



June 16, 2014

Board of Supervisors
City and County of San Francisco
City Hall, Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

RE: January 1, 2015 to December 31, 2015 Plan Benefits, Rates and Contribution

Honorable Members of the Board of Supervisors:

This letter serves to document our position as the consultant and actuary to the Health Service System (HSS) with regard to the completed rate and contribution setting process for the plan year from January 1, 2015 to December 31, 2015. This process was concluded on June 12, 2014 under the direction of the Rates and Benefits Committee (the Committee) of the Health Service Board (the HSB). The rates, benefits, and contributions presented herein were approved by the full HSB during their meeting on June 12, 2014. This report will reference attached exhibits and tables embedded in this letter.

In our opinion, the Rates and Contribution process was completed in a comprehensive manner. Specifically it is our professional opinion that:

- The Fully insured premiums and administrative fees agree with HSS' vendor's final rates and represent a fair price given the services provided, and;
- The premium equivalents set for the HSS self-funded and flex-funded programs: City Plan (UHC), Dental plan for Active employees (Delta) and the Blue Shield flex-funded plan represent our best estimate of future expenditures based on the information available at the time these were developed. Existing Trust Fund assets are expected to be sufficient to protect the HSS Trust Fund against adverse claims experience.

Legislative Update

The Patient Protection and Affordable Care Act (PPACA)

In 2014 and 2015, many provisions of Patient Protection and Affordable Care Act (PPACA) take effect. The Health Service System is working with all four employers served by the Trust: the City and County of San Francisco, the Superior Courts, San Francisco Community College District and the San Francisco Unified School District (CCSF, CRT, CCD, and USD) to make sure all new requirements are implemented. Below you will find a brief explanation of the provisions that will have the greatest effect.

PPACA Full Time Employee requirements

PPACA defines a full-time employee as an employee who is employed, on average, at least 30 hours of service per week, or 130 hours of service in a calendar month. Hours of service include

both time actively working and paid time due to vacation, holiday, illness, incapacity (including disability), layoff, jury duty, military duty or leave of absence. The hours of service definition are used to determine any Shared Responsibility Penalties or State Exchange Subsidies. Our current assessment indicates that no shared responsibility payments will be incurred because both CCSF and CRT offer coverage to all full time employees. HSS has worked with CCD and USD to ensure benefit administration compliance with PPACA.

PPACA COBRA Offering State Health Insurance Exchange Coverage

In 2014 new regulations were promulgated requiring employers to provide information on State Health Insurance Exchanges to both employees currently on COBRA and future COBRA recipients. HSS has complied and will continue to comply with requirement.

PPACA Automatic Enrollment Requirement (deferred until 2015)

PPACA requires that employers automatically enroll new full-time employees in one of the employer's health benefits plans (subject to any waiting period authorized by law). Further it is required that employees be given adequate notice and the opportunity to opt out of any coverage in which they were automatically enrolled. The Department of Labor stated that it will not issue final guidance on Automatic Enrollment until late 2014 and HSS is preparing for implementation. Employers do not need to comply with this requirement until these final regulations are in effect in January 2015.

PPACA Legislative Tax and Fees

As a result of PPACA, there are two direct fees and one Health Insurance Tax that have been factored into the calculation of medical premium rates and premium equivalents for the 2015 plan year. This section of the law brings increased scrutiny and accompanying fines by two different federal agencies: Health and Human Services (HHS) and Internal Revenue Service (IRS). Please find below a brief explanation of the tax and fees:

- **Health Insurer Tax (HIT):** This tax impacts all fully insured or flex-funded plans including vision and dental plans that HSS offers. This obligation on insurers is divided among insurers according to a formula based on each insurer's net premiums. Aon Hewitt estimates that this tax will result in an extra \$14.94 million in premiums or an increase of 2.07% in premiums paid to insurers for all HSS fully insured or flex-funded plans in 2015 for all employers (Table 1a). The additional premiums for CCSF alone are \$11.91 million or a 1.994% increase (Table 1b). The fee is collected by the Internal Revenue Service.
- **Patient Centered Outcomes Research Institute (PCORI) Fee:** Beginning in 2013, a \$2.00 charge per enrollee per year was assessed to all participants (Actives, Early Retirees without Medicare, and Retirees with Medicare) in medical-only health plans. The fee was \$2.10 per enrollee per year in 2014 and is expected to increase to approximately \$2.22 per enrollee per year in 2015. Aon Hewitt estimates that this fee will result in an additional \$0.26 million in 2015 premiums or a 0.037% increase for all employers (Table 1a). The CCSF increase is expected to increase by \$0.20 million or 0.033% (Table 1b). This fee is expected to increase with inflation until 2019 when the fee will stop being assessed. The fee is collected by the Internal Revenue Service.

- **Transitional Reinsurance Fee:** In 2015, a \$44.00 charge per enrollee per year will be assessed to all participants where Medicare is not the primary payer. This is a decrease from the \$63.00 charge per enrollee per year assessed in 2014. Aon Hewitt estimates that this fee will result in an additional \$3.82 million in 2015 premiums or a 0.53% increase for all employers (Table 1a). The CCSF increase is estimated to be \$2.95 million or an increase of approximately 0.494% (Table 1b). This fee is expected to decrease in 2016; the last year this fee will be assessed. This fee is distributed to the Department of Health and Human Services to subsidize the uninsured for care from State Health Insurance Exchanges.

The following tables summarize the estimated aggregate cost of each of the legislative tax and fees for 2015 for all four employers served by the Trust (Table 1a) and CCSF only (Table 1b).

Table 1a 2015 Legislative Fees (\$ millions) All Employers						
Fee	City Plan (UHC)	Kaiser	Blue Shield	Dental	VSP	Total
HIT	\$0.00	\$3.48	\$11.35	\$0.01	\$0.09	\$14.94
PCORI	\$0.02	\$0.14	\$0.10	N/A	N/A	\$0.26
Transitional Reinsurance	\$0.17	\$2.06	\$1.59	N/A	N/A	\$3.82
Total	\$0.19	\$5.68	\$13.04	\$0.01	\$0.09	\$19.02

Table 1b 2015 Legislative Fees (\$ millions) CCSF Only						
Fee	City Plan (UHC)	Kaiser	Blue Shield	Dental	VSP	Total
HIT	\$0.00	\$2.60	\$9.22	\$0.01	\$0.08	\$11.91
PCORI	\$0.02	\$0.10	\$0.08	N/A	N/A	\$0.20
Transitional Reinsurance	\$0.08	\$1.55	\$1.32	N/A	N/A	\$2.95
Total	\$0.09	\$4.25	\$10.62	\$0.01	\$0.08	\$15.06

City Contributions under the 10-County Average Survey

According to the City Charter Section A8.428, the City's contribution towards medical benefits is determined by the results of a survey of the amount of premium contributions provided by the ten most populous counties in California, excluding San Francisco. In the June 2014 collective bargaining, the 10-County Average Survey (Average) was eliminated in the calculation of premiums for Active employees in exchange for a percentage based employee premium contribution. The Average is still used as a basis for calculating all retiree premiums. For the 2015 plan year, the Average, based on 2014 rates, determined that the average monthly contribution increased 1.46% from \$559.65 to \$567.80. Exhibit 1 presents the individual county responses from the Average.

Year Over Year Health Plan Cost Comparison

Annual aggregated costs for the three Medical Plans offered by HSS, City Plan, Kaiser and Blue Shield are shown in Table 2.

TABLE 2			
January 1, 2015 to December 31, 2015 Aggregate Medical Cost (\$ millions)			
	Member Contributions	Employer Contributions	Aggregate Plan Cost
Current Rates	\$78.3	\$617.3	\$695.6
Final Renewal Rates (including plan design changes)	\$77.7	\$597.0	\$674.7
\$ Difference	(\$0.6)	(\$20.3)	(\$20.9)
% Difference	-0.77%	-3.29%	-3.00%

Table 2 illustrates a decrease in aggregate plan costs totaling \$20.9 million, or -3.00%, for the three medical health plans (including vision cost and HSS Communications and Healthcare Sustainability expense) for the 2015 plan year. This decrease in costs will be split 3%/97% between the members and employers with member contributions decreasing by \$0.6 million and employer contributions decreasing by \$20.3 million.

Change in City and County (CCSF) Contribution Strategy

Over the last two years, HSS has urged the Department of Human Resources to adopt a percentage of premium based contribution model that promotes competition in order to reduce costs. As of 2015, there will be two negotiated contribution algorithms for CCSF covered employees. They are the 93/93/83 contribution model and the 100/96/83 contribution model.

1) 93/93/83 model:

- a. **Employee Only:** For medically single employees (Employee Only) who enroll in any health plan offered through the Health Service System (HSS), the City shall contribute ninety-three percent (93%) of the total health insurance premium provided however, that the City's contribution shall be capped at ninety-three percent (93%) of the Employee Only premium of the second-highest-cost plan.
- b. **Employee Plus One:** For employees with one dependent who elect to enroll in any health plan offered through HSS, the City shall contribute ninety-three percent (93%) of the total health insurance premium provided however, that the City's contribution shall be capped at ninety-three percent (93%) of the Employee Plus One premium of the second-highest-cost plan.
- c. **Employee Plus Two or More:** For employees with two or more dependents who elect to enroll in any health plan offered through HSS, the City shall contribute eighty-three (83%) of the total health insurance premium provided however, that the City's contribution shall be capped at eighty-three percent (83%) of the Employee Plus Two or More premium of the second-highest-cost plan.

2) 100/96/83 model:

- a. **Employee Only:** For medically single employees (Employee Only) who enroll in any health plan offered through HSS, the City shall contribute one hundred percent (100%) of the total health insurance premium.
- b. **Employee Plus One:** For employees with one dependent who elect to enroll in any health plan offered through HSS, the City shall contribute ninety-six percent (96%) of

the total health insurance premium provided however, that the City's contribution shall be capped at ninety-six percent (96%) of the Employee Plus One premium of the second-highest-cost plan.

- c. Employee Plus Two or More: For employees with two or more dependents who elect to enroll in any health plan offered through HSS, the City shall contribute eighty-three (83%) of the total health insurance premium provided however, that the City's contribution shall be capped at eighty-three percent (83%) of the Employee Plus Two or More premium of the second-highest-cost plan.

Aon Hewitt produced two sets of rate cards which were approved by the HSB for plan year 2015. One rate card specified member contributions under the 93/93/83 model and the other rate card under the 100/96/83 model.

Rates, Contributions, and Benefits for HMOs

Consistent with the 2014 plan year, two HMO plans will be offered to HSS members for plan year 2015. These plans are offered by Kaiser and Blue Shield of California.

Plan Design Changes for HMOs

No plan design changes were recommended to the Rates and Benefits Committee and the HSB.

- **Kaiser (Fully Insured)**

The HSB adopted no plan design changes for the Kaiser plan.

The final negotiated rate change for Kaiser is an overall decrease of 2.00% for Actives and Early Retirees without Medicare. For Retirees with Medicare the rate change is decrease of 10.75% (including the reconciliation for plan year 2014). This results in an overall estimated decrease of \$11.0 million annually.

The aggregate cost for Kaiser for the 2015 plan year is projected at \$323.1 million, with \$34.9 million in member contributions and \$288.2 million in employer contributions including all applicable legislative fees and tax. Table 3 (page 8) provides an overview of annualized costs.

- **Blue Shield of California (Flex-funded)**

The HSB adopted no plan design changes for the Blue Shield plan.

On January 1, 2013, the funding arrangement for Actives and Early Retirees without Medicare switched from fully-insured to flex-funded. This allowed Aon Hewitt to work with HSS, HSS' Accountable Care Organization (ACO) partners, and Blue Shield to maintain a flat renewal for the flex-funded portion of the Blue Shield plan for Active employees. The premium equivalents include use of \$8.8 million in Health Service Trust Fund assets to decrease both the employee and the employer premium costs. The result is a final rate change for Actives of 0.00% (i.e. no change from the 2014 benefit period) including all applicable legislative fees and tax. For Early Retirees, there is an increase of 3.98%.

Retirees with Medicare remain in the fully-insured plan and the 2015 rate will remain at the 2014 premium level with no increase. The overall estimated increase in 2015 is \$2.3 million annually.

The aggregate cost for the Blue Shield HMO for the 2015 plan year is projected at \$307.1 million, with \$34.1 million in member contributions and \$273.0 million in employer contributions including all applicable fees and tax. Table 3 (page 8) provides an overview of annualized costs.

HMO Contributions

The contribution models for the HMO Active and Retirees members are summarized in Exhibits 2a-2b and 3a-3b.

Rates, Contributions, and Benefits for City Plan (UHC)

The City Plan (UHC) is a self-funded plan administered by United Healthcare (UHC). The medical and pharmacy monthly premium equivalent costs were developed separately for Actives, Early Retirees without Medicare and Retirees with Medicare based on group-specific experience.

Additionally, Aon Hewitt provided a retrospective analysis of historical rates and experience to examine the actual cost trends evident in the City Plan's (UHC) recent claims data. As with the Blue Shield Flex funded HMO, this analysis was considered in conjunction with overall industry and normative data when determining the premium levels for the 2015 plan year (available at www.myhss.org website – February 13, 2014 and May 8, 2014 Board Meetings).

No plan design changes were implemented.

The UHC administration fees increased slightly from 2014 to 2015.

The final monthly premium equivalents with no plan design changes result in an overall decrease of 21.15%. For Actives, Early Retirees without Medicare, and Retirees with Medicare, the decreases are 17.5%, 17.25%, and 25.0%, respectively. These decreases in premium equivalents are due to underwriting gains caused by lower utilization that the City Plan produced during Plan Year 2013. Underwriting gains are a result of HSS initiatives to improve network management, Medicare coordination and claim administration as well as lower utilization trends. For the end of 2013, over \$15 million of under writing gains were put into the City Plan Stabilization Reserve which increased the overall amount in the reserve to \$22.29 million. Per the HSS Stabilization Fund Policy, one-third of the amount in the Stabilization Reserve (\$7.4 million) was spread across all rating tiers to lower the City Plan premium equivalents by the aforementioned percentages. The pharmacy portion of the Medicare rate is covered by a fully insured Employer Group Waiver Plan (EGWP) product. The rate increased to \$156.96 from \$146.69 which is much lower than the anticipated increase given that UHC held the EGWP premium flat between 2013 and 2014.

Changes in monthly premium equivalents for the City Plan (UHC) are summarized in Exhibit 4. Included in the premium equivalent rate, pursuant to the HSB's Self-Funded Plans' Stabilization Policy, is the application of the claims stabilization amount.

The aggregate cost for the City Plan (UHC) for the 2015 plan year is projected at \$44.5 million, with

\$8.7 million in member contributions and \$35.8 million in employer contributions. This results in an overall estimated decrease of \$12.2 million annually. Table 3 (page 8) provides an overview of annualized costs.

Changes in employee and retiree contributions for City Plan (UHC) are summarized in Exhibits 5a-5b. These contributions were determined in accordance with the City Charter, include the new 10-County Average result of \$567.80, if applicable, and adjusted for the 93/93/83 and the 100/96/83 contribution methods.

Rates and Benefits for the Vision Plan

Members enrolled in any medical plan offered by HSS also receive vision benefits through Vision Service Plan (VSP). The cost of the vision benefit is a component of the cost of the medical plan and has been included in the rate exhibits referenced above.

The vision plan is a fully-insured plan. As of January 1, 2015, VSP vision plan rates remain unchanged from 2014 levels. The aggregate cost for the VSP vision plan for the 2015 plan year is projected at \$4.7 million. VSP vision plan costs are summarized in Exhibit 6.

Rates, Contributions, and Benefits for Dental Plans

Three dental plans are offered to Active HSS members: Delta Dental PPO, Delta Care USA and Pacific Union Dental. The Delta Dental PPO plan is a dental PPO with a network of preferred providers while the other two plans are dental HMOs with closed panels of providers. The City pays part of the cost of dental benefits for Active CCSF employees while Retirees pay the full cost of their dental benefits.

The Delta Dental PPO plan for Active employees is self-funded and administered by Delta Dental of California. Future plan costs are projected based on the City employees' claim experience. Delta Dental's fee for claim administration remains unchanged from the 2014 plan year.

The aggregate premium equivalent for the self-funded Delta Dental PPO plan for Active employees shows a rate pass. Since this is a self-insured plan, the Health Insurer Tax does not apply.

The Delta Dental PPO plan for Retirees, Delta Care USA dental plans for Active employees and Retirees, and Pacific Union Dental plans for Active employees and Retirees are all fully-insured. The fully-insured premiums for the Delta Dental PPO plan for Retirees are under a two year rate guarantee through 2015. However, the HSB elected to increase coverage in 2015 and add a diagnostic and preventative care fee waiver for Retirees which will increase the average 2014 premium by 7.29%. The fully-insured premiums for the Delta Care USA dental plans for Active employees and Retirees are unchanged from the 2014 plan year rates. The fully-insured premiums for the Pacific Union plans were given a rate pass through December 31, 2016.

For the 2015 plan year, the City will contribute the total premium towards each of the dental HMO plans for CCSF employees. For the self-funded Dental PPO plan, the City will contribute the monthly premium minus employee contributions of \$5.00, \$10.00, and \$15.00 for Employee Only, Employee Plus One, and Employee Plus Two or More respectively. The member contributions for Delta Dental PPO plan for Retirees, Delta Care USA dental plans for employees and Retirees, and Pacific Union Dental plans for employees and Retirees remain unchanged from the 2014 plan year.

Pursuant to the Health Service's Self-Funded Plans' Stabilization Policy, no claims stabilization amount has been applied this year.

Changes in dental cost for the Delta Dental PPO plan, Delta Care USA plan, and Pacific Union Dental plans are summarized in Exhibit 7, 8, and 9 respectively.

The aggregate dental plan cost for Actives for the 2015 plan year is projected at \$44.9 million, with \$3.3 million in member contributions and \$41.6 million in employer contributions. There is no increased cost to the City for dental care. Table 3 (page 8) provides an overview of annualized costs.

Life and Long Term Disability (LTD) Insurance

Life and Long Term Disability rates remain unchanged from the 2014 rates; however the 2015 MOU negotiations open the possibility for the City to negotiate a lower insurance premium. The aggregate life and LTD plan cost for the 2015 plan year is projected at \$6.1 million, with \$100,000 in member contributions and \$6.0 million in employer contributions. Annualized cost comparisons are summarized in Exhibit 10.

Summary of Projected 2015 Plan Year Costs

Illustrated on page 8, in Table 3, is a summary of how projected 2015 aggregate HSS plan costs are distributed across the different plans that are available to Active employees and Retirees. Costs are shown only for those plans where the employers subsidize the total premium cost. The premium costs associated with the VSP vision core plan are included in the medical plan's costs.

TABLE 3 *					
Distribution of Aggregate Plan Costs (\$millions)					
	Member Contributions	Employer Contributions	Aggregate Plan Cost	Member Contributions as a % of Aggregate Costs	Employer Contributions as a % of Aggregate Costs
Kaiser HMO	\$34.9	\$288.2	\$323.1	10.81%	89.19%
\$ Increase	\$6.8	-\$17.8	-\$11.0		
% Increase	24.29%	-5.83%	-3.30%		
Blue Shield HMO	\$34.1	\$273.0	\$307.1	11.11%	88.89%
\$ Increase	-\$6.7	\$8.9	\$2.3		
% Increase	-16.32%	3.37%	0.74%		
City Plan	\$8.7	\$35.8	\$44.5	19.47%	80.53%
\$ Increase	-\$0.8	-\$11.4	-\$12.2		
% Increase	-8.03%	-24.16%	-21.48%		
Dental **	\$3.3	\$41.6	\$44.9	7.40%	92.60%
\$ Increase	\$0.0	\$0.0	\$0.0		
% Increase	2.59%	4.98%	4.80%		
LTD	\$0.0	\$5.7	\$5.7	0.00%	100.00%
\$ Increase	\$0.0	\$0.0	\$0.0		
% Increase	0.00%	0.00%	0.00%		
Life	\$0.1	\$0.3	\$0.4	19.55%	80.45%
\$ Increase	\$0.0	\$0.0	\$0.0		
% Increase	0.00%	0.00%	0.00%		
Total	\$81.1	\$644.6	\$725.7	11.17%	88.83%
\$ Increase	(\$0.6)	(\$20.3)	(\$20.9)		
% Increase	-0.71%	-3.06%	-2.80%		

* Figures vary due to rounding

** Dental costs are for active employees only, retirees and surviving spouses have not been included

This year's projected aggregate cost decrease of 2.8% compares favorably with available benchmark information. This statistic is supported by the analysis titled "2014 Health Care Trend Survey" published by Aon. Employers that were analyzed indicated Medical and Pharmacy cost increases in the range of 8% to 9%.

Conclusion

Based on extensive evaluation and collaboration with HSS, Aon Hewitt validates all of the findings presented within this report. Aon Hewitt would be pleased to answer any questions or provide clarification about the information included in this letter to any interested parties.

Sincerely,



Anil Kochhar, ASA, MAAA

Copy:

President and Members of the Health Service Board
Catherine Dodd, PhD, RN, Director, Health Service System

San Francisco Health Service System Board of Supervisors

10 County Survey Results and Rates and Benefits Decisions for
Calendar Year 2015

June 16, 2014

Prepared by Aon Hewitt
Health and Benefits



10-County Survey Results

Exhibit 1

Rank	County	CY 2014	CY 2015	% Change
1	Los Angeles	\$552.40	\$610.75	10.56%
2	San Diego	\$445.29	\$460.51	3.42%
3	Orange	\$544.46	\$567.79	4.28%
4	Riverside	\$606.39	\$587.21	-3.16%
5	San Bernardino	\$413.51	\$420.92	1.79%
6	Santa Clara	\$656.34	\$776.62	18.33%
7	Alameda	\$638.47	\$622.92	-2.44%
8	Sacramento	\$714.53	\$535.31	-25.08%
9	Contra Costa	\$574.27	\$607.18	5.73%
10	Fresno	\$450.86	\$488.79	8.41%
10-County Average		\$559.65	\$567.80	1.46%

Kaiser HMO: Final Active/Early Retiree/Medicare Monthly Contributions Calendar Year 2015

Exhibit 2a 93/93/83 Contribution Method*

		Active			Early Retiree			MAPD			
		EE	EE+1	EE+2	EE	EE+1	EE+2	EE	EE+1	EE+2 (All Medicare)	EE+2
Members	Plan Year 2014	\$3.96	\$4.60	\$247.41	\$2.58	\$281.95	\$750.32	\$0.00	\$170.74	\$523.96	\$639.11
	Plan Year 2015	\$38.78	\$77.42	\$265.89	\$0.00	\$275.97	\$734.09	\$0.00	\$156.10	\$467.39	\$614.22
	% increase	879.3%	1582.9%	7.5%	-100.0%	-2.1%	-2.2%	0.00%	-8.57%	-10.80%	-3.89%
	\$ increase	\$34.82	\$72.82	\$18.48	(\$2.58)	(\$5.98)	(\$16.23)	\$0.00	(\$14.64)	(\$56.57)	(\$24.89)
Employer	Plan Year 2014	\$561.15	\$1,123.59	\$1,348.13	\$1,132.09	\$1,415.80	\$1,414.78	\$352.49	\$532.21	\$528.76	\$531.19
	Plan Year 2015	\$515.20	\$1,028.51	\$1,298.16	\$1,112.15	\$1,388.13	\$1,388.13	\$314.23	\$470.33	\$470.33	\$470.33
	% increase	-8.2%	-8.5%	-3.7%	-1.8%	-2.0%	-1.9%	-10.85%	-11.63%	-11.05%	-11.46%
	\$ increase	(\$45.95)	(\$95.08)	(\$49.97)	(\$19.94)	(\$27.67)	(\$26.65)	(\$38.26)	(\$61.88)	(\$58.43)	(\$60.86)
Total	Plan Year 2014	\$565.11	\$1,128.19	\$1,595.54	\$1,134.67	\$1,697.75	\$2,165.10	\$352.49	\$702.95	\$1,052.72	\$1,170.30
	Plan Year 2015	\$553.98	\$1,105.93	\$1,564.05	\$1,112.15	\$1,664.10	\$2,122.22	\$314.23	\$626.43	\$937.72	\$1,084.55
	% increase	-2.0%	-2.0%	-2.0%	-2.0%	-2.0%	-2.0%	-10.85%	-10.89%	-10.92%	-7.33%
	\$ increase	(\$11.13)	(\$22.26)	(\$31.49)	(\$22.52)	(\$33.65)	(\$42.88)	(\$38.26)	(\$76.52)	(\$115.00)	(\$85.75)

Note:

- * The 93/93/83 Contribution Model defines the following payment structure:
 - EE only: City contributes 93% towards total premium for employees selecting Single (EE) tier coverage.
 - EE+1: City contributes 93% towards total premium for employees selecting EE+1 tier coverage.
 - EE+2: City contributes 83% towards total premium for employees selecting EE+2 tier coverage.
 - City contributions are capped at 93%, 93% and 83% of corresponding premium of the second-highest-cost plan for Single, EE+1 and EE+2 tiers respectively.
 - Members cover the remaining costs across all tiers.

Kaiser HMO: Final Active/Early Retiree/Medicare Monthly Contributions Calendar Year 2015

Exhibit 2b 100/96/83 Contribution Method*

		Active			Early Retiree			MAPD			
		EE	EE+1	EE+2	EE	EE+1	EE+2	EE	EE+1	EE+2 (All Medicare)	EE+2
Members	Plan Year 2014	\$0.00	\$4.60	\$247.41	\$2.58	\$281.95	\$750.32	\$0.00	\$170.74	\$523.96	\$639.11
	Plan Year 2015	\$0.00	\$44.24	\$265.89	\$0.00	\$275.97	\$734.09	\$0.00	\$156.10	\$467.39	\$614.22
	% increase	0.0%	861.7%	7.5%	-100.0%	-2.1%	-2.2%	0.00%	-8.57%	-10.80%	-3.89%
	\$ increase	\$0.00	\$39.64	\$18.48	(\$2.58)	(\$5.98)	(\$16.23)	\$0.00	(\$14.64)	(\$56.57)	(\$24.89)
Employer	Plan Year 2014	\$565.11	\$1,123.59	\$1,348.13	\$1,132.09	\$1,415.80	\$1,414.78	\$352.49	\$532.21	\$528.76	\$531.19
	Plan Year 2015	\$553.98	\$1,061.69	\$1,298.16	\$1,112.15	\$1,388.13	\$1,388.13	\$314.23	\$470.33	\$470.33	\$470.33
	% increase	-2.0%	-5.5%	-3.7%	-1.8%	-2.0%	-1.9%	-10.85%	-11.63%	-11.05%	-11.46%
	\$ increase	(\$11.13)	(\$61.90)	(\$49.97)	(\$19.94)	(\$27.67)	(\$26.65)	(\$38.26)	(\$61.88)	(\$58.43)	(\$60.86)
Total	Plan Year 2014	\$565.11	\$1,128.19	\$1,595.54	\$1,134.67	\$1,697.75	\$2,165.10	\$352.49	\$702.95	\$1,052.72	\$1,170.30
	Plan Year 2015	\$553.98	\$1,105.93	\$1,564.05	\$1,112.15	\$1,664.10	\$2,122.22	\$314.23	\$626.43	\$937.72	\$1,084.55
	% increase	-2.0%	-2.0%	-2.0%	-2.0%	-2.0%	-2.0%	-10.85%	-10.89%	-10.92%	-7.33%
	\$ increase	(\$11.13)	(\$22.26)	(\$31.49)	(\$22.52)	(\$33.65)	(\$42.88)	(\$38.26)	(\$76.52)	(\$115.00)	(\$85.75)

Note:

- * The 100/96/83 Contribution Model defines the following payment structure:
 - EE only: City contributes 100% towards total premium for employees selecting Single (EE) tier coverage. Members are free of premium charges.
 - EE+1: City contributes 96% towards total premium for employees selecting EE+1 tier coverage.
 - EE+2: City contributes 83% towards total premium for employees selecting EE+2 tier coverage.
 - City contributions are capped at 96% and 83% of corresponding premium of the second-highest-cost plan for EE+1 and EE+2 tiers respectively.
 - Members electing EE+1 and EE+2 tiers cover the remaining cost.

Blue Shield HMO: Final Active/Early Retiree/Medicare Monthly Contributions Calendar Year 2015

Exhibit 3a 93/93/83 Contribution Method*

		Active (Bargained)			Early Retiree			MAPD/COB			
		EE	EE+1	EE+2	EE	EE+1	EE+2	EE	EE+1	EE+2 (All Medicare)	EE+2
Members	Plan Year 2014	\$3.96	\$80.22	\$466.87	\$42.57	\$363.30	\$899.52	\$0.00	\$188.72	\$572.53	\$724.94
	Plan Year 2015	\$45.32	\$90.49	\$310.82	\$39.78	\$375.29	\$932.22	\$0.00	\$191.28	\$573.16	\$748.21
	% increase	1044.44%	12.80%	-33.42%	-6.54%	3.30%	3.64%	0.00%	1.36%	0.11%	3.21%
	\$ increase	\$41.36	\$10.27	(\$156.05)	(\$2.79)	\$11.99	\$32.70	\$0.00	\$2.56	\$0.63	\$23.27
Employer	Plan Year 2014	\$643.41	\$1,212.51	\$1,361.49	\$1,393.62	\$1,718.26	\$1,717.67	\$384.60	\$578.45	\$576.52	\$577.86
	Plan Year 2015	\$602.05	\$1,202.24	\$1,517.54	\$1,453.62	\$1,789.13	\$1,789.13	\$384.60	\$575.89	\$575.89	\$575.89
	% increase	-6.43%	-0.85%	11.46%	4.30%	4.12%	4.16%	0.00%	-0.44%	-0.11%	-0.34%
	\$ increase	(\$41.36)	(\$10.27)	\$156.05	\$60.00	\$70.87	\$71.46	\$0.00	(\$2.56)	(\$0.63)	(\$1.97)
Total	Plan Year 2014	\$647.37	\$1,292.73	\$1,828.36	\$1,436.19	\$2,081.56	\$2,617.19	\$384.60	\$767.17	\$1,149.05	\$1,302.80
	Plan Year 2015	\$647.37	\$1,292.73	\$1,828.36	\$1,493.40	\$2,164.42	\$2,721.35	\$384.60	\$767.17	\$1,149.05	\$1,324.10
	% increase	0.00%	0.00%	0.00%	3.98%	3.98%	3.98%	0.00%	0.00%	0.00%	1.63%
	\$ increase	\$0.00	\$0.00	\$0.00	\$57.21	\$82.86	\$104.16	\$0.00	\$0.00	\$0.00	\$21.30

Note:

- * The 93/93/83 Contribution Model defines the following payment structure:
 - EE only: City contributes 93% towards total premium for employees selecting Single (EE) tier coverage.
 - EE+1: City contributes 93% towards total premium for employees selecting EE+1 tier coverage.
 - EE+2: City contributes 83% towards total premium for employees selecting EE+2 tier coverage.
 - City contributions are capped at 93%, 93% and 83% of corresponding premium of the second-highest-cost plan for Single, EE+1 and EE+2 tiers respectively.
 - Members cover the remaining costs across all tiers.

Blue Shield HMO: Final Active/Early Retiree/Medicare Monthly Contributions Calendar Year 2015

Exhibit 3b 100/96/83 Contribution Method*

		Active (Bargained)			Early Retiree			MAPD/COB			
		EE	EE+1	EE+2	EE	EE+1	EE+2	EE	EE+1	EE+2 (All Medicare)	EE+2
Members	Plan Year 2014	\$0.00	\$80.22	\$466.87	\$42.57	\$363.30	\$899.52	\$0.00	\$188.72	\$572.53	\$724.94
	Plan Year 2015	\$0.00	\$51.71	\$310.82	\$39.78	\$375.29	\$932.22	\$0.00	\$191.28	\$573.16	\$748.21
	% increase	0.00%	-35.54%	-33.42%	-6.54%	3.30%	3.64%	0.00%	1.36%	0.11%	3.21%
	\$ increase	\$0.00	(\$28.51)	(\$156.05)	(\$2.79)	\$11.99	\$32.70	\$0.00	\$2.56	\$0.63	\$23.27
Employer	Plan Year 2014	\$647.37	\$1,212.51	\$1,361.49	\$1,393.62	\$1,718.26	\$1,717.67	\$384.60	\$578.45	\$576.52	\$577.86
	Plan Year 2015	\$647.37	\$1,241.02	\$1,517.54	\$1,453.62	\$1,789.13	\$1,789.13	\$384.60	\$575.89	\$575.89	\$575.89
	% increase	0.00%	2.35%	11.46%	4.30%	4.12%	4.16%	0.00%	-0.44%	-0.11%	-0.34%
	\$ increase	\$0.00	\$28.51	\$156.05	\$60.00	\$70.87	\$71.46	\$0.00	(\$2.56)	(\$0.63)	(\$1.97)
Total	Plan Year 2014	\$647.37	\$1,292.73	\$1,828.36	\$1,436.19	\$2,081.56	\$2,617.19	\$384.60	\$767.17	\$1,149.05	\$1,302.80
	Plan Year 2015	\$647.37	\$1,292.73	\$1,828.36	\$1,493.40	\$2,164.42	\$2,721.35	\$384.60	\$767.17	\$1,149.05	\$1,324.10
	% increase	0.00%	0.00%	0.00%	3.98%	3.98%	3.98%	0.00%	0.00%	0.00%	1.63%
	\$ increase	\$0.00	\$0.00	\$0.00	\$57.21	\$82.86	\$104.16	\$0.00	\$0.00	\$0.00	\$21.30

Note:

- * The 100/96/83 Contribution Model defines the following payment structure:
 - EE only: City contributes 100% towards total premium for employees selecting Single (EE) tier coverage. Members are free of premium charges.
 - EE+1: City contributes 96% towards total premium for employees selecting EE+1 tier coverage.
 - EE+2: City contributes 83% towards total premium for employees selecting EE+2 tier coverage.
 - City contributions are capped at 96% and 83% of corresponding premium of the second-highest-cost plan for EE+1 and EE+2 tiers respectively.
 - Members electing EE+1 and EE+2 tiers cover the remaining cost.

City Plan (UHC): Final Active/Early Retiree/Medicare Monthly Premium Rates Calendar Year 2015

Exhibit 4 City Plan (UHC) Premium Rates

CATERGORY	Plan Year 2014			Plan Year 2015			PERCENTAGE INCREASE	
	February 2014 Headcounts	PREMIUM EQUIVALENT	STABILIZATION AMOUNT	TOTAL	PREMIUM EQUIVALENT	STABILIZATION AMOUNT		TOTAL
Active EE	644	\$1,274.23	-\$46.68	\$1,227.55	\$1,175.13	-\$162.72	\$1,012.41	-17.53%
Active EE + 1	81	\$2,504.17	-\$91.72	\$2,412.45	\$2,306.75	-\$319.40	\$1,987.35	-17.62%
Active EE + 2	35	\$3,539.74	-\$129.41	\$3,410.33	\$3,249.05	-\$449.23	\$2,799.82	-17.90%
Early Retiree EE	608	\$1,483.34	-\$54.37	\$1,428.97	\$1,376.30	-\$190.67	\$1,185.63	-17.03%
Early Retiree EE + 1	171	\$2,922.36	-\$107.11	\$2,815.25	\$2,709.06	-\$375.29	\$2,333.77	-17.10%
Early Retiree EE + 2	14	\$3,956.12	-\$144.79	\$3,811.33	\$3,651.36	-\$505.11	\$3,146.25	-17.45%
Medicare Retiree EE	4047	\$378.08	-\$13.90	\$364.18	\$315.69	-\$43.83	\$271.86	-25.35%
Medicare Retiree EE + 1	1263	\$721.18	-\$26.52	\$694.66	\$603.21	-\$83.74	\$519.47	-25.22%
Medicare Retiree EE + 2	12	\$1,641.63	-\$59.99	\$1,581.64	\$1,545.51	-\$213.56	\$1,331.95	-15.79%
Total	6875	\$60,779,000	-\$2,231,000	\$58,548,000	\$53,598,000	-\$7,431,000	\$46,167,000	-21.15%

Estimated cost increase plan year
2015 at February 2014 headcounts **-\$12,381,000**

City Plan (UHC): Final Active/Early Retiree/Medicare Monthly Contributions Calendar Year 2015

Exhibit 5a 93/93/83 Contribution Method

		Active			Early Retiree			MAPD/COB			
		EE	EE+1	EE+2	EE	EE+1	EE+2	EE	EE+1	EE+2 (All Medicare)	EE+2
Members	Plan Year 2014	\$3.96	\$1,078.05	\$2,076.41	\$331.50	\$1,024.63	\$2,022.78	\$0.00	\$162.97	\$473.93	\$1,161.12
	Plan Year 2015	\$410.36	\$785.11	\$1,282.28	\$222.30	\$796.37	\$1,608.85	\$0.00	\$123.80	\$280.81	\$936.28
	% increase	10262.6%	-27.2%	-38.2%	-32.9%	-22.3%	-20.5%	0.00%	-24.04%	-40.75%	-19.36%
	\$ increase	\$406.40	(\$292.94)	(\$794.13)	(\$109.20)	(\$228.26)	(\$413.93)	\$0.00	(\$39.17)	(\$193.12)	(\$224.84)
Employer	Plan Year 2014	\$1,223.59	\$1,334.40	\$1,333.92	\$1,097.46	\$1,790.62	\$1,788.55	\$364.18	\$531.69	\$529.70	\$529.62
	Plan Year 2015	\$602.05	\$1,202.24	\$1,517.54	\$963.33	\$1,537.40	\$1,537.40	\$271.86	\$395.67	\$395.67	\$395.67
	% increase	-50.8%	-9.9%	13.8%	-12.2%	-14.1%	-14.0%	-25.35%	-25.58%	-25.30%	-25.29%
	\$ increase	(\$621.54)	(\$132.16)	\$183.62	(\$134.13)	(\$253.22)	(\$251.15)	(\$92.32)	(\$136.02)	(\$134.03)	(\$133.95)
Total	Plan Year 2014	\$1,227.55	\$2,412.45	\$3,410.33	\$1,428.97	\$2,815.25	\$3,811.33	\$364.18	\$694.66	\$1,003.63	\$1,690.74
	Plan Year 2015	\$1,012.41	\$1,987.35	\$2,799.82	\$1,185.63	\$2,333.77	\$3,146.25	\$271.86	\$519.47	\$676.48	\$1,331.95
	% increase	-17.5%	-17.6%	-17.9%	-17.0%	-17.1%	-17.5%	-25.35%	-25.22%	-32.60%	-21.22%
	\$ increase	(\$215.14)	(\$425.10)	(\$610.51)	(\$243.34)	(\$481.48)	(\$665.08)	(\$92.32)	(\$175.19)	(\$327.15)	(\$358.79)

Note:

- * The 93/93/83 Contribution Model defines the following payment structure:
 - EE only: City contributes 93% towards total premium for employees selecting Single (EE) tier coverage.
 - EE+1: City contributes 93% towards total premium for employees selecting EE+1 tier coverage.
 - EE+2: City contributes 83% towards total premium for employees selecting EE+2 tier coverage.
 - City contributions are capped at 93%, 93% and 83% of corresponding premium of the second-highest-cost plan for Single, EE+1 and EE+2 tiers respectively.
 - Members cover the remaining costs across all tiers.

City Plan (UHC): Final Active/Early Retiree/Medicare Monthly Contributions Calendar Year 2015

Exhibit 5b 100/96/83 Contribution Method

		Active			Early Retiree			MAPD/COB			
		EE	EE+1	EE+2	EE	EE+1	EE+2	EE	EE+1	EE+2 (All Medicare)	EE+2
Members	Plan Year 2014	\$0.00	\$1,078.05	\$2,076.41	\$331.50	\$1,024.63	\$2,022.78	\$0.00	\$162.97	\$473.93	\$1,161.12
	Plan Year 2015	\$0.00	\$746.33	\$1,282.28	\$222.30	\$796.37	\$1,608.85	\$0.00	\$123.80	\$280.81	\$936.28
	% increase	N/A	-30.8%	-38.2%	-32.9%	-22.3%	-20.5%	0.00%	-24.04%	-40.75%	-19.36%
	\$ increase	\$0.00	(\$331.72)	(\$794.13)	(\$109.20)	(\$228.26)	(\$413.93)	\$0.00	(\$39.17)	(\$193.12)	(\$224.84)
Employer	Plan Year 2014	\$1,227.55	\$1,334.40	\$1,333.92	\$1,097.46	\$1,790.62	\$1,788.55	\$364.18	\$531.69	\$529.70	\$529.62
	Plan Year 2015	\$1,012.41	\$1,241.02	\$1,517.54	\$963.33	\$1,537.40	\$1,537.40	\$271.86	\$395.67	\$395.67	\$395.67
	% increase	-17.5%	-7.0%	13.8%	-12.2%	-14.1%	-14.0%	-25.35%	-25.58%	-25.30%	-25.29%
	\$ increase	(\$215.14)	(\$93.38)	\$183.62	(\$134.13)	(\$253.22)	(\$251.15)	(\$92.32)	(\$136.02)	(\$134.03)	(\$133.95)
Total	Plan Year 2014	\$1,227.55	\$2,412.45	\$3,410.33	\$1,428.97	\$2,815.25	\$3,811.33	\$364.18	\$694.66	\$1,003.63	\$1,690.74
	Plan Year 2015	\$1,012.41	\$1,987.35	\$2,799.82	\$1,185.63	\$2,333.77	\$3,146.25	\$271.86	\$519.47	\$676.48	\$1,331.95
	% increase	-17.5%	-17.6%	-17.9%	-17.0%	-17.1%	-17.5%	-25.35%	-25.22%	-32.60%	-21.22%
	\$ increase	(\$215.14)	(\$425.10)	(\$610.51)	(\$243.34)	(\$481.48)	(\$665.08)	(\$92.32)	(\$175.19)	(\$327.15)	(\$358.79)

Note:

- * The 100/96/83 Contribution Model defines the following payment structure:
 - EE only: City contributes 100% towards total premium for employees selecting Single (EE) tier coverage. Members are free of premium charges
 - EE+1: City contributes 96% towards total premium for employees selecting EE+1 tier coverage.
 - EE+2: City contributes 83% towards total premium for employees selecting EE+2 tier coverage.
 - City contributions are capped at 96% and 83% of corresponding premium of the second-highest-cost plan for EE+1 and EE+2 tiers respectively.
 - Members electing EE+1 and EE+2 tiers cover the remaining cost.

VSP Vision: Final Active/Early Retiree/Medicare Monthly Contributions Calendar Year 2015

Exhibit 6 Vision Plan Rates

		Active (Bargained)			Retiree		
		EE	EE+1	EE+2	EE	EE+1	EE+2
Rates	Plan Year 2014	\$3.99	\$8.00	\$11.32	\$3.99	\$8.00	\$11.32
	Plan Year 2015	\$3.99	\$8.00	\$11.32	\$3.99	\$8.00	\$11.32
	% increase	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	\$ increase	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

Delta Dental PPO: Final Active/Retiree Monthly Contributions Calendar Year 2015

Exhibit 7 Dental PPO Plan Rates

		Active (Bargained)			Retiree		
		EE	EE+1	EE+2	EE	EE+1	EE+2
Rates	Plan Year 2014	\$65.95	\$138.49	\$197.84	\$42.37	\$84.80	\$128.10
	Plan Year 2015	\$65.95	\$138.49	\$197.84	\$45.68	\$90.87	\$135.63
	% increase	0.00%	0.00%	0.00%	7.81%	7.16%	5.88%
	\$ increase	\$0.00	\$0.00	\$0.00	\$3.31	\$6.07	\$7.53

Delta Care USA : Final Active/Retiree Monthly Contributions Calendar Year 2015

Exhibit 8 Delta HMO Plan Rates

		Active (Bargained)			Retiree		
		EE	EE+1	EE+2	EE	EE+1	EE+2
Rates	Plan Year 2014	\$26.95	\$44.46	\$65.76	\$32.85	\$54.21	\$80.19
	Plan Year 2015	\$26.95	\$44.46	\$65.76	\$32.85	\$54.21	\$80.19
	% increase	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	\$ increase	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

Pacific Union Dental: Final Active/Retiree Monthly Contributions Calendar Year 2015

Exhibit 9 Dental HMO Plan Rates

		Active (Bargained)			Retiree		
		EE	EE+1	EE+2	EE	EE+1	EE+2
Rates	Plan Year 2014	\$27.80	\$45.90	\$67.86	\$16.47	\$27.20	\$40.22
	Plan Year 2015	\$27.80	\$45.90	\$67.86	\$16.47	\$27.20	\$40.22
	% increase	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	\$ increase	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

Life and LTD (Long Term Disability) Plan Year 2015 Aggregate Costs

Exhibit 10
LTD and Life Plan Rates

Plan Type	Plan Year 2014	Plan Year 2015	% Increase	\$ Increase
Basic Life	\$316,000	\$316,000	0%	\$0.00
Supplemental Life/Dependent Life	\$77,000	\$77,000	0%	\$0.00
Long-Term Disability	\$5,687,000	\$5,687,000	0%	\$0.00
Total Annual Estimated Cost	\$6,080,000	\$6,080,000	0%	\$0.00