

HEALTH CARE ACCOUNTABILITY ORDINANCE (HCAO)

Minimum Standards Review & Revisions 2024

Health Commission Meeting ■ July 16th, 2024





OVERVIEW

EFFECTIVE DATE

July 1, 2001

COVERED EMPLOYERS

SF contractors & lease holders

REQUIREMENT

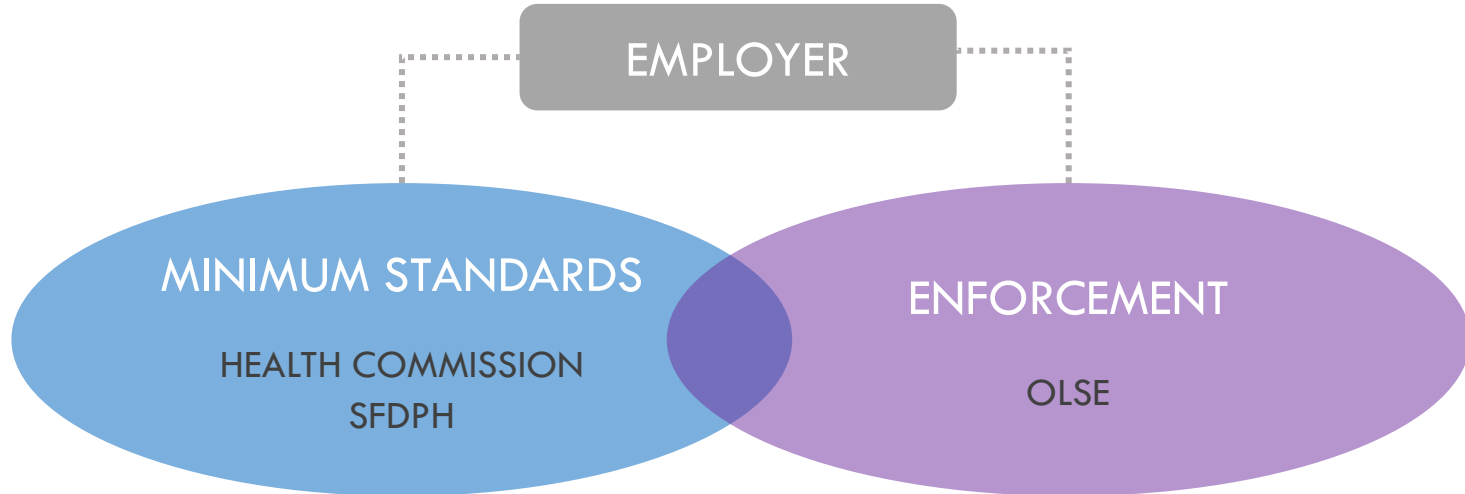
Covered employers provide health insurance that meets the Minimum Standards or pay a fee

MINIMUM STANDARDS

Compliant health plan must meet all the standards, and they are reviewed/ updated at least every 2 years



ENFORCEMENT - DEPARTMENT ROLES



- Updates Minimum Standards
- Reviews health plan compliance

- Audits employers
- Responds to worker complaints
- Negotiates settlements
- Coordinates payment plans



REVISION PROCESS



The Health Commission has sole authority to revise the Minimum Standards



Provides research, analysis, and works with stakeholders to develop recommendations.



Advisory role, partners with DPH to develop recommendations.



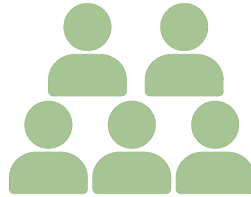


WORKGROUP PROCESS



WORKGROUP

DPH convened to review
& recommend Minimum
Standard revisions



MEMBERS

13 individuals representing:
employers, labor unions,
brokers, health plans, and
city agencies.



MEETINGS

3 meetings
May-June 2024



GLOSSARY – 1 of 2

OUT-OF-POCKET MAX



The maximum amount a consumer will be required to pay out in a year.

DEDUCTIBLE



The amount a consumer pays out in a year before the health plan begins to pay for covered services.

COINSURANCE



Percentage of the charge for medical care that the consumer must pay.

COPAYMENT



A flat dollar amount the consumer pays for a covered service, each time it's used.



GLOSSARY – 2 of 2

HEALTH REIMBURSEMENT ARRANGEMENT (HRA)

Tax-exempt reimbursement account used for qualified health care expenses. Only employers may contribute to an HRA. Funds roll over from year to year, and ultimately belong to the employer.

HEALTH SAVINGS ACCOUNT (HSA)

A tax-free savings account for health expenses, when coupled with a high deductible health plan. Employers & employees may contribute; funds belong to the employee.



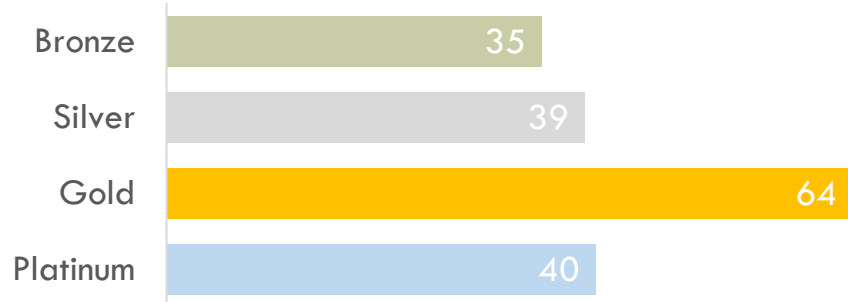
HEALTH PLAN ANALYSIS

- Mostly **gold- and platinum-level plans** are **compliant** with the current Minimum Standards while only **33% of silver plans** and were found compliant, down from 70% in 2022.
- Decreased availability in compliant silver plans driven by increases in out-of-pocket, coinsurance, prescription drug deductible, and copay limits.

178

TOTAL PLANS ANALYZED
(SF SMALL GROUP HEALTH PLAN
ANALYSIS: Q2 2024)

PLANS ANALYZED





WORKGROUP THEMES & FINDINGS

Shared priority to continue supporting healthcare access and affordability

Rising health care costs continue to be a concern for both employers and employees.

Concern that the City is entering a sustained period of budget deficits where nonprofits will face significant budget cuts.

Standards should last full two years and ensure a high percentage of plans remain available during the entire HCAO cycle.



MINIMUM STANDARDS

STANDARD	CURRENT	RECOMMENDATION
Type of plan	Any type of plan that meets all the minimum standards. All gold and platinum plans are deemed automatically compliant.	Maintain current standard
1. Premium Contribution	Employer pays 100%	Maintain current standard

Rationale: These recommendations will continue preserving the intent of the HCAO and best ensure employees access to affordable health coverage, while supporting employers with clear and simple pathways to comply with the law.



MINIMUM STANDARDS

STANDARD	CURRENT	RECOMMENDATION
2. Out-of-Pocket (OOP) Maximum	<ul style="list-style-type: none">Employers must the cover out-of-pocket expenses up to 50% of the plan's out-of-pocket maximum. These expenses must be covered on a first dollar basis.OOP Maximum is synced to the California Patient-Centered Benefit Design OOP limit for silver coinsurance or copay plans.	<ul style="list-style-type: none">Retain Minimum Standard to require employer cover out-of-pocket expenses up to 50% of the plan's out-of-pocket maximum.Sync OOP to the Federal out-of-pocket limit for a self-only coverage plan.

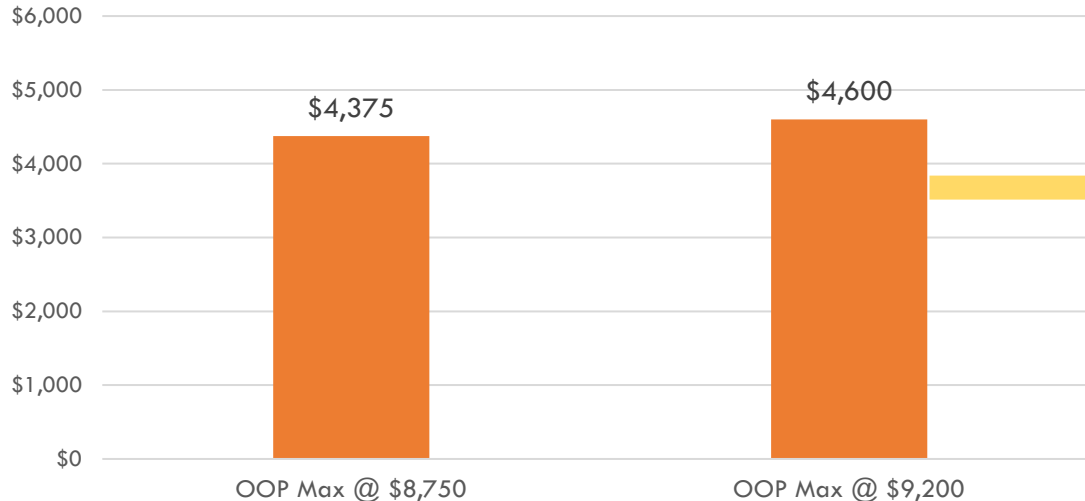
Rationale:

- (1) Maintains framework that increases availability of silver plans;
- (2) OOP limit benchmark identified as the most significant factor reducing silver plan availability. Syncing to the Federal out-of-pocket limit will improve plan availability and increase the amount of employee expenses employers must cover.



EMPLOYER COST RESPONSIBILITIES UNDER OOP STANDARD

	Current Standard: Employer Cover 50% OOP OOP Max @ \$8,750	Proposed: Sync to Federal Benchmark Employer Cover 50% OOP OOP Max @ \$9,200	Change in employer cost responsibility
Maximum Employer Cost Responsibilities (excludes premiums)	\$4,375	\$4,600	+\$225



Employers must cover these OOP expenses on a first dollar basis, and must cover all types of cost-sharing, including:

- medical and Rx deductibles
- copays
- coinsurance



MINIMUM STANDARDS

STANDARD	CURRENT	RECOMMENDATION
4. Prescription Drug Deductible	Max: \$300	Increase max to \$400
6. Coinsurance	In-Network: 40% / 60% Out-of-Network: 50% / 50%	Revise to 55%/45% for in-network services.
7. Copayment for PCP Visit	Max: \$60	Increase max to \$65

Rationale: Costing sharing standards (coinsurance, copayments, Rx deductible) were adjusted to increase availability of silver plans. These costs are required to count towards out-of-pocket costs, and therefor the requirement for the employer to 50% of OOP costs defrays the increases in these standards.



MINIMUM STANDARDS

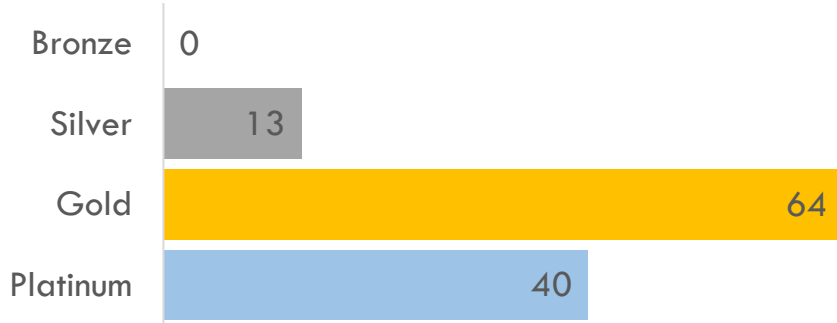
STANDARD	CURRENT	RECOMMENDATION
3. Medical Deductible	\$3,000 maximum	Maintain current standard
5. Prescription Drug Coverage	Plan must provide drug coverage, including coverage of brand-name drugs.	Maintain current standard
8, 11 – 16	These Essential Health Benefits are required; cost-sharing must comply with HCAO limits	Maintain current standard.
9 – 10	Preventive and Pre-/Post-natal care are required at no cost, per ACA rules.	Maintain current standard.

Rationale: The workgroup recommends no changes to these Minimum Standards.



CONCLUSION

**COMPLIANT PLANS:
CURRENT MIN STANDARDS
(2023-2024)**



**COMPLIANT PLANS:
RECOMMENDED MIN STANDARDS
(2025-2026)**



The recommended changes increase the share of silver plans that employers can choose, from **33%** to **77%**.



THANK YOU / QUESTIONS

THANK YOU MEMBERS OF THE WORKGROUP!

- Jane Bosio - OPEIU 29
- Tina de Joya and Kris Narahara - RAMS, Inc.
- Karl Kramer - SF Living Wage Coalition
- Debbi Lerman - SF Human Services Network
- Stephanie Passino and Toni Bonde- Chinese Community Health Plan
- Kim Tavaglione - SF Labor Council
- Tiffany Yee - SFO
- Chayla Gibson - Larkin Street Youth Services
- Beverly Popek and Jade San Diego - Office of Labor Standards and Enforcement
- Lynn Jones - EPIC



APPENDIX -SF SMALL GROUP HEALTH PLAN ANALYSIS: 2022 & 2024

Minimum Standards 2023-24	Plan Tier	2022 - Q3 Plans (% compliant)	2024 - Q2 Plans (% compliant)	Change b/w 22 & 24 (% point)
Medical Deductible: \$3,000 limit	All Plans	81%	79%	-2
	Silver	100%	94%	-6
Out-of-Pocket Maximum: \$8,750 limit	All Plans	100%	79%	-21
	Silver	100%	59%	-41
Coinsurance: 40%/60%	All Plans	90%	73%	-17
	Silver	83%	77%	-6
Primary Care Copay: \$60 limit	All Plans	89%	86%	-3
	Silver	98%	79%	-19
Prescription Drug Deductible: \$300 limit	All Plans	78%	73%	-5
	Silver	83%	69%	-14
Overall Compliance	All Plans	74%	66%	-8
	Silver	70%	33%	-37



APPENDIX- OPTIONS FOR ADJUSTING STANDARDS

	Employer Contribution	Minimum Standards	Silver Plan Availability
Option B	<input type="checkbox"/> Maintain Employer Coverage of 50% of the plan's OOP MAX.	<ul style="list-style-type: none">❖ OOP Max: synced to federal benchmark: \$9,200❖ Coinsurance: 40%/60%❖ Copay: \$65❖ RX Deductible: \$400	26 plans (67% of silver plans) across 8 carriers
Option C	<input type="checkbox"/> Maintain Employer Coverage of 50% of the plan's OOP MAX.	<ul style="list-style-type: none">❖ OOP Max: synced to federal benchmark: \$9,200❖ Coinsurance: 45%/55%❖ Copay: \$65❖ RX Deductible: \$400	30 plans (77% of silver plans) across 8 carriers
Current Standard	<input type="checkbox"/> Employer Coverage of 50% of the plan's OOP MAX.	<ul style="list-style-type: none">❖ OOP Max: synced to Patient Centered Design Silver Plan: \$8,750❖ Coinsurance: 40%/60%❖ Copay: \$60❖ RX Deductible: \$300	13 plans (33% of silver plans) across 8 carriers