

San Francisco Health Service System Health Service Board

Rates & Benefits

UnitedHealthcare (UHC) PPO City Plan Utilization and
Claims Experience for 2019 Calendar Year

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Introduction

This presentation outlines the following for the UHC PPO City Plan:

- Recent decisions to apply rate stabilization funds to plan rates
- UHC PPO City Plan 2019 plan year claim experience for active employee and early retiree population segments
- Comparative data (2019 versus 2018) for each population segment:
 - Membership
 - Contract size
 - Average incurred (e.g., service date in the year) claim cost per active employee / early retiree
 - Average paid (e.g., claim processed in the year) claim cost per active employee / early retiree

Recent UHC PPO City Plan Rate Stabilization Actions

For several years through 2019 plan year rating, in an effort to promote long-term sustainability of the City Plan, the Health Service Board (HSB) chose to apply rate stabilization funds in full towards City Plan active employee and early retiree rates. This included applying the entire rate stabilization reserve amount available for 2019 plan year rating as a rate buy-down (\$1,661,000) in 2019 rates.

As of December 31, 2018, there was a rate stabilization deficit for UHC PPO City Plan of \$351,000. One-third of this deficit (\$117,000) was applied as a rating buy-up in 2020 UHC PPO City Plan rates.

We will present on the recommended December 31, 2019 rate stabilization fund status for UHC PPO City Plan at the conclusion of this 2019 claim experience discussion.

UHC PPO City Plan 2019 Experience—Active Employees

Headcount, Contract Size, and Paid/Incurred Claim Loss Ratios

Month	EE	EE + 1	EE + 2	Total Employees	Dependents	Average contract size	Monthly Premium	Paid claims	Paid Loss Ratio	Incurred claims	Incurred Loss Ratio
Jan-19	657	211	140	1,008	622	1.62	\$1,547,801	\$746,215	48%	\$2,290,207	148%
Feb-19	650	213	143	1,006	636	1.63	\$1,553,204	\$1,462,008	94%	\$1,174,442	76%
Mar-19	652	218	137	1,007	625	1.62	\$1,548,223	\$1,880,402	121%	\$1,910,164	123%
Apr-19	655	218	137	1,010	626	1.62	\$1,551,430	\$1,569,229	101%	\$1,259,616	81%
May-19	662	209	137	1,008	613	1.61	\$1,540,259	\$1,447,350	94%	\$1,337,140	87%
Jun-19	660	216	134	1,010	614	1.61	\$1,543,889	\$1,466,804	95%	\$1,687,990	109%
Jul-19	642	212	129	983	595	1.61	\$1,501,781	\$1,540,489	103%	\$1,533,465	102%
Aug-19	639	209	133	981	600	1.61	\$1,504,011	\$1,607,738	107%	\$1,510,113	100%
Sep-19	650	205	135	990	603	1.61	\$1,513,309	\$1,389,957	92%	\$1,509,308	100%
Oct-19	657	205	134	996	601	1.60	\$1,517,880	\$1,581,943	104%	\$1,629,749	107%
Nov-19	658	206	133	997	600	1.60	\$1,518,108	\$1,557,666	103%	\$1,407,667	93%
Dec-19	661	209	129	999	592	1.59	\$1,515,878	\$1,714,668	113%	\$1,387,626	92%
Totals/Averages				1,000			\$18,355,773	\$17,964,471	98%	\$18,637,487	102%
Surplus/(Deficit)								\$391,303		-\$281,714	

NOTE: Vision plan costs are excluded from both claims and premium in the chart above; excludes all administration costs and Shared Savings programs; **the above information does not include active employees enrolled in City Plan—Choice Not Available (they are captured with early retirees in 2019 data due to UHC coding structure set-up)**

Loss Ratio = Claims divided by Premiums (higher percentages result from higher claims)



UHC PPO City Plan 2019 Experience—Active Employees

Key Observations—Membership Counts

- Enrolled active employee City Plan headcount remained similar from December 2018 to December 2019, when including active employee headcount from City Plan—Choice Not Available in 2019 counts
 - City Plan—Choice Not Available was introduced in January 2019 to facilitate lower member contributions for those living in geographic areas that did not have full plan choice among UHC, Blue Shield of CA, and Kaiser plan options

	December 2018	December 2019*	Increase / (Decrease)	
			Number	Percentage
Enrolled Employees	1,095	1,106	11	1%
Enrolled Lives	1,861	1,818	(43)	(2%)
Lives-to-Employee Ratio	1.70	1.64	(0.06)	(4%)

* December 2019 figures above include 107 active employees / 227 enrolled lives (including dependents) in City Plan—Choice Not Available. As noted on prior page, detailed claim and enrollment tracking exhibits include these active employees in City Plan—Choice Not Available in early retiree experience within this presentation due to UHC coding structure set-up.

UHC PPO City Plan 2019 Experience—Active Employees

Key Observations—Monthly Premiums / Claims Per Employee

- Average premium increased by 17%, the majority of which was reduction in claim stabilization amount applied in 2019 rating versus 2018 rating
- Average Incurred Claim Cost increased by 5.8%, in line with general health care trend expectations—this resulted in the Incurred Loss Ratio decreasing from 113% to 102%.
- Average Paid Claim Cost increased by 0.6%, resulting in the Paid Loss Ratio decreasing from 114% to 98%.

Monthly Dollars per Employee	2018 Plan Year	2019 Plan Year	Increase / (Decrease)	
			Dollars	Percentage
Average Premium	\$1,303	\$1,530	\$227	17.4%
Average Incurred Claim Cost	\$1,468	\$1,554	\$86	5.8%
<i>Incurred Loss Ratio</i>	113%	102%		
Average Paid Claim Cost	\$1,488	\$1,498	\$10	0.6%
<i>Paid Loss Ratio</i>	114%	98%		

NOTE: All City Plan Choice Not Available enrollment and claims are captured with early retiree tables in this presentation due to UHC coding structure set-up

UHC PPO City Plan 2019 Experience—Early Retirees

Headcount, Contract Size, and Premium

Month	Ret Only	Ret + 1 (both NM)	Ret + 2+ (all NM)	NM Ret Total Retirees	NM Deps of NM Rets	Average contract size, NM Retirees	NM Deps of Med Rets
Jan-19	649	194	50	893	357	1.40	227
Feb-19	647	187	50	884	351	1.40	228
Mar-19	643	188	50	881	351	1.40	223
Apr-19	639	189	50	878	352	1.40	224
May-19	637	197	50	884	362	1.41	221
Jun-19	641	199	51	891	366	1.41	219
Jul-19	651	200	55	906	381	1.42	223
Aug-19	662	203	56	921	389	1.42	225
Sep-19	659	197	58	914	387	1.42	223
Oct-19	645	196	59	900	393	1.44	223
Nov-19	647	194	57	898	384	1.43	221
Dec-19	639	189	57	885	376	1.42	219
Totals/Averages				895	371		223
Surplus/(Deficit)							

Table Heading Abbreviations: NM = Non-Medicare Med = Medicare Ret = Retiree Dep = Dependent

NOTE: All City Plan—Choice Not Available enrollment (including for active employees) is captured with early retirees in the above table due to UHC coding structure set-up (107 active employees / 227 total active lives including dependents).

UHC PPO City Plan 2019 Experience—Early Retirees

Paid / Incurred Claim Loss Ratios

Month	Monthly Premium, NM Retiree Tiers	Est. NM Dep of Med Rets Premium	Monthly Premium, All NM Members	Paid claims	Paid Loss Ratio	Incurred claims	Incurred Loss Ratio
Jan-19	\$1,371,643	\$219,835	\$1,591,477	\$2,227,826	140%	\$1,851,196	116%
Feb-19	\$1,353,085	\$220,803	\$1,573,888	\$1,476,308	94%	\$1,522,198	97%
Mar-19	\$1,350,251	\$215,961	\$1,566,212	\$1,692,269	108%	\$2,397,202	153%
Apr-19	\$1,347,418	\$216,929	\$1,564,347	\$2,544,332	163%	\$1,324,525	85%
May-19	\$1,363,141	\$214,024	\$1,577,165	\$1,654,596	105%	\$1,813,684	115%
Jun-19	\$1,375,876	\$212,087	\$1,587,963	\$1,134,076	71%	\$1,370,910	86%
Jul-19	\$1,403,139	\$215,961	\$1,619,100	\$1,699,813	105%	\$1,646,516	102%
Aug-19	\$1,427,118	\$217,898	\$1,645,016	\$1,533,967	93%	\$1,640,243	100%
Sep-19	\$1,415,656	\$215,961	\$1,631,617	\$1,367,974	84%	\$1,808,201	111%
Oct-19	\$1,398,499	\$215,961	\$1,614,459	\$1,711,212	106%	\$1,829,364	113%
Nov-19	\$1,390,398	\$214,024	\$1,604,421	\$2,207,377	138%	\$1,581,223	99%
Dec-19	\$1,368,732	\$212,087	\$1,580,819	\$1,712,591	108%	\$2,093,948	132%
Totals/Averages	\$16,564,956	\$2,591,530	\$19,156,486	\$20,962,342	109%	\$20,879,209	109%
Surplus/(Deficit)				-\$1,805,855		-\$1,722,723	

Table Heading Abbreviations: NM = Non-Medicare Med = Medicare Ret = Retiree Dep = Dependent

NOTE: Vision plan costs are excluded from both claims and premium in the chart above; excludes all administration costs and Shared Savings programs; all City Plan—Choice Not Available claims are captured with early retirees in the above table due to UHC coding structure set-up.

Loss Ratio = Claims divided by Premiums (higher percentages result from higher claims)

UHC PPO City Plan 2019 Experience—Early Retirees

Key Observations—Membership Counts

- Enrolled early retiree City Plan dependent counts increased from December 2018 to December 2019, though retiree counts remained relatively constant

	December 2018	December 2019*	Increase / (Decrease)	
			Number	Percentage
Early Retirees	772	778	6	1%
All Members [1]	1,148	1,253	105	9%
Average Contact Size	1.49	1.61	0.12	8%

[1] Member counts include Non-Medicare dependents of Medicare retirees

* December 2019 figures above exclude 107 active employees / 227 enrolled lives (including dependents) in City Plan—Choice Not Available. As noted on prior pages, detailed claim and enrollment tracking exhibits include these active employees in City Plan—Choice Not Available in early retiree experience within this presentation due to UHC coding structure set-up.

UHC PPO City Plan 2019 Experience—Early Retirees

Key Observations—Monthly Premiums / Claims Per Early Retiree

- Average premium increased by 1.1%, while Average Incurred Claim Cost increased by 3.3%. This resulted in the Incurred Loss Ratio increasing from 107% to 109%.
- Average Paid Claim Cost increased by 2.5%, resulting in the paid Loss Ratio increasing from 108% to 109%.

Monthly Dollars per Retiree	2018 Plan Year	2019 Plan Year	Increase / (Decrease)	
			Dollars	Percentage
Average Premium	\$1,765	\$1,784	\$19	1.1%
Average Incurred Claim Cost	\$1,883	\$1,945	\$62	3.3%
<i>Incurred Loss Ratio</i>	107%	109%		
Average Paid Claim Cost	\$1,905	\$1,953	\$48	2.5%
<i>Paid Loss Ratio</i>	108%	109%		

NOTE: All City Plan Choice Not Available enrollment and claims are captured with early retiree tables in this presentation due to UHC coding structure set-up

UHC PPO City Plan 2019 Experience—Conclusion

- Membership in 2019 remained relatively similar to 2018 enrollment overall, except for an increase in covered dependent counts in UHC PPO City Plan for early retirees.
- Increases in average claim costs per employee/early retiree were within expected levels from 2018 to 2019.
- During the May 14, 2020 HSB meeting, Aon will present the 2021 City Plan and City Plan—Choice Not Available active and early retiree rate recommendations.