

San Francisco Health Service System Health Service Board

Rates & Benefits

Review and Approve Non-Medicare PPO Medical/Rx Self-Funded Plans 2025 Rates and Contributions

May 9, 2024

Agenda

- **Rate Setting Methodology Preface**
- **2025 Non-Medicare PPO Plans Rating — Renewal Summary**
- **2025 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)
 - Early Retirees (per City Charter employer contribution guidance)
- **Recommendation for HSB Action**
- **Appendix — Additional Information**
 - Rate Card Footnotes
 - Glossary of Terms
 - 2024 Non-Medicare PPO and Non-Medicare PPO—Choice Not Available Monthly Rate Cards

1

Rate Setting Methodology Preface

Health Plan Funding

Method Comparison by SFHSS Plan

Funding Method	Self-Funded	Flex-Funded	Fully Insured
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 13, 2024, HSB meeting.

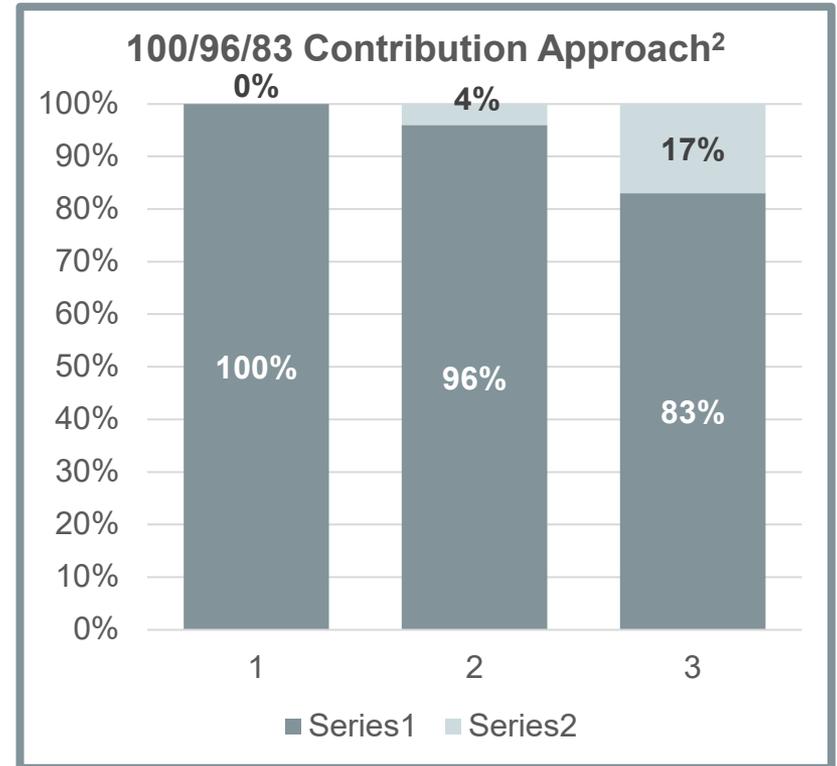
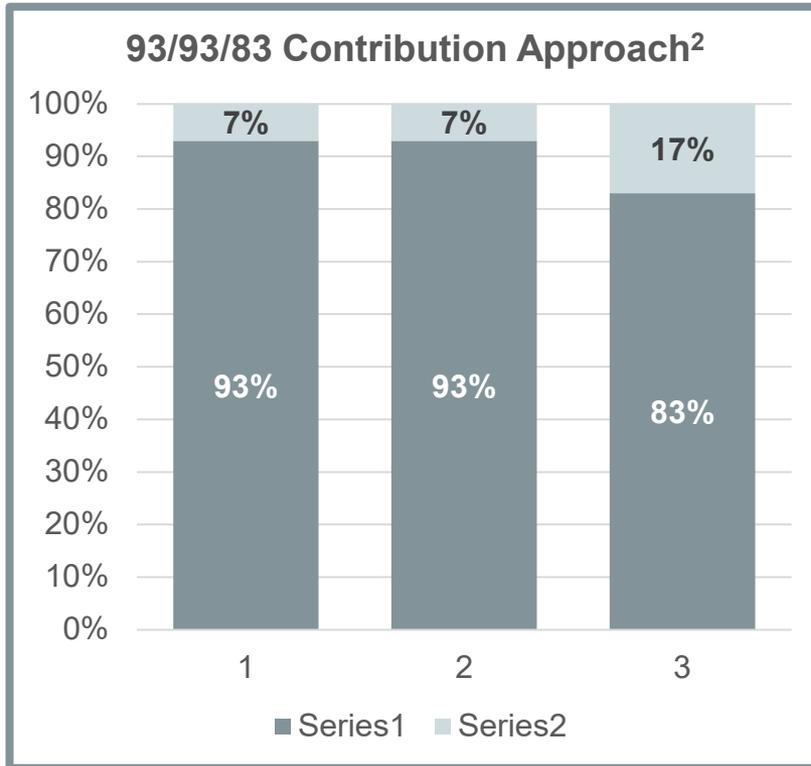
Non-Medicare Medical Plan 2025 Proposed Total Rates

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.

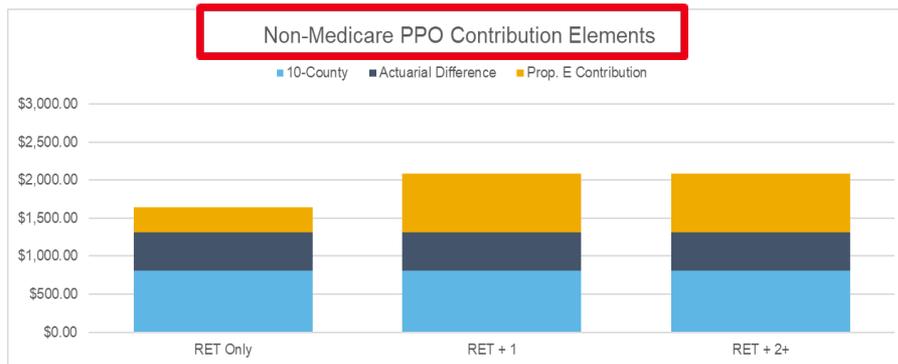
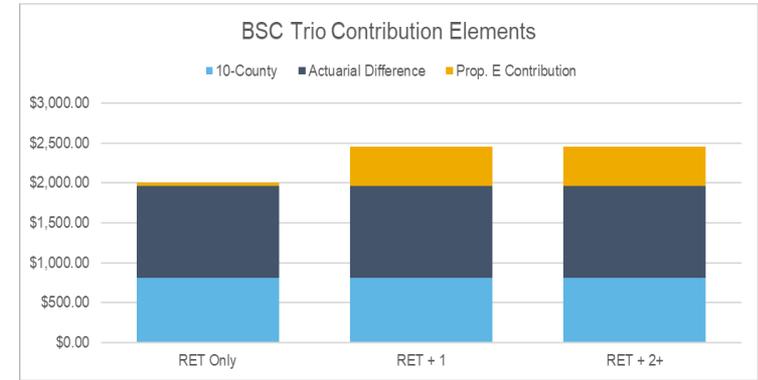
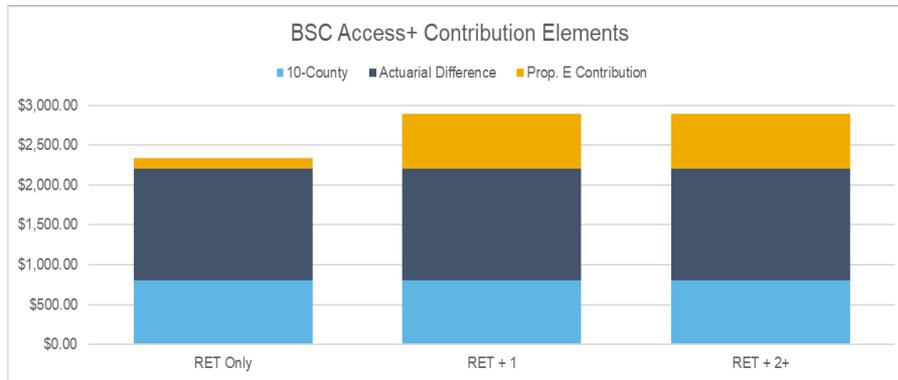
² For the highest cost plan (Non-Medicare PPO Plan), based on MOU the employer contribution dollar amounts are set to equal the employer contribution dollar amounts for the second highest-cost plan (which is BSC Access+ HMO/UHC Select EPO), except for the Employee Only tier in the 100/96/83 contribution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

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

Non-Medicare PPO Plans 2025 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 2025 plan year monthly rate cards presented in this material.
- The resulting total rate increase for the Non-Medicare PPO Plan including stabilization and Sutter Legal Settlement rating adjustments for 2025 is 1.3%.
- The total rate increase for active employees in the Non-Medicare PPO Plan—Choice Not Available including stabilization and Sutter Legal Settlement rating adjustments for 2025 follows the BSC Access+ HMO/UHC Select EPO rate increase 8.7%

Non-Medicare PPO Plans 2025 Plan Rating

Recommendation for HSB Action

- 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).
 - 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+/UHC Select EPO 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).
- Early retiree rate cards in this presentation are shown for early retirees who earn the full City contribution levels based on dates of hire and length of service — with employer contributions determined based on formulas outlined in the City Charter.

2

Non-Medicare PPO and Non-Medicare PPO— Choice Not Available 2025 Plan Rating — Renewal Summary

2025 Non-Medicare PPO Plan Rating

Renewal Summary

- The Non-Medicare PPO plan is administered by two carriers, where the carrier varies for specific covered lives:
 - Blue Shield of California (BSC) is the plan administrator for most PPO plan covered lives (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.

Feb 2024 PPO Headcount	Members (e.g., employees and retirees)	Covered Lives (members and dependents)
BSC administration	2,206	3,301
UHC administration	48	319
Total Non-Medicare PPO Plan	2,254	3,620

- Recommended rate increases for the Non-Medicare PPO Plan are based on 2023 claims experience trended to 2025, BSC and UHC 2025 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 2025.
- No plan design changes are proposed for Non-Medicare PPO Plan into the 2025 plan year.

2025 Non-Medicare PPO Plan Rating

Renewal Summary

- The 2025 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 2025 medical and pharmacy (net of rebates) claim costs;
 - BSC and UHC 2025 administrative fees;
 - Buy-down for rate stabilization reserve amortization (\$2,020,000 buy-down in 2025, versus \$746,000 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 the 2024 fee; and
 - One-time provision for Sutter Legal Settlement rating buy-down as approved by the HSB at the March 2024 meeting.

Non-Medicare PPO Plan 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 2023 relative to the 2022 plan year, creating an environment for a favorable rating action for the 2025 plan year for the Non-Medicare PPO Plan.
- Aon used 2023 Non-Medicare PPO Plan claim experience to project the best estimate for 2025 Non-Medicare PPO Plan claim experience.
 - An annual cost trend increase assumption of 7.5% medical and 12.0% pharmacy is used in the forecast.
- The difference in application of rate stabilization reserve amortization in 2024 rating (\$746,000 buy-up) and 2025 rating (\$2,020,000 buy-down) contributes a favorable difference in total projected cost for Non-Medicare PPO total cost rates from the 2024 plan year to the 2025 plan year—which mostly offsets the substantially reduced 2025 rating buy-down amounts for the Sutter Legal Settlement relative to higher dollars applied in 2024 rating.
- BSC administrative fees are reducing from 2024 to 2025 for the Non-Medicare PPO plan as a result of a recommended change in BSC PPO customer service approach—from the Accolade third-party model to BSC's Connect platform. This change results in a projected administrative fee savings of \$330,000 in 2025, relative to retaining Accolade.

Non-Medicare PPO—Choice Not Available 2025 Plan Rating 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+/UHC Select EPO; or
 - Non-Medicare PPO Plan and BSC Access+/UHC Select EPO are available plan choices, but not Kaiser Permanente.
- Current distribution of PPO plan active employees and early 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	1,183	191	1,374
Early Retirees	390	478	868
Total Enrollment	1,573	669	2,242

Non-Medicare PPO—Choice Not Available 2025 Plan Rating

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 early 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+/UHC Select EPO plan.
- **Early 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.

3

2025 Monthly Rate Cards for Non-Medicare PPO and Non-Medicare PPO—Choice Not Available Plans

2025 Monthly Rate Cards

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

- Non-Medicare PPO Plan 2025 rate cards are presented on the following pages for these population segments:
 - Non-Medicare PPO Plan active employees and early 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 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.
 - 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+/UHC Select EPO 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 — 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	\$463.92	\$843.61	\$1,492.11	\$326.75	\$769.66	\$1,476.91
	PY 2025	\$396.06	\$706.74	\$1,324.65	\$298.22	\$746.64	\$1,462.66
	\$ Difference	(\$67.86)	(\$136.87)	(\$167.46)	(\$28.53)	(\$23.02)	(\$14.25)
	% Difference	-14.6%	-16.2%	-11.2%	-8.7%	-3.0%	-1.0%
Monthly Employer Contributions	PY 2024	\$995.43	\$1,988.10	\$2,509.66	\$1,638.44	\$2,081.36	\$2,081.36
	PY 2025	\$1,082.44	\$2,161.17	\$2,727.88	\$1,692.41	\$2,140.82	\$2,140.82
	\$ Difference	\$87.01	\$173.07	\$218.22	\$53.97	\$59.46	\$59.46
	% Difference	8.7%	8.7%	8.7%	3.3%	2.9%	2.9%
Monthly Total Rate	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	\$19.15	\$36.20	\$50.76	\$25.44	\$36.44	\$45.21
	% Difference	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%

Non-Medicare PPO Plan

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	\$779.48	\$1,492.11	\$326.75	\$769.66	\$1,476.91
	PY 2025	\$0.00	\$637.02	\$1,324.65	\$298.22	\$746.64	\$1,462.66
	<i>\$ Difference</i>	\$0.00	(\$142.46)	(\$167.46)	(\$28.53)	(\$23.02)	(\$14.25)
	<i>% Difference</i>	0.0%	-18.3%	-11.2%	-8.7%	-3.0%	-1.0%
Monthly Employer Contributions	PY 2024	\$1,459.35	\$2,052.23	\$2,509.66	\$1,638.44	\$2,081.36	\$2,081.36
	PY 2025	\$1,478.50	\$2,230.89	\$2,727.88	\$1,692.41	\$2,140.82	\$2,140.82
	<i>\$ Difference</i>	\$19.15	\$178.66	\$218.22	\$53.97	\$59.46	\$59.46
	<i>% Difference</i>	1.3%	8.7%	8.7%	3.3%	2.9%	2.9%
Monthly Total Rate	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
	<i>\$ Difference</i>	\$19.15	\$36.20	\$50.76	\$25.44	\$36.44	\$45.21
	<i>% Difference</i>	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%

Non-Medicare PPO Plan

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	\$1,526.89	\$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

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	\$1,526.89	\$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—Choice Not Available

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	\$575.17	\$1,282.42
	PY 2025	\$81.47	\$162.67	\$558.72	\$140.93	\$589.34	\$1,305.36
	<i>\$ Difference</i>	\$6.54	\$13.03	\$44.69	\$8.68	\$14.17	\$22.94
	<i>% Difference</i>	8.7%	8.7%	8.7%	6.6%	2.5%	1.8%
Monthly Employer Contributions	PY 2024	\$995.43	\$1,988.10	\$2,509.66	\$1,832.94	\$2,275.85	\$2,275.85
	PY 2025	\$1,082.44	\$2,161.17	\$2,727.88	\$1,849.70	\$2,298.12	\$2,298.12
	<i>\$ Difference</i>	\$87.01	\$173.07	\$218.22	\$16.76	\$22.27	\$22.27
	<i>% Difference</i>	8.7%	8.7%	8.7%	0.9%	1.0%	1.0%
Monthly Total Rate	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
	<i>\$ Difference</i>	\$93.55	\$186.10	\$262.91	\$25.44	\$36.44	\$45.21
	<i>% Difference</i>	8.7%	8.7%	8.7%	1.3%	1.3%	1.3%

Non-Medicare PPO—Choice Not Available

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	\$575.17	\$1,282.42
	PY 2025	\$0.00	\$92.95	\$558.72	\$140.93	\$589.34	\$1,305.36
	<i>\$ Difference</i>	\$0.00	\$7.44	\$44.69	\$8.68	\$14.17	\$22.94
	<i>% Difference</i>	0.0%	8.7%	8.7%	6.6%	2.5%	1.8%
Monthly Employer Contributions	PY 2024	\$1,070.36	\$2,052.23	\$2,509.66	\$1,832.94	\$2,275.85	\$2,275.85
	PY 2025	\$1,163.91	\$2,230.89	\$2,727.88	\$1,849.70	\$2,298.12	\$2,298.12
	<i>\$ Difference</i>	\$93.55	\$178.66	\$218.22	\$16.76	\$22.27	\$22.27
	<i>% Difference</i>	8.7%	8.7%	8.7%	0.9%	1.0%	1.0%
Monthly Total Rate	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
	<i>\$ Difference</i>	\$93.55	\$186.10	\$262.91	\$25.44	\$36.44	\$45.21
	<i>% Difference</i>	8.7%	8.7%	8.7%	1.3%	1.3%	1.3%

Non-Medicare PPO—Choice Not Available

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	\$1,212.30	\$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—Choice Not Available

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	\$1,212.30	\$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

4

Recommendation for HSB Action

Non-Medicare PPO Plans

Recommendation for HSB Action

Non-Medicare PPO Plans 2025 Plan Rating

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

- The Non-Medicare PPO Plan and Non-Medicare PPO Plan—Choice Not Available 2025 plan year monthly rate cards presented in this material.
- The resulting total rate increase for the Non-Medicare PPO Plan including stabilization and Sutter Legal Settlement rating adjustments for 2025 is 1.3%.
- The total rate increase for active employees in the Non-Medicare PPO Plan—Choice Not Available including stabilization and Sutter Legal Settlement rating adjustments for 2025 follows the BSC Access+ HMO/UHC Select EPO rate increase 8.7%.

5

Appendix — Additional Information

- Rate Card Footnotes
- Glossary of Terms
- 2024 Non-Medicare PPO and Non-Medicare PPO—Choice Not Available
Monthly Rate Cards

Non-Medicare PPO Rate Card Footnotes

- 1) **Expense** — Plan administrative fees, shared savings fees, and SFHSS Healthcare Sustainability Fund charge.
- 2) **“10-County” Employer Contribution** — Per Charter Section A8.423, the employer contribution must equal the average of the employer contribution to health premiums of the 10 most populous counties in California, not including San Francisco. The monthly amount for 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+. 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+/UHC Select EPO), except for the Employee Only tier for the 100/96/83 strategy where employer contributions equal total cost rates for all SFHSS plans.

Glossary of Terms

Rate Stabilization Reserve:

- HSB policy establishes use of a stabilization reserve to spread any underwriting gains or losses into the following year's premium calculation in a consistent manner to reduce volatility from year-over-year changes in premium. The underwriting gains or losses are added or subtracted from the premium amounts to adjust for previous losses or gains. Per HSB policy, each year's loss or gain is spread over the next three years.

Ten (10)-County Average Survey:

- Per Charter Section A8.423, the employer contribution must equal the average of the employer contribution to health premiums of the ten most populous counties in California, not including San Francisco.

Non-Medicare PPO Plan

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	\$1,514.77	\$2,941.44	\$4,157.98	\$2,042.16	\$2,961.58	\$3,695.51
Vision	\$4.15	\$8.32	\$11.76	\$4.15	\$8.32	\$11.76
Expense	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
Claims Stabilization Amount	\$21.27	\$41.15	\$58.11	\$28.60	\$41.43	\$51.67
Sutter Legal Settlement Buy-Down	(\$83.84)	(\$162.20)	(\$229.08)	(\$112.72)	(\$163.31)	(\$203.67)
Total	\$1,459.35	\$2,831.71	\$4,001.77	\$1,965.19	\$2,851.02	\$3,558.27

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	\$505.84	\$505.84	\$505.84
Retiree Prop. E Employer Contribution ⁵	\$0.00	\$0.00	\$0.00	\$326.75	\$769.67	\$769.67
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$1,638.44	\$2,081.36	\$2,081.36
2024 Non-Bargained Contribution Rate	\$ 1,459.35	\$2,831.71	\$4,001.77	\$326.75	\$769.66	\$1,476.91

MOU Negotiated Pickup ⁶	\$995.43	\$1,988.10	\$2,509.66			
2024 Typical Bargained Member Contribution	\$463.92	\$843.61	\$1,492.11			

Final Member Contribution 2023	\$565.13	\$1,046.88	\$1,741.58	\$327.35	\$762.89	\$1,458.34
Difference — 2024 versus 2023	(\$101.21)	(\$203.27)	(\$249.47)	(\$0.60)	\$6.77	\$18.57

Non-Medicare PPO Plan

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	\$1,514.77	\$2,941.44	\$4,157.98	\$2,042.16	\$2,961.58	\$3,695.51
Vision	\$4.15	\$8.32	\$11.76	\$4.15	\$8.32	\$11.76
Expense	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
Claims Stabilization Amount	\$21.27	\$41.15	\$58.11	\$28.60	\$41.43	\$51.67
Sutter Legal Settlement Buy-Down	(\$83.84)	(\$162.20)	(\$229.08)	(\$112.72)	(\$163.31)	(\$203.67)
Total	\$1,459.35	\$2,831.71	\$4,001.77	\$1,965.19	\$2,851.02	\$3,558.27

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	\$505.84	\$505.84	\$505.84
Retiree Prop. E Employer Contribution ⁵	\$0.00	\$0.00	\$0.00	\$326.75	\$769.67	\$769.67
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$1,638.44	\$2,081.36	\$2,081.36
2024 Non-Bargained Contribution Rate	\$ 1,459.35	\$2,831.71	\$4,001.77	\$326.75	\$769.66	\$1,476.91

MOU Negotiated Pickup ⁶	\$1,459.35	\$2,052.23	\$2,509.66			
2024 Typical Bargained Member Contribution	\$0.00	\$779.48	\$1,492.11			

Final Member Contribution 2023	\$0.00	\$990.82	\$1,741.58	\$327.35	\$762.89	\$1,458.34
Difference — 2024 versus 2023	\$0.00	(\$211.34)	(\$249.47)	(\$0.60)	\$6.77	\$18.57

Non-Medicare PPO Plan—Choice Not Available

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	\$1,125.78	\$2,247.47	\$3,179.90	\$2,042.16	\$2,961.58	\$3,695.51
Vision	\$4.15	\$8.32	\$11.76	\$4.15	\$8.32	\$11.76
Expense	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
Claims Stabilization Amount	\$21.27	\$41.15	\$58.11	\$28.60	\$41.43	\$51.67
Sutter Legal Settlement	(\$83.84)	(\$162.20)	(\$229.08)	(\$112.72)	(\$163.31)	(\$203.67)
Total	\$1,070.36	\$2,137.74	\$3,023.69	\$1,965.19	\$2,851.02	\$3,558.27

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	\$894.83	\$894.83	\$894.83
Retiree Prop. E Employer Contribution ⁵	\$0.00	\$0.00	\$0.00	\$132.26	\$575.17	\$575.17
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$1,832.94	\$2,275.85	\$2,275.85
2024 Non-Bargained Contribution Rate	\$1,070.36	\$2,137.74	\$3,023.69	\$132.25	\$575.17	\$1,282.42

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	\$513.08	\$1,208.53
Difference — 2024 versus 2023	\$9.42	\$18.83	\$64.72	\$54.71	\$62.09	\$73.89

Non-Medicare PPO Plan—Choice Not Available

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	\$1,125.78	\$2,247.47	\$3,179.90	\$2,042.16	\$2,961.58	\$3,695.51
Vision	\$4.15	\$8.32	\$11.76	\$4.15	\$8.32	\$11.76
Expense	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
Claims Stabilization Amount	\$21.27	\$41.15	\$58.11	\$28.60	\$41.43	\$51.67
Sutter Legal Settlement	(\$83.84)	(\$162.20)	(\$229.08)	(\$112.72)	(\$163.31)	(\$203.67)
Total	\$1,070.36	\$2,137.74	\$3,023.69	\$1,965.19	\$2,851.02	\$3,558.27

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	\$894.83	\$894.83	\$894.83
Retiree Prop. E Employer Contribution ⁵	\$0.00	\$0.00	\$0.00	\$132.26	\$575.17	\$575.17
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$1,832.94	\$2,275.85	\$2,275.85
2024 Non-Bargained Contribution Rate	\$1,070.36	\$2,137.74	\$3,023.69	\$132.25	\$575.17	\$1,282.42

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	\$513.08	\$1,208.53
Difference — 2024 versus 2023	\$0.00	\$10.76	\$64.72	\$54.71	\$62.09	\$73.89