

San Francisco Health Service System Health Service Board

Rates & Benefits

Review and Approve Kaiser Permanente (California)
Medical/Rx Fully Insured HMO Plans 2025 Rates and
Contributions

Presented by Mike Clarke, Lead Actuary

June 13, 2024

Agenda

- **Rate Setting Methodology Preface**
- **Kaiser Permanente (Kaiser) California HMO 2025 Plan Rating — Renewal Summary for Non-Medicare and Medicare Plans**
- **2025 Monthly Rate Cards for Kaiser California HMO Plan**
 - Active Employees (93/93/83 and 100/96/83 contribution strategies)
 - Early Retirees (per City Charter employer contribution guidance)
 - Medicare Retirees (per City Charter employer contribution guidance)
- **Recommendation for HSB Action**
- **Appendix — Additional Information**
 - Underwriting Premium Rate Build-Up
 - Kaiser Rate Card Footnotes
 - 2024 Kaiser California HMO Plans Monthly Rate Cards

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Rate Setting Methodology Preface

Health Plan Funding

Method Comparison by SFHSS Plan

Funding Method	Self-Funded	Flex-Funded	Fully Insured
Funding Method Description	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 healthcare services ("capitation") as well as plan administrative 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 healthcare services by members, as well as plan administrative fee costs
Who Sets the Recommended SFHSS Plan Rates?	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 administrative fees/large claim pooling adjustments (and required legislative fees)
SFHSS Plans by Funding Method	<ul style="list-style-type: none"> • Non-Medicare PPO • Delta Dental Active Employee PPO 	<ul style="list-style-type: none"> • Blue Shield of CA Access+ HMO/UHC Select EPO • Blue Shield of CA Trio HMO/ UHC Doctors EPO • Health Net CanopyCare HMO 	<ul style="list-style-type: none"> • All Kaiser HMO plans • UHC Medicare Advantage PPO • Delta Dental Retiree PPO • DeltaCare Dental HMO • UHC Dental HMO • VSP Vision
HSB Rate Stabilization Policy Applies?	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 2025 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:

$$\frac{\text{2025 Total Projected Plan Cost}}{\text{2024 Rates x Enrollment}} = \text{Needed Rate Change Factor (2025 vs. 2024)}$$

Health Plans 2025 Rate Renewal Summary

Below summarizes total rate cost change recommendations for SFHSS 2025 health plans. Most Non-Medicare plan rate actions were approved at the May 9, 2024, HSB meeting (with Kaiser HMO presented today). All Medicare plans will be presented today.

Non-Medicare Health Plan	Before Rate Stabilization Adjustment	After Rate Stabilization Adjustment ²
BSC Access+/UHC Select EPO	4.5%	8.7%
BSC Trio/UHC Doctors EPO	6.7%	11.8%
Health Net CanopyCare	0.0%	-1.0%
Kaiser	5.4%	Does not apply (insured plan)
Non-Medicare PPO ¹	0.8%	1.3%
Medicare Health Plan (Insured – Stabilization Does Not Apply)	Insured Plan Rate Change	
Kaiser KPSA	8.65%	
UHC MAPD	9.6%	

¹ Total rate increase for active employees with Non-Medicare PPO Choice Not Available pricing will follow the total rate increase for UHC Select EPO plan.

² In 2025, the “After Rate Stabilization Adjustment” column also reflects one-time buy-downs in the UHC Select EPO, UHC Doctors EPO, and Non-Medicare PPO plans attributable to the Sutter Legal Settlement buy-downs approved for 2025 plan rating at the March 14, 2024, HSB meeting.

Non-Medicare Medical Plan 2025 Total Monthly Rates

2025 **monthly** total cost rates for each SFHSS non-Medicare health plan are shown below (all rate card elements included):

SFHSS Health Plan	Plan Year	Active Employees			Early Retirees		
		EE Only	EE + 1	EE + 2+	RET Only	RET + 1	RET + 2+
Kaiser HMO (today's recommendation)	PY 2024	\$835.66	\$1,668.34	\$2,359.45	\$1,679.50	\$2,512.18	\$3,203.29
	PY 2025	\$881.38	\$1,758.78	\$2,487.00	\$1,770.88	\$2,648.28	\$3,376.50
	% Difference	5.5%	5.4%	5.4%	5.4%	5.4%	5.4%
BSC Access+/ UHC Select EPO	PY 2024	\$1,070.36	\$2,137.74	\$3,023.69	\$2,472.90	\$3,582.86	\$4,468.78
	PY 2025	\$1,163.91	\$2,323.84	\$3,286.60	\$2,688.54	\$3,894.74	\$4,857.48
	% Difference	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%
BSC Trio/ UHC Doctors EPO	PY 2024	\$884.69	\$1,766.40	\$2,498.23	\$2,042.31	\$2,959.16	\$3,690.95
	PY 2025	\$989.72	\$1,975.47	\$2,793.63	\$2,284.58	\$3,309.61	\$4,127.75
	% Difference	11.9%	11.8%	11.8%	11.9%	11.8%	11.8%
Health Net CanopyCare	PY 2024	\$798.52	\$1,594.07	\$2,254.35	\$1,842.46	\$2,669.67	\$3,329.94
	PY 2025	\$791.41	\$1,578.85	\$2,232.40	\$1,824.65	\$2,643.43	\$3,296.97
	% Difference	-0.9%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%
Non-Medicare PPO	PY 2024	\$1,459.35	\$2,831.71	\$4,001.77	\$1,965.19	\$2,851.02	\$3,558.27
	PY 2025	\$1,478.50	\$2,867.91	\$4,052.53	\$1,990.63	\$2,887.46	\$3,603.48
	% Difference	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%
Non-Medicare PPO (Choice Not Available)	PY 2024	\$1,070.36	\$2,137.74	\$3,023.69	\$1,965.19	\$2,851.02	\$3,558.27
	PY 2025	\$1,163.91	\$2,323.84	\$3,286.60	\$1,990.63	\$2,887.46	\$3,603.48
	% Difference	8.7%	8.7%	8.7%	1.3%	1.3%	1.3%

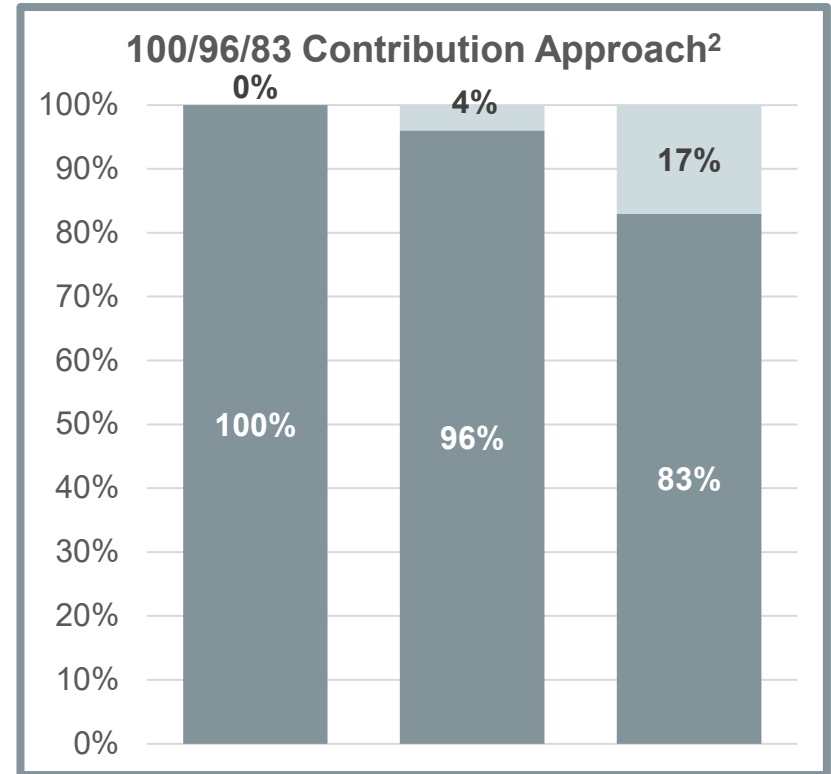
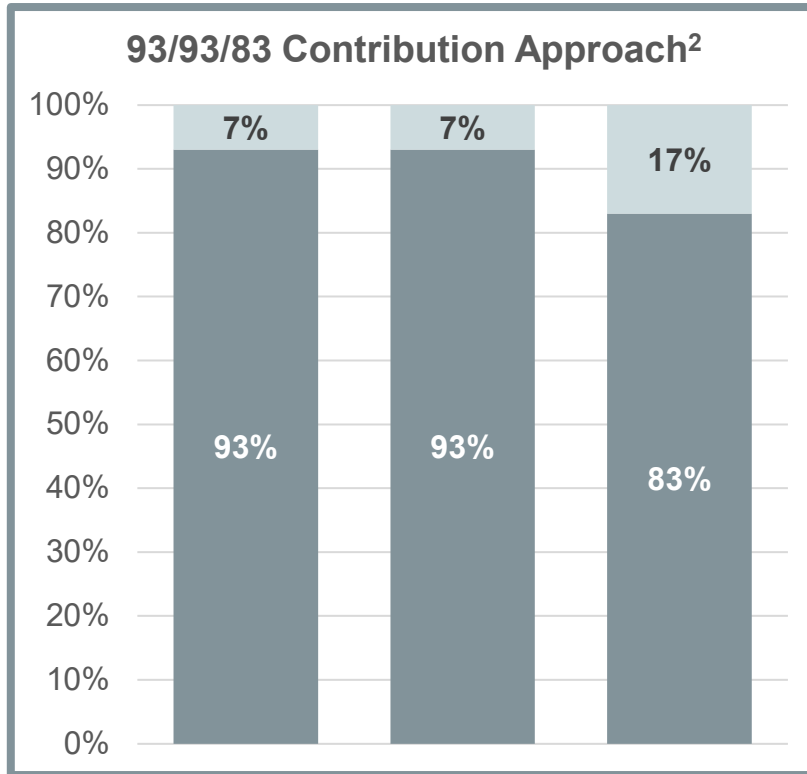
Medicare Medical Plan 2025 Total Monthly Rates

2025 **monthly** total cost rates for each SFHSS Medicare health plan are shown below (all rate card elements included):

Monthly 2025 Rates	Medicare Retirees and Dependents		
	RET Only	RET+1 Dependent	RET+2+ Dependents
2025 Total Plan Rates			
KPSA (California)	\$358.90	\$713.82	\$1,067.64
UHC MAPD (National)	\$571.66	\$1,139.34	\$1,706.29
2024 Total Plan Rates			
KPSA (California)	\$329.98	\$656.98	\$982.88
UHC MAPD (National)	\$521.46	\$1,039.94	\$1,557.69
% Difference			
KPSA (California)	8.8%	8.7%	8.6%
UHC MAPD (National)	9.6%	9.6%	9.5%

Active Employees (CCSF¹)

Segmenting Total Cost Rates into Employer (darker shade) and Member (lighter shade) Contributions



¹ City and County of San Francisco (CCSF) MOU contribution sharing approaches shown above; other employers in SFHSS plans have their employer-specific contribution sharing methodologies for active employees.

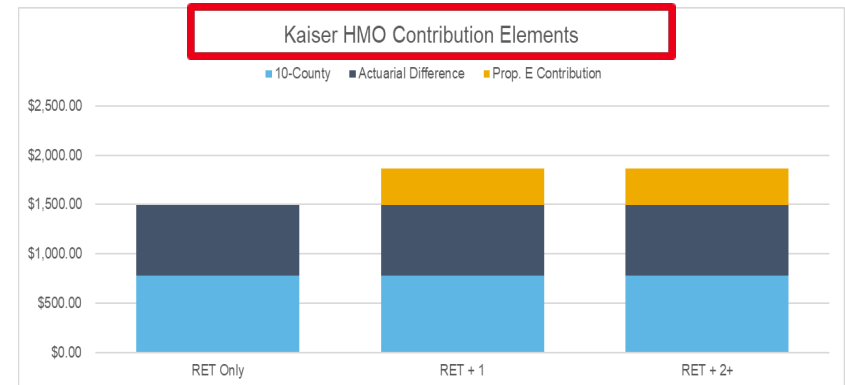
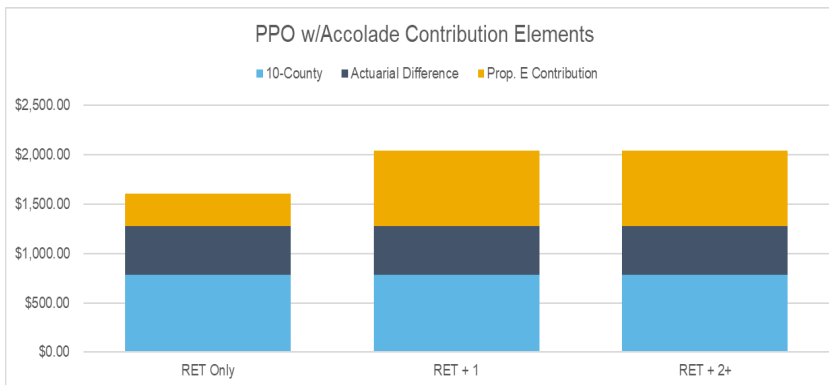
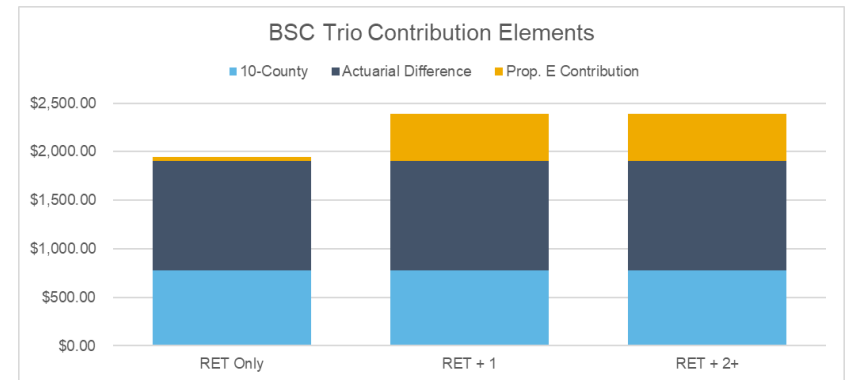
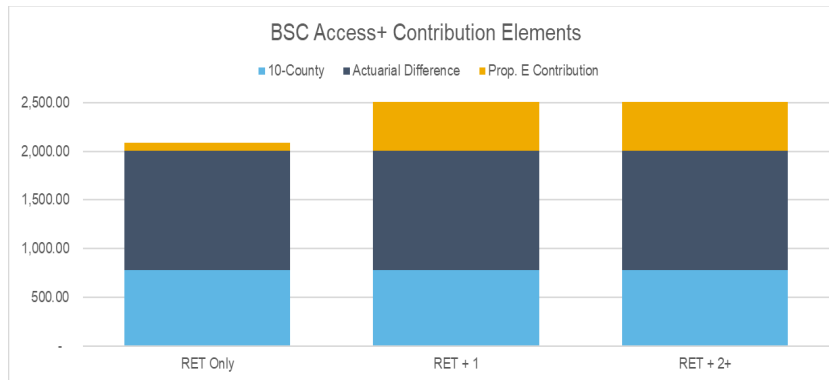
² For the highest cost plan (Non-Medicare PPO Plan), based on MOU the employer contribution dollar amounts are set to equal the employer contribution dollar amounts for the second highest-cost plan (which is BSC Access+ HMO/UHC Select EPO), except for the Employee Only tier in the 100/96/83 contribution approach where the member pays no contribution for any plan.

Early Retirees (based on City Charter)¹

Segmenting Total Cost Rates into Employer and Member Contributions

Early Retirees — **2024** Employer Contribution Components (HMO Plans)

- Light Blue — 10-County Amount (same amount for all plans)
- Dark Blue — “Actuarial Difference” (plan-specific, same amount for all tiers)
- Gold — Retiree Prop. E Contribution (plan-specific, varies for Single tier vs. Family tiers)



¹ Medicare retiree contributions also based on City Charter language--\$0 contribution for Medicare Retiree Only tier since plan cost is less than 10-County Amount

Recommendation for HSB Action

Kaiser California HMO Plans

Kaiser Non-Medicare HMO 2025 Plan Rating

Recommendation for HSB Action

Staff recommends that the Health Service Board (HSB) approve:

- 1) A 5.4% insured plan premium increase from 2024 to 2025 for active employees (actives) and early retirees in California enrolled in Kaiser Permanente (Kaiser);
- 2) An 8.65% insured plan premium increase from 2024 to 2025 for Medicare retirees in California enrolled in Kaiser Permanente Senior Advantage (KPSA); and
- 3) The resulting 2025 plan year rate cards for the Kaiser California HMO plans contained in this presentation.

Kaiser Non-Medicare HMO 2025 Plan Rating

Recommendation for HSB Action

- The Kaiser rates and premium contributions for actives and retirees are included in this presentation, with detailed exhibits to follow.
 - This presentation includes exhibits in the Appendix which illustrates Kaiser's underwriting premium rate build-ups for the 2025 plan year.
- Active employee rate cards in this presentation are shown for the two most common employer contribution strategies as of the start of this year for City and County of San Francisco (93/93/83 and 100/96/83).
 - There are multiple employer contribution strategies for active employees across the employers participating in the San Francisco Health Service System (SFHSS).
- Retiree rate cards in this presentation are shown for Retirees who earn the full City contribution levels based on dates of hire and length of service — with employer contributions determined based on formulas outlined in the City Charter.

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Kaiser 2025 HMO Plan Rating — Renewal Summary

Kaiser HMO 2025 Rates and Contributions

Non-Medicare Lives Renewal Summary

- 2025 Kaiser total rate card premiums for actives and early retirees on a “status quo” design basis are increasing by 5.4% for medical and pharmacy coverage (see Appendix for derivation of this figure).
 - This follows a 12.5% rate increase that occurred for the 2024 plan year.
- Rating development for the 2025 plan year reflects primarily the increase in plan experience from the 2022 to 2023 plan years—approximately 5%, as presented to the HSB in the April 11, 2024, discussion item for 2023 Kaiser plan experience.

Kaiser HMO 2025 Rates and Contributions

Medicare Lives Renewal Summary

After a 6.19% rate increase from 2022 to 2023—the first increase since 2020—the KPSA premium rate on a “status quo” basis is increasing from 2024 to 2025 by 8.65%.

Rate change elements are outlined in this table:

KPSA Medicare Plan Rate Change Drivers — 2024 to 2025 (Kaiser premium only — not including SFHSS rate loads)	PMPM Rate Element
Early 2025 KPSA rate projection before added programs	\$346.34
CMS prior year reconciliation applied in 2025 rate	(\$2.28)
Rate for added programs for members ¹	\$6.69
2025 KPSA Medicare member premium rate (sum of figures above — released before 2025 final CMS approval ²)	\$350.75
2024 billed KPSA rate	\$322.83
Percentage change in KPSA rate — 2025 vs. 2024	8.65%

¹ Includes chiropractic benefit, enhanced transportation rider including wheelchair and gurney transport, and post-discharge meal delivery rider (up to 84 meals once per year after hospital discharge).

² Final CMS reconciliation process described later in this document.

Kaiser HMO 2025 Rates and Contributions

Required KPSA Design Change for 2025 (Minor Impact)

- Currently for the KPSA plan, retiree maximum out-of-pocket costs are limited to \$1,000 per covered individual with a \$2,000 overall per family out-of-pocket cost maximum.
- The KPSA plan design is changing for 2025 to a \$1,000 per covered individual maximum out-of-pocket cost with no per family maximum.
- For almost all KPSA retirees, this change has no impact—for almost all SFHSS KPSA retirees, either one or two individuals are covered under KPSA.
- There are 5 retiree families in KPSA with 3 or more Medicare covered lives—where there is potential those families could have higher out-of-pocket cost sharing in 2025 with this change to the KPSA design requirement.

Kaiser HMO 2025 Rates and Contributions

Rate Card Information

- When setting the total rate card premiums for Kaiser active employee and retiree plans, the following SFHSS costs are included:
 - Kaiser fully insured medical/prescription drug premiums;
 - VSP Basic Plan vision premiums which remain at 2024 levels; and
 - The SFHSS Healthcare Sustainability Fund charge of \$4.00 per employee/ retiree per month (PEPM), which is \$1 higher than the 2024 fee.
- Retiree rate cards include employer contribution amounts based upon City Charter provisions, including:
 - The monthly 10-County Average;
 - “Actuarial Difference”; and
 - Prop. E employer contribution components.

Kaiser HMO 2025 Rates and Contributions

Rate Card Information

- Kaiser plan 2025 rate cards are presented on the following pages for these population segments:
 - Active employee rate cards in this presentation are shown for the two most common employer contribution strategies as of the start of this year for the City and County of San Francisco (93/93/83 and 100/96/83).
 - Retiree rate cards in this presentation are shown for retirees who earn the full City contribution levels based on dates of hire and length of service — with employer contributions determined based on formulas outlined in the City Charter.
- Comparisons of member contributions from 2024 to 2025 are included in the tables that follow.

Kaiser HMO 2025 Rates and Contributions

Rate Card Information

Retiree Medical Contributions in Rate Cards

- The retiree rate cards presented in this document reflect the full employer contributions for retiree medical coverage presently available to:
 - Retired employees eligible for health benefits 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 Service with the Employers, and their surviving spouses or surviving domestic partners.

Kaiser HMO 2025 Rates and Contributions

Rate Card Information

Retiree Medical Contributions in Rate Cards

- 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.
- Retiree medical coverage at the 75% employer Charter-contribution rate is available to retired employees hired on or after January 10, 2009, with greater than 15 years but less than 20 years of Credited Service with the Employers.
 - This segment of retirees will receive 75% of the full employer Charter contribution for each retiree medical plan and coverage tier as reflected in the following rate cards.

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2025 Monthly Rate Cards for Kaiser California HMO Plans

Kaiser California Non-Medicare HMO Plan

Monthly Renewal Premiums/Contributions — 2025 versus 2024

Early Retirees and **93/93/83** Contribution Strategy for Actives

<i>PY = Plan Year</i>		Active Employees			Early Retirees		
		EE	EE+1	EE+2+	RET	RET+1	RET+2+
Monthly Employee/ Retiree Contributions	PY 2024	\$58.50	\$116.78	\$401.11	\$14.90	\$431.24	\$1,122.35
	PY 2025	\$61.70	\$123.11	\$422.79	\$0.00	\$438.70	\$1,166.92
	\$ Difference	\$3.20	\$6.33	\$21.68	(\$14.90)	\$7.46	\$44.57
	% Difference	5.5%	5.4%	5.4%	-100.0%	1.7%	4.0%
Monthly Employer Contributions	PY 2024	\$777.16	\$1,551.56	\$1,958.34	\$1,664.60	\$2,080.94	\$2,080.94
	PY 2025	\$819.68	\$1,635.67	\$2,064.21	\$1,770.88	\$2,209.58	\$2,209.58
	\$ Difference	\$42.52	\$84.11	\$105.87	\$106.28	\$128.64	\$128.64
	% Difference	5.5%	5.4%	5.4%	6.4%	6.2%	6.2%
Monthly Total Rate	PY 2024	\$835.66	\$1,668.34	\$2,359.45	\$1,679.50	\$2,512.18	\$3,203.29
	PY 2025	\$881.38	\$1,758.78	\$2,487.00	\$1,770.88	\$2,648.28	\$3,376.50
	\$ Difference	\$45.72	\$90.44	\$127.55	\$91.38	\$136.10	\$173.21
	% Difference	5.5%	5.4%	5.4%	5.4%	5.4%	5.4%

Kaiser California Non-Medicare HMO Plan

Monthly Renewal Premiums/Contributions — 2025 versus 2024

Early Retirees and **100/96/83** Contribution Strategy for Actives

<i>PY = Plan Year</i>		Active Employees			Early Retirees		
		EE	EE+1	EE+2+	RET	RET+1	RET+2+
Monthly Employee/ Retiree Contributions	PY 2024	\$0.00	\$66.73	\$401.11	\$14.90	\$431.24	\$1,122.35
	PY 2025	\$0.00	\$70.35	\$422.79	\$0.00	\$438.70	\$1,166.92
	<i>\$ Difference</i>	\$0.00	\$3.62	\$21.68	(\$14.90)	\$7.46	\$44.57
	<i>% Difference</i>	--	5.4%	5.4%	-100.0%	1.7%	4.0%
Monthly Employer Contributions	PY 2024	\$835.66	\$1,601.61	\$1,958.34	\$1,664.60	\$2,080.94	\$2,080.94
	PY 2025	\$881.38	\$1,688.43	\$2,064.21	\$1,770.88	\$2,209.58	\$2,209.58
	<i>\$ Difference</i>	\$45.72	\$86.82	\$105.87	\$106.28	\$128.64	\$128.64
	<i>% Difference</i>	5.5%	5.4%	5.4%	6.4%	6.2%	6.2%
Monthly Total Rate	PY 2024	\$835.66	\$1,668.34	\$2,359.45	\$1,679.50	\$2,512.18	\$3,203.29
	PY 2025	\$881.38	\$1,758.78	\$2,487.00	\$1,770.88	\$2,648.28	\$3,376.50
	<i>\$ Difference</i>	\$45.72	\$90.44	\$127.55	\$91.38	\$136.10	\$173.21
	<i>% Difference</i>	5.5%	5.4%	5.4%	5.4%	5.4%	5.4%

KPSA CA Monthly Premiums and Contributions

2025 vs. 2024

		KPSA—Medicare Retirees			
		Medicare Retiree Only	Retiree + 1 (All Medicare)	Retiree + 2+ (All Medicare)	Retiree + 2+ (2 Medicare, 1+ Non-Medicare)
Monthly Retiree Contributions	Plan Year 2024	\$0.00	\$163.50	\$489.40	\$854.61
	Plan Year 2025	\$0.00	\$177.46	\$531.28	\$905.68
	\$ Change	\$0.00	\$13.96	\$41.88	\$51.07
	% Change	-	8.5%	8.6%	6.0%
Monthly Employer Contributions	Plan Year 2024	\$329.98	\$493.48	\$493.48	\$493.48
	Plan Year 2025	\$358.90	\$536.36	\$536.36	\$536.36
	\$ Change	\$28.92	\$42.88	\$42.88	\$42.88
	% Change	8.8%	8.7%	8.7%	8.7%
Monthly Total Rate	Plan Year 2024	\$329.98	\$656.98	\$982.88	\$1,348.09
	Plan Year 2025	\$358.90	\$713.82	\$1,067.64	\$1,442.04
	\$ Change	\$28.92	\$56.84	\$84.76	\$93.95
	% Change	8.8%	8.7%	8.6%	7.0%

Kaiser California Non-Medicare HMO Plan

Proposed 2025 Monthly Rate Card

Early Retirees and 93/93/83 Contribution Strategy for Actives

	Active Employees			Early Retirees		
	Employee Only	Employee Plus One Dependent	Employee and Family	Retiree without Medicare	Retiree and Spouse w/o Medicare	Retiree and Family
Premium	\$873.23	\$1,746.46	\$2,471.24	\$1,762.73	\$2,635.96	\$3,360.74
Vision	\$4.15	\$8.32	\$11.76	\$4.15	\$8.32	\$11.76
Expense ¹	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00
Total	\$881.38	\$1,758.78	\$2,487.00	\$1,770.88	\$2,648.28	\$3,376.50

10-County Amount ²	\$0.00	\$0.00	\$0.00	\$882.05	\$0.00	\$0.00
Single Retiree Offset ³	\$0.00	\$0.00	\$0.00	\$0.00	\$882.05	\$882.05
"Actuarial Difference" ⁴	\$0.00	\$0.00	\$0.00	\$888.83	\$888.83	\$888.83
Retiree Prop. E Employer Contribution ⁵	\$0.00	\$0.00	\$0.00	\$0.00	\$438.70	\$438.70
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$1,770.88	\$2,209.58	\$2,209.58
2025 Non-Bargained Contribution Rate	\$881.38	\$1,758.78	\$2,487.00	\$0.00	\$438.70	\$1,166.92

MOU Negotiated Pickup ⁶	\$819.68	\$1,635.67	\$2,064.21			
2025 Typical Bargained Member Contribution	\$61.70	\$123.11	\$422.79			

Final Member Contribution 2024	\$58.50	\$116.78	\$401.11	\$14.90	\$431.24	\$1,122.35
Difference — 2025 versus 2024	\$3.20	\$6.33	\$21.68	(\$14.90)	\$7.46	\$44.57

NOTE—Footnotes 1 – 6 defined in Appendix

Kaiser California Non-Medicare HMO Plan

Proposed 2025 Monthly Rate Card

Early Retirees and 100/96/83 Contribution Strategy for Actives

	Active Employees			Early Retirees		
	Employee Only	Employee Plus One Dependent	Employee and Family	Retiree without Medicare	Retiree and Spouse w/o Medicare	Retiree and Family
Premium	\$873.23	\$1,746.46	\$2,471.24	\$1,762.73	\$2,635.96	\$3,360.74
Vision	\$4.15	\$8.32	\$11.76	\$4.15	\$8.32	\$11.76
Expense ¹	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00
Total	\$881.38	\$1,758.78	\$2,487.00	\$1,770.88	\$2,648.28	\$3,376.50

10-County Amount ²	\$0.00	\$0.00	\$0.00	\$882.05	\$0.00	\$0.00
Single Retiree Offset ³	\$0.00	\$0.00	\$0.00	\$0.00	\$882.05	\$882.05
"Actuarial Difference" ⁴	\$0.00	\$0.00	\$0.00	\$888.83	\$888.83	\$888.83
Retiree Prop. E Employer Contribution ⁵	\$0.00	\$0.00	\$0.00	\$0.00	\$438.70	\$438.70
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$1,770.88	\$2,209.58	\$2,209.58
2025 Non-Bargained Contribution Rate	\$881.38	\$1,758.78	\$2,487.00	\$0.00	\$438.70	\$1,166.92

MOU Negotiated Pickup ⁶	\$881.38	\$1,688.43	\$2,064.21			
2025 Typical Bargained Member Contribution	\$0.00	\$70.35	\$422.79			

Final Member Contribution 2024	\$0.00	\$66.73	\$401.11	\$14.90	\$431.24	\$1,122.35
Difference — 2025 versus 2024	\$0.00	\$3.62	\$21.68	(\$14.90)	\$7.46	\$44.57

NOTE—Footnotes 1 – 6 defined in Appendix

Proposed 2025 KPSA CA Monthly Rate Card

	KPSA — Medicare Retirees			
	Medicare Retiree Only	Retiree + 1 (All Medicare)	Retiree + 2+ (All Medicare)	Retiree + 2+ (2 Medicare, 1+ Non-Medicare)
Premium	\$350.75	\$701.50	\$1,051.88	\$1,426.28
Vision	\$4.15	\$8.32	\$11.76	\$11.76
Expense ¹	\$4.00	\$4.00	\$4.00	\$4.00
Total	\$358.90	\$713.82	\$1,067.64	\$1,442.04
10-County Amount (single tier premium, if less) ²	\$358.90	\$0.00	\$0.00	\$0.00
Single Retiree Offset ³	\$0.00	\$358.90	\$358.90	\$358.90
"Actuarial Difference" ⁴	\$0.00	\$0.00	\$0.00	\$0.00
Prop. E Contribution ⁵	\$0.00	\$177.46	\$177.46	\$177.46
Subtotal Employer Contributions	\$358.90	\$536.36	\$536.36	\$536.36
Non-Bargained Contribution Rate 2025	\$0.00	\$177.46	\$531.28	\$905.68
Final Member Contribution 2025	\$0.00	\$177.46	\$531.28	\$905.68
Final Member Contribution 2024	\$0.00	\$163.50	\$489.40	\$854.61
Difference — 2025 vs. 2024 Contribution	\$0.00	\$13.96	\$41.88	\$51.07

NOTE: Footnotes 1 – 5 defined in Appendix

4

Recommendation for HSB Action

Kaiser California HMO Plans

Kaiser California HMO 2025 Plan Rating

Recommendation for HSB Action

Staff recommends that the Health Service Board (HSB) approve:

- 1) A 5.4% insured plan premium increase from 2024 to 2025 for active employees (actives) and early retirees in California enrolled in Kaiser Permanente (Kaiser);
- 2) An 8.65% insured plan premium increase from 2024 to 2025 for Medicare retirees in California enrolled in Kaiser Permanente Senior Advantage (KPSA); and
- 3) The resulting 2025 plan year rate cards for the Kaiser California HMO plans contained in this presentation.

5

Appendix — Additional Information

- Underwriting Premium Rate Build-Up for Non-Medicare Plan
- Kaiser Rate Card Footnotes
- 2024 Kaiser California HMO Plan Monthly Rate Cards

Non-Medicare Underwriting Premium Rate Build-Up

Active Employees and Early Retirees Combined (PMPM¹ Basis)

	2024 Renewal	2025 Renewal	% Change
Rating Members	54,157	55,100	+ 1.7%
Experience Period Adjusted Incurred Claims	\$632.18	\$658.05	+ 4.1%
Midpoint Trend Rate ²	1.146	1.161	
Projected Incurred Claims	\$724.49	\$763.72	+ 5.4%
Administration and ACA Fees			
Administration Fees	\$29.79	\$30.98	+ 4.0%
ACA PCORI Fees ³	\$0.28	\$0.30	+ 7.1%
Other Benefits (Hearing)	\$1.80	\$1.80	No change
PMPM Revenue Requirement	\$756.36	\$796.80	+ 5.4%
In-Force 2024 Premium	\$755.98		
Proposed 2025 Premium		\$796.80	+ 5.4%

NOTES:

- 1 PMPM = Per Member Per Month
- 2 23 months trend used in underwriting; Kaiser's annual trend rate for 2025 renewal is targeted to produce required 2025 revenue given projected substantial expense increases due to labor shortages, inflation and supply chain disruptions, and provider challenges
- 3 ACA PCORI = Affordable Care Act Patient Centered Outcomes Research Institute

Non-Medicare Underwriting Premium Rate Build-Up Notes

- February 2023 – January 2024 claims experience was used to set 2025 premium rates.
- Notes on underwriting elements:
 - **Adjusted Incurred Claims** — Paid claims net of large claims in excess of the pooling point (\$1,600,000 for 2025 renewal) plus the large claim pooling charge.
 - **Midpoint Trend** — Trend factor used by Kaiser for the 23-month period between experience period and projection period.
 - **Administration Fees** — The amount included in the premium for the administration of the program not related to claims expense (infrastructure cost such as claims processing, customer service, programming cost, etc.).
 - **Affordable Care Act (ACA) Fees** — Required fees or taxes that support the cost of federal health care reform. Specifically, this reflects the Patient Centered Outcomes Research Institute (PCORI) fee, which applies through 2029.

Kaiser California HMO Plans

Rate Card Footnotes

- 1) **Expense** — SFHSS Healthcare Sustainability Fund charge.
- 2) **“10-County” Employer Contribution** — Per Charter Section A8.423, the employer contribution must equal the average of the employer contribution to health premiums of the 10 most populous counties in California, not including San Francisco. The monthly amount for 2025 rating is \$882.05 (per March 2024 HSB action).
- 3) **“Single Retiree Offset”** — Per Charter Section A8.428; for Retirees, this is equal to the 10-County Amount.
- 4) **Retiree “Actuarial Difference”** — Per Charter Section A8.428, employer contributes the difference between a single active Employee and a single non-Medicare Retiree cost of premium. Calculated for non-Medicare retiree only.
- 5) **Prop. E Employer Contribution (passed in November 2000 Election)** — Per Charter A8.428, the Prop. E employer contribution for Retiree (R) and R+1 = $50\% \times [\text{Total Rate Cost} - 10 \text{ County} - \text{Actuarial Difference}]$.
- 6) **Currently, the two most common employer contribution formulas** in MOU agreements follow are 93% Single/93% E+1/83% E+2+ and 100% Single/96% E+1/83% E+2+.

Kaiser California Non-Medicare HMO Plan

2024 Monthly Rate Card

Early Retirees and 93/93/83 Contribution Strategy for Actives

	Active Employees			Early Retirees		
	Employee Only	Employee Plus One Dependent	Employee and Family	Retiree without Medicare	Retiree and Spouse w/o Medicare	Retiree and Family
Premium	\$828.51	\$1,657.02	\$2,344.69	\$1,672.35	\$2,500.86	\$3,188.53
Vision	\$4.15	\$8.32	\$11.76	\$4.15	\$8.32	\$11.76
Expense ¹	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
Total	\$835.66	\$1,668.34	\$2,359.45	\$1,679.50	\$2,512.18	\$3,203.29

10-County Amount ²	\$0.00	\$0.00	\$0.00	\$805.85	\$0.00	\$0.00
Single Retiree Offset ³	\$0.00	\$0.00	\$0.00	\$0.00	\$805.85	\$805.85
"Actuarial Difference" ⁴	\$0.00	\$0.00	\$0.00	\$843.84	\$843.84	\$843.84
Retiree Prop. E Employer Contribution ⁵	\$0.00	\$0.00	\$0.00	\$14.91	\$431.25	\$431.25
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$1,664.60	\$2,080.94	\$2,080.94
2025 Non-Bargained Contribution Rate	\$835.66	\$1,668.34	\$2,359.45	\$14.90	\$431.24	\$1,122.35

MOU Negotiated Pickup ⁶	\$777.16	\$1,551.56	\$1,958.34			
2025 Typical Bargained Member Contribution	\$58.50	\$116.78	\$401.11			

Final Member Contribution 2024	\$52.05	\$103.90	\$356.82	\$0.00	\$370.32	\$985.03
Difference — 2025 versus 2024	\$6.45	\$12.88	\$44.29	\$14.90	\$60.92	\$137.32

NOTE—Footnotes 1 – 6 defined in Appendix

Kaiser California Non-Medicare HMO Plan

2024 Monthly Rate Card

Early Retirees and 100/96/83 Contribution Strategy for Actives

	Active Employees			Early Retirees		
	Employee Only	Employee Plus One Dependent	Employee and Family	Retiree without Medicare	Retiree and Spouse w/o Medicare	Retiree and Family
Premium	\$828.51	\$1,657.02	\$2,344.69	\$1,672.35	\$2,500.86	\$3,188.53
Vision	\$4.15	\$8.32	\$11.76	\$4.15	\$8.32	\$11.76
Expense ¹	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
Total	\$835.66	\$1,668.34	\$2,359.45	\$1,679.50	\$2,512.18	\$3,203.29

10-County Amount ²	\$0.00	\$0.00	\$0.00	\$805.85	\$0.00	\$0.00
Single Retiree Offset ³	\$0.00	\$0.00	\$0.00	\$0.00	\$805.85	\$805.85
"Actuarial Difference" ⁴	\$0.00	\$0.00	\$0.00	\$843.84	\$843.84	\$843.84
Retiree Prop. E Employer Contribution ⁵	\$0.00	\$0.00	\$0.00	\$14.91	\$431.25	\$431.25
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$1,664.60	\$2,080.94	\$2,080.94
2025 Non-Bargained Contribution Rate	\$835.66	\$1,668.34	\$2,359.45	\$14.90	\$431.24	\$1,122.35

MOU Negotiated Pickup ⁶	\$835.66	\$1,601.61	\$1,958.34			
2025 Typical Bargained Member Contribution	\$0.00	\$66.73	\$401.11			

Final Member Contribution 2024	\$0.00	\$59.37	\$356.82	\$0.00	\$370.32	\$985.03
Difference — 2025 versus 2024	\$0.00	\$7.36	\$44.29	\$14.90	\$60.92	\$137.32

NOTE—Footnotes 1 – 6 defined in Appendix

2024 KPSA California (Medicare) Monthly Rate Card

	KPSA — Medicare Retirees			
	Medicare Retiree Only	Retiree + 1 (All Medicare)	Retiree + 2+ (All Medicare)	Retiree + 2+ (2 Medicare, 1+ Non-Medicare)
Premium	\$322.83	\$645.66	\$968.12	\$1,333.33
Vision	\$4.15	\$8.32	\$11.76	\$11.76
Expense ¹	\$3.00	\$3.00	\$3.00	\$3.00
Total	\$329.98	\$656.98	\$982.88	\$1,348.09
10-County Amount (single tier premium, if less) ²	\$329.98	\$0.00	\$0.00	\$0.00
Single Retiree Offset ³	\$0.00	\$329.98	\$329.98	\$329.98
"Actuarial Difference" ⁴	\$0.00	\$0.00	\$0.00	\$0.00
Prop. E Contribution ⁵	\$0.00	\$163.50	\$163.50	\$163.50
Subtotal Employer Contributions	\$329.98	\$493.48	\$493.48	\$493.48
Non-Bargained Contribution Rate 2024	\$0.00	\$163.50	\$489.40	\$854.61
Final Member Contribution 2024	\$0.00	\$163.50	\$489.40	\$854.61
Final Member Contribution 2023	\$0.00	\$154.08	\$461.15	\$768.79
Difference — 2024 vs. 2023 Contribution	\$0.00	\$9.42	\$28.25	\$85.82

NOTE: Footnotes 1 – 5 defined in Appendix

Kaiser Member Contributions for All Retiree Tiers

Overall Coverage Tier	Non-Medicare and Medicare Statuses	Monthly Member Contribution ¹		\$ Change	% Change
		2024	2025		
Retiree Only	Medicare Retiree	\$0.00	\$0.00	\$0.00	--
Retiree + 1 Dependent	Medicare Retiree/Non-Medicare Dependent	\$416.34	\$438.70	\$22.36	5.4%
	Medicare Retiree/Medicare Dependent	\$163.50	\$177.46	\$13.96	8.5%
Retiree + 2+ Dependents	Medicare Retiree/Non-Medicare Dependents	\$1,107.45	\$1,166.92	\$59.47	5.4%
	Medicare Retiree/Medicare Dependent/Non-Medicare 2nd+ Dependent(s)	\$854.61	\$905.68	\$51.07	6.0%
	Medicare Retiree/Medicare Dependents	\$489.40	\$531.28	\$41.88	8.6%

¹ For members receiving full City Charter employer contribution amounts.

MAPD Plan Definition

Medicare Advantage Prescription Drug Plan (MAPD):

MAPD includes Medicare Part D and is available to beneficiaries enrolled in Medicare Part A and Part B. SFHSS 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. SFHSS negotiates additional benefits not covered by MAPD plans alone. Kaiser's Medicare Advantage Plan is called Kaiser Permanente Senior Advantage, or KPSA.