

San Francisco Health Service System Rates and Benefits Calendar Year 2022

Budget and Finance Committee Presentation
July 14, 2021



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

Overview

- Requesting Approval Today - Ordinance to Health Services System plans and “Average Contribution” (AKA “10 County”) rates for calendar year (CY) 2022
- Concur with the Budget And Legislative Analyst Report
- Team introductions

Summary: Impact to the City

- 1.28% aggregate increase benefits cost for CY 2022
 - Medical plans increase cost is 2.12%
 - Better than benchmarks, in part due to savings generated by Non-Medicare Request for Proposal process for 2022 plan year (benchmark trends range from 5.5% to 7% per Aon Health Care Trend Survey)
- No benefit plan design changes made from the prior year

Overview of City Ordinance and the 10 County Survey

City Ordinance

- Ordinance approving Health Services System plans and contribution rates for calendar year 2022
- Sets the amount the City contributes to 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 to retiree rates and for a few unions
- Survey Results: “**Average Contribution**” amount by employer for employee only coverage for CY 2022 is **\$757.31** (3.86% increase from the prior year)

Summary of Medical Plans Choices & Rate Changes

Includes two new medical plan options resulting from the competitive RFP process

Health Plans % Change CY 2022	Actives	Early Retirees	Medicare Retirees
Kaiser Permanente +3.06%	Kaiser (HMO) +4.96%		Kaiser Permanente Senior Advantage (MAPD-HMO) -10.8%
Blue Shield of California +1.26%	BSC Access+ (HMO) +0.8% BSC Trio (HMO) +2.0% <u>New Administrator</u> : BSC (PPO) w/ Accolade +2.7%		n/a
Health Net	<u>New Health Plan</u> : Health Net CanopyCare (HMO)		n/a
United Health Care +1.17%	n/a	UHC (PPO) * +2.7%	United Health Care (MAPD-PPO) +1.2%

Overall increase cost is +2.12%

* Only available to retiree families w/ non-Medicare eligibility

Kaiser Permanente

KP HMO and KPSA Medicare Plan Options

3.06% overall **increase** in costs for active employees, pre-Medicare retirees (early retirees) and Medicare retirees

KP HMO Active & Early Retirees:

- 4.96% rate **increase** for active and early retirees
- Represents a level of premium revenue requirement for 2022
- No benefit plan design changes

KPSA – Medicare Plan:

- 10.8% rate **decrease** for Medicare eligible retirees
- Reflects favorable experience due to favorable claims experience and CMS funding
- No benefit plan design changes



KAISER PERMANENTE®

Blue Shield of California:

Access+ and Trio HMO plus new PPO w/ Accolade Plan Options

1.26% overall rate increase in HMO costs for active employees & early retirees

2.16% increase in PPO cost - moving PPO administration from UHC

BSC Access+ HMO:

- 0.8% rate **increase** for active and early retirees
- Lower than industry average due to favorable claims experience
- No benefit plan design changes

BSC Trio HMO:

- 2.0% rate **increase** for active and early retirees
- Lower than industry average due to favorable claims experience
- No benefit plan design changes

BSC PPO w/ Accolade:

- 2.7% PPO rate **increase** for active and early retirees
- Lower than benchmark
- Lower claims experience + competitive bid driven savings
- No PPO plan design changes from 2021
- + Accolade:
 - Member support/engagement
 - Clinical advocacy



United Health Care Retiree Plans: Medicare Advantage PPO Plan & PPO for Retiree Families w/ non-Medicare Eligibles

1.17% rate **increase** for Medicare retirees

UHC Medicare Advantage Prescription Drug (MAPD) PPO:

- 1.2% rate **increase** for Medicare eligible retirees
- Reflects continuation of a multi-year commitment to moderate rate changes
- No benefit plan design changes

* UHC (PPO) – Limited enrollment

- For retirees with a mixture of eligibility between Medicare and non-Medicare eligibility dependent
- 2.7% PPO rate **increase** for non-Medicare members
- No benefit plan design changes from 2021 PPO



* Only available to retiree families w/ non-Medicare eligibility

Health Net

NEW for CY 2022 Health Net CanopyCare HMO

Health Net of California partnered with CanopyCare for the new HMO available to actives and early retirees starting CY 2022

Flex-Funded HMO:

- Health Net serves as the third-party administrator
- Provider Network - Canopy Health Alliance
- HMO benefit design matched to BSC HMO plans

Canopy Health Medical Groups (IPAs) including:

- Dignity Health
- John Muir
- Hill Physicians
- Meritage Medical Network
- Santa Clara County IPA (SCCIPA)



Canopy Health Medical Centers including:

- Zuckerberg SFGH
- UCSF
- Dignity Health
- Alameda Health
- John Muir
- Marin Health

Non-Medical Plans Renewal Summary

No benefit design changes made from the prior year

Non-Medical Plan % Change for CY2022	Actives	Retirees
Delta Dental PPO and HMO Plans	Delta Dental (PPO) <i>Self-Funded</i> -14.4% DeltaCare USA (DHMO) Rates Unchanged	Delta Dental (PPO)* +4.2% DeltaCare USA (DHMO)* +4.2%
United Health Care Dental HMO	-10.0%	-10.0%*
VSP Vision Plans	Rates Unchanged	Rates Unchanged
The Hartford Life and Disability Plans (Actives Only)	Rates Unchanged	n/a

* Retiree Dental plans are fully paid by retirees

Questions?

Request for Approval

Ordinance approving Health Service System plans and contribution rates for calendar year 2022