

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

## **Rates & Benefits**

Review and Approve Health Net CanopyCare  
Medical/Rx Flex-Funded Non-Medicare HMO Plan  
2024 Rates and Contributions

May 11, 2023

# Agenda

- **Rate Setting Methodology Preface**
- **Health Net CanopyCare 2024 HMO Plan Rating — Renewal Summary**
- **2024 Monthly Rate Cards for Health Net CanopyCare HMO Plan**
  - Active Employees (93/93/83 and 100/96/83 contribution strategies)
  - Early Retirees (per City Charter employer contribution guidance)
- **Recommendation for HSB Action**
- **Appendix — Additional Information**
  - Rate Card Footnotes
  - 2023 Health Net CanopyCare Monthly Rate Cards
  - Glossary of Terms

# 1

## Rate Setting Methodology Preface

# Health Plan Funding

## Method Comparison by SFHSS Plan

Funding Method	Self-Funded	Flex-Funded	Fully Insured
<b>Funding Method Description</b>	Claim dollars based on services delivered to members are paid by the Trust, along with plan administrative fees to manage the plan (process claims, provide call center for members, etc.)	Insurance approach where most claim dollars based on services delivered to members are paid by the Trust, but with fixed costs for certain healthcare services ("capitation") as well as plan administrative fees and large claim reinsurance mechanism ("pooling") at \$1 million per participant annually	Health plan sets fixed dollar plan premiums to cover expected claim costs for healthcare services by members, as well as plan administrative fee costs
<b>Who Sets the Recommended SFHSS Plan Rates?</b>	Aon actuary using Aon-determined cost trend assumptions and health plan-determined administrative fees (and required legislative fees)	Aon actuary using plan-determined cost trend assumptions that are validated by Aon actuary, and health plan-determined administrative/large claim pooling fees (and required legislative fees)	Plan's actuary using plan-determined cost trend assumptions which are scrutinized by Aon actuary, and health plan-determined administrative fees/large claim pooling adjustments (and required legislative fees)
<b>SFHSS Plans by Funding Method</b>	<ul style="list-style-type: none"> <li>• Non-Medicare PPO</li> <li>• Delta Dental Active Employee PPO</li> </ul>	<ul style="list-style-type: none"> <li>• Blue Shield of CA Access+ HMO/UHC Select EPO</li> <li>• Blue Shield of CA Trio HMO/UHC Doctors EPO</li> <li>• <del>Health Net CanopyCare HMO</del></li> </ul>	<ul style="list-style-type: none"> <li>• All Kaiser HMO plans</li> <li>• UHC Medicare Advantage PPO</li> <li>• Delta Dental Retiree PPO</li> <li>• DeltaCare Dental HMO</li> <li>• UHC Dental HMO</li> <li>• VSP Vision</li> </ul>
<b>HSB Rate Stabilization Policy Applies?</b>	Yes	Yes	No

# Health Plan Rate Setting Process for Next Plan Year

## Determining Needed Plan Rate Changes For Next Year — Five Step Process

Completion of these five steps below produces an aggregate cost projection based on current plan enrollment for the next plan year (right now, the 2024 plan year)



Next, the Aon and plan actuaries compare these next-year cost projections to the total current-year dollars when multiplying rates times enrollment — and that leads to the needed percentage change in rates from this year to next year:

$$\frac{\text{2024 Total Projected Plan Cost}}{\text{2023 Rates x Enrollment}} = \text{Needed Rate Change Factor (2024 vs. 2023)}$$

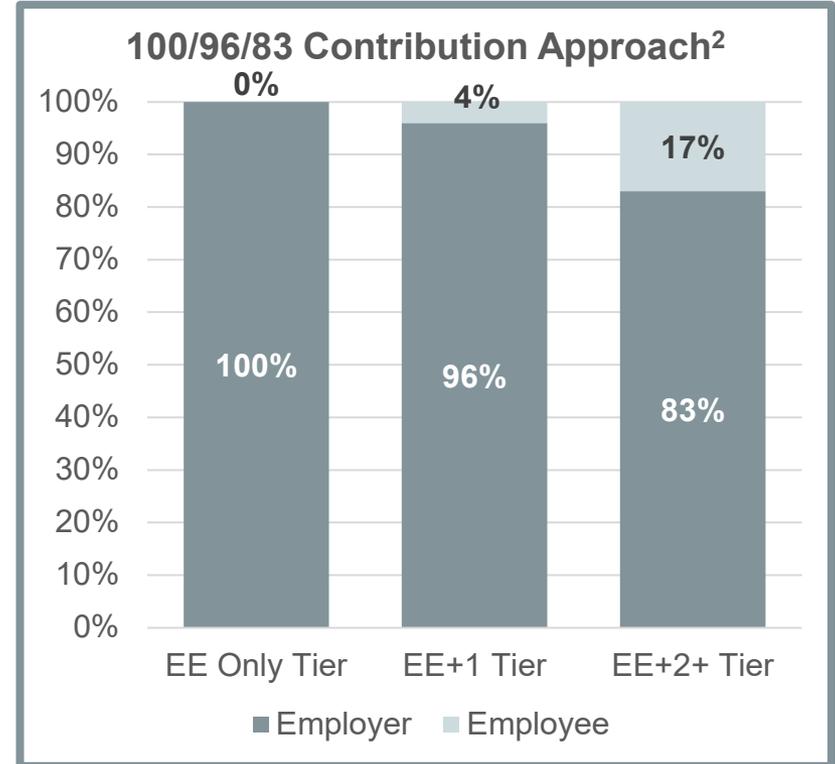
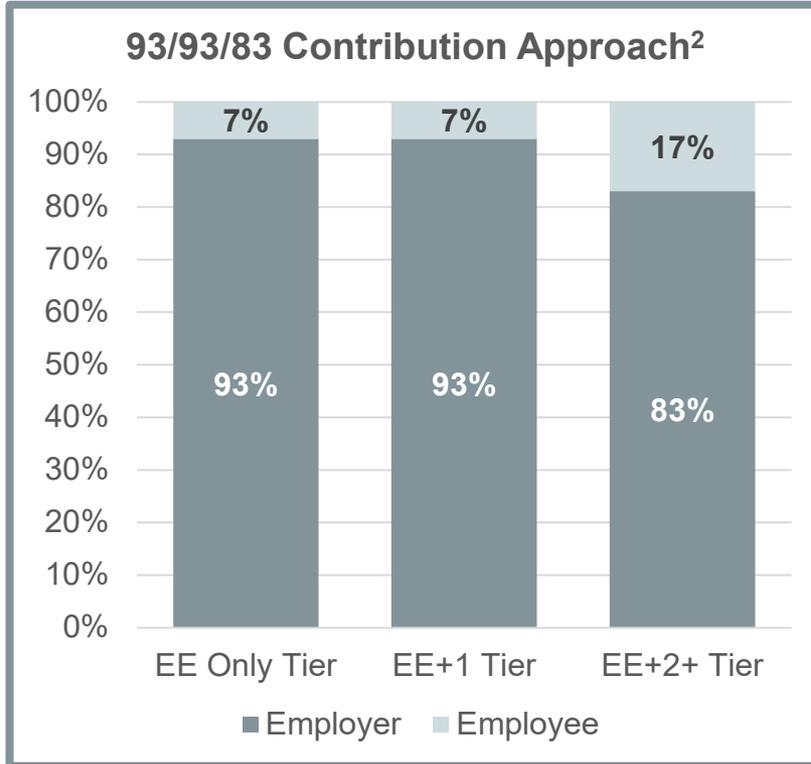
# Non-Medicare Medical Plan 2024 Rate Renewals

The Health Net CanopyCare 2024 plan year rate recommendations are contained in this document for recommendation to the Health Service Board (HSB) today.

The remaining non-Medicare (active employee and early retiree) 2024 plan rating recommendations will be presented to the HSB at the May 25, 2023, HSB meeting.

# Active Employees (CCSF<sup>1</sup>)

## Segmenting Total Cost Rates into Employer and Member Contributions



<sup>1</sup> City and County of San Francisco (CCSF) MOU contribution sharing approaches shown above; other employers in SFHSS plans have their employer-specific contribution sharing methodologies for active employees.

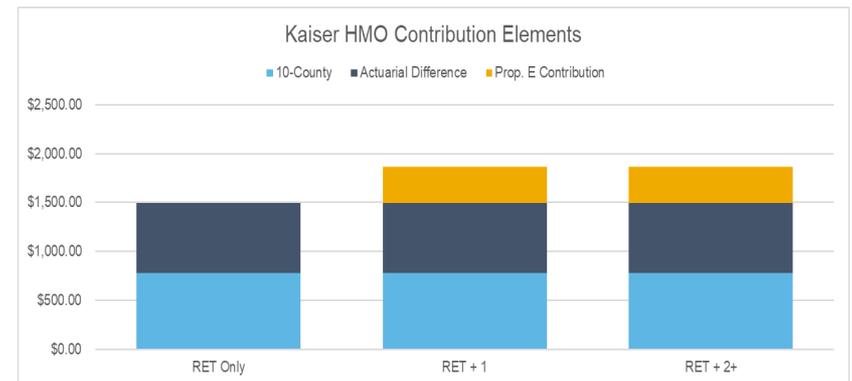
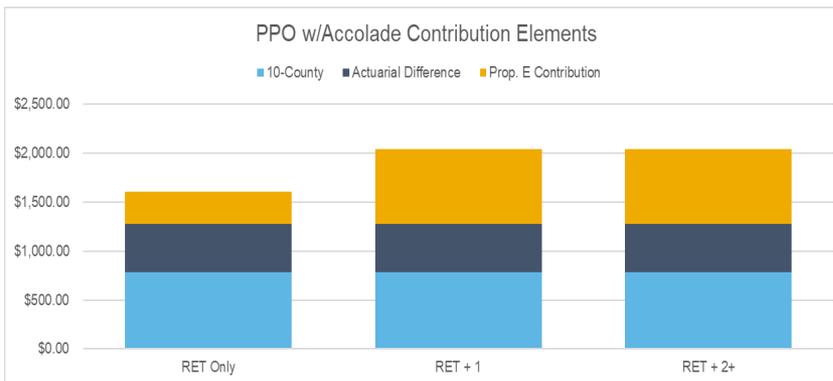
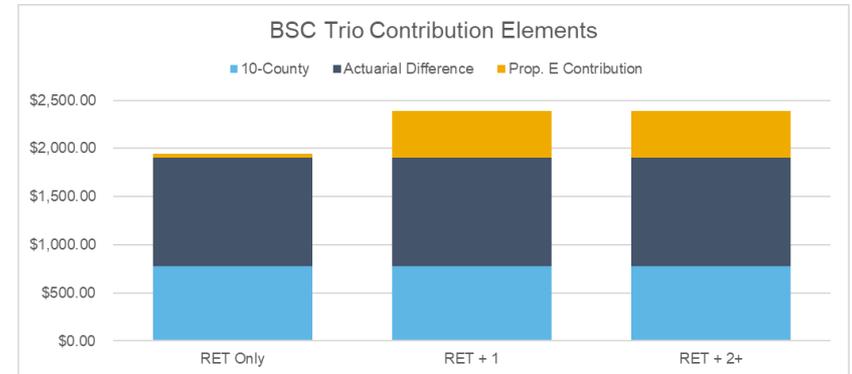
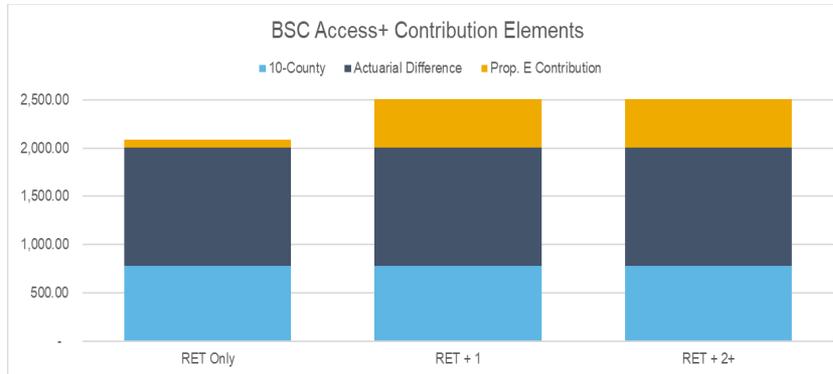
<sup>2</sup> For the highest cost plan (Non-Medicare PPO Plan), based on MOU the employer contribution dollar amounts are set to equal the employer contribution dollar amounts for the second highest-cost plan (which is BSC Access+ HMO/UHC Select EPO), except for the Employee Only tier in the 100/96/83 contribution approach where the member pays no contribution for any plan.

# Early Retirees (based on City Charter)

## Segmenting Total Cost Rates into Employer and Member Contributions

Early Retirees — **2023** Employer Contribution Components (HMO Plans)

- Light Blue — 10-County Amount (same amount for all plans)
- Dark Blue — “Actuarial Difference” (plan-specific, same amount for all tiers)
- Gold — Retiree Prop. E Contribution (plan-specific, varies for Single tier vs. Family tiers)



# Recommendation for HSB Action

Health Net CanopyCare HMO Plan

# Health Net CanopyCare HMO 2024 Plan Rating

## Recommendation

Staff recommends that the Health Service Board (HSB) approve the 2024 Health Net CanopyCare HMO plan rate cards as presented in this material, which reflect a 3.7% increase in Health Net CanopyCare HMO Plan projected medical, prescription drug and fee costs from 2023 to 2024.

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Rates in 2024 for Health Net CanopyCare will be less than rates for all other offered plans, including Kaiser California.

- Commentary regarding the rating proposal for 2024 is presented in this document to support the recommendations.
- Active employee rate cards in this presentation are shown for the two most common employer contribution strategies as of the start of this year for City and County of San Francisco (93/93/83 and 100/96/83).
  - There are multiple employer contribution strategies for active employees across the employers participating in the San Francisco Health Service System (SFHSS).
- Early retiree rate cards in this presentation are shown for early retirees who earn the full City contribution levels based on dates of hire and length of service — with employer contributions determined based on formulas outlined in the City Charter.

# 2

## Health Net CanopyCare 2024 HMO Plan Rating — Renewal Summary

# Health Net CanopyCare 2024 HMO Plan Rating

## Renewal Summary

- Health Net CanopyCare provided financial information in their Non-Medicare Health Plan renewal submission that is used to determine 2024 monthly total cost rates within the recommended rate cards later in this material.
- The Health Net CanopyCare HMO plan design mirrors the designs for the BSC HMO plans.
- The 2024 Health Net CanopyCare HMO plan rate cards include the following cost components:
  - Projected 2024 medical/pharmacy (net of rebates) claim costs;
  - Projected 2024 capitation charges for certain medical services including physicians;
  - Health Net CanopyCare 2024 fees (including administrative fee and ACA PCORI fees);
  - VSP Basic Plan vision premiums which remain at 2023 levels;
  - The SFHSS Healthcare Sustainability Fund charge of \$3.00 per employee/retiree per month (PEPM), which is unchanged from the 2023 fee; and
  - Rate stabilization buy-down of \$118,000 as approved by the HSB at the March 23, 2023, HSB meeting.

# Health Net CanopyCare 2024 HMO Plan Rating

## Renewal Summary

### Commentary on Rate Increase Recommendation (Before Rate Stabilization Buy-Down Is Applied in Rating – Increase Becomes +3.7% With Stabilization)

- After a substantial rate decrease into the second year of the Health Net CanopyCare plan in 2023—driven primarily by a reduction in projected medical cost capitation in the plan—the projected health plan rate components increase is 5.5% (based on the per member per month, or PMPM, figures in the table below):

	2023 PMPM	2024 PMPM	2024 vs 2023
<b>Capitation</b> (professional/institutional/chiropractic)	\$506.75	\$584.50	15.3%
<b>Fee-for-Service Claims</b>	\$51.34	\$58.28	13.5%
<b>Pharmacy</b> (excluding administrative fees)	\$136.55	\$91.21	(33.2%)
<b>Medical Administrative Fees</b>	\$38.02	\$39.16	3.0%
<b>Pharmacy Administrative Fees</b>	\$5.09	\$5.09	0.0%
<b>Total Projected Plan Cost (Before Stabilization Buy-Down)</b>	<b>\$737.75</b>	<b>\$778.24</b>	<b>5.5%</b>

# 3

## 2024 Monthly Rate Cards for Health Net CanopyCare HMO Plan

# 2024 Health Net CanopyCare HMO Monthly Rate Cards

- Health Net CanopyCare plan 2024 rate cards are presented on the following pages for active employees and early retirees — including two employer contribution models for active employees (93/93/83 and 100/96/83).
- The mathematical relationships of rates across each dependent coverage tier and across active employees and early retirees are set to be the same for the Health Net CanopyCare HMO plan as exist for the BSC HMO plans.

# Health Net CanopyCare HMO Plan

## Monthly Renewal Premiums/Contributions — 2024 versus 2023

Early Retirees and **93/93/83** Contribution Strategy for Actives

<i>PY = Plan Year</i>		Active Employees			Early Retirees		
		EE	EE+1	EE+2+	RET	RET+1	RET+2+
Monthly Employee/ Retiree Contributions	PY 2023	\$53.92	\$107.63	\$369.65	\$0.00	\$398.92	\$1,035.75
	PY 2024	\$55.90	\$111.58	\$383.24	\$0.00	\$413.60	\$1,073.87
	<i>\$ Difference</i>	\$1.98	\$3.95	\$13.59	\$0.00	\$14.68	\$38.12
	<i>% Difference</i>	3.7%	3.7%	3.7%	—	3.7%	3.7%
Monthly Employer Contributions	PY 2023	\$716.36	\$1,429.95	\$1,804.77	\$1,776.96	\$2,175.88	\$2,175.88
	PY 2024	\$742.62	\$1,482.49	\$1,871.11	\$1,842.46	\$2,256.07	\$2,256.07
	<i>\$ Difference</i>	\$26.26	\$52.54	\$66.34	\$65.50	\$80.19	\$80.19
	<i>% Difference</i>	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%
Monthly Total Rate	PY 2023	\$770.28	\$1,537.58	\$2,174.42	\$1,776.96	\$2,574.80	\$3,211.63
	PY 2024	\$798.52	\$1,594.07	\$2,254.35	\$1,842.46	\$2,669.67	\$3,329.94
	<i>\$ Difference</i>	\$28.24	\$56.49	\$79.93	\$65.50	\$94.87	\$118.31
	<i>% Difference</i>	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%

# Health Net CanopyCare HMO Plan

## Monthly Renewal Premiums/Contributions — 2024 versus 2023

Early Retirees and **100/96/83** Contribution Strategy for Actives

<i>PY = Plan Year</i>		Active Employees			Early Retirees		
		EE	EE+1	EE+2+	RET	RET+1	RET+2+
Monthly Employee/ Retiree Contributions	PY 2023	\$0.00	\$61.50	\$369.65	\$0.00	\$398.92	\$1,035.75
	PY 2024	\$0.00	\$63.76	\$383.24	\$0.00	\$413.60	\$1,073.87
	<i>\$ Difference</i>	\$0.00	\$2.26	\$13.59	\$0.00	\$14.68	\$38.12
	<i>% Difference</i>	—	3.7%	3.7%	—	3.7%	3.7%
Monthly Employer Contributions	PY 2023	\$770.28	\$1,476.08	\$1,804.77	\$1,776.96	\$2,175.88	\$2,175.88
	PY 2024	\$798.52	\$1,530.31	\$1,871.11	\$1,842.46	\$2,256.07	\$2,256.07
	<i>\$ Difference</i>	\$28.24	\$54.23	\$66.34	\$65.50	\$80.19	\$80.19
	<i>% Difference</i>	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%
Monthly Total Rate	PY 2023	\$770.28	\$1,537.58	\$2,174.42	\$1,776.96	\$2,574.80	\$3,211.63
	PY 2024	\$798.52	\$1,594.07	\$2,254.35	\$1,842.46	\$2,669.67	\$3,329.94
	<i>\$ Difference</i>	\$28.24	\$56.49	\$79.93	\$65.50	\$94.87	\$118.31
	<i>% Difference</i>	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%

# Health Net CanopyCare HMO Plan

## Proposed Monthly 2024 Rate Card

### 93/93/83 Contribution (Active Employees)

	Active Employees			Early Retirees		
	Employee Only	Employee Plus One Dependent	Employee and Family	Retiree without Medicare	Retiree and Spouse w/o Medicare	Retiree and Family
Medical	\$805.01	\$1,610.03	\$2,278.19	\$1,866.94	\$2,704.17	\$3,372.32
Vision	\$4.15	\$8.32	\$11.76	\$4.15	\$8.32	\$11.76
Expense <sup>1</sup>	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
Claims Stabilization Amount/Self-Funded Policy	(\$13.64)	(\$27.28)	(\$38.60)	(\$31.63)	(\$45.82)	(\$57.14)
<b>Total</b>	<b>\$798.52</b>	<b>\$1,594.07</b>	<b>\$2,254.35</b>	<b>\$1,842.46</b>	<b>\$2,669.67</b>	<b>\$3,329.94</b>

10-County Amount <sup>2</sup>	\$0.00	\$0.00	\$0.00	\$805.85	\$0.00	\$0.00
Single Retiree Offset <sup>3</sup>	\$0.00	\$0.00	\$0.00	\$0.00	\$805.85	\$805.85
"Actuarial Difference" <sup>4</sup>	\$0.00	\$0.00	\$0.00	\$1,036.61	\$1,036.61	\$1,036.61
Retiree Prop. E Employer Contribution <sup>5</sup>	\$0.00	\$0.00	\$0.00	\$0.00	\$413.61	\$413.61
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$1,842.46	\$2,256.07	\$2,256.07
<b>2024 Non-Bargained Contribution Rate</b>	<b>\$798.52</b>	<b>\$1,594.07</b>	<b>\$2,254.35</b>	<b>\$0.00</b>	<b>\$413.60</b>	<b>\$1,073.87</b>

MOU Negotiated Pickup <sup>6</sup>	\$742.62	\$1,482.49	\$1,871.11			
<b>2024 Typical Bargained Member Contribution</b>	<b>\$55.90</b>	<b>\$111.58</b>	<b>\$383.24</b>			

<b>Final Member Contribution 2023</b>	<b>\$53.92</b>	<b>\$107.63</b>	<b>\$369.65</b>	<b>\$0.00</b>	<b>\$398.92</b>	<b>\$1,035.75</b>
<b>Difference — 2024 versus 2023</b>	<b>\$1.98</b>	<b>\$3.95</b>	<b>\$13.59</b>	<b>\$0.00</b>	<b>\$14.68</b>	<b>\$38.12</b>

# Health Net CanopyCare HMO Plan

## Proposed Monthly 2024 Rate Card

### 100/96/83 Contribution (Active Employees)

	Active Employees			Early Retirees		
	Employee Only	Employee Plus One Dependent	Employee and Family	Retiree without Medicare	Retiree and Spouse w/o Medicare	Retiree and Family
Medical	\$805.01	\$1,610.03	\$2,278.19	\$1,866.94	\$2,704.17	\$3,372.32
Vision	\$4.15	\$8.32	\$11.76	\$4.15	\$8.32	\$11.76
Expense <sup>1</sup>	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
Claims Stabilization Amount/Self-Funded Policy	(\$13.64)	(\$27.28)	(\$38.60)	(\$31.63)	(\$45.82)	(\$57.14)
<b>Total</b>	<b>\$798.52</b>	<b>\$1,594.07</b>	<b>\$2,254.35</b>	<b>\$1,842.46</b>	<b>\$2,669.67</b>	<b>\$3,329.94</b>

10-County Amount <sup>2</sup>	\$0.00	\$0.00	\$0.00	\$805.85	\$0.00	\$0.00
Single Retiree Offset <sup>3</sup>	\$0.00	\$0.00	\$0.00	\$0.00	\$805.85	\$805.85
"Actuarial Difference" <sup>4</sup>	\$0.00	\$0.00	\$0.00	\$1,036.61	\$1,036.61	\$1,036.61
Retiree Prop. E Employer Contribution <sup>5</sup>	\$0.00	\$0.00	\$0.00	\$0.00	\$413.61	\$413.61
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$1,842.46	\$2,256.07	\$2,256.07
<b>2024 Non-Bargained Contribution Rate</b>	<b>\$798.52</b>	<b>\$1,594.07</b>	<b>\$2,254.35</b>	<b>\$0.00</b>	<b>\$413.60</b>	<b>\$1,073.87</b>

MOU Negotiated Pickup <sup>6</sup>	\$798.52	\$1,530.31	\$1,871.11			
<b>2024 Typical Bargained Member Contribution</b>	<b>\$0.00</b>	<b>\$63.76</b>	<b>\$383.24</b>			

<b>Final Member Contribution 2023</b>	<b>\$0.00</b>	<b>\$61.50</b>	<b>\$369.65</b>	<b>\$0.00</b>	<b>\$398.92</b>	<b>\$1,035.75</b>
<b>Difference — 2024 versus 2023</b>	<b>\$0.00</b>	<b>\$2.26</b>	<b>\$13.59</b>	<b>\$0.00</b>	<b>\$14.68</b>	<b>\$38.12</b>

# 4

## Recommendation for HSB Action

Health Net CanopyCare HMO Plan

# Recommendation for HSB Action

Staff recommends that the Health Service Board (HSB) approve the 2024 Health Net CanopyCare HMO plan rate cards as presented in this material, which reflect a 3.7% increase in Health Net CanopyCare HMO Plan projected medical, prescription drug and fee costs from 2023 to 2024.

# 5

## Appendix — Additional Information

- Rate Card Footnotes
- 2023 Health Net CanopyCare Monthly Rate Cards
- Glossary of Terms

# Health Net CanopyCare Rate Card Footnotes

- 1) **Expense** — SFHSS Healthcare Sustainability Fund charge.
- 2) **“10-County” Employer Contribution** — Per Charter Section A8.423, the employer contribution must equal the average of the employer contribution to health premiums of the 10 most populous counties in California, not including San Francisco. The monthly amount for 2024 rating is \$805.85 (per March 2023 HSB action).
- 3) **“Single Retiree Offset”** — Per Charter Section A8.428; for Early Retirees, this is equal to the 10-County Amount.
- 4) **Retiree “Actuarial Difference”** — Per Charter Section A8.428, employer contributes the difference between a single active Employee and a single non-Medicare Retiree cost of premium. Calculated for non-Medicare retiree only.
- 5) **Prop. E Employer Contribution (passed in November 2000 Election)** — Per Charter A8.428, the Prop. E employer contribution for Retiree (R) and R+1 =  $50\% \times [\text{Total Rate Cost} - 10 \text{ County} - \text{Actuarial Difference}]$ .
- 6) **Currently, the two most common employer contribution formulas** in MOU agreements follow are 93% Single/93% E+1/83% E+2+ and 100% Single/96% E+1/83% E+2+.

# Health Net CanopyCare HMO Plan

## 2023 Monthly Rate Card

### 93/93/83 Contribution (Active Employees)

	Active Employees			Early Retirees		
	Employee Only	Employee Plus One Dependent	Employee and Family	Retiree without Medicare	Retiree and Spouse w/o Medicare	Retiree and Family
Medical	\$763.13	\$1,526.26	\$2,159.66	\$1,769.81	\$2,563.48	\$3,196.87
Vision	\$4.15	\$8.32	\$11.76	\$4.15	\$8.32	\$11.76
Expense <sup>1</sup>	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
Claims Stabilization Amount/Self-Funded Policy	N/A	N/A	N/A	N/A	N/A	N/A
<b>Total</b>	<b>\$770.28</b>	<b>\$1,537.58</b>	<b>\$2,174.42</b>	<b>\$1,776.96</b>	<b>\$2,574.80</b>	<b>\$3,211.63</b>

10-County Amount <sup>2</sup>	\$0.00	\$0.00	\$0.00	\$780.76	\$0.00	\$0.00
Single Retiree Offset <sup>3</sup>	\$0.00	\$0.00	\$0.00	\$0.00	\$780.76	\$780.76
"Actuarial Difference" <sup>4</sup>	\$0.00	\$0.00	\$0.00	\$996.20	\$996.20	\$996.20
Retiree Prop. E Employer Contribution <sup>5</sup>	\$0.00	\$0.00	\$0.00	\$0.00	\$398.92	\$398.92
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$1,776.96	\$2,175.88	\$2,175.88
<b>2023 Non-Bargained Contribution Rate</b>	<b>\$770.28</b>	<b>\$1,537.58</b>	<b>\$2,174.42</b>	<b>\$0.00</b>	<b>\$398.92</b>	<b>\$1,035.75</b>

MOU Negotiated Pickup <sup>6</sup>	\$716.36	\$1,429.95	\$1,804.77			
<b>2023 Typical Bargained Member Contribution</b>	<b>\$53.92</b>	<b>\$107.63</b>	<b>\$369.65</b>			

<b>Final Member Contribution 2022</b>	<b>\$60.13</b>	<b>\$120.05</b>	<b>\$412.35</b>	<b>\$50.85</b>	<b>\$495.93</b>	<b>\$1,206.41</b>
<b>Difference — 2023 versus 2022</b>	<b>(\$6.21)</b>	<b>(\$12.42)</b>	<b>(\$42.70)</b>	<b>(\$50.85)</b>	<b>(\$97.01)</b>	<b>(\$170.66)</b>

# Health Net CanopyCare HMO Plan

## 2023 Monthly Rate Card

### 100/96/83 Contribution (Active Employees)

	Active Employees			Early Retirees		
	Employee Only	Employee Plus One Dependent	Employee and Family	Retiree without Medicare	Retiree and Spouse w/o Medicare	Retiree and Family
Medical	\$763.13	\$1,526.26	\$2,159.66	\$1,769.81	\$2,563.48	\$3,196.87
Vision	\$4.15	\$8.32	\$11.76	\$4.15	\$8.32	\$11.76
Expense <sup>1</sup>	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
Claims Stabilization Amount/Self-Funded Policy	N/A	N/A	N/A	N/A	N/A	N/A
<b>Total</b>	<b>\$770.28</b>	<b>\$1,537.58</b>	<b>\$2,174.42</b>	<b>\$1,776.96</b>	<b>\$2,574.80</b>	<b>\$3,211.63</b>

10-County Amount <sup>2</sup>	\$0.00	\$0.00	\$0.00	\$780.76	\$0.00	\$0.00
Single Retiree Offset <sup>3</sup>	\$0.00	\$0.00	\$0.00	\$0.00	\$780.76	\$780.76
"Actuarial Difference" <sup>4</sup>	\$0.00	\$0.00	\$0.00	\$996.20	\$996.20	\$996.20
Retiree Prop. E Employer Contribution <sup>5</sup>	\$0.00	\$0.00	\$0.00	\$0.00	\$398.92	\$398.92
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$1,776.96	\$2,175.88	\$2,175.88
<b>2023 Non-Bargained Contribution Rate</b>	<b>\$770.28</b>	<b>\$1,537.58</b>	<b>\$2,174.42</b>	<b>\$0.00</b>	<b>\$398.92</b>	<b>\$1,035.75</b>

MOU Negotiated Pickup <sup>6</sup>	\$770.28	\$1,476.08	\$1,804.77			
<b>2023 Typical Bargained Member Contribution</b>	<b>\$0.00</b>	<b>\$61.50</b>	<b>\$369.65</b>			

<b>Final Member Contribution 2022</b>	<b>\$0.00</b>	<b>\$68.60</b>	<b>\$412.35</b>	<b>\$50.85</b>	<b>\$495.93</b>	<b>\$1,206.41</b>
<b>Difference — 2023 versus 2022</b>	<b>\$0.00</b>	<b>(\$7.10)</b>	<b>(\$42.70)</b>	<b>(\$50.85)</b>	<b>(\$97.01)</b>	<b>(\$170.66)</b>

# Glossary of Terms

## **ACA PCORI Fee**

- The Affordable Care Act's Patient Centered Outcomes Research Institute fee that was extended beyond its original 2019 expiration to the year 2029 as part of the federal SECURE Act signed into law in December 2019.

## **Capitation**

- Fixed per member cost that SFHSS pays to Health Net for most health care services (over 90% of medical cost in Health Net CanopyCare is capitated).

## **Risk Corridor**

- The percentage of expected claims, beyond those expected claims, which the employer is responsible to fund before the insurer covers the remaining claims that exceed the risk corridor percentage (this is set at 125% of expected claims for Health Net CanopyCare).

# Glossary of Terms

## **Rate Stabilization Reserve**

- HSB policy establishes use of a stabilization reserve to spread any underwriting gains or losses into the following year's premium calculation in a consistent 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. Per HSB policy, each year's loss or gain is spread over the next three years.

## **Ten (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 ten most populous counties in California, not including San Francisco.