



September 11, 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: UPDATE to January 1, 2021 to December 31, 2021 Dental Insurance Plan Rates and Benefits**

Honorable Members of the Board of Supervisors:

On July 28, 2020 the Board of Supervisors approved 2021 plan year rates and benefits for San Francisco Health Service System (“SFHSS”) health, dental, vision, life insurance, and long-term disability plans. The documentation for the approved SFHSS 2021 plan year rates and benefits was contained in our June 17, 2020 letter to the Board of Supervisors.

Since that time, two specific actions by Delta Dental Plan of California (“Delta Dental”) have generated the ability for SFHSS to negotiate one plan improvement to the Active Employee and Retiree Dental PPO plans, and lower 2021 proposed plan rates for the insured Retiree Delta Dental plans for which retirees pay 100% of the insured plan premium—the Retiree Dental PPO plan and the Retiree DeltaCare USA Dental HMO plan.

**Plan Improvement Recommendation for 2021 Plan Year to “SmileWay” Benefit**

The active employee and retiree dental PPO plans currently incorporate a benefit called “SmileWay”, a Delta Dental program which allows for 100% coverage of the cost for certain added services annually for members with the following chronic diseases: diabetes, heart disease, HIV/AIDS, rheumatoid arthritis, and stroke. These added services are beneficial to supporting dental health of members with one or more of these five chronic conditions. The added coverage for SmileWay program enrolled members includes:

- Four teeth cleanings (e.g., prophylaxis) covered at 100% annually;
- Four periodontal maintenance procedures covered at 100% annually; and
- One periodontal scaling and root planing procedure per quadrant covered at 100% annually.

Presently, there are 161 members (0.2% of covered lives) enrolled in SmileWay from the Active Employee PPO plan population, and 461 members (1.6% of covered lives) enrolled in SmileWay from the Retiree PPO plan population.



It was recently brought to the attention of SFHSS that while the cost of additional teeth cleaning covered services (two are covered for all participants, with two additional annually for SmileWay program enrollees) does not count towards a member's annual benefit maximum dollar limit, the costs for the periodontal maintenance, periodontal scaling, and root planing procedures do count towards a member's annual benefit maximum dollar limit under their Delta Dental PPO plan—meaning a member could attain their annual benefit maximum before all allowed additional SmileWay program services can be obtained. Presently costs for SmileWay services after the annual maximum is attained become responsibility of the member.

Thus, we ask that the Board of Supervisors approve a recommended change to become effective January 1, 2021 that would allow all SmileWay program services to be covered at 100% without application to the annual benefit plan maximum. The impact to employer costs is projected as follows for the 2021 plan year:

- **Active employees**—Delta Dental estimates this will increase claim costs for the active employee PPO plan (self-funded plan) by 1.4%. Aon estimates the dollar amount to be \$592,000 to the City and County of San Francisco (San Francisco Unified School District and City College of San Francisco employees do not receive dental benefits through SFHSS).
- **Retirees**—no cost to the City and County of San Francisco, as retirees pay 100% of insured plan premiums for SFHSS dental plans.

#### **Revised (Lower) Retiree Dental Plan Premiums for 2021 Plan Year**

Given the COVID-19 pandemic resulted in significantly reduced member dental plan utilization activity during recent periods of “shelter in place/stay at home” orders—primarily March 2020 to June 2020—Delta Dental has offered a partial refund of premiums paid for its insured dental plans. Specifically, for retiree plans, since the Retiree Dental PPO and Retiree DeltaCare USA Dental HMO plans are fully paid by retirees with no employer contribution, SFHSS has negotiated a further insured plan premium reduction for the 2021 plan year for retirees enrolled in these two plans. The adjusted Retiree Dental PPO plan premium for the 2021 plan year also incorporates provision for the enhancement in SmileWay program benefits described in the prior section to this letter (estimated to be 1.86% of premium).

The table below illustrates the retiree dental plan monthly insured premium rates—which are also the monthly retiree contributions paid by SFHSS enrolled retiree members—that were originally approved by the Board of Supervisors on July 28, 2020 for the 2021 plan year:



**Originally Approved SFHSS Retiree Delta Dental Plan Monthly Rates for 2021 Plan Year**

SFHSS Dental Plan	Plan Year	Retirees		
		RET Only	RET + 1	RET + 2+
Delta Dental PPO	PY 2020	\$45.77	\$91.04	\$135.88
	PY 2021	\$44.97	\$89.45	\$133.50
	\$ Difference	-\$0.80	-\$1.59	-\$2.38
	% Difference	-1.75%	-1.75%	-1.75%
DeltaCare USA DHMO	PY 2020	\$32.85	\$54.21	\$80.19
	PY 2021	\$32.28	\$53.26	\$78.79
	\$ Difference	-\$0.57	-\$0.95	-\$1.40
	% Difference	-1.75%	-1.75%	-1.75%

As a result of recent negotiations with Delta Dental given claim suppression impacts from the COVID-19 pandemic, we show below revised recommended 2021 monthly premium rates—which are same as monthly retiree member contributions—for the two Delta Dental retiree dental plans offered to SFHSS retirees, where the Retiree Dental PPO plan revised rates also include adjustment for the enhanced SmileWay program benefits described earlier in this letter:

**Revised Recommended SFHSS Retiree Delta Dental Plan Monthly Rates for 2021 Plan Year**

SFHSS Dental Plan	Plan Year	Retirees		
		RET Only	RET + 1	RET + 2+
Delta Dental PPO	PY 2020	\$45.77	\$91.04	\$135.88
	<b>PY 2021</b>	<b>\$43.90</b>	<b>\$87.32</b>	<b>\$130.32</b>
	\$ Difference	-\$1.87	-\$3.72	-\$5.56
	% Difference	-4.09%	-4.09%	-4.09%
DeltaCare USA DHMO	PY 2020	\$32.85	\$54.21	\$80.19
	<b>PY 2021</b>	<b>\$30.93</b>	<b>\$51.04</b>	<b>\$75.50</b>
	\$ Difference	-\$1.92	-\$3.17	-\$4.69
	% Difference	-5.84%	-5.85%	-5.85%

The revised 2021 rates above will benefit retirees while generating no additional cost in 2021 to the City and County of San Francisco since retiree dental plans are fully paid by retirees.



September 11, 2020  
Board of Supervisors  
City and County of San Francisco  
Page 4

The Health Service Board approved the change recommendations outlined above in this letter on September 10, 2020.

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 "M. 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