

# San Francisco Health Service System Health Service Board

## SFHSS Medicare Evaluation and Planned Release of Medicare Advantage Plan Request for Proposals (RFP)

June 10, 2021

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Health Solutions



# SFHSS Medicare Plans Discussion—Purpose

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- Discussions about the SFHSS medical plan offering, over the last couple of years, has resulted in the identification of several areas of interest
  - Prudent business practice is to competitively bid plans every 3-5 years – the SFHSS medical plans have not been competitive bid in many years
  - Retiree plan selection is limited for retirees outside of the areas where Kaiser offers a health plan (CA, OR, WA, and HI)
  - Retirees who also coverer dependents where there is a mix of Medicare and non-Medicare eligible persons (Split Families) encounter an administrative challenge for the retiree and SFHSS
- These three areas of interest are the basis for the deep dive review of possible pathways and the resulting conclusion and desire to move forward with a Medicare RFP for the 2023 plan year
  - Kaiser will be excluded in the RFP (similarly to the recently completed active/early retiree RFP) as a change to the Kaiser offering would result in the disruption of nearly 15,000 retirees

# SFHSS Medicare Plans Discussion

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- Today's discussion outlines the evaluation of the Medicare Market compared to current MA plan options available for San Francisco Health Service System (SFHSS) Medicare retirees.
- The goals of today's meeting are to:
  - Review the current state
  - Review prior discussions
  - Reaffirm Medicare plan linkage to SFHSS' strategic goals
  - Describe the pathways and considerations that SFHSS considered for Medicare plan offerings for the 2023 plan year
  - Discuss a Request for Proposal (RFP) for PY 2023
  - Obtain input from the Health Service Board on the RFP goals and objectives
  - Review next steps
- We appreciate your questions and comments today—knowing your input as Health Service Board (HSB) Commissioners will help guide SFHSS in the selection process over the coming months.

# SFHSS Medicare Plans Discussion—Current State

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## Plans Offered

- **Nationally**, all SFHSS retirees in the United States have access to the UnitedHealthcare (UHC) Medicare Advantage Prescription Drug (MAPD) PPO plan
- **Additionally, in certain geographies**, the Kaiser Permanente Senior Advantage (KPSA) Medicare Advantage HMO plan is a second SFHSS plan choice available to retirees living in KPSA service areas within these states:
  - California
  - Hawaii
  - Oregon
  - Washington

# SFHSS Medicare Plans Discussion—Current State

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## Employer Contribution—Guided by City Charter Formulas

- Retirees hired on or before January 9, 2009: **Medical/Rx/Core Vision plan employer contribution amounts** are based on three components as defined in the **City Charter**—two of which are developed separately for each plan
  - **Element that is same for all plans: 10-County Amount** (determined by annual survey; same dollar amount for all plans and dependent tiers)
  - **First element that varies for each plan: “Actuarial difference”** which is the difference between single tier premiums for early retirees and active employees for a given plan (dollar amounts vary by plan; within a plan, the same dollar amount applies to all dependent coverage tiers)
  - **Second element that varies for each plan: Retiree Prop. E Contribution** which is 50% times [total cost rate cost, less 10-County amount, less “Actuarial Difference”]—performed for both Retiree Only tier and Retiree + 1 tier (dollar amounts vary by plan; within a plan, there is an amount for Retiree Only tier and a second amount for RET+1 and RET+2+ tiers)

# SFHSS Medicare Plans Discussion—Current State

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## Employer Contribution—Guided by City Charter Formulas

- For Medicare retirees, since total per member premiums including vision and SFHSS sustainability fee for both MA plans is less than the 10-County Amount, those earning the full City contribution pay no contribution for UHC MAPD and KPSA plans in Retiree Only tier
  - For those earning the full City contribution, the City then contributes 50% of the total premium cost for the first dependent covered in UHC MAPD and KPSA plans
- Retirees hired on or after January 10, 2009: medical/Rx/vision employer contributions vary by years of service:
  - At least 5 but less than 10 years of service: no employer contribution (coverage is fully paid by retiree)
  - At least 10 but less than 15 years of service: 50% of the employer contribution amounts provided to retirees hired on or before January 9, 2009
  - At least 15 but less than 20 years of service: 75% of the employer contribution amounts provided to retirees hired on or before January 9, 2009
  - At least 20 years of service: the same employer contribution amounts as those provided to retirees hired on or before January 9, 2009

# SFHSS Medicare Plans Discussion—Prior Discussions

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## Previous discussions by SFHSS staff and the HSB are as follows:

- 2018 Strategic Planning—Innovation Day June 2018
- Adopted Strategic Plan—October 2018
- Medicare Market Update—November 2020
- HSB Input on RFP Goals to SFHSS—June 2021 (**Today**)

# SFHSS Medicare Plans Discussion—Prior Discussions

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## **Prior HSB Input on Medicare Plan Offerings**

- Ensuring coverage in rural areas such as Hetch Hetchy
- Import of CMS Quality STAR Rating System
- Reimbursement for Primary Care
- Stability of Health Plan Offerings
- Plan Design – Impact on Member out-of-pocket expenses
- Addressing inequities related to race and social determinants of health

## **Prior Member Input on Medicare Plan Offerings**

- Options for out of California members
- Offering comprehensive coverage
- Eligibility for non-SSI contributors



# SFHSS Medicare Plans Discussion

## Linking Medicare Plans to SFHSS Strategic Goals

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### Affordable and Sustainable

*We aspire to transform health care purchasing and care delivery to provide quality, affordable and sustainable health care for our current and future members through value driven decisions, programs, designs, and services.*

- ▶ **SFHSS Medicare plans shall acknowledge Member costs (both through contributions and plan design) as well as the financial sustainability of the overall program.**



### Reduce Complexity and Fragmentation

*We believe in moving toward an integrated delivery system, focusing on primary care and prevention, and targeting and personalizing care.*

- ▶ **SFHSS Medicare plans shall reduce complexity and fragmentation by selecting vendor partners who focus on efficiency and quality by providing comprehensive and integrated health care—with plan integration of medical and prescription drug benefits.**



### Engage and Support

*We aim to activate programs, services, and resources that address the entire cycle of health, elevating engagement, and strengthening member knowledge and confidence in accessing and using health and benefit plans.*

- ▶ **SFHSS Medicare plans shall work with vendor partner(s) who will promote health literacy, provide Member advocacy care coordination, and address racial inequity and other negative Social Determinants of Health (SDoH).**

# SFHSS Medicare Plans Discussion

## Linking Medicare Plans to SFHSS Strategic Goals (continued)

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### Choice and Flexibility

*We believe in offering a range of designs, costs and services and collaborating with our stakeholder organizations, agencies, and departments to deliver health care services from the whole person perspective.*

- ▶ **SFHSS Medicare plans shall appreciate the various needs of Members and provide meaningful opportunity in the areas of health plan, plan design, and network/health systems.**



### Whole Person Health and Well-being

*We believe an organization that values supports members and their families' lives holistically and that fosters an environment and culture of well-being will have a happier, healthier, and more engaged population.*

- ▶ **SFHSS Medicare plans shall be provided by vendor partners who will support SFHSS' ongoing health and well-being activities, look to shift from sick care to health care and reduce barriers to care (e.g., negative SDoH) through direct programs, including a focus on home-based care, as well as community-based resources and programs.**

## SFHSS Medicare Plans Discussion—Pathways and Considerations

- The first pathway decision point that SFHSS considered was:
  - Offer group (SFHSS-sponsored) Medicare plans; and/or
  - Offer individual Medicare plans (via Third-Party Administrator or TPA)
- The following slides will outline the benefits and risks of both pathways resulting in the SFHSS conclusion to continue to offer group (SFHSS-sponsored) Medicare health plans

**SFHSS will continue to offer group  
(SFHSS-sponsored) Medicare health plans**

# SFHSS Medicare Plans Discussion—Pathways and Considerations

## Group vs. Individual Plans—Benefits and Risks

Strategy	Group (SFHSS-Sponsored) Plans	Individual Medicare Plans via TPA
<b>Benefits</b>	<ul style="list-style-type: none"><li>▪ SFHSS has higher-level of control over plans including claims administration, cost control, plan design customization, customer service, member issue resolution</li></ul>	<ul style="list-style-type: none"><li>▪ Dozens of plan choices for members</li></ul>
<b>Risks</b>	<ul style="list-style-type: none"><li>▪ Due to administrative complexity, employers generally only sponsor 1-3 plans which may limit member choice</li></ul>	<ul style="list-style-type: none"><li>▪ SFHSS is not able to provide member support should issues arise for individual plans</li><li>▪ Individually directed nature of this approach may result in unequal member access</li></ul>

**Conclusion: Group plans allow SFHSS to continue supporting the needs of its retiree constituents**

# SFHSS Medicare Plans Discussion—Pathways and Considerations

## Group vs. Individual Plans—Alignment with Strategic Goals

In considering the Group vs. Individual plans path, how does the path align with the SFHSS five strategic goals from the retiree’s perspective?

	Group (SFHSS-Sponsored) Plans	Individual Medicare Plans via TPA
<b>Affordable and Sustainable</b>	<b>Yes</b> , group purchasing power	<b>Maybe</b> , depending on employer contribution and cost of plan the retiree selects
<b>Reduce Complexity and Fragmentation</b>	<b>Yes</b> , by offering a limited set of integrated, network choices	<b>No</b> , dozens of national and regional options available when considering geography, network, etc.
<b>Engage and Support</b>	<b>Yes</b> , SFHSS continues to have the ability to support retirees	<b>No</b> , SFHSS cannot support retiree issues in individual plans
<b>Choice and Flexibility</b>	<b>Yes</b> , Group Plans are available nationally and regionally	<b>Yes</b> , dozens of national and regional options available when considering geography, network, etc.
<b>Whole-Person Health &amp; Wellbeing</b>	<b>Yes</b> , for MA group plans as measured by CMS Star Ratings	<b>Maybe</b> , if retiree select an MA plan

**Conclusion: Group plans best support SFHSS’ five strategic goals.**

## SFHSS Medicare Plans Discussion—Pathways and Considerations

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- The second pathway decision point that SFHSS considered was:
  - Offer Medicare Advantage plans; and/or
  - Offer Medicare Supplement/Coordination of Benefits (COB) with Prescription Drug Plans
- The following slides will outline the benefits and risks of both pathways resulting in the SFHSS conclusion to continue to offer only Medicare Advantage plans (on a group basis)

**SFHSS will continue to offer only  
Medicare Advantage plans**

# SFHSS Medicare Plans Discussion—Pathways and Considerations

## Medicare Advantage (MA) vs. Medicare Supplement / COB with Rx

Strategy	Medicare Advantage Plans	Medicare Supplement / COB with Prescription Drug Plans
<b>Benefits</b>	<ul style="list-style-type: none"> <li>▪ Clinically based, member-focused to:                             <ul style="list-style-type: none"> <li>– More effectively managing and coordinating overall care delivery;</li> <li>– Provide targeted and timely care/complex case management;</li> <li>– Manage inpatient hospitalization use and lengths of stay, including goal to reduce re-admission rates;</li> <li>– More cost-effectively supporting retiree “end-of-life” needs; and</li> <li>– Provide value-added benefits to enhance member experiences.</li> </ul> </li> <li>▪ MA plans provide an intensive <u>quality</u> focus not present in other Medicare plan types</li> </ul>	<ul style="list-style-type: none"> <li>▪ Provides broader provider choice through an open-network</li> </ul>
<b>Risks</b>	<ul style="list-style-type: none"> <li>▪ Typically provided through HMO (in-network only) or PPO (in-network focused) designs; may limit provider choice</li> </ul>	<ul style="list-style-type: none"> <li>▪ “Original Medicare” is an unmanaged indemnity plan characterized by a high degree of inefficiency                             <ul style="list-style-type: none"> <li>– High emergency room usage</li> <li>– High hospital admission (and re-admission) rates</li> <li>– High costs for “end-of-life” support</li> <li>– Poor care coordination among primary care, institutional care, and pharmacy</li> <li>– Medicare supplement plans (for instance, “Medigap”) are generally inefficient</li> </ul> </li> <li>▪ They coordinate after the “Original Medicare” program—but do not provide effective care management to support retirees or manage costs</li> </ul>

**Conclusion: MA plans allow SFHSS to offer retiree health options that are high quality, cost effective, and available nationally**

# SFHSS Medicare Plans Discussion—Pathways and Considerations

## MA vs. Medicare Supplement / COB with Rx Plans—Alignment with Strategic Goals

In considering the MA vs. Medicare Supplement/COB w/Rx plans path, how does the path align with the SFHSS five strategic goals from the retiree’s perspective?

	MA Plans	Medicare Supplement / COB with Rx Plans
<b>Affordable and Sustainable</b>	<b>Yes</b> , MA provides lowest overall cost while plans allow for reasonable member cost sharing	<b>No</b> , premiums are higher for Supplement/COB plans with Rx than for MA plans
<b>Reduce Complexity and Fragmentation</b>	<b>Yes</b> , by offering a plan that integrates medical and prescription drug benefits	<b>No</b> , Supplement/COB plans cover medical services with separate Medicare Prescription Drug plan required for Rx coverage
<b>Engage and Support</b>	<b>Yes</b> , MA plans allow for added benefits like post-discharge meal delivery and fitness programs	<b>Maybe</b> , some but not all supplement/COB plans provide added member-focused benefits
<b>Choice and Flexibility</b>	<b>Yes</b> , multiple MA plans exist in most U.S. geographies	<b>Yes</b> , dozens of national and regional options available
<b>Whole-Person Health &amp; Wellbeing</b>	<b>Yes</b> , for MA plans as measured by CMS Star Ratings, ensuring quality	<b>Yes</b> , Rx Only, as Rx plans are Star Rated but not Supplement/COB

**Conclusion: MA plans best support SFHSS’ five strategic goals.**



# SFHSS Medicare Plans Discussion—Pathways and Considerations

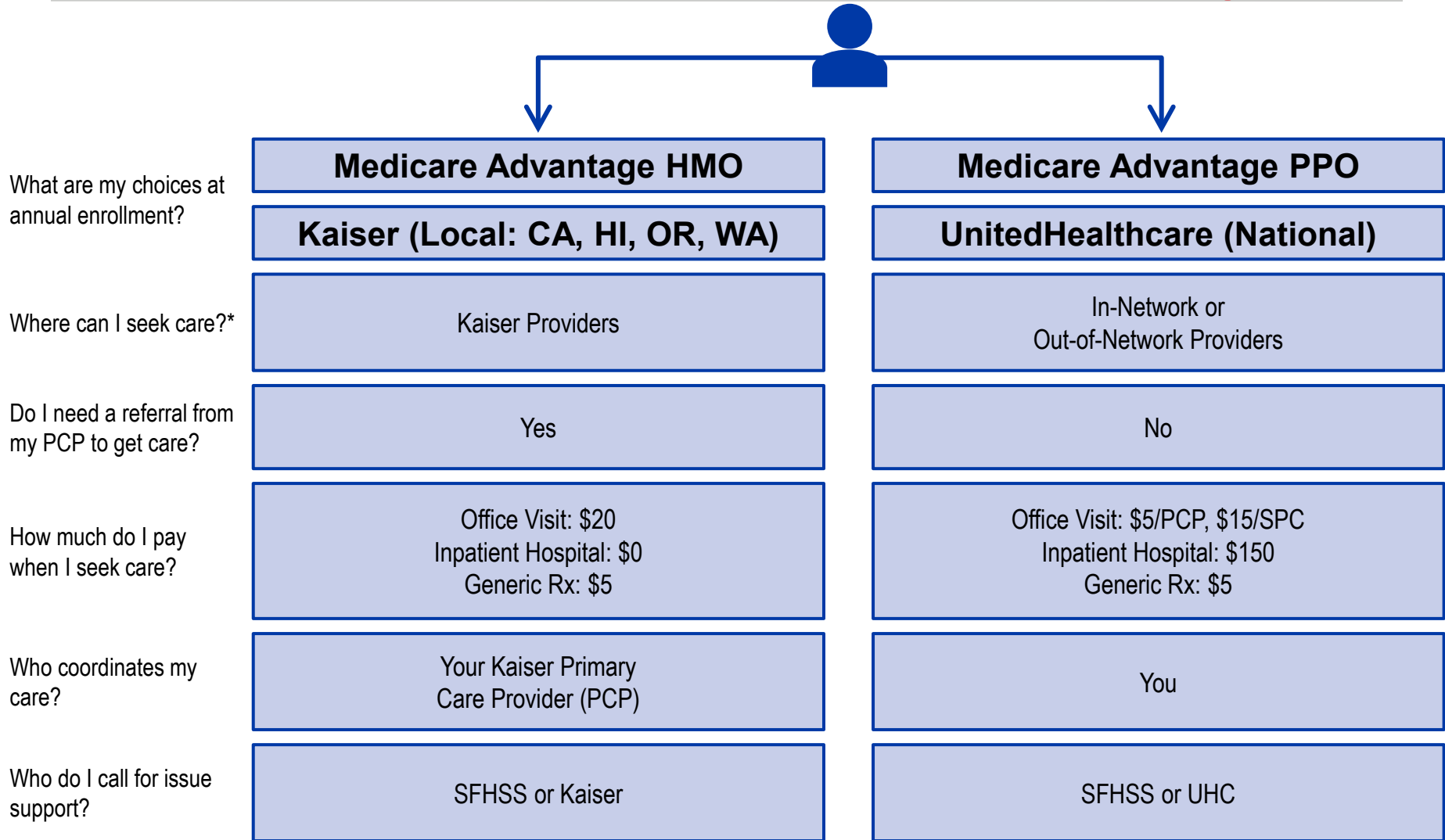
## Conclusion

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- After reviewing the current state of the SFHSS Medicare retiree health plans, feedback from prior discussions with the HSB, staff has concluded that current retiree medical approach (SFHSS-sponsored, Medicare Advantage plans) provides retirees with high quality, cost-efficient health plan options across a variety of geographies while supporting the SFHSS staff and HSB endorsed strategic goals

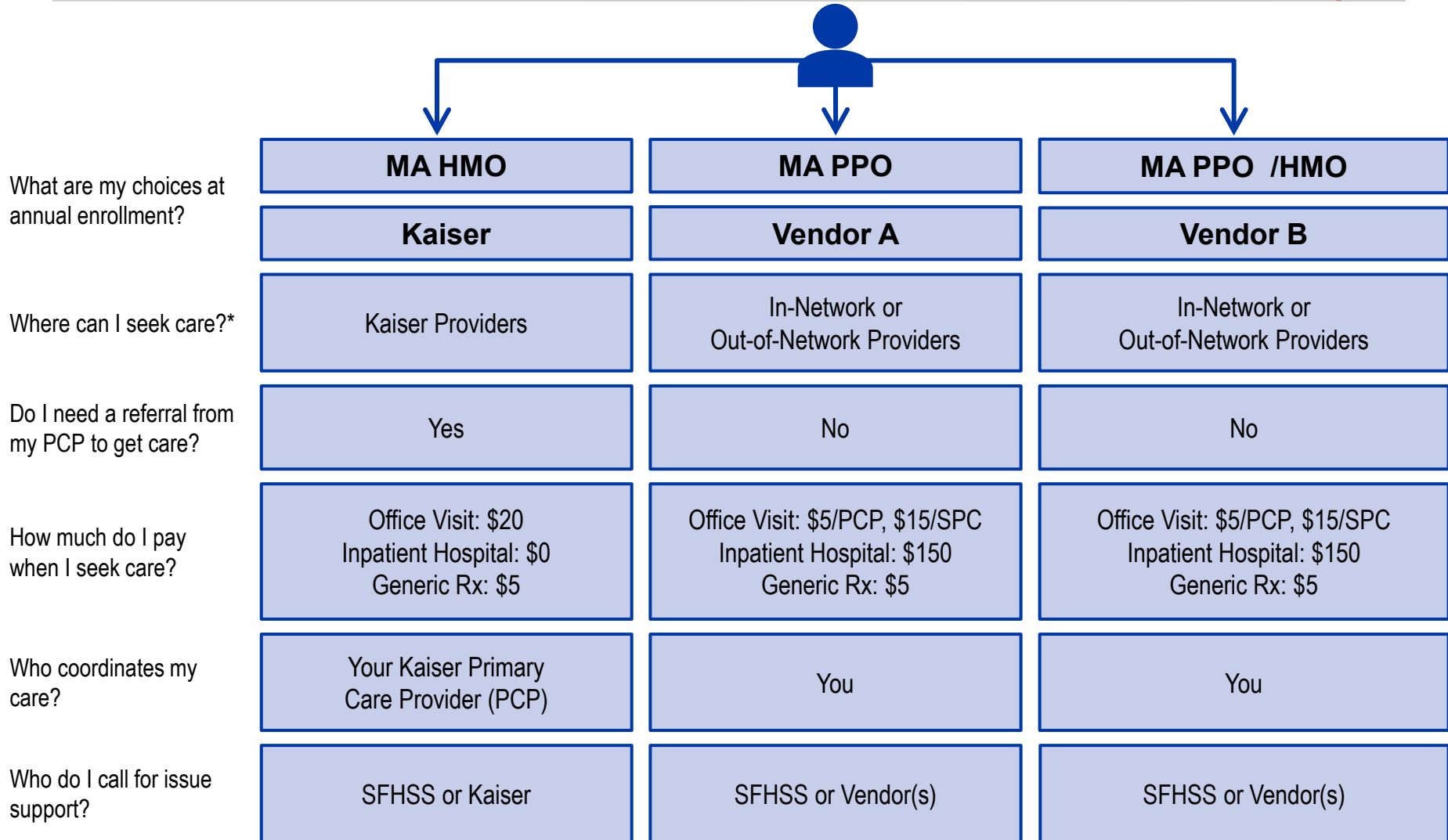
**SFHSS will continue to offer only group  
(SFHSS-sponsored) Medicare Advantage plans**

# SFHSS Medicare Plans Discussion—Current Offering



\* **General information, does not address emergency care which can be sought anywhere**

# SFHSS Medicare Plans Discussion—Future State Offering



\* **General information, does not address emergency care which can be sought anywhere**

# SFHSS Plan

## SFHSS Plan to Issue a Medicare Advantage Plan RFP—Purpose

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- In the process of reviewing the Medicare retiree health plan offering, SFHSS determined the desire for an RFP for the 2023 plan year for the following reasons:
  - Periodic competitive bidding is prudent business practice
  - Opens the possibility to offer a second national plan, giving choice to retirees that do not live in Kaiser regions
  - Allows for adjustments to the plan offering to resolve the issue where either the retiree or dependent is Medicare-eligible and the other is not, referred to as “split families”

## SFHSS Plan to Issue a Medicare Advantage Plan RFP—Plan

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- **Staff is planning to perform a Medicare plan RFP for the 2023 plan year**—retaining the current group Medicare Advantage plan offering framework with potential to expand potential MA plan offerings to SFHSS Medicare retirees.
  - The RFP would exclude Kaiser, as SFHSS recommends retaining KPSEA as a Group Medicare Advantage plan offering in CA, HI, OR, and WA for the 2023 plan year
- The following pages outline the goals and objectives of the Medicare plan RFP; SFHSS staff is seeking input from the Health Service Board on these items

# RFP Goals (Draft)—Four Pillars

- SFHSS has identified the following goals of performing a Medicare plan RFP
  - SFHSS staff is seeking input from the Health Service Board on these items

Quality	Cost	Benefits Administration	Legal and Policy Guardrails
<ul style="list-style-type: none"><li>▪ SFHSS seeks proposed medical benefits and coverage solutions that enforce transparency in reporting and maintaining quality of care metrics. Leveraging the CMS Star rating system.</li><li>▪ <b>SFHSS will prioritize plans with a CMS Star rating of 4.0 or higher</b></li></ul>	<ul style="list-style-type: none"><li>▪ As a result of this RFP, SFHSS seeks more transparent, sustainable, high-value, cost-effective care choices.</li><li>▪ Retain SFHSS purchasing power and ability to manage costs through plan design and program offerings.</li><li>▪ <b>SFHSS expects no increase to premiums</b></li></ul>	<ul style="list-style-type: none"><li>▪ SFHSS seeks solutions that optimize member experience through convenient and coordinated care management.</li><li>▪ Coordination, advocacy and navigation of systems, benefits and partner support through person-centric, culturally competent care systems.</li><li>▪ <b>SFHSS expects superior customer service, plan design administration and program offering</b></li></ul>	<ul style="list-style-type: none"><li>▪ SFHSS will abide by all federal, state, and local regulations as it relates to the RFP process and outcomes</li><li>▪ <b>SFHSS will work within the construct of the City Charter</b></li></ul>

## RFP Objectives (Draft)

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- SFHSS has identified the following goals of performing a Medicare plan RFP
  - SFHSS staff is seeking input from the Health Service Board on these items

### **Objectives:**

- Support health plan models focused on sustainable, financially stable, high-quality, cost-effective health plan programs and options
- Enhance diversity of choices geographically while maintaining balanced enrollment among offered plans
- Reduce administrative complexity of “split families” (retiree families with one or more Medicare individual and one or more non-Medicare individual)
- Partner with plans committed to the strategic goal of ongoing whole person health, well-being of Members and reduced health disparities
- Innovate for better care management of the drivers of risk scores
- Minimize member disruption by maintaining a similar balance of current copays and deductibles
- Leverage SFHSS purchasing power to enhance plan competition and reduce future Medicare plan premium cost trends



## Next Steps

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- Revise goals and objectives based on input received today
- Review goals and objectives at HSB in August
- Release RFP in September
- Bring recommendation to HSB in February 2022

# Appendix

# Medicare Plan Offering Prevalence—Key California Counties

## Other 10-County Survey County Offerings to Medicare Retirees

- **All sponsor at least one MA plan directly**
- Those providing an employer contribution do so for retiree's coverage (not dependents)
- Additional coverage and contribution details are in the Appendix to this presentation

County	Group MA Plan(s)	Other Group Plan(s)	Individual Marketplace Enrollment Platform
<b>Fresno</b>	KPSA	United American COB with UHC Rx	N/A
<b>Los Angeles</b>	KPSA, UHC MAPD, SCAN (Southern California MA plan)	Anthem BCBS Medicare Supplement	N/A
<b>Orange</b>	KPSA, Anthem BCBS, SCAN	BSC PPO, Anthem BCBS HMO and PPO	N/A
<b>Riverside</b>	KPSA, UHC MAPD, SCAN (for retirees receiving County-sponsored plans)	ExclusiveCare supplement / COB plans (all retirees—local network plan), UHC EPO / PPO COB (for retirees receiving County-sponsored plans)	CalPERS (for retirees receiving coverage through CalPERS)
<b>Sacramento</b>	KPSA and UHC MAPD	N/A	N/A
<b>San Bernardino</b>	KPSA and BSC	BSC COB	N/A
<b>San Diego</b>	KPSA, UHC MAPD, Health Net	Health Net HMO, UHC supplement	N/A