

San Francisco Health Service System Health Service Board

Rates & Benefits

Dental Plans—2020 Plan Year Renewals Presentation

May 9, 2019

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Introduction

This presentation proposes 2020 rating recommendations for the **active employee and retiree dental plans** offered by San Francisco Health Service System (SFHSS).

The Delta Dental of California (Delta Dental) **active employee dental PPO plan** is self-funded, and therefore the recommendation includes the administrative fees and Aon-calculated total plan cost rates for action by the Health Service Board (HSB) today.

All other dental plans offered through SFHSS are fully insured, and therefore the recommendation includes the insured rates for action by the HSB for those plans today.

The presentation also includes a rate-neutral design change recommendation for the Delta Dental Retiree PPO, with intent to encourage increased utilization of PPO network dentists.

Recommendations

- Staff recommends to the HSB approval of the following 2020 Dental Plan Rates and Administrative Fees - specific information on each of the five changes are described in this document:
 - (1) Delta Dental active employee PPO: No change in administrative fees and a 5.3% decrease in self-funded total cost rates from 2019 to 2020. **(slides 5-7)**
 - (2) DeltaCare USA fully insured dental HMO plans (active employees and retirees): No change in insured rates from 2019 to 2020. **(slide 10)**
 - (3) UnitedHealthcare (UHC) insured dental HMO plans (active employees and retirees): Rate increase of 3.0% from 2019 to 2020 for active employees, and no change to 2019 rates into 2020 for retirees. **(slide 11)**
 - (4) Delta Dental retiree PPO: No change in insured rates from 2019 to 2020. **(slide 12)**
 - (5) Delta Dental retiree PPO: Change certain plan design features to increase utilization of PPO network benefits, **on a rate-neutral basis**, by increasing the individual deductible for Premier network and Out-of-Network level services. **(slides 13-16)**

Background—Dental Plan Membership

- Below is the current distribution of active employees and retirees by plan (based on the SFHSS 2019 Demographics Report presented to the HSB in February 2019).
 - Figures in parentheses: percentage distribution across plans by enrolled person type

Dental Plan	Active Employees	Retirees
Delta Dental PPO	31,708 (96.5%)	20,342 (91.5%)
DeltaCare USA HMO	693 (2.1%)	1,122 (5.0%)
UnitedHealthcare HMO	448 (1.4%)	780 (3.5%)
Total—All Plans	32,849 (100.0%)	22,244 (100.0%)

Delta Dental of California

Active Employee PPO Fees and Rates

Delta Dental of California

Overview—Active Employee Dental PPO Rating

After a thorough review of the Delta Dental active employee self-funded plan experience and market trend expectations, the recommend is for no change in the self-funded premium equivalents from 2019 to 2020. This includes the second year of a three-year agreement to retain 2019 administrative services only (ASO) fee levels for plan years 2020 and 2021.

In 2018 claims continued to run favorably creating a 95% loss ratio (incurred claims and administrative fees, divided by premiums).

The rate stabilization reserve balance continued to grow in 2018. As approved by the HSB on April 11, the reserve buy-down for 2020 premiums is \$7,016,000. For comparison, \$4,227,000 was used in 2019 premiums.

Active employee PPO plan pricing for the 2020 plan year follows the same methodology and cost trend assumption that was utilized in 2019 plan year rating.

Delta Dental of California

2019–2021 Administrative Fees

Delta Dental’s per employee per month (PEPM) fee increased in 2019, and will hold through the end of 2021 as illustrated below.

Year	PEPM Administrative Fee (2019 – 2021)
2012 – 2015	\$4.38
2016 – 2018	\$4.35
2019 – 2021	\$4.62

Delta Dental of California

Active Employee Dental PPO—2020 Projected Rates

- The recommendation is a 5.3% reduction in premium rates from 2019 to 2020.
- Claims for January 2017 through December 2018 with a 2% annual trend assumption were used to project 2020 claims.
- Rates incorporate use of \$7,016,000 in rate stabilization reserves.

	EE Only	EE + 1	EE + 2+
January 2019 Enrollment (31,708 total enrolled employees)	12,050	8,289	11,369
2020 Self-Insured Pre-Stabilization Offset Rates (Monthly)	\$66.47	\$139.60	\$199.42
Claims Stabilization Buy-Down (\$7,016,000 total)	(\$9.20)	(\$19.32)	(\$27.59)
2020 Self-Insured Recommended Rates (Monthly)	\$57.28	\$120.28	\$171.83
2020 Self-Insured Recommended Rates (Bi-Weekly)	\$26.44	\$55.51	\$79.31
2019 Self-Insured Active Dental PPO Rates (Monthly)	\$60.48	\$127.00	\$181.43
<i>Change From Current</i>	-5.3%	-5.3%	-5.3%

Fully Insured Dental Plans

Active and Retiree Dental Plans

Fully Insured Dental Plans—2020 Rating

SFHSS offers five fully insured dental plans to its members:

- Active employees (2 insured plans): DeltaCare USA and UnitedHealthcare (UHC) Dental HMOs.
- Retirees (3 insured plans): Delta Dental PPO, DeltaCare USA Dental HMO, and UHC Dental HMO.

In last year's Delta Dental renewals, Delta Dental agreed to a three-year lock in for all fees and insured premiums for the period January 1, 2019 through December 31, 2021. Thus, rates for each of their three fully insured dental plans will remain at 2019 levels into the 2020 plan year.

Based on rating renewals prepared by UHC, 2020 plan year rates are quoted as follows:

- Active employees: 3.0% increase over 2019 rates; and
- Retirees: same rates as 2019.

DeltaCare USA

Dental HMO Plan Monthly Rates (Guaranteed Through December 31, 2021)

Rates are fully insured by Delta Dental of California

Actives Rate Tier	2019	2020	Rate Change
Employee Only	\$26.95	\$26.95	No Change
Employee + 1	\$44.46	\$44.46	No Change
Employee + 2+	\$65.76	\$65.76	No Change

Retirees Rate Tier	2019	2020	Rate Change
Retiree Only	\$32.85	\$32.85	No Change
Retiree + 1	\$54.21	\$54.21	No Change
Retiree + 2+	\$80.19	\$80.19	No Change

UnitedHealthcare

Dental HMO Plan Monthly Rates (Guaranteed Through December 31, 2020)

Rates are fully insured by UnitedHealthcare

Actives Rate Tier	2019	2020	Rate Change
Employee Only	\$27.80	\$28.63	3.0%
Employee + 1	\$45.90	\$47.28	3.0%
Employee + 2+	\$67.86	\$69.90	3.0%

Retirees Rate Tier	2019	2020	Rate Change
Retiree Only	\$16.47	\$16.47	No Change
Retiree + 1	\$27.20	\$27.20	No Change
Retiree + 2+	\$40.22	\$40.22	No Change

Delta Dental of California

Retiree PPO Plan Monthly Rates (Guaranteed Through December 31, 2021)

Rates are fully insured by Delta Dental of California

Rate Tier	Monthly Rates—Current Design		
	2019	2020	Rate Change
Retiree Only	\$45.77	\$45.77	No Change
Retiree + 1	\$91.04	\$91.04	No Change
Retiree + 2+	\$135.88	\$135.88	No Change

Delta Dental of California

Recommendation to Increase Retiree PPO Network Utilization

- SFHSS asked Delta Dental for design ideas to improve certain aspects of the PPO network plan design for members, in a way that would preserve rate neutrality to 2019-2021 retiree dental PPO insured plan rates.
- The existing Delta Dental Retiree PPO design is captured on the next page for the three levels of benefits, based on a member's choice of dental provider for any given service:
 - PPO network dentists (primary network with deepest service discounts);
 - Premier network dentists (secondary network which has more participating dentists than PPO but with lower service discounts); and
 - Out-of-network dentists.

Delta Dental of California

Recommendation to Increase Retiree PPO Network Utilization

Current (2019) Retiree PPO Plan Design Elements

Plan Feature	PPO Dentists	Premier Dentists	Out-of-Network
Choice of Dentist	You may choose any licensed dentist. You will receive a higher level of benefit and lower out-of-pocket costs when using a Delta Dental PPO network dentist.		
Annual Deductible	No deductible	\$50 per person; \$150 for family (excluding diagnostic and preventive care)	
Annual Plan Year Maximum	\$1,250 per person (excluding preventive cleanings and exams)		
Covered Services			
▪ Cleanings and Exams*	100% covered	80% covered	80% covered
▪ X-rays	100% covered	80% covered	80% covered
▪ Extractions	80% covered	80% covered	80% covered
▪ Fillings	80% covered	80% covered	80% covered
▪ Crowns	50% covered	50% covered	50% covered
▪ Dentures, Pontics, and Bridges	50% covered	50% covered	50% covered
▪ Endodontic/Root Canals	50% covered	50% covered	50% covered
▪ Oral Surgery	80% covered	80% covered	80% covered
▪ Implants	50% covered	50% covered	50% covered
▪ Orthodontia	Not covered	Not covered	Not covered
▪ Night Guards	80% covered (1x3yr)	80% covered (1x3yr)	80% covered (1x3yr)

NOTE: this exhibit contains plan summary information only. For a more detailed description of benefits and exclusions for each plan, please review the plan's Evidence of Coverage (EOC), available on sfhss.org

Delta Dental of California

Recommendation to Increase Retiree PPO Network Utilization

- Delta Dental has proposed the following plan design alternative for the Retiree Dental PPO to promote increased PPO network dentist utilization:
 - **PPO network design:** increase plan-paid coinsurance for services currently covered at 50%, to 60%—including crown, denture, pontic, bridge, and endodontic/root canal services (coinsurance for these services would remain at 50% in the Premier network and out-of-network); and
 - **Premier network and out-of-network design:** increase the individual member deductible paid for services (other than diagnostic and preventive care) delivered by a Premier network dentist or out-of-network dentist from \$50 annually to \$75 annually.

- This proposed change would not change the proposed Retiree Dental PPO plan insured plan rates for the 2020 plan year.

- A table outlining the change is on the following page.

Delta Dental of California

Recommendation to Increase Retiree PPO Network Utilization

Retiree PPO Plan Design Elements—With Recommended Changes Highlighted

Plan Feature	PPO Dentists	Premier Dentists	Out-of-Network
Choice of Dentist	You may choose any licensed dentist. You will receive a higher level of benefit and lower out-of-pocket costs when using a Delta Dental PPO network dentist.		
Annual Deductible	No deductible	\$75 per person ; \$150 for family (excluding diagnostic and preventive care)	
Annual Plan Year Maximum	\$1,250 per person (excluding preventive cleanings and exams)		
Covered Services			
▪ Cleanings and Exams*	100% covered	80% covered	80% covered
▪ X-rays	100% covered	80% covered	80% covered
▪ Extractions	80% covered	80% covered	80% covered
▪ Fillings	80% covered	80% covered	80% covered
▪ Crowns	60% covered	50% covered	50% covered
▪ Dentures, Pontics, and Bridges	60% covered	50% covered	50% covered
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▪ Oral Surgery	80% covered	80% covered	80% covered
▪ Implants	50% covered	50% covered	50% covered
▪ Orthodontia	Not covered	Not covered	Not covered
▪ Night Guards	80% covered (1x3yr)	80% covered (1x3yr)	80% covered (1x3yr)

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2020 Dental Plan Recommendations

2020 Dental Plan Recommendations

Five Recommendations for HSB Action (first of two pages)

Active Employee Dental PPO—Recommended HSB Action:

- **#1:** Accept the recommended 2020 rates presented in this document (5.3% reduction to total premium rates from 2019 to 2020), as well as the holding of 2019 ASO fees for the 2020 plan year.

Insured Dental Plans—Recommended HSB Actions:

- **DeltaCare USA Insured Dental HMO Plans** (active employees and retirees):
 - **#2:** Accept the rate renewal as presented in this document (no change to rates from 2019 to 2020, with three-year rate lock through end of 2021).
- **UHC Insured Dental HMO Plans** (active employees and retirees):
 - **#3:** Accept the rate renewal as presented in this document (3.0% increase from 2019 to 2020 for active employees, no change from 2019 to 2020 for retirees).

2020 Dental Plan Recommendations

Five Recommendations for HSB Action (second of two pages)

Insured Dental Plans—Recommended HSB Actions (continued):

- **Delta Dental of California Retiree PPO:**
 - **#4:** Accept the rate renewal as presented in this document (no change to rates from 2019 to 2020, with three-year rate lock through end of 2021).
 - **#5:** Accept the plan design changes as presented in this document (move PPO network plan-paid coinsurance from 50% to 60% for certain services as outlined in this material, and move Premier network/out-of-network individual deductible from \$50 annually to \$75 annually).