San Francisco Department of Public Health –
Office of Policy & Planning

HEALTH CARE ACCOUNTABILITY ORDINANCE

MINIMUM STANDARDS REPORT – REVIEW & REVISIONS 2014

HCAO Summarized

- **Effective Date:** July 1, 2001.
- **Covered Employers:** CCSF Contractors & Lease holders.
- **Requirement:** Employers provide health insurance that meets the Minimum Standards (MS) or pay a fee to DPH.
- **MS Review/Revision**: Every 2 years.
- **Health Commission Role:** HC sole responsibility to revise the MS.
- **DPH Role:** Health Director prepares revisions.

Stakeholder Input, 2014

- **MS Work-Group:** DPH convened to review & recommend revisions
- **Membership:** 14 organizations: employers, labor union reps, broker, health plan, CCSF
- **Meetings:** Six meetings, 7/11 – 8/12.
- **Goals:**
  1. Help DPH/OPP to develop recommendations to revise MS for 1/1/15;
  2. Balance affordability and availability.

Glossary of Terms, 1 of 2

- **Coinsurance:** Percentage of the charge for medical care that you must pay.
- **Deductible:** The amount you pay out in a calendar year before your health plan begins to pay.
- **OOP Maximum:** The amount you pay out in a calendar year before your health plan begins to pay.

Glossary of Terms, 2 of 2

Health Reimbursement Account (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 used to cover health expenses, when coupled w/ a high deductible health plan. Employers & employees may contribute; funds belong to the 'ee' and do not revert back to the 'er.'

Current Minimum Standards

Benefits	Requirements
Premium	Employer: 100%/Employee: Zero
OOP Max	$4,000 (Must include all types of cost-sharing.)
Deductible Max	$2,000
HSA/HRA Account	Allowed in relation to the deductible only.
Coinsurance	20% in-network / 50% out-of-network
Copayments	$30 in-network for provider visits

Benefit Requirements

Recommendation #1: Align HCAO MS benefit requirements with ACA's Essential Health Benefits and Covered California benchmark plan.

10 Essential Health Benefit Categories
Ambulatory patient services
Emergency Services
Hospitalization
Maternity & Newborn Care
Mental health & substance use disorder services, including behavioral health treatment
Prescription drugs
Rehabilitative & services & devices
Laboratory Services
Preventive & wellness services & chronic disease management
Pediatric services, including oral & vision care

Dependent Coverage

Recommendation #2

When the HCAO MS Work-Group convenes in 2 years, DPH will review the feasibility of dependent coverage.

Rationale

- Members expressed interest in the idea of including dependents.
- Defer to 2016, all agreed to explore possibility in depth.

HRA and HSA Options

Recommendation #3

The Minimum Standards will expand usage of HSAs and HRAs from deductibles only to include OOP maximums.

Rationale

- This will allow employers access to more plans with lower premium costs.
- No financial impact to the employee.

ACA Metal Tiers

Recommendation #4

Do not link the MS to one of the metal tiers and keep the current structure as-is.

Rationale

- Metal tiers are based on Actuarial Value (AV), allowing plans to offer too much variation.
- Difficult to choose the tier level among stakeholders.

Maximum Dollar Amounts

Recommendation #5

1. Max allowable OOP will increase from $4,000 to $6,350.
2. Max allowable deductible will decrease from $2,000 to $1,500

Rationale

- OOP amount is increased to the amount chosen by the ACA as the max for most plans.
- Deductible within reach of many plans & allows for coverage to kick in sooner.

Conclusion

The new Minimum Standards represent a relatively minor shift in benefit coverage for employees and employers, esp given the volatility of the market.

- Of the **157** small business health insurance plans that DPH reviewed, only **24** percent meet the current Minimum Standards.
- Of these same plans, the changes recommended here doubles this to **48** percent compliance.