



June 17, 2020

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, 2021 to December 31, 2021 Health, Life Insurance, and Long-Term Disability Plan Benefits, Rates and Contributions

Honorable Members of the Board of Supervisors:

This letter serves to document our position as the consultant and actuary to the San Francisco Health Service System (“SFHSS”) with regard to the completed rates and contribution setting process for SFHSS health, life insurance, and long-term disability plans into the plan year from January 1, 2021 to December 31, 2021. 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 2021 plan year rates and contribution setting process was concluded on June 11, 2020 under the direction of the Rates and Benefits Committee (“Committee”) of the Health Service Board (“HSB”). This report will reference attached exhibits, as well as tables embedded in this letter.

In our opinion, the rate and contribution determination process for the 2021 plan year was completed in a comprehensive manner. Specifically, it is our professional opinion that:

- The premium rates for all fully insured plans, and the administrative and other fees for all self-funded and flex-funded plans, 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.



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 fee expired at the end of 2016, and will not apply in 2021 or future years. The PCORI fee, originally set to expire after 2019, was extended through 2029 as part of the SECURE Act passed by the federal government in December 2019, and is included in the 2021 fully insured plan premiums. The 2021 PCORI fee is not yet known, but should be slightly higher than the \$2.54 per covered life per year fee in 2020.

For the 2020 plan year, the Health Insurance Tax (HIT) impacted 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 permanently terminated for plan years beginning January 1, 2021.



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 2021 plan year, the Survey, based on 2020 rates, determined the average monthly contribution increased 3.30% from \$705.92 to \$729.19. The full Survey report is contained as an Appendix to this letter and was presented at the March 12, 2020 HSB meeting. It is also accessible at sfhss.org.

Year-Over-Year Medical 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, 2021 to December 31, 2021 Aggregate Medical Plans Cost (\$ millions)			
	Aggregate Member Contributions (a)	Aggregate Employer Contributions (b)	Aggregate Plan Cost (a + b)
Current (2020) Rates	\$105.7	\$812.7	\$918.4
Final Renewal (2021) Rates	\$110.3	\$843.6	\$953.9
\$ Difference	\$4.6	\$30.9	\$35.5
% Difference	4.35%	3.80%	3.87%

Per Table 1 above, we expect an increase in aggregate medical plan costs totaling \$35.5 million, or 3.87%, for the SFHSS medical plans (including Basic Plan vision coverage costs and the SFHSS Healthcare Sustainability Fund charge—both of which remain at 2020 levels) for the 2021 plan year. This increase in costs will be split between the members and employers with member contributions increasing \$4.6 million and employer contributions increasing \$30.9 million. These costs are projected based on May 2020 plan enrollment.



Current CCSF Health Plan Employer Contribution Strategy—Active Employees

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

1) 93 / 93 / 83 Contribution Model:

- a) **Employee Only.** For single-covered employees (Employee Only) who enroll in any health plan offered through the San Francisco Health Service System (SFHSS), CCSF shall contribute ninety-three percent (93%) of the total health insurance premium / premium equivalent provided. However, CCSF's contribution shall be capped at ninety-three percent (93%) of the Employee Only premium / premium equivalent of the second-highest-cost plan.
- b) **Employee Plus One.** For employees with one dependent who elect to enroll in any health plan offered through SFHSS, CCSF shall contribute ninety-three percent (93%) of the total health insurance premium / premium equivalent provided. However, CCSF's contribution shall be capped at ninety-three percent (93%) of the Employee Plus One premium / premium equivalent of the second-highest-cost plan.
- c) **Employee Plus Two or More.** For employees with two or more dependents who elect to enroll in any health plan offered through SFHSS, CCSF shall contribute eighty-three (83%) of the total health insurance premium / premium equivalent provided. However, CCSF's contribution shall be capped at eighty-three percent (83%) of the Employee Plus Two or More premium / premium equivalent of the second-highest-cost plan.

2) 100 / 96 / 83 Contribution Model:

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

Since the majority of CCSF employees fall into the two contribution models, Aon produced two sets of rate cards, both approved by the HSB for plan year 2021. One rate card specified member contributions under the 93 / 93 / 83 model and the other rate card under the 100 / 96 / 83 model.



Current CCSF Health Plan Employer Contribution Strategy—Retirees

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

- **10-County Survey Amount.** This first component of the employer contribution is the amount derived from the annual survey described in Charter Section A8.423 of contributions provided by the 10 most populous counties in California, not including San Francisco—called the “average contribution”. The 2021 10-County amount is \$729.19. 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 = $50\% \times [\text{Total Rate Cost} - 10\text{-County Amount} - \text{“Actuarial Difference”}]$.

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 2021 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 2021 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 4.25% for plan year 2021. This overall average is generated by a 5.8% premium rate increase for active employees and early retirees in California, and an 5.0% premium rate decrease for Medicare retirees in California. There are also small retiree populations (approximately 100 covered lives) with Kaiser HMO coverage in the Northwest (Oregon), Washington, and Hawaii regions captured in the overall average Kaiser rating action.

The decrease 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 are no 2021 plan design changes approved for the active employee and early retiree Kaiser plan by the Rates and Benefits Committee and HSB.

The KPSA Medicare plan has two plan enhancements that were approved by the Rates and Benefits Committee and HSB for 2021:

- Enhancement of the 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, to newly accommodate transportation for members in a wheelchair or gurney—this enhancement is currently scheduled to take effect January 1, 2021, though could be delayed depending on vendor set-up status through Kaiser; and
- A new benefit that provides up to 84 home-delivered meals immediately following an inpatient hospitalization when referred by a clinical staff member—this includes 3 meals per day for 4 weeks, limited to one utilization per year. This benefit is similar to the meal delivery benefit approved for the 2019 year in the UHC Medicare Advantage PPO plan.

The 2021 Kaiser renewal actions result in an overall estimated increase of \$19.5 million from 2020 to 2021 for all four employers based on May 2020 membership, of which \$15.5 million is attributed to CCSF and \$4.0 million is attributed to the other employer groups (e.g., CRT, USD, and CCD).

The aggregate cost for Kaiser Permanente for the 2021 plan year is projected at \$478.2 million, with \$50.5 million in member contributions and \$427.7 million in employer contributions. Table 3 (page 12) provides an overview of annualized costs.

The 2021 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 3.6% for BSC Access+ total cost rates and 6.3% for Trio total cost rates into the 2021 plan year.

There are no 2021 plan design changes approved for the BSC Access+ and Trio plans by the Rates and Benefits Committee and HSB.

Overall, this produces an aggregate increase of 4.4% for the combination of the two BSC flex-funded HMO plans into the 2021 plan year. Overall, 63% of BSC enrolled active employees / early retirees are in Access+ in 2020, versus 37% enrolled in Trio. This compares to a 60%/40% split in 2019.

The aggregate 2021 projected cost for all four employers in the BSC Access+ and Trio plans is \$343.0 million, with \$38.7 million in member contributions and \$304.3 million in employer contributions based on May 2020 membership. This results in an overall estimated increase of \$14.3 million from 2020 to 2021 for all four employers based on May 2020 membership, of which \$12.5 million is attributed to CCSF and the remaining \$1.8 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 2021 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 2021 calendar year is the increase in UHC City Plan PPO rate stabilization fund deficit used for 2021 rating. 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. A deficit first presented in the rate stabilization reserve fund for the 2020 rating year, and that deficit has now increased into the 2021 plan year. A one-third amortization of this deficit balance is applied in 2021 UHC City Plan PPO rating, per HSB policy.

The UHC base administration fee increased 2.0% from 2020 to 2021. Overall UHC administrative fees including expected fees from Shared Savings programs increase 3.5% from 2020 to 2021.



There are no 2021 plan design changes approved for the 2021 UHC City Plan PPO by the Rates and Benefits Committee and HSB.

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 2021 plan year is 9.0%.

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 2021, the total per member rate for this Medicare plan will decrease 2.9%. This decrease is facilitated by the permanent termination of the PPACA HIT for the 2021 plan year (tax outlined earlier in this letter), after the HIT was reinstated for the 2020 plan year by the federal government.

The UHC MA PPO renewal includes provision for a rate guarantee for the 2022 plan year, leveraging expected 2020 underwriting surplus generated by elective service claim suppression due to the COVID-19 pandemic for use in 2021 and 2022 proposed rates. The two-year rate guarantee proposal includes a per member rate increase of 1.2% from the 2021 plan year to the 2022 plan year.

There are no plan design changes into 2021 for the UHC MA PPO.

Overall UHC Plan Renewals—Active Employee/Early Retiree City Plan PPO and MA PPO

The aggregate 2021 cost for the UHC plans across active employees, early retirees, and Medicare retirees is projected at \$132.6 million, with \$21.1 million in member contributions and \$111.5 million in employer contributions. This results in an overall estimated increase of \$1.6 million from 2020 to 2021 for all four employers based on May 2020 enrollment; of which \$1.7 million is attributed to CCSF and -\$0.1 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 2021 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 2021 plan year, Basic Plan rates will remain at 2020 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 2021 plan year, Premier Plan total premium rates are increasing by 4.1% from 2020 Premier Plan rate levels.

Certain employees also have an employer-paid Computer Vision Care benefit, priced at \$0.83 per employee per month. Presently, 19,558 employees have access to this benefit. This rate remains unchanged from 2020 to 2021.

Based on May 2020 enrollment, the aggregate projected 2021 employer cost for the VSP Basic vision plan is \$5.3 million, plus an additional \$0.2 million for the Computer Vision Care benefit. The employer portion of vision plan costs will remain constant from 2020 to 2021, as the Basic Plan premium rates and Computer Vision Care premium rates are not changing from 2020 to 2021. 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 2020 to 2021, at \$4.62 per employee per month.

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 increasing 0.6% for plan year 2021.

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. All dental plan fully insured rates will reflect a reduction for the 2021 plan year as a result of the permanent termination of the PPACA HIT (tax outlined earlier in this letter).

There is one dental plan design change from 2020 to 2021 for the Delta Dental PPO plans for active employees and retirees. Both plans will include coverage, after applicable member plan design cost sharing, for nitrous oxide and non-IV sedation.

For active employees in the 2021 plan year, the City will contribute the total premium towards each of the dental HMO plans for CCSF employees. For active employees in the self-funded Delta Dental PPO plan, the City will contribute the monthly premium equivalent minus monthly 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. Member contributions for the active employee dental plans are unchanged from 2020 plan year levels into plan year 2021.

Retired members in SFHSS dental plans (Retiree PPO and two dental HMOs) contribute full premium costs with no employer contributions provided.

The 2021 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 2021 plan year is projected at \$44.7 million with \$3.8 million in member contributions and \$40.9 million in employer contributions based on May 2020 enrollment. This results in an overall estimated total dental cost increase of \$0.3 million (0.6%) from 2020 to 2021. 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) insured through The Hartford Life and Accident Insurance Company are reducing by \$0.135 million (1.5%) from 2020 to 2021. A three-year renewal agreement took effect on January 1, 2020, however, favorable experience under the basic life insurance plan in 2019 has resulted in a mid-guarantee reduction of the basic life premium for the remaining two years of the original rate guarantee agreement (January 1, 2021 through December 31, 2022). Premiums for the supplemental life insurance and LTD plans will remain at 2020 levels into the 2021 plan year as part of the three-year guarantee. Plan-specific rating actions that add up to the 1.5% overall rate decrease from 2020 to 2021 are:

- Basic life insurance: 7.9% rate decrease;
- LTD insurance: no rate change;
- Supplemental employee/dependent life insurance: no rate change; and
- Child life insurance and Accidental Death & Dismemberment insurance: no rate change.

The aggregate employer cost for the basic life insurance and LTD plans for the 2021 plan year is projected at \$8.03 million. This includes \$6.46 million in total LTD premiums and \$1.57 million in basic life premiums. Additionally, there is \$0.81 million in projected member-paid 2021 supplemental life insurance premium. Annualized overall premiums are shown in Exhibit 9 in the adjoining document.



Summary of Projected 2021 Plan Year Costs

Table 3 below summarizes projected 2021 aggregate SFHSS plan costs across the plans available to active employees and retirees relative to 2020 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	\$50.5	\$427.7	\$478.2	10.56%	89.44%
\$ Change	\$2.0	\$17.6	\$19.5		
% Change	4.04%	4.28%	4.25%		
BSC HMOs	\$38.7	\$304.3	\$343.0	11.28%	88.72%
\$ Change	\$1.6	\$12.7	\$14.3		
% Change	4.28%	4.37%	4.36%		
UHC Plans	\$21.1	\$111.5	\$132.6	15.91%	84.09%
\$ Change	\$1.1	\$0.6	\$1.6		
% Change	5.36%	0.51%	1.26%		
Dental ^[2]	\$3.8	\$40.9	\$44.7	8.45%	91.55%
\$ Change	\$0.0	\$0.3	\$0.3		
% Change	0.00%	0.63%	0.57%		
LTD Insurance	\$0.0	\$6.5	\$6.5	0.00%	100.00%
\$ Change	\$0.0	\$0.0	\$0.0		
% Change	0.00%	0.00%	0.00%		
Life Insurance	\$0.8	\$1.6	\$2.4	34.07%	65.93%
\$ Change	\$0.0	-\$0.1	-\$0.1		
% Change	0.00%	-7.90%	-5.36%		
Total	\$114.9	\$892.5	\$1,007.4	11.40%	88.60%
\$ Change	\$4.6	\$31.0	\$35.6		
% Change	4.19%	3.60%	3.66%		

[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 3.87% (see page 3) is below average national benchmark levels for health care cost trend. The "2020 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,

A handwritten signature in black ink, appearing to read "Michael A. Clarke", is positioned below the "Sincerely," text.

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

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

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	\$40.5	\$333.0	\$373.5	10.85%	89.15%
\$ Change	\$1.6	\$13.9	\$15.5		
% Change	4.08%	4.36%	4.33%		
BSC HMOs	\$34.6	\$268.8	\$303.4	11.42%	88.58%
\$ Change	\$1.4	\$11.1	\$12.5		
% Change	4.23%	4.31%	4.30%		
UHC Plans	\$18.0	\$90.0	\$108.0	16.64%	83.36%
\$ Change	\$1.0	\$0.8	\$1.7		
% Change	5.58%	0.88%	1.63%		
Dental ^[2]	\$3.7	\$40.4	\$44.1	8.45%	91.55%
\$ Change	\$0.0	\$0.3	\$0.3		
% Change	0.00%	0.63%	0.57%		
LTD Insurance	\$0.0	\$6.5	\$6.5	0.00%	100.00%
\$ Change	\$0.0	\$0.0	\$0.0		
% Change	0.00%	0.00%	0.00%		
Life Insurance	\$0.8	\$1.6	\$2.4	34.07%	65.93%
\$ Change	\$0.0	-\$0.1	-\$0.1		
% Change	0.00%	-7.90%	-5.36%		
Total	\$97.7	\$740.3	\$838.0	11.66%	88.34%
\$ Change	\$3.9	\$25.9	\$29.9		
% Change	4.21%	3.63%	3.70%		

[1] Figures vary due to rounding

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