

MERCER

Consulting. Outsourcing. Investments.



MARSH MERCER KROLL
GUY CARPENTER OLIVER WYMAN

September 10, 2009

Health Service System Overview of the 2010/11 Rates and Benefits Process

Rhys Evans

Services provided by Mercer Health & Benefits LLC



Contents

- Health Service System Renewals
- Facilitating the Renewal Process
- 2010/11 Renewal Process

Health Service System Renewals

Upcoming health care plan renewals

- The Rates and Benefits process encompasses ten separate health care plans
 - City Health Plan
 - Blue Shield HMO
 - Kaiser HMO
 - Employee Delta Dental PPO Plan
 - Retiree Delta Dental PPO Plan
 - Employee DeltaCare USA Plan
 - Retiree DeltaCare USA Plan
 - Employee Pacific Union Dental Plan
 - Retiree Pacific Union Dental Plan
 - Vision Service Plan
- The current plan year is the last of a three-year premium/fee guarantee schedule initiated with Delta Dental and Pacific Union in the 2007/08 plan year
- The Vision Service Plan continues, albeit this is the last year, within a multi-year premium guarantee agreement

Health Service System Renewals

Upcoming health care plan renewals

- The number of renewals that require negotiating each year will vary. Where the terms are equitable, HSS will seek to enter into multi-year agreements with its vendor partners

Rates & Benefits 2009/10
<ul style="list-style-type: none">▪ HMOs▪ Premium equivalent determination for the City Plan▪ Employer premium equivalent for the employee self-funded dental plan▪ Administrative fee schedule for the City Plan

Rates & Benefits 2010/11
<ul style="list-style-type: none">▪ HMOs▪ Premium equivalent determination for the City Plan▪ Employer premium equivalent for the employee self-funded dental plan▪ Insured employee dental plans▪ Insured retiree dental plans▪ Administrative fee schedule for the City Plan▪ Administrative fee schedule for the employee self-funded dental plan

Rates & Benefits 2011/12
<ul style="list-style-type: none">▪ HMOs▪ Premium equivalent determination for the City Plan▪ Employer premium equivalent for the employee self-funded dental plan▪ Vision plan▪ Any other premium/fee schedules not covered by multi-year agreements

Facilitating the Renewal Process

High level overview


- Standardized renewal requests introduced for last year's Rates and Benefits process will be issued again
 - Realized efficiencies in the data collection and review process
 - Facilitated greater transparency in the derivation of renewal assumptions used
 - Assisted with the review of baseline data, projection assumptions against Dashboard observations and comparison across plans
 - Benchmarking information helped contextualize the proposed HSS renewal
 - A menu of illustrative plan amendments, complete with details on premium impact, will again be requested
- HSS will ask both Kaiser and Blue Shield to complete the standardized renewal request without adjustment and submit along with their standard renewal packages
- Responses to the renewal requests are due from all vendors on September 23

2010/11 Renewal Process

High level timeline

The Rates and Benefits Process Month by Month

	AUGUST / SEPTEMBER		OCTOBER	NOVEMBER	DECEMBER	JANUARY
City Plan Employee Dental Plan	<ul style="list-style-type: none"> Claims data collected and collated Employee dental plan ASO proposal requested 	<ul style="list-style-type: none"> IBNR and Contingency Reserves estimated 2008/09 plan year reconciliation process 	<ul style="list-style-type: none"> Preliminary self-funded plans' premium equivalent estimates and contribution requirements 		<ul style="list-style-type: none"> Finalize self-funded plans' premium equivalent rates 	<ul style="list-style-type: none"> Final 10-County Amount disclosed Finalize contribution requirements for City Plan and HMOs Finalize and submit certification and renewal documentation to the Board of Supervisors
Blue Shield Kaiser Insured Dental Plans	<ul style="list-style-type: none"> 2010/11 renewal requests distributed 	<ul style="list-style-type: none"> Collect complete and comprehensive renewal packages and begin review 	<ul style="list-style-type: none"> High level summary of insured plans' renewals 	<ul style="list-style-type: none"> Detailed analysis of HMO renewals and impact on contribution requirements 	<ul style="list-style-type: none"> Finalize insured plans' renewals 	



MERCER



MARSH MERCER KROLL
GUY CARPENTER OLIVER WYMAN

Services provided by Mercer Health & Benefits LLC