

File No. 130653

Committee Item No. 12

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Sub-Committee

Date: 07/17/2013

Board of Supervisors Meeting

Date: _____

Cmte Board

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| <input type="checkbox"/> | <input type="checkbox"/> | MOU |
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Completed by: Victor Young

Date July 12, 2013

Completed by: Victor Young

Date _____

1 [Administrative Code - Health Service System Plans and Contribution Rates for Calendar
2 Year 2014]

3 **Ordinance amending the San Francisco Administrative Code, Chapter 16, Article XV, of**
4 **Part 1 by amending Section 16.703 regarding Board approval of health service system**
5 **plans and contribution rates.**

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

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

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

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

13 Changes in contribution rates adopted by the Health Service Board, as respects ~~to~~ the
14 plans of the Health Service System, to become effective on ~~January 1, 2013~~ January 1, 2014 for
15 the calendar plan year January 1, 201~~4~~ through December 31, 201~~4~~, approved by the
16 Health Service Board in actions taken by it on ~~June 13, 2013~~ April 12, 2012, May 10, 2012, June 1,
17 2012, June 14, 2012 and July 3, 2012, which plans and contribution rates are on file with the
18 Clerk of the Board of Supervisors, are hereby approved.

19
20
21 APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

22 By: Erik Rapoport
23 Erik Rapoport
Deputy City Attorney

24 n:\labor\as2013\9690077\00852805.docx

Items 12 and 13 Files 13-0653 and 13-0654 <i>(Continued from July 10, 2013)</i>	Department Health Service System (HSS)
EXECUTIVE SUMMARY	
<p style="text-align: center;">Legislative Objectives</p>	
<ul style="list-style-type: none"> • The proposed ordinance (File 13-0653) would amend Administrative Code Section 16.703, establishing the Health Service System's 2014 health, vision, and dental plans and premiums. • The proposed resolution (File 13-0654) would approve the 2014 employers' contribution of \$559.65 per member per month to the Health Service System Trust Fund. 	
<p style="text-align: center;">Fiscal Impacts</p>	
<ul style="list-style-type: none"> • In accordance with the City's Charter, the Health Service Board is required to conduct a survey of the ten most populous California counties each year to determine the average of the health premium contributions made by the ten counties. Based on this survey, the average 2014 contribution is \$559.65 per member per month, which is \$24.87 or 4.65 percent more than the ten-county average contribution of \$534.78 in 2013. • However, the City's monthly health premium contributions for employees is proposed to be (a) \$1,046.99 for the City's Health Plan, a 16.84% reduction, (b) \$562.30 for Kaiser, a 4.71% increase, and (c) \$612.56 for Blue Shield, a 5.3% reduction. • The total costs for the City, employees, retirees, and their dependents of \$595,803,151 in 2014 for health, vision, dental, long-term disability and life insurance, is \$4,054,015, or 0.7 percent more than the \$591,749,136 costs for these plans in 2013. • Of the total 2014 costs of \$595,803,151, the City's costs (excluding employee or retiree contributions) are \$523,163,928, or approximately 87.8 percent of the total costs. • Health premiums in 2014 will be increased by federal fees and taxes from legislation including the Patient Protection and Affordable Care Act. • Health premium contributions in 2014 will be affected by cost-sharing agreements that were negotiated between the City and various City unions in 2012. 	
<p style="text-align: center;">Recommendations</p>	
<ul style="list-style-type: none"> • Approve the proposed ordinance (File 13-0653) to amend Administrative Code Section 16.703, establishing the Health Service System's 2014 health, vision, and dental plans and premium contribution rates. • Approve the proposed resolution (File 13-0654), setting the City's 2014 average contribution to the Health Service System Trust Fund under Charter Section A8.428 in the amount of \$559.65 per member per month. 	

MANDATE STATEMENT/BACKGROUND

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

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

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

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

The 10-County "average contribution" in 2014 is \$559.65, which is \$24.87 or 4.65 percent more than the 10-County "average contribution" of \$534.78 in 2013.

DETAILS OF PROPOSED LEGISLATION

File 13-0653: The proposed ordinance would amend Administrative Code Section 16.703 to approve the Health Service Systems' 2014 health, vision, and dental plans and premiums, and life insurance and long term disability insurance.

File 13-0654: The proposed resolution would approve the City's 2014 contribution to the Health Service System Trust Fund, under Charter Section A8.4289, at \$559.65 per member per month.

Proposed Health Plans

On June 13, 2013, the Health Service Board approved the subject health, vision, and dental plans and monthly premiums for 2014 as follows:

City Plan Preferred Provider Organization (PPO)¹

The City Plan is a self-funded plan administered by United HealthCare (UHC). The Health Service Board adopted no plan design changes to the City Plan in 2014.

Kaiser and Blue Shield Health Maintenance Organizations (HMO)²

Consistent with the 2013 plan year, two HMOs will be offered to HSS members for the 2014 plan year; Kaiser and Blue Shield of California. The Blue Shield HMO plan is a flex-funded product for active and early retiree members. The Health Service Board adopted no plan design changes to the Kaiser HMO or the Blue Shield HMO.

Vision Plans

Members enrolled in one of the three health plans receive vision benefits through Vision Service Plan (VSP), a third party insurer. The VSP plan is a fully-insured plan. The 2014 rates will increase 5.5% which includes 2% due to federal healthcare reform taxes. The cost of the vision plan is added to the cost of the medical plan for all monthly health plan premiums.

Sources of Health Plan Premium Increases

The following two major changes will affect health plan premiums and the payment of these premiums in 2014.

(1) The premiums covered by the employer for each health plan will vary according to union membership of the covered employee as per negotiated Memorandum of Understanding (MOU) agreements (please see section entitled, 'Changes in Contribution Strategy', below).

(2) Federal healthcare reform will add fees and taxes to the premium calculation (please see section entitled, 'Impacts of Federal Legislation', below).

According to Mr. Gregg Sass, Interim CFO at HSS, all other changes in premiums are a result of health plan premium increases and/or savings from under-utilization.

Changes in Contribution StrategyChanges in City and County (CCSF) Contribution Strategy

Historically, active CCSF employees have paid nothing for employee-only health and dental insurance coverage. Starting January 1, 2014, in accordance with some union MOU agreements³,

¹ Under a PPO, physicians, hospitals, and other providers contract with a third-party administrator or insurer to provide health care at reduced rates to members.

² An HMO offers care through a closed panel of providers, in which members select a primary care physician, who coordinates care to direct access to medical services.

³ According to Mr. Sass, this negotiated change would impact approximately 7,800 employee-only members, which is approximately 70% of active employee-only members, by July 1, 2014. The Health Service Board approved two sets of rates to reflect this change in 2014. One set of rates is for members under this new '90/10 Contribution Model', and the other set of rates is for members under the existing contribution model.

the employee contribution amount will increase to a maximum of 10 percent of the premium. This contribution calculation is called the '90/10 Contribution Model'.

Under the '90/10 Contribution Model', the City will contribute the greater of the 10-County average amount (\$559.65) or 90 percent of the employee-only premium for active employees in the Kaiser and Blue Shield populations. For active employee-only members in the City Plan, the City will contribute 90 percent of the Blue Shield employee-only premium plus one-half of the difference between 90 percent of the Blue Shield employee-only premium and 100 percent of the City Plan employee-only premium. This change applies only to those employees that do not have dependent coverage.

The City Charter states, in Section A8.423, "the average contribution made with respect to each employee by said 10 counties toward the health care plans provided for their employees ... **shall be 'the average contribution'.**" According to Mr. Jon Givner, Deputy City Attorney, the Charter provides the amount that must be contributed to the Health Service System Trust Fund by the City, but that amount is not a ceiling and the City could agree to pay additional amounts to fund employee health care under an MOU with a union representing City employees.

HSS Subsidy Option

On June 14th, 2013, the Health Service Board approved another set of rates for any union that approves an MOU agreement with the City by July 31, 2013 for a different (flat premium) employee contribution amount for 2015. This flat premium would reflect a trust-funded subsidy for the employee-only employee contribution amount under the '90/10 Contribution Model'. The subsidy would smooth member transition to the 2015 contribution model. Unlike the '90/10 Contribution Model', which applies to employee-only members in Blue Shield and the City Plan only, the flat premium would apply to all members of all three plans, including Kaiser. Participation would be broader but the required contribution by individual members would be lower than under the '90/10 Contribution Model'. The San Francisco Department of Human Resources is currently involved in MOU negotiations to define the specific rates for this subsidy option.

City's Monthly Premium Costs

As previously noted, the 10-County average determined that the City contribution to the Health Service System Trust Fund in 2014 would be \$559.65 per month. However, Table 1 below shows a "blended" rate for each of the three health plans for 2014 which is a weighted calculation of the City's contribution payment for active employees based on the proportion of employees subject to the '90/10 Contribution Model' versus the proportion of employees subject to the original rate schedule.

Table 1
Total Monthly Employer Rate for Active Employees in 2014

	2013	2014 Proposed	Increase	Percent Change
City Health Plan	\$1,258.97	\$1,046.99	(\$211.98)	(16.84%)
Kaiser	\$537.02	\$562.30	\$25.28	4.71%
Blue Shield	\$647.16	\$612.56	(\$34.60)	(5.35%)

Proposed Health Plan Premiums

City Health Plan Premiums

The City Health Plan is self-funded. Amounts to cover premiums are deposited into the Health Service System Trust Fund and used to pay claims. Monthly premium amounts are based on claims experience for each type of plan member: active employees, retirees with Medicare, and retirees without Medicare.

The blended monthly employer rate, or amount that the City will pay, for single employees will decrease by 16.84 percent in 2014, as shown above in Table 1. This decrease is because of utilization savings in prior years, which appears as a rate reduction in 2014.

Under the City Health Plan, employee premiums will decrease in 2014 by approximately 2.7 percent overall, mainly because of prior-year utilization savings and the '90/10 Contribution Model'.

Kaiser Premiums

The Kaiser Plan blended monthly employer rate for single employees will increase in 2014 by 4.71 percent, as shown in Table 1 above. Under the Kaiser plan, employee premiums will increase in 2014 by approximately 5.2 percent overall. These premium increases reflect new federal healthcare reform as well as administrative cost increases at Kaiser.

Blue Shield Premiums

The Blue Shield Plan blended monthly employer rate for single employees will decrease by 5.35 percent in 2014, as shown in Table 1 above. This is because of the '90/10 Contribution Model' and slightly lower average utilization than expected. Under the Blue Shield plan, employee premiums will stay flat in 2014 except for retiree premiums, which will increase by approximately 6 percent because of federal healthcare reform and health cost increases.

Proposed Dental Plans

The Health Service System offers three dental plans, including one PPO, Delta Dental PPO, and two HMOs: Delta Care USA and Pacific Union Dental. There are no plan changes in the dental plans.

The City does not contribute to the monthly dental premium for retired employees. The City contributes the full monthly premium for active employees for the two HMOs and also

contributes part of the monthly premium for active employees for Delta Dental PPO. As shown in Table 2 below, the City's contribution to premiums will increase up to 4.2% in 2014 for all dental plans except for Pacific Union Dental, whose premiums remain unchanged from 2013.

Table 2
Total Monthly Dental Premiums

	2014	2013	Increase/ Decrease	Percent
Delta Care USA HMO				
Single Employee	\$26.95	\$26.00	\$0.95	3.7%
Employee + One Dependent	\$44.46	\$42.90	\$1.56	3.6%
Employee + Two or More Dependents	\$65.76	\$63.45	\$2.31	3.6%
Pacific Union Dental HMO				
Single Employee	\$27.80	\$27.80	\$0.00	0.0%
Employee + One Dependent	\$45.90	\$45.90	\$0.00	0.0%
Employee + Two or More Dependents	\$67.86	\$67.86	\$0.00	0.0%
Delta Dental PPO				
Single Employee (Total Premium)	\$65.95	\$63.47	\$2.48	3.9%
Less Employee Contribution	(\$5.00)	(\$5.00)	\$0.00	0.0%
City's Contribution	\$60.95	\$58.47	\$2.48	4.2%
Employee + One Dependent (Total Premium)	\$138.49	\$133.29	\$5.20	3.9%
Less Employee Contribution	(\$10.00)	(\$10.00)	\$0.00	0.0%
City's Contribution	\$128.49	\$123.29	\$5.20	4.2%
Employee + Two or More Dependents (Total Premium)	\$197.84	\$190.42	\$7.42	3.9%
Less Employee Contribution	(\$15.00)	(\$15.00)	\$0.00	0.0%
City's Contribution	\$182.84	\$175.42	\$7.42	4.2%

Contingency and Stabilization Amounts

The HSS sets aside a portion of the Trust Fund balance⁴ to provide contingencies for the self-funded dental plan, Delta Dental PPO, and to stabilize employees' dental plan premium increases. The member contributions for Delta Dental PPO plan for retirees, Delta Care USA dental plans for employees and retirees, and Pacific Union Dental plans for employees and retirees remain unchanged from the prior plan year. Pursuant to the Health Service's Self-Funded Plans' Funding Policy, no claims stabilization amount has been applied this year.

Life and Long Term Disability Insurance

The Health Service System will continue its contract with Aetna Life Insurance Company in 2014. In January 2013, Aetna Life Insurance Company was selected through a Request for Proposal (RFP) process to provide life and long term disability insurance to City employees eligible for coverage through their MOUs between the City and the respective unions.

⁴ The Employee Benefit Trust Fund is funded via payroll deductions and employer contributions. Those amounts are paid into the Trust Fund and premiums are paid by the Trust Fund. The fund balance is what remains after accruing all liabilities for unpaid premiums and incurred but not reported expenses of self-insurance programs. As of June 30, 2012, the fund balance in the Trust Fund was \$53.2M, which is projected to increase to \$69.5M by June 30, 2013.

Impacts of Federal Legislation

As of January 1, 2014, a provision of the Federal Patient Protection and Affordable Care Act (PPACA) will take effect, introducing the Federal PPACA Legislative Fees. Implementation of another provision previously scheduled to take effect in 2014, the Federal PPACA Full Time Employee requirements, has been deferred by the federal government until 2015. Both of these provisions are briefly summarized below. Implementation of an additional provision, Federal PPACA Automatic Enrollment, has also been deferred because the Department of Labor stated that it will not issue final guidance on Automatic Enrollment until 2014. In addition to Federal PPACA requirements, the 2009 American Recovery and Reinvestment Act established a temporary Early Retiree Reinsurance Program (ERRP), also summarized below.

Federal PPACA Full Time Employee requirements

A current assessment by HSS indicates that no additional payments will be incurred under this federal legislation because both the City and the Superior Courts offer coverage to all full time employees. HSS is still working with the San Francisco Community College District (SFCCD) and the San Francisco Unified School District (SFUSD) and to assess their compliance with federal PPACA requirements. On July 2, 2013 this PPACA requirement was deferred until 2015.

Federal PPACA Legislative Fees

As a result of the federal PPACA, there are two direct fees and one tax that have been factored into the calculation of medical premium rates and premium equivalents for the 2014 plan year. The three fees are the Health Insurer Tax (HIT), Patient Centered Outcomes Research Institute (PCORI) fee, and the Transitional Reinsurance fee. Table 3 (below) summarizes the estimated cost of each of these legislative fees for 2014 for the City and County of San Francisco.⁵

Table 3
Federal PPACA Legislative Fees and Taxes (\$ Millions) in 2014

	HIT	PCORI	Transitional Reinsurance	Total
City Plan (UHC)	\$0.00	\$0.01	\$0.13	\$0.14
Kaiser	\$2.15	\$0.09	\$2.10	\$4.33
Blue Shield	\$6.27	\$0.07	\$1.91	\$8.26
Delta	\$0.00	N/A	N/A	\$0.00
VSP	\$0.07	N/A	N/A	\$0.07
Total	\$8.49	\$0.18	\$4.13	\$12.80

⁵ The HSS Trust Fund serves four employers: The City and County of San Francisco, the Superior Courts, San Francisco Community College District and the San Francisco Unified School District (CCSF, CRT, SFCCD, and SFUSD). The costs shown in Table 3 reflect only those PPACA charges incurred by CCSF.

Early Retiree Reinsurance Program Reimbursements

The 2009 American Recovery and Reinvestment Act established the temporary Early Retiree Reinsurance Program (ERRP) as an incentive for employers to continue early retiree health insurance coverage. This program provided federal reimbursement to eligible sponsors of employment-based plans for a portion of the costs of providing health coverage to early retirees, during the period beginning on the date the program was established, and ending on December 31, 2013. The total ERRP amount received by HSS from the federal government with interest is \$3,812,749. A plan sponsor may use these ERRP reimbursements to reduce the sponsor's health benefit premiums or costs, to reduce costs for plan participants, or to reduce any combination of these costs.

However, ERRP regulations stipulate a Maintenance of Contribution (MOC), requiring that the City continue to provide at least the same level of contribution to support each plan if any of the reimbursement funds are used to offset City costs, rather than exclusively used to offset employee contributions.

On January 10, 2013, the Health Service Board approved spending the ERRP reimbursement funds exclusively to reduce participant premium contributions in order to decrease both participant and employer premiums through stabilizing membership and premium rates, which will allow HSS to bypass the MOC calculation requirements. The Health Service Board also approved apportioning the ERRP reimbursement funds based on the amount of premiums paid into each plan in proportion to each set of rates paid in 2013.

FISCAL ANALYSIS

The City's cost for health and other plans is funded by charges to each City Department for the cost of employee benefits.

As shown in Table 4 below, the total City, employee, and retiree costs for the health, vision, and dental plans, and long-term disability and life insurance will increase to \$595,803,151 in 2014, which is a \$4,054,015, or 0.7 percent increase from \$591,749,136 in FY 2013.

Table 4
Total Health and Other Plan Costs for the City, Employees, and Retirees in 2014
Compared to 2013

	2013	2014	Increase/ (Decrease)	Percent
City Costs Only				
Kaiser HMO	\$213,512,253	\$227,362,649	\$13,850,396	6.5%
Blue Shield HMO	220,221,904	218,316,125	(1,905,779)	-0.9%
City Plan	48,002,758	40,740,923	(7,261,834)	-15.1%
Subtotal Health and Vision Plan	481,736,914	486,419,697	4,682,783	1.0%
Dental	31,123,486	31,959,386	835,900	2.7%
Long Term Disability and Life Insurance	4,784,845	4,784,845	0	0.0%
Total City Costs	\$517,645,245	\$523,163,928	\$5,518,683	1.1%
Employee and Retiree Costs Only				
Kaiser HMO	\$21,223,163	\$23,124,625	\$1,901,462	9.0%
Blue Shield HMO	37,951,651	36,603,898	(1,347,753)	-3.6%
City Plan	12,285,682	10,267,304	(2,018,378)	-16.4%
Subtotal Health and Vision Plan	71,460,496	69,995,828	(1,464,668)	-2.0%
Dental	2,582,155	2,582,155	0	0.0%
Long Term Disability and Life Insurance	61,240	61,240	0	0.0%
Total Employee and Retiree Costs	\$74,103,891	\$72,639,223	(\$1,464,668)	-2.0%
Total Costs				
Kaiser HMO	\$234,735,416	\$250,487,274	\$15,751,859	6.7%
Blue Shield HMO	258,173,555	254,920,023	(3,253,532)	-1.3%
City Plan	60,288,439	51,008,228	(9,280,212)	-15.4%
Subtotal Health and Vision Plan	553,197,410	556,415,525	3,218,115	0.6%
Dental	33,705,642	34,541,541	835,900	2.5%
Long Term Disability and Life Insurance	4,846,084	4,846,084	0	0.0%
Total Costs	\$591,749,136	\$595,803,151	\$4,054,015	0.7%

Of the total 2014 costs of \$595,803,151 shown in Table 4 above, the City's total costs (excluding employee or retiree contributions) is \$523,163,928, or approximately 87.8 percent of the total costs. Overall, the City's total cost of \$523,163,928 in 2014 for the health, vision, and dental plans, and long-term disability and life insurance, is \$5,518,683, or 1.1 percent more than the costs for these plans in 2013 of \$517,645,245.

RECOMMENDATIONS

- Approve the proposed ordinance (File 13-0653) to amend Administrative Code Section 16.703, establishing the Health Service System's 2014 health, vision, and dental plans and premiums.
- Approve the proposed resolution (File 13-0654), setting the City's 2014 contribution to the Health Service System Trust Fund, under the Charter, of \$559.65 per member per month.

<p>Items 6 and 7 Files 13-0653 and 13-0654</p>	<p>Department Health Service System (HSS)</p>
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Sources of Health Plan Premium Increases

The following two major changes will affect health plan premiums and the payment of these premiums in 2014.

- (1) The premiums covered by the employer for each health plan will vary according to union membership of the covered employee as per negotiated Memorandum of Understanding (MOU) agreements (please see section entitled, 'Changes in Contribution Strategy', below).
- (2) Federal healthcare reform will add fees and taxes to the premium calculation (please see section entitled, 'Impacts of Federal Legislation', below).

According to Mr. Gregg Sass, Interim CFO at HSS, all other changes in premiums are a result of health plan premium increases and/or savings from under-utilization.

Changes in Contribution StrategyChanges in City and County (CCSF) Contribution Strategy

Historically, active CCSF employees have paid nothing for employee-only health and dental insurance coverage. Starting January 1, 2014, in accordance with some union MOU agreements³,

¹ Under a PPO, physicians, hospitals, and other providers contract with a third-party administrator or insurer to provide health care at reduced rates to members.

² An HMO offers care through a closed panel of providers, in which members select a primary care physician, who coordinates care to direct access to medical services.

³ According to Mr. Sass, this negotiated change would impact approximately 7,800 employee-only members, which is approximately 70% of active employee-only members, by July 1, 2014. The Health Service Board approved two sets of rates to reflect this change in 2014. One set of rates is for members under this new '90/10 Contribution Model', and the other set of rates is for members under the existing contribution model.

the employee contribution amount will increase to a maximum of 10 percent of the premium. This contribution calculation is called the '90/10 Contribution Model'.

Under the '90/10 Contribution Model', the City will contribute the greater of the 10-County average amount (\$559.65) or 90 percent of the employee-only premium for active employees in the Kaiser and Blue Shield populations. For active employee-only members in the City Plan, the City will contribute 90 percent of the Blue Shield employee-only premium plus one-half of the difference between 90 percent of the Blue Shield employee-only premium and 100 percent of the City Plan employee-only premium. This change applies only to those employees that do not have dependent coverage.

The City Charter states, in Section A8.423, "the average contribution made with respect to each employee by said 10 counties toward the health care plans provided for their employees ... **shall be 'the average contribution'.**" According to Mr. Jon Givner, Deputy City Attorney, the Charter provides the amount that must be contributed to the Health Service System Trust Fund by the City, but that amount is not a ceiling and the City could agree to pay additional amounts to fund employee health care under an MOU with a union representing City employees.

HSS Subsidy Option

On June 14th, 2013, the Health Service Board approved another set of rates for any union that approves an MOU agreement with the City by July 31, 2013 for a different (flat premium) employee contribution amount for 2015. This flat premium would reflect a trust-funded subsidy for the employee-only employee contribution amount under the '90/10 Contribution Model'. The subsidy would smooth member transition to the 2015 contribution model. Unlike the '90/10 Contribution Model', which applies to employee-only members in Blue Shield and the City Plan only, the flat premium would apply to all members of all three plans, including Kaiser. Participation would be broader but the required contribution by individual members would be lower than under the '90/10 Contribution Model'. The San Francisco Department of Human Resources is currently involved in MOU negotiations to define the specific rates for this subsidy option.

City's Monthly Premium Costs

As previously noted, the 10-County average determined that the City contribution to the Health Service System Trust Fund in 2014 would be \$559.65 per month. However, Table 1 below shows a "blended" rate for each of the three health plans for 2014 which is a weighted calculation of the City's contribution payment for active employees based on the proportion of employees subject to the '90/10 Contribution Model' versus the proportion of employees subject to the original rate schedule.

Table 1
Total Monthly Employer Rate for Active Employees in 2014

	2013	2014 Proposed	Increase	Percent Change
City Health Plan	\$1,258.97	\$1,046.99	(\$211.98)	(16.84%)
Kaiser	\$537.02	\$562.30	\$25.28	4.71%
Blue Shield	\$647.16	\$612.56	(\$34.60)	(5.35%)

Proposed Health Plan Premiums

City Health Plan Premiums

The City Health Plan is self-funded. Amounts to cover premiums are deposited into the Health Service System Trust Fund and used to pay claims. Monthly premium amounts are based on claims experience for each type of plan member: active employees, retirees with Medicare, and retirees without Medicare.

The blended monthly employer rate, or amount that the City will pay, for single employees will decrease by 16.84 percent in 2014, as shown above in Table 1. This decrease is because of utilization savings in prior years, which appears as a rate reduction in 2014.

Under the City Health Plan, employee premiums will decrease in 2014 by approximately 2.7 percent overall, mainly because of prior-year utilization savings and the '90/10 Contribution Model'.

Kaiser Premiums

The Kaiser Plan blended monthly employer rate for single employees will increase in 2014 by 4.71 percent, as shown in Table 1 above. Under the Kaiser plan, employee premiums will increase in 2014 by approximately 5.2 percent overall. These premium increases reflect new federal healthcare reform as well as administrative cost increases at Kaiser.

Blue Shield Premiums

The Blue Shield Plan blended monthly employer rate for single employees will decrease by 5.35 percent in 2014, as shown in Table 1 above. This is because of the '90/10 Contribution Model' and slightly lower average utilization than expected. Under the Blue Shield plan, employee premiums will stay flat in 2014 except for retiree premiums, which will increase by approximately 6 percent because of federal healthcare reform and health cost increases.

Proposed Dental Plans

The Health Service System offers three dental plans, including one PPO, Delta Dental PPO, and two HMOs: Delta Care USA and Pacific Union Dental. There are no plan changes in the dental plans.

The City does not contribute to the monthly dental premium for retired employees. The City contributes the full monthly premium for active employees for the two HMOs and also

contributes part of the monthly premium for active employees for Delta Dental PPO. As shown in Table 2 below, the City’s contribution to premiums will increase up to 4.2% in 2014 for all dental plans except for Pacific Union Dental, whose premiums remain unchanged from 2013.

**Table 2
Total Monthly Dental Premiums**

	2014	2013	Increase/ Decrease	Percent
Delta Care USA HMO				
Single Employee	\$26.95	\$26.00	\$0.95	3.7%
Employee + One Dependent	\$44.46	\$42.90	\$1.56	3.6%
Employee + Two or More Dependents	\$65.76	\$63.45	\$2.31	3.6%
Pacific Union Dental HMO				
Single Employee	\$27.80	\$27.80	\$0.00	0.0%
Employee + One Dependent	\$45.90	\$45.90	\$0.00	0.0%
Employee + Two or More Dependents	\$67.86	\$67.86	\$0.00	0.0%
Delta Dental PPO				
Single Employee (Total Premium)	\$65.95	\$63.47	\$2.48	3.9%
Less Employee Contribution	(\$5.00)	(\$5.00)	\$0.00	0.0%
City's Contribution	\$60.95	\$58.47	\$2.48	4.2%
Employee + One Dependent (Total Premium)	\$138.49	\$133.29	\$5.20	3.9%
Less Employee Contribution	(\$10.00)	(\$10.00)	\$0.00	0.0%
City's Contribution	\$128.49	\$123.29	\$5.20	4.2%
Employee + Two or More Dependents (Total Premium)	\$197.84	\$190.42	\$7.42	3.9%
Less Employee Contribution	(\$15.00)	(\$15.00)	\$0.00	0.0%
City's Contribution	\$182.84	\$175.42	\$7.42	4.2%

Contingency and Stabilization Amounts

The HSS sets aside a portion of the Trust Fund balance⁴ to provide contingencies for the self-funded dental plan, Delta Dental PPO, and to stabilize employees’ dental plan premium increases. The member contributions for Delta Dental PPO plan for retirees, Delta Care USA dental plans for employees and retirees, and Pacific Union Dental plans for employees and retirees remain unchanged from the prior plan year. Pursuant to the Health Service’s Self-Funded Plans’ Funding Policy, no claims stabilization amount has been applied this year.

Life and Long Term Disability Insurance

The Health Service System will continue its contract with Aetna Life Insurance Company in 2014. In January 2013, Aetna Life Insurance Company was selected through a Request for Proposal (RFP) process to provide life and long term disability insurance to City employees eligible for coverage through their MOUs between the City and the respective unions.

⁴ The Employee Benefit Trust Fund is funded via payroll deductions and employer contributions. Those amounts are paid into the Trust Fund and premiums are paid by the Trust Fund. The fund balance is what remains after accruing all liabilities for unpaid premiums and incurred but not reported expenses of self-insurance programs. As of June 30, 2012, the fund balance in the Trust Fund was \$53.2M, which is projected to increase to \$69.5M by June 30, 2013.

Impacts of Federal Legislation

As of January 1, 2014, a provision of the Federal Patient Protection and Affordable Care Act (PPACA) will take effect, introducing the Federal PPACA Legislative Fees. Implementation of another provision previously scheduled to take effect in 2014, the Federal PPACA Full Time Employee requirements, has been deferred by the federal government until 2015. Both of these provisions are briefly summarized below. Implementation of an additional provision, Federal PPACA Automatic Enrollment, has also been deferred because the Department of Labor stated that it will not issue final guidance on Automatic Enrollment until 2014. In addition to Federal PPACA requirements, the 2009 American Recovery and Reinvestment Act established a temporary Early Retiree Reinsurance Program (ERRP), also summarized below.

Federal PPACA Full Time Employee requirements

A current assessment by HSS indicates that no additional payments will be incurred under this federal legislation because both the City and the Superior Courts offer coverage to all full time employees. HSS is still working with the San Francisco Community College District (SFCCD) and the San Francisco Unified School District (SFUSD) and to assess their compliance with federal PPACA requirements. On July 2, 2013 this PPACA requirement was deferred until 2015.

Federal PPACA Legislative Fees

As a result of the federal PPACA, there are two direct fees and one tax that have been factored into the calculation of medical premium rates and premium equivalents for the 2014 plan year. The three fees are the Health Insurer Tax (HIT), Patient Centered Outcomes Research Institute (PCORI) fee, and the Transitional Reinsurance fee. Table 3 (below) summarizes the estimated cost of each of these legislative fees for 2014 for the City and County of San Francisco.⁵

Table 3
Federal PPACA Legislative Fees and Taxes (\$ Millions) in 2014

	HIT	PCORI	Transitional Reinsurance	Total
City Plan (UHC)	\$0.00	\$0.01	\$0.13	\$0.14
Kaiser	\$2.15	\$0.09	\$2.10	\$4.33
Blue Shield	\$6.27	\$0.07	\$1.91	\$8.26
Delta	\$0.00	N/A	N/A	\$0.00
VSP	\$0.07	N/A	N/A	\$0.07
Total	\$8.49	\$0.18	\$4.13	\$12.80

⁵ The HSS Trust Fund serves four employers: The City and County of San Francisco, the Superior Courts, San Francisco Community College District and the San Francisco Unified School District (CCSF, CRT, SFCCD, and SFUSD). The costs shown in Table 3 reflect only those PPACA charges incurred by CCSF.

Early Retiree Reinsurance Program Reimbursements

The 2009 American Recovery and Reinvestment Act established the temporary Early Retiree Reinsurance Program (ERRP) as an incentive for employers to continue early retiree health insurance coverage. This program provided federal reimbursement to eligible sponsors of employment-based plans for a portion of the costs of providing health coverage to early retirees, during the period beginning on the date the program was established, and ending on December 31, 2013. The total ERRP amount received by HSS from the federal government with interest is \$3,812,749. A plan sponsor may use these ERRP reimbursements to reduce the sponsor's health benefit premiums or costs, to reduce costs for plan participants, or to reduce any combination of these costs.

However, ERRP regulations stipulate a Maintenance of Contribution (MOC), requiring that the City continue to provide at least the same level of contribution to support each plan if any of the reimbursement funds are used to offset City costs, rather than exclusively used to offset employee contributions.

On January 10, 2013, the Health Service Board approved spending the ERRP reimbursement funds exclusively to reduce participant premium contributions in order to decrease both participant and employer premiums through stabilizing membership and premium rates, which will allow HSS to bypass the MOC calculation requirements. The Health Service Board also approved apportioning the ERRP reimbursement funds based on the amount of premiums paid into each plan in proportion to each set of rates paid in 2013.

FISCAL ANALYSIS

The City's cost for health and other plans is funded by charges to each City Department for the cost of employee benefits.

As shown in Table 4 below, the total City, employee, and retiree costs for the health, vision, and dental plans, and long-term disability and life insurance will increase to \$595,803,151 in 2014, which is a \$4,054,015, or 0.7 percent increase from \$591,749,136 in FY 2013.

Table 4
Total Health and Other Plan Costs for the City, Employees, and Retirees in 2014
Compared to 2013

	2013	2014	Increase/ (Decrease)	Percent
City Costs Only				
Kaiser HMO	\$213,512,253	\$227,362,649	\$13,850,396	6.5%
Blue Shield HMO	220,221,904	218,316,125	(1,905,779)	-0.9%
City Plan	48,002,758	40,740,923	(7,261,834)	-15.1%
Subtotal Health and Vision Plan	481,736,914	486,419,697	4,682,783	1.0%
Dental	31,123,486	31,959,386	835,900	2.7%
Long Term Disability and Life Insurance	4,784,845	4,784,845	0	0.0%
Total City Costs	\$517,645,245	\$523,163,928	\$5,518,683	1.1%
Employee and Retiree Costs Only				
Kaiser HMO	\$21,223,163	\$23,124,625	\$1,901,462	9.0%
Blue Shield HMO	37,951,651	36,603,898	(1,347,753)	-3.6%
City Plan	12,285,682	10,267,304	(2,018,378)	-16.4%
Subtotal Health and Vision Plan	71,460,496	69,995,828	(1,464,668)	-2.0%
Dental	2,582,155	2,582,155	0	0.0%
Long Term Disability and Life Insurance	61,240	61,240	0	0.0%
Total Employee and Retiree Costs	\$74,103,891	\$72,639,223	(\$1,464,668)	-2.0%
Total Costs				
Kaiser HMO	\$234,735,416	\$250,487,274	\$15,751,859	6.7%
Blue Shield HMO	258,173,555	254,920,023	(3,253,532)	-1.3%
City Plan	60,288,439	51,008,228	(9,280,212)	-15.4%
Subtotal Health and Vision Plan	553,197,410	556,415,525	3,218,115	0.6%
Dental	33,705,642	34,541,541	835,900	2.5%
Long Term Disability and Life Insurance	4,846,084	4,846,084	0	0.0%
Total Costs	\$591,749,136	\$595,803,151	\$4,054,015	0.7%

Of the total 2014 costs of \$595,803,151 shown in Table 4 above, the City's total costs (excluding employee or retiree contributions) is \$523,163,928, or approximately 87.8 percent of the total costs. Overall, the City's total cost of \$523,163,928 in 2014 for the health, vision, and dental plans, and long-term disability and life insurance, is \$5,518,683, or 1.1 percent more than the costs for these plans in 2013 of \$517,645,245.

RECOMMENDATIONS

- Approve the proposed ordinance (File 13-0653) to amend Administrative Code Section 16.703, establishing the Health Service System's 2014 health, vision, and dental plans and premiums.
- Approve the proposed resolution (File 13-0654), setting the City's 2014 contribution to the Health Service System Trust Fund, under the Charter, of \$559.65 per member per month.



Health Service System

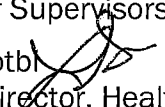
CITY & COUNTY OF SAN FRANCISCO

MYHSS.ORG

Memorandum

DATE: June 18, 2013

TO: Supervisor Mark Farrell
Board of Supervisors

FROM: Lisa Ghotbi 
Acting Director, Health Service System

RE: Annual Rates and Benefits Ordinance for Plan Year beginning January 1, 2014 and ending December 31, 2014 - 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 Plan Year beginning January 1, 2014 and ending December 31, 2014, adopted by the Health Service Board on June 13, 2013;
2. Actuarial Report dated June 18, 2013 from Aon Hewitt Health and Benefits, as required under Section A8.422 of Appendix A to the San Francisco Charter, including summaries of rates and benefits as adopted by the Health Service Board on June 13, 2013.
3. Membership Master Report dated June 3, 2013 reflecting total enrollment distribution across the three different medical plans, the different dental plans and life and long-term disability; and
4. Form SFEC-126 (Notification of Contract Approval) for the following vendors: Kaiser Foundation Health Plan (Northern and Southern California Regions), Blue Shield of California, United HealthCare Services, Inc. (City Plan), Delta Dental of California, Pacific Union Dental (a subsidiary of United HealthGroup), Vision Service Plan and Aetna Life Insurance Company.

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

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.)
Gregg Sass (w/electronic attach.)



June 18, 2013

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

RE: January 1, 2014 to December 31, 2014 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 completed rate and contribution setting process for the plan year from January 1, 2014 to December 31, 2014. This process was concluded on June 13, 2013 under the direction of the Rates and Benefits Committee (the Committee) of the Health Service Board (the HSB). The rates, benefits, and contributions presented herein were approved by the full HSB during their meeting on June 13, 2013. This report will reference attached Exhibits, as well as Tables embedded in this letter.

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 vendor's final rates and represent a fair price given the services provided, and;
- The premium equivalents set for the HSS self-funded and flex-funded programs: City Plan (UHC), Active Dental plans and the Blue Shield flex funded plan represent our best estimate of future expenditures based on the information available at the time these were developed. Existing Trust Fund assets are expected to be sufficient to protect the HSS Trust Fund against adverse claims experience.

Legislative Update

The Federal Patient Protection and Affordable Care Act (PPACA)

In 2014, many provisions of the federal Patient Protection and Affordable Care Act (PPACA) will take effect. The Health Service System is working with all four employers served by the Trust: The City and County of San Francisco, the Superior Courts, San Francisco Community College District and the San Francisco Unified School District (CCSF, CRT, CCD, and USD) to make sure all new requirements are implemented. Below you will find a brief explanation of some of the provisions that will have the greatest effect.

Federal PPACA Full Time Employee requirements

The federal PPACA defines a full-time employee as an employee who was employed on average at least 30 hours of service per week, or 130 hours of service in a calendar month. Hours of service include both time actively working, and paid time due to vacation, holiday, illness, incapacity (including disability), layoff, jury duty, military duty or leave of absence. This definition will be used to

determine any Shared Responsibility Penalties or State Exchange subsidies. Our current assessment indicates that no shared responsibility payments will be incurred because both CCSF and CRT offer coverage to all full time employees. HSS is still working with CCD and USD to assess compliance with this requirement.

Federal PPACA Automatic Enrollment (deferred)

The federal PPACA requires that employers automatically enroll new full-time employees in one of the employer's health benefits plans (subject to any waiting period authorized by law). Further it is required that employees be given adequate notice and the opportunity to opt out of any coverage in which they were automatically enrolled. The Department of Labor stated that it will not issue final guidance on Automatic Enrollment until 2014. Employers do not need to comply with this requirement until these final regulations are in effect.

Early Retiree Reinsurance Program Reimbursements

The 2009 American Recovery and Reinvestment Act included a provision that established the temporary Early Retiree Reinsurance Program (ERRP) as an incentive for employers to continue early retiree coverage which provided reimbursement to eligible sponsors of employment-based plans for a portion of the costs of providing health coverage to early retirees, during the period beginning on the date on which the program is established, and ending on January 1, 2014. Any reimbursements received need to be used in full by the end of 2014. HSS received a total of \$3,692,572 in reimbursements. Please note that interest has been credited from the time these reimbursements were received to the midpoint of the time period in which the money will be dispersed. The total ERRP amount with interest credited comes to \$3,812,749. A plan sponsor may use ERRP reimbursements only for the following purposes:

- 1) To reduce the sponsor's health benefit premiums or health benefit costs,
- 2) To reduce health benefit premium contributions, copayments, deductibles, coinsurance, or other out-of-pocket costs, or any combination of these costs, for plan participants, or
- 3) To reduce any combination of the costs specified in (1) and (2)

In the ERRP regulation, it is noted that sponsors will continue to provide at least the same level of contribution to support the applicable plan, as it did before the program. (This is called Maintenance of Contribution (MOC)). A MOC calculation must be performed if the plan sponsor decides to allocate a portion of the money to their own costs rather than using all of the money exclusively for their employees. The HSS ERRP Application stated that ERRP funds would be "used to reduce both the plan participants' costs as well as the participating employer's increases in health benefit premium costs." It also stated that the Health Service Board would make the "determination of the precise approach followed to disburse the reinsurance funds." The HSB was advised that the Centers for Medicare and Medicaid Services were closely monitoring and auditing the use of ERRP funds specifically compliance with MOC calculations and the applications stated goals.

On January 10, 2013 Aon Hewitt/HSS recommended to the Health Service Board that the funds be spent exclusively to reduce participant premium contributions in order to decrease both participant

and employer premiums through stabilizing membership and premium rates. Applying the funds exclusively to employee contributions also allowed HSS to bypass the MOC calculation which saved approximately \$42,750 in consulting fees to prepare. The HSB accepted this recommendation to use ERRP funds to lower employee contributions. The Health Service Board voted to apportion the ERRP monies based on the amount of premiums paid into each plan by coverage tier. The monthly employee contribution subsidy, including credited interest, for each plan and tier can be found in the following Table 1:

Table 1: ERRP Employee Contribution Subsidy by Coverage Tier

	Actives			Non-Medicare			Medicare		
	EE	EE+1	EE+2	EE	EE+1	EE+2	EE	EE+1	EE+2
CityPlan	\$1.99	\$1.93	\$1.44	\$2.44	\$2.45	\$0.38	\$0.00	\$2.26	\$0.27
BlueShield	\$4.57	\$7.50	\$29.02	\$1.29	\$3.24	\$2.65	\$0.00	\$2.56	\$0.64
Kaiser	\$1.50	\$0.86	\$15.66	\$0.15	\$2.32	\$1.30	\$0.00	\$4.49	\$0.82

Federal PPACA Legislative Fees

As a result of the federal PPACA, there are two direct fees and one Health Insurance Tax that have been factored into the calculation of medical premium rates and premium equivalents for the 2014 plan year. This section of the law brings increased scrutiny and accompanying fines by three different federal agencies; Department of Labor (DOL), Health and Human Services (HHS), and Internal Revenue Service (IRS). Please find below a brief explanation of these fees:

- **Health Insurer Tax (HIT):** This tax will impact all fully insured or flex funded plans that HSS offers. This obligation on insurers is divided among insurers according to a formula based on each insurer's net premiums. Aon Hewitt estimates that this tax will result in an extra \$10.91M in premiums or an increase of 1.5% in premiums paid to insurers for all HSS fully insured or flex-funded plans in 2014.
- **Patient Centered Outcomes Research Institute (PCORI) fee:** A \$2.00 charge per enrollee per year will be assessed to all participants (actives, retirees without Medicare, and retirees with Medicare) in medical-only health plans in 2013. This fee is expected to increase to approximately \$2.10 per enrollee per year in 2014. Aon Hewitt estimates that this tax will result in an extra \$0.24M in 2014 premiums or a 0.03% increase. This fee is expected to increase with inflation until 2019 when the fee will stop being assessed. This fee will be collected by the Internal Revenue Service.
- **Transitional Reinsurance fee:** A \$63.00 charge per enrollee per year will be assessed to all participants where Medicare is not the primary payer in 2014. Aon Hewitt estimates that this tax will result in an extra \$5.49M in 2014 premiums or a 0.76% increase. This fee is expected to decrease in 2015 and 2016. 2016 is the last year in which this fee will be assessed. This fee was proposed by the Department of Health and Human Services.

The following table summarizes the estimated aggregate cost of each of these legislative fees for 2014:

Table 2a 2014 Legislative Fees (\$ millions) All Employers						
Fee	City Plan (UHC)	Kaiser	Blue Shield	Delta	VSP	Total
HIT	\$0.00	\$2.92	\$7.90	\$0.00	\$0.09	\$10.91
PCORI	\$0.02	\$0.13	\$0.09	N/A	N/A	\$0.24
Transitional Reinsurance	\$0.28	\$2.85	\$2.36	N/A	N/A	\$5.49
Total	\$0.30	\$5.90	\$10.35	\$0.00	\$0.09	\$16.65

Table 2b 2014 Legislative Fees (\$ millions) CCSF Only						
Fee	City Plan (UHC)	Kaiser	Blue Shield	Delta	VSP	Total
HIT	\$0.00	\$2.15	\$6.27	\$0.00	\$0.07	\$8.49
PCORI	\$0.01	\$0.09	\$0.07	N/A	N/A	\$0.18
Transitional Reinsurance	\$0.13	\$2.10	\$1.91	N/A	N/A	\$4.13
Total	\$0.14	\$4.33	\$8.26	\$0.00	\$0.07	\$12.80

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, excluding San Francisco. For the 2013 plan year, the survey determined that the average monthly contribution increased 4.65% from \$534.78 to \$559.65. Exhibit 1 presents the individual county responses from this survey.

Year over Year Health Plan Cost Comparison

Annual costs for Medical Plans are shown in millions:

TABLE 3 January 1, 2014 to December 31, 2014 Aggregate Medical Cost (\$ millions)			
	Member Contributions	Employer Contributions	Aggregate Plan Cost
Current Rates	\$79.0	\$598.3	\$677.3
Final Renewal Rates (including plan design changes)	\$80.9	\$612.4	\$693.3
\$ Difference	\$1.9	\$14.1	\$16.0
% Difference	2.41%	2.36%	2.36%

The above table illustrates an increase in aggregate plan costs of \$16.0 million, or 2.36%, for only the three medical health plans (includes vision and HSS Communications and Healthcare Sustainability expense) for the January 1, 2014 to December 31, 2014 plan year. This increase in costs will be split 12.0%/88.0% between the members and employers with member contributions

increasing \$1.9 million and employer contributions increasing \$14.1 million. Depending on how the HSS Trust Subsidy is adopted, member contributions could be lowered by as much as \$3.4 million.

Change in City and County (CCSF) Contribution Strategy

As of 2014, a negotiated change will affect certain groups within the CCSF population. Historically, active CCSF employees have paid nothing for employee-only (EE only) coverage. Starting January 1, 2014 for some union MOU agreements, the employee contribution amount will increase to a maximum of 10% of the premium. This negotiated change will impact approximately 70% of active EE-only employees in 2014. The contribution calculation, called the '90/10 Contribution Model', follows this algorithm:

For active EE only's in the Kaiser and Blue Shield populations, the City will contribute the greater of the 10-County amount (\$559.65) or 90% of the employee-only premium. For active EE only's in the City Plan population, the City will contribute 90% of the Blue Shield employee-only premium and half of the difference between 90% of the Blue Shield employee-only premium and 100% of the City Plan employee-only premium.

This change applies only to those employees in the EE only category. Those in the EE+1 (employee plus one dependent) and EE+2 (employee plus two or more dependents) categories will continue to contribute to their dependent coverage consistent with prior union MOU agreements.

Aon Hewitt produced two rate cards, approved by the HSB, for 2014. One rate card for members under this new '90/10 Contribution Model', and one rate card for the members under the existing contribution model.

HSS Subsidy Option

Aon Hewitt produced an additional rate card for 2014, approved by the HSB on June 14th, 2013, with a trust-funded subsidy for the EE only employee contribution amount under the '90/10 Contribution Model'. This rate card would be applied to any union that completes an agreement with the City for a different (flat premium) 2015 employee contribution amount by July 31, 2013. This subsidy would smooth member transition to the 2015 contribution model avoiding member disruption and continuity of care issues. Additionally, Exhibits 12 and 13 show the impact of the trust subsidy.

Rates, Contributions, and Benefits for HMOs

Consistent with the 2013 plan year, two HMOs will be offered to HSS members for the 2014 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 Rates and Benefits Committee of the HSB, and the HSB reviewed the continued appropriateness and competitiveness of the plan designs for the HMOs. The benchmark information (available on www.myhss.org website – May 9, 2013 for Blue Shield and June 13, 2013 for Kaiser) compiled indicates all member point of service plan design elements were competitive with the offerings of similar employers. No plan design changes were recommended to the Rates and Benefits Committee and the HSB.

Kaiser

The HSB was presented with the benchmarking of the current plan design which was shown to be in line with the comparators. The HSB adopted no plan design changes for the Kaiser plan.

The final negotiated rate change for Kaiser is an overall increase of 5.25% for actives and retirees without Medicare. For retirees with Medicare the rate change is 5.1%. This rate is subject to finalization and reconciliation in the 2015 plan year. This results in an overall estimated increase of \$16.0M annually.

The aggregate cost for Kaiser for the 2014 plan year is projected at \$322.8 million, with \$27.2 million in member contributions and \$295.6 million in employer contributions. Table 4, on page 9 provides an overview of annualized costs.

Blue Shield of California

The HSB was presented with the benchmarking of the current plan design which was shown to be in line with the comparators. They adopted no plan design changes for the Blue Shield plan.

On January 1, 2013, the funding arrangement for actives and retirees without Medicare switched from fully-insured to flex-funded. Aon Hewitt develops the premium equivalents for the flex-funded plan. Aon Hewitt worked with HSS, HSS' ACO partners, and Blue Shield to maintain a flat renewal for the flex-funded portion of the Blue Shield plan. Including all applicable legislative fees, the final rate change for actives and retirees without Medicare is 0.00% (no change from the 2013 benefit period). Retirees with Medicare remain in the fully-insured plan with a final rate increase of 5.9%. This results in an overall estimated increase of \$1.7M annually.

The aggregate cost for the Blue Shield HMO for the 2014 plan year is projected at \$308.5 million, with \$41.9 million in member contributions and \$266.5 million in employer contributions. Table 4, on page 9, provides an overview of annualized costs.

HMO Contributions

Contributions for HMO members were determined in accordance with the City Charter and include the new 10-County survey result of \$559.65. Exhibits 2a-2b and 3a-3c summarize the changes in contributions for actives and retirees for the Kaiser plan and the Blue Shield of California plans respectively for the 2014 plan year.

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, Aon Hewitt provided a retrospective analysis of historical rates and experience to examine the actual cost trends evident in the City Plan's (UHC) recent claims data. These analyses were considered in conjunction with overall industry and normative data when determining the premium levels for the 2014 plan year (available at www.myhss.org website – February 14, 2013 and May 9, 2013).

As part of the annual Rates and Benefits process HSS, Aon Hewitt, the Rates and Benefits Committee, and the HSB, reviewed the continued appropriateness and competitiveness of the benefit design for City Plan (UHC). The HSB found that the benefit design of the City Plan was competitive and no plan design changes were implemented.

The UHC administration fees were unchanged from the 2013 plan year. UHC waived administrative fee increases as a concession related to UHC's poor implementation of a January 2013 pharmacy benefit which caused significant member disruption.

The final full monthly premium equivalents with no plan design changes result in an overall decrease of 2.67%. For actives, retirees without Medicare, and retirees with Medicare it is a decrease of 2.48%, 2.55%, and 2.77%, respectively. These premium equivalents are decreasing due to the underwriting gains caused by lower utilization that the City Plan produced during Calendar Year 2012. Underwriting gains are a result of HSS initiatives to improve network management, Medicare coordination, and claim administration as well as lower utilization trends. For the end of 2012, over \$7M of under writing gains were put into the City Plan Stabilization Fund. Per the HSS Stabilization Fund Policy, one-third of the amount in the Stabilization Fund (\$2.365M) was spread across all rating tiers to lower the City Plan premium equivalents by the aforementioned percentages. Since the pharmacy portion of the Medicare rate is covered by a fully insured EGWP product, there should have been an increase in the premiums due to the Health Insurer Tax. However, since there was no increase to the EGWP premium for 2014, no additional Health Insurer Tax costs will be incurred.

Exhibit 4 summarizes the change in full monthly premium equivalents for the City Plan (UHC). Included in the premium equivalent rate, pursuant to the HSB's Self Funded Plans' Funding Policy, is the application of the claims stabilization amount.

The aggregate cost for the City Plan (UHC) for the 2014 plan year is projected at \$62.1 million, with \$11.8 million in member contributions and \$50.3 million in employer contributions. This results in an overall estimated decrease of \$1.7M annually. Table 4, on page 9, provides an overview of annualized costs.

Exhibits 5a-5c summarize the changes 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 \$559.65. 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 Vision Service Plan (VSP). The cost of the vision benefit is a component of the cost of the medical plan and has been included in the rate exhibits referenced above.

The vision plan is a fully-insured plan. As of January 1, 2014, VSP vision plan rates will increase 5.5%. The aggregate cost for the VSP vision plan for the 2014 plan year is projected at \$4.7 million. This results in an overall estimated increase of \$0.2M annually. Approximately 2% of this increase is due to the Health Insurer Tax applied to full insured plans. Without the 2% increase from the Health

Insurer Tax, this renewal is only 3.5%. Exhibit 6 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 active CCSF employees while retirees pay the full cost of their dental benefits.

The Delta Dental PPO plan for active employees is self-funded and administered by Delta Dental of California. Future plan costs are projected based on the City employees' claim experience. Delta Dental's fee for claim administration remains unchanged from the 2013 plan year and was extended until December 31, 2015.

As part of the annual Rates and Benefits process HSS, Aon Hewitt, the Rates and Benefits Committee, and the HSB, reviewed the continued appropriateness and competitiveness of the benefit design for the Active Delta Dental PPO plan.

The aggregate premium for the self-funded Delta Dental PPO plan for active employees is an increase of 3.9%. This results in an increase to annual premiums of \$1.7M. Since this is a self-insured plan, the Health Insurer Tax does not apply and the increase is all experience driven.

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 for the Delta Dental PPO plan for retirees increased 6.27%. 1.13% of this increase is due to the Health Insurer Tax applied to full insured plans. Without the 1.13% increase from the Health Insurer Tax, this renewal is only 5.14%. The fully-insured premiums for the Delta Care USA dental plans for employees and retirees increased by 3.64%. 1.1% of this increase is due to the Health Insurer Tax applied to full insured plans. Without the 1.1% increase from the Health Insurer Tax, this renewal is only 2.54%. The fully-insured premiums for the Pacific Union plans are unchanged from the 2013 plan year rates.

For the 2014 plan year the City will contribute the full premium rate towards each of the dental HMO plans for CCSF employees. 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. The member contributions for Delta Dental PPO plan for retirees, Delta Care USA dental plans for employees and retirees, and Pacific Union Dental plans for employees and retirees remain unchanged from the prior plan year. Pursuant to the Health Service's Self Funded Plans' Funding Policy no claims stabilization amount has been applied this year.

Exhibit 7, 8, and 9 summarize the changes in dental cost for the active [self-funded] and retirees for the Delta Dental PPO plan, Delta Care USA plan, and Pacific Union Dental plans respectively.

The aggregate dental plan cost for the 2014 plan year is projected at \$43.9 million, with \$3.2 million in member contributions and \$40.7 million in employer contributions. This represents an increase to annual premiums of \$1.6M. Table 4, on page 9 provides an overview of annualized costs.

Life and Long Term Disability (LTD) Insurance

Life and Long Term Disability rates remain unchanged from the 2013 rates. The aggregate life and LTD plan cost for the 2014 plan year is projected at \$6.1 million, with \$100,000 in member contributions and \$6.0 million in employer contributions. Table 4, on page 9 provides an overview of annualized costs.

Summary of Projected 2014 Plan Year Costs

Illustrated below, in Table 4, is a summary of how projected 2014 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 4 *					
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	\$27.2	\$295.6	\$322.8	8.43%	91.57%
\$ Increase	\$1.3	\$14.7	\$16.0		
% Increase	4.93%	5.25%	5.22%		
Blue Shield HMO	\$41.9	\$266.5	\$308.5	13.60%	86.40%
\$ Increase	-\$0.1	\$1.8	\$1.7		
% Increase	-0.23%	0.67%	0.55%		
City Plan	\$11.8	\$50.3	\$62.1	18.94%	81.06%
\$ Increase	\$0.7	-\$2.4	-\$1.7		
% Increase	6.76%	-4.63%	-2.66%		
Dental **	\$3.2	\$40.7	\$43.9	7.38%	92.62%
\$ Increase	\$0.0	\$1.6	\$1.6		
% Increase	0.00%	2.68%	2.48%		
LTD	\$0.0	\$5.7	\$5.7	0.00%	100.00%
\$ Increase	\$0.0	\$0.0	\$0.0		
% Increase	0.00%	0.00%	0.00%		
Life	\$0.1	\$0.3	\$0.4	19.55%	80.45%
\$ Increase	\$0.0	\$0.0	\$0.0		
% Increase	0.00%	0.00%	0.00%		
Total	\$84.2	\$659.1	\$743.3	11.33%	88.67%
\$ Increase	\$1.9	\$15.7	\$17.6		
% Increase	2.34%	2.44%	2.43%		

* Figures vary due to rounding

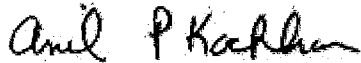
** Dental costs are for active employees only, retirees and surviving spouses have not been included

The overall estimated increase of 2.43% is higher than the corresponding January 1, 2013 to December 31, 2013 plan year estimated increase of 1.43%. Of this 2.43% increase, Aon Hewitt estimates that approximately 2.29% of this increase can be attributed to the new PPACA legislative taxes. This year's projected aggregate cost increase also compares very favorably with available benchmark information. This statistic is supported by the analysis titled "2013 Health Care Trend Survey" published in June 2013. Employers that were analyzed indicated Medical and Pharmacy cost increases in the range of 8% to 9%.

Conclusion

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

Sincerely,



Anil Kochhar, ASA, MAAA

Copy:
Members of the Health Service Board
Catherine Dodd, PhD - Health Service System
Lisa Ghotbi - Health Service System
Gabe Briggs - Aon Hewitt

San Francisco Health Service System Board of Supervisors

10 County Survey Results and Rates and Benefits Decisions for
Calendar Year 2014

June 18, 2013

**Prepared by Aon Hewitt
Health and Benefits**



10-County Survey Results

Exhibit 1

Rank	County	CY 2013	CY 2014	% Change
1	Los Angeles	\$515.07	\$552.40	7.25%
2	San Diego	\$444.86	\$445.29	0.10%
3	Orange	\$506.94	\$544.46	7.40%
4	Riverside	\$545.54	\$606.39	11.15%
5	San Bernardino *	\$398.98	\$413.51	3.64%
6	Santa Clara *	\$643.13	\$656.34	2.05%
7	Alameda	\$588.99	\$638.47	8.40%
8	Sacramento	\$696.00	\$714.53	2.66%
9	Contra Costa	\$553.15	\$574.27	3.82%
10	Fresno	\$455.17	\$450.86	-0.95%
	10-County Average	\$534.78	\$559.65	4.65%

Kaiser HMO: Final Active/Early Retiree/Medicare Monthly Contributions Calendar Year 2014

Exhibit 2a Historic CCSF MOU Agreements

	Active				Early Retiree				MAP/COB			
	EE	EE+1	EE+2	EE	EE	EE+1	EE+2	EE	EE+1	EE+2 (All Medicare)	EE+2	EE+2
Members												
Plan Year 2013	\$0.00	\$2.24	\$247.00	\$1.12	\$268.61	\$712.65	\$0.00	\$166.70	\$499.23	\$610.74		
Plan Year 2014	\$0.00	\$4.60	\$247.41	\$2.58	\$281.95	\$750.32	\$0.00	\$170.74	\$525.00	\$641.76		
% increase	0.00%	105.36%	0.17%	130.36%	4.97%	5.29%	0.00%	2.42%	5.16%	5.08%		
\$ increase	\$0.00	\$2.36	\$0.41	\$1.46	\$13.34	\$37.67	\$0.00	\$4.04	\$25.77	\$31.02		
Employer												
Plan Year 2013	\$537.02	\$1,069.77	\$1,269.05	\$1,076.98	\$1,344.48	\$1,344.48	\$335.43	\$502.13	\$502.13	\$502.13		
Plan Year 2014	\$565.11	\$1,123.59	\$1,348.13	\$1,132.09	\$1,415.80	\$1,414.78	\$352.49	\$532.21	\$527.72	\$528.54		
% increase	5.23%	5.03%	6.23%	5.12%	5.30%	5.23%	5.09%	5.99%	5.10%	5.26%		
\$ increase	\$28.09	\$53.82	\$79.08	\$55.11	\$71.32	\$70.30	\$17.06	\$30.08	\$25.59	\$26.41		
Total												
Plan Year 2013	\$537.02	\$1,072.01	\$1,516.05	\$1,078.10	\$1,613.09	\$2,057.13	\$335.43	\$668.83	\$1,001.36	\$1,112.87		
Plan Year 2014	\$565.11	\$1,128.19	\$1,595.54	\$1,134.67	\$1,697.75	\$2,165.10	\$352.49	\$702.95	\$1,052.72	\$1,170.30		
% increase	5.23%	5.24%	5.24%	5.25%	5.25%	5.25%	5.09%	5.10%	5.13%	5.16%		
\$ increase	\$28.09	\$56.18	\$79.49	\$56.57	\$84.66	\$107.97	\$17.06	\$34.12	\$51.36	\$57.43		

Historic CCSF MOU Agreements – Employer pays 100% of employee-only coverage tier

Kaiser HMO: Final Active/Early Retiree/Medicare Monthly Contributions Calendar Year 2014

Exhibit 2b '90/10 Contribution Model' CCSF MOU Agreements

	Active			Early Retiree			MAPD/COB			
	EE	EE+1	EE+2	EE	EE+1	EE+2	EE	EE+1	EE+2 (All Medicare)	EE+2
Members										
Plan Year 2013	\$0.00	\$2.24	\$247.00	\$1.12	\$268.61	\$712.65	\$0.00	\$166.70	\$499.23	\$610.74
Plan Year 2014	\$3.96	\$4.60	\$247.41	\$2.58	\$281.95	\$750.32	\$0.00	\$170.74	\$525.00	\$641.76
% increase	0.00%	105.36%	0.17%	130.36%	4.97%	5.29%	0.00%	2.42%	5.16%	5.08%
\$ increase	\$3.96	\$2.36	\$0.41	\$1.46	\$13.34	\$37.67	\$0.00	\$4.04	\$25.77	\$31.02
Employer										
Plan Year 2013	\$537.02	\$1,069.77	\$1,269.05	\$1,076.98	\$1,344.48	\$1,344.48	\$335.43	\$502.13	\$502.13	\$502.13
Plan Year 2014	\$561.15	\$1,123.59	\$1,348.13	\$1,132.09	\$1,415.80	\$1,414.78	\$352.49	\$532.21	\$527.72	\$528.54
% increase	4.49%	5.03%	6.23%	5.12%	5.30%	5.23%	5.09%	5.99%	5.10%	5.26%
\$ increase	\$24.13	\$53.82	\$79.08	\$55.11	\$71.32	\$70.30	\$17.06	\$30.08	\$25.59	\$26.41
Total										
Plan Year 2013	\$537.02	\$1,072.01	\$1,516.05	\$1,078.10	\$1,613.09	\$2,057.13	\$335.43	\$668.83	\$1,001.36	\$1,112.87
Plan Year 2014	\$565.11	\$1,128.19	\$1,595.54	\$1,134.67	\$1,697.75	\$2,165.10	\$352.49	\$702.95	\$1,052.72	\$1,170.30
% increase	5.23%	5.24%	5.24%	5.25%	5.25%	5.25%	5.09%	5.10%	5.13%	5.16%
\$ increase	\$28.09	\$56.18	\$79.49	\$56.57	\$84.66	\$107.97	\$17.06	\$34.12	\$51.36	\$57.43

'90/10 Contribution Model' CCSF MOU Agreements – Employer pays 90% of employee-only coverage tier

Blue Shield HMO: Final Active/Early Retiree/Medicare Monthly Contributions Calendar Year 2014

Exhibit 3a Historic CCSF MOU Agreements

	Active (Bargained)			Early Retiree			MAPD/COB		
	EE	EE+1	EE+2	EE	EE+1	EE+2	EE	EE+1	EE+2 (All Medicare)
Members									
Plan Year 2013	\$0.00	\$85.52	\$520.71	\$26.24	\$335.39	\$859.70	\$0.00	\$180.64	\$541.25
Plan Year 2014	\$0.00	\$80.22	\$466.87	\$42.57	\$363.30	\$899.52	\$0.00	\$188.72	\$573.16
% increase	0.00%	-6.20%	-10.34%	62.25%	8.32%	4.63%	0.00%	4.47%	5.90%
\$ increase	\$0.00	(\$5.30)	(\$53.84)	\$16.33	\$27.91	\$39.82	\$0.00	\$8.08	\$31.91
Employer									
Plan Year 2013	\$647.16	\$1,206.79	\$1,307.06	\$1,409.74	\$1,745.75	\$1,756.90	\$363.30	\$543.93	\$543.93
Plan Year 2014	\$647.37	\$1,212.51	\$1,361.49	\$1,393.62	\$1,718.26	\$1,717.67	\$384.60	\$578.45	\$575.89
% increase	0.03%	0.47%	4.16%	-1.14%	-1.57%	-2.23%	5.86%	6.35%	5.88%
\$ increase	\$0.21	\$5.71	\$54.43	(\$16.13)	(\$27.49)	(\$39.23)	\$21.30	\$34.53	\$31.96
Total									
Plan Year 2013	\$647.16	\$1,292.31	\$1,827.77	\$1,435.98	\$2,081.14	\$2,616.60	\$363.30	\$724.57	\$1,085.18
Plan Year 2014	\$647.37	\$1,292.73	\$1,828.36	\$1,436.19	\$2,081.56	\$2,617.19	\$384.60	\$767.17	\$1,149.05
% increase	0.03%	0.03%	0.03%	0.01%	0.02%	0.02%	5.86%	5.88%	5.89%
\$ increase	\$0.21	\$0.42	\$0.59	\$0.21	\$0.42	\$0.59	\$21.30	\$42.61	\$63.87

Historic CCSF MOU Agreements – Employer pays 100% of employee-only coverage tier

Blue Shield HMO: Final Active/Early Retiree/Medicare Monthly Contributions Calendar Year 2014

Exhibit 3b '90/10 Contribution Model' CCSF MOU Agreements

	Active (Bargained)			Early Retiree			MAPD/COB		
	EE	EE+1	EE+2	EE	EE+1	EE+2	EE	EE+1	EE+2 (All Medicare)
Members									
Plan Year 2013	\$0.00	\$85.52	\$520.71	\$26.24	\$335.39	\$859.70	\$0.00	\$180.64	\$541.25
Plan Year 2014	\$60.17	\$80.22	\$466.87	\$42.57	\$363.30	\$899.52	\$0.00	\$188.72	\$573.16
% increase	0.00%	-6.20%	-10.34%	62.25%	8.32%	4.63%	0.00%	4.47%	5.90%
\$ increase	\$60.17	(\$5.30)	(\$53.84)	\$16.33	\$27.91	\$39.82	\$0.00	\$8.08	\$31.91
Employer									
Plan Year 2013	\$647.16	\$1,206.79	\$1,307.06	\$1,409.74	\$1,745.75	\$1,756.90	\$363.30	\$543.93	\$543.93
Plan Year 2014	\$587.20	\$1,212.51	\$1,361.49	\$1,393.62	\$1,718.26	\$1,717.67	\$384.60	\$578.45	\$575.89
% increase	-9.26%	0.47%	4.16%	-1.14%	-1.57%	-2.23%	5.86%	6.35%	5.88%
\$ increase	(\$59.96)	\$5.71	\$54.43	(\$16.13)	(\$27.49)	(\$39.23)	\$21.30	\$34.53	\$31.96
Total									
Plan Year 2013	\$647.16	\$1,292.31	\$1,827.77	\$1,435.98	\$2,081.14	\$2,616.60	\$363.30	\$724.57	\$1,085.18
Plan Year 2014	\$647.37	\$1,292.73	\$1,828.36	\$1,436.19	\$2,081.56	\$2,617.19	\$384.60	\$767.17	\$1,149.05
% increase	0.03%	0.03%	0.03%	0.01%	0.02%	0.02%	5.86%	5.88%	5.89%
\$ increase	\$0.21	\$0.42	\$0.59	\$0.21	\$0.42	\$0.59	\$21.30	\$42.61	\$63.87

'90/10 Contribution Model' CCSF MOU Agreements – Employer pays 90% of employee-only coverage tier

Blue Shield HMO: Final Active/Early Retiree/Medicare Monthly Contributions Calendar Year 2014

Exhibit 3c

HSS Trust Subsidy of the '90/10 Contribution Model'

	Active (Bargained)			Early Retiree			MAPD/COB		
	EE	EE+1	EE+2	EE	EE+1	EE+2	EE	EE+1	EE+2 (All Medicare)
Members									
Plan Year 2013	\$0.00	\$85.52	\$520.71	\$26.24	\$335.39	\$859.70	\$0.00	\$180.64	\$541.25
Plan Year 2014	\$3.96	\$80.22	\$466.87	\$42.57	\$363.30	\$899.52	\$0.00	\$188.72	\$573.16
% increase	0.00%	-6.20%	-10.34%	62.25%	8.32%	4.63%	0.00%	4.47%	5.90%
\$ increase	\$3.96	(\$5.30)	(\$53.84)	\$16.33	\$27.91	\$39.82	\$0.00	\$8.08	\$31.91
Employer									
Plan Year 2013	\$647.16	\$1,206.79	\$1,307.06	\$1,409.74	\$1,745.75	\$1,756.90	\$363.30	\$543.93	\$543.93
Plan Year 2014	\$643.41	\$1,212.51	\$1,361.49	\$1,393.62	\$1,718.26	\$1,717.67	\$384.60	\$578.45	\$575.89
% increase	-0.58%	0.47%	4.16%	-1.14%	-1.57%	-2.23%	5.86%	6.35%	5.88%
\$ increase	(\$3.75)	\$5.71	\$54.43	(\$16.13)	(\$27.49)	(\$39.23)	\$21.30	\$34.53	\$31.96
Total									
Plan Year 2013	\$647.16	\$1,292.31	\$1,827.77	\$1,435.98	\$2,081.14	\$2,616.60	\$363.30	\$724.57	\$1,085.18
Plan Year 2014	\$647.37	\$1,292.73	\$1,828.36	\$1,436.19	\$2,081.56	\$2,617.19	\$384.60	\$767.17	\$1,149.05
% increase	0.03%	0.03%	0.03%	0.01%	0.02%	0.02%	5.86%	5.88%	5.89%
\$ increase	\$0.21	\$0.42	\$0.59	\$0.21	\$0.42	\$0.59	\$21.30	\$42.61	\$63.87

HSS Subsidy of the '90/10 Contribution Model' CCSF MOU Agreements – Employer pays 90% of employee-only coverage tier. HSS Trust Subsidy bringing the employee-only premium equal to the Kaiser premium for 2014

City Plan (UHC): Final Active/Early Retiree/Medicare Monthly Premium Rates Calendar Year 2014

Exhibit 4 City Plan (UHC) Premium Rates

CATEGORY	Open Enrollment 2013 Headcounts	Plan Year 2013			Plan Year 2014			PERCENTAGE INCREASE
		PREMIUM EQUIVALENT	STABILIZATION AMOUNT	TOTAL	PREMIUM EQUIVALENT	STABILIZATION AMOUNT	TOTAL	
Active EE	719	\$1,258.33	\$0.64	\$1,258.97	\$1,274.23	-\$46.68	\$1,227.55	-2.50%
Active EE + 1	115	\$2,472.37	\$1.26	\$2,473.63	\$2,504.17	-\$91.72	\$2,412.45	-2.47%
Active EE + 2	50	\$3,487.99	\$1.78	\$3,489.77	\$3,539.74	-\$129.41	\$3,410.33	-2.28%
Early Retiree EE	506	\$1,465.74	\$0.75	\$1,466.49	\$1,483.34	-\$54.37	\$1,428.97	-2.56%
Early Retiree EE + 1	184	\$2,887.17	\$1.47	\$2,888.64	\$2,922.36	-\$107.11	\$2,815.25	-2.54%
Early Retiree EE+ 2	15	\$3,902.79	\$1.99	\$3,904.78	\$3,956.12	-\$144.79	\$3,811.33	-2.39%
Medicare Retiree EE	4315	\$374.30	\$0.19	\$374.49	\$378.08	-\$13.90	\$364.18	-2.76%
Medicare Retiree EE + 1	1348	\$713.66	\$0.36	\$714.02	\$721.18	-\$26.52	\$694.66	-2.71%
Medicare Retiree EE + 2	23	\$1,729.28	\$0.88	\$1,730.16	\$1,631.13	-\$59.99	\$1,571.14	-9.19%
	7275	\$63,742,000	\$32,000	\$63,774,000	\$64,438,000	-\$2,365,000	\$62,073,000	-2.67%

Estimated cost increase plan year
2014
-\$1,701,000

City Plan (UHC): Final Active/Early Retiree/Medicare Monthly Contributions Calendar Year 2014

Exhibit 5a Historic CCSF MOU Agreements

	Active (Bargained)			Early Retiree			Medicare Retiree		
	EE	EE+1	EE+2	EE	EE+1	EE+2	EE	EE+1	EE+2 (All Medicare)
Members									
Plan Year 2013	\$0.00	\$1,204.58	\$2,220.72	\$362.09	\$1,073.17	\$2,089.31	\$0.00	\$169.76	\$508.96
Plan Year 2014	\$0.00	\$1,078.05	\$2,076.41	\$331.50	\$1,024.63	\$2,022.78	\$0.00	\$162.97	\$474.20
% increase	0.00%	-10.50%	-6.50%	-8.45%	-4.52%	-3.18%	0.00%	-4.00%	-6.83%
\$ increase	\$0.00	(\$126.53)	(\$144.31)	(\$30.59)	(\$48.54)	(\$66.53)	\$0.00	(\$6.79)	(\$34.76)
Employer									
Plan Year 2013	\$1,258.97	\$1,269.05	\$1,269.05	\$1,104.40	\$1,815.47	\$1,815.47	\$374.49	\$544.26	\$544.26
Plan Year 2014	\$1,227.55	\$1,334.40	\$1,333.92	\$1,097.47	\$1,790.62	\$1,788.55	\$364.18	\$531.69	\$529.43
% increase	-2.50%	5.15%	5.11%	-0.63%	-1.37%	-1.48%	-2.75%	-2.31%	-2.73%
\$ increase	(\$31.42)	\$65.35	\$64.87	(\$6.93)	(\$24.85)	(\$26.92)	(\$10.31)	(\$12.57)	(\$14.83)
Total									
Plan Year 2013	\$1,258.97	\$2,473.63	\$3,489.77	\$1,466.49	\$2,888.64	\$3,904.78	\$374.49	\$714.02	\$1,053.22
Plan Year 2014	\$1,227.55	\$2,412.45	\$3,410.33	\$1,428.97	\$2,815.25	\$3,811.33	\$364.18	\$694.66	\$1,003.63
% increase	-2.50%	-2.47%	-2.28%	-2.56%	-2.54%	-2.39%	-2.75%	-2.71%	-4.71%
\$ increase	(\$31.42)	(\$61.18)	(\$79.44)	(\$37.52)	(\$73.39)	(\$93.45)	(\$10.31)	(\$19.36)	(\$49.59)

Historic CCSF MOU Agreements – Employer pays 100% of employee-only coverage tier

City Plan (UHC): Final Active/Early Retiree/Medicare Monthly Contributions Calendar Year 2014

Exhibit 5b

'90/10 Contribution Model' CCSF MOU Agreements

	Active (Bargained)			Early Retiree			Medicare Retiree		
	EE	EE+1	EE+2	EE	EE+1	EE+2	EE	EE+1	EE+2 (All Medicare)
Members									
Plan Year 2013	\$0.00	\$1,204.58	\$2,220.72	\$362.09	\$1,073.17	\$2,089.31	\$0.00	\$169.76	\$508.96
Plan Year 2014	\$320.47	\$1,078.05	\$2,076.41	\$331.50	\$1,024.63	\$2,022.78	\$0.00	\$162.97	\$474.20
% increase	0.00%	-10.50%	-6.50%	-8.45%	-4.52%	-3.18%	0.00%	-4.00%	-6.83%
\$ increase	\$320.47	(\$126.53)	(\$144.31)	(\$30.59)	(\$48.54)	(\$66.53)	\$0.00	(\$6.79)	(\$34.76)
Employer									
Plan Year 2013	\$1,258.97	\$1,269.05	\$1,269.05	\$1,104.40	\$1,815.47	\$1,815.47	\$374.49	\$544.26	\$544.26
Plan Year 2014	\$907.08	\$1,334.40	\$1,333.92	\$1,097.47	\$1,790.62	\$1,788.55	\$364.18	\$531.69	\$529.43
% increase	-27.95%	5.15%	5.11%	-0.63%	-1.37%	-1.48%	-2.75%	-2.31%	-2.73%
\$ increase	(\$351.89)	\$65.35	\$64.87	(\$6.93)	(\$24.85)	(\$26.92)	(\$10.31)	(\$12.57)	(\$14.83)
Total									
Plan Year 2013	\$1,258.97	\$2,473.63	\$3,489.77	\$1,466.49	\$2,888.64	\$3,904.78	\$374.49	\$714.02	\$1,053.22
Plan Year 2014	\$1,227.55	\$2,412.45	\$3,410.33	\$1,428.97	\$2,815.25	\$3,811.33	\$364.18	\$694.66	\$1,003.63
% increase	-2.50%	-2.47%	-2.28%	-2.56%	-2.54%	-2.39%	-2.75%	-2.71%	-4.71%
\$ increase	(\$31.42)	(\$61.18)	(\$79.44)	(\$37.52)	(\$73.39)	(\$93.45)	(\$10.31)	(\$19.36)	(\$49.59)

'90/10 Contribution Model' CCSF MOU Agreements – Employer pays 90% of employee-only coverage tier

City Plan (UHC): Final Active/Early Retiree/Medicare Monthly Contributions Calendar Year 2014

Exhibit 5c HSS Trust Subsidy of the '90/10 Contribution Model'

	Active (Bargained)			Early Retiree			Medicare Retiree		
	EE	EE+1	EE+2	EE	EE+1	EE+2	EE	EE+1	EE+2 (All Medicare)
Members									
Plan Year 2013	\$0.00	\$1,204.58	\$2,220.72	\$362.09	\$1,073.17	\$2,089.31	\$0.00	\$169.76	\$508.96
Plan Year 2014	\$3.96	\$1,078.05	\$2,076.41	\$331.50	\$1,024.63	\$2,022.78	\$0.00	\$162.97	\$474.20
% increase	0.00%	-10.50%	-6.50%	-8.45%	-4.52%	-3.18%	0.00%	-4.00%	-6.83%
\$ increase	\$3.96	(\$126.53)	(\$144.31)	(\$30.59)	(\$48.54)	(\$66.53)	\$0.00	(\$6.79)	(\$34.76)
Employer									
Plan Year 2013	\$1,258.97	\$1,269.05	\$1,269.05	\$1,104.40	\$1,815.47	\$1,815.47	\$374.49	\$544.26	\$544.26
Plan Year 2014	\$907.08	\$1,334.40	\$1,333.92	\$1,097.47	\$1,790.62	\$1,788.55	\$364.18	\$531.69	\$529.43
% increase	-27.95%	5.15%	5.11%	-0.63%	-1.37%	-1.48%	-2.75%	-2.31%	-2.73%
\$ increase	(\$351.89)	\$65.35	\$64.87	(\$6.93)	(\$24.85)	(\$26.92)	(\$10.31)	(\$12.57)	(\$14.83)
Total									
Plan Year 2013	\$1,258.97	\$2,473.63	\$3,489.77	\$1,466.49	\$2,888.64	\$3,904.78	\$374.49	\$714.02	\$1,053.22
Plan Year 2014	\$1,227.55	\$2,412.45	\$3,410.33	\$1,428.97	\$2,815.25	\$3,811.33	\$364.18	\$694.66	\$1,003.63
% increase	-2.50%	-2.47%	-2.28%	-2.56%	-2.54%	-2.39%	-2.75%	-2.71%	-4.71%
\$ increase	(\$31.42)	(\$61.18)	(\$79.44)	(\$37.52)	(\$73.39)	(\$93.45)	(\$10.31)	(\$19.36)	(\$49.59)

HSS Subsidy of the '90/10 Contribution Model' CCSF MOU Agreements – Employer pays 90% of employee-only coverage tier. HSS Trust Subsidy bringing the employee-only premium equal to the Kaiser premium for 2014

VSP Vision: Final Active/Early Retiree/Medicare Monthly Contributions Calendar Year 2014

Exhibit 6 Vision Plan Rates

	Active (Bargained)			Retiree		
	EE	EE+1	EE+2	EE	EE+1	EE+2
Plan Year 2013	\$3.78	\$7.58	\$10.73	\$3.78	\$7.58	\$10.73
Plan Year 2014	\$3.99	\$8.00	\$11.32	\$3.99	\$8.00	\$11.32
% increase	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%
\$ increase	\$0.21	\$0.42	\$0.59	\$0.21	\$0.42	\$0.59

Delta Dental PPO: Final Active/Retiree Monthly Contributions Calendar Year 2014

Exhibit 7 Dental PPO Plan Rates

	Active (Bargained)			Retiree		
	EE	EE+1	EE+2	EE	EE+1	EE+2
Plan Year 2013	\$63.47	\$133.29	\$190.42	\$39.87	\$79.80	\$120.54
Plan Year 2014	\$65.95	\$138.49	\$197.84	\$42.37	\$84.80	\$128.10
% increase	3.90%	3.90%	3.90%	6.27%	6.27%	6.27%
\$ increase	\$2.48	\$5.20	\$7.43	\$2.50	\$5.00	\$7.56

Delta Care USA : Final Active/Retiree Monthly Contributions Calendar Year 2014

Exhibit 8 Delta HMO Plan Rates

Rates	Active (Bargained)				Retiree				
	EE	EE+1	EE+2	EE	EE+1	EE+2	EE	EE+1	EE+2
Plan Year 2013	\$26.00	\$42.90	\$63.45	\$31.70	\$52.31	\$77.37	\$32.85	\$54.21	\$80.19
Plan Year 2014	\$26.95	\$44.46	\$65.76	3.64%	3.64%	3.64%	\$1.15	\$1.90	\$2.82
% increase	3.64%	3.64%	3.64%						
\$ increase	\$0.95	\$1.56	\$2.31						

Pacific Union Dental: Final Active/Retiree Monthly Contributions Calendar Year 2014

Exhibit 9 Dental HMO Plan Rates

Rates	Active (Bargained)				Retiree				
	EE	EE+1	EE+2	EE	EE+1	EE+2	EE	EE+1	EE+2
Plan Year 2013	\$27.80	\$45.90	\$67.86	\$16.47	\$27.20	\$40.22	\$16.47	\$27.20	\$40.22
Plan Year 2014	\$27.80	\$45.90	\$67.86	\$16.47	\$27.20	\$40.22	\$16.47	\$27.20	\$40.22
% increase	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
\$ increase	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

Life and LTD (Long Term Disability) Plan Year 2014 Aggregate Costs

Exhibit 10 LTD and Life Plan Rates

Plan Type	Plan Year 2013	Plan Year 2014	% Increase	\$ Increase
Basic Life	\$316,000	\$316,000	\$0.00	0.00%
Supplemental Life/Dependent Life	\$77,000	\$77,000	\$0.00	0.00%
Long-Term Disability	\$5,687,000	\$5,687,000	\$0.00	0.00%
Total Annual Estimated Cost	\$6,080,000	\$6,080,000	\$0.00	0.00%

Distribution of Aggregate Plan Costs (\$Millions)

Exhibit 11 Aggregate Costs

TABLE 4 *
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	\$27.2	\$295.6	\$322.8	8.43%	91.57%
\$ Increase	\$1.3	\$14.7	\$16.0		
% Increase	4.93%	5.25%	5.22%		
Blue Shield HMO	\$41.9	\$266.5	\$308.5	13.60%	86.40%
\$ Increase	-\$0.1	\$1.8	\$1.7		
% Increase	-0.23%	0.67%	0.55%		
City Plan	\$11.8	\$50.3	\$62.1	18.94%	81.06%
\$ Increase	\$0.7	-\$2.4	-\$1.7		
% Increase	6.76%	-4.63%	-2.66%		
Dental **	\$3.2	\$40.7	\$43.9	7.38%	92.62%
\$ Increase	\$0.0	\$1.6	\$1.6		
% Increase	0.00%	2.68%	2.48%		
LTD	\$0.0	\$5.7	\$5.7	0.00%	100.00%
\$ Increase	\$0.0	\$0.0	\$0.0		
% Increase	0.00%	0.00%	0.00%		
Life	\$0.1	\$0.3	\$0.4	19.55%	80.45%
\$ Increase	\$0.0	\$0.0	\$0.0		
% Increase	0.00%	0.00%	0.00%		
Total	\$84.2	\$669.1	\$743.3	11.33%	88.67%
\$ Increase	\$1.9	\$15.7	\$17.6		
% Increase	2.34%	2.44%	2.43%		

* Figures vary due to rounding

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

Distribution of Aggregate Plan Costs (\$Millions) Including Impact of HSS Trust Subsidy

Exhibit 12 Aggregate Costs with HSS Trust Subsidy

Distribution of Aggregate Plan Costs (\$Millions)						
	Member Contributions	HSS Trust Subsidy	Employer Contributions	Aggregate Plan Cost	Member Contributions as a % of Aggregate Costs	Employer Contributions as a % of Aggregate Costs
Kaiser HMO	\$27.2	\$0.0	\$295.6	\$322.8	8.43%	91.57%
\$ Increase	\$1.3	\$0.0	\$14.7	\$16.0		
% Increase	4.93%	0.00%	5.25%	5.22%		
Blue Shield HMO	\$39.9	\$2.0	\$266.5	\$308.5	12.95%	86.40%
\$ Increase	-\$2.1	\$2.0	\$1.8	\$1.7		
% Increase	-4.99%	0.00%	0.67%	0.55%		
City Plan	\$10.4	\$1.4	\$50.3	\$62.1	16.68%	81.06%
\$ Increase	-\$0.7	\$1.4	-\$2.4	-\$1.7		
% Increase	-5.95%	0.00%	-4.63%	-2.66%		
Dental**	\$3.2	\$0.0	\$40.7	\$43.9	7.38%	92.62%
\$ Increase	\$0.0	\$0.0	\$1.6	\$1.6		
% Increase	0.00%	0.00%	2.68%	2.48%		
LTD	\$0.0	\$0.0	\$5.7	\$5.7	0.00%	100.00%
\$ Increase	\$0.0	\$0.0	\$0.0	\$0.0		
% Increase	0.00%	0.00%	0.00%	0.00%		
Life	\$0.1	\$0.0	\$0.3	\$0.4	19.55%	80.45%
\$ Increase	\$0.0	\$0.0	\$0.0	\$0.0		
% Increase	0.00%	0.00%	0.00%	0.00%		
Total	\$80.8	\$3.4	\$659.1	\$743.3	10.87%	88.67%
\$ Increase	(\$1.5)	\$3.4	\$15.7	\$17.6		
% Increase	-1.79%	0.00%	2.44%	2.43%		

* Figures vary due to rounding

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

Aggregate Medical Costs (\$Millions) Including Impact of HSS Trust Subsidy

Exhibit 13 HSS Trust Subsidy

January 1, 2014 to December 31, 2014 Aggregate Medical Cost (\$ millions)					
	Member Contributions	Employer Contributions	HSS Trust Subsidy	Aggregate Plan Cost	
Current Rates	\$79.0	\$598.3	N/A	\$677.3	
Final Renewal Rates (including plan design changes)	\$77.5	\$612.4	\$3.4	\$693.3	
\$ Difference	(\$1.5)	\$14.1	\$3.4	\$16.0	
% Difference	-1.90%	2.36%	N/A	2.36%	

CITY AND COUNTY OF SAN FRANCISCO
 MEMBERSHIP ENROLLMENT STATISTICS REPORT

MEDICAL PLAN ENROLLMENT

MEMBERSHIP STATUS

	CITYPLN	BLSHLD	BLSHLD ACCESS+	KAISER	WAIVED	TOTAL
ACTIVE Members	869	16,050	0	18,912	1,992	37,823
NO MEDICARE	869	16,050	0	18,912	1,992	37,823
MEDICARE A	-	-	-	-	-	-
MEDICARE B	-	-	-	-	-	-
MEDICARE AB	-	-	-	-	-	-
RETIREMENT	5,236	3,514	3,489	10,143	1,794	24,176
NO MEDICARE	568	-	2,475	2,421	1,235	6,699
MEDICARE A	-	-	-	-	-	17
MEDICARE B	38	-	45	49	-	133
MEDICARE AB	4,605	3,514	966	7,673	546	17,304
NON-COMPLIANT	23	-	-	-	-	23
SURVIVING SPOUSE	1,027	245	203	1,284	362	3,121
NO MEDICARE	61	-	127	190	208	586
MEDICARE A	-	-	-	-	-	-
MEDICARE B	-	-	-	-	-	-
MEDICARE AB	963	245	74	1,092	152	2,526
NON-COMPLIANT	-	-	-	-	-	8
COMMISSIONERS	-	-	-	-	-	1
NO MEDICARE	-	40	0	29	150	223
MEDICARE A	-	40	0	29	150	223
MEDICARE B	-	-	-	-	-	-
MEDICARE AB	-	-	-	-	-	-
TOTAL MEMBERS	7,136	19,849	3,692	30,368	4,298	65,343

CITY AND COUNTY OF SAN FRANCISCO
 MEMBERSHIP ENROLLMENT STATISTICS REPORT

MEDICAL PLAN ENROLLMENT

MEMBERSHIP STATUS	CITYPLN	BLSHLD	BLSHLD ACCESS+	KAISER	WAIVED	TOTAL
SPOUSE/DOM PRT DEPENDENTS OF ACTIVE MEMBERS						
NO MEDICARE	135	6,399	0	7,570	0	14,104
MEDICARE A	134	6,369	0	7,541	0	14,044
MEDICARE B	-	-	-	-	0	0
MEDICARE AB	-	29	-	29	0	59
SPOUSE/DOM PRT DEPENDENTS OF RETIRED MEMBERS						
NO MEDICARE	1,493	1,075	1,269	3,212	0	7,049
MEDICARE A	291	330	891	1,194	0	2,706
MEDICARE B	-	-	-	-	0	0
MEDICARE AB	-	-	-	-	0	0
NON-COMPLIANT	1,196	742	373	2,008	0	4,319
SPOUSE/DOM PRT DEPENDENTS OF SURVIVING SPOUSE						
NO MEDICARE	0	0	0	0	0	0
MEDICARE A	-	-	-	-	-	-
MEDICARE B	-	-	-	-	-	-
MEDICARE AB	-	-	-	-	-	-
NON-COMPLIANT	-	-	-	-	-	-
SPOUSE/DOM PRT DEPENDENTS OF COMMISSIONERS						
NO MEDICARE	-	-	0	-	0	15
MEDICARE A	-	-	0	-	-	15
MEDICARE B	-	-	-	-	-	-
MEDICARE AB	-	-	-	-	-	-

CITY AND COUNTY OF SAN FRANCISCO
 MEMBERSHIP ENROLLMENT STATISTICS REPORT

MEDICAL PLAN ENROLLMENT	MEMBERSHIP STATUS	CTYPIN	BLSHLD	BLSHLD ACCESS+	KAISER	WAIVED	TOTAL
	CHILD/MINOR DEPENDENTS OF ACTIVE MEMBERS						
	NO MEDICARE	113	10,714	0	13,783	0	24,610
	MEDICARE A	113	10,713	0	13,782		24,608
	MEDICARE B						
	MEDICARE AB						2
	CHILD/MINOR DEPENDENTS OF RETIRED MEMBERS						
	NO MEDICARE	73	130	645	635	0	1,483
	MEDICARE A	68	126	643	621		1,458
	MEDICARE B						
	MEDICARE AB						25
	NON-COMPLIANT						
	CHILD/MINOR DEPENDENTS OF SURVIVING SPOUSE						
	NO MEDICARE	-	-	31	41	0	79
	MEDICARE A	-	-	31	39		76
	MEDICARE B						
	MEDICARE AB						
	NON-COMPLIANT						3
	CHILD/MINOR DEPENDENTS OF COMMISSIONERS						
	NO MEDICARE	-	-	-	-	0	19
	MEDICARE A						19
	MEDICARE B						
	MEDICARE AB						
	TOTAL DEPENDENTS	1,826	18,341	1,945	25,247	0	47,359
	MEDICAL PLAN TOTALS	8,962	38,190	5,637	55,615	4,298	112,702

CITY AND COUNTY OF SAN FRANCISCO
 MEMBERSHIP ENROLLMENT STATISTICS REPORT

DENTAL PLAN ENROLLMENT

MEMBERSHIP STATUS	DLTDEN	DLCDEN	PUDDEN	WAIVED	TOTAL
ACTIVE Members	26,813	700	359	1,165	29,037
RETIRED Members	14,572	1,151	573	7,982	24,278
SURVIVING SPOUSE	1,400	190	58	1,475	3,123
COMMISSIONERS	51	-	-	163	223
TOTAL MEMBERS	42,836	2,049	991	10,785	56,661
SPOUSE/DOM PRT DEPENDENTS OF ACTIVE Members	13,551	269	151	0	13,971
SPOUSE/DOM PRT DEPENDENTS OF RETIRED Members	5,738	442	196	0	6,376
SPOUSE/DOM PRT DEPENDENTS OF SURVIVING SPOUSE	-	-	-	0	20
SPOUSE/DOM PRT DEPENDENTS OF COMMISSIONERS	-	-	-	0	20
CHILD/MINOR DEPENDENTS OF ACTIVE Members	23,744	494	239	0	24,477
CHILD/MINOR DEPENDENTS OF RETIRED Members	1,466	104	45	0	1,615
CHILD/MINOR DEPENDENTS OF SURVIVING SPOUSE	93	-	-	0	109
CHILD/MINOR DEPENDENTS OF COMMISSIONERS	-	-	-	0	21
TOTAL DEPENDENTS	44,631	1,319	639	0	46,589
DENTAL PLAN TOTALS	87,467	3,368	1,630	10,785	103,250

Report ID: MBA0046-2
Database : HCPRD

CITY AND COUNTY OF SAN FRANCISCO
MEMBERSHIP ENROLLMENT STATISTICS REPORT

Page No. 5 of 5
Run Date: 06/03/2013
Run Time: 09:08:36

LTD, LIFE AND FSA PLAN ENROLLMENT

MEMBERSHIP STATUS

ACTIVE Members

LTD	LIFE	DEPFSA	HTHFSA
20,521	6,124	790	2,438

President, District 3
BOARD of SUPERVISORS



orig: B/F clerk
B/F chair → BOS-11, COB
Leg Dip.
City Hall

1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-7450
Fax No. 554-7454
TDD/TTY No. 544-5227

DAVID CHIU
邱信福
市參事會主席

PRESIDENTIAL ACTION

Date: 7-2-13
To: Angela Calvillo, Clerk of the Board of Supervisors

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO
2013 JUL -2 PM 12:50

Madam Clerk,

Pursuant to Board Rules, I am hereby:

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

File No. 130653 Farrell
(Primary Sponsor)

Transferring (Board Rule No. 3.3)

File No. _____
(Primary Sponsor)

From: _____ Committee

To: _____ Committee

Assigning Temporary Committee Appointment (Board Rule No. 3.1)

Supervisor _____

Replacing Supervisor _____

For: _____ Meeting
(Date) (Committee)

David Chiu
David Chiu, President
Board of Supervisors

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

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

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

Date that contract was approved: June 13, 2013 by the Health Service Board	Amount of contract: \$322,767,000.00 (calendar year 2014)*
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Describe the nature of the contract that was approved:
Medical Health Insurance: Kaiser Permanente Traditional Plan, HMO and Senior Advantage with Part D.

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

This contract was approved by (check applicable):

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

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

Print Name of Board

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

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

Date Signed

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

Date Signed

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

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. Zelman

Senior Vice President and General Counsel

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

Contractor Information *(Please print clearly.)*

Name of contractor:
Blue Shield of California

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

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

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

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

Paul Markovick, President & CEO

Janet Widmann, Executive Vice President, Markets

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

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

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

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

- **Accent Company, Omaha, NE (2003)** – Accent provides investigation and recovery functions related to workers' compensation and third-party liability.
- **ACS Commercial Solutions Inc., Sandy, UT (2011)** – ACS provides member enrollment data entry services.
- **Aegis USA, Inc., Los Angeles, CA (2007)** – Aegis assists with handling calls from Individual and Family Plan (IFP) members as well as eligibility and billing questions for members with portfolio plans.
- **Alere, Waltham, MA (2003)** – Alere currently administers Blue Shield's Predictive Triage Engine, disease management programs; a suite high-risk case management programs; chronic complex, prenatal, and musculoskeletal case management programs; tobacco cessation services as part of our Tobacco Cessation program; CareTips clinical care gap messaging for members and providers; and our NurseHelp 24/7 program.
- **American Specialty Health Plans, San Diego, CA (1994)** – American Specialty Health Plans provides access to their chiropractic, acupuncture, and podiatry networks.
- **Argus Health Systems, Kansas City, MO (1999)** – Argus Health Systems provides claims processing for pharmacy benefits. Blue Shield provides pharmacy benefit management, pharmacy network, formulary, prior authorization, and member services internally.
- **Citi Prepaid Services, Conshohocken, PA (2008)** – Citi Prepaid Services (formerly known as eCount) manages the financial incentives linked to our wellness offerings via a prepaid debit card that can be electronically reloaded when additional rewards are earned and redeemed.
- **Curascript, Orlando, FL and CVS Caremark, Woonsocket, RI (since 2005)** – Curascript and CVS Caremark provides specialty pharmacy services.
- **Dental Benefit Providers, Columbia, MD (1988)** – Dental Benefit Providers serves as Blue Shield's dental plan administrator.
- **DST Output, El Dorado Hills, CA (2002)** – DST Output provides production services for ID cards and explanation of benefits documents.
- **Electronic Data Systems, Plano, TX (2001)** – Electronic Data Systems (EDS) provides information systems and reporting services.
- **HealthEquity, Draper, UT (2012)** – HealthEquity provides integrated HSA/HRA/FSA consumer directed healthcare services for our high deductible health plans (HDHP).
- **Healthrageous, Inc., Boston, MA (2012)** – Healthrageous offers a wellness platform that uses wireless-enabled fitness devices and apps to power team challenges among employee populations.
- **Healthwise, Boise, ID (2005)** – Healthwise, a nonprofit consumer health content provider, supplies a robust health and wellness knowledgebase product for use on our website, www.blueshieldca.com.
- **Hinduja Global Solutions Inc., Warrenville, IL. (2011)** – Hinduja provides claims edit resolution services.
- **LabCorp, Burlington, NC (1997)** – LabCorp provides access to a national network of clinical laboratories.
- **Language Line, Monterey, CA (2002)** – Language Line provides language services to assist non-English speaking members.

- **Magellan Health Services, Avon, CT (2012)** – Magellan Health Services serves as Blue Shield's Mental Health Service Administrator (MHSA), providing mental health/substance abuse network administration, claims, customer service, care management, and medical management. Additionally, they administer our LifeReferrals 24/7 program and a Behavioral Health Depression Management Program that integrates with our disease management program.
- **Medical Eye Services, Santa Ana, CA (1984)** – Medical Eye Services serves as Blue Shield's vision plan administrator.
- **National Imaging Associates, Columbia, MD (1999)** – National Imaging Associates provides prior authorization and medical management for outpatient radiology services, including CAT scans, MRIs/MRAs, nuclear cardiology, bone densitometry, and PET scanning.
- **PrimeMail, Eagan, MN (2008)** – PrimeMail provides mail service for pharmacy benefits. Blue Shield provides pharmacy benefit management, pharmacy network, formulary, prior authorization, and member services internally.
- **Quest Diagnostics, Madison, NJ (2008)** – Quest Diagnostics has provided onsite and remote biometric screening services for Blue Shield clients since 2008. In this time, Quest has staffed multiple events for several different clients and collected biometric data on thousands of employees.
- **SourceHOV, LLC, Dallas, TX. (2007)** – SourceHOV provides paper claims and correspondence mailroom, imaging and data entry services, including image viewing capabilities, claims edit resolution, correspondence activation, small group enrollment, claim credit backs, and pre-denial audits.
- **Summit Health, Chambersburg, PA (2010)** – Summit Health provides onsite and remote biometric screening services for our Shield Wellcheck program, and other onsite wellness services, including immunizations, onsite seminars, lifestyle management courses, ad hoc screening, and tests for our Onsite Wellness program.
- **TeleTech Financial Services Management, LLC, Englewood, CO (2001)** – TeleTech assists with handling phone calls for IFP members, eligibility and billing questions for members with portfolio plans, and providers.
- **WebMD, New York, NY (2008)** – WebMD provides the platform and content for our award-winning online wellness program, Healthy Lifestyle Rewards, and our telephonic Health Coach program.

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

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

EmPAC

Contractor address:
50 Beale Street, San Francisco CA 94105

Date that contract was approved: June 13, 2013 by the Health Service Board	Amount of contract: \$ 279,094,000 (flex-funded benefit) + \$29,362,000 (Fully Insured MAPD/COB product)=308,456,000.00
Describe the nature of the contract that was approved: Medical Coverage: Blue Shield Flex Funded HMO for Actives and Early Retirees, and MAPD/COB for Retirees.	
Comments: *The amount of this contract is based on the most recent actuarial information and will change due to employee resignations, new hires, terminations and other attrition factors, as well as member selections at the time of qualifying events.	

This contract was approved by (check applicable):

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

Print Name of Board

Filer Information (Please print clearly.)

Name of filer:	Contact telephone number:
Address:	E-mail:

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

Date Signed

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

Date Signed

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

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

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

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

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

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, coordination of benefits (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 (SSP)

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 SSP.

HEALTH INFORMATION

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

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

Contractor address:
UnitedHealth Group Center
9900 Bren Road East
Minnetonka, Minnesota 55343

Date that contract was approved:
June 13, 2013 by the Health Service Board

Amount of contract:
\$62,077,000.00 total spend estimated for calendar year 2014*

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

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

This contract was approved by (check applicable):

the City elective officer(s) identified on this form

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

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

Print Name of Board

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

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

Date Signed

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

Date Signed

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

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

Contractor Information <i>(Please print clearly.)</i>
Name of contractor: Delta Dental of California (Delta Dental PPO Active Self Insured and Retiree PPO fully insured, and DeltaCare DHMO)
<i>Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored or controlled by the contractor. Use additional pages as necessary.</i>
(1) DIRECTORS AND OFFICERS
Barbara J. Burgel 100 First Street San Francisco, CA 94105
D. Douglas Cassat, DDS 100 First Street San Francisco, CA 94105
Lynn L. Franzoi 100 First Street San Francisco, CA 94105
Devang M. Gandhi, DDS, Secretary 100 First Street San Francisco, CA 94105
Roy Gonella 100 First Street San Francisco, CA 94105
Beverly A. Kodama, DDS 100 First Street San Francisco, CA 94105
Steven F. McCann, 1st Vice Chair 100 First Street San Francisco, CA 94105
Terry A. O'Toole, Treasurer 100 First Street San Francisco, CA 94105
Renuka (Becky) P. Patel, Chair 100 First Street San Francisco, CA 94105

Stephen R. Pickering, DDS
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, **2nd Vice Chair**
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: June 13, 2013 approved by the Health Service Board	Amount of contract estimated for CY 2014: \$57,266,493.00* Delta Dental PPO - <u>Policy Number 1673 – Retirees</u> \$11,215,907.00 Delta Dental PPO - <u>Policy 9502 – Actives: (Self-funded Claims + Admin.)</u> \$45,032,742.00 DeltaCare USA – DHMO <u>Policy # 01797 – DeltaCare:</u> \$1,017,844.00
Describe the nature of the contract that was approved: Dental Benefits	
Comments: *The amount of this contract is based on the most recent information and will change due to employee resignations, new hires, terminations and other attrition factors, as well as member selections at the time of qualifying events. The Delta Dental PPO Active Self-Insured Plan is based on actual claims and administration.	

This contract was approved by (check applicable):

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

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

 Print Name of Board

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

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

 Date Signed

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

 Date Signed

**FORM SFEC-126:
NOTIFICATION OF CONTRACT APPROVAL**
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City Elective Officer Information <i>(Please print clearly.)</i>	
Name of City elective officer(s):	City elective office(s) held:

Contractor Information <i>(Please print clearly.)</i>
Name of contractor: DENTAL BENEFIT PROVIDERS OF CALIFORNIA, INC., a subsidiary of United HealthGroup [<u>Pacific Union</u>]

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

The United HealthCare Services, Inc. Directors are William Arnold Munsell, and Brian Robert Thompson.

2. The United HealthCare Services, Inc. Officers include:
CEO and President: William Arnold Munsell
CFO: Eric Stuart Rangen
Secretary: Jay Anthony Warmuth
Treasurer: Robert Worth Oberrender
Assistant Secretary: Michelle Marie Huntley Dill
Assistant Secretary: Juanita Boland Luis

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

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, coordination of benefits (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.

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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 (SSP)

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 SSP.

HEALTH INFORMATION

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

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

Contractor address:
UnitedHealth Group Center
9900 Bren Road East
Minnetonka, Minnesota 55343

Date that contract was approved:
June 13, 2013 by the Health Service Board

Amount of contract estimated:
\$326,188 (calendar year 2014)*

Describe the nature of the contract that was approved:
DMO Dental Coverage for both active and retirees

Comments:

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

This contract was approved by (check applicable):

the City elective officer(s) identified on this form

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

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

Print Name of Board

Filer Information (Please print clearly.)

Name of filer:

Contact telephone number:

Address:

E-mail:

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

Date Signed

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

Date Signed

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

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

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

1)Tim Jankowski O.D, Stuart Thomas O.D, Ron Reynolds O.D., Jim Winnick O.D., Gary Sheppard, Dan Mannen O.D., Mark Bronstein M.D., Walter Grubbs, Gordon Jennings O.D., Ken Johnson O.D., Randy Lee O.D., Leslie Murphy CPA, Matthew Alpert O.D.
2)Rob Lynch, CEO, Jim McGrann, VSP Vision Care President, Don Ball, CFO, Laura Costa, COO
3)not applicable, as VSP is a non profit institution
4)not applicable
5)not applicable

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

Date that contract was approved: June 13, 2013 by the Health Service Board	Amount of contract: (estimated) \$4,595,580.00 (calendar year 2014)*
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Describe the nature of the contract that was approved:
Vision benefit

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

This contract was approved by (check applicable):

the City elective officer(s) identified on this form

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

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

Print Name of Board

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

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

Date Signed

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

Date Signed

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

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

Contractor Information (Please print clearly.)
Name of contractor: Aetna Life Insurance Company
Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored or controlled by the contractor. Use additional pages as necessary.
(1) Contractor (Aetna) Board of Directors <ul style="list-style-type: none">- Fernando Aguirre, Former Chairman, President and Chief Executive Officer Chiquita Brands International, Inc.- Mark T. Bertolini Chairman, Chief Executive Officer and President Aetna- Frank M. Clark, Former Chairman and Chief Executive Officer Commonwealth Edison Company- Betsy Z. Cohen, Chief Executive Officer The Bancorp, Inc- Molly J. Coye, M.D., Chief Innovation Officer UCLA Health System- Roger N. Farah, President, Chief Operating Officer and Director Ralph Lauren Corporation- Barbara Hackman Franklin, President and Chief Executive Officer Barbara Franklin Enterprises, Former U.S. Secretary of Commerce- Jeffrey E. Garten, Juan Trippe Professor in the Practice of International Trade, Finance and Business, Yale University- Ellen M. Hancock, Former President of Jazz Technologies, Inc., Former Chairman and Chief Executive Officer of Exodus Communications, Inc.- Richard J. Harrington, Chairman The Cue Ball Group, Former President and Chief Executive Officer The Thomson Corporation- Edward J. Ludwig, Former Chairman and Chief Executive Officer Becton, Dickinson and Company- Joseph P. Newhouse, John D. MacArthur Professor of Health Policy and Management Harvard University
(2) Contractor (Aetna) Chief Executive Officer/Chief Financial Officer/Chief Operating Officer <ul style="list-style-type: none">- Mark T. Bertolini Chairman, Chief Executive Officer and President Aetna- Shawn Guertin, Senior Executive Vice President, Chief Financial Officer- Meg McCarthy is Executive Vice President, Operations & Technology.
(3) Any person who has an ownership of 20% or more <ul style="list-style-type: none">- Aetna is a publically traded company with no one person or entity having 20% or more ownership
(4) Any subcontractor listed in the bid. <ul style="list-style-type: none">- Affiliated Customer Services- Allsup- Computer Sciences Corporation- Coventry Priority Services- IBM Daksh- International Beneficiary Locators, Inc.- Intracorp- Open Solutions and Harland (formerly BISYS)- Perot- The Rawlings Company
(5) Any Political committee sponsored or controlled by the contractor <ul style="list-style-type: none">- Aetna Political Action Committee (PAC)<ul style="list-style-type: none">i. Aetna PAC is a bipartisan political action committee, an organization that enables company employees to have a voice with legislators who make laws and policy that have a direct impact on the way the company does business. Its purpose is to collect voluntary contributions from eligible Aetna employees

and then use these funds to support candidates for federal and state political office in accordance with applicable election laws.

Contractor address:
151 Farmington Avenue
Hartford, CT 06156

Date that contract was approved:
July 3, 2012 by the Health Service Board for CY 2014 (4-year rate lock)

Amount of contract: (estimated for CY 2014)
Life (basic and supplemental): \$392,988
Long Term Disability(LTD): \$5,687,262
TOTAL: \$6,080,250

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

Comments:

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

This contract was approved by (check applicable):

the City elective officer(s) identified on this form

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

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

Print Name of Board

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

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

Date Signed

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

Date Signed

Board of Supervisors

Approval of Health Service System
Rates and Benefits for Plan Year 2014

July 10, 2013

Health Service System

CITY & COUNTY OF SAN FRANCISCO

MYHSS.ORG

Health Service System Trust

The Health Service System Trust provides health care benefits for four employers:

- San Francisco Unified School District
- San Francisco Community College District
- Superior Court of San Francisco
- City and County of San Francisco

This 2014 Rates and Benefits packet represents employee and retiree benefits for all four participating employers

- Aggregate and CCSF Premium Increases
- Affordable Care Act Fees and Taxes
- Medical Plans: Blue Shield, City Plan, Kaiser
- Kaiser Negotiation Process
- HSS Recommendations
- Implications of Non-Approval
- Suggested Action Plan

2.43% Aggregate Premium Increase

Aggregate data for all four employers (Millions)	Members Pay	Employers Pay	Total Cost	Year over Year % Increase
Kaiser HMO	\$27.2M	\$295.6M	\$322.8M	5.22%
Blue Shield HMO	\$42.0M	\$266.5M	\$308.5M	0.55%
City Plan PPO	\$11.8M	\$50.3M	\$62.1M	-2.66%
Dental Plans	\$3.2M	\$40.7M	\$43.9M	2.48%
Long Term Disability	\$0	\$5.7M	\$5.7M	0%
Life	\$0.1M	\$0.3M	\$0.4M	0%
TOTAL	\$84.2M	\$659.1M	\$743.3M	2.43%

In 2014, premium costs will increase by 17.6M (2.43%) to 743.3M. Employers pay 88.7% (\$659.1M) and members pay 11.3% (\$84.2M) of these premiums.

Affordable Care Act (ACA)

2014 ACA FEES and TAXES (estimated by Aon Hewitt)

Patient-Centered Outcomes Research Institute	Direct Fee	\$.24M
Transitional Re-insurance Program	Direct Fee	\$5.49M
Health Insurance Industry Tax	Excise Tax	\$10.91M
TOTAL		\$16.65M

2.29% of the 2.43% 2014 premium increase is attributable to ACA fees and taxes.

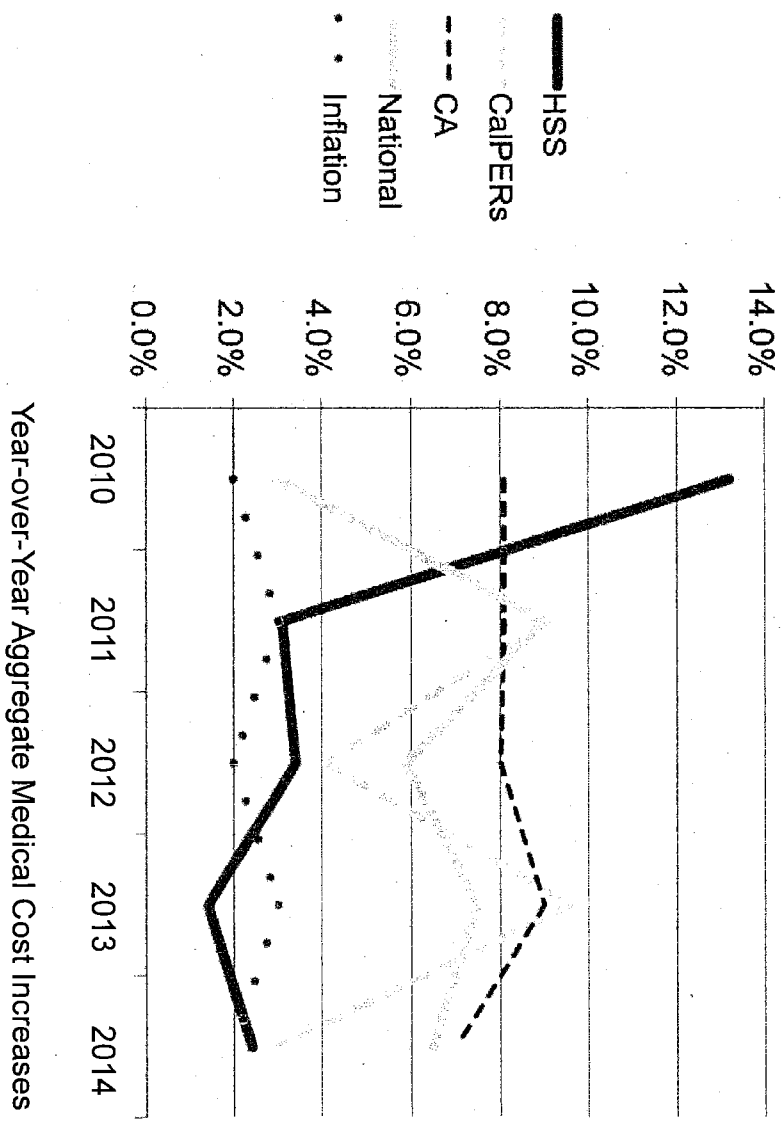
Additional ACA pharmaceutical and medical device excises taxes will be paid by plan vendors and passed on in future premium increases.

Medical Plans: 2014 Increases

BLUE SHIELD	CITY PLAN	KAISER
.55% year-over-year premium increase	-2.66% year-over-year premium reduction	5.22% year-over-year premium increase
3.2% ACA taxes and fees	.24% ACA taxes and fees	1.77% ACA taxes and fees
-2.65% premium reduction	-2.9% premium reduction	3.45% premium increase
\$20M savings from flex-funding \$3-4M savings from lower utilization trends due to ACOs	\$16M savings from lower utilization trends, federal drug subsidies, and improved management	\$9.3M increase (not including ACA fees and taxes)

Aggregate premium data for all four employers

HSS Is Beating Healthcare Cost Trends



- Reduced City's projected costs by \$52.6M for 2013-14 and 2014-15.
- Mitigates City's long-term commitments and GASB 45 projections.
- Negotiated 2014 aggregate 2.4% medical cost increase; 2.3% due to federal health care reform fees and taxes.
- Helps realize goal of sustainable, affordable healthcare now and into the future.

Beating the Trends

Due to aggressive cost containment strategies, HSS has beat national, state and regional trends in health premium increases for the past three benefits periods:

- **3.1%** aggregate premium increase in FY 2011-12. Over 25M saved from RFP and benefit changes.
- **3.6%** annualized aggregate premium increase in calendar year 2012 (based on July-Dec short plan year). Over 18M saved from calendar year change and benefit changes
- **1.4%** aggregate premium increase in calendar year 2013. Over 40M saved from flex-funding, ACO efforts, etc.
- **2.4%** aggregate increase in 2014 of which 2.3% was due to Healthcare Reform fees and Taxes.

0.7% City & County Premium Increase

Data for just CCSF (Millions)	2013	2014	Increase	Year over Year
City Premiums	\$517.6M	\$523.1M	\$5.5	1.1%
Member Premiums	\$74.1M	\$72.6M	-\$1.5	-2.0%
TOTAL	\$591.7M	\$595.8M	\$4.1	0.7%

City & County of San Francisco members will pay 2% less in premiums in 2014 compared to 2013, due primarily to decreases in Blue Shield and City Plan premium rates.

Aon Hewitt data for CCSF; includes medical, dental, vision, LTD and life.

Flat Premium Incentive

At the June meeting of the Health Service Board, the Board approved an additional rate card for the two self-insured plans, Blue Shield and City Plan. This Card provides a subsidy from the HSS Trust Fund to bring the 2014 Employee Only Contribution to the same Employee Contribution as Kaiser. This rate card will apply to any member whose union agrees to a Flat Premium contribution strategy by 7/31/13.

Plan	Employee Only 90/10 Rate	Employee Only HSS Subsidized Rate
Blue Shield	\$60.17	\$3.96
City Plan	\$320.97	\$3.96

Maximum HSS 2014 subsidy if all unions agree to Flat Premium = \$3.4M.

Kaiser Negotiation Process

Substantial efforts were made to date to engage Kaiser in negotiations, but there was no movement on proposed 2014 rates.

- Six meetings between Health Service System executives, Aon Hewitt consultants and Kaiser representatives since January 2013.
- Numerous telephone conferences.
- Two Health Service Board meetings between January to June 2013.
- Public comments by representatives from the Mayor's office and labor leaders.
- Discussions with other large employers that contract with Kaiser.

HSS Recommendations

The Health Service Board, the Health Service System and the Board of Supervisors Legislative Analyst recommend approval of 2014 rates and benefits.

- Realize the 2.43% aggregate and .7% City rate increases for 2014
- Preserve continuity of care and avoid disruption of medical services for over 40,000 Kaiser enrollees
- Meet federal deadlines for communicating plan and rate information during Open Enrollment
- Immediately engage in Kaiser action plan for 2015
- Pursue cost-competitive alternatives to Kaiser for 2015

Implications of Not Approving Rates

PROCEDURAL

- To exclude Kaiser, new actuarial analysis is mandated; will take until August to complete

- Health Service Trust takes on more risk (all plans self-insured)

- Update assessment of impact on City budget and GASB

- Board of Supervisors August meeting to review alternative proposals and approve plans and rates

- Delay in approval beyond August will push back Open Enrollment

MEMBER DISRUPTION

- 40,000+ Kaiser members would need to move to either Blue Shield or City Plan and find new physicians

- ACA is expected to also cause large influx of patients in 2014

- State law does offer continuity of care protection in certain cases

- Utilization typically increases in first year of disruption as it can take several months to transfer medical records

- Typically takes six months of communications to prepare for large disruption

Proposed Draft Action Plan

HEALTH SERVICE SYSTEM

- Immediately commence 2015 Kaiser negotiations
- Evaluate Kaiser self-insurance and shared risk options
- Consider risk adjusted premiums to equalize risk rating among plans
- Prepare contingency options for cost-competitive alternatives and/or moving away from Kaiser in 2015

BOARD OF SUPERVISORS

- Transparency legislation for all medical plans that contract with the City
- Require regular updates on ongoing 2015 Kaiser negotiations
- Support transparency legislation on state and county levels
- Call for profit pledge commitment from all health plans contracted with the City

UNIONS

- Support Transparency legislation efforts
- Voluntary Kaiser boycott during October Open Enrollment
- Pursue premium contribution models that do not favor Kaiser
- Keep members informed about ongoing 2015 Kaiser negotiations
- Legislative lobbying