

San Francisco Health Service System Health Service Board

Rates & Benefits

Review and Approve Non-Medicare Blue Shield of California Flex-Funded HMO and UnitedHealthcare Self-Funded EPO Medical/Rx Plans 2024 Rates and Contributions

May 25, 2023

Agenda

- **Rate Setting Methodology Preface**
- **Blue Shield of California (BSC) HMO / UnitedHealthcare (UHC) EPO Plans 2024 Rating – Renewal Summary**
- **2024 Monthly Rate Cards for BSC Access+ HMO / UHC Select EPO and BSC Trio HMO / UHC Doctors EPO 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
 - 2023 BSC Access+ HMO / UHC Select EPO and BSC Trio HMO / UHC Doctors EPO 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"> • Non-Medicare PPO • Delta Dental Active Employee PPO 	<ul style="list-style-type: none"> • Blue Shield of CA Access+ HMO/ UHC Select EPO • Blue Shield of CA Trio HMO/ UHC Doctors EPO • 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 2024 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:

$$\frac{\text{2024 Total Projected Plan Cost}}{\text{2023 Rates x Enrollment}} = \text{Needed Rate Change Factor (2024 vs. 2023)}$$

Non-Medicare Medical Plan 2024 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 ²
BSC Access+/UHC Select EPO	14.7%	14.4%
BSC Trio/UHC Doctors EPO	3.3%	2.9%
Health Net CanopyCare	5.5%	3.7%
Kaiser (same design as 2023)	12.5%	Does not apply (insured plan)
Kaiser (match major BSC/HN HMO design features)	10.8%	Does not apply (insured plan)
Non-Medicare PPO ¹	6.9%	1.7%

1 Total rate increase for active employees with Non-Medicare PPO Choice Not Available pricing will follow the total rate increase for BSC Access+/UHC Select EPO plan.

2 In 2024, the “After Rate Stabilization Adjustment” column also reflects one-time buy-downs in the BSC Access+/UHC Select EPO, BSC Trio/UHC Doctors EPO, and Non-Medicare PPO plans attributable to the Sutter Legal Settlement buy-downs approved for 2024 plan rating at the April 13, 2023, HSB meeting.

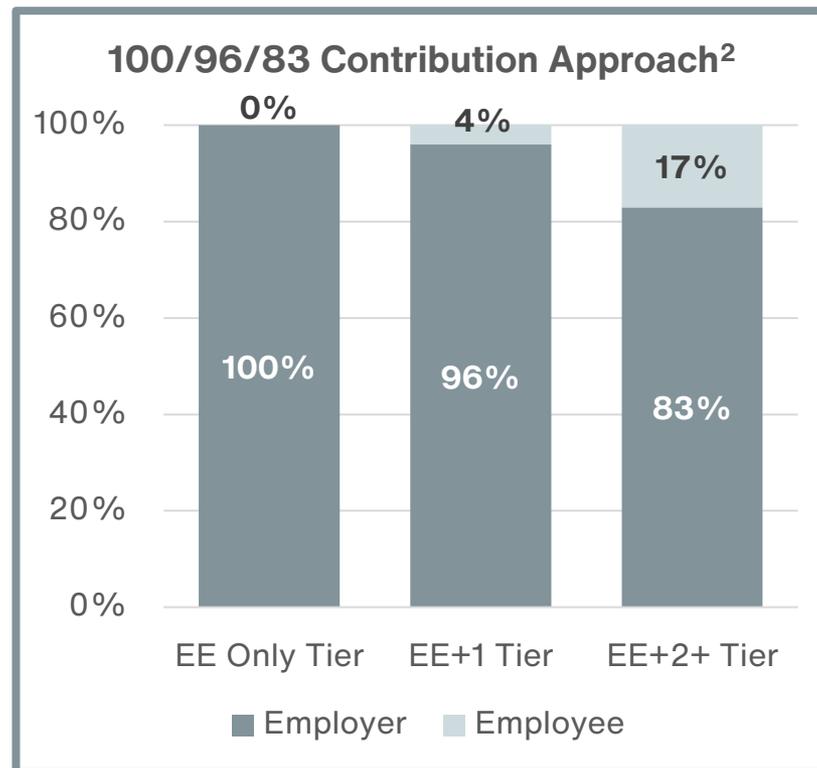
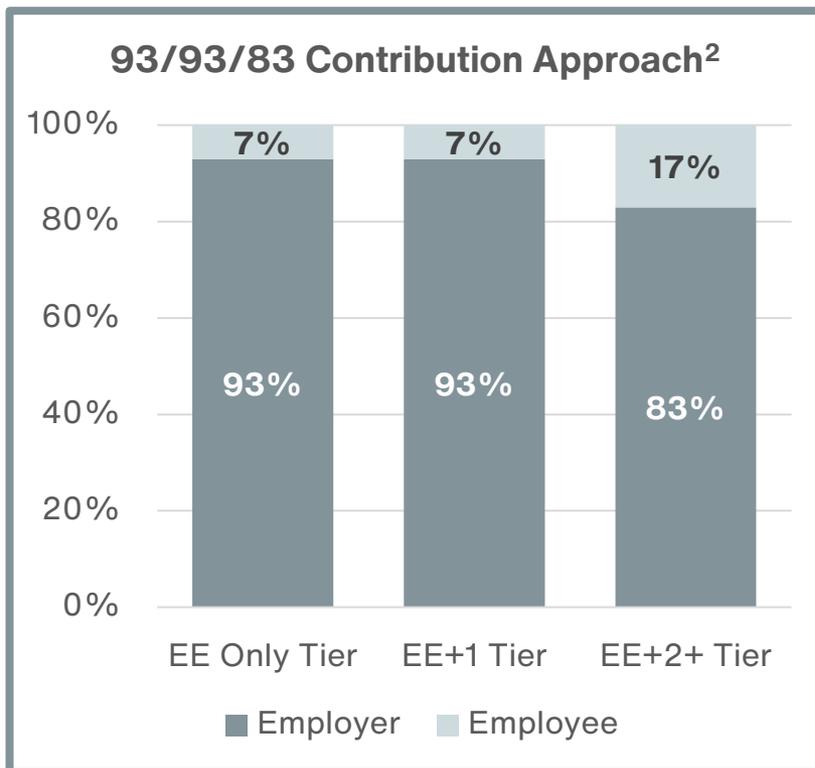
Non-Medicare Medical Plan 2024 Proposed Total Rates

Recommended 2024 **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 (match major BSC/HN HMO design features)	PY 2023	\$743.62	\$1,484.26	\$2,098.97	\$1,493.47	\$2,234.11	\$2,848.82
	PY 2024	\$823.62	\$1,644.26	\$2,325.37	\$1,655.16	\$2,475.80	\$3,156.91
	% Difference	10.8%	10.8%	10.8%	10.8%	10.8%	10.8%
BSC Access+/ UHC Select EPO	PY 2023	\$935.85	\$1,868.73	\$2,643.02	\$2,160.96	\$3,131.02	\$3,905.29
	PY 2024	\$1,070.36	\$2,137.74	\$3,023.69	\$2,472.90	\$3,582.86	\$4,468.78
	% Difference	14.4%	14.4%	14.4%	14.4%	14.4%	14.4%
BSC Trio/ UHC Doctors EPO	PY 2023	\$860.26	\$1,717.53	\$2,429.07	\$1,985.64	\$2,877.08	\$3,588.58
	PY 2024	\$884.69	\$1,766.40	\$2,498.23	\$2,042.31	\$2,959.16	\$3,690.95
	% Difference	2.8%	2.8%	2.8%	2.9%	2.9%	2.9%
Health Net CanopyCare	PY 2023	\$770.28	\$1,537.58	\$2,174.42	\$1,776.96	\$2,574.80	\$3,211.63
	PY 2024	\$798.52	\$1,594.07	\$2,254.35	\$1,842.46	\$2,669.67	\$3,329.94
	% Difference	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%
Non-Medicare PPO	PY 2023	\$1,435.47	\$2,784.80	\$3,935.29	\$1,932.72	\$2,803.79	\$3,499.24
	PY 2024	\$1,459.35	\$2,831.71	\$4,001.77	\$1,965.19	\$2,851.02	\$3,558.27
	% Difference	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%
Non-Medicare PPO (Choice Not Available)	PY 2023	\$935.85	\$1,868.73	\$2,643.02	\$1,932.72	\$2,803.79	\$3,499.24
	PY 2024	\$1,070.36	\$2,137.74	\$3,023.69	\$1,965.19	\$2,851.02	\$3,558.27
	% Difference	14.4%	14.4%	14.4%	1.7%	1.7%	1.7%

Active Employees (CCSF¹)

Segmenting Total Cost Rates into Employer and Member Contributions



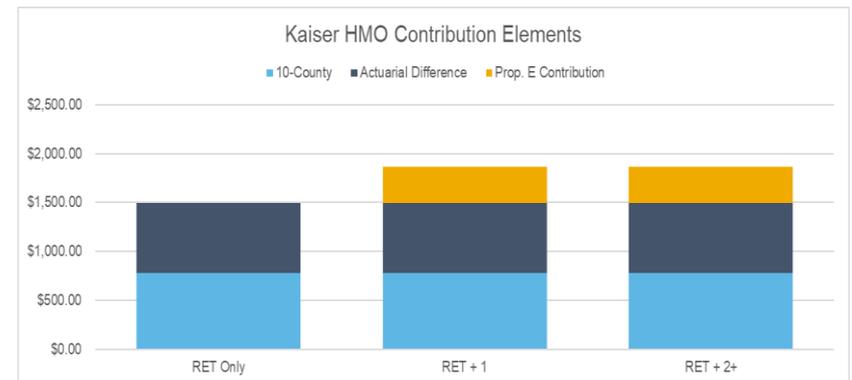
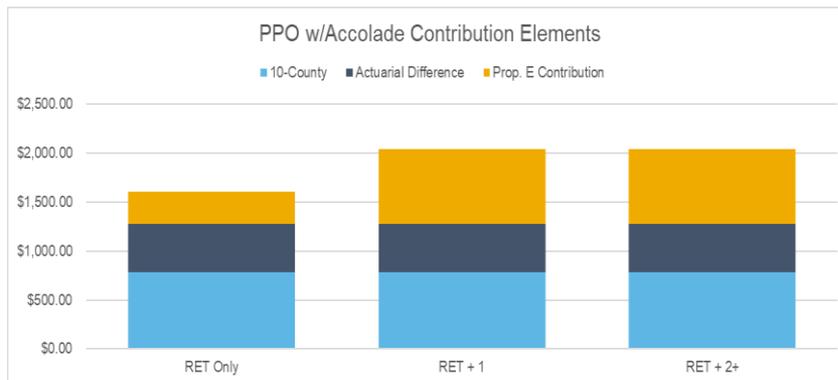
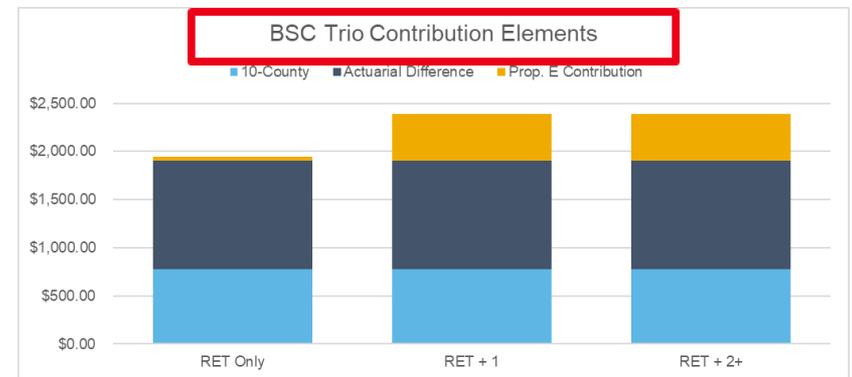
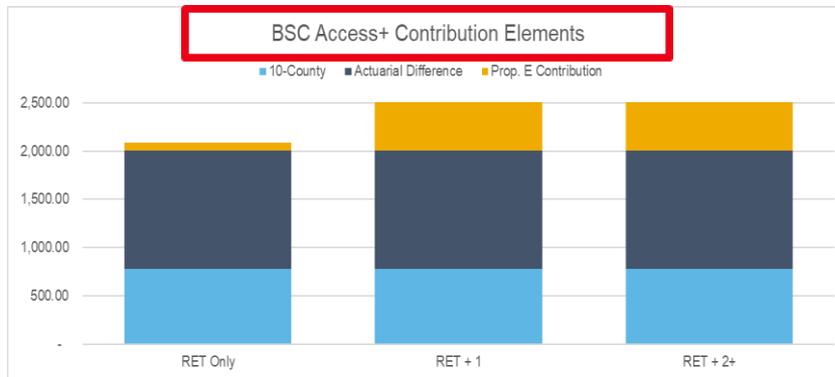
- ¹ City and County of San Francisco (CCSF) MOU contribution sharing approaches shown above; other employers in SFHSS plans have their employer-specific contribution sharing methodologies for active employees.
- ² For the highest cost plan (Non-Medicare PPO Plan), based on MOU the employer contribution dollar amounts are set to equal the employer contribution dollar amounts for the second highest-cost plan (which is BSC Access+ HMO/UHC Select EPO), 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 — 2023 Employer Contribution Components (HMO Plans)

- 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)



Recommendation for HSB Action

BSC HMO / UHC EPO Plans

BSC HMO / UHC EPO 2024 Plans Rating – Recommendation

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

- 1) The BSC Access+ HMO / UHC Select EPO plan renewal proposal for a 14.4% rate increase from 2023 to 2024;
- 2) The BSC Trio HMO / UHC Doctors EPO plan renewal proposal for a 2.9% rate increase from 2023 to 2024; and
- 3) The resulting 2024 monthly rate cards presented in this material for the BSC Access+ HMO / UHC Select EPO and BSC Trio HMO / UHC Doctors EPO plans.

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- Commentary regarding the rating proposal for 2024 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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BSC HMO / UHC EPO Plans 2024 Rating – Renewal Summary

BSC HMO / UHC EPO Plans 2024 Rating

Renewal Summary

- The plans outlined in this document are administered by two carriers, where the carrier varies for specific covered lives:
 - Blue Shield of California (BSC) is the plan administrator for most, via the Access+ and Trio Flex-Funded HMOs that have been in place since 2013 for Access+ and 2018 for Trio (all except those administered by UnitedHealthcare as described below); and
 - UnitedHealthcare (UHC) for Non-Medicare split family covered lives where one or more family member is Medicare and enrolled in the UHC Medicare Advantage PPO (MAPD) plan—including choices of the Select EPO (broad network plan introduced in 2023 to mirror Access+ for Non-Medicare split family lives) and Doctors EPO (narrow network plan introduced in 2023 to mirror Trio for Non-Medicare split family lives).

2023 Headcount (from SFHSS 2023 Demographic Report)	Members (e.g., employees and retirees)	Covered Lives (members and dependents)
BSC Access+ HMO	9,847	21,181
UHC Select EPO	447	556
BSC Trio HMO	5,100	9,750
UHC Doctors EPO	220	247
Total BSC HMO / UHC EPO Plans	15,614	31,734

BSC HMO / UHC EPO Plans 2024 Rating

Renewal Summary

- Recommended rate increases for the BSC HMO / UHC EPO plans are based on 2022 claims experience trended to 2024, BSC and UHC 2024 administrative fees, BSC HMO provider capitation costs, BSC HMO large claim pooling fees, and other rating components as described on the next page that form the overall total cost rates recommended for the BSC HMO / UHC EPO plans in 2024.
- No plan design changes are proposed for the BSC HMO / UHC EPO plans into the 2024 plan year.
- The aggregate calculated rate increases across all populations and rating tiers for the BSC HMO / UHC EPO plans are:
 - Access+ plan: +14.4%
 - Trio plan: +2.9%
 - Overall (for both plans combined): +10.9%

BSC HMO / UHC EPO Plans 2024 Rating

Renewal Summary

- The 2024 BSC HMO / UHC EPO plan rate cards include the following cost components:
 - Projected 2024 medical/pharmacy (net of rebates) claim costs;
 - Projected 2024 BSC HMO capitation charges for certain medical services including physicians;
 - BSC HMO and UHC EPO 2024 administrative fees
 - BSC HMO large claim pooling fees and ACA PCORI fees;
 - Buy-up for rate stabilization reserve amortization (\$3,359,000 buy-up in 2024, versus \$6,592,000 buy-down in 2023);
 - VSP Basic Plan vision premiums which remain at 2023 levels;
 - The SFHSS Healthcare Sustainability Fund charge of \$3.00 per employee/retiree per month (PEPM), which is unchanged from the 2023 fee; and
 - One-time provision for Sutter Legal Settlement rating buy-down as approved by the HSB at the April 13, 2023, meeting.

BSC HMO / UHC EPO Plans 2024 Rating

Renewal Summary

Commentary on 2022 Plan Experience Driving 2024 Rate Increase Recommendations

- As reviewed in the March HSB meeting, overall BSC HMO plan expenses per employee/retiree per month (PEPM) increased by 13% from 2021 to 2022. Primary drivers included:
 - Medical: a substantial increase in large claimants exceeding \$500K in a year from 2021 (28 individuals) to 2022 (49 individuals).
 - Prescription Drugs: elevation in specialty medication spending from 2021 to 2022 (+14%).
 - Overall: double-digit percentage increases in prevalence of members with certain chronic conditions including cancer, musculoskeletal, cardiovascular, and mental health.

BSC HMO / UHC EPO Plans 2024 Rating

Renewal Summary

Commentary on 2022 Plan Experience Driving 2024 Rate Increase Recommendations (cont.)

- BSC Access+ claim experience elevated at a much higher rate than Trio from 2021 to 2022, in part due to price per service elevation for provider systems who are part of the Access+ broader network in the Bay Area but not in the narrower Trio network in the Bay Area.
 - Plan design is the same between Access+ and Trio—the distinction in the plan offerings is in the network providers available through each plan with major providers listed below:

Major Access+ Plan Providers	Major Trio Plan Providers
Alta Bates Summit Medical Center Brown and Toland Medical Group California Pacific Medical Center (CPMC) Dignity Health Hill Physicians John Muir Medical Center and Physicians Marin General Hospital Meritage Medical Network (Marin Co.) Santa Clara County IPA UCSF Medical Center	Alta Bates Summit Medical Center Brown and Toland Medical Group California Pacific Medical Center (CPMC) Dignity Health Hill Physicians John Muir Medical Center and Physicians Marin General Hospital Meritage Medical Network (Marin Co.) Santa Clara County IPA UCSF Medical Center
Affinity Medical Group Palo Alto Medical Foundation Seton Medical Center Stanford Health Care / Stanford Medicine Children's Hospital Sutter Health (beyond CPMC/Alta Bates Summit)	

BSC HMO / UHC EPO Plans 2024 Rating

Renewal Summary

Commentary on 2022 Plan Experience Driving 2024 Rate Increase Recommendations (cont.)

- Elevated 2022 claim experience led to a change from Rate Stabilization rating buy-down in these HMO plans for the 2023 plan year (\$6,592,000 buy-down), to a Rate Stabilization rating buy-up in 2024 rating (\$3,359,000 buy-up)—a rating increase of \$9,951,000.
- Sutter Legal Settlement dollars applied to the BSC HMO / UHC EPO plans for 2024 rating (\$11,848,356) reduce the 2024 rate increase percentages from what they would otherwise be in the BSC HMO / UHC EPO plans without the Settlement rating buy-down.

BSC HMO / UHC EPO Plans 2024 Rating

Renewal Summary

Commentary on BSC HMO Fee Changes from 2023 to 2024

- BSC’s 2024 administrative fee is in the third year of a three-year fixed commitment from BSC from the Fall 2020 RFP process for plan year 2024.
- BSC’s large claim pooling fee is increasing by 49.0% into the 2024 plan year after a 12.5% increase for the 2023 plan year – driven by significantly elevated large claim experience in the BSC HMO plans (especially Access+) during the 2022 plan year, as reviewed with the HSB in the March 23, 2023, meeting.
- The complex care/population management program now in place for Trio (“Shield Concierge”) will be added to Access+ in 2024 at no incremental PEPM fee.

BSC Fee Component PEPM	2023	2024	Change
Fixed Fees (Total)	\$88.64	\$107.04	+20.8%
BSC Administration	\$49.50	\$49.50	0.0%
BSC Large Claim Pooling @ \$1M/Individual	\$38.28	\$57.04	+49.0%
Legislative Fees (PCORI, CA MCO Tax)	\$0.86	\$0.50	-41.9%

NOTE: Blue Shield of CA covers 97.5% of total lives covered in the BSC HMO / UHC EPO plans (UHC covers the remaining 2.5%), hence the focus on BSC HMO plan fixed fees in the table above.

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2024 Monthly Rate Cards for BSC Access+ HMO / UHC Select EPO and BSC Trio HMO / UHC Doctors EPO Plans

2024 BSC HMO / UHC EPO Monthly Rate Cards

BSC HMO / UHC EPO plan 2024 rate cards are presented on the following pages for these population segments:

- BSC Access+ HMO / UHC Select EPO active employees and early retirees — including two employer contribution models for active employees (93/93/83 and 100/96/83)
- BSC Trio HMO / UHC Select EPO 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 2023 to 2024 are included in the tables that follow.

BSC Access+ HMO / UHC Select EPO

Monthly Rate/Contribution Change – 2024 versus 2023

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 2023	\$65.51	\$130.81	\$449.31	\$77.54	\$562.57	\$1,336.84
	PY 2024	\$74.93	\$149.64	\$514.03	\$132.25	\$687.23	\$1,573.15
	\$ Difference	\$9.42	\$18.83	\$64.72	\$54.71	\$124.66	\$236.31
	% Difference	14.4%	14.4%	14.4%	70.6%	22.2%	17.7%
Monthly Employer Contributions	PY 2023	\$870.34	\$1,737.92	\$2,193.71	\$2,083.42	\$2,568.45	\$2,568.45
	PY 2024	\$995.43	\$1,988.10	\$2,509.66	\$2,340.65	\$2,895.63	\$2,895.63
	\$ Difference	\$125.09	\$250.18	\$315.95	\$257.23	\$327.18	\$327.18
	% Difference	14.4%	14.4%	14.4%	12.3%	12.7%	12.7%
Monthly Total Rate	PY 2023	\$935.85	\$1,868.73	\$2,643.02	\$2,160.96	\$3,131.02	\$3,905.29
	PY 2024	\$1,070.36	\$2,137.74	\$3,023.69	\$2,472.90	\$3,582.86	\$4,468.78
	\$ Difference	\$134.51	\$269.01	\$380.67	\$311.94	\$451.84	\$563.49
	% Difference	14.4%	14.4%	14.4%	14.4%	14.4%	14.4%

BSC Access+ HMO / UHC Select EPO

Monthly Rate/Contribution Change – 2024 versus 2023

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 2023	\$0.00	\$74.75	\$449.31	\$77.54	\$562.57	\$1,336.84
	PY 2024	\$0.00	\$85.51	\$514.03	\$132.25	\$687.23	\$1,573.15
	<i>\$ Difference</i>	\$0.00	\$10.76	\$64.72	\$54.71	\$124.66	\$236.31
	<i>% Difference</i>	-	14.4%	14.4%	70.6%	22.2%	17.7%
Monthly Employer Contributions	PY 2023	\$935.85	\$1,793.98	\$2,193.71	\$2,083.42	\$2,568.45	\$2,568.45
	PY 2024	\$1,070.36	\$2,052.23	\$2,509.66	\$2,340.65	\$2,895.63	\$2,895.63
	<i>\$ Difference</i>	\$134.51	\$258.25	\$315.95	\$257.23	\$327.18	\$327.18
	<i>% Difference</i>	14.4%	14.4%	14.4%	12.3%	12.7%	12.7%
Monthly Total Rate	PY 2023	\$935.85	\$1,868.73	\$2,643.02	\$2,160.96	\$3,131.02	\$3,905.29
	PY 2024	\$1,070.36	\$2,137.74	\$3,023.69	\$2,472.90	\$3,582.86	\$4,468.78
	<i>\$ Difference</i>	\$134.51	\$269.01	\$380.67	\$311.94	\$451.84	\$563.49
	<i>% Difference</i>	14.4%	14.4%	14.4%	14.4%	14.4%	14.4%

BSC Access+ HMO / UHC Select EPO

Proposed Monthly 2024 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	\$1,087.36	\$2,174.72	\$3,077.26	\$2,521.75	\$3,652.65	\$4,555.17
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	\$9.63	\$19.26	\$27.25	\$22.33	\$32.35	\$40.35
Sutter Legal Settlement	(\$33.78)	(\$67.56)	(\$95.58)	(\$78.33)	(\$113.46)	(\$141.50)
Total	\$1,070.36	\$2,137.74	\$3,023.69	\$2,472.90	\$3,582.86	\$4,468.78

10-County Amount ²	\$0.00	\$0.00	\$0.00	\$805.85	\$0.00	\$0.00
Single Retiree Offset ³	\$0.00	\$0.00	\$0.00	\$0.00	\$805.85	\$805.85
"Actuarial Difference" ⁴	\$0.00	\$0.00	\$0.00	\$1,402.54	\$1,402.54	\$1,402.54
Retiree Prop. E Employer Contribution ⁵	\$0.00	\$0.00	\$0.00	\$132.26	\$687.24	\$687.24
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$2,340.65	\$2,895.63	\$2,895.63
2024 Non-Bargained Contribution Rate	\$1,070.36	\$2,137.74	\$3,023.69	\$132.25	\$687.23	\$1,573.15

MOU Negotiated Pickup ⁶	\$995.43	\$1,988.10	\$2,509.66			
2024 Typical Bargained Member Contribution	\$74.93	\$149.64	\$514.03			

Final Member Contribution 2023	\$65.51	\$130.81	\$449.31	\$77.54	\$562.57	\$1,336.84
Difference – 2024 versus 2023	\$9.42	\$18.83	\$64.72	\$54.71	\$124.66	\$236.31

BSC Access+ HMO / UHC Select EPO

Proposed Monthly 2024 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	\$1,087.36	\$2,174.72	\$3,077.26	\$2,521.75	\$3,652.65	\$4,555.17
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	\$9.63	\$19.26	\$27.25	\$22.33	\$32.35	\$40.35
Sutter Legal Settlement	(\$33.78)	(\$67.56)	(\$95.58)	(\$78.33)	(\$113.46)	(\$141.50)
Total	\$1,070.36	\$2,137.74	\$3,023.69	\$2,472.90	\$3,582.86	\$4,468.78
10-County Amount ²	\$0.00	\$0.00	\$0.00	\$805.85	\$0.00	\$0.00
Single Retiree Offset ³	\$0.00	\$0.00	\$0.00	\$0.00	\$805.85	\$805.85
"Actuarial Difference" ⁴	\$0.00	\$0.00	\$0.00	\$1,402.54	\$1,402.54	\$1,402.54
Retiree Prop. E Employer Contribution ⁵	\$0.00	\$0.00	\$0.00	\$132.26	\$687.24	\$687.24
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$2,340.65	\$2,895.63	\$2,895.63
2024 Non-Bargained Contribution Rate	\$1,070.36	\$2,137.74	\$3,023.69	\$132.25	\$687.23	\$1,573.15
MOU Negotiated Pickup ⁶	\$1,070.36	\$2,052.23	\$2,509.66			
2024 Typical Bargained Member Contribution	\$0.00	\$85.51	\$514.03			
Final Member Contribution 2023	\$0.00	\$74.75	\$449.31	\$77.54	\$562.57	\$1,336.84
Difference – 2024 versus 2023	\$0.00	\$10.76	\$64.72	\$54.71	\$124.66	\$236.31

BSC Trio HMO / UHC Doctors EPO

Monthly Rate/Contribution Change – 2024 versus 2023

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 2023	\$60.22	\$120.23	\$412.94	\$39.75	\$485.47	\$1,196.97
	PY 2024	\$61.93	\$123.65	\$424.70	\$39.42	\$497.84	\$1,229.63
	\$ Difference	\$1.71	\$3.42	\$11.76	(\$0.33)	\$12.37	\$32.66
	% Difference	2.8%	2.8%	2.8%	-0.8%	2.5%	2.7%
Monthly Employer Contributions	PY 2023	\$800.04	\$1,597.30	\$2,016.13	\$1,945.89	\$2,391.61	\$2,391.61
	PY 2024	\$822.76	\$1,642.75	\$2,073.53	\$2,002.89	\$2,461.32	\$2,461.32
	\$ Difference	\$22.72	\$45.45	\$57.40	\$57.00	\$69.71	\$69.71
	% Difference	2.8%	2.8%	2.8%	2.9%	2.9%	2.9%
Monthly Total Rate	PY 2023	\$860.26	\$1,717.53	\$2,429.07	\$1,985.64	\$2,877.08	\$3,588.58
	PY 2024	\$884.69	\$1,766.40	\$2,498.23	\$2,042.31	\$2,959.16	\$3,690.95
	\$ Difference	\$24.43	\$48.87	\$69.16	\$56.67	\$82.08	\$102.37
	% Difference	2.8%	2.8%	2.8%	2.9%	2.9%	2.9%

BSC Trio HMO / UHC Doctors EPO

Monthly Rate/Contribution Change – 2024 versus 2023

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 2023	\$0.00	\$68.70	\$412.94	\$39.75	\$485.47	\$1,196.97
	PY 2024	\$0.00	\$70.66	\$424.70	\$39.42	\$497.84	\$1,229.63
	\$ Difference	\$0.00	\$1.96	\$11.76	(\$0.33)	\$12.37	\$32.66
	% Difference	-	2.9%	2.8%	-0.8%	2.5%	2.7%
Monthly Employer Contributions	PY 2023	\$860.26	\$1,648.83	\$2,016.13	\$1,945.89	\$2,391.61	\$2,391.61
	PY 2024	\$884.69	\$1,695.74	\$2,073.53	\$2,002.89	\$2,461.32	\$2,461.32
	\$ Difference	\$24.43	\$46.91	\$57.40	\$57.00	\$69.71	\$69.71
	% Difference	2.8%	2.8%	2.8%	2.9%	2.9%	2.9%
Monthly Total Rate	PY 2023	\$860.26	\$1,717.53	\$2,429.07	\$1,985.64	\$2,877.08	\$3,588.58
	PY 2024	\$884.69	\$1,766.40	\$2,498.23	\$2,042.31	\$2,959.16	\$3,690.95
	\$ Difference	\$24.43	\$48.87	\$69.16	\$56.67	\$82.08	\$102.37
	% Difference	2.8%	2.8%	2.8%	2.9%	2.9%	2.9%

BSC Trio HMO / UHC Doctors EPO

Proposed Monthly 2024 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	\$901.69	\$1,803.38	\$2,551.80	\$2,091.16	\$3,028.95	\$3,777.34
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	\$9.63	\$19.26	\$27.25	\$22.33	\$32.35	\$40.35
Sutter Legal Settlement	(\$33.78)	(\$67.56)	(\$95.58)	(\$78.33)	(\$113.46)	(\$141.50)
Total	\$884.69	\$1,766.40	\$2,498.23	\$2,042.31	\$2,959.16	\$3,690.95
10-County Amount ²	\$0.00	\$0.00	\$0.00	\$805.85	\$0.00	\$0.00
Single Retiree Offset ³	\$0.00	\$0.00	\$0.00	\$0.00	\$805.85	\$805.85
"Actuarial Difference" ⁴	\$0.00	\$0.00	\$0.00	\$1,157.62	\$1,157.62	\$1,157.62
Retiree Prop. E Employer Contribution ⁵	\$0.00	\$0.00	\$0.00	\$39.42	\$497.85	\$497.85
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$2,002.89	\$2,461.32	\$2,461.32
2024 Non-Bargained Contribution Rate	\$884.69	\$1,766.40	\$2,498.23	\$39.42	\$497.84	\$1,229.63
MOU Negotiated Pickup ⁶	\$822.76	\$1,642.75	\$2,073.53			
2024 Typical Bargained Member Contribution	\$61.93	\$123.65	\$424.70			
Final Member Contribution 2023	\$60.22	\$120.23	\$412.94	\$39.75	\$485.47	\$1,196.97
Difference – 2024 versus 2023	\$1.71	\$3.42	\$11.76	(\$0.33)	\$12.37	\$32.66

BSC Trio HMO / UHC Doctors EPO

Proposed Monthly 2024 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	\$901.69	\$1,803.38	\$2,551.80	\$2,091.16	\$3,028.95	\$3,777.34
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	\$9.63	\$19.26	\$27.25	\$22.33	\$32.35	\$40.35
Sutter Legal Settlement	(\$33.78)	(\$67.56)	(\$95.58)	(\$78.33)	(\$113.46)	(\$141.50)
Total	\$884.69	\$1,766.40	\$2,498.23	\$2,042.31	\$2,959.16	\$3,690.95
10-County Amount ²	\$0.00	\$0.00	\$0.00	\$805.85	\$0.00	\$0.00
Single Retiree Offset ³	\$0.00	\$0.00	\$0.00	\$0.00	\$805.85	\$805.85
"Actuarial Difference" ⁴	\$0.00	\$0.00	\$0.00	\$1,157.62	\$1,157.62	\$1,157.62
Retiree Prop. E Employer Contribution ⁵	\$0.00	\$0.00	\$0.00	\$39.42	\$497.85	\$497.85
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$2,002.89	\$2,461.32	\$2,461.32
2024 Non-Bargained Contribution Rate	\$884.69	\$1,766.40	\$2,498.23	\$39.42	\$497.84	\$1,229.63
MOU Negotiated Pickup ⁶	\$884.69	\$1,695.74	\$2,073.53			
2024 Typical Bargained Member Contribution	\$0.00	\$70.66	\$424.70			
Final Member Contribution 2023	\$0.00	\$68.70	\$412.94	\$39.75	\$485.47	\$1,196.97
Difference – 2024 versus 2023	\$0.00	\$1.96	\$11.76	(\$0.33)	\$12.37	\$32.66

4

Recommendation for HSB Action

BSC HMO / UHC EPO Plans

Recommendations for HSB Action

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

- 1) The BSC Access+ HMO / UHC Select EPO plan renewal proposal for a 14.4% rate increase from 2023 to 2024;
- 2) The BSC Trio HMO / UHC Doctors EPO plan renewal proposal for a 2.9% rate increase from 2023 to 2024; and
- 3) The resulting 2024 monthly rate cards presented in this material for the BSC Access+ HMO / UHC Select EPO and BSC Trio HMO / UHC Doctors EPO plans.

5

Appendix – Additional Information

- Rate Card Footnotes
- Glossary of Terms
- 2023 BSC Access+ HMO / UHC Select EPO and BSC Trio HMO / UHC Doctors EPO Monthly Rate Cards

BSC HMO / UHC EPO 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 2024 rating is \$805.85 (per March 2023 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 (BSC HMO Plans)

- 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 (BSC HMO Plans)

- 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 (BSC HMO Plans)

- 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 2024).

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 Access+ HMO / UHC Select EPO

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)

BSC Access+ HMO / UHC Select EPO

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)

BSC Trio HMO / UHC Doctors EPO

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

BSC Trio HMO / UHC Doctors EPO

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