

San Francisco Health Service System Health Service Board

Rates & Benefits

Vision (VSP) 2020 Insured Rate Renewal Presentation

March 14, 2019

Introduction

- Presently, the San Francisco Health Service System (SFHSS) offers two plan designs to active employees and retirees through Vision Service Plan (VSP):
 - The “Basic Plan” has been offered for many years as part of enrollment in an SFHSS medical plan; and
 - The “Premier Plan”, offered initially in 2018, provides a higher level of benefits than the Basic Plan (e.g., lower member copays, higher frame and elective contact lens allowances, and ability to obtain new frames / lenses / contacts every calendar year) at a member-paid contribution rate equal to the Premier Plan total premium rates less the Basic Plan total premium rates.
- Some SFHSS members also have access to VSP’s Computer VisionCare benefit.
- This document outlines recommendations for the 2020 renewal for the VSP plans offered by SFHSS.

Recommendations

- Aon recommends the HSB confirm the following today for the 2020 plan year:
 - (1) VSP Basic Plan total premium rates;
 - (2) VSP Premier Plan total premium rates;
 - (3) VSP Computer VisionCare total premium rates; and
 - (4) VSP Premier Plan participant contribution rates.

- Specific information on proposed 2020 plan rates is outlined on the following pages.

VSP Renewal—Premium Guarantee

- Effective January 1, 2017, the San Francisco Health Service System (SFHSS) and VSP entered into the following 5-year renewal agreement on the underlying Basic Plan vision premiums:
 - 2017: 2% decrease to 2016 rates
 - 2018: No change
 - 2019: No change
 - 2020: Premium increase not to exceed 2% and only if Paid Loss Ratio is 100% or more ^[1]
 - 2021: Premium increase not to exceed 2% and only if Paid Loss Ratio is 100% or more ^[1]
- Premier Plan was subsequently added for the 2018 plan year.
- Because the overall paid loss ratio for 2018 did exceed 100%, the 2% overall premium increase will apply for the 2020 plan year.
 - The Basic Plan and Computer VisionCare benefit paid loss ratios were below 100%.
 - The Premier Plan paid loss ratio was significantly above 100%.

[1] If the Paid Loss Ratio is less than 100%, rates remain flat.

VSP Renewal—2020 Proposed Premiums

- Given the significantly high loss ratio experience for the Premier Plan in 2018, VSP has agreed to the following rate actions into the 2020 plan year on a constant plan design basis:
 - Basic Plan: no change from 2019 premium rates;
 - Premier Plan: 4.3% increase from 2019 Premium Plan rates; and
 - Computer VisionCare benefit: no change from 2019 premium rates.
- This results in an aggregate 2% premium increase based on current enrolled member counts by plan. As seen below, enrollment in the Premier Plan did significantly increase from 2018 to 2019:

----- Average 2018 Enrollment -----				
VSP Plan	EE / Ret Only	EE / Ret + 1 Dep	EE / Ret + 2+ Deps	Total
Basic Plan	34,451	14,767	9,720	58,937
Premier Plan	4,980	3,459	2,049	10,488

----- January 2019 Enrollment -----				
VSP Plan	EE / Ret Only	EE / Ret + 1 Dep	EE / Ret + 2+ Deps	Total
Basic Plan	32,830	13,763	8,851	55,444
Premier Plan	7,006	4,774	3,033	14,813

VSP Renewal—2020 Proposed Premiums

Proposed 2020 Plan Year Monthly Rates

	Monthly Vision Plan Rates						Change
	CY2019: EE / Ret Only	CY2019: EE / Ret + 1	CY2019: EE / Ret + 2+	CY2020: EE / Ret Only	CY2020: EE / Ret + 1	CY2020: EE / Ret + 2+	
Basic Plan (rates part of medical rate cards)	\$3.95	\$7.92	\$11.20	\$3.95	\$7.92	\$11.20	No Change
Premier Plan							
▪ Total premium rate	\$13.31	\$21.96	\$40.52	\$13.88	\$22.90	\$42.26	+4.3%
▪ Member-paid contribution rate [1]	\$9.36	\$14.04	\$29.32	\$9.93	\$14.98	\$31.06	+5.9% to +6.7%
Computer VisionCare	\$0.83	N/A	N/A	\$0.83	N/A	N/A	No Change

[1] Premier Plan members pay contributions equal to the difference in total premium rates between the Premier Plan and the Basic Plan.

VSP Renewal—HSB Action Recommendation

- Aon recommends the HSB approve the VSP rating actions for the current plan designs for 2020 plan year:
 - No rate change from 2019 for Basic Plan and Computer VisionCare benefit.
 - A 4.3% total premium rate increase from 2019 for Premier Plan—with corresponding member-paid contributions that result as outlined on the prior page.

Appendix—Plan Design

SFHSS offers VSP’s Choice Core Plan A as the Basic Plan, and Plan C as the Premier Plan. Here is a summary of certain plan design features:

Design Feature		Basic Plan	Premier Plan
Copays		\$10 Exam / \$25 Materials	\$10 Exam / \$0 Materials
Exam Frequency		Every Calendar Year	Every Calendar Year
Lenses Frequency		Every Other Calendar Year ^[1]	Every Calendar Year
Frames Frequency		Every Other Calendar Year	Every Calendar Year
Frame Allowance	(Non-Costco)	\$150	\$300
	(Costco)	\$80	\$165
Elective Contact Lens Allowance		\$150	\$250

[1] **Interim Benefits:** Lenses every 12 months with a prescription change of .50 diopter or more and change in axis of 15 degrees or more.