

San Francisco Health Service System

Health Service Board

Rates & Benefits

Review and Approve Kaiser Permanente Multi-Region
Medical/Rx Fully Insured Retiree HMO Plans 2026 Rates
and Contributions

Presented by Mike Clarke, Lead Actuary

June 12, 2025

Introduction

The following pages outline the plan year 2026 rate cards associated with the Kaiser Multi-Region HMO plans offered to certain members living in Kaiser service areas in Washington State, Oregon (e.g., Northwest), and Hawaii.

This action item is contingent upon the outcome of the Staff Recommendation in the prior item in today's Health Service Board (HSB) meeting agenda—specifically, should the Health Service Board (HSB) vote to not approve the recommendation that the Kaiser Multi-Region HMO plans be discontinued after the 2025 plan year.

Should the HSB approve the prior item in today's meeting agenda to discontinue the Kaiser Multi-Region HMO plan after the 2025 plan year, this action item will not be needed in today's HSB meeting agenda.

Introduction (continued)

Current membership enrolled in each plan and the proposed Kaiser rate actions from 2025 to 2026 for the three regions are shown below for reference.

| | Non-Medicare Retirees and Dependents | Medicare Retirees and Dependents |
|--|---|-------------------------------------|
| Total Covered Lives | | |
| • Washington region | 17 | 35 |
| • Northwest region | 33 | 59 |
| • Hawaii region | 30 | 58 |
| 2026 Rate Change Proposed Actions | | |
| • Washington region | -4.8% | +16.0% |
| • Northwest region | +4.1% | +7.2% |
| • Hawaii region | +5.4% | -1.3% |

Staff Recommendation Should This Action Item Be Required in Today's Meeting Agenda

Approve retiree Kaiser Multi-Region HMO plans plan year 2026 rate cards as presented in this material.

Kaiser Retiree HMO Multi-Region 2026 Rate Cards

When setting the total Kaiser premiums, the following SFHSS costs are included:

- VSP Basic Plan vision premiums (2026 vision rates remain at 2026 levels); and
- The SFHSS Healthcare Sustainability Fund charge of \$6.00 per retiree per month, which is \$2 higher than the 2025 fee.

Kaiser Rate Card Information

Retiree Medical Contributions in Rate Cards

- The rate cards presented in this document reflect the maximum employer contributions for retiree medical coverage presently available to:
 - Retired employees eligible for health benefits hired on or before January 9, 2009;
 - Retired persons who retired for disability; and
 - Surviving spouses or surviving domestic partners of active employees who died in the line of duty.
- Retiree medical coverage — but no employer contribution — is available to retired employees hired on or after January 10, 2009, with at least 5 but less than 10 years of Credited Service with the Employers, and their surviving spouses or surviving domestic partners.

Kaiser Rate Card Information

Retiree Medical Contributions in Rate Cards

- Retiree medical coverage at the 50% employer Charter-contribution rate is available to retired employees hired on or after January 10, 2009, with greater than 10 years but less than 15 years of Credited Service with the Employers.
 - This segment of retirees will receive 50% of the maximum employer Charter contribution for each retiree medical plan and coverage tier as reflected in the following rate cards.
- Retiree medical coverage at the 75% employer Charter-contribution rate is available to retired employees hired on or after January 10, 2009, with greater than 15 years but less than 20 years of Credited Service with the Employers.
 - This segment of retirees will receive 75% of the maximum employer Charter contribution for each retiree medical plan and coverage tier as reflected in the following rate cards.

2026 Kaiser Monthly Rate Card

Washington State Region Rates and Contributions

| | Non-Medicare Retirees | | | Medicare Retirees | | | |
|---|---------------------------|--------------------------------|---------------------------------|-----------------------|----------------------------|-----------------------------|--|
| | Non-Medicare Retiree Only | Retiree + 1 (All Non-Medicare) | Retiree + 2+ (All Non-Medicare) | Medicare Retiree Only | Retiree + 1 (All Medicare) | Retiree + 2+ (All Medicare) | Retiree + 2+ (2 Medicare, 1+ Non-Medicare) |
| Premium | \$1,607.37 | \$3,214.74 | \$4,548.86 | \$422.74 | \$845.48 | \$1,268.22 | \$2,179.60 |
| Vision | \$4.15 | \$8.32 | \$11.76 | \$4.15 | \$8.32 | \$11.76 | \$11.76 |
| Expense ¹ | \$6.00 | \$6.00 | \$6.00 | \$6.00 | \$6.00 | \$6.00 | \$6.00 |
| Total | \$1,617.52 | \$3,229.06 | \$4,566.62 | \$432.89 | \$859.80 | \$1,285.98 | \$2,197.36 |
| 10-County Amount (or single tier premium, if less) ² | \$942.14 | \$0.00 | \$0.00 | \$432.89 | \$0.00 | \$0.00 | \$0.00 |
| Single Retiree Offset ³ | \$0.00 | \$942.14 | \$942.14 | \$0.00 | \$432.89 | \$432.89 | \$432.89 |
| “Actuarial Difference” ⁴ | \$675.38 | \$675.38 | \$675.38 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Prop. E Contribution ⁵ | \$0.00 | \$805.77 | \$805.77 | \$0.00 | \$213.46 | \$213.46 | \$213.46 |
| Subtotal City Contributions | \$1,617.52 | \$2,423.29 | \$2,423.29 | \$432.89 | \$646.35 | \$646.35 | \$646.35 |
| Non-Bargained Contribution Rate 2026 | \$0.00 | \$805.77 | \$2,143.33 | \$0.00 | \$213.45 | \$639.63 | \$1,551.01 |
| Final Member Contribution 2026 | \$0.00 | \$805.77 | \$2,143.33 | \$0.00 | \$213.45 | \$639.63 | \$1,551.01 |
| Final Member Contribution 2025 | \$0.00 | \$845.86 | \$2,249.97 | \$0.00 | \$184.30 | \$552.17 | \$1,588.41 |
| Difference — 2026 vs. 2025 Contribution | \$0.00 | (\$40.09) | (\$106.64) | \$0.00 | \$29.15 | \$87.46 | (\$37.40) |

2026 Kaiser Monthly Rate Card

Northwest Region Rates and Contributions

| | Non-Medicare Retirees | | | Medicare Retirees | | | |
|----------------------|---------------------------|--------------------------------|---------------------------------|-----------------------|----------------------------|-----------------------------|--|
| | Non-Medicare Retiree Only | Retiree + 1 (All Non-Medicare) | Retiree + 2+ (All Non-Medicare) | Medicare Retiree Only | Retiree + 1 (All Medicare) | Retiree + 2+ (All Medicare) | Retiree + 2+ (2 Medicare, 1+ Non-Medicare) |
| Premium | \$1,367.50 | \$2,735.00 | \$3,870.04 | \$503.46 | \$1,006.92 | \$1,510.38 | \$2,141.96 |
| Vision | \$4.15 | \$8.32 | \$11.76 | \$4.15 | \$8.32 | \$11.76 | \$11.76 |
| Expense ¹ | \$6.00 | \$6.00 | \$6.00 | \$6.00 | \$6.00 | \$6.00 | \$6.00 |
| Total | \$1,377.65 | \$2,749.32 | \$3,887.80 | \$513.61 | \$1,021.24 | \$1,528.14 | \$2,159.72 |

| | | | | | | | |
|---|---------------|-----------------|-------------------|---------------|-----------------|-----------------|-------------------|
| 10-County Amount (or single tier premium, if less) ² | \$942.14 | \$0.00 | \$0.00 | \$513.61 | \$0.00 | \$0.00 | \$0.00 |
| Single Retiree Offset ³ | \$0.00 | \$942.14 | \$942.14 | \$0.00 | \$513.61 | \$513.61 | \$513.61 |
| "Actuarial Difference" ⁴ | \$435.51 | \$435.51 | \$435.51 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Prop. E Contribution ⁵ | \$0.00 | \$685.84 | \$685.84 | \$0.00 | \$253.82 | \$253.82 | \$253.82 |
| Subtotal City Contributions | \$1,377.65 | \$2,063.49 | \$2,063.49 | \$513.61 | \$767.43 | \$767.43 | \$767.43 |
| Non-Bargained Contribution Rate 2026 | \$0.00 | \$685.83 | \$1,824.31 | \$0.00 | \$253.81 | \$760.71 | \$1,392.29 |

| | | | | | | | |
|---------------------------------------|---------------|-----------------|-------------------|---------------|-----------------|-----------------|-------------------|
| Final Member Contribution 2026 | \$0.00 | \$685.83 | \$1,824.31 | \$0.00 | \$253.81 | \$760.71 | \$1,392.29 |
|---------------------------------------|---------------|-----------------|-------------------|---------------|-----------------|-----------------|-------------------|

| | | | | | | | |
|--|---------------|-----------------|-------------------|---------------|-----------------|-----------------|-------------------|
| Final Member Contribution 2025 | \$0.00 | \$659.18 | \$1,753.40 | \$0.00 | \$236.91 | \$710.01 | \$1,331.13 |
| Difference — 2026 vs. 2025 Contribution | \$0.00 | \$26.65 | \$70.91 | \$0.00 | \$16.90 | \$50.70 | \$61.16 |

2026 Kaiser Monthly Rate Card

Hawaii Region Rates and Contributions

| | Non-Medicare Retirees | | | Medicare Retirees | | | |
|----------------------|---------------------------|--------------------------------|---------------------------------|-----------------------|----------------------------|-----------------------------|--|
| | Non-Medicare Retiree Only | Retiree + 1 (All Non-Medicare) | Retiree + 2+ (All Non-Medicare) | Medicare Retiree Only | Retiree + 1 (All Medicare) | Retiree + 2+ (All Medicare) | Retiree + 2+ (2 Medicare, 1+ Non-Medicare) |
| Premium | \$1,066.26 | \$2,132.52 | \$3,017.52 | \$328.47 | \$656.94 | \$985.41 | \$1,541.94 |
| Vision | \$4.15 | \$8.32 | \$11.76 | \$4.15 | \$8.32 | \$11.76 | \$11.76 |
| Expense ¹ | \$6.00 | \$6.00 | \$6.00 | \$6.00 | \$6.00 | \$6.00 | \$6.00 |
| Total | \$1,076.41 | \$2,146.84 | \$3,035.28 | \$338.62 | \$671.26 | \$1,003.17 | \$1,559.70 |

| | | | | | | | |
|---|---------------|-----------------|-------------------|---------------|-----------------|-----------------|-------------------|
| 10-County Amount (or single tier premium, if less) ² | \$942.14 | \$0.00 | \$0.00 | \$338.62 | \$0.00 | \$0.00 | \$0.00 |
| Single Retiree Offset ³ | \$0.00 | \$942.14 | \$942.14 | \$0.00 | \$338.62 | \$338.62 | \$338.62 |
| “Actuarial Difference” ⁴ | \$134.27 | \$134.27 | \$134.27 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Prop. E Contribution ⁵ | \$0.00 | \$535.22 | \$535.22 | \$0.00 | \$166.32 | \$166.32 | \$166.32 |
| Subtotal City Contributions | \$1,076.41 | \$1,611.63 | \$1,611.63 | \$338.62 | \$504.94 | \$504.94 | \$504.94 |
| Non-Bargained Contribution Rate 2026 | \$0.00 | \$535.21 | \$1,423.65 | \$0.00 | \$166.32 | \$498.23 | \$1,054.76 |

| | | | | | | | |
|---------------------------------------|---------------|-----------------|-------------------|---------------|-----------------|-----------------|-------------------|
| Final Member Contribution 2026 | \$0.00 | \$535.21 | \$1,423.65 | \$0.00 | \$166.32 | \$498.23 | \$1,054.76 |
|---------------------------------------|---------------|-----------------|-------------------|---------------|-----------------|-----------------|-------------------|

| | | | | | | | |
|--|---------------|-----------------|-------------------|---------------|-----------------|-----------------|-------------------|
| Final Member Contribution 2025 | \$0.00 | \$508.10 | \$1,351.53 | \$0.00 | \$168.45 | \$504.62 | \$1,011.88 |
| Difference — 2026 vs. 2025 Contribution | \$0.00 | \$27.11 | \$72.12 | \$0.00 | (\$2.13) | (\$6.39) | \$42.88 |

Staff Recommendation Should This Action Item Be Required in Today's Meeting Agenda

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Appendix—Kaiser Rate Card Footnotes

- 1) **Expense:** SFHSS Healthcare Sustainability Fund charge.
- 2) **10-County Amount:** Per Charter Section A8.423, the employer contribution must equal the average of the employer contribution to health premiums of the 10 most populous counties in California, not including San Francisco. The monthly amount for 2026 rating is \$942.14 (per March 2025 HSB action).
- 3) **Single Retiree Offset:** Under Charter Section A8.428(b)(2), the 10-County amount is the first of three Charter contribution elements used to calculate retiree rates. Employers are required to pay lesser of the 10-County amount or actual cost of coverage for each retiree member.
- 4) **"Actuarial Difference":** Under Charter Section A8.428(b)(3), the employers contribute the difference between Active Employee-Only premium and Non-Medicare Retiree-Only premium. This is the second of three Charter contribution elements applied to the calculation of retiree rates.
- 5) **2000 Prop. E Contribution:** Under Charter Section A8.428(b)(3)(iii) and A8.428(c), employer contributions toward Retiree Only and Retiree +1 rates = $50\% \times [\text{Total Rate Cost} - \text{10-County Amount} - \text{"Actuarial Difference"}]$. This is the third of three Charter contribution elements that applied to the calculation of retiree rates.