

San Francisco Health Service System Health Service Board

Rates & Benefits

UnitedHealthcare City Plan PPO 2021 Rates and Premium
Contributions—Active Employees and Early Retirees

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Rate Setting Methodology Preface

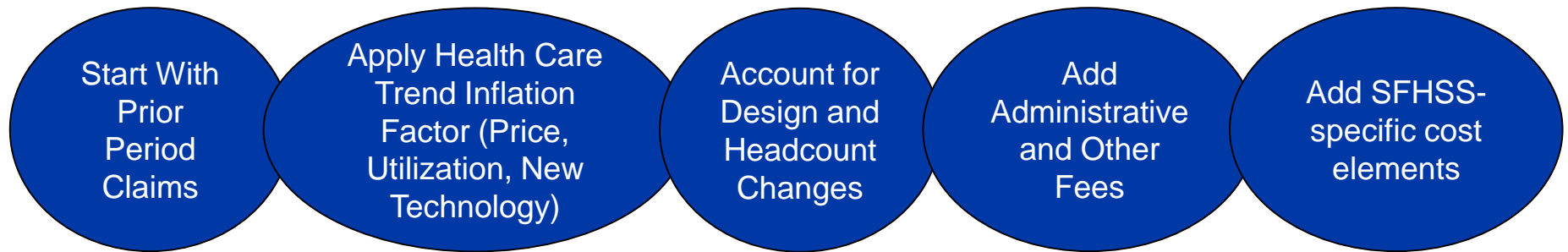
Health Plan Funding—Method Comparison by SFHSS Plan

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 health care services ("capitation") as well as plan admin 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 health care 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 admin fees/large claim pooling adjustments (and required legislative fees)
SFHSS plans by Funding Method	UHC PPO "City Plan" Delta Dental Active Employee PPO	Blue Shield of CA Access+ HMO Blue Shield of CA Trio HMO	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 2021 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:

$$\frac{\text{2021 Total Projected Plan Cost}}{\text{2020 Rates times Enrollment}} = \text{Needed Rate Change Factor (2021 vs. 2020)}$$

Non-Medicare Medical Plan 2021 Rate Renewal Summary

- This cycle’s renewal efforts into the 2021 plan year have focused on understanding how plan costs in 2019 are impacting 2021 rating actions, as well as seeking opportunities to enhance member support from SFHSS health plan partners.
- Below is a summary of total rate cost increase recommendations that are being presented today—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
BSC Access+	4.4%	3.6%
BSC Trio	7.1%	6.3%
Kaiser ^[1]	5.8%	(does not apply)
UHC City Plan and City Plan—C.N.A. PPO	7.5%	9.0%

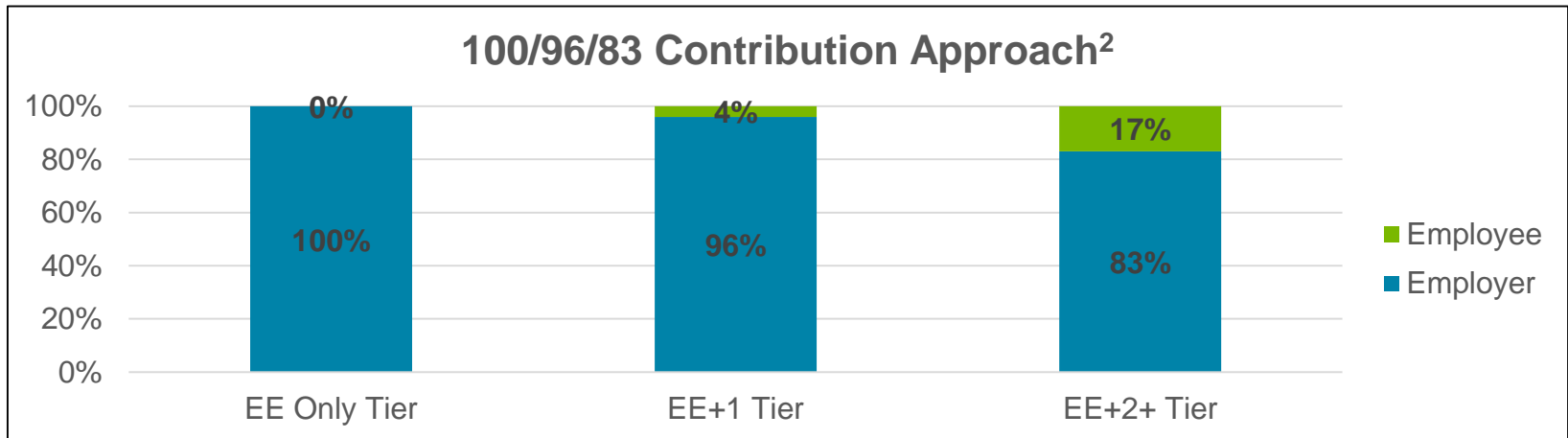
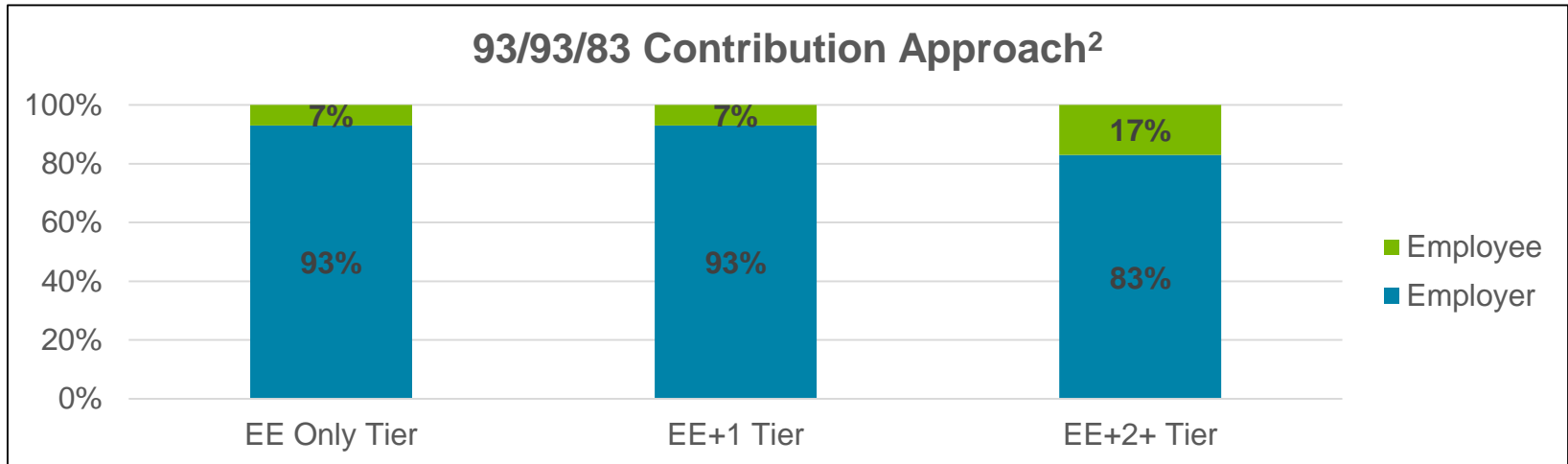
[1] For Kaiser, the calculated increase shown above incorporates a 0.9% offset due to permanent elimination of the federal Affordable Care Act health insurer tax into the 2021 plan year (the increase would be 6.7% otherwise).

Non-Medicare Medical Plan 2021 Proposed Total Rates

- Recommended 2021 **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 2020	\$645.71	\$1,288.45	\$1,821.90	\$1,295.75	\$1,938.49	\$2,471.97
	PY 2021	\$682.48	\$1,361.98	\$1,925.95	\$1,370.10	\$2,049.60	\$2,613.57
	\$ Difference	\$36.77	\$73.53	\$104.05	\$74.35	\$111.11	\$141.60
	% Difference	5.7%	5.7%	5.7%	5.7%	5.7%	5.7%
BSC Access+	PY 2020	\$891.88	\$1,780.98	\$2,518.89	\$2,059.22	\$2,983.75	\$3,721.72
	PY 2021	\$923.71	\$1,844.31	\$2,608.43	\$2,133.09	\$3,090.39	\$3,854.54
	\$ Difference	\$31.83	\$63.33	\$89.54	\$73.87	\$106.64	\$132.82
	% Difference	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%
BSC Trio	PY 2020	\$753.66	\$1,504.53	\$2,127.72	\$1,738.67	\$2,519.44	\$3,142.67
	PY 2021	\$800.83	\$1,598.55	\$2,260.67	\$1,848.11	\$2,677.60	\$3,339.74
	\$ Difference	\$47.17	\$94.02	\$132.95	\$109.44	\$158.16	\$197.07
	% Difference	6.3%	6.2%	6.2%	6.3%	6.3%	6.3%
UHC PPO "City Plan"	PY 2020	\$1,185.11	\$2,295.01	\$3,232.21	\$1,510.84	\$2,400.05	\$3,085.18
	PY 2021	\$1,298.42	\$2,517.88	\$3,557.63	\$1,747.72	\$2,535.05	\$3,163.63
	\$ Difference	\$113.31	\$222.87	\$325.42	\$236.88	\$135.00	\$78.45
	% Difference	9.6%	9.7%	10.1%	15.7%	5.6%	2.5%
UHC PPO "City Plan-Choice Not Available"	PY 2020	\$891.88	\$1,780.98	\$2,518.89	\$1,510.84	\$2,400.05	\$3,085.18
	PY 2021	\$923.71	\$1,844.31	\$2,608.43	\$1,747.72	\$2,535.05	\$3,163.63
	\$ Difference	\$31.83	\$63.33	\$89.54	\$236.88	\$135.00	\$78.45
	% Difference	3.6%	3.6%	3.6%	15.7%	5.6%	2.5%

Segmenting Total Cost Rates Into Employer and Member Contributions—Active Employees (CCSF¹)



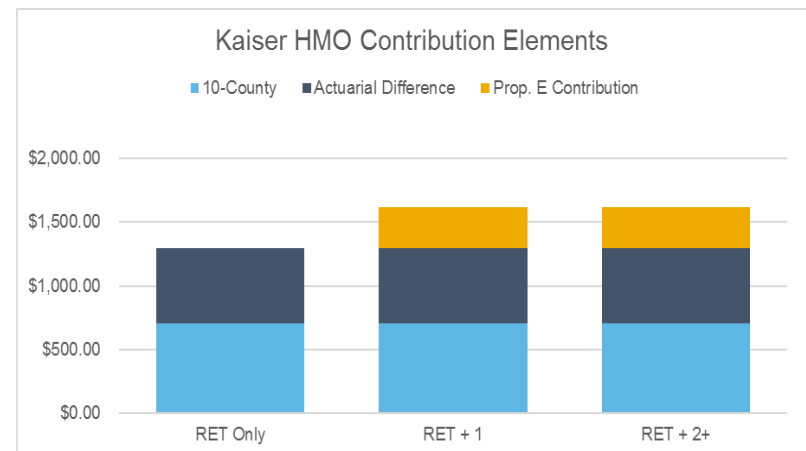
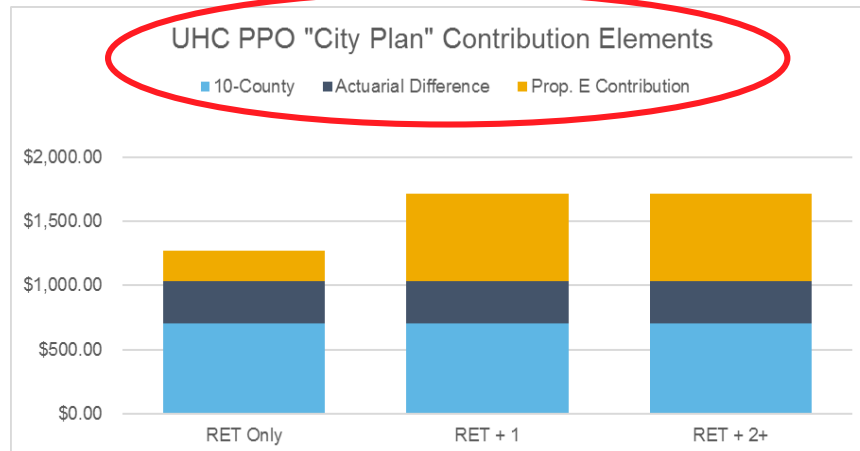
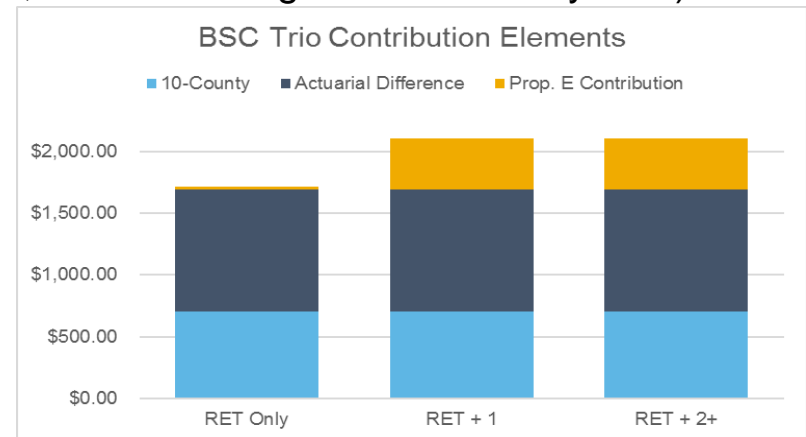
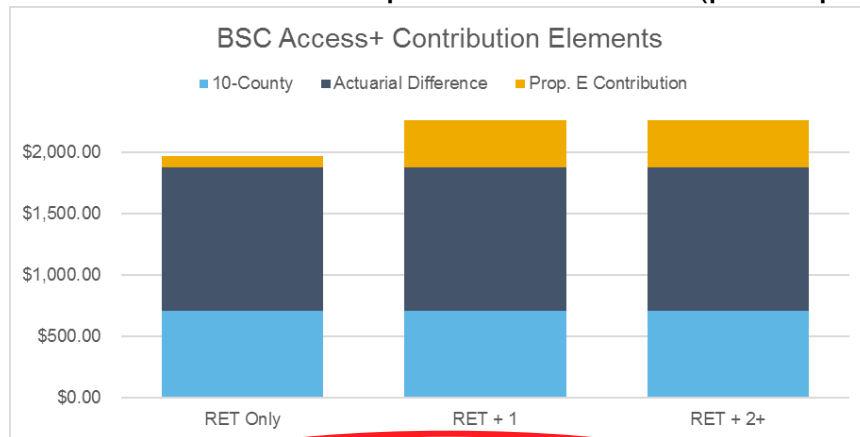
¹ City and County of San Francisco (CCSF) MOU contribution sharing approaches shown above; other employers in SFHSS plans have their employer-specific contribution sharing methodologies for active employees.

² For the highest cost plan (UHC PPO "City 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), except for the Employee Only tier in the 100/96/83 contribution approach where the member pays no contribution for any plan.

Segmenting Total Cost Rates Into Employer and Member Contributions—Early Retirees (Based on City Charter)

Early Retirees—2020 Employer Contribution Components—All Offered 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 to HSB

UHC City Plan PPO 2021 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; and
- 2) 2021 monthly rate cards presented in this material

The resulting aggregate overall rate increase for the combination of UHC PPO “City Plan” and “City Plan—Choice Not Available” including stabilization adjustment for 2021 is 9%.

UHC City Plan PPO 2021 Plan Rating—Recommendation

- Commentary regarding the rating for 2021 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, or CCSF (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 UHC PPO “City Plan”) are set to equal the employer contributions for the second highest cost plan (which is Blue Shield of California (BSC) Access+ plan). This guides how employer contributions are set for UHC PPO “City 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.

UHC PPO 2021 Plan Rating—Renewal Summary

UHC PPO 2021 Plan Rating—Renewal Summary

- Recommended rate increases for the UHC PPO are based on 2019 claims experience trended to 2021, previously approved UHC 2021 administrative fees (from March 2020 HSB meeting), and previously approved changes in rate stabilization amortization applied in rates between 2020 and 2021 (from February 2020 HSB meeting).
- No plan design changes are proposed for the UHC plans into the 2021 plan year.
- The 2021 UHC PPO plan rate cards rates include all of the following cost components:
 - Projected 2021 medical and pharmacy (net of rebates) claim costs;
 - UHC 2021 fees (administrative and shared savings programs);
 - Buy-up for rate stabilization deficit amortization (\$744,000 buy-up in 2021, versus \$117,000 buy-up in 2020);
 - VSP Basic Plan vision premiums (unchanged from 2020 levels); and
 - The SFHSS Healthcare Sustainability Fund charge of \$3.00 per employee / retiree per month (PEPM), which is unchanged from the 2020 fee.

UHC PPO 2021 Plan Rating—Renewal Summary

Commentary on Rate Increase Recommendations

- Overall plan experience for 2019 in the UHC PPO was similar to national trend expectations—approximately 5% increase on a per employee / retiree per month (PEPM) basis over 2018 claim experience.
- UHC plan claim forecasts are based on 2019 claims trended to 2021, using Aon’s annual trend factors of 5.5% for medical and 6.0% for prescription drugs.
- The difference in application of rate stabilization reserve amortization in 2020 rating (\$117,000 buy-up) and 2021 rating (\$744,000 buy-up) adds about 1.5% to the overall rate increase.
- Rating now also incorporates an overall average of rate weighting for the UHC PPO plan segmented between “City Plan” and “City Plan—Choice Not Available”, given the first year of “City Plan—Choice Not Available” experience is available in the data baseline for plan year 2019 (first year offered).

UHC PPO 2021 Plan Rating—Renewal Summary

Commentary on Rate Increase Recommendations (Continued)

- Early retiree UHC PPO rating incorporates the third and final 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.
- In total, the aggregate rate increase projection for combination of City Plan and City Plan—Choice Not Available is a 9% increase for 2021 on a status quo design basis.
 - For active employees, this segments into approximately 10% increase for City Plan rates and 3.6% increase for City Plan—Choice Not Available rates (which matches the proposed BSC Access+ rate increase).

UHC PPO 2021 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.
- Current distribution of UHC PPO plan active employees and early retirees into City Plan and City Plan—Choice Not Available is:

Enrolled Member Type	City Plan	City Plan--Choice Not Available	Total - UHC PPO
Active Employees	932	116	1,048
Early Retirees	395	396	791
Total Enrollment	1,327	512	1,839

UHC PPO 2021 Plan Rating—Renewal Summary

City Plan—Choice Not Available

Refresher—Criteria for Availability and Rate Determination

- City 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 **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 lower retiree contributions relative to City Plan based on application of City Charter employer contribution determination formulas.

2021 Monthly Rate Cards for City Plan and City Plan—Choice Not Available

2021 UHC Monthly Rate Cards

- UHC plan 2021 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).
- Comparisons of member contributions from 2020 to 2021 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 UHC PPO “City Plan”) are set to equal the employer contributions for the second highest cost plan (which is Blue Shield of California (BSC) Access+ plan)—except for the Employee Only tier in the 100 / 96 / 83 strategy where the employer contributions equal total rates for all SFHSS plans.
 - Early retiree family tier rates incorporate the final year of the three-year migration of City Plan retiree rate ratios to the Retiree Only tier to match the ratios in 2021 of those for the BSC plans.

UHC PPO—City Plan

Monthly Rate / Contribution Change—2021 versus 2020

Early Retirees, and 93 / 93 / 83 Contribution Strategy for Employees

PY = Plan Year		Active Employees			Early Retirees		
		EE	EE+1	EE+2+	RET	RET+1	RET+2+
Monthly Employee / Retiree Contributions	PY 2020	\$355.66	\$638.70	\$1,141.53	\$239.59	\$684.20	\$1,369.33
	PY 2021	\$439.37	\$802.67	\$1,392.63	\$284.61	\$678.28	\$1,306.86
	\$ Difference	+\$83.71	+\$163.97	+\$251.10	+\$45.02	-\$5.92	-\$62.47
	% Difference	+23.5%	+25.7%	+22.0%	+18.8%	-0.9%	-4.6%
Monthly Employer Contributions	PY 2020	\$829.45	\$1,656.31	\$2,090.68	\$1,271.25	\$1,715.85	\$1,715.85
	PY 2021	\$859.05	\$1,715.21	\$2,165.00	\$1,463.11	\$1,856.77	\$1,856.77
	\$ Difference	+\$29.60	+\$58.90	+\$74.32	+\$191.86	+\$140.92	+\$140.92
	% Difference	+3.6%	+3.6%	+3.6%	+15.1%	+8.2%	+8.2%
Monthly Total Rate	PY 2020	\$1,185.11	\$2,295.01	\$3,232.21	\$1,510.84	\$2,400.05	\$3,085.18
	PY 2021	\$1,298.42	\$2,517.88	\$3,557.63	\$1,747.72	\$2,535.05	\$3,163.63
	\$ Difference	+\$113.31	+\$222.87	+\$325.42	+\$236.88	+\$135.00	+\$78.45
	% Difference	+9.6%	+9.7%	+10.1%	+15.7%	+5.6%	+2.5%

UHC PPO—City Plan

Monthly Rate / Contribution Change—2021 versus 2020

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 2020	\$0.00	\$585.27	\$1,141.53	\$239.59	\$684.20	\$1,369.33
	PY 2021	\$0.00	\$747.34	\$1,392.63	\$284.61	\$678.28	\$1,306.86
	<i>\$ Difference</i>	<i>+\$0.00</i>	<i>+\$162.07</i>	<i>+\$251.10</i>	<i>+\$45.02</i>	<i>-\$5.92</i>	<i>-\$62.47</i>
	<i>% Difference</i>	<i>-</i>	<i>+27.7%</i>	<i>+22.0%</i>	<i>+18.8%</i>	<i>-0.9%</i>	<i>-4.6%</i>
Monthly Employer Contributions	PY 2020	\$1,185.11	\$1,709.74	\$2,090.68	\$1,271.25	\$1,715.85	\$1,715.85
	PY 2021	\$1,298.42	\$1,770.54	\$2,165.00	\$1,463.11	\$1,856.77	\$1,856.77
	<i>\$ Difference</i>	<i>+\$113.31</i>	<i>+\$60.80</i>	<i>+\$74.32</i>	<i>+\$191.86</i>	<i>+\$140.92</i>	<i>+\$140.92</i>
	<i>% Difference</i>	<i>+9.6%</i>	<i>+3.6%</i>	<i>+3.6%</i>	<i>+15.1%</i>	<i>+8.2%</i>	<i>+8.2%</i>
Monthly Total Rate	PY 2020	\$1,185.11	\$2,295.01	\$3,232.21	\$1,510.84	\$2,400.05	\$3,085.18
	PY 2021	\$1,298.42	\$2,517.88	\$3,557.63	\$1,747.72	\$2,535.05	\$3,163.63
	<i>\$ Difference</i>	<i>+\$113.31</i>	<i>+\$222.87</i>	<i>+\$325.42</i>	<i>+\$236.88</i>	<i>+\$135.00</i>	<i>+\$78.45</i>
	<i>% Difference</i>	<i>+9.6%</i>	<i>+9.7%</i>	<i>+10.1%</i>	<i>+15.7%</i>	<i>+5.6%</i>	<i>+2.5%</i>

UHC PPO—City Plan

Proposed 2021 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	\$1,008.22	\$2,016.44	\$2,944.85	\$1,297.75	\$1,908.37	\$2,395.79
Pharmacy	\$187.14	\$374.28	\$465.17	\$339.49	\$499.23	\$626.74
Vision	\$3.95	\$7.92	\$11.20	\$3.95	\$7.92	\$11.20
Expense ¹	\$77.68	\$77.68	\$77.68	\$77.68	\$77.68	\$77.68
Claims Stabilization Amount / Self-Funded Policy	\$21.43	\$41.56	\$58.73	\$28.85	\$41.85	\$52.22
Total	\$1,298.42	\$2,517.88	\$3,557.63	\$1,747.72	\$2,535.05	\$3,163.63

10-County Amount ²	\$0.00	\$0.00	\$0.00	\$729.19	\$0.00	\$0.00
Single Retiree Offset ³	\$0.00	\$0.00	\$0.00	\$0.00	\$729.19	\$729.19
"Actuarial Difference" ⁴	\$0.00	\$0.00	\$0.00	\$449.30	\$449.30	\$449.30
Retiree Prop. E Employer Contribution ⁵	\$0.00	\$0.00	\$0.00	\$284.62	\$678.28	\$678.28
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$1,463.11	\$1,856.77	\$1,856.77
2021 Non-Bargained Contribution Rate	\$1,298.42	\$2,517.88	\$3,557.63	\$284.61	\$678.28	\$1,306.86

MOU Negotiated Pickup ⁶	\$859.05	\$1,715.21	\$2,165.00			
2021 Typical Bargained Member Contribution	\$439.37	\$802.67	\$1,392.63			

Final Member Contribution 2020	\$355.66	\$638.70	\$1,141.53	\$239.59	\$684.20	\$1,369.33
Difference—2021 versus 2020	\$83.71	\$163.97	\$251.10	\$45.02	-\$5.92	-\$62.47

NOTE—Footnotes 1 – 6 defined in Appendix

UHC PPO—City Plan

Proposed 2021 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	\$1,008.22	\$2,016.44	\$2,944.85	\$1,297.75	\$1,908.37	\$2,395.79
Pharmacy	\$187.14	\$374.28	\$465.17	\$339.49	\$499.23	\$626.74
Vision	\$3.95	\$7.92	\$11.20	\$3.95	\$7.92	\$11.20
Expense ¹	\$77.68	\$77.68	\$77.68	\$77.68	\$77.68	\$77.68
Claims Stabilization Amount / Self-Funded Policy	\$21.43	\$41.56	\$58.73	\$28.85	\$41.85	\$52.22
Total	\$1,298.42	\$2,517.88	\$3,557.63	\$1,747.72	\$2,535.05	\$3,163.63

10-County Amount ²	\$0.00	\$0.00	\$0.00	\$729.19	\$0.00	\$0.00
Single Retiree Offset ³	\$0.00	\$0.00	\$0.00	\$0.00	\$729.19	\$729.19
"Actuarial Difference" ⁴	\$0.00	\$0.00	\$0.00	\$449.30	\$449.30	\$449.30
Retiree Prop. E Employer Contribution ⁵	\$0.00	\$0.00	\$0.00	\$284.62	\$678.28	\$678.28
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$1,463.11	\$1,856.77	\$1,856.77
2021 Non-Bargained Contribution Rate	\$1,298.42	\$2,517.88	\$3,557.63	\$284.61	\$678.28	\$1,306.86

MOU Negotiated Pickup ⁶	\$1,298.42	\$1,770.54	\$2,165.00			
2021 Typical Bargained Member Contribution	\$0.00	\$747.34	\$1,392.63			

Final Member Contribution 2020	\$0.00	\$585.27	\$1,141.53	\$239.59	\$684.20	\$1,369.33
Difference—2021 versus 2020	\$0.00	\$162.07	\$251.10	\$45.02	-\$5.92	-\$62.47

NOTE—Footnotes 1 – 6 defined in Appendix

UHC PPO—City Plan—Choice Not Available

Monthly Rate / Contribution Change—2021 versus 2020

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 2020	\$62.43	\$124.67	\$428.21	\$92.98	\$537.58	\$1,222.71
	PY 2021	\$64.66	\$129.10	\$443.43	\$97.26	\$490.92	\$1,119.50
	<i>\$ Difference</i>	<i>+\$2.23</i>	<i>+\$4.43</i>	<i>+\$15.22</i>	<i>+\$4.28</i>	<i>-\$46.66</i>	<i>-\$103.21</i>
	<i>% Difference</i>	<i>+3.6%</i>	<i>+3.6%</i>	<i>+3.6%</i>	<i>+4.6%</i>	<i>-8.7%</i>	<i>-8.4%</i>
Monthly Employer Contributions	PY 2020	\$829.45	\$1,656.31	\$2,090.68	\$1,417.86	\$1,862.47	\$1,862.47
	PY 2021	\$859.05	\$1,715.21	\$2,165.00	\$1,650.46	\$2,044.13	\$2,044.13
	<i>\$ Difference</i>	<i>+\$29.60</i>	<i>+\$58.90</i>	<i>+\$74.32</i>	<i>+\$232.60</i>	<i>+\$181.66</i>	<i>+\$181.66</i>
	<i>% Difference</i>	<i>+3.6%</i>	<i>+3.6%</i>	<i>+3.6%</i>	<i>+16.4%</i>	<i>+9.8%</i>	<i>+9.8%</i>
Monthly Total Rate	PY 2020	\$891.88	\$1,780.98	\$2,518.89	\$1,510.84	\$2,400.05	\$3,085.18
	PY 2021	\$923.71	\$1,844.31	\$2,608.43	\$1,747.72	\$2,535.05	\$3,163.63
	<i>\$ Difference</i>	<i>+\$31.83</i>	<i>+\$63.33</i>	<i>+\$89.54</i>	<i>+\$236.88</i>	<i>+\$135.00</i>	<i>+\$78.45</i>
	<i>% Difference</i>	<i>+3.6%</i>	<i>+3.6%</i>	<i>+3.6%</i>	<i>+15.7%</i>	<i>+5.6%</i>	<i>+2.5%</i>

UHC PPO—City Plan—Choice Not Available

Monthly Rate / Contribution Change—2021 versus 2020

Early Retirees, and 100 / 96 / 83 Contribution Strategy for Employees

PY = Plan Year		Active Employees			Early Retirees		
		EE	EE+1	EE+2+	RET	RET+1	RET+2+
Monthly Employee / Retiree Contributions	PY 2020	\$0.00	\$71.24	\$428.21	\$92.98	\$537.58	\$1,222.71
	PY 2021	\$0.00	\$73.77	\$443.43	\$97.26	\$490.92	\$1,119.50
	\$ Difference	+\$0.00	+\$2.53	+\$15.22	+\$4.28	-\$46.66	-\$103.21
	% Difference	-	+3.6%	+3.6%	+4.6%	-8.7%	-8.4%
Monthly Employer Contributions	PY 2020	\$891.88	\$1,709.74	\$2,090.68	\$1,417.86	\$1,862.47	\$1,862.47
	PY 2021	\$923.71	\$1,770.54	\$2,165.00	\$1,650.46	\$2,044.13	\$2,044.13
	\$ Difference	+\$31.83	+\$60.80	+\$74.32	+\$232.60	+\$181.66	+\$181.66
	% Difference	+3.6%	+3.6%	+3.6%	+16.4%	+9.8%	+9.8%
Monthly Total Rate	PY 2020	\$891.88	\$1,780.98	\$2,518.89	\$1,510.84	\$2,400.05	\$3,085.18
	PY 2021	\$923.71	\$1,844.31	\$2,608.43	\$1,747.72	\$2,535.05	\$3,163.63
	\$ Difference	+\$31.83	+\$63.33	+\$89.54	+\$236.88	+\$135.00	+\$78.45
	% Difference	+3.6%	+3.6%	+3.6%	+15.7%	+5.6%	+2.5%

UHC PPO—City Plan—Choice Not Available

Proposed 2021 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	\$666.95	\$1,395.55	\$1,999.94	\$1,297.75	\$1,908.37	\$2,395.79
Pharmacy	\$153.70	\$321.60	\$460.88	\$339.49	\$499.23	\$626.74
Vision	\$3.95	\$7.92	\$11.20	\$3.95	\$7.92	\$11.20
Expense ¹	\$77.68	\$77.68	\$77.68	\$77.68	\$77.68	\$77.68
Claims Stabilization Amount / Self-Funded Policy	\$21.43	\$41.56	\$58.73	\$28.85	\$41.85	\$52.22
Total	\$923.71	\$1,844.31	\$2,608.43	\$1,747.72	\$2,535.05	\$3,163.63

10-County Amount ²	\$0.00	\$0.00	\$0.00	\$729.19	\$0.00	\$0.00
Single Retiree Offset ³	\$0.00	\$0.00	\$0.00	\$0.00	\$729.19	\$729.19
"Actuarial Difference" ⁴	\$0.00	\$0.00	\$0.00	\$824.01	\$824.01	\$824.01
Retiree Prop. E Employer Contribution ⁵	\$0.00	\$0.00	\$0.00	\$97.26	\$490.93	\$490.93
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$1,650.46	\$2,044.13	\$2,044.13
2021 Non-Bargained Contribution Rate	\$923.71	\$1,844.31	\$2,608.43	\$97.26	\$490.92	\$1,119.50

MOU Negotiated Pickup ⁶	\$859.05	\$1,715.21	\$2,165.00			
2021 Typical Bargained Member Contribution	\$64.66	\$129.10	\$443.43			

Final Member Contribution 2020	\$62.43	\$124.67	\$428.21	\$92.98	\$537.58	\$1,222.71
Difference—2021 versus 2020	\$2.23	\$4.43	\$15.22	\$4.28	-\$46.66	-\$103.21

NOTE—Footnotes 1 – 6 defined in Appendix

UHC PPO—City Plan—Choice Not Available

Proposed 2021 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	\$666.95	\$1,395.55	\$1,999.94	\$1,297.75	\$1,908.37	\$2,395.79
Pharmacy	\$153.70	\$321.60	\$460.88	\$339.49	\$499.23	\$626.74
Vision	\$3.95	\$7.92	\$11.20	\$3.95	\$7.92	\$11.20
Expense ¹	\$77.68	\$77.68	\$77.68	\$77.68	\$77.68	\$77.68
Claims Stabilization Amount / Self-Funded Policy	\$21.43	\$41.56	\$58.73	\$28.85	\$41.85	\$52.22
Total	\$923.71	\$1,844.31	\$2,608.43	\$1,747.72	\$2,535.05	\$3,163.63

10-County Amount ²	\$0.00	\$0.00	\$0.00	\$729.19	\$0.00	\$0.00
Single Retiree Offset ³	\$0.00	\$0.00	\$0.00	\$0.00	\$729.19	\$729.19
"Actuarial Difference" ⁴	\$0.00	\$0.00	\$0.00	\$824.01	\$824.01	\$824.01
Retiree Prop. E Employer Contribution ⁵	\$0.00	\$0.00	\$0.00	\$97.26	\$490.93	\$490.93
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$1,650.46	\$2,044.13	\$2,044.13
2021 Non-Bargained Contribution Rate	\$923.71	\$1,844.31	\$2,608.43	\$97.26	\$490.92	\$1,119.50

MOU Negotiated Pickup ⁶	\$923.71	\$1,770.54	\$2,165.00			
2021 Typical Bargained Member Contribution	\$0.00	\$73.77	\$443.43			

Final Member Contribution 2020	\$0.00	\$71.24	\$428.21	\$92.98	\$537.58	\$1,222.71
Difference—2021 versus 2020	\$0.00	\$2.53	\$15.22	\$4.28	-\$46.66	-\$103.21

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 (overall average 9% increase to City Plan and City Plan—Choice Not Available rates); and
- 2) The resulting 2021 monthly rate cards presented in this material.

Statement From UHC Representative

Appendix—Additional Information

2021 UHC PPO Plan Administrative Fees

The 2021 fees below on a per employee / retiree per month basis (PEPM) were approved by the HSB in the March 2020 meeting.

Fee Component	2020 Monthly PEPM Fees	2021 Monthly PEPM Fees	Percentage Change
Base ASO Fee (Most Members) ¹	\$45.72	\$46.63	+2.0%
Shared Savings Program Fee	\$17.65	\$15.34	-13.1%
Facility R&C Program Fee	\$7.78	\$12.14	+56.0%
Value-Based Contracting Payments	\$0.89	\$0.57	-36.0%
SFHSS Healthcare Sustainability Fund Charge	\$3.00	\$3.00	No Change
Total PEPM Expense for UHC PPO	\$75.04	\$77.68	+3.5%

¹ Base ASO Fee for Medicare eligible but not enrolled members in 2021 is \$34.45 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 2021 rating is \$729.19 (per March 2020 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 (UHC PPO "City Plan") are set to equal contributions for the second highest cost plan (BSC Access+), 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.

UHC PPO City Plan 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 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

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

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