June 18, 2019

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, 2020 to December 31, 2020 Health, Life Insurance, and Long-Term Disability Plan Benefits, Rates and Contributions

Honorable Members of the Board of Supervisors:

This letter serves to document our position as the consultant and actuary to the San Francisco Health Service System ("SFHSS") with regard to the completed rates and contribution setting process for SFHSS heatlh, life insurance, and long-term disability plans into the plan year from January 1, 2020 to December 31, 2020. Four employers (referred to as the "Four Employers" in this letter) offer plans through SFHSS, which are documented in this letter, to active employees and retirees:

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

The 2020 plan year rates and contribution setting process was concluded on June 13, 2019 under the direction of the Rates and Benefits Committee ("Committee") of the Health Service Board ("HSB"). This report will reference attached exhibits, as well as tables embedded in this letter.

In our opinion, the rates and contribution process was completed in a comprehensive manner. Specifically, it is our professional opinion that:

- The fully funded premiums and administrative fees agree with SFHSS' vendors' final rates and represent a fair price given the services provided, and;
- The premium equivalents set for the SFHSS self-funded and flex-funded programs—UnitedHealthcare ("UHC") City Plan, Blue Shield of California ("BSC") flex-funded Access+ and Trio plans, and Delta Dental of California ("Delta Dental") PPO plan for active employees—represent our best estimate of future expenditures based on the information available at the time these rates were developed. Existing Trust Fund assets are expected to be sufficient to protect the SFHSS Trust Fund against adverse claims experience.

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Legislative Update

The Patient Protection and Affordable Care Act (PPACA)

PPACA continues as law, and thus SFHSS continues to work with all four employers served by the Trust—CCSF, USD, CCD, and CRT—to assure compliance with PPACA requirements continues. Some elements have been deferred indefinitely, such as the automatic enrollment requirement. Other provisions continue to be in effect. Below is a brief explanation of the provisions that have the greatest effect.

PPACA Reporting Requirements

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

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

Reporting started in 2016 with 2015 calendar year information on Forms 1094 and 1095 and remains an annual requirement. SFHSS successfully met this requirement for the past four years by creating over 60,000 IRS forms each year to employees and electronically reporting to the IRS.

PPACA Legislative Fees

In 2010, the Patient Protection and Affordable Care Act (PPACA) created a Health Insurance Tax and two direct fees which were passed to employers—the Transitional Reinsurance Fee (TRF) and the Patient Centered Outcomes Research Institute (PCORI) Fee. The TRF and PCORI fees have now expired, and as of today will not apply in 2020 or future years.

The Health Insurance Tax (HIT) impacts most fully insured health plans offered through SFHSS, including dental and vision plans. This fee has applied most years since PPACA became law, though the federal government waived this fee for 2017 and 2019 plan years. As of today, the HIT is scheduled to return for the 2020 plan year for most SFHSS fully insured health plans. HIT does not apply to the BSC plans (based on a prior California Department of Managed Health Care ruling), and does not apply to the Kaiser Permanente (Kaiser) Senior Advantage (KPSA) Medicare HMO plan as Kaiser does not pass this fee in KPSA rates.

Other Legislative Fees—California Managed Care Organization Tax

Last year, we documented a California state Managed Care Organization (MCO) tax that applied to the BSC Access+ and Trio plans during the 2019 plan year. This MCO tax was enacted by California Senate Bill X2-2 (Hernandez, Chapter 2, Statutes 2016) effective for a taxing period July 1, 2016 through June 30, 2019. This fee expires on June 30, 2019, and thus will not apply to 2020 rating.

Contributions Under the 10-County Survey

Per City Charter Section A8.428, the employer contribution towards medical benefits is determined by the results of a survey of the dollar premium contributions provided by the ten most populous counties in California, excluding San Francisco. In the June 2014 CCSF collective bargaining process, the 10-County Survey ("Survey") was eliminated for the majority of the CCSF unions in the calculation of premium contributions for active employees in exchange for a percentage-based employee premium contribution. The Survey remains in use as a basis for calculating retiree premium contributions. For the 2020 plan year, the Survey, based on 2019 rates, determined the average monthly contribution increased 5.04% from $672.08 to $705.92. The full Survey report is contained as an Appendix to this letter and was presented at the March 14, 2019 HSB meeting. It is also accessible at myhss.org.

Year-Over-Year Health Plan Cost Comparison for All Four Employers

Annual aggregated costs for all medical plans offered by SFHSS (through UHC, Kaiser, and BSC) to active employees, early retirees, and Medicare retirees are shown in Table 1 below.

Table 1—All Four Employers

January 1, 2020 to December 31, 2020	Aggregate Medical Plans Cost ($ millions)		
	Aggregate Member Contributions (a)	Aggregate Employer Contributions (b)	Aggregate Plan Cost (a + b)
Current (2019) Rates	**$98.6**	**$766.3**	**$864.9**
Final Renewal (2020) Rates	**$104.6**	**$809.6**	**$913.2**
$ Difference	$6.0	$43.3	$49.3
% Difference	6.09%	5.65%	5.69%

Per Table 1 above, we expect an increase in aggregate medical plan costs totaling $49.3 million, or 5.69%, for the SFHSS medical plans (including core vision coverage and the SFHSS Healthcare Sustainability Fund charge) for the 2020 plan year. This increase in costs will be split 12.2% / 87.8% between the members and employers with member contributions increasing $6.0 million and employer contributions increasing $43.3 million. These changes are based on May 2019 enrollment.

Current CCSF Health Plan Employer Contribution Strategy—Active Employees

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

1) 93 / 93 / 83 Contribution Model:

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

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

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

2) 100 / 96 / 83 Contribution Model:

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

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

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

Since the majority of CCSF employees fall into the two contribution models, Aon produced two sets of rate cards, both approved by the HSB for plan year 2020. One rate card specified member contributions under the 93 / 93 / 83 model and the other rate card under the100 / 96 / 83 model.

Current CCSF Health Plan Employer Contribution Strategy—Retirees

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

- **10-County Survey Amount.** This first component of the employer contribution is the amount derived from the annual survey described in Charter Section A8.423 of contributions provided by the 10 most populous counties in California, not including San Francisco—called the "average contribution". The 2020 10-County amount is $705.92. If the total cost for Retiree Only for a plan is less than the 10-County Amount, that lower amount becomes the basis for that plan for the 10-County employer contribution portion.
- **"Actuarial Difference".** The second employer contribution component is the "actuarial difference" for a given plan. Under Charter Section A8.428(b)(3), the employers contribute the difference between Active Employee-Only premium and Early Retiree-Only premium.
- **Prop. E Contribution.** The third employer contribution component is the Prop. E contribution amount. Under Charter Section A8.428(b)(3)(iii) and A8.428(c), employer contributions toward Retiree Only and Retiree +1 rates = 50% x [Total Rate Cost – 10-County Amount – "Actuarial Difference"].

The full employer contribution amount for retiree medical coverage applies to eligible retirees who were hired on or before January 9, 2009. For retirees who were hired on or after January 10, 2009, there are five coverage / employer contribution classifications based on certain criteria outlined in Table 2, found on page 6.

Table 2—Retiree Medical Coverage / Employer Contribution For Those Hired On or After January 10, 2009	
Years of Credited Service at Retirement	**Percentage of Employer Contribution Established in A8.428 Subsection (b)(3)**
Less than 5 years of Credited Service with the Employers (except for the surviving spouses or surviving domestic partners of active employees who died in the line of duty)	No Retiree Medical Benefits Coverage
At least 5 but less than 10 years of Credited Service with the Employers; or greater than 10 years of Credited Service with the Employers but not eligible to receive benefits under Subsections (a)(4), (b)(4) and (b)(5) **(A8.428 Subsection (b)(6))**	0% — Access to Retiree Medical Benefits Coverage, Including Access to Dependent Coverage, But No Employer Contribution; Employee Pays Health Insurance Premium
At least 10 but less than 15 years of Credited Service with the Employers **(A8.428 Subsection (b)(5))**	50%
At least 15 but less than 20 years of Credited Service with the Employers **(A8.428 Subsection (b)(5))**	75%
At least 20 years of Credited Service with the Employers; Retired Persons who retired for disability; surviving spouses or surviving domestic partners of active employees who died in the line of duty **(A8.428 Subsection (b)(4))**	100%

Outline of 2020 Health Plan Design and Rating Actions

Below we describe the plan design changes and rating actions that apply to each SFHSS health plan for the 2020 plan year, based on approval actions taken during the recently completed Rates and Benefits cycle by the HSB.

Kaiser Permanente (Fully Insured) for All Four Employers

The final negotiated rate change for Kaiser Permanente (“Kaiser”) active employees, early retirees, and Medicare retirees is an overall increase of 6.5% for plan year 2020. This overall average is generated by a 5.7% premium rate increase for active employees and early retirees in California, and

an 11.7% premium rate increase for Medicare retirees in California. There are also small retiree populations with Kaiser HMO coverage in the Northwest (Oregon), Washington, and Hawaii regions captured in the overall average Kaiser rating action.

The increase for active employees and early retirees includes 1% of the overall 5.7% for the return of the PPACA health insurance tax (HIT) as documented earlier in this letter. The increase for Medicare retirees was primarily due to differences in Centers for Medicare and Medicaid Services (CMS) actual funding results for the Kaiser Permanente Senior Advantage (KPSA) plan, relative to early Kaiser forecasts in last year's rates.

There is one 2020 plan design change approved for the Kaiser plan by the Rates and Benefits Committee and HSB—modify subset of current infertility related services that are covered for a $20 copay to a 50% coinsurance member cost-share. This aligns the benefit coverage level for all infertility related services.

The KPSA Medicare plan has one plan enhancement that was approved by the Rates and Benefits Committee and HSB for 2020—a new transportation benefit of up to 24 one-way rides per year (50 miles maximum per ride) to support member health care appointment and facility post-discharge transportation needs. This benefit is similar to the transportation benefit approved for the 2019 plan year in the UHC Medicare Advantage PPO plan. This is currently scheduled to take effect January 1, 2020, though could be delayed depending on vendor set-up status through Kaiser.

The 2020 Kaiser renewal actions result in an overall estimated increase of $27.5 million from 2019 to 2020 for all four employers based on May 2019 membership of which $21.3 million is attributed to CCSF and $6.2 million is attributed to the other employer groups (e.g., CRT, USD, and CCD).

The aggregate cost for Kaiser Permanente for the 2020 plan year is projected at $451.1 million, with $47.3 million in member contributions and $403.8 million in employer contributions. Table 3 (page 12) provides an overview of annualized costs.

The 2020 Kaiser plan rates are illustrated in exhibits 2a-2e in the adjoining document.

Blue Shield of California (Flex-Funded) for All Four Employers

The Trio flex-funded plan was introduced as a second BSC plan option for active employees and early retirees for the 2018 plan year. This is in addition to the BSC Access+ plan. As a result of BSC renewal inputs and Aon's underwriting process, we are projecting increases of 2.3% for BSC Access+ total cost rates and 0.9% for Trio total cost rates into the 2020 plan year.

There are two 2020 plan design changes approved for the BSC Access+ and Trio plans by the Rates and Benefits Committee and HSB—ability for members to receive an expanded array of vaccines at

participating pharmacies, and access for members to a maximum of four nutritional counseling visits annually without a specific diagnosis.

Overall, this produces an aggregate increase of 1.8% for the combination of the two BSC flex-funded HMO plans into the 2020 plan year. Approximately 60% of BSC enrolled active employees / early retirees remained in Access+ in 2019, versus about 40% migrating to the new Trio plan.

The aggregate 2020 projected cost for all four employers in the BSC Access+ and Trio plans is $334.8 million, with $37.3 million in member contributions and $297.5 million in employer contributions based on May 2019 membership. This results in an overall estimated increase of $6.1 million from 2019 to 2020 for all four employers based on May 2019 membership of which $5.4 million of the increase is attributed to CCSF and the remaining $0.7 million is attributed to the other employer groups (e.g., CRT, USD, and CCD). Table 3 (page 12) provides an overview of annualized costs.

The 2020 BSC flex-funded HMO plan rates are illustrated in exhibits 3A-3B for HMO Access+ and 3C-3D for Trio in the adjoining document.

Rates, Contributions, and Benefits for the Self-Funded UHC City Plan PPO and the UHC Medicare Advantage PPO for All Four Employers

UHC City Plan PPO (Active Employees and Early Retirees)

The UHC City Plan PPO is a self-funded medical plan administered by UHC for active employees and early retirees. The medical and pharmacy monthly premium equivalent costs were developed separately for actives and retirees without Medicare based on group-specific experience.

A substantial factor in the active and early retiree total premium equivalent increases for the 2020 calendar year is the depletion of available funds in the UHC City Plan PPO rate stabilization reserve. At the end of 2014, there was $25.8 million available in the City Plan rate stabilization reserve. These amounts were applied to UHC City Plan PPO rating beyond the HSB Self-Funded Plans' Stabilization Policy of one-third application in 2016 through 2019 plan year rating. For the 2020 plan year, a small deficit in the rate stabilization reserve fund now exists and has been applied to 2020 plan rates.

The UHC base administration fee increased 1.8% from 2019 to 2020. Overall UHC administrative fees including expected fees from Shared Savings programs increase 4.8% from 2019 to 2020.

One change was approved by the Rates and Benefits Committee and HSB for 2020 UHC City Plan PPO—a reduction of the in-network out-of-network maximum for families, from current $12,700 to revised $7,500. This is expected to have minimal financial impact to the plan ($40,000 estimate), but will benefit families using high levels of care across multiple family members.

As a result of the underwriting adjustments, change in Rate Stabilization Reserve amounts, and impact of the design change outlined above, the overall total premium equivalent increase for the UHC City Plan PPO into the 2020 plan year is 10.0%.

UHC Medicare Advantage (MA) PPO

As of January 1, 2017, all Non-Kaiser Medicare eligible retirees became covered under the UHC fully insured Medicare Advantage PPO Plan (which was previously branded as the "New City Plan"). In 2020, the total costs for this Medicare plan will increase 16.5%. The majority of this increase (10% on UHC plan premiums) is due to the return in 2020 of the PPACA HIT (tax outlined earlier in this letter), after suspension in 2019 by the federal government. The remainder of the increase reflects health care cost trend in the plan.

There are no plan design changes into 2020 for the UHC MA PPO.

The aggregate 2020 cost for the UHC plans across active employees, early retirees, and Medicare retirees is projected at $128.1 million, with $19.9 million in member contributions and $108.2 million in employer contributions. This results in an overall estimated increase of $15.7 million (or 13.9%) from 2019 to 2020 for all four employers based on May 2019 enrollment; of which $12.1 million is attributed to CCSF and $3.6 million is attributed to the other employer groups (e.g., CRT, USD, and CCD). Table 3 (page 12) provides an overview of annualized costs.

The 2020 UHC plan rates are illustrated in exhibits 4a-4b for City Plan / Medicare Advantage plans, and in exhibits 4c-4d for City Plan—Choice Not Available / Medicare Advantage plans in the adjoining document.

Rates and Benefits for the Vision Plans for All Four Employers

Members enrolled in any medical plan offered by SFHSS also receive the Basic Plan vision benefits through Vision Service Plan (VSP). The cost of the Basic Plan vision benefit is a component of the cost of the medical plan and has been included in the rate exhibits referenced above. For the 2020 plan year, Basic Plan rates will remain at 2019 levels.

There is also a buy-up Premier Plan available to SFHSS members, which was first offered for the 2018 plan year. Members pay the full rate increment between Basic Plan rates and Premier Plan rates. For the 2020 plan year, Premier Plan total premium rates are increasing by 4.3% from 2019 Premier Plan rate levels.

Based on May 2019 enrollment, the aggregate projected 2020 employer cost for the VSP vision plan is $5.4 million. The employer portion of vision plan costs will remain constant from 2019 to 2020, as the Basic Plan premiums are not changing from 2019 to 2020. VSP vision plan costs for all four employers are illustrated in Exhibits 5a-5b in the adjoining document.

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

Three dental plans are offered to SFHSS active employees—Delta Dental PPO, DeltaCare USA HMO, and UHC Dental HMO. The Delta Dental PPO plan has a network of preferred providers while the other two plans are dental HMOs with closed panels of providers. The City pays part of the cost of dental benefits for active CCSF employees while retirees pay the full cost of their dental plans.

The Delta Dental PPO plan for active employees is self-funded and administered by Delta Dental of California (Delta Dental). Future plan costs are projected based on the City employees' claim experience. Delta Dental's administrative fee will remain constant from 2019 to 2020, at $4.62 per employee per month. This administrative fee is now guaranteed through December 31, 2021.

Due to the combination of favorable experience in the active employee Dental PPO plan and availability of rate stabilization reserve balance funds, the aggregate premium equivalents for the self-funded Delta Dental PPO plan for active employees are decreasing 5.3% for plan year 2020.

The Delta Dental PPO plan for retirees, DeltaCare USA dental plans for active employees and retirees, and UHC Dental plans for active employees and retirees are all fully insured. Most dental plan fully insured rates will remain the same as in 2019 for the 2020 plan year. The exception is a 3.0% increase for the UHC Dental HMO plan for active employees into the 2020 plan year. The Delta Dental Retiree PPO and DeltaCare USA plan rates are guaranteed through December 31, 2021.

There is one dental plan design change from 2019 to 2020—specifically for the Dental Dental Retiree PPO plan. In order to encourage a higher level of utilization for PPO network dentists, plan-paid PPO network provider coinsurance for certain major services (including crowns, dentures, pontics, bridges, and endodontic/root canal services) is increasing from 50% in 2019 to 60% in 2020. In return, the individual deductible for Delta Dental Premier network dentists and out-of-network dentists is increasing from $50 annual to $75 annual. Overall, this change is rate-neutral—rates for the Delta Dental Retiree PPO plan will remain at 2019 levels through this plan design change.

For the 2020 plan year, the City will contribute the total premium towards each of the dental HMO plans for CCSF employees. For the self-funded Delta Dental PPO plan, the City will contribute the monthly premium equivalent minus employee contributions of $5.00 for the Employee Only tier, $10.00 for the Employee +1 tier, and $15.00 for the Employee +2+ tier. The member contributions for Delta Dental PPO plan for retirees and DeltaCare USA dental plans for actives and retirees, and UHC Dental plans for actives and retirees remain unchanged from the 2019 plan year. Pursuant to the Health Service Board's Self-Funded Plans' Stabilization Policy, a claims stabilization amount of $7.0 million has been applied for 2020 towards the self-funded Delta Dental Active PPO plan.

The 2020 dental plan rates are shown in the adjoining document for the Delta Dental PPO (Exhibits 6a-6b), DeltaCare USA HMO (Exhibits 7a-7b), and UHC Dental HMO (Exhibits 8a-8b).

The aggregate dental plan cost for active employees for the 2020 plan year is projected at $46.5 million with $3.7 million in member contributions and $42.7 million in employer contributions. These projected costs for the 2020 plan year are same as those for the 2019 plan year, based on May 2019 enrollment. Table 3 (page 12) provides an overview of annualized costs.

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

Total premiums for basic life insurance (employer-paid), supplemental life insurance (member-paid), and long-term disability (LTD) insurance (employer-paid) are reducing by 12.0% from 2019 to 2020 as a result of a new three-year renewal agreement taking effect on January 1, 2020. The new rates are now locked in through December 31, 2022. In late 2017, The Hartford Life and Accident Insurance Company acquired the group life and disability business of Aetna Group Insurance—thus, Hartford is the insuring entity for the SFHSS life and disability insurance plans going forward. Plan-specific rating actions that add up to the 12.0% overall rate decrease from 2019 to 2020 are:

- Basic life insurance: 42.5% rate increase;
- LTD insurance: 20.0% rate decrease;
- Supplemental employee/dependent life insurance: 15.0% rate decrease; and
- Child life insurance and Accidental Death & Dismemberment insurance: no rate change.

The aggregate basic life insurance and LTD plan cost for the 2020 plan year is projected at $7.86 million. This includes $6.19 million in total LTD premiums and $1.67 million in basic life premiums. Additionally, there is $0.76 million in projected member-paid 2020 supplemental life insurance premium. Annualized overall premiums are shown in Exhibit 9 in the adjoining document.

Medical Second Opinion Service

An external second opinion service was implemented by SFHSS effective January 1, 2017. Upon review by SFHSS and the HSB, this external second opinion services will be discontinued for the 2020 plan year, upon expiration of the current three-year agreement on December 31, 2019. SFHSS will promote information from each health plan to support members in seeking second medical opinions within the heatlh plans.

Summary of Projected 2020 Plan Year Costs

Table 3 below summarizes projected 2020 aggregate SFHSS plan costs across the plans available to active employees and retirees relative to 2019 projections for those plans where the employers subsidize the total plan cost. VSP Basic Plan (vision) costs are included in the medical plans' costs.

TABLE 3—ALL FOUR EMPLOYERS [1]					
Distribution of Aggregate Plan Costs ($millions)					
	Aggregate Member Contributions (a)	**Aggregate Employer Contributions (b)**	**Aggregate Plan Cost (a + b)**	**Member Contributions as a % of Aggregate Costs**	**Employer Contributions as a % of Aggregate Costs**
Kaiser HMO	**$47.3**	**$403.8**	**$451.1**	**10.49%**	**89.51%**
$ Change	$3.0	$24.5	$27.5		
% Change	6.68%	6.46%	6.48%		
BSC HMOs	**$37.3**	**$297.5**	**$334.8**	**11.15%**	**88.85%**
$ Change	$0.3	$5.7	$6.1		
% Change	0.94%	1.96%	1.84%		
UHC Plans	**$19.9**	**$108.2**	**$128.1**	**15.56%**	**84.44%**
$ Change	$2.6	$13.0	$15.7		
% Change	15.30%	13.68%	13.92%		
Dental [2]	**$3.7**	**$40.3**	**$44.1**	**8.50%**	**91.50%**
$ Change	$0.0	-$2.4	-$2.4		
% Change	0.00%	-5.67%	-5.21%		
LTD Insurance	**$0.0**	**$6.2**	**$6.2**	**0.00%**	**100.00%**
$ Change	$0.0	-$1.6	-$1.6		
% Change	0.00%	-20.00%	-20.00%		
Life Insurance	**$0.8**	**$1.7**	**$2.4**	**31.15%**	**68.85%**
$ Change	-$0.1	$0.5	$0.4		
% Change	-13.58%	42.50%	18.54%		
Total	**$109.1**	**$857.7**	**$966.8**	**11.28%**	**88.72%**
$ Change	$5.8	$39.8	$45.6		
% Change	5.65%	4.86%	4.95%		

[1] Figures vary due to rounding

[2] Dental costs are for active employees only; retirees and surviving spouses have not been included

This year's projected aggregate medical cost increase of 5.69% (see page 3) compares similarly with available benchmark information. The "2019 Health Care Trend Survey" published by Aon indicates combined medical / pharmacy cost increases in the range of 5.5% to 6%.

Conclusion

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

Sincerely,

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

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

Appendix—CCSF Costs Only

TABLE 3A—CITY AND COUNTY OF SAN FRANCISCO (CCSF) ONLY [1]					
Distribution of Aggregate Plan Costs ($millions)					
	Aggregate Member Contributions (a)	Aggregate Employer Contributions (b)	Aggregate Plan Cost (a + b)	Member Contributions as a % of Aggregate Costs	Employer Contributions as a % of Aggregate Costs
Kaiser HMO	**$37.9**	**$313.8**	**$351.7**	**10.78%**	**89.22%**
$ Change	$2.4	$18.9	$21.3		
% Change	6.67%	6.42%	6.45%		
BSC HMOs	**$33.3**	**$261.5**	**$294.8**	**11.29%**	**88.71%**
$ Change	$0.3	$5.1	$5.4		
% Change	0.98%	1.99%	1.88%		
UHC Plans	**$16.9**	**$86.7**	**$103.6**	**16.29%**	**83.71%**
$ Change	$1.4	$10.6	$12.1		
% Change	9.37%	13.94%	13.17%		
Dental [2]	**$3.7**	**$39.8**	**$43.5**	**8.50%**	**91.50%**
$ Change	$0.0	-$2.4	-$2.4		
% Change	0.00%	-5.67%	-5.21%		
LTD Insurance	**$0.0**	**$6.2**	**$6.2**	**0.00%**	**100.00%**
$ Change	$0.0	-$1.6	-$1.6		
% Change	0.00%	-20.00%	-20.00%		
Life Insurance	**$0.8**	**$1.7**	**$2.4**	**31.15%**	**68.85%**
$ Change	-$0.1	$0.5	$0.4		
% Change	-13.58%	42.50%	18.54%		
Total	**$92.5**	**$709.6**	**$802.1**	**11.53%**	**88.47%**
$ Change	$4.0	$31.2	$35.2		
% Change	4.54%	4.60%	4.60%		

[1] Figures vary due to rounding

[2] Dental costs are for active employees only; retirees and surviving spouses have not been included