

San Francisco Health Service System Health Service Board

Rates & Benefits

Review and Approve Blue Shield of California
Medical/Rx Fully Insured Retiree Medicare Advantage
Prescription Drug (MAPD) Passive PPO Plan 2027
Rates and Contributions

Presented by Mike Clarke, Lead Actuary

June 11, 2026

Agenda

- **Recommendation for HSB Action**
- **Introduction**
- **Retiree Medical Contributions in Rate Card**
- **Proposed 2027 Blue Shield of California (BSC) MAPD Plan Monthly Rate Card**
- **Recommendation**

Staff Recommendation

Staff recommends the Health Service Board (HSB) accept the plan year 2027 BSC MAPD Medicare Retiree rate card as presented today, which includes a 6.5% increase.

Introduction

This report provides the HSB with the recommendations for the fully insured 2027 Blue Shield of California (BSC) Medicare Advantage Prescription Drug (MAPD) PPO plan. There are 19,169 Medicare retirees and dependents enrolled in the BSC MAPD PPO plan, per the March 2026 Demographic Report produced by the San Francisco Health Service System (SFHSS).

BSC's 2027 renewal rate on a per member per month (PMPM) basis for the MAPD plan is \$594.71 PMPM. This represents a 6.5% increase versus the 2026 rate — following a 4.5% increase in PMPM rate from 2025 to 2026 resulting from the Request for Proposal process completed in June 2024.

The above rates apply for both retirees who are eligible for Medicare Parts A and B, as those eligible for Part B only.

Introduction: Recent Renewals History for MAPD PPO

Below is a 5-year summary of total rate cost increase for San Francisco Health Service System (SFHSS) Medicare Advantage Prescription Drug (MAPD) PPO plan insured by Blue Shield of California (BSC). The figures below incorporate all rating elements including plan costs, the SFHSS sustainability fund charge, and VSP Basic Vision plan costs.

| | UHC 2023 | UHC 2024 | BSC 2025 | BSC 2026 | BSC 2027 (Proposed) |
|----------------------|-------------|-------------|-------------|-------------|------------------------|
| MAPD PPO Plan | 4.7% | 15.0% | 3.1% | 4.5% | 6.5% |

Introduction: Non-Medicare Split Family Available Plans

For Non-Medicare retirees and/or dependents where at least one family member is Medicare eligible and enrolled in the BSC MAPD plan, BSC is the administrator for all plans available to Non-Medicare family covered lives in these “split family” (or “mixed Medicare”) family situations where at least one family covered life is enrolled in the BSC MAPD plan.

Non-Medicare family covered lives in “split families” where at least one family covered life is enrolled in the BSC MAPD plan have the following plan choices:

- BSC Access+ HMO plan;
- BSC Trio HMO plan; and
- BSC Non-Medicare PPO plan (including Choice Not Available PPO plan¹).

Rates for Non-Medicare covered lives as part of the “mixed Medicare” rating tiers in 2027 rate cards in this document were approved by the HSB earlier today.

¹ See Appendix for Choice Not Available, or C.N.A., definition.

BSC-Mandated MAPD Plan Design Change for 2027

Effective January 1, 2027, BSC will discontinue coverage of drugs used solely for weight loss purposes under the BSC MAPD plan prescription drug benefit. This change is across all BSC MAPD plans (SFHSS and others) and aligns with CMS Medicare Part D coverage policies.

This change does not affect GLP-1 products that have FDA-approved Part D indications. For covered GLP-1 products, prior authorization and drug utilization edit methods used to ensure appropriate Part D use and prevent overlapping therapy.

KPSA Medicare HMO plan currently does not cover drugs used solely for weight loss purposes.

Retiree Medical Contributions in Rate Card

The rate card presented in this document reflects 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 Services with the Employers, and their surviving spouses or surviving domestic partners.

Retiree Medical Contributions in Rate Card (continued)

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 card.

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 card.

Proposed 2027 BSC MAPD Plan Monthly Rate Card

When setting the total BSC MAPD plan premiums in the recommended 2027 BSC MAPD plan monthly rate card, the following SFHSS costs are included:

- VSP Basic Plan vision premiums (2027 vision rates remain at 2026 levels); and
- The SFHSS Healthcare Sustainability Fund charge of \$6.00 per retiree per month (no change from 2026 level).

The BSC MAPD plan rate card has distinct mixed Medicare family columns for each of these variations of non-Medicare dependent plan enrollment:

- BSC Non-Medicare PPO (and City Plan—Choice Not Available);
- BSC Access+ HMO; and
- BSC Trio HMO.

As in prior years, Mixed Medicare family enrollment will not be available in the 2027 plan year for the non-Medicare Health Net CanopyCare plan.

Proposed 2027 BSC MAPD Plan Monthly Rate Card

C.N.A. = Choice Not Available

| | All Members in Medicare | | | Full Family — 2 in Medicare, 1+ Non-Medicare | | |
|---|-------------------------|-------------------|-------------------|---|--|---------------------------------------|
| | Retiree Only | Retiree + 1 | Retiree + 2+ | 1+ Non- Medicare in BSC PPO/C.N.A. | 1+ Non- Medicare in BSC Access+ | 1+ Non- Medicare in BSC Trio |
| Premium | \$594.71 | \$1,189.42 | \$1,784.13 | \$2,071.36 | \$2,415.75 | \$2,174.12 |
| Vision | \$4.15 | \$8.32 | \$11.76 | \$11.76 | \$11.76 | \$11.76 |
| Expense ¹ | \$6.00 | \$6.00 | \$6.00 | \$6.00 | \$6.00 | \$6.00 |
| Total | \$604.86 | \$1,203.74 | \$1,801.89 | \$2,089.12 | \$2,433.51 | \$2,191.88 |
| 10-County Amount (or single tier premium, if less) ² | \$604.86 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Single Retiree Offset ³ | \$0.00 | \$604.86 | \$604.86 | \$604.86 | \$604.86 | \$604.86 |
| "Actuarial Difference" ⁴ | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Prop. E Contribution ⁵ | \$0.00 | \$299.44 | \$299.44 | \$299.44 | \$299.44 | \$299.44 |
| Subtotal City Contributions | \$604.86 | \$904.30 | \$904.30 | \$904.30 | \$904.30 | \$904.30 |
| Non-Bargained Contribution Rate 2027 | \$0.00 | \$299.44 | \$897.59 | \$1,184.82 | \$1,529.21 | \$1,287.58 |
| Final Member Contribution 2027 | \$0.00 | \$299.44 | \$897.59 | \$1,184.82 | \$1,529.21 | \$1,287.58 |
| Final Member Contribution 2026 | \$0.00 | \$281.29 | \$843.14 | \$1,000.57 | \$1,326.57 | \$1,173.82 |
| Difference — 2027 vs. 2026 Contribution | \$0.00 | \$18.15 | \$54.45 | \$184.25 | \$202.64 | \$113.76 |

NOTE: Footnotes defined in Appendix

BSC MAPD Plan Monthly Rates and Contributions

PY = Plan Year
C.N.A. = Choice Not Available

| | | All Members in Medicare | | | Full Family — 2 in Medicare, 1+ Non-Medicare | | |
|-----------------------------------|-----------|-------------------------|----------------|-----------------|---|--|------------------------------------|
| | | Retiree Only | Retiree + 1 | Retiree + 2+ | 1+ Non- Medicare in BSC PPO/C.N.A. | 1+ Non- Medicare in BSC Access+ | 1+ Non- Medicare in BSC Trio |
| Monthly Retiree Contributions | PY 2026 | \$0.00 | \$281.29 | \$843.14 | \$1,000.57 | \$1,326.57 | \$1,173.82 |
| | PY 2027 | \$0.00 | \$299.44 | \$897.59 | \$1,184.82 | \$1,529.21 | \$1,287.58 |
| | \$ Change | \$0.00 | \$18.15 | \$54.45 | \$184.25 | \$202.64 | \$113.76 |
| | % Change | — | 6.5% | 6.5% | 18.4% | 15.3% | 9.7% |
| Monthly Employer Contributions | PY 2026 | \$568.56 | \$849.85 | \$849.85 | \$849.85 | \$849.85 | \$849.85 |
| | PY 2027 | \$604.86 | \$904.30 | \$904.30 | \$904.30 | \$904.30 | \$904.30 |
| | \$ Change | \$36.30 | \$54.45 | \$54.45 | \$54.45 | \$54.45 | \$54.45 |
| | % Change | 6.4% | 6.4% | 6.4% | 6.4% | 6.4% | 6.4% |
| Monthly Total Rate | PY 2026 | \$568.56 | \$1,131.14 | \$1,692.99 | \$1,850.42 | \$2,176.42 | \$2,023.67 |
| | PY 2027 | \$604.86 | \$1,203.74 | \$1,801.89 | \$2,089.12 | \$2,433.51 | \$2,191.88 |
| | \$ Change | \$36.30 | \$72.60 | \$108.90 | \$238.70 | \$257.09 | \$168.21 |
| | % Change | 6.4% | 6.4% | 6.4% | 12.9% | 11.8% | 8.3% |

Recommendation

Staff recommends the Health Service Board (HSB) accept the plan year 2027 BSC MAPD Medicare Retiree rate card as presented today, which includes a 6.5% increase.

Appendix

- 2026 BSC MAPD Medicare HMO Monthly Rate Card
- BSC MAPD Rate Card Footnotes
- MAPD Plan Definition
- Non-Medicare PPO Plan—Choice Not Available (C.N.A.) Definition
- Member Contribution Change Exhibits for All Retiree Tiers — 2027 vs. 2026

2026 BSC MAPD Plan Monthly Rate Card

C.N.A. = Choice Not Available

| | All Members in Medicare | | | Full Family — 2 in Medicare, 1+ Non-Medicare | | |
|---|-------------------------|-------------------|-------------------|---|--|---------------------------------------|
| | Retiree Only | Retiree + 1 | Retiree + 2+ | 1+ Non- Medicare in BSC PPO/C.N.A. | 1+ Non- Medicare in BSC Access+ | 1+ Non- Medicare in BSC Trio |
| Premium | \$558.41 | \$1,116.82 | \$1,675.23 | \$1,832.66 | \$2,158.66 | \$2,005.91 |
| Vision | \$4.15 | \$8.32 | \$11.76 | \$11.76 | \$11.76 | \$11.76 |
| Expense ¹ | \$6.00 | \$6.00 | \$6.00 | \$6.00 | \$6.00 | \$6.00 |
| Total | \$568.56 | \$1,131.14 | \$1,692.99 | \$1,850.42 | \$2,176.42 | \$2,023.67 |
| 10-County Amount (or single tier premium, if less) ² | \$568.56 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Single Retiree Offset ³ | \$0.00 | \$568.56 | \$568.56 | \$568.56 | \$568.56 | \$568.56 |
| "Actuarial Difference" ⁴ | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Prop. E Contribution ⁵ | \$0.00 | \$281.29 | \$281.29 | \$281.29 | \$281.29 | \$281.29 |
| Subtotal City Contributions | \$568.56 | \$849.85 | \$849.85 | \$849.85 | \$849.85 | \$849.85 |
| Non-Bargained Contribution Rate 2026 | \$0.00 | \$281.29 | \$843.14 | \$1,000.57 | \$1,326.57 | \$1,173.82 |
| Final Member Contribution 2026 | \$0.00 | \$281.29 | \$843.14 | \$1,000.57 | \$1,326.57 | \$1,173.82 |
| Final Member Contribution 2025 | \$0.00 | \$269.27 | \$807.08 | \$985.29 | \$1,232.01 | \$1,087.41 |
| Difference — 2026 vs. 2025 Contribution | \$0.00 | \$12.02 | \$36.06 | \$15.28 | \$94.56 | \$86.41 |

NOTE: Footnotes defined in Appendix



BSC MAPD Plan Rate Card Footnotes

- 1) **Expense:** SFHSS Healthcare Sustainability Fund charge of \$6.00 per employee or retiree per month in 2026.
- 2) **10-County Amount:** Amount derived from annual survey described in Charter Section A8.423 of contributions provided by 10 most populous counties in CA, not including San Francisco — called the “average contribution”. The 2027 10-County amount is \$1,029.76.
- 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.

Glossary of Plan Terms

- **Medicare Advantage Prescription Drug (MAPD) Plan:** Medicare Advantage Prescription Drug Plan (MAPD) includes Medicare Part D and is available to beneficiaries enrolled in Medicare Part A and Part B. HSS offers only MAPD plans in which the Center for Medicare and Medicaid Services (CMS) pays a Managed Care Organization a per member per month premium. HSS negotiates additional benefits not covered by MAPD plans alone
- **PPO:** Preferred Provider Organization (PPO) benefit coverage is distinguished by a panel of preferred providers who contract with a health care vendor allowing the vendor to provide their services at a richer level of coverage. Non-preferred providers are covered at a much lower level thus the member is required to pay a much higher level of the cost

Non-Medicare PPO Plan—Choice Not Available (C.N.A.)

Criteria for Availability and Rate Determination

- Non-Medicare participants are assigned to the **Non-Medicare PPO Plan — Choice Not Available** as a plan they enroll in when they live in a zip code where the following occurs:
 - Non-Medicare PPO Plan is the only plan choice available;
 - Non-Medicare PPO Plan and Kaiser Permanente are available plan choices, but not BSC Select EPO; or
 - Non-Medicare PPO Plan and BSC Select EPO are available plan choices, but not Kaiser Permanente.
- Non-Medicare PPO Plan — Choice Not Available provides member contribution relief primarily to active employees in the Hetch Hetchy/Moccasin areas, and non-Medicare retirees living outside of the Bay Area of Northern California.

Member Contributions for All Retiree Tiers

Non-Medicare Dependents in Non-Medicare PPO (including Choice Not Available)

| Overall Coverage Tier | Non-Medicare and Medicare Statuses | Monthly Member Contribution ¹ | | \$ Change | % Change |
|--------------------------------|--|--|------------|-----------|----------|
| | | 2026 | 2027 | | |
| Retiree Only | Medicare Retiree | \$0.00 | \$0.00 | \$0.00 | -- |
| Retiree + 1 Dependent | Medicare Retiree/Non-Medicare Dependent | \$450.47 | \$554.51 | \$104.04 | 23.1% |
| | Medicare Retiree/Medicare Dependent | \$281.29 | \$299.44 | \$18.15 | 6.5% |
| Retiree + 2+ Dependents | Medicare Retiree/Non-Medicare Dependents | \$1,169.75 | \$1,439.89 | \$270.14 | 23.1% |
| | Medicare Retiree/Medicare Dependent/Non-Medicare 2nd+ Dependent(s) | \$1,000.57 | \$1,184.82 | \$184.25 | 18.4% |
| | Medicare Retiree/Medicare Dependents | \$843.14 | \$897.59 | \$54.45 | 6.5% |

¹ For members receiving maximum City Charter employer contribution amounts.

Member Contributions for All Retiree Tiers

Non-Medicare Dependents in BSC Access+ HMO Plan

| Overall Coverage Tier | Non-Medicare and Medicare Statuses | Monthly Member Contribution ¹ | | \$ Change | % Change |
|--------------------------------|--|--|------------|-----------|----------|
| | | 2026 | 2027 | | |
| Retiree Only | Medicare Retiree | \$0.00 | \$0.00 | \$0.00 | -- |
| Retiree + 1 Dependent | Medicare Retiree/Non-Medicare Dependent | \$654.83 | \$770.42 | \$115.59 | 17.7% |
| | Medicare Retiree/Medicare Dependent | \$281.29 | \$299.44 | \$18.15 | 6.5% |
| Retiree + 2+ Dependents | Medicare Retiree/Non-Medicare Dependents | \$1,700.11 | \$2,000.19 | \$300.08 | 17.7% |
| | Medicare Retiree/Medicare Dependent/Non-Medicare 2nd+ Dependent(s) | \$1,326.57 | \$1,529.21 | \$202.64 | 15.3% |
| | Medicare Retiree/Medicare Dependents | \$843.14 | \$897.59 | \$54.45 | 6.5% |

¹ For members receiving maximum City Charter employer contribution amounts.

Member Contributions for All Retiree Tiers

Non-Medicare Dependents in BSC Trio HMO Plan

| Overall Coverage Tier | Non-Medicare and Medicare Statuses | Monthly Member Contribution ¹ | | \$ Change | % Change |
|--------------------------------|--|--|------------|-----------|----------|
| | | 2026 | 2027 | | |
| Retiree Only | Medicare Retiree | \$0.00 | \$0.00 | \$0.00 | -- |
| Retiree + 1 Dependent | Medicare Retiree/Non-Medicare Dependent | \$559.13 | \$619.04 | \$59.91 | 10.7% |
| | Medicare Retiree/Medicare Dependent | \$281.29 | \$299.44 | \$18.15 | 6.5% |
| Retiree + 2+ Dependents | Medicare Retiree/Non-Medicare Dependents | \$1,451.66 | \$1,607.18 | \$155.52 | 10.7% |
| | Medicare Retiree/Medicare Dependent/Non-Medicare 2nd+ Dependent(s) | \$1,173.82 | \$1,287.58 | \$113.76 | 9.7% |
| | Medicare Retiree/Medicare Dependents | \$843.14 | \$897.59 | \$54.45 | 6.5% |

¹ For members receiving maximum City Charter employer contribution amounts.