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January 8, 2009

City & County of San Francisco Rates and Benefits Committee 2009/2010 Medical Renewals

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Summary of Rates and Benefits Recommendations

City Plan & HMO medical plans

- Approve one benefit design change on the City plan
 - Update the copay structure for the pharmacy benefits:
 - Generic copay remains unchanged
 - Non-generic copay requirements are increased
- Accept Kaiser's renewal proposal
 - Representing a 5.5% premium increase for the employee and non-Medicare retiree group
 - Representing a 0.0% premium increase for the Medicare retiree group
 - Continue to focus on solutions that will enable the delivery of the required Dashboard data
- Close out the Flex Funded plan
 - \$2.95M would be collected over the 2009/10 plan year.
 - Each plan would be allocated a proportion of the close out liability based on their anticipated aggregate premium cost over the year of amortization

Summary of Rates and Benefits Recommendations

City Plan & HMO medical plans

- Accept Blue Shield's consolidation bid
 - Representing a 15.9% and 7.3% increase for the current Blue Shield and PacifiCare employee and non-Medicare retiree groups (an average of 14.4%), respectively
 - Representing a 8.0% and 7.4% increase for the current Blue Shield and PacifiCare Medicare retiree groups (an average of 7.8%), respectively
- Approve two benefit changes for the 2009/10 plan year on the Blue Shield plan:
 - Increase office visit copays from the current level of \$10 per visit to \$15
 - Update the copay structure for the pharmacy benefits:
 - Generic copay remains unchanged
 - Non-generic copay requirements are increased

Summary of Financial Proposals

Estimated aggregate premium and premium equivalent costs for the 2009/10 plan year⁽¹⁾

Premium Renewal Proposal	Membership Group			Increase				
	Employees	Non-Medicare Retirees	Medicare Retirees	Total	Employees	Non-Medicare Retirees	Medicare Retirees	Total
City Plan	\$28.7M	\$20.6M	\$23.6M	\$72.9M	5.7%	-5.6%	0.8%	0.7%
Blue Shield	\$229.4M	\$41.9M	\$18.5M	\$289.8M	11.9%	12.0%	6.7%	11.6%
Kaiser	\$155.5M	\$38.7M	\$36.0M	\$230.2M	5.5%	5.5%	0.0%	4.6%
Total	\$413.6M	\$101.2M	\$78.1M	\$592.9M	9.0%	5.5%	1.8%	7.4%

Notes:

(1) Includes approved plan design changes.

Summary of Financial Proposals

Summary of member contributions⁽¹⁾

Charter Only Contributions	Employees			Non-Medicare Retiree			Medicare Retiree	
	Single	Single + 1	Single + 2+	Single	Single + 1	Single + 2+	Single	Single + 1
City Plan	\$358.91	\$1,125.25	\$1,761.29	\$179.45	\$582.11	\$1,218.15	\$0.00	\$145.51
% Increase ⁽²⁾	11%	9%	9%	11%	0%	4%	0%	0%
% Increase ⁽³⁾	11%	27%	25%	143%	43%	30%	0%	0%
Blue Shield	\$83.52	\$615.39	\$1,056.83	\$41.76	\$307.69	\$749.13	\$0.00	\$156.08
% Increase	46%	16%	15%	46%	17%	14%	0%	7%
Kaiser	\$14.99	\$478.32	\$862.87	\$7.49	\$239.15	\$623.71	\$0.00	\$174.76
% Increase	-23%	5%	5%	-23%	5%	5%	0%	1%

Notes:

- (1) Includes approved plan design changes and \$2.95M flex funded plan close out liability.
- (2) Excluding 2008/09 Trust Fund Subsidy
- (3) Including 2008/09 Trust Fund Subsidy

Summary of Financial Proposals

Summary of member contributions⁽¹⁾

Typical Bargained Contributions	Employees			Non-Medicare Retiree			Medicare Retiree	
	Single	Single + 1	Single + 2+	Single	Single + 1	Single + 2+	Single	Single + 1
City Plan	\$0.00	\$489.34	\$1,125.38	\$179.45	\$582.11	\$1,218.15	\$0.00	\$145.51
% Increase ⁽²⁾	0%	14%	11%	11%	0%	4%	0%	0%
% Increase ⁽³⁾	0%	72%	39%	143%	43%	30%	0%	0%
Blue Shield	\$0.00	\$83.52	\$420.92	\$41.76	\$307.69	\$749.13	\$0.00	\$156.08
% Increase	0%	49%	32%	46%	17%	14%	0%	7%
Kaiser	\$0.00	\$14.99	\$226.96	\$7.49	\$239.15	\$623.71	\$0.00	\$174.76
% Increase	0%	-23%	3%	-23%	5%	5%	0%	1%

Notes:

- (1) Includes approved plan design changes and \$2.95M flex funded plan close out liability.
- (2) Excluding 2008/09 Trust Fund Subsidy
- (3) Including 2008/09 Trust Fund Subsidy

Summary of Financial Proposals

Distribution of cost increases⁽¹⁾

Distribution of Total Rated Cost (TRC)				
	Total Rated Cost	Employers (incl. bargained conts.)	Members	Member Contributions as a % of TRC
City Plan	\$72.8M	\$58.3M	\$14.5M	20.0%
% Increase	3.3%	2.3%	7.5%	4.1%
Blue Shield	\$293.5M	\$250.2M	\$43.3M	14.8%
% Increase	12.0%	9.3%	30.6%	16.6%
Kaiser	\$233.4M	\$211.6M	\$21.8M	9.3%
% Increase	5.1%	5.4%	1.8%	-3.1%
Total	\$599.7M	\$520.1M	\$79.6M	13.3%
% Increase	8.1%	6.9%	17.0%	8.2%

Notes:

(1) Includes approved plan design changes and \$2.95M flex funded plan close out liability.

Appendix

2009/10 Renewals City Plan

	Employee Only	Employee and One Dependent	Employee and Family	Retiree without Medicare	Retiree & Spouse w/o Medicare	Retiree with Medicare	Retiree & Spouse with Medicare
Medical	\$ 647.78	\$ 1,295.54	\$ 1,872.20	\$ 580.48	\$ 1,160.96	\$ 141.56	\$ 283.12
Pharmacy	\$ 122.20	\$ 244.40	\$ 306.77	\$ 228.82	\$ 457.64	\$ 196.26	\$ 392.53
Vision	\$ 3.57	\$ 7.15	\$ 10.12	\$ 3.57	\$ 7.15	\$ 3.57	\$ 7.15
Expense	\$ 42.31	\$ 42.31	\$ 42.31	\$ 42.31	\$ 42.31	\$ 35.35	\$ 35.35
Medicare Part D Subsidy	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (47.65)	\$ (95.30)
Claims Stabilization Amount	\$ (11.61)	\$ (22.62)	\$ (31.75)	\$ (12.17)	\$ (23.74)	\$ (4.68)	\$ (8.87)
Flex Funded Plan Closedown Adjustment	\$ 4.03	\$ 7.84	\$ 11.01	\$ 4.22	\$ 8.23	\$ 1.62	\$ 3.07
Total	\$ 808.28	\$ 1,574.62	\$ 2,210.66	\$ 847.23	\$ 1,652.55	\$ 326.03	\$ 617.05
10-County Amount	\$ 449.37	\$ 449.37	\$ 449.37	\$ 449.37		\$ 326.03	
Single Retiree Offset					\$ 449.37		\$ 326.03
"Actuarial Difference"				\$ 38.95	\$ 38.95	\$ -	\$ -
Prop. E Subsidy				\$ 179.46	\$ 582.12	\$ -	\$ 145.51
Subtotal City Contributions (Gap Dollars)	\$ 449.37	\$ 449.37	\$ 449.37	\$ 667.78	\$ 1,070.44	\$ 326.03	\$ 471.54
Trust Fund Subsidy	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2009/10 Non-Bargained Contribution Rate	\$ 358.91	\$ 1,125.25	\$ 1,761.29	\$ 179.45	\$ 582.11	\$ -	\$ 145.51
75% Kaiser Pickup		\$ 635.91	\$ 635.91				
Single Employee Pickup	\$ 358.91						
Typical Bargained Member Contribution	\$ -	\$ 489.34	\$ 1,125.38				
2008/09 Non-Bargained Contribution Rate	323.08	884.62	1,412.46	73.74	407.87	-	145.22
Contribution Increase	11%	27%	25%	143%	43%	0%	0%
Excluding 2008/09 Trust Fund Subsidy	11%	9%	9%	11%	0%	0%	0%
2008/09 Bargained Contribution Rate	\$ -	\$ 284.43	\$ 812.28				
Contribution Increase	0%	72%	39%				
Excluding 2008/09 Trust Fund Subsidy	0%	14%	11%				

2009/10 Renewals

Blue Shield

	Employee Only	Employee and One Dependent	Employee and Family	Retiree without Medicare	Retiree & Spouse w/o Medicare	Retiree with Medicare	Retiree & Spouse with Medicare
Premium	\$ 525.66	\$ 1,051.34	\$ 1,487.64	\$ 1,172.22	\$ 1,697.90	\$ 307.06	\$ 614.12
Vision Expense	\$ 3.57	\$ 7.15	\$ 10.12	\$ 3.57	\$ 7.15	\$ 3.57	\$ 7.15
Flex Funded Plan Closedown Adjustment	\$ 1.04	\$ 1.04	\$ 1.04	\$ 1.04	\$ 1.04	\$ 1.04	\$ 1.04
	\$ 2.62	\$ 5.23	\$ 7.40	\$ 5.81	\$ 8.42	\$ 1.54	\$ 3.07
Total	\$ 532.89	\$ 1,064.76	\$ 1,506.20	\$ 1,182.64	\$ 1,714.51	\$ 313.21	\$ 625.38
10-County Amount	\$ 449.37	\$ 449.37	\$ 449.37	\$ 449.37		\$ 313.21	
Single Retiree Offset "Actuarial Difference"					\$ 449.37		\$ 313.21
Prop. E Subsidy				\$ 649.75	\$ 649.75	\$ -	\$ -
Subtotal City Contributions (Gap Dollars)	\$ 449.37	\$ 449.37	\$ 449.37	\$ 41.76	\$ 307.70	\$ -	\$ 156.09
Non-Bargained Contribution Rate	\$ 83.52	\$ 615.39	\$ 1,056.83	\$ 41.76	\$ 307.69	\$ -	\$ 156.08
75% Kaiser Pickup Single Employee Pickup	\$ 83.52	\$ 531.87	\$ 635.91				
Typical Bargained Member Contribution	\$ -	\$ 83.52	\$ 420.92				
2008/09 Non-Bargained Contribution Rate	57.26	530.01	919.18	28.54	263.97	-	145.82
Contribution Increase	46%	16%	15%	46%	17%	0%	7%
2008/09 Bargained Contribution Rate	\$ -	\$ 56.11	\$ 318.99				
Contribution Increase	0%	49%	32%				

2009/10 Renewals

Kaiser

	Employee Only	Employee and One Dependent	Employee and Family	Retiree without Medicare	Retiree & Spouse w/o Medicare	Retiree with Medicare	Retiree & Spouse with Medicare
Premium	\$ 457.47	\$ 914.94	\$ 1,294.64	\$ 923.42	\$ 1,380.89	\$ 344.22	\$ 688.44
Vision	\$ 3.57	\$ 7.15	\$ 10.12	\$ 3.57	\$ 7.15	\$ 3.57	\$ 7.15
Expense	\$ 1.04	\$ 1.04	\$ 1.04	\$ 1.04	\$ 1.04	\$ 1.04	\$ 1.04
Flex Funded Plan Closedown Adjustment	\$ 2.28	\$ 4.56	\$ 6.44	\$ 4.58	\$ 6.85	\$ 1.72	\$ 3.44
Total	\$ 464.36	\$ 927.69	\$ 1,312.24	\$ 932.61	\$ 1,395.93	\$ 350.55	\$ 700.07
10-County Amount	\$ 449.37	\$ 449.37	\$ 449.37	\$ 449.37		\$ 350.55	
Single Retiree Offset					\$ 449.37		\$ 350.55
"Actuarial Difference"				\$ 468.25	\$ 468.25	\$ -	\$ -
Prop. E Subsidy				\$ 7.50	\$ 239.16	\$ -	\$ 174.76
Subtotal City Contributions (Gap Dollars)	\$ 449.37	\$ 449.37	\$ 449.37	\$ 925.12	\$ 1,156.78	\$ 350.55	\$ 525.31
Non-Bargained Contribution Rate	\$ 14.99	\$ 478.32	\$ 862.87	\$ 7.49	\$ 239.15	\$ -	\$ 174.76
75% Kaiser Pickup		\$ 463.33	\$ 635.91				
Single Employee Pickup	\$ 14.99						
Typical Bargained Member Contribution	\$ -	\$ 14.99	\$ 226.96				
2008/09 Non-Bargained Contribution Rate	19.53	456.83	819.78	9.76	228.41	-	173.89
Contribution Increase	-23%	5%	5%	-23%	5%	0%	1%
2008/09 Bargained Contribution Rate	\$ -	\$ 19.53	\$ 219.59				
Contribution Increase	0%	-23%	3%				

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