

# San Francisco Health Service System Health Service Board

## **Rates & Benefits**

Kaiser Permanente 2021 HMO Rates and Premium  
Contributions—Active Employees and Early Retirees

May 14, 2020

Prepared by:  
Health Solutions



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- **2021 Kaiser Permanente (Kaiser) Renewal Summary**
  - Recommended design for 2021: “With Changes” plan design that includes changes to two copays (inpatient hospital admission and outpatient surgery) to match Blue Shield of California (BSC) HMO plan design copays
  - Status quo design for 2021: “Status Quo” plan design if no plan design changes from 2020 to 2021
- **2021 Kaiser Monthly Rate Cards for “With Design Changes” Recommendation**
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# Recommendation

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

- 1) A 5.6% insured plan premium increase from 2020 to 2021 for active employees (actives) and early retirees in California enrolled in Kaiser Permanente (Kaiser), which includes two changes in Kaiser plan design copays to match copays in the existing BSC HMO plan design for inpatient hospital admissions and outpatient surgeries.
- 2) The resulting 2021 plan year rate cards for the Kaiser California HMO plan for active employees and early retirees contained in this presentation for this “with design changes” alternative.

# Recommendation

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- The Kaiser rates and premium contributions for actives and early retirees are included in this presentation, with detailed exhibits to follow.
- 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).

# Renewal Summary—Before Considering Design Changes

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- 2021 Kaiser premiums for actives and early retirees on a “status quo” design basis are increasing by 5.8% for the medical and pharmacy coverage.
  - This follows a 5.9% rate increase that occurred for the 2020 plan year.
- The driver of the rate increase for 2021 is a higher increase in Kaiser’s claim forecast per member per month (PMPM) from 2020 plan year underwriting to 2021 plan year, than has been experienced in prior years.
  - This is resulting from higher increases in Kaiser plan utilization by SFHSS members from 2018 to 2019, than has been seen historically in Kaiser’s data for SFHSS.
- The 2021 rate increase is helped by the permanent elimination of the Affordable Care Act (ACA) Health Insurance Tax (HIT) into 2021, after it applied in 2020 rating.
  - This creates a 0.9% rating offset to the overall renewal increase for 2021.
  - The rate increase before consideration of the ACA HIT elimination is 6.7%.
- Underwriting detail that produces the 5.8% “status quo” renewal is contained in the Appendix to this presentation.

# Renewal Summary—Plan Design Changes Alternative

- An alternative plan design quotation for the 2021 plan year was requested for two primary reasons:
  - To lower the initial rate increase of 5.8%; and
  - To achieve plan design parity with the BSC HMO plans in two areas, inpatient hospital admissions and outpatient surgeries.
- Other plan design change possibilities were discussed among SFHSS, Kaiser, and Aon—including physician office copays, prescription drug copays, and overall plan member out-of-pocket maximum amounts—these could be considered in future years.
  - Presently, the design value of the SFHSS Kaiser HMO plan is substantially higher than the average plan design value in Kaiser’s book of business, which is causing an overall review of Kaiser’s plan design features for SFHSS.

<b>Distribution of Allowed Cost</b>	<b>SFHSS Kaiser Design</b>	<b>Kaiser Book of Business Average</b>
Paid by Employer	95%	89%
Paid by Member (Design Cost Sharing)	5%	11%

# Renewal Summary—Plan Design Changes Alternative

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- The alternative plan design for Kaiser results in a rate increase of 5.6% for Kaiser HMO into the 2021 plan year
  - This represents a 0.2% reduction from the renewal increase, or \$699,000 lower premium for Kaiser HMO in 2021 versus “Status Quo” renewal
  - Distribution of the \$699,000 premium savings based on employer and member contribution formulas:
    - \$72,000 to members in the form of lower contributions in 2021, versus those produced by the “status quo” design alternative
    - \$627,000 to the employers

# Renewal Summary—Plan Design Changes Alternative

- Below is a side-by-side comparison between major design components of the Kaiser and BSC HMO plans—where Kaiser design copays would match the BSC design into 2021 for inpatient hospital admissions and outpatient surgeries under the plan design alternative.

PLAN DESIGN FEATURE		BSC Plans Non-Medicare	Kaiser HMO Non-Medicare
Deductible	Individual	\$0	\$0
	Family	\$0	\$0
Out-of-Pocket Maximum (includes deductibles)	Individual	\$2,000	\$1,500
	Family	\$4,000	\$3,000
Physician Visit		\$25 copay	\$20 copay
Emergency Room (ER)		\$100 copay*	\$100 copay*
Urgent Care		\$25 copay	\$20 copay
Hospital Inpatient		\$200 copay	<b>\$100 copay</b>
Outpatient Surgery		\$100 copay	<b>\$35 copay</b>
Pharmacy (retail)	Generic	\$10 copay	\$5 copay
	Brand Formulary	\$25 copay	\$15 copay
	Non-Formulary	\$50 copay	\$15 copay**
Pharmacy (mail)	Generic	\$20 copay	\$10 copay
	Brand Formulary	\$50 copay	\$30 copay
	Non-Formulary	\$100 copay	\$30 copay**
Pharmacy (specialty)	Specialty	20% to \$100 max	20% to \$100 max

\* ER copay waived if admitted

\*\* Physician authorization required in KP for a non-formulary brand medication



# Renewal Summary—Plan Design Changes Alternative

## Rationale for Kaiser Plan Design Changes Recommendation—Benchmark Data

- The recommended inpatient hospital admission and outpatient surgery copay changes not only bring the Kaiser design levels in these areas to match BSC copays, but also are consistent with HMO plan benchmarking data on these copays, as presented in the March 2019 HSB meeting:

Plan Design Copay	SFHSS Kaiser HMO	SFHSS BSC HMOs	Aon Benchmarks	
			Government	National
Inpatient Hospital	\$100	\$200	\$250	\$250
Outpatient Surgery	\$35	\$100	\$50	\$125

# Renewal Summary—Plan Design Changes Alternative

## Member Impact—Kaiser Plan Design Changes Recommendation

- The projected member impacts from the recommended inpatient hospital and outpatient surgery copays is outlined below:

Plan Design Element -->	Inpatient Hospital	Outpatient Surgery	Combined (if member has both)
Average 2019 Total Cost Per Service	\$44,091	\$4,258	\$48,349
Current Member Copayment	\$100	\$35	\$135
▪ Copay as a Percent of Average Service Cost	0.23%	0.82%	0.28%
Proposed Member Copayment in 2021	\$200	\$100	\$300
▪ Copay as a Percent of Average Service Cost	0.45%	2.35%	0.62%
Increase in Member Copayment Per Service Under Plan Design Change Recommendation	\$100	\$65	\$165
Percentage of Members Having Each Service in 2019	4%	18%	

# Renewal Summary—Rate Card Components

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- When setting the total rate card premiums for Kaiser active employee and early retiree plans, the following SFHSS costs are included:
  - Kaiser fully insured medical / prescription drug premiums;
  - VSP Basic Plan vision premiums (unchanged from 2020 levels); and
  - Healthcare Sustainability Fund charge of \$3.00 per employee / retiree per month (PEPM), which is unchanged from the 2020 fee.
- Early retiree rate cards include employer contribution amounts based upon Charter provisions, including:
  - The monthly 10-County Average;
  - “Actuarial Difference”; and
  - Prop. E employer contribution components.
- The rate cards presented for recommendation today follow—these are based on the “with design changes” approach for 2021.
  - We have included the “status quo” no design change rate cards for 2021 in the Appendix to this material.

# 2021 “With Design Changes” Rate Cards (Recommendation)

# Kaiser Permanente—2021 “With Changes” Plan Design

## Renewal Premiums and Contributions

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

<i>PY = Plan Year</i>		Active Employees			Early Retirees		
		EE	EE + 1	EE + 2+	RET	RET + 1	RET + 2+
<b>Monthly Employee / Retiree Contributions</b>	<b>PY 2020</b>	<b>\$45.20</b>	<b>\$90.19</b>	<b>\$309.72</b>	<b>\$0.00</b>	<b>\$321.37</b>	<b>\$854.85</b>
	<b>PY 2021</b>	<b>\$47.69</b>	<b>\$95.18</b>	<b>\$326.86</b>	<b>\$0.00</b>	<b>\$339.18</b>	<b>\$902.21</b>
	<i>\$ Difference</i>	<i>+\$2.49</i>	<i>+\$4.99</i>	<i>+\$17.14</i>	<i>+\$0.00</i>	<i>+\$17.81</i>	<i>+\$47.36</i>
	<i>% Difference</i>	<i>+5.5%</i>	<i>+5.5%</i>	<i>+5.5%</i>	<i>-</i>	<i>+5.5%</i>	<i>+5.5%</i>
<b>Monthly Employer Contributions</b>	<b>PY 2020</b>	<b>\$600.51</b>	<b>\$1,198.26</b>	<b>\$1,512.18</b>	<b>\$1,295.75</b>	<b>\$1,617.12</b>	<b>\$1,617.12</b>
	<b>PY 2021</b>	<b>\$633.65</b>	<b>\$1,264.52</b>	<b>\$1,595.87</b>	<b>\$1,367.78</b>	<b>\$1,706.96</b>	<b>\$1,706.96</b>
	<i>\$ Difference</i>	<i>+\$33.14</i>	<i>+\$66.26</i>	<i>+\$83.69</i>	<i>+\$72.03</i>	<i>+\$89.84</i>	<i>+\$89.84</i>
	<i>% Difference</i>	<i>+5.5%</i>	<i>+5.5%</i>	<i>+5.5%</i>	<i>+5.6%</i>	<i>+5.6%</i>	<i>+5.6%</i>
<b>Monthly Total Rate</b>	<b>PY 2020</b>	<b>\$645.71</b>	<b>\$1,288.45</b>	<b>\$1,821.90</b>	<b>\$1,295.75</b>	<b>\$1,938.49</b>	<b>\$2,471.97</b>
	<b>PY 2021</b>	<b>\$681.34</b>	<b>\$1,359.70</b>	<b>\$1,922.73</b>	<b>\$1,367.78</b>	<b>\$2,046.14</b>	<b>\$2,609.17</b>
	<i>\$ Difference</i>	<i>+\$35.63</i>	<i>+\$71.25</i>	<i>+\$100.83</i>	<i>+\$72.03</i>	<i>+\$107.65</i>	<i>+\$137.20</i>
	<i>% Difference</i>	<i>+5.5%</i>	<i>+5.5%</i>	<i>+5.5%</i>	<i>+5.6%</i>	<i>+5.6%</i>	<i>+5.6%</i>

# Kaiser Permanente—2021 “With Changes” Plan Design

## Renewal Premiums and Contributions

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

<i>PY = Plan Year</i>		Active Employees			Early Retirees		
		EE	EE + 1	EE + 2+	RET	RET + 1	RET + 2+
<b>Monthly Employee / Retiree Contributions</b>	<b>PY 2020</b>	<b>\$0.00</b>	<b>\$51.54</b>	<b>\$309.72</b>	<b>\$0.00</b>	<b>\$321.37</b>	<b>\$854.85</b>
	<b>PY 2021</b>	<b>\$0.00</b>	<b>\$54.39</b>	<b>\$326.86</b>	<b>\$0.00</b>	<b>\$339.18</b>	<b>\$902.21</b>
	<i>\$ Difference</i>	<i>+\$0.00</i>	<i>+\$2.85</i>	<i>+\$17.14</i>	<i>+\$0.00</i>	<i>+\$17.81</i>	<i>+\$47.36</i>
	<i>% Difference</i>	<i>-</i>	<i>+5.5%</i>	<i>+5.5%</i>	<i>-</i>	<i>+5.5%</i>	<i>+5.5%</i>
<b>Monthly Employer Contributions</b>	<b>PY 2020</b>	<b>\$645.71</b>	<b>\$1,236.91</b>	<b>\$1,512.18</b>	<b>\$1,295.75</b>	<b>\$1,617.12</b>	<b>\$1,617.12</b>
	<b>PY 2021</b>	<b>\$681.34</b>	<b>\$1,305.31</b>	<b>\$1,595.87</b>	<b>\$1,367.78</b>	<b>\$1,706.96</b>	<b>\$1,706.96</b>
	<i>\$ Difference</i>	<i>+\$35.63</i>	<i>+\$68.40</i>	<i>+\$83.69</i>	<i>+\$72.03</i>	<i>+\$89.84</i>	<i>+\$89.84</i>
	<i>% Difference</i>	<i>+5.5%</i>	<i>+5.5%</i>	<i>+5.5%</i>	<i>+5.6%</i>	<i>+5.6%</i>	<i>+5.6%</i>
<b>Monthly Total Rate</b>	<b>PY 2020</b>	<b>\$645.71</b>	<b>\$1,288.45</b>	<b>\$1,821.90</b>	<b>\$1,295.75</b>	<b>\$1,938.49</b>	<b>\$2,471.97</b>
	<b>PY 2021</b>	<b>\$681.34</b>	<b>\$1,359.70</b>	<b>\$1,922.73</b>	<b>\$1,367.78</b>	<b>\$2,046.14</b>	<b>\$2,609.17</b>
	<i>\$ Difference</i>	<i>+\$35.63</i>	<i>+\$71.25</i>	<i>+\$100.83</i>	<i>+\$72.03</i>	<i>+\$107.65</i>	<i>+\$137.20</i>
	<i>% Difference</i>	<i>+5.5%</i>	<i>+5.5%</i>	<i>+5.5%</i>	<i>+5.6%</i>	<i>+5.6%</i>	<i>+5.6%</i>

# 2021 Kaiser Permanente Monthly Rate Card

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

### 2021 “With Changes” Plan Design

	Active Employees			Early Retirees		
	Employee Only	Employee and One Dependent	Employee and Family	Retiree without Medicare	Retiree and Spouse w/o Medicare	Retiree and Family
Premium	\$674.39	\$1,348.78	\$1,908.53	\$1,360.83	\$2,035.22	\$2,594.97
Vision	\$3.95	\$7.92	\$11.20	\$3.95	\$7.92	\$11.20
Expense <sup>1</sup>	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
<b>Total</b>	<b>\$681.34</b>	<b>\$1,359.70</b>	<b>\$1,922.73</b>	<b>\$1,367.78</b>	<b>\$2,046.14</b>	<b>\$2,609.17</b>

10-County Amount <sup>2</sup>	\$0.00	\$0.00	\$0.00	\$729.19	\$0.00	\$0.00
Single Retiree Offset <sup>3</sup>	\$0.00	\$0.00	\$0.00	\$0.00	\$729.19	\$729.19
"Actuarial Difference" <sup>4</sup>	\$0.00	\$0.00	\$0.00	\$638.59	\$638.59	\$638.59
Prop. E Employer Contribution <sup>5</sup>	\$0.00	\$0.00	\$0.00	\$0.00	\$339.18	\$339.18
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$1,367.78	\$1,706.96	\$1,706.96
<b>2021 Non-Bargained Contribution Rate</b>	<b>\$681.34</b>	<b>\$1,359.70</b>	<b>\$1,922.73</b>	<b>\$0.00</b>	<b>\$339.18</b>	<b>\$902.21</b>

MOU Negotiated Pickup <sup>6</sup>	\$633.65	\$1,264.52	\$1,595.87			
<b>2021 Typical Bargained Member Contribution</b>	<b>\$47.69</b>	<b>\$95.18</b>	<b>\$326.86</b>			

<b>Final Member Contribution 2020</b>	<b>\$45.20</b>	<b>\$90.19</b>	<b>\$309.72</b>	<b>\$0.00</b>	<b>\$321.37</b>	<b>\$854.85</b>
<b>Difference—2021 versus 2020</b>	<b>\$2.49</b>	<b>\$4.99</b>	<b>\$17.14</b>	<b>\$0.00</b>	<b>\$17.81</b>	<b>\$47.36</b>

**NOTE—Footnotes 1 – 6 defined in Appendix**

# 2021 Kaiser Permanente Monthly Rate Card

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

### 2021 “With Changes” Plan Design

	Active Employees			Early Retirees		
	Employee Only	Employee and One Dependent	Employee and Family	Retiree without Medicare	Retiree and Spouse w/o Medicare	Retiree and Family
Premium	\$674.39	\$1,348.78	\$1,908.53	\$1,360.83	\$2,035.22	\$2,594.97
Vision	\$3.95	\$7.92	\$11.20	\$3.95	\$7.92	\$11.20
Expense <sup>1</sup>	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
<b>Total</b>	<b>\$681.34</b>	<b>\$1,359.70</b>	<b>\$1,922.73</b>	<b>\$1,367.78</b>	<b>\$2,046.14</b>	<b>\$2,609.17</b>

10-County Amount <sup>2</sup>	\$0.00	\$0.00	\$0.00	\$729.19	\$0.00	\$0.00
Single Retiree Offset <sup>3</sup>	\$0.00	\$0.00	\$0.00	\$0.00	\$729.19	\$729.19
"Actuarial Difference" <sup>4</sup>	\$0.00	\$0.00	\$0.00	\$638.59	\$638.59	\$638.59
Prop. E Employer Contribution <sup>5</sup>	\$0.00	\$0.00	\$0.00	\$0.00	\$339.18	\$339.18
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$1,367.78	\$1,706.96	\$1,706.96
<b>2021 Non-Bargained Contribution Rate</b>	<b>\$681.34</b>	<b>\$1,359.70</b>	<b>\$1,922.73</b>	<b>\$0.00</b>	<b>\$339.18</b>	<b>\$902.21</b>

MOU Negotiated Pickup <sup>6</sup>	\$681.34	\$1,305.31	\$1,595.87			
<b>2021 Typical Bargained Member Contribution</b>	<b>\$0.00</b>	<b>\$54.39</b>	<b>\$326.86</b>			

<b>Final Member Contribution 2020</b>	<b>\$0.00</b>	<b>\$51.54</b>	<b>\$309.72</b>	<b>\$0.00</b>	<b>\$321.37</b>	<b>\$854.85</b>
<b>Difference—2021 versus 2020</b>	<b>\$0.00</b>	<b>\$2.85</b>	<b>\$17.14</b>	<b>\$0.00</b>	<b>\$17.81</b>	<b>\$47.36</b>

**NOTE—Footnotes 1 – 6 defined in Appendix**



# Recommendation to HSB

# Recommendation to HSB

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

- 1) A 5.6% insured plan premium increase from 2020 to 2021 for active employees (actives) and early retirees in California enrolled in Kaiser Permanente (Kaiser), which includes two changes in Kaiser plan design copays to match copays in the existing BSC HMO plan design for inpatient hospital admissions and outpatient surgeries.
- 2) The resulting 2021 plan year rate cards for the Kaiser California HMO plan for active employees and early retirees contained in this presentation for this “with design changes” alternative.

# Appendix

# Kaiser Permanente—2021 “Status Quo” Plan Design

## Renewal Premiums and Contributions

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

<i>PY = Plan Year</i>		Active Employees			Early Retirees		
		EE	EE + 1	EE + 2+	RET	RET + 1	RET + 2+
<b>Monthly Employee / Retiree Contributions</b>	<b>PY 2020</b>	<b>\$45.20</b>	<b>\$90.19</b>	<b>\$309.72</b>	<b>\$0.00</b>	<b>\$321.37</b>	<b>\$854.85</b>
	<b>PY 2021</b>	<b>\$47.77</b>	<b>\$95.34</b>	<b>\$327.41</b>	<b>\$0.00</b>	<b>\$339.75</b>	<b>\$903.72</b>
	<i>\$ Difference</i>	<i>+\$2.57</i>	<i>+\$5.15</i>	<i>+\$17.69</i>	<i>+\$0.00</i>	<i>+\$18.38</i>	<i>+\$48.87</i>
	<i>% Difference</i>	<i>+5.7%</i>	<i>+5.7%</i>	<i>+5.7%</i>	<i>-</i>	<i>+5.7%</i>	<i>+5.7%</i>
<b>Monthly Employer Contributions</b>	<b>PY 2020</b>	<b>\$600.51</b>	<b>\$1,198.26</b>	<b>\$1,512.18</b>	<b>\$1,295.75</b>	<b>\$1,617.12</b>	<b>\$1,617.12</b>
	<b>PY 2021</b>	<b>\$634.71</b>	<b>\$1,266.64</b>	<b>\$1,598.54</b>	<b>\$1,370.10</b>	<b>\$1,709.85</b>	<b>\$1,709.85</b>
	<i>\$ Difference</i>	<i>+\$34.20</i>	<i>+\$68.38</i>	<i>+\$86.36</i>	<i>+\$74.35</i>	<i>+\$92.73</i>	<i>+\$92.73</i>
	<i>% Difference</i>	<i>+5.7%</i>	<i>+5.7%</i>	<i>+5.7%</i>	<i>+5.7%</i>	<i>+5.7%</i>	<i>+5.7%</i>
<b>Monthly Total Rate</b>	<b>PY 2020</b>	<b>\$645.71</b>	<b>\$1,288.45</b>	<b>\$1,821.90</b>	<b>\$1,295.75</b>	<b>\$1,938.49</b>	<b>\$2,471.97</b>
	<b>PY 2021</b>	<b>\$682.48</b>	<b>\$1,361.98</b>	<b>\$1,925.95</b>	<b>\$1,370.10</b>	<b>\$2,049.60</b>	<b>\$2,613.57</b>
	<i>\$ Difference</i>	<i>+\$36.77</i>	<i>+\$73.53</i>	<i>+\$104.05</i>	<i>+\$74.35</i>	<i>+\$111.11</i>	<i>+\$141.60</i>
	<i>% Difference</i>	<i>+5.7%</i>	<i>+5.7%</i>	<i>+5.7%</i>	<i>+5.7%</i>	<i>+5.7%</i>	<i>+5.7%</i>

# Kaiser Permanente—2021 “Status Quo” Plan Design

## Renewal Premiums and Contributions

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

<i>PY = Plan Year</i>		Active Employees			Early Retirees		
		EE	EE + 1	EE + 2+	RET	RET + 1	RET + 2+
Monthly Employee / Retiree Contributions	PY 2020	\$0.00	\$51.54	\$309.72	\$0.00	\$321.37	\$854.85
	PY 2021	\$0.00	\$54.48	\$327.41	\$0.00	\$339.75	\$903.72
	<i>\$ Difference</i>	+\$0.00	+\$2.94	+\$17.69	+\$0.00	+\$18.38	+\$48.87
	<i>% Difference</i>	-	+5.7%	+5.7%	-	+5.7%	+5.7%
Monthly Employer Contributions	PY 2020	\$645.71	\$1,236.91	\$1,512.18	\$1,295.75	\$1,617.12	\$1,617.12
	PY 2021	\$682.48	\$1,307.50	\$1,598.54	\$1,370.10	\$1,709.85	\$1,709.85
	<i>\$ Difference</i>	+\$36.77	+\$70.59	+\$86.36	+\$74.35	+\$92.73	+\$92.73
	<i>% Difference</i>	+5.7%	+5.7%	+5.7%	+5.7%	+5.7%	+5.7%
Monthly Total Rate	PY 2020	\$645.71	\$1,288.45	\$1,821.90	\$1,295.75	\$1,938.49	\$2,471.97
	PY 2021	\$682.48	\$1,361.98	\$1,925.95	\$1,370.10	\$2,049.60	\$2,613.57
	<i>\$ Difference</i>	+\$36.77	+\$73.53	+\$104.05	+\$74.35	+\$111.11	+\$141.60
	<i>% Difference</i>	+5.7%	+5.7%	+5.7%	+5.7%	+5.7%	+5.7%

# 2021 Kaiser Permanente Monthly Rate Card

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

#### 2021 “Status Quo” Plan Design

	Active Employees			Early Retirees		
	Employee Only	Employee and One Dependent	Employee and Family	Retiree without Medicare	Retiree and Spouse w/o Medicare	Retiree and Family
Premium	\$675.53	\$1,351.06	\$1,911.75	\$1,363.15	\$2,038.68	\$2,599.37
Vision	\$3.95	\$7.92	\$11.20	\$3.95	\$7.92	\$11.20
Expense <sup>1</sup>	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
<b>Total</b>	<b>\$682.48</b>	<b>\$1,361.98</b>	<b>\$1,925.95</b>	<b>\$1,370.10</b>	<b>\$2,049.60</b>	<b>\$2,613.57</b>

10-County Amount <sup>2</sup>	\$0.00	\$0.00	\$0.00	\$729.19	\$0.00	\$0.00
Single Retiree Offset <sup>3</sup>	\$0.00	\$0.00	\$0.00	\$0.00	\$729.19	\$729.19
"Actuarial Difference" <sup>4</sup>	\$0.00	\$0.00	\$0.00	\$640.91	\$640.91	\$640.91
Prop. E Employer Contribution <sup>5</sup>	\$0.00	\$0.00	\$0.00	\$0.00	\$339.75	\$339.75
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$1,370.10	\$1,709.85	\$1,709.85
<b>2021 Non-Bargained Contribution Rate</b>	<b>\$682.48</b>	<b>\$1,361.98</b>	<b>\$1,925.95</b>	<b>\$0.00</b>	<b>\$339.75</b>	<b>\$903.72</b>

MOU Negotiated Pickup <sup>6</sup>	\$634.71	\$1,266.64	\$1,598.54			
<b>2021 Typical Bargained Member Contribution</b>	<b>\$47.77</b>	<b>\$95.34</b>	<b>\$327.41</b>			

<b>Final Member Contribution 2020</b>	<b>\$45.20</b>	<b>\$90.19</b>	<b>\$309.72</b>	<b>\$0.00</b>	<b>\$321.37</b>	<b>\$854.85</b>
<b>Difference—2021 versus 2020</b>	<b>\$2.57</b>	<b>\$5.15</b>	<b>\$17.69</b>	<b>\$0.00</b>	<b>\$18.38</b>	<b>\$48.87</b>

**NOTE—Footnotes 1 – 6 defined in Appendix**

# 2021 Kaiser Permanente Monthly Rate Card

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

#### 2021 “Status Quo” Plan Design

	Active Employees			Early Retirees		
	Employee Only	Employee and One Dependent	Employee and Family	Retiree without Medicare	Retiree and Spouse w/o Medicare	Retiree and Family
Premium	\$675.53	\$1,351.06	\$1,911.75	\$1,363.15	\$2,038.68	\$2,599.37
Vision	\$3.95	\$7.92	\$11.20	\$3.95	\$7.92	\$11.20
Expense <sup>1</sup>	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
<b>Total</b>	<b>\$682.48</b>	<b>\$1,361.98</b>	<b>\$1,925.95</b>	<b>\$1,370.10</b>	<b>\$2,049.60</b>	<b>\$2,613.57</b>

10-County Amount <sup>2</sup>	\$0.00	\$0.00	\$0.00	\$729.19	\$0.00	\$0.00
Single Retiree Offset <sup>3</sup>	\$0.00	\$0.00	\$0.00	\$0.00	\$729.19	\$729.19
"Actuarial Difference" <sup>4</sup>	\$0.00	\$0.00	\$0.00	\$640.91	\$640.91	\$640.91
Prop. E Employer Contribution <sup>5</sup>	\$0.00	\$0.00	\$0.00	\$0.00	\$339.75	\$339.75
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$1,370.10	\$1,709.85	\$1,709.85
<b>2021 Non-Bargained Contribution Rate</b>	<b>\$682.48</b>	<b>\$1,361.98</b>	<b>\$1,925.95</b>	<b>\$0.00</b>	<b>\$339.75</b>	<b>\$903.72</b>

MOU Negotiated Pickup <sup>6</sup>	\$682.48	\$1,307.50	\$1,598.54			
<b>2021 Typical Bargained Member Contribution</b>	<b>\$0.00</b>	<b>\$54.48</b>	<b>\$327.41</b>			

<b>Final Member Contribution 2020</b>	<b>\$0.00</b>	<b>\$51.54</b>	<b>\$309.72</b>	<b>\$0.00</b>	<b>\$321.37</b>	<b>\$854.85</b>
<b>Difference—2021 versus 2020</b>	<b>\$0.00</b>	<b>\$2.94</b>	<b>\$17.69</b>	<b>\$0.00</b>	<b>\$18.38</b>	<b>\$48.87</b>

**NOTE—Footnotes 1 – 6 defined in Appendix**

# Underwriting Premium Rate Build-Up

## Active Employees and Early Retirees Combined (PMPM<sup>1</sup> Basis)

	2020 Renewal	2021 Renewal	% Change
<b>Rating Members</b>	<b>55,408</b>	<b>55,417</b>	<b>+ 0.0%</b>
<b>Experience Period Adjusted Incurred Claims</b>	<b>\$517.69</b>	<b>\$556.35</b>	<b>+ 7.5%</b>
Midpoint Trend Rate (24-month period)	1.065	1.059	- 0.6%
<b>Projected Incurred Claims</b>	<b>\$551.01</b>	<b>\$589.17</b>	<b>+ 6.9%</b>
<b>Administration and ACA Fees</b>			
Administration Fees	\$26.47	\$27.00	+ 2.0%
ACA Health Insurance Tax Fees <sup>2</sup>	\$5.38	\$0.22	- 95.9%
Group Specific Charge <sup>3</sup>	\$0.48	None	---
Other Benefits (Hearing, Infertility, SBO)	\$1.80	\$1.80	No change
<b>PMPM Revenue Requirement</b>	<b>\$585.14</b>	<b>\$618.19</b>	<b>+ 5.6%</b>
<b>In-Force 2020 Premium</b>	<b>\$584.52</b>		
<b>Proposed 2021 Premium</b>		<b>\$618.19</b>	<b>+ 5.8%</b>

### NOTES:

- 1 PMPM = Per Member Per Month
- 2 ACA Fees: Health Insurance Tax in 2020, PCORI Fee in 2021
- 3 For Medicare-eligible members not enrolled in KP Senior Advantage



## Underwriting Premium Rate Build-Up Notes

- 2018 claims experience was used to set 2020 premium rates, and
- 2019 claims experience was used to set 2021 premium rates.
  
- Notes on underwriting elements:
  - **Adjusted Incurred Claims**—Paid claims net of large claims in excess of the pooling point (\$1,075,000 for 2021 renewal) plus the large claim pooling charge.
  - **Midpoint Trend**—Trend factor used by Kaiser for the 24-month period between experience period and projection period.
  - **Administration Fees**—The amount included in the premium for the administration of the program not related to claims expense (infrastructure cost such as claims processing, customer service, programming cost, etc.).
  - **Affordable Care Act (ACA) Fees**—Required fees or taxes that support the cost of federal health care reform. This included the Affordable Care Act (ACA) Health Insurance Tax (HIT) in 2020, and the extension of the Patient Centered Outcomes Research Institute (PCORI) fee in 2021 rate development.

## Kaiser 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 2021 rating is \$729.19 (per March 2020 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+.

# 2020 Kaiser Permanente Monthly Rate Card

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

	Active Employees			Early Retirees		
	Employee Only	Employee and One Dependent	Employee and Family	Retiree without Medicare	Retiree and Spouse w/o Medicare	Retiree and Family
Premium	\$638.76	\$1,277.53	\$1,807.70	\$1,288.80	\$1,927.57	\$2,457.77
Vision	\$3.95	\$7.92	\$11.20	\$3.95	\$7.92	\$11.20
Expense <sup>1</sup>	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
<b>Total</b>	<b>\$645.71</b>	<b>\$1,288.45</b>	<b>\$1,821.90</b>	<b>\$1,295.75</b>	<b>\$1,938.49</b>	<b>\$2,471.97</b>

10-County Amount <sup>2</sup>	\$0.00	\$0.00	\$0.00	\$705.92	\$0.00	\$0.00
Single Retiree Offset <sup>3</sup>	\$0.00	\$0.00	\$0.00	\$0.00	\$705.92	\$705.92
"Actuarial Difference" <sup>4</sup>	\$0.00	\$0.00	\$0.00	\$589.83	\$589.83	\$589.83
Prop. E Employer Contribution <sup>5</sup>	\$0.00	\$0.00	\$0.00	\$0.00	\$321.37	\$321.37
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$1,295.75	\$1,617.12	\$1,617.12
<b>2020 Non-Bargained Contribution Rate</b>	<b>\$645.71</b>	<b>\$1,288.45</b>	<b>\$1,821.90</b>	<b>\$0.00</b>	<b>\$321.37</b>	<b>\$854.85</b>

MOU Negotiated Pickup <sup>6</sup>	\$600.51	\$1,198.26	\$1,512.18			
<b>2020 Typical Bargained Member Contribution</b>	<b>\$45.20</b>	<b>\$90.19</b>	<b>\$309.72</b>			

<b>Final Member Contribution 2019</b>	<b>\$42.80</b>	<b>\$85.31</b>	<b>\$292.88</b>	<b>\$0.00</b>	<b>\$303.66</b>	<b>\$807.74</b>
<b>Difference—2020 versus 2019</b>	<b>\$2.40</b>	<b>\$4.88</b>	<b>\$16.84</b>	<b>\$0.00</b>	<b>\$17.71</b>	<b>\$47.11</b>

**NOTE—Footnotes 1 – 6 defined in Appendix**

# 2020 Kaiser Permanente Monthly Rate Card

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

	Active Employees			Early Retirees		
	Employee Only	Employee and One Dependent	Employee and Family	Retiree without Medicare	Retiree and Spouse w/o Medicare	Retiree and Family
Premium	\$638.76	\$1,277.53	\$1,807.70	\$1,288.80	\$1,927.57	\$2,457.77
Vision	\$3.95	\$7.92	\$11.20	\$3.95	\$7.92	\$11.20
Expense <sup>1</sup>	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
<b>Total</b>	<b>\$645.71</b>	<b>\$1,288.45</b>	<b>\$1,821.90</b>	<b>\$1,295.75</b>	<b>\$1,938.49</b>	<b>\$2,471.97</b>

10-County Amount <sup>2</sup>	\$0.00	\$0.00	\$0.00	\$705.92	\$0.00	\$0.00
Single Retiree Offset <sup>3</sup>	\$0.00	\$0.00	\$0.00	\$0.00	\$705.92	\$705.92
"Actuarial Difference" <sup>4</sup>	\$0.00	\$0.00	\$0.00	\$589.83	\$589.83	\$589.83
Prop. E Employer Contribution <sup>5</sup>	\$0.00	\$0.00	\$0.00	\$0.00	\$321.37	\$321.37
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$1,295.75	\$1,617.12	\$1,617.12
<b>2020 Non-Bargained Contribution Rate</b>	<b>\$645.71</b>	<b>\$1,288.45</b>	<b>\$1,821.90</b>	<b>\$0.00</b>	<b>\$321.37</b>	<b>\$854.85</b>

MOU Negotiated Pickup <sup>6</sup>	\$645.71	\$1,236.91	\$1,512.18			
<b>2020 Typical Bargained Member Contribution</b>	<b>\$0.00</b>	<b>\$51.54</b>	<b>\$309.72</b>			

<b>Final Member Contribution 2019</b>	<b>\$0.00</b>	<b>\$48.75</b>	<b>\$292.88</b>	<b>\$0.00</b>	<b>\$303.66</b>	<b>\$807.74</b>
<b>Difference—2020 versus 2019</b>	<b>\$0.00</b>	<b>\$2.79</b>	<b>\$16.84</b>	<b>\$0.00</b>	<b>\$17.71</b>	<b>\$47.11</b>

**NOTE—Footnotes 1 – 6 defined in Appendix**