

Background — Health Service Board Education Plan 2023

The Health Service Board (HSB) Education Policy 202 outlines educational practices and reporting expectations for Commissioners throughout each calendar year.

Commissioners complete an annual Education Survey to request education topics. The Commissioners and San Francisco Health Service System (SFHSS) leadership work in partnership to provide educational opportunities that enhance continuous learning to effectively carry out their duties in alignment with the Strategic Plan years 2023-2025.

The requested 2023 Board Education topics are

- Healthcare Cost Trends (Active and Retirees);
- Equity Data Reporting; and
- Data Transparency.

Education sessions are open to the public and members are encouraged to attend.

Commissioners complete an education evaluation after every session to be completed within one week of the session.

San Francisco Health Service System Health Service Board

Board Education

Opportunities for Future Consideration

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December 14, 2023

Opportunities for Future Consideration — Agenda

- Health Service Board Education Modules — Overview and Key Takeaways
- SFHSS Strategic Goals
- Driving High Value in Healthcare
- Opportunities for Future Consideration
- Concluding Thoughts—Key Takeaways from Today’s Discussion
- Upcoming Health Service Board Education Discussions

HSB Education Modules — Overview

Incorporate Strategic Goals Throughout: Foster Equity, Advance Primary Care, Affordable/Sustainable, Support Mental Health and Well-Being, Optimize Service

August HSB

Holistic health ecosystem overview and outline September to December education modules

- “U.S. Healthcare 101” — our complex ecosystem
- Health system merger/acquisition (M&A) impacts
- Vendor market: current state, notable innovation
- SFHSS considers any RFI/RFP for vendors
- HSB control vs. influence
- Outline education modules

September HSB

Module 1: Market/Health System innovation

- Vendor innovation
- Health system innovation
- New research on health care/behavior/ outcomes

November HSB

Module 2: Benefit design benchmarking and plan design influence on member plan use behavior

- Impact of design components on plan utilization
- HMO plan design competitive landscape (Aon HVI data, 10-County)
- Plan design/program incentives to drive optimized health behaviors

December HSB

Module 3: Opportunities for Future Consideration

- Harmonizing design features across Non-Medicare HMO plans and between the two MAPD plans
- Ideal state of design/ vendors/network/etc.

Recent HSB Education Modules — Key Takeaways

August HSB

Holistic health ecosystem overview and September to December education modules outline

- The healthcare ecosystem is complex
- Complexity drives up spend
- Spend increases with age and advancing needs for those with chronic conditions
- Macroeconomic forces are driving up healthcare cost trend—including labor shortages, wage/supply costs, specialty pharmacy costs, and deteriorating physical and mental health

September HSB

Module 1: Market/Health System innovation

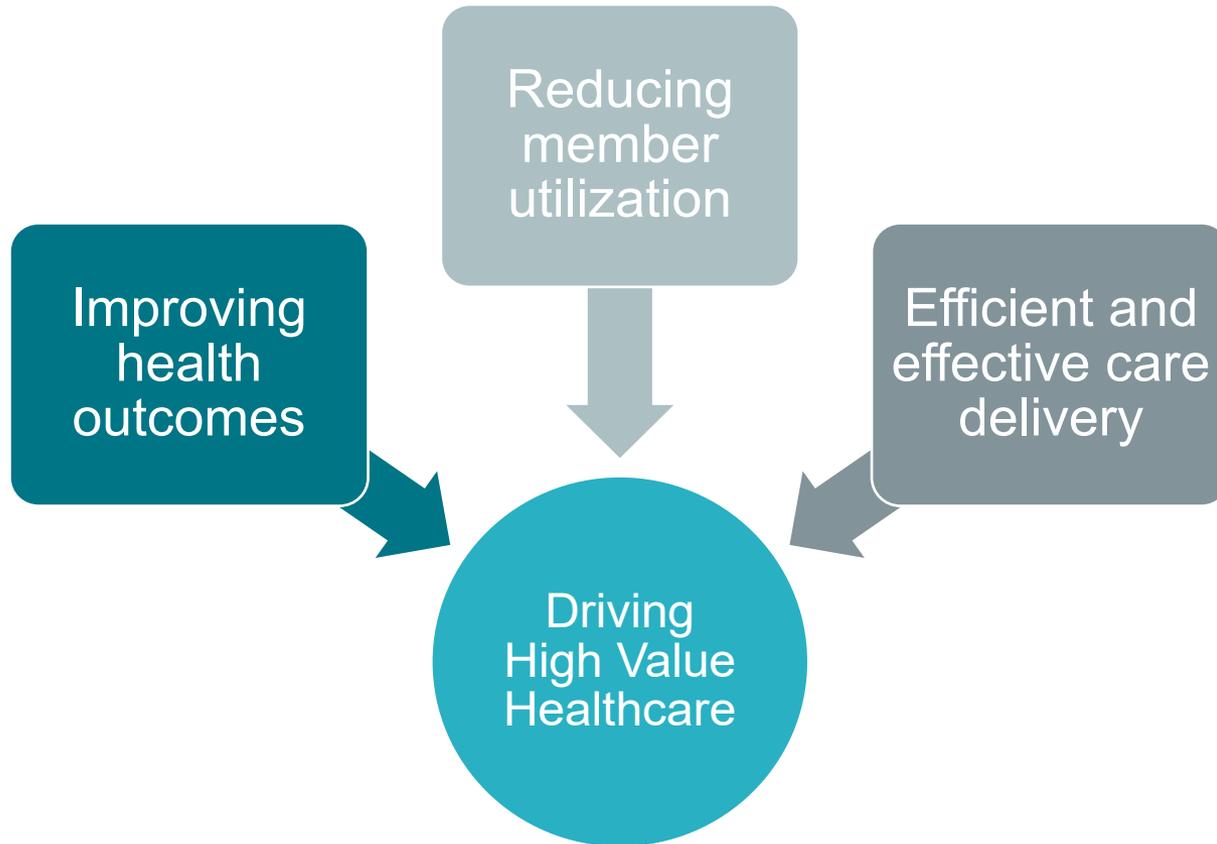
- Evolving and dynamic vendor ecosystem
- Point solutions have focused on unmet needs from health plans: navigation, well-being, equity, affordability
- New entrants to care delivery (Mark Cuban Cost Plus Drug Company, Amazon/One Medical, virtual care)

November HSB

Module 2: Benefit design benchmarking and plan design influence on member plan use behavior

- Copay-based plans have increased plan spend as prices have increased significantly
- Kaiser plan: lower copayments than other SFHSS HMO plans
- Research has not shown significant impact on behavior with increased point-of-care copays/coinsurance
- SFHSS member plan design features are aligned with those of other California public entities; richer than national public entities
- Utilization has continued to increase as SFHSS population ages and member chronic care needs increase

Driving High Value in Healthcare



Improving Health Outcomes / Reducing Utilization



Preventive care

- Screenings and vaccinations



Chronic condition management

- Vendor and provider programs to manage chronic conditions through navigation and advocacy



Wellness and wellbeing

- Improve / maintain health through lifestyle changes



Rx/medical device management programs

- Encourage efficient pharmacy utilization, medication adherence, and supportive medical device management

Health improvement can lessen member need for high-intensity care

Efficient and Effective Care Delivery



Primary and virtual care



Site of care: urgent care/emergency room or outpatient/inpatient



Technology advances and innovation



Advocacy and navigation

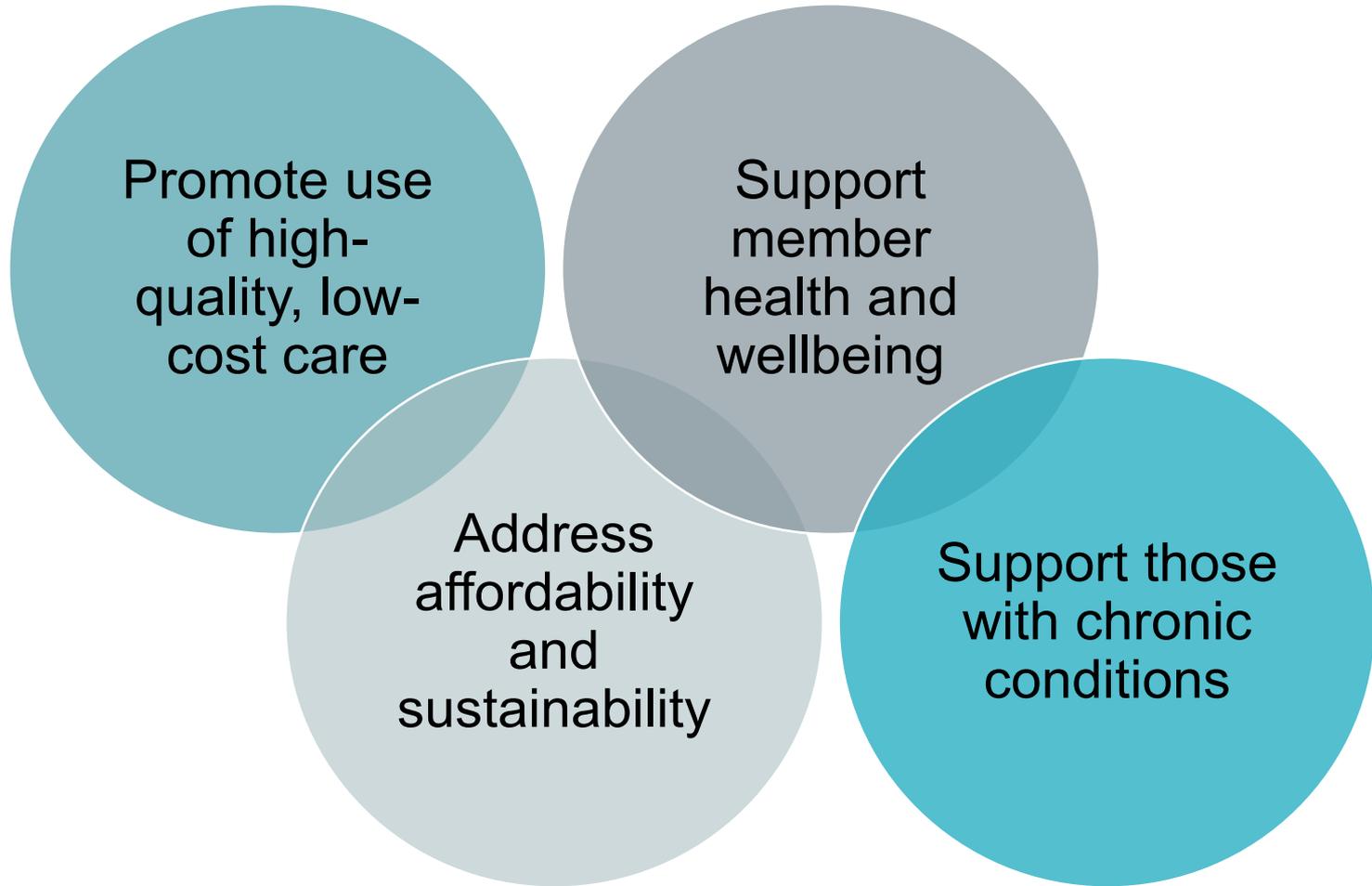


Accountable care organizations (ACOs) and capitation



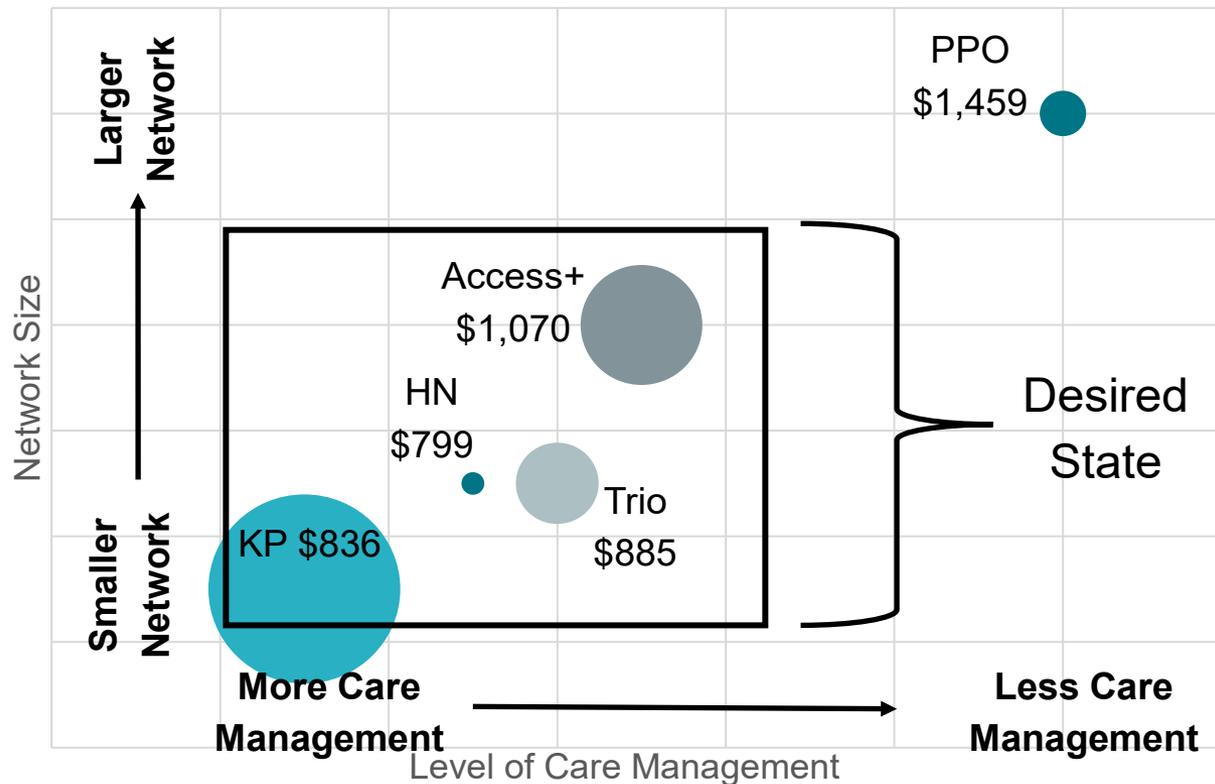
Fraud/waste/abuse

Opportunities for Future Consideration



Opportunities — High-Quality, Low-Cost Care

Success comes from encouraging or incentivizing members to enroll in well managed plans (2024 Active Employee Only tier monthly total cost rates — circle size corresponds to member enrollment size within each plan)



Opportunities — High-Quality, Low-Cost Care

Enhancing Use of Alternative Payment Models

- The goal of alternative payment models (APMs) is to promote the shift of payments based on fee-for-service (FFS) to alternative payment models that provide financial incentives for equitable high-quality and cost-efficient care.
- Current elements in SFHSS plans:
 - Capitation: BSC Trio, BSC Access+, and HN CanopyCare plans
 - Value-based payments: Access+ and Trio plans
- Future state:
 - Quality-linked payment models
 - Investment in advanced primary care initiatives
 - Payment transparency
 - Data collection: race, ethnicity, language, disability, and SOGI (sexual orientation and gender identity)
 - Data integration: real-time, actionable data for population health management

Opportunities — Affordability and Sustainability

- Trend mitigation strategies for SFHSS are multi-faceted and may include:

Plan Rate Negotiations and Periodic RFPs

Lower Member Demand for Healthcare Services through Health Risk Improvement Initiatives

Increased Use of Alternative Care Settings (e.g., virtual care, urgent care instead of emergency department)

Advanced Primary Care Initiatives that Better Engage Patients in Health Risk Management / Healthcare Decisions and Engage Providers in Efficient Care Delivery

Plan Design Feature Review (e.g., deductibles, copayments, Rx formularies, etc.)

- Strategies are ongoing by SFHSS in coordination with health plans to support advancement of the top four aims above.
- As we reviewed with the HSB in November, periodic plan design feature review is recommended to support overall plan affordability and sustainability, with focus on features where cost increases are highest and current member share of overall costs is lowest.

Opportunities — Affordability and Sustainability

Impact of Service Price Change Over Time — Costs That Accrue to the Plan Under Fixed Copayment Plan Design (from November HSB discussion: Plan Design Feature Review Potential)

- Comparison of change in Kaiser average service costs, 2019-2022:

| Service Type | Active Employee Average Service Cost, 2019 and 2022 | | | Early Retiree Average Service Cost, 2019 and 2022 | | |
|---|---|-----------------|--------------------------------|---|-----------------|--------------------------------|
| | 2019 Total Cost | 2022 Total Cost | Annualized % Change, 2019-2022 | 2019 Total Cost | 2022 Total Cost | Annualized % Change, 2019-2022 |
| Physician Office Visit | \$217 | \$202 | -2.4% | \$267 | \$210 | -7.7% |
| Inpatient Hospital Admission | \$43,866 | \$50,658 | 4.9% | \$50,843 | \$61,990 | 6.8% |
| Outpatient Surgery | \$4,304 | \$5,223 | 6.7% | \$3,728 | \$4,726 | 8.2% |
| Emergency Room Visit (copay only if not admitted) | \$1,905 | \$2,048 | 2.4% | \$2,132 | \$2,354 | 3.4% |
| Formulary Rx — Generic | \$29 | \$22 | -8.8% | \$28 | \$20 | -10.6% |
| Formulary Rx — Brand | \$1,179 | \$1,323 | 3.9% | \$1,211 | \$1,467 | 6.6% |

- Given fixed dollar copayments that have not changed over time, these total cost changes for services accrue fully to the plan — and ultimately in the premium rates.
- **Items with the lowest member copayments as a percentage of total cost — inpatient hospital, outpatient surgery and formulary Rx-brand — have seen the highest total cost of service increases from 2019 to 2022.**

Opportunities — Affordability and Sustainability

Aon-Modeled Total Cost Savings Potential for Plan Design Change Increments

Savings figures for fully insured and flex-funded plans would ultimately be determined by those health plans' actuaries and underwriters

| Plan Design Modeled Increase Increment | Non-Medicare PPO Plan | Non-Medicare Non-KP HMOs | Non-Medicare KP HMO | Medicare UHC MA PPO | Medicare KPSA HMO | All Plans Total |
|---|-----------------------|--------------------------|---------------------|---------------------|-------------------|---------------------|
| Deductible: \$100 single / \$200 family increment | \$312,000 | \$2,601,000 | \$3,162,000 | \$746,000 | \$358,000 | \$7,179,000 |
| Max out-of-pocket: \$500 single / \$1,000 family increment | \$206,000 | \$120,000 | \$1,127,000 | \$0 | \$123,000 | \$1,576,000 |
| Office visit copayments: \$10 increment* | \$77,000 | \$1,002,000 | \$1,163,000 | \$302,000 | \$131,000 | \$2,675,000 |
| Emergency room copayment: \$50 increment* | \$94,000 | \$354,000 | \$388,000 | \$55,000 | \$36,000 | \$927,000 |
| Urgent care copayment: \$25 increment* | \$7,000 | \$193,000 | \$240,000 | \$56,000 | \$27,000 | \$523,000 |
| Hospital inpatient copayment: \$100 increment* | \$8,000 | \$141,000 | \$93,000 | \$51,000 | \$11,000 | \$304,000 |
| Outpatient surgery copayment: \$50 increment* | \$53,000 | \$184,000 | \$164,000 | \$59,000 | \$19,000 | \$479,000 |
| Retail pharmacy copayments: \$5 generic / \$10 brand increments (double for mail) | \$203,000 | \$1,402,000 | \$1,737,000 | \$509,000 | \$197,000 | \$4,048,000 |
| TOTAL IF ALL APPLIED | \$960,000 | \$5,997,000 | \$8,074,000 | \$1,778,000 | \$902,000 | \$17,711,000 |

* Coinsurance decrement change on PPO: 5% in-network / 10% out-of-network

Medical CPI has grown 50% from 2009 to 2023, meaning a \$10 copay in 2009 would need to be \$15 in 2023 to keep pace with inflation

Opportunities — Affordability and Sustainability

Recent Medical Plan Design Change Recommendations in SFHSS Health Plans

| HSB Meeting | SFHSS Health Plan | Change Recommendation | Financial Impact to Plan and Members | HSB Action |
|--|--|--|--|--------------|
| May 14, 2020 (for 2021 plan year) | Kaiser Active/ Early Retiree HMO | Increase outpatient surgery copayment from \$35 to \$100 Increase hospital inpatient copayment from \$100 to \$200 (for both to match BSC HMO features) | 0.2% reduction to renewal increase (\$699K total--split \$627K employers, \$72K members through lower contributions) | Not Approved |
| May 25, 2023 (for 2024 plan year) | Kaiser Active/ Early Retiree HMO | Changes proposed above on May 14, 2020 Additional changes to match the BSC HMO designs for: out-of-pocket maximum, physician office copays, urgent care copay, and drug copays | 1.64% reduction to renewal increase (\$7.22M total--split \$6.48M employers, \$0.74M members through lower contributions) | Not Approved |

Opportunities — Health and Well-Being

SFHSS Programs: Well-Being

SFHSS Well-Being helps members **Live, Feel and be Better Every Day** — SFHSS encourages and facilitates well-being by raising awareness, providing programs, services and tools. **Our opportunity — increased awareness and engagement!**



sfhss.org



sfhss.org/well-being



sfhss.org/eap



sfhss.org/well-beingatwork

Pilot Programs

- Set Up & Go — Ergonomics in the Workplace
- Diabetes Prevention Program
- Healthy Weight Series
- Smart Money Coaching
- MyBrain Solutions

Ongoing Programs

- Employee Assistance Program (EAP)
- Diabetes Prevention Program
- Healthy Habits Program
- Flu Shot Clinics
- Health Screenings
- Lifestyle Coaching
- Stretch Breaks
- Team building activities
- Group Exercise Classes
- Health Education Webinars
- Trainings & Workshops
- Health and Well-Being Fairs
- Discounts
- Challenges
- Campaigns
- Online Resources

Opportunities — Health and Well-Being

SFHSS Programs: Mental Well-Being

SFHSS offers several modes for members to access mental well-being tools and resources —again, our opportunity is to increase awareness and engagement.

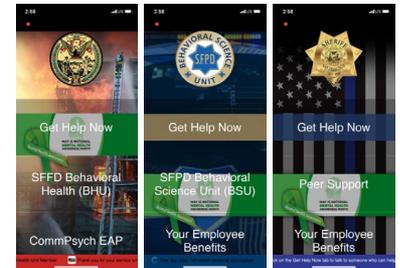
- Internal EAP: focuses primarily on work-related issues and includes individual and leadership counseling/consultation/coaching, mediation, critical incident response, advocacy in accessing care through health plans
- External EAP: available 24/7 the focus is primarily on personal issues and includes counseling for relationships, anxiety, depression, critical incident response, first responder specialty provider network
- Other resources include:



Resources hub providing evidence-based approaches by vetted by experts so support mental health and emotional well-being



Social Connectedness for Retirees



LightHouse Health & Wellness App for First Responders

Opportunities — Health and Well-Being

Vendor Program Examples

Blue Shield of California

- Wellvolution:
- Fitness Your Way
- Ginger / Hinge Health (PPO only):

Health Net CanopyCare

- Omada
- myStrength

Kaiser Permanente

- Weight management
- Active & Fit / Class Pass
- Diabetes support

United Healthcare

- UHC Rewards (eff. 1/1/24)
- Real Appeal
- OnePass

Kaiser Senior Advantage

- Silver & Fit

United Healthcare MA PPO

- Real Appeal
- Renew Active

Delta Dental

- SmileWay (Delta PPO)
- BrushSmart
- LifePerks

Vision

- VSP Essential Medical Eye Care
- Simple Values

Opportunities — Chronic Condition Management

Navigation and Advocacy

- Shield Concierge (Trio and Access+)
- Accolade (BSC PPO)
- Kaiser PCMH
- Health Net

Opportunities:

- Live support delivered primarily through digital platform

Condition Specific Support

- Carrier programs for:
 - Maternity
 - Diabetes
 - COPD

Opportunities:

- Integrated support and coordination for chronic and complex members
- Navigation and advocacy support

Value-Driven Networks

- BSC Trio
- Health Net CanopyCare
- Kaiser

Opportunities:

- Accountable Care Organizations with cost and quality metrics
- Advanced primary care serves as foundation
- Drive care to high quality providers at optimal place of service
- Data interoperability

In Conclusion — Takeaways from Today's Discussion

- **Promote use of high-quality, low-cost care**
 - HMO/ACOs (KP/Trio/HN CC)
- **Address affordability and sustainability**
 - Plan design
- **Support member health and well-being**
 - SFHSS resources
 - Health plan programs
- **Support those with chronic conditions**
 - Navigation (e.g., Shield Concierge, Accolade)
 - Condition specific care: maternity, substance use disorder, diabetes

Upcoming HSB Education Discussions

January 2024

- Fiduciary Training (Chris Sears) — January 11, 2023

February 2024

- Employers Budget Positions — February 8, 2023