

Health Service Board City & County of San Francisco

Rates & Benefits

UHC (City Plan) Employer Group Waiver Plan (EGWP)
Rates to be Included in Medicare Retiree Rates Presentation

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Employer Group Waiver Plan (EGWP) Premium

For 2016, the EGWP premium for City Plan is \$171.09 per member per month.

For 2017, UnitedHealthcare (UHC) has proposed a 28% increase to the EGWP premium or \$218.99 per member per month.

The costs of the EGWP renewal is 100% experience based.

The increase is a reflection of the following:

- The trend used in the renewal is 8.8%. This compares favorably to the industry trend of 11-12%.
- Higher cost of prescription drugs.

Employer Group Waiver Plan (EGWP) Premium

(continued)

Centers for Medicare and Medicaid Services (CMS) subsidy of EGWP plans has decreased in the following ways:

1. The CMS direct subsidy for EGWP has decreased
2. The CMS reinsurance amount was reduced by decreasing the number of claims that are processed at the catastrophic level
3. The CMS Risk Adjusted Factor (RAF) is increasing from 0.849 to 0.899. This affects the CMS subsidy.
4. Lastly, the Brand Manufacture Discount to UHC has been decreased.

Please note that the one year elimination of Health Insurance Tax (HIT) referenced in the Affordable Care Act has been removed from this rate for 2017.

Recommendations

- Aon and HSS staff considered returning to the RDS (Retiree Drug Subsidy) and recommend continuing with the EGWP.
- Aon recommends that the Health Service Board approve the UHC (City Plan) 2017 EGWP premium at \$218.99 per member per month rate.
- The approved EGWP premium will be included in the development of the City Plan Medicare retiree rates which will be presented approved at the June 9, 2016 HSB meeting.