

1 [Administrative Code - Health Service System Plans and Contribution Rates for Calendar
2 Year 2016]

3 **Ordinance amending the Administrative Code to approve health service system plans**
4 **and contribution rates for calendar year 2016.**

5
6 NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.
7 **Additions to Codes** are in *single-underline italics Times New Roman font*.
8 **Deletions to Codes** are in ~~*strikethrough italics Times New Roman font*~~.
9 **Board amendment additions** are in double-underlined Arial font.
10 **Board amendment deletions** are in ~~Arial font~~.
11 **Asterisks (* * * *)** indicate the omission of unchanged Code
12 subsections or parts of tables.

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

14 Section 1. The Administrative Code is hereby amended by revising Section 16.703, to
15 read as follows:

16 **SEC. 16.703. HEALTH SERVICE SYSTEM; PLAN AND CONTRIBUTION RATES.**

17 Changes in contribution rates adopted by the Health Service Board, ~~as respect to~~for the
18 plans of the Health Service System, to become effective on January 1, 201~~6~~5 for the calendar
19 plan year January 1, 201~~6~~5 through December 31, 201~~6~~5, approved by the Health Service
20 Board in actions taken by it on June 11, 2015 ~~June 12, 2014~~, which plans and contribution rates
21 are on file with the Clerk of the Board of Supervisors, are hereby approved.

22 Section 2. Effective Date. This ordinance shall become effective 30 days after
23 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the
24 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board
25 of Supervisors overrides the Mayor's veto of the ordinance.

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

By: Erik Rapoport
Erik Rapoport
Deputy City Attorney

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<p>Items 4 and 5 Files 15-0654 and 15-0645</p>	<p>Department: Health Service System (HSS)</p>
<p>EXECUTIVE SUMMARY</p>	
<p style="text-align: center;">Legislative Objectives</p>	
<ul style="list-style-type: none"> • The proposed ordinance (File 15-0645) would amend Administrative Code Section 16.703, establishing the Health Service System’s 2016 health, vision, and dental plans and premiums. • The proposed resolution (File 15-0654) would approve the 2016 employers’ contribution of \$579.24 per member per month to the Health Service System Trust Fund. 	
<p style="text-align: center;">Key Points</p>	
<ul style="list-style-type: none"> • 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 these counties. Based on this survey, the average 2016 contribution is \$579.24 per member per month, which is \$11.44 or 2.0 percent more than the ten-county average contribution of \$567.80 in 2015. • The June 2014 collective bargaining agreement eliminated the 10-county average survey as the method for calculating monthly premiums for active employees. Instead, the City and most unions elected to use a percentage-based employee premium contribution models. The 10-county average survey is still used as a basis for calculating all retiree premiums. • The total 2016 monthly health premiums for active employees-only coverage is proposed to be (a) \$756.67 for the City Plan, a 25.26 percent decrease from 2015, (b) \$554.02 for Kaiser, unchanged from 2015, and (c) \$721.53 for Blue Shield, a 11.46 percent increase from 2015. 	
<p style="text-align: center;">Fiscal Impact</p>	
<ul style="list-style-type: none"> • The total cost of health, vision, and dental, plans, along with long-term disability and life insurance plans, for only the City is \$565,299,226 in 2016, which is a \$22,764,853, or 4.2 percent increase from \$542,534,373 in 2015. • The Affordable Care Act imposes two fees and one tax on health plans that have been incorporated into the HSS 2016 monthly premiums, which will increase the cost of premiums for only the City and covered employees by an estimated \$14,880,000 in 2016. • As in 2015, health premium contributions in 2016 will be affected by cost-sharing agreements that were negotiated between the City and various City unions in 2014. 	
<p style="text-align: center;">Recommendation</p>	
<ul style="list-style-type: none"> • Approve the proposed resolution and ordinance. 	

MANDATE STATEMENT / BACKGROUND

Mandate Statement

City Charter Section A8.423 states that the Health Service Board is required to annually conduct a survey of the ten most populous California counties, excluding San Francisco, to determine the average contribution made by each county toward health plan premiums for employees, excluding dental plan premiums. City Charter Section A8.428 requires the City to contribute to the Health Service System Trust Fund to pay the costs of the health plan premiums. The City uses the 10-county average survey to determine the amount of the contribution for Health Service System members not covered by Memoranda of Understanding (MOUs) between the City and the respective labor unions that require other contribution amounts.

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.

The June 2014 MOUs between the City and the respective labor unions eliminated the 10-county average survey as the method for calculating the employer contribution to the monthly health plan premium for active employees. Instead, the City and most unions elected to use a percentage-based employee premium contribution model. The 10-county average survey is still used as a basis for calculating the employer contribution to the monthly health plan premium for all retirees. The 10-county average employer contribution in 2016 is \$579.24 per member per month, which is \$11.44 or 2.0 percent more than the 10-county average contribution of \$567.80 in 2015.

Health Service System Trust Fund

Under Charter Section A8.428, employer and HSS member contributions to health plan premiums are deposited in the Health Service System Trust Fund. As of June 30, 2014, the Health Service System Trust Fund balance was \$92,800,000.

DETAILS OF PROPOSED LEGISLATION

File 15-0654: The proposed resolution would approve the City's 2016 contribution to the Health Service System Trust Fund of \$579.24 per member per month.

File 15-0645: The proposed ordinance would amend Administrative Code Section 16.703 to approve the Health Service System's 2016 health, vision, and dental plans and premiums, and life insurance and long-term disability insurance plans and contribution rates.

Health Plans

On June 11, 2015, the Health Service Board approved the following health plans for plan year 2016:

Kaiser and Blue Shield Health Maintenance Organizations (HMO)¹

Consistent with the 2015 plan year, two HMOs will be offered to HSS members for the 2016 plan year: either Blue Shield of California or Kaiser. The Health Service Board adopted no plan design changes to the Kaiser HMO or the Blue Shield HMO.

City Plan Preferred Provider Organization (PPO)²

The City Plan is a self-funded plan administered by United HealthCare (UHC). The Health Service Board adopted no plan design changes for the City Plan in 2016.

Health Plan Premiums

On June 11, 2015, the Health Service Board approved the following health plan premiums for plan year 2016:

Blue Shield Premiums in 2016

The Blue Shield HMO plan is a flex-funded plan for active and non-Medicare retiree members.³ The Blue Shield monthly premium will increase in 2016 compared to 2015 by 11.5 percent for active employees and non-Medicare retirees. This increase is due to higher claims expenses and increased cost of specialty pharmaceuticals.

¹ An HMO (Health Maintenance Organization) offers care through a closed panel of providers, in which members select a primary care physician, who manages their care. The HMOs pay the medical groups on a per capita basis.

² Under a PPO, physicians, hospitals, and other providers are in network and paid by the purchaser (through a third party administrator) on a fee for service basis based on negotiated contracts.

³ The Health Service Board adopted the flex-funded plan in 2012. The flex-funded plan differs from the fully-insured 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 both the per capita rate and the hospital claim costs. Blue Shield acts as a third party administrator negotiating capitation rates and hospital rates. If the claims experience exceeds 125% of premiums, Blue Shield pays the balance.

Kaiser Premiums in 2016

The Kaiser Permanente premium rates for active employees and non-Medicare retirees in 2016 are unchanged from 2015. For retirees and their dependents who are both on Medicare, the premium rate in 2016 increases by 2.2 percent from the 2015 rate.

City Plan Premiums in 2016

The City Plan is a self-funded plan in which overall monthly premiums are set based upon projected claims experience. The City Plan monthly premiums will decrease for active employees and non-Medicare retirees due to lower than expected plan utilization in 2014 and use of the City Plan Stabilization Reserve, detailed below. For active employees and non-Medicare retirees, the City plan premiums decrease by 25.2 percent and 21.2 percent, respectively. For retirees with Medicare, the premiums increase by 3.2 percent.

Stabilization Reserve

HSS sets aside a portion of the Health Service System Trust Fund balance to stabilize the self-funded City Plan. The City Plan had a revenue surplus of \$10,900,000 in 2014 that was deposited into the Stabilization Reserve, resulting in a reserve balance of \$25,800,000. The Health Service Board allocated \$8,617,000, equal to one-third of the balance of \$25,800,000, to lower City Plan premium rates in accordance with the Health Service Board's Stabilization Reserve Policy, resulting in a remaining balance of \$17,183,000. At its meeting in May 2015, the Health Service Board also approved a one-time \$5,400,000 draw down from the Stabilization Reserve to subsidize City and member contributions to the City Plan for active employees and non-Medicare retirees, further reducing this reserve from \$17,183,000 to \$11,783,000.

Reduction of the City Plan premiums lowers the base by which these premiums will be subject to the anticipated 2018 Excise Tax on health plans imposed by the Affordable Care Act. Aon Hewitt, the Health Service System's actuary, estimates that the reduction will lower the tax paid by the City by \$2,748,000 in 2018.

United Health Care Medicare Advantage National PPO

In 2016, the HSS will offer a new fully insured National PPO Medicare Advantage program to Medicare retirees. The monthly premium for a single retiree with Medicare in 2016 is \$311.20, paid by the City.

Other HSS Benefits

On June 11, 2015, the Health Service Board approved the following vision, dental, life and long-term disability insurance plans and premiums for plan year 2016:

Vision Plan

Members enrolled in one of the four health plans receive vision benefits through Vision Service Plan (VSP), a third party insurer and a fully-insured plan. The cost of the vision plan is added to the cost of the medical plan for all monthly health plan premiums. VSP rates will increase by 1.0 percent in plan year 2016.

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 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. The City does not contribute to the monthly dental premium for retired employees.

- The premiums in 2016 for the Delta Care USA and Pacific Union dental plans for active employees and retirees are unchanged from the 2015 plan year.
- The premium for the self-funded Delta Dental PPO plan for active employees will decrease by 2.9 percent in 2016. Premiums for retirees will decrease by 6.0 percent for plan year 2016 and remain at the same rate in plan year 2017.

Life and Long-Term Disability (LSD) Insurance

The Health Service System will continue its contract with Aetna Life Insurance Company to provide life and long-term disability insurance in 2016. Rates in 2016 remain unchanged from 2015 but overall contributions increase in 2016 due to the increase in covered employees as a result of labor negotiations (reflected in Table 1 below).

City and Employee Contribution Models

Starting January 1, 2015, in accordance with some MOUs between the City and the respective labor unions, employees covered by the respective MOUs began contributing 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 for employees only, after the City contribution based on the 10-county average survey has been applied. The calculation of the employee contribution for employee plus one or more dependents is determined by the specific MOUs.
- 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 average 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 average survey does not apply to this contribution model.

The Attachment to this report shows the City and employee monthly premium contributions for the '93/93/83 Contribution Model' and '100/96/83 Contribution Model' noted above.

Federal Affordable Care Act Requirements

According to the Aon Hewitt June 15, 2015 memorandum to the Board of Supervisors, the Affordable Care Act imposes two direct fees and one tax on health plans that have been incorporated into the HSS 2016 monthly premiums.

- The Health Insurance Tax (HIT) is applied to all fully insured or flex-funded plans, including the vision and dental plans offered by HSS. An insurer's tax obligation is calculated based on each insurer's net premiums. Aon Hewitt estimates that in 2016 the tax will increase premium payments for the City and its covered employees by an estimated \$12,820,000.
- The Patient Centered Outcomes Research Institute Fee (PCORI) is a per enrollee per year fee assessed to health plans in medical-only health plans in order to fund health care research. This fee will increase to \$2.25 in 2016. Aon Hewitt estimates that in 2016 the fee will increase premium payments for the City and its covered employees by an estimated \$210,000. The fee sunsets in 2019.
- The Transitional Reinsurance Fee (TRF) revenues subsidize reinsurance in the individual market, with the goal of lowering the cost of health insurance for higher-risk individuals in that market. The fee in 2016 is \$27 per enrollee per year (except for enrollees with Medicare). Aon Hewitt estimates that in 2016 the fee will increase premium payments for the City and its covered employees by an estimated \$1,850,000. The fee sunsets in 2017.

FISCAL IMPACT

As shown in Table 1 below, the total estimated City, employee, and retiree costs for the health, vision, and dental plans, as well as long-term disability and life insurance, is \$635,293,357 in 2016, which is a \$23,728,501 or 3.9 percent increase from \$611,564,856 in 2015.⁴

The total estimated costs for the health, vision, and dental plans, as well as long-term disability and life insurance, for the City in 2016 is \$565,299,226, which is a \$22,764,853, or 4.2 percent increase from \$542,534,373 in 2015. These amounts were included in the FY 2015-16 and FY 2016-17 budgets pending before the Board of Supervisors.

Table 1: Total Plan Costs for the City, Employees, and Retirees in 2016 Compared to 2015

	2015	2016	Increase/ (Decrease)	Percent
City Costs Only				
Kaiser HMO	235,119,907	235,753,491	633,584	0.3%
Blue Shield HMO	230,432,450	252,844,478	22,412,029	9.7%
City Plan	27,271,628	26,853,181	(418,447)	-1.5%
Subtotal Health and Vision Plan	492,823,984	515,451,151	22,627,166	4.6%
Dental	43,610,389	42,248,075	(1,362,314)	-3.1%
Long Term Disability and Life Insurance	6,100,000	7,600,000	1,500,000	24.6%
Total City Costs	542,534,373	565,299,226	22,764,853	4.2%
Employee and Retiree Costs Only				
Kaiser HMO	29,173,782	29,260,072	86,290	0.3%
Blue Shield HMO	29,642,088	33,448,635	3,806,547	12.8%
City Plan	6,598,772	3,581,584	(3,017,188)	-45.7%
Subtotal Health and Vision Plan	65,414,643	66,290,291	875,649	1.3%
Dental	3,483,840	3,483,840	0	0.0%
Long Term Disability and Life Insurance	132,000	220,000	88,000	66.7%
Total Employee and Retiree Costs	69,030,483	69,994,131	963,649	1.4%
Total Costs				
Kaiser HMO	264,293,689	265,013,563	719,874	0.3%
Blue Shield HMO	260,074,537	286,293,114	26,218,576	10.1%
City Plan	33,870,400	30,434,765	(3,435,635)	-10.1%
Subtotal Health and Vision Plan	558,238,627	581,741,442	23,502,815	4.2%
Dental	47,094,229	45,731,915	(1,362,314)	-2.9%
Long Term Disability and Life Insurance	6,232,000	7,820,000	1,588,000	25.5%
Total Costs	611,564,856	635,293,357	23,728,501	3.9%

Source: Health Service System

RECOMMENDATION

Approve the proposed resolution and ordinance.

⁴ Differences between the 2015 estimates included here and those used in the Budget and Legislative Analyst's report in July 2014 are due to updated Census figures (accessed May 18, 2015) used by the Health Service System to produce their estimates of how many members will enroll in each plan.

93/93/83 Contribution Model

	City Plan			Kaiser			Blue Shield		
	Employee	Employee + 1 Dependent	Employee +2 or More Dependents	Employee	Employee + 1 Dependent	Employee +2 or More Dependents	Employee	Employee + 1 Dependent	Employee +2 or More Dependents
<u>Members</u>									
Plan Year 2015	\$410.36	\$785.11	\$1,282.28	\$38.78	\$77.42	\$265.89	\$45.32	\$90.49	\$310.82
Plan Year 2016	\$85.65	\$144.72	\$414.13	\$38.78	\$77.42	\$265.91	\$50.51	\$100.87	\$346.50
\$ Increase/ (Decrease)	(\$324.71)	(\$640.39)	(\$868.15)	\$0.00	\$0.00	\$0.02	\$5.19	\$10.38	\$35.68
% Increase/ (Decrease)	-79.1%	-81.6%	-67.7%	0.0%	0.0%	0.0%	11.5%	11.5%	11.5%
<u>Employer</u>									
Plan Year 2015	\$602.05	\$1,202.24	\$1,517.54	\$515.20	\$1,028.51	\$1,298.16	\$602.05	\$1,202.24	\$1,517.54
Plan Year 2016	\$671.02	\$1,340.20	\$1,691.74	\$515.24	\$1,028.59	\$1,298.25	\$671.02	\$1,340.20	\$1,691.74
\$ Increase/ (Decrease)	\$68.97	\$137.96	\$174.20	\$0.04	\$0.08	\$0.09	\$68.97	\$137.96	\$174.20
% Increase/ (Decrease)	11.5%	11.5%	11.5%	0.0%	0.0%	0.0%	11.5%	11.5%	11.5%
<u>Total</u>									
Plan Year 2015	\$1,012.41	\$1,987.35	\$2,799.82	\$553.98	\$1,105.93	\$1,564.05	\$647.37	\$1,292.73	\$1,828.36
Plan Year 2016	\$756.67	\$1,484.92	\$2,105.87	\$554.02	\$1,106.01	\$1,564.16	\$721.53	\$1,441.07	\$2,038.24
\$ Increase/ (Decrease)	(\$255.74)	(\$502.43)	(\$693.95)	\$0.04	\$0.08	\$0.11	\$74.16	\$148.34	\$209.88
% Increase/ (Decrease)	-25.3%	-25.3%	-24.8%	0.0%	0.0%	0.0%	11.5%	11.5%	11.5%

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100/96/83 Contribution Model

	City Plan			Kaiser			Blue Shield		
	Employee	Employee + 1 Dependent	Employee +2 or More Dependents	Employee	Employee + 1 Dependent	Employee +2 or More Dependents	Employee	Employee + 1 Dependent	Employee +2 or More Dependents
Members									
Plan Year 2015	\$0.00	\$746.33	\$1,282.28	\$0.00	\$44.24	\$265.89	\$0.00	\$51.71	\$310.82
Plan Year 2016	\$0.00	\$101.49	\$414.13	\$0.00	\$44.24	\$265.91	\$0.00	\$57.64	\$346.50
\$ Increase/ (Decrease)	\$0.00	(\$644.84)	(\$868.15)	\$0.00	\$0.00	\$0.02	\$0.00	\$5.93	\$35.68
% Increase/ (Decrease)	0.0%	-86.4%	-67.7%	0.0%	0.0%	0.0%	0.0%	11.5%	11.5%
Employer									
Plan Year 2015	\$1,012.41	\$1,241.02	\$1,517.54	\$553.98	\$1,061.69	\$1,298.16	\$647.37	\$1,241.02	\$1,517.54
Plan Year 2016	\$756.67	\$1,383.43	\$1,691.74	\$554.02	\$1,061.77	\$1,298.25	\$721.53	\$1,383.43	\$1,691.74
\$ Increase/ (Decrease)	(\$255.74)	\$142.41	\$174.20	\$0.04	\$0.08	\$0.09	\$74.16	\$142.41	\$174.20
% Increase/ (Decrease)	-25.3%	11.5%	11.5%	0.0%	0.0%	0.0%	11.5%	11.5%	11.5%
Total									
Plan Year 2015	\$1,012.41	\$1,987.35	\$2,799.82	\$553.98	\$1,105.93	\$1,564.05	\$647.37	\$1,292.73	\$1,828.36
Plan Year 2016	\$756.67	\$1,484.92	\$2,105.87	\$554.02	\$1,106.01	\$1,564.16	\$721.53	\$1,441.07	\$2,038.24
\$ Increase/ (Decrease)	(\$255.74)	(\$502.43)	(\$693.95)	\$0.04	\$0.08	\$0.11	\$74.16	\$148.34	\$209.88
% Increase/ (Decrease)	-25.3%	-25.3%	-24.8%	0.0%	0.0%	0.0%	11.5%	11.5%	11.5%

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HEALTH SERVICE BOARD
CITY & COUNTY OF SAN FRANCISCO

Memorandum

DATE: June 15, 2015
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, 2016
and ending December 31, 2016 – Amendment of Section 16.703 of the San
Francisco Administrative Code

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 calendar year beginning January 1, 2016 and ending December 31, 2016, adopted by the Health Service Board on June 11, 2015;
2. Actuarial Report dated June 15, 2015 from Aon Hewitt Health and Benefits, as required under Section A8.422 of Appendix A to the San Francisco Charter, including summaries of the rates and benefits as adopted by the Health Service Board on June 11, 2015;
3. Membership Enrollment Statistics Report dated June 1, 2015 reflecting total enrollment distribution across the three medical plans, the 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.

Please let me know if you need additional information.

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.)



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mvhss.org



June 15, 2015

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

RE: January 1, 2016 to December 31, 2016 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 rates and contribution setting process for the plan year from January 1, 2016 to December 31, 2016. This process was concluded on June 11, 2015 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 approved by four members of the Health Service Board during their meeting on June 11, 2015. This report will reference attached exhibits, as well as 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 Health Plan (UHC), Delta Dental plan for active employees (Delta) and the Blue Shield of California 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 2015 and 2016, additional 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 Reporting Requirements

Under PPACA, employers are required to provide reporting to both employees as well as the Internal Revenue Service (IRS). The purpose of the reporting is as follows:

- Establish that the plan sponsor complied with PPACA's employer mandate by making an offer of affordable, minimum value health care coverage to its full-time employees (PPACA defines a full-time employee as an employee who is employed, on average, at least 30 hours of service per week, or 130 hours of service in a calendar month.)
- Provide individuals with information on their employer-provided health care coverage so they can establish compliance with the individual mandate to purchase health care coverage
- Help the IRS determine whether individuals who have purchased coverage from a public exchange are entitled to a subsidy and
- Help the IRS determine applicable penalties for failure to comply with the individual mandate

Reporting will be filed beginning with 2015 calendar year information on Forms 1094 and 1095. Reporting is due to the employee by January 31 following the close of the calendar year, e.g., 2015 information is due to employees by January 31, 2016. Since HSS represents more than 250 employees, electronic reporting is due to the IRS by March 31 following the close of the calendar year, e.g., 2015 information is due to the IRS by March 31, 2016.

HSS is in the process of identifying and collecting the data elements needed for reporting as well as establishing a process for the creation and delivery of the required forms.

PPACA Automatic Enrollment Requirement (deferred indefinitely)

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 has indefinitely postponed final guidance on automatic enrollment. While employers do not need to comply with this requirement until these final regulations are in effect, HSS is preparing for implementation.

PPACA Legislative 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 2016 plan year. This section of the law brings increased scrutiny and accompanying fines by three different federal agencies: Department of Labor (DOL), Health and Human Services (HHS), and Internal Revenue Service (IRS). Please find below a brief explanation of these fees:

- Health Insurance 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 \$16.24 million in premiums or an increase of 2.10% which is paid to insurers for all HSS fully insured and flex-funded plans in 2016 for all employers. (See Table 1a.) The additional



premiums for CCSF alone are \$12.82 million. (See 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, retirees without Medicare, and retirees with Medicare) in medical-only health plans. The fee was \$2.08 per enrollee per year in 2015 and is expected to increase to approximately \$2.25 per enrollee per year in 2016. Aon Hewitt estimates that this tax will result in an additional \$0.28 million in 2016 premiums/premium equivalents or a 0.035% increase for all employers. (See Table 1a.) The CCSF increase is expected to increase by \$0.21 million. (See 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 2016, a \$27.00 charge per enrollee per year will be assessed to all participants where Medicare is not the primary payer. This is a decrease from the \$44.00 charge per enrollee per year assessed in 2015. Aon Hewitt estimates that this tax will result in an additional \$2.40 million in 2016 premiums/premium equivalents or a 0.31% increase for all employers. (See Table 1a.) The CCSF increase is estimated to be \$1.85 million, (See Table 1b.) This fee is expected to be eliminated beginning with 2017. This fee is collected by the Department of Health and Human Services to subsidize the uninsured for coverage from State Health Insurance Exchanges.

Total expenditures on medical premiums/premium equivalents are \$718.6 million. Of this total, the legislative fees and taxes are \$18.92 million or 2.6% of total expenditure. The following tables summarize the estimated aggregate cost of each of these legislative fees for 2016 for all four employers served by the Trust (Table 1a) and CCSF only (Table 1b):

Table 1a						
2016 Legislative Fees (\$ millions) All Employers						
Fee	City Health Plan (UHC)	Kaiser	Blue Shield	Dental	VSP	Total
HIT	\$0.00	\$3.64	\$12.50	\$0.01	\$0.09	\$16.24
PCORI	\$0.02	\$0.15	\$0.11	N/A	N/A	\$0.28
Transitional Reinsurance	\$0.07	\$1.33	\$1.00	N/A	N/A	\$2.40
Total	\$0.09	\$5.12	\$13.61	\$0.01	\$0.09	\$18.92

Table 1b						
2016 Legislative Fees (\$ millions) CCSF Only						
Fee	City Health Plan (UHC)	Kaiser	Blue Shield	Dental	VSP	Total
HIT	\$0.00	\$2.69	\$10.04	\$0.01	\$0.08	\$12.82
PCORI	\$0.01	\$0.11	\$0.09	N/A	N/A	\$0.21
Transitional Reinsurance	\$0.03	\$0.99	\$0.83	N/A	N/A	\$1.85
Total	\$0.04	\$3.79	\$10.96	\$0.01	\$0.08	\$14.88



City Contributions under the 10-County 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 premium contributions (in terms of dollar amount) provided by the ten most populous counties in California, excluding San Francisco. In the June 2014 collective bargaining, the 10-County Survey (Survey) was eliminated in the calculation of premium contributions for active employees in exchange for a percentage-based employee premium contribution. The Survey is still used as a basis for calculating all retiree premium contributions. For the 2016 plan year, the Survey, based on 2015 rates, determined that the average monthly contribution increased 2.02% from \$567.80 to \$579.24. Exhibit 1 presents the individual county responses from the Survey.

Year-Over-Year Health Plan Cost Comparison

Annual aggregated costs for the three medical plans offered by HSS (City Health Plan (UHC), Kaiser Permanente, and Blue Shield of California) are shown in Table 2.

Table 2			
January 1, 2016 to December 31, 2016 Aggregate Medical Cost (\$ millions)			
	Member Contributions	Employer Contributions	Aggregate Plan Cost
Current Rates	\$78.6	\$612.0	\$690.6
Final Renewal Rates	\$79.7	\$638.9	\$718.6
\$ Difference	\$1.1	\$26.9	\$28.0
% Difference	1.40%	4.40%	4.05%

The above table illustrates an increase in aggregate plan costs totaling \$28.0 million, or 4.05%, for the three medical plans (including vision cost and HSS Communications and Healthcare Sustainability expense) for the 2016 plan year. This increase in costs will be split 4%/96% between the members and employers with member contributions increasing \$1.1 million and employer contributions increasing \$26.9 million.

Current City and County (CCSF) Contribution Strategy

As of 2015, there are two negotiated contribution algorithms for CCSF covered employees. They are 1) 93/93/83 contribution model, and 2) 100/96/83 contribution model.

1) 93/93/83 Contribution Model:

- a) **Employee Only:** For single-covered employees (Employee Only) who enroll in any health plan offered through the Health Service System (HSS), the City shall contribute ninety-three percent (93%) of the total health insurance premium/premium equivalent provided. However, the City's contribution shall be capped at ninety-three percent (93%) of the Employee Only premium/premium equivalent of the second-highest-cost plan.



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

2) 100/96/83 Contribution Model:

- a) Employee Only: For single-covered employees (Employee Only) who enroll in any health plan offered through HSS, the City shall contribute one hundred percent (100%) of the total health insurance premium/premium equivalent.
- b) Employee Plus One: For employees with one dependent who elect to enroll in any health plan offered through HSS, the City shall contribute ninety-six percent (96%) of the total health insurance premium/premium equivalent provided. However, that the City's contribution shall be capped at ninety-six percent (96%) of the Employee Plus One premium/premium equivalent of the second-highest-cost plan.
- c) Employee Plus Two or More: For employees with two or more dependents who elect to enroll in any health plan offered through HSS, the City shall contribute eighty-three (83%) of the total health insurance premium/premium equivalent provided. However, that the City's contribution shall be capped at eighty-three percent (83%) of the Employee Plus Two or More premium/premium equivalent of the second-highest-cost plan.

Aon Hewitt produced two sets of rate cards, both approved by the HSB for plan year 2016. 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 2015 plan year, two HMO plans will be offered to HSS members for plan year 2016. These plans are offered by Kaiser Permanente 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 Permanente (Fully Insured)**

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

Kaiser Permanente is currently on the second year of a two-year rate guarantee; the final negotiated rate change for Kaiser Permanente is an overall decrease of 2.00% from 2014 rates for actives and retirees without Medicare through 12/31/2016. For retirees with Medicare the rate



change is increase of 2.13% (including the reconciliation for plan year 2015). This results in an overall estimated increase of \$1.0 million annually based on May 2015 membership.

The aggregate cost for Kaiser Permanente for the 2016 plan year is projected at \$339.5 million, with \$36.3 million in member contributions and \$303.2 million in employer contributions. Table 3 (page 9) provides an overview of annualized costs.

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

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

On January 1, 2013, the funding arrangement for actives and retirees without Medicare switched from fully insured to flex-funded. Claims experience highlighted by increased cost for specialty pharmacy cost led to a required increase of 11.5% for the premium equivalents for actives and early retirees for plan year 2016. Retirees and spouses with Medicare will continue to be offered the 65 Plus Medicare Advantage Prescription Drug (MAPD) HMO and the Access+ Medicare coordinated HMO through Blue Shield of California. For plan year 2016 Medicare costs are reduced \$0.8 million over plan year 2015 based on May 2015 membership.

The aggregate cost for the Blue Shield of California HMO for the 2016 plan year is projected at \$341.0 million, with \$39.1 million in member contributions and \$301.9 million in employer contributions based on May 2015 membership. Table 3 (page 9) provides an overview of annualized costs.

HMO Contributions

The contribution models for the HMO active and retired members are summarized in exhibits 2a-2b and 3a-3c.

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

The City Health Plan is a self-funded plan administered by United Healthcare (UHC). The medical and pharmacy monthly premium equivalent costs were developed separately for actives, 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 Health Plan's recent claims data. This analysis was considered in conjunction with overall industry and normative data when determining the premium equivalent levels for the 2016 plan year.

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

The UHC administration fees increased slightly from 2015 to 2016.

The final monthly premium equivalents with no plan design changes result in an overall decrease of 8.88%. For actives and retirees without Medicare, the decreases are 25.2%, 21.2%, respectively. These decreases in premium equivalents are due to underwriting gains caused by lower utilization that the City Health Plan produced during the 2014 plan year and by a one-time Health Service Board subsidy of \$5.4 million see below.



For retirees with Medicare the increase is 3.2%. The pharmacy portion of the Medicare rate is covered by a fully insured Employer Group Waiver Plan (EGWP) product. This rate increased to \$171.09 from \$156.96 per retiree per month.

At the end of 2014, over \$10.9 million of underwriting gains were placed into the City Health Plan Stabilization Reserve which increased the overall amount in the reserve to \$25.8 million. Per the Health Service Board's Self-Funded Plans' Stabilization Policy, one-third of the amount in the Stabilization Reserve (\$8.6 million) was spread across all rating tiers to lower the City Health Plan premium equivalents. Additionally, at the HSB May 14, 2015 meeting, the Board elected to support a one-time buy down in the amount of \$5.4 million from the Stabilization Reserve to bring active and early retiree member contributions more in line with the Blue Shield of California and Kaiser Permanente programs.

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

The aggregate cost for the City Health Plan for the 2016 plan year is projected at \$38.1 million, with \$4.3 million in member contributions and \$33.8 million in employer contributions. This results in an overall estimated decrease of \$3.7 million annually. Table 3 (page 9) provides an overview of annualized costs.

Changes in employee and retiree contributions for City Health Plan (UHC) are summarized in Exhibits 5a and 5b. These contributions were determined in accordance with the City Charter which include the most recent 10-County Survey result of \$579.24, if applicable, and adjusts for the 93/93/83 and 100/96/83 contribution models.

The HSS will offer a new UHC fully insured National Medicare Advantage Prescription Drug (MAPD) PPO program to the HSS Medicare retirees in 2016 please see Exhibit 11.

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, 2016, VSP vision plan rates will increase 1% from 2015 levels. The aggregate cost for the VSP vision plan for the 2016 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 a closed panel 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 was reduced \$0.03 per employee per month from the 2015 plan year.

The aggregate premium equivalent for the self-funded Delta Dental PPO plan for active employees shows a 2.9% reduction for plan year 2016. Since this is a self-insured plan, the Health Insurance 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 accepted a 6% premium reduction for plan years 2016 and 2017. This reduction includes the coverage increase for a diagnostic and preventive care fee waiver. The fully insured premiums for the Delta Care USA dental plans for active employees and retirees are unchanged from the 2015 plan year premiums and a rate pass was extended through December 31, 2018. The fully insured premiums for the Pacific Union plans were given a rate pass through December 31, 2016.

For the 2016 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 equivalent 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 actives and retirees, and Pacific Union Dental plans for actives and retirees remain unchanged from the 2015 plan year. Pursuant to the Health Service Board's Self-Funded Plans' Stabilization Policy, a claims stabilization amount \$1.3 million 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 2016 plan year is projected at \$45.7 million, with \$3.5 million in member contributions and \$42.2 million in employer contributions. There is no increased cost to the City for dental care. Table 3 provides an overview of annualized costs.

Life and Long Term Disability (LTD) Insurance

Life and long term disability premiums remain unchanged from the 2015 rates; however the 2015 MOU negotiations greatly increased the number of covered employees. The aggregate life and LTD plan cost for the 2016 plan year is projected at \$7.8 million, with \$0.2 million in member contributions and \$7.6 million in employer contributions. Annualized cost comparisons are summarized in Exhibit 10.



Summary of Projected 2016 Plan Year Costs

Illustrated below, in Table 3, is a summary of how projected 2016 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/premium equivalent cost. The premium costs associated with the VSP vision care plan are included in the medical plans' costs.

TABLE 3					
Distribution of Aggregate Plan Costs (\$millions)					
	Member Contributions	Employer Contributions	Aggregate Plan Cost	Member Contributions as a % of Aggregate Costs	Employer Contributions as a % of Aggregate Costs
Kaiser HMO	\$36.3	\$303.2	\$339.5	10.70%	89.30%
\$ Increase	\$0.1	\$0.9	\$1.0		
% Increase	0.31%	0.29%	0.29%		
Blue Shield HMO	\$39.1	\$301.9	\$341.0	11.46%	88.54%
\$ Increase	\$4.4	\$26.4	\$30.7		
% Increase	12.65%	9.56%	9.91%		
City Plan	\$4.3	\$33.8	\$38.1	11.21%	88.79%
\$ Increase	-\$3.4	-\$0.3	-\$3.7		
% Increase	-44.63%	-0.84%	-8.91%		
Dental **	\$3.5	\$42.2	\$45.7	7.62%	92.38%
\$ Increase	\$0.0	-\$1.4	-\$1.4		
% Increase	0.00%	-3.12%	-2.89%		
LTD	\$0.0	\$6.7	\$6.7	0.00%	100.00%
\$ Increase	\$0.0	\$1.0	\$1.0		
% Increase	0.00%	0.00%	17.54%		
Life	\$0.2	\$0.9	\$1.1	19.64%	80.36%
\$ Increase	\$0.1	\$0.5	\$0.6		
% Increase	66.67%	0.00%	110.53%		
Total	\$83.4	\$688.8	\$772.2	10.80%	89.20%
\$ Increase	\$1.2	\$27.1	\$28.2		
% Increase	1.41%	4.09%	3.80%		

* 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 increase of 3.80% compares favorably with available benchmark information. The "2015 Health Care Trend Survey" published by Aon indicates medical and pharmacy cost increases in the range of 5% to 7%.



June 15, 2015
Board of Supervisors
City and County of San Francisco
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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,

A handwritten signature in black ink, reading 'Anil P Kochhar'. The signature is written in a cursive, slightly slanted style.

Anil Kochhar, ASA, MAAA

cc: 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

Rates and Benefits Decisions

Calendar Year 2016

June 15, 2015

Prepared by: Aon Hewitt
Consulting | Health & Benefits

6/15/2015 | 12:07 PM



10-County Survey Results

Exhibit 1

Rank	County	CY 2015	CY 2016	% Change
1	Los Angeles	\$610.75	\$619.87	1.49%
2	San Diego	\$460.51	\$477.99	3.80%
3	Orange	\$567.79	\$525.51	-7.45%
4	Riverside	\$587.21	\$616.96	5.07%
5	San Bernardino	\$420.92	\$421.18	0.06%
6	Santa Clara	\$776.62	\$785.13	1.10%
7	Alameda	\$622.92	\$684.14	9.83%
8	Sacramento	\$535.31	\$549.40	2.63%
9	Contra Costa	\$607.18	\$623.46	2.68%
10	Fresno	\$488.79	\$488.79	0.00%
10-County Average		\$567.80	\$579.24	2.02%

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Kaiser HMO: Final Active / Early Retiree / Medicare Monthly Contributions for Calendar Year 2016

Exhibit 2a — 93/93/83 Contribution Method *

		Active (Bargained)			Early Retiree			MAPD			
		EE	EE+1	EE+2	EE	EE+1	EE+2	EE	EE+1	EE+2 (all Medicare)	EE+2
Members	Plan Year 2015	\$38.78	\$77.42	\$265.89	\$0.00	\$275.97	\$734.09	\$0.00	\$156.10	\$467.39	\$614.22
	Plan Year 2016	\$38.78	\$77.42	\$265.91	\$0.00	\$275.99	\$734.14	\$0.00	\$159.48	\$477.74	\$617.63
	% Increase	0.00%	0.00%	0.01%	0.00%	0.01%	0.01%	0.00%	2.17%	2.22%	0.56%
	\$ Increase	\$0.00	\$0.00	\$0.02	\$0.00	\$0.02	\$0.05	\$0.00	\$3.38	\$10.35	\$3.41
Employer	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
	Plan Year 2016	\$515.24	\$1,028.59	\$1,298.25	\$1,112.19	\$1,388.19	\$1,388.19	\$320.99	\$480.47	\$480.47	\$480.47
	% Increase	0.01%	0.01%	0.01%	0.00%	0.00%	0.00%	2.15%	2.16%	2.16%	2.16%
	\$ Increase	\$0.04	\$0.08	\$0.09	\$0.04	\$0.06	\$0.06	\$6.76	\$10.14	\$10.14	\$10.14
Total	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
	Plan Year 2016	\$554.02	\$1,106.01	\$1,564.16	\$1,112.19	\$1,664.18	\$2,122.33	\$320.99	\$639.95	\$958.21	\$1,098.10
	% Increase	0.01%	0.01%	0.01%	0.00%	0.00%	0.01%	2.15%	2.16%	2.19%	1.25%
	\$ Increase	\$0.04	\$0.08	\$0.11	\$0.04	\$0.08	\$0.11	\$6.76	\$13.52	\$20.49	\$13.55

* Note—The 93/93/83 Contribution Model defines the following payment structure:

- EE Only: City contributes 93% towards total premium for employees selecting Single 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 for Calendar Year 2016

Exhibit 2b — 100/96/83 Contribution Method *

		Active (Bargained)			Early Retiree			MAPD			
		EE	EE+1	EE+2	EE	EE+1	EE+2	EE	EE+1	EE+2 (all Medicare)	EE+2
Members	Plan Year 2015	\$0.00	\$44.24	\$265.89	\$0.00	\$275.97	\$734.09	\$0.00	\$156.10	\$467.39	\$614.22
	Plan Year 2016	\$0.00	\$44.24	\$265.91	\$0.00	\$275.99	\$734.14	\$0.00	\$159.48	\$477.74	\$617.63
	% Increase	0.00%	0.00%	0.01%	0.00%	0.01%	0.01%	0.00%	2.17%	2.22%	0.56%
	\$ Increase	\$0.00	\$0.00	\$0.02	\$0.00	\$0.02	\$0.05	\$0.00	\$3.38	\$10.35	\$3.41
Employer	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
	Plan Year 2016	\$554.02	\$1,061.77	\$1,298.25	\$1,112.19	\$1,388.19	\$1,388.19	\$320.99	\$480.47	\$480.47	\$480.47
	% Increase	0.01%	0.01%	0.01%	0.00%	0.00%	0.00%	2.15%	2.16%	2.16%	2.16%
	\$ Increase	\$0.04	\$0.08	\$0.09	\$0.04	\$0.06	\$0.06	\$6.76	\$10.14	\$10.14	\$10.14
Total	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
	Plan Year 2016	\$554.02	\$1,106.01	\$1,564.16	\$1,112.19	\$1,664.18	\$2,122.33	\$320.99	\$639.95	\$958.21	\$1,098.10
	% Increase	0.01%	0.01%	0.01%	0.00%	0.00%	0.01%	2.15%	2.16%	2.19%	1.25%
	\$ Increase	\$0.04	\$0.08	\$0.11	\$0.04	\$0.08	\$0.11	\$6.76	\$13.52	\$20.49	\$13.55

* **Note**—The 100/96/83 Contribution Model defines the following payment structure:

- EE Only: City contributes 100% towards total premium for employees selecting Single 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 for Calendar Year 2016

Exhibit 3a — 93/93/83 Contribution Method *

		Active (Bargained)			Early Retiree			BSC 65 Plus / BSC Access+			
		EE	EE+1	EE+2	EE	EE+1	EE+2	EE	EE+1	EE+2 (all Medicare)	EE+2
Members	Plan Year 2015	\$45.32	\$90.49	\$310.82	\$39.78	\$375.29	\$932.21	\$0.00	\$191.28	\$573.16	\$748.21
	Plan Year 2016	\$50.51	\$100.87	\$346.50	\$71.14	\$445.00	\$1,042.17	\$0.00	\$186.23	\$558.00	\$783.40
	% Increase	11.45%	11.47%	11.48%	78.83%	18.57%	11.80%	0.00%	-2.64%	-2.64%	4.70%
	\$ Increase	\$5.19	\$10.38	\$35.68	\$31.36	\$69.71	\$109.96	\$0.00	(\$5.05)	(\$15.16)	\$35.19
Employer	Plan Year 2015	\$602.05	\$1,202.24	\$1,517.54	\$1,453.62	\$1,789.13	\$1,789.14	\$384.60	\$575.89	\$575.89	\$575.89
	Plan Year 2016	\$671.02	\$1,340.20	\$1,691.74	\$1,593.25	\$1,967.11	\$1,967.11	\$374.50	\$560.74	\$560.74	\$560.74
	% Increase	11.46%	11.48%	11.48%	9.61%	9.95%	9.95%	-2.63%	-2.63%	-2.63%	-2.63%
	\$ Increase	\$68.97	\$137.96	\$174.20	\$139.63	\$177.98	\$177.97	(\$10.10)	(\$15.15)	(\$15.15)	(\$15.15)
Total	Plan Year 2015	\$647.37	\$1,292.73	\$1,828.36	\$1,493.40	\$2,164.42	\$2,721.35	\$384.60	\$767.17	\$1,149.05	\$1,324.10
	Plan Year 2016	\$721.53	\$1,441.07	\$2,038.24	\$1,664.39	\$2,412.11	\$3,009.28	\$374.50	\$746.97	\$1,118.74	\$1,344.14
	% Increase	11.46%	11.47%	11.48%	11.45%	11.44%	10.58%	-2.63%	-2.63%	-2.64%	1.51%
	\$ Increase	\$74.16	\$148.34	\$209.88	\$170.99	\$247.69	\$287.93	(\$10.10)	(\$20.20)	(\$30.31)	\$20.04

* Note—The 93/93/83 Contribution Model defines the following payment structure:

- EE Only: City contributes 93% towards total premium for employees selecting Single 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 for Calendar Year 2016

Exhibit 3b — 100/96/83 Contribution Method *

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		Active (Bargained)			Early Retiree			BSC 65 Plus / BSC Access+			
		EE	EE+1	EE+2	EE	EE+1	EE+2	EE	EE+1	EE+2 (all Medicare)	EE+2
Members	Plan Year 2015	\$0.00	\$51.71	\$310.82	\$39.78	\$375.29	\$932.22	\$0.00	\$191.28	\$573.16	\$748.21
	Plan Year 2016	\$0.00	\$57.64	\$346.50	\$71.14	\$445.00	\$1,042.17	\$0.00	\$186.23	\$558.00	\$783.40
	% Increase	0.00%	11.47%	11.48%	78.85%	18.57%	11.79%	0.00%	-2.64%	-2.64%	4.70%
	\$ Increase	\$0.00	\$5.93	\$35.68	\$31.36	\$69.71	\$109.95	\$0.00	(\$5.05)	(\$15.16)	\$35.19
Employer	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
	Plan Year 2016	\$721.53	\$1,383.43	\$1,691.74	\$1,593.25	\$1,967.11	\$1,967.11	\$374.50	\$560.74	\$560.74	\$560.74
	% Increase	11.46%	11.48%	11.48%	9.61%	9.95%	9.95%	-2.63%	-2.63%	-2.63%	-2.63%
	\$ Increase	\$74.16	\$142.41	\$174.20	\$139.63	\$177.98	\$177.98	(\$10.10)	(\$15.15)	(\$15.15)	(\$15.15)
Total	Plan Year 2015	\$647.37	\$1,292.73	\$1,828.36	\$1,493.40	\$2,164.42	\$2,721.35	\$384.60	\$767.17	\$1,149.05	\$1,324.10
	Plan Year 2016	\$721.53	\$1,441.07	\$2,038.24	\$1,664.39	\$2,412.11	\$3,009.28	\$374.50	\$746.97	\$1,118.74	\$1,344.14
	% Increase	11.46%	11.47%	11.48%	11.45%	11.44%	10.58%	-2.63%	-2.63%	-2.64%	1.51%
	\$ Increase	\$74.16	\$148.34	\$209.88	\$170.99	\$247.69	\$287.93	(\$10.10)	(\$20.20)	(\$30.31)	\$20.04

* **Note**—The 100/96/83 Contribution Model defines the following payment structure:

- EE Only: City contributes 100% towards total premium for employees selecting Single 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 for Calendar Year 2016

Exhibit 4 — City Plan (UHC) Premium Rates

Category	Enrollment	Plan Year 2015			Plan Year 2016			Percentage Change
	May 18, 2015 Headcounts	Premium Equivalent	Stabilization Amount	TOTAL	Premium Equivalent	Stabilization Amount	TOTAL	
Active EE	517	\$1,175.13	-\$162.72	\$1,012.41	\$1,264.80	-\$508.13	\$756.67	-25.26%
Active EE + 1	74	\$2,306.75	-\$319.40	\$1,987.35	\$2,482.01	-\$997.09	\$1,484.92	-25.28%
Active EE + 2	38	\$3,249.05	-\$449.23	\$2,799.82	\$3,509.73	-\$1,403.86	\$2,105.87	-24.79%
Early Retiree EE	415	\$1,376.30	-\$190.67	\$1,185.63	\$1,477.67	-\$543.22	\$934.45	-21.19%
Early Retiree EE + 1	126	\$2,709.06	-\$375.29	\$2,333.77	\$2,907.71	-\$1,068.93	\$1,838.78	-21.21%
Early Retiree EE+ 2	10	\$3,651.36	-\$505.11	\$3,146.25	\$3,935.43	-\$1,475.70	\$2,459.73	-21.82%
Medicare Retiree EE	4,264	\$315.69	-\$43.83	\$271.86	\$336.03	-\$55.37	\$280.66	3.24%
Medicare Retiree EE + 1	1,356	\$603.21	-\$83.74	\$519.47	\$640.25	-\$105.51	\$534.74	2.94%
Medicare Retiree EE + 2	16	\$1,545.52	-\$213.57	\$1,331.95	\$1,898.44	-\$512.28	\$1,386.16	4.07%
Total	6,816	\$48,474,102	-\$6,721,895	\$41,752,207	\$51,855,419	-\$13,824,944	\$38,030,475	-8.91%

Plan Year 2016 Estimated Cost Increase at May 18, 2015 Enrollment	-\$3,722,000
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City Plan (UHC): Final Active / Early Retiree / Medicare Monthly Contributions for Calendar Year 2016

Exhibit 5a — 93/93/83 Contribution Method

844

		Active (Bargained)			Early Retiree			COB / PPO			
		EE	EE+1	EE+2	EE	EE+1	EE+2	EE	EE+1	EE+2 (all Medicare)	EE+2
Members	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
	Plan Year 2016	\$85.65	\$144.72	\$414.13	\$88.71	\$540.88	\$1,161.83	\$0.00	\$127.04	\$263.96	\$747.99
	% Increase	-79.13%	-81.57%	-67.70%	-60.09%	-32.08%	-27.79%	0.00%	2.62%	-6.00%	-20.11%
	\$ Increase	(\$324.71)	(\$640.39)	(\$868.15)	(\$133.59)	(\$255.49)	(\$447.02)	\$0.00	\$3.24	(\$16.85)	(\$188.29)
Employer	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
	Plan Year 2016	\$671.02	\$1,340.20	\$1,691.74	\$845.74	\$1,297.90	\$1,297.90	\$280.66	\$407.70	\$407.70	\$407.70
	% Increase	11.46%	11.48%	11.48%	-12.21%	-15.58%	-15.58%	3.24%	3.04%	3.04%	3.04%
	\$ Increase	\$68.97	\$137.96	\$174.20	(\$117.59)	(\$239.50)	(\$239.50)	\$8.80	\$12.03	\$12.03	\$12.03
Total	Plan Year 2015	\$1,012.41	\$1,987.35	\$2,799.82	\$1,185.63	\$2,333.77	\$3,146.25	\$271.86	\$519.47	\$676.48	\$1,331.95
	Plan Year 2016	\$756.67	\$1,484.92	\$2,105.87	\$934.45	\$1,838.78	\$2,459.73	\$280.66	\$534.74	\$671.66	\$1,155.69
	% Increase	-25.26%	-25.28%	-24.79%	-21.19%	-21.21%	-21.82%	3.24%	2.94%	-0.71%	-13.23%
	\$ Increase	(\$255.74)	(\$502.43)	(\$693.95)	(\$251.18)	(\$494.99)	(\$686.52)	\$8.80	\$15.27	(\$4.82)	(\$176.26)

* **Note**—The 93/93/83 Contribution Model defines the following payment structure:

- EE Only: City contributes 93% towards total premium for employees selecting Single tier coverage.
- EE+1: City contributes 93% towards total premium for employees selecting EE+1 tier coverage.
- EE+2: City contributes 83% towards total premium for employees selecting EE+2 tier coverage.
- City contributions are capped at 93%, 93% and 83% of corresponding premium of the second-highest-cost plan for Single, EE+1 and EE+2 tiers respectively.
- Members cover the remaining costs across all tiers.

City Plan (UHC): Final Active / Early Retiree / Medicare Monthly Contributions for Calendar Year 2016

Exhibit 5b — 100/96/83 Contribution Method *

		Active (Bargained)			Early Retiree			COB / PPO			
		EE	EE+1	EE+2	EE	EE+1	EE+2	EE	EE+1	EE+2 (all Medicare)	EE+2
Members	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
	Plan Year 2016	\$0.00	\$101.49	\$414.13	\$88.71	\$540.88	\$1,161.83	\$0.00	\$127.04	\$263.96	\$747.99
	% Increase	0.00%	-86.40%	-67.70%	-60.09%	-32.08%	-27.79%	0.00%	2.62%	-6.00%	-20.11%
	\$ Increase	\$0.00	(\$644.84)	(\$868.15)	(\$133.59)	(\$255.49)	(\$447.02)	\$0.00	\$3.24	(\$16.85)	(\$188.29)
Employer	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
	Plan Year 2016	\$756.67	\$1,383.43	\$1,691.74	\$845.74	\$1,297.90	\$1,297.90	\$280.66	\$407.70	\$407.70	\$407.70
	% Increase	-25.26%	11.48%	11.48%	-12.21%	-15.58%	-15.58%	3.24%	3.04%	3.04%	3.04%
	\$ Increase	(\$255.74)	\$142.41	\$174.20	(\$117.59)	(\$239.50)	(\$239.50)	\$8.80	\$12.03	\$12.03	\$12.03
Total	Plan Year 2015	\$1,012.41	\$1,987.35	\$2,799.82	\$1,185.63	\$2,333.77	\$3,146.25	\$271.86	\$519.47	\$676.48	\$1,331.95
	Plan Year 2016	\$756.67	\$1,484.92	\$2,105.87	\$934.45	\$1,838.78	\$2,459.73	\$280.66	\$534.74	\$671.66	\$1,155.69
	% Increase	-25.26%	-25.28%	-24.79%	-21.19%	-21.21%	-21.82%	3.24%	2.94%	-0.71%	-13.23%
	\$ Increase	(\$255.74)	(\$502.43)	(\$693.95)	(\$251.18)	(\$494.99)	(\$686.52)	\$8.80	\$15.27	(\$4.82)	(\$176.26)

* Note—The 100/96/83 Contribution Model defines the following payment structure:

- EE Only: City contributes 100% towards total premium for employees selecting Single tier coverage. Members are free of premium charges.
- EE+1: City contributes 96% towards total premium for employees selecting EE+1 tier coverage.
- EE+2: City contributes 83% towards total premium for employees selecting EE+2 tier coverage.
- City contributions are capped at 96% and 83% of corresponding premium of the second-highest-cost plan for EE+1 and EE+2 tiers respectively.
- Members electing EE+1 and EE+2 tiers cover the remaining cost.

VSP Vision: Final Active / Early Retiree / Medicare Monthly Contributions for Calendar Year 2016

Exhibit 6 — Vision Plan Rates

		Active (Bargained)			Retiree		
		EE	EE+1	EE+2	EE	EE+1	EE+2
Rates	Plan Year 2015	\$3.99	\$8.00	\$11.32	\$3.99	\$8.00	\$11.32
	Plan Year 2016	\$4.03	\$8.08	\$11.43	\$4.03	\$8.08	\$11.43
	% Increase	1.06%	1.04%	0.97%	1.06%	1.04%	0.97%
	\$ Increase	\$0.04	\$0.08	\$0.11	\$0.04	\$0.08	\$0.11

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Delta Dental PPO: Final Active / Retiree Monthly Contributions for Calendar Year 2016

Exhibit 7 — Dental PPO Plan Rates

		Active (Bargained)			Retiree		
		EE	EE+1	EE+2	EE	EE+1	EE+2
Rates	Plan Year 2015	\$65.95	\$138.49	\$197.84	\$45.68	\$90.87	\$135.63
	Plan Year 2016	\$64.02	\$134.44	\$192.05	\$42.94	\$85.42	\$127.49
	% Increase	-2.93%	-2.92%	-2.93%	-6.00%	-6.00%	-6.00%
	\$ Increase	(\$1.93)	(\$4.05)	(\$5.79)	(\$2.74)	(\$5.45)	(\$8.14)

847

Delta Care USA : Final Active / Retiree Monthly Contributions for Calendar Year 2016

Exhibit 8 — Delta HMO Plan Rates

		Active (Bargained)			Retiree		
		EE	EE+1	EE+2	EE	EE+1	EE+2
Rates	Plan Year 2015	\$26.95	\$44.46	\$65.76	\$32.85	\$54.21	\$80.19
	Plan Year 2016	\$26.95	\$44.46	\$65.76	\$32.85	\$54.21	\$80.19
	% Increase	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	\$ Increase	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

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Pacific Union Dental: Final Active / Retiree Monthly Contributions for Calendar Year 2016

Exhibit 9 — Dental HMO Plan Rates

	Active (Bargained)			Retiree		
	EE	EE+1	EE+2	EE	EE+1	EE+2
Rates						
Plan Year 2015	\$27.80	\$45.90	\$67.86	\$16.47	\$27.20	\$40.22
Plan Year 2016	\$27.80	\$45.90	\$67.86	\$16.47	\$27.20	\$40.22
% Increase	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
\$ Increase	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

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Life and Long Term Disability (LTD) Plan Year 2016 Aggregate Costs

Exhibit 10 — Life and LTD Plan Rates

Plan Type	Plan Year 2015	Plan Year 2016	% Increase	\$ Increase
Basic Life	\$316,000	\$900,000	185%	\$584,000.00
Supplemental Life / Dependent Life	\$77,000	\$220,000	186%	\$143,000.00
Long Term Disability	\$5,687,000	\$6,700,000	18%	\$1,013,000.00
Total Annual Estimated Cost	\$6,080,000	\$7,820,000	29%	\$1,740,000.00

Note—Life and long term disability premiums remain unchanged from the 2015 rates; however the 2015 MOU negotiations greatly increased the number of covered employees. The aggregate life and LTD plan cost for the 2016 plan year is projected at \$7.8 million, with \$0.2 million in member contributions and \$7.6 million in employer contributions.

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Medicare Advantage NPPO (UHC)

Exhibit 11 — UHC NPPO Rate Card

City and County of San Francisco—2016 Health Plan Renewals
The City Plan—National PPO Medicare Advantage Program—Rates January 1, 2016 – December 31, 2016

NPPO	Retiree with Medicare	Retiree and Spouse with Medicare	Retiree and Family (all Medicare)	Retiree and Family
Premium	\$305.12	\$610.24	\$915.36	\$1,497.32
Vision Expense	\$4.03	\$8.08	\$11.43	\$11.43
Expense	\$2.05	\$2.05	\$2.05	\$2.05
Total	\$311.20	\$620.37	\$928.84	\$1,510.80
10-County Amount (early retirees and retirees only) ¹	\$311.20	\$0.00	\$0.00	\$0.00
Single Retiree Offset ²	\$0.00	\$311.20	\$311.20	\$311.20
"Actuarial Difference" ³	\$0.00	\$0.00	\$0.00	\$0.00
Prop. E Subsidy ⁴	\$0.00	\$154.59	\$154.59	\$154.59
Subtotal City Contributions	\$311.20	\$465.78	\$465.78	\$465.78
Non-Bargained Contribution Rate	\$0.00	\$154.59	\$463.06	\$1,045.02
Final Member / Retiree Contribution 2016	\$0.00	\$154.59	\$463.06	\$1,045.02

Notes:

- 1) "10 County" City Contribution: Per Charter Section A8.423, the employer contribution must equal the average of the employer contribution to health premiums of the 10 most populous counties in California, not including San Francisco.
- 2) "Single Retiree Offset": Per Charter Section A8.428, for retirees = 10 County Amount; for Medicare eligible retirees = Medicare premium (because it is lower than 10 County Amount).
- 3) Retiree "Actuarial Difference": Per Charter Section A8.428, employer contributes the difference between a single employee and a single non-Medicare retiree cost of premium. Calculated for non-Medicare retiree only.
- 4) Prop. E Subsidy passed in November 2000 election: Per Charter A8.428, employer subsidy for retiree (R) and R+1 = 50% x [Total Rate Cost – 10 County – Actuarial Difference].

CITY AND COUNTY OF SAN FRANCISCO
 MEMBERSHIP ENROLLMENT STATISTICS REPORT

MEDICAL PLAN ENROLLMENT

MEMBERSHIP STATUS	CTYPLN	BLSHLD	BLSHLD ACCESS+	KAISER	WAIVED	DELINQ	TOTAL
ACTIVE Members	625	15,958	0	21,312	3,106	73	41,074
NO MEDICARE	625	15,958		21,312	3,106	73	41,074
MEDICARE A							
MEDICARE B							
MEDICARE AB							
RETIREED Members	5,155	4,063	3,668	10,763	2,137	4	25,790
NO MEDICARE	442		2,418	2,452	1,536	4	6,852
MEDICARE A			3		8		11
MEDICARE B	42		52	65	2		161
MEDICARE AB	4,636	4,063	1,195	8,246	591		18,731
NON-COMPLIANT	35						35
SURVIVING SPOUSE	974	267	222	1,333	384	5	3,185
NO MEDICARE	53		126	193	212	2	586
MEDICARE A							
MEDICARE B	2		4	3	2		11
MEDICARE AB	917	267	92	1,137	170	3	2,586
NON-COMPLIANT	2						2
COMMISSIONERS	5	40	0	30	165	0	240
NO MEDICARE	5	40		30	165		240
MEDICARE A							
MEDICARE B							
MEDICARE AB							
TOTAL MEMBERS	6,759	20,328	3,890	33,438	5,792	82	70,289

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MEDICAL PLAN ENROLLMENT

MEMBERSHIP STATUS	CTYPLN	BLSHLD	BLSHLD ACCESS+	KAISER	WAIVED	DELINQ	TOTAL
SPOUSE/DOM PRT DEPENDENTS OF ACTIVE Members	95	6,320	0	8,098	0	0	14,513
NO MEDICARE	93	6,287		8,066			14,446
MEDICARE A							
MEDICARE B		1					1
MEDICARE AB	2	32		32			66
SPOUSE/DOM PRT DEPENDENTS OF RETIRED Members	1,467	1,264	1,346	3,405	0	0	7,482
NO MEDICARE	254	356	868	1,182			2,660
MEDICARE A							
MEDICARE B	4	3	8	12			27
MEDICARE AB	1,209	904	470	2,211			4,794
NON-COMPLIANT		1					1
SPOUSE/DOM PRT DEPENDENTS OF SURVIVING SPOUSE	0	0	0	0	0	0	0
NO MEDICARE							
MEDICARE A							
MEDICARE B							
MEDICARE AB							
NON-COMPLIANT							
SPOUSE/DOM PRT DEPENDENTS OF COMMISSIONERS	3	11	0	4	0	0	18
NO MEDICARE	3	11		4			18
MEDICARE A							
MEDICARE B							
MEDICARE AB							

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MEDICAL PLAN ENROLLMENT

MEMBERSHIP STATUS	CTYPLN	BLSHLD	BLSHLD ACCESS+	KAISER	WAIVED	DELINQ	TOTAL
CHILD/MINOR DEPENDENTS OF ACTIVE Members	90	10,701	0	14,768	0	0	25,559
NO MEDICARE	90	10,699		14,767			25,556
MEDICARE A							
MEDICARE B							
MEDICARE AB		1		1			2
NON-COMPLIANT		1					1
CHILD/MINOR DEPENDENTS OF RETIRED Members	45	156	646	620	0	0	1,467
NO MEDICARE	40	151	644	607			1,442
MEDICARE A							
MEDICARE B							
MEDICARE AB	5	5	2	13			25
NON-COMPLIANT							
CHILD/MINOR DEPENDENTS OF SURVIVING SPOUSE	5	1	36	45	0	0	87
NO MEDICARE	4	1	36	43			84
MEDICARE A							
MEDICARE B							
MEDICARE AB	1			2			3
NON-COMPLIANT							
CHILD/MINOR DEPENDENTS OF COMMISSIONERS	4	14	0	8	0	0	26
NO MEDICARE	4	14		8			26
MEDICARE A							
MEDICARE B							
MEDICARE AB							
TOTAL DEPENDENTS	1,709	18,467	2,028	26,948	0	0	49,152
MEDICAL PLAN TOTALS	8,468	38,795	5,918	60,386	5,792	82	119,441

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DENTAL PLAN ENROLLMENT

MEMBERSHIP STATUS	DLTDEN	DLCDEN	PUDDEN	WAIVED	DELINQ	TOTAL
ACTIVE Members	28,605	760	304	2,019	57	31,745
RETIRED Members	15,807	1,089	564	8,309	18	25,787
SURVIVING SPOUSE	1,523	181	64	1,400	16	3,184
COMMISSIONERS	61	6	1	171	1	240
TOTAL MEMBERS	45,996	2,036	933	11,899	92	60,956
SPOUSE/DOM PRT DEPENDENTS OF ACTIVE Members	13,946	276	111			14,333
SPOUSE/DOM PRT DEPENDENTS OF RETIRED Members	6,196	412	178			6,786
SPOUSE/DOM PRT DEPENDENTS OF SURVIVING SPOUSE						
SPOUSE/DOM PRT DEPENDENTS OF COMMISSIONERS	21	1				22
CHILD/MINOR DEPENDENTS OF ACTIVE Members	24,562	485	204			25,251
CHILD/MINOR DEPENDENTS OF RETIRED Members	1,448	81	41			1,570
CHILD/MINOR DEPENDENTS OF SURVIVING SPOUSE	99	4	7			110
CHILD/MINOR DEPENDENTS OF COMMISSIONERS	28					28
TOTAL DEPENDENTS	46,300	1,259	541	0	0	48,100
DENTAL PLAN TOTALS	92,296	3,295	1,474	11,899	92	109,056

LTD, LIFE AND FSA PLAN ENROLLMENT

MEMBERSHIP STATUS	LTD	LIFE	DEPFSA	HTHFSA
ACTIVE Members	23,283	18,205	1,042	3,453

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. *Budget & Finance*
- 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):

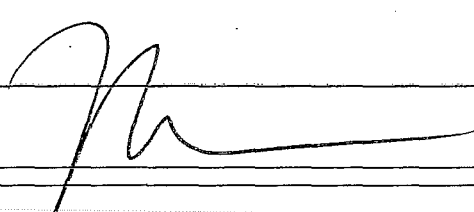
Supervisor Farrell

Subject:

Health Service System Plans and Contribution Rates for Calendar Year 2016

The text is listed below or attached:

Attached

Signature of Sponsoring Supervisor: 

For Clerk's Use Only:

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO

2015 JUN 30 President District 5
BOARD of SUPERVISORS



ORIG: B + F clerk
C: BOS-11, aides, COB,
Leg Dep., Dep. C. Atty,
Meyers
City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-7630
Fax No. 554-7634
TDD/TTY No. 544-5227

London Breed

PRESIDENTIAL ACTION

Date: June 30, 2015

To: Angela Calvillo, Clerk of the Board of Supervisors

Madam Clerk,

Pursuant to Board Rules, I am hereby:

- Waiving 30-Day Rule (Board Rule No. 3.23)

File No. 150645 Farrell
(Primary Sponsor)

Title. Administrative Code - Health Service System

- Transferring (Board Rule No. 3.3)

File No. _____
(Primary Sponsor)

Title. _____

From: _____ Committee

To: _____ Committee

- Assigning Temporary Committee Appointment (Board Rule No. 3.1)

Supervisor _____

Replacing Supervisor _____

For: _____ Meeting
(Date) (Committee)

London Breed, President
Board of Supervisors

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

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

Contractor Information <i>(Please print clearly.)</i>
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:	
<i>Northern California:</i>	
Kaiser Foundation Health Plan, Inc.	
1950 Franklin Street	
Oakland, CA 94612	
 <i>Southern California:</i>	
Kaiser Foundation Health Plan, Inc.	
393 East Walnut Street	
Pasadena, CA 91188	

Date that contract was approved: June 11, 2015 by the Health Service Board	Amount of contract: (Estimated for CY 2016) \$329,691,198
--	--

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

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



Health Service System, City & County of San Francisco
Attachment to Form SFEC-126:
Notification of Contract Approval
May 2015

- **Please list the names of (1) members of the contractor's board of directors.** Here are the members of the Kaiser Foundation Hospitals and Health Plan Board of Directors:

Bernard J. Tyson

Chairman and Chief Executive Officer, Kaiser Permanente

Regina Benjamin, MD, MBA*

Founder and CEO, BayouClinic, and the [NOLA.com/Times Picayune](http://NOLA.com/TimesPicayune) endowed chair of Public Health Sciences, Xavier University of Louisiana

Thomas W. Chapman, MPH, EdD

President and Chief Executive Officer, The HSC Foundation

Jeff Epstein

Operating Partner, Bessemer Venture Partners, and Senior Advisor, Oak Hill Partners

Daniel P. Garcia

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

William R. Graber

Retired Chief Financial Officer, McKesson Corporation

J. Eugene Grigsby, III, PhD

President and Chief Executive Officer, National Health Foundation

Leslie Stone Heisz

Formerly held executive-level roles at Lazard Freres & Co., Wasserstein Perella & Co., Salomon Brothers, and PwC (formerly Price Waterhouse)

David F. Hoffmeister

Former Senior Vice President and Chief Financial Officer, Life Technologies Corporation

Judith A. Johansen, JD

Former President, 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, Consumer Banking Group, First Hawaiian Bank

Meg Porfido, JD

Former member of the management team, Level 3 Communications

Richard P. Shannon, MD

Executive Vice President for Health Affairs, University of Virginia

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

For more information on the members of our Board of Directors, please go to <http://share.kaiserpermanente.org/bio/>.

*effective June 2015

- **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 other members of our National Leadership Team:

Geoffrey S. Sewell, MD, FACP

President and Executive Medical Director, Hawaii Permanente Medical Group; Interim Executive Director, The Permanente Federation, LLC

Gregory A. Adams

Executive Vice President, Kaiser Foundation Hospitals and Health Plan, Inc.; 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, Inc.; Group President, Kaiser Permanente Southern California and Georgia regions; President, Kaiser Permanente Southern California

Richard D. Daniels

Executive Vice President and Chief Information Officer, Kaiser Foundation Hospitals and Health Plan, Inc.

Donna Lynne, DrPH

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

Patrick T. Courneya, MD

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

Arthur M. Southam, MD, MBA, MPH

Executive Vice President, Health Plan Operations

Anthony A. Barrueta

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, Kaiser Foundation Hospitals and Health Plan

Amy Compton-Phillips, MD

Chief Quality Officer, The Permanente Federation, Kaiser Permanente

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. Zemelman

Senior Vice President and General Counsel

Here are the members of our California Leadership Team:

Gregory A. Adams

Executive Vice President, Kaiser Foundation Hospitals and Health Plan, Inc.; 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, Inc.; Group President, Kaiser Permanente Southern California and Georgia regions; President, Kaiser Permanente Southern California

Edward Ellison, MD

Executive Medical Director/Chairman of the Board, Southern California Permanente Medical Group

Robert M. Pearl, MD

Executive Director and CEO, The Permanente Medical Group; President and CEO, Mid-Atlantic Permanente Medical Group

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

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

Contractor Information <i>(Please print clearly.)</i>
Name of contractor: Blue Shield of California
<i>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.</i>
(1) members of the contractor's board of directors: <ul style="list-style-type: none">• Paul Markovich• Robert Lee, Chairman• Doug Busch• Gary Cohen• Evelyn Dilsaver• Helen DuPlessis, M.D., M.P.H.• Hector Flores, M.D.• Alan Fohrer• 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 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.
- **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.
- **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 provides onsite and remote biometric screening services and immunization services.
- **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.
- **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.
- **CareCore/MedSolutions, Inc., Planville CT (2011)** – CareCore/MedSolutions provides prior authorization for spine surgery and interventional pain procedures.

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 11, 2015 by the Health Service Board

Amount of contract: (Estimated for CY 2016)
\$336,750,951

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.

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)

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

Contractor Information <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.

1. The United HealthCare Services, Inc. Directors are :

- | | |
|---|---|
| <ul style="list-style-type: none"> • William C. Ballard, Jr. • Edson Bueno, M.D. • Richard T. Burke • Robert J. Darretta • Stephen J. Hemsley • Michele J. Hooper | <ul style="list-style-type: none"> • Rodger A. Lawson • Douglas W. Leatherdale • Glenn M. Renwick • Kenneth I. Shine, M.D. • Gail R. Wilensky, Ph.D. |
|---|---|

2. The United HealthCare Services, Inc. Officers include:

CEO and President: Stephen J. Hemsley
CFO: David S. Wichmann
COO: Dirk McMahon

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

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

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

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

Contractor Information <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)
<i>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.</i>
(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
R. Kent Farnsworth, DDS 100 First Street San Francisco, CA 94105
Lynn L. Franzoi, 2nd Vice Chair 100 First Street San Francisco, CA 94105
Devang M. Gandhi, DDS, Secretary 100 First Street San Francisco, CA 94105
Roy A. 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
100 First Street
San Francisco, CA 94105

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

Stephen R. Pickering, DDS, **1st 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, **Chair**
100 First Street
San Francisco, CA 94105

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

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

(3)
None

(4)
None

(5)
None

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

Date that contract was approved: June 11, 2015 by the Health Service Board	Amount of contract: (estimated for CY 2016) Delta Dental PPO - <u>Policy Number 1673 – Retirees</u> \$12,629,676 Delta Dental PPO - <u>Policy 9502 – Actives: (Self-funded Claims + Admin.)</u> \$45,553,450 DeltaCare USA – DHMO <u>Policy # 01797 – DeltaCare:</u> \$1,039,054
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

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 Signe

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

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

Contractor Information <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:

- **Careington** augments our national dental network. We have been working with Careington since 2010.
- **Datamatics Global Services** (formerly Tricom) performs data entry of some of our claims in India. We have been working with this company since 2005.
- **Diversified Dental Service** augments our dental networks in Mississippi and Nevada. We have been working with Diversified Dental since 2005.
- **Emdeon** assists with HIPAA transactions and code sets. We have been working with Emdeon since 1997.
- **GfK Custom Research** conducts our member surveys. We have been working with GfK since 2010.
- **P & R Dental Strategies, Inc.** performs utilization review for our commercial dental business. We have been working with P&R since 2005.
- **PPOUSA** adds additional dental providers nationally. We have been working with PPOUSA since 2008.
- **The Premier Dental Group, Inc.** augments our dental network in Minnesota. We have been working with Premier Dental Group since 2007.
- **Scion Dental, Inc.** handles utilization review, and network recruitment. We have been working with Scion since 2009.
- **SourceHOV** (formerly HOV Services) receives and images paper claims. UnitedHealth Group has used this subcontractor since 1998 and we began using them for dental claims in 2005.
- **Southland Benefit Solutions, LLC**, provides our network lease in Alabama.
- **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.
- **The TriZetto Group, Inc.** supports and maintains our claims system. We have been working with TriZetto since 2002.
- **Verisk Health** performs special investigating unit (SIU) services in support of the fraud, waste and abuse program. We have been working with this company since 2012.

In addition, due to the nature of UnitedHealth Group's corporate structure, some functions are handled by affiliates.

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:
June 11, 2015 by the Health Service Board

Amount of contract estimated:
 (estimated for CY 2016)
 \$310,000

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

 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)**

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

Contractor Information <i>(Please print clearly.)</i>
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) *Randy D. Lee, O.D., Dan Mannen, O.D., F.A.A.O., Jim Winnick, O.D., F.A.A.O., Ryan Wineinger, O.D., Stuart J. Thomas, O.D., Matthew Alpert, O.D., Mark Bronstein, M.D., Walter Grubbs, Fred Howard, Gordon W. Jennings, O.D., Rob Lynch, President & CEO, Leslie A. Murphy, CPA, Ron Reynolds, O.D., Gary Sheppard, J.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 corporation*
- 4) *not applicable*
- 5) *not applicable*

Contractor address: 3333 Quality Drive, Rancho Cordova, CA 95670

Date that contract was approved: June 11, 2015 by the Health Service Board	Amount of contract:(estimated for CY 2016) \$5,031,738
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Describe the nature of the contract that was approved:
Vision insurance

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

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

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

Contractor Information *(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
 - Olympia J. Snowe, Chairman and Chief Executive Officer, Olympia Snowe, LLC, Former U. S. Senator
- (2) Contractor (Aetna) Chief Executive Officer/Chief Financial Officer/Chief Operating Officer
- Mark T. Bertolini Chairman, Chief Executive Officer
 - Karen S. Rohan, President
 - 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:
July 3, 2012 by the Health Service Board for CY 2013, 2014, 2015 and 2016 Rates (4-year rate lock)

Amount of contract: (estimated for CY 2016)
Life (basic): **\$900,000**
Life (Supplemental): **\$220,000**
Long Term Disability(LTD): **\$6,700,000**
TOTAL: \$8,020,000

Describe the nature of the contract that was approved:
**1.) Basic Group Life and Supplemental Life, and;
2.) Long Term Disability Insurance**

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

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