

# San Francisco Health Service System Health Service Board

## Rates & Benefits

UnitedHealthcare (UHC) Medicare Advantage PPO  
Fully Insured Retiree Rates and Premium Contributions for  
2021 Plan Year

June 11, 2020

Prepared by:  
Health Solutions



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## Recommendation

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It is recommended that the Health Service Board accept the UHC MA PPO retiree 2021 plan year rate cards as presented today with a \$422.22 per member per month (PMPM) rate for the 2021 plan year, which represents a 2.9% decrease in rate from the 2020 level.

This recommendation comes with the understanding that the 2021 rates proposed by UHC are part of a two-year rate guarantee proposal that also includes a \$427.22 PMPM rate quotation for the 2022 plan year.

# Introduction and Aon Renewal Commentary

# Introduction

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This report provides the Health Service Board (HSB) with the recommendations for the fully insured 2020 UnitedHealthcare (UHC) Medicare Advantage (MA) PPO plan. There are 16,316 Medicare-eligible retirees and dependents enrolled in the UHC MA PPO plan.

UHC's 2021 rate on a per member per month (PMPM) basis for the MA PPO plan is \$422.22 PMPM on a **status quo (no design or program changes)** basis.<sup>1</sup> This represents a 2.9% decrease versus 2020 rates. The renewal is aided significantly by the permanent elimination of the federal Affordable Care Act (ACA) Health Insurance Tax (HIT) as part of the SECURE Act passed by the federal government in December 2019.

- This follows a 17.0% increase in rates from 2019 to 2020, where a majority of the increase was attributable to the 2020 return of the ACA HIT.

<sup>1</sup> The Part B Only plan rate for 2021 is \$751.19 PMPM, also a 2.9% reduction from the 2020 rate (\$773.70 PMPM). The Part B Only plan is for members who have not qualified during their working years for Medicare Part A based on work requirements (40+ quarters paying Medicare taxes) and choose not to pay the Part A premium in lieu. Presently 141 SFHSS participants are in the UHC MA PPO Part B Only plan.

## Aon Commentary on UHC MA PPO 2021 Rates

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This UHC renewal includes provision for a rate guarantee for the 2022 plan year, leveraging expected 2020 underwriting surplus generated by elective service claim suppression due to the COVID-19 pandemic for use in 2021 and 2022 proposed rates.

Rates for the 2020 plan year, and those for 2021 and 2022 plan years, are shown below on a per member per month (PMPM) basis. Specifically for today, the Health Service Board (HSB) is asked to approve the 2021 PMPM rate below. The 2022 guaranteed rate from UHC is also illustrated below.

- **2020 Current:** \$434.87
- **2021 Status Quo (no design/program changes):** \$422.22 (-2.9% vs. 2020)
- **2022 Status Quo (no design/program changes):** \$427.22 (+1.2% vs. 2021, and 1.8% lower than the 2020 rate)

# Aon Commentary on UHC MA PPO 2021 Rates

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The “Status Quo Basis” 2.9% rate decrease driven by these factors.

- **Elimination of ACA HIT for 2020:** After a one-year return in 2020 of the Affordable Care Act’s Health Insurance Tax (ACA HIT) after it did not apply for 2019 rating, it is now permanently eliminated starting in the 2021 plan year. This comprised 8% of the 2020 UHC MA PPO plan rate.
- **Claims Trend and Underwriting Factors:** With Centers for Medicare and Medicaid (CMS) revenues expected to remain relatively flat from 2020 to 2021, the underlying rate increase before applying the ACA HIT elimination would be about 9%. However, UHC is proposing to cascade expected claim reductions in 2020 stemming from the COVID-19 pandemic situation—namely for health care services not happening during this time and not expected to return later in 2020—to support lower rates for this plan in 2021 and 2022, versus if the pandemic never occurred. The end result is a 2.9% rate decrease proposal for 2021, along with a rate guarantee as described earlier for 2022.

# Stipulation for 2022 UHC MA PPO Rate Guarantee

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The proposed 2022 plan year rate (\$427.22 PMPM) is guaranteed by UHC, subject to the following provisions:

(1) United reserves the right to modify its 2022 rates in the event of changes to existing laws, regulations, or any new legislation, assessments, taxes, and/or marketplace changes to the Medicare Advantage and Part D programs that will have an impact of over 2% to the program costs or revenue, including:

- (a) the proposed changes to the Medicare Part D program (e.g. point-of-sale rebates);
- (b) changes in the methodology used to calculate CMS payments including any changes due to EGWP bid waiver,
- (c) any plan design changes required by the applicable regulatory authority (i.e., mandated benefits);
- (d) any Force Majeure Event, including but not limited to national pandemic, acts of God, acts of terrorism, or anything beyond United's reasonable control that could not have been prevented by the exercise of prudence, diligence and care on the part of United, and that is not occurring at the time of the execution of this agreement (including but not limited to the global COVID-19 pandemic); or
- (e) as otherwise permitted under the Agreement.

(2) Notwithstanding 1 above, United assumes the risk and will hold the rates above if United fails to qualify for Medicare Advantage Quality Bonus Payments provided the Bonus Payments program remains in effect, i.e., United takes the risk of failure to qualify for the Bonus Payments program.

(3) Notwithstanding 1 and 2 above, the exercise of the option to extend the Agreement for the 2022 Plan Year, pursuant to the Governance Policy of the San Francisco Health Service Board and San Francisco Charter section A8.422, is contingent upon approval of the rates for the 2022 Plan Year by the Health Service Board and the San Francisco Board of Supervisors.



# Aon Commentary on UHC MA PPO 2021 Rates

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The UHC MA PPO plan includes these innovation benefits first introduced to the plan in 2019 that support enrolled members—all at no additional plan premium for the 2021 plan year:

- Silver Sneakers: fitness and gym membership program (4,272 enrolled lives with 1,522 of these actively participating during 2019).
- Routine and post-discharge transportation service (236 total trips so far in 2020 through late April).
- Post-discharge meal delivery of up to 84 meals consecutively (1,344 meals delivered so far in 2020 through late April).

When setting the total UHC MA PPO premiums, the following SFHSS costs are included in rate cards:

- VSP Basic Plan vision premiums (unchanged from 2020 levels); and
- The SFHSS Healthcare Sustainability Fund charge of \$3.00 per retiree per month, which is unchanged from the 2020 fee.

# UHC MA PPO 2021 Rate Cards

# UHC MA PPO 2021 Rate Cards for Two Scenarios

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Following are the recommended UHC MA PPO rate cards for the 2021 plan year.

Each of these two versions has distinct mixed Medicare family columns for each of these variations of non-Medicare dependent plan enrollment:

- UHC City Plan PPO (and City Plan—Choice Not Available);
- BSC Access+; and
- BSC Trio.

# Retiree Medical Contributions in Rate Cards

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- The rate cards presented in this document reflect the full employer contributions for retiree medical coverage presently available to:
  - Retired employees hired on or before January 9, 2009;
  - Retired persons who retired for disability; and
  - Surviving spouses or surviving domestic partners of active employees who died in the line of duty.
- Retiree medical coverage—but no employer contribution—is available to retired employees hired on or after January 10, 2009 with at least 5 but less than 10 years of Credited Services with the Employers.
- Retiree medical coverage at the 50% employer Charter-contribution rate is available to retired employees hired on or after January 10, 2009, with greater than 10 years but less than 15 years of Credited Service with the Employers.
  - This segment of retirees will receive 50% of the full employer Charter contribution for each retiree medical plan and coverage tier as reflected in the following rate cards.

# 2021 UHC MA PPO Monthly Rate Card

**CNA = Choice Not Available**

	All Members in Medicare			Full Family—2 in Medicare, 1+ Non-Medicare		
	Retiree Only	Retiree + 1	Retiree + 2+	1+ Non- Medicare in UHC City Plan / CP- CNA	1+ Non- Medicare in BSC Access+	1+ Non- Medicare in BSC Trio
Premium	\$422.22	\$844.44	\$1,266.66	\$1,469.74	\$1,605.31	\$1,503.30
Vision	\$3.95	\$7.92	\$11.20	\$11.20	\$11.20	\$11.20
Expense <sup>1</sup>	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
<b>Total</b>	<b>\$429.17</b>	<b>\$855.36</b>	<b>\$1,280.86</b>	<b>\$1,483.94</b>	<b>\$1,619.51</b>	<b>\$1,517.50</b>
10-County Amount (or single tier premium, if less) <sup>2</sup>	\$429.17	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Single Retiree Offset <sup>3</sup>	\$0.00	\$429.17	\$429.17	\$429.17	\$429.17	\$429.17
"Actuarial Difference" <sup>4</sup>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Prop. E Contribution <sup>5</sup>	\$0.00	\$213.10	\$213.10	\$213.10	\$213.10	\$213.10
Subtotal City Contributions	\$429.17	\$642.27	\$642.27	\$642.27	\$642.27	\$642.27
<b>Non-Bargained Contribution Rate 2021</b>	<b>\$0.00</b>	<b>\$213.09</b>	<b>\$638.59</b>	<b>\$841.67</b>	<b>\$977.24</b>	<b>\$875.23</b>
<b>Final Member Contribution 2021</b>	<b>\$0.00</b>	<b>\$213.09</b>	<b>\$638.59</b>	<b>\$841.67</b>	<b>\$977.24</b>	<b>\$875.23</b>
<b>Final Member Contribution 2020</b>	<b>\$0.00</b>	<b>\$219.42</b>	<b>\$657.57</b>	<b>\$904.55</b>	<b>\$957.39</b>	<b>\$842.65</b>
<b>Difference—2021 vs. 2020 Contribution</b>	<b>\$0.00</b>	<b>(\$6.33)</b>	<b>(\$18.98)</b>	<b>(\$62.88)</b>	<b>\$19.85</b>	<b>\$32.58</b>

**NOTE—Footnotes 1 – 5 defined in Appendix**

# UHC MA PPO Retiree Monthly Rates and Contributions

<b>PY = Plan Year</b> <b>CNA = Choice Not Available</b>		All Members in Medicare			Full Family—2 in Medicare, 1+ Non-Medicare		
		Retiree Only	Retiree + 1	Retiree + 2+	1+ Non-Medicare in UHC City Plan / CP-CNA <sup>1</sup>	1+ Non-Medicare in BSC Access+	1+ Non-Medicare in BSC Trio
Monthly Retiree Contributions	<b>PY 2020</b>	<b>\$0.00</b>	<b>\$219.42</b>	<b>\$657.57</b>	<b>\$904.55</b>	<b>\$957.39</b>	<b>\$842.65</b>
	<b>PY 2021</b>	<b>\$0.00</b>	<b>\$213.09</b>	<b>\$638.59</b>	<b>\$841.67</b>	<b>\$977.24</b>	<b>\$875.23</b>
	<i>\$ Change</i>	<i>\$0.00</i>	<i>-\$6.33</i>	<i>-\$18.98</i>	<i>-\$62.88</i>	<i>+\$19.85</i>	<i>+\$32.58</i>
	<i>% Change</i>	<i>-</i>	<i>-2.9%</i>	<i>-2.9%</i>	<i>-7.0%</i>	<i>2.1%</i>	<i>3.9%</i>
Monthly Employer Contributions	<b>PY 2020</b>	<b>\$441.82</b>	<b>\$661.24</b>	<b>\$661.24</b>	<b>\$661.24</b>	<b>\$661.24</b>	<b>\$661.24</b>
	<b>PY 2021</b>	<b>\$429.17</b>	<b>\$642.27</b>	<b>\$642.27</b>	<b>\$642.27</b>	<b>\$642.27</b>	<b>\$642.27</b>
	<i>\$ Change</i>	<i>-\$12.65</i>	<i>-\$18.97</i>	<i>-\$18.97</i>	<i>-\$18.97</i>	<i>-\$18.97</i>	<i>-\$18.97</i>
	<i>% Change</i>	<i>-2.9%</i>	<i>-2.9%</i>	<i>-2.9%</i>	<i>-2.9%</i>	<i>-2.9%</i>	<i>-2.9%</i>
Monthly Total Rate	<b>PY 2020</b>	<b>\$441.82</b>	<b>\$880.66</b>	<b>\$1,318.81</b>	<b>\$1,565.79</b>	<b>\$1,618.63</b>	<b>\$1,503.89</b>
	<b>PY 2021</b>	<b>\$429.17</b>	<b>\$855.36</b>	<b>\$1,280.86</b>	<b>\$1,483.94</b>	<b>\$1,619.51</b>	<b>\$1,517.50</b>
	<i>\$ Change</i>	<i>-\$12.65</i>	<i>-\$25.30</i>	<i>-\$37.95</i>	<i>-\$81.85</i>	<i>+\$0.88</i>	<i>+\$13.61</i>
	<i>% Change</i>	<i>-2.9%</i>	<i>-2.9%</i>	<i>-2.9%</i>	<i>-5.2%</i>	<i>+0.1%</i>	<i>+0.9%</i>

# Recommendation

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It is recommended that the Health Service Board accept the UHC MA PPO retiree 2021 plan year rate cards as presented today with a \$422.22 per member per month (PMPM) rate for the 2021 plan year, which represents a 2.9% decrease in rate from the 2020 level.

This recommendation comes with the understanding that the 2021 rates proposed by UHC are part of a two-year rate guarantee proposal that also includes a \$427.22 PMPM rate quotation for the 2022 plan year.



# Appendix

# 2020 UHC MA PPO Monthly Rate Card

CNA = Choice Not Available	All Members in Medicare			Full Family—2 in Medicare, 1+ Non-Medicare		
	Retiree Only	Retiree + 1	Retiree + 2+	1+ Non- Medicare in UHC City Plan / CP- CNA	1+ Non- Medicare in BSC Access+	1+ Non- Medicare in BSC Trio
Premium	\$434.87	\$869.74	\$1,304.61	\$1,551.59	\$1,604.43	\$1,489.69
Vision	\$3.95	\$7.92	\$11.20	\$11.20	\$11.20	\$11.20
Expense <sup>1</sup>	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
<b>Total</b>	<b>\$441.82</b>	<b>\$880.66</b>	<b>\$1,318.81</b>	<b>\$1,565.79</b>	<b>\$1,618.63</b>	<b>\$1,503.89</b>
10-County Amount (or single tier premium, if less) <sup>2</sup>	\$441.82	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Single Retiree Offset <sup>3</sup>	\$0.00	\$441.82	\$441.82	\$441.82	\$441.82	\$441.82
"Actuarial Difference" <sup>4</sup>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Prop. E Contribution <sup>5</sup>	\$0.00	\$219.42	\$219.42	\$219.42	\$219.42	\$219.42
Subtotal City Contributions	\$441.82	\$661.24	\$661.24	\$661.24	\$661.24	\$661.24
<b>Non-Bargained Contribution Rate 2020</b>	<b>\$0.00</b>	<b>\$219.42</b>	<b>\$657.57</b>	<b>\$904.55</b>	<b>\$957.39</b>	<b>\$842.65</b>
<b>Final Member Contribution 2020</b>	<b>\$0.00</b>	<b>\$219.42</b>	<b>\$657.57</b>	<b>\$904.55</b>	<b>\$957.39</b>	<b>\$842.65</b>
<b>Final Member Contribution 2019</b>	<b>\$0.00</b>	<b>\$187.82</b>	<b>\$562.78</b>	<b>\$950.62</b>	<b>\$908.44</b>	<b>\$804.71</b>
<b>Difference—2020 vs. 2019 Contribution</b>	<b>\$0.00</b>	<b>\$31.60</b>	<b>\$94.79</b>	<b>-\$46.07</b>	<b>\$48.95</b>	<b>\$37.94</b>

**NOTE—Footnotes 1 – 5 defined in Appendix**

## UHC MA PPO Rate Card Footnotes

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- 1) **Expense:** SFHSS Healthcare Sustainability Fund charge of \$3.00 per employee or retiree per month.
- 2) **10-County Amount:** Amount derived from annual survey described in Charter Section A8.423 of contributions provided by 10 most populous counties in CA, not including San Francisco—called the “average contribution”. The 2021 10-County amount is \$729.19.
- 3) **Single Retiree Offset:** Under Charter Section A8.428(b)(2), the 10-County amount is the first of three Charter contribution elements used to calculate retiree rates. Employers are required to pay lesser of the 10-County amount or actual cost of coverage for each retiree member.

## UHC MA PPO Rate Card Footnotes

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- 4) **"Actuarial Difference"**: Under Charter Section A8.428(b)(3), the employers contribute the difference between Active Employee-Only premium and Early Retiree-Only premium. This is the second of three Charter contribution elements applied to the calculation of retiree rates.
- 5) **2000 Prop. E Contribution**: Under Charter Section A8.428(b)(3)(iii) and A8.428(c), employer contributions toward Retiree Only and Retiree +1 rates =  $50\% \times [\text{Total Rate Cost} - 10\text{-County Amount} - \text{"Actuarial Difference"}]$ . This is the third of three Charter contribution elements that applied to the calculation of retiree rates.

## Glossary of Plan Terms

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- **Medicare Advantage Prescription Drug Plan (MAPD):** Medicare Advantage Prescription Drug Plan (MAPD) includes Medicare Part D and is available to beneficiaries enrolled in Medicare Part A and Part B. HSS offers only MAPD plans in which the Center for Medicare and Medicaid Services (CMS) pays a Managed Care Organization a per member per month premium. HSS negotiates additional benefits not covered by MAPD plans alone
- **PPO:** Preferred Provider Organization (PPO) benefit coverage is distinguished by a panel of preferred providers who contract with a health care vendor allowing the vendor to provide their services at a richer level of coverage. Non-preferred providers are covered at a much lower level thus the member is required to pay a much higher level of the cost

# Member Contributions for All Retiree Tiers

### Non-Medicare Dependents in UHC PPO (City Plan and City Plan-Choice Not Available)

Overall Coverage Tier	Non-Medicare and Medicare Statuses	Monthly Member Contribution <sup>1</sup>		\$ Change	% Change
		2020	2021		
Retiree Only	Medicare Retiree	\$0.00	\$0.00	\$0.00	0.0%
Retiree + 1 Dependent	Medicare Retiree / Non-Medicare Dependent	\$444.61	\$393.67	(\$50.94)	-11.5%
	Medicare Retiree / Medicare Dependent	\$219.42	\$213.09	(\$6.33)	-2.9%
Retiree + 2+ Dependents	Medicare Retiree / Non-Medicare Dependents	\$1,129.74	\$1,022.25	(\$107.49)	-9.5%
	Medicare Retiree / Medicare Dependent / Non-Medicare 2nd+ Dependent(s)	\$904.55	\$841.67	(\$62.88)	-7.0%
	Medicare Retiree / Medicare Dependents	\$657.57	\$638.59	(\$18.98)	-2.9%

<sup>1</sup> For members receiving full City Charter employer contribution amounts.

# Member Contributions for All Retiree Tiers

## Non-Medicare Dependents in Blue Shield of CA Access+ Plan

Overall Coverage Tier	Non-Medicare and Medicare Statuses	Monthly Member Contribution <sup>1</sup>		\$ Change	% Change
		2020	2021		
Retiree Only	Medicare Retiree	\$0.00	\$0.00	\$0.00	0.0%
Retiree + 1 Dependent	Medicare Retiree / Non-Medicare Dependent	\$462.26	\$478.65	\$16.39	3.5%
	Medicare Retiree / Medicare Dependent	\$219.42	\$213.09	(\$6.33)	-2.9%
Retiree + 1 2+ Dependents	Medicare Retiree / Non-Medicare Dependents	\$1,200.23	\$1,242.80	\$42.57	3.5%
	Medicare Retiree / Medicare Dependent / Non-Medicare 2nd+ Dependent(s)	\$957.39	\$977.24	\$19.85	2.1%
	Medicare Retiree / Medicare Dependents	\$657.57	\$638.59	(\$18.98)	-2.9%

<sup>1</sup> For members receiving full City Charter employer contribution amounts.

# Member Contributions for All Retiree Tiers

## Non-Medicare Dependents in Blue Shield of CA Trio Plan

Overall Coverage Tier	Non-Medicare and Medicare Statuses	Monthly Member Contribution <sup>1</sup>		\$ Change	% Change
		2020	2021		
Retiree Only	Medicare Retiree	\$0.00	\$0.00	\$0.00	0.0%
Retiree + 1 Dependent	Medicare Retiree / Non-Medicare Dependent	\$390.38	\$414.74	\$24.36	6.2%
	Medicare Retiree / Medicare Dependent	\$219.42	\$213.09	(\$6.33)	-2.9%
Retiree + 2+ Dependents	Medicare Retiree / Non-Medicare Dependents	\$1,013.61	\$1,076.88	\$63.27	6.2%
	Medicare Retiree / Medicare Dependent / Non-Medicare 2nd+ Dependent(s)	\$842.65	\$875.23	\$32.58	3.9%
	Medicare Retiree / Medicare Dependents	\$657.57	\$638.59	(\$18.98)	-2.9%

<sup>1</sup> For members receiving full City Charter employer contribution amounts.