

San Francisco Health Service System Health Service Board

Rates & Benefits

Review and Approve Blue Shield of California Medical/Rx
Flex-Funded Non-Medicare HMO Plans
2023 Rates and Contributions

May 12, 2022

Agenda

- **Rate Setting Methodology Preface**
- **Blue Shield of California (BSC) 2023 HMO Plans Rating — Renewal Summary**
- **2023 Monthly Rate Cards for Access+ and Trio Plans**
 - 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
 - Glossary of Terms
 - 2022 Access+ and Trio Monthly Rate Cards

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Rate Setting Methodology Preface

Health Plan Funding

Method Comparison by SFHSS Plan

Funding Method	Self-Funded	Flex-Funded	Fully Insured
Funding Method Description	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
Who Sets the Recommended SFHSS Plan Rates?	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)
SFHSS Plans by Funding Method	<ul style="list-style-type: none"> • BSC PPO—Accolade • Delta Dental Active Employee PPO 	<ul style="list-style-type: none"> • Blue Shield of CA Access+ HMO • Blue Shield of CA Trio HMO • Health Net CanopyCare HMO 	<ul style="list-style-type: none"> • All Kaiser HMO plans • UHC Medicare Advantage PPO • Delta Dental Retiree PPO • DeltaCare Dental HMO • UHC Dental HMO • VSP Vision
HSB Rate Stabilization Policy Applies?	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 2023 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:

$$\frac{\text{2023 Total Projected Plan Cost}}{\text{2022 Rates x Enrollment}} = \text{Needed Rate Change Factor (2023 vs. 2022)}$$

Non-Medicare Medical Plan 2023 Rate Renewal Summary

Below is a summary of total rate cost increase recommendations that are being presented today for San Francisco Health Service System (SFHSS) Non-Medicare health plans — with each rating action calculated by individual plan based on the process reviewed on the prior page.

Non-Medicare Health Plan	Before Rate Stabilization Adjustment	After Rate Stabilization Adjustment
BSC Access+	1.2%	0.5%
BSC Trio	6.1%	5.3%
Health Net CanopyCare	-10.4%	N/A for 2023 (new plan in 2022)
Kaiser	3.88%	Does not apply (insured plan)
BSC PPO–Accolade (including Choice Not Available)	6.0%	7.5%

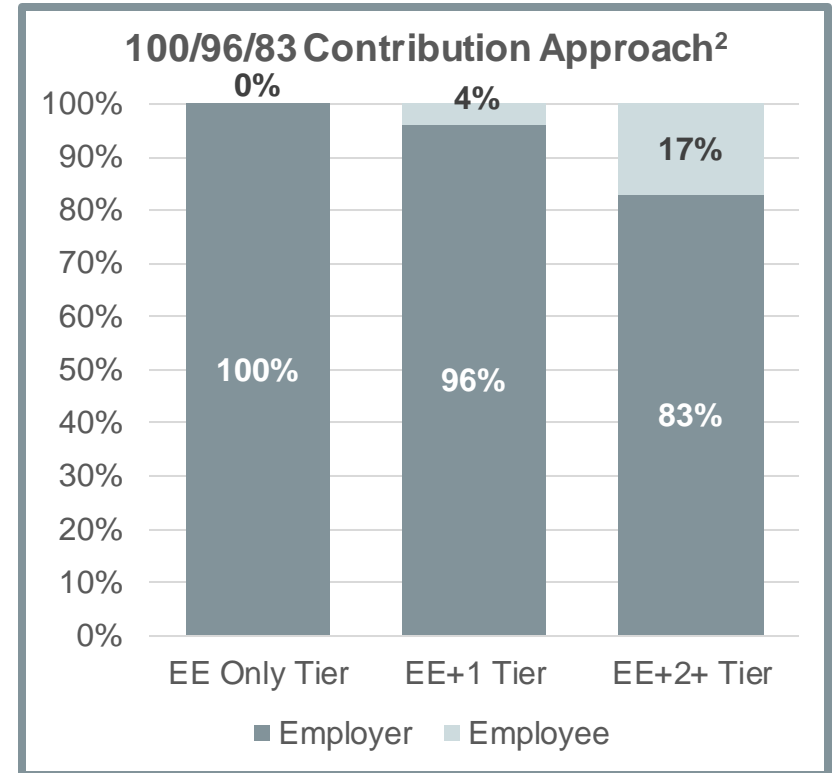
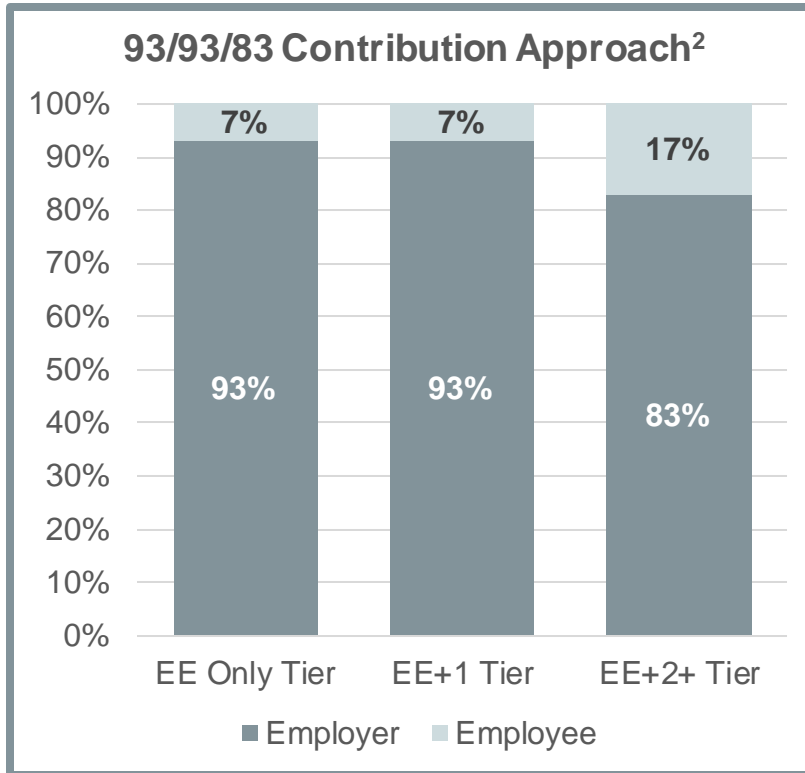
Non-Medicare Medical Plan 2023 Proposed Total Rates

Recommended 2023 **monthly** total cost rates for each SFHSS non-Medicare health plan are shown below (all rate card elements included):

SFHSS Health Plan	Plan Year	Active Employees			Early Retirees		
		EE Only	EE + 1	EE + 2+	RET Only	RET + 1	RET + 2+
Kaiser HMO	PY 2022	\$715.97	\$1,428.96	\$2,020.73	\$1,437.79	\$2,150.78	\$2,742.55
	PY 2023	\$743.62	\$1,484.26	\$2,098.97	\$1,493.47	\$2,234.11	\$2,848.82
	% Difference	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%
BSC Access+	PY 2022	\$931.44	\$1,859.91	\$2,630.54	\$2,151.00	\$3,116.47	\$3,887.09
	PY 2023	\$935.85	\$1,868.73	\$2,643.02	\$2,160.96	\$3,131.02	\$3,905.29
	% Difference	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
BSC Trio	PY 2022	\$816.90	\$1,630.81	\$2,306.36	\$1,885.34	\$2,731.68	\$3,407.20
	PY 2023	\$860.26	\$1,717.53	\$2,429.07	\$1,985.64	\$2,877.08	\$3,588.58
	% Difference	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%
Health Net CanopyCare	PY 2022	\$859.02	\$1,715.06	\$2,425.56	\$1,983.02	\$2,873.17	\$3,583.65
	PY 2023	\$770.28	\$1,537.58	\$2,174.42	\$1,776.96	\$2,574.80	\$3,211.63
	% Difference	-10.4%	-10.4%	-10.4%	-10.4%	-10.4%	-10.4%
BSC PPO—Accolade	PY 2022	\$1,337.19	\$2,586.45	\$3,651.62	\$1,797.54	\$2,604.04	\$3,247.93
	PY 2023	\$1,435.47	\$2,784.80	\$3,935.29	\$1,932.72	\$2,803.79	\$3,499.24
	% Difference	7.3%	7.7%	7.8%	7.5%	7.7%	7.7%
BSC PPO—Accolade (Choice Not Available)	PY 2022	\$931.44	\$1,859.91	\$2,630.54	\$1,797.54	\$2,604.04	\$3,247.93
	PY 2023	\$935.85	\$1,868.73	\$2,643.02	\$1,932.72	\$2,803.79	\$3,499.24
	% Difference	0.5%	0.5%	0.5%	7.5%	7.7%	7.7%

Active Employees (CCSF¹)

Segmenting Total Cost Rates into Employer and Member Contributions



¹ 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.

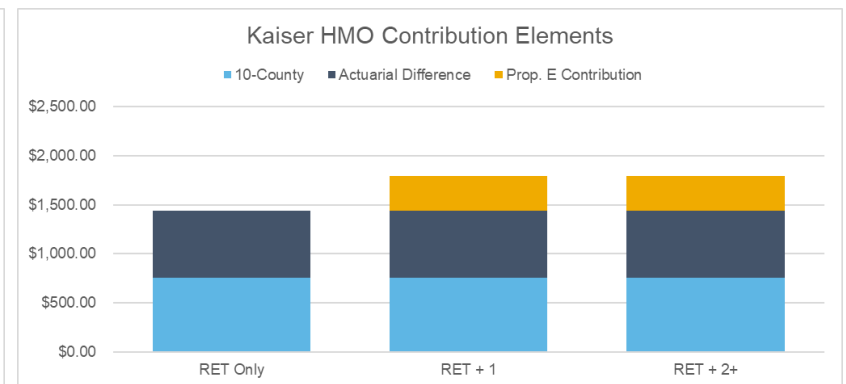
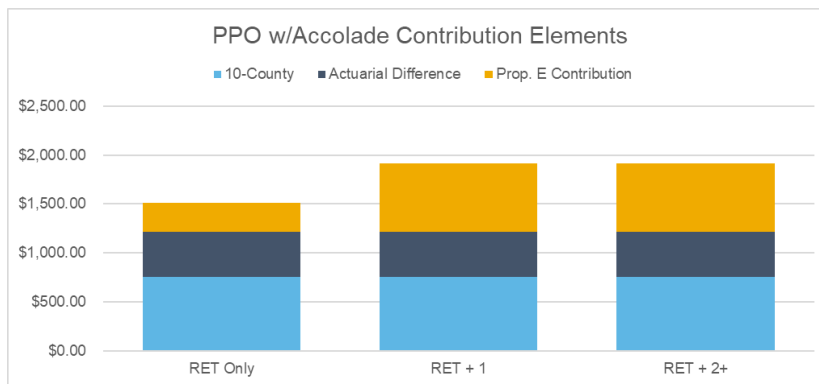
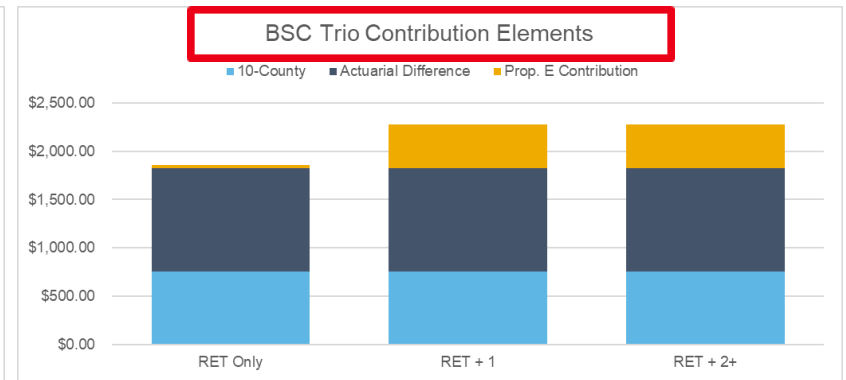
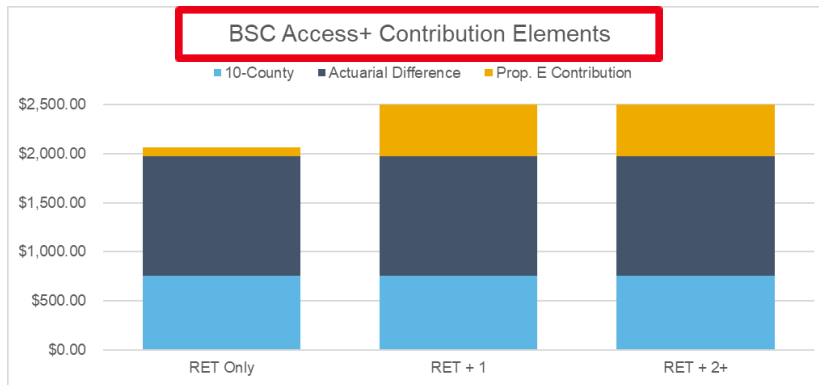
² For the highest cost plan (BSC PPO–Accolade Plan), based on MOU the employer contribution dollar amounts are set to equal the employer contribution dollar amounts for the second highest-cost plan (which is BSC Access+ HMO), except for the Employee Only tier in the 100/96/83 contribution approach where 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 — **2022** Employer Contribution Components (Most Offered Plans¹)

- 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)



¹ Health Net CanopyCare employer contributions are between Access+ and Trio in 2022.

Recommendation for HSB Action

Blue Shield of California (BSC) HMO Plans

BSC HMO 2023 Plan Rating — Recommendation

Staff recommends that the Health Service Board (HSB) approve:

- 1) The BSC Access+ plan renewal proposal for a 0.5% rate increase from 2022 to 2023;
- 2) The BSC Trio plan renewal proposal for a 5.3% rate increase from 2022 to 2023; and
- 3) The resulting 2023 monthly rate cards presented in this material for the BSC Access+ and Trio HMO plans.

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- Commentary regarding the rating proposal for 2023 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.

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Blue Shield of California (BSC) 2023 HMO Plans Rating — Renewal Summary

BSC 2023 HMO Plans Rating

Renewal Summary

- BSC provided renewals for the two flex-funded HMO plans (Access+ and Trio) offered to SFHSS active employees and early retirees.
- No plan design changes are proposed for the BSC HMO plans into the 2023 plan year.
- The aggregate calculated rate increases across all populations and rating tiers for the BSC plans are:
 - Access+ plan: +0.5%
 - Trio plan: +5.3%
 - Overall (for both plans combined): +2.1%
- The 2023 BSC HMO plan rate cards include the following cost components:
 - Projected 2023 medical/pharmacy (net of rebates) claim costs;
 - Projected 2023 capitation charges for certain medical services including physicians;
 - BSC 2023 fees (including ASO, large claim pooling fees and ACA PCORI fees);
 - Rate stabilization surplus buy-down (\$6,592,000 total across both plans);
 - VSP Basic Plan vision premiums (slight increase based on design enhancements approved at the April 14, 2022 HSB meeting); and
 - The SFHSS Healthcare Sustainability Fund charge of \$3.00 per employee/ retiree per month (PEPM), which is unchanged from the 2022 fee.

BSC 2023 HMO Plans Rating

Renewal Summary

Commentary on Rate Increase Recommendations

- As reviewed in the March HSB meeting, overall BSC HMO plan expenses per employee/retiree per month (PEPM) increased by 9% from 2021 to 2022, after a 2% increase from 2019 to 2021 — both figures influenced by claim suppression in 2020.
 - Plan Year 2022 rating reflected a more typical level of plan utilization (e.g., based on 2020 experience adjusted for suppression “fill-in”).
- The projected rate increase for the Trio plan (+5.3%) is higher than for the Access+ plan (+0.5%), primarily going into the 2023 plan year — though both increases are below expected national health plan cost trend levels (approximately 6%).
 - The differential in rating action (higher for Trio, lower for Access+) is primarily attributable to large claim experience (\$100K+ individuals) in each plan during 2021 — 33% of Trio claim dollars were from those \$100K+ versus 28% for Access+.
- The increase in stabilization buy-down from 2022 rating (\$4,856,000) to 2023 rating (\$6,592,000) contributes favorably to the renewal increase — increases would be 0.7% higher in absence of change in stabilization adjustments in rating.
- The aggregate 2.1% rate increase for BSC HMO plans for 2023 is lower than national average cost trend (6%), but slightly higher than the RFP-influenced 2022 aggregate rate increase (1.2%).

BSC 2023 HMO Plans Rating

Renewal Summary

Commentary on BSC HMO Fee Changes from 2022 to 2023

- BSC's 2023 administrative fee is in the second year of a three-year fixed commitment from BSC from the Fall 2020 RFP process for plan year 2023.
- BSC's large claim pooling fee is increasing by 12.5% into the 2023 plan year after an 5% increase for the 2022 plan year — driven by emerging very high-cost specialty medications for individuals with rare conditions.

BSC Fee Component	2022	2023	Change
Fixed Fees (Total)	\$84.34	\$88.64	+5.1%
BSC Administration	\$49.50	\$49.50	0.0%
BSC Large Claim Pooling @ \$1M/Individual	\$34.03	\$38.28	+12.5%
Legislative Fees (PCORI, CAMCO Tax)	\$0.81	\$0.86	+6.2%

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2023 Monthly Rate Cards for Access+ and Trio Plans

2023 BSC HMO Monthly Rate Cards

BSC plan 2023 rate cards are presented on the following pages for these population segments:

- Access+ active employees and early retirees — including two employer contribution models for active employees (93/93/83 and 100/96/83)
- Trio active employees and early retirees — including two employer contribution models for active employees (93/93/83 and 100/96/83)

Comparisons of member contributions from 2022 to 2023 are included in the tables that follow.

Access+

Monthly Rate/Contribution Change — 2023 versus 2022

Early Retirees, and **93/93/83** Contribution Strategy for Employees

<i>PY = Plan Year</i>		Active Employees			Early Retirees		
		EE	EE+1	EE+2+	RET	RET+1	RET+2+
Monthly Employee/ Retiree Contributions	PY 2022	\$65.20	\$130.19	\$447.19	\$87.06	\$569.80	\$1,340.42
	PY 2023	\$65.51	\$130.81	\$449.31	\$77.54	\$562.57	\$1,336.84
	\$ Difference	\$0.31	\$0.62	\$2.12	(\$9.52)	(\$7.23)	(\$3.58)
	% Difference	0.5%	0.5%	0.5%	-10.9%	-1.3%	-0.3%
Monthly Employer Contributions	PY 2022	\$866.24	\$1,729.72	\$2,183.35	\$2,063.94	\$2,546.67	\$2,546.67
	PY 2023	\$870.34	\$1,737.92	\$2,193.71	\$2,083.42	\$2,568.45	\$2,568.45
	\$ Difference	\$4.10	\$8.20	\$10.36	\$19.48	\$21.78	\$21.78
	% Difference	0.5%	0.5%	0.5%	0.9%	0.9%	0.9%
Monthly Total Rate	PY 2022	\$931.44	\$1,859.91	\$2,630.54	\$2,151.00	\$3,116.47	\$3,887.09
	PY 2023	\$935.85	\$1,868.73	\$2,643.02	\$2,160.96	\$3,131.02	\$3,905.29
	\$ Difference	\$4.41	\$8.82	\$12.48	\$9.96	\$14.55	\$18.20
	% Difference	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%

Access+

Monthly Rate/Contribution Change — 2023 versus 2022

Early Retirees, and **100/96/83** Contribution Strategy for Employees

<i>PY = Plan Year</i>		Active Employees			Early Retirees		
		EE	EE+1	EE+2+	RET	RET+1	RET+2+
Monthly Employee/ Retiree Contributions	PY 2022	\$0.00	\$74.40	\$447.19	\$87.06	\$569.80	\$1,340.42
	PY 2023	\$0.00	\$74.75	\$449.31	\$77.54	\$562.57	\$1,336.84
	\$ Difference	\$0.00	\$0.35	\$2.12	(\$9.52)	(\$7.23)	(\$3.58)
	% Difference	—	0.5%	0.5%	-10.9%	-1.3%	-0.3%
Monthly Employer Contributions	PY 2022	\$931.44	\$1,785.51	\$2,183.35	\$2,063.94	\$2,546.67	\$2,546.67
	PY 2023	\$935.85	\$1,793.98	\$2,193.71	\$2,083.42	\$2,568.45	\$2,568.45
	\$ Difference	\$4.41	\$8.47	\$10.36	\$19.48	\$21.78	\$21.78
	% Difference	0.5%	0.5%	0.5%	0.9%	0.9%	0.9%
Monthly Total Rate	PY 2022	\$931.44	\$1,859.91	\$2,630.54	\$2,151.00	\$3,116.47	\$3,887.09
	PY 2023	\$935.85	\$1,868.73	\$2,643.02	\$2,160.96	\$3,131.02	\$3,905.29
	\$ Difference	\$4.41	\$8.82	\$12.48	\$9.96	\$14.55	\$18.20
	% Difference	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%

Access+

Proposed Monthly 2023 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	\$948.30	\$1,896.61	\$2,683.72	\$2,199.26	\$3,185.53	\$3,972.63
Vision	\$4.15	\$8.32	\$11.76	\$4.15	\$8.32	\$11.76
Expense ¹	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
Claims Stabilization Amount/Self-Funded Policy	(\$19.60)	(\$39.20)	(\$55.46)	(\$45.45)	(\$65.83)	(\$82.10)
Total	\$935.85	\$1,868.73	\$2,643.02	\$2,160.96	\$3,131.02	\$3,905.29

10-County Amount ²	\$0.00	\$0.00	\$0.00	\$780.76	\$0.00	\$0.00
Single Retiree Offset ³	\$0.00	\$0.00	\$0.00	\$0.00	\$780.76	\$780.76
"Actuarial Difference" ⁴	\$0.00	\$0.00	\$0.00	\$1,225.11	\$1,225.11	\$1,225.11
Retiree Prop. E Employer Contribution ⁵	\$0.00	\$0.00	\$0.00	\$77.55	\$562.58	\$562.58
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$2,083.42	\$2,568.45	\$2,568.45
2023 Non-Bargained Contribution Rate	\$935.85	\$1,868.73	\$2,643.02	\$77.54	\$562.57	\$1,336.84

MOU Negotiated Pickup ⁶	\$870.34	\$1,737.92	\$2,193.71			
2023 Typical Bargained Member Contribution	\$65.51	\$130.81	\$449.31			

Final Member Contribution 2022	\$65.20	\$130.19	\$447.19	\$87.06	\$569.80	\$1,340.42
Difference — 2023 versus 2022	\$0.31	\$0.62	\$2.12	(\$9.52)	(\$7.23)	(\$3.58)

Access+

Proposed Monthly 2023 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	\$948.30	\$1,896.61	\$2,683.72	\$2,199.26	\$3,185.53	\$3,972.63
Vision	\$4.15	\$8.32	\$11.76	\$4.15	\$8.32	\$11.76
Expense ¹	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
Claims Stabilization Amount/Self-Funded Policy	(\$19.60)	(\$39.20)	(\$55.46)	(\$45.45)	(\$65.83)	(\$82.10)
Total	\$935.85	\$1,868.73	\$2,643.02	\$2,160.96	\$3,131.02	\$3,905.29
10-County Amount ²	\$0.00	\$0.00	\$0.00	\$780.76	\$0.00	\$0.00
Single Retiree Offset ³	\$0.00	\$0.00	\$0.00	\$0.00	\$780.76	\$780.76
"Actuarial Difference" ⁴	\$0.00	\$0.00	\$0.00	\$1,225.11	\$1,225.11	\$1,225.11
Retiree Prop. E Employer Contribution ⁵	\$0.00	\$0.00	\$0.00	\$77.55	\$562.58	\$562.58
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$2,083.42	\$2,568.45	\$2,568.45
2023 Non-Bargained Contribution Rate	\$935.85	\$1,868.73	\$2,643.02	\$77.54	\$562.57	\$1,336.84
MOU Negotiated Pickup ⁶	\$935.85	\$1,793.98	\$2,193.71			
2023 Typical Bargained Member Contribution	\$0.00	\$74.75	\$449.31			
Final Member Contribution 2022	\$0.00	\$74.40	\$447.19	\$87.06	\$569.80	\$1,340.42
Difference — 2023 versus 2022	\$0.00	\$0.35	\$2.12	(\$9.52)	(\$7.23)	(\$3.58)

Trio

Monthly Rate/Contribution Change — 2023 versus 2022

Early Retirees, and **93/93/83** Contribution Strategy for Employees

<i>PY = Plan Year</i>		Active Employees			Early Retirees		
		EE	EE+1	EE+2+	RET	RET+1	RET+2+
Monthly Employee/ Retiree Contributions	PY 2022	\$57.18	\$114.16	\$392.08	\$29.79	\$452.96	\$1,128.48
	PY 2023	\$60.22	\$120.23	\$412.94	\$39.75	\$485.47	\$1,196.97
	<i>\$ Difference</i>	\$3.04	\$6.07	\$20.86	\$9.96	\$32.51	\$68.49
	<i>% Difference</i>	5.3%	5.3%	5.3%	33.4%	7.2%	6.1%
Monthly Employer Contributions	PY 2022	\$759.72	\$1,516.65	\$1,914.28	\$1,855.55	\$2,278.72	\$2,278.72
	PY 2023	\$800.04	\$1,597.30	\$2,016.13	\$1,945.89	\$2,391.61	\$2,391.61
	<i>\$ Difference</i>	\$40.32	\$80.65	\$101.85	\$90.34	\$112.89	\$112.89
	<i>% Difference</i>	5.3%	5.3%	5.3%	4.9%	5.0%	5.0%
Monthly Total Rate	PY 2022	\$816.90	\$1,630.81	\$2,306.36	\$1,885.34	\$2,731.68	\$3,407.20
	PY 2023	\$860.26	\$1,717.53	\$2,429.07	\$1,985.64	\$2,877.08	\$3,588.58
	<i>\$ Difference</i>	\$43.36	\$86.72	\$122.71	\$100.30	\$145.40	\$181.38
	<i>% Difference</i>	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%

Trio

Monthly Rate/Contribution Change — 2023 versus 2022

Early Retirees, and **100/96/83** Contribution Strategy for Employees

<i>PY = Plan Year</i>		Active Employees			Early Retirees		
		EE	EE+1	EE+2+	RET	RET+1	RET+2+
Monthly Employee/ Retiree Contributions	PY 2022	\$0.00	\$65.23	\$392.08	\$29.79	\$452.96	\$1,128.48
	PY 2023	\$0.00	\$68.70	\$412.94	\$39.75	\$485.47	\$1,196.97
	<i>\$ Difference</i>	\$0.00	\$3.47	\$20.86	\$9.96	\$32.51	\$68.49
	<i>% Difference</i>	—	5.3%	5.3%	33.4%	7.2%	6.1%
Monthly Employer Contributions	PY 2022	\$816.90	\$1,565.58	\$1,914.28	\$1,855.55	\$2,278.72	\$2,278.72
	PY 2023	\$860.26	\$1,648.83	\$2,016.13	\$1,945.89	\$2,391.61	\$2,391.61
	<i>\$ Difference</i>	\$43.36	\$83.25	\$101.85	\$90.34	\$112.89	\$112.89
	<i>% Difference</i>	5.3%	5.3%	5.3%	4.9%	5.0%	5.0%
Monthly Total Rate	PY 2022	\$816.90	\$1,630.81	\$2,306.36	\$1,885.34	\$2,731.68	\$3,407.20
	PY 2023	\$860.26	\$1,717.53	\$2,429.07	\$1,985.64	\$2,877.08	\$3,588.58
	<i>\$ Difference</i>	\$43.36	\$86.72	\$122.71	\$100.30	\$145.40	\$181.38
	<i>% Difference</i>	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%

Trio

Proposed Monthly 2023 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	\$872.71	\$1,745.41	\$2,469.77	\$2,023.94	\$2,931.59	\$3,655.92
Vision	\$4.15	\$8.32	\$11.76	\$4.15	\$8.32	\$11.76
Expense ¹	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
Claims Stabilization Amount/Self-Funded Policy	(\$19.60)	(\$39.20)	(\$55.46)	(\$45.45)	(\$65.83)	(\$82.10)
Total	\$860.26	\$1,717.53	\$2,429.07	\$1,985.64	\$2,877.08	\$3,588.58

10-County Amount ²	\$0.00	\$0.00	\$0.00	\$780.76	\$0.00	\$0.00
Single Retiree Offset ³	\$0.00	\$0.00	\$0.00	\$0.00	\$780.76	\$780.76
"Actuarial Difference" ⁴	\$0.00	\$0.00	\$0.00	\$1,125.38	\$1,125.38	\$1,125.38
Retiree Prop. E Employer Contribution ⁵	\$0.00	\$0.00	\$0.00	\$39.75	\$485.47	\$485.47
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$1,945.89	\$2,391.61	\$2,391.61
2023 Non-Bargained Contribution Rate	\$860.26	\$1,717.53	\$2,429.07	\$39.75	\$485.47	\$1,196.97

MOU Negotiated Pickup ⁶	\$800.04	\$1,597.30	\$2,016.13			
2023 Typical Bargained Member Contribution	\$60.22	\$120.23	\$412.94			

Final Member Contribution 2022	\$57.18	\$114.16	\$392.08	\$29.79	\$452.96	\$1,128.48
Difference — 2023 versus 2022	\$3.04	\$6.07	\$20.86	\$9.96	\$32.51	\$68.49

Trio

Proposed Monthly 2023 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	\$872.71	\$1,745.41	\$2,469.77	\$2,023.94	\$2,931.59	\$3,655.92
Vision	\$4.15	\$8.32	\$11.76	\$4.15	\$8.32	\$11.76
Expense ¹	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
Claims Stabilization Amount/Self-Funded Policy	(\$19.60)	(\$39.20)	(\$55.46)	(\$45.45)	(\$65.83)	(\$82.10)
Total	\$860.26	\$1,717.53	\$2,429.07	\$1,985.64	\$2,877.08	\$3,588.58
10-County Amount ²	\$0.00	\$0.00	\$0.00	\$780.76	\$0.00	\$0.00
Single Retiree Offset ³	\$0.00	\$0.00	\$0.00	\$0.00	\$780.76	\$780.76
"Actuarial Difference" ⁴	\$0.00	\$0.00	\$0.00	\$1,125.38	\$1,125.38	\$1,125.38
Retiree Prop. E Employer Contribution ⁵	\$0.00	\$0.00	\$0.00	\$39.75	\$485.47	\$485.47
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$1,945.89	\$2,391.61	\$2,391.61
2023 Non-Bargained Contribution Rate	\$860.26	\$1,717.53	\$2,429.07	\$39.75	\$485.47	\$1,196.97
MOU Negotiated Pickup ⁶	\$860.26	\$1,648.83	\$2,016.13			
2023 Typical Bargained Member Contribution	\$0.00	\$68.70	\$412.94			
Final Member Contribution 2022	\$0.00	\$65.23	\$392.08	\$29.79	\$452.96	\$1,128.48
Difference — 2023 versus 2022	\$0.00	\$3.47	\$20.86	\$9.96	\$32.51	\$68.49

4

Recommendation for HSB Action

Blue Shield of California (BSC) HMO Plans

Recommendations for HSB Action

Staff recommends that the Health Service Board (HSB) approve:

- 1) The BSC Access+ plan renewal proposal for a 0.5% rate increase from 2022 to 2023;
- 2) The BSC Trio plan renewal proposal for a 5.3% rate increase from 2022 to 2023;
and
- 3) The resulting 2023 monthly rate cards presented in this material for the BSC Access+ and Trio HMO plans.

5

Appendix — Additional Information

- Rate Card Footnotes
- Glossary of Terms
- 2022 Access+ and Trio Monthly Rate Cards

BSC 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 2023 rating is \$780.76 (per March 2022 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+.

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 BSC for certain services, generally including services rendered in a provider's office and outpatient facility visits that do not result in a hospital admission.

Large Claim Pooling

- Insurance protection against catastrophic or unpredictable losses. Claims beyond the large claim pooling amount per individual in a year are transferred to the insurer, in consideration for a large claim pooling fee paid to the insurer.

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 both Access+ and Trio in 2023).

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.

Access+

Monthly 2022 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	\$936.84	\$1,873.69	\$2,651.29	\$2,172.69	\$3,147.04	\$3,924.63
Vision	\$3.95	\$7.92	\$11.20	\$3.95	\$7.92	\$11.20
Expense ¹	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
Claims Stabilization Amount/Self-Funded Policy	(\$12.35)	(\$24.70)	(\$34.95)	(\$28.64)	(\$41.49)	(\$51.74)
Total	\$931.44	\$1,859.91	\$2,630.54	\$2,151.00	\$3,116.47	\$3,887.09

10-County Amount ²	\$0.00	\$0.00	\$0.00	\$757.31	\$0.00	\$0.00
Single Retiree Offset ³	\$0.00	\$0.00	\$0.00	\$0.00	\$757.31	\$757.31
"Actuarial Difference" ⁴	\$0.00	\$0.00	\$0.00	\$1,219.56	\$1,219.56	\$1,219.56
Retiree Prop. E Employer Contribution ⁵	\$0.00	\$0.00	\$0.00	\$87.07	\$569.80	\$569.80
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$2,063.94	\$2,546.67	\$2,546.67
2022 Non-Bargained Contribution Rate	\$931.44	\$1,859.91	\$2,630.54	\$87.06	\$569.80	\$1,340.42

MOU Negotiated Pickup ⁶	\$866.24	\$1,729.72	\$2,183.35			
2022 Typical Bargained Member Contribution	\$65.20	\$130.19	\$447.19			

Final Member Contribution 2021	\$64.66	\$129.10	\$443.43	\$97.26	\$575.91	\$1,340.06
Difference — 2022 versus 2021	\$0.54	\$1.09	\$3.76	(\$10.20)	(\$6.11)	\$0.36

Access+

Monthly 2022 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	\$936.84	\$1,873.69	\$2,651.29	\$2,172.69	\$3,147.04	\$3,924.63
Vision	\$3.95	\$7.92	\$11.20	\$3.95	\$7.92	\$11.20
Expense ¹	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
Claims Stabilization Amount/Self-Funded Policy	(\$12.35)	(\$24.70)	(\$34.95)	(\$28.64)	(\$41.49)	(\$51.74)
Total	\$931.44	\$1,859.91	\$2,630.54	\$2,151.00	\$3,116.47	\$3,887.09

10-County Amount ²	\$0.00	\$0.00	\$0.00	\$757.31	\$0.00	\$0.00
Single Retiree Offset ³	\$0.00	\$0.00	\$0.00	\$0.00	\$757.31	\$757.31
"Actuarial Difference" ⁴	\$0.00	\$0.00	\$0.00	\$1,219.56	\$1,219.56	\$1,219.56
Retiree Prop. E Employer Contribution ⁵	\$0.00	\$0.00	\$0.00	\$87.07	\$569.80	\$569.80
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$2,063.94	\$2,546.67	\$2,546.67
2022 Non-Bargained Contribution Rate	\$931.44	\$1,859.91	\$2,630.54	\$87.06	\$569.80	\$1,340.42

MOU Negotiated Pickup ⁶	\$931.44	\$1,785.51	\$2,183.35			
2022 Typical Bargained Member Contribution	\$0.00	\$74.40	\$447.19			

Final Member Contribution 2021	\$0.00	\$73.77	\$443.43	\$97.26	\$575.91	\$1,340.06
Difference — 2022 versus 2021	\$0.00	\$0.63	\$3.76	(\$10.20)	(\$6.11)	\$0.36

Trio

Monthly 2022 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	\$822.30	\$1,644.59	\$2,327.11	\$1,907.03	\$2,762.25	\$3,444.74
Vision	\$3.95	\$7.92	\$11.20	\$3.95	\$7.92	\$11.20
Expense ¹	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
Claims Stabilization Amount/Self-Funded Policy	(\$12.35)	(\$24.70)	(\$34.95)	(\$28.64)	(\$41.49)	(\$51.74)
Total	\$816.90	\$1,630.81	\$2,306.36	\$1,885.34	\$2,731.68	\$3,407.20

10-County Amount ²	\$0.00	\$0.00	\$0.00	\$757.31	\$0.00	\$0.00
Single Retiree Offset ³	\$0.00	\$0.00	\$0.00	\$0.00	\$757.31	\$757.31
"Actuarial Difference" ⁴	\$0.00	\$0.00	\$0.00	\$1,068.44	\$1,068.44	\$1,068.44
Retiree Prop. E Employer Contribution ⁵	\$0.00	\$0.00	\$0.00	\$29.80	\$452.97	\$452.97
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$1,855.55	\$2,278.72	\$2,278.72
2022 Non-Bargained Contribution Rate	\$816.90	\$1,630.81	\$2,306.36	\$29.79	\$452.96	\$1,128.48

MOU Negotiated Pickup ⁶	\$759.72	\$1,516.65	\$1,914.28			
2022 Typical Bargained Member Contribution	\$57.18	\$114.16	\$392.08			

Final Member Contribution 2021	\$56.06	\$111.90	\$384.31	\$35.82	\$450.56	\$1,112.70
Difference — 2022 versus 2021	\$1.12	\$2.26	\$7.77	(\$6.03)	\$2.40	\$15.78

Trio

Monthly 2022 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	\$822.30	\$1,644.59	\$2,327.11	\$1,907.03	\$2,762.25	\$3,444.74
Vision	\$3.95	\$7.92	\$11.20	\$3.95	\$7.92	\$11.20
Expense ¹	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
Claims Stabilization Amount/Self-Funded Policy	(\$12.35)	(\$24.70)	(\$34.95)	(\$28.64)	(\$41.49)	(\$51.74)
Total	\$816.90	\$1,630.81	\$2,306.36	\$1,885.34	\$2,731.68	\$3,407.20

10-County Amount ²	\$0.00	\$0.00	\$0.00	\$757.31	\$0.00	\$0.00
Single Retiree Offset ³	\$0.00	\$0.00	\$0.00	\$0.00	\$757.31	\$757.31
"Actuarial Difference" ⁴	\$0.00	\$0.00	\$0.00	\$1,068.44	\$1,068.44	\$1,068.44
Retiree Prop. E Employer Contribution ⁵	\$0.00	\$0.00	\$0.00	\$29.80	\$452.97	\$452.97
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$1,855.55	\$2,278.72	\$2,278.72
2022 Non-Bargained Contribution Rate	\$816.90	\$1,630.81	\$2,306.36	\$29.79	\$452.96	\$1,128.48

MOU Negotiated Pickup ⁶	\$816.90	\$1,565.58	\$1,914.28			
2022 Typical Bargained Member Contribution	\$0.00	\$65.23	\$392.08			

Final Member Contribution 2021	\$0.00	\$63.94	\$384.31	\$35.82	\$450.56	\$1,112.70
Difference — 2022 versus 2021	\$0.00	\$1.29	\$7.77	(\$6.03)	\$2.40	\$15.78