

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 2025 Rates and Contributions

May 9, 2024

Agenda

- **Rate Setting Methodology Preface**
- **Blue Shield of California (BSC) HMO / UnitedHealthcare (UHC) EPO Plans 2025 Rating — Renewal Summary**
- **2025 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
 - 2024 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 • UHC Select and Doctors EPO Plans • Delta Dental Active Employee PPO 	<ul style="list-style-type: none"> • Blue Shield of CA Access+ and Trio HMO Plans • 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 2025 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:

$$\frac{\text{2025 Total Projected Plan Cost}}{\text{2024 Rates x Enrollment}} = \text{Needed Rate Change Factor (2025 vs. 2024)}$$

Non-Medicare Medical Plan 2025 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	4.5%	8.7%
BSC Trio/UHC Doctors EPO	6.7%	11.8%
Health Net CanopyCare	0.0%	-1.0%
Kaiser	TBD	Does not apply (insured plan)
Non-Medicare PPO ¹	0.8%	1.3%

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 2025, 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 2025 plan rating at the April 11, 2024, HSB meeting.

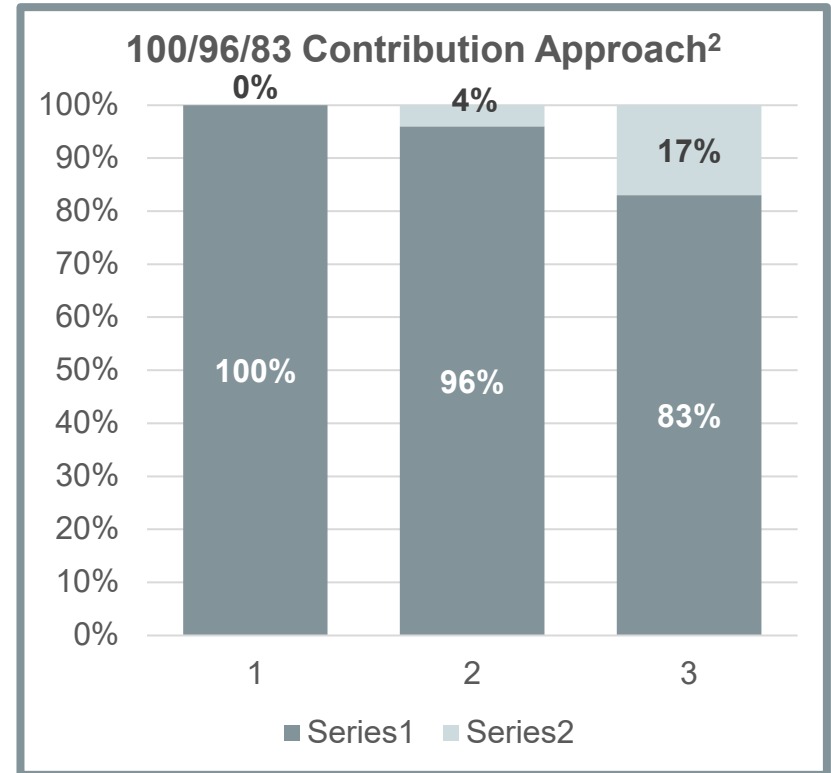
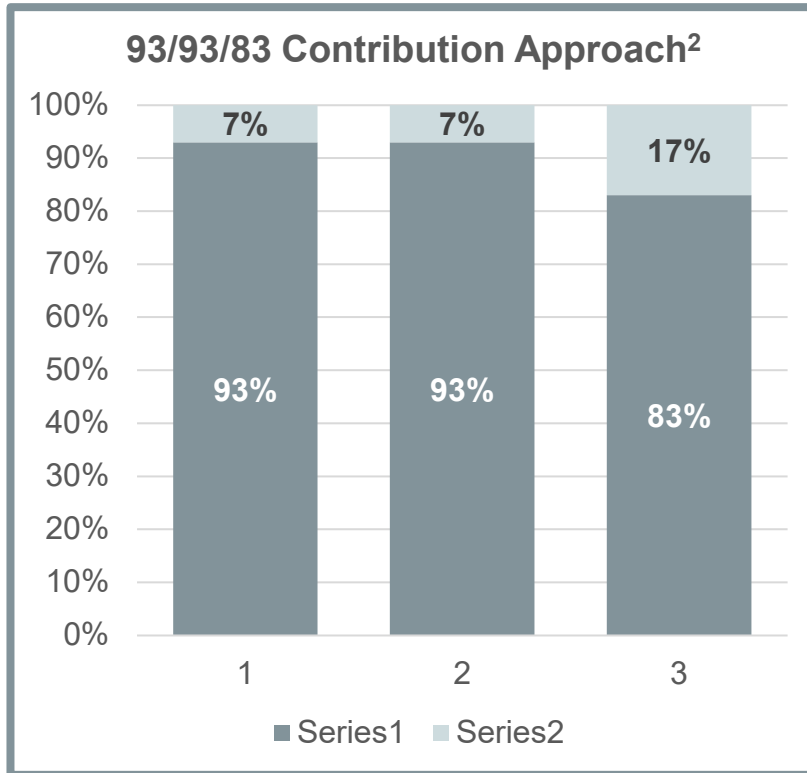
Non-Medicare Medical Plan 2025 Proposed Total Rates

Recommended 2025 **monthly** total cost rates for each SFHSS non-Medicare health plan are shown below (all rate card elements included):

SFHSS Health Plan	Plan Year	Active Employees			Early Retirees		
		EE Only	EE + 1	EE + 2+	RET Only	RET + 1	RET + 2+
Kaiser HMO	PY 2024	\$836.66	\$1,669.34	\$2,360.45	\$1,680.50	\$2,513.18	\$3,204.29
	PY 2025	TBD	TBD	TBD	TBD	TBD	TBD
	% Difference	TBD	TBD	TBD	TBD	TBD	TBD
BSC Access+/ UHC Select EPO	PY 2024	\$1,070.36	\$2,137.74	\$3,023.69	\$2,472.90	\$3,582.86	\$4,468.78
	PY 2025	\$1,163.91	\$2,323.84	\$3,286.60	\$2,688.54	\$3,894.74	\$4,857.48
	% Difference	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%
BSC Trio/ UHC Doctors EPO	PY 2024	\$884.69	\$1,766.40	\$2,498.23	\$2,042.31	\$2,959.16	\$3,690.95
	PY 2025	\$989.72	\$1,975.47	\$2,793.63	\$2,284.58	\$3,309.61	\$4,127.75
	% Difference	11.9%	11.8%	11.8%	11.9%	11.8%	11.8%
Health Net CanopyCare	PY 2024	\$798.52	\$1,594.07	\$2,254.35	\$1,842.46	\$2,669.67	\$3,329.94
	PY 2025	\$791.41	\$1,578.85	\$2,232.40	\$1,824.65	\$2,643.43	\$3,296.97
	% Difference	-0.9%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%
Non-Medicare PPO	PY 2024	\$1,459.35	\$2,831.71	\$4,001.77	\$1,965.19	\$2,851.02	\$3,558.27
	PY 2025	\$1,478.50	\$2,867.91	\$4,052.53	\$1,990.63	\$2,887.46	\$3,603.48
	% Difference	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%
Non-Medicare PPO (Choice Not Available)	PY 2024	\$1,070.36	\$2,137.74	\$3,023.69	\$1,965.19	\$2,851.02	\$3,558.27
	PY 2025	\$1,163.91	\$2,323.84	\$3,286.60	\$1,990.63	\$2,887.46	\$3,603.48
	% Difference	8.7%	8.7%	8.7%	1.3%	1.3%	1.3%

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.

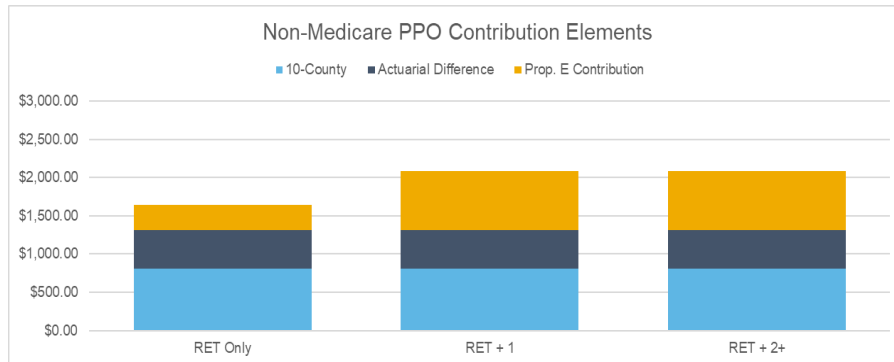
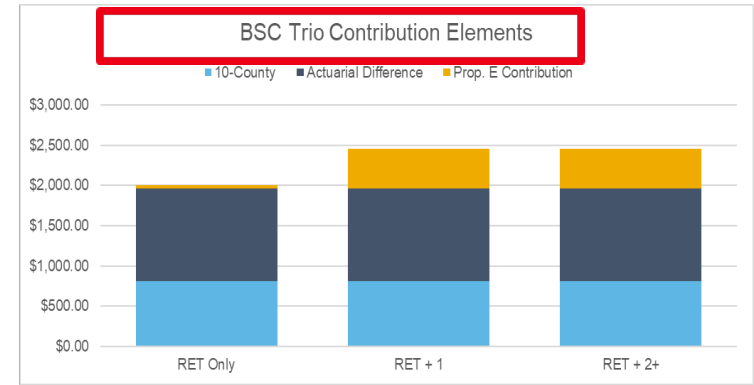
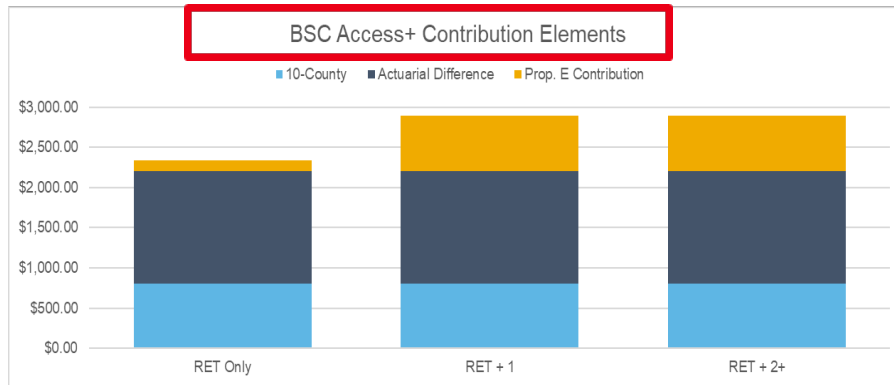
² For the highest cost plan (Non-Medicare PPO Plan), based on MOU the employer contribution dollar amounts are set to equal the employer contribution dollar amounts for the second highest-cost plan (which is BSC Access+ HMO/UHC Select EPO), except for the Employee Only tier in the 100/96/83 contribution 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 — **2024** 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 2025 Plans Rating —

Recommendation

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

- 1) The BSC Access+ HMO / UHC Select EPO plan renewal proposal for an 8.7% rate increase from 2024 to 2025;
- 2) The BSC Trio HMO / UHC Doctors EPO plan renewal proposal for a 11.8% rate increase from 2024 to 2025; and
- 3) The resulting 2025 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 2025 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 2025 Rating — Renewal Summary

BSC HMO / UHC EPO Plans 2025 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).

2024 Headcount (from SFHSS 2024 Demographic Report)	Members (e.g., employees and retirees)	Covered Lives (members and dependents)
BSC Access+ HMO	10,015	21,363
UHC Select EPO	111	554
BSC Trio HMO	4,908	9,572
UHC Doctors EPO	34	181
Total BSC HMO / UHC EPO Plans	15,068	31,670

BSC HMO / UHC EPO Plans 2025 Rating

Renewal Summary

- Recommended rate increases for the BSC HMO / UHC EPO plans are based on 2023 claims experience trended to 2025, BSC and UHC 2025 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 2025.
- No plan design changes are proposed for the BSC HMO / UHC EPO plans into the 2025 plan year.
- The aggregate calculated rate increases across all populations and rating tiers for the BSC HMO / UHC EPO plans are:
 - Access+ plan: +8.7%
 - Trio plan: +11.8%
 - Overall (for both plans combined): +9.6%

BSC HMO / UHC EPO Plans 2025 Rating

Renewal Summary

- The 2025 BSC HMO / UHC EPO plan rate cards include the following cost components:
 - Projected 2025 medical/pharmacy (net of rebates) claim costs;
 - Projected 2025 BSC HMO capitation charges for certain medical services including physicians;
 - BSC HMO and UHC EPO 2025 administrative fees
 - BSC HMO large claim pooling fees and ACA PCORI fees;
 - Buy-up for rate stabilization reserve amortization (\$9,027,000 buy-up in 2025, versus \$3,359,000 buy-up in 2024);
 - VSP Basic Plan vision premiums which remain at 2024 levels;
 - The SFHSS Healthcare Sustainability Fund charge of \$4.00 per employee/retiree per month (PEPM), which is an increase of \$1.00 from 2024; and
 - One-time provision for Sutter Legal Settlement rating buy-down as approved by the HSB at the March 2024 meeting.
- Upon SFHSS and Aon review of large claim pooling point alternatives presented by BSC, the large claim pooling point per covered individual will change from \$1 million to \$1.25 million for the 2025 plan year. This will reduce the large claim pooling fee from the original proposed 2025 fee for \$1 million pooling point by approximately \$3.6 million.

BSC HMO / UHC EPO Plans 2025 Rating

Renewal Summary

Commentary on 2023 Plan Experience Driving 2025 Rate Increase Recommendations

- As reviewed in the March HSB meeting, overall BSC HMO / UHC EPO plan expenses per employee/retiree per month (PEPM) increased by 6.9% from 2022 to 2023. Primary drivers included:
 - Medical: a substantial increase in large claimants exceeding \$500K in a year from 2022 (49 individuals) to 2023 (37 individuals).
 - Prescription Drugs: elevation in specialty medication spending from 2022 to 2023 (+23%).
 - Overall: double-digit percentage increases in prevalence of members with certain chronic conditions including cancer, musculoskeletal, cardiovascular, and mental health.
- Elevated 2023 claim experience led to an increase in Rate Stabilization rating buy-up in these plans from \$3,359,000 buy-up in 2024 rating to \$9,027,000 buy-up in 2025 rating.
- The remaining Sutter Legal Settlement dollars will apply in 2025 rating, though these amounts are substantially less than the Settlement amounts applied in 2024 rating.

BSC HMO / UHC EPO Plans 2025 Rating

Renewal Summary

Commentary on BSC HMO Fee Changes from 2024 to 2025

- BSC’s 2025 administrative fee is increasing by 2.75% versus 2024 fees (which were determined as part of a three-year agreement coming out of the Fall 2020/Winter 2021 RFP process).
- BSC’s large claim pooling fee would have increased 10.9% at the current \$1 million large claim pooling point. Upon SFHSS and Aon evaluation, it is proposed to adopt a \$1.25 million large claim pooling point for 2025—a fee reduction versus would-be 2025 fee of \$3.6 million (though with recognition there is increased claim exposure with this change).

BSC Fee Component PEPM	2024	2025	Change
Fixed Fees (Total)	\$107.04	\$95.22	-11.0%
BSC Administration	\$49.50	\$50.86	+2.75%
BSC Large Claim Pooling @ (\$1M point in 2024 to \$1.25M point in 2025)	\$57.04	\$43.46	-23.8%
Legislative Fees (PCORI, CA MCO Tax)	\$0.90	\$0.90	0.0%

NOTE: Blue Shield of CA covers 98% of total lives covered in the BSC HMO / UHC EPO plans (UHC covers the remaining 2%), hence the focus on BSC HMO plan fixed fees in the table above. The Shield Concierge customer service model adds \$5.14 PEPM fee for the BSC Access+ plan (not shown above).

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2025 Monthly Rate Cards for BSC Access+ HMO / UHC Select EPO and BSC Trio HMO / UHC Doctors EPO Plans

2025 BSC HMO / UHC EPO Monthly Rate Cards

BSC HMO / UHC EPO plan 2025 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 2024 to 2025 are included in the tables that follow.

BSC Access+ HMO / UHC Select EPO

Monthly Rate/Contribution Change — 2025 versus 2024

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 2024	\$74.93	\$149.64	\$514.03	\$132.25	\$687.23	\$1,573.15
	PY 2025	\$81.47	\$162.67	\$558.72	\$140.93	\$744.03	\$1,706.77
	<i>\$ Difference</i>	\$6.54	\$13.03	\$44.69	\$8.68	\$56.80	\$133.62
	<i>% Difference</i>	8.7%	8.7%	8.7%	6.6%	8.3%	8.5%
Monthly Employer Contributions	PY 2024	\$995.43	\$1,988.10	\$2,509.66	\$2,340.65	\$2,895.63	\$2,895.63
	PY 2025	\$1,082.44	\$2,161.17	\$2,727.88	\$2,547.61	\$3,150.71	\$3,150.71
	<i>\$ Difference</i>	\$87.01	\$173.07	\$218.22	\$206.96	\$255.08	\$255.08
	<i>% Difference</i>	8.7%	8.7%	8.7%	8.8%	8.8%	8.8%
Monthly Total Rate	PY 2024	\$1,070.36	\$2,137.74	\$3,023.69	\$2,472.90	\$3,582.86	\$4,468.78
	PY 2025	\$1,163.91	\$2,323.84	\$3,286.60	\$2,688.54	\$3,894.74	\$4,857.48
	<i>\$ Difference</i>	\$93.55	\$186.10	\$262.91	\$215.64	\$311.88	\$388.70
	<i>% Difference</i>	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%

BSC Access+ HMO / UHC Select EPO

Monthly Rate/Contribution Change — 2025 versus 2024

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 2024	\$0.00	\$85.51	\$514.03	\$132.25	\$687.23	\$1,573.15
	PY 2025	\$0.00	\$92.95	\$558.72	\$140.93	\$744.03	\$1,706.77
	<i>\$ Difference</i>	\$0.00	\$7.44	\$44.69	\$8.68	\$56.80	\$133.62
	<i>% Difference</i>	-	8.7%	8.7%	6.6%	8.3%	8.5%
Monthly Employer Contributions	PY 2024	\$1,070.36	\$2,052.23	\$2,509.66	\$2,340.65	\$2,895.63	\$2,895.63
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	<i>\$ Difference</i>	\$93.55	\$178.66	\$218.22	\$206.96	\$255.08	\$255.08
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	<i>\$ Difference</i>	\$93.55	\$186.10	\$262.91	\$215.64	\$311.88	\$388.70
	<i>% Difference</i>	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%

BSC Access+ HMO / UHC Select EPO

Proposed Monthly 2025 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	\$1,136.29	\$2,272.58	\$3,215.74	\$2,635.23	\$3,817.02	\$4,760.15
Vision	\$4.15	\$8.32	\$11.76	\$4.15	\$8.32	\$11.76
Expense ¹	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00
Claims Stabilization Amount/Self-Funded Policy	\$24.87	\$49.74	\$70.38	\$57.68	\$83.54	\$104.19
Sutter Legal Settlement	(\$5.40)	(\$10.80)	(\$15.28)	(\$12.52)	(\$18.14)	(\$22.62)
Total	\$1,163.91	\$2,323.84	\$3,286.60	\$2,688.54	\$3,894.74	\$4,857.48
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	\$1,524.63	\$1,524.63	\$1,524.63
Retiree Prop. E Employer Contribution ⁵	\$0.00	\$0.00	\$0.00	\$140.93	\$744.03	\$744.03
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$2,547.61	\$3,150.71	\$3,150.71
2025 Non-Bargained Contribution Rate	\$1,163.91	\$2,323.84	\$3,286.60	\$140.93	\$744.03	\$1,706.77
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	\$687.23	\$1,573.15
Difference — 2025 versus 2024	\$6.54	\$13.03	\$44.69	\$8.68	\$56.80	\$133.62

BSC Access+ HMO / UHC Select EPO

Proposed Monthly 2025 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	\$1,136.29	\$2,272.58	\$3,215.74	\$2,635.23	\$3,817.02	\$4,760.15
Vision	\$4.15	\$8.32	\$11.76	\$4.15	\$8.32	\$11.76
Expense ¹	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00
Claims Stabilization Amount/Self-Funded Policy	\$24.87	\$49.74	\$70.38	\$57.68	\$83.54	\$104.19
Sutter Legal Settlement	(\$5.40)	(\$10.80)	(\$15.28)	(\$12.52)	(\$18.14)	(\$22.62)
Total	\$1,163.91	\$2,323.84	\$3,286.60	\$2,688.54	\$3,894.74	\$4,857.48
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	\$1,524.63	\$1,524.63	\$1,524.63
Retiree Prop. E Employer Contribution ⁵	\$0.00	\$0.00	\$0.00	\$140.93	\$744.03	\$744.03
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$2,547.61	\$3,150.71	\$3,150.71
2025 Non-Bargained Contribution Rate	\$1,163.91	\$2,323.84	\$3,286.60	\$140.93	\$744.03	\$1,706.77
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Difference — 2025 versus 2024	\$0.00	\$7.44	\$44.69	\$8.68	\$56.80	\$133.62

BSC Trio HMO / UHC Doctors EPO

Monthly Rate/Contribution Change — 2025 versus 2024

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 2024	\$61.93	\$123.65	\$424.70	\$39.42	\$497.84	\$1,229.63
	PY 2025	\$69.28	\$138.28	\$474.92	\$53.83	\$566.35	\$1,384.49
	<i>\$ Difference</i>	\$7.35	\$14.63	\$50.22	\$14.41	\$68.51	\$154.86
	<i>% Difference</i>	11.9%	11.8%	11.8%	36.6%	13.8%	12.6%
Monthly Employer Contributions	PY 2024	\$822.76	\$1,642.75	\$2,073.53	\$2,002.89	\$2,461.32	\$2,461.32
	PY 2025	\$920.44	\$1,837.19	\$2,318.71	\$2,230.75	\$2,743.26	\$2,743.26
	<i>\$ Difference</i>	\$97.68	\$194.44	\$245.18	\$227.86	\$281.94	\$281.94
	<i>% Difference</i>	11.9%	11.8%	11.8%	11.4%	11.5%	11.5%
Monthly Total Rate	PY 2024	\$884.69	\$1,766.40	\$2,498.23	\$2,042.31	\$2,959.16	\$3,690.95
	PY 2025	\$989.72	\$1,975.47	\$2,793.63	\$2,284.58	\$3,309.61	\$4,127.75
	<i>\$ Difference</i>	\$105.03	\$209.07	\$295.40	\$242.27	\$350.45	\$436.80
	<i>% Difference</i>	11.9%	11.8%	11.8%	11.9%	11.8%	11.8%

BSC Trio HMO / UHC Doctors EPO

Monthly Rate/Contribution Change — 2025 versus 2024

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 2024	\$0.00	\$70.66	\$424.70	\$39.42	\$497.84	\$1,229.63
	PY 2025	\$0.00	\$79.02	\$474.92	\$53.83	\$566.35	\$1,384.49
	<i>\$ Difference</i>	\$0.00	\$8.36	\$50.22	\$14.41	\$68.51	\$154.86
	<i>% Difference</i>	-	11.8%	11.8%	36.6%	13.8%	12.6%
Monthly Employer Contributions	PY 2024	\$884.69	\$1,695.74	\$2,073.53	\$2,002.89	\$2,461.32	\$2,461.32
	PY 2025	\$989.72	\$1,896.45	\$2,318.71	\$2,230.75	\$2,743.26	\$2,743.26
	<i>\$ Difference</i>	\$105.03	\$200.71	\$245.18	\$227.86	\$281.94	\$281.94
	<i>% Difference</i>	11.9%	11.8%	11.8%	11.4%	11.5%	11.5%
Monthly Total Rate	PY 2024	\$884.69	\$1,766.40	\$2,498.23	\$2,042.31	\$2,959.16	\$3,690.95
	PY 2025	\$989.72	\$1,975.47	\$2,793.63	\$2,284.58	\$3,309.61	\$4,127.75
	<i>\$ Difference</i>	\$105.03	\$209.07	\$295.40	\$242.27	\$350.45	\$436.80
	<i>% Difference</i>	11.9%	11.8%	11.8%	11.9%	11.8%	11.8%

BSC Trio HMO / UHC Doctors EPO

Proposed Monthly 2025 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	\$962.10	\$1,924.21	\$2,722.77	\$2,231.27	\$3,231.89	\$4,030.42
Vision	\$4.15	\$8.32	\$11.76	\$4.15	\$8.32	\$11.76
Expense ¹	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00
Claims Stabilization Amount/Self-Funded Policy	\$24.87	\$49.74	\$70.38	\$57.68	\$83.54	\$104.19
Sutter Legal Settlement	(\$5.40)	(\$10.80)	(\$15.28)	(\$12.52)	(\$18.14)	(\$22.62)
Total	\$989.72	\$1,975.47	\$2,793.63	\$2,284.58	\$3,309.61	\$4,127.75
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	\$1,294.86	\$1,294.86	\$1,294.86
Retiree Prop. E Employer Contribution ⁵	\$0.00	\$0.00	\$0.00	\$53.84	\$566.35	\$566.35
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$2,230.75	\$2,743.26	\$2,743.26
2025 Non-Bargained Contribution Rate	\$989.72	\$1,975.47	\$2,793.63	\$53.83	\$566.35	\$1,384.49
MOU Negotiated Pickup ⁶	\$920.44	\$1,837.19	\$2,318.71			
2025 Typical Bargained Member Contribution	\$69.28	\$138.28	\$474.92			
Final Member Contribution 2024	\$61.93	\$123.65	\$424.70	\$39.42	\$497.84	\$1,229.63
Difference — 2025 versus 2024	\$7.35	\$14.63	\$50.22	\$14.41	\$68.51	\$154.86

BSC Trio HMO / UHC Doctors EPO

Proposed Monthly 2025 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	\$962.10	\$1,924.21	\$2,722.77	\$2,231.27	\$3,231.89	\$4,030.42
Vision	\$4.15	\$8.32	\$11.76	\$4.15	\$8.32	\$11.76
Expense ¹	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00
Claims Stabilization Amount/Self-Funded Policy	\$24.87	\$49.74	\$70.38	\$57.68	\$83.54	\$104.19
Sutter Legal Settlement	(\$5.40)	(\$10.80)	(\$15.28)	(\$12.52)	(\$18.14)	(\$22.62)
Total	\$989.72	\$1,975.47	\$2,793.63	\$2,284.58	\$3,309.61	\$4,127.75
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	\$1,294.86	\$1,294.86	\$1,294.86
Retiree Prop. E Employer Contribution ⁵	\$0.00	\$0.00	\$0.00	\$53.84	\$566.35	\$566.35
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$2,230.75	\$2,743.26	\$2,743.26
2025 Non-Bargained Contribution Rate	\$989.72	\$1,975.47	\$2,793.63	\$53.83	\$566.35	\$1,384.49
MOU Negotiated Pickup ⁶	\$989.72	\$1,896.45	\$2,318.71			
2025 Typical Bargained Member Contribution	\$0.00	\$79.02	\$474.92			
Final Member Contribution 2024	\$0.00	\$70.66	\$424.70	\$39.42	\$497.84	\$1,229.63
Difference — 2025 versus 2024	\$0.00	\$8.36	\$50.22	\$14.41	\$68.51	\$154.86

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 an 8.7% rate increase from 2024 to 2025;
- 2) The BSC Trio HMO / UHC Doctors EPO plan renewal proposal for a 11.8% rate increase from 2024 to 2025; and
- 3) The resulting 2025 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
- 2024 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 2025 rating is \$882.05 (per March 2024 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 2025).

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 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

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 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

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