

Health Service System Announcement of the Request for Proposal for Medicare Plans for the 2025 Plan Year

September 14, 2023

Presenter: Michael Visconti, Contracts Administration Manager

Agenda

- Current State Assessment – RFPs for Benefit Plans
- Current SFHSS Medicare Plans
- History of the UHC MAPD PPO Plan (2015-present)
- Announcement of request for proposal (RFP) for HMO and PPO Medicare Plans for the 2025 plan year.
- Drivers underlying the Medicare RFP announcement
- Draft Medicare RFP Schedule, November 2023 – May 2024
- Board Discussion
- Appendix

Current State Assessment – RFPs for Benefit Plans

Dental Plan: SFHSS has determined that due to the current three-year rate guarantee (through December 31, 2026) SFHSS will reconsider a Dental RFP next year.

Vision Plan: SFHSS has determined that due to the current five-year premium guarantee (through December 31, 2026) SFHSS will reconsider a Vision RFP next year.

Non-Medicare Health Plans: SFHSS will consider an RFP for non-Medicare health plans based on key factors including, but not limited to (i) the results of the 2025 renewal process and 2025 rates following the end of the 2022-2024 ASO PPO rate lock, (ii) network pharmacy changes, and (iii) plan year 2023 clinical performance and health equity metrics.

Life/Long-term Disability (LTD), Flexible Spending Account (FSA)/COBRA Administration, Voluntary Benefits Administration Agreements: SFHSS will evaluate and announce any RFI/market assessment and/or RFP as part of the annual procurement assessment each year.

Current SFHSS Medicare Plans:

- UnitedHealthcare MAPD PPO
 - available to Medicare-eligible Members in all geographies since 2016
 - 17,309 covered lives¹

- Kaiser Permanente Senior Advantage HMO
 - available to Medicare-eligible Members in most CA locations since before 1999, and in most WA, OR, and HI locations since 2018.
 - 14,197 covered lives¹

¹ 2023 SFHSS Demographic Report, February 8, 2023

History of SFHSS Medicare Advantage Plans (2015-present):

- UHC Self-insured City Plan with PDP changed to Fully Insured MAPD effective January 1, 2016.
 - All existing plan members were migrated to the fully insured MAPD plans effective January 1, 2016, unless the members changed to a different Medicare plan during OE.

- Blue Shield of California 65+ (MAPD) discontinued, effective December 31, 2016.
 - Members were transferred to the UHC MAPD PPO Plan (the “New City Plan NPPO”) effective January 1, 2017, unless Members elected the Kaiser MAPD during OE.
 - Blue Shield and SFHSS enacted custom coding for eligibility to allow for “split-families”. Split-families was discontinued December 31, 2022.

Announcement of Request for Proposal (RFP) for HMO and PPO Medicare Plans for the 2025 Plan Year

- SFHSS will issue of a formal request for proposal (RFP) for HMO and PPO Medicare plans for the 2025 plan year.
- SFHSS will present a summary of the RFP scope, process and schedule for Board discussion and public comment at the November 9, 2023 regular meeting.
- In accordance with the Board’s Service Provider Selection Policy, SFHSS will present a memorandum and action item for a communications black-out period to begin after the November 9, 2023 meeting.
- The RFP process will run from November 2023 through May and June 2024 when SFHSS will present the results of the RFP and its recommendation to the Board for HMO and PPO Medicare Plans for the 2025 Plan Year.

Rationales for issuing a Medicare RFP for PY2025:

- Improving network stability and coverage
- Maintaining a passive PPO offering with minimal Member disruption
- Evaluating multiple regional HMO plan options
- Affordable and predictable rates year-over-year with multiple year rate commitments
- Greater transparency into carrier rating methodologies
- Established interest from largest carriers following 2021 RFI
- Material impact on City benefit contributions (90% of MA contributions)
- Evaluate carrier approaches to the Inflation Reduction Act (2023-2026+)
- Address Medicare market consolidation through a competitive RFP model
- Availability of internal SFHSS and external resources and subject-matter experts

Interest from largest Medicare carriers

Largest Medicare Plan Carriers (2022 Medicare Advantage Enrollment¹)

- UnitedHealthcare (7.9M) ³
- Humana (5.0M) ⁴
- Blue Cross Blue Shield plans (4.1M) [including BSC and Anthem] ^{2,3}
- CVS Health (3.1M)
- Kaiser Permanente (1.8M) ²
- Centene (1.4M) ²
- Cigna (0.6M)
- All other insurers (4.6M) ⁵

1 Source: KFF analysis of CMS Medicare Advantage Enrollment Files, 2022.

2 Responded to October 22, 2021 RFI (HMO).

3 Responded to October 22, 2021 RFI (PPO).

4 Declined to respond but committed to responding to a future SFHSS RFP.

5 Other respondents to the 2021 RFI (Aetna [HMO, PPO], Alignment [HMO, PPO]).

Draft Medicare RFP Calendar:

Month(s)	Activity
September - November 2023	Medicare RFP scope development and review
November 2023	Notice of Medicare RFP issuance and initiation of black-out period
November / December 2023	Release of Medicare RFP
February / March 2024	Carrier responses due – non-Financial components
April 2024	Carrier response due – Financial components
May - June 2024	Presentation to Health Service Board of the RFP results and recommendation for Board approval

Discussion

SFHSS will issue a formal request for proposal (RFP) for HMO and PPO Medicare plans for the 2025 plan year in November/December 2023.