

File No. 140703

Committee Item No. 3  
Board Item No. 48

### COMMITTEE/BOARD OF SUPERVISORS AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date July 9, 2014

Board of Supervisors Meeting

Date July 15, 2014

#### Cmte Board

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| <input type="checkbox"/>            | <input type="checkbox"/>            | Resolution                                   |
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| <input type="checkbox"/>            | <input type="checkbox"/>            | Legislative Digest                           |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Budget and Legislative Analyst Report        |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Youth Commission Report                      |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Introduction Form                            |
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| <input type="checkbox"/>            | <input type="checkbox"/>            | MOU  |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Grant Information Form                       |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Grant Budget                                 |
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| <input type="checkbox"/>            | <input type="checkbox"/>            | Contract/Agreement                           |
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| <input type="checkbox"/>            | <input type="checkbox"/>            | Award Letter                                 |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Application                                  |
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Completed by: Linda Wong Date July 3, 2014  
Completed by: L.W. Date July 10, 2014

[Administrative Code - Health Service System Plans and Contribution Rates for Calendar Year 2015]

**Ordinance amending the San Francisco Administrative Code, Chapter 16, Article XV, of Part 1 by amending Section 16.703 regarding Board approval of Health Service System plans and contribution rates.**

Note: Additions are *single-underline italics Times New Roman*; deletions are ~~*striketrough italics Times New Roman*~~. Board amendment additions are double underlined. Board amendment deletions are ~~striketrough-normal~~.

Be it ordained by the People of the City and County of San Francisco:

Section 1. The San Francisco Administrative Code is hereby amended by amending Section 16.703, to read as follows:

Sec. 16.703 HEALTH SERVICE SYSTEM; PLAN AND CONTRIBUTION RATES.

Changes in contribution rates adopted by the Health Service Board, as respect to the plans of the Health Service System, to become effective on January 1, 201~~5~~<sup>4</sup> for the calendar plan year January 1, 201~~5~~<sup>4</sup> through December 31, 201~~5~~<sup>4</sup>, approved by the Health Service Board in actions taken by it on ~~June 12, 2014~~ ~~June 13, 2013~~, which plans and contribution rates are on file with the Clerk of the Board of Supervisors, are hereby approved.

APPROVED AS TO FORM:  
DENNIS J. HERRERA, City Attorney

By: Erik Rapoport  
Erik Rapoport  
Deputy City Attorney

<b>Items 3 and 4 Files 14-0703 and 14-0705</b>	<b>Department Health Service System (HSS)</b>
<b>EXECUTIVE SUMMARY</b>	
<b>Legislative Objectives</b>	
<ul style="list-style-type: none"> <li>• The proposed ordinance (File 14-0703) would amend Administrative Code Section 16.703, establishing the Health Service System’s 2015 health, vision, and dental plans and premiums.</li> <li>• The proposed resolution (File 14-0705) would approve the 2015 employers’ contribution of \$567.80 per member per month to the Health Service System Trust Fund.</li> </ul>	
<b>Key Points</b>	
<ul style="list-style-type: none"> <li>• Each year, the Health Service Board adopts the annual health, vision, and dental plans, and the respective plan premiums and premium equivalents paid by employers and members. In accordance with the City’s Charter, the Health Service Board is required to conduct a survey of the ten most populous California counties each year to determine the average of the health premium contributions made by the ten counties. Based on this survey, the average 2015 contribution is \$567.80 per member per month, which is \$8.15 or 1.5 percent more than the ten-county average contribution of \$559.65 in 2014.</li> <li>• However, in the June 2014 collective bargaining the 10-County Average Survey was eliminated in the calculation of premiums for active employees in exchange for a percentage based employee premium contribution for most unions. The 10-County Average Survey is still used as a basis for calculating all retiree premiums.</li> </ul>	
<b>Fiscal Impact</b>	
<ul style="list-style-type: none"> <li>• The 2015 monthly health premiums for active employee-only coverage is proposed to be (a) \$1,227.55 for the City Plan, an 18% decrease from 2014, (b) \$565.11 for Kaiser, a 2% decrease from 2014 and (c) \$647.37 for Blue Shield, unchanged from 2014.</li> <li>• The total costs for the City, employees, retirees and their dependents of \$588,433,205 in 2015 for health, vision, dental, long-term disability and life insurance is a \$16,308,919, or 2.7% decrease from \$604,742,124 in 2014.</li> <li>• The Affordable Care Act imposes two fees and one tax on health plans that have been incorporated into the HSS 2015 monthly premiums, which will increase premiums by the City and covered employees by an estimated \$15.1 million in 2015. These amounts are included in the monthly premiums noted above.</li> </ul>	
<b>Recommendation</b>	
<ul style="list-style-type: none"> <li>• Approve the proposed resolution and proposed ordinance.</li> </ul>	

## MANDATE STATEMENT/BACKGROUND

The Health Service Board oversees the Health Service System (HSS). The HSS administers non-pension benefits, including health, dental, vision, and other benefits that may be available to City employees, such as life and long term disability insurance.

The Health Service Board adopts the annual health, vision, and dental plans, and the respective plan premiums and premium equivalents paid by employers and members.

- HSS employers include the City and County of San Francisco (City), the San Francisco Unified School District (SFUSD), the San Francisco Community College District (SFCCD), and the San Francisco Superior Court (Superior Court).
- HSS members are active and retired employees of the above noted employers, their dependents, and members of eligible boards and commissions. Dependents include children, spouses, domestic partners, surviving spouses of deceased members, and other legal dependents.

### Ten County Survey

Under City Charter Section A8.423, the Health Service Board is required to (a) conduct a survey of the ten most populous California counties each year, excluding San Francisco, and (b) determine and set the health plan premiums paid by the City, employees, and retirees. In accordance with Section A8.423 of the City's Charter, the City's contribution to the Health Service System Trust Fund is based on the average of the contributions made by each of the ten counties.

In the June 2014 collective bargaining the 10-County Average Survey was eliminated in the calculation of premiums for active employees in exchange for a percentage based employee premium contribution for most unions (discussed further below). The 10-County Average Survey is still used as a basis for calculating all retiree premiums.

The 10-County average contribution in 2015 is \$567.80 per member per month, which is \$8.15 or 1.5 percent more than the 10-County average contribution of \$559.65 in 2014.

## DETAILS OF PROPOSED LEGISLATION

File 14-0703: The proposed ordinance would amend Administrative Code Section 16.703 to approve the Health Service Systems' 2015 health, vision, and dental plans and premiums, and life insurance and long term disability insurance.

File 14-0705: The proposed resolution would approve the City's 2015 contribution to the Health Service System Trust Fund, under Charter Section A8.4289, at \$567.80 per member per month.<sup>1</sup>

### **Proposed Health Plans**

On June 12, 2014, the Health Service Board approved the following health, vision, and dental plans and monthly premiums for 2015:

#### City Plan Preferred Provider Organization (PPO)<sup>2</sup>

The City Plan is a self-funded plan administered by United HealthCare (UHC). The Health Service Board adopted no plan design changes to the City Plan in 2015.

#### Kaiser and Blue Shield Health Maintenance Organizations (HMO)<sup>3</sup>

Consistent with the 2014 plan year, two HMOs will be offered to HSS members for the 2015 plan year: Kaiser and Blue Shield of California. The Blue Shield HMO plan is a flex-funded product for active and early retiree members. The Health Service Board adopted no plan design changes to the Kaiser HMO or the Blue Shield HMO.

#### Vision Plans

Members enrolled in one of the three health plans receive vision benefits through Vision Service Plan (VSP), a third party insurer. The VSP plan is a fully-insured plan. The 2015 VSP rates remain unchanged from 2014 rates. The cost of the vision plan is added to the cost of the medical plan for all monthly health plan premiums.

### **Monthly Premiums**

Table 1 below shows the decrease in the total monthly premiums (members and employer) for active Kaiser and City Plan employee-only coverage in 2015 compared to 2014. The monthly premium for Blue Shield employee-only coverage is unchanged in 2015 compared to 2014.

<sup>1</sup> As noted above, under the labor MOUs approved by the Board of Supervisors in June 2014, the contribution made by the City to monthly premiums is based on a percentage contribution rather than the average contribution established by the 10-County Survey. As discussed below, under the labor MOUs the City's monthly premium payment is capped by a percentage formula; for example, the City's contribution for active employee-only monthly premiums is capped at 93 percent of the second highest cost plan, which in 2015 is Blue Shield. Therefore, the City's monthly contribution to the employee-only premium is \$602, which is 93 percent of the Blue Shield monthly premium of \$647.37 (Table 1 above). According to Mr. Jon Givner, Deputy City Attorney, the Charter provides the amount that must be contributed to the Health Service System Trust Fund by the City, but that amount is not a ceiling and the City could agree to pay additional amounts to fund employee health care under an MOU with a union representing City employees.

<sup>2</sup> Under a PPO, physicians, hospitals, and other providers contract with a third-party administrator or insurer to provide health care at reduced rates to members.

<sup>3</sup> An HMO offers care through a closed panel of providers, in which members select a primary care physician, who coordinates care to direct access to medical services.

**Table 1: 2015 Active Employee-Only Total Monthly Premiums**

	2014	2015	Increase/ (Decrease)	Percent
Kaiser	\$565.11	\$553.98	(\$11.13)	-2%
Blue Shield	\$647.37	\$647.37	\$0.00	0%
City Plan	\$1,227.55	\$1,012.41	(\$215.14)	-18%

Source: 2014 and 2015 Health Plan Rate Cards

#### Blue Shield Premiums in 2015

The Blue Shield monthly premium is unchanged in 2015 compared to 2014 because increases in monthly premiums are offset by use of fund balances resulting from the Blue Shield Profit Pledge and the Stabilization Reserve.

In 2011, Blue Shield implemented the Profit Pledge, in which profits that exceed 2 percent are returned to the policy holder. In addition, the Health Service Board approved the Stabilization Fund Policy, establishing a Stabilization Reserve, in which prior years' underwriting gains are used to balance premium payments over three years.<sup>4</sup> At the May 8, 2014 Health Service Board meeting, the Health Service Board approved transferring the remaining fund balance of \$8.8 million from the Profit Pledge to the Stabilization Reserve to be used to offset the proposed increase in the 2015 Blue Shield premiums for active employees.

According to the presentation to the June 12, 2014 Health Service Board by the HSS actuary, Aon Hewitt, the use of the \$8.8 million to stabilize Blue Shield premiums for active employees in 2015 was intended to reduce the premium difference between Blue Shield and Kaiser pools, reduce migration and give the Accountable Care Organizations<sup>5</sup> one more year to work to reduce the long term growth in health care costs.

#### City Plan Premiums in 2015

The City Plan premium decreased by 18 percent in 2015 compared to 2014 because of lower-than expected plan utilization. The City Plan is a self-funded plan in which premiums are set based upon projected claims experience. Because plan utilization during 2013 was lower than expected, premium payments exceeded claims, allowing \$15 million in underwriting gains to be

<sup>4</sup> The Blue Shield Plan is a "flex-funded" plan which differs from a fully-funded plan in that (1) under the fully insured plan, Blue Shield pays all covered claims, while (2) under the flex-funded plan, HSS is responsible for paying aggregate claims that exceed premium payments to Blue Shield up to a cap of 125 percent. When the Health Service Board and Board of Supervisors approved the flex-funded plan in 2012, Aon Hewitt recommended a \$24 million reserve, including a \$7 million claim stabilization reserve funded from the 2012 Blue Shield Profit Pledge payment to HSS, and \$17 million additional reserve funded over time from excess premiums collected for the Blue Shield plan.

<sup>5</sup> An Accountable Care Organization is a health organization that coordinates care among doctors, hospitals and other health providers to ensure the correct level of care is given. Accountable Care Organizations is a voluntary program created by Medicare to increase quality while achieving cost savings.

deposited into the City Plan Stabilization Reserve resulting in a reserve balance of \$22.3 million as of December 31, 2013. The Health Service Board adopted lower City Plan monthly premiums in 2015, based on a combination of lower monthly payments to cover claims and use of Stabilization Reserves to offset total monthly premium costs.

### **Changes to Employee Contributions to Monthly Premiums in 2015**

Historically, active City employees have not contributed to the monthly premiums for employee-only health. In 2014, employees covered by certain union MOUs began to contribute toward a portion of their monthly premium.

Starting January 1, 2015, in accordance with some MOUs, employees covered by the respective MOUs will contribute to their monthly premiums based on the following contribution models.

- Under the '90/10 Contribution Model', employees covered by certain MOUs contribute up to a maximum of 10 percent of the monthly premium after the 10 County Average has been applied.
- Under the '93/93/83 Contribution Model', the City will contribute up to 93 percent of the monthly premium for employee-only and employee plus one dependent coverage. The City's contribution to the monthly premium will be capped at 93 percent of the second-highest cost plan. The City will contribute up to 83 percent of the monthly premium for employees with two or more dependents. The City's contribution will be capped at 83 percent of the second-highest cost plan. The 10 County Survey does not apply to this contribution model.
- Under the '100/96/83 Contribution Model', the City will contribute 100 percent of monthly premium for employee-only coverage. The City will contribute up to 96 percent of the monthly premium for employees with one dependent. The City's contribution will be capped at 96 percent of the second-highest cost plan. The City will contribute up to 83 percent of the monthly premium for employees with two or more dependents. The City's contribution will be capped at 83 percent of the second-highest cost plan. The 10 County Survey does not apply to this contribution model.

### Federal Affordable Care Act Requirements

According to the Aon Hewitt June 16, 2014 memorandum to the Board of Supervisors, the Affordable Care Act imposes two fees and one tax on health plans that have been incorporated into the HSS 2015 monthly premiums, which will increase premiums by the City and covered employees by an estimated \$15.1 million in 2015 as described below.<sup>6</sup>

- The Health Insurer Tax is applied to all fully insured or flex-funded health, vision and dental plan, which will increase premium payments by the City and covered employees by an estimated \$11.9 million in 2015.

<sup>6</sup> These fees and tax are incorporated into the rates shown in Table 1 above.

- The Patient Centered Outcomes Research Institute Fee is a \$2.22 per enrollee per year fee assessed to health plans, which will increase premium payments for the City and covered employees by an estimated \$260,000 in 2015. The fee sunsets in 2019.
- The Transitional Reinsurance Fee revenues subsidize the uninsured who enroll for health coverage through State Health Insurance Exchanges. The fee in 2015 is \$44 per enrollee per year (except for enrollees with Medicare), which will increase premium payments for the City and covered employees by an estimated \$2.95 million in 2015. The fee sunsets in 2016.

### Proposed Dental Plans

The Health Service System offers three dental plans, including one PPO, Delta Dental PPO, and two HMOs: Delta Care USA and Pacific Union Dental. There are no plan changes in the dental plans for active employees. The Health Service Board elected to increase coverage in 2015 for retirees enrolled in the PPO plan by adding a diagnostic and preventative care fee waiver, which will increase the average premium by 7.3%.

The City does not contribute to the monthly dental premium for retired employees. The City contributes the full monthly premium for active employees for the two HMOs and also contributes part of the monthly premium for active employees for Delta Dental PPO. As shown in Table 2 below, the City's contribution to 2015 premiums will be the same as 2014 contribution rates.

**Table 2: Total Monthly Dental Premiums**

	2015	2014	Increase/ Decrease	Percent
<b>Delta Care USA HMO</b>				
Single Employee	\$26.95	\$26.95	\$0.00	0.00%
Employee + One Dependent	\$44.46	\$44.46	\$0.00	0.00%
Employee + Two or More Dependents	\$65.76	\$65.76	\$0.00	0.00%
<b>Pacific Union Dental HMO</b>				
Single Employee	\$27.80	\$27.80	\$0.00	0.00%
Employee + One Dependent	\$45.90	\$45.90	\$0.00	0.00%
Employee + Two or More Dependents	\$67.86	\$67.86	\$0.00	0.00%
<b>Delta Dental PPO</b>				
Single Employee (Total Premium)	\$65.95	\$65.95	\$0.00	0.00%
Less Employee Contribution	<u>(\$5.00)</u>	<u>(\$5.00)</u>	\$0.00	0.00%
City's Contribution	\$60.95	\$60.95	\$0.00	0.00%
Employee + One Dependent (Total Premium)	<u>\$138.49</u>	<u>\$138.49</u>	\$0.00	0.00%
Less Employee Contribution	<u>(\$10.00)</u>	<u>(\$10.00)</u>	\$0.00	0.00%
City's Contribution	\$128.49	\$128.49	\$0.00	0.00%
Employee + Two or More Dependents (Total Premium)	\$197.84	\$197.84	\$0.00	0.00%
Less Employee Contribution	<u>(\$15.00)</u>	<u>(\$15.00)</u>	\$0.00	0.00%
City's Contribution	\$182.84	\$182.84	\$0.00	0.00%

Source: Health Service System



### Life and Long Term Disability Insurance

The Health Service System will continue its contract with Aetna Life Insurance Company in 2015. Rates in 2015 remain unchanged from 2014 rates. The aggregate life and long-term disability 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.

### FISCAL IMPACT

As shown in Table 3 below, the total estimated City, employee, and retiree costs for the health, vision, and dental plans, and long-term disability and life insurance are \$588,433,205 in 2015, which is a \$16,308,919 or 2.7 percent decrease from \$604,742,124 in 2014.

**Table 3: Total Plan Costs for the City, Employees, and Retirees in 2015 Compared to 2014**

	2014	2015	Increase/ (Decrease)	Percent
<b>City Costs Only</b>				
Kaiser HMO	232,461,784	219,073,540	(13,388,244)	-5.8%
Blue Shield HMO	219,507,045	226,969,762	7,462,717	3.4%
City Plan	38,673,678	29,343,922	(9,329,756)	-24.1%
Subtotal Health and Vision Plan	490,642,507	475,387,224	(15,255,283)	-3.1%
Dental	41,596,932	41,596,932	0	0.0%
Long Term Disability and Life Insurance	5,687,262	5,687,262	0	0.0%
<b>Total City Costs</b>	<b>537,926,701</b>	<b>522,671,418</b>	<b>(15,255,283)</b>	<b>-2.8%</b>
<b>Employee and Retiree Costs Only</b>				
Kaiser HMO	21,499,282	26,451,730	4,952,449	23.0%
Blue Shield HMO	33,859,916	28,376,274	(5,483,642)	-16.2%
City Plan	8,132,766	7,610,323	(522,443)	-6.4%
Subtotal Health and Vision Plan	63,491,964	62,438,327	(1,053,637)	-1.7%
Dental	3,323,460	3,323,460	0	0.0%
Long Term Disability and Life Insurance	0	0	0	0.0%
<b>Total Employee and Retiree Costs</b>	<b>66,815,424</b>	<b>65,761,787</b>	<b>(1,053,637)</b>	<b>-1.6%</b>
<b>Total Costs</b>				
Kaiser HMO	253,961,066	245,525,270	(8,435,795)	-3.3%
Blue Shield HMO	253,366,961	255,346,036	1,979,075	0.8%
City Plan	46,806,444	36,954,245	(9,852,199)	-21.0%
Subtotal Health and Vision Plan	554,134,470	537,825,551	(16,308,919)	-2.9%
Dental	44,920,392	44,920,392	0	0.0%
Long Term Disability and Life Insurance	5,687,262	5,687,262	0	0.0%
<b>Total Costs</b>	<b>604,742,124</b>	<b>588,433,205</b>	<b>(16,308,919)</b>	<b>-2.7%</b>

Source: Health Service System

### RECOMMENDATION

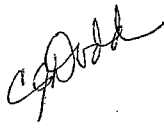
Approve the proposed resolution and proposed ordinance.

HEALTH SERVICE BOARD  
CITY & COUNTY OF SAN FRANCISCO

Memorandum

DATE: June 16, 2014

TO: Supervisor Mark Farrell  
Board of Supervisors

FROM: Catherine J. Dodd, PhD, RN   
Director, Health Service System

RE: Annual Rates and Benefits Ordinance for Plan Year beginning January 1, 2015  
and ending December 31, 2015 - Amendment of Section 16.703 of the San  
Francisco Administrative Code

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Attached are the following documents relating to the above matter:

1. Proposed ordinance (approved as to form by the City Attorney's Office) amending Section 16.703 of the San Francisco Administrative Code, approving the Plans and Contribution Rates for the Plan Year beginning January 1, 2015 and ending December 31, 2015, adopted by the Health Service Board on June 12, 2014;
2. Actuarial Report dated June 16, 2014 from Aon Hewitt Health and Benefits, as required under Section A8.422 of Appendix A to the San Francisco Charter, including summaries of rates and benefits as adopted by the Health Service Board on June 12, 2014.
3. Membership Enrollment Statistics Report dated June 1, 2014 reflecting total enrollment distribution across the three different medical plans, the different dental plans and life and long-term disability; and
4. Form SFEC-126 (Notification of Contract Approval) for the following vendors: Kaiser Foundation Health Plan (Northern and Southern California Regions), Blue Shield of California, United HealthCare Services, Inc. (City Plan), Delta Dental of California, Pacific Union Dental (a subsidiary of United HealthGroup), Vision Service Plan and Aetna Life Insurance Company.

We are happy to provide you with any additional reports or materials you may need in connection with the enclosed ordinance.

Attachments

cc: Members, Health Service Board (w/electronic attach.) (via e-mail)  
Erik Rapoport (w/electronic attach.)  
Ben Rosenfield (w/electronic attach.)  
Anil Kochhar (w/electronic attach.)  
Pamela Levin (w/electronic attach.)



1145 Market Street, 3rd Floor San Francisco, CA 94103

Phone: (415) 554-1722 Fax: (415) 554-1735



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).

<b>Table 1a</b>						
<b>2015 Legislative Fees (\$ millions) All Employers</b>						
<b>Fee</b>	<b>City Plan (UHC)</b>	<b>Kaiser</b>	<b>Blue Shield</b>	<b>Dental</b>	<b>VSP</b>	<b>Total</b>
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
<b>Total</b>	<b>\$0.19</b>	<b>\$5.68</b>	<b>\$13.04</b>	<b>\$0.01</b>	<b>\$0.09</b>	<b>\$19.02</b>

<b>Table 1b</b>						
<b>2015 Legislative Fees (\$ millions) CCSF Only</b>						
<b>Fee</b>	<b>City Plan (UHC)</b>	<b>Kaiser</b>	<b>Blue Shield</b>	<b>Dental</b>	<b>VSP</b>	<b>Total</b>
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
<b>Total</b>	<b>\$0.09</b>	<b>\$4.25</b>	<b>\$10.62</b>	<b>\$0.01</b>	<b>\$0.08</b>	<b>\$15.06</b>

**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 Heath 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](http://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 than 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 underwriting 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
<b>Kaiser HMO</b>	\$34.9	\$288.2	\$323.1	10.81%	89.19%
\$ Increase	\$6.8	-\$17.8	-\$11.0		
% Increase	24.29%	-5.83%	-3.30%		
<b>Blue Shield HMO</b>	\$34.1	\$273.0	\$307.1	11.11%	88.89%
\$ Increase	-\$6.7	\$8.9	\$2.3		
% Increase	-16.32%	3.37%	0.74%		
<b>City Plan</b>	\$8.7	\$35.8	\$44.5	19.47%	80.53%
\$ Increase	-\$0.8	-\$11.4	-\$12.2		
% Increase	-8.03%	-24.16%	-21.48%		
<b>Dental **</b>	\$3.3	\$41.6	\$44.9	7.40%	92.60%
\$ Increase	\$0.0	\$0.0	\$0.0		
% Increase	2.59%	4.98%	4.80%		
<b>LTD</b>	\$0.0	\$5.7	\$5.7	0.00%	100.00%
\$ Increase	\$0.0	\$0.0	\$0.0		
% Increase	0.00%	0.00%	0.00%		
<b>Life</b>	\$0.1	\$0.3	\$0.4	19.55%	80.45%
\$ Increase	\$0.0	\$0.0	\$0.0		
% Increase	0.00%	0.00%	0.00%		
<b>Total</b>	\$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

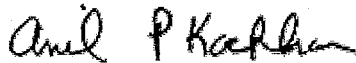
\*\* Dental costs are for active employees only, retirees and surviving spouses have not been included

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

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## 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%
<b>10-County Average</b>		<b>\$559.65</b>	<b>\$567.80</b>	<b>1.46%</b>

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# 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
<b>Members</b>	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)
<b>Employer</b>	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)
<b>Total</b>	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
<b>Members</b>	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)
<b>Employer</b>	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)
<b>Total</b>	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
<b>Members</b>	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
	<b>% increase</b>	1044.44%	12.80%	-33.42%	-6.54%	3.30%	3.64%	0.00%	1.36%	0.11%	3.21%
	<b>\$ increase</b>	\$41.36	\$10.27	(\$156.05)	(\$2.79)	\$11.99	\$32.70	\$0.00	\$2.56	\$0.63	\$23.27
<b>Employer</b>	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
	<b>% increase</b>	-6.43%	-0.85%	11.46%	4.30%	4.12%	4.16%	0.00%	-0.44%	-0.11%	-0.34%
	<b>\$ increase</b>	(\$41.36)	(\$10.27)	\$156.05	\$60.00	\$70.87	\$71.46	\$0.00	(\$2.56)	(\$0.63)	(\$1.97)
<b>Total</b>	Plan Year 2014	<b>\$647.37</b>	<b>\$1,292.73</b>	<b>\$1,828.36</b>	<b>\$1,436.19</b>	<b>\$2,081.56</b>	<b>\$2,617.19</b>	<b>\$384.60</b>	<b>\$767.17</b>	<b>\$1,149.05</b>	<b>\$1,302.80</b>
	Plan Year 2015	<b>\$647.37</b>	<b>\$1,292.73</b>	<b>\$1,828.36</b>	<b>\$1,493.40</b>	<b>\$2,164.42</b>	<b>\$2,721.35</b>	<b>\$384.60</b>	<b>\$767.17</b>	<b>\$1,149.05</b>	<b>\$1,324.10</b>
	<b>% increase</b>	0.00%	0.00%	0.00%	3.98%	3.98%	3.98%	0.00%	0.00%	0.00%	1.63%
	<b>\$ increase</b>	\$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
<b>Members</b>	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
	<b>% increase</b>	0.00%	-35.54%	-33.42%	-6.54%	3.30%	3.64%	0.00%	1.36%	0.11%	3.21%
	<b>\$ increase</b>	\$0.00	(\$28.51)	(\$156.05)	(\$2.79)	\$11.99	\$32.70	\$0.00	\$2.56	\$0.63	\$23.27
<b>Employer</b>	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
	<b>% increase</b>	0.00%	2.35%	11.46%	4.30%	4.12%	4.16%	0.00%	-0.44%	-0.11%	-0.34%
	<b>\$ increase</b>	\$0.00	\$28.51	\$156.05	\$60.00	\$70.87	\$71.46	\$0.00	(\$2.56)	(\$0.63)	(\$1.97)
<b>Total</b>	Plan Year 2014	<b>\$647.37</b>	<b>\$1,292.73</b>	<b>\$1,828.36</b>	<b>\$1,436.19</b>	<b>\$2,081.56</b>	<b>\$2,617.19</b>	<b>\$384.60</b>	<b>\$767.17</b>	<b>\$1,149.05</b>	<b>\$1,302.80</b>
	Plan Year 2015	<b>\$647.37</b>	<b>\$1,292.73</b>	<b>\$1,828.36</b>	<b>\$1,493.40</b>	<b>\$2,164.42</b>	<b>\$2,721.35</b>	<b>\$384.60</b>	<b>\$767.17</b>	<b>\$1,149.05</b>	<b>\$1,324.10</b>
	<b>% increase</b>	0.00%	0.00%	0.00%	3.98%	3.98%	3.98%	0.00%	0.00%	0.00%	1.63%
	<b>\$ increase</b>	\$0.00	\$0.00	\$0.00	\$57.21	\$82.86	\$104.16	\$0.00	\$0.00	\$0.00	\$21.30

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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	February 2014 Headcounts	Plan Year 2014			Plan Year 2015			PERCENTAGE INCREASE
		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%
<b>Total</b>	<b>6875</b>	<b>\$60,779,000</b>	<b>-\$2,231,000</b>	<b>\$58,548,000</b>	<b>\$53,598,000</b>	<b>-\$7,431,000</b>	<b>\$46,167,000</b>	<b>-21.15%</b>

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

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# 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
<b>Members</b>	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
	<b>% increase</b>	10262.6%	-27.2%	-38.2%	-32.9%	-22.3%	-20.5%	0.00%	-24.04%	-40.75%	-19.36%
	<b>\$ increase</b>	\$406.40	(\$292.94)	(\$794.13)	(\$109.20)	(\$228.26)	(\$413.93)	\$0.00	(\$39.17)	(\$193.12)	(\$224.84)
<b>Employer</b>	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
	<b>% increase</b>	-50.8%	-9.9%	13.8%	-12.2%	-14.1%	-14.0%	-25.35%	-25.58%	-25.30%	-25.29%
	<b>\$ increase</b>	(\$621.54)	(\$132.16)	\$183.62	(\$134.13)	(\$253.22)	(\$251.15)	(\$92.32)	(\$136.02)	(\$134.03)	(\$133.95)
<b>Total</b>	Plan Year 2014	<b>\$1,227.55</b>	<b>\$2,412.45</b>	<b>\$3,410.33</b>	<b>\$1,428.97</b>	<b>\$2,815.25</b>	<b>\$3,811.33</b>	<b>\$364.18</b>	<b>\$694.66</b>	<b>\$1,003.63</b>	<b>\$1,690.74</b>
	Plan Year 2015	<b>\$1,012.41</b>	<b>\$1,987.35</b>	<b>\$2,799.82</b>	<b>\$1,185.63</b>	<b>\$2,333.77</b>	<b>\$3,146.25</b>	<b>\$271.86</b>	<b>\$519.47</b>	<b>\$676.48</b>	<b>\$1,331.95</b>
	<b>% increase</b>	-17.5%	-17.6%	-17.9%	-17.0%	-17.1%	-17.5%	-25.35%	-25.22%	-32.60%	-21.22%
	<b>\$ increase</b>	(\$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.

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# 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
<b>Members</b>	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)
<b>Employer</b>	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)
<b>Total</b>	Plan Year 2014	<b>\$1,227.55</b>	<b>\$2,412.45</b>	<b>\$3,410.33</b>	<b>\$1,428.97</b>	<b>\$2,815.25</b>	<b>\$3,811.33</b>	<b>\$364.18</b>	<b>\$694.66</b>	<b>\$1,003.63</b>	<b>\$1,690.74</b>
	Plan Year 2015	<b>\$1,012.41</b>	<b>\$1,987.35</b>	<b>\$2,799.82</b>	<b>\$1,185.63</b>	<b>\$2,333.77</b>	<b>\$3,146.25</b>	<b>\$271.86</b>	<b>\$519.47</b>	<b>\$676.48</b>	<b>\$1,331.95</b>
	% 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.

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# 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
<b>Rates</b>	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

3230

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

## Exhibit 7 Dental PPO Plan Rates

Rates		Active (Bargained)			Retiree		
		EE	EE+1	EE+2	EE	EE+1	EE+2
	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

3231

# 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
<b>Rates</b>	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
	<b>% increase</b>	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	<b>\$ increase</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

3232



# 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
<b>Rates</b>	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
	<b>% increase</b>	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	<b>\$ increase</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

3233

# 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
<b>Total Annual Estimated Cost</b>	<b>\$6,080,000</b>	<b>\$6,080,000</b>	<b>0%</b>	<b>\$0.00</b>

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CITY AND COUNTY OF SAN FRANCISCO  
 MEMBERSHIP ENROLLMENT STATISTICS REPORT

**MEDICAL PLAN ENROLLMENT**

MEMBERSHIP STATUS	CTYPLN	BLSHLD	BLSHLD ACCESS+	KAISER	WAIVED	TOTAL
ACTIVE Members	744	15,710	0	19,904	2,304	38,662
NO MEDICARE	744	15,710		19,904	2,304	38,662
MEDICARE A						
MEDICARE B						
MEDICARE AB						
RETIRED Members	5,201	3,774	3,633	10,544	2,024	25,176
NO MEDICARE	498		2,515	2,506	1,443	6,962
MEDICARE A			3		8	11
MEDICARE B	41		50	58	2	151
MEDICARE AB	4,634	3,774	1,065	7,980	571	18,024
NON-COMPLIANT	28					28
SURVIVING SPOUSE	991	264	216	1,317	369	3,157
NO MEDICARE	49		132	192	209	582
MEDICARE A						
MEDICARE B	2		3	3	2	10
MEDICARE AB	938	264	81	1,122	158	2,563
NON-COMPLIANT	2					2
COMMISSIONERS	4	40	0	27	165	236
NO MEDICARE	4	40		27	165	236
MEDICARE A						
MEDICARE B						
MEDICARE AB						
<b>TOTAL MEMBERS</b>	<b>6,940</b>	<b>19,788</b>	<b>3,849</b>	<b>31,792</b>	<b>4,862</b>	<b>67,231</b>

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**MEDICAL PLAN ENROLLMENT**

MEMBERSHIP STATUS	CTYPLN	BLSHLD	BLSHLD ACCESS+	KAISER	WAIVED	TOTAL
SPOUSE/DOM PRT DEPENDENTS OF ACTIVE Members	96	6,205	0	7,878	0	14,179
NO MEDICARE	95	6,168		7,850		14,113
MEDICARE A						
MEDICARE B		1				1
MEDICARE AB	1	36		28		65
SPOUSE/DOM PRT DEPENDENTS OF RETIRED Members	1,463	1,176	1,337	3,341	0	7,317
NO MEDICARE	263	352	908	1,194		2,717
MEDICARE A						
MEDICARE B	5	3	7	11		26
MEDICARE AB	1,195	821	422	2,136		4,574
NON-COMPLIANT						
SPOUSE/DOM PRT DEPENDENTS OF SURVIVING SPOUSE	0	0	0	0	0	0
NO MEDICARE						
MEDICARE A						
MEDICARE B						
MEDICARE AB						
NON-COMPLIANT						
SPOUSE/DOM PRT DEPENDENTS OF COMMISSIONERS	2	10	0	3	0	15
NO MEDICARE	2	10		3		15
MEDICARE A						
MEDICARE B						
MEDICARE AB						

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**MEDICAL PLAN ENROLLMENT**

MEMBERSHIP STATUS	CTYPLN	BLSHLD	BLSHLD ACCESS+	KAISER	WAIVED	TOTAL
CHILD/MINOR DEPENDENTS OF ACTIVE Members	88	10,456	0	14,337	0	24,881
NO MEDICARE	88	10,455		14,336		24,879
MEDICARE A						
MEDICARE B						
MEDICARE AB		1		1		2
CHILD/MINOR DEPENDENTS OF RETIRED Members	50	142	670	653	0	1,515
NO MEDICARE	44	137	668	641		1,490
MEDICARE A						
MEDICARE B						
MEDICARE AB	6	5	2	12		25
NON-COMPLIANT						
CHILD/MINOR DEPENDENTS OF SURVIVING SPOUSE	5	2	36	40	0	83
NO MEDICARE	4	2	36	38		80
MEDICARE A						
MEDICARE B						
MEDICARE AB	1			2		3
NON-COMPLIANT						
CHILD/MINOR DEPENDENTS OF COMMISSIONERS	4	10	0	4	0	18
NO MEDICARE	4	10		4		18
MEDICARE A						
MEDICARE B						
MEDICARE AB						
<b>TOTAL DEPENDENTS</b>	<b>1,708</b>	<b>18,001</b>	<b>2,043</b>	<b>26,256</b>	<b>0</b>	<b>48,008</b>
<b>MEDICAL PLAN TOTALS</b>	<b>8,648</b>	<b>37,789</b>	<b>5,892</b>	<b>58,048</b>	<b>4,862</b>	<b>115,239</b>

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**DENTAL PLAN ENROLLMENT**

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MEMBERSHIP STATUS	DLTDEN	DLCDEN	PUDDEN	WAIVED	TOTAL
ACTIVE Members	27,315	689	319	1,395	29,718
RETIRED Members	15,209	1,128	566	8,275	25,178
SURVIVING SPOUSE	1,463	193	61	1,439	3,156
COMMISSIONERS	56	6		174	236
<b>TOTAL MEMBERS</b>	<b>44,043</b>	<b>2,016</b>	<b>946</b>	<b>11,283</b>	<b>58,288</b>
SPOUSE/DOM PRT DEPENDENTS OF ACTIVE Members	13,638	257	133		14,028
SPOUSE/DOM PRT DEPENDENTS OF RETIRED Members	5,974	419	195		6,588
SPOUSE/DOM PRT DEPENDENTS OF SURVIVING SPOUSE					
SPOUSE/DOM PRT DEPENDENTS OF COMMISSIONERS	19	2			21
CHILD/MINOR DEPENDENTS OF ACTIVE Members	23,978	442	216		24,636
CHILD/MINOR DEPENDENTS OF RETIRED Members	1,475	87	54		1,616
CHILD/MINOR DEPENDENTS OF SURVIVING SPOUSE	93	4	7		104
CHILD/MINOR DEPENDENTS OF COMMISSIONERS	21				21
<b>TOTAL DEPENDENTS</b>	<b>45,198</b>	<b>1,211</b>	<b>605</b>	<b>0</b>	<b>47,014</b>
<b>DENTAL PLAN TOTALS</b>	<b>89,241</b>	<b>3,227</b>	<b>1,551</b>	<b>11,283</b>	<b>105,302</b>

**LTD, LIFE AND FSA PLAN ENROLLMENT**

<b>MEMBERSHIP STATUS</b>	<b>LTD</b>	<b>LIFE</b>	<b>DEPFSA</b>	<b>HTHFSA</b>
ACTIVE Members	21,604	6,441	904	2,976

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# Introduction Form

By a Member of the Board of Supervisors or the Mayor

Time stamp  
or meeting date

I hereby submit the following item for introduction (select only one):

- 1. For reference to Committee. (An Ordinance, Resolution, Motion, or Charter Amendment)
- 2. Request for next printed agenda Without Reference to Committee.
- 3. Request for hearing on a subject matter at Committee.
- 4. Request for letter beginning "Supervisor [ ] inquires"
- 5. City Attorney request.
- 6. Call File No. [ ] from Committee.
- 7. Budget Analyst request (attach written motion).
- 8. Substitute Legislation File No. [ ]
- 9. Reactivate File No. [ ]
- 10. Question(s) submitted for Mayoral Appearance before the BOS on [ ]

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- Small Business Commission       Youth Commission       Ethics Commission
- Planning Commission       Building Inspection Commission

**Note: For the Imperative Agenda (a resolution not on the printed agenda), use a Imperative Form.**

**Sponsor(s):**

Supervisor Mark Farrell

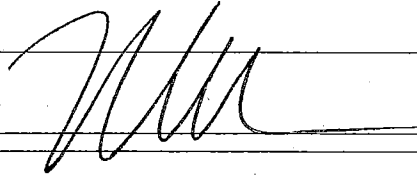
**Subject:**

Health Service System Plans and Contribution Rates for Calendar Year 2015

**The text is listed below or attached:**

Ordinance attached

Signature of Sponsoring Supervisor:



For Clerk's Use Only:

**FORM SFEC-126:**  
**NOTIFICATION OF CONTRACT APPROVAL**  
(S.F. Campaign and Governmental Conduct Code § 1.126)

**City Elective Officer Information** *(Please print clearly.)*

Name of City elective officer(s):

City elective office(s) held:

**Contractor Information** *(Please print clearly.)*

Name of contractor:

Kaiser Foundation Health Plan, Inc., Northern California

Kaiser Foundation Health Plan, Inc., Southern California

*Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored or controlled by the contractor. Use additional pages as necessary.*

1. Please see attachment.
2. Please see attachment.
3. Kaiser Permanente is one of the nation's largest not-for-profit prepaid group practice plans, which represents a partnership between Kaiser Foundation Health Plan, Inc. and Kaiser Foundation Hospitals and the Permanente Medical Groups. As such, there is no owner, shareholders or sponsor.

Health Plans and Hospitals are nonprofit corporations whose capital is available for charitable, educational, research and related purposes and are generally exempt from federal and state income taxes. No individual or entity has any ownership interest in Health Plans or Hospitals.

4. Not applicable
5. Not applicable

Contractor address:

*Northern California:*

Kaiser Foundation Health Plan, Inc.  
1950 Franklin Street  
Oakland, CA 94612

*Southern California:*

Kaiser Foundation Health Plan, Inc.  
393 East Walnut Street  
Pasadena, CA 91188

Date that contract was approved: <b>June 12, 2014 by the Health Service Board</b>	Amount of contract: <b>\$320,614,500.00 ( Calendar Year 2015)</b>
Describe the nature of the contract that was approved: Medical Health Insurance: Kaiser Permanente Traditional Plan, HMO and Senior Advantage with Part D.	
Comments: *The amount of this contract is based on the most recent actuarial information and will change due to employee resignations, new hires, terminations and other attrition factors, as well as member selections at the time of qualifying events.	

This contract was approved by (check applicable):

the City elective officer(s) identified on this form

a board on which the City elective officer(s) serves \_\_\_\_\_  
Print Name of Board

the board of a state agency (Health Authority, Housing Authority Commission, Industrial Development Authority Board, Parking Authority, Redevelopment Agency Commission, Relocation Appeals Board, Treasure Island Development Authority) on which an appointee of the City elective officer(s) identified on this form sits

\_\_\_\_\_  
Print Name of Board

<b>Filer Information</b> (Please print clearly.)	
Name of filer:	Contact telephone number:
Address:	E-mail:

\_\_\_\_\_  
Signature of City Elective Officer (if submitted by City elective officer)

\_\_\_\_\_  
Date Signed

\_\_\_\_\_  
Signature of Board Secretary or Clerk (if submitted by Board Secretary or Clerk)

\_\_\_\_\_  
Date Signed

**Health Service System, City & County of San Francisco**  
**Attachment to Form SFEC-126:**  
**Notification of Contract Approval**  
**May 2014**

As a licensed Health Care Service Plan, we are required to issue a Group Agreement that is filed with and approved by the California Department of Managed Health Care. Because our regulators expect that document to represent the agreement between Health Plan and a group or an individual, we cannot allow a different document to supersede it. Under law, our Group Agreement is binding.

- **Please list the names of (1) members of the contractor's board of directors.**

Kaiser Foundation Hospitals and Health Plan Board of Directors:

**Bernard J. Tyson**  
Chairman and Chief Executive Officer, Kaiser Permanente

**Christine K. Cassel, MD, MACP**  
President and Chief Executive Officer, The National Quality Forum

**Thomas W. Chapman, MPH, EdD**  
President and Chief Executive Officer, The HSC Foundation

**Jeff Epstein**  
Operating Partner, Bessemer Venture Partners  
Senior Advisor, Oak Hill Capital Partners

**Daniel P. Garcia**  
Senior Vice President and Chief Compliance Officer, Kaiser Foundation Hospitals and Health Plan

**William R. Graber**  
Retired Chief Financial Officer of McKesson Corporation

**J. Eugene Grigsby, III, PhD**  
President and Chief Executive Officer, National Health Foundation

**Judith J. Johansen, JD**  
Former President of Marylhurst University

**Kim J. Kaiser**  
Retired Senior Pilot, Alaska Airlines

**Philip A. Marineau**  
Partner, LNK Partners, and Retired President and Chief Executive Officer, Levi Strauss & Co.



**Edward Pei**

Executive Vice President, Hawaii Bankers Association, and Retired Executive Vice President of the Consumer Banking Group, First Hawaiian Bank

**Meg Porfido, JD**

Former member of the management team, Level 3 Communications

**Cynthia A. Telles, PhD**

Director of the Spanish-Speaking Psychosocial Clinic of the Neuropsychiatric Institute and Hospital at the University of California, Los Angeles School of Medicine, and Associate Clinical Professor, UCLA School of Medicine

- Please list the names of (2) the contractor's chief executive officer, chief financial officer, and chief operating officer.

**Bernard J. Tyson**

Chairman and Chief Executive Officer, Kaiser Permanente

**Kathy Lancaster**

Executive Vice President and Chief Financial Officer, Kaiser Foundation Hospitals and Health Plan

We do not have a "Chief Operating Officer"—following are the rest of our National Leadership team:

**Jack Cochran, MD, FACS**

Executive Director, The Permanente Federation, LLC

**Gregory A. Adams**

Executive Vice President, Kaiser Foundation Hospitals and Health Plan; Group President, Kaiser Permanente Northern California and Mid-Atlantic States; President, Kaiser Permanente Northern California

**Benjamin K. Chu, MD, MPH, MACP**

Executive Vice President, Kaiser Foundation Hospitals and Health Plan; Group President, Kaiser Permanente Southern California and Hawaii; President, Kaiser Permanente Southern California

**Philip Fasano**

Executive Vice President and Chief Information Officer

**Donna Lynne, DrPH**

Executive Vice President, Kaiser Foundation Hospitals and Health Plan; Group President, Kaiser Permanente Colorado, Northwest, and Georgia; President, Kaiser Foundation Health Plan of Colorado

**Arthur M. Southam, MD, MBA, MPH**

Executive Vice President, Health Plan Operations

**Anthony A. Barraeta**

Senior Vice President, Government Relations



**Raymond J. Baxter, PhD**

Senior Vice President, Community Benefit, Research and Health Policy

**Chuck Columbus**

Senior Vice President and Chief Human Resources Officer

**Amy Compton-Phillips, MD**

Associate Executive Director, Quality, The Permanente Federation

**Patrick T. Courneya, MD**

Executive Vice President, Hospitals, Quality and Care Delivery Excellence; Chief Medical Officer, Medicare Advantage, Cost and Prescription Drug Plans

**Daniel P. Garcia**

Senior Vice President and Chief Compliance Officer, Kaiser Foundation Hospitals and Health Plan

**Chris Grant**

Senior Vice President, Corporate Development, Care Delivery Strategy and Venture Investments

**Scott Young, MD**

Associate Executive Director, Clinical Care and Innovation, The Permanente Federation, Senior Medical Director and Executive Director, Care Management Institute

**Mark S. Zelman**

Senior Vice President and General Counsel

**FORM SFEC-126:**  
**NOTIFICATION OF CONTRACT APPROVAL**  
(S.F. Campaign and Governmental Conduct Code § 1.126)

<b>City Elective Officer Information</b> <i>(Please print clearly.)</i>	
Name of City elective officer(s):	City elective office(s) held:

<b>Contractor Information</b> <i>(Please print clearly.)</i>
Name of contractor: Blue Shield of California

*Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored or controlled by the contractor. Use additional pages as necessary.*

(1) members of the contractor's board of directors:

- Paul Markovich
- Robert Lee, Chairman
- Doug Busch
- Evelyn Dilsaver
- Hector Flores, M.D.
- Alan Fohrer
- Sandra Hernandez, M.D.
- Kristina M. Leslie
- Leon E. Panetta
- Mohammad H. Qayoumi, Ph.D.

(2) the contractor's chief executive officer, chief financial officer and chief operating officer;

Paul Markovick, President & CEO

Michael Murray, Senior Vice President and Chief Financial Officer

(3) any person who has an ownership of 20 percent or more in the contractor;

Blue Shield is a Not-for-Profit Mutual Benefit Corporation.

(4) any subcontractor listed in the bid or contract; and

Blue Shield currently contracts with the following vendors to provide cost-effective, quality healthcare services:

- **Accent Company, Omaha, NE (2003)** – Accent provides investigation and recovery functions related to workers' compensation and third-party liability.
- **ACS Commercial Solutions Inc., Sandy, UT (2011)** – ACS provides member enrollment data entry services.
- **Aegis USA, Inc., Los Angeles, CA (2007)** – Aegis assists with handling calls from Individual and Family Plan (IFP) members as well as eligibility and billing questions for members with portfolio plans.
- **Alere, Waltham, MA (2003)** – Alere currently administers Blue Shield's Predictive Triage Engine, disease management programs; a suite high-risk case management programs; chronic complex, prenatal, and musculoskeletal case management programs; tobacco cessation services as part of our Tobacco Cessation program; CareTips clinical care gap messaging for members and providers; and our NurseHelp 24/7 program.
- **American Specialty Health Plans, San Diego, CA (1994)** – American Specialty Health Plans provides access to their chiropractic, acupuncture, and podiatry networks.
- **Argus Health Systems, Kansas City, MO (1999)** – Argus Health Systems provides claims processing for pharmacy benefits. Blue Shield provides pharmacy benefit management, pharmacy network, formulary, prior authorization, and member services internally.
- **Healthways, Franklin, TN (2013)** - Healthways provides the online wellness platform and content for Wellvolution including the Wellbeing Tracker and Daily Challenge.
- **Alere, Reno, NV (2009)** – Alere provides the smoking cessation program, Quit4Life, which includes quit coaches and nicotine replacement therapy.
- **VAL Health, Paoli, PA (2014)** – VAL Health manages a financial incentive program designed using behavioral economics theory integrated with wellness programs
- **Curascript, Orlando, FL and CVS Caremark, Woonsocket, RI (since 2005)** – Curascript and CVS Caremark provides specialty pharmacy services.
- **Dental Benefit Providers, Columbia, MD (1988)** – Dental Benefit Providers serves as Blue Shield's dental plan administrator.
- **DST Output, El Dorado Hills, CA (2002)** – DST Output provides production services for ID cards and explanation of benefits documents.
- **Electronic Data Systems, Plano, TX (2001)** – Electronic Data Systems (EDS) provides information systems and reporting services.
- **HealthEquity, Draper, UT (2012)** – HealthEquity provides integrated HSA/HRA/FSA consumer directed healthcare services for our high deductible health plans (HDHP).
- **Healthwise, Boise, ID (2005)** – Healthwise, a nonprofit consumer health content provider, supplies a robust health and wellness knowledgebase product for use on our website, [www.blueshieldca.com](http://www.blueshieldca.com).
- **Hinduja Global Solutions Inc., Warrenville, IL. (2011)** – Hinduja provides claims edit resolution services.
- **LabCorp, Burlington, NC (1997)** – LabCorp provides access to a national network of clinical laboratories.
- **Language Line, Monterey, CA (2002)** – Language Line provides language services to assist non-English speaking members.
- **Magellan Health Services, Avon, CT (2012)** – Magellan Health Services serves as Blue Shield's Mental Health Service Administrator (MHSA), providing mental health/substance abuse network administration, claims, customer service, care management, and medical management. Additionally, they administer our LifeReferrals 24/7 program and a Behavioral Health Depression Management Program that integrates with our disease management program.



- **Medical Eye Services, Santa Ana, CA (1984)** – Medical Eye Services serves as Blue Shield's vision plan administrator.
- **National Imaging Associates, Columbia, MD (1999)** – National Imaging Associates provides prior authorization and medical management for outpatient radiology services, including CAT scans, MRIs/MRAs, nuclear cardiology, bone densitometry, and PET scanning.
- **PrimeMail, Eagan, MN (2008)** – PrimeMail provides mail service for pharmacy benefits. Blue Shield provides pharmacy benefit management, pharmacy network, formulary, prior authorization, and member services internally.
- **Quest Diagnostics, Madison, NJ (2008)** – Quest Diagnostics has provided onsite and remote biometric screening services for Blue Shield clients since 2008. In this time, Quest has staffed multiple events for several different clients and collected biometric data on thousands of employees.
- **SourceHOV, LLC, Dallas, TX. (2007)** – SourceHOV provides paper claims and correspondence mailroom, imaging and data entry services, including image viewing capabilities, claims edit resolution, correspondence activation, small group enrollment, claim credit backs, and pre-denial audits.
- **Summit Health, Chambersburg, PA (2010)** – Summit Health provides onsite and remote biometric screening services for our Shield Wellcheck program, and other onsite wellness services, including immunizations, onsite seminars, lifestyle management courses, ad hoc screening, and tests for our Onsite Wellness program.
- **TeleTech Financial Services Management, LLC, Englewood, CO (2001)** – TeleTech assists with handling phone calls for IFP members, eligibility and billing questions for members with portfolio plans, and providers.

Please note that Blue Shield providers are neither agents nor employees of the plan but are independent contractors. Blue Shield cannot be held liable for the negligence, wrongful acts or omissions of any person receiving or providing services, including any physician, hospital or other provider.

(5) any political committee sponsored or controlled by the contractor.

EmPAC

Contractor address:

50 Beale Street, San Francisco CA 94105

Date that contract was approved:

**June 12, 2014 by the Health Service Board**

Amount of contract:

**\$ 305,199,000.00 ( Calendar Year 2015)**

Describe the nature of the contract that was approved:

Medical Coverage: Blue Shield Flex Funded HMO for Actives and Early Retirees, and MAPD/COB for Retirees.

Comments:

\*The amount of this contract is based on the most recent actuarial information and will change due to employee resignations, new hires, terminations and other attrition factors, as well as member selections at the time of qualifying events.

his contract was approved by (check applicable):

the City elective officer(s) identified on this form \_\_\_\_\_

a board on which the City elective officer(s) serves \_\_\_\_\_  
Print Name of Board

the board of a state agency (Health Authority, Housing Authority Commission, Industrial Development Authority Board, Parkir Authority, Redevelopment Agency Commission, Relocation Appeals Board, Treasure Island Development Authority) on which an appointee of the City elective officer(s) identified on this form sits.

Print Name of Board

<b>Filer Information</b> <i>(Please print clearly.)</i>	
Name of filer:	Contact telephone number:
Address:	E-mail:

\_\_\_\_\_  
Signature of City Elective Officer (if submitted by City elective officer)

\_\_\_\_\_  
Date Signed

\_\_\_\_\_  
Signature of Board Secretary or Clerk (if submitted by Board Secretary or Clerk)

\_\_\_\_\_  
Date Signed

**FORM SFEC-126:  
NOTIFICATION OF CONTRACT APPROVAL  
(S.F. Campaign and Governmental Conduct Code § 1.126)**

<b>City Elective Officer Information</b> <i>(Please print clearly.)</i>	
Name of City elective officer(s):	City elective office(s) held:

<b>Contractor Information</b> <i>(Please print clearly.)</i>
Name of contractor: United HealthCare Services, Inc. (for City Plan)

*Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored or controlled by the contractor. Use additional pages as necessary.*

- The United HealthCare Services, Inc. Directors are William Arnold Munsell and Brian Robert Thompson.
- The United HealthCare Services, Inc. Officers include:  
**CEO and President:** William Arnold Munsell  
**CFO:** Eric Stuart Rangen  
**Secretary:** Jay Anthony Warmuth  
**Treasurer:** Robert Worth Oberrender  
**Assistant Secretary:** Michelle Marie Huntley  
**Assistant Secretary:** Juanita Bolland Luis

3. No person owns 20 percent or more in the contractor.

**Confirmed.**

4. We provide most of our core services directly through the UnitedHealth Group family of companies. This enables us to offer affordable solutions through integrated data elements and systems, streamlined implementations and unified account management support.

We do work with a variety of external vendors and subcontractors and have listed some of these third parties and the different capacities in which we interact with them. Due to the broad spectrum of UnitedHealth Group businesses and variations in the contractual relationships we have with each vendor or subcontractor, this list is subject to change and should not be considered exhaustive.

**VENDORS AND SUBCONTRACTORS**

**ID CARDS**

Our member medical ID cards are produced by Fiserv Output Solutions, a business unit of Fiserv, Inc. Fiserv, headquartered in Stafford, Texas, is a provider of business-critical communications to the financial services, health care, telecommunications, investment services and retail markets.

**HEALTH INFORMATION**

Various internal and external sources provide health content to our member website, **myuhc.com**. Each resource maintains relationships with various health professionals who write, edit and review the content created for the site. We screen each vendor for accuracy and independence of content.

### **OVERPAYMENT IDENTIFICATION VENDORS**

We contract with a number of vendors to identify overpayments. These vendors perform a variety of audits, including, but not limited to, credit balance, data mining, COB, contract audits, DRG audits, workers' compensation and subrogation. Generally, these vendors do not perform collections on the overpayments they identify in an effort to reduce the number of vendors approaching physicians. A collection vendor is assigned to collect these overpayments.

### **OVERPAYMENT COLLECTION VENDORS**

We contract with a number of vendors to collect overpayments that are identified internally or from an overpayment identification vendor. Overpayment collection vendors are responsible for sending the initial overpayment notification letter and will follow up with the physician on outstanding balances through phone calls or subsequent recovery letters. These vendors help resolve physician disputes/appeals.

### **SURVEYS**

We conduct an annual member satisfaction survey based upon the HEDIS 3.0 standards.

Administration of the CAHPS survey is a joint effort between the Survey Research Studies division of OptumInsight (a UnitedHealth Group company) and the Center for the Study of Services (CSS). CSS is certified by NCQA as a CAHPS survey vendor.

### **NETWORK LEASING**

We own the majority of networks we use for providing health care coverage. However, we use leased or vendor networks where it is not feasible to develop our own network. Vendor networks must comply with the same quality standards we use for our own networks. Vendor network compensation varies based on market demands and the customary practices of the local marketplace. We retain responsibility for claim processing. In addition, we oversee all quality issues, including quality control of the physicians and other health care professionals in the network.

### **SHARED SAVINGS PROGRAM**

We use Viant, Three Rivers Physician's Network, First Health Networks and MultiPlan's national network of hospitals, physicians and other health care professionals to provide discounts to our customers for non-network claims through our Shared Savings Program (SSP).

### **SOCIAL SECURITY ADVOCACY ASSISTANCE**

Social Security advocacy assistance is provided through another vendor. Claim specialists are trained to educate, guide and monitor the application process for Social Security disability benefits. We then consider offering assistance through Social Security Advocacy for the Disabled.

### **LEGAL**

We hold our vendors to the same standards and requirements to which we agree. We accept responsibility to the extent that our subcontracted vendor fails to meet any contractual obligation we assume.

5. In California, corporate contributions are legal, and all of our political giving is reported by United HealthCare Services, Inc., a corporate entity that registers as a major donor committee with the state. We are happy to provide additional information at the parent company level (UnitedHealth Group, Inc.) for states other than California, upon request.

Contractor address:

UnitedHealth Group Center  
9900 Bren Road East  
Minnetonka, Minnesota 55343

Date that contract was approved:

**June 12, 2014**

Amount of contract:

**\$44,047,000.00 (calendar year 2015)**

Describe the nature of the contract that was approved: Self-Insured Medical Plan and Prescription Drug sponsored by CCSF and whose claims administration is outsourced to UnitedHealth Services, Inc., as well as a fully insured PDP Drug Plan for Medicare A and B retirees

Comments:\* The amount of this contract is based on the most recent actuarial information and will change due to actual claims, employee resignations, new hires, terminations and other attrition factors, as well as member selections at the time of qualifying events.

This contract was approved by (check applicable):

the City elective officer(s) identified on this form

a board on which the City elective officer(s) serves \_\_\_\_\_  
Print Name of Board

the board of a state agency (Health Authority, Housing Authority Commission, Industrial Development Authority Board, Parking Authority, Redevelopment Agency Commission, Relocation Appeals Board, Treasure Island Development Authority) on which an appointee of the City elective officer(s) identified on this form sits

\_\_\_\_\_  
Print Name of Board

Filer Information (Please print clearly.)	
Name of filer:	Contact telephone number:
Address:	E-mail:

\_\_\_\_\_  
Signature of City Elective Officer (if submitted by City elective officer)

\_\_\_\_\_  
Date Signed

\_\_\_\_\_  
Signature of Board Secretary or Clerk (if submitted by Board Secretary or Clerk)

\_\_\_\_\_  
Date Signed

**FORM SFEC-126:**  
**NOTIFICATION OF CONTRACT APPROVAL**  
(S.F. Campaign and Governmental Conduct Code § 1.126)

<b>City Elective Officer Information</b> <i>(Please print clearly.)</i>	
Name of City elective officer(s):	City elective office(s) held:

<b>Contractor Information</b> <i>(Please print clearly.)</i>
Name of contractor: Delta Dental of California ( Delta Dental PPO Active Self Insured and Retiree PPO fully insured, and DeltaCare DHMO)

*Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored or controlled by the contractor. Use additional pages as necessary.*

**(1) DIRECTORS AND OFFICERS**

Glen F. Bergert  
100 First Street  
San Francisco, CA 94105

Barbara J. Burgel  
100 First Street  
San Francisco, CA 94105

D. Douglas Cassat, DDS  
100 First Street  
San Francisco, CA 94105

Lynn L. Franzoi  
100 First Street  
San Francisco, CA 94105

Devang M. Gandhi, DDS, **Secretary**  
100 First Street  
San Francisco, CA 94105

Roy Gonella  
100 First Street  
San Francisco, CA 94105

Gregory D. Kaplan, DDS  
100 First Street  
San Francisco, CA 94105

Beverly A. Kodama, DDS  
100 First Street  
San Francisco, CA 94105

Steven F. McCann, **Chair**  
100 First Street  
San Francisco, CA 94105

Terry A. O'Toole, **Treasurer**  
100 First Street  
San Francisco, CA 94105

Stephen R. Pickering, DDS, 2<sup>nd</sup> Vice Chair  
100 First Street  
San Francisco, CA 94105

Gary D. Radine (Ex Officio)  
100 First Street  
San Francisco, CA 94105

Jo Bonita Rains  
100 First Street  
San Francisco, CA 94105

Andrew J. Reid, 1st Vice Chair  
100 First Street  
San Francisco, CA 94105

Coragene I. Savio, DDS  
100 First Street  
San Francisco, CA 94105

Thomas A. Zimmerman  
100 First Street  
San Francisco, CA 94105

**(2)**  
Chief Executive Officer – Gary D. Radine  
Chief Financial Officer – Michael J. Castro  
Chief Operating Officer – Anthony S. Barth

**(3)**  
None

**(4)**  
None

**(5)**  
None

Contractor address:  
100 First Street, San Francisco, California 94105

Date that contract was approved:  
**June 12, 2014 approved by the Health Service Board**

Amount of contract estimated for CY 2015:  
**\$58,380,000**

Delta Dental PPO -  
**Policy 9502 – Actives: (Self-funded Claims + Admin.)**

Actives: \$44,420,000

**Policy Number 1673 – Retirees**

\$12,970,000

Retirees: Delta Dental PPO Total: \$57,390,000

DeltaCare USA – DHMO

**Policy # 01797 – DeltaCare:**

Actives: \$340,000

Retirees: 650,000

Total: \$990,000

Describe the nature of the contract that was approved: Dental Benefits
Comments: *The amount of this contract is based on the most recent information and will change due to employee resignations, new hires, terminations and other attrition factors, as well as member selections at the time of qualifying events. The Delta Dental PPO Active Self-Insured Plan is based on actual claims and administration.

This contract was approved by (check applicable):

- the City elective officer(s) identified on this form
- a board on which the City elective officer(s) serves \_\_\_\_\_

Print Name of Board

- the board of a state agency (Health Authority, Housing Authority Commission, Industrial Development Authority Board, Parking Authority, Redevelopment Agency Commission, Relocation Appeals Board, Treasure Island Development Authority) on which an appointee of the City elective officer(s) identified on this form sits

Print Name of Board

<b>Filer Information</b> (Please print clearly.)	
Name of filer:	Contact telephone number:
Address:	E-mail:

Signature of City Elective Officer (if submitted by City elective officer)

Date Signed

Signature of Board Secretary or Clerk (if submitted by Board Secretary or Clerk)

Date Signe



**FORM SFEC-126:  
NOTIFICATION OF CONTRACT APPROVAL  
(S.F. Campaign and Governmental Conduct Code § 1.126)**

<b>City Elective Officer Information</b> <i>(Please print clearly.)</i>	
Name of City elective officer(s):	City elective office(s) held:

<b>Contractor Information</b> <i>(Please print clearly.)</i>
Name of contractor: DENTAL BENEFIT PROVIDERS OF CALIFORNIA, INC., an indirect subsidiary of UnitedHealth Group [Pacific Union]

*Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored or controlled by the contractor. Use additional pages as necessary.*

1. The Dental Benefit Providers of California, Inc. Directors are:

- Kirk Eugene Andrews
- Brandon Eric Cuevas
- Andrew Joseph Fabula
- Kenneth Mark Sheldon
- Paul Ryan Toler

2. The Dental Benefit Providers of California, Inc. officers include:

- **President:** Kirk Eugene Andrews
- **CFO:** William David Aliski (Note: the Board is in the process of appointing Paul Ryan Toler as CFO)

3. Dental Benefit Providers, Inc. is 100% shareholder of Dental Benefit Providers of California, Inc.

4. We provide most of our core services directly through the UnitedHealth Group family of companies. This allows us to offer affordable solutions through integrated data elements and systems, streamlined implementations and unified account management support.

We do work with a variety of external vendors and subcontractors and have listed some of these third parties and the different capacities in which we interact with them. Due to the broad spectrum of UnitedHealth Group businesses and variations in the contractual relationships we have with each vendor or subcontractor, this list is subject to change and should not be considered exhaustive. We will be responsible for holding our vendors to the same standards and requirements to which we agree. We will accept responsibility to the extent that our subcontracted vendor fails to meet any contractual obligation assumed by us.

Following are examples of non-affiliated organizations with which we subcontract for dental services:

- **The TriZetto Group, Inc.** supports and maintains our claims system. We have been working with TriZetto since 2002.
- **Emdeon** assists with HIPAA transactions and code sets. We have been working with Emdeon since 1997.

- **The Premier Dental Group, Inc.** augments our dental network in Minnesota. We have been working with Premier Dental Group since 2007.
- **Diversified Dental Service** augments our dental networks in Mississippi and Nevada. We have been working with Diversified Dental since 2005.
- **Careington** augments our national dental network. We have been working with Careington since 2010.
- **PPOUSA** adds additional dental providers nationally. We have been working with PPOUSA since 2008.
- **P & R Dental Strategies, Inc.** performs utilization review for our commercial dental business. We have been working with P&R since 2005.
- **GfK Custom Research** conducts our member surveys. We have been working with GfK since 2010.
- **HOV Services** (formerly Lason) receives and images paper claims. UnitedHealth Group has used this subcontractor since 1998, and we began using them for dental claims in 2005.
- **Tricom** (formerly Godrej Global Solutions) performs data entry of some of our claims in India. We have been working with Tricom since 2005.
- **TeleTech** receives all incoming provider phone calls in Lipa City, Philippines. UnitedHealth Group has used this subcontractor since 1996, and we began using TeleTech for dental provider calls in 2006.
- **Scion Dental, Inc.** handles utilization review, and network recruitment. We have been working with Scion since 2009.
- **Southland Benefit Solutions, LLC**, provides our network lease in Alabama.

5. In California, corporate contributions are legal, and all of our political giving is through the United HealthCare Services, Inc. corporate entity, which registers as a major donor committee with the state. We are happy to provide additional information at the parent company level (UnitedHealth Group) for states other than California, upon request.

Contractor address:  
 Dental Benefit Providers of California, Inc.  
 3110 Lake Center Drive  
 Santa Ana, CA 92704

Date that contract was approved: <b>June 12, 2014 by the Health Service Board</b>	Amount of contract estimated: <b>\$320,600.00 (calendar year 2015)*</b>
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Describe the nature of the contract that was approved:  
 DMO Dental Coverage for both active and retirees

Comments:  
 \*The amount of this contract is based on the most recent information and will change due to employee resignations, new hires, terminations and other attrition factors, as well as member selections at the time of qualifying events.

- This contract was approved by (check applicable):
- the City elective officer(s) identified on this form
  - a board on which the City elective officer(s) serves \_\_\_\_\_

Print Name of Board

- the board of a state agency (Health Authority, Housing Authority Commission, Industrial Development Authority Board, Parking Authority, Redevelopment Agency Commission, Relocation Appeals Board, Treasure Island Development Authority) on which an appointee of the City elective officer(s) identified on this form sits

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Print Name of Board

<b>Filer Information</b> <i>(Please print clearly.)</i>	
Name of filer:	Contact telephone number:
Address:	E-mail:

---

Signature of City Elective Officer (if submitted by City elective officer)

Date Signed

---

Signature of Board Secretary or Clerk (if submitted by Board Secretary or Clerk)

Date Signed

**FORM SFEC-126:  
NOTIFICATION OF CONTRACT APPROVAL  
(S.F. Campaign and Governmental Conduct Code § 1.126)**

<b>City Elective Officer Information</b> (Please print clearly.)	
Name of City elective officer(s):	City elective office(s) held:

<b>Contractor Information</b> (Please print clearly.)
Name of contractor: Vision Service Plan (VSP)

*Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored or controlled by the contractor. Use additional pages as necessary.*

1) Matthew Alpert, O.D., Mark Bronstein, M.D., M.M.M., Walter Grubbs, Fred Howard, Gordon W. Jennings, O.D., Randy D. Lee, O.D., Dan Mannen, O.D., F.A.A.O., Leslie A. Murphy, CPA, Ron Reynolds, O.D., Gary Sheppard, J.D., Stuart J. Thomas, O.D., Jim Winnick, O.D., F.A.A.O., Ryan Wineinger, O.D.  
 2) Rob Lynch, CEO, Jim McGrann, VSP Vision Care President, Don Ball, CFO/Global, Les Passuello, CFO/Vision Care, Chief Operating Officer is not applicable.  
 3) not applicable, as VSP is a nonprofit institution  
 4) not applicable  
 5) not applicable

Contractor address: 3333 Quality Drive, Rancho Cordova, CA 95670
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Date that contract was approved: <b>June 12, 2014 by the Health Service Board</b>	Amount of contract: (estimated) <b>\$4,718,000.00 (calendar year 2015)</b>
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Describe the nature of the contract that was approved: <b>Vision benefit</b>
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Comments: *The amount of this contract is based on the most recent information and will change due to employee resignations, new hires, terminations and other attrition factors, as well as member selections at the time of qualifying events.
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This contract was approved by (check applicable):

- the City elective officer(s) identified on this form
- a board on which the City elective officer(s) serves \_\_\_\_\_  
Print Name of Board

the board of a state agency (Health Authority, Housing Authority Commission, Industrial Development Authority Board, Parking Authority, Redevelopment Agency Commission, Relocation Appeals Board, Treasure Island Development Authority) on which an appointee of the City elective officer(s) identified on this form sits

\_\_\_\_\_  
Print Name of Board

<b>Filer Information</b> (Please print clearly.)	
Name of filer:	Contact telephone number:
Address:	E-mail:

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Signature of City Elective Officer (if submitted by City elective officer)

Date Signed

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Signature of Board Secretary or Clerk (if submitted by Board Secretary or Clerk)

Date Signed

**FORM SFEC-126:**  
**NOTIFICATION OF CONTRACT APPROVAL**  
(S.F. Campaign and Governmental Conduct Code § 1.126)

<b>City Elective Officer Information</b> (Please print clearly.)	
Name of City elective officer(s):	City elective office(s) held:

<b>Contractor Information</b> (Please print clearly.)
Name of contractor: Aetna Life Insurance Company

Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored or controlled by the contractor. Use additional pages as necessary.

(1) Contractor (Aetna) Board of Directors

- Fernando Aguirre, Former Chairman, President and Chief Executive Officer Chiquita Brands International, Inc.
- Mark T. Bertolini Chairman, Chief Executive Officer and President Aetna
- Frank M. Clark, Former Chairman and Chief Executive Officer Commonwealth Edison Company
- Betsy Z. Cohen, Chief Executive Officer The Bancorp, Inc
- Molly J. Coye, M.D., Chief Innovation Officer UCLA Health System
- Roger N. Farah, President, Chief Operating Officer and Director Ralph Lauren Corporation
- Barbara Hackman Franklin, President and Chief Executive Officer Barbara Franklin Enterprises, Former U.S. Secretary of Commerce
- Jeffrey E. Garten, Juan Trippe Professor in the Practice of International Trade, Finance and Business, Yale University
- Ellen M. Hancock, Former President of Jazz Technologies, Inc., Former Chairman and Chief Executive Officer of Exodus Communications, Inc.
- Richard J. Harrington, Chairman The Cue Ball Group, Former President and Chief Executive Officer The Thomson Corporation
- Edward J. Ludwig, Former Chairman and Chief Executive Officer Becton, Dickinson and Company
- Joseph P. Newhouse, John D. MacArthur Professor of Health Policy and Management Harvard University

(2) Contractor (Aetna) Chief Executive Officer/Chief Financial Officer/Chief Operating Officer

- Mark T. Bertolini Chairman, Chief Executive Officer and President Aetna
- Shawn Guertin, Senior Executive Vice President, Chief Financial Officer
- Meg McCarthy is Executive Vice President, Operations & Technology.

(3) Any person who has an ownership of 20% or more

- Aetna is a publically traded company with no one person or entity having 20% or more ownership

(4) Any subcontractor listed in the bid.

- Affiliated Customer Services
- Allsup
- Computer Sciences Corporation
- Coventry Priority Services
- IBM Daksh
- International Beneficiary Locators, Inc.
- Intracorp
- Open Solutions and Harland (formerly BISYS)
- Perot
- The Rawlings Company

(5) Any Political committee sponsored or controlled by the contractor

- Aetna Political Action Committee (PAC)
  - i. Aetna PAC is a bipartisan political action committee, an organization that enables company employees to have a voice with legislators who make laws and policy that have a direct impact on the way the company does business. Its purpose is to collect voluntary contributions from eligible Aetna employees and then use these funds to support candidates for federal and state political office in accordance with applicable election laws.

Contractor address: 151 Farmington Avenue Hartford, CT 06156	
Date that contract was approved: <b>July 3, 2012 by the Health Service Board for CY 2013, 2014, 2015 and 2016 Rates (4-year rate lock)</b>	Amount of contract: (estimated for CY 2015) Life (basic and supplemental): <b>\$400,000</b> Long Term Disability(LTD): <b>\$5,700,000</b> <b>TOTAL: \$6,100,000</b>
Describe the nature of the contract that was approved: <b>1.) Basic Group Life and Supplemental Life, and; 2.) Long Term Disability Insurance</b>	
Comments: *The amount of this contract is based on the most recent information and will change due to employee resignations, new hires, terminations and other attrition factors, as well as member selections at the time of qualifying events.	

This contract was approved by (check applicable):

- the City elective officer(s) identified on this form \_\_\_\_\_
- a board on which the City elective officer(s) serves \_\_\_\_\_  
Print Name of Board

- the board of a state agency (Health Authority, Housing Authority Commission, Industrial Development Authority Board, Parking Authority, Redevelopment Agency Commission, Relocation Appeals Board, Treasure Island Development Authority) on which an appointee of the City elective officer(s) identified on this form sits

\_\_\_\_\_  
Print Name of Board

<b>Filer Information</b> (Please print clearly.)	
Name of filer:	Contact telephone number:
Address:	E-mail:

\_\_\_\_\_  
Signature of City Elective Officer (if submitted by City elective officer)

\_\_\_\_\_  
Date Signed

\_\_\_\_\_  
Signature of Board Secretary or Clerk (if submitted by Board Secretary or Clerk)

\_\_\_\_\_  
Date Signed

