

# San Francisco Health Service System Health Service Board

## Rates & Benefits

2019 Renewal—Vision Service Plan

April 12, 2018

# Introduction

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- In 2018, SFHSS offered two plan designs to active employees and retirees through Vision Service Plan (VSP).
  - ▶ The “Basic Plan” has been offered for many years as part of enrollment in an SFHSS medical plan
  - ▶ The “Premier Plan”, that was added in 2018, offers a higher level of benefit than the Basic Plan (e.g., lower member copays, higher frame and elective contact lens allowances, and ability to obtain new frames/lenses/contacts every calendar year) at a higher contribution rate
- In 2018, due to the additional enrollment support needed, the HSB approved an additional \$1.50 fee charged by VSP to handle the 2018 open enrollment for vision plans

# Recommendations

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- Aon recommends that the HSB approve removal of the \$1.50 per employee per month fee for VSP administration of the Premier Plan enrollment and that SFHSS will handle enrollment into this plan for 2019
- Aon recommends the HSB confirm the 2019 VSP plan premiums and Premier Plan participant contributions presented today, which represent two plan design enhancements effective July 1, 2018 and no change to the underlying premiums, other than removing the \$1.50 per employee per month administration charge on the Premier Plan

# VSP Renewal—Plan Design

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- Effective July 1, 2018, VSP has added the following two benefits to all of their plans (across their entire book of business) with no impact to the guaranteed premium:
  - ▶ All standard progressive lenses will be covered in full
  - ▶ Ethos, a new digital progressive lens in the standard category that leverages new technology for better precision and a faster adjustment period, will be included in coverage
- There are no other recommended plan design changes for the 2019 renewal

# VSP Renewal—Premium Guarantee

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- Effective January 1, 2017, the San Francisco Health Service System (SFHSS) and VSP entered into the following 5-year renewal agreement on the underlying vision premiums:
  - ▶ 2017: 2% decrease to 2016 rates
  - ▶ 2018: no change
  - ▶ 2019: no change
  - ▶ 2020: Premium increase not to exceed 2% and only if Paid Loss Ratio is 100% or more<sup>1</sup>
  - ▶ 2021: Premium increase not to exceed 2% and only if Paid Loss Ratio is 100% or more<sup>1</sup>

<sup>1</sup>If the Paid Loss Ratio is less than 100%, rates remain flat

## VSP Renewal—Premium Guarantee

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- Due to VSP administering the enrollment for the 2018 open enrollment, there was an additional fee of \$1.50 per subscriber per month (PSPM) included in the Premier Plan premiums

## VSP Renewal—Monthly Insured Plan Premiums

- VSP's insured plan premiums on a PSPM basis are:

Basic Plan			
Tier	2018	2019	% Change
EE Only / RET Only	\$3.95	\$3.95	0%
EE + 1 / RET + 1	\$7.92	\$7.92	0%
EE + Family / RET + Family	\$11.20	\$11.20	0%

Premier Plan			
Tier	2018	2019	% Change
EE Only / RET Only	\$14.81	\$13.31	-10.1%
EE + 1 / RET + 1	\$23.46	\$21.96	-6.4%
EE + Family / RET + Family	\$42.02	\$40.52	-3.6%

## VSP Renewal—Monthly Participant Contributions

- Active employee and retiree contributions on a PSPM basis are:

Basic Plan			
Tier	2018	2019	% Change
EE Only / RET Only	Included with Medical		
EE + 1 / RET + 1			
EE + Family / RET + Family			

Premier Plan			
Tier	2018	2019	% Change
EE Only / RET Only	\$10.86	\$9.36	-13.8%
EE + 1 / RET + 1	\$15.54	\$14.04	-9.7%
EE + Family / RET + Family	\$30.82	\$29.32	-4.9%



## VSP Renewal—Computer Vision Care Plan

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- Additionally, the computer vision care plan (referred to as VDT) is insured through VSP.
- This is a program offered to certain unions and provides enhanced exam services related to computer needs as well as additional frame allowances and coverage of basic bifocal and trifocal lenses as well as occupational lenses
- VSP's premiums on a PSPM basis for the VDT program are as follows:

	2018	2019	% Change
Computer Vision Care	\$0.83	\$0.83	0%

# Recommendations

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- Aon recommends that the HSB approve removal of the \$1.50 per employee per month fee for VSP administration of the Premier Plan enrollment and that SFHSS will handle enrollment into this plan for 2019
- Aon recommends the HSB confirm the 2019 VSP plan premiums and Premier Plan participant contributions presented today, which represent two plan design enhancements effective July 1, 2018 and no change to the underlying premiums, other than removing the \$1.50 per employee per month administration charge on the Premier Plan

## Appendix—Plan Design

- SFHSS offers VSP's Choice Core Plan A as the Basic Plan, and Plan C as the Premier Plan, which provide these services:

Design Feature		Basic Plan	Premier Plan
Copays		\$10 Exam / \$25 Materials	\$10 Exam / \$0 Materials
Exam Frequency		Every 12 Months	Every Calendar Year
Lenses Frequency		Every 24 Months <sup>1</sup>	Every Calendar Year
Frames Frequency		Every 24 Months	Every Calendar Year
Frame Allowance	(Non-Costco)	\$150	\$300
	(Costco)	\$80	\$165
Elective Contact Lens Allowance		\$150	\$250
Scratch-resistance Coating		No charge	No charge
Anti-Reflective Coating		Not Covered	\$25
Progressive Lenses		\$55 - \$175	\$25

<sup>1</sup>Lens Frequency every 12 months when a change of 0.50 diopter or more and change in axis of 15 degrees or more