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June 16, 2023

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

RE: January 1, 2024 to December 31, 2024 Health, Life Insurance, and Long-Term Disability Plan Benefits, Rates and Contributions

Honorable Members of the Board of Supervisors:

This letter serves to document our position as the consultant and actuary to the San Francisco Health Service System ("SFHSS") with regard to the completed rates and contribution setting process for SFHSS health, life insurance, and long-term disability plans for the January 1, 2024 to December 31, 2024 plan year. Four employers (referred to as the "Four Employers" in this letter) offer plans through SFHSS, which are documented in this letter, to active employees and retirees:

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

The 2024 plan year rates and contribution setting process was concluded on June 8, 2023 under the direction of the Rates and Benefits Committee ("Committee") of the Health Service Board ("HSB"). This report will reference attached exhibits, as well as tables embedded in this letter.

In our opinion, the rate and contribution determination process for the 2024 plan year was completed in a comprehensive manner. Specifically, it is our professional opinion that:

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

Legislative Update

The Consolidated Appropriations Act (CAA)

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

- Prescription drug and health care spending data submission: Completion of the initial pharmacy transparency data required under section 204 of Title II (Transparency) of Division BB of the CAA which requires insurance companies and employer-based health plans to submit information about prescription drug and health care spending to the Departments of Health & Human Services, Labor, and the Treasury;

- No Surprises Act: Confirming vendor implementation of Title I (the No Surprises Act (NSA)) of Division BB of the Consolidated Appropriations Act, 2021 (CAA 2021) and regulations published in the Federal Register on July 13, 2021 and October 7, 2021.
- Gag Clause Prohibition: Confirming vendors have completed the Gag Clause Prohibition Compliance Attestation (GCPCA) as required under section 201 of Title II (Transparency) of Division BB of the CAA. The law requires certain plans and issuers to submit an attestation of compliance to the Departments of Health & Human Services, Labor, and the Treasury on an annual basis.

Transparency in coverage final rule

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

The Patient Protection and Affordable Care Act (PPACA)

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

PPACA Reporting Requirements

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

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

Reporting started in 2016 with 2015 calendar year information on Forms 1094 and 1095 and remains an annual requirement. SFHSS successfully met this requirement for the 2022 plan year by creating 47,879 IRS forms for distribution to employees and electronic reporting to the IRS in early 2023.

PPACA Legislative Fees

The one ongoing Patient Protection and Affordable Care Act (PPACA) fee which employers are responsible for paying is the Patient Centered Outcomes Research Institute (PCORI) Fee. PCORI remains in effect through 2029 as part of the SECURE Act passed by the federal government in December 2019. The fee is included in fully insured plan premiums, while SFHSS is responsible for payment for self-funded medical plans. The 2024 PCORI fee is expected to be slightly higher than the $3.00 per covered life per year fee in 2023.

Contributions Under the 10-County Survey

Per City Charter Section A8.428, the employer contribution towards medical benefits is determined by the results of a survey of the dollar premium contributions provided by the ten most populous counties in California, excluding San Francisco. In the June 2014 CCSF collective bargaining process, the 10-County Survey (“Survey”) was eliminated for the majority of the CCSF unions in the calculation of premium contributions for active employees in exchange for a percentage-based employee premium contribution. The Survey remains in use as a basis for calculating employer contributions for retirees and some employees in SFHSS health plans. For the 2024 plan year, the 10-County Survey result leads to an increase in average monthly employer contribution determination calculations from $780.76 in 2023 to $805.85 in 2024 (an increase of 3.21%). The full Survey report is contained as

an Appendix to this letter and was presented at the March 23, 2023 HSB meeting (also accessible at sfhss.org). Survey results are illustrated in Exhibit 1 of the adjoining document.

Table 1 — All Four Employers January 1, 2024 to December 31, 2024 Aggregate Medical Plans Cost ($ millions)			
	Aggregate Member Contributions (a)	Aggregate Employer Contributions (b)	Aggregate Plan Cost (a + b)
Current (2023) Rates	**$119.0**	**$861.8**	**$980.8**
Final Renewal (2024) Rates	**$131.1**	**$959.5**	**$1,090.6**
$ Difference	$12.1	$97.7	$109.8
% Difference	10.17%	11.34%	11.19%

Per Table 1 above, we expect an increase in aggregate medical plan costs totaling $109.8 million, or 11.19%, for the SFHSS medical plans (including Basic Plan vision coverage costs and the SFHSS Healthcare Sustainability Fund charge) for the 2024 plan year. This increase in costs will be split between the members and employers with member contributions increasing $12.1 million and employer contributions increasing $97.7 million. These costs are projected based on May 2023 plan enrollment.

Current CCSF Health Plan Employer Contribution Strategy — Active Employees

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

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

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

   b) **Employee Plus One.** For employees with one dependent who elect to enroll in any health plan offered through SFHSS, CCSF shall contribute ninety-three percent (93%) of the total health insurance premium/premium equivalent provided. However, CCSF's contribution shall be capped at ninety-three percent (93%) of the Employee Plus One premium/premium equivalent of the second-highest-cost plan.

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

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

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

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

   c) **Employee Plus Two or More.** For employees with two or more dependents who elect to enroll in any health plan offered through SFHSS, CCSF shall contribute eighty-three (83%) of the total health insurance

premium/premium equivalent provided. However, CCSF's contribution shall be capped at eighty-three percent (83%) of the Employee Plus Two or More premium/premium equivalent of the second-highest-cost plan.

Since the majority of CCSF employees fall into the two contribution models, Aon produced two sets of rate cards, both approved by the HSB for plan year 2024. One rate card specified member contributions under the 93/93/83 model and the other rate card under the 100/96/83 model.

Current CCSF Health Plan Employer Contribution Strategy — Retirees

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

- **10-County Survey Amount.** This first component of the employer contribution is the amount derived from the annual survey described in Charter Section A8.423 of contributions provided by the 10 most populous counties in California, not including San Francisco — called the "average contribution". The 2024 10-County amount is $805.85. If the total cost for Retiree Only for a plan is less than the 10-County Amount, that lower amount becomes the basis for that plan for the 10-County employer contribution portion.
- **"Actuarial Difference".** The second employer contribution component is the "actuarial difference" for a given plan. Under Charter Section A8.428(b)(3), the employers contribute the difference between Active Employee-Only premium and Early Retiree-Only premium.
- **Prop. E Contribution.** The third employer contribution component is the Prop. E contribution amount. Under Charter Section A8.428(b)(3)(iii) and A8.428(c), employer contributions toward Retiree Only and Retiree +1 rates = 50% x [Total Rate Cost – 10-County Amount – "Actuarial Difference"].

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

Table 2 — Retiree Medical Coverage/Employer Contribution For Those Hired On or After January 10, 2009

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

Table 2 — Retiree Medical Coverage/Employer Contribution For Those Hired On or After January 10, 2009	
Years of Credited Service at Retirement	**Percentage of Employer Contribution Established in A8.428 Subsection (b)(3)**
At least 20 years of Credited Service with the Employers; Retired Persons who retired for disability; surviving spouses or surviving domestic partners of active employees who died in the line of duty **(A8.428 Subsection (b)(4))**	100%

Outline of 2024 Health Plan Design and Rating Actions

Below we describe the plan design changes and rating actions that apply to each SFHSS health plan for the 2024 plan year, based on approval actions taken during the recently completed Rates and Benefits cycle by the HSB.

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

The final negotiated rate change for Kaiser Permanente ("Kaiser") active employees, early retirees, and Medicare retirees is an overall increase of 11.7% for plan year 2024. This overall average is generated by a 12.5% premium rate increase for active employees and early retirees in California, and an 6.19% premium rate increase for Medicare retirees in California. There are also small retiree populations (222 covered lives) with Kaiser HMO coverage in the Northwest (Oregon), Washington, and Hawaii regions captured in the overall average Kaiser rating action.

The increase for active employees and early retirees is due to high expense increases incurred by Kaiser Permanente as they face elevated staffing costs and prescription drug costs. The increase for Medicare retirees was primarily due to trend combined with a reduction in the increase in CMS funding from the federal government.

There are no 2024 plan design changes approved for the active employee/early retiree Kaiser plans or the KPSA Medicare plans by the Rates and Benefits Committee and HSB.

The 2024 Kaiser renewal actions result in an overall estimated total cost increase of $57.5 million from 2023 to 2024 for all four employers based on May 2023 membership, of which $45.6 million is attributed to CCSF and $11.9 million is attributed to the other employer groups (e.g., CRT, USD, and CCD).

The aggregate 2024 projected cost for all four employers for Kaiser Permanente based on May 2023 membership is projected at $548.8 million, with $58.8 million in member contributions and $490.0 million in employer contributions. Table 3 (page 13) provides an overview of annualized costs.

The 2024 Kaiser plan rates are illustrated in exhibits 2a-2e in the adjoining document.

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

The BSC plans total cost rates will increase by 14.4% for the BSC Access+ HMO plan, 2.9% for the BSC Trio HMO plan, and 1.7% for the PPO plan into the 2024 plan year. Overall, this produces an aggregate total rate increase of 9.8% for the combination of BSC HMO and PPO plans into the 2024 plan year.

There are no 2024 plan design changes approved for the Access+ HMO, Trio HMO, and PPO-Accolade plans by the Rates and Benefits Committee and HSB.

The aggregate 2024 projected cost for all four employers in the BSC Access+, Trio, and PPO-Accolade plans based on May 2023 BSC plan enrollments is $407.7 million, with $52.9 million in member contributions and $354.8 million in employer contributions based on May 2023 membership. This results in an overall estimated total cost increase of $36.3 million from 2023 to 2024 for all four employers based on May 2023 membership, of which $33.3 million is attributed to CCSF and the remaining $3.0 million is attributed to the other employer groups (e.g., CRT, USD, and CCD). Table 3 (page 13) provides an overview of annualized costs for the Blue Shield HMO and PPO plans combined.

The 2024 BSC flex-funded HMO plan rates are illustrated in exhibits 3a-3b for the Access+ plan and 3c-3d for the Trio plan in the adjoining document. The 2024 BSC PPO-Accolade plan rates are illustrated in exhibits 5a-5d in the adjoining document.

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

The Health Net CanopyCare HMO plan total cost rates will increase by 3.7% into the 2024 plan year. Health Net CanopyCare was introduced as a new health plan option to SFHSS members for the 2022 plan year. Thus, the 2024 plan year will be the third year for the Health Net CanopyCare plan option.

There are no 2024 plan design changes approved for the Health Net CanopyCare HMO plan by the Rates and Benefits Committee and HSB.

Based on the May 2023 membership, the aggregate 2024 projected cost for all four employers in the Health Net CanopyCare HMO Plan for the 2024 plan year is $7.4 million, with $0.7 million in member contributions and $6.7 million in employer contributions. This results in an overall estimated total cost increase of $0.3 million from 2023 to 2024 for all four employers based on May 2023 membership, of which $0.2 million is attributed to CCSF and the remaining $0.1 million is attributed to the other employer groups (e.g., CRT, USD, and CCD).

The 2024 Health Net CanopyCare (flex-funded) HMO plan rates are illustrated in exhibits 4a-4b in the adjoining document.

Rates, Contributions, and Benefits for the UHC Medicare Advantage PPO/Split Retiree Family UHC Non-Medicare PPO and EPO Plans for All Four Employers

As of January 1, 2017, all Non-Kaiser Medicare eligible retirees became covered under the UHC fully insured Medicare Advantage (MA) PPO Plan. In 2024, the total per member rate for this Medicare plan will increase 15.0%. The majority of total plan cost for the MA PPO plan is paid by the federal government—however, recent changes in the government's approach to increase in plan funding has resulted in a reduced level of funding increase into the MA PPO plan (+3.2%) for 2024, relative to aggregate plan cost trend (+6.0%). This difference generates the leveraged premium increase (+15.0%) in the SFHSS premium for 2024.

UHC is the plan administrator of the Non-Medicare PPO plan for individuals who are part of a retiree family where one or more family member is not yet Medicare-eligible and enrolls in the Non-Medicare PPO plan, and one or more family member is Medicare-eligible and enrolls in the UHC MA PPO plan. In addition, UHC is the plan administrator for similarly situated Non-Medicare Split Family members who were previously enrolled in BSC Access+ and Trio HMO plans through its Broad Select Network and Doctors Plan "Exclusive Provider Organization", or EPO, offerings respectively. Plan rates and member contributions for Non-Medicare Split Family covered lives in the three UHC plans offered to these lives in 2024 are the same as corresponding plans offered through BSC as outlined earlier in this document:

- **Non-Medicare Split Family UHC PPO:** same rates and contributions in 2024 as BSC PPO-Accolade.
- **Non-Medicare Split Family UHC Broad EPO:** same rates and contributions in 2024 as BSC Access+ HMO.
- **Non-Medicare Split Family UHC Doctors Plan (Narrow Network) EPO:** same rates and contributions in 2024 as BSC Trio HMO.

There are no 2024 plan design changes approved for the UHC MA PPO and Non-Medicare UHC PPO and EPO plans for Split Family lives by the Rates and Benefits Committee and HSB.

Based on the May 2023 membership, the aggregate 2024 projected cost for all four employers for the UHC plans across active employees, early retirees, and Medicare retirees is projected at $126.7 million, with $18.7 million in member contributions and $108.0 million in employer contributions. This results in an overall estimated total cost increase of $15.8 million from 2023 to 2024 for all four employers based on May 2023 membership, of which $12.6 million is attributed to CCSF and the remaining $3.2 million is attributed to the other employer groups (e.g., CRT, USD, and CCD). Table 3 (page 13) provides an overview of annualized costs for the UHC MA PPO plan as well as the Non-Medicare Split Family covered lives PPO and EPO plans.

The 2024 UHC retiree plan rates are illustrated in the retiree rate columns of exhibits 3a-3b (UHC Broad EPO), 3c-3d (UHC Doctors Plan EPO), and 5a-5d (UHC PPO) in the adjoining document.

Rates and Benefits for the Vision Plans for All Four Employers

Members enrolled in any medical plan offered by SFHSS also receive the Basic Plan vision benefits through Vision Service Plan (VSP). The cost of the Basic Plan vision benefit is a component of the cost of the medical plan and has been included in the rate exhibits referenced above. For the 2024 plan year, Basic Plan rates are remaining at 2023 levels.

There is also a buy-up Premier Plan available to SFHSS members, which was first offered for the 2018 plan year. Members pay the full rate increment between Basic Plan rates and Premier Plan rates. For the 2024 plan year, Premier Plan total premium rates are remaining the at 2023 levels.

Certain employees also have an employer-paid Computer Vision Care benefit, priced at $1.04 per employee per month for 2024. Approximately 19,300 employees have access to this benefit.

There are no 2024 plan design changes approved for the Basic, Premier or Computer Vision Care plans by the Rates and Benefits Committee and HSB.

Based on May 2023 enrollment, the aggregate projected 2024 employer cost for all four employers for the VSP Basic vision plan is $4.88 million (88.0% of total Basic plan rates based on contribution sharing formulas), plus an additional $0.24 million for the Computer Vision Care benefit. The employer portion of vision plan costs are remaining the same from 2023 to 2024. VSP vision plan costs for all four employers are illustrated in Exhibits 6a-6b in the adjoining document.

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

Three dental plans are offered to CCSF/Court active employees and all SFHSS retirees — Delta Dental PPO, DeltaCare USA HMO, and UHC Dental HMO. The Delta Dental PPO plan has a network of preferred providers while the other two plans are dental HMOs with closed panels of providers. Information on proposed 2024 renewal actions follows.

Delta Dental Active Employee PPO Plan (Self-Funded)
The Delta Dental PPO plan for active employees is self-funded and administered by Delta Dental of California (Delta Dental). Future plan costs are projected based on the City employees' claim experience. Delta Dental's administrative fee will increase slightly from 2023 to 2024, to $4.70 per employee per month. Monthly employee contributions for CCSF employees in the Delta Dental PPO plan are $5.00 for the Employee Only tier, $10.00 for the Employee +1 tier, and $15.00 for the Employee +2+ tier.

Due to favorable experience and a higher-than-typical rate stabilization offset, the aggregate total premium equivalent rates for the self-funded active employee Delta Dental PPO plan for active employees are decreasing 6.9% for plan year 2024—a reduction of $2.9 million from 2023 active employee Delta Dental PPO plan rates.

There are no 2024 plan design changes approved for the Delta Dental Active Employee PPO plan by the Rates and Benefits Committee and HSB.

Dental Active Employee HMO Plans (Fully Insured)

Rates for both active employee HMO plans—DeltaCare USA and UnitedHealthcare—are remaining at respective 2023 rate levels into the 2024 plan year. There are no plan changes approved in these dental HMO plans by the Rates and Benefits Committee and HSB. The active employee dental HMOs are fully paid by the employers with no employee contributions.

Delta Dental Retiree PPO Plan (Fully Insured)
The Delta Dental PPO plan for retirees is fully insured with premiums fully paid by retirees with no employer contributions. The Delta Dental Retiree PPO rate increase from 2023 to 2024 is 2.0%.

Dental Retiree Employee HMO Plans (Fully Insured)
Premium rates for the DeltaCare USA HMO plan are increasing 9.1% from 2023 to 2024 as a one-time reduction in 2023 premium rates attributable to a refund from Delta Dental on the DeltaCare USA HMO plan for September 2021 premiums due to pandemic impacts expires after 2023. Premiums for the 2024 plan year for this plan are returning to 2022 premium levels.

Premium rates for the UnitedHealthcare Dental HMO plan are remaining at 2023 rate levels into the 2024 plan year.

There are no plan changes approved in these dental HMO plans by the Rates and Benefits Committee and HSB. The retiree dental HMOs are fully paid by retirees with no employer contributions.

Dental Rates Summary
The 2024 dental plan rates are shown in the adjoining document for the Delta Dental PPO (Exhibits 7a-7b), DeltaCare USA HMO (Exhibits 8a-8b), and UHC Dental HMO (Exhibits 9a-9b) plans.

The aggregate dental plan total cost for active employees for the 2024 plan year is projected at $39.3 million with $3.6 million in member contributions and $35.7 million in employer contributions based on May 2023 enrollment. This results in an overall estimated total dental cost decrease of $2.9 million (6.8%) from 2023 to 2024. Table 3 (page 13) provides an overview of annualized costs.

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

Total premiums for basic life insurance (employer-paid), supplemental life insurance (member-paid), and long-term disability (LTD) insurance (employer-paid) insured through The Hartford Life and Accident Insurance Company are remaining at 2023 rate levels into the 2024 plan year.

The aggregate employer cost for the basic life insurance and LTD plans for the 2024 plan year is projected at $6.5 million. This includes $5.1 million in total LTD premiums and $1.4 million in basic life premiums. Additionally, there is $0.8 million in projected member-paid 2024 supplemental life insurance premium. Annualized overall premiums are shown in Exhibit 10 in the adjoining document.

Summary of Projected 2024 Plan Year Costs

Table 3 below summarizes projected 2024 aggregate SFHSS plan costs across the plans available to active employees and retirees relative to 2023 projections for those plans where the employers subsidize the total plan cost. VSP Basic Plan (vision) costs are included in the medical plans' costs.

TABLE 3 — ALL FOUR EMPLOYERS Distribution of Aggregate Plan Costs ($millions)					
	Aggregate Member Contributions (a)	Aggregate Employer Contributions (b)	Aggregate Plan Cost (a + b)	Member Contributions as a % of Aggregate Costs	Employer Contributions as a % of Aggregate Costs
Kaiser HMO	**$58.8**	**$490.0**	**$548.8**	**10.71%**	**89.29%**
$ Change	$6.6	$50.9	$57.5		
% Change	12.56%	11.60%	11.70%		
BSC HMOs/PPO	**$52.9**	**$354.8**	**$407.7**	**12.98%**	**87.02%**
$ Change	$3.7	$32.6	$36.3		
% Change	7.42%	10.12%	9.76%		
Health Net CanopyCare HMO	**$0.7**	**$6.7**	**$7.4**	**9.37%**	**90.63%**
$ Change	$0.0	$0.2	$0.3		
% Change	3.68%	3.67%	3.67%		
UHC MA PPO / Splits N-M Plans	**$18.7**	**$108.0**	**$126.7**	**14.76%**	**85.24%**
$ Change	$1.8	$13.9	$15.8		
% Change	10.95%	14.78%	14.20%		
Dental	**$3.6**	**$35.7**	**$39.3**	**9.17%**	**90.83%**
$ Change	$0.0	-$2.9	-$2.9		
% Change	0.00%	-7.43%	-6.80%		
LTD Insurance	**$0.0**	**$5.1**	**$5.1**	**0.00%**	**100.00%**
$ Change	$0.0	$0.0	$0.0		
% Change	0.00%	0.00%	0.00%		
Life Insurance	**$0.8**	**$1.4**	**$2.2**	**35.86%**	**64.14%**
$ Change	$0.0	$0.0	$0.0		
% Change	0.00%	0.00%	0.00%		
Total	**$135.5**	**$1,001.6**	**$1,137.2**	**11.92%**	**88.08%**
$ Change	$12.1	$94.8	$106.9		
% Change	9.79%	10.46%	10.38%		

NOTES: *Figures vary due to rounding; dental costs reflect active employees only (retiree-pay-all dental plan costs not included).*

This year's projected aggregate medical cost increase of 11.19% (see page 3) is above average national benchmark levels for health care cost trend. The "2023 Health Care Trend Survey" published by Aon indicates combined medical/pharmacy expected cost increases of 7%. This result is primarily driven by high rate increases for the BSC Access+ HMO plan (elevated plan experience), Kaiser HMO plan (elevated labor costs within Kaiser Permanente system as well as elevated prescription drug costs), and UHC Medicare Advantage PPO plan (lower increase in federal government funding of overall plan costs than typical in prior years).

Conclusion

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

Sincerely,

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

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

AON

Appendix — CCSF Costs Only

TABLE 3a — CITY AND COUNTY OF SAN FRANCISCO ONLY (CCSF) Distribution of Aggregate Plan Costs ($millions)					
	Aggregate Member Contributions (a)	Aggregate Employer Contributions (b)	Aggregate Plan Cost (a + b)	Member Contributions as a % of Aggregate Costs	Employer Contributions as a % of Aggregate Costs
Kaiser HMO	**$48.0**	**$386.2**	**$434.2**	**11.06%**	**88.94%**
$ Change	$5.4	$40.2	$45.6		
% Change	12.63%	11.63%	11.74%		
BSC HMOs/PPO	**$47.9**	**$318.5**	**$366.4**	**13.08%**	**86.92%**
$ Change	$3.4	$29.9	$33.3		
% Change	7.74%	10.36%	10.01%		
Health Net CanopyCare HMO	**$0.6**	**$5.5**	**$6.1**	**9.40%**	**90.60%**
$ Change	$0.0	$0.2	$0.2		
% Change	3.68%	3.67%	3.67%		
UHC MA PPO / Splits N-M Plans	**$16.0**	**$85.5**	**$101.5**	**15.79%**	**84.21%**
$ Change	$1.5	$11.0	$12.6		
% Change	10.68%	14.78%	14.11%		
Dental	**$3.6**	**$35.3**	**$38.8**	**9.17%**	**90.83%**
$ Change	$0.0	-$2.8	-$2.8		
% Change	0.00%	-7.44%	-6.80%		
LTD Insurance	**$0.0**	**$5.0**	**$5.0**	**0.00%**	**100.00%**
$ Change	$0.0	$0.0	$0.0		
% Change	0.00%	0.00%	0.00%		
Life Insurance	**$0.8**	**$1.4**	**$2.2**	**35.86%**	**64.14%**
$ Change	$0.0	$0.0	$0.0		
% Change	0.00%	0.00%	0.00%		
Total	**$116.9**	**$837.3**	**$954.2**	**12.25%**	**87.75%**
$ Change	$10.4	$78.5	$88.9		
% Change	9.76%	10.34%	10.27%		

NOTES: *Figures vary due to rounding; dental costs reflect active employees only (retiree-pay-all dental plan costs not included).*