

San Francisco Health Service System Health Service Board

Rates & Benefits

UnitedHealthcare City Plan PPO 2020 Rates and Premium
Contributions—Active Employees and Early Retirees

May 9, 2019

Prepared by:
Health Solutions



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UHC City Plan PPO 2020 Plan Rating—Recommendation

- Staff recommends that the Health Service Board (HSB) approve:
 1. The UHC City Plan PPO and City Plan—Choice Not Available renewal proposal
 2. 2020 monthly rate cards presented in this material
 3. One recommended plan design enhancement:
 - A. Reduce the family in-network out-of-pocket maximum to 2 times the individual limit.

The resulting UHC City Plan PPO increase for 2020 is 10%

UHC City Plan PPO 2020 Plan Rating—Recommendation

- Commentary regarding the rating and design change proposals for 2020 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/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).

UHC Plan Renewal Summary and Design Change Recommendation Descriptions

UHC PPO 2020 Plan Rating—Renewal Summary

- Recommended rate increases for the UHC PPO are based on 2018 claim experience trended to 2020, previously approved UHC 2020 administrative fees (from March 2019 HSB meeting), and previously approved changes in rate stabilization amortization applied in rates between 2019 and 2020 (from March 2019 HSB meeting).
- This report also includes the impact from the design change proposal that is reviewed in this presentation.
- The increases include all cost components in the 2020 UHC PPO plan rate cards—including medical and pharmacy (net of rebates) claim costs, UHC fees (administrative and shared savings programs), buy-up for rate stabilization deficit amortization (\$117,000 buy-up in 2020, versus \$1,661,000 buy-down in 2019), VSP Basic Plan vision premiums, and the SFHSS Healthcare Sustainability Fund charge (\$3.00 per employee/retiree per month, unchanged from 2019).
- One element in 2019 rate cards no longer applies—Best Doctors expert medical opinion fees no longer apply given the recommendation to non-renew this service after existing contract expiration on December 31, 2019.

UHC PPO 2020 Plan Rating—Renewal Summary

Commentary on Rate Increase Recommendations

- Overall plan experience for 2018 in the UHC PPO was similar to national trend expectations—approximately 5% increase on a per employee/retiree per month (PEPM) basis over 2017 claim experience.
 - Experience for active employees was more favorable than national trends on a PEPM basis from 2017 to 2018.
 - Experience for early retirees was less favorable than national trends on a PEPM basis from 2017 to 2018.
- UHC plan claim forecasts are based on 2018 claims trended to 2020, using Aon’s annual trend factors of 5.8% for medical and 6.4% for prescription drugs.

UHC PPO 2020 Plan Rating—Renewal Summary

Commentary on Rate Increase Recommendations (continued)

- The difference in application of rate stabilization reserve amortization in 2019 rating (\$1,661,000 buy-down) and 2019 rating (\$117,000 buy-up) adds about 5% to the overall rate increase.
- The plan design change proposal presented today will increase the projected increase by 0.1% (see page 10 for details).
- Thus, the projection is an increase of 9.9% to the combined medical and prescription drug claim cost portion of the UHC PPO rates for 2020 on a status quo design basis—and a 10.0% increase when incorporating financial impact from the proposed design change outlined in this document.
- Early retiree UHC PPO rating incorporates the second year of a three-year family rate ratio adjustment approved in May 2018 by the HSB, to achieve rate tier ratio alignment for UHC PPO early retiree families by 2021 to ratios for the BSC plans.

UHC PPO 2020 Plan Rating—Renewal Summary

City Plan—Choice Not Available

Refresher—Criteria for Availability and Rate Determination

- Participants are assigned to **City Plan—Choice Not Available** as a plan they enroll in when they live in a zip code where the following occurs:
 - City Plan is the only plan choice available;
 - City Plan and Kaiser Permanente are available plan choices, but not Blue Shield of California Access+; or
 - City Plan and Blue Shield of California Access+ are available plan choices, but not Kaiser Permanente.

UHC PPO 2020 Plan Rating—Renewal Summary

City Plan—Choice Not Available

Refresher—Criteria for Availability and Rate Determination

- Rate determination for **City Plan—Choice Not Available**:
 - **Active Employees**—Same premium rates (including all rate card elements) and contributions as Blue Shield of California Access+ plan.
 - **Early Retirees**—Same premium rates (including all rate card elements) as City Plan—leads to higher contributions (and lower retiree contributions) relative to City Plan.
- This approach provides contribution relief primarily to active employees in the Hetch Hetchy / Moccasin areas, and early retirees living outside of the Bay Area / Northern California.

UHC PPO 2020 Plan Rating— Design Change Recommendation

Plan Design Change Proposal—Lower Family In-Network Out-of-Pocket Maximum

- As reviewed during the March HSB meeting, the current family in-network out-of-pocket maximum for the UHC PPO Plan (\$12,700) is higher than benchmarks for PPO plan designs.
- To bring the family out-of-pocket maximum in alignment with the other plans offered by SFHSS, there is a proposal to lower the family in-network out-of-pocket maximum for UHC PPO to twice the single tier amount—which is the approach used in the Kaiser Permanente (Kaiser) and Blue Shield of California (BSC) plans.
 - Current single tier in-network out-of-pocket maximum for UHC PPO: \$3,750
 - Proposed family tier in-network out-of-pocket maximum for UHC PPO: \$7,500
- This change would add an estimated \$40,000 in total cost for UHC PPO in 2020.

2020 UHC Monthly Rate Cards

2020 UHC Monthly Rate Cards

- UHC plan 2020 rate cards are presented on the following pages for these population segments:
 - City Plan active employees and early retirees—including two employer contribution models for active employees (93/93/83 and 100/96/83).
 - City Plan—Choice Not Available active employees and early retirees—including two employer contribution models for active employees (93/93/83 and 100/96/83).
- Rate cards presume adoption of the recommended design change outlined in this material:
 - Lower the family in-network out-of-pocket maximum to twice the single tier level (\$40,000 additional cost).
- **Comparisons of member contributions from 2019 to 2020 are included in the tables that follow.**

UHC PPO—City Plan

Rate / Contribution Change—2020 versus 2019

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 2019	\$265.78	\$465.41	\$885.49	\$202.61	\$707.41	\$1,470.21
	PY 2020	\$355.66	\$638.70	\$1,141.53	\$239.59	\$684.20	\$1,369.33
	<i>\$ Difference</i>	<i>+\$89.88</i>	<i>+\$173.29</i>	<i>+\$256.04</i>	<i>+\$36.98</i>	<i>-\$23.21</i>	<i>-\$100.88</i>
	<i>% Difference</i>	<i>+33.8%</i>	<i>+37.2%</i>	<i>+28.9%</i>	<i>+18.3%</i>	<i>-3.3%</i>	<i>-6.9%</i>
Monthly Employer Contributions	PY 2019	\$811.53	\$1,619.49	\$2,043.88	\$1,085.27	\$1,590.07	\$1,590.07
	PY 2020	\$829.45	\$1,656.31	\$2,090.68	\$1,271.25	\$1,715.85	\$1,715.85
	<i>\$ Difference</i>	<i>+\$17.92</i>	<i>+\$36.82</i>	<i>+\$46.80</i>	<i>+\$185.98</i>	<i>+\$125.78</i>	<i>+\$125.78</i>
	<i>% Difference</i>	<i>+2.2%</i>	<i>+2.3%</i>	<i>+2.3%</i>	<i>+17.1%</i>	<i>+7.9%</i>	<i>+7.9%</i>
Monthly Total Rate	PY 2019	\$1,077.31	\$2,084.90	\$2,929.37	\$1,287.88	\$2,297.48	\$3,060.28
	PY 2020	\$1,185.11	\$2,295.01	\$3,232.21	\$1,510.84	\$2,400.05	\$3,085.18
	<i>\$ Difference</i>	<i>+\$107.80</i>	<i>+\$210.11</i>	<i>+\$302.84</i>	<i>+\$222.96</i>	<i>+\$102.57</i>	<i>+\$24.90</i>
	<i>% Difference</i>	<i>+10.0%</i>	<i>+10.1%</i>	<i>+10.3%</i>	<i>+17.3%</i>	<i>+4.5%</i>	<i>+0.8%</i>

UHC PPO—City Plan

Rate / Contribution Change—2020 Versus 2019

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 2019	\$0.00	\$413.17	\$885.49	\$202.61	\$707.41	\$1,470.21
	PY 2020	\$0.00	\$585.27	\$1,141.53	\$239.59	\$684.20	\$1,369.33
	<i>\$ Difference</i>	<i>+\$0.00</i>	<i>+\$172.10</i>	<i>+\$256.04</i>	<i>+\$36.98</i>	<i>-\$23.21</i>	<i>-\$100.88</i>
	<i>% Difference</i>	<i>-</i>	<i>+41.7%</i>	<i>+28.9%</i>	<i>+18.3%</i>	<i>-3.3%</i>	<i>-6.9%</i>
Monthly Employer Contributions	PY 2019	\$1,077.31	\$1,671.73	\$2,043.88	\$1,085.27	\$1,590.07	\$1,590.07
	PY 2020	\$1,185.11	\$1,709.74	\$2,090.68	\$1,271.25	\$1,715.85	\$1,715.85
	<i>\$ Difference</i>	<i>+\$107.80</i>	<i>+\$38.01</i>	<i>+\$46.80</i>	<i>+\$185.98</i>	<i>+\$125.78</i>	<i>+\$125.78</i>
	<i>% Difference</i>	<i>+10.0%</i>	<i>+2.3%</i>	<i>+2.3%</i>	<i>+17.1%</i>	<i>+7.9%</i>	<i>+7.9%</i>
Monthly Total Rate	PY 2019	\$1,077.31	\$2,084.90	\$2,929.37	\$1,287.88	\$2,297.48	\$3,060.28
	PY 2020	\$1,185.11	\$2,295.01	\$3,232.21	\$1,510.84	\$2,400.05	\$3,085.18
	<i>\$ Difference</i>	<i>+\$107.80</i>	<i>+\$210.11</i>	<i>+\$302.84</i>	<i>+\$222.96</i>	<i>+\$102.57</i>	<i>+\$24.90</i>
	<i>% Difference</i>	<i>+10.0%</i>	<i>+10.1%</i>	<i>+10.3%</i>	<i>+17.3%</i>	<i>+4.5%</i>	<i>+0.8%</i>

UHC PPO—City Plan

Proposed 2020 Monthly 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	\$909.27	\$1,818.56	\$2,655.83	\$1,098.21	\$1,777.27	\$2,300.32
Pharmacy	\$193.47	\$386.94	\$480.91	\$329.33	\$532.97	\$689.82
Vision	\$3.95	\$7.92	\$11.20	\$3.95	\$7.92	\$11.20
Expense ¹	\$75.04	\$75.04	\$75.04	\$75.04	\$75.04	\$75.04
Claims Stabilization Amount / Self-Funded Policy	\$3.38	\$6.55	\$9.23	\$4.31	\$6.85	\$8.80
Total	\$1,185.11	\$2,295.01	\$3,232.21	\$1,510.84	\$2,400.05	\$3,085.18

10-County Amount ²	\$0.00	\$0.00	\$0.00	\$705.92	\$0.00	\$0.00
Single Retiree Offset ³	\$0.00	\$0.00	\$0.00	\$0.00	\$705.92	\$705.92
"Actuarial Difference" ⁴	\$0.00	\$0.00	\$0.00	\$325.73	\$325.73	\$325.73
Retiree Prop. E Employer Contribution ⁵	\$0.00	\$0.00	\$0.00	\$239.60	\$684.20	\$684.20
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$1,271.25	\$1,715.85	\$1,715.85
2020 Non-Bargained Contribution Rate	\$1,185.11	\$2,295.01	\$3,232.21	\$239.59	\$684.20	\$1,369.33

MOU Negotiated Pickup ⁶	\$829.45	\$1,656.31	\$2,090.68			
2020 Typical Bargained Member Contribution	\$355.66	\$638.70	\$1,141.53			

Final Member Contribution 2019	\$265.78	\$465.41	\$885.49	\$202.61	\$707.41	\$1,470.21
Difference—2020 versus 2019	\$89.88	\$173.29	\$256.04	\$36.98	-\$23.21	-\$100.88

NOTE—Footnotes 1 – 6 defined in Appendix

UHC PPO—City Plan

Proposed 2020 Monthly Rate Card

100 / 96 / 83 Contribution (Active Employees)	Active Employees			Early Retirees		
	Employee Only	Employee and One Dependent	Employee and Family	Retiree without Medicare	Retiree and Spouse w/o Medicare	Retiree and Family
Medical	\$909.27	\$1,818.56	\$2,655.83	\$1,098.21	\$1,777.27	\$2,300.32
Pharmacy	\$193.47	\$386.94	\$480.91	\$329.33	\$532.97	\$689.82
Vision	\$3.95	\$7.92	\$11.20	\$3.95	\$7.92	\$11.20
Expense ¹	\$75.04	\$75.04	\$75.04	\$75.04	\$75.04	\$75.04
Claims Stabilization Amount / Self-Funded Policy	\$3.38	\$6.55	\$9.23	\$4.31	\$6.85	\$8.80
Total	\$1,185.11	\$2,295.01	\$3,232.21	\$1,510.84	\$2,400.05	\$3,085.18

10-County Amount ²	\$0.00	\$0.00	\$0.00	\$705.92	\$0.00	\$0.00
Single Retiree Offset ³	\$0.00	\$0.00	\$0.00	\$0.00	\$705.92	\$705.92
"Actuarial Difference" ⁴	\$0.00	\$0.00	\$0.00	\$325.73	\$325.73	\$325.73
Retiree Prop. E Employer Contribution ⁵	\$0.00	\$0.00	\$0.00	\$239.60	\$684.20	\$684.20
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$1,271.25	\$1,715.85	\$1,715.85
2020 Non-Bargained Contribution Rate	\$1,185.11	\$2,295.01	\$3,232.21	\$239.59	\$684.20	\$1,369.33

MOU Negotiated Pickup ⁶	\$1,185.11	\$1,709.74	\$2,090.68			
2020 Typical Bargained Member Contribution	\$0.00	\$585.27	\$1,141.53			

Final Member Contribution 2019	\$0.00	\$413.17	\$885.49	\$202.61	\$707.41	\$1,470.21
Difference—2020 versus 2019	\$0.00	\$172.10	\$256.04	\$36.98	-\$23.21	-\$100.88

NOTE—Footnotes 1 – 6 defined in Appendix

UHC PPO—City Plan—Choice Not Available

Rate / Contribution Change—2020 versus 2019

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 2019	\$61.08	\$121.90	\$418.62	\$100.26	\$605.06	\$1,367.86
	PY 2020	\$62.43	\$124.67	\$428.21	\$92.98	\$537.58	\$1,222.71
	<i>\$ Difference</i>	<i>+\$1.35</i>	<i>+\$2.77</i>	<i>+\$9.59</i>	<i>-\$7.28</i>	<i>-\$67.48</i>	<i>-\$145.15</i>
	<i>% Difference</i>	<i>+2.2%</i>	<i>+2.3%</i>	<i>+2.3%</i>	<i>-7.3%</i>	<i>-11.2%</i>	<i>-10.6%</i>
Monthly Employer Contributions	PY 2019	\$811.53	\$1,619.49	\$2,043.88	\$1,187.62	\$1,692.42	\$1,692.42
	PY 2020	\$829.45	\$1,656.31	\$2,090.68	\$1,417.86	\$1,862.47	\$1,862.47
	<i>\$ Difference</i>	<i>+\$17.92</i>	<i>+\$36.82</i>	<i>+\$46.80</i>	<i>+\$230.24</i>	<i>+\$170.05</i>	<i>+\$170.05</i>
	<i>% Difference</i>	<i>+2.2%</i>	<i>+2.3%</i>	<i>+2.3%</i>	<i>+19.4%</i>	<i>+10.0%</i>	<i>+10.0%</i>
Monthly Total Rate	PY 2019	\$872.61	\$1,741.39	\$2,462.50	\$1,287.88	\$2,297.48	\$3,060.28
	PY 2020	\$891.88	\$1,780.98	\$2,518.89	\$1,510.84	\$2,400.05	\$3,085.18
	<i>\$ Difference</i>	<i>+\$19.27</i>	<i>+\$39.59</i>	<i>+\$56.39</i>	<i>+\$222.96</i>	<i>+\$102.57</i>	<i>+\$24.90</i>
	<i>% Difference</i>	<i>+2.2%</i>	<i>+2.3%</i>	<i>+2.3%</i>	<i>+17.3%</i>	<i>+4.5%</i>	<i>+0.8%</i>

UHC PPO—City Plan—Choice Not Available

Rate / Contribution Change—2020 Versus 2019

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 2019	\$0.00	\$69.66	\$418.62	\$100.26	\$605.06	\$1,367.86
	PY 2020	\$0.00	\$71.24	\$428.21	\$92.98	\$537.58	\$1,222.71
	<i>\$ Difference</i>	<i>+\$0.00</i>	<i>+\$1.58</i>	<i>+\$9.59</i>	<i>-\$7.28</i>	<i>-\$67.48</i>	<i>-\$145.15</i>
	<i>% Difference</i>	<i>-</i>	<i>+2.3%</i>	<i>+2.3%</i>	<i>-7.3%</i>	<i>-11.2%</i>	<i>-10.6%</i>
Monthly Employer Contributions	PY 2019	\$872.61	\$1,671.73	\$2,043.88	\$1,187.62	\$1,692.42	\$1,692.42
	PY 2020	\$891.88	\$1,709.74	\$2,090.68	\$1,417.86	\$1,862.47	\$1,862.47
	<i>\$ Difference</i>	<i>+\$19.27</i>	<i>+\$38.01</i>	<i>+\$46.80</i>	<i>+\$230.24</i>	<i>+\$170.05</i>	<i>+\$170.05</i>
	<i>% Difference</i>	<i>+2.2%</i>	<i>+2.3%</i>	<i>+2.3%</i>	<i>+19.4%</i>	<i>+10.0%</i>	<i>+10.0%</i>
Monthly Total Rate	PY 2019	\$872.61	\$1,741.39	\$2,462.50	\$1,287.88	\$2,297.48	\$3,060.28
	PY 2020	\$891.88	\$1,780.98	\$2,518.89	\$1,510.84	\$2,400.05	\$3,085.18
	<i>\$ Difference</i>	<i>+\$19.27</i>	<i>+\$39.59</i>	<i>+\$56.39</i>	<i>+\$222.96</i>	<i>+\$102.57</i>	<i>+\$24.90</i>
	<i>% Difference</i>	<i>+2.2%</i>	<i>+2.3%</i>	<i>+2.3%</i>	<i>+17.3%</i>	<i>+4.5%</i>	<i>+0.8%</i>

UHC PPO—City Plan—Choice Not Available

Proposed 2020 Monthly Rate Card

93 / 93 / 83 Contribution (Active Employees)	Active Employees			Early Retirees		
	Employee Only	Employee and One Dependent	Employee and Family	Retiree without Medicare	Retiree and Spouse w/o Medicare	Retiree and Family
Medical	\$657.90	\$1,374.68	\$1,969.54	\$1,098.21	\$1,777.27	\$2,300.32
Pharmacy	\$151.61	\$316.79	\$453.88	\$329.33	\$532.97	\$689.82
Vision	\$3.95	\$7.92	\$11.20	\$3.95	\$7.92	\$11.20
Expense ¹	\$75.04	\$75.04	\$75.04	\$75.04	\$75.04	\$75.04
Claims Stabilization Amount / Self-Funded Policy	\$3.38	\$6.55	\$9.23	\$4.31	\$6.85	\$8.80
Total	\$891.88	\$1,780.98	\$2,518.89	\$1,510.84	\$2,400.05	\$3,085.18

10-County Amount ²	\$0.00	\$0.00	\$0.00	\$705.92	\$0.00	\$0.00
Single Retiree Offset ³	\$0.00	\$0.00	\$0.00	\$0.00	\$705.92	\$705.92
"Actuarial Difference" ⁴	\$0.00	\$0.00	\$0.00	\$618.96	\$618.96	\$618.96
Retiree Prop. E Employer Contribution ⁵	\$0.00	\$0.00	\$0.00	\$92.98	\$537.59	\$537.59
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$1,417.86	\$1,862.47	\$1,862.47
2020 Non-Bargained Contribution Rate	\$891.88	\$1,780.98	\$2,518.89	\$92.98	\$537.58	\$1,222.71

MOU Negotiated Pickup ⁶	\$829.45	\$1,656.31	\$2,090.68			
2020 Typical Bargained Member Contribution	\$62.43	\$124.67	\$428.21			

Final Member Contribution 2019	\$61.08	\$121.90	\$418.62	\$100.26	\$605.06	\$1,367.86
Difference—2020 versus 2019	\$1.35	\$2.77	\$9.59	-\$7.28	-\$67.48	-\$145.15

NOTE—Footnotes 1 – 6 defined in Appendix

UHC PPO—City Plan—Choice Not Available

Proposed 2020 Monthly Rate Card

100 / 96 / 83 Contribution (Active Employees)	Active Employees			Early Retirees		
	Employee Only	Employee and One Dependent	Employee and Family	Retiree without Medicare	Retiree and Spouse w/o Medicare	Retiree and Family
Medical	\$657.90	\$1,374.68	\$1,969.54	\$1,098.21	\$1,777.27	\$2,300.32
Pharmacy	\$151.61	\$316.79	\$453.88	\$329.33	\$532.97	\$689.82
Vision	\$3.95	\$7.92	\$11.20	\$3.95	\$7.92	\$11.20
Expense ¹	\$75.04	\$75.04	\$75.04	\$75.04	\$75.04	\$75.04
Claims Stabilization Amount / Self-Funded Policy	\$3.38	\$6.55	\$9.23	\$4.31	\$6.85	\$8.80
Total	\$891.88	\$1,780.98	\$2,518.89	\$1,510.84	\$2,400.05	\$3,085.18

10-County Amount ²	\$0.00	\$0.00	\$0.00	\$705.92	\$0.00	\$0.00
Single Retiree Offset ³	\$0.00	\$0.00	\$0.00	\$0.00	\$705.92	\$705.92
"Actuarial Difference" ⁴	\$0.00	\$0.00	\$0.00	\$618.96	\$618.96	\$618.96
Retiree Prop. E Employer Contribution ⁵	\$0.00	\$0.00	\$0.00	\$92.98	\$537.59	\$537.59
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$1,417.86	\$1,862.47	\$1,862.47
2020 Non-Bargained Contribution Rate	\$891.88	\$1,780.98	\$2,518.89	\$92.98	\$537.58	\$1,222.71

MOU Negotiated Pickup ⁶	\$891.88	\$1,709.74	\$2,090.68			
2020 Typical Bargained Member Contribution	\$0.00	\$71.24	\$428.21			

Final Member Contribution 2019	\$0.00	\$69.66	\$418.62	\$100.26	\$605.06	\$1,367.86
Difference—2020 versus 2019	\$0.00	\$1.58	\$9.59	-\$7.28	-\$67.48	-\$145.15

NOTE—Footnotes 1 – 6 defined in Appendix

Recommendations for HSB Action

Recommendations for HSB Action

- Staff recommends that the Health Service Board (HSB) approve:
 1. The UHC City Plan PPO and City Plan—Choice Not Available renewal proposal as presented in this material (10% increase to City Plan rates);
 2. The resulting 2020 monthly rate cards presented in this material
 3. One recommended plan design enhancement:
 - A. Reduce the family in-network out-of-pocket maximum to 2 times the individual limit.

Appendix—Additional Information

2020 UHC PPO Plan Administrative Fees

The 2020 fees below on a per employee/retiree per month basis (PEPM) were approved by the HSB in the March 2019 meeting.

Fee Component	2019 Monthly PEPM Fees	2020 Monthly PEPM Fees	Percentage Change
Base ASO Fee (Most Members) ¹	\$44.91	\$45.72	+1.8%
Shared Savings Program Fee	\$17.24	\$17.65	+2.4%
Facility R&C Program Fee	\$6.08	\$7.78	+28.0%
Value-Based Contracting Payments	\$0.38	\$0.89	+134.2%
SFHSS Healthcare Sustainability Fund Charge	\$3.00	\$3.00	No Change
Total PEPM Expense for UHC PPO	\$71.61	\$75.04	+4.8%

¹ Base ASO Fee for Medicare eligible but not enrolled members in 2020 is \$33.77 PEPM

UHC PPO Rate Card Footnotes

- 1) **Expense:** UHC administrative fees, UHC 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 2020 rating is \$705.92 (per March 2019 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% x [Total Rate Cost – 10 County – 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

- **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.

UHC PPO City Plan 2019 Monthly Rate Card

93 / 93 / 83 Contribution (Active Employees)	Active Employees			Early Retirees		
	Employee Only	Employee and One Dependent	Employee and Family	Retiree w/o Medicare	Retiree and Spouse w/o Medicare	Retiree w/o Medicare and Family
Medical	\$849.03	\$1,698.08	\$2,479.88	\$950.46	\$1,744.16	\$2,343.04
Pharmacy	\$199.18	\$398.36	\$495.10	\$314.26	\$576.68	\$774.70
Vision	\$3.95	\$7.92	\$11.20	\$3.95	\$7.92	\$11.20
Expense ¹	\$71.61	\$71.61	\$71.61	\$71.61	\$71.61	\$71.61
Claims Stabilization Amount / Self-Funded Policy	-\$47.61	-\$92.22	-\$129.57	-\$53.55	-\$104.04	-\$141.42
Best Doctors (Expert Opinion Service)	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15
Total	\$1,077.31	\$2,084.90	\$2,929.37	\$1,287.88	\$2,297.48	\$3,060.28
10-County Amount ²	\$0.00	\$0.00	\$0.00	\$672.08	\$0.00	\$0.00
Single Retiree Offset ³	\$0.00	\$0.00	\$0.00	\$0.00	\$672.08	\$672.08
"Actuarial Difference" ⁴	\$0.00	\$0.00	\$0.00	\$210.57	\$210.57	\$210.57
Retiree Prop. E Employer Contribution ⁵	\$0.00	\$0.00	\$0.00	\$202.62	\$707.42	\$707.42
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$1,085.27	\$1,590.07	\$1,590.07
2019 Non-Bargained Contribution Rate	\$1,077.31	\$2,084.90	\$2,929.37	\$202.61	\$707.41	\$1,470.21
MOU Negotiated Pickup ⁶	\$811.53	\$1,619.49	\$2,043.88			
2019 Typical Bargained Member Contribution	\$265.78	\$465.41	\$885.49			
Final Member Contribution 2018	\$149.70	\$261.34	\$585.84	\$117.64	\$687.58	\$1,535.76
Difference, 2019 versus 2018	\$116.08	\$204.07	\$299.65	\$84.97	\$19.83	-\$65.55

NOTE—Footnotes 1 – 6 defined in Appendix

UHC PPO City Plan 2019 Monthly Rate Card

100 / 96 / 83 Contribution (Active Employees)

	Active Employees			Early Retirees		
	Employee Only	Employee and One Dependent	Employee and Family	Retiree w/o Medicare	Retiree and Spouse w/o Medicare	Retiree w/o Medicare and Family
Medical	\$849.03	\$1,698.08	\$2,479.88	\$950.46	\$1,744.16	\$2,343.04
Pharmacy	\$199.18	\$398.36	\$495.10	\$314.26	\$576.68	\$774.70
Vision	\$3.95	\$7.92	\$11.20	\$3.95	\$7.92	\$11.20
Expense ¹	\$71.61	\$71.61	\$71.61	\$71.61	\$71.61	\$71.61
Claims Stabilization Amount / Self-Funded Policy	-\$47.61	-\$92.22	-\$129.57	-\$53.55	-\$104.04	-\$141.42
Best Doctors (Expert Opinion Service)	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15
Total	\$1,077.31	\$2,084.90	\$2,929.37	\$1,287.88	\$2,297.48	\$3,060.28
10-County Amount ²	\$0.00	\$0.00	\$0.00	\$672.08	\$0.00	\$0.00
Single Retiree Offset ³	\$0.00	\$0.00	\$0.00	\$0.00	\$672.08	\$672.08
"Actuarial Difference" ⁴	\$0.00	\$0.00	\$0.00	\$210.57	\$210.57	\$210.57
Retiree Prop. E Employer Contribution ⁵	\$0.00	\$0.00	\$0.00	\$202.62	\$707.42	\$707.42
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$1,085.27	\$1,590.07	\$1,590.07
2019 Non-Bargained Contribution Rate	\$1,077.31	\$2,084.90	\$2,929.37	\$202.61	\$707.41	\$1,470.21
MOU Negotiated Pickup ⁶	\$1,077.31	\$1,671.73	\$2,043.88			
2019 Typical Bargained Member Contribution	\$0.00	\$413.17	\$885.49			
Final Member Contribution 2018	\$0.00	\$214.07	\$585.84	\$117.64	\$687.58	\$1,535.76
Difference, 2019 versus 2019	\$0.00	\$199.10	\$299.65	\$84.97	\$19.83	-\$65.55

NOTE—Footnotes 1 – 6 defined in Appendix

UHC PPO City Plan—Choice Not Available

2019 Monthly Rate Card

93 / 93 / 83 Contribution (Active Employees)	Active Employees			Early Retirees		
	Employee Only	Employee and One Dependent	Employee and Family	Retiree w/o Medicare	Retiree and Spouse w/o Medicare	Retiree w/o Medicare and Family
Medical	\$685.53	\$1,424.60	\$2,038.34	\$950.46	\$1,744.16	\$2,343.04
Pharmacy	\$157.98	\$328.33	\$469.77	\$314.26	\$576.68	\$774.70
Vision	\$3.95	\$7.92	\$11.20	\$3.95	\$7.92	\$11.20
Expense ¹	\$71.61	\$71.61	\$71.61	\$71.61	\$71.61	\$71.61
Claims Stabilization Amount / Self-Funded Policy	-\$47.61	-\$92.22	-\$129.57	-\$53.55	-\$104.04	-\$141.42
Best Doctor (Expert Opinion Service)	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15
Total	\$872.61	\$1,741.39	\$2,462.50	\$1,287.88	\$2,297.48	\$3,060.28
10-County Amount ²	\$0.00	\$0.00	\$0.00	\$672.08	\$0.00	\$0.00
Single Retiree Offset ³	\$0.00	\$0.00	\$0.00	\$0.00	\$672.08	\$672.08
"Actuarial Difference" ⁴	\$0.00	\$0.00	\$0.00	\$415.27	\$415.27	\$415.27
Retiree Prop. E Employer Contribution ⁵	\$0.00	\$0.00	\$0.00	\$100.27	\$605.07	\$605.07
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$1,187.62	\$1,692.42	\$1,692.42
2019 Non-Bargained Contribution Rate	\$872.61	\$1,741.39	\$2,462.50	\$100.26	\$605.06	\$1,367.86
MOU Negotiated Pickup ⁶	\$811.53	\$1,619.49	\$2,043.88			
2019 Typical Bargained Member Contribution	\$61.08	\$121.90	\$418.62			
Final Member Contribution 2018	\$149.70	\$261.34	\$585.84	\$117.64	\$687.58	\$1,535.76
Difference, 2019 versus 2018	-\$88.62	-\$139.44	-\$167.22	-\$17.38	-\$82.52	-\$167.90

NOTE—Footnotes 1 – 6 defined in Appendix

UHC PPO City Plan—Choice Not Available

2019 Monthly Rate Card

100 / 96 / 83 Contribution (Active Employees)

	Active Employees			Early Retirees		
	Employee Only	Employee and One Dependent	Employee and Family	Retiree w/o Medicare	Retiree and Spouse w/o Medicare	Retiree w/o Medicare and Family
Medical	\$685.53	\$1,424.60	\$2,038.34	\$950.46	\$1,744.16	\$2,343.04
Pharmacy	\$157.98	\$328.33	\$469.77	\$314.26	\$576.68	\$774.70
Vision	\$3.95	\$7.92	\$11.20	\$3.95	\$7.92	\$11.20
Expense ¹	\$71.61	\$71.61	\$71.61	\$71.61	\$71.61	\$71.61
Claims Stabilization Amount / Self-Funded Policy	-\$47.61	-\$92.22	-\$129.57	-\$53.55	-\$104.04	-\$141.42
Best Doctors (Expert Opinion Service)	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15
Total	\$872.61	\$1,741.39	\$2,462.50	\$1,287.88	\$2,297.48	\$3,060.28
10-County Amount ²	\$0.00	\$0.00	\$0.00	\$672.08	\$0.00	\$0.00
Single Retiree Offset ³	\$0.00	\$0.00	\$0.00	\$0.00	\$672.08	\$672.08
"Actuarial Difference" ⁴	\$0.00	\$0.00	\$0.00	\$415.27	\$415.27	\$415.27
Retiree Prop. E Employer Contribution ⁵	\$0.00	\$0.00	\$0.00	\$100.27	\$605.07	\$605.07
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$1,187.62	\$1,692.42	\$1,692.42
2019 Non-Bargained Contribution Rate	\$872.61	\$1,741.39	\$2,462.50	\$100.26	\$605.06	\$1,367.86
MOU Negotiated Pickup ⁶	\$872.61	\$1,671.73	\$2,043.88			
2019 Typical Bargained Member Contribution	\$0.00	\$69.66	\$418.62			
Final Member Contribution 2018	\$0.00	\$214.07	\$585.84	\$117.64	\$687.58	\$1,535.76
Difference, 2019 versus 2018	\$0.00	-\$144.41	-\$167.22	-\$17.38	-\$82.52	-\$167.90

NOTE—Footnotes 1 – 6 defined in Appendix