

San Francisco Health Service System 2024 Plan Year Rates and Benefits



Budget and Finance Committee Presentation by
Abbie Yant, HSS Executive Director
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Background

Our Mission

Dedicated to preserving and improving sustainable, quality health benefits and to enhancing the well-being of our members and their dependents

Overview

- City Ordinance and the 10 County Survey
- Rates and Benefits Timeline
- Aggregate changes in benefit costs
- Medical plans choices
- Dental, vision, life insurance, and disability plans

Overview of City Ordinance and the 10 County Survey

City Ordinance

- Ordinance approving Health Services System plans and contribution rates for calendar year 2024.
- Establishes the amount contributed for the active employee and retiree health premiums.

10 County Survey Details

- Charter requires a survey of 10 most populous CA counties.
- Sets contribution amounts by employer for employee-only coverage for health plans rates.
- Basis for the employer contribution for retiree rates and for some union employees.
- Survey Results: Average Contribution amount by employer for employee only coverage for CY 2024 is \$805.85 (3.2% increase from the prior year).

HEALTH BENEFITS
OPEN ENROLLMENT
OCTOBER 2ND – 27TH, 2023



SFHSS Rates and Benefits Milestones

Benefit Plan Year 2024

First Quarter

- Review Lessons Learned
- **Plan Year Starts January 1**
- Health Plan Renewal Discussion & Negotiation (January – June)
- Health Service Board Rates & Benefits Meetings (January – June)
- OE Communications Planning & Procurement (February – March)
- 10-County Survey Approved (March)

Second Quarter

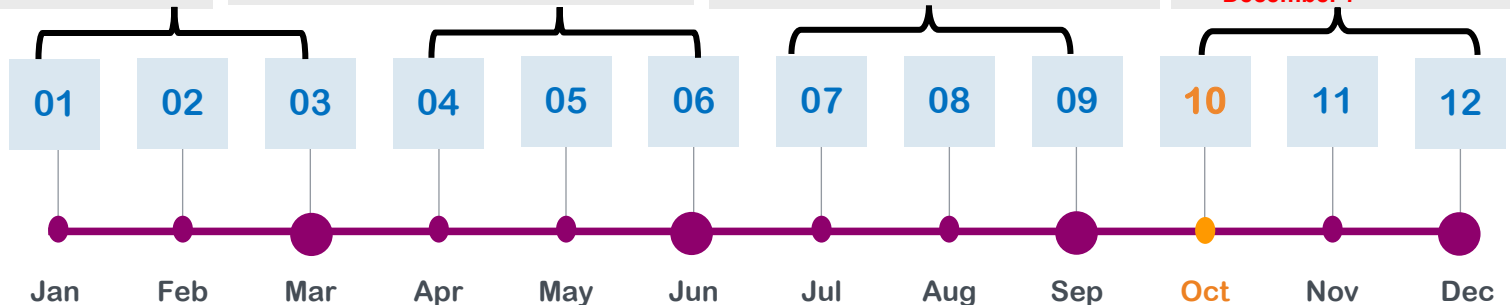
- Health Service Board Rates & Benefits Meetings (April – June)
- OE Communications Layout & Design (April – September)
- eBenefits Configuration Begins (May)
- **Health Service Board Approves all Rates and Benefits June 8**
- **Rates & Benefits Packet Delivered to Board of Supervisors June 16**

Third Quarter

- **Board of Supervisors Approves Rates & Benefits July 25**
- System eBenefits Programming and Testing (July – September)
- Detailed Rates Calculations (July – September)
- Vendor Renewal Confirmation Letters after BOS approvals (July)
- Staff Training (August – September)
- **OE Packets Mail September 25**

Fourth Quarter

- **eBenefits Open Enrollment Live (October)**
- HSS & Vendor Webinars and Live Events (October)
- Data Entry & Validation (October – November 11)
- Request Vendor Renewals for Plan Year 2025
- **Eligibility Files to Vendors December 4**
- **Member Confirmation Statements December 7**



Aggregate Changes in Employers Benefit Costs

All Employers - CCSF, Community College District, Unified School District and Superior Court

- 10.46% (\$94.8M) projected employer cost increase for medical, vision, dental, life insurance and long-term disability insurance.
- 11.33% (\$97.7M) projected employer cost increase for medical plans only.

CCSF Only

- 10.34% (\$78.5M) projected employer cost increase for medical, vision, dental, life insurance and long-term disability insurance.
- 11.38% (\$81.3M) projected employer cost increase for medical plans only.

Escalated Medical Trend Drivers

Healthcare wage and supply cost inflation drives up negotiated prices between payers and providers. The impact will vary by plan depending on carrier/provider contract renewal cycles—these are typically renegotiated every two to four years.

Mental health and substance abuse services utilization and cost continue to increase as both provider supply and population demand increase.

Increasing prevalence of chronic conditions magnified by Long COVID impacts leads to higher demand for and utilization of health plan services and prescription drugs.

Cost shifting from the government to the private sector is magnifying as fewer qualify for Medicaid into the future (government redetermination process) and the federal government reduces the growth of payments into Medicare Advantage plans.

Mitigation of Cost Trend





Adopted

- \$14.7 million Sutter legal settlement award used to reduce rates
- \$1.9 million additional rate stabilization

Considered but not adopted

- Plan design changes to increase member copays
- Plan choices to eliminate higher cost plans

Medical Plans Choices with 2024 rate change

	Actives	Early Retirees	Medicare Retirees
	Kaiser (HMO) 12.4%	Kaiser (HMO) 12.5%	Kaiser Permanente Senior Advantage (MAPD-HMO) 6.2%
	BSC Access+ (HMO) 14.4% BSC Trio (HMO) 2.8% BSC (PPO) 3.5%	BSC Access+ (HMO) – 14.4% BSC Trio (HMO) 2.9% BSC (PPO) 1.7%	N/A
	Health Net CanopyCare (HMO) 3.7%	Health Net CanopyCare (HMO) 3.7%	N/A
	UHC Non-Medicare PPO (only for Actives w/Dep in UHC MA PPO) 3.6%	UHC (PPO and EPO) for Non-Medicare family members with a member in United MA PPO 7.1%	UnitedHealthcare (MAPD-PPO) 14.8%



6.8% overall cost decrease for active employees (retirees pay full dental premiums).
No change in benefit designs.

Delta Dental PPO – Actives (Self-Funded):

- 6.9% rate decrease due to favorable claims and rate stabilization

DeltaCare USA DHMO – Actives (Fully Insured):

- No rate change

UHC DHMO – Active and Retirees (Fully Insured):

- No rate change

Delta Dental PPO – Retiree (Fully Insured):

- 2% rate increase

DeltaCare USA DHMO – Retirees (Fully Insured):

- 9.1% increase



Vision: VSP (Vision Service Plan)

Basic VSP – Actives and Retirees

- No rate changes

Premier VSP – (Buy Up Option) Actives and Retirees

- No rate changes

Life Insurance and Disability



- No rate changes
- Group life, accidental death and dismemberment, and long-term disability insurances provided by The Hartford for active employees

Requested Action

Ordinance approving Health Service System plans and contribution rates for calendar year 2024