

San Francisco Health Service System Health Service Board

Rates & Benefits

2018 City Plan (UnitedHealthcare) Self-Funded Rates and Premium Contributions—Active Employees and Early Retirees

June 8, 2017

Contents

- **2018 City Plan Renewal Summary**
- **2018 City Plan (UHC) Monthly Rate Card—Status Quo**
- **2018 City Plan (UHC) Monthly Rate Card—Additional Buy-downs**
- **Recommendation**
- **Appendix:**
 - ▶ Monthly Rate Card Footnotes
 - ▶ Glossary of Terms

Renewal Summary

- At the June 21, 2016 Health Service Board (HSB) meeting, the HSB adopted the UnitedHealthcare Medicare Advantage PPO, the “New Fully Funded City Plan”
- This allowed for a release and one-time additional subsidy of \$2,000,000 from the Medicare share of the stabilization funds in the “New Fully Funded City Plan” to the 2017 active and early retiree rates for a total subsidy of \$7,576,000
- The intent of this action was to keep rates and premiums low to attract additional membership
- The total of \$3,793,000 in the reserves is available as a carry forward for application to rates for 2018 and beyond

Renewal Summary

- As discussed at the February 9, 2017 HSB meeting, the experience in 2016 was positive and created a surplus of \$736,000. This results in an increase of the claims stabilization reserve to \$4,529,000 as of December 31, 2016
- The HSB approved application of \$1,510,000 to the 2018 rates (the required amortization approach per the claims stabilization policy), leaving a claims stabilization reserve balance of \$3,019,000 for the 2019 plan year and beyond

Renewal Summary

- The additional subsidy strategy increased membership over the past several years and stands at a combined 1,732 subscribers for active employees and early retirees as of March 31, 2017 versus 1,350 one year prior

Actives

	2016	2017	Difference	% Difference
EE Only	555	649	94	17%
EE + 1	114	195	81	71%
EE + 2	79	149	70	89%
Total	748	993	245	33%

Early Retirees

	2016	2017	Difference	% Difference
RET Only	461	559	98	21%
RET + 1	130	158	28	22%
RET + 2	11	22	11	100%
Total	602	739	137	23%

Renewal Summary

- The use of available claims stabilization funds to reduce rates for plan year 2016 and 2017 is in line with the HSB intention of maintaining the long-term sustainability of City Plan
- Three rate cards are included:
 - ▶ Status quo rates for active employees and early retirees. Applies the required \$1,510,000 across actives and early retirees
 - ▶ Option 1: Additional buy-down which applies an additional \$1,510,000, that is 50% of the remaining January 1, 2017 claims stabilization reserve of \$3,019,000, to the active and early retiree rates. This option is presented to help alleviate the large increase in status quo rates for 2018. This will leave \$1,509,000 remaining in the stabilization reserve for the 2019 plan year and beyond

Renewal Summary

- Rate cards continued:

- ▶ Option 2: At the May 11, 2017 HSB meeting, Aon requested that an additional buy-down scenario be presented at the June 8, 2017 meeting. The purpose of this option is to maximize the use of available claims stabilization funds leading to a higher degree of long-term sustainability of the City Plan PPO program. Under this option, \$3,019,000 of the remaining stabilization funds after Status Quo will be applied to active employees only
- ▶ Please be cognizant that the December 31, 2017 stabilization will be either a surplus or deficit depending on the actual versus expected results for plan year 2017. (Note that the Contingency Reserve for UnitedHealthcare is currently \$5,694,340)

2018 City Plan (UHC) Rates and Contributions

Active Employee and Early Retiree—Status Quo

93 / 93 / 83 Contribution Strategy

PY = Plan Year		Active			Early Retiree		
		EE	EE + 1	EE + 2	RET	RET + 1	RET + 2
Employee / Retiree Contributions	PY 2017	\$102.81	\$166.01	\$430.34	\$98.78	\$648.15	\$1,426.75
	PY 2018	\$324.34	\$602.56	\$1,067.10	\$204.96	\$774.90	\$1,623.08
	\$ Difference	+\$221.53	+\$436.55	+\$636.76	+\$106.18	+\$126.75	+\$196.33
	% Difference	+215.48%	+262.97%	+147.97%	+107.49%	+19.56%	+13.76%
Employer Contributions	PY 2017	\$699.59	\$1,395.08	\$1,760.23	\$1,043.70	\$1,593.07	\$1,593.08
	PY 2018	\$734.76	\$1,465.45	\$1,849.09	\$985.11	\$1,555.05	\$1,555.05
	\$ Difference	+\$35.17	+\$70.37	+\$88.86	-\$58.59	-\$38.02	-\$38.03
	% Difference	+5.03%	+5.04%	+5.05%	-5.61%	-2.39%	-2.39%
Total Rate	PY 2017	\$802.40	\$1,561.09	\$2,190.57	\$1,142.48	\$2,241.22	\$3,019.83
	PY 2018	\$1,059.10	\$2,068.01	\$2,916.19	\$1,190.07	\$2,329.95	\$3,178.13
	\$ Difference	+\$256.70	+\$506.92	+\$725.62	+\$47.59	+\$88.73	+\$158.30
	% Difference	+31.99%	+32.47%	+33.12%	+4.17%	+3.96%	+5.24%

2018 City Plan (UHC) Rates and Contributions

Active Employee and Early Retiree—Status Quo

100 / 96 / 83 Contribution Strategy

<i>PY = Plan Year</i>		Active			Early Retiree		
		EE	EE + 1	EE + 2	RET	RET + 1	RET + 2
Employee / Retiree Contributions	PY 2017	\$0.00	\$121.00	\$430.34	\$98.78	\$648.15	\$1,426.75
	PY 2018	\$0.00	\$555.29	\$1,067.10	\$204.96	\$774.90	\$1,623.08
	<i>\$ Difference</i>	<i>+\$0.00</i>	<i>+\$434.29</i>	<i>+\$636.76</i>	<i>+\$106.18</i>	<i>+\$126.75</i>	<i>+\$196.33</i>
	<i>% Difference</i>	<i>-</i>	<i>+358.92%</i>	<i>+147.97%</i>	<i>+107.49%</i>	<i>+19.56%</i>	<i>+13.76%</i>
Employer Contributions	PY 2017	\$802.40	\$1,440.09	\$1,760.23	\$1,043.70	\$1,593.07	\$1,593.08
	PY 2018	\$1,059.10	\$1,512.72	\$1,849.09	\$985.11	\$1,555.05	\$1,555.05
	<i>\$ Difference</i>	<i>+\$256.70</i>	<i>+\$72.63</i>	<i>+\$88.86</i>	<i>-\$58.59</i>	<i>-\$38.02</i>	<i>-\$38.03</i>
	<i>% Difference</i>	<i>+31.99%</i>	<i>+5.04%</i>	<i>+5.05%</i>	<i>-5.61%</i>	<i>-2.39%</i>	<i>-2.39%</i>
Total Rate	PY 2017	\$802.40	\$1,561.09	\$2,190.57	\$1,142.48	\$2,241.22	\$3,019.83
	PY 2018	\$1,059.10	\$2,068.01	\$2,916.19	\$1,190.07	\$2,329.95	\$3,178.13
	<i>\$ Difference</i>	<i>+\$256.70</i>	<i>+\$506.92</i>	<i>+\$725.62</i>	<i>+\$47.59</i>	<i>+\$88.73</i>	<i>+\$158.30</i>
	<i>% Difference</i>	<i>+31.99%</i>	<i>+32.47%</i>	<i>+33.12%</i>	<i>+4.17%</i>	<i>+3.96%</i>	<i>+5.24%</i>

2018 City Plan (UHC) Monthly Rate Card

93/ 93 / 83 Contribution Strategy—Status Quo

	Actives			Early Retirees		
	Employee Only	Employee and One Dependent	Employee and Family	Retiree w/o Medicare	Retiree and Spouse w/o Medicare	Retiree w/o Medicare and Family
Medical	\$859.48	\$1,718.97	\$2,510.39	\$898.57	\$1,797.15	\$2,588.57
Pharmacy	\$193.79	\$387.59	\$481.71	\$291.95	\$583.90	\$678.02
Vision	\$3.95	\$7.92	\$11.20	\$3.95	\$7.92	\$11.20
Expense ¹	\$51.16	\$51.16	\$51.16	\$51.16	\$51.16	\$51.16
Claims Stabilization Amount / Self-Funded Policy	-\$50.68	-\$99.03	-\$139.67	-\$56.96	-\$111.58	-\$152.22
Best Doctors ²	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40
Total	\$1,059.10	\$2,068.01	\$2,916.19	\$1,190.07	\$2,329.95	\$3,178.13

10-County Amount (early retirees and retirees only) ³	\$0.00	\$0.00	\$0.00	\$649.17	\$0.00	\$0.00
Single Retiree Offset ⁴	\$0.00	\$0.00	\$0.00	\$0.00	\$649.17	\$649.17
"Actuarial Difference" ⁵	\$0.00	\$0.00	\$0.00	\$130.97	\$130.97	\$130.97
Retiree Prop. E Subsidy ⁶	\$0.00	\$0.00	\$0.00	\$204.97	\$774.91	\$774.91
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$985.11	\$1,555.05	\$1,555.05
2018 Non-Bargained Contribution Rate	\$1,059.10	\$2,068.01	\$2,916.19	\$204.96	\$774.90	\$1,623.08

MOU Negotiated Pickup ⁷	\$734.76	\$1,465.45	\$1,849.09			
2018 Typical Bargained Member Contribution	\$324.34	\$602.56	\$1,067.10			

Final Member Contribution 2017	\$102.81	\$166.01	\$430.34	\$98.78	\$648.15	\$1,426.75
Difference	\$221.53	\$436.55	\$636.76	\$106.18	\$126.75	\$196.33

NOTE—Footnotes 1 – 7 defined on page 26-27

2018 City Plan (UHC) Monthly Rate Card

100 / 96 / 83 Contribution Strategy—Status Quo

	Actives			Early Retirees		
	Employee Only	Employee and One Dependent	Employee and Family	Retiree w/o Medicare	Retiree and Spouse w/o Medicare	Retiree w/o Medicare and Family
Medical	\$859.48	\$1,718.97	\$2,510.39	\$898.57	\$1,797.15	\$2,588.57
Pharmacy	\$193.79	\$387.59	\$481.71	\$291.95	\$583.90	\$678.02
Vision	\$3.95	\$7.92	\$11.20	\$3.95	\$7.92	\$11.20
Expense ¹	\$51.16	\$51.16	\$51.16	\$51.16	\$51.16	\$51.16
Claims Stabilization Amount / Self-Funded Policy	-\$50.68	-\$99.03	-\$139.67	-\$56.96	-\$111.58	-\$152.22
Best Doctors ²	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40
Total	\$1,059.10	\$2,068.01	\$2,916.19	\$1,190.07	\$2,329.95	\$3,178.13

10-County Amount (early retirees and retirees only) ³	\$0.00	\$0.00	\$0.00	\$649.17	\$0.00	\$0.00
Single Retiree Offset ⁴	\$0.00	\$0.00	\$0.00	\$0.00	\$649.17	\$649.17
"Actuarial Difference" ⁵	\$0.00	\$0.00	\$0.00	\$130.97	\$130.97	\$130.97
Retiree Prop. E Subsidy ⁶	\$0.00	\$0.00	\$0.00	\$204.97	\$774.91	\$774.91
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$985.11	\$1,555.05	\$1,555.05
2018 Non-Bargained Contribution Rate	\$1,059.10	\$2,068.01	\$2,916.19	\$204.96	\$774.90	\$1,623.08

MOU Negotiated Pickup ⁷	\$1,059.10	\$1,512.72	\$1,849.09			
2018 Typical Bargained Member Contribution	\$0.00	\$555.29	\$1,067.10			

Final Member Contribution 2017	\$0.00	\$121.00	\$430.34	\$98.78	\$648.15	\$1,426.75
Difference	\$0.00	\$434.29	\$636.76	\$106.18	\$126.75	\$196.33

NOTE—Footnotes 1 – 7 defined on page 26-27

2018 City Plan (UHC) Rates and Contributions

Active Employee and Early Retiree—Buy-Down Option 1

93 / 93 / 83 Contribution Strategy

PY = Plan Year		Active			Early Retiree		
		EE	EE + 1	EE + 2	RET	RET + 1	RET + 2
Employee / Retiree Contributions	PY 2017	\$102.81	\$166.01	\$430.34	\$98.78	\$648.15	\$1,426.75
	PY 2018	\$273.65	\$503.53	\$927.43	\$179.62	\$722.25	\$1,529.78
	\$ Difference	+\$170.84	+\$337.52	+\$497.09	+\$80.84	+\$74.10	+\$103.03
	% Difference	+166.17%	+203.32%	+115.51%	+81.84%	+11.43%	+7.22%
Employer Contributions	PY 2017	\$699.59	\$1,395.08	\$1,760.23	\$1,043.70	\$1,593.07	\$1,593.08
	PY 2018	\$734.76	\$1,465.45	\$1,849.09	\$953.49	\$1,496.12	\$1,496.12
	\$ Difference	+\$35.17	+\$70.37	+\$88.86	-\$90.21	-\$96.95	-\$96.96
	% Difference	+5.03%	+5.04%	+5.05%	-8.64%	-6.09%	-6.09%
Total Rate	PY 2017	\$802.40	\$1,561.09	\$2,190.57	\$1,142.48	\$2,241.22	\$3,019.83
	PY 2018	\$1,008.41	\$1,968.98	\$2,776.52	\$1,133.11	\$2,218.37	\$3,025.90
	\$ Difference	+\$206.01	+\$407.89	+\$585.95	-\$9.37	-\$22.85	+\$6.07
	% Difference	+25.67%	+26.13%	+26.75%	-0.82%	-1.02%	+0.20%

2018 City Plan (UHC) Rates and Contributions

Active Employee and Early Retiree—Buy-Down Option 1

100 / 96 / 83 Contribution Strategy

PY = Plan Year		Active			Early Retiree		
		EE	EE + 1	EE + 2	RET	RET + 1	RET + 2
Employee / Retiree Contributions	PY 2017	\$0.00	\$121.00	\$430.34	\$98.78	\$648.15	\$1,426.75
	PY 2018	\$0.00	\$456.26	\$927.43	\$179.62	\$722.25	\$1,529.78
	\$ Difference	+\$0.00	+\$335.26	+\$497.09	+\$80.84	+\$74.10	+\$103.03
	% Difference	-	+277.08%	+115.51%	+81.84%	+11.43%	+7.22%
Employer Contributions	PY 2017	\$802.40	\$1,440.09	\$1,760.23	\$1,043.70	\$1,593.07	\$1,593.08
	PY 2018	\$1,008.41	\$1,512.72	\$1,849.09	\$953.49	\$1,496.12	\$1,496.12
	\$ Difference	+\$206.01	+\$72.63	+\$88.86	-\$90.21	-\$96.95	-\$96.96
	% Difference	+25.67%	+5.04%	+5.05%	-8.64%	-6.09%	-6.09%
Total Rate	PY 2017	\$802.40	\$1,561.09	\$2,190.57	\$1,142.48	\$2,241.22	\$3,019.83
	PY 2018	\$1,008.41	\$1,968.98	\$2,776.52	\$1,133.11	\$2,218.37	\$3,025.90
	\$ Difference	+\$206.01	+\$407.89	+\$585.95	-\$9.37	-\$22.85	+\$6.07
	% Difference	+25.67%	+26.13%	+26.75%	-0.82%	-1.02%	+0.20%

2018 City Plan (UHC) Monthly Rate Card

93 / 93 / 83 Contribution Strategy—Buy-Down Option 1

	Actives			Early Retirees		
	Employee Only	Employee and One Dependent	Employee and Family	Retiree w/o Medicare	Retiree and Spouse w/o Medicare	Retiree w/o Medicare and Family
Medical	\$859.48	\$1,718.97	\$2,510.39	\$898.57	\$1,797.15	\$2,588.57
Pharmacy	\$193.79	\$387.59	\$481.71	\$291.95	\$583.90	\$678.02
Vision	\$3.95	\$7.92	\$11.20	\$3.95	\$7.92	\$11.20
Expense ¹	\$51.16	\$51.16	\$51.16	\$51.16	\$51.16	\$51.16
Claims Stabilization Amount / Self-Funded Policy	-\$101.37	-\$198.06	-\$279.34	-\$113.92	-\$223.16	-\$304.45
Best Doctors ²	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40
Total	\$1,008.41	\$1,968.98	\$2,776.52	\$1,133.11	\$2,218.37	\$3,025.90

10-County Amount (early retirees and retirees only) ³	\$0.00	\$0.00	\$0.00	\$649.17	\$0.00	\$0.00
Single Retiree Offset ⁴	\$0.00	\$0.00	\$0.00	\$0.00	\$649.17	\$649.17
"Actuarial Difference" ⁵	\$0.00	\$0.00	\$0.00	\$124.70	\$124.70	\$124.70
Retiree Prop. E Subsidy ⁶	\$0.00	\$0.00	\$0.00	\$179.62	\$722.25	\$722.25
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$953.49	\$1,496.12	\$1,496.12
2018 Non-Bargained Contribution Rate	\$1,008.41	\$1,968.98	\$2,776.52	\$179.62	\$722.25	\$1,529.78

MOU Negotiated Pickup ⁷	\$734.76	\$1,465.45	\$1,849.09			
2018 Typical Bargained Member Contribution	\$273.65	\$503.53	\$927.43			

Final Member Contribution 2017	\$102.81	\$166.01	\$430.34	\$98.78	\$648.15	\$1,426.75
Difference	\$170.84	\$337.52	\$497.09	\$80.84	\$74.10	\$103.03

NOTE—Footnotes 1 – 7 defined on page 26 -27

2018 City Plan (UHC) Monthly Rate Card

100 / 96 / 83 Contribution Strategy—Buy-Down Option 1

	Actives			Early Retirees		
	Employee Only	Employee and One Dependent	Employee and Family	Retiree w/o Medicare	Retiree and Spouse w/o Medicare	Retiree w/o Medicare and Family
Medical	\$859.48	\$1,718.97	\$2,510.39	\$898.57	\$1,797.15	\$2,588.57
Pharmacy	\$193.79	\$387.59	\$481.71	\$291.95	\$583.90	\$678.02
Vision	\$3.95	\$7.92	\$11.20	\$3.95	\$7.92	\$11.20
Expense ¹	\$51.16	\$51.16	\$51.16	\$51.16	\$51.16	\$51.16
Claims Stabilization Amount / Self-Funded Policy	-\$101.37	-\$198.06	-\$279.34	-\$113.92	-\$223.16	-\$304.45
Best Doctors ²	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40
Total	\$1,008.41	\$1,968.98	\$2,776.52	\$1,133.11	\$2,218.37	\$3,025.90

10-County Amount (early retirees and retirees only) ³	\$0.00	\$0.00	\$0.00	\$649.17	\$0.00	\$0.00
Single Retiree Offset ⁴	\$0.00	\$0.00	\$0.00	\$0.00	\$649.17	\$649.17
"Actuarial Difference" ⁵	\$0.00	\$0.00	\$0.00	\$124.70	\$124.70	\$124.70
Retiree Prop. E Subsidy ⁶	\$0.00	\$0.00	\$0.00	\$179.62	\$722.25	\$722.25
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$953.49	\$1,496.12	\$1,496.12
2018 Non-Bargained Contribution Rate	\$1,008.41	\$1,968.98	\$2,776.52	\$179.62	\$722.25	\$1,529.78

MOU Negotiated Pickup ⁷	\$1,008.41	\$1,512.72	\$1,849.09			
2018 Typical Bargained Member Contribution	\$0.00	\$456.26	\$927.43			

Final Member Contribution 2017	\$0.00	\$121.00	\$430.34	\$98.78	\$648.15	\$1,426.75
Difference	\$0.00	\$335.26	\$497.09	\$80.84	\$74.10	\$103.03

NOTE—Footnotes 1 – 7 defined on page 26-27

2018 City Plan (UHC) Rates and Contributions

Active Employee and Early Retiree—Buy-Down Option 2

93 / 93 / 83 Contribution Strategy

PY = Plan Year		Active			Early Retiree		
		EE	EE + 1	EE + 2	RET	RET + 1	RET + 2
Employee / Retiree Contributions	PY 2017	\$102.81	\$166.01	\$430.34	\$98.78	\$648.15	\$1,426.75
	PY 2018	\$149.70	\$261.34	\$585.84	\$117.64	\$687.58	\$1,535.76
	\$ Difference	+\$46.89	+\$95.33	+\$155.50	+\$18.86	+\$39.43	+\$109.01
	% Difference	+45.61%	+57.43%	+36.14%	+19.09%	+6.08%	+7.64%
Employer Contributions	PY 2017	\$699.59	\$1,395.08	\$1,760.23	\$1,043.70	\$1,593.07	\$1,593.08
	PY 2018	\$734.76	\$1,465.45	\$1,849.09	\$1,072.43	\$1,642.37	\$1,642.37
	\$ Difference	+\$35.17	+\$70.37	+\$88.86	+\$28.73	+\$49.30	+\$49.29
	% Difference	+5.03%	+5.04%	+5.05%	+2.75%	+3.09%	+3.09%
Total Rate	PY 2017	\$802.40	\$1,561.09	\$2,190.57	\$1,142.48	\$2,241.22	\$3,019.83
	PY 2018	\$884.46	\$1,726.79	\$2,434.93	\$1,190.07	\$2,329.95	\$3,178.13
	\$ Difference	+\$82.06	+\$165.70	+\$244.36	+\$47.59	+\$88.73	+\$158.30
	% Difference	+10.23%	+10.61%	+11.16%	+4.17%	+3.96%	+5.24%

2018 City Plan (UHC) Rates and Contributions

Active Employee and Early Retiree—Buy-Down Option 2

100 / 96 / 83 Contribution Strategy

<i>PY = Plan Year</i>		Active			Early Retiree		
		EE	EE + 1	EE + 2	RET	RET + 1	RET + 2
Employee / Retiree Contributions	PY 2017	\$0.00	\$121.00	\$430.34	\$98.78	\$648.15	\$1,426.75
	PY 2018	\$0.00	\$214.07	\$585.84	\$117.64	\$687.58	\$1,535.76
	<i>\$ Difference</i>	<i>+\$0.00</i>	<i>+\$93.07</i>	<i>+\$155.50</i>	<i>+\$18.86</i>	<i>+\$39.43</i>	<i>+\$109.01</i>
	<i>% Difference</i>	<i>-</i>	<i>+76.92%</i>	<i>+36.14%</i>	<i>+19.09%</i>	<i>+6.08%</i>	<i>+7.64%</i>
Employer Contributions	PY 2017	\$802.40	\$1,440.09	\$1,760.23	\$1,043.70	\$1,593.07	\$1,593.08
	PY 2018	\$884.46	\$1,512.72	\$1,849.09	\$1,072.43	\$1,642.37	\$1,642.37
	<i>\$ Difference</i>	<i>+\$82.06</i>	<i>+\$72.63</i>	<i>+\$88.86</i>	<i>+\$28.73</i>	<i>+\$49.30</i>	<i>+\$49.29</i>
	<i>% Difference</i>	<i>+10.23%</i>	<i>+5.04%</i>	<i>+5.05%</i>	<i>+2.75%</i>	<i>+3.09%</i>	<i>+3.09%</i>
Total Rate	PY 2017	\$802.40	\$1,561.09	\$2,190.57	\$1,142.48	\$2,241.22	\$3,019.83
	PY 2018	\$884.46	\$1,726.79	\$2,434.93	\$1,190.07	\$2,329.95	\$3,178.13
	<i>\$ Difference</i>	<i>+\$82.06</i>	<i>+\$165.70</i>	<i>+\$244.36</i>	<i>+\$47.59</i>	<i>+\$88.73</i>	<i>+\$158.30</i>
	<i>% Difference</i>	<i>+10.23%</i>	<i>+10.61%</i>	<i>+11.16%</i>	<i>+4.17%</i>	<i>+3.96%</i>	<i>+5.24%</i>

2018 City Plan (UHC) Monthly Rate Card

93 / 93 / 83 Contribution Strategy—Buy-Down Option 2

	Actives			Early Retirees		
	Employee Only	Employee and One Dependent	Employee and Family	Retiree w/o Medicare	Retiree and Spouse w/o Medicare	Retiree w/o Medicare and Family
Medical	\$859.48	\$1,718.97	\$2,510.39	\$898.57	\$1,797.15	\$2,588.57
Pharmacy	\$193.79	\$387.59	\$481.71	\$291.95	\$583.90	\$678.02
Vision	\$3.95	\$7.92	\$11.20	\$3.95	\$7.92	\$11.20
Expense ¹	\$51.16	\$51.16	\$51.16	\$51.16	\$51.16	\$51.16
Claims Stabilization Amount / Self-Funded Policy	-\$225.32	-\$440.25	-\$620.93	-\$56.96	-\$111.58	-\$152.22
Best Doctors ²	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40
Total	\$884.46	\$1,726.79	\$2,434.93	\$1,190.07	\$2,329.95	\$3,178.13
10-County Amount (early retirees and retirees only) ³	\$0.00	\$0.00	\$0.00	\$649.17	\$0.00	\$0.00
Single Retiree Offset ⁴	\$0.00	\$0.00	\$0.00	\$0.00	\$649.17	\$649.17
"Actuarial Difference" ⁵	\$0.00	\$0.00	\$0.00	\$305.61	\$305.61	\$305.61
Retiree Prop. E Subsidy ⁶	\$0.00	\$0.00	\$0.00	\$117.65	\$687.59	\$687.59
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$1,072.43	\$1,642.37	\$1,642.37
2018 Non-Bargained Contribution Rate	\$884.46	\$1,726.79	\$2,434.93	\$117.64	\$687.58	\$1,535.76
MOU Negotiated Pickup ⁷	\$734.76	\$1,465.45	\$1,849.09			
2018 Typical Bargained Member Contribution	\$149.70	\$261.34	\$585.84			
Final Member Contribution 2017	\$102.81	\$166.01	\$430.34	\$98.78	\$648.15	\$1,426.75
Difference	\$46.89	\$95.33	\$155.50	\$18.86	\$39.43	\$109.01

NOTE—Footnotes 1 – 7 defined on page 26 -27

2018 City Plan (UHC) Monthly Rate Card

100 / 96 / 83 Contribution Strategy—Buy-Down Option 2

	Actives			Early Retirees		
	Employee Only	Employee and One Dependent	Employee and Family	Retiree w/o Medicare	Retiree and Spouse w/o Medicare	Retiree w/o Medicare and Family
Medical	\$859.48	\$1,718.97	\$2,510.39	\$898.57	\$1,797.15	\$2,588.57
Pharmacy	\$193.79	\$387.59	\$481.71	\$291.95	\$583.90	\$678.02
Vision	\$3.95	\$7.92	\$11.20	\$3.95	\$7.92	\$11.20
Expense ¹	\$51.16	\$51.16	\$51.16	\$51.16	\$51.16	\$51.16
Claims Stabilization Amount / Self-Funded Policy	-\$225.32	-\$440.25	-\$620.93	-\$56.96	-\$111.58	-\$152.22
Best Doctors ²	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40
Total	\$884.46	\$1,726.79	\$2,434.93	\$1,190.07	\$2,329.95	\$3,178.13

10-County Amount (early retirees and retirees only) ³	\$0.00	\$0.00	\$0.00	\$649.17	\$0.00	\$0.00
Single Retiree Offset ⁴	\$0.00	\$0.00	\$0.00	\$0.00	\$649.17	\$649.17
"Actuarial Difference" ⁵	\$0.00	\$0.00	\$0.00	\$305.61	\$305.61	\$305.61
Retiree Prop. E Subsidy ⁶	\$0.00	\$0.00	\$0.00	\$117.65	\$687.59	\$687.59
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$1,072.43	\$1,642.37	\$1,642.37
2018 Non-Bargained Contribution Rate	\$884.46	\$1,726.79	\$2,434.93	\$117.64	\$687.58	\$1,535.76

MOU Negotiated Pickup ⁷	\$884.46	\$1,512.72	\$1,849.09			
2018 Typical Bargained Member Contribution	\$0.00	\$214.07	\$585.84			

Final Member Contribution 2017	\$0.00	\$121.00	\$430.34	\$98.78	\$648.15	\$1,426.75
Difference	\$0.00	\$93.07	\$155.50	\$18.86	\$39.43	\$109.01

NOTE—Footnotes 1 – 7 defined on page 26-27

2018 City Plan Self-Insured Renewal

Recommendation

- Aon recommends that the HSB approve the rates and contributions developed under the Buy-Down Option 2 for the self-funded UHC City Plan for 2018. This option maximizes the use of available claims stabilization funds minimizing the impact on employee contribution
- Additionally, Aon recommends that consideration be given to attaching the calculation of the City Plan PPO to a larger population claims experience set such as the Blue Shield of California Flex-Funded program. This approach would allow the claims experience for the City Plan PPO to be combined with the Blue Shield of California Flex-Funded program, thus leveling out the year-over-year required rate increases
- It must be understood that the City contribution cap of the “second highest cost plan”, as is agreed upon in the present Memorandums of Understanding (MOUs) will always force active employees under the City Plan PPO to pay 100% over the cap contribution

Appendix -2018 City Plan (UHC) Monthly Rate Card

93/ 93 / 83 Contribution Strategy—Status Quo – Costco Vision Plan

	Actives			Early Retirees		
	Employee Only	Employee and One Dependent	Employee and Family	Retiree w/o Medicare	Retiree and Spouse w/o Medicare	Retiree w/o Medicare and Family
Medical	\$859.48	\$1,718.97	\$2,510.39	\$898.57	\$1,797.15	\$2,588.57
Pharmacy	\$193.79	\$387.59	\$481.71	\$291.95	\$583.90	\$678.02
Vision	\$4.13	\$8.28	\$11.70	\$4.13	\$8.28	\$11.70
Expense ¹	\$51.16	\$51.16	\$51.16	\$51.16	\$51.16	\$51.16
Claims Stabilization Amount / Self-Funded Policy	-\$50.68	-\$99.03	-\$139.67	-\$56.96	-\$111.58	-\$152.22
Best Doctors ²	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40
Total	\$1,059.28	\$2,068.37	\$2,916.69	\$1,190.25	\$2,330.31	\$3,178.63

10-County Amount (early retirees and retirees only) ³	\$0.00	\$0.00	\$0.00	\$649.17	\$0.00	\$0.00
Single Retiree Offset ⁴	\$0.00	\$0.00	\$0.00	\$0.00	\$649.17	\$649.17
"Actuarial Difference" ⁵	\$0.00	\$0.00	\$0.00	\$130.97	\$130.97	\$130.97
Retiree Prop. E Subsidy ⁶	\$0.00	\$0.00	\$0.00	\$205.06	\$775.09	\$775.09
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$985.20	\$1,555.23	\$1,555.23
2018 Non-Bargained Contribution Rate	\$1,059.28	\$2,068.37	\$2,916.69	\$205.05	\$775.08	\$1,623.40

MOU Negotiated Pickup ⁷	\$734.76	\$1,465.45	\$1,849.09			
2018 Typical Bargained Member Contribution	\$324.52	\$602.92	\$1,067.60			

Final Member Contribution 2017	\$102.81	\$166.01	\$430.34	\$98.78	\$648.15	\$1,426.75
Difference	\$221.71	\$436.91	\$637.26	\$106.27	\$126.93	\$196.65

NOTE—Footnotes 1 – 7 defined on page 26-27

Appendix-2018 City Plan (UHC) Monthly Rate Card

100 / 96 / 83 Contribution Strategy—Status Quo – Costco Vision Pan

	Actives			Early Retirees		
	Employee Only	Employee and One Dependent	Employee and Family	Retiree w/o Medicare	Retiree and Spouse w/o Medicare	Retiree w/o Medicare and Family
Medical	\$859.48	\$1,718.97	\$2,510.39	\$898.57	\$1,797.15	\$2,588.57
Pharmacy	\$193.79	\$387.59	\$481.71	\$291.95	\$583.90	\$678.02
Vision	\$4.13	\$8.28	\$11.70	\$4.13	\$8.28	\$11.70
Expense ¹	\$51.16	\$51.16	\$51.16	\$51.16	\$51.16	\$51.16
Claims Stabilization Amount / Self-Funded Policy	-\$50.68	-\$99.03	-\$139.67	-\$56.96	-\$111.58	-\$152.22
Best Doctors ²	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40
Total	\$1,059.28	\$2,068.37	\$2,916.69	\$1,190.25	\$2,330.31	\$3,178.63

10-County Amount (early retirees and retirees only) ³	\$0.00	\$0.00	\$0.00	\$649.17	\$0.00	\$0.00
Single Retiree Offset ⁴	\$0.00	\$0.00	\$0.00	\$0.00	\$649.17	\$649.17
"Actuarial Difference" ⁵	\$0.00	\$0.00	\$0.00	\$130.97	\$130.97	\$130.97
Retiree Prop. E Subsidy ⁶	\$0.00	\$0.00	\$0.00	\$205.06	\$775.09	\$775.09
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$985.20	\$1,555.23	\$1,555.23
2018 Non-Bargained Contribution Rate	\$1,059.28	\$2,068.37	\$2,916.69	\$205.05	\$775.08	\$1,623.40

MOU Negotiated Pickup ⁷	\$1,059.28	\$1,512.72	\$1,849.09			
2018 Typical Bargained Member Contribution	\$0.00	\$555.65	\$1,067.60			

Final Member Contribution 2017	\$0.00	\$121.00	\$430.34	\$98.78	\$648.15	\$1,426.75
Difference	\$0.00	\$434.65	\$637.26	\$106.27	\$126.93	\$196.65

NOTE—Footnotes 1 – 7 defined on page 26-27

Appendix -2018 City Plan (UHC) Monthly Rate Card

93 / 93 / 83 Contribution Strategy—Buy-Down Option 1- Costco Vision Plan

	Actives			Early Retirees		
	Employee Only	Employee and One Dependent	Employee and Family	Retiree w/o Medicare	Retiree and Spouse w/o Medicare	Retiree w/o Medicare and Family
Medical	\$859.48	\$1,718.97	\$2,510.39	\$898.57	\$1,797.15	\$2,588.57
Pharmacy	\$193.79	\$387.59	\$481.71	\$291.95	\$583.90	\$678.02
Vision	\$4.13	\$8.28	\$11.70	\$4.13	\$8.28	\$11.70
Expense ¹	\$51.16	\$51.16	\$51.16	\$51.16	\$51.16	\$51.16
Claims Stabilization Amount / Self-Funded Policy	-\$101.37	-\$198.06	-\$279.34	-\$113.92	-\$223.16	-\$304.45
Best Doctors ²	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40
Total	\$1,008.59	\$1,969.34	\$2,777.02	\$1,133.29	\$2,218.73	\$3,026.40
10-County Amount (early retirees and retirees only) ³	\$0.00	\$0.00	\$0.00	\$649.17	\$0.00	\$0.00
Single Retiree Offset ⁴	\$0.00	\$0.00	\$0.00	\$0.00	\$649.17	\$649.17
"Actuarial Difference" ⁵	\$0.00	\$0.00	\$0.00	\$124.70	\$124.70	\$124.70
Retiree Prop. E Subsidy ⁶	\$0.00	\$0.00	\$0.00	\$179.71	\$722.43	\$722.43
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$953.58	\$1,496.30	\$1,496.30
2018 Non-Bargained Contribution Rate	\$1,008.59	\$1,969.34	\$2,777.02	\$179.71	\$722.43	\$1,530.10
MOU Negotiated Pickup ⁷	\$734.76	\$1,465.45	\$1,849.09			
2018 Typical Bargained Member Contribution	\$273.83	\$503.89	\$927.93			
Final Member Contribution 2017	\$102.81	\$166.01	\$430.34	\$98.78	\$648.15	\$1,426.75
Difference	\$171.02	\$337.88	\$497.59	\$80.93	\$74.28	\$103.35

NOTE—Footnotes 1 – 7 defined on page 26-27

Appendix - 2018 City Plan (UHC) Monthly Rate Card

100 / 96 / 83 Contribution Strategy—Buy-Down Option 1- Costco Vision Plan

	Actives			Early Retirees		
	Employee Only	Employee and One Dependent	Employee and Family	Retiree w/o Medicare	Retiree and Spouse w/o Medicare	Retiree w/o Medicare and Family
Medical	\$859.48	\$1,718.97	\$2,510.39	\$898.57	\$1,797.15	\$2,588.57
Pharmacy	\$193.79	\$387.59	\$481.71	\$291.95	\$583.90	\$678.02
Vision	\$4.13	\$8.28	\$11.70	\$4.13	\$8.28	\$11.70
Expense ¹	\$51.16	\$51.16	\$51.16	\$51.16	\$51.16	\$51.16
Claims Stabilization Amount / Self-Funded Policy	-\$101.37	-\$198.06	-\$279.34	-\$113.92	-\$223.16	-\$304.45
Best Doctors ²	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40
Total	\$1,008.59	\$1,969.34	\$2,777.02	\$1,133.29	\$2,218.73	\$3,026.40

10-County Amount (early retirees and retirees only) ³	\$0.00	\$0.00	\$0.00	\$649.17	\$0.00	\$0.00
Single Retiree Offset ⁴	\$0.00	\$0.00	\$0.00	\$0.00	\$649.17	\$649.17
"Actuarial Difference" ⁵	\$0.00	\$0.00	\$0.00	\$124.70	\$124.70	\$124.70
Retiree Prop. E Subsidy ⁶	\$0.00	\$0.00	\$0.00	\$179.71	\$722.43	\$722.43
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$953.58	\$1,496.30	\$1,496.30
2018 Non-Bargained Contribution Rate	\$1,008.59	\$1,969.34	\$2,777.02	\$179.71	\$722.43	\$1,530.10

MOU Negotiated Pickup ⁷	\$1,008.59	\$1,512.72	\$1,849.09			
2018 Typical Bargained Member Contribution	\$0.00	\$456.62	\$927.93			

Final Member Contribution 2017	\$0.00	\$121.00	\$430.34	\$98.78	\$648.15	\$1,426.75
Difference	\$0.00	\$335.62	\$497.59	\$80.93	\$74.28	\$103.35

NOTE—Footnotes 1 – 7 defined on page 26-27

Appendix -2018 City Plan (UHC) Monthly Rate Card

93 / 93 / 83 Contribution Strategy—Buy-Down Option 2 – Costco Vision Plan

	Actives			Early Retirees		
	Employee Only	Employee and One Dependent	Employee and Family	Retiree w/o Medicare	Retiree and Spouse w/o Medicare	Retiree w/o Medicare and Family
Medical	\$859.48	\$1,718.97	\$2,510.39	\$898.57	\$1,797.15	\$2,588.57
Pharmacy	\$193.79	\$387.59	\$481.71	\$291.95	\$583.90	\$678.02
Vision	\$4.13	\$8.28	\$11.70	\$4.13	\$8.28	\$11.70
Expense ¹	\$51.16	\$51.16	\$51.16	\$51.16	\$51.16	\$51.16
Claims Stabilization Amount / Self-Funded Policy	-\$225.32	-\$440.25	-\$620.93	-\$56.96	-\$111.58	-\$152.22
Best Doctors ²	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40
Total	\$884.64	\$1,727.15	\$2,435.43	\$1,190.25	\$2,330.31	\$3,178.63
10-County Amount (early retirees and retirees only) ³	\$0.00	\$0.00	\$0.00	\$649.17	\$0.00	\$0.00
Single Retiree Offset ⁴	\$0.00	\$0.00	\$0.00	\$0.00	\$649.17	\$649.17
"Actuarial Difference" ⁵	\$0.00	\$0.00	\$0.00	\$305.61	\$305.61	\$305.61
Retiree Prop. E Subsidy ⁶	\$0.00	\$0.00	\$0.00	\$117.74	\$687.77	\$687.77
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$1,072.52	\$1,642.55	\$1,642.55
2018 Non-Bargained Contribution Rate	\$884.64	\$1,727.15	\$2,435.43	\$117.73	\$687.76	\$1,536.08
MOU Negotiated Pickup ⁷	\$734.76	\$1,465.45	\$1,849.09			
2018 Typical Bargained Member Contribution	\$149.88	\$261.70	\$586.34			
Final Member Contribution 2017	\$102.81	\$166.01	\$430.34	\$98.78	\$648.15	\$1,426.75
Difference	\$47.07	\$95.69	\$156.00	\$18.95	\$39.61	\$109.33

NOTE—Footnotes 1 – 7 defined on page 26-27

Appendix - 2018 City Plan (UHC) Monthly Rate Card

100 / 96 / 83 Contribution Strategy—Buy-Down Option 2 – Costco Vision Plan

	Actives			Early Retirees		
	Employee Only	Employee and One Dependent	Employee and Family	Retiree w/o Medicare	Retiree and Spouse w/o Medicare	Retiree w/o Medicare and Family
Medical	\$859.48	\$1,718.97	\$2,510.39	\$898.57	\$1,797.15	\$2,588.57
Pharmacy	\$193.79	\$387.59	\$481.71	\$291.95	\$583.90	\$678.02
Vision	\$4.13	\$8.28	\$11.70	\$4.13	\$8.28	\$11.70
Expense ¹	\$51.16	\$51.16	\$51.16	\$51.16	\$51.16	\$51.16
Claims Stabilization Amount / Self-Funded Policy	-\$225.32	-\$440.25	-\$620.93	-\$56.96	-\$111.58	-\$152.22
Best Doctors ²	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40	\$1.40
Total	\$884.64	\$1,727.15	\$2,435.43	\$1,190.25	\$2,330.31	\$3,178.63

10-County Amount (early retirees and retirees only) ³	\$0.00	\$0.00	\$0.00	\$649.17	\$0.00	\$0.00
Single Retiree Offset ⁴	\$0.00	\$0.00	\$0.00	\$0.00	\$649.17	\$649.17
"Actuarial Difference" ⁵	\$0.00	\$0.00	\$0.00	\$305.61	\$305.61	\$305.61
Retiree Prop. E Subsidy ⁶	\$0.00	\$0.00	\$0.00	\$117.74	\$687.77	\$687.77
Subtotal City Contributions	\$0.00	\$0.00	\$0.00	\$1,072.52	\$1,642.55	\$1,642.55
2018 Non-Bargained Contribution Rate	\$884.64	\$1,727.15	\$2,435.43	\$117.73	\$687.76	\$1,536.08

MOU Negotiated Pickup ⁷	\$884.64	\$1,512.72	\$1,849.09			
2018 Typical Bargained Member Contribution	\$0.00	\$214.43	\$586.34			

Final Member Contribution 2017	\$0.00	\$121.00	\$430.34	\$98.78	\$648.15	\$1,426.75
Difference	\$0.00	\$93.43	\$156.00	\$18.95	\$39.61	\$109.33

NOTE—Footnotes 1 – 7 defined on page 26-27

Appendix

2018 City Plan (UHC) Monthly Rate Card—Footnotes

- 1) **Expenses** consist of the ASO fee, Shared Savings accrual, Facility Reasonable & Customary accrual, Value Base Pricing accrual and SFHSS Communications and Healthcare Sustainability Expense
- 2) **Best Doctors:** Second opinion vendor fees of \$1.40 PEPM
- 3) **"10-County" City Contribution Cap:** Per Charter Section A8.423, employer contribution must equal the average of the employer contribution to health premium of the 10 most populous counties in CA, not including San Francisco. Per the MOU, the 10-County offset does not apply to 93 / 93 / 83 for Actives, and the 2018 10-County amount is \$649.17
- 4) **"Single Retiree Offset":** Per Charter Section A8.428, for Early Retirees = 10-County Amount; for Medicare-Eligible Retirees = Medicare Premium (because it is the lower than the 10-County Amount)

Appendix

2018 City Plan (UHC) Monthly Rate Card—Footnotes

- 5) **Retiree "Actuarial Difference":** Per Charter Section A8.428, employer contributes the difference between a single Employee and a single non-Medicare Retiree cost of premium. Calculated for Non-Medicare Retiree only
- 6) **Prop. E Subsidy Passed in November 2000 Election:** Per Charter A8.428, employer subsidy for Retiree (R) and R+1 = 50% x [Total Rate Cost – 10-County – Actuarial Difference]
- 7) **MOU Negotiated Pickup:** The employer pickup at 93% of the Blue Shield EE Only, 93% of BSC EE+1, 83% of BSC EE+2. BSC is the second lowest cost plan and is the maximum the City contributes, as outlined in the MOU for applicable bargaining units

Appendix

Glossary

- **Rate Stabilization Reserve:** The objective of a stabilization reserve is to spread any underwriting gains or losses into the following year's premium calculation in an even-handed manner to reduce volatility from year-over-year changes in premium. The underwriting gains or losses are added or subtracted from the premium amounts to adjust for previous losses or gains. Each year's loss or gain is spread over the next three years