

San Francisco Health Service System Health Service Board

Rates & Benefits

Review and Approve Blue Shield of California Non-Medicare
Self-Funded PPO Medical/Rx Plans 2026 Rates and
Contributions

Presented by Mike Clarke, Lead Actuary, Aon

May 8, 2025

Agenda

- **Rate Setting Methodology Preface**
- **2026 Non-Medicare PPO Plans Rating — Renewal Summary**
- **2026 Monthly Rate Cards for Non-Medicare PPO and Non-Medicare PPO—Choice Not Available Plans**
 - Active Employees (93/93/83 and 100/96/83 contribution strategies)
 - Non-Medicare Retirees (per City Charter employer contribution guidance)
- **Recommendation for HSB Action**
- **Appendix — Additional Information**
 - Rate Card Footnotes
 - 2025 Non-Medicare PPO and Non-Medicare PPO—Choice Not Available Monthly Rate Cards
 - Glossary of Terms

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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 Calculates the Recommended SFHSS Plan Rates That HSB Approves?	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 • Blue Shield of CA Trio HMO • Health Net CanopyCare HMO 	<ul style="list-style-type: none"> • All Kaiser HMO plans • BSC 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 2026 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:

$$\frac{\text{2026 Total Projected Plan Cost}}{\text{2025 Rates x Enrollment}} = \text{Needed Rate Change Factor (2026 vs. 2025)}$$

Non-Medicare Medical Plan 2026 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. For the BSC plans, the recommended actions incorporate restricting GLP-1 prescription drug access for weight loss only to individuals with Body Mass Index (BMI) at or above 40, as well as adoption of SB729 infertility benefit requirements for all plans. Kaiser HMO adopted this GLP-1 coverage for weight loss only restriction for the 2025 plan year.

Non-Medicare Health Plan	Before Rate Stabilization Adjustment	After Rate Stabilization Adjustment
BSC Access+ HMO ¹	8.4%	8.7%
BSC Trio HMO ¹	8.9%	9.2%
Health Net CanopyCare HMO ¹	1.7%	-0.3%
Kaiser HMO	TBD	Does not apply (insured plan)
Non-Medicare PPO^{1,2}	2.6%	0.5%

- 1 Rating action incorporates proposed change to GLP-1 coverage as described in rating recommendation documents for BSC plans, as well as mandated infertility benefit levels (SB729) for HMO plans that are recommended to apply to PPO plan also.
- 2 Total rate increase for active employees with Non-Medicare PPO Choice Not Available pricing will follow the total rate increase for the BSC Access+ HMO plan.

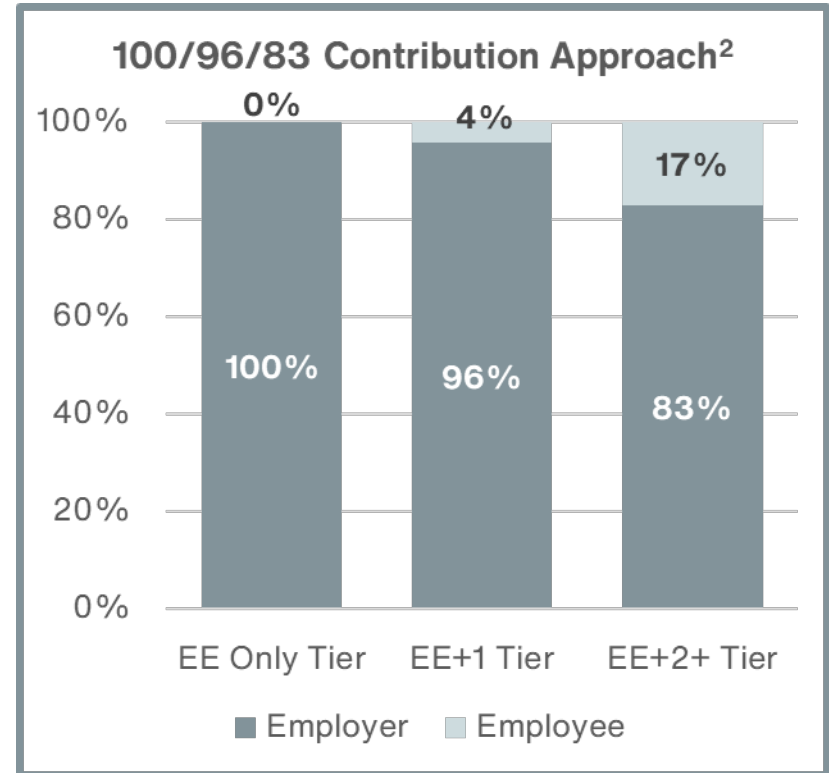
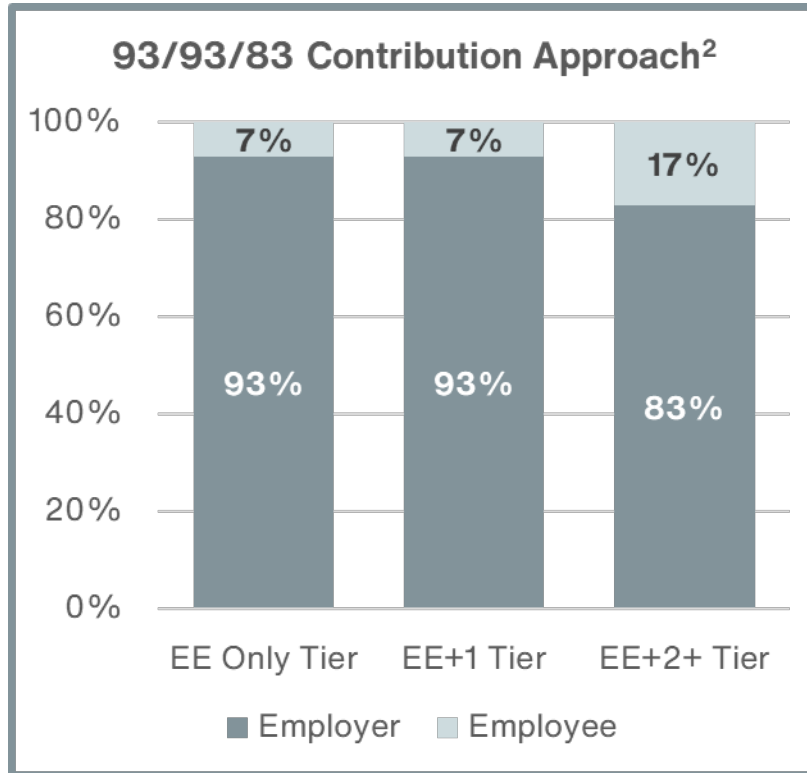
Non-Medicare Medical Plan 2026 Proposed Total Rates

Recommended 2026 **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			Non-Medicare Retirees		
		EE Only	EE + 1	EE + 2+	RET Only	RET + 1	RET + 2+
Kaiser HMO	PY 2025	\$881.38	\$1,758.78	\$2,487.00	\$1,770.88	\$2,648.28	\$3,376.50
	PY 2026	TBD	TBD	TBD	TBD	TBD	TBD
	% Difference	TBD	TBD	TBD	TBD	TBD	TBD
BSC Access+ HMO	PY 2025	\$1,163.91	\$2,323.84	\$3,286.60	\$2,688.54	\$3,894.74	\$4,857.48
	PY 2026	\$1,265.37	\$2,524.76	\$3,570.07	\$2,921.19	\$4,230.84	\$5,276.12
	% Difference	8.7%	8.6%	8.6%	8.7%	8.6%	8.6%
BSC Trio HMO	PY 2025	\$989.72	\$1,975.47	\$2,793.63	\$2,284.58	\$3,309.61	\$4,127.75
	PY 2026	\$1,081.36	\$2,156.74	\$3,049.31	\$2,494.45	\$3,612.72	\$4,505.25
	% Difference	9.3%	9.2%	9.2%	9.2%	9.2%	9.1%
Health Net <u>CanopyCare</u>	PY 2025	\$791.41	\$1,578.85	\$2,232.40	\$1,824.65	\$2,643.43	\$3,296.97
	PY 2026	\$789.90	\$1,573.83	\$2,224.46	\$1,818.52	\$2,633.64	\$3,284.27
	% Difference	-0.2%	-0.3%	-0.4%	-0.3%	-0.4%	-0.4%
Non-Medicare PPO	PY 2025	\$1,478.50	\$2,867.91	\$4,052.53	\$1,990.63	\$2,887.46	\$3,603.48
	PY 2026	\$1,487.03	\$2,882.83	\$4,072.88	\$2,001.54	\$2,902.47	\$3,621.75
	% Difference	0.6%	0.5%	0.5%	0.5%	0.5%	0.5%
Non-Medicare PPO (Choice Not Available)	PY 2025	\$1,163.91	\$2,323.84	\$3,286.60	\$1,990.63	\$2,887.46	\$3,603.48
	PY 2026	\$1,265.37	\$2,524.76	\$3,570.07	\$2,001.54	\$2,902.47	\$3,621.75
	% Difference	8.7%	8.6%	8.6%	0.5%	0.5%	0.5%

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.

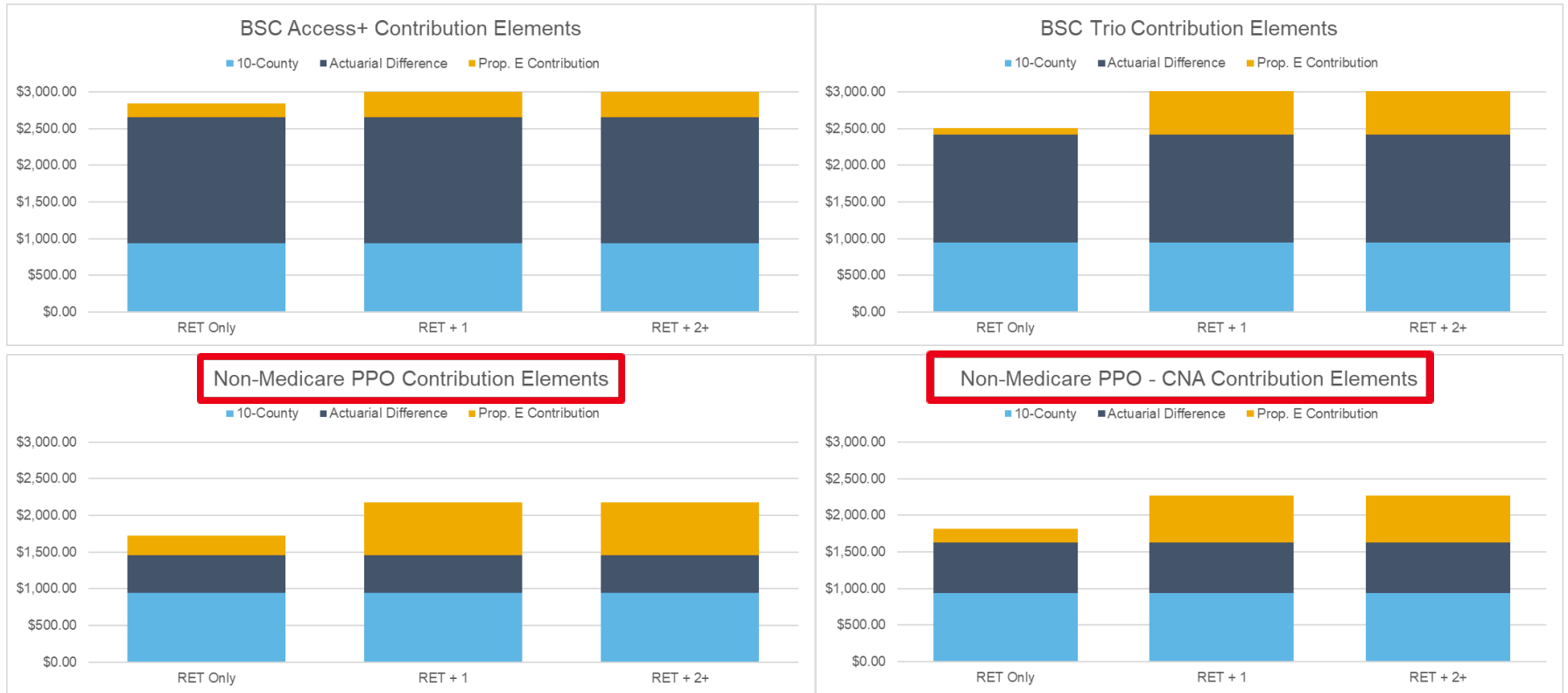
² For the highest cost plan (Non-Medicare PPO Plan), based on MOU the employer contribution dollar amounts are set to equal the employer contribution dollar amounts for the second highest-cost plan (which is BSC Access+ HMO), except for the Employee Only tier in the 100/96/83 contribution approach where the member pays no contribution for any plan.

Non-Medicare Retirees (based on City Charter)

Segmenting Total Cost Rates into Employer and Member Contributions

Non-Medicare Retirees — **2025** Employer Contribution Components (BSC 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)



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Recommendation for HSB Action

Non-Medicare PPO and Non-Medicare PPO—Choice Not Available Plans

Non-Medicare PPO Plans 2026 Plan Rating

Recommendation for HSB Action

Staff recommends that the Health Service Board (HSB) approve the Non-Medicare PPO Plan and Non-Medicare PPO Plan—Choice Not Available 2026 plan year monthly rate cards presented in this material, including design changes for GLP-1 weight loss medications and SB729 changes to the infertility benefit.

- The resulting total rate increase for the Non-Medicare PPO Plan including stabilization buy-down for 2026 is 0.5%.
- The total rate increase for active employees in the Non-Medicare PPO Plan—Choice Not Available including stabilization rating adjustment for 2026 follows the BSC Access+ HMO rate increase of 8.7%.
- The recommendations include these proposed design changes into 2026 plan year:
 - A change in coverage for GLP-1 medications for the 2026 plan year to restrict for weight loss to those with BMI at or above 40; and
 - Adoption of SB729 infertility benefit level requirements placed on fully-insured plans in California effective in 2026—while this is not required for self-funded plans, SFHSS is recommending adoption for the Non-Medicare PPO plan also.

Non-Medicare PPO Plans 2026 Plan Rating

Recommendation for HSB Action

- Commentary regarding the rating proposal for 2026 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 the Non-Medicare PPO Plan) are set to equal the employer contributions for the second highest cost plan (which is the BSC Access+ HMO plan). This guides how employer contributions are set for the Non-Medicare PPO 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).
- Non-Medicare retiree rate cards in this presentation are shown for non-Medicare 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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Non-Medicare PPO and Non-Medicare PPO— Choice Not Available 2026 Plan Rating — Renewal Summary

Non-Medicare PPO Plan 2026 Rating

Renewal Summary

- The Non-Medicare PPO plan is administered by Blue Shield of California (where retiree “split family” non-Medicare covered lives were administered by UnitedHealthcare during 2023 and 2024).
- Covered member and life counts per SFHSS and BSC reporting are:

Feb 2025 PPO Headcount	Members (e.g., employees and retirees)	Covered Lives (members and dependents)
Active Employees	1,722	2,692
Non-Medicare Retirees	981	1,741
Total Non-Medicare PPO Plan	2,703	4,433

- Recommended rate increases for the Non-Medicare PPO Plan are based on 2024 claims experience trended to 2026, BSC 2026 administrative fees, and other rating components as described on the next page that form the overall total cost rates recommended for the Non-Medicare PPO plan in 2026.

Non-Medicare PPO Plan 2026 Rating

Renewal Summary

- The 2026 rate cards for the Non-Medicare PPO Plan and Non-Medicare PPO Plan—Choice Not Available Plan rates include all of the following cost components:
 - Projected 2026 medical and pharmacy (net of rebates) claim costs;
 - BSC 2026 administrative fees;
 - Buy-down for rate stabilization reserve amortization (\$4,409,000 buy-down in 2026, versus \$2,020,000 buy-down in 2025);
 - VSP Basic Plan vision premiums which remain at 2025 levels; and
 - The SFHSS Healthcare Sustainability Fund charge of \$6.00 per employee/retiree per month (PEPM), which is an increase of \$2.00 from the 2025 fee.

Non-Medicare PPO Plan 2026 Rating

Renewal Summary

Commentary on Rate Increase Recommendations

- As reviewed with the HSB in the March meeting, Non-Medicare PPO Plan medical claim experience was favorable in 2024 relative to the 2023 plan year, creating an environment for a favorable rating action for the 2026 plan year for the Non-Medicare PPO Plan.
- Aon used 2024 Non-Medicare PPO Plan claim experience to project the best estimate for 2026 Non-Medicare PPO Plan claim experience.
 - An annual cost trend increase assumption of 8% medical and 13% pharmacy is used in the forecast—slightly higher than current cost trends accounting for the higher health risk profile of the Non-Medicare PPO plan population.
- The difference in application of rate stabilization reserve amortization in 2025 rating (\$2,020,000 buy-down) and 2026 rating (\$4,409,000 buy-down) contributes a favorable difference in total projected cost for Non-Medicare PPO total cost rates from the 2025 plan year to the 2026 plan year—though expiration of the 2025 rating buy-down for the Sutter Legal Settlement is a modest offset (\$312,000 in 2025 rating).
- BSC administrative fees are increasing 2.75% from 2025 levels.

Non-Medicare PPO Plan 2026 Rating

Restricting GLP-1 Coverage for Weight Loss Only to Those With BMI 40+

- As stated by Kaiser at the November 14, 2024, HSB meeting, Kaiser HMO restricted coverage for GLP-1 medications for weight loss only (e.g., no approved qualifying diagnosis) to individuals with Body Mass Index (BMI) at or above 40 (e.g., Class III Obesity) starting in the 2025 plan year. A BMI of 40 is considered “morbidly obese”.
 - BMI is a measure of body fat based on height and weight that applies to adults. BMI is calculated by dividing weight in kilograms by the square of height in meters (kg/m²).
 - Per California Title 28 Rule 1300.67.24(e)(3), GLP-1 drugs and other anti-obesity medications remain covered under the Kaiser HMO for patients with BMI equal to or greater than 40.
 - GLP-1 medications remain covered within the Kaiser HMO for qualifying health conditions (such as diabetes), and for weight loss for individuals with BMI 40 and above.
- For the 2026 plan year, it is recommended to align the Blue Shield HMO and PPO plans to the Kaiser HMO approach to GLP-1 medication coverage. Health Net is not yet filed for this consideration.
 - The recommendation aligns with the CA mandate that requires minimum coverage for class III obesity, as well as the goal of ensuring these medications are accessible for members who would clinically benefit the most from treatment.

Non-Medicare PPO Plan 2026 Rating—Choice Not Available

Renewal Summary

Refresher — Criteria for Availability and Rate Determination

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

Enrolled Member Type	Non-Medicare PPO Plan	Non-Medicare PPO Plan — Choice Not Available	Total PPO
Active Employees	1,521	201	1,722
Non-Medicare Retirees	490	491	981
Total Enrollment	2,011	692	2,703

Non-Medicare PPO Plan 2026 Rating—Choice Not Available

Renewal Summary

Refresher — Criteria for Availability and Rate Determination

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

Rate Determination for Non-Medicare PPO Plan—Choice Not Available:

- **Active Employees** — Same premium rates (including all rate card elements) and contributions as BSC Access+ HMO plan.
- **Non-Medicare Retirees** — Same premium rates (including all rate card elements) as Non-Medicare PPO Plan — leads to lower retiree contributions relative to Non-Medicare PPO Plan based on application of the City Charter employer contribution formula.

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2026 Monthly Rate Cards for Non-Medicare PPO and Non-Medicare PPO—Choice Not Available Plans

2026 Monthly Rate Cards

Non-Medicare PPO and Non-Medicare PPO—Choice Not Available

- Non-Medicare PPO Plan 2026 rate cards are presented on the following pages for these population segments:
 - Non-Medicare PPO Plan active employees and non-Medicare retirees — including two employer contribution models for active employees (93/93/83 and 100/96/83).
 - Non-Medicare PPO Plan—Choice Not Available active employees and non-Medicare retirees — including two employer contribution models for active employees (93/93/83 and 100/96/83).
- Comparisons of member contributions from 2025 to 2026 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 the Non-Medicare PPO Plan) are set to equal the employer contributions for the second highest cost plan (which is the BSC Access+ HMO Plan) — except for the Employee Only tier in the 100/96/83 strategy where the employer contributions equal total rates for all SFHSS plans.

Non-Medicare PPO Plan

Monthly Rate/Contribution Change — 2026 versus 2025

Non-Medicare Retirees, and **93/93/83** Contribution Strategy for Employees

<i>PY = Plan Year</i>		Active Employees			Non-Medicare Retirees		
		EE	EE+1	EE+2+	RET	RET+1	RET+2+
Monthly Employee/ Retiree Contributions	PY 2025	\$396.06	\$706.74	\$1,324.65	\$298.22	\$746.64	\$1,462.66
	PY 2026	\$310.24	\$534.80	\$1,109.72	\$272.44	\$722.91	\$1,442.19
	<i>\$ Difference</i>	(\$85.82)	(\$171.94)	(\$214.93)	(\$25.78)	(\$23.73)	(\$20.47)
	<i>% Difference</i>	-21.7%	-24.3%	-16.2%	-8.6%	-3.2%	-1.4%
Monthly Employer Contributions	PY 2025	\$1,082.44	\$2,161.17	\$2,727.88	\$1,692.41	\$2,140.82	\$2,140.82
	PY 2026	\$1,176.79	\$2,348.03	\$2,963.16	\$1,729.10	\$2,179.56	\$2,179.56
	<i>\$ Difference</i>	\$94.35	\$186.86	\$235.28	\$36.69	\$38.74	\$38.74
	<i>% Difference</i>	8.7%	8.6%	8.6%	2.2%	1.8%	1.8%
Monthly Total Rate	PY 2025	\$1,478.50	\$2,867.91	\$4,052.53	\$1,990.63	\$2,887.46	\$3,603.48
	PY 2026	\$1,487.03	\$2,882.83	\$4,072.88	\$2,001.54	\$2,902.47	\$3,621.75
	<i>\$ Difference</i>	\$8.53	\$14.92	\$20.35	\$10.91	\$15.01	\$18.27
	<i>% Difference</i>	0.6%	0.5%	0.5%	0.5%	0.5%	0.5%

Non-Medicare PPO Plan

Monthly Rate/Contribution Change — 2026 versus 2025

Non-Medicare Retirees, and **100/96/83** Contribution Strategy for Employees

<i>PY = Plan Year</i>		Active Employees			Non-Medicare Retirees		
		EE	EE+1	EE+2+	RET	RET+1	RET+2+
Monthly Employee/ Retiree Contributions	PY 2025	\$0.00	\$637.02	\$1,324.65	\$298.22	\$746.64	\$1,462.66
	PY 2026	\$0.00	\$459.06	\$1,109.72	\$272.44	\$722.91	\$1,442.19
	<i>\$ Difference</i>	\$0.00	(\$177.96)	(\$214.93)	(\$25.78)	(\$23.73)	(\$20.47)
	<i>% Difference</i>	0.0%	-27.9%	-16.2%	-8.6%	-3.2%	-1.4%
Monthly Employer Contributions	PY 2025	\$1,478.50	\$2,230.89	\$2,727.88	\$1,692.41	\$2,140.82	\$2,140.82
	PY 2026	\$1,487.03	\$2,423.77	\$2,963.16	\$1,729.10	\$2,179.56	\$2,179.56
	<i>\$ Difference</i>	\$8.53	\$192.88	\$235.28	\$36.69	\$38.74	\$38.74
	<i>% Difference</i>	0.6%	8.6%	8.6%	2.2%	1.8%	1.8%
Monthly Total Rate	PY 2025	\$1,478.50	\$2,867.91	\$4,052.53	\$1,990.63	\$2,887.46	\$3,603.48
	PY 2026	\$1,487.03	\$2,882.83	\$4,072.88	\$2,001.54	\$2,902.47	\$3,621.75
	<i>\$ Difference</i>	\$8.53	\$14.92	\$20.35	\$10.91	\$15.01	\$18.27
	<i>% Difference</i>	0.6%	0.5%	0.5%	0.5%	0.5%	0.5%

Non-Medicare PPO Plan

Proposed Monthly 2026 Rate Card

93/93/83 Contribution (Active Employees)	Active Employees			Non-Medicare Retirees		
	Employee Only	Employee Plus One Dependent	Employee and Family	Retiree without Medicare	Retiree and Spouse w/o Medicare	Retiree and Family
Medical	\$1,566.59	\$3,042.06	\$4,300.21	\$2,112.02	\$3,062.89	\$3,821.92
Vision	\$4.15	\$8.32	\$11.76	\$4.15	\$8.32	\$11.76
Expense	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00
Claims Stabilization Amount	(\$89.71)	(\$173.55)	(\$245.09)	(\$120.63)	(\$174.74)	(\$217.93)
Total	\$1,487.03	\$2,882.83	\$4,072.88	\$2,001.54	\$2,902.47	\$3,621.75
10-County Amount ²	\$0.00	\$0.00	\$0.00	\$942.14	\$0.00	\$0.00
Single Retiree Offset ³	\$0.00	\$0.00	\$0.00	\$0.00	\$942.14	\$942.14
"Actuarial Difference" ⁴	\$0.00	\$0.00	\$0.00	\$514.51	\$514.51	\$514.51
Retiree Prop. E Employer Contribution ⁵	\$0.00	\$0.00	\$0.00	\$272.45	\$722.91	\$722.91
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$1,729.10	\$2,179.56	\$2,179.56
2026 Non-Bargained Contribution Rate	\$1,487.03	\$2,882.83	\$4,072.88	\$272.44	\$722.91	\$1,442.19
MOU Negotiated Pickup ⁶	\$1,176.79	\$2,348.03	\$2,963.16			
2026 Typical Bargained Member Contribution	\$310.24	\$534.80	\$1,109.72			
Final Member Contribution 2025	\$396.06	\$706.74	\$1,324.65	\$298.22	\$746.64	\$1,462.66
Difference — 2026 versus 2025	(\$85.82)	(\$171.94)	(\$214.93)	(\$25.78)	(\$23.73)	(\$20.47)

Non-Medicare PPO Plan

Proposed Monthly 2026 Rate Card

100/96/83 Contribution (Active Employees)	Active Employees			Non-Medicare Retirees		
	Employee Only	Employee Plus One Dependent	Employee and Family	Retiree without Medicare	Retiree and Spouse w/o Medicare	Retiree and Family
Medical	\$1,566.59	\$3,042.06	\$4,300.21	\$2,112.02	\$3,062.89	\$3,821.92
Vision	\$4.15	\$8.32	\$11.76	\$4.15	\$8.32	\$11.76
Expense	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00
Claims Stabilization Amount	(\$89.71)	(\$173.55)	(\$245.09)	(\$120.63)	(\$174.74)	(\$217.93)
Total	\$1,487.03	\$2,882.83	\$4,072.88	\$2,001.54	\$2,902.47	\$3,621.75
10-County Amount ²	\$0.00	\$0.00	\$0.00	\$942.14	\$0.00	\$0.00
Single Retiree Offset ³	\$0.00	\$0.00	\$0.00	\$0.00	\$942.14	\$942.14
"Actuarial Difference" ⁴	\$0.00	\$0.00	\$0.00	\$514.51	\$514.51	\$514.51
Retiree Prop. E Employer Contribution ⁵	\$0.00	\$0.00	\$0.00	\$272.45	\$722.91	\$722.91
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$1,729.10	\$2,179.56	\$2,179.56
2026 Non-Bargained Contribution Rate	\$1,487.03	\$2,882.83	\$4,072.88	\$272.44	\$722.91	\$1,442.19
MOU Negotiated Pickup ⁶	\$1,487.03	\$2,423.77	\$2,963.16			
2026 Typical Bargained Member Contribution	\$0.00	\$459.06	\$1,109.72			
Final Member Contribution 2025	\$0.00	\$637.02	\$1,324.65	\$298.22	\$746.64	\$1,462.66
Difference — 2026 versus 2025	\$0.00	(\$177.96)	(\$214.93)	(\$25.78)	(\$23.73)	(\$20.47)

Non-Medicare PPO—Choice Not Available

Monthly Rate/Contribution Change — 2026 versus 2025

Non-Medicare Retirees, and **93/93/83** Contribution Strategy for Employees

<i>PY = Plan Year</i>		Active Employees			Non-Medicare Retirees		
		EE	EE+1	EE+2+	RET	RET+1	RET+2+
Monthly Employee/ Retiree Contributions	PY 2025	\$81.47	\$162.67	\$558.72	\$140.93	\$589.34	\$1,305.36
	PY 2026	\$88.58	\$176.73	\$606.91	\$161.61	\$612.08	\$1,331.36
	<i>\$ Difference</i>	\$7.11	\$14.06	\$48.19	\$20.68	\$22.74	\$26.00
	<i>% Difference</i>	8.7%	8.6%	8.6%	14.7%	3.9%	2.0%
Monthly Employer Contributions	PY 2025	\$1,082.44	\$2,161.17	\$2,727.88	\$1,849.70	\$2,298.12	\$2,298.12
	PY 2026	\$1,176.79	\$2,348.03	\$2,963.16	\$1,839.93	\$2,290.39	\$2,290.39
	<i>\$ Difference</i>	\$94.35	\$186.86	\$235.28	(\$9.77)	(\$7.73)	(\$7.73)
	<i>% Difference</i>	8.7%	8.6%	8.6%	-0.5%	-0.3%	-0.3%
Monthly Total Rate	PY 2025	\$1,163.91	\$2,323.84	\$3,286.60	\$1,990.63	\$2,887.46	\$3,603.48
	PY 2026	\$1,265.37	\$2,524.76	\$3,570.07	\$2,001.54	\$2,902.47	\$3,621.75
	<i>\$ Difference</i>	\$101.46	\$200.92	\$283.47	\$10.91	\$15.01	\$18.27
	<i>% Difference</i>	8.7%	8.6%	8.6%	0.5%	0.5%	0.5%

Non-Medicare PPO—Choice Not Available

Monthly Rate/Contribution Change — 2026 versus 2025

Non-Medicare Retirees, and **100/96/83** Contribution Strategy for Employees

<i>PY = Plan Year</i>		Active Employees			Non-Medicare Retirees		
		EE	EE+1	EE+2+	RET	RET+1	RET+2+
Monthly Employee/ Retiree Contributions	PY 2025	\$0.00	\$92.95	\$558.72	\$140.93	\$589.34	\$1,305.36
	PY 2026	\$0.00	\$100.99	\$606.91	\$161.61	\$612.08	\$1,331.36
	<i>\$ Difference</i>	\$0.00	\$8.04	\$48.19	\$20.68	\$22.74	\$26.00
	<i>% Difference</i>	0.0%	8.6%	8.6%	14.7%	3.9%	2.0%
Monthly Employer Contributions	PY 2025	\$1,163.91	\$2,230.89	\$2,727.88	\$1,849.70	\$2,298.12	\$2,298.12
	PY 2026	\$1,265.37	\$2,423.77	\$2,963.16	\$1,839.93	\$2,290.39	\$2,290.39
	<i>\$ Difference</i>	\$101.46	\$192.88	\$235.28	(\$9.77)	(\$7.73)	(\$7.73)
	<i>% Difference</i>	8.7%	8.6%	8.6%	-0.5%	-0.3%	-0.3%
Monthly Total Rate	PY 2025	\$1,163.91	\$2,323.84	\$3,286.60	\$1,990.63	\$2,887.46	\$3,603.48
	PY 2026	\$1,265.37	\$2,524.76	\$3,570.07	\$2,001.54	\$2,902.47	\$3,621.75
	<i>\$ Difference</i>	\$101.46	\$200.92	\$283.47	\$10.91	\$15.01	\$18.27
	<i>% Difference</i>	8.7%	8.6%	8.6%	0.5%	0.5%	0.5%

Non-Medicare PPO—Choice Not Available

Proposed Monthly 2026 Rate Card

100/96/83 Contribution (Active Employees)	Active Employees			Non-Medicare Retirees		
	Employee Only	Employee Plus One Dependent	Employee and Family	Retiree without Medicare	Retiree and Spouse w/o Medicare	Retiree and Family
Medical	\$1,344.93	\$2,683.99	\$3,797.40	\$2,112.02	\$3,062.89	\$3,821.92
Vision	\$4.15	\$8.32	\$11.76	\$4.15	\$8.32	\$11.76
Expense	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00
Claims Stabilization Amount	(\$89.71)	(\$173.55)	(\$245.09)	(\$120.63)	(\$174.74)	(\$217.93)
Total	\$1,265.37	\$2,524.76	\$3,570.07	\$2,001.54	\$2,902.47	\$3,621.75
10-County Amount ²	\$0.00	\$0.00	\$0.00	\$942.14	\$0.00	\$0.00
Single Retiree Offset ³	\$0.00	\$0.00	\$0.00	\$0.00	\$942.14	\$942.14
"Actuarial Difference" ⁴	\$0.00	\$0.00	\$0.00	\$736.17	\$736.17	\$736.17
Retiree Prop. E Employer Contribution ⁵	\$0.00	\$0.00	\$0.00	\$161.62	\$612.08	\$612.08
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$1,839.93	\$2,290.39	\$2,290.39
2026 Non-Bargained Contribution Rate	\$1,265.37	\$2,524.76	\$3,570.07	\$161.61	\$612.08	\$1,331.36
MOU Negotiated Pickup ⁶	\$1,176.79	\$2,348.03	\$2,963.16			
2026 Typical Bargained Member Contribution	\$88.58	\$176.73	\$606.91			
Final Member Contribution 2025	\$81.47	\$162.67	\$558.72	\$140.93	\$589.34	\$1,305.36
Difference — 2026 versus 2025	\$7.11	\$14.06	\$48.19	\$20.68	\$22.74	\$26.00

Non-Medicare PPO—Choice Not Available

Proposed Monthly 2026 Rate Card

100/96/83 Contribution
(Active Employees)

	Active Employees			Non-Medicare Retirees		
	Employee Only	Employee Plus One Dependent	Employee and Family	Retiree without Medicare	Retiree and Spouse w/o Medicare	Retiree and Family
Medical	\$1,344.93	\$2,683.99	\$3,797.40	\$2,112.02	\$3,062.89	\$3,821.92
Vision	\$4.15	\$8.32	\$11.76	\$4.15	\$8.32	\$11.76
Expense	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00
Claims Stabilization Amount	(\$89.71)	(\$173.55)	(\$245.09)	(\$120.63)	(\$174.74)	(\$217.93)
Total	\$1,265.37	\$2,524.76	\$3,570.07	\$2,001.54	\$2,902.47	\$3,621.75

10-County Amount ²	\$0.00	\$0.00	\$0.00	\$942.14	\$0.00	\$0.00
Single Retiree Offset ³	\$0.00	\$0.00	\$0.00	\$0.00	\$942.14	\$942.14
"Actuarial Difference" ⁴	\$0.00	\$0.00	\$0.00	\$736.17	\$736.17	\$736.17
Retiree Prop. E Employer Contribution ⁵	\$0.00	\$0.00	\$0.00	\$161.62	\$612.08	\$612.08
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$1,839.93	\$2,290.39	\$2,290.39
2026 Non-Bargained Contribution Rate	\$1,265.37	\$2,524.76	\$3,570.07	\$161.61	\$612.08	\$1,331.36

MOU Negotiated Pickup ⁶	\$1,265.37	\$2,423.77	\$2,963.16			
2026 Typical Bargained Member Contribution	\$0.00	\$100.99	\$606.91			

Final Member Contribution 2025	\$0.00	\$92.95	\$558.72	\$140.93	\$589.34	\$1,305.36
Difference — 2026 versus 2025	\$0.00	\$8.04	\$48.19	\$20.68	\$22.74	\$26.00

5

Recommendation for HSB Action

Non-Medicare PPO Plans

Recommendation for HSB Action

Non-Medicare PPO Plans 2026 Plan Rating

Staff recommends that the Health Service Board (HSB) approve the Non-Medicare PPO Plan and Non-Medicare PPO Plan—Choice Not Available 2026 plan year monthly rate cards presented in this material, including design changes for GLP-1 weight loss medications and SB729 changes to the infertility benefit.

6

Appendix — Additional Information

- Rate Card Footnotes
- 2026 Non-Medicare PPO and Non-Medicare PPO—Choice Not Available
Monthly Rate Cards
- Glossary of Terms

Non-Medicare PPO Rate Card Footnotes

- 1) **Expense** — Plan administrative 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 2026 rating is \$942.14 (per March 2025 HSB action).
- 3) **“Single Retiree Offset”** — Per Charter Section A8.428; for Non-Medicare 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 (Non-Medicare PPO Plan) are set to equal contributions for the second highest cost plan (BSC Access+ HMO), except for the Employee Only tier for the 100/96/83 strategy where employer contributions equal total cost rates for all SFHSS plans.

Non-Medicare PPO Plan

Monthly 2025 Rate Card

93/93/83 Contribution (Active Employees)	Active Employees			Non-Medicare Retirees		
	Employee Only	Employee Plus One Dependent	Employee and Family	Retiree without Medicare	Retiree and Spouse w/o Medicare	Retiree and Family
Medical	\$1,526.89	\$2,964.97	\$4,191.24	\$2,058.50	\$2,985.27	\$3,725.07
Vision	\$4.15	\$8.32	\$11.76	\$4.15	\$8.32	\$11.76
Expense	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00
Claims Stabilization Amount	(\$48.92)	(\$94.64)	(\$133.65)	(\$65.78)	(\$95.29)	(\$118.84)
Sutter Legal Settlement Buy-Down	(\$7.62)	(\$14.74)	(\$20.82)	(\$10.24)	(\$14.84)	(\$18.51)
Total	\$1,478.50	\$2,867.91	\$4,052.53	\$1,990.63	\$2,887.46	\$3,603.48
10-County Amount ²	\$0.00	\$0.00	\$0.00	\$882.05	\$0.00	\$0.00
Single Retiree Offset ³	\$0.00	\$0.00	\$0.00	\$0.00	\$882.05	\$882.05
"Actuarial Difference" ⁴	\$0.00	\$0.00	\$0.00	\$512.13	\$512.13	\$512.13
Retiree Prop. E Employer Contribution ⁵	\$0.00	\$0.00	\$0.00	\$298.23	\$746.64	\$746.64
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$1,692.41	\$2,140.82	\$2,140.82
2025 Non-Bargained Contribution Rate	\$1,478.50	\$2,867.91	\$4,052.53	\$298.22	\$746.64	\$1,462.66
MOU Negotiated Pickup ⁶	\$1,082.44	\$2,161.17	\$2,727.88			
2025 Typical Bargained Member Contribution	\$396.06	\$706.74	\$1,324.65			
Final Member Contribution 2024	\$463.92	\$843.61	\$1,492.11	\$326.75	\$769.66	\$1,476.91
Difference — 2025 versus 2024	(\$67.86)	(\$136.87)	(\$167.46)	(\$28.53)	(\$23.02)	(\$14.25)

Non-Medicare PPO Plan

Monthly 2025 Rate Card

100/96/83 Contribution (Active Employees)	Active Employees			Non-Medicare Retirees		
	Employee Only	Employee Plus One Dependent	Employee and Family	Retiree without Medicare	Retiree and Spouse w/o Medicare	Retiree and Family
Medical	\$1,526.89	\$2,964.97	\$4,191.24	\$2,058.50	\$2,985.27	\$3,725.07
Vision	\$4.15	\$8.32	\$11.76	\$4.15	\$8.32	\$11.76
Expense	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00
Claims Stabilization Amount	(\$48.92)	(\$94.64)	(\$133.65)	(\$65.78)	(\$95.29)	(\$118.84)
Sutter Legal Settlement Buy-Down	(\$7.62)	(\$14.74)	(\$20.82)	(\$10.24)	(\$14.84)	(\$18.51)
Total	\$1,478.50	\$2,867.91	\$4,052.53	\$1,990.63	\$2,887.46	\$3,603.48
10-County Amount ²	\$0.00	\$0.00	\$0.00	\$882.05	\$0.00	\$0.00
Single Retiree Offset ³	\$0.00	\$0.00	\$0.00	\$0.00	\$882.05	\$882.05
"Actuarial Difference" ⁴	\$0.00	\$0.00	\$0.00	\$512.13	\$512.13	\$512.13
Retiree Prop. E Employer Contribution ⁵	\$0.00	\$0.00	\$0.00	\$298.23	\$746.64	\$746.64
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$1,692.41	\$2,140.82	\$2,140.82
2025 Non-Bargained Contribution Rate	\$1,478.50	\$2,867.91	\$4,052.53	\$298.22	\$746.64	\$1,462.66
MOU Negotiated Pickup ⁶	\$1,478.50	\$2,230.89	\$2,727.88			
2025 Typical Bargained Member Contribution	\$0.00	\$637.02	\$1,324.65			
Final Member Contribution 2024	\$0.00	\$779.48	\$1,492.11	\$326.75	\$769.66	\$1,476.91
Difference — 2025 versus 2024	\$0.00	(\$142.46)	(\$167.46)	(\$28.53)	(\$23.02)	(\$14.25)

Non-Medicare PPO Plan—Choice Not Available

Monthly 2025 Rate Card

93/93/83 Contribution (Active Employees)	Active Employees			Non-Medicare Retirees		
	Employee Only	Employee Plus One Dependent	Employee and Family	Retiree without Medicare	Retiree and Spouse w/o Medicare	Retiree and Family
Medical	\$1,212.30	\$2,420.90	\$3,425.31	\$2,058.50	\$2,985.27	\$3,725.07
Vision	\$4.15	\$8.32	\$11.76	\$4.15	\$8.32	\$11.76
Expense	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00
Claims Stabilization Amount	(\$48.92)	(\$94.64)	(\$133.65)	(\$65.78)	(\$95.29)	(\$118.84)
Sutter Legal Settlement	(\$7.62)	(\$14.74)	(\$20.82)	(\$10.24)	(\$14.84)	(\$18.51)
Total	\$1,163.91	\$2,323.84	\$3,286.60	\$1,990.63	\$2,887.46	\$3,603.48
10-County Amount ²	\$0.00	\$0.00	\$0.00	\$882.05	\$0.00	\$0.00
Single Retiree Offset ³	\$0.00	\$0.00	\$0.00	\$0.00	\$882.05	\$882.05
"Actuarial Difference" ⁴	\$0.00	\$0.00	\$0.00	\$826.72	\$826.72	\$826.72
Retiree Prop. E Employer Contribution ⁵	\$0.00	\$0.00	\$0.00	\$140.93	\$589.35	\$589.35
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$1,849.70	\$2,298.12	\$2,298.12
2025 Non-Bargained Contribution Rate	\$1,163.91	\$2,323.84	\$3,286.60	\$140.93	\$589.34	\$1,305.36
MOU Negotiated Pickup ⁶	\$1,082.44	\$2,161.17	\$2,727.88			
2025 Typical Bargained Member Contribution	\$81.47	\$162.67	\$558.72			
Final Member Contribution 2024	\$74.93	\$149.64	\$514.03	\$132.25	\$575.17	\$1,282.42
Difference — 2025 versus 2024	\$6.54	\$13.03	\$44.69	\$8.68	\$14.17	\$22.94

Non-Medicare PPO Plan—Choice Not Available

Monthly 2025 Rate Card

100/96/83 Contribution (Active Employees)	Active Employees			Non-Medicare Retirees		
	Employee Only	Employee Plus One Dependent	Employee and Family	Retiree without Medicare	Retiree and Spouse w/o Medicare	Retiree and Family
Medical	\$1,212.30	\$2,420.90	\$3,425.31	\$2,058.50	\$2,985.27	\$3,725.07
Vision	\$4.15	\$8.32	\$11.76	\$4.15	\$8.32	\$11.76
Expense	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00
Claims Stabilization Amount	(\$48.92)	(\$94.64)	(\$133.65)	(\$65.78)	(\$95.29)	(\$118.84)
Sutter Legal Settlement	(\$7.62)	(\$14.74)	(\$20.82)	(\$10.24)	(\$14.84)	(\$18.51)
Total	\$1,163.91	\$2,323.84	\$3,286.60	\$1,990.63	\$2,887.46	\$3,603.48
10-County Amount ²	\$0.00	\$0.00	\$0.00	\$882.05	\$0.00	\$0.00
Single Retiree Offset ³	\$0.00	\$0.00	\$0.00	\$0.00	\$882.05	\$882.05
"Actuarial Difference" ⁴	\$0.00	\$0.00	\$0.00	\$826.72	\$826.72	\$826.72
Retiree Prop. E Employer Contribution ⁵	\$0.00	\$0.00	\$0.00	\$140.93	\$589.35	\$589.35
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$1,849.70	\$2,298.12	\$2,298.12
2025 Non-Bargained Contribution Rate	\$1,163.91	\$2,323.84	\$3,286.60	\$140.93	\$589.34	\$1,305.36
MOU Negotiated Pickup ⁶	\$1,163.91	\$2,230.89	\$2,727.88			
2025 Typical Bargained Member Contribution	\$0.00	\$92.95	\$558.72			
Final Member Contribution 2024	\$0.00	\$85.51	\$514.03	\$132.25	\$575.17	\$1,282.42
Difference — 2025 versus 2024	\$0.00	\$7.44	\$44.69	\$8.68	\$14.17	\$22.94

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.