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***** PRESS RELEASE *****

MAYOR LEE ANNOUNCES PROPOSAL TO STRENGTHEN HEALTH CARE SECURITY ORDINANCE TO IMPROVE HEALTH CARE ACCESS & COVERAGE

New Features Support Covered California Enrollment, Strengthen Access to Quality Health Care for City's Uninsured Residents & Establish New Employee Wellness Program

San Francisco, CA — Mayor Edwin M. Lee today announced a proposal to modernize the “City Option” of the Health Care Security Ordinance (HSCO) to ensure that all low and moderate-income San Franciscans have access to health care, by increasing the affordability of Covered California plans for many San Franciscans, and maintaining the Healthy San Francisco safety net for those who do not have other coverage options. The San Francisco Department of Public Health (SFDPH) estimates that approximately 3,000 previously uninsured low-income San Franciscans will receive assistance in paying for health insurance in the first year of the program, costs completely covered by business's required contributions through the HSCO.

“In San Francisco, no one will be left out of the promise of health reform and access to quality health care,” said Mayor Lee. “These improvements will help more low-income San Franciscans afford Obamacare health insurance plans, while leaving the safety net in place for those who need it. By expanding the use of the City Option to increase affordability, the City can extend health care access and coverage to more people, leading to better health outcomes for our residents and creating a healthier workforce.”

The City Option is a health access program administered by SFDPH. It comprises both medical reimbursement accounts and Healthy San Francisco. The proposal, which leverages the City's landmark Health Care Security Ordinance (HCSO), makes adjustments to the medical reimbursement account structure to allow some of the funds to be used to support enrollment in Covered California insurance plans.

In San Francisco, more than 97,000 residents have enrolled in ACA's health insurance options – either Medi-Cal or Covered California, surpassing Statewide enrollment rates. The City has seen a 54 percent drop in the uninsured since health reform implementation began.

In keeping with the goals of the Federal Affordable Care Act (ACA), the proposal will make health insurance more affordable for nearly 3,000 eligible San Franciscans, while also retaining the Healthy San Francisco program as a safety net for uninsured San Franciscans who remain unable to access the ACA's expanded health insurance options. In addition, the proposal includes a component that encourages businesses to invest in employee wellness, in line with the city's own wellness initiative as well as the Affordable Care Act's focus on prevention.

“Healthy San Francisco will still be there for those who need it, including those who do not qualify for the Affordable Care Act expanded health coverage,” said Director of Health Barbara Garcia. “At the same time, we are broadening our vision to make health and wellness accessible to more San Franciscans.”

“As one of the co-chairs for Mayor Lee’s Universal Healthcare Council, affordability emerged as one of the Council’s key findings in 2013,” said California Health Care Foundation President and CEO Sandra R. Hernández, M.D. “The lack of affordability of premiums and out-of-pocket costs for low-income people is a concern we share at the California HealthCare Foundation. We are pleased to have contributed to the development of this innovative program that leverages local resources to provide a pathway to affordable insurance.”

Since 2007, San Francisco’s HCSO has paved a path for access to health care for all San Franciscans. This innovation pushed San Francisco ahead of the curve in implementing the federal ACA in 2014. However, with the high cost of living in San Francisco, barriers to affordable health insurance remain for some San Franciscans. Thus, the proposal incorporates the guiding principles and findings of the 2013 Universal Healthcare Council, which was convened by Mayor Lee to examine the intersection of the ACA with the HCSO. The Mayor accepted the Council’s recommendations, and signed amendments to the HCSO in 2014 that require SFDPH to create a plan to increase the affordability of health insurance by leveraging employer contributions to City Option.

The proposal has two elements: a modernization of the City Option and the creation of a new Employee Wellness Fund. Though the ACA mandates coverage for most people, more than 40 percent of Covered California enrollees struggle to pay their health insurance premiums. In a city with a higher than average cost of living, San Franciscans face additional affordability challenges. The proposal would create a mechanism for people who cannot afford to buy health insurance on the Covered California exchange to qualify for financial assistance to help them bridge the gap and pay for coverage. The funds would come from employer payments into the “City Option” of the Health Care Security Ordinance. The City Option is a health access program administered by the SFDPH and comprises medical reimbursement accounts, which reimburse eligible participants for out-of-pocket health care costs; and Healthy San Francisco, which provides coordinated health care services to the City’s uninsured. Approximately 20 percent of employers complying with the HCSO do so by making payments to the City Option on behalf of some or all of their employees.

This plan builds on the medical reimbursement accounts by adding a “Bridge to Coverage” feature. For San Franciscans who are eligible for Covered California, and whose employers contribute to the City Option, the Bridge to Coverage would provide an individually-tailored benefit of premium and cost-sharing assistance for plans purchased on Covered California. Nearly three-quarters of the 3,000 potential beneficiaries are part-time employees, a group often identified by employers as being expensive and challenging to insure.

The new Employee Wellness Fund would make wellness a priority by offering incentives to City Option employers who invest in the wellness of their employees. SFDPH would begin planning for a new program to reimburse eligible employers for employee wellness programs such as smoking cessation, ergonomic evaluation for injury prevention or discounted gym memberships. Such programs improve employee health, and help employers lower insurance costs, increase productivity and improve retention. If approved, SFDPH will convene a stakeholder process to establish program eligibility and benefit design and anticipates launching this program in 2017.

The City Option proposal is scheduled for its first hearing at the Health Commission on Tuesday, July 21st. The final hearing will be on August 4th, and if passed, the changes will be effective beginning in 2016.

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