

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

## **Rates & Benefits**

Review and Approve Blue Shield of California PPO-Accolade  
Medical/Rx Self-Funded Non-Medicare 2023 Rates and  
Contributions

May 12, 2022

# Agenda

- **Rate Setting Methodology Preface**
- **Blue Shield of California (BSC) 2023 PPO–Accolade Plans Rating — Renewal Summary**
- **2023 Monthly Rate Cards for BSC PPO–Accolade and BSC PPO–Accolade — Choice Not Available 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 BSC PPO–Accolade and BSC PPO–Accolade — Choice Not Available Monthly Rate Cards

# 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>• <b>BSC PPO–Accolade</b></li> <li>• Delta Dental Active Employee PPO</li> </ul>	<ul style="list-style-type: none"> <li>• Blue Shield of CA Access+ HMO</li> <li>• Blue Shield of CA Trio HMO</li> <li>• Health Net CanopyCare HMO</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 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%	<b>0.5%</b>
BSC Trio	6.1%	<b>5.3%</b>
Health Net CanopyCare	<b>-10.4%</b>	N/A for 2023 (new plan in 2022)
Kaiser	<b>3.88%</b>	Does not apply (insured plan)
BSC PPO–Accolade (including Choice Not Available)	6.0%	<b>7.5%</b>

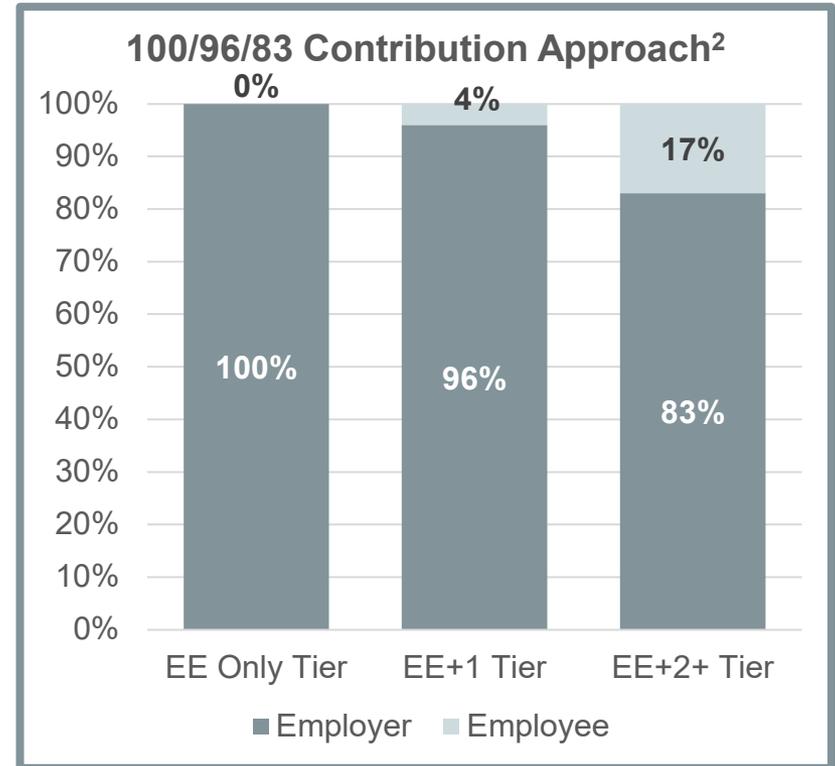
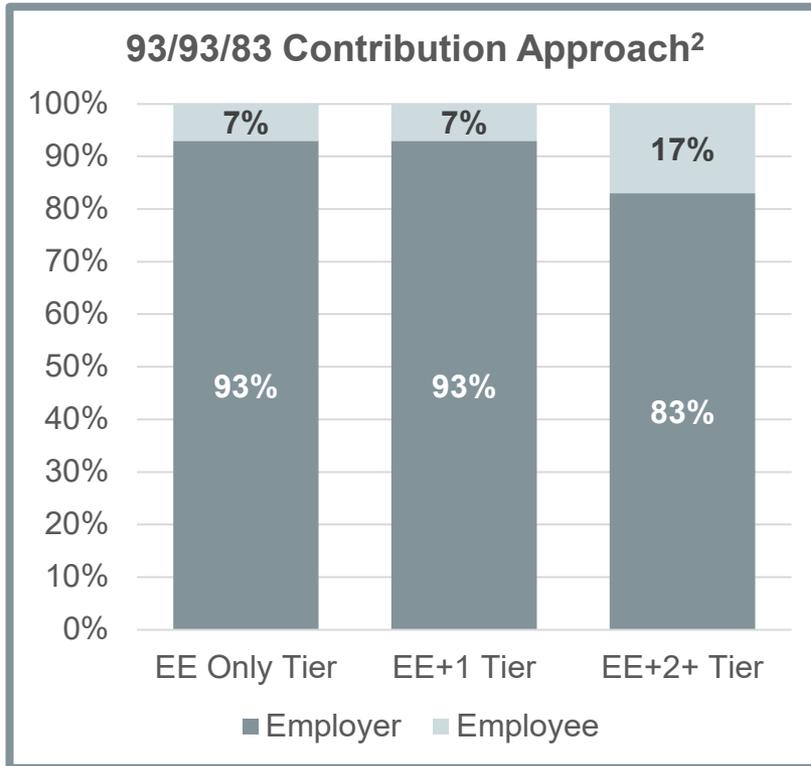
# Non-Medicare Medical Plan 2023 Proposed Total Rates

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 (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.

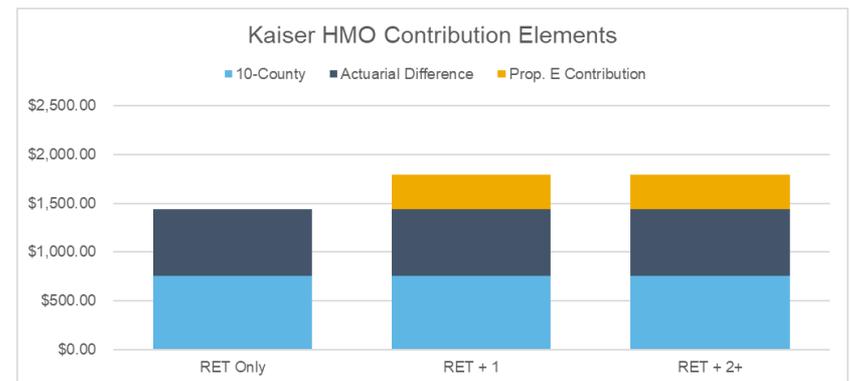
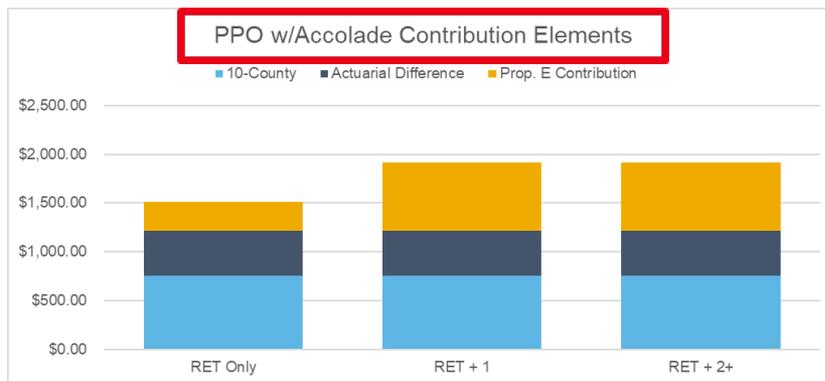
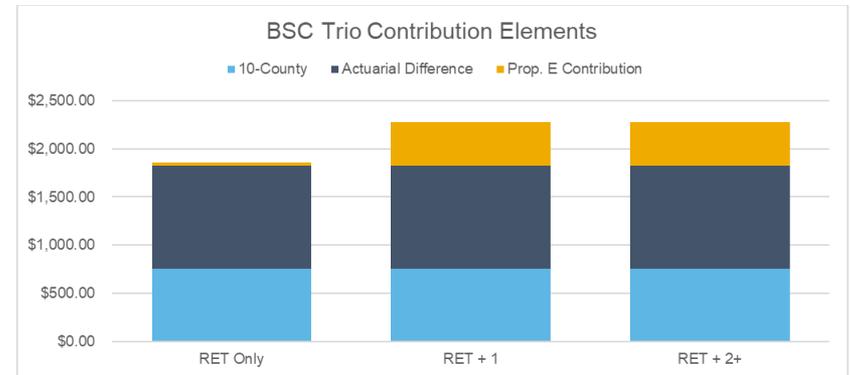
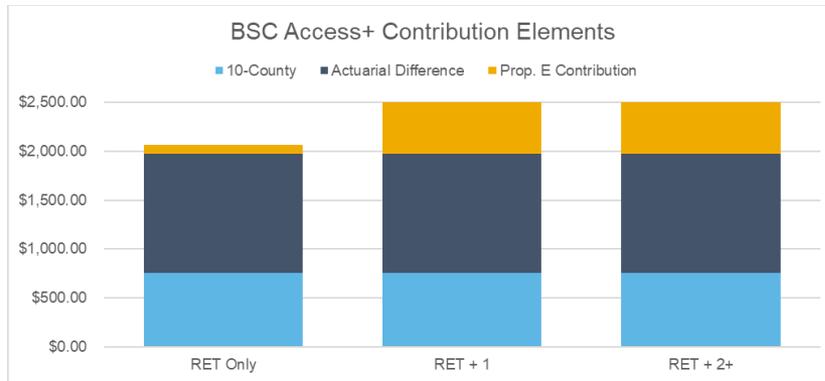
<sup>2</sup> For the highest cost plan (BSC PPO–Accolade Plan), based on MOU the employer contribution dollar amounts are set to equal the employer contribution dollar amounts for the second highest-cost plan (which is BSC Access+ HMO), except for the Employee Only tier in the 100/96/83 contribution 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 Plans<sup>1</sup>)

- 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)



<sup>1</sup> Health Net CanopyCare employer contributions are between Access+ and Trio in 2022

# Recommendation for HSB Action

Blue Shield of California (BSC) PPO–Accolade and BSC PPO–Accolade —  
Choice Not Available Plans

# BSC PPO–Accolade Plans 2023 Plan Rating

## Recommendation for HSB Action

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

- The Blue Shield of California (BSC) PPO–Accolade Plan and Blue Shield of California (BSC) PPO–Accolade Plan — Choice Not Available 2023 plan year monthly rate cards presented in this material.
- The resulting aggregate overall rate increase for the combination of the BSC PPO–Accolade Plan and BSC PPO–Accolade Plan — Choice Not Available including stabilization adjustment for 2023 is 7.5%.

# BSC PPO–Accolade Plans 2023 Plan Rating

## Recommendation for HSB Action

- 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).
  - The MOU for CCSF employees specifies the employer contributions for the highest cost plan offered through SFHSS (which is BSC PPO–Accolade Plan) are set to equal the employer contributions for the second highest cost plan (which is BSC Access+ plan). This guides how employer contributions are set for BSC PPO–Accolade Plan in active employee rate cards. For the Employee Only tier in the 100/96/83 strategy, employees pay no contributions for any SFHSS health plan, and employer contributions equal the total rates for the Employee Only tier in each plan for the 100/96/83 employer contribution strategy.
  - 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

## Blue Shield of California (BSC) PPO–Accolade and PPO–Accolade — Choice Not Available 2023 Plan Rating — Renewal Summary

# BSC 2023 PPO–Accolade Plan Rating

## Renewal Summary

- Recommended rate increases for the BSC PPO–Accolade Plan are based on 2021 claims experience trended to 2023, administrative fees in 2023 for PPO–Accolade Plan administrator (Blue Shield of California — BSC) and previously approved changes in rate stabilization amortization applied in rates between 2022 and 2023 (from April 2022 HSB meeting).
- No plan design changes are proposed for BSC PPO–Accolade Plan into the 2023 plan year.
- The 2023 rate cards for the BSC PPO–Accolade Plan rates include all of the following cost components:
  - Projected 2023 medical and pharmacy (net of rebates) claim costs;
  - BSC 2023 fees (administrative and shared savings programs);
  - Buy-up for rate stabilization reserve amortization (\$403,000 buy-up in 2023, versus \$330,000 buy-down in 2022);
  - 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 PPO–Accolade Plan Rating

## Renewal Summary

### Commentary on Rate Increase Recommendations

- As reviewed with the HSB in the April 2022 meeting, BSC PPO–Accolade Plan medical claim experience was 18% higher per covered life in 2021 versus 2020 (influenced by pandemic-suppressed 2020 data, as 2021 medical experience normalized to more expected levels), while prescription drug experience was 6% higher per covered life in 2021 versus 2020.
  - Pandemic suppression experience was adjusted in underwriting development of 2022 BSC PPO-Accolade Plan rates.
- Aon used BSC PPO–Accolade Plan 2021 claim experience to project the best estimate for 2023 BSC PPO–Accolade Plan claim experience — also factoring in changes in plan discounts and Rx rebate sharing resulting from the transition of plan administrator from UnitedHealthcare (source of 2021 plan experience) to Blue Shield of California.
  - An annual cost trend increase assumption of 7% is used in the forecast.
- The difference in application of rate stabilization reserve amortization in 2022 rating (\$330,000 buy-down) and 2023 rating (\$403,000 buy-up) contributes an unfavorable difference of 1.5% of total projected cost in the PPO–Accolade total cost rates from the 2022 plan year to the 2023 plan year.
- BSC committed to no increase in administrative fees from 2022 to 2024 plan years as part of the Fall 2020 RFP process.

# BSC PPO–Accolade — Choice Not Available 2023 Plan Rating Summary

## Refresher — Criteria for Availability and Rate Determination

- Participants are assigned to the **BSC PPO–Accolade Plan — Choice Not Available** as a plan they enroll in when they live in a zip code where the following occurs:
  - BSC PPO–Accolade Plan is the only plan choice available;
  - BSC PPO–Accolade Plan and Kaiser Permanente are available plan choices, but not BSC Access+; or
  - BSC PPO–Accolade Plan and BSC Access+ are available plan choices, but not Kaiser Permanente.
- Current distribution of PPO plan active employees and early retirees into BSC PPO–Accolade Plan and PPO–Accolade Plan — Choice Not Available is:

Enrolled Member Type	BSC PPO–Accolade Plan	BSC PPO–Accolade Plan — Choice Not Available	Total PPO
Active Employees	907	140	1,047
Early Retirees	382	455	837
<b>Total Enrollment</b>	<b>1,289</b>	<b>595</b>	<b>1,874</b>

# BSC PPO–Accolade — Choice Not Available 2023 Plan Rating Summary

## Refresher — Criteria for Availability and Rate Determination

- BSC PPO–Accolade Plan — Choice Not Available provides member contribution relief primarily to active employees in the Hetch Hetchy/Moccasin areas, and early retirees living outside of the Bay Area of Northern California.

## Rate Determination for BSC PPO–Accolade Plan—Choice Not Available:

- **Active Employees** — Same premium rates (including all rate card elements) and contributions as BSC Access+ plan.
- **Early Retirees** — Same premium rates (including all rate card elements) as BSC PPO–Accolade Plan — leads to lower retiree contributions relative to BSC PPO–Accolade Plan based on application of City Charter employer contribution determination formulas.

# 3

## 2023 Monthly Rate Cards for BSC PPO–Accolade and BSC PPO–Accolade — Choice Not Available Plans

# 2023 Monthly Rate Cards

## BSC PPO–Accolade and BSC PPO–Accolade — Choice Not Available

- BSC PPO–Accolade Plan 2023 rate cards are presented on the following pages for these population segments:
  - BSC PPO–Accolade Plan active employees and early retirees — including two employer contribution models for active employees (93/93/83 and 100/96/83).
  - BSC PPO–Accolade Plan — Choice Not Available 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.
  - The MOU for CCSF employees specifies the employer contributions for the highest cost plan offered through SFHSS (which is BSC PPO–Accolade Plan) are set to equal the employer contributions for the second highest cost plan (which is BSC Access+ Plan) — except for the Employee Only tier in the 100/96/83 strategy where the employer contributions equal total rates for all SFHSS plans.

# BSC PPO–Accolade

## 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	\$470.95	\$856.73	\$1,468.27	\$289.94	\$693.19	\$1,337.08
	PY 2023	\$565.13	\$1,046.88	\$1,741.58	\$327.35	\$762.89	\$1,458.34
	<i>\$ Difference</i>	+\$94.18	+\$190.15	+\$273.31	+\$37.41	+\$69.70	+\$121.26
	<i>% Difference</i>	+20.0%	+22.2%	+18.6%	+12.9%	+10.1%	+9.1%
Monthly Employer Contributions	PY 2022	\$866.24	\$1,729.72	\$2,183.35	\$1,507.60	\$1,910.85	\$1,910.85
	PY 2023	\$870.34	\$1,737.92	\$2,193.71	\$1,605.37	\$2,040.90	\$2,040.90
	<i>\$ Difference</i>	+\$4.10	+\$8.20	+\$10.36	+\$97.77	+\$130.05	+\$130.05
	<i>% Difference</i>	+0.5%	+0.5%	+0.5%	+6.5%	+6.8%	+6.8%
Monthly Total Rate	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
	<i>\$ Difference</i>	+\$98.28	+\$198.35	+\$283.67	+\$135.18	+\$199.75	+\$251.31
	<i>% Difference</i>	+7.3%	+7.7%	+7.8%	+7.5%	+7.7%	+7.7%

# BSC PPO–Accolade

## 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	\$800.94	\$1,468.27	\$289.94	\$693.19	\$1,337.08
	PY 2023	\$0.00	\$990.82	\$1,741.58	\$327.35	\$762.89	\$1,458.34
	<i>\$ Difference</i>	+\$0.00	+\$189.88	+\$273.31	+\$37.41	+\$69.70	+\$121.26
	<i>% Difference</i>	—	+23.7%	+18.6%	+12.9%	+10.1%	+9.1%
Monthly Employer Contributions	PY 2022	\$1,337.19	\$1,785.51	\$2,183.35	\$1,507.60	\$1,910.85	\$1,910.85
	PY 2023	\$1,435.47	\$1,793.98	\$2,193.71	\$1,605.37	\$2,040.90	\$2,040.90
	<i>\$ Difference</i>	+\$98.28	+\$8.47	+\$10.36	+\$97.77	+\$130.05	+\$130.05
	<i>% Difference</i>	+7.3%	+0.5%	+0.5%	+6.5%	+6.8%	+6.8%
Monthly Total Rate	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
	<i>\$ Difference</i>	+\$98.28	+\$198.35	+\$283.67	+\$135.18	+\$199.75	+\$251.31
	<i>% Difference</i>	+7.3%	+7.7%	+7.8%	+7.5%	+7.7%	+7.7%

# BSC PPO–Accolade

## 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	\$1,125.65	\$2,251.30	\$3,287.84	\$1,448.91	\$2,130.64	\$2,674.83
Pharmacy	\$208.94	\$417.87	\$519.35	\$379.03	\$557.37	\$699.74
Vision	\$4.15	\$8.32	\$11.76	\$4.15	\$8.32	\$11.76
Expense <sup>1</sup>	\$85.41	\$85.41	\$85.41	\$85.41	\$85.41	\$85.41
Claims Stabilization Amount/Self-Funded Policy	\$11.32	\$21.90	\$30.93	\$15.22	\$22.05	\$27.50
<b>Total</b>	<b>\$1,435.47</b>	<b>\$2,784.80</b>	<b>\$3,935.29</b>	<b>\$1,932.72</b>	<b>\$2,803.79</b>	<b>\$3,499.24</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	\$497.25	\$497.25	\$497.25
Retiree Prop. E Employer Contribution <sup>5</sup>	\$0.00	\$0.00	\$0.00	\$327.36	\$762.89	\$762.89
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$1,605.37	\$2,040.90	\$2,040.90
<b>2023 Non-Bargained Contribution Rate</b>	<b>\$1,435.47</b>	<b>\$2,784.80</b>	<b>\$3,935.29</b>	<b>\$327.35</b>	<b>\$762.89</b>	<b>\$1,458.34</b>
MOU Negotiated Pickup <sup>6</sup>	\$870.34	\$1,737.92	\$2,193.71			
<b>2023 Typical Bargained Member Contribution</b>	<b>\$565.13</b>	<b>\$1,046.88</b>	<b>\$1,741.58</b>			
<b>Final Member Contribution 2022</b>	<b>\$470.95</b>	<b>\$856.73</b>	<b>\$1,468.27</b>	<b>\$289.94</b>	<b>\$693.19</b>	<b>\$1,337.08</b>
<b>Difference — 2023 versus 2022</b>	<b>\$94.18</b>	<b>\$190.15</b>	<b>\$273.31</b>	<b>\$37.41</b>	<b>\$69.70</b>	<b>\$121.26</b>

# BSC PPO–Accolade

## 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	\$1,125.65	\$2,251.30	\$3,287.84	\$1,448.91	\$2,130.64	\$2,674.83
Pharmacy	\$208.94	\$417.87	\$519.35	\$379.03	\$557.37	\$699.74
Vision	\$4.15	\$8.32	\$11.76	\$4.15	\$8.32	\$11.76
Expense <sup>1</sup>	\$85.41	\$85.41	\$85.41	\$85.41	\$85.41	\$85.41
Claims Stabilization Amount/Self-Funded Policy	\$11.32	\$21.90	\$30.93	\$15.22	\$22.05	\$27.50
<b>Total</b>	<b>\$1,435.47</b>	<b>\$2,784.80</b>	<b>\$3,935.29</b>	<b>\$1,932.72</b>	<b>\$2,803.79</b>	<b>\$3,499.24</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	\$497.25	\$497.25	\$497.25
Retiree Prop. E Employer Contribution <sup>5</sup>	\$0.00	\$0.00	\$0.00	\$327.36	\$762.89	\$762.89
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$1,605.37	\$2,040.90	\$2,040.90
<b>2023 Non-Bargained Contribution Rate</b>	<b>\$1,435.47</b>	<b>\$2,784.80</b>	<b>\$3,935.29</b>	<b>\$327.35</b>	<b>\$762.89</b>	<b>\$1,458.34</b>
MOU Negotiated Pickup <sup>6</sup>	\$1,435.47	\$1,793.98	\$2,193.71			
<b>2023 Typical Bargained Member Contribution</b>	<b>\$0.00</b>	<b>\$990.82</b>	<b>\$1,741.58</b>			
<b>Final Member Contribution 2022</b>	<b>\$0.00</b>	<b>\$800.94</b>	<b>\$1,468.27</b>	<b>\$289.94</b>	<b>\$693.19</b>	<b>\$1,337.08</b>
<b>Difference — 2023 versus 2022</b>	<b>\$0.00</b>	<b>\$189.88</b>	<b>\$273.31</b>	<b>\$37.41</b>	<b>\$69.70</b>	<b>\$121.26</b>

# BSC PPO–Accolade — Choice Not Available

## 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	\$490.31	\$1,134.20
	PY 2023	\$65.51	\$130.81	\$449.31	\$77.54	\$513.08	\$1,208.53
	<i>\$ Difference</i>	+\$0.31	+\$0.62	+\$2.12	-\$9.52	+\$22.77	+\$74.33
	<i>% Difference</i>	+0.5%	+0.5%	+0.5%	-10.9%	+4.6%	+6.6%
Monthly Employer Contributions	PY 2022	\$866.24	\$1,729.72	\$2,183.35	\$1,710.48	\$2,113.73	\$2,113.73
	PY 2023	\$870.34	\$1,737.92	\$2,193.71	\$1,855.18	\$2,290.71	\$2,290.71
	<i>\$ Difference</i>	+\$4.10	+\$8.20	+\$10.36	+\$144.70	+\$176.98	+\$176.98
	<i>% Difference</i>	+0.5%	+0.5%	+0.5%	+8.5%	+8.4%	+8.4%
Monthly Total Rate	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
	<i>\$ Difference</i>	+\$4.41	+\$8.82	+\$12.48	+\$135.18	+\$199.75	+\$251.31
	<i>% Difference</i>	+0.5%	+0.5%	+0.5%	+7.5%	+7.7%	+7.7%

# BSC PPO–Accolade — Choice Not Available

## 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	\$490.31	\$1,134.20
	PY 2023	\$0.00	\$74.75	\$449.31	\$77.54	\$513.08	\$1,208.53
	<i>\$ Difference</i>	+\$0.00	+\$0.35	+\$2.12	-\$9.52	+\$22.77	+\$74.33
	<i>% Difference</i>	—	+0.5%	+0.5%	-10.9%	+4.6%	+6.6%
Monthly Employer Contributions	PY 2022	\$931.44	\$1,785.51	\$2,183.35	\$1,710.48	\$2,113.73	\$2,113.73
	PY 2023	\$935.85	\$1,793.98	\$2,193.71	\$1,855.18	\$2,290.71	\$2,290.71
	<i>\$ Difference</i>	+\$4.41	+\$8.47	+\$10.36	+\$144.70	+\$176.98	+\$176.98
	<i>% Difference</i>	+0.5%	+0.5%	+0.5%	+8.5%	+8.4%	+8.4%
Monthly Total Rate	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
	<i>\$ Difference</i>	+\$4.41	+\$8.82	+\$12.48	+\$135.18	+\$199.75	+\$251.31
	<i>% Difference</i>	+0.5%	+0.5%	+0.5%	+7.5%	+7.7%	+7.7%

# BSC PPO—Accolade — Choice Not Available

## 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	\$679.31	\$1,426.06	\$2,045.60	\$1,448.91	\$2,130.64	\$2,674.83
Pharmacy	\$155.67	\$327.04	\$469.32	\$379.03	\$557.37	\$699.74
Vision	\$4.15	\$8.32	\$11.76	\$4.15	\$8.32	\$11.76
Expense <sup>1</sup>	\$85.41	\$85.41	\$85.41	\$85.41	\$85.41	\$85.41
Claims Stabilization Amount/Self-Funded Policy	\$11.32	\$21.90	\$30.93	\$15.22	\$22.05	\$27.50
<b>Total</b>	<b>\$935.85</b>	<b>\$1,868.73</b>	<b>\$2,643.02</b>	<b>\$1,932.72</b>	<b>\$2,803.79</b>	<b>\$3,499.24</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	\$996.87	\$996.87	\$996.87
Retiree Prop. E Employer Contribution <sup>5</sup>	\$0.00	\$0.00	\$0.00	\$77.55	\$513.08	\$513.08
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$1,855.18	\$2,290.71	\$2,290.71
<b>2023 Non-Bargained Contribution Rate</b>	<b>\$935.85</b>	<b>\$1,868.73</b>	<b>\$2,643.02</b>	<b>\$77.54</b>	<b>\$513.08</b>	<b>\$1,208.53</b>

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

<b>Final Member Contribution 2022</b>	<b>\$65.20</b>	<b>\$130.19</b>	<b>\$447.19</b>	<b>\$87.06</b>	<b>\$490.31</b>	<b>\$1,134.20</b>
<b>Difference — 2023 versus 2022</b>	<b>\$0.31</b>	<b>\$0.62</b>	<b>\$2.12</b>	<b>(\$9.52)</b>	<b>\$22.77</b>	<b>\$74.33</b>

# BSC PPO—Accolade — Choice Not Available

## 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	\$679.31	\$1,426.06	\$2,045.60	\$1,448.91	\$2,130.64	\$2,674.83
Pharmacy	\$155.67	\$327.04	\$469.32	\$379.03	\$557.37	\$699.74
Vision	\$4.15	\$8.32	\$11.76	\$4.15	\$8.32	\$11.76
Expense <sup>1</sup>	\$85.41	\$85.41	\$85.41	\$85.41	\$85.41	\$85.41
Claims Stabilization Amount/Self-Funded Policy	\$11.32	\$21.90	\$30.93	\$15.22	\$22.05	\$27.50
<b>Total</b>	<b>\$935.85</b>	<b>\$1,868.73</b>	<b>\$2,643.02</b>	<b>\$1,932.72</b>	<b>\$2,803.79</b>	<b>\$3,499.24</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	\$996.87	\$996.87	\$996.87
Retiree Prop. E Employer Contribution <sup>5</sup>	\$0.00	\$0.00	\$0.00	\$77.55	\$513.08	\$513.08
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$1,855.18	\$2,290.71	\$2,290.71
<b>2023 Non-Bargained Contribution Rate</b>	<b>\$935.85</b>	<b>\$1,868.73</b>	<b>\$2,643.02</b>	<b>\$77.54</b>	<b>\$513.08</b>	<b>\$1,208.53</b>
MOU Negotiated Pickup <sup>6</sup>	\$935.85	\$1,793.98	\$2,183.35			
<b>2023 Typical Bargained Member Contribution</b>	<b>\$0.00</b>	<b>\$74.75</b>	<b>\$447.19</b>			
<b>Final Member Contribution 2022</b>	<b>\$0.00</b>	<b>\$74.40</b>	<b>\$443.43</b>	<b>\$87.06</b>	<b>\$490.31</b>	<b>\$1,134.20</b>
<b>Difference — 2023 versus 2022</b>	<b>\$0.00</b>	<b>\$0.35</b>	<b>\$3.76</b>	<b>(\$9.52)</b>	<b>\$22.77</b>	<b>\$74.33</b>

# 4

## Recommendation for HSB Action

BSC PPO–Accolade Plans

# Recommendation for HSB Action

## BSC PPO–Accolade Plans 2023 Plan Rating

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

- The Blue Shield of California (BSC) PPO–Accolade Plan and Blue Shield of California (BSC) PPO–Accolade Plan — Choice Not Available 2023 plan year monthly rate cards presented in this material.
- The resulting aggregate overall rate increase for the combination of the BSC PPO–Accolade Plan and BSC PPO–Accolade Plan — Choice Not Available including stabilization adjustment for 2023 is 7.5%.

# 5

## Appendix — Additional Information

- Rate Card Footnotes
- Glossary of Terms
- 2022 BSC PPO–Accolade and BSC PPO–Accolade — Choice Not Available  
Monthly Rate Cards

# BSC PPO–Accolade Rate Card Footnotes

- 1) **Expense** — Plan administrative fees, shared savings fees, and 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+. Employer contributions for active employees in the highest cost SFHSS health plan (BSC PPO–Accolade Plan) are set to equal contributions for the second highest cost plan (BSC Access+), except for the Employee Only tier for the 100/96/83 strategy where employer contributions equal total cost rates for all SFHSS plans.

# 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.

# BSC PPO–Accolade

## 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	\$1,057.93	\$2,115.86	\$3,090.04	\$1,361.74	\$2,002.46	\$2,513.91
Pharmacy	\$196.37	\$392.73	\$488.11	\$356.23	\$523.84	\$657.64
Vision	\$3.95	\$7.92	\$11.20	\$3.95	\$7.92	\$11.20
Expense <sup>1</sup>	\$88.52	\$88.52	\$88.52	\$88.52	\$88.52	\$88.52
Claims Stabilization Amount/Self-Funded Policy	(\$9.58)	(\$18.58)	(\$26.25)	(\$12.90)	(\$18.70)	(\$23.34)
<b>Total</b>	<b>\$1,337.19</b>	<b>\$2,586.45</b>	<b>\$3,651.62</b>	<b>\$1,797.54</b>	<b>\$2,604.04</b>	<b>\$3,247.93</b>
10-County Amount <sup>2</sup>	\$0.00	\$0.00	\$0.00	\$757.31	\$0.00	\$0.00
Single Retiree Offset <sup>3</sup>	\$0.00	\$0.00	\$0.00	\$0.00	\$757.31	\$757.31
"Actuarial Difference" <sup>4</sup>	\$0.00	\$0.00	\$0.00	\$460.35	\$460.35	\$460.35
Retiree Prop. E Employer Contribution <sup>5</sup>	\$0.00	\$0.00	\$0.00	\$289.94	\$693.19	\$693.19
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$1,507.60	\$1,910.85	\$1,910.85
<b>2023 Non-Bargained Contribution Rate</b>	<b>\$1,337.19</b>	<b>\$2,586.45</b>	<b>\$3,651.62</b>	<b>\$289.94</b>	<b>\$693.19</b>	<b>\$1,337.08</b>
MOU Negotiated Pickup <sup>6</sup>	\$866.24	\$1,729.72	\$2,183.35			
<b>2023 Typical Bargained Member Contribution</b>	<b>\$470.95</b>	<b>\$856.73</b>	<b>\$1,468.27</b>			
<b>Final Member Contribution 2022</b>	<b>\$439.37</b>	<b>\$802.67</b>	<b>\$1,392.63</b>	<b>\$284.61</b>	<b>\$678.28</b>	<b>\$1,306.86</b>
<b>Difference — 2023 versus 2022</b>	<b>\$31.58</b>	<b>\$54.06</b>	<b>\$75.64</b>	<b>\$5.33</b>	<b>\$14.91</b>	<b>\$30.22</b>

# BSC PPO–Accolade

## 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	\$1,057.93	\$2,115.86	\$3,090.04	\$1,361.74	\$2,002.46	\$2,513.91
Pharmacy	\$196.37	\$392.73	\$488.11	\$356.23	\$523.84	\$657.64
Vision	\$3.95	\$7.92	\$11.20	\$3.95	\$7.92	\$11.20
Expense <sup>1</sup>	\$88.52	\$88.52	\$88.52	\$88.52	\$88.52	\$88.52
Claims Stabilization Amount/Self-Funded Policy	(\$9.58)	(\$18.58)	(\$26.25)	(\$12.90)	(\$18.70)	(\$23.34)
<b>Total</b>	<b>\$1,337.19</b>	<b>\$2,586.45</b>	<b>\$3,651.62</b>	<b>\$1,797.54</b>	<b>\$2,604.04</b>	<b>\$3,247.93</b>
10-County Amount <sup>2</sup>	\$0.00	\$0.00	\$0.00	\$757.31	\$0.00	\$0.00
Single Retiree Offset <sup>3</sup>	\$0.00	\$0.00	\$0.00	\$0.00	\$757.31	\$757.31
"Actuarial Difference" <sup>4</sup>	\$0.00	\$0.00	\$0.00	\$460.35	\$460.35	\$460.35
Retiree Prop. E Employer Contribution <sup>5</sup>	\$0.00	\$0.00	\$0.00	\$289.94	\$693.19	\$693.19
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$1,507.60	\$1,910.85	\$1,910.85
<b>2023 Non-Bargained Contribution Rate</b>	<b>\$1,337.19</b>	<b>\$2,586.45</b>	<b>\$3,651.62</b>	<b>\$289.94</b>	<b>\$693.19</b>	<b>\$1,337.08</b>
MOU Negotiated Pickup <sup>6</sup>	\$1,337.19	\$1,785.51	\$2,183.35			
<b>2023 Typical Bargained Member Contribution</b>	<b>\$0.00</b>	<b>\$800.94</b>	<b>\$1,468.27</b>			
<b>Final Member Contribution 2022</b>	<b>\$0.00</b>	<b>\$747.34</b>	<b>\$1,392.63</b>	<b>\$284.61</b>	<b>\$678.28</b>	<b>\$1,306.86</b>
<b>Difference — 2023 versus 2022</b>	<b>\$0.00</b>	<b>\$53.60</b>	<b>\$75.64</b>	<b>\$5.33</b>	<b>\$14.91</b>	<b>\$30.22</b>

# BSC PPO—Accolade — Choice Not Available

## 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	\$688.72	\$1,447.61	\$2,077.79	\$1,361.74	\$2,002.46	\$2,513.91
Pharmacy	\$159.83	\$334.44	\$479.28	\$356.23	\$523.84	\$657.64
Vision	\$3.95	\$7.92	\$11.20	\$3.95	\$7.92	\$11.20
Expense <sup>1</sup>	\$88.52	\$88.52	\$88.52	\$88.52	\$88.52	\$88.52
Claims Stabilization Amount/Self-Funded Policy	(\$9.58)	(\$18.58)	(\$26.25)	(\$12.90)	(\$18.70)	(\$23.34)
<b>Total</b>	<b>\$931.44</b>	<b>\$1,859.91</b>	<b>\$2,630.54</b>	<b>\$1,797.54</b>	<b>\$2,604.04</b>	<b>\$3,247.93</b>

10-County Amount <sup>2</sup>	\$0.00	\$0.00	\$0.00	\$757.31	\$0.00	\$0.00
Single Retiree Offset <sup>3</sup>	\$0.00	\$0.00	\$0.00	\$0.00	\$757.31	\$757.31
"Actuarial Difference" <sup>4</sup>	\$0.00	\$0.00	\$0.00	\$866.10	\$866.10	\$866.10
Retiree Prop. E Employer Contribution <sup>5</sup>	\$0.00	\$0.00	\$0.00	\$87.07	\$490.32	\$490.32
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$1,710.48	\$2,113.73	\$2,113.73
<b>2023 Non-Bargained Contribution Rate</b>	<b>\$931.44</b>	<b>\$1,859.91</b>	<b>\$2,630.54</b>	<b>\$87.06</b>	<b>\$490.31</b>	<b>\$1,134.20</b>

MOU Negotiated Pickup <sup>6</sup>	\$866.24	\$1,729.72	\$2,183.35			
<b>2023 Typical Bargained Member Contribution</b>	<b>\$65.20</b>	<b>\$130.19</b>	<b>\$447.19</b>			

<b>Final Member Contribution 2022</b>	<b>\$64.66</b>	<b>\$129.10</b>	<b>\$443.43</b>	<b>\$97.26</b>	<b>\$490.92</b>	<b>\$1,119.50</b>
<b>Difference — 2023 versus 2022</b>	<b>\$0.54</b>	<b>\$1.09</b>	<b>\$3.76</b>	<b>(\$10.20)</b>	<b>(\$0.61)</b>	<b>\$14.70</b>

# BSC PPO–Accolade — Choice Not Available

## 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	\$688.72	\$1,447.61	\$2,077.79	\$1,361.74	\$2,002.46	\$2,513.91
Pharmacy	\$159.83	\$334.44	\$479.28	\$356.23	\$523.84	\$657.64
Vision	\$3.95	\$7.92	\$11.20	\$3.95	\$7.92	\$11.20
Expense <sup>1</sup>	\$88.52	\$88.52	\$88.52	\$88.52	\$88.52	\$88.52
Claims Stabilization Amount/Self-Funded Policy	(\$9.58)	(\$18.58)	(\$26.25)	(\$12.90)	(\$18.70)	(\$23.34)
<b>Total</b>	<b>\$931.44</b>	<b>\$1,859.91</b>	<b>\$2,630.54</b>	<b>\$1,797.54</b>	<b>\$2,604.04</b>	<b>\$3,247.93</b>
10-County Amount <sup>2</sup>	\$0.00	\$0.00	\$0.00	\$757.31	\$0.00	\$0.00
Single Retiree Offset <sup>3</sup>	\$0.00	\$0.00	\$0.00	\$0.00	\$757.31	\$757.31
"Actuarial Difference" <sup>4</sup>	\$0.00	\$0.00	\$0.00	\$866.10	\$866.10	\$866.10
Retiree Prop. E Employer Contribution <sup>5</sup>	\$0.00	\$0.00	\$0.00	\$87.07	\$490.32	\$490.32
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$1,710.48	\$2,113.73	\$2,113.73
<b>2023 Non-Bargained Contribution Rate</b>	<b>\$931.44</b>	<b>\$1,859.91</b>	<b>\$2,630.54</b>	<b>\$87.06</b>	<b>\$490.31</b>	<b>\$1,134.20</b>
MOU Negotiated Pickup <sup>6</sup>	\$931.44	\$1,785.51	\$2,183.35			
<b>2023 Typical Bargained Member Contribution</b>	<b>\$0.00</b>	<b>\$74.40</b>	<b>\$447.19</b>			
<b>Final Member Contribution 2022</b>	<b>\$0.00</b>	<b>\$73.77</b>	<b>\$443.43</b>	<b>\$97.26</b>	<b>\$490.92</b>	<b>\$1,119.50</b>
<b>Difference — 2023 versus 2022</b>	<b>\$0.00</b>	<b>\$0.63</b>	<b>\$3.76</b>	<b>(\$10.20)</b>	<b>(\$0.61)</b>	<b>\$14.70</b>