

# San Francisco Health Service System Health Service Board

## **Rates & Benefits**

Dental Plans—2021 Plan Year Renewals Presentation

June 11, 2020

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Health Solutions



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# Rate Setting Methodology Preface

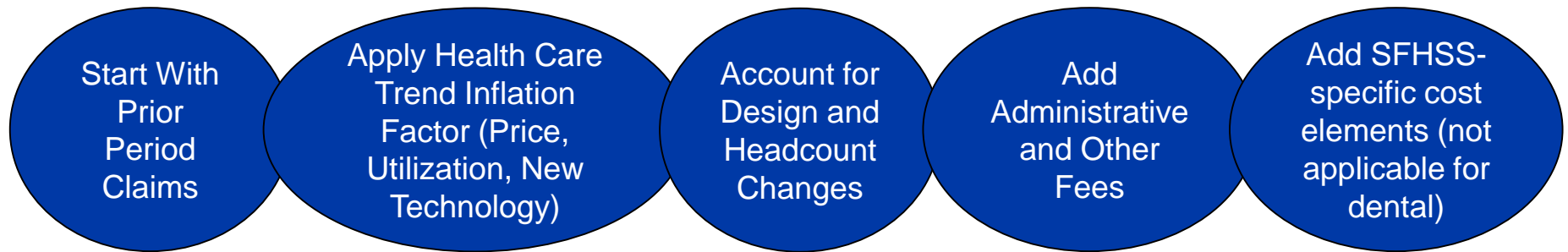
# Health Plan Funding—Method Comparison by SFHSS Plan

Funding Method	Self-Funded	Flex-Funded	Fully Insured
<b>Funding Method Description</b>	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.
<b>Who sets the recommended SFHSS plan rates?</b>	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)
<b>SFHSS plans by Funding Method</b>	UHC PPO "City Plan" <b>Delta Dental Active Employee PPO</b>	Blue Shield of CA Access+ HMO Blue Shield of CA Trio HMO	All Kaiser HMO plans UHC Medicare Advantage PPO <b>Delta Dental Retiree PPO</b> <b>DeltaCare Dental HMO</b> <b>UHC Dental HMO</b> VSP Vision
<b>HSB Rate Stabilization Policy Applies?</b>	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:

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

# 2021 Dental Plan Rating Renewal Summary

# 2021 Dental Plan Rating Renewal Summary

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This presentation proposes 2021 rating recommendations for the active employee and retiree dental plans offered by San Francisco Health Service System (SFHSS).

The Delta Dental of California (Delta Dental) active employee dental PPO plan is self-funded, and therefore the recommendation includes the administrative fees and Aon-calculated total plan cost rates for action by the Health Service Board (HSB) today.

All other dental plans offered through SFHSS are fully insured, and therefore the recommendation includes the insured rates for action by the HSB for those plans today.

# 2021 Dental Plan Rating Renewal Summary

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## SFHSS Dental Plan Covered Populations and Member Contributions

- Active employees of these employers are offered dental coverage through SFHSS: City and County of San Francisco (CCSF), Superior Court, and Municipal Executive (MEA) employees.
  - CCSF, CCSF MEA, and MTA MEA employees pay \$5/\$10/\$15 per month by dependent coverage tier for Delta Dental PPO (represents 9% of total plan rates), and pay no contributions for the two dental HMOs.
  - Superior Court and Superior Court MEA employees pay no contributions for dental coverage.
- San Francisco Unified School District (SFUSD) and City College of San Francisco (CCD) do not elect to offer dental coverage for their active employees through SFHSS.
- Retirees of all employers participating in SFHSS (including SFUSD and CCD retirees) are offered dental plan coverage in retirement through SFHSS.
  - Retirees pay full plan premiums for each retiree dental plan, with no employer contribution.



# 2021 Dental Plan Rating 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 change recommendations that are being presented today—with each rating action calculated by individual plan based on the process reviewed on the prior page—with January 2020 employee/retiree enrolled counts also shown for each plan (from the SFHSS Demographic Report, February 2020).<sup>1</sup>

Dental Plan	Proposed 2021 Rate Change Action	Enrolled Employee/ Retiree Members
Active Employee PPO	+0.6%	31,934
Active Employee DeltaCare USA HMO	-1.75%	714
Active Employee UHC Dental HMO	-3.0%	516
Retiree Employee PPO	-1.75%	21,290
Retiree Employee DeltaCare USA HMO	-1.75%	1,031
Retiree Employee UHC Dental HMO	-3.0%	810

<sup>1</sup> Insured plan rate actions reflect the permanent elimination of the federal Affordable Care Act health insurer tax into the 2021 plan year (all insured plan rate actions would be no change from the 2020 plan year otherwise).

# 2021 Dental Plan Rating Renewal Summary

- Recommended 2021 **monthly** total cost rates for each SFHSS dental plan:

SFHSS Dental Plan	Plan Year	Active Employees			Retirees*		
		EE Only	EE + 1	EE + 2+	RET Only	RET + 1	RET + 2+
Delta Dental PPO	PY 2020	\$57.28	\$120.28	\$171.83	\$45.77	\$91.04	\$135.88
	PY 2021	\$57.63	\$121.02	\$172.89	\$44.97	\$89.45	\$133.50
	\$ Difference	\$0.35	\$0.74	\$1.06	-\$0.80	-\$1.59	-\$2.38
	% Difference	0.6%	0.6%	0.6%	-1.75%	-1.75%	-1.75%
DeltaCare USA DHMO	PY 2020	\$26.95	\$44.46	\$65.76	\$32.85	\$54.21	\$80.19
	PY 2021	\$26.48	\$43.68	\$64.61	\$32.28	\$53.26	\$78.79
	\$ Difference	-\$0.47	-\$0.78	-\$1.15	-\$0.57	-\$0.95	-\$1.40
	% Difference	-1.75%	-1.75%	-1.75%	-1.75%	-1.75%	-1.75%
UHC Dental HMO	PY 2020	\$28.63	\$47.28	\$69.90	\$16.47	\$27.20	\$40.22
	PY 2021	\$27.77	\$45.86	\$67.80	\$15.98	\$26.38	\$39.01
	\$ Difference	-\$0.86	-\$1.42	-\$2.10	-\$0.49	-\$0.82	-\$1.21
	% Difference	-3.0%	-3.0%	-3.0%	-3.0%	-3.0%	-3.0%

\* Retirees pay the full premium cost.

# 2021 Dental Plan Rating Renewal Summary

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## Today's Recommendations

Staff recommends to the HSB approval of the following 2021 Dental Plan Rates and Administrative Fees—specific information on each of the four recommendations below are described in this document:

- 1) Delta Dental Active Employee PPO:** No change in administrative fees and a 0.6% increase in self-funded total cost rates from 2020 to 2021 **(slides 12-15)**.
- 2) DeltaCare USA Fully Insured Dental HMO Plans (active employees and retirees):** 1.75% decrease in insured rates from 2020 to 2021 **(slide 18)**.
- 3) UnitedHealthcare (UHC) Insured Dental HMO Plans (active employees and retirees):** 3.0% decrease in insured rates from 2020 to 2021 **(slide 19)**.
- 4) Delta Dental Retiree PPO:** 1.75% decrease in insured rates from 2020 to 2021 **(slide 20)**.

# Delta Dental of California

## Active Employee PPO Fees and Rates

# Delta Dental of California

## Overview—Active Employee Dental PPO Rating

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After a review of the Delta Dental active employee self-funded plan experience and market trend expectations, Aon recommends a **0.6% increase** in the self-funded total premium equivalent rates from 2020 to 2021.

- This change incorporates favorable claim experience from 2018 to 2019 for this plan, as well as the application of one-half of the existing rate stabilization reserve balance for the second consecutive year—as approved by the HSB in the May 14, 2020 meeting, the reserve buy-down applied to 2021 premiums is \$5,663,000.
- The 2021 rate recommendation includes a recommended new nitrous oxide and non-IV sedation benefit to support members during dental procedures—this is expected to add \$126,000 in claim dollars in 2021 (or 0.3% of total premiums), which would be funded by the employers given Dental PPO employee contributions are fixed dollar amounts.

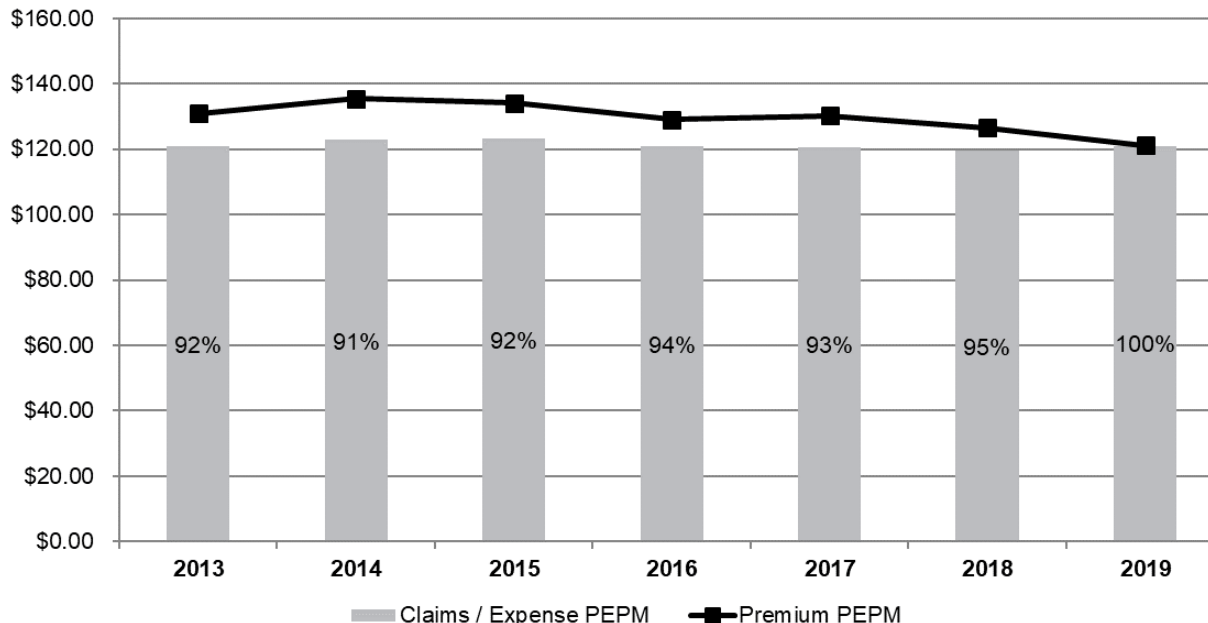
# Delta Dental of California

## Overview—Active Employee Dental PPO Rating

In 2019, the active employee dental PPO plan experience came in as expected, with a 100% loss ratio (where loss ratio equals claim/fee expenses divided by premiums).

- This occurred after Aon's rate underwriting methodology was updated for the 2019 plan year (lower cost trend factor, no claim margin).
- Active employee dental PPO plan pricing for the 2021 plan year follows the same methodology and cost trend assumption that was utilized in 2020 plan year rating.

### Active Dental PPO Loss Ratio



← About \$120 PEPM actual claim/fee cost each of past six years

← 100% loss ratio (claims/expenses divided by premiums) is optimal—claims plus fees equaling premiums

# Delta Dental of California

## 2019–2021 Administrative Fees

Delta Dental's per employee per month (PEPM) fee increased in 2019, and has held at the 2019 level per agreement with Delta Dental through the end of 2021 as illustrated below.

Year	PEPM Administrative Fee (2019 – 2021)
2012 – 2015	\$4.38
2016 – 2018	\$4.35
<b>2019 – 2021</b>	<b>\$4.62</b>

# Delta Dental of California

## Active Employee Dental PPO—2021 Projected Rates

- The recommendation is a 0.6% increase in premium rates from 2020 to 2021, which includes a one-half rating buy-down application of existing rate stabilization reserves in 2021 rating, or \$5,663,000, as well as the added nitrous oxide/non-IV sedation coverage.
- Claims for January 2018 through December 2019 with a 2% annual trend assumption were used to project 2021 claims.

	EE Only	EE + 1	EE + 2+
January 2020 Enrollment (31,934 total enrolled employees)	12,070	8,365	11,499
2021 Self-Insured Pre-Stabilization Offset Rates (Monthly)	<b>\$64.99</b>	<b>\$136.47</b>	<b>\$194.96</b>
Claims Stabilization Buy-Down (\$5,663,000 total)	(\$7.36)	(\$15.45)	(\$22.07)
<b>2021 Self-Insured Recommended Rates (Monthly)</b>	<b>\$57.63</b>	<b>\$121.02</b>	<b>\$172.89</b>
<b>2021 Self-Insured Recommended Rates (Bi-Weekly)</b>	<b>\$26.60</b>	<b>\$55.86</b>	<b>\$79.80</b>
<b>2020 Self-Insured Active Dental PPO Rates (Monthly)</b>	<b>\$57.28</b>	<b>\$120.28</b>	<b>\$171.83</b>
<i>Change From Current</i>	+0.6%	+0.6%	+0.6%



# Fully Insured Dental Plans

## Active and Retiree Dental Plans

# Fully Insured Dental Plans—2021 Rating

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## **SFHSS offers five fully insured dental plans to its members:**

- Active Employees (2 insured plans):
  - DeltaCare USA Dental HMO and
  - UnitedHealthcare (UHC) Dental HMO.
- Retirees (3 insured plans):
  - Delta Dental PPO,
  - DeltaCare USA Dental HMO, and
  - UHC Dental HMO.

With the elimination of the federal Affordable Care Act (ACA) Health Insurance Tax (HIT) starting in 2021, all insured dental plans for SFHSS have rate decreases from 2020 to 2021. The rating actions for the SFHSS insured dental plans into the 2021 plan year are:

- Delta Dental insured plans (Retiree PPO, DeltaCare USA): 1.75% premium reduction; and
- UHC insured plans (Dental HMO): 3.0% premium reduction.

# DeltaCare USA

## Dental HMO Plan Monthly Rates (guaranteed through December 31, 2021)

Rates are fully insured by Delta Dental of California

Actives Rate Tier	2020	2021	Rate Change
Employee Only	\$26.95	\$26.48	-1.75%
Employee + 1	\$44.46	\$43.68	-1.75%
Employee + 2+	\$65.76	\$64.61	-1.75%

Retirees Rate Tier	2020	2021	Rate Change
Retiree Only	\$32.85	\$32.28	-1.75%
Retiree + 1	\$54.21	\$53.26	-1.75%
Retiree + 2+	\$80.19	\$78.79	-1.75%

# UnitedHealthcare

## Dental HMO Plan Monthly Rates (guaranteed through December 31, 2021)

Rates are fully insured by UnitedHealthcare

Actives Rate Tier	2020	2021	Rate Change
Employee Only	\$28.63	\$27.77	-3.0%
Employee + 1	\$47.28	\$45.86	-3.0%
Employee + 2+	\$69.90	\$67.80	-3.0%

Retirees Rate Tier	2020	2021	Rate Change
Retiree Only	\$16.47	\$15.98	-3.0%
Retiree + 1	\$27.20	\$26.38	-3.0%
Retiree + 2+	\$40.22	\$39.01	-3.0%

# Delta Dental of California

## Retiree PPO Plan Monthly Rates (guaranteed through December 31, 2021)

### Rates are fully insured by Delta Dental of California

The rates below include provision for the nitrous oxide and non-IV sedation benefit described earlier for the active employee PPO—Delta Dental of California has agreed to add this coverage into the retiree PPO plan at no additional plan premium.

Retirees Rate Tier	2020	2021	Rate Change
Retiree Only	\$45.77	\$44.97	-1.75%
Retiree + 1	\$91.04	\$89.45	-1.75%
Retiree + 2+	\$135.88	\$133.50	-1.75%

# 2021 Dental Plan Recommendations

# 2021 Dental Plan Recommendations

## Four Recommendations for HSB Action

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### Delta Dental Active Employee Dental PPO—Recommended HSB Action:

- **#1:** Accept the recommended 2021 rates presented in this document (0.6% increase to total premium rates from 2020 to 2021 which includes provision for an added nitrous oxide and non-IV sedation coverage), as well as the holding of 2020 ASO fees for the 2021 plan year.

### Insured Dental Plans—Recommended HSB Actions:

- **DeltaCare USA Insured Dental HMO Plans** (active employees and retirees):
  - **#2:** Accept the rate renewal as presented in this document (1.75% reduction in insured premium rates from 2020 to 2021).
- **UHC Insured Dental HMO Plans** (active employees and retirees):
  - **#3:** Accept the rate renewal as presented in this document (3.0% reduction in insured premium rates from 2020 to 2021).
- **Delta Dental of California Retiree PPO:**
  - **#4:** Accept the rate renewal as presented in this document (1.75% reduction in insured premium rates from 2020 to 2021, which includes provision for an added nitrous oxide and non-IV sedation coverage).

# Statement From Delta Dental Representative



# 2021 Dental Plan Recommendations

## Four Recommendations for HSB Action

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### Delta Dental Active Employee Dental PPO—Recommended HSB Action:

- **#1:** Accept the recommended 2021 rates presented in this document (0.6% increase to total premium rates from 2020 to 2021 which includes provision for an added nitrous oxide and non-IV sedation coverage), as well as the holding of 2020 ASO fees for the 2021 plan year.

### Insured Dental Plans—Recommended HSB Actions:

- **DeltaCare USA Insured Dental HMO Plans** (active employees and retirees):
  - **#2:** Accept the rate renewal as presented in this document (1.75% reduction in insured premium rates from 2020 to 2021).
- **UHC Insured Dental HMO Plans** (active employees and retirees):
  - **#3:** Accept the rate renewal as presented in this document (3.0% reduction in insured premium rates from 2020 to 2021).
- **Delta Dental of California Retiree PPO:**
  - **#4:** Accept the rate renewal as presented in this document (1.75% reduction in insured premium rates from 2020 to 2021, which includes provision for an added nitrous oxide and non-IV sedation coverage).

# Appendix: Plan Designs

# Delta Dental of California – Active Employees

## Active Employees PPO Plan Design Elements

Plan Feature	PPO Dentists	Premier Dentists	Out-of-Network
Choice of Dentist	You may choose any licensed dentist. You will receive a higher level of benefit and lower out-of-pocket costs when using a Delta Dental PPO network dentist.		
Annual Deductible	No deductible		
Annual Plan Year Maximum	\$2,500 per person (excluding orthodontia)		
<b>Covered Services</b>			
▪ Cleanings and Exams	100% covered	80% covered	80% covered
▪ X-rays	100% covered	80% covered	80% covered
▪ Extractions	90% covered	80% covered	60% covered
▪ Fillings	90% covered	80% covered	60% covered
▪ Crowns	90% covered	80% covered	60% covered
▪ Dentures, Pontics, and Bridges	50% covered	50% covered	50% covered
▪ Endodontic/Root Canals	90% covered	80% covered	60% covered
▪ Oral Surgery	90% covered	80% covered	60% covered
▪ Implants	50% covered	50% covered	50% covered
▪ Orthodontia	50% covered to \$2,500 Lifetime Maximum	50% covered to \$2,000 Lifetime Maximum	50% covered to \$1,500 Lifetime Maximum
▪ Night Guards	80% covered (1x3yr)	80% covered (1x3yr)	80% covered (1x3yr)

**NOTE:** this exhibit contains plan summary information only. For a more detailed description of benefits and exclusions for each plan, please review the plan's Evidence of Coverage (EOC), available on [sfhss.org](http://sfhss.org)

# Delta Dental of California – Active Employees

## Active Employees DeltaCare USA and UHC Dental HMO Plan Design Elements

Plan Feature	DeltaCare USA	UHC Dental HMO
Choice of Dentist	DeltaCare USA network only UHC Dental network only	DeltaCare USA network only UHC Dental network only
Annual Deductible	None	None
Annual Plan Year Maximum	None	None
Covered Services		
▪ Cleanings and Exams	100% covered	100% covered
▪ X-rays	100% covered	100% covered
▪ Extractions	100% covered	100% covered
▪ Fillings	100% covered	100% covered
▪ Crowns	100% covered	100% covered
▪ Dentures, Pontics, and Bridges	100% covered	100% covered
▪ Endodontic/Root Canals	100% covered	100% covered
▪ Oral Surgery	100% covered	100% covered
▪ Implants	Not covered	Covered (see copay schedule)
▪ Orthodontia	Employee pays: \$1,600 / child \$1,800 / adult \$350 start-up fee; limitations apply	Employee pays: \$1,250 / child \$1,250 / adult \$350 start-up fee; limitations apply
▪ Night Guards	\$100 copay	100% covered

**NOTE:** this exhibit contains plan summary information only. For a more detailed description of benefits and exclusions for each plan, please review the plan's Evidence of Coverage (EOC), available on sfhss.org

# Delta Dental of California – Retirees

## Retiree PPO Plan Design Elements

Plan Feature	PPO Dentists	Premier Dentists	Out-of-Network
Choice of Dentist	You may choose any licensed dentist. You will receive a higher level of benefit and lower out-of-pocket costs when using a Delta Dental PPO network dentist.		
Annual Deductible	No deductible	\$75 per person; \$150 for family (excluding diagnostic and preventive care)	
Annual Plan Year Maximum	\$1,250 per person (excluding preventive cleanings and exams)		
<b>Covered Services</b>			
▪ Cleanings and Exams	100% covered	80% covered	80% covered
▪ X-rays	100% covered	80% covered	80% covered
▪ Extractions	80% covered	80% covered	80% covered
▪ Fillings	80% covered	80% covered	80% covered
▪ Crowns	60% covered	50% covered	50% covered
▪ Dentures, Pontics, and Bridges	60% covered	50% covered	50% covered
▪ Endodontic/Root Canals	60% covered	50% covered	50% covered
▪ Oral Surgery	80% covered	80% covered	80% covered
▪ Implants	50% covered	50% covered	50% covered
▪ Orthodontia	Not covered	Not covered	Not covered
▪ Night Guards	80% covered (1x3yr)	80% covered (1x3yr)	80% covered (1x3yr)

**NOTE:** this exhibit contains plan summary information only. For a more detailed description of benefits and exclusions for each plan, please review the plan's Evidence of Coverage (EOC), available on sfhss.org