SFCO Escheatment & Outreach Updates

DPH Office of Managed Care

July 2022

Recap

- Health Commission (HC) approved an escheatment policy for unused SF City Option (SFCO) funds in January 2022

- The first escheatment will likely take place in calendar year 2026 due to the three-year and other requirements as mandated by CA Gov Code Sections 50050 et seq.

- $104M is being projected for the 1st round of escheatment due to 13 years of accumulated funds or 7.6% of the total employer contributions

- $38M of escheatment fund is being projected annually thereafter

- DPH's progress report to HC on the implementation in six months plus updates on outreach activities to further optimize utilization of program benefits

Escheatment Activities to Date

SFHP, DPH, Controller and Treasurer & Tax Collector (TTX) initiated the planning for transfer of SFCO funds to City Treasury

1. **Memorandum of Understanding (MOU) between DPH and TTX to initiate the planning**

2. **Memorandum from DPH to SFHP to outline the City's approach and delegate responsibilities per DPH-TTX MOU and third-party administration agreement**

3. **Establishing a City bank account and P&Ps (policies and procedures) for reconciliation**

4. **Obtaining legal advice on treatment of interests**

5. **P&Ps for SFHP to access funds to pay employee Medical Reimbursement Account claims, vendors**

6. **P&Ps for SFHP to transfer employer contributions to City Treasury on a regular basis**

7. **P&Ps for data exchange, reporting and auditing among the entities involved**

Recent Communications & Outreach Activities

Aim to further increase usage of SFCO program benefits and minimize funds to be escheated:

1. **Updated website in English, Spanish, Chinese, Tagalog to improve readability and functionality**

2. **New logos and branding in City Seal to improve program credibility**

3. **Updated collateral to improve design and readability**

4. **On-going and targeted outreach to remind unenrolled employees to enroll and enrolled employees who have unused funds**