

Health Service Board City & County of San Francisco

Rates & Benefits

UnitedHealthcare (City Plan) Self-Insured Rates and Premium Contributions for Active Employees and Early Retirees and Preliminary Medicare Retiree Rate Renewal for 2017 Plan Year

May12, 2016

Prepared by:

Aon | Aon Hewitt | Health & Benefits



Contents

- **Summary**
- **City Plan Claims Experience / Observations**
- **City Plan Underwriting**
 - Methodology
 - Trend
- **Premium Equivalent Development and Results**
- **Recommendation**
- **Appendix**
 - Monthly Rate Cards
 - Rates and Contributions
 - Glossary

Summary

This presentation will outline the following for the City Plan which is administered by UnitedHealthcare (UHC):

- The 2015 experience by employee/retiree status (Active Employees, Early Retiree, Medicare Retiree)
- Underwriting methodology
- Medical and prescription drug trends
- 2017 rates and premium contributions
 - Status Quo and “Buy Down’ for Actives and Early Retirees
 - Preliminary Medicare Post 65

City Plan (UHC) Active Employee Claims Experience

City and County of San Francisco Loss Ratio Analysis

Active Experience January 2015 through December 2015

Month	EE	EE + 1	EE + 2	Total Subscribers	Dependents	Average Contract Size	EE Rate	EE + 1 Rate	EE + 2 Rate	Monthly Premium	Paid Claims	Paid Loss Ratio	Incurred Claims	Incurred Loss Ratio
Jan-15	529	70	37	636	184	1.29	\$1,012.41	\$1,987.35	\$2,799.82	\$778,273	\$815,694	105%	\$959,488	123%
Feb-15	521	72	37	630	192	1.30	\$1,012.41	\$1,987.35	\$2,799.82	\$774,148	\$943,108	122%	\$948,125	122%
Mar-15	516	71	38	625	187	1.30	\$1,012.41	\$1,987.35	\$2,799.82	\$769,899	\$1,013,019	132%	\$1,083,859	141%
Apr-15	515	72	37	624	188	1.30	\$1,012.41	\$1,987.35	\$2,799.82	\$768,074	\$1,029,516	134%	\$1,219,876	159%
May-15	514	75	37	626	190	1.30	\$1,012.41	\$1,987.35	\$2,799.82	\$773,023	\$1,227,647	159%	\$677,706	88%
Jun-15	512	74	37	623	192	1.31	\$1,012.41	\$1,987.35	\$2,799.82	\$769,011	\$598,985	78%	\$688,761	90%
Jul-15	506	68	38	612	191	1.31	\$1,012.41	\$1,987.35	\$2,799.82	\$753,812	\$789,522	105%	\$840,694	112%
Aug-15	505	70	38	613	190	1.31	\$1,012.41	\$1,987.35	\$2,799.82	\$756,775	\$700,264	93%	\$737,160	97%
Sep-15	505	70	36	611	187	1.31	\$1,012.41	\$1,987.35	\$2,799.82	\$751,175	\$728,331	97%	\$1,085,644	145%
Oct-15	503	72	36	611	184	1.30	\$1,012.41	\$1,987.35	\$2,799.82	\$753,125	\$1,085,646	144%	\$1,033,314	137%
Nov-15	500	74	36	610	187	1.31	\$1,012.41	\$1,987.35	\$2,799.82	\$754,062	\$854,474	113%	\$716,146	95%
Dec-15	501	73	38	612	191	1.31	\$1,012.41	\$1,987.35	\$2,799.82	\$758,687	\$1,082,176	143%	\$1,051,677	139%
Totals / Averages				619						\$9,160,064	\$10,868,383	119%	\$11,042,450	121%
Surplus / (Deficit)											(\$1,708,318)		(\$1,882,386)	

NOTE—Observations are on the following page

City Plan (UHC) Active Employee Claims Experience (continued)

Observations

- The contract size has increased since the historical low in December 2014
 - Historical low in December 2014—**1.24**
 - Contract size as of December 2015—**1.31**
- Average incurred cost per subscriber per month is \$1,486 vs. average premium of \$1,232 per month
 - These amounts constitute a 2015 incurred loss ratio of **121%**
- Average paid cost per subscriber per month is \$1,462 vs. average premium of \$1,232 per month
 - These amounts constitute a 2015 paid loss ratio of **119%**

City Plan (UHC) Early Retiree Claims Experience

City and County of San Francisco Loss Ratio Analysis

Early Retiree Experience January 2015 through December 2015

Month	EE	EE + 1	EE + 2	Total Subscribers	Dependents	Average Contract Size	EE Rate	EE + 1 Rate	EE + 2 Rate	Monthly Premium	Paid Claims	Paid Loss Ratio	Incurred Claims	Incurred Loss Ratio
Jan-15	429	126	10	565	371	1.66	\$1,185.63	\$2,333.77	\$3,146.25	\$834,153	\$1,620,125	194%	\$1,497,655	180%
Feb-15	430	126	9	565	371	1.66	\$1,185.63	\$2,333.77	\$3,146.25	\$832,192	\$1,467,367	176%	\$831,178	100%
Mar-15	424	120	9	553	357	1.65	\$1,185.63	\$2,333.77	\$3,146.25	\$811,076	\$1,204,832	149%	\$885,871	109%
Apr-15	419	120	8	547	343	1.63	\$1,185.63	\$2,333.77	\$3,146.25	\$802,001	\$901,352	112%	\$958,805	120%
May-15	412	119	8	539	330	1.61	\$1,185.63	\$2,333.77	\$3,146.25	\$791,368	\$1,108,288	140%	\$1,086,013	137%
Jun-15	405	115	8	528	322	1.61	\$1,185.63	\$2,333.77	\$3,146.25	\$773,734	\$1,265,958	164%	\$1,353,165	175%
Jul-15	410	120	8	538	323	1.60	\$1,185.63	\$2,333.77	\$3,146.25	\$791,331	\$1,155,764	146%	\$2,069,400	262%
Aug-15	416	119	8	543	322	1.59	\$1,185.63	\$2,333.77	\$3,146.25	\$796,111	\$1,506,725	189%	\$1,451,269	182%
Sep-15	425	122	8	555	318	1.57	\$1,185.63	\$2,333.77	\$3,146.25	\$813,783	\$1,957,438	241%	\$1,098,571	135%
Oct-15	426	122	8	556	306	1.55	\$1,185.63	\$2,333.77	\$3,146.25	\$814,968	\$1,044,132	128%	\$936,994	115%
Nov-15	426	122	8	556	311	1.56	\$1,185.63	\$2,333.77	\$3,146.25	\$814,968	\$903,140	111%	\$1,103,179	135%
Dec-15	422	117	8	547	306	1.56	\$1,185.63	\$2,333.77	\$3,146.25	\$798,557	\$1,165,732	146%	\$1,204,106	151%
Totals / Averages				549						\$9,674,242	\$15,300,852	158%	\$14,476,206	150%
Surplus / (Deficit)											(\$5,626,610)		(\$4,801,964)	

NOTE—Observations are on the following page

City Plan (UHC) Early Retiree Claims Experience (continued)

Observations

- High experience for the 2015 calendar year
- **Total enrollment decreased** during 2015
- Average incurred cost per subscriber per month is \$2,196 vs. premium of \$1,468 per month
 - These amounts constitute a 2015 incurred loss ratio of **150%**
 - A standard loss ratio would be 90%
- Average paid cost per subscriber per month is \$2,321 vs. premium of \$1,468 per month
 - These amounts constitute a 2015 paid loss ratio of **158%**

City Plan (UHC) Medicare Retiree Claims Experience

City and County of San Francisco Loss Ratio Analysis

Medicare Retiree Experience January 2015 through December 2015

Month	EE	EE + 1	EE + 2	Total Subscribers	Dependents	Average Contract Size	EE Rate	EE + 1 Rate	EE + 2 Rate	Monthly Premium	Paid Claims	Paid Loss Ratio	Incurred Claims	Incurred Loss Ratio
Jan-15	4,237	1,345	16	5,598	1,174	1.21	\$271.86	\$519.47	\$1,331.79	\$1,871,867	\$1,650,731	88%	\$1,672,207	89%
Feb-15	4,225	1,343	17	5,585	1,174	1.21	\$271.86	\$519.47	\$1,331.79	\$1,868,897	\$1,783,579	95%	\$1,715,650	92%
Mar-15	4,225	1,344	17	5,586	1,173	1.21	\$271.86	\$519.47	\$1,331.79	\$1,869,417	\$1,819,517	97%	\$1,789,485	96%
Apr-15	4,221	1,343	16	5,580	1,182	1.21	\$271.86	\$519.47	\$1,331.79	\$1,866,478	\$1,769,517	95%	\$1,805,807	97%
May-15	4,210	1,341	16	5,567	1,178	1.21	\$271.86	\$519.47	\$1,331.79	\$1,862,449	\$1,856,501	100%	\$1,816,584	98%
Jun-15	4,223	1,334	16	5,573	1,181	1.21	\$271.86	\$519.47	\$1,331.79	\$1,862,346	\$1,966,093	106%	\$1,856,928	100%
Jul-15	4,227	1,333	16	5,576	1,183	1.21	\$271.86	\$519.47	\$1,331.79	\$1,862,914	\$1,980,162	106%	\$1,841,612	99%
Aug-15	4,232	1,340	15	5,587	1,189	1.21	\$271.86	\$519.47	\$1,331.79	\$1,866,578	\$1,940,847	104%	\$1,821,081	98%
Sep-15	4,226	1,337	16	5,579	1,194	1.21	\$271.86	\$519.47	\$1,331.79	\$1,864,720	\$1,773,932	95%	\$1,858,077	100%
Oct-15	4,231	1,330	16	5,577	1,200	1.22	\$271.86	\$519.47	\$1,331.79	\$1,862,443	\$1,999,619	107%	\$1,921,326	103%
Nov-15	4,213	1,336	15	5,564	1,200	1.22	\$271.86	\$519.47	\$1,331.79	\$1,859,335	\$1,876,741	101%	\$1,819,867	98%
Dec-15	4,209	1,335	15	5,559	1,203	1.22	\$271.86	\$519.47	\$1,331.79	\$1,857,728	\$1,990,547	107%	\$1,858,369	100%
Totals / Averages				5,578						\$22,375,173	\$22,407,786	100%	\$21,776,991	97%
Surplus / (Deficit)											(\$32,613)		\$598,182	

NOTE—Observations are on the following page

City Plan (UHC) Medicare Retiree Claims Experience (continued)

Observations

- During the year, **enrollment slightly decreased**
- The contract size remained steady at 1.20–1.21 throughout the year
- Average incurred cost per subscriber per month is \$325 vs. premium of \$334 per month
 - These amounts constitute a 2015 incurred loss ratio of **97%**
- Average paid cost per subscriber per month is \$325 vs. premium of \$334 per month
 - These amounts constitute a 2015 paid loss ratio of **100%**

City Plan (UHC) Underwriting Methodology

- Underwriting of the City Plan (UHC) self funded plans is based on the most recent 24 month period of incurred medical and Pharmacy claims available (24 month period provides smoothing).
- The 2015 data shows cost trends to be slightly increasing for active employees and early retirees, with flat trends for the Medicare retiree population.
- To verify these trends, Aon reviewed the City Plan's (UHC) utilization, unit cost, and aggregate cost changes between the two periods.

City Plan (UHC) Claims and Trend Methodology

Process Methodology

To forecast claim costs for the plan year 2017 premium equivalents, four years of data (48 month claims trends) were evaluated for the following five cohorts:

- Active Employee Medical
- Early Retiree Medical (pre 65)
- Medicare Retiree Medical (post 65)
- Active Pharmacy
- Early Retiree Pharmacy (pre 65)

Trend Methodology

The 48 month PMPM (per member per month) was calculated from claims experience for each of the five cohorts from January 2012 through December 2015.

Aon determined 6,12,18, and 24 month rolling weighted averages and used linear regression modeling to determine trend lines. When results were deemed non-credible, (i.e. the number of people covered was too small to generate a stable result) the case specific trend was blended with standard Aon book trends.

City Plan (UHC) Details on Medical Trends

- **Active Medical**—Membership has decreased to 612 subscribers as of December 31, 2015. The actuarially determined trend on a 24 month rolling average regression is **-4.67%**.
- **Early Retiree Medical**—Membership has decreased to 547 subscribers as of December 31, 2015. The actuarially determined trend on a 24 month rolling average regression is **16.87%**.
- The underwriting for active employees and early retirees is set on a combined basis. The **blended** result is **6.5%**.
- **Medicare Retiree Medical**—The rolling 24 month weighted average cost trend for Medicare retirees is **0.35%**. However, the calculation is using a trend rate of **2%** which is a blend of Aon's trend guidance and a flat trend rate.

City Plan (UHC) Details on Pharmacy Trends

- **Active Pharmacy**—Membership has decreased to 612 subscribers as of December 31, 2015. The actuarially determined trend on a 24 month rolling average regression is **46.75%**.
- **Early Retiree Pharmacy**—Membership has decreased to 547 subscribers as of December 31, 2015. The actuarially determined trend on a 24 month rolling average regression is **-7.11%**.
- The underwriting for active employees and early retirees is set on a combined basis. The blended result is **18.9%**.

City Plan (UHC) Premium Equivalent Development

Additional Factors in City Plan Rating:

- UHC has increased the Administrative Services Only (ASO) fees by 3%. The new ASO fees can be found below:

UHC ASO Fees			
Year	Actives	Early Retirees	Medicare
2016	\$40.73	\$40.73	\$24.90
2017	\$41.95	\$41.95	\$25.65

- The City Plan's claims stabilization reserve currently equals \$11,379,000. Therefore, per the Rate Stabilization Policy, Aon will allocate the calculated stabilization amount of \$3,793,000 to all City Plan subscribers.

City Plan (UHC) Status Quo Premium Equivalents

Premium Equivalents

City and County of San Francisco

Status Quo—Plan Year 2017

As of Date: 12/31/2015

Start of Year: 1/1/2015

June: 6/30/2015

Category	January 2016 Headcount	Plan Year 2016			Plan Year 2017			Percentage Increase
		Premium Equivalent	Stabilization Amount	TOTAL	Premium Equivalent	Stabilization Amount	TOTAL	
Actives								
Active EE	539	\$1,264.80	-\$508.13	\$756.67	\$1,248.76	-\$84.76	\$1,164.00	53.83%
Active EE + 1	99	\$2,482.01	-\$997.09	\$1,484.92	\$2,446.67	-\$166.16	\$2,280.51	53.58%
Active EE + 2	69	\$3,509.73	-\$1,403.86	\$2,105.87	\$3,431.29	-\$233.05	\$3,198.24	51.87%
Early Retiree								
Early Retiree EE	441	\$1,477.67	-\$543.22	\$934.45	\$1,428.37	-\$96.97	\$1,331.40	42.48%
Early Retiree EE + 1	131	\$2,907.71	-\$1,068.93	\$1,838.78	\$2,805.87	-\$190.57	\$2,615.30	42.23%
Early Retiree EE + 2	11	\$3,935.43	-\$1,475.70	\$2,459.73	\$3,790.48	-\$257.46	\$3,533.02	43.63%
Medicare Retiree								
Medicare Retiree EE	3,917	\$336.03	-\$55.37	\$280.66	\$389.19	-\$26.34	\$362.85	29.28%
Medicare Retiree EE + 1	1,232	\$640.25	-\$105.51	\$534.74	\$743.81	-\$50.43	\$693.38	29.67%
Medicare Retiree EE + 2	17	\$1,427.81	-\$272.12	\$1,155.69	\$1,728.43	-\$117.32	\$1,611.11	39.41%
Total	6,456	\$52,497,000	-\$14,601,000	\$37,896,000	\$55,937,000	-\$3,793,000	\$52,145,000	37.60%
Estimated Cost Increase Plan Year 2017 at January 2016 Headcounts							\$14,249,000	

NOTE—Assumptions are on the following page

City Plan (UHC) Status Quo Premium Equivalent

Assumptions

- Plan year 2017 premium equivalents represent Status Quo rates developed by Aon.
- The following HSS costs are incorporated into the Premium Equivalents:
 - The VSP vision (which is a 2% decrease for 2017)
 - The Healthcare Sustainability Fee with is \$3.00 per employee per month for 2017
 - Best Doctors (second opinion benefit) which is \$1.40 per employee per month
- The Status Quo 2017 rate cards can be found in the Appendix.

City Plan (UHC) “Buy Down” Premium Equivalents

Premium Equivalents

City and County of San Francisco

“Buy Down”—Plan Year 2017

As of Date: 12/31/2015

Start of Year: 1/1/2015

June: 6/30/2015

Category	January 2016 Headcount	Plan Year 2016			Plan Year 2017			Percentage Increase
		Premium Equivalent	Stabilization Amount	TOTAL	Premium Equivalent	Stabilization Amount	TOTAL	
Actives								
Active EE	539	\$1,264.80	-\$508.13	\$756.67	\$1,248.76	-\$384.76	\$864.00	14.18%
Active EE + 1	99	\$2,482.01	-\$997.09	\$1,484.92	\$2,446.67	-\$766.16	\$1,680.51	13.17%
Active EE + 2	69	\$3,509.73	-\$1,403.86	\$2,105.87	\$3,431.29	-\$1,073.05	\$2,358.24	11.98%
Early Retiree								
Early Retiree EE	441	\$1,477.67	-\$543.22	\$934.45	\$1,428.37	-\$346.97	\$1,081.40	15.73%
Early Retiree EE + 1	131	\$2,907.71	-\$1,068.93	\$1,838.78	\$2,805.87	-\$690.57	\$2,115.30	15.04%
Early Retiree EE + 2	11	\$3,935.43	-\$1,475.70	\$2,459.73	\$3,790.48	-\$997.46	\$2,793.02	13.55%
Medicare Retiree								
Medicare Retiree EE	3,917	\$336.03	-\$55.37	\$280.66	\$389.19	-\$26.34	\$362.85	29.28%
Medicare Retiree EE + 1	1,232	\$640.25	-\$105.51	\$534.74	\$743.81	-\$50.43	\$693.38	29.67%
Medicare Retiree EE + 2	17	\$1,427.81	-\$272.12	\$1,155.69	\$1,728.43	-\$357.32	\$1,371.11	18.64%
Total	6,456	\$52,497,000	-\$14,601,000	\$37,896,000	\$55,937,000	-\$9,397,000	\$46,540,000	22.81%

Estimated Cost Increase Plan Year 2017 at January 2016 Headcounts

\$8,644,000

NOTE—Assumptions are on the following page

City Plan (UHC) “Buy Down” Premium Equivalent

Assumptions

- In the 2015 rate review the Health Service Board (HSB) voted to suspend the self-funded stabilization reserve policy on a one time basis and spend additional claims stabilization funds to delay the implementation of the 2018 excise tax (May 14, 2015).
- The premium calculation for 2017 is approximately 45% for active employees and early retirees if only one third of the stabilization reserve is applied and no additional claims stabilization funds are allocated.
- Allocating an additional \$5.55M from the Self-Funded Stabilization Reserve in Plan Year 2017 to the “Status Quo” premium equivalents will reduce the “Status Quo” rates for Active and Early Retirees from 45% to 15%. In order to accomplish this the HSB will need to suspend the Self-Funded Stabilization Policy

City Plan (UHC) “Buy Down” Premium Equivalent

Assumptions (continued)

- The following HSS costs are incorporated into the Premium Equivalents:
 - The VSP vision (which is a 2% decrease for 2017)
 - The Healthcare Sustainability Fee with is \$3.00 per employee per month for 2017
 - Best Doctors (second opinion benefit) which is \$1.40 per employee per month

- The “Buy Down” 2017 rate cards can be found in the Appendix.

City Plan (UHC) Recommendation

- Aon recommends approving the 2017 rates and premium contributions under the “Buy Down” scenario for active employees and early retirees.
- Aon recommends deferring action on final 2017 Medicare retiree rates until the June HSB meeting.

2017 City Plan (UHC) Monthly Rate Card

Status Quo—93 / 93 / 83 Contribution Strategy

	Actives			Early Retirees			MAPD / COB			
	Employee Only	Employee and One Dependent	Employee and Family	Retiree w/o Medicare	Retiree and Spouse w/o Medicare	Retiree w/o Medicare and Family	Retiree w / Medicare	Retiree and Spouse w / Medicare	Retiree and Family (all Medicare)	Retiree and Family
Medical	\$921.94	\$1,843.88	\$2,692.81	\$963.87	\$1,927.75	\$2,776.68	\$131.49	\$262.98	\$394.47	\$1,111.91
Pharmacy	\$271.79	\$543.61	\$675.62	\$409.47	\$818.94	\$950.95	\$0.00	\$0.00	\$0.00	\$132.01
Vision	\$3.95	\$7.92	\$11.20	\$3.95	\$7.92	\$11.20	\$3.95	\$7.92	\$11.20	\$11.20
Expense ¹	\$49.49	\$49.49	\$49.49	\$49.49	\$49.49	\$49.49	\$33.18	\$33.18	\$33.18	\$33.18
EGWP Premium	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$218.99	\$437.98	\$656.97	\$437.98
Claims Stabilization Amount / Self-Funded Policy	(\$84.76)	(\$166.16)	(\$233.05)	(\$96.97)	(\$190.57)	(\$257.46)	(\$26.34)	(\$50.43)	(\$117.32)	(\$117.32)
Transitional Reinsurance Fee	\$0.19	\$0.37	\$0.77	\$0.19	\$0.37	\$0.77	\$0.18	\$0.35	\$0.53	\$0.75
Best Doctors ²	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40
Total	\$1,164.00	\$2,280.51	\$3,198.24	\$1,331.40	\$2,615.30	\$3,533.02	\$362.85	\$693.38	\$980.43	\$1,611.11

10-County Amount (Early Retirees / Retirees Only) ³	\$0.00	\$0.00	\$0.00	\$604.84	\$0.00	\$0.00	\$362.85	\$0.00	\$0.00	\$0.00
Single Retiree Offset ⁴	\$0.00	\$0.00	\$0.00	\$0.00	\$604.84	\$604.84	\$0.00	\$362.85	\$362.85	\$362.85
"Actuarial Difference" ⁵	\$0.00	\$0.00	\$0.00	\$167.40	\$167.40	\$167.40	\$0.00	\$0.00	\$0.00	\$0.00
Retiree Prop. E Subsidy ⁶	\$0.00	\$0.00	\$0.00	\$279.58	\$921.53	\$921.53	\$0.00	\$165.27	\$165.27	\$165.27
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$1,051.82	\$1,693.77	\$1,693.77	\$362.85	\$528.12	\$528.12	\$528.12
2017 Non-Bargained Contribution Rate	\$1,164.00	\$2,280.51	\$3,198.24	\$279.58	\$921.53	\$1,839.26	\$0.00	\$165.26	\$452.31	\$1,082.99

MOU Negotiated Pickup ⁷	\$699.59	\$1,395.08	\$1,760.23							
2017 Typical Bargained Member Contribution	\$464.41	\$885.43	\$1,438.01							

Final Member Contribution 2016	\$85.65	\$144.72	\$414.13	\$88.71	\$540.88	\$1,161.83	\$0.00	\$127.04	\$263.96	\$747.99
Difference	\$378.76	\$740.71	\$1,023.88	\$190.87	\$380.65	\$677.43	\$0.00	\$38.22	\$188.35	\$335.00

NOTE—Footnotes 1 – 7 defined on page 27

2017 City Plan (UHC) Rates and Contributions

Status Quo—93 / 93 / 83 Contribution Strategy

Active Employee and Early Retiree

January 1, 2017 – December 31, 2017

		Active			Early Retiree		
		EE	EE + 1	EE + 2	EE	EE + 1	EE + 2
Employee Contributions	Plan Year 2016	\$85.65	\$144.72	\$414.13	\$88.71	\$540.88	\$1,161.83
	Plan Year 2017	\$464.41	\$885.43	\$1,438.01	\$279.58	\$921.53	\$1,839.26
	\$ Increase	\$378.76	\$740.71	\$1,023.88	\$190.87	\$380.65	\$677.43
	% Increase	442.24%	511.80%	247.23%	215.16%	70.38%	58.31%
Employer Contributions	Plan Year 2016	\$671.02	\$1,340.20	\$1,691.74	\$845.74	\$1,297.90	\$1,297.90
	Plan Year 2017	\$699.59	\$1,395.08	\$1,760.23	\$1,051.82	\$1,693.77	\$1,693.77
	\$ Increase	\$28.57	\$54.88	\$68.49	\$206.08	\$395.87	\$395.87
	% Increase	4.26%	4.10%	4.05%	24.37%	30.50%	30.50%
Total Rate	Plan Year 2016	\$756.67	\$1,484.92	\$2,105.87	\$934.45	\$1,838.78	\$2,459.73
	Plan Year 2017	\$1,164.00	\$2,280.51	\$3,198.24	\$1,331.40	\$2,615.30	\$3,533.02
	\$ Increase	\$407.33	\$795.59	\$1,092.37	\$396.95	\$776.52	\$1,073.29
	% Increase	53.83%	53.58%	51.87%	42.48%	42.23%	43.63%

2017 City Plan (UHC) Monthly Rate Card

“Buy Down”—93 / 93 / 83 Contribution Strategy

	Actives			Early Retirees			MAPD / COB			
	Employee Only	Employee and One Dependent	Employee and Family	Retiree w/o Medicare	Retiree and Spouse w/o Medicare	Retiree w/o Medicare and Family	Retiree w / Medicare	Retiree and Spouse w / Medicare	Retiree and Family (all Medicare)	Retiree and Family
Medical	\$921.94	\$1,843.88	\$2,692.81	\$963.87	\$1,927.75	\$2,776.68	\$131.49	\$262.98	\$394.47	\$1,111.91
Pharmacy	\$271.79	\$543.61	\$675.62	\$409.47	\$818.94	\$950.95	\$0.00	\$0.00	\$0.00	\$132.01
Vision	\$3.95	\$7.92	\$11.20	\$3.95	\$7.92	\$11.20	\$3.95	\$7.92	\$11.20	\$11.20
Expense ¹	\$49.49	\$49.49	\$49.49	\$49.49	\$49.49	\$49.49	\$33.18	\$33.18	\$33.18	\$33.18
EGWP Premium	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$218.99	\$437.98	\$656.97	\$437.98
Claims Stabilization Amount / Self-Funded Policy	(\$384.76)	(\$766.16)	(\$1,073.05)	(\$346.97)	(\$690.57)	(\$997.46)	(\$26.34)	(\$50.43)	(\$117.32)	(\$357.32)
Transitional Reinsurance Fee	\$0.19	\$0.37	\$0.77	\$0.19	\$0.37	\$0.77	\$0.18	\$0.35	\$0.53	\$0.75
Best Doctors ²	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40
Total	\$864.00	\$1,680.51	\$2,358.24	\$1,081.40	\$2,115.30	\$2,793.02	\$362.85	\$693.38	\$980.43	\$1,371.11

10-County Amount (Early Retirees / Retirees Only) ³	\$0.00	\$0.00	\$0.00	\$604.84	\$0.00	\$0.00	\$362.85	\$0.00	\$0.00	\$0.00
Single Retiree Offset ⁴	\$0.00	\$0.00	\$0.00	\$0.00	\$604.84	\$604.84	\$0.00	\$362.85	\$362.85	\$362.85
"Actuarial Difference" ⁵	\$0.00	\$0.00	\$0.00	\$217.40	\$217.40	\$217.40	\$0.00	\$0.00	\$0.00	\$0.00
Retiree Prop. E Subsidy ⁶	\$0.00	\$0.00	\$0.00	\$129.58	\$646.53	\$645.83	\$0.00	\$165.27	\$165.27	\$165.27
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$951.82	\$1,468.77	\$1,468.07	\$362.85	\$528.12	\$528.12	\$528.12
2017 Non-Bargained Contribution Rate	\$864.00	\$1,680.51	\$2,358.24	\$129.58	\$646.53	\$1,324.95	\$0.00	\$165.26	\$452.31	\$842.99

MOU Negotiated Pickup ⁷	\$699.59	\$1,395.08	\$1,760.23							
2017 Typical Bargained Member Contribution	\$164.41	\$285.43	\$598.01							

Final Member Contribution 2016	\$85.65	\$144.72	\$414.13	\$88.71	\$540.88	\$1,161.83	\$0.00	\$127.04	\$263.96	\$747.99
Difference	\$78.76	\$140.71	\$183.88	\$40.87	\$105.65	\$163.12	\$0.00	\$38.22	\$188.35	\$95.00

NOTE—Footnotes 1 – 7 defined on page 27

2017 City Plan (UHC) Rates and Contributions

“Buy Down”—93 / 93 / 83 Contribution Strategy

Active Employee and Early Retiree

January 1, 2017 – December 31, 2017

		Active			Early Retiree		
		EE	EE + 1	EE + 2	EE	EE + 1	EE + 2
Employee Contributions	Plan Year 2016	\$85.65	\$144.72	\$414.13	\$88.71	\$540.88	\$1,161.83
	Plan Year 2017	\$164.41	\$285.43	\$598.01	\$129.58	\$646.53	\$1,324.95
	\$ Increase	\$78.76	\$140.71	\$183.88	\$40.87	\$105.65	\$163.12
	% Increase	91.96%	97.22%	44.40%	46.07%	19.53%	14.04%
Employer Contributions	Plan Year 2016	\$671.02	\$1,340.20	\$1,691.74	\$845.74	\$1,297.90	\$1,297.90
	Plan Year 2017	\$699.59	\$1,395.08	\$1,760.23	\$951.82	\$1,468.77	\$1,468.07
	\$ Increase	\$28.57	\$54.88	\$68.49	+\$106.08	\$170.87	\$170.17
	% Increase	4.26%	4.10%	4.05%	+12.54%	13.17%	13.11%
Total Rate	Plan Year 2016	\$756.67	\$1,484.92	\$2,105.87	\$934.45	\$1,838.78	\$2,459.73
	Plan Year 2017	\$864.00	\$1,680.51	\$2,358.24	\$1,081.40	\$2,115.30	\$2,793.02
	\$ Increase	\$107.33	\$195.59	\$252.37	+\$146.95	\$276.52	\$333.29
	% Increase	14.18%	13.17%	11.98%	+15.73%	15.04%	13.55%

2017 City Plan (UHC) Monthly Rate Card

Status Quo—100 / 96 / 83 Contribution Strategy

	Actives			Early Retirees			MAPD / COB			
	Employee Only	Employee and One Dependent	Employee and Family	Retiree w/o Medicare	Retiree and Spouse w/o Medicare	Retiree w/o Medicare and Family	Retiree w / Medicare	Retiree and Spouse w / Medicare	Retiree and Family (all Medicare)	Retiree and Family
Medical	\$921.94	\$1,843.88	\$2,692.81	\$963.87	\$1,927.75	\$2,776.68	\$131.49	\$262.98	\$394.47	\$1,111.91
Pharmacy	\$271.79	\$543.61	\$675.62	\$409.47	\$818.94	\$950.95	\$0.00	\$0.00	\$0.00	\$132.01
Vision	\$3.95	\$7.92	\$11.20	\$3.95	\$7.92	\$11.20	\$3.95	\$7.92	\$11.20	\$11.20
Expense ¹	\$49.49	\$49.49	\$49.49	\$49.49	\$49.49	\$49.49	\$33.18	\$33.18	\$33.18	\$33.18
EGWP Premium	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$218.99	\$437.98	\$656.97	\$437.98
Claims Stabilization Amount / Self-Funded Policy	(\$84.76)	(\$166.16)	(\$233.05)	(\$96.97)	(\$190.57)	(\$257.46)	(\$26.34)	(\$50.43)	(\$117.32)	(\$117.32)
Transitional Reinsurance Fee	\$0.19	\$0.37	\$0.77	\$0.19	\$0.37	\$0.77	\$0.18	\$0.35	\$0.53	\$0.75
Best Doctors ²	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40
Total	\$1,164.00	\$2,280.51	\$3,198.24	\$1,331.40	\$2,615.30	\$3,533.02	\$362.85	\$693.38	\$980.43	\$1,611.11

10-County Amount (Early Retirees / Retirees Only) ³	\$0.00	\$0.00	\$0.00	\$604.84	\$0.00	\$0.00	\$362.85	\$0.00	\$0.00	\$0.00
Single Retiree Offset ⁴	\$0.00	\$0.00	\$0.00	\$0.00	\$604.84	\$604.84	\$0.00	\$362.85	\$362.85	\$362.85
"Actuarial Difference" ⁵	\$0.00	\$0.00	\$0.00	\$167.40	\$167.40	\$167.40	\$0.00	\$0.00	\$0.00	\$0.00
Retiree Prop. E Subsidy ⁶	\$0.00	\$0.00	\$0.00	\$279.58	\$921.53	\$921.53	\$0.00	\$165.27	\$165.27	\$165.27
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$1,051.82	\$1,693.77	\$1,693.77	\$362.85	\$528.12	\$528.12	\$528.12
2017 Non-Bargained Contribution Rate	\$1,164.00	\$2,280.51	\$3,198.24	\$279.58	\$921.53	\$1,839.26	\$0.00	\$165.26	\$452.31	\$1,082.99

MOU Negotiated Pickup ⁷	\$1,164.00	\$1,440.09	\$1,760.23							
2017 Typical Bargained Member Contribution	\$0.00	\$840.42	\$1,438.01							

Final Member Contribution 2016	\$0.00	\$101.49	\$414.13	\$88.71	\$540.88	\$1,161.83	\$0.00	\$127.04	\$263.96	\$747.99
Difference	\$0.00	\$738.93	\$1,023.88	\$190.87	\$380.65	\$677.43	\$0.00	\$38.22	\$188.35	\$335.00

NOTE—Footnotes 1 – 7 defined on page 27

2017 City Plan (UHC) Rates and Contributions

Status Quo—100 / 96 / 83 Contribution Strategy

Active Employee and Early Retiree

January 1, 2017 – December 31, 2017

		Active			Early Retiree		
		EE	EE + 1	EE + 2	EE	EE + 1	EE + 2
Employee Contributions	Plan Year 2016	\$0.00	\$101.49	\$414.13	\$88.71	\$540.88	\$1,161.83
	Plan Year 2017	\$0.00	\$840.42	\$1,438.01	\$279.58	\$921.53	\$1,839.26
	\$ Increase	\$0.00	\$738.93	\$1,023.88	\$190.87	\$380.65	\$677.43
	% Increase	—	728.08%	247.23%	215.16%	70.38%	58.31%
Employer Contributions	Plan Year 2016	\$756.67	\$1,383.43	\$1,691.74	\$845.74	\$1,297.90	\$1,297.90
	Plan Year 2017	\$1,164.00	\$1,440.09	\$1,760.23	\$1,051.82	\$1,693.77	\$1,693.77
	\$ Increase	\$407.33	\$56.66	\$68.49	\$206.08	\$395.87	\$395.87
	% Increase	53.83%	4.10%	4.05%	24.37%	30.50%	30.50%
Total Rate	Plan Year 2016	\$756.67	\$1,484.92	\$2,105.87	\$934.45	\$1,838.78	\$2,459.73
	Plan Year 2017	\$1,164.00	\$2,280.51	\$3,198.24	\$1,331.40	\$2,615.30	\$3,533.02
	\$ Increase	\$407.33	\$795.59	\$1,092.37	\$396.95	\$776.52	\$1,073.29
	% Increase	53.83%	53.58%	51.87%	42.48%	42.23%	43.63%

2017 City Plan (UHC) Monthly Rate Card

“Buy Down”—100 / 96 / 83 Contribution Strategy

	Actives			Early Retirees			MAPD / COB			
	Employee Only	Employee and One Dependent	Employee and Family	Retiree w/o Medicare	Retiree and Spouse w/o Medicare	Retiree w/o Medicare and Family	Retiree w / Medicare	Retiree and Spouse w / Medicare	Retiree and Family (all Medicare)	Retiree and Family
Medical	\$921.94	\$1,843.88	\$2,692.81	\$963.87	\$1,927.75	\$2,776.68	\$131.49	\$262.98	\$394.47	\$1,111.91
Pharmacy	\$271.79	\$543.61	\$675.62	\$409.47	\$818.94	\$950.95	\$0.00	\$0.00	\$0.00	\$132.01
Vision	\$3.95	\$7.92	\$11.20	\$3.95	\$7.92	\$11.20	\$3.95	\$7.92	\$11.20	\$11.20
Expense ¹	\$49.49	\$49.49	\$49.49	\$49.49	\$49.49	\$49.49	\$33.18	\$33.18	\$33.18	\$33.18
EGWP Premium	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$218.99	\$437.98	\$656.97	\$437.98
Claims Stabilization Amount / Self-Funded Policy	(\$384.76)	(\$766.16)	(\$1,073.05)	(\$346.97)	(\$690.57)	(\$997.46)	(\$26.34)	(\$50.43)	(\$117.32)	(\$357.32)
Transitional Reinsurance Fee	\$0.19	\$0.37	\$0.77	\$0.19	\$0.37	\$0.77	\$0.18	\$0.35	\$0.53	\$0.75
Best Doctors ²	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40
Total	\$864.00	\$1,680.51	\$2,358.24	\$1,081.40	\$2,115.30	\$2,793.03	\$362.85	\$693.38	\$980.43	\$1,371.11

10-County Amount (Early Retirees / Retirees Only) ³	\$0.00	\$0.00	\$0.00	\$604.84	\$0.00	\$0.00	\$362.85	\$0.00	\$0.00	\$0.00
Single Retiree Offset ⁴	\$0.00	\$0.00	\$0.00	\$0.00	\$604.84	\$604.84	\$0.00	\$362.85	\$362.85	\$362.85
"Actuarial Difference" ⁵	\$0.00	\$0.00	\$0.00	\$217.40	\$217.40	\$217.40	\$0.00	\$0.00	\$0.00	\$0.00
Retiree Prop. E Subsidy ⁶	\$0.00	\$0.00	\$0.00	\$129.58	\$646.53	\$645.83	\$0.00	\$165.27	\$165.27	\$165.27
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$951.82	\$1,468.77	\$1,468.07	\$362.85	\$528.12	\$528.12	\$528.12
2017 Non-Bargained Contribution Rate	\$864.00	\$1,680.51	\$2,358.24	\$129.58	\$646.53	\$1,324.96	\$0.00	\$165.26	\$452.31	\$842.99

MOU Negotiated Pickup ⁷	\$864.00	\$1,440.09	\$1,760.23							
2017 Typical Bargained Member Contribution	\$0.00	\$240.42	\$598.01							

Final Member Contribution 2016	\$0.00	\$101.49	\$414.13	\$88.71	\$540.88	\$1,161.83	\$0.00	\$127.04	\$263.96	\$747.99
Difference	\$0.00	\$138.93	\$183.88	\$40.87	\$105.65	\$163.13	\$0.00	\$38.22	\$188.35	\$95.00

NOTE—Footnotes 1 – 7 defined on page 27

2017 City Plan (UHC) Rates and Contributions

“Buy Down”—100 / 96 / 83 Contribution Strategy

Active Employee and Early Retiree

January 1, 2017 – December 31, 2017

		Active			Early Retiree		
		EE	EE + 1	EE + 2	EE	EE + 1	EE + 2
Employee Contributions	Plan Year 2016	\$0.00	\$101.49	\$414.13	\$88.71	\$540.88	\$1,161.83
	Plan Year 2017	\$0.00	\$240.42	\$598.01	\$129.58	\$646.53	\$1,324.96
	\$ Increase	+\$0.00	\$138.93	\$183.88	\$40.87	\$105.65	\$163.13
	% Increase	—	136.89%	44.40%	46.07%	19.53%	14.04%
Employer Contributions	Plan Year 2016	\$756.67	\$1,383.43	\$1,691.74	\$845.74	\$1,297.90	\$1,297.90
	Plan Year 2017	\$864.00	\$1,440.09	\$1,760.23	\$951.82	\$1,468.77	\$1,468.07
	\$ Increase	\$107.33	\$56.66	\$68.49	\$106.08	\$170.87	\$170.17
	% Increase	14.18%	4.10%	4.05%	12.54%	13.17%	13.11%
Total Rate	Plan Year 2016	\$756.67	\$1,484.92	\$2,105.87	\$934.45	\$1,838.78	\$2,459.73
	Plan Year 2017	\$864.00	\$1,680.51	\$2,358.24	\$1,081.40	\$2,115.30	\$2,793.02
	\$ Increase	\$107.33	\$195.59	\$252.37	\$146.95	\$276.52	\$333.29
	% Increase	14.18%	13.17%	11.98%	15.73%	15.04%	13.55%

2017 City Plan (UHC) Monthly Rate Card—Footnotes

- 1) Expenses consist of the ASO fee, Shared Savings accrual, Facility Reasonable & Customary accrual, Value Base Pricing accrual and HSS Communications and Healthcare Sustainability Expense.
- 2) Best Doctors: Second opinion vendor costs \$1.40 PEPM, including a \$0.10 PEPM fee to intake claims data to identify members for outreach.
- 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. The 10-County Amount increased to \$604.84 for 2017 from \$579.24 in 2016.
- 4) "Single Retiree Offset": Per Charter Section A8.428, for Retirees, equal to the 10-County Amount; for Medicare eligible retirees, equal to Medicare Premium (because it is the lower than 10-County).
- 5) Retiree "Actuarial Difference": Per Charter Section A8.428, employer contributes the difference between a single EE 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) The majority of MOU agreements follow one of the following formulas:
 - 93% of the Blue Shield Single, 93% of Blue Shield E+1, 83% of Blue Shield E+2
 - 100% of the City Plan Single, 96% of Blue Shield E+1, 83% of Blue Shield E+2.

Glossary

- **Average Incurred Cost per Subscriber:** Total Incurred Claims / average subscribers /12 months.
- **Average Paid Cost per Subscriber:** Total Paid Claims / average subscribers /12 months.
- **Average Premium Cost per Subscriber:** Total Monthly Premium / average subscribers /12 months.
- **Confidence Level:** Probability that a parameter will fall within an interval estimate.
- **Confidence Interval:** Interval estimate based on sample data and a given Confidence Level.
- **Incurred Claims:** Claims reflecting date of service.
- **Incurred Loss Ratio:** The amount of incurred claims versus the amount of premium received for that months' enrollment.

Glossary (continued)

- **Margin:** Factor utilized in rate premium development to absorb greater than expected cost.
- **Paid Claims:** The amount of claims paid in the respective month.
- **Paid Loss Ratio:** The amount of claims paid versus the amount of premium received that month—reflects run out claims from members that may no longer be participating in that plan.
- **Stabilization Amount:** This is the amount that is added or subtracted from the premium amounts to adjust for previous losses or gains. Each year loss or gain is spread over the next three years.