



City and County of San Francisco  
Edwin M. Lee  
Mayor

## San Francisco Department of Public Health

Barbara A. Garcia, MPA  
Director of Health

# **MEMORANDUM**

**DATE:** September 2, 2014

**TO:** Dr. Edward A. Chow, Health Commission President, and Members of the Health Commission

**THROUGH:** Barbara A. Garcia, MPA, Director of Health

**FROM:** Diana Guevara, SFHN Associate Administrator, Offices of Managed Care and Patient Finance

**RE:** Proposed Changes to Eligibility Requirements for Healthy San Francisco and in the Administration of City Option

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The Healthy San Francisco Program, under the Office of Managed Care (OMC) of the San Francisco Health Network, recommends the following policy changes to the Healthy San Francisco and City Option Programs for approval by the San Francisco Health Commission.

### **Background**

With the implementation of the Affordable Care Act (ACA), new health insurance options are now available to a majority of San Francisco residents through Covered California (California's health exchange) and the Medi-Cal expansion. Additionally, the 2013 Universal Healthcare Council found that certain groups in San Francisco are particularly vulnerable to affordability challenges for health care, including seniors, low- to moderate-income earners, and part-time employees.

In agreement with the UHC's findings and suggestions, the Health Commission approved a resolution in February 2014, which extended HSF eligibility to uninsured San Franciscans otherwise eligible for Covered California through December 31, 2014. More recently, the Board of Supervisors passed amendments to the Health Care Security Ordinance (HCSO) on June 17, 2014. Among the amendments is a requirement for SFDPH to study and address the affordability of health insurance for people receiving employer contributions to the City Option under the HCSO.

The mission of HSF continues to be a program of last resort for providing comprehensive health care services to the uninsured residents of San Francisco and to minimize coverage gaps for individuals transitioning to new health insurance programs. The recommended policy changes support the guiding principles and key findings of the 2013 Universal Healthcare Council Final Report, and are intended to

continue the HSF mission while SFDPH continues to assess the impact of ACA implementation on San Franciscans.

## **Proposed Policy Changes**

### City Option Program Policy Changes

- Contributions that covered employees receive through the City Option will automatically be placed into a Medical Reimbursement Account (MRA) instead of being defaulted to HSF, even if the employee is eligible for HSF.
- All current requirements to show proof of HSF program ineligibility in order to transfer funds from HSF to MRA will be removed.

### Healthy San Francisco Program Eligibility Changes

- Remove the 65 age limit for eligibility
- Decrease income eligibility limit from 500% Federal Poverty Level (FPL) to 400% FPL
- Extend the current HSF Transition Period to allow those eligible for Covered California to enroll or continue their HSF participation through December 31, 2015

These changes, if approved, would become effective on **January 1, 2015**.

## **Impacts of Proposed Policy Changes**

### Impacts of the City Option Program Policy Changes

- *Default contributions received through City Option to MRA instead of HSF if employees is eligible for HSF*  
Health insurance premiums and copays are eligible expenses under the MRA. This would increase access for employees who receive contributions from employers to utilize those funds to enroll in insurance.
- *Remove requirements to show proof of program ineligibility to transfer funds from HSF to MRA*  
This streamlines the process for employees receiving employer contributions to have access to an MRA, which can be utilized for insurance premiums and copays.

### Impacts of the Healthy San Francisco Program Eligibility Changes

- *Extension of eligibility for qualified individuals 65 years old and over*  
Those who are age 65 and older who are ineligible for public coverage currently do not have a program that offers comprehensive coordinated health care services. Consistent with current HSF eligibility guidelines, seniors that are eligible for publicly-subsidized health insurance such as Medicare will not be eligible. Only those seniors who are ineligible for Medicare would be eligible for HSF. Currently, 400 Healthy San Francisco participants will turn 65 in 2015 and it is estimated citywide about 1,200 individuals may be eligible for HSF if the age limit is removed.
- *Lowering of income eligibility limit from 500% to 400% of the Federal Poverty Level*  
Currently the income limit for HSF program and public coverage (including subsidized coverage through Covered California) are not aligned. This change will align the HSF income limit with that of Covered California subsidies. Individuals receiving an employer contribution will continue to be

unaffected by any income limit for participation in HSF. Currently less than 175 individuals are affected by this policy change. Those individuals will be notified and provided with information about their health insurance options such as Covered California

- *Extend the current time-limited HSF Transition Period through December 31, 2015*

The current HSF Transition Period was established in response to the barriers faced by San Franciscans during the first Covered California Open Enrollment period. It also gave DPH an opportunity to explore options to adequately address identified barriers, some of which are to be addressed under a plan to be brought to the Health Commission in August 2015, which would help make Covered California more affordable for eligible individuals who have an employer contribution under the Health Care Security Ordinance. The extension of the HSF Transition Period through 2015 will provide residents who continue to face barriers transitioning to ACA programs a health access program until that new proposed program is implemented in 2016. Currently an estimated 4,500 HSF participants are eligible for this transition period.

The implementation of the Affordable Care Act has redefined the health insurance landscape, making the majority of individuals eligible for health insurance, but also necessitating the need for program changes to the City Option and Healthy San Francisco. The Healthy San Francisco Program and Department of Public Health fully support the implementation of the Affordable Care Act while continuing to offer services to residually uninsured San Francisco residents who are not eligible for public insurance.