>\$1,355.25</b>	<b>\$1,656.45</b>	<b>\$1,601.54</b>	<b>\$1,967.37</b>	<b>\$1,967.37</b>
	<i>\$ Difference</i>	<i>-\$82.01</i>	<i>-\$157.47</i>	<i>-\$192.64</i>	<i>-\$149.20</i>	<i>-\$191.84</i>	<i>-\$191.84</i>
	<i>% Difference</i>	<i>-10.38%</i>	<i>-10.41%</i>	<i>-10.42%</i>	<i>-8.52%</i>	<i>-8.88%</i>	<i>-8.88%</i>
<b>Total Rate</b>	<b>Status Quo PY 2018</b>	<b>\$790.06</b>	<b>\$1,575.75</b>	<b>\$2,227.82</b>	<b>\$1,821.18</b>	<b>\$2,638.13</b>	<b>\$3,290.22</b>
	<b>Trio PY 2018</b>	<b>\$708.05</b>	<b>\$1,411.72</b>	<b>\$1,995.72</b>	<b>\$1,630.98</b>	<b>\$2,362.63</b>	<b>\$2,946.65</b>
	<i>\$ Difference</i>	<i>-\$82.01</i>	<i>-\$164.03</i>	<i>-\$232.10</i>	<i>-\$190.20</i>	<i>-\$275.50</i>	<i>-\$343.57</i>
	<i>% Difference</i>	<i>-10.38%</i>	<i>-10.41%</i>	<i>-10.42%</i>	<i>-10.44%</i>	<i>-10.44%</i>	<i>-10.44%</i>

## Recommendation

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- HSS Staff recommends that the Health Service Board approve the alternate proposal offered by Blue Shield which would offer employees two plan choices: the broad Blue Shield network (same as current) and the Trio network

# Appendix—2018 BSC Flex Funded Premium Equivalent Underwriting Rating Results Comparison

- For underwriting purpose the 2017 and 2018 budgeted costs are compared
- The projected overall claims spend with the additional fees result in a premium equivalent rate for 2018 of \$740.53 PMPM, compared to \$711.82 PMPM for 2017. Note: the actual revenue for 2017 is running at \$692.94 (below the projected revenue of \$700.39)

**Table 1—Underwriting Rate Comparison Detail**

	2017	2018	Change
<b>Projected Medical and Rx Spend</b>	<b>\$660.77</b>	<b>\$688.93</b>	<b>+4.26%</b>
<b>Pooling Charge</b>	<b>\$10.40</b>	<b>\$11.23</b>	<b>+7.98%</b>
<b>Administration Fees</b>	<b>\$29.02</b>	<b>\$29.83</b>	<b>+2.79%</b>
<b>Affordable Care Act (ACA) Fees</b>	<b>\$0.20</b>	<b>\$2.43</b>	<b>+1,115.00%</b>
<i>PCORI</i>	<i>\$0.20</i>	<i>\$0.21</i>	
<i>MCO Tax Fee</i>	<i>\$0.00</i>	<i>\$2.22</i>	
<i>Health Insurer Tax</i>	<i>\$0.00</i>	<i>\$0.00</i>	
<b>Projected Spend, Fees, and Taxes</b>	<b>\$700.39</b>	<b>\$732.42</b>	<b>+4.57%</b>
Claims Stabilization Reserve Assessment	\$11.43	\$8.11	
<b>Final Projected Claims Spend, Fees, and Taxes</b>	<b>\$711.82</b>	<b>\$740.53</b>	<b>+4.03%</b>

## Appendix—Table 1 review

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- The overall 4.03% increase for 2018 includes:
  - ▶ A 4.26% increase in projected medical and prescription drug spend
  - ▶ A 2.79% increase in BSC administration fees
  - ▶ A \$0.81 per member per month (or 7.98%) increase in the pooling charge (paid on claims in excess of \$1M covered by BSC)
  - ▶ The addition of the Managed Care Organization (MCO) tax
  - ▶ Inclusion of the Claims Stabilization amortization of \$8.11 per member per month (PMPM) which is a reduction of \$3.32 from plan year 2017
  
- The 4.03% does not include Vision, Best Doctors and Healthcare Sustainability Fund

## Appendix—Underwriting: Large Claims Experience

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- From April 1, 2016 to March 31, 2017, there were three large claims that exceeded the \$1M pooling point
- Pursuant to SFHSS contract, BSC remitted a total of \$1,024,030 for claims exceeding the pooling point
- This amount is consistent with current expectations and is in line with historical levels
- The majority of this amount is due to higher than average pharmacy claims compared to previous years

# Appendix

## Status Quo Excluding Best Doctors

### 93 / 93 / 83 Contribution Strategy

	Actives			Early Retirees		
	Employee Only	Employee and One Dependent	Employee and Family	Retiree without Medicare	Retiree and Spouse w/o Medicare	Retiree and Family
Medical	\$773.29	\$1,546.62	\$2,188.45	\$1,793.40	\$2,597.66	\$3,239.49
Vision	\$3.95	\$7.92	\$11.20	\$3.95	\$7.92	\$11.20
Expense <sup>1</sup>	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
Best Doctors <sup>2</sup>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Claims Stabilization Amount / Self-Funded Policy	\$8.42	\$16.81	\$23.77	\$19.43	\$28.15	\$35.13
<b>Total</b>	<b>\$788.66</b>	<b>\$1,574.35</b>	<b>\$2,226.42</b>	<b>\$1,819.78</b>	<b>\$2,636.73</b>	<b>\$3,288.82</b>

10-County Amount (Early Retirees and Retirees only) <sup>3</sup>	\$0.00	\$0.00	\$0.00	\$649.17	\$0.00	\$0.00
Single Retiree Offset <sup>4</sup>	\$0.00	\$0.00	\$0.00	\$0.00	\$649.17	\$649.17
"Actuarial Difference" <sup>5</sup>	\$0.00	\$0.00	\$0.00	\$1,031.12	\$1,031.12	\$1,031.12
Retiree Prop. E Subsidy <sup>6</sup>	\$0.00	\$0.00	\$0.00	\$69.75	\$478.22	\$478.22
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$1,750.04	\$2,158.51	\$2,158.51
<b>2018 Non-Bargained Contribution Rate</b>	<b>\$788.66</b>	<b>\$1,574.35</b>	<b>\$2,226.42</b>	<b>\$69.74</b>	<b>\$478.22</b>	<b>\$1,130.31</b>

MOU Negotiated Pickup <sup>7</sup>	\$733.45	\$1,464.15	\$1,847.93			
<b>2018 Typical Bargained Member / Retiree Contribution</b>	<b>\$55.21</b>	<b>\$110.20</b>	<b>\$378.49</b>	<b>\$69.74</b>	<b>\$478.22</b>	<b>\$1,130.31</b>

<b>Final Member Contribution 2017</b>	<b>\$52.66</b>	<b>\$105.01</b>	<b>\$360.53</b>	<b>\$73.70</b>	<b>\$462.50</b>	<b>\$1,083.17</b>
<b>Difference</b>	<b>\$2.55</b>	<b>\$5.19</b>	<b>\$17.96</b>	<b>-\$3.96</b>	<b>\$15.72</b>	<b>\$47.14</b>

**NOTE—Footnotes 1 – 7 defined on page 30 - 31**

# Appendix

## Status Quo Excluding Best Doctors

### 100 / 96 / 83 Contribution Strategy

	Actives			Early Retirees		
	Employee Only	Employee and One Dependent	Employee and Family	Retiree without Medicare	Retiree and Spouse w/o Medicare	Retiree and Family
Medical	\$773.29	\$1,546.62	\$2,188.45	\$1,793.40	\$2,597.66	\$3,239.49
Vision	\$3.95	\$7.92	\$11.20	\$3.95	\$7.92	\$11.20
Expense <sup>1</sup>	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
Best Doctors <sup>2</sup>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Claims Stabilization Amount / Self-Funded Policy	\$8.42	\$16.81	\$23.77	\$19.43	\$28.15	\$35.13
<b>Total</b>	<b>\$788.66</b>	<b>\$1,574.35</b>	<b>\$2,226.42</b>	<b>\$1,819.78</b>	<b>\$2,636.73</b>	<b>\$3,288.82</b>

10-County Amount (Early Retirees and Retirees only) <sup>3</sup>	\$0.00	\$0.00	\$0.00	\$649.17	\$0.00	\$0.00
Single Retiree Offset <sup>4</sup>	\$0.00	\$0.00	\$0.00	\$0.00	\$649.17	\$649.17
"Actuarial Difference" <sup>5</sup>	\$0.00	\$0.00	\$0.00	\$1,031.12	\$1,031.12	\$1,031.12
Retiree Prop. E Subsidy <sup>6</sup>	\$0.00	\$0.00	\$0.00	\$69.75	\$478.22	\$478.22
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$1,750.04	\$2,158.51	\$2,158.51
<b>2018 Non-Bargained Contribution Rate</b>	<b>\$788.66</b>	<b>\$1,574.35</b>	<b>\$2,226.42</b>	<b>\$69.74</b>	<b>\$478.22</b>	<b>\$1,130.31</b>

MOU Negotiated Pickup <sup>7</sup>	\$788.66	\$1,511.38	\$1,847.93			
<b>2018 Typical Bargained Member / Retiree Contribution</b>	<b>\$0.00</b>	<b>\$62.97</b>	<b>\$378.49</b>	<b>\$69.74</b>	<b>\$478.22</b>	<b>\$1,130.31</b>

<b>Final Member Contribution 2017</b>	<b>\$0.00</b>	<b>\$60.00</b>	<b>\$360.53</b>	<b>\$73.70</b>	<b>\$462.50</b>	<b>\$1,083.17</b>
<b>Difference</b>	<b>\$0.00</b>	<b>\$2.97</b>	<b>\$17.96</b>	<b>-\$3.96</b>	<b>\$15.72</b>	<b>\$47.14</b>

**NOTE—Footnotes 1 – 7 defined on page 30 - 31**

# Appendix

## Trio Excluding Best Doctors

### 93 / 93 / 83 Contribution Strategy

	Actives			Early Retirees		
	Employee Only	Employee and One Dependent	Employee and Family	Retiree without Medicare	Retiree and Spouse w/o Medicare	Retiree and Family
Medical	\$691.28	\$1,382.59	\$1,956.35	\$1,603.20	\$2,322.16	\$2,895.92
Vision	\$3.95	\$7.92	\$11.20	\$3.95	\$7.92	\$11.20
Expense <sup>1</sup>	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
Best Doctors <sup>2</sup>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Claims Stabilization Amount / Self-Funded Policy	\$8.42	\$16.81	\$23.77	\$19.43	\$28.15	\$35.13
<b>Total</b>	<b>\$706.65</b>	<b>\$1,410.32</b>	<b>\$1,994.32</b>	<b>\$1,629.58</b>	<b>\$2,361.23</b>	<b>\$2,945.25</b>

10-County Amount (Early Retirees and Retirees only) <sup>3</sup>	\$0.00	\$0.00	\$0.00	\$649.17	\$0.00	\$0.00
Single Retiree Offset <sup>4</sup>	\$0.00	\$0.00	\$0.00	\$0.00	\$649.17	\$649.17
"Actuarial Difference" <sup>5</sup>	\$0.00	\$0.00	\$0.00	\$922.93	\$922.93	\$922.93
Retiree Prop. E Subsidy <sup>6</sup>	\$0.00	\$0.00	\$0.00	\$28.74	\$394.57	\$394.57
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$1,600.84	\$1,966.67	\$1,966.67
<b>2018 Non-Bargained Contribution Rate</b>	<b>\$706.65</b>	<b>\$1,410.32</b>	<b>\$1,994.32</b>	<b>\$28.74</b>	<b>\$394.56</b>	<b>\$978.58</b>

MOU Negotiated Pickup <sup>7</sup>	\$657.18	\$1,311.60	\$1,655.29			
<b>2018 Typical Bargained Member / Retiree Contribution</b>	<b>\$49.47</b>	<b>\$98.72</b>	<b>\$339.03</b>	<b>\$28.74</b>	<b>\$394.56</b>	<b>\$978.58</b>

<b>Final Member Contribution 2017</b>	<b>\$52.66</b>	<b>\$105.01</b>	<b>\$360.53</b>	<b>\$73.70</b>	<b>\$462.50</b>	<b>\$1,083.17</b>
<b>Difference</b>	<b>-\$3.19</b>	<b>-\$6.29</b>	<b>-\$21.50</b>	<b>-\$44.96</b>	<b>-\$67.94</b>	<b>-\$104.59</b>

**NOTE—Footnotes 1 – 7 defined on page 30 - 31**

# Appendix

## Trio Excluding Best Doctors

### 100 / 96 / 83 Contribution Strategy

	Actives			Early Retirees		
	Employee Only	Employee and One Dependent	Employee and Family	Retiree without Medicare	Retiree and Spouse w/o Medicare	Retiree and Family
Medical	\$691.28	\$1,382.59	\$1,956.35	\$1,603.20	\$2,322.16	\$2,895.92
Vision	\$3.95	\$7.92	\$11.20	\$3.95	\$7.92	\$11.20
Expense <sup>1</sup>	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
Best Doctors <sup>2</sup>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Claims Stabilization Amount / Self-Funded Policy	\$8.42	\$16.81	\$23.77	\$19.43	\$28.15	\$35.13
<b>Total</b>	<b>\$706.65</b>	<b>\$1,410.32</b>	<b>\$1,994.32</b>	<b>\$1,629.58</b>	<b>\$2,361.23</b>	<b>\$2,945.25</b>

10-County Amount (Early Retirees and Retirees only) <sup>3</sup>	\$0.00	\$0.00	\$0.00	\$649.17	\$0.00	\$0.00
Single Retiree Offset <sup>4</sup>	\$0.00	\$0.00	\$0.00	\$0.00	\$649.17	\$649.17
"Actuarial Difference" <sup>5</sup>	\$0.00	\$0.00	\$0.00	\$922.93	\$922.93	\$922.93
Retiree Prop. E Subsidy <sup>6</sup>	\$0.00	\$0.00	\$0.00	\$28.74	\$394.57	\$394.57
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$1,600.84	\$1,966.67	\$1,966.67
<b>2018 Non-Bargained Contribution Rate</b>	<b>\$706.65</b>	<b>\$1,410.32</b>	<b>\$1,994.32</b>	<b>\$28.74</b>	<b>\$394.56</b>	<b>\$978.58</b>

MOU Negotiated Pickup <sup>7</sup>	\$706.65	\$1,353.91	\$1,655.29			
<b>2018 Typical Bargained Member / Retiree Contribution</b>	<b>\$0.00</b>	<b>\$56.41</b>	<b>\$339.03</b>	<b>\$28.74</b>	<b>\$394.56</b>	<b>\$978.58</b>

<b>Final Member Contribution 2017</b>	<b>\$0.00</b>	<b>\$60.00</b>	<b>\$360.53</b>	<b>\$73.70</b>	<b>\$462.50</b>	<b>\$1,083.17</b>
<b>Difference</b>	<b>\$0.00</b>	<b>-\$3.59</b>	<b>-\$21.50</b>	<b>-\$44.96</b>	<b>-\$67.94</b>	<b>-\$104.59</b>

**NOTE—Footnotes 1 – 7 defined on page 30 - 31**

# Appendix

## Contribution Strategy—Footnotes

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- 1) **Healthcare Sustainability Fee**
- 2) **Best Doctors:** Second opinion vendor fees of \$1.40 PEPM
- 3) **"10-County" City Contribution:** Per Charter Section A8.423, employer contribution must equal the average of the employer contribution to health premium of the 10 most populous counties in CA, not including San Francisco. Per the MOU, the 10-County offset does not apply to 93 / 93 / 83 for Actives, and the 2018 10-County amount is \$649.17
- 4) **"Single Retiree Offset":** Per Charter Section A8.428, for Early Retirees = 10-County Amount; for Medicare-Eligible Retirees = Medicare Premium (because it is the lower than the 10-County Amount)

# Appendix

## Contribution Strategy—Footnotes

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- 5) **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
- 6) **Prop. E Subsidy Passed in November 2000 Election:** Per Charter A8.428, employer subsidy for Retiree (R) and R+1 =  $50\% \times [\text{Total Rate Cost} - 10\text{-County} - \text{Actuarial Difference}]$
- 7) **MOU Negotiated Pickup:** The employer pickup at 93% of the BCA EE Only, 93% of BSC EE+1, 83% of BSC EE+2. BSC premium is the second lowest cost plan and is the maximum the City contributes, as outlined in the MOU for applicable bargaining units

# Appendix

## Glossary

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- **Capitation:** Components of capitation generally include the following:
  - ▶ Services rendered in a provider's office
  - ▶ Outpatient facility visits that do not result in a hospital admission
    - Emergency department
    - Dialysis
    - Group therapy at a facility
    - Lab work
    - Observation room
    - Surgeries
    - Radiology
    - Medical supplies and services

# Appendix

## Glossary

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- **Rate Stabilization Reserve:** The objective of a stabilization reserve is to spread any underwriting gains or losses into the following year's premium calculation in an even-handed manner to reduce volatility from year-over-year changes in premium. The underwriting gains or losses are added or subtracted from the premium amounts to adjust for previous losses or gains. Each year's loss or gain is spread over the next three years
- **10-County Average Survey:** 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
- **Stop Loss:** Insurance product that provides protection against catastrophic or unpredictable losses. This transfers a portion of the liability for losses arising from the plan from SFHSS to a separate vendor

# Appendix

## Glossary

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- **Risk corridor:** the percentage of expected claims which a self-funded program is responsible to fund before the insurer covers the remaining cost