

San Francisco Health Service System Health Service Board

Rates & Benefits

Delta Dental Retiree Plans—Revised 2021 Rates Renewal
Presentation

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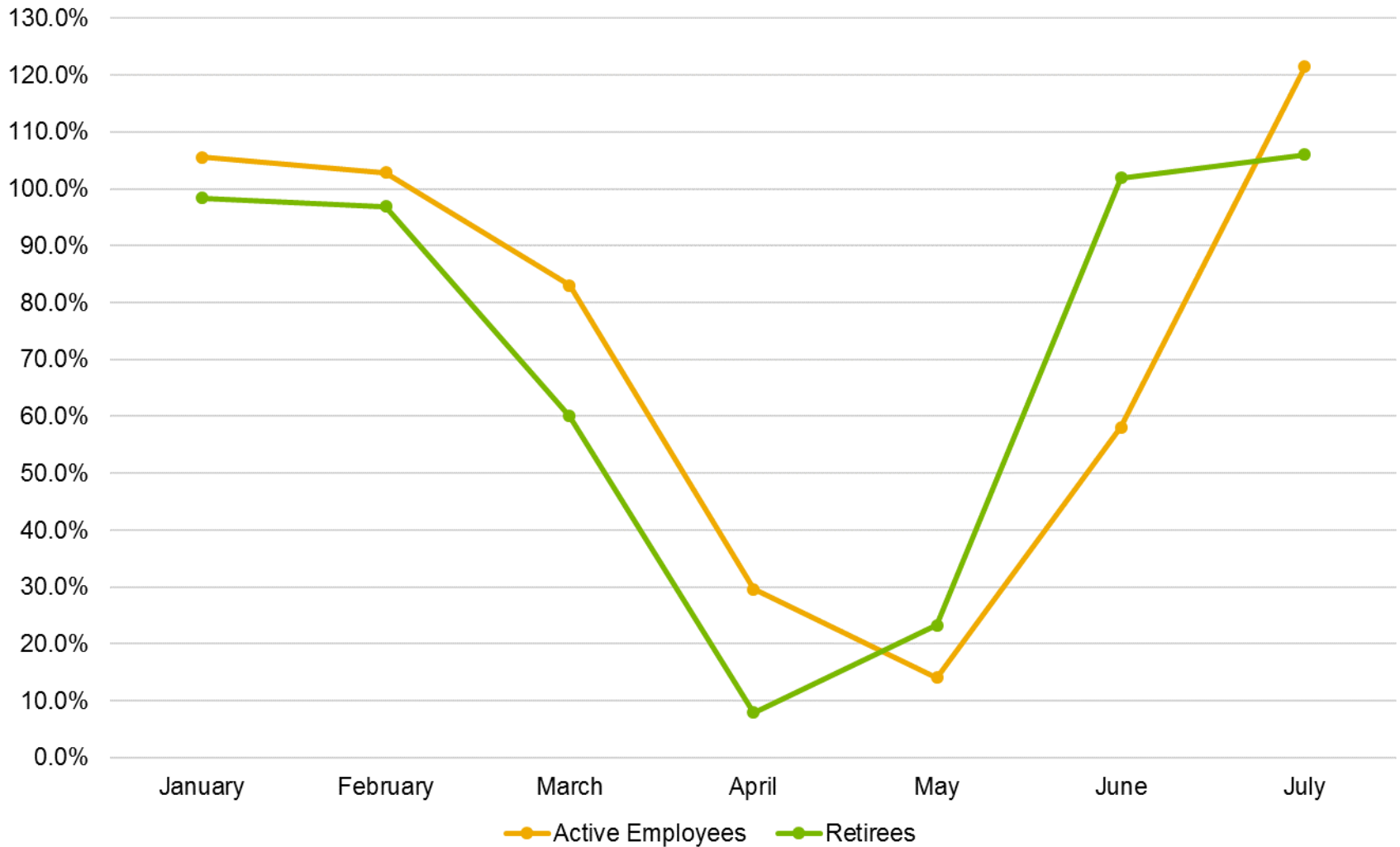
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Preface for Today's Discussion and Recommendations

Preface for Today's Delta Dental Retiree Plans Discussion and Recommendations

- 2021 plan year dental plan rates for all San Francisco Health Service System (SFHSS) sponsored active employee and retiree dental plans were approved by the Health Service Board (HSB) on June 11, 2020.
- Two developments since June 11, 2020 bring us to this presentation today:
 - Further investigation on plan coverage for the Delta Dental PPO plan's SmileWay benefit—leading to today's recommendation to enhance the coverage level for members qualifying for added services under Delta Dental's SmileWay program.
 - SmileWay updates would apply to both the Active PPO and Retiree PPO plans.
 - Partial premium and fee returns by SFHSS dental plans in recent months as a result of substantial suppression in claim activity since March 2020 due to the impact of closed dental offices for several months due to the COVID-19 pandemic—as discussed in the COVID-19 Financial Update presentation earlier today.
 - See next page for comparison of 2019 and 2020 per member claims by month, which shows dental claim suppression especially in the March to June 2020 timeframe.

SFHSS Specific Data—Dental Claim Suppression (Comparison of Same Month Per Member Claims, 2020 vs. 2019)



Preface for Today's Delta Dental Retiree Plans Discussion and Recommendations

- This presentation focuses on the two Delta Dental insured retiree dental plans, with recommended revisions to 2021 premium rates for retirees electing the Retiree PPO and Retiree DeltaCare USA Dental HMO plans, based on the two recent developments outlined on the prior page.
- Today's recommendations also include updating the Active Dental PPO plan for SmileWay benefit improvements that will be reviewed in this presentation.

Preface for Today's Delta Dental Retiree Plans Discussion and Recommendations

Staff recommendations that will be discussed in this presentation include:

- 1) Active Employee Delta Dental PPO:** Adopt the SmileWay feature plan design enhancements described in this document to become effective January 1, 2021 with no change to previously approved 2021 total cost rates but with recognition this change is expected to add 1.4% in claim costs for the 2021 plan year which would be captured through existing rate stabilization reserves.
- 2) Retiree Delta Dental PPO:** Adopt the SmileWay feature plan design enhancements described in this document to become effective January 1, 2021 as well as the rate reductions for 2021 versus previously approved 2021 rates to reflect the premium credit from Delta Dental generated by COVID-19 pandemic caused claim suppression—result is a 4.09% reduction in premium rates from 2020 to 2021 (versus the 1.75% premium reduction previously approved by the HSB on June 11).
- 3) Retiree DeltaCare USA DHMO Plan:** Adopt the rate reductions for 2021 versus previously approved 2021 rates to reflect the premium credit from Delta Dental generated by COVID-19 pandemic caused claim suppression—result is a 5.85% reduction in premium rates from 2020 to 2021 (versus the 1.75% premium reduction previously approved by the HSB on June 11).

COVID-19 Pandemic Claim Suppression Impacts

COVID-19 Pandemic Claim Suppression Impacts

- As a result of claim suppression seen primarily in March 2020 to June 2020 stemming from greatly reduced utilization of dental care by SFHSS members (and the public in general), each of SFHSS' dental plan partners has announced return of premium/fee monies, as outlined in our prior COVID-19 Financial Update presentation today.
- This presentation focuses on the two Delta Dental plans for retirees, as these plans are fully paid by retirees—Delta Dental financial return specific to these two plans for retirees is:
 - Retiree PPO: 25% of premium credit from August 2020 and September 2020 amount (worth approximately \$690,000); and
 - Retiree DeltaCare USA dental HMO: 25% of premium credit from August 2020 and September 2020 amount (worth approximately \$20,000).
- Delta Dental originally proposed crediting SFHSS with these amounts in January 2021.
- However, because these plans are fully paid by retirees, SFHSS has worked with Delta Dental to propose lowering previously approved 2021 plan year rates for the value of the premium credit monies.

COVID-19 Pandemic Claim Suppression Impacts

- The revised 2021 dental premium approach for retirees in the Delta Dental plans would occur, in lieu of a credit to SFHSS from Delta Dental, in early 2021—this approach has been determined by SFHSS to be the least disruptive method to return credited premium to retirees (versus mailing over 22,000 checks), as almost all retirees maintain dental coverage year-to-year.
- The end result, before considering the SmileWay benefit improvement consideration for the PPO plan outlined in the next section, is an approximate 4% lowering of revised 2021 premiums for the Delta Dental Retiree PPO and DeltaCare USA DHMO, versus the previously approved 2021 rates for these retiree plans.
- As discussed in the next section, the SmileWay benefit consideration applies only to the dental PPO plan (SmileWay is not a benefit within the DeltaCare USA dental HMO plan).

SmileWay Benefit Improvement Recommendation (for Delta Dental Active and Retiree PPO Plans)

SmileWay Benefit Improvement Recommendation

- For the January 1, 2019 plan year, the HSB in 2018 approved the implementation of a then-new Delta Dental PPO plan feature called SmileWay.
- SmileWay provides additional coverage for members with the following chronic diseases: diabetes, heart disease, HIV/AIDS, rheumatoid arthritis, and stroke.
- The additional coverage includes the services listed at right →

100% coverage for one periodontal scaling and root planing procedure per quadrant (D4341 or D4342) **per calendar or contract year**

Four of the following (any combination) **per calendar or contract year**:

- prophylaxis (teeth cleaning) (D1110 or D1120), **covered at 100%**
- periodontal maintenance procedure (D4910), **covered at 100%**

SmileWay Benefit Improvement Recommendation

- What has been unclear since the implementation of the SmileWay feature is how these benefits may or may not apply to the dental PPO plan's annual benefit maximum.
- In recent SFHSS and Aon conversations with Delta Dental, it has become apparent that:
 - The teeth cleaning enhancement for SmileWay-qualified members (prophylaxis D1110 or D1120) **does not** count towards a member's annual benefit maximum, which benefits the member; however
 - The periodontal maintenance (D4910) and periodontal scaling and root planning (D4341 or D4342) enhancements for SmileWay-qualified members **do** count towards the annual benefit maximum, which means these services are not covered currently for any member who has achieved their plan annual maximum.
- Therefore, it is recommended that the HSB approve a benefit change such that claims associated with the 5 codes outlined above, for members enrolled in the SmileWay program, will not apply to the annual benefit maximum—thus specifically addressing the issue for D4910, D4341, and D4342 services.
 - This would apply to the Active Employee Dental PPO and the Retiree Dental PPO effective January 1, 2021.

SmileWay Benefit Improvement Recommendation

- Below is a summary of how enhanced benefits are handled currently within the SmileWay program for qualified PPO plan members, as well as the recommendation for changes with regard to application to the Calendar Year Maximum (CYM) starting January 1, 2021:

Description	Code	Frequency Limits	SmileWay – Current	SmileWay – 2021 Recommended
Teeth Cleaning	D1110 or D1120	Up to 4 per year	100% (does not apply to CYM)	100% (does not apply to CYM)
Periodontal maintenance	D4910		100% (applies to CYM)	100% (does not apply to CYM)
Periodontal scaling	D4341	1 per quadrant per year	100% (applies to CYM)	100% (does not apply to CYM)
Root planing	D4342		100% (applies to CYM)	100% (does not apply to CYM)

SmileWay Benefit Improvement Recommendation

- The cost of the SmileWay benefit enhancement is proposed to be addressed as follows:
 - **Active employees:** expected added claim cost overall in 2021 of +1.4% flowing through the Trust, which is protected given the large rate stabilization reserve balance now in place for the Active Employee PPO plan.
 - Thus, no changes are proposed to previously approved total cost rates for the Active Employee PPO plan for the 2021 plan year.
 - There is no impact to active employee PPO plan employee contributions as they will remain at \$5 for Employee Only, \$10 for Employee Plus One Dependent, and \$15 for Employee Plus Two or More Dependents per month in 2021.
 - **Retirees:** expected added premium rate cost of +1.86% to be netted from lower revised retiree PPO plan premiums for 2021 as a result of COVID-19 pandemic based premium return from Delta Dental.

- Cost impact differences vary for active employees versus retirees based on proportion of members in each group who participate in the SmileWay feature, as well as differences in plan annual maximums between the active employee PPO and retiree PPO plans.

Revised 2021 Rate Recommendations for Retiree Delta Dental Plans

2021 Dental Plan Rating Renewal Summary—Revised

- Below is a summary of rate changes from 2020 to 2021 approved by the HSB on June 11, 2020—and proposed revised rate change recommendations presented today for HSB approval. Enrollments have been updated to reflect May 2020 data. Plans highlighted in yellow shading are presented for rate revision approval today.

Dental Plan	Original 2021 Rate Change Action (June 11 HSB)	Updated 2021 Rate Change Action	Enrolled Employee/ Retiree Members
Active Employee PPO	+0.6%	+0.6%	31,723
Active Employee DeltaCare USA HMO	-1.75%	-1.75%	761
Active Employee UHC Dental HMO	-3.0%	-3.0%	544
Retiree Employee PPO	-1.75%	-4.09%	21,388
Retiree Employee DeltaCare USA HMO	-1.75%	-5.85%	1,022
Retiree Employee UHC Dental HMO	-3.0%	-3.0%	800

2021 Dental Plan Rating Renewal—Approved on June 11

- Originally approved monthly 2021 dental plan rates at June 11, 2020 HSB meeting:

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 Retiree Delta Dental Revised Rates—Reflects COVID Suppression, Before SmileWay PPO Enhancement

- Revised 2021 monthly total cost rates highlighted in yellow shading:

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	\$43.09	\$85.72	\$127.93
	\$ Difference	\$0.35	\$0.74	\$1.06	-\$2.68	-\$5.32	-\$7.95
	% Difference	0.6%	0.6%	0.6%	-5.86%	-5.84%	-5.85%
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	\$30.93	\$51.04	\$75.50
	\$ Difference	-\$0.47	-\$0.78	-\$1.15	-\$1.92	-\$3.17	-\$4.69
	% Difference	-1.75%	-1.75%	-1.75%	-5.84%	-5.85%	-5.85%
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 Retiree Delta Dental Revised Rates—Reflects COVID Suppression, With SmileWay PPO Enhancement (Recommended)

- Revised 2021 monthly total cost rates highlighted in yellow shading—reflects today's recommendation for HSB action:

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	\$43.90	\$87.32	\$130.32
	\$ Difference	\$0.35	\$0.74	\$1.06	-\$1.87	-\$3.72	-\$5.56
	% Difference	0.6%	0.6%	0.6%	-4.09%	-4.09%	-4.09%
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	\$30.93	\$51.04	\$75.50
	\$ Difference	-\$0.47	-\$0.78	-\$1.15	-\$1.92	-\$3.17	-\$4.69
	% Difference	-1.75%	-1.75%	-1.75%	-5.84%	-5.85%	-5.85%
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 Revisions--Recommendations

Staff recommends HSB approval of the following dental plan design and rating revisions for the 2021 plan year, updating actions approved during the June 11, 2020 HSB meeting:

- 1) **Active Employee Delta Dental PPO:** Adopt the SmileWay feature plan design enhancements described in this document to become effective January 1, 2021 with no change to previously approved 2021 total cost rates but with recognition this change is expected to add 1.4% in claim costs for the 2021 plan year which would be captured through existing rate stabilization reserves.
- 2) **Retiree Delta Dental PPO:** Adopt the SmileWay feature plan design enhancements described in this document to become effective January 1, 2021 as well as the rate reductions for 2021 versus previously approved 2021 rates to reflect the premium credit from Delta Dental generated by COVID-19 pandemic caused claim suppression—result is a 4.09% reduction in premium rates from 2020 to 2021 (versus the 1.75% premium reduction previously approved by the HSB on June 11).
- 3) **Retiree DeltaCare USA DHMO Plan:** Adopt the rate reductions for 2021 versus previously approved 2021 rates to reflect the premium credit from Delta Dental generated by COVID-19 pandemic caused claim suppression—result is a 5.85% reduction in premium rates from 2020 to 2021 (versus the 1.75% premium reduction previously approved by the HSB on June 11).

Appendix—Dental Plan Supplemental Information

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.

Plan Design Overview

Active Employee Delta Dental 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)		
Covered Services			
▪ 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

Plan Design Overview

Active Employee DeltaCare USA and UHC Dental HMO Plan Design Elements

Plan Feature	DeltaCare USA	UHC Dental HMO
Choice of Dentist	DeltaCare USA DHMO network only	UHC DHMO 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	\$0 to \$250 copay (varies by service)	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

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Plan Design Overview

Retiree Delta Dental 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)		
Covered Services			
▪ 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

Plan Design Overview

Retiree DeltaCare USA and UHC Dental HMO Plan Design Elements

Plan Feature	DeltaCare USA	UHC Dental HMO
Choice of Dentist	DeltaCare USA DHMO network only	UHC DHMO 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	\$5 to \$25 copay (varies by service)
▪ Fillings	100% covered	\$5 to \$25 copay (varies by service)
▪ Crowns	\$0 to \$250 copay (varies by service)	100% covered
▪ Dentures, Pontics, and Bridges	100% covered	\$90 to \$100 copay (varies by service)
▪ Endodontic/Root Canals	100% covered	\$15 to \$60 copay (varies by service)
▪ Oral Surgery	100% covered	\$0 to \$30 copay (varies by service)
▪ Implants	Not covered	Covered (see copay schedule)
▪ Orthodontia	Retiree pays: \$1,600 / child \$1,800 / adult \$350 start-up fee; limitations apply	Retiree pays: \$2,000 / child \$2,000 / adult \$350 start-up fee; limitations apply
▪ Night Guards	\$100 copay	100% covered

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