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June 24, 2024

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, 2025 to December 31, 2025 Health, Life Insurance, and Long-Term Disability Plan Benefits, Rates and Contributions

Honorable Members of the Board of Supervisors:

This letter serves to document our position as the consultant and actuary to the San Francisco Health Service System ("SFHSS") with regard to the completed rates and contribution setting process for SFHSS health, life insurance, and long-term disability plans for the January 1, 2025, to December 31, 2025, plan year. Four employers (referred to as the "Four Employers" in this letter) offer plans through SFHSS, which are documented in this letter, to active employees and retirees:

- City and County of San Francisco, or CCSF (all plans documented in this letter);
- San Francisco Unified School District, or USD (medical and vision plans only);
- City College of San Francisco, or CCD (medical and vision plans only); and
- The Superior Court of San Francisco, or CRT (all plans documented in this letter).

The 2025 plan year rates and contribution setting process was concluded on June 18, 2024, under the direction of the Rates and Benefits Committee ("Committee") of the Health Service Board ("HSB"). This report will reference attached exhibits, as well as tables embedded in this letter.

In our opinion, the rate and contribution determination process for the 2025 plan year was completed in a comprehensive manner. Specifically, it is our professional opinion that:

- The premium rates for all fully insured plans, and the administrative/other fees for all self-funded and flex-funded plans, align with SFHSS' vendors' final rates and represent a fair price for the services provided.
- The premium equivalents set for the SFHSS self-funded and flex-funded programs listed below represent our best estimate of future expenditures based on the information available at the time these rates were developed. Existing Trust Fund assets are expected to be sufficient to protect the SFHSS Trust Fund against adverse claims experience. The self-funded and flex-funded programs include:
  - Blue Shield of California ("BSC") self-funded PPO and flex-funded Access+/Trio HMO plans, including non-Medicare family members where at least one family member is enrolled in the Medicare Advantage PPO plan (e.g., "split family retirees") as a result of the Request for Proposal (RFP) process where BSC is replacing UnitedHealthcare for Medicare Advantage and split family plans effective January 1, 2025;
  - Health Net CanopyCare ("HN CC") flex-funded HMO plan; and
  - Delta Dental of California ("Delta Dental") self-funded PPO plan for active employees.

Legislative Update

The Consolidated Appropriations Act (CAA)

The Consolidated Appropriations Act, 2021 (CAA) established protections for consumers related to surprise billing and transparency in health care. Under the guidance of the City Attorney's office, SFHSS has worked diligently with its vendor to ensure compliance with the CAA. This includes the following:

- Prescription drug and health care spending data submission: Completion of the initial pharmacy transparency data required under section 204 of Title II (Transparency) of Division BB of the CAA which requires insurance companies and employer-based health plans to submit information about prescription drug and health care spending to the Departments of Health & Human Services, Labor, and Treasury.
- No Surprises Act: Confirming vendor implementation of Title I (the No Surprises Act (NSA)) of Division BB of the Consolidated Appropriations Act, 2021 (CAA 2021) and regulations published in the Federal Register on July 13, 2021, and October 7, 2021.
- Gag Clause Prohibition: Confirming vendors and SFHSS have completed the most recent annual Gag Clause Prohibition Compliance Attestation (GCPCA) as required under section 201 of Title II (Transparency) of Division BB of the CAA. The law requires certain plans and issuers to submit an attestation of compliance to the Departments of Health & Human Services, Labor, and the Treasury on an annual basis.

Transparency in coverage final rule

As of July 1, 2022, most group health plans and issuers of group health insurance coverage are required to disclose, on a public website, machine-readable files (MRFs) containing in-network rates for covered items and services and allowed amounts and historical billed charges for out-of-network providers. SFHSS worked with its vendors to comply with this final rule by gathering the needed MRF reference links from each vendor and posting them on the SFHSS website.

Federal Funding Impacts to Medicare Advantage Plan Costs

Two recent developments at the federal level have led to higher-than-typical Medicare Advantage Prescription Drug (MAPD) Plan rate increases into 2024 and 2025, relative to prior years—the Inflation Reduction Act (passed into law in August 2022) and reduced growth in government funding of Medicare Advantage plans by the entity that oversees Medicare, the Centers for Medicare and Medicaid (CMS).

The Inflation Reduction Act improves the standard Medicare Part D prescription drug plan benefit by implementing a $2,000 overall member out-of-pocket maximum in 2025. As a result, though this does not impact plan designs for the MAPD plans offered SFHSS (MAPD PPO transitioning from UnitedHealthcare to Blue Shield of California, and Kaiser MAPD HMO), MAPD carriers are incorporating the higher cost anticipated for their plans into plan rating. Coupled with reductions in funding growth rates into MAPD plans by CMS—where the federal government funds much of the total plan cost for MAPD plans—this has led to higher SFHSS MAPD rate increases in 2024 and 2025 relative to prior years. Plan year 2025 is the second year of a three-year adjustment period for CMS federal funding growth rates for MAPD plans. The carrier change from UHC to BSC resulting from the recent competitive Medicare Advantage plan RFP process will mitigate the financial impacts described above to SFHSS into 2025, 2026, and 2027.

The Patient Protection and Affordable Care Act (PPACA)

PPACA continues as law, and thus SFHSS continues to work with all four employers served by the Trust — CCSF, USD, CCD, and CRT — to assure compliance with PPACA requirements continues. Below is a brief explanation of the provisions that remain in place currently and have the greatest effect.

PPACA Reporting Requirements

Under PPACA, employers are required to provide reporting to both employees as well as the Internal Revenue Service (IRS). This reporting requirement remains even though the individual mandate penalty moved to $0 for the 2019 plan year and forward. The purpose of the reporting is as follows:

- Establish that the plan sponsor complied with PPACA's employer mandate by making an offer of affordable, minimum-value health care coverage to its full-time employees (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);
- Provide individuals with information on their employer-provided health care coverage so they can establish compliance with the individual mandate to purchase health care coverage;
- Help the IRS determine whether individuals who have purchased coverage from a public exchange are entitled to a subsidy; and
- Help the IRS determine applicable penalties for failure to comply with the individual mandate.

Reporting started in 2016 with 2015 calendar year information on Forms 1094 and 1095 and remains an annual requirement. SFHSS successfully met this requirement for the 2023 plan year by creating 49,110 IRS forms for distribution to employees and electronic reporting to the IRS in early 2024.

PPACA Legislative Fees

The one ongoing Patient Protection and Affordable Care Act (PPACA) fee which employers are responsible for paying is the Patient Centered Outcomes Research Institute (PCORI) Fee. PCORI remains in effect through 2029 as part of the SECURE Act passed by the federal government in December 2019. The fee is included in fully insured plan premiums, while SFHSS is responsible for payment for self-funded medical plans. The 2025 PCORI fee is expected to be slightly higher than the $3.22 per covered life per year fee in 2024.

Contributions Under the 10-County Survey

Per City Charter Section A8.428, the employer contribution towards medical benefits is determined by the results of a survey of the dollar premium contributions provided by the ten most populous counties in California, excluding San Francisco. In the June 2014 CCSF collective bargaining process, the 10-County Survey ("Survey") was eliminated for the majority of the CCSF unions in the calculation of premium contributions for active employees in exchange for a percentage-based employee premium contribution. The Survey is the basis for calculating employer contributions for retirees and some employees in SFHSS health plans. For 2025 rating, the 10-County Survey result leads to an increase in average monthly employer contribution from $805.85 in 2024 to $882.05 in 2025 (an increase of 9.46%). The full Survey report is contained as an Appendix to this letter and was presented at the March 14, 2024, HSB meeting (also accessible at sfhss.org). Survey results are illustrated in Exhibit 1 of the adjoining document.

Projected 2025 Aggregate Medical Plans Cost

Per Table 1 below, we expect an increase in aggregate medical plan costs totaling $72.2 million, or 6.54%, for the SFHSS medical plans (including Basic Plan vision coverage costs which are unchanged from 2024, and the SFHSS Healthcare Sustainability Fund charge which is increasing by $1 per member per month to $4 per member per month in 2025) for the 2025 plan year. This increase in costs will be split between the members and employers with member contributions increasing $6.9 million and employer contributions increasing $65.3 million. These costs are projected based on March 2024 plan enrollment.

Table 1 — All Four Employers			
January 1, 2025 to December 31, 2025 Aggregate Medical Plans Cost ($ millions)			
	Aggregate Member Contributions (a)	Aggregate Employer Contributions (b)	Aggregate Plan Cost (a + b)
Current (2024) Rates	**$131.4**	**$973.4**	**$1,104.8**
Final Renewal (2025) Rates	**$138.3**	**$1,038.7**	**$1,177.0**
$ Difference	$6.9	$65.3	$72.2
% Difference	5.25%	6.71%	6.54%
2025 Rate Sharing Distribution	**11.8%**	**88.2%**	**100.0%**

Current CCSF Health Plan Employer Contribution Strategy — Active Employees

Most negotiated contribution algorithms for CCSF covered employees fall into two models. The models reflect CCSF's percentage of the contribution; they are **(1) 93/93/83** contribution model, and **(2) 100/96/83** contribution model.

1) **93/93/83 Contribution Model:**

   a) **Employee Only.** For single-covered employees (Employee Only) who enroll in any health plan offered through the San Francisco Health Service System (SFHSS), CCSF shall contribute ninety-three percent (93%) of the total health insurance premium/premium equivalent provided. However, CCSF's contribution shall be capped at ninety-three percent (93%) of the Employee Only premium/premium equivalent 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 SFHSS, CCSF shall contribute ninety-three percent (93%) of the total health insurance premium/premium equivalent provided. However, CCSF's contribution shall be capped at ninety-three percent (93%) of the Employee Plus One premium/premium equivalent 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 SFHSS, CCSF shall contribute eighty-three (83%) of the total health insurance premium/premium equivalent provided. However, CCSF's contribution shall be capped at eighty-three percent (83%) of the Employee Plus Two or More premium/premium equivalent of the second highest-cost plan.

2) **100/96/83 Contribution Model:**

a) **Employee Only.** For single-covered employees (Employee Only) who enroll in any health plan offered through SFHSS, CCSF shall contribute one hundred percent (100%) of the total health insurance premium/premium equivalent.

b) **Employee Plus One.** For employees with one dependent who elect to enroll in any health plan offered through SFHSS, CCSF shall contribute ninety-six percent (96%) of the total health insurance premium/premium equivalent provided. However, CCSF's contribution shall be capped at ninety-six percent (96%) of the Employee Plus One premium/premium equivalent 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 SFHSS, CCSF shall contribute eighty-three (83%) of the total health insurance premium/premium equivalent provided. However, CCSF's contribution shall be capped at eighty-three percent (83%) of the Employee Plus Two or More premium/premium equivalent of the second highest-cost plan.

Since the majority of CCSF employees fall into the two contribution models, Aon produced two sets of rate cards, both approved by the HSB for plan year 2025. One rate card specified member contributions under the 93/93/83 model and the other rate card under the 100/96/83 model.

Current CCSF Health Plan Employer Contribution Strategy — Retirees

For SFHSS retirees, the employer contributions that member employers including CCSF provide to qualified retirees receiving the full employer contribution amounts are defined by Section A8.428 of the City Charter. The three elements are:

- **10-County Survey Amount.** This first component of the employer contribution is the amount derived from the annual survey described in Charter Section A8.423 of contributions provided by the 10 most populous counties in California, not including San Francisco — called the "average contribution". The 2025 10-County amount is $882.05. If the total cost for Retiree Only for a plan is less than the 10-County Amount, that lower amount becomes the basis for that plan for the 10-County employer contribution portion.
- **"Actuarial Difference".** The second employer contribution component is the "actuarial difference" for a given plan. Under Charter Section A8.428(b)(3), the employers contribute the difference between Active Employee-Only premium and Early Retiree-Only premium.
- **Prop. E Contribution.** The third employer contribution component is the Prop. E contribution amount. Under Charter Section A8.428(b)(3)(iii) and A8.428(c), employer contributions toward Retiree Only and Retiree +1 rates = 50% x [Total Rate Cost – 10-County Amount – "Actuarial Difference"].

The full employer contribution amount for retiree medical coverage applies to eligible retirees who were hired on or before January 9, 2009. For retirees who were hired on or after January 10, 2009, there are five coverage/employer contribution classifications based on criteria outlined in Table 2 below.

Table 2 — Retiree Medical Coverage/Employer Contribution For Those Hired On or After January 10, 2009	
Years of Credited Service at Retirement	**Percentage of Employer Contribution Established in A8.428 Subsection (b)(3)**
Less than 5 years of Credited Service with the Employers (except for the surviving spouses or surviving domestic partners of active employees who died in the line of duty)	No Retiree Medical Benefits Coverage
At least 5 but less than 10 years of Credited Service with the Employers; or greater than 10 years of Credited Service with the Employers but not eligible to receive benefits under Subsections (a)(4), (b)(4) and (b)(5) **(A8.428 Subsection (b)(6))**	0% — Access to Retiree Medical Benefits Coverage, Including Access to Dependent Coverage, But No Employer Contribution; Employee Pays Health Insurance Premium
At least 10 but less than 15 years of Credited Service with the Employers **(A8.428 Subsection (b)(5))**	50%
At least 15 but less than 20 years of Credited Service with the Employers **(A8.428 Subsection (b)(5))**	75%
At least 20 years of Credited Service with the Employers; Retired Persons who retired for disability; surviving spouses or surviving domestic partners of active employees who died in the line of duty **(A8.428 Subsection (b)(4))**	100%

Outline of 2025 Health Plan Design and Rating Actions

Below we describe the plan design changes and rating actions that apply to each SFHSS health plan for the 2025 plan year, based on approval actions taken during the recently completed Rates and Benefits cycle by the HSB.

Rates, Contributions, and Benefits for the Fully Insured Kaiser Permanente HMO Plans for All Four Employers

The final negotiated rate change for Kaiser Permanente ("Kaiser") active employees, early retirees, and Medicare retirees is an overall increase of 5.78% for plan year 2025. This overall average is generated by a 5.4% premium rate increase for active employees and early retirees in California, and an 8.65% premium rate increase for Medicare retirees in California. There are also small retiree populations (218 covered lives) with Kaiser HMO coverage in the Northwest (Oregon), Washington, and Hawaii regions captured in the overall average Kaiser rating action.

There are no 2025 plan design changes approved for the active employee/early retiree Kaiser plans. The one Kaiser-mandated change for the KPSA Medicare plan changes the out-of-pocket maximum basis from $1,000 individual / $2,000 family to $1,000 per individual – this change impacts only five members enrolled in the KPSA Medicare plan.

The 2025 Kaiser renewal actions result in an overall estimated total cost increase of $31.9 million from 2024 to 2025 for all four employers based on March 2024 membership, of which $25.5 million is attributed to CCSF and $6.4 million is attributed to the other employer groups (e.g., CRT, USD, and CCD).

The aggregate 2025 projected cost for all four employers for Kaiser Permanente based on March 2024 membership is projected at $583.9 million, with $61.5 million in member contributions and $522.4 million in employer contributions. Table 3 (page 11) provides an overview of annualized costs.

The 2025 Kaiser plan rates are illustrated in exhibits 2a-2e in the adjoining document.

Rates, Contributions, and Benefits for the Fully Insured BSC MAPD PPO Plan, Flex-Funded BSC HMO Plans, and Self-Funded BSC PPO Plan for All Four Employers

The Spring 2024 RFP process for the Medicare Advantage Prescription Drug (MAPD) PPO plan and non-Medicare "split family" plans available to non-Medicare covered lives within families where one or more life is Medicare and covered in the MAPD PPO plan delivered $6.8 million total savings across all four employers in 2025 premiums under new provider Blue Shield of California (BSC) relative to 2025 renewal premiums from incumbent UnitedHealthcare (UHC). The 2025 net employer savings for all four employers are anticipated to be $6.1 million, of which $4.85 million is for CCSF.

As a result of the RFP process, SFHSS MAPD PPO plan premiums are increasing by 3.9% from 2024 under UHC, to 2025 under BSC.

For BSC Non-Medicare plans—which now include "split family" covered lives starting in 2025—total cost rates will increase by 8.7% for the BSC Access+ HMO plan, 11.8% for the BSC Trio HMO plan, and 1.3% for the PPO plan into the 2025 plan year. Overall, this produces an aggregate total rate increase of 8.5% for the combination of Non-Medicare BSC HMO and PPO plans into the 2025 plan year.

There are no 2025 plan design changes approved for the Access+ HMO, Trio HMO, and Non-Medicare PPO plans by the Rates and Benefits Committee and HSB. The large claim pooling attachment point for the BSC HMO plans was approved to increase from $1 million to $1.25 million per covered life to lower the BSC large claim pooling fee in these plans.

The aggregate 2025 projected cost for all four employers in the BSC MAPD PPO, BSC Access+, BSC Trio, and BSC Non-Medicare PPO plans based on March 2024 BSC plan enrollments is $581.0 million, with $75.7 million in member contributions and $505.3 million in employer contributions based on March 2024 membership. This results in an overall estimated total cost increase of $40.4 million from 2024 to 2025 for all four employers based on March 2024 membership, of which $35.9 million is attributed to CCSF and the

remaining $4.5 million is attributed to the other employer groups (e.g., CRT, USD, and CCD). Table 3 (page 11) provides an overview of annualized costs for the Blue Shield HMO and PPO plans combined.

The 2025 BSC flex-funded HMO plan rates are illustrated in exhibits 3a-3b for the Access+ plan and 3c-3d for the Trio plan in the adjoining document. The 2025 BSC Non-Medicare PPO plan rates are illustrated in exhibits 5a-5d in the adjoining document. These rate tables include rates for Medicare retirees enrolled in the MAPD PPO plan insured by UHC in 2024 and to be insured by BSC in 2025.

Rates, Contributions, and Benefits for the Flex-Funded Health Net CanopyCare HMO Plan for All Four Employers

The Health Net CanopyCare HMO plan total cost rates will decrease by 1.0% into the 2025 plan year. Health Net CanopyCare was introduced as a new health plan option to SFHSS members for the 2022 plan year. Thus, the 2025 plan year will be the fourth year for the Health Net CanopyCare plan option.

There are no 2025 plan design changes approved for the Health Net CanopyCare HMO plan by the Rates and Benefits Committee and HSB.

Based on the March 2024 membership, the aggregate 2025 projected cost for all four employers in the Health Net CanopyCare HMO Plan for the 2025 plan year is $12.0 million, with $1.1 million in member contributions and $10.9 million in employer contributions. This results in an overall estimated total cost decrease of $0.1 million from 2024 to 2025 for all four employers based on March 2024 membership, of which $0.1 million is attributed to CCSF with a negligible remaining amount attributed to the other employer groups (e.g., CRT, USD, and CCD).

The 2025 Health Net CanopyCare (flex-funded) HMO plan rates are illustrated in exhibits 4a-4b in the adjoining document.

Rates and Benefits for the Vision Plans for All Four Employers

Members enrolled in any medical plan offered by SFHSS also receive the Basic Plan vision benefits through Vision Service Plan (VSP). The cost of the Basic Plan vision benefit is a component of the cost of the medical plan and has been included in the rate exhibits referenced above. For the 2025 plan year, Basic Plan rates are remaining at 2024 levels.

There is also a buy-up Premier Plan available to SFHSS members. Members pay the full rate increment between Basic Plan rates and Premier Plan rates. For the 2025 plan year, Premier Plan total premium rates are increasing 2% from 2024 levels.

Certain employees also have an employer-paid Computer Vision Care benefit, priced at $1.04 per employee per month for 2025. Approximately 20,000 employees have access to this benefit.

There are no 2025 plan design changes approved for the Basic, Premier or Computer Vision Care plans by the Rates and Benefits Committee and HSB.

Based on March 2024 enrollment, the aggregate projected 2025 employer cost for all four employers for the VSP Basic vision plan is $5.57 million (88% of total Basic plan rates based on contribution sharing formulas), plus an additional $0.25 million for the Computer Vision Care benefit. The employer portion of vision plan costs is remaining the same from 2024 to 2025. VSP vision plan costs for all four employers are illustrated in Exhibits 6a-6b in the adjoining document.

Rates, Contributions, and Benefits for Dental Plans for CCSF, Court Employees, and All Retirees

Three dental plans are offered to CCSF/Court active employees and all SFHSS retirees — Delta Dental PPO, DeltaCare USA HMO, and UHC Dental HMO. The Delta Dental PPO plan has a network of preferred providers while the other two plans are dental HMOs with closed panels of providers. Information on proposed 2025 renewal actions follows.

Delta Dental Active Employee PPO Plan (Self-Funded)

The Delta Dental PPO plan for active employees is self-funded and administered by Delta Dental of California (Delta Dental). Future plan costs are projected based on the City employees' claim experience. Delta Dental's administrative fee will increase slightly from 2024 to 2025, by 2.5% to $4.82 per employee per month. Monthly employee contributions for CCSF employees in the Delta Dental PPO plan are $5.00 for the Employee Only tier, $10.00 for the Employee +1 tier, and $15.00 for the Employee +2+ tier.

The aggregate total premium equivalent rates for the self-funded active employee Delta Dental PPO plan for active employees are increasing 6.0% for plan year 2025—an increase of $2.3 million from 2024 active employee Delta Dental PPO plan rates for CCSF. This increase is driven primarily by a reduced level of rate stabilization buy-down funds in the active employee dental PPO plan from the prior year.

There are no 2025 plan design changes approved for the Delta Dental Active Employee PPO plan by the Rates and Benefits Committee and HSB.

Dental Active Employee HMO Plans (Fully Insured)

Rates for both active employee HMO plans—DeltaCare USA and UnitedHealthcare—are remaining at respective 2024 rate levels into the 2025 plan year. There are no plan changes approved in these dental HMO plans by the Rates and Benefits Committee and HSB. The active employee dental HMOs are fully paid by the employers with no employee contributions.

Delta Dental Retiree PPO Plan (Fully Insured)

The Delta Dental PPO plan for retirees is fully insured with premiums fully paid by retirees with no employer contributions. The Delta Dental Retiree PPO rate increase from 2024 to 2025 is 2.0%. There are no 2025 plan design changes approved for the Delta Dental Retiree PPO plan by the Rates and Benefits Committee and HSB.

Dental Retiree Employee HMO Plans (Fully Insured)

Rates for both retiree employee HMO plans—DeltaCare USA and UnitedHealthcare—are remaining at respective 2024 rate levels into the 2025 plan year. There are no plan changes approved in these dental

HMO plans by the Rates and Benefits Committee and HSB. The retiree dental HMOs are fully paid by retirees with no employer contributions.

Dental Rates Summary
The 2025 dental plan rates are shown in the adjoining document for the Delta Dental PPO (Exhibits 7a-7b), DeltaCare USA HMO (Exhibits 8a-8b), and UHC Dental HMO (Exhibits 9a-9b) plans.

The aggregate dental plan total cost for active employees for the 2025 plan year is projected at $42.8 million with $3.7 million in member contributions and $39.1 million in employer contributions based on March 2024 enrollment. This results in an overall estimated total dental cost increase of $2.4 million (5.9%) from 2024 to 2025. Table 3 (page 11) provides an overview of annualized costs.

Life and Long-Term Disability (LTD) Insurance for CCSF, Court Employees, and Municipal Executive Active Employees Only

Total premiums for basic life insurance (employer-paid), supplemental life insurance (member-paid), and long-term disability (LTD) insurance (employer-paid) insured through The Hartford Life and Accident Insurance Company are remaining at 2024 rate levels into the 2025 plan year.

The aggregate employer cost for the basic life insurance and LTD plans for the 2025 plan year is projected at $7.0 million. This includes $5.5 million in total LTD premiums and $1.5 million in basic life premiums. Additionally, there is $1.0 million in projected member-paid 2025 supplemental life insurance premium. Annualized overall premiums are shown in Exhibit 10 in the adjoining document.

Summary of Projected 2024 Plan Year Costs

Table 3 below summarizes projected 2025 aggregate SFHSS plan costs across the plans available to active employees and retirees relative to 2024 projections for those plans where the employers subsidize the total plan cost. VSP Basic Plan (vision) costs are included in the medical plans' costs.

TABLE 3 — ALL FOUR EMPLOYERS					
Distribution of Aggregate Calendar Year 2025 Plan Costs ($ millions)					
	Aggregate Member Contributions (a)	Aggregate Employer Contributions (b)	Aggregate Plan Cost (a + b)	Member Contributions as a % of Aggregate Costs	Employer Contributions as a % of Aggregate Costs
Kaiser HMO	**$61.5**	**$522.4**	**$583.9**	**10.53%**	**89.47%**
$ Change	$2.9	$29.0	$31.9		
% Change	4.94%	5.88%	5.78%		
BSC HMOs/PPO	**$75.7**	**$505.3**	**$581.0**	**13.03%**	**86.97%**
$ Change	$4.0	$36.4	$40.4		
% Change	5.56%	7.76%	7.47%		
Health Net CanopyCare HMO	**$1.1**	**$10.9**	**$12.0**	**9.17%**	**90.83%**
$ Change	$0.0	-$0.1	-$0.1		
% Change	-0.96%	-0.94%	-0.94%		
Dental	**$3.7**	**$39.1**	**$42.8**	**8.65%**	**91.35%**
$ Change	$0.0	$2.4	$2.4		
% Change	0.00%	6.48%	5.88%		
LTD Insurance	**$0.0**	**$5.5**	**$5.5**	**0.00%**	**100.00%**
$ Change	$0.0	$0.0	$0.0		
% Change	0.00%	0.00%	0.00%		
Life Insurance	**$1.0**	**$1.5**	**$2.5**	**38.44%**	**61.56%**
$ Change	$0.0	$0.0	$0.0		
% Change	0.00%	0.00%	0.00%		
Total	**$143.0**	**$1,084.8**	**$1,227.8**	**11.64%**	**88.36%**
$ Change	$6.9	$67.7	$74.5		
% Change	5.05%	6.65%	6.46%		

NOTES: *Figures vary due to rounding; BSC HMOs/PPO including MAPD PPO and Non-Medicare "split family" plans covered through UnitedHealthcare in 2024; dental costs reflect active employees only (retiree-pay-all dental plan costs not included).*

This year's projected aggregate medical cost increase of 6.54% (see page 4) is lower than national benchmark levels for health care cost trend. Aon's 2024 National Health Care Trend Survey indicates combined medical/pharmacy expected cost increases in the 8.5% to 9% range into the 2025 plan year. The 6.54% increase is also lower than the California large counties experience for 2024 as documented in the 10-County Survey (9.46%).

Conclusion

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

Sincerely,

Michael A. Clarke, FSA, MAAA, FCA
Senior Vice President & Consulting Actuary, Aon Consulting, Inc.

cc: President and Members of the Health Service Board
Abbie Yant, San Francisco Health Service System

Appendix — CCSF Costs Only

TABLE 3a — CITY AND COUNTY OF SAN FRANCISCO ONLY (CCSF) Distribution of Aggregate Calendar Year 2025 Plan Costs ($ millions)					
	Aggregate Member Contributions (a)	Aggregate Employer Contributions (b)	Aggregate Plan Cost (a + b)	Member Contributions as a % of Aggregate Costs	Employer Contributions as a % of Aggregate Costs
Kaiser HMO	**$50.6**	**$417.9**	**$468.5**	**10.80%**	**89.20%**
$ Change	$2.4	$23.1	$25.5		
% Change	4.88%	5.86%	5.75%		
BSC HMOs/PPO	**$68.1**	**$445.4**	**$513.5**	**13.25%**	**86.75%**
$ Change	$3.6	$32.2	$35.9		
% Change	5.63%	7.80%	7.51%		
Health Net CanopyCare HMO	**$0.8**	**$8.1**	**$8.9**	**9.40%**	**90.60%**
$ Change	$0.0	-$0.1	-$0.1		
% Change	-0.96%	-0.94%	-0.95%		
Dental	**$3.7**	**$38.6**	**$42.3**	**8.65%**	**91.35%**
$ Change	$0.0	$2.3	$2.3		
% Change	0.00%	6.48%	5.88%		
LTD Insurance	**$0.0**	**$5.4**	**$5.4**	**0.00%**	**100.00%**
$ Change	$0.0	$0.0	$0.0		
% Change	0.00%	0.00%	0.00%		
Life Insurance	**$1.0**	**$1.5**	**$2.5**	**38.44%**	**61.56%**
$ Change	$0.0	$0.0	$0.0		
% Change	0.00%	0.00%	0.00%		
Total	**$124.1**	**$917.0**	**$1,041.1**	**11.92%**	**88.08%**
$ Change	$6.0	$57.7	$63.6		
% Change	5.05%	6.71%	6.51%		

NOTES: *Figures vary due to rounding; BSC HMOs/PPO including MAPD PPO and Non-Medicare "split family" plans covered through UnitedHealthcare in 2024; dental costs reflect active employees only (retiree-pay-all dental plan costs not included).*