

Health Service System Medical and Vision Vendors

- **Medical Plans**
 - Kaiser HMO (fully insured-no risk to CCSF)
 - Blue Shield HMO (fully insured-no risk to CCSF)
 - City Plan PPO administered by United Health Care (UHC) (self insured-CCSF risk)
- **Vision Plan**
 - Vision Service Plan (VSP)

Cost Driver Trends

- Costs rose fastest among large employers.
- Northern CA employers have high costs and rates of increase compared to other parts of the country
- Most significant cost driver: increased hospital costs (Hospital, medical group, provider consolidation)
- Other cost drivers: prescription drugs, member demographics
- HSS has increased prescription drug co-pays twice (2010, 2011) to incentivize generic drugs
- HSS increased hospital co-pays in 2011 and ER co-pays in 2010

Federal Healthcare Reform Mandate Highlights

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|------|---|
| 2011 | <ul style="list-style-type: none">• Early Retiree Reinsurance Program begins• Coverage for children up to age 26• No lifetime dollar limit• No annual dollar limit for essential services• Some preventative services no co-pay |
| 2012 | <ul style="list-style-type: none">• \$1 per covered life (federal research) |
| 2013 | <ul style="list-style-type: none">• \$2 per covered life |
| 2014 | <ul style="list-style-type: none">• Wellness program incentives (federal \$\$)• Health insurance exchanges (9.5% household income threshold for benefits or employer pays penalty to exchange)• Early Retiree Reinsurance Program ends |
| 2018 | <ul style="list-style-type: none">• Employer tax on high cost benefits |

Health Benefits Perspectives 2.24.11

Distribution of Aggregate Plan Costs (\$ millions)

	Aggregate Plan Cost	Employer Contribution (including bargained)	Member Contributions	Member Contributions % Aggregate Costs
City Plan	\$78.8	\$62.6	\$16.2	20.5%
% Increase	13.5%	10.5%	26.7%	2.5%
Kaiser	\$273.3	\$249.8	\$23.5	8.6%
% Increase	4.5%	5.0%	(.1%)	(1.1%)
Blue Shield	\$294.1	\$255.1	\$39.0	13.3%
% Increase	(.8%)	1.9%	(15.4%)	(21.8%)
Employer Dental	\$47.5	\$47.5	\$0	\$0
% Increase	4.4%	4.4%	0%	0%
Total	\$693.7	\$615.0	\$78.7	11.3%
% Increase	3.1%	4.2%	4.5%	(7.4%)