

# Health Service Board City & County of San Francisco

## Rates & Benefits 2017 Renewal—Vision Service Plan

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# Introduction

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- The City and County of San Francisco Health Service System (HSS) offers VSP's Choice Plan A which allows the following services:
  - Examination every 12 months (\$10 copay)
  - Lenses and frames every 24 months (\$25 copay)
  - \$150 allowance in-network for frames and \$150 allowance in-network for elective contact lenses
  - Computer Vision Care (VDT) benefits are also offered for certain union groups
- For 2017, VSP offered a premium rate decrease of 2% along with a premium rate guarantee through December 31, 2019.
- For plan years 2020 and 2021, additional rate guarantees were offered based on the plan loss ratio (PLR).

# VSP Vision Renewal

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- VSP proposed a 2% reduction from the current 2016 premiums guaranteed for a 36-month term through December 31, 2019.
- For plan years 2020 and 2021, VSP proposed a maximum rate increase of 2% per year contingent on the plan loss ratio (PLR) being at 100% or more. If the PLR is less than 100%, rates would remain flat.
- VSP's proposed vision premiums are as follows:

Actives (Bargained) / Retiree			
Tier	2016	2017-2019	% Change
Employee Only	\$4.03	\$3.95	-2%
Employee + 1	\$8.08	\$7.92	-2%
Employee + Family	\$11.43	\$11.20	-2%
Computer Vision Care	\$0.85	\$0.83	-2%

# VSP Vision Renewal

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- HSS' current vision plan provides for additional medical eye care coverage through VSP's Acute EyeCare (AEC) plan.
- VSP will no longer offer the AEC plan in 2017 as part of its overall product offering.
- In lieu of the AEC plan, VSP has proposed an enhanced plan called the Primary EyeCare (PEC) plan.
  - The PEC plan offers all of the same services as the AEC plan as well as provides 43 additional services not currently covered under the AEC plan. A few of the additional services include corneal pachymetry, retinal screening, and ophthalmic biometry.
  - There will be no additional rate impact for transitioning from the AEC plan to the PEC plan.

# Recommendations

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Aon recommends the Health Service Board accept VSP's five-year renewal which includes:

- For years 2017, 2018 and 2019:
  - Vision premium rate reduction of 2%.
  - Transition from the Acute EyeCare (AEC) plan to the Primary EyeCare (PEC) plan with no impact to the proposed renewal rates.
- For years 2020 and 2021:
  - Increase not to exceed 2% per year if the paid loss ratio is at 100% or more. If the paid loss ratio is less than 100%, HSS would receive a rate pass for those years.