

San Francisco Health Service System Health Service Board

Kaiser HMO Final Rates
Rates and Benefits Committee
January Board Meeting

January 12, 2012

Prepared by Aon Hewitt
Health and Benefits



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Introduction

During the December 22, 2011 Rates and Benefits Committee Meeting the six month Kaiser HMO rates for both the status quo plan and alternate plan design changes were presented by Aon Hewitt.

At the November 11, 2011 Health Service Board (HSB) meeting the HSB approved moving to a six month contract saving an estimated aggregate cost of employee savings of \$860,000, employer savings of \$1,420,000 for a total of \$2,280,000.

The HSB approved plan design changes as follows:

- Office visit copay from \$15 to \$20
- Outpatient surgery copay from \$15 to \$35
- Rates include compliance with SB 946 (Autism Act)

The preliminary rates for the above changes were developed based on decrements provided by Kaiser. Subsequent to the December board meeting, Aon Hewitt requested Kaiser submit final rates.

Introduction

- The preliminary rates have been updated accordingly based on the rates received from Kaiser on Friday, December 30, 2011. The rates have been evaluated and are now confirmed as final per Aon Hewitt.
- The rates are adjusted per the final 10-county survey of \$522.97, which reflects an increase of \$19.08, or a 3.8% increase over last year.
- These rates are being presented today as a matter of record to confirm and document final Board approval.

Final Fully Insured Kaiser HMO Rate Confirmation July – December 2012

Kaiser HMO: Total Annual Premium Costs and Savings July – December 2012 with Approved Plan Design Changes

Total Premium Renewal Calculation (Kaiser)	Total Premium Costs				Increase from 2011-2012			
	Active Employees	Non-Medicare Retirees	Medicare Retirees	Total	Active Employees	Non-Medicare Retirees	Medicare Retirees	Total
Member	\$7,938,926	\$3,176,234	\$2,713,166	\$13,828,325	9.7%	6.5%	-4.8%	5.8%
Employer	\$95,266,233	\$19,929,670	\$18,870,954	\$134,066,857	4.5%	4.7%	-5.8%	3.0%
Total Costs	\$103,205,160	\$23,105,904	\$21,584,119	\$147,895,182	4.9%	4.9%	-5.7%	3.2%

* Calculations reflect a 6 month contract with approved plan design changes

Observations:

- Overall impact with final Kaiser rates and final 10-county survey
 - Reduces overall aggregate costs an additional \$598,251 from the \$148,493,434 presented in the December 22, 2011 Board Meeting
- The savings from the initial 12 month to final rates (with approved design changes) is \$3,011,178

Final Active/Early Retiree/Medicare Monthly Premium Costs

Kaiser HMO: Final Active/Early Retiree Monthly Premium Rates July – December 2012

Monthly Premium with Dollar and Percentage Increases

Monthly Premium Rate	Active Employee			Non-Medicare Retiree		
	EE	EE+1	EE+2	EE	EE+1	EE+2
2011/2012 Rates	\$ 500.40	\$ 1,000.80	\$ 1,416.14	\$ 1,010.05	\$ 1,510.45	\$ 1,925.79
2012/2013 Rates	\$ 525.19	\$ 1,050.38	\$ 1,486.29	\$ 1,060.16	\$ 1,585.35	\$ 2,021.27
% Increase	4.95%	4.95%	4.95%	4.96%	4.96%	4.96%
\$ Increase	\$ 24.79	\$ 49.58	\$ 70.15	\$ 50.11	\$ 74.90	\$ 95.48

* Calculations reflect a 6 month contract with approved plan design changes

Observations:

- Rates include:
 - Percent and dollar adjustment for the final Kaiser rates including all approved plan design changes

Kaiser HMO: Final Medicare Monthly Premium Rates July – December 2012

Monthly Premium with Dollar and Percentage Increases

Monthly Premium Rate	Medicare Retiree			
	EE	EE+1	EE+2 (All Medicare)	EE+2
2011/2012 Rates	\$ 350.31	\$ 700.62	\$ 1,050.93	\$ 1,115.96
2012/2013 Rates	\$ 329.60	\$ 659.20	\$ 988.58	\$ 1,095.11
% Increase	-5.91%	-5.91%	-5.93%	-1.87%
\$ Increase	\$ (20.71)	\$ (41.42)	\$ (62.35)	\$ (20.85)

* Calculations reflect a 6 month contract with approved plan design changes

Observations:

- Rates include:
 - Percent and dollar adjustment for the final Kaiser rates including all approved plan design changes

Final Active/Early Retiree/Medicare
Monthly Premium (Contribution) Costs

Kaiser HMO: Final Active/Early Retiree/Medicare Monthly Premium (Contribution) Costs July – December 2012

Member and Employer Monthly Premiums With Dollar and Percentage Increases

Kaiser	Active Employee			Non-Medicare Retiree			Medicare Retiree				
	EE	EE+1	EE+2	EE	EE+1	EE+2	EE	EE+1	EE+2 (All Medicare)	EE+2	
Members	\$0.00	\$7.04	\$249.05	\$3.52	\$268.01	\$707.08	\$0.00	\$166.70	\$499.23	\$605.76	
% Increase	0.0%	450.0%	7.4%	450.0%	6.0%	5.3%	0.0%	-5.8%	-5.9%	1.7%	
\$ Increase	\$0.00	\$5.76	\$17.10	\$2.88	\$15.27	\$35.85	\$0.00	(\$10.35)	(\$31.28)	\$10.22	
Employer	\$530.01	\$1,051.96	\$1,249.01	\$1,061.46	\$1,325.96	\$1,325.96	\$334.42	\$501.12	\$501.12	\$501.12	
% Increase	4.9%	4.3%	4.4%	4.7%	4.7%	4.7%	-5.8%	-5.8%	-5.8%	-5.8%	
\$ Increase	\$24.79	\$43.82	\$53.05	\$47.23	\$59.63	\$59.63	(\$20.71)	(\$31.07)	(\$31.07)	(\$31.07)	
Total	\$ 530.01	\$1,059.00	\$1,498.06	\$ 1,064.98	\$ 1,593.97	\$ 2,033.04	\$ 334.42	\$ 667.82	\$ 1,000.35	\$ 1,106.88	
% Increase	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%	-5.8%	-5.8%	-5.9%	-1.8%	
\$ Increase	\$ 24.79	\$ 49.58	\$ 70.15	\$ 50.11	\$ 74.90	\$ 95.48	\$ (20.71)	\$ (41.42)	\$ (62.35)	\$ (20.85)	
Savings	Member	\$0.00	\$5.05	\$9.47	\$2.53	\$7.37	\$15.39	\$0.00	\$5.47	\$16.64	\$13.50
	Employer	\$9.67	\$14.29	\$17.90	\$17.01	\$21.84	\$21.84	\$10.95	\$16.43	\$16.43	\$16.43
Total Savings		\$9.67	\$19.34	\$27.37	\$19.54	\$29.21	\$37.23	\$10.95	\$21.90	\$33.07	\$29.93

* Calculations reflect a 6 month contract with approved plan design changes

Observations:

- Rates include:
 - Adjusted for the 10 county survey
 - Includes vision costs (\$3.78, \$7.58, and \$10.73)
 - Includes \$1.04 expense accrual

Kaiser HMO Rate Card

							Medicare Advantage (All Medicare)				COB (All Medicare)		
	Employee Only	Employee and One Dependent	Employee and Family	Retiree without Medicare	Retiree & Spouse w/o Medicare	Retiree & Family	Retiree with Medicare	Retiree & Spouse with Medicare	Retiree & Family (all medicare)	Retiree & Family	Retiree with Medicare	Retiree & Spouse with Medicare	R+S w M +1
Premium	\$ 525.19	\$ 1,050.38	\$ 1,486.29	\$ 1,060.16	\$ 1,585.35	\$ 2,021.27	\$ 329.60	\$ 659.20	\$ 988.58	\$ 1,095.11	\$ 745.83	\$ 1,494.26	\$ 2,241.17
Vision	\$ 3.78	\$ 7.58	\$ 10.73	\$ 3.78	\$ 7.58	\$ 10.73	\$ 3.78	\$ 7.58	\$ 10.73	\$ 10.73	\$ 3.78	\$ 7.58	\$ 10.73
Expense	\$ 1.04	\$ 1.04	\$ 1.04	\$ 1.04	\$ 1.04	\$ 1.04	\$ 1.04	\$ 1.04	\$ 1.04	\$ 1.04	\$ 1.04	\$ 1.04	\$ 1.04
Medicare Part D Subsidy	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Flex Funded Plan Closedown Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 530.01	\$ 1,059.00	\$ 1,498.06	\$ 1,064.98	\$ 1,593.97	\$ 2,033.04	\$ 334.42	\$ 667.82	\$ 1,000.35	\$ 1,106.88	\$ 750.65	\$ 1,502.88	\$ 2,252.94
10-County Amount	\$ 522.97	\$ 522.97	\$ 522.97	\$ 522.97	\$ -	\$ -	\$ 334.42	\$ -	\$ -	\$ -	\$ 522.97	\$ -	\$ -
Single Retiree Offset	\$ -	\$ -	\$ -	\$ -	\$ 522.97	\$ 522.97	\$ -	\$ 334.42	\$ 334.42	\$ 334.42	\$ -	\$ 522.97	\$ 522.97
Medicare Part B Subsidy	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7.04	\$ 7.04	\$ 7.04
"Actuarial Difference"	\$ -	\$ -	\$ -	\$ 534.97	\$ 534.97	\$ 534.97	\$ -	\$ -	\$ -	\$ -	\$ 220.64	\$ 220.64	\$ 220.64
Prop. E Subsidy	\$ -	\$ -	\$ -	\$ 3.52	\$ 268.02	\$ 268.02	\$ -	\$ 166.70	\$ 166.70	\$ 166.70	\$ -	\$ 376.12	\$ 376.12
Subtotal City Contributions	\$ 522.97	\$ 522.97	\$ 522.97	\$ 1,061.46	\$ 1,325.96	\$ 1,325.96	\$ 334.42	\$ 501.12	\$ 501.12	\$ 501.12	\$ 750.65	\$ 1,126.77	\$ 1,126.77
(Gap Dollars)	\$ -	\$ -	\$ -										
Non-Bargained Contribution Rate	\$ 7.04	\$ 536.03	\$ 975.09	\$ 3.52	\$ 268.01	\$ 707.08	\$ -	\$ 166.70	\$ 499.23	\$ 605.76	\$ -	\$ 376.11	\$ 1,126.17
75% Kaiser Pickup	\$ -	\$ 528.99	\$ 726.04										
Single Employee Pickup	\$ 7.04	\$ -	\$ -										
Typical Bargained Member Contribution	\$ -	\$ 7.04	\$ 249.05										