

File No. 120050

Committee Item No. 6

Board Item No. 13

## COMMITTEE/BOARD OF SUPERVISORS

### AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee

Date: February 1, 2012

Board of Supervisors Meeting

Date 2/7/12

#### Cmte Board

<input type="checkbox"/>	<input type="checkbox"/>	Motion
<input type="checkbox"/>	<input type="checkbox"/>	Resolution
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Ordinance
<input type="checkbox"/>	<input type="checkbox"/>	Legislative Digest
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Budget & Legislative Analyst Report
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Ethics Form 126
<input type="checkbox"/>	<input type="checkbox"/>	Introduction Form (for hearings)
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Department/Agency Cover Letter and/or Report
<input type="checkbox"/>	<input type="checkbox"/>	MOU
<input type="checkbox"/>	<input type="checkbox"/>	Grant Information Form
<input type="checkbox"/>	<input type="checkbox"/>	Grant Budget
<input type="checkbox"/>	<input type="checkbox"/>	Subcontract Budget
<input type="checkbox"/>	<input type="checkbox"/>	Contract/Agreement
<input type="checkbox"/>	<input type="checkbox"/>	Award Letter
<input type="checkbox"/>	<input type="checkbox"/>	Application

#### OTHER

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Completed by: Victor Young

Date: January 27, 2012

Completed by: Victor Young

Date: 2-2-12

An asterisked item represents the cover sheet to a document that exceeds 25 pages. The complete document is in the file.

[Administrative Code - Health Service System Plans and Contribution Rates]

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

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

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

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

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

Changes in contribution rates adopted by the Health Service Board, as respects the plans of the Health Service System, to become effective on ~~July 1, 2011~~July 1, 2012 for the ~~fiscal six-month plan year July 1, 2011~~July 1, 2012 through ~~June 30, 2012~~December 31, 2012, approved by the Health Service Board in actions taken by it on ~~January 13, 2011~~January 12, 2012, which plans and contribution rates are on file with the Clerk of the Board of Supervisors, are hereby approved.

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

By:

Erik Rapoport  
Erik Rapoport  
Deputy City Attorney

<b>Items 5 and 6</b> <b>Files 12-0051 and 12-0050</b>	<b>Department</b> Health Service System (HSS)
<b>EXECUTIVE SUMMARY</b>	
<p style="text-align: center;"><b>Legislative Objective</b></p> <ul style="list-style-type: none"> <li>The proposed ordinance (File 12-0050) would amend Section 16.703 of the City's Administrative Code, to (a) approve the FY 2012-13 health plans offered by the Health Service System (HSS) to its members, and (b) set employer and member contributions for the monthly health plan premiums for the first six months of FY 2012-13, from July 1, 2012 to December 31, 2012 (Short Year).</li> <li>The proposed resolution would approve the FY 2012-13 employer's health plan premium contribution of \$522.97 per member per month. The monthly employer contribution is based on the results of the ten-county survey conducted by the Health Service Board (HSB), as required by the Charter.</li> </ul>	
<p style="text-align: center;"><b>Fiscal Impact</b></p> <ul style="list-style-type: none"> <li>Pursuant to approval by voters of Proposition C on November 8, 2011, the HSB approved a change in the plan year from a fiscal plan year to a calendar plan year, starting January 1, 2013. HSB is proposing a one-time six month plan year of July 1, 2012 to December 31, 2012. The HSB will conduct another ten-county survey of employer contributions and will consider new health plans, benefits, and premiums for calendar year 2013 at its May 2012 meeting. The new health plans, benefits, and premiums will be presented to the Board of Supervisors for approval in June, 2012.</li> <li>Based on the results of the ten-county survey conducted by the Health Service Board, the employer's FY 2012-13 contribution to the health plan premium is \$522.97 per member per month, which is an increase of \$19.03 or 3.78 percent from the FY 2011-12 employer's contribution of \$503.94 per member per month.</li> <li>According to HSS, the total costs for all health plans for the first six months of FY 2011-12 is \$351.3 million.</li> </ul>	
<p style="text-align: center;"><b>Policy Issues</b></p> <ul style="list-style-type: none"> <li>Under Proposition C, in order to reduce health plan costs, (a) elected officials and City employees who were hired after January 1, 2009 are required to contribute up to one percent of their compensation toward retiree health benefits to be matched by the City; and (b) for former elected officials and City employees, who (i) left City employment prior to June 30, 2001 and who have already retired or retire after January 6, 2012, and (ii) who had previously vested in retiree health benefits, the City contribution to the health plan premium remains at the same contribution level as on the date when the former elected officials or City employees left City employment. According to Ms. Catherine Dodd, Director of the Health Service System, implementation of Proposition C has not yet reduced the City's costs for health plan premiums.</li> </ul>	
<p style="text-align: center;"><b>Recommendations</b></p> <ul style="list-style-type: none"> <li>Approve the proposed ordinance and resolution.</li> </ul>	

**MANDATE STATEMENT/BACKGROUND**

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

HSB adopts the annual health plans and the health plan premiums 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 (CCD), 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 employees, and other legal dependents.

Under Section A8.423 of the City Charter, HSB is required to (a) conduct a survey of the ten most populous California counties each year, excluding San Francisco, and (b) determine and set the health plan premiums. The employer's contribution to the health plan premiums for each plan member is equal to the average of the contributions made by each of the ten counties.

**Proposition C**

San Francisco voters approved Proposition C on November 8, 2011, to reduce the City's costs for pensions and retiree health plans. Under Proposition C,

- Elected officials and City employees, who were hired on or before January 9, 2009 must contribute up to one percent of their compensation toward their retiree health care, with a matching one percent contribution by the City; and
- For former elected officials and City employees, who (a) left City employment prior to June 30, 2001 and who retired or will retire after January 6, 2012, and (b) who had previously vested in retiree health benefits, the City contribution to the health plan premium remains at the same contribution level as on the date when the former elected official or City employee left City employment.

Proposition C (1) removes the requirement that the Health Service System offer at least one plan that allows plan members to choose whichever licensed medical provider that City employees want; and (2) allows the Health Service Board to expend monies on ways to limit health care costs.

Proposition C also allowed the HSB to change the plan year from a fiscal plan year (July 1 through June 30) to a calendar plan year, (January 1 through December 31). The Board of

Supervisors previously approved the health plan premiums, benefits, and employer and member contributions toward monthly premiums for the fiscal plan year from July 1, 2011 through June 30, 2012 (Files 11-0069 and 11-0076). In order to change the plan year from a fiscal plan year to a calendar plan year as required by Proposition C, the Health Service Board approved health plan premiums, benefits, and employer and member contributions for the Health Service System's health, dental, and vision plans for the remaining six months of the calendar year, from July 1, 2012 through December 31, 2012.

According to Ms. Tracey Loveridge, HSS Chief Financial Officer, changing the plan year from a fiscal plan year to a calendar plan year allows HSS to: (a) align more closely with the timing of collective bargaining; (b) improve administration related to Flexible Spending Accounts and IRS rules, (c) streamline processing associated with potential Medicare reimbursement, and (d) negotiate reduced rates with health plan insurers.

According to Ms. Loveridge, the HSB will conduct another ten-county survey of employer contributions and will consider new health plans, benefits, and premiums for calendar plan year 2013 at the HSB May 2012 meeting and submit these new health plans, benefits, and premiums for calendar plan year 2013 for Board of Supervisors approval in June 2012.

## DETAILS OF PROPOSED LEGISLATION

File 12-0050: The proposed ordinance would amend Section 16.703 of the City's Administrative Code to (a) approve the FY 2012-13 health plans offered by the Health Service System (HSS) to its members, and (b) set the employer's and members' contributions toward the monthly City Health Plan, Kaiser Foundation Health Plan, and Blue Shield of California premiums for the first six months of FY 2012-13, from July 1, 2102 through December 31, 2102 (the Short Year).

The Health Service Board approved the above noted plans and employer's and members contributions toward monthly premiums on January 12, 2012.

File 12-0051: The proposed resolution would approve the FY 2012-13 employer's health plan premium contribution of \$522.97 per member per month, which is an increase of \$19.03 or 3.8 percent from the FY 2011-12 employer's contribution of \$503.94 per member per month. The proposed FY 2012-13 employer's monthly contribution is based on the results of the ten-county survey, as shown in Attachment I, provided by HSS.

### Proposed Monthly Premiums and Benefits for the Health Plans and Vision Plans

In the first six months of FY 2012-13 (July 1, 2012 through December 31, 2012), HSS will continue to offer three health plans, including one self-funded health plan, the City Health Plan, and two plans provided through third-party insurers, Kaiser Foundation Health Plan ("Kaiser") and Blue Shield of California ("Blue Shield"). The City Health Plan is a preferred provider organization, or PPO, which provides services through a network of providers. Both Kaiser and Blue Shield are health maintenance organizations, or HMOs, which provide services through a closed panel of providers. HSS will also offer one vision plan provided through a third-party insurer, VSP Vision.

As of January 1, 2012, there are approximately 57,643 active and retired HSS members who currently receive health benefits, as shown in Table 1 below.<sup>1</sup>

**Table 1: Active and Retired HSS Members**

	Active City, SFUSD, CCD, and Superior Court Employees	Retired Active City, SFUSD, CCD, and Superior Court Employees	Total	Percent
City Health Plan	1,051	5,356	6,407	11.1%
Kaiser	18,087	9,836	27,923	48.4%
Blue Shield	16,674	6,639	23,313	40.4%
<b>Total</b>	<b>35,812</b>	<b>21,831</b>	<b>57,643</b>	<b>100.0%</b>

Source: Health Service System, as of January 1, 2012

Monthly Premium Increases for the Employer and Employees: Both the employer and members contribute to the total monthly health plan premium. The proposed monthly health plan premiums for the six month period July 1, 2012 through December 31, 2012 (the Short Year) for the three health plans and the vision plan are shown in Table 2 below for single employees (without dependents). Additional premium information for active and retired employees is further detailed in Attachment II, provided by HSS. Members enrolled in one of the three HSS health plans also receive vision benefits. The monthly VSP Vision premium for employees is included in the total monthly premium for each of the three health plans, shown in Table 2 and in Attachment II.

**Table 2: Comparison of FY 2011-2012 and FY 2012-2013 (Short Year) for the Medical and Vision Monthly Premiums for Single Employees (without Dependents)**

	Proposed July through December 2012 (Short Year)	FY 2011- 2012	Increase	Percent Change
City Health Plan	\$1,237.46	\$1,110.87	\$126.59	11.4%
Kaiser	\$530.01	\$505.22	\$24.79	4.9%
Blue Shield	\$608.43	\$589.40	\$19.09	3.2%

Source: Health Service System

<sup>1</sup> HSS has a total of approximately 110,597 members, including active and retired employees, resigned employees, surviving spouses, and dependents.

As noted on page 1 of the January 20, 2012 memorandum to the Board of Supervisors from Aon Hewitt (Attachment III), the HSS consultant and actuary, the "premium equivalents set for the HSS self-funded programs: City Plan and Active Dental benefits, represent our best estimate of future expenditures based on the information available at the time they were developed, and existing Trust Fund assets are expected to be sufficient to protect the HSS trust against adverse claims experience".

Also as noted on page 1 of Aon Hewitt's January 20, 2012 memorandum, "The insured premiums and administrative fees agree with HHS's vendor's final rates and represent a fair price given the services provided and the risks insured".

According to Aon Hewitt, Blue Shield confirmed that an \$18.9 million credit from Blue Shield was due to the Health Service System. HSS elected to use \$5,191,691 of this credit for the six month Short Year from July 1, 2012 through December 31, 2012 to reduce the Blue Shield monthly premium increase from approximately 7.0 percent, which would have occurred without the \$5,191,691 credit, to 3.8 percent, as shown in Table 3 below.

Design Changes for HMOs and City Plan: In addition to the move from a fiscal year plan to a calendar plan year, HSS is making several changes in each of the three health plans as noted on pages two and three of Attachment III, because "certain elements of [the current] plan design were not aligned with similar employers and did not reflect the impact from the continued high healthcare trends"

- For the Kaiser plan, the HSB adopted increases for copayments for office visits and outpatient surgery.
- For the Blue Shield plan, HSB adopted copay increases for office visits, outpatient surgery, inpatient surgery, retail pharmacy, mail order pharmacy, and the out of pocket maximum.
- For the City Plan, HSB adopted a network change from the Options PPO to the Open Choice PPO and inclusion of specialty drug management in pharmacy management. The change from Options to Open Choice allows members access to the same doctors and hospitals but results in a smaller rate increase than would have occurred otherwise.

According to the Aon Hewitt January 20, 2012 memorandum (Attachment III), plan modifications were made to all three plans to comply with SB 946 (The Autism Insurance Reform Bill) which requires insurance companies to provide coverage of behavior therapy for autism spectrum disorder as a medical benefit. The increased Kaiser premium reflects in part an adjustment needed to comply with SB 946. No premium adjustments were needed for compliance with SB 946 for Blue Shield or the City Plan.

Monthly Premium Increases for the Employer: The increases to the monthly premiums for single employees (without dependents) of the three health plans, as shown in Table 2 above, are shared by both the employer and the members. As shown in Table 3 below and further detailed in the 10-County Survey Results (Attachment I), provided by HSS, the monthly increase to the

employer's contribution is \$19.03 or 3.78 percent, from \$503.94 in FY 2011-12 to \$522.97 in FY 2012-13, as shown in Table 3 below.

As shown in Table 3 below, there will be increases in employee contributions for both Kaiser and the City Health Plan. Because the HSB has opted to use \$5,191,691 of the \$18.9 million credit owed to the HSS by Blue Shield to stabilize Blue Shield premiums, there will be no increase for Blue Shield in the employee contributions for single employees for the six month Short Year period July 1, 2012 through December 31, 2012.

**Table 3: Comparison of Employer and Employee Contributions to Health and Vision Plan Monthly Premiums for Single Employees, FY 2011-12 and FY 2012-13 (Short Year)**

	Total	Employee				Employer			
	Proposed July 1, 2012 through Dec 31, 2011	Proposed July 1, 2012 through Dec 31, 2011	FY 2011-12	Increase	Percent Increase	Proposed July 1, 2012 through Dec 31, 2011	FY 2011-12	Increase	Percent Increase
City Health Plan	\$1,237.46	\$714.49	\$606.93	\$107.56	17.7%	\$522.97	\$503.94	\$19.03	3.8%
Kaiser	\$530.01	\$7.04	\$1.28	\$5.76	450.0%	\$522.97	\$503.94	\$19.03	3.8%
Blue Shield	\$608.43	\$85.46	\$85.46	\$0.00	0.0%	\$522.97	\$503.94	\$19.03	3.8%

Source: Health Service System

### Proposed Monthly Premiums and Benefits for the Dental Plans

In the six month Short Year period July 1, 2012 through December 31, 2012, HSS will offer three dental plans including one PPO plan, the Delta Dental, and two HMO plans, DeltaCare USA and UHC Dental. The Delta Dental Plan is a dental PPO with a network of preferred providers. The Delta Dental plan is (a) self-insured through HSS for active members and (b) fully insured for retirees. The DeltaCare USA and UHC Dental Plans are dental HMOs with a closed panel of providers and are fully insured plans. Retirees pay for their individual dental coverage, such that there is no employer contribution for retiree dental plans.

The City and the Superior Court as employers (but not the San Francisco Unified School District and the Community College District), pay the dental plan premiums for active members. The employer contributes the average cost of employees' monthly dental plan premiums. As shown in Table 4 below, the employer's contribution for dental benefits in the six-month Short Year from July 1, 2012 through December 31, 2012 would remain the same as the current contribution at \$137.70. According to Ms. Loveridge, although there were changes to tiers within the Delta Dental PPO for active members, the overall *aggregate* rates across all HSS dental plans, including self-insured and the two HMO plans remain, unchanged due to negotiated rate guarantees. Therefore, the composite dental rate for the six month, Short Year from July 1, 2012 through December 31, 2012 remains unchanged from the FY 2011-12.



**Table 4: Comparison of FY 2011-2012 and FY 2012-2013 Short Year for the Dental Monthly Premiums for Single Employees**

	Proposed July through December 2012 (Short Year)	FY 2011-2012	Increase	% Change
Delta Premier, DeltaCare USA and UHC Dental.	\$137.70	\$137.70	\$0.00	0%

Source: Health Service System

**FY 2012-13 (Short Year) Contingency and Stabilization Policies and Amounts**

In October 2007, the Health Service Board approved policies designating a portion of the Health Service System Trust Fund balance to: (a) provide contingencies for HSS's self-funded City Health Plan and self-funded employee dental plan and (b) stabilize the City Health Plan and employees' dental plan premium increases by including prior years' premium revenue surpluses or shortfalls when calculating required premiums in the new plan year.

Contingency Fund: According to Ms. Loveridge, the Contingency Fund is the targeted level of net assets available for health benefits. The HSS' "reserving and contingency margin policy" requires the Contingency Fund to be revisited at least once every three years. In its most recent resetting of the reserve amount, Aon Hewitt, the actuary for HSS, reset the reserve amount for the three year period from FY 2010-11 through FY 2012-13, based on statistical modeling instead of the Risk Based Capital approximation approach used in previous evaluations. The result is an estimated reserve of \$7,200,000 for the City Plan and \$3,700,000 for the Dental Plan (Delta Dental PPO for active members only) as of June 30, 2011, as shown in Table 5 below.

**Table 5: Contingency Fund**

	City Health Plan	Dental Plan	Total	Increase (Decrease) from Prior Year	Percent Change
FY 2009-2010	\$10,700,000	\$3,100,000	\$13,800,000	\$600,000	4.5%
FY 2010-2011	\$7,200,000	\$3,700,000	\$10,900,000	(\$2,900,000)	(21.0%)
FY 2011-2012	\$7,200,000	\$3,700,000	\$10,900,000	\$0	0.0%
FY 2012-2013	\$7,200,000	\$3,700,000	\$10,900,000	\$0	0.0%

Source: Health Service System

Stabilization Policy: In addition to the Contingency Fund, the Health Service Board has adopted a stabilization policy. Under this stabilization policy, HSS will incorporate the City Health Plan's actual premium revenue, surpluses, or shortfalls from a prior audited year, over a period of three years, when calculating required premiums in the new plan year.

In FY 2011-12 the Health Service Board approved a \$1,000,000 shortfall stabilization amount for the City Health Plan. This stabilization amount of \$1,000,000 was included when calculating the employees' contributions toward monthly premiums for FY 2011-12. The Health Service System has calculated and the Health Service Board has approved a \$1,011,000 shortfall stabilization amount for FY 2012-13. This \$1,011,000 stabilization amount has been incorporated into the calculations for determining the initial FY 2012-13 employees' contributions toward monthly premiums.

## FISCAL ANALYSIS

Table 6 below compares the total costs for the City Health Plan, Kaiser, Blue Shield and dental coverage for all HSS members, including SFUSD, CCD, Superior Court, and the City for a six-month period in FY 2011-12 to the six-month (Short Year) period in FY 2012-13.

**Table 6: Comparison of Total Health Plan Costs<sup>2</sup>**

FY 2011-12 (six month period)	\$339.7 million
FY 2012-13 (July 1, 2012 through December 31, 2012)	\$351.3 million
Cost Increase	\$11.6 million
Percentage Increase	3.4%

As shown in Table 6 above, according to HSS, the total costs for all health plans for the first six months of FY 2011-12 is \$339.7 million

As a result of the passage of Proposition C and the subsequent move from a fiscal year plan to a calendar year plan, the recently determined employer contribution of \$522.97 only applies to the Short Year period of July 1, 2012 through December 31, 2012. HSS will conduct another ten county survey to determine a new employer contribution for the Calendar Year 2013. According to Ms. Loveridge, HSS anticipates only a modest change in the employer contribution level given the brief period between the two surveys. HSS will submit health plans, benefits, and premiums for calendar plan year 2013 to the Board of Supervisors for approval in June 2012.

### Health Service System Trust Fund Balance

The FY 2010-11 financial audit, conducted by a private auditing firm, KPMG LLP, found that the Health Service System Trust Fund as of June 30, 2011 had increased by \$13.3 million or 93.7 percent, compared to June 30, 2010, as shown below.

<sup>2</sup> In order to compare FY 2011-12 total costs to costs for the one-time six-month FY 2012-2013 from July 1, 2012 through December 31, 2012, HSS divided the FY 2011-12 cost estimate of \$679.4 million by two, resulting in a cost estimate of \$339.7 million

Health Service System Trust Fund Balance

Fund Balance as of June 30, 2011 <sup>3</sup>	\$27,500,000
Fund Balance as of June 30, 2010	<u>\$14,200,000</u>
Increase (93.7 percent)	\$13,300,000

According to the KPMG FY 2010-11 financial audit, this increase in the Trust Fund balance resulted from a decrease of \$3 million in the City Health Plan, (b) a \$10.7 million increase in the Blue Shield and Kaiser plans, (c) \$3.8 million increase in the dental plans, and (d) a \$1.8 million from trust fund interest income, and performance guarantee penalties and forfeitures.

**POLICY ISSUES**

As noted above, Proposition C, approved by the voters on November 8, 2011, made changes to employee and retiree health plan contributions and benefits to achieve cost savings. According to Ms. Catherine Dodd, Director of the Health Services System, implementation of Proposition C has not yet resulted in a reduction of costs or premium rates to employees.

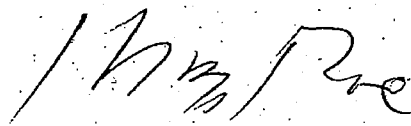
Ms. Dodd anticipates that implementation of the Proposition C provision that allows HSS to expend monies on ways to limit health care costs may eventually result in new funding for wellness programs, which could result in health plan monthly premium savings. Ms. Dodd notes that these potential long term cost savings have not been specified and are not anticipated in either the Short Year from July 1, 2012 through December 31, 2012 or the 2013 calendar plan year.

Proposition C (a) limits the City's contribution toward retiree health benefits to the same contribution level when the employee left the City (for employees who left the City workforce before June 30, 2001 and retired or will retire after January 6, 2012) and (b) requires employees hired on or before January 9, 2009, to contribute up to one percent of their compensation toward retiree health care with a match by the City. Ms. Dodd states that potential cost savings from these two provisions are not reflected in the proposed cost of the health plan premiums for July 1, 2012 through December 31, 2012, and are not anticipated in the upcoming calendar plan year (2013) health plan premiums because the impact of the implementation of these changes will require additional time.

**RECOMMENDATIONS**

Approve the proposed ordinance and resolution.

<sup>3</sup> Does not include the Contingency Fund amount.

  
Harvey M. Rose

cc: Supervisor Chu  
Supervisor Avalos  
Supervisor Kim  
President Chiu  
Supervisor Campos  
Supervisor Cohen  
Supervisor Elsbernd  
Supervisor Farrell  
Supervisor Mar  
Supervisor Olague  
Supervisor Wiener  
Clerk of the Board  
Cheryl Adams  
Controller  
Kate Howard

# 10-County Survey Results

## Exhibit 2

Rank	County	2011-12	2012-13	% Change
1	Los Angeles	\$478.56	\$499.57	4.39%
2	San Diego	\$406.00	\$432.20	6.45%
3	Orange	\$434.41	\$485.10	11.67%
4	Riverside	\$513.02	\$537.43	4.76%
5	San Bernardino	\$399.70	\$398.98	-0.18%
6	Santa Clara	\$655.97	\$643.13	-1.96%
7	Alameda	\$541.06	\$575.00	6.27%
8	Sacramento	\$637.98	\$667.02	4.55%
9	Contra Costa	\$521.90	\$540.43	3.55%
10	Fresno	\$450.80	\$450.80	0.00%
	<b>10-County Average</b>	<b>\$503.94</b>	<b>\$522.97</b>	<b>3.78%</b>

# Kaiser HMO: Final Active/Early Retiree/Medicare Monthly Contributions July 1, 2012 to December 31, 2012

## Exhibit 3

	Member Contributions <sup>1</sup>			Employer Contributions			Total Premium <sup>2,3</sup>		
	July 1, 2012 to December 31, 2012	2011-12	% Change	July 1, 2012 to December 31, 2012	2011-12	% Change	July 1, 2012 to December 31, 2012	2011-12	% Change
Active	EE	\$7.04	\$1.28	\$5.76	\$522.97	450.00%	\$530.01	\$505.22	4.91%
	EE+1	\$536.03	\$505.48	\$30.55	\$522.97	6.04%	\$1,059.00	\$1,009.42	4.91%
	EE+2	\$975.09	\$923.97	\$51.12	\$522.97	5.53%	\$1,498.06	\$1,427.91	4.91%
Non-Medicare Retiree	EE	\$3.52	\$0.64	\$2.88	\$1,061.46	450.00%	\$1,064.98	\$1,014.87	4.94%
	EE+1	\$268.01	\$252.74	\$15.27	\$1,325.96	6.04%	\$1,593.97	\$1,519.07	4.93%
	EE+2	\$707.08	\$671.23	\$35.85	\$1,325.96	5.34%	\$2,033.04	\$1,937.56	4.93%
Medicare Retiree	EE	\$0.00	\$0.00	\$0.00	\$334.42	0.00%	\$334.42	\$355.13	-5.83%
	EE+1	\$166.70	\$177.05	-\$10.35	\$501.12	-5.85%	\$667.82	\$709.24	-5.94%
	EE+2 (All Medicare)	\$499.23	\$530.51	-\$31.28	\$501.12	-5.90%	\$1,000.35	\$1,062.70	-5.87%
	EE+2	\$605.76	\$595.54	\$10.22	\$501.12	1.72%	\$1,106.88	\$1,127.73	-1.85%

<sup>1</sup> Excludes additional negotiated contributions which apply to certain collectively bargained employees.

<sup>2</sup> Total premiums include all approved plan design changes, vision costs, expense accrual, and are adjusted for the final 10-county survey.

<sup>3</sup> Premiums are in compliance with SB 946.

# Blue Shield HMO: Final Active/Early Retiree/Medicare Monthly Contributions July 1, 2012 to December 31, 2012

## Exhibit 4

	Member Contributions <sup>1</sup>			Employer Contributions			Total Premium <sup>2,3,4</sup>		
	July 1, 2012 to December 31, 2012	2011-12	% Change	July 1, 2012 to December 31, 2012	2011-12	% Change	July 1, 2012 to December 31, 2012	2011-12	% Change
Active	EE	\$85.46	\$0.00	0.00%	\$503.94	3.78%	\$608.43	\$589.40	3.23%
	EE+1	\$692.90	\$19.03	2.82%	\$503.94	3.78%	\$1,215.87	\$38.06	3.23%
	EE+2	\$1,197.05	\$34.82	3.00%	\$503.94	3.78%	\$1,720.02	\$53.85	3.23%
Non-Medicare Retiree	EE	\$42.73	\$0.00	0.00%	\$1,308.14	3.35%	\$1,350.87	\$1,308.44	3.24%
	EE+1	\$346.45	\$9.52	2.83%	\$1,611.86	3.33%	\$1,658.31	\$1,896.85	3.24%
	EE+2	\$850.61	\$25.32	3.07%	\$1,611.86	3.33%	\$2,462.46	\$2,385.21	3.24%
Medicare Retiree	EE	\$0.00	\$0.00	0.00%	\$378.81	7.13%	\$405.82	\$378.81	7.13%
	EE+1	\$202.40	\$13.51	7.15%	\$608.22	7.14%	\$810.63	\$756.60	7.14%
	EE+2 (All Medicare)	\$606.56	\$40.53	7.16%	\$608.22	7.14%	\$1,214.78	\$1,133.74	7.15%
	EE+2	\$706.55	\$29.30	4.33%	\$608.22	7.14%	\$1,314.78	\$1,244.96	5.61%

<sup>1</sup> Excludes additional negotiated contributions which apply to certain collectively bargained employees.

<sup>2</sup> Total premiums include all approved plan design changes, vision costs, expense accrual, and are adjusted for the final 10-county survey.

<sup>3</sup> Premiums are in compliance with SB 946.

<sup>4</sup> Premiums reflect a HSB approved \$5.2 million stabilization amount.

# City Plan (UHC): Final Active/Early Retiree/Medicare Monthly Premium Rates July 1, 2012 to December 31, 2012

## Exhibit 5

		July 1, 2012 to December 31, 2012 <sup>1</sup>			
		Before Claims Stabilization	Claims Stabilization	After Claims Stabilization	% Change
Active	EE	\$1,221.69	\$15.77	\$1,237.46	11.40%
	EE+1	\$2,400.11	\$31.02	\$2,431.13	11.59%
	EE+2	\$3,375.51	\$43.60	\$3,419.11	11.89%
Non-Medicare Retiree	EE	\$1,408.79	\$18.24	\$1,427.03	10.82%
	EE+1	\$2,774.29	\$35.96	\$2,810.25	10.98%
	EE+2	\$3,749.69	\$48.54	\$3,798.23	11.40%
Medicare Retiree	EE	\$370.15	\$4.99	\$375.14	-1.77%
	EE+1	\$706.36	\$9.54	\$715.90	-1.88%
	EE+2 (All Medicare)	\$1,041.89	\$22.13	\$1,064.02	-1.81%
	EE+2	\$1,681.76	\$22.12	\$1,703.88	6.05%
		2011-12			
		Before Claims Stabilization	Claims Stabilization	After Claims Stabilization	
Active	EE	\$1,096.47	\$14.40	\$1,110.87	
	EE+1	\$2,150.39	\$28.25	\$2,178.64	
	EE+2	\$3,016.11	\$39.62	\$3,055.73	
Non-Medicare Retiree	EE	\$1,271.02	\$16.70	\$1,287.72	
	EE+1	\$2,499.47	\$32.84	\$2,532.31	
	EE+2	\$3,365.19	\$44.21	\$3,409.40	
Medicare Retiree	EE	\$376.92	\$4.97	\$381.89	
	EE+1	\$720.18	\$9.48	\$729.66	
	EE+2 (All Medicare)	\$1,062.77	\$20.85	\$1,083.62	
	EE+2	\$1,585.90	\$20.85	\$1,606.75	

<sup>1</sup> Total premiums include the percent and dollar increase for the City Plan final rates with all approved changes.



# City Plan (UHC): Final Active/Early Retiree/Medicare Monthly Contributions July 1, 2012 to December 31, 2012

## Exhibit 6

	Member Contributions <sup>1</sup>			Employer Contributions			Total Premium <sup>2,3</sup>		
	July 1, 2012 to December 31, 2012	2011-12	% Change	July 1, 2012 to December 31, 2012	2011-12	% Change	July 1, 2012 to December 31, 2012	2011-12	% Change
Active	EE	\$714.49	\$606.93	\$107.56	\$522.97	17.72%	\$1,237.46	\$1,110.87	\$126.59
	EE+1	\$1,908.16	\$1,674.70	\$233.45	\$522.97	13.94%	\$2,431.13	\$2,178.64	\$252.48
	EE+2	\$2,896.14	\$2,551.79	\$344.34	\$522.97	13.49%	\$3,419.11	\$3,055.73	\$363.37
Non-Medicare Retiree	EE	\$357.24	\$303.46	\$53.78	\$1,069.79	17.72%	\$1,427.03	\$1,287.72	\$139.31
	EE+1	\$1,048.85	\$925.75	\$123.09	\$1,761.40	13.30%	\$2,810.25	\$2,532.31	\$277.93
	EE+2	\$2,036.83	\$1,802.84	\$233.98	\$1,761.40	12.98%	\$3,798.23	\$3,409.40	\$388.82
Medicare Retiree	EE	\$0.00	\$0.00	\$0.00	\$375.14	0.00%	\$375.14	\$381.89	(\$6.75)
	EE+1	\$170.38	\$173.88	(\$3.50)	\$545.53	-2.01%	\$715.90	\$729.66	(\$13.75)
	EE+2 (All Medicare)	\$518.50	\$527.94	(\$9.34)	\$545.53	-1.77%	\$1,064.02	\$1,083.62	(\$19.59)
	EE+2	\$1,158.36	\$1,050.97	\$107.39	\$545.53	10.22%	\$1,703.88	\$1,606.75	\$97.14

<sup>1</sup> Excludes additional negotiated contributions which apply to certain collectively bargained employees.

<sup>2</sup> Total premiums include all approved plan design changes, vision costs, expense accrual, and are adjusted for the final 10-county survey.

<sup>3</sup> Premiums are in compliance with SB 946.

# VSP Vision: Final Active/Early Retiree/Medicare Monthly Contributions July 1, 2012 to December 31, 2012

## Exhibit 7

		Member Contributions <sup>1</sup>		
		July 1, 2012 to December 31, 2012	2011-12	% Change
		Core Plan		
Active	EE	\$3.78	\$3.78	\$0.00
	EE+1	\$7.58	\$7.58	\$0.00
	EE+2	\$10.73	\$10.73	\$0.00
Non-Medicare Retiree	EE	\$3.78	\$3.78	\$0.00
	EE+1	\$7.58	\$7.58	\$0.00
	EE+2	\$10.73	\$10.73	\$0.00
Medicare Retiree	EE	\$3.78	\$3.78	\$0.00
	EE+1	\$7.58	\$7.58	\$0.00
	EE+2 (All Medicare)	\$10.73	\$10.73	\$0.00
	EE+2	\$10.73	\$10.73	\$0.00

<sup>1</sup> Rates are guaranteed through June 30, 2014.

# Delta Dental PPO: Final Active/Retiree Monthly Contributions July 1, 2012 to December 31, 2012

## Exhibit 8

		Member Contributions <sup>1,2</sup>		
		July 1, 2012 to December 31, 2012 <sup>3</sup>	2011-12	% Change
Active	EE	\$64.35	\$75.74	(\$11.39)
	EE+1	\$135.14	\$124.55	\$10.59
	EE+2	\$193.06	\$187.25	\$5.81
Retiree	EE	\$39.87	\$39.87	\$0.00
	EE+1	\$79.80	\$79.80	\$0.00
	EE+2	\$120.54	\$120.54	\$0.00

<sup>1</sup> Active rates guaranteed through June 30, 2013. Retiree rates guaranteed through June 30, 2014.

<sup>2</sup> Excludes additional negotiated contributions which apply to certain collectively bargained employees.

<sup>3</sup> Super composite cost for self-funded dental does not change between plan year 2011-12 and the short plan year July 1, 2012 to December 31, 2012. However the rate by tier structure does change.

# Delta Care USA : Final Active/Retiree Monthly Contributions July 1, 2012 to December 31, 2012

## Exhibit 9

		Member Contributions <sup>1,2</sup>		
		July 1, 2012 to December 31, 2012	2011-12	% Change
Active	EE	\$26.00	\$26.00	0.00%
	EE+1	\$42.90	\$42.90	0.00%
	EE+2	\$63.45	\$63.45	0.00%
Retiree	EE	\$31.70	\$31.70	0.00%
	EE+1	\$52.31	\$52.31	0.00%
	EE+2	\$77.37	\$77.37	0.00%

<sup>1</sup> Active and retiree rates guaranteed through June 30, 2013.

<sup>2</sup> Excludes additional negotiated contributions which apply to certain collectively bargained employees.

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# Pacific Union Dental: Final Active/Retiree Monthly Contributions July 1, 2012 to December 31, 2012

## Exhibit 10

		Member Contributions <sup>1,2</sup>		
		July 1, 2012 to December 31, 2012	2011-12	% Change
Active	EE	\$27.80	\$27.80	0.00%
	EE+1	\$45.90	\$45.90	0.00%
	EE+2	\$67.86	\$67.86	0.00%
Retiree	EE	\$16.47	\$16.47	0.00%
	EE+1	\$27.20	\$27.20	0.00%
	EE+2	\$40.22	\$40.22	0.00%

<sup>1</sup> Active and retiree rates guaranteed through June 30, 2014.

<sup>2</sup> Excludes additional negotiated contributions which apply to certain collectively bargained employees.



January 20, 2012

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

RE: July 1, 2012 to December 31, 2012 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) in regards to the recently completed rate and contribution setting process. This process was conducted under the direction of the Rates and Benefits Committee (the Committee) of the Health Service Board (the HSB). The rates, benefits, and contributions presented herein were approved by the full Health Service Board during their meeting on January 12, 2012.

In our opinion, the process was completed in a thorough manner. In particular, it is our opinion that:

- The insured premiums and administrative fees agree with HSS's vendor's final rates and represent a fair price given the services provided and the risks insured
- The premium equivalents set for the HSS self-funded programs: City Plan (UHC) and Active Dental benefits, represent our best estimate of future expenditures based on the information available at the time they were developed, and existing Trust Fund assets are expected to be sufficient to protect the HSS trust against adverse claims experience

#### Passage of Proposition C

On November 8, 2011 Proposition C was passed. Proposition C amends the City Charter as it relates to pension and retiree costs, the composition and voting requirements of the HSB, allows for the change of the plan year to a calendar year, and other changes to the City's health and pension benefits. The HSB approved a change in the plan year from a fiscal plan year to a calendar plan year starting January 1, 2013 with a one time six month plan year of July 1, 2012 to December 31, 2012. Changing the plan year allows HSS to:

- Align more closely with timing of collective bargaining
- Improve administration related to Flexible Spending Accounts and IRS rules
- Allow for streamlined processing associated with potential Medicare reimbursement opportunities

Aon Hewitt  
199 Fremont Street, 15th Floor • San Francisco, CA 94105  
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The move to the six month plan year along with approved plan design changes and Blue Shield stabilization amount is reducing the aggregate rate increase by 6.3% or \$22.1 million. There will be two open enrollment periods associated with this plan year change: one for the six month plan year of July 1, 2012 to December 31, 2012; and one for the plan year of January 1, 2013 to December 31, 2013. Exhibit 1 summarizes these changes related to Proposition C.

The HSB will consider rates for calendar year 2013 at the May HSB meeting, to be forwarded to the Board of Supervisors in June. And, HSS will work with the Controller's Office and Mayor's Budget Office to assist in predicting the increased benefit costs for the balance of FY 2012-2013.

#### City Contributions under the 10-County Survey

According to the City Charter, the City's contribution towards medical benefits is determined by the results of a survey of the amount of premium contributions provided by the ten most populous counties in California. This survey is conducted annually by HSS Staff. For the 2012-13 plan year, the survey determined that the average monthly contribution increased 3.78% from \$503.94 to \$522.97. Exhibit 2 of the attachment presents the individual county responses from this survey.

#### Year over Year Health Plan Cost Comparison

Prior 2011-12 plan year rates were adjusted for six months to facilitate a year over year cost comparison as illustrated below:

*Leaves  
HSS only*

TABLE 1 July 1, 2012 to December 31, 2012 Aggregate Cost	
Current Rates Based Adjusted to six month	\$318.3
Final Renewal Rates (including plan design changes, shift to six month, compliance with SB 946, and application of one time Blue Shield Stabilization amount)	\$329.9
\$ Difference	\$11.6
% Difference	3.6%

The above chart illustrates an increase of \$11.6 million for only the three health plans, for the six month plan year of July 1, 2012 to December 31, 2012.

#### Rates, Contributions, and Benefits for HMOs

Consistent with to the 2011-12 plan year, two HMOs will be offered to HSS members for the July 1, 2012 to December 31, 2012 plan year; Kaiser and Blue Shield of California.

#### Plan Design Changes for HMOs

As part of the annual Rates and Benefits process HSS, Aon Hewitt, the Committee, and the HSB reviewed the continued appropriateness and competitiveness of the plan designs for the HMOs. The benchmark information (available on [www.myhss.org](http://www.myhss.org) website - January 12, 2012) compiled indicates that certain elements of the plan design were not aligned with similar employers and did not reflect the impact from the continued high healthcare trends. These plan design changes, described in greater detail in the following sections, resulted in an overall reduction to rate increases

of \$7.2 million across both HMO plans combined for the six month plan year. Of this \$7.2 million reduction to rate increases, there was a \$2.3 million reduction to increases in member contributions and a \$4.9 million reduction to increases in employer contributions.

**Kaiser**

The HSB was presented with many options and adopted the following plan design changes for the Kaiser plan:

- Move to a six month plan year July 1, 2012 to December 31, 2012 [in preparation for a change to a calendar plan year starting January 1, 2013]
- Office visit copay increase from \$15 to \$20
- Outpatient surgery copay increase from \$15 to \$35
- Plan modifications to comply with SB 946 (Autism Act)

These changes include the impact of plan design changes needed to comply with SB 946, which resulted in an aggregate increase of \$922,000 for the six month plan year. The final negotiated rate change for Kaiser, after all plan design changes, SB 946 compliance, and a change to the six month plan year is an overall increase of 3.2%. For actives and retirees without Medicare it is an increase of 4.9%. For retirees with Medicare the final rate change is a decrease of -5.7%.

**Blue Shield of California**

The HS Board adopted the following benefit changes for the Blue Shield of California plan:

- Move to a six month plan year July 1, 2012 to December 31, 2012 [in preparation for a change to a calendar plan year starting January 1, 2013]
- Office visit copay increase from \$20 to \$25
- Outpatient surgery copay increase from \$50 to \$100
- Inpatient surgery copay increase from \$150 to \$200
- Retail pharmacy copays increase from \$5/\$20/\$45 to \$10/\$25/\$50
- Mail-order pharmacy copays increase from \$10/\$40/\$60 to \$20/\$50/\$100
- Out-of-pocket maximum increase from \$1,000/\$2,000 to \$2,000/\$4,000
- Plan modifications to comply with SB 946 (Autism Act)

Due to low enrollment of children in the Blue Shield HMO plan, based on member plan elections, no premium adjustment was needed for compliance with SB 946. The rate for the period of July 1,



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2012 to December 31, 2012 rates were further reduced by applying the HSB approved Blue Shield stabilization amount of \$5.2M, or a -3.26% reduction.

The final negotiated rate increase for Blue Shield, after all plan design changes, a change to the six month plan year, and with the HSB approved stabilization amount applied, is an overall increase of 3.5%. For actives and retirees without Medicare it is an increase of 3.2%. For retirees with Medicare the final rate change is an increase of 7.1%.

#### *HMO Contributions*

Contributions for HMO members were determined in accordance with the City Charter and include the new 10 County survey result of \$522.97. Exhibits 3 and 4 summarize the changes in contributions for actives and retirees for the Kaiser plan and the Blue Shield of California plans respectively for the six month plan year of July 1, 2012 to December 31, 2012. The above exhibits do not include any City contributions that may be negotiated in MOUs.

#### **Rates, Contributions, and Benefits for City Plan (UHC)**

The City Plan (UHC) is a self-funded plan administered by United Healthcare (UHC). The medical and pharmacy monthly premium equivalent costs were developed separately for actives, retirees without Medicare and retirees with Medicare based on group-specific experience. Additionally, we provided a retrospective analysis of historical rates and experience to examine the actual cost trends evident in the City Plan's (UHC) recent claims data. These analyses were considered in conjunction with overall industry and normative data when determining the premium levels for the July 1, 2012 to December 31, 2012 plan year (available at [www.myhss.org](http://www.myhss.org) website – January 12, 2012).

As part of the annual Rates and Benefits process HSS, Aon Hewitt, the Committee, and the HSB, reviewed the continued appropriateness and competitiveness of the benefit design for City Plan (UHC). The HSB was presented with many options and adopted the following benefit changes for the City Plan (UHC):

- Move to a six month plan year July 1, 2012 to December 31, 2012 [in preparation for a change to a calendar plan year starting January 1, 2013]
- Network change from the Options PPO to the Open Choice PPO
- Pharmacy management to include Specialty Drug Management
- Plan modifications to comply with SB 946 (Autism Act)

The UHC administration fees were increased by 3.00% from the 2011-12 plan year. This equates to a \$1.28 million increase for the six month plan year. The HSS administration load with UHC remains unchanged, this administration fee increase was negotiated for three years in 2011, and sets administrative fee increases annually through June 30, 2014.

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The final full monthly premium equivalents after all plan design changes and a change to the six month plan year result in an overall increase of 5.9%. For actives and retirees without Medicare it is an increase of 11.9% and 10.9% respectively. For retirees with Medicare the final rate change is an increase of -1.6%.

Exhibit 5 of the attachment summarizes the change in full monthly premium equivalents for the City Plan (UHC). Included in the premium equivalent rate, pursuant to the HS Board's Self Funded Plans' Funding Policy, is the application of the claims stabilization amount.

Exhibit 6 of the attachment summarizes the change in employee and retiree contributions for City Plan (UHC). These contributions were determined in accordance with the City Charter, and include the new 10 County survey result of \$522.97. The above exhibit does not include any City contributions that may be negotiated in MOUs.

#### **Rates and Benefits for the Vision Plan**

Members enrolled in any medical plan offered by HSS also receive vision benefits through 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. The vision plan is under a rate guarantee through June 30, 2014 with projected aggregate costs of \$2.2M for the six month plan year of July 1, 2012 to December 31, 2012. The plan year has been changed to a six month plan year, there is no savings associated with this change due to the rate guarantees. Exhibit 7 in the attachment summarizes the VSP vision plan costs.

#### **Rates, Contributions, and Benefits for Dental Plans**

Three dental plans are offered to HSS members: Delta Dental PPO, Delta Care USA and Pacific Union Dental. The Delta Dental PPO plan is a dental PPO with a network of preferred providers while the other two plans are dental HMOs with closed panels of providers. The City pays part of the cost of dental benefits for 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 Plan of California. Future plan costs are projected based on the City employees' claim experience. Delta Dental's fee for claim administration remains unchanged from 2011-12 and is guaranteed until June 30, 2013.

The aggregate premium for the self-funded Delta Dental PPO plan for active employees remains unchanged from the 2011-12 projected costs; however the differentials between family rate tiers have been adjusted to be more in line with industry standards. However, there are changes to the tier structure that result in the following premium contributions adjustments for the active members. These include a reduction to the EE only tier of -15.04%, an increase of 8.50% to the EE + 1 tier, and an increase of 3.10% to the EE + 2 tier.

The Delta Dental PPO plan for retirees, Delta Care USA dental plans for employees and retirees, and Pacific Union Dental plans for employees and retirees are all fully-insured. The fully-insured premiums are unchanged from the 2011-12 rates. The plan year has been shortened to a six month

plan year; there is no savings to any dental plans associated with this change due to the rate guarantees.

For the shortened plan year July 1, 2012 to December 31, 2012 the City will contribute the full premium rate towards each of the dental HMO plans. For the self-funded Dental PPO the City will contribute the full monthly premium rate minus employee contributions of \$5.00, \$10.00, and \$15.00 for employee only, employee with one dependent, and employee with two or more dependents respectively. These member contributions for Delta Dental PPO plan for retirees, Delta Care USA dental plans for employees and retirees, and Pacific Union Dental plans for employees and retirees remain unchanged from the prior plan year. Pursuant to the HS Board's Self Funded Plans' Funding Policy no claims stabilization amount has been applied this year.

Exhibits 8, 9, and 10 in the attachment summarizes the changes in dental cost for both active [self-funded] and retirees for the Delta Dental PPO plan, Delta Care USA plan, and Pacific Union Dental plans respectively.

The aggregate dental costs for the six month plan year, from July 1, 2012 to December 31, 2012 are \$21.4 million, with \$19.8 million in employer contributions and \$1.6 million in member contributions. This reflects no overall change.

#### Summary of Projected July 1, 2012 to December 31, 2012 Plan Year Costs

Set out below is a summary of how projected July 1, 2012 to December 31, 2012 aggregate HSS plan costs are distributed across the different plans available to employees and retirees. Costs are shown only for those plans where the employers subsidize the total premium cost. The premium costs associated with the VSP vision core plan are included in the medical plan's costs.

TABLE 2 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	\$13.8	\$134.1	\$147.9	9.4%	90.6%
% Increase	5.8%	3.0%	3.2%		
Blue Shield HMO	\$19.1	\$124.0	\$143.0	13.3%	86.7%
% Increase	0.8%	3.9%	3.5%		
City Plan	\$8.0	\$31.0	\$39.0	20.5%	79.5%
% Increase	10.9%	4.7%	5.9%		
Dental	\$1.6	\$19.8	\$21.4	7.6%	92.4%
% Increase	0.0%	0.0%	0.0%		
<b>Total</b>	<b>\$42.5</b>	<b>\$308.8</b>	<b>\$351.3</b>	<b>12.1%</b>	<b>87.9%</b>
% Increase	4.1%	3.3%	3.4%		

The overall estimated increase of 3.4% is slightly higher than the corresponding 2011-12 plan year estimated increase of 3.1% (based on twelve month rates). Similarly, this year's projected aggregate cost increase also compares favorably with available benchmark information. This



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statistic is supported by the recently released analysis titled "Average Cost of U.S. Health Coverage per Employee Is Expected To Cross the \$10,000 Threshold In 2012 For the First Time According to Aon Hewitt"<sup>1</sup>. Employers analyzed indicate cost increases are expected to be 7.00%.

#### Conclusion

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

Sincerely,

Anil Kochhar, ASA, MAAA

Copy:

Members of the Health Service Board  
Catherine Dodd, Lisa Ghotbi, Tracey Loveridge, Health Service System  
Catherine Breezee, Barbara Weaver Lloyd, Paige Sipes-Metzler, Aon Hewitt

<sup>1</sup> <http://aon.media room.com/index.php?=-438item=2397>, October 3, 2011

# **San Francisco Health Service System Board of Supervisors**

**Final Rates and Benefit Decisions for Plan Period**

**July 1, 2012 to December 31, 2012**

**Approved by the Health and Service Board on January 12, 2012**

**January 18, 2012**

**Prepared by Aon Hewitt  
Health and Benefits**

**Aon Hewitt**

## Passage of Proposition C (Prop C) Impacts

### Exhibit 1

On November 8, 2011 Proposition C was passed. Proposition C amends the City Charter as it relates to pension and retiree costs, the composition and voting requirements of the HSB, allows for the change of the plan year to a calendar year, and other changes to the City's health and pension benefits.

The HSB approved a change in the plan year, from a fiscal plan year to a calendar plan year starting January 1, 2013 with a one time six month plan year of July 1, 2012 to December 31, 2012. Changing the plan year allows HSS to:

- Align more closely with timing of collective bargaining
- Improve administration related to Flexible Spending Accounts and IRS rules
- Allow for streamlined processing associated with potential Medicare reimbursement opportunities



# Health Service System

CITY & COUNTY OF SAN FRANCISCO

MYHSS.ORG

## Memorandum

**DATE:** January 23, 2012

**TO:** Supervisor Carmen Chu  
Board of Supervisors

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

**RE:** Annual Rates and Benefits Ordinance for Six-Month Plan Year starting July 1, 2012 and ending December 31, 2012 - 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 six-month Plan Year starting July 1, 2012 and ending December 31, 2012, adopted by the Health Service Board on January 12, 2012;
2. Actuarial Report dated January 20, 2012 from Aon Hewitt Health and Benefits, as required under Section A8.422 of Appendix A to the San Francisco Charter, including summaries of rates and benefits as adopted by the Health Service Board on January 12, 2012;
3. Membership Master Report dated January 1, 2012 showing total enrollment distribution across the three different medical plans and the three different dental plans; and
4. Form SFEC-126 (Notification of Contract Approval) for the following vendors: Blue Shield of California, Kaiser Foundation Health Plan (Northern and Southern California Regions), United HeathCare Services, Inc., Delta Dental of California and Pacific Union Dental (a subsidiary of United HealthGroup).

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

### Attach.

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.)  
Tracey Loveridge (w/electronic attach.)



January 20, 2012

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

**RE: July 1, 2012 to December 31, 2012 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) in regards to the recently completed rate and contribution setting process. This process was conducted under the direction of the Rates and Benefits Committee (the Committee) of the Health Service Board (the HSB). The rates, benefits, and contributions presented herein were approved by the full Health Service Board during their meeting on January 12, 2012.

In our opinion, the process was completed in a thorough manner. In particular, it is our opinion that:

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- The premium equivalents set for the HSS self-funded programs: City Plan (UHC) and Active Dental benefits, represent our best estimate of future expenditures based on the information available at the time they were developed, and existing Trust Fund assets are expected to be sufficient to protect the HSS trust against adverse claims experience

#### **Passage of Proposition C**

On November 8, 2011 Proposition C was passed. Proposition C amends the City Charter as it relates to pension and retiree costs, the composition and voting requirements of the HSB, allows for the change of the plan year to a calendar year, and other changes to the City's health and pension benefits. The HSB approved a change in the plan year, from a fiscal plan year to a calendar plan year starting January 1, 2013 with a one time six month plan year of July 1, 2012 to December 31, 2012. Changing the plan year allows HSS to:

- Align more closely with timing of collective bargaining
- Improve administration related to Flexible Spending Accounts and IRS rules
- Allow for streamlined processing associated with potential Medicare reimbursement opportunities



The move to the six month plan year along with approved plan design changes and Blue Shield stabilization amount is reducing the aggregate rate increase by 6.3% or \$22.1 million. There will be two open enrollment periods associated with this plan year change: one for the six month plan year of July 1, 2012 to December 31, 2012, and one for the plan year of January 1, 2013 to December 31, 2013. Exhibit 1 summarizes these changes related to Proposition C.

The HSB will consider rates for calendar year 2013 at the May HSB meeting, to be forwarded to the Board of Supervisors in June. And, HSS will work with the Controller's Office and Mayor's Budget Office to assist in predicting the increased benefit costs for the balance of FY 2012-2013.

#### **City Contributions under the 10-County Survey**

According to the City Charter, the City's contribution towards medical benefits is determined by the results of a survey of the amount of premium contributions provided by the ten most populous counties in California. This survey is conducted annually by HSS Staff. For the 2012-13 plan year, the survey determined that the average monthly contribution increased 3.78% from \$503.94 to \$522.97. Exhibit 2 of the attachment presents the individual county responses from this survey.

#### **Year over Year Health Plan Cost Comparison**

Prior 2011-12 plan year rates were adjusted for six months to facilitate a year over year cost comparison as illustrated below:

TABLE 1 Rates for July 1, 2012 to December 31, 2012 Aggregate Cost	
Current Rates Based Adjusted to six month	\$318.3
Final Renewal Rates (including plan design changes, shift to six month, compliance with SB 946, and application of one time Blue Shield Stabilization amount)	\$329.9
\$ Difference	\$11.6
% Difference	3.6%

The above chart illustrates an increase of \$11.6 million for only the three health plans, for the six month plan year of July 1, 2012 to December 31, 2012.

#### **Rates, Contributions, and Benefits for HMOs**

Consistent with to the 2011-12 plan year, two HMOs will be offered to HSS members for the July 1, 2012 to December 31, 2012 plan year; Kaiser and Blue Shield of California.

#### **Plan Design Changes for HMOs**

As part of the annual Rates and Benefits process HSS, Aon Hewitt, the Committee, and the HSB reviewed the continued appropriateness and competitiveness of the plan designs for the HMOs. The benchmark information (available on [www.myhss.org](http://www.myhss.org) website – January 12, 2012) compiled indicates that certain elements of the plan design were not aligned with similar employers and did not reflect the impact from the continued high healthcare trends. These plan design changes, described in greater detail in the following sections, resulted in an overall reduction to rate increases

of \$7.2 million across both HMO plans combined for the six month plan year. Of this \$7.2 million reduction to rate increases, there was a \$2.3 million reduction to increases in member contributions and a \$4.9 million reduction to increases in employer contributions.

### **Kaiser**

The HSB was presented with many options and adopted the following plan design changes for the Kaiser plan:

- Move to a six month plan year July 1, 2012 to December 31, 2012 [in preparation for a change to a calendar plan year starting January 1, 2013]
- Office visit copay increase from \$15 to \$20
- Outpatient surgery copay increase from \$15 to \$35
- Plan modifications to comply with SB 946 (Autism Act)

These changes include the impact of plan design changes needed to comply with SB 946, which resulted in an aggregate increase of \$922,000 for the six month plan year. The final negotiated rate change for Kaiser, after all plan design changes, SB 946 compliance, and a change to the six month plan year is an overall increase of 3.2%. For actives and retirees without Medicare it is an increase of 4.9%. For retirees with Medicare the final rate change is a decrease of -5.7%.

### **Blue Shield of California**

The HS Board adopted the following benefit changes for the Blue Shield of California plan:

- Move to a six month plan year July 1, 2012 to December 31, 2012 [in preparation for a change to a calendar plan year starting January 1, 2013]
- Office visit copay increase from \$20 to \$25
- Outpatient surgery copay increase from \$50 to \$100
- Inpatient surgery copay increase from \$150 to \$200
- Retail pharmacy copays increase from \$5/\$20/\$45 to \$10/\$25/\$50
- Mail-order pharmacy copays increase from \$10/\$40/\$60 to \$20/\$50/\$100
- Out-of-pocket maximum increase from \$1,000/\$2,000 to \$2,000/\$4,000
- Plan modifications to comply with SB 946 (Autism Act)

Due to low enrollment of children in the Blue Shield HMO plan, based on member plan elections, no premium adjustment was needed for compliance with SB 946. The rate for the period of July 1,

2012 to December 31, 2012 rates were further reduced by applying the HSB approved Blue Shield stabilization amount of \$5.2M, or a -3.26% reduction.

The final negotiated rate increase for Blue Shield, after all plan design changes, a change to the six month plan year, and with the HSB approved stabilization amount applied, is an overall increase of 3.5%. For actives and retirees without Medicare it is an increase of 3.2%. For retirees with Medicare the final rate change is an increase of 7.1%.

#### *HMO Contributions*

Contributions for HMO members were determined in accordance with the City Charter and include the new 10 County survey result of \$522.97. Exhibits 3 and 4 summarize the changes in contributions for actives and retirees for the Kaiser plan and the Blue Shield of California plans respectively for the six month plan year of July 1, 2012 to December 31, 2012. The above exhibits do not include any City contributions that may be negotiated in MOUs.

#### **Rates, Contributions, and Benefits for City Plan (UHC)**

The City Plan (UHC) is a self-funded plan administered by United Healthcare (UHC). The medical and pharmacy monthly premium equivalent costs were developed separately for actives, retirees without Medicare and retirees with Medicare based on group-specific experience. Additionally, we provided a retrospective analysis of historical rates and experience to examine the actual cost trends evident in the City Plan's (UHC) recent claims data. These analyses were considered in conjunction with overall industry and normative data when determining the premium levels for the July 1, 2012 to December 31, 2012 plan year (available at [www.myhss.org](http://www.myhss.org) website – January 12, 2012).

As part of the annual Rates and Benefits process HSS, Aon Hewitt, the Committee, and the HSB, reviewed the continued appropriateness and competitiveness of the benefit design for City Plan (UHC). The HSB was presented with many options and adopted the following benefit changes for the City Plan (UHC):

- Move to a six month plan year July 1, 2012 to December 31, 2012 [in preparation for a change to a calendar plan year starting January 1, 2013]
- Network change from the Options PPO to the Open Choice PPO
- Pharmacy management to include Specialty Drug Management
- Plan modifications to comply with SB 946 (Autism Act)

The UHC administration fees were increased by 3.00% from the 2011-12 plan year. This equates to a \$1.28 million increase for the six month plan year. The HSS administration load with UHC remains unchanged, this administration fee increase was negotiated for three years in 2011, and sets administrative fee increases annually through June 30, 2014.

The final full monthly premium equivalents after all plan design changes and a change to the six month plan year result in an overall increase of 5.9%. For actives and retirees without Medicare it is an increase of 11.9% and 10.9% respectively. For retirees with Medicare the final rate change is an increase of -1.6%.

Exhibit 5 of the attachment summarizes the change in full monthly premium equivalents for the City Plan (UHC). Included in the premium equivalent rate, pursuant to the HS Board's Self Funded Plans' Funding Policy, is the application of the claims stabilization amount.

Exhibit 6 of the attachment summarizes the change in employee and retiree contributions for City Plan (UHC). These contributions were determined in accordance with the City Charter, and include the new 10 County survey result of \$522.97. The above exhibit does not include any City contributions that may be negotiated in MOUs.

#### **Rates and Benefits for the Vision Plan**

Members enrolled in any medical plan offered by HSS also receive vision benefits through 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. The vision plan is under a rate guarantee through June 30, 2014 with projected aggregate costs of \$2.2M for the six month plan year of July 1, 2012 to December 31, 2012. The plan year has been changed to a six month plan year, there is no savings associated with this change due to the rate guarantees. Exhibit 7 in the attachment summarizes the VSP vision plan costs.

#### **Rates, Contributions, and Benefits for Dental Plans**

Three dental plans are offered to HSS members: Delta Dental PPO, Delta Care USA and Pacific Union Dental. The Delta Dental PPO plan is a dental PPO with a network of preferred providers while the other two plans are dental HMOs with closed panels of providers. The City pays part of the cost of dental benefits for 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 Plan of California. Future plan costs are projected based on the City employees' claim experience. Delta Dental's fee for claim administration remains unchanged from 2011-12 and is guaranteed until June 30, 2013.

The aggregate premium for the self-funded Delta Dental PPO plan for active employees remains unchanged from the 2011-12 projected costs; however the differentials between family rate tiers have been adjusted to be more in line with industry standards. However, there are changes to the tier structure that result in the following premium contributions adjustments for the active members. These include a reduction to the EE only tier of -15.04%, an increase of 8.50% to the EE + 1 tier, and an increase of 3.10% to the EE + 2 tier.

The Delta Dental PPO plan for retirees, Delta Care USA dental plans for employees and retirees, and Pacific Union Dental plans for employees and retirees are all fully-insured. The fully-insured premiums are unchanged from the 2011-12 rates. The plan year has been shortened to a six month

plan year; there is no savings to any dental plans associated with this change due to the rate guarantees.

For the shortened plan year July 1, 2012 to December 31, 2012 the City will contribute the full premium rate towards each of the dental HMO plans. For the self-funded Dental PPO the City will contribute the full monthly premium rate minus employee contributions of \$5.00, \$10.00, and \$15.00 for employee only, employee with one dependent, and employee with two or more dependents respectively. These member contributions for Delta Dental PPO plan for retirees, Delta Care USA dental plans for employees and retirees, and Pacific Union Dental plans for employees and retirees remain unchanged from the prior plan year. Pursuant to the HS Board's Self Funded Plans' Funding Policy no claims stabilization amount has been applied this year.

Exhibits 8, 9, and 10 in the attachment summarizes the changes in dental cost for both active [self-funded] and retirees for the Delta Dental PPO plan, Delta Care USA plan, and Pacific Union Dental plans respectively.

The aggregate dental costs for the six month plan year, from July 1, 2012 to December 31, 2012 are \$21.4 million, with \$19.8 million in employer contributions and \$1.6 million in member contributions. This reflects no overall change.

#### Summary of Projected July 1, 2012 to December 31, 2012 Plan Year Costs

Set out below is a summary of how projected July 1, 2012 to December 31, 2012 aggregate HSS plan costs are distributed across the different plans available to employees and retirees. Costs are shown only for those plans where the employers subsidize the total premium cost. The premium costs associated with the VSP vision core plan are included in the medical plan's costs.

	Member Contributions	Employer Contributions	Aggregate Plan Costs	Member Contributions as a % of Aggregate Costs	Employer Contributions as a % of Aggregate Costs
Kaiser HMO	\$13.8	\$134.1	\$147.9	9.4%	90.6%
% Increase	5.8%	3.0%	3.2%		
Blue Shield HMO	\$19.1	\$124.0	\$143.0	13.3%	86.7%
% Increase	0.8%	3.9%	3.5%		
City Plan	\$8.0	\$31.0	\$39.0	20.5%	79.5%
% Increase	10.9%	4.7%	5.9%		
Dental	\$1.6	\$19.8	\$21.4	7.6%	92.4%
% Increase	0.0%	0.0%	0.0%		
<b>Total</b>	<b>\$42.5</b>	<b>\$308.8</b>	<b>\$351.3</b>	<b>12.1%</b>	<b>87.9%</b>
<b>% Increase</b>	<b>4.1%</b>	<b>3.3%</b>	<b>3.4%</b>		

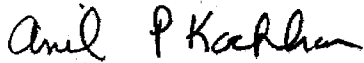
The overall estimated increase of 3.4% is slightly higher than the corresponding 2011-12 plan year estimated increase of 3.1% (based on twelve month rates). Similarly, this year's projected aggregate cost increase also compares favorably with available benchmark information. This

statistic is supported by the recently released analysis titled "Average Cost of U.S. Health Coverage per Employee Is Expected To Cross the \$10,000 Threshold In 2012 For the First Time According to Aon Hewitt"<sup>1</sup>. Employers analyzed indicate cost increases are expected to be 7.00%.

### Conclusion

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

Sincerely,



Anil Kochhar, ASA, MAAA

Copy:

Members of the Health Service Board

Catherine Dodd, Lisa Ghotbi, Tracey Loveridge, Health Service System

Catherine Breezee, Barbara Weaver Lloyd, Paige Sipes-Metzler, Aon Hewitt

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<sup>1</sup> <http://aon.media room.com/index.php?=438item=2397>, October 3, 2011

# **San Francisco Health Service System**

## **Board of Supervisors**

Final Rates and Benefit Decisions for Plan Period

July 1, 2012 to December 31, 2012

Approved by the Health and Service Board on January 12, 2012

January 18, 2012

Prepared by Aon Hewitt  
Health and Benefits



# Passage of Proposition C (Prop C) Impacts

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## Exhibit 1

On November 8, 2011 Proposition C was passed. Proposition C amends the City Charter as it relates to pension and retiree costs, the composition and voting requirements of the HSB, allows for the change of the plan year to a calendar year, and other changes to the City's health and pension benefits.

The HSB approved a change in the plan year, from a fiscal plan year to a calendar plan year starting January 1, 2013 with a one time six month plan year of July 1, 2012 to December 31, 2012. Changing the plan year allows HSS to:

- Align more closely with timing of collective bargaining
- Improve administration related to Flexible Spending Accounts and IRS rules
- Allow for streamlined processing associated with potential Medicare reimbursement opportunities



# 10-County Survey Results

## Exhibit 2

Rank	County	2011-12	2012-13	% Change
1	Los Angeles	\$478.56	\$499.57	4.39%
2	San Diego	\$406.00	\$432.20	6.45%
3	Orange	\$434.41	\$485.10	11.67%
4	Riverside	\$513.02	\$537.43	4.76%
5	San Bernardino	\$399.70	\$398.98	-0.18%
6	Santa Clara	\$655.97	\$643.13	-1.96%
7	Alameda	\$541.06	\$575.00	6.27%
8	Sacramento	\$637.98	\$667.02	4.55%
9	Contra Costa	\$521.90	\$540.43	3.55%
10	Fresno	\$450.80	\$450.80	0.00%
<b>10-County Average</b>		<b>\$503.94</b>	<b>\$522.97</b>	<b>3.78%</b>

# Kaiser HMO: Final Active/Early Retiree/Medicare Monthly Contributions July 1, 2012 to December 31, 2012

## Exhibit 3

		Member Contributions <sup>1</sup>				Employer Contributions				Total Premium <sup>2,3</sup>			
		July 1, 2012 to December 31, 2012	2011-12	\$ Change	% Change	July 1, 2012 to December 31, 2012	2011-12	\$ Change	% Change	July 1, 2012 to December 31, 2012	2011-12	\$ Change	% Change
Active	EE	\$7.04	\$1.28	\$5.76	450.00%	\$522.97	\$503.94	\$19.03	3.78%	\$530.01	\$505.22	\$24.79	4.91%
	EE+1	\$536.03	\$505.48	\$30.55	6.04%	\$522.97	\$503.94	\$19.03	3.78%	\$1,059.00	\$1,009.42	\$49.58	4.91%
	EE+2	\$975.09	\$923.97	\$51.12	5.53%	\$522.97	\$503.94	\$19.03	3.78%	\$1,498.06	\$1,427.91	\$70.15	4.91%
Non-Medicare Retiree	EE	\$3.52	\$0.64	\$2.88	450.00%	\$1,061.46	\$1,014.23	\$47.23	4.66%	\$1,064.98	\$1,014.87	\$50.11	4.94%
	EE+1	\$268.01	\$252.74	\$15.27	6.04%	\$1,325.96	\$1,266.33	\$59.63	4.71%	\$1,593.97	\$1,519.07	\$74.90	4.93%
	EE+2	\$707.08	\$671.23	\$35.85	5.34%	\$1,325.96	\$1,266.33	\$59.63	4.71%	\$2,033.04	\$1,937.56	\$95.48	4.93%
Medicare Retiree	EE	\$0.00	\$0.00	\$0.00	0.00%	\$334.42	\$355.13	-\$20.71	-5.83%	\$334.42	\$355.13	-\$20.71	-5.83%
	EE+1	\$166.70	\$177.05	-\$10.35	-5.85%	\$501.12	\$532.19	-\$31.07	-5.84%	\$667.82	\$709.24	-\$41.42	-5.84%
	EE+2 (All Medicare)	\$499.23	\$530.51	-\$31.28	-5.90%	\$501.12	\$532.19	-\$31.07	-5.84%	\$1,000.35	\$1,062.70	-\$62.35	-5.87%
	EE+2	\$605.76	\$595.54	\$10.22	1.72%	\$501.12	\$532.19	-\$31.07	-5.84%	\$1,106.88	\$1,127.73	-\$20.85	-1.85%

<sup>1</sup> Excludes additional negotiated contributions which apply to certain collectively bargained employees.

<sup>2</sup> Total premiums include all approved plan design changes, vision costs, expense accrual, and are adjusted for the final 10-county survey.

<sup>3</sup> Premiums are in compliance with SB 946.

# Blue Shield HMO: Final Active/Early Retiree/Medicare Monthly Contributions July 1, 2012 to December 31, 2012

## Exhibit 4

		Member Contributions <sup>1</sup>				Employer Contributions				Total Premium <sup>2,3,4</sup>			
		July 1, 2012 to December 31, 2012	2011-12	\$ Change	% Change	July 1, 2012 to December 31, 2012	2011-12	\$ Change	% Change	July 1, 2012 to December 31, 2012	2011-12	\$ Change	% Change
Active	EE	\$85.46	\$85.46	\$0.00	0.00%	\$522.97	\$503.94	\$19.03	3.78%	\$608.43	\$589.40	\$19.03	3.23%
	EE+1	\$692.90	\$673.87	\$19.03	2.82%	\$522.97	\$503.94	\$19.03	3.78%	\$1,215.87	\$1,177.81	\$38.06	3.23%
	EE+2	\$1,197.05	\$1,162.23	\$34.82	3.00%	\$522.97	\$503.94	\$19.03	3.78%	\$1,720.02	\$1,666.17	\$53.85	3.23%
Non-Medicare Retiree	EE	\$42.73	\$42.73	\$0.00	0.00%	\$1,308.14	\$1,265.71	\$42.43	3.35%	\$1,350.87	\$1,308.44	\$42.43	3.24%
	EE+1	\$346.45	\$336.93	\$9.52	2.83%	\$1,611.86	\$1,559.92	\$51.94	3.33%	\$1,958.31	\$1,896.85	\$61.46	3.24%
	EE+2	\$850.61	\$825.29	\$25.32	3.07%	\$1,611.86	\$1,559.92	\$51.94	3.33%	\$2,462.46	\$2,385.21	\$77.25	3.24%
Medicare Retiree	EE	\$0.00	\$0.00	\$0.00	0.00%	\$405.82	\$378.81	\$27.01	7.13%	\$405.82	\$378.81	\$27.01	7.13%
	EE+1	\$202.40	\$188.89	\$13.51	7.15%	\$608.22	\$567.71	\$40.51	7.14%	\$810.63	\$756.60	\$54.03	7.14%
	EE+2 (All Medicare)	\$606.56	\$566.03	\$40.53	7.16%	\$608.22	\$567.71	\$40.51	7.14%	\$1,214.78	\$1,133.74	\$81.04	7.15%
	EE+2	\$706.55	\$677.25	\$29.30	4.33%	\$608.22	\$567.71	\$40.51	7.14%	\$1,314.78	\$1,244.06	\$69.82	5.61%

<sup>1</sup> Excludes additional negotiated contributions which apply to certain collectively bargained employees.

<sup>2</sup> Total premiums include all approved plan design changes, vision costs, expense accrual, and are adjusted for the final 10-county survey.

<sup>3</sup> Premiums are in compliance with SB 946.

<sup>4</sup> Premiums reflect a HSB approved \$5.2 million stabilization amount.

# City Plan (UHC): Final Active/Early Retiree/Medicare Monthly Premium Rates July 1, 2012 to December 31, 2012

## Exhibit 5

		July 1, 2012 to December 31, 2012 <sup>1</sup>			
		Before Claims Stabilization	Claims Stabilization	After Claims Stabilization	% Change
Active	EE	\$1,221.69	\$15.77	\$1,237.46	\$126.59
	EE+1	\$2,400.11	\$31.02	\$2,431.13	\$252.48
	EE+2	\$3,375.51	\$43.60	\$3,419.11	\$363.37
Non-Medicare Retiree	EE	\$1,408.79	\$18.24	\$1,427.03	\$139.31
	EE+1	\$2,774.29	\$35.96	\$2,810.25	\$277.93
	EE+2	\$3,749.69	\$48.54	\$3,798.23	\$388.82
Medicare Retiree	EE	\$370.15	\$4.99	\$375.14	-\$6.75
	EE+1	\$706.36	\$9.54	\$715.90	-\$13.75
	EE+2 (All Medicare)	\$1,041.89	\$22.13	\$1,064.02	-\$19.59
	EE+2	\$1,681.76	\$22.12	\$1,703.88	\$97.14
2011-12					
		Before Claims Stabilization	Claims Stabilization	After Claims Stabilization	
Active	EE	\$1,096.47	\$14.40	\$1,110.87	
	EE+1	\$2,150.39	\$28.25	\$2,178.64	
	EE+2	\$3,016.11	\$39.62	\$3,055.73	
Non-Medicare Retiree	EE	\$1,271.02	\$16.70	\$1,287.72	
	EE+1	\$2,499.47	\$32.84	\$2,532.31	
	EE+2	\$3,365.19	\$44.21	\$3,409.40	
Medicare Retiree	EE	\$376.92	\$4.97	\$381.89	
	EE+1	\$720.18	\$9.48	\$729.66	
	EE+2 (All Medicare)	\$1,062.77	\$20.85	\$1,083.62	
	EE+2	\$1,585.90	\$20.85	\$1,606.75	

<sup>1</sup> Total premiums include the percent and dollar increase for the City Plan final rates with all approved changes.

# Exhibit 6

<sup>1</sup> Excludes additional negotiated contributions which apply to certain collectively bargained employees.

<sup>2</sup> Total premiums include all approved plan design changes, vision costs, expense accrual, and are adjusted for the final 10-county survey.

<sup>3</sup> Premiums are in compliance with SB 946.

# VSP Vision: Final Active/Early Retiree/Medicare Monthly Contributions July 1, 2012 to December 31, 2012

## Exhibit 7

		Member Contributions <sup>1</sup>		
		Core Plan		
		July 1, 2012 to December 31, 2012	2011-12	\$ Change
Active	EE	\$3.78	\$3.78	\$0.00
	EE+1	\$7.58	\$7.58	\$0.00
	EE+2	\$10.73	\$10.73	\$0.00
Non-Medicare Retiree	EE	\$3.78	\$3.78	\$0.00
	EE+1	\$7.58	\$7.58	\$0.00
	EE+2	\$10.73	\$10.73	\$0.00
Medicare Retiree	EE	\$3.78	\$3.78	\$0.00
	EE+1	\$7.58	\$7.58	\$0.00
	EE+2 (All Medicare)	\$10.73	\$10.73	\$0.00
	EE+2	\$10.73	\$10.73	\$0.00

<sup>1</sup> Rates are guaranteed through June 30, 2014.

# Delta Dental PPO: Final Active/Retiree Monthly Contributions July 1, 2012 to December 31, 2012

## Exhibit 8

		Member Contributions <sup>1,2</sup>		
		July 1, 2012 to December 31, 2012 <sup>3</sup>	2011-12	\$ Change
Active	EE	\$64.35	\$75.74	(\$11.39)
	EE+1	\$135.14	\$124.55	\$10.59
	EE+2	\$193.06	\$187.25	\$5.81
				3.10%
Retiree	EE	\$39.87	\$39.87	\$0.00
	EE+1	\$79.80	\$79.80	\$0.00
	EE+2	\$120.54	\$120.54	\$0.00
				0.00%

<sup>1</sup> Active rates guaranteed through June 30, 2013. Retiree rates guaranteed through June 30, 2014.

<sup>2</sup> Excludes additional negotiated contributions which apply to certain collectively bargained employees.

<sup>3</sup> Super composite cost for self-funded dental does not change between plan year 2011-12 and the short plan year July 1, 2012 to December 31, 2012. However the rate by tier structure does change.

# Delta Care USA : Final Active/Retiree Monthly Contributions July 1, 2012 to December 31, 2012

## Exhibit 9

		Member Contributions <sup>1,2</sup>		
		July 1, 2012 to December 31, 2012	2011-12	\$ Change
Active	EE	\$26.00	\$26.00	\$0.00
	EE+1	\$42.90	\$42.90	\$0.00
	EE+2	\$63.45	\$63.45	\$0.00
Retiree	EE	\$31.70	\$31.70	\$0.00
	EE+1	\$52.31	\$52.31	\$0.00
	EE+2	\$77.37	\$77.37	\$0.00

<sup>1</sup> Active and retiree rates guaranteed through June 30, 2013.

<sup>2</sup> Excludes additional negotiated contributions which apply to certain collectively bargained employees.



# Pacific Union Dental: Final Active/Retiree Monthly Contributions July 1, 2012 to December 31, 2012

## Exhibit 10

		Member Contributions <sup>1,2</sup>		
		July 1, 2012 to December 31, 2012	2011-12	\$ Change
Active	EE	\$27.80	\$27.80	\$0.00
	EE+1	\$45.90	\$45.90	\$0.00
	EE+2	\$67.86	\$67.86	\$0.00
Retiree	EE	\$16.47	\$16.47	\$0.00
	EE+1	\$27.20	\$27.20	\$0.00
	EE+2	\$40.22	\$40.22	\$0.00

<sup>1</sup> Active and retiree rates guaranteed through June 30, 2014.

<sup>2</sup> Excludes additional negotiated contributions which apply to certain collectively bargained employees.

# Distribution of Aggregate Plan Costs July 1, 2012 to December 31, 2012

## Exhibit 11

	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	\$13.8	\$134.1	\$147.9	9.4%	90.6%
% Increase	5.8%	3.0%	3.2%	N/A	N/A
Blue Shield HMO	\$19.1	\$124.0	\$143.0	13.3%	86.7%
% Increase	0.8%	3.9%	3.5%	N/A	N/A
City Plan (UHC)	\$8.0	\$31.0	\$39.0	20.5%	79.5%
% Increase	10.9%	4.7%	5.9%	N/A	N/A
Dental	\$1.6	\$19.8	\$21.4	7.6%	92.4%
% Increase	0.0%	0.0%	0.0%	N/A	N/A
<b>Total</b>	<b>\$42.5</b>	<b>\$308.8</b>	<b>\$351.3</b>	<b>12.1%</b>	<b>87.9%</b>
% Increase	4.1%	3.3%	3.4%	N/A	N/A

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

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

<b>Contractor Information</b> <i>(Please print clearly.)</i>	
Name of contractor:  Kaiser Foundation Health Plan, Inc. Northern California Region  Kaiser Foundation Health Plan, Inc. Southern California Region	
<p><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></p> <p>1.) Please see attached  2.) Please see attached  3.) Kaiser Permanente represents a 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.</p> <p>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.</p> <p>4.) N/A  5.) N/A</p>	
Contractor address:  Kaiser Foundation Health Plan, Inc. Northern California Region 1950 Franklin Street Oakland, CA 94612  Kaiser Foundation Health Plan, Inc. Southern California Region 393 East Walnut Street Pasadena, CA 91188	
Date that contract was approved: January 12, 2012 by the Health Service Board	Amount of contract: \$147,895,182*

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 San Francisco Board of Supervisors  
Print Name of Board

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

Print Name of Board

<b>Filer Information</b> (Please print clearly.)	
Name of filer: Angela Calvillo, Clerk of the Board	Contact telephone number: 415-554-5184
Address: City Hall, Room 244 1 Dr. Carlton B. Goodlett Pl., San Francisco CA 94102	E-mail: Board.of.Supervisors@sfgov.org

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

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**George C. Halvorson**

Chairman and Chief Executive Officer, Kaiser Foundation Health Plan, Inc., and Kaiser Foundation Hospitals

**Christine K. Cassel, MD, MACP**

President and Chief Executive Officer of the American Board of Internal Medicine and ABIM Foundation

**Thomas W. Chapman, MPH, EdD**

President and Chief Executive Officer of the HSC Foundation

**Daniel P. Garcia**

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

**William R. Graber**

Retired Chief Financial Officer of McKesson Corporation

**J. Eugene Grigsby III, PhD**

President and Chief Executive Officer of the National Health Foundation

**Judith A. Johansen, JD**

President of Marylhurst University, Portland, Oregon

**Kim J. Kaiser**

Senior Pilot, Alaska Airlines

**Philip A. Marineau**

Operating Partner, LNK Partners, and Retired President and Chief Executive Officer of Levi Strauss & Co.

**Jenny J. Ming**

President and Chief Executive Officer, Charlotte Russe Holding, Inc., and Former President of Old Navy

**Edward Pei**

Retired Executive Vice President of the Consumer Banking Group of First Hawaiian Bank

**J. Neal Purcell**

Retired Vice Chairman and Managing Partner of KPMG, LLP

**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 with the UCLA School of Medicine

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**Sandra P. Thompkins, JD**

Executive Director of Human Resources, Delphi Corporation's Packard Electric Division

■ National leadership team

**George C. Halvorson**

Chairman and Chief Executive Officer

**Bernard J. Tyson**

Executive Vice President, Health Plan and Hospital Operations

**Anthony 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

**Phil Fasano**

Executive Vice President and Chief Information Officer

**Diane Gage Lofgren, APR**

Senior Vice President, Brand Strategy, Communications and Public Relations

**Kathy Lancaster**

Executive Vice President and Chief Financial Officer

**Jed Weissberg, MD**

Senior Vice President, Quality and Care Delivery Excellence

**Arthur M. Southam, MD**

Executive Vice President, Health Plan Operations

**Mark S. Zemelman**

Senior Vice President and General Counsel

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

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

Name of City elective officer(s):

Members, Board of Supervisors

City elective office(s) held:

Members, Board of Supervisors

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

Name of contractor: United HealthCare Services, Inc

*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. Board Members:

William C. Ballard, Jr.

Richard T. Burke

Robert J. Darretta

Stephen J. Hemsley

Michele J. Hooper

Rodger A. Lawson

Douglas W. Leatherdale

Glenn M. Renwick

Kenneth I. Shine, M.D.

Gail R. Wilensky, Ph.D.

## 2. CEO, CFO, COO

Steve J. Hemsley CEO, COO

David S. Wichmann CFO

## 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 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.

## **VENDORS AND SUBCONTRACTORS**

### **PRESCRIPTION BENEFITS ADMINISTRATION**

Medco Health Solutions, Inc. (Medco) is our business partner in the administration of our pharmacy program. While UnitedHealthcare Pharmacy directs all key aspects of the pharmacy benefit program, we have contracted with Medco to outsource general program administration, including retail network management, since 2000.

### **NETWORK LEASING**

UnitedHealthcare owns 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.

### **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 out the initial overpayment notification letter and will follow up with the physician on outstanding balances through phone calls or subsequent recovery letters. These vendors assist with the resolution of physician disputes/appeals.

### **MATERNITY MANAGEMENT**

We subcontract with Alere (formerly Matria Healthcare) to provide portions of our Healthy Pregnancy Program (HPP). We do use an outside vendor for external review on selected cases.

### **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).

### **HEALTH INFORMATION**

Various internal and external sources provide health content to our member Web site, **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.



## **SURVEYS**

We conduct an annual 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.

## **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 Law Group.

## **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.

## **LEGAL**

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.

5. There are no political committees sponsored or controlled by the contractor.

Contractor address: 185 Asylum Street  
Hartford, CT 06103-3408

Date that contract was approved: January 12, 2012 by  
the Health Service Board

Amount of contract:  
\$1,278,073 (ASO) + \$38,972,185 (estimated  
claims) = \$40,250,258\*

Describe the nature of the contract that was approved: Self-Insured Medical Plan sponsored by CCSF and whose claims administration is outsourced to UnitedHealth Services, Inc.

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

This contract was approved by (check applicable):

☐ the City elective officer(s) identified on this form

☒ a board on which the City elective officer(s) serves San Francisco Board of Supervisors  
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: Angela Calvillo, Clerk of the Board	Contact telephone number: 415-554-5184
Address: City Hall, Room 244 1 Dr. Carlton B. Goodlett Pl, San Francisco, CA 94102	E-mail: Board.of.Supervisors@sfgov.org

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

Date Signed

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

Date Signed

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

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

<b>Contractor Information</b> (Please print clearly.)
Name of contractor: Blue Shield of California
<p><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></p> <p>(1) members of the contractor's board of directors;</p> <ul style="list-style-type: none"> <li>• <u>Bruce G. Bodaken</u></li> <li>• Doug Busch</li> <li>• Vanessa Chang</li> <li>• Evelyn Dilsaver</li> <li>• Hector Flores, M.D.</li> <li>• Alan Fohrer</li> <li>• William Hauck</li> <li>• Sandra Hernandez, M.D.</li> <li>• Robert Lee</li> <li>• Mohammad H. Qayoumi, Ph.D.</li> </ul> <p>(2) the contractor's chief executive officer, chief financial officer and chief operating officer;</p> <p>Bruce Bodaken, President, Chairman and CEO</p> <p>Heidi Fields, Executive Vice President, Chief Financial Officer</p> <p>Paul Markovich, Executive Vice President, Chief Executive Officer</p> <p>(3) any person who has an ownership of 20 percent or more in the contractor;</p> <p>Blue Shield is a Not-for-Profit Mutual Benefit Corporation.</p> <p>(4) any subcontractor listed in the bid or contract; and</p> <p>N/A</p>

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

Blue Shield of California Political Action Committee

Contractor address:

50 Beale Street, San Francisco CA 94105

Date that contract was approved:

January 12, 2012 by the Health Service Board

Amount of contract:

\$143,048,233 (July 1, 2012 to December 31, 2012)\*

Describe the nature of the contract that was approved:

Medical Coverage: Blue Shield Traditional HMO and Blue Shield 65 Plus

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 San Francisco Board of Supervisors  
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:

Angela Calvillo, Clerk of the Board

Contact telephone number:

415-554-5184

Address: City Hall, Room 244

1 Dr. Carlton B. Goodlett Pl., San Francisco CA 94102

E-mail:

Board.of.Supervisors@sfgov.org

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

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

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

<b>Contractor Information</b> <i>(Please print clearly.)</i>
Name of contractor: Delta Dental of California ( Delta Dental PPO Active Self Insured and Retiree PPO fully insured, 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>
<b>(1)DIRECTORS AND OFFICERS</b> 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, <b>Chair</b> 100 First Street San Francisco, CA 94105  Lynn L. Franzoi 100 First Street San Francisco, CA 94105  Devang M. Gandhi, DDS 100 First Street San Francisco, CA 94105  Gregory D. Kaplan, DDS, <b>2nd Vice Chair</b> 100 First Street San Francisco, CA 94105  Steven F. McCann, <b>Treasurer</b> 100 First Street San Francisco, CA 94105  Terry A. O'Toole 100 First Street San Francisco, CA 94105  Renuka (Becky) P. Patel, <b>1st Vice Chair</b> 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, **Secretary**  
100 First Street  
San Francisco, CA 94105

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

Steven W. Voss  
100 First Street  
San Francisco, CA 94105

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

**(2)**

Chief Executive Officer – Gary Radine  
Chief Financial Officer – Michael Castro  
Chief Operating Officer – Tony Barth

**(3)**

None

**(4)**

None

**(5)**

None

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

Date that contract was approved:  
January 12, 2012 approved by the Health Service Board

Amount of contract: **\$27,282,541 (July 1, 2012 to December 31, 2012)\***

Delta Dental PPO -  
**Policy Number 1697 – Retirees**  
\$4,923,000

Delta Dental PPO -  
**Policy 9502 – Actives: (Self-funded Claims + Admin.)**  
\$21,841,625

DeltaCare USA – DHMO  
**Policy # 01797 – DeltaCare:**  
\$480,824

Describe the nature of the contract that was approved:  
Dental Benefits

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. And, for Delta Dental PPO Active Self-Insured Plan, the final contract amount is also based on actual claims.

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 San Francisco Board of Supervisors

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:

Angela Calvillo, Clerk of the Board

Contact telephone number:

415-554-5184

Address: City Hall, Room 244

1. Dr. Carlton B. Goodlett Pl., San Francisco, CA 94102

E-mail:

Board.of.Supervisors@sfgov.org

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

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**NOTIFICATION OF CONTRACT APPROVAL**  
(S.F. Campaign and Governmental Conduct Code § 1.126)

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

<b>Contractor Information</b> <i>(Please print clearly.)</i>
Name of contractor: DENTAL BENEFIT PROVIDERS OF CALIFORNIA, INC., a subsidiary of United HealthGroup [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. Board Members:**

William C. Ballard, Jr.  
Richard T. Burke  
Robert J. Darretta  
Stephen J. Hemsley  
Michele J. Hooper  
Rodger A. Lawson  
Douglas W. Leatherdale  
Glenn M. Renwick  
Kenneth I. Shine, M.D.  
Gail R. Wilensky, Ph.D.

**2. CEO, CFO, COO**

Steve J. Hemsley CEO, COO  
David S. Wichmann CFO

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## **ID CARDS**

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## **LEGAL**

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.

5. There are no political committees sponsored or controlled by the contractor.

Contractor address: 185 Asylum Street  
Hartford, CT 06103-3408

Date that contract was approved: January 12, 2012 by  
the Health Service Board

Amount of contract:  
\$194,328 (July 1 2012 to December 31, 2012)\*

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 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

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Print Name of Board

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Print Name of Board

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Name of filer: Angela Calvillo, Clerk of the Board	Contact telephone number: 415-554-5184
Address: City Hall, Room 244 1 Dr. Carlton B. Goodlett Pl, San Francisco, CA 94102	E-mail: Board.of.Supervisors@sfgov.org

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

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