



City and County of San Francisco  
Edwin M. Lee  
Mayor

## San Francisco Department of Public Health

Barbara A. Garcia, MPA  
Director of Health

### Office of Policy and Planning

# MEMORANDUM

**DATE:** July 17, 2015

**TO:** Edward Chow, MD, Health Commission President, and Members of the Health Commission

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

**FROM:** Colleen Chawla, Deputy Director of Health and Director of Policy & Planning  
Aneeka Chaudhry, Senior Health Program Planner, Office of Policy & Planning

**RE:** Proposal to Modernize the City Option and Create a new Employee Wellness Fund

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## SUMMARY

The Health Care Security Ordinance (HCSO) was created in 2007 in the absence of nationwide health reform to provide San Franciscans with accessible and affordable health care services. Pursuant to the HCSO, the San Francisco Department of Public Health created a health access program, called the City Option, comprising 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. Because of our early adoption of this innovative health care program, San Francisco was ahead of the curve when implementation of the federal Affordable Care Act began in 2014. Now, with the Affordable Care Act well into its second year of implementation, the San Francisco Department of Public Health is looking to modernize the City Option and to create a new Employee Wellness program, consistent with the changing health care environment.

San Francisco has seen great success enrolling individuals into health insurance, exceeding statewide enrollment rates. But, with the high cost of living in the City, barriers to affordable health insurance remain for some San Franciscans. Under the proposal outlined in this memo, the City Option would further facilitate affordable access to health insurance for those who are eligible and retain its current system of coordinated health care services for the uninsured who remain unable to access the Affordable Care Act's expanded health insurance options.

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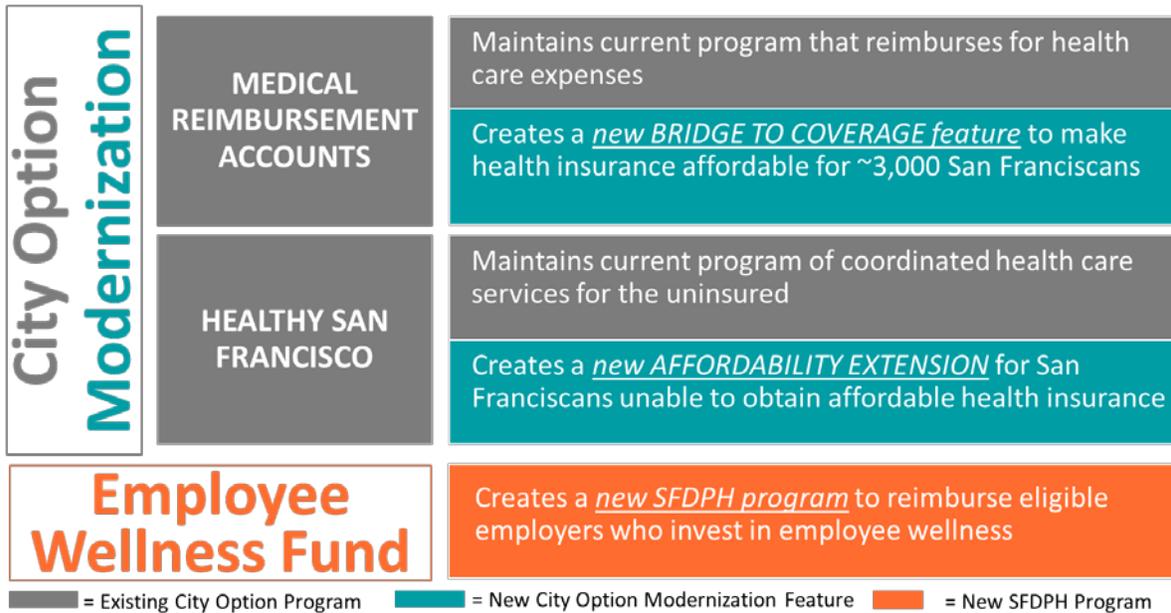
**The mission of the San Francisco Department of Public Health is to protect and promote the health of all San Franciscans.**

We shall – Assess and research the health of the community – Develop and enforce health policy – Prevent disease and injury –  
– Educate the public and train health care providers – Provide quality, comprehensive, culturally-proficient health services – Ensure equal access to all –

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Specifically, this proposal seeks to update the City Option through new features (in blue) that leverage existing infrastructure (in grey) and also proposes a separate new program (in orange):



These modernizations ensure that all low- and moderate-income San Franciscans have access to affordable health care services, consistent with the founding principles of the HCSO and the intent of the ACA.

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## ATTACHMENTS

DRAFT RESOLUTION

HMA/UCB FINAL REPORT

## BACKGROUND

### [San Francisco has Seen Success in the Implementation of the Affordable Care Act](#)

Over 97,000 San Franciscans—nearly 56,000 through the expanded Medi-Cal program and more than 41,000 through Covered California—gained health insurance under the Affordable Care Act (ACA) in 2014. San Francisco’s insurance enrollment rates exceed those of the State overall, due in large part to the availability and success of Healthy San Francisco. Nearly 70 percent of San Francisco’s uninsured were enrolled in Healthy San Francisco prior to the ACA’s coverage expansions, enabling the program to contact and transition eligible participants into health insurance.

### [Some Remain Unable to Take Advantage of New Affordable Care Act Coverage Options](#)

Despite these successes, the ACA does not provide coverage options to all. The San Francisco Department of Public Health (SFDPH) estimates that approximately 35,000 to 40,000 city residents remain uninsured in 2015, compared to over 87,000 in 2013. While San Francisco’s uninsured rate has dropped by between 50 and 60 percent over the past 18 months, many San Franciscans are still not able to take advantage of ACA coverage options. Among the remaining uninsured are San Franciscans who are exempt from the ACA due to immigration status, hardship, or because the cost of their employer-sponsored insurance is too high; and those who are eligible but not enrolled in coverage, including those for whom health insurance is unaffordable.

### [There is Citywide Interest in Addressing the Affordability of Health Care](#)

In 2013, Mayor Lee asked Director Garcia to reconstitute the Universal Healthcare Council to examine San Francisco’s implementation of the ACA. The final report of the 2013 Universal Healthcare Council found that in a post-ACA environment, health care affordability challenges remain for some San Franciscans, including part-time employees and low-wage earners. Pursuant to those findings, in 2014 the Board of Supervisors and the Mayor amended San Francisco’s Health Care Security Ordinance (HCSO) to require SFDPH to develop a plan to increase the affordability of health insurance for eligible San Franciscans by leveraging the City Option under the HCSO.

### [Modernizing the City Option Ensures that All Low- and Moderate-Income San Franciscans Have Affordable Access to Health Care Services](#)

Research shows that the high cost of living in San Francisco, coupled with post-ACA insurance trends toward increased cost-sharing for the consumer, leaves low- and moderate-income San Franciscans at risk for being uninsured or underinsured. Against this backdrop and building upon programmatic successes, SFDPH proposes to modernize the City Option to bridge gaps in health care coverage and affordability. Maintaining the City’s long-standing commitment to ensuring access to care for all San Franciscans, the proposed City Option modernization would support eligible uninsured and underinsured City residents and promote employee wellness. To maintain program integrity and facilitate implementation, this proposal relies on existing infrastructure and funding streams. This proposal was informed by extensive research by Health Management Associates and the University of California Berkeley Center for Labor Research and Education through a generous grant from the California Health Care Foundation.

## SUPPORTING RESEARCH & FINDINGS

### Consultant Engagement

Preliminary SFDPH analysis identified an option to increase the affordability of health care by providing premium assistance for San Franciscans receiving employer contributions to the City Option and purchasing insurance on Covered California. Subsequent discussions with insurance experts and Covered California highlighted the need to define affordability in a San Francisco context, and for in-depth data review alongside regulatory, financial, and operational feasibility analyses. SFDPH engaged Health Management Associates (HMA) and the University of California (UC) Berkeley Labor Center as consultants, through a grant from the California Health Care Foundation.

The project scope entailed identification of the potential population covered by the program, estimation of associated program revenues and costs, and recommendations for benefit design and administrative structure. SFDPH sought a program that would provide a meaningful benefit, maximize available federal subsidies, minimize administrative burden, and contain program funding to employer contributions made to the City Option. Over the course of six months, the two teams worked collaboratively to complete tasks consistent with their relative areas of expertise.<sup>1</sup>

### San Francisco's High Cost of Living Adversely Impacts Health Care Affordability and Access

The UC-Berkeley Labor Center team provided an analysis of the impact of the cost of living in San Francisco on health care affordability, and estimates of potential affordability program participation, costs, and revenues. Using City Option employer expenditure data, the UC-Berkeley team customized the California Simulation of Insurance Markets (CalSIM) to render San Francisco-specific estimates for this project. Key findings include:

- 1) Nearly three-quarters of San Francisco residents receiving contributions to the City Option are likely part-time employees. Nearly 5,000 among these employees are at risk of being uninsured.
- 2) The cost of living in San Francisco is 60 percent higher than the national average; meaning that 100 percent of the federal poverty level (FPL) nationally is the equivalent of 160 percent of FPL in San Francisco.
- 3) Because federal subsidies available on Covered California decline sharply after 250 percent of FPL, people earning between 250 and 500 percent of FPL spend higher proportions of their incomes on health care costs, compared to people of similar ages at lower or higher incomes.
- 4) Insured persons with plan deductibles greater than 5 percent of household income are underinsured, because they may lack the liquid assets to cover the deductible or the out-of-pocket cost sharing may lead them to forgo needed care.
- 5) The high cost of living in San Francisco leaves little room in household budgets to cover health insurance premiums and out-of-pocket costs; for example, a single 40-year old San Franciscan has no room in his/her budget to spend on health insurance at incomes below 305 percent of FPL (~\$35,000).

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<sup>1</sup> The consultants' final report, compiled by Health Management Associates, is attached for the Commission's reference and can be accessed here: <https://www.sfdph.org/dph/comupg/knowlcol/uhc/default.asp>

## Employer Contributions to the City Option can Increase Participation in and the Affordability of Health Insurance

The HMA team provided overall project management; narrowed the potential programming options through regulatory, financial, and operational feasibility analyses; and made recommendations for the program's administrative structure and benefit design. Seeking to minimize regulatory barriers, implementation time, and administrative costs, while maximizing operational feasibility and ease of program participation, HMA made the following recommendations:

- 1) The program should be administered within the existing City Option structure to leverage the administrative and programmatic infrastructure in place.
- 2) The program should provide premium assistance to increase participation in health insurance, and consider cost-sharing assistance to address the issue of underinsurance.
- 3) The value of the benefit should be tethered to the beneficiary's cost of the second-lowest cost Silver plan on Covered California, in order to maximize the amount of federal subsidy available.
- 4) Employer contributions to the City Option for eligible employees should be combined to maximize the utility of the program and to tailor the benefit to the recipient's need.
- 5) Providing the benefit via a reimbursement account would offer the most flexibility for program participants.

## Employer and Employee Focus Groups Reinforce Importance of Addressing Affordability

To inform the development of the affordability program with a stakeholder perspective, SFDPH conducted two sets of focus groups with HCSO covered employers and employees. A detailed report of focus group methods and findings is included as an appendix in the HMA report linked above. Key findings incorporated into HMA's recommendations and SFDPH's proposal are included below.

Among employees:

- High cost was cited as the most common reason for declining health insurance among the uninsured. Cost, in the form of high premiums and deductibles, was also the chief concern among the insured.
- Most participants considered health care spending at or below 5 percent of their incomes to be affordable. Participants reported that a combination of premium assistance and cost-sharing assistance would be most helpful in increasing affordability of health insurance.

Among employers:

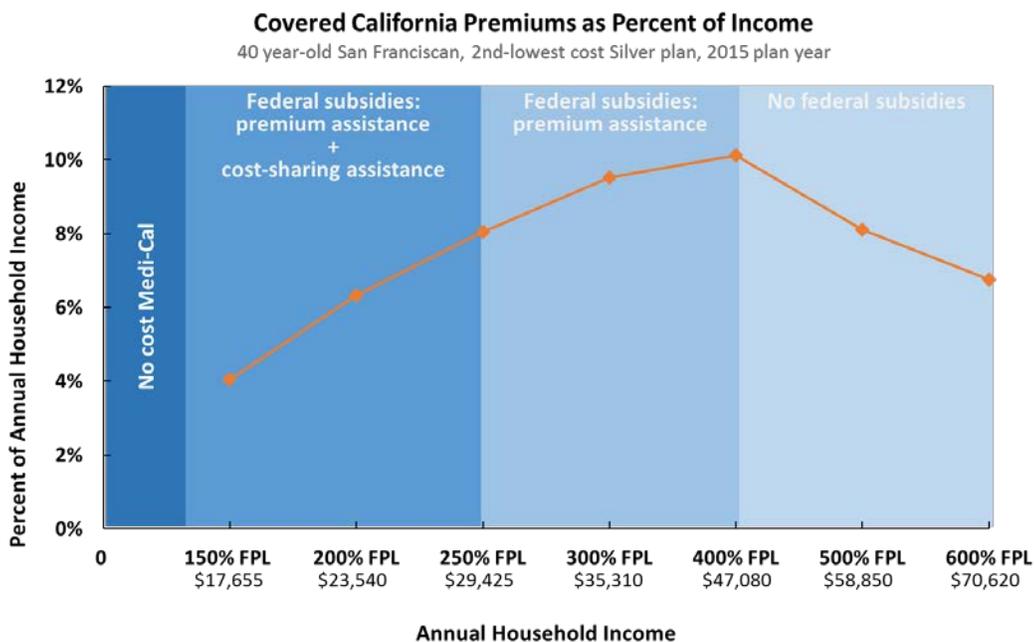
- Offering health insurance was reported as being valuable, but not necessarily a viable option for all employees. Cost was cited as the main reason for not offering insurance. Finding affordable insurance options for part-time employees was reported as particularly challenging. Connecting these employees to Covered California was suggested as a solution.
- Participants reported that hourly HCSO expenditures per employee do not necessarily reflect the cost of insurance for that employee; and that expenditures made on behalf of employees with other sources of coverage may be redundant.

## Trends in the Post-ACA Health Insurance Market Present Affordability Challenges for Moderate-Income Individuals

While consumers buying health insurance on Covered California generally report that they are happy with their plans, they also report affordability challenges. According to the results from a Kaiser Family Foundation survey released in May 2015, more than 40 percent of Covered California enrollees struggle to pay their health insurance premiums.<sup>2</sup> However, insurance premiums are only one part of the affordability calculation, as plans with lower premiums are generally offset by higher deductibles or higher cost-sharing for services. Although the ACA offers protection from catastrophic medical bills by limiting the consumer's annual out-of-pocket costs, low- and moderate-income persons may not have the necessary liquid assets to cover those costs. Nearly 38 percent of enrollees purchasing plans on the marketplace reported feeling vulnerable to high out-of-pocket health costs, compared to only 28 percent of those insured through their employer.<sup>3</sup>

Considering that nearly 88 percent of Covered California enrollees in 2014 received federal subsidies toward their plans, the findings above indicate that affordability challenges persist despite the availability of federal assistance. The problem is particularly evident for persons earning above 250 percent of FPL, as the value of federal subsidies drops dramatically beyond this income level. Figure 1, below, depicts how this drop in federal subsidies creates a bell-shaped cost curve, with people between 250 and 500 percent of FPL paying the highest amount of their incomes toward plans on Covered California, compared to people of the same age at lower or higher incomes.

*Figure 1: Covered California premiums are most expensive for San Franciscans earning 250-500% FPL*



<sup>2</sup> Garfield R, Majerol M, Young K, Coverage Expansions and the Remaining Uninsured: A Look at California During Year One of ACA Implementation, Kaiser Family Foundation, 2015 (accessed 7/16/15 at <http://kff.org/health-reform/report/coverage-expansions-and-the-remaining-uninsured-a-look-at-california-during-year-one-of-aca-implementation>).

<sup>3</sup> Hamel L, Norton M, Levitt L, Claxton G, Brodie M, Survey of Non-Group Health Insurance Enrollees, Wave 2, Kaiser Family Foundation, 2015 (accessed 7/16/15 at <http://kff.org/health-reform/poll-finding/survey-of-non-group-health-insurance-enrollees-wave-2/>).

### Ongoing Gaps in Coverage are Expected among San Franciscans

Although San Francisco's uninsured rate has traditionally been lower than that of the state or country, and the ACA has potentially reduced the number of uninsured in the City by 50 to 60 percent, there continues to be a need for a safety net that bridges gaps in coverage. The ACA's individual mandate requires most Americans to carry health insurance or pay a penalty, but the law does not extend coverage to undocumented immigrants and grants hardship or affordability exemptions for many others. Additionally, there may be individuals who, due to changes in income or employment, churn between not having and having insurance.

SFDPH estimates that 35,000 to 40,000 San Franciscans remain uninsured in 2015, approximately 40 percent of whom are currently covered by the Healthy San Francisco program. The reasons for being uninsured include ineligibility for ACA coverage, personal preference, affordability concerns, or not knowing about available options. SFDPH estimates that among this group, more than 35 percent are undocumented, nearly 20 percent are eligible for Medi-Cal, 17 percent potentially qualify for an exemption from the individual mandate, and nearly 28 percent are subject to the individual mandate. The 2015 ACA penalty for remaining uninsured is the higher of \$325 or 2 percent of household income, increasing to \$695 or 2.5 percent of household income in 2016.

### San Francisco's Existing City Option Provides the Strongest Foundation for Addressing Affordability

In assessing programming options for an affordability program for San Franciscans receiving contributions to the City Option, Health Management Associates and SFDPH explored several designs. In addition to leveraging the City Option structure, they examined making direct payments to Covered California plans, indirect payments through Covered California, contracting with one or more plans, prospective payments to the plans, providing vouchers to program participants, as well as making grants to a non-profit foundation to administer the program. SFDPH also explored ways to incentivize more businesses to provide health insurance directly to their employees, such as enabling the provision of employer-sponsored health insurance to alone satisfy an employer's entire obligation under the HCSO and leveraging the City's health care service infrastructure to provide an affordable health insurance product to small employers. These alternatives were not pursued further for one or more reasons, including because they faced significant legal or regulatory barriers, failed to maximize federal funds, would be have been unduly cumbersome to administer, or would have delayed the implementation timeline well beyond the 2016 plan year.

Ultimately, HMA recommended that the existing City Option infrastructure for medical reimbursement accounts would be the best approach. Because the foundation is already in place and familiar to the potentially eligible population, SFDPH can reduce administrative costs and implement the benefit in a timely manner. Additionally, the medical reimbursement account offers the efficiency and flexibility of providing both premium assistance and out-of-pocket cost sharing assistance through one mechanism.

## HEALTH CARE SECURITY ORDINANCE CONTEXT

### [City Option Modernization is Consistent with HCSO Framework and 2014 Amendments](#)

Enacted in 2007, the HCSO “seeks to ensure that all San Francisco residents, and all non-San Francisco residents who work in San Francisco, have access to affordable health care.”<sup>4</sup> Specifically, the HCSO requires San Francisco employers to make expenditures for employee health care and requires SFDPH to operate a health access program.

Called the City Option, the health access program has two components:

- medical reimbursement accounts (MRAs), 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.

The City Option was a focal point for the 2014 HCSO amendment requiring SFDPH to develop a plan for increasing the affordability of health insurance. The proposed City Option modernization works within this framework to increase the affordability of health care for all low- and moderate-income San Franciscans.

### [Employers Make Minimum Health Care Expenditures on behalf of their Employees](#)

The HCSO obliges San Francisco businesses with 20 or more employees to make hourly health care expenditures on behalf of employees working 8 or more hours per week. The 2015 health care expenditure rates range from \$1.65/hour to \$2.48/hour, depending on employer size and non-profit status.

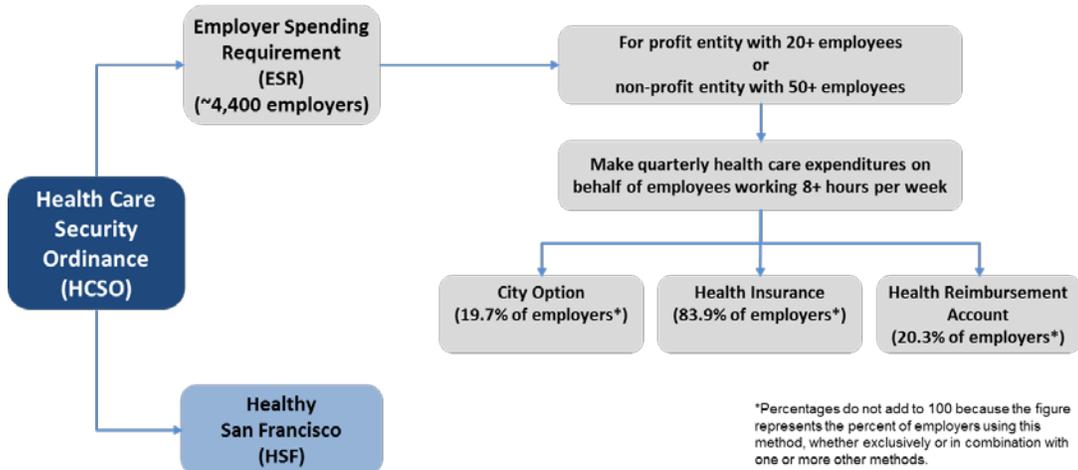
Employers choose to comply with the HCSO in a number of ways, including providing health insurance, contributing to health reimbursement accounts, making payments to the City Option, or any combination of these methods. Offering health insurance is the most commonly used compliance method, followed by health reimbursement accounts, and payments to the City Option. Figure 2, on the next page, depicts the employer spending requirement and employers’ most common methods of compliance along with the percentage of employers complying using each common compliance method.<sup>5</sup>

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<sup>4</sup> San Francisco Ordinance 69-07, Health Care Security Ordinance Amendments (accessed 7/16/15 at <https://sfgov.legistar.com/View.ashx?M=F&ID=2591145&GUID=1BD66408-0748-4F7D-A53A-D7DDB09A4883>).

<sup>5</sup> San Francisco Office of Labor Standards Enforcement, Analysis of the 2013 Health Care Security Annual Reporting Forms; issued September 9, 2014 (accessed 7/16/15 at <http://sfgsa.org/modules/showdocument.aspx?documentid=12247>).

Figure 2: Health Care Security Ordinance Employer Spending Requirement and Common Methods of Compliance

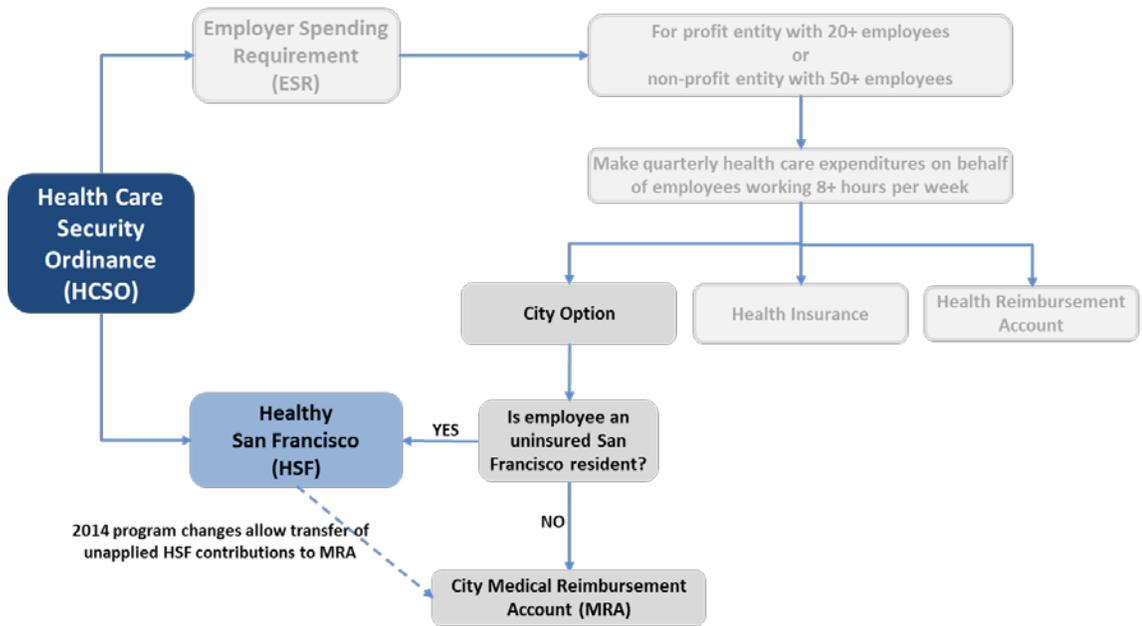


The Health Care Security Ordinance Establishes the City Option as One Method of Compliance

Approximately 20 percent of employers contribute to the City Option to comply with the HCSO for some or all of their covered employees.<sup>6</sup> Depending upon an employee’s circumstances, employer contributions to the City Option provide employees with either reduced cost Healthy San Francisco participation or access to medical reimbursement accounts, which reimburse for valid health care expenses. Approximately 46 percent of employees receiving City Option contributions reside outside of San Francisco and receive a medical reimbursement account. The remaining 54 percent are San Francisco residents, who may enroll in Healthy San Francisco or receive a medical reimbursement account. The City Option is administered by SFPDH through a third-party administrator. The following figure expands on the figure above to display how employer’s health care expenditures are applied to the City Option and the estimated number of City Option employees.

<sup>6</sup> San Francisco Office of Labor Standards Enforcement, Analysis of the 2013 Health Care Security Annual Reporting Forms; issued September 9, 2014 (accessed 7/16/15 at <http://sfgsa.org/modules/showdocument.aspx?documentid=12247>).

Figure 3: Application of Employer Health Care Expenditures to the City Option



Medical Reimbursement Accounts Reimburse Employees for Health Care Expenses

City Option medical reimbursement accounts reimburse the employee for a broad range of health care expenses, including co-payments for doctors’ visits, prescriptions, and health insurance premiums. The employee’s account is credited with the amount contributed by his/her employer, within 15-30 days of the employer’s contribution. Per the HCSO, employers are required to make contributions at least quarterly, but some make contributions more or less frequently. Employees receiving contributions from multiple employers have multiple accounts, with each account balance being replenished as new contributions are made.

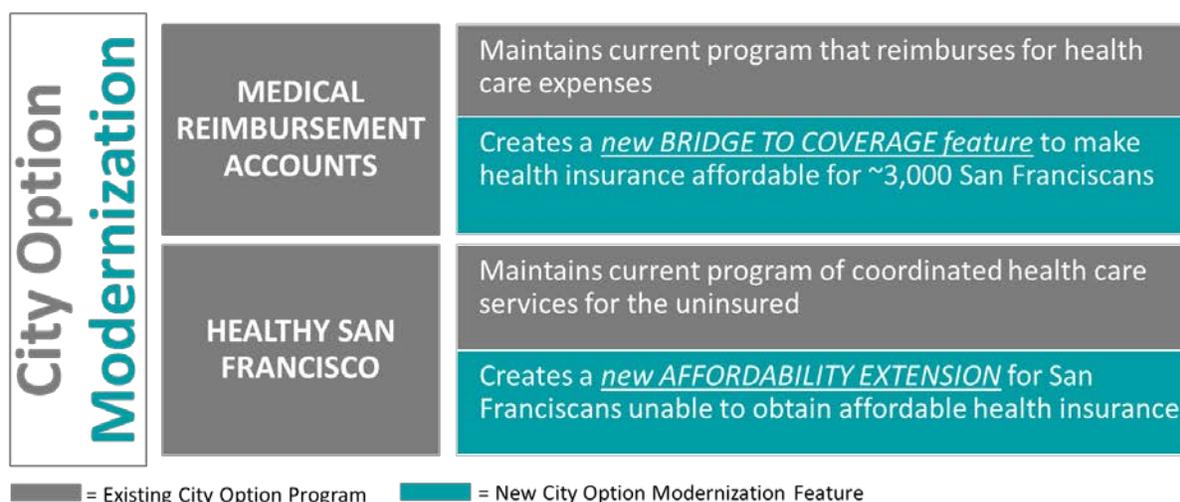
UC-Berkeley Labor Center’s analysis of City Option contributions made in 2014 indicates that 54 percent of employees receiving contributions are San Francisco residents. Among this group are employees working part-time; those whose employers offer insurance that costs less than the employer’s full monetary obligation under the HCSO; employees who purchase their own insurance; and employees who have public or private coverage through another source. Nearly 68 percent are younger than 40, 16 percent work for small or medium-sized employers, and 73 percent are estimated work fewer than 30 hours per week.

Healthy San Francisco Provides Coordinated Care for Uninsured San Franciscans

Healthy San Francisco is a coordinated health care program for uninsured San Franciscans who meet program eligibility guidelines determined by SFDPH. While eligible employees whose employers contribute to the City Option may participate in the program at a reduced cost, Healthy San Francisco enrollment is available to any uninsured San Franciscan who meets the program’s eligibility guidelines. The program functions under a medical home model, and offers access to comprehensive health care services to participants through a citywide network of providers. The care provided under Healthy San Francisco is not health insurance and does not satisfy the individual mandate to have health insurance under the Affordable Care Act.

## PROPOSED CITY OPTION MODERNIZATION

The current health care landscape is one where thousands of previously uninsured San Franciscans are now insured. However, thousands of San Franciscans remain uninsured either because they are ineligible for ACA reforms or because they find it difficult to afford insurance while living in a very high cost city. Supported by extensive planning and consultation, SFDPH proposes a modernization of the City Option to better serve San Franciscans in the post-ACA environment. Building on the program’s successes and strong infrastructure, this proposal seeks to ensure that all low- and moderate-income San Franciscans have access to affordable health care.



### [BRIDGE TO COVERAGE will Increase Affordability of Health Insurance](#)

While ensuring access to health care for the uninsured, SFDPH has consistently prioritized enrollment in insurance over Healthy San Francisco wherever possible. Health insurance provides greater flexibility and more options to meet San Franciscans’ health care needs and is also now required under the ACA. In October 2014, the Health Commission approved programmatic changes that made it easier for San Francisco residents to transfer their City Option employer contributions from discounted participation in Healthy San Francisco to medical reimbursement accounts, which can be used for insurance premiums. Yet, research shows that affordability of that insurance continues to be a barrier to coverage, particularly in our high cost city. To address this barrier, SFDPH proposes BRIDGE TO COVERAGE, which would provide eligible insured San Franciscans with financial assistance toward their health care costs.

#### [BRIDGE TO COVERAGE would be Available to San Francisco Residents Receiving Employer Contributions to the City Option](#)

BRIDGE TO COVERAGE leverages employer contributions made to the City Option under the HCSO to create a benefit calculated to make health insurance affordable for qualified San Francisco residents. Residents would be eligible for BRIDGE TO COVERAGE if they meet all of the following requirements:

- their employer complies with the HCSO by contributing to the City Option;
- they are eligible to purchase health insurance on Covered California; and
- their annual income is Income ≤500% of FPL (\$58,850 in 2015)

Among the San Franciscans expected to be eligible for BRIDGE TO COVERAGE in 2016, UC-Berkeley Labor Center estimates:

- 67% are under the age of 40;

- 73% work fewer than 30 hours per week;
- 85% earn less than \$47,000 per year; and
- 68% are eligible for subsidies on Covered California.

### *BRIDGE TO COVERAGE Benefit Calculated Individually to Make Health Insurance Affordable*

Like the current medical reimbursement account structure, employees would have access to funds to reimburse for eligible health care expenditures. However, the amount available to the employee for reimbursement of health care expenses will be calculated differently. Rather than reflecting the employer contribution, which may or may not make a significant contribution to the affordability of health insurance, the BRIDGE TO COVERAGE benefit will be individually calculated to make health insurance affordable for the employee. Relying on the affordability analysis as well as the insurance enrollment and cost projections prepared by UC-Berkeley Labor Center, SFDPH developed a methodology designed to provide sufficient financial assistance to make health insurance affordable and to maximize federal health insurance subsidies. The amount available for employees under the BRIDGE TO COVERAGE benefit would be calculated as follows:

- a premium assistance equal to 60% of their costs for premiums for the second-lowest cost Silver plan on Covered California, after federal subsidies are applied; plus
- out-of-pocket health care cost-sharing assistance that ensures that their Silver plan deductible is no more than 5% of their income.

The premium assistance component of the BRIDGE TO COVERAGE benefit is designed to accommodate for the higher cost of living in San Francisco compared to the state. UC-Berkeley Labor Center's analysis indicates that the national poverty scale, which defines poverty to be an annual income of less than \$11,770 in 2015, is insufficient to account for the high cost of living in San Francisco. Instead, using a California-specific poverty scale developed by the Public Policy Institute of California, which accounts for the cost of housing in each county, the cost of living in San Francisco is estimated to be 59 percent higher than the national average.

The out-of-pocket health care cost sharing component of the BRIDGE TO COVERAGE benefit is designed to address underinsurance, which refers to an insured person's inability to afford costs such as plan deductibles and co-pays. While the ACA enacts annual limits on out-of-pocket costs that are the consumer's responsibility, recent surveys indicate that nearly a quarter of adults with insurance lack the liquid assets to cover their plan deductible.<sup>7</sup> The Commonwealth Fund provides a useful measure for underinsurance as having a plan deductible that is higher than 5 percent of household income.

### *BRIDGE TO COVERAGE Maximizes Federal Subsidies*

The BRIDGE TO COVERAGE benefit amount would be calculated individually, and would vary by each applicant's age and income, which determine the individual's cost for health insurance and amount of federal subsidies for which they are qualified. Figure 4, below, presents an example of the combined BRIDGE TO COVERAGE benefit and federal subsidies that would be available to a

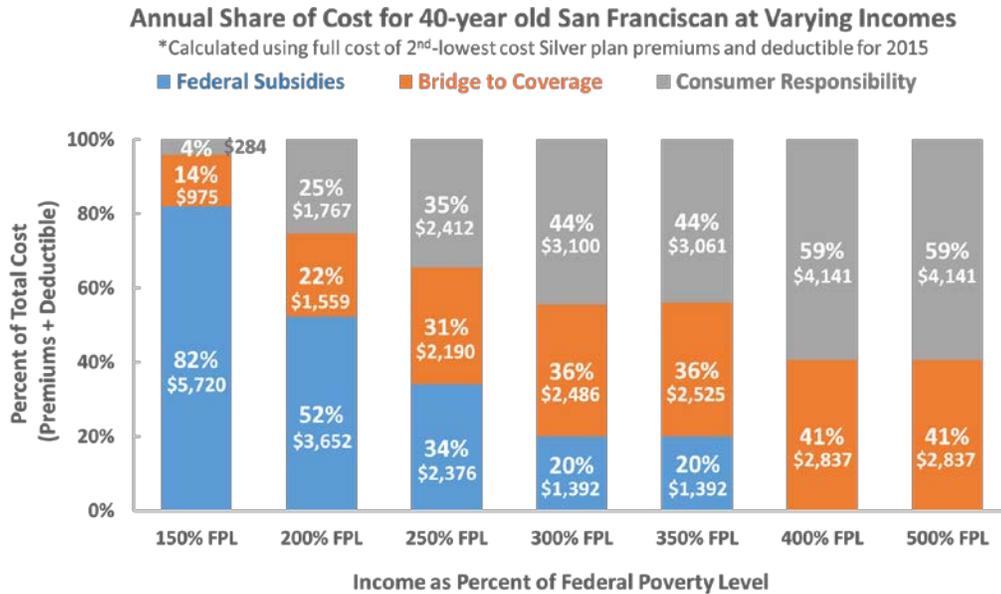
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<sup>7</sup> Gary Claxton, Matthew Rae, and Nirmita Panchal. "Consumer Assets and Patient Cost Sharing." Kaiser Family Foundation, February 2015 (accessed 7/16/15 at <http://kff.org/health-costs/issue-brief/consumer-assets-and-patient-cost-sharing/>).

40 year-old San Franciscan.<sup>8</sup> Adjusting for San Francisco’s high cost of living, BRIDGE TO COVERAGE (in orange) would complement federal subsidies (in blue) for those earning below 400 percent of the FPL, as well as support those who are not eligible for federal subsidies.

While the participant would not be required to enroll in the second-lowest cost Silver plan, tethering BRIDGE TO COVERAGE to this plan maximizes the federal subsidies available to the participant and facilitates program administration.

Figure 4: BRIDGE TO COVERAGE provides premium and cost-sharing assistance to supplement federal subsidies



[An Estimated 3,000 San Franciscans Are Expected to Access the BRIDGE TO COVERAGE Benefit in 2016](#)

Under this benefit design, approximately 3,000 San Franciscans are estimated to participate in the program in 2016, increasing to 3,900 in 2018, and 4,100 in 2020. While these estimations account for the graduated increase in the City’s minimum wage, as well as for a recent increase in employers contributing to the City Option, actual participation could vary.

[BRIDGE TO COVERAGE Financing would be Limited to Employer Contributions made to the City Option on Behalf of San Francisco Residents](#)

By limiting the BRIDGE TO COVERAGE benefit to San Francisco residents receiving employer contributions to the City Option, SFDPH is able to leverage existing resources and contain administrative costs. In 2016, employers are projected to make \$8.8 million in contributions to the City Option on behalf of San Franciscans potentially eligible for BRIDGE TO COVERAGE. Health Management Associates and UC-Berkeley Labor Center estimate that 2016 BRIDGE TO COVERAGE expenses would include \$7 million in benefits and \$1 million for administrative costs.

<sup>8</sup> Consumer share of cost would vary by utilization; this example depicts a scenario where the consumer meets the entire deductible.

Currently, City Option participants with medical reimbursement accounts may be reimbursed up to the value of their employer’s contribution. Under the proposed modernization, existing medical reimbursement accounts, as well as medical reimbursement accounts for those who do not qualify for BRIDGE TO COVERAGE, will continue to function as they do today. However, as recommended by Health Management Associates, the BRIDGE TO COVERAGE feature would provide a meaningful benefit to program participants by combining their employer contributions and tailoring the benefit to individual need. While some BRIDGE TO COVERAGE participants would receive a higher or lower monetary benefit than they would under a traditional medical reimbursement account, the value of increased affordability and access to comprehensive health insurance is anticipated to outweigh the inconvenience associated with benefit shifts.

City Option Employers and Employees to Receive Education and Support

Among the benefits of building on the City Option infrastructure is the capacity to tap into existing eligibility and enrollment staff, as well as a customer service support center and a fully functioning website. SFDPH would additionally work with the City’s Office of Labor Standards Enforcement to provide educational and technical support for HCSO-covered employers and employees. Program applicants would be provided with health insurance enrollment assistance, as well as education about their rights and responsibilities under the Affordable Care Act.

Summary of BRIDGE TO COVERAGE

Table 1 summarizes the BRIDGE TO COVERAGE component of this City Option modernization proposal.

<b>Table 1. BRIDGE TO COVERAGE Medical Reimbursement Account</b>	
<b>Proposal</b>	Premium and cost-sharing assistance for eligible San Franciscans
<b>Eligibility</b>	<ul style="list-style-type: none"> <li>• San Francisco resident</li> <li>• Eligible to purchase health insurance on Covered California</li> <li>• Income ≤500% FPL (\$58,850 in 2015)</li> <li>• Receives employer contributions to the City Option under the HCSO</li> <li>• Must provide proof of insurance in year two</li> </ul>
<b>Type of Benefit</b>	Reimbursement for eligible expenses, including premiums, co-payments and deductibles, up to an annually calculated amount
<b>Calculation of Benefit</b>	<p><u>Premium Assistance</u> calculated at 60% of the premium for the second lowest cost Silver Plan</p> <p style="text-align: center;"><i>PLUS</i></p> <p><u>Cost-Sharing Assistance</u> calculated to ensure that the plan deductible is no more than 5% of income, calculated for 2016 as follows:</p> <p>&lt;200% FPL = \$550 per year            200-250% = \$673 per year            250-300% = \$779 per year            300-350% = \$485 per year            350-400% = \$190 per year</p>
<b>Access to Benefit</b>	The benefit is available to employees actively receiving employer contributions to the City Option who apply
<b>2016 Participation</b>	~3,000

**Estimated 2016  
Budget**

- Revenues: ~\$8.8M; from employer contributions to City Option on behalf of eligible employees
- Expenditures: ~\$8M; ~\$7 in benefits and ~\$1M in administration

### Healthy San Francisco to Continue Provision of Coordinated Care for Uninsured

As the backbone of the City’s health care safety net, Healthy San Francisco has provided affordable and accessible health care services to over 145,000 uninsured San Franciscans since 2007. By increasing access to a usual source of care and by providing that care in a medical home model, Healthy San Francisco has contributed to reductions in emergency department use, reduced re-hospitalizations, and improved health outcomes among program participants.<sup>9</sup> The Healthy San Francisco program helped propel San Francisco ahead of the curve when the ACA coverage expansions launched, and now presents a pioneering opportunity to supplement the ACA.

Despite San Francisco’s success in enrolling San Franciscans in new ACA health insurance options, some residents still remain unable to access affordable health insurance. As stated previously, many residents will remain uninsured because they are ineligible for ACA insurance options, because they are exempt from ACA requirements, or because they face affordability issues and are not eligible for a BRIDGE TO COVERAGE benefit. For these San Franciscans, Healthy San Francisco’s proposed AFFORDABILITY EXTENSION will continue to provide health care services as it does today.

#### Current Healthy San Francisco Program Structure and Services to Remain Unchanged While Program Eligibility Extended to Address Affordability

This proposal maintains the structure and benefit design of the existing Healthy San Francisco program. Added to the program’s current eligibility guidelines and informed by the affordability analysis prepared by the UC-Berkeley Labor Center, SFDPH proposes to implement an AFFORDABILITY EXTENSION, which would expand Healthy San Francisco’s current eligibility requirements in two ways:

- 1) increase the upper income threshold to 500 percent of FPL (\$58,850 in 2015); and
- 2) include otherwise eligible San Franciscans who remain unable to access affordable ACA health insurance options.

Extending the income threshold to 500 percent of FPL is supported by research findings that San Franciscans earning between 250 and 500 percent of FPL face the greatest health care affordability challenges. Raising Healthy San Francisco’s income eligibility to 500 percent of FPL maintains income equity across City Option components, and ensures access to affordable health care for those without other options.

Extending Healthy San Francisco to otherwise eligible San Franciscans who remain unable to access affordable health insurance ensures that San Francisco’s safety net covers all those who need it. Uninsured San Franciscans who do not have affordable health care options—those who are ineligible for public health insurance (such as Medi-Cal or Medicare), for a BRIDGE TO COVERAGE medical reimbursement account, or for affordable employer-sponsored health care

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<sup>9</sup> McLaughlin C, Colby M, Taylor E, Harrington M, Higgins T, Byrd V, Felland L, Evaluation of Healthy San Francisco, Final Report, Mathematica Policy Research, August 25, 2011”, <http://healthysanfrancisco.org/wp-content/uploads/Evaluation-of-HSF-Aug-2011.pdf>.

coverage or coverage through a spouse's employer—would have access to San Francisco's health care program of last resort.

#### [AFFORDABILITY EXTENSION Consistent with the Healthy San Francisco Transition Period](#)

In February 2014, the Health Commission created a transition period to allow San Franciscans who are also eligible for subsidized insurance on Covered California to remain in Healthy San Francisco through December 31, 2014. In October 2014, the Health Commission approved an extension of the transition period through December 31, 2015. The purpose of the transition period was to ensure that those individuals who did not enroll in health insurance – whether because they were unaware of their options or because they could not afford the cost of insurance – did not lose access to health care services. The number of Healthy San Francisco participants who participated under the transition period has dropped from 4,200 in March 2014 to 1,700 as of June 2015.

#### [Applicants to Receive Health Insurance Education and Enrollment Assistance](#)

Healthy San Francisco is not health insurance and does not satisfy the ACA's individual mandate. The program would educate applicants regarding the benefits of health insurance over Healthy San Francisco, their health insurance options, their rights and obligations under the ACA, and the financial implications of their options. Enrollment assistors will help applicants to enroll in health insurance or, if no affordable options are available and they meet the program's other eligibility requirements, in Healthy San Francisco.

#### [AFFORDABILITY EXTENSION Addresses Potential Coverage Gaps](#)

SFDPH anticipates that among the San Franciscans potentially eligible for Healthy San Francisco's AFFORDABILITY EXTENSION would be those who:

- are not eligible for ACA coverage;
- are exempt from the ACA individual mandate due to hardship;
- have high-cost employer-sponsored insurance that qualifies for an exemption from the ACA Individual Mandate; or
- do not have the option of employer-sponsored plans and for whom self-insurance is unaffordable.

#### [Healthy San Francisco Enrollment Expected to Remain Level at Approximately 14,000-15,000](#)

SFDPH estimates that approximately 14,000 to 15,000 uninsured San Franciscans would participate in Healthy San Francisco in 2016, the majority of whom are current participants. Although eligibility would be expanded under this proposal, SFDPH does not anticipate a significant increase in enrollment for several reasons.

First, among the city residents who remain uninsured, some have always been eligible for Healthy San Francisco but do not participate; and others may be eligible for Medi-Cal or exceed the Healthy San Francisco income eligibility threshold. Secondly, transition period enrollment has steadily declined, from 4,200 participants to 1,700, even though the transition period was extended through a second year. Third, a very small number – 175 participants – were affected by the 2014 eligibility change that lowered the upper income threshold to 400 percent of FPL to better align with Covered California subsidies. Fourth, the ACA penalty for remaining uninsured will increase to \$695 or 2.5% of household income in 2016. As the ACA penalty grows, the cost incentive to remain in Healthy San Francisco decreases. Finally, a proportion of the remaining uninsured may receive employer contributions to the City Option, which could make them eligible for BRIDGE TO COVERAGE.

Summary of Healthy San Francisco's AFFORDABILITY EXTENSION

Table 2 summarizes the Healthy San Francisco Program's AFFORDABILITY EXTENSION component of this City Option modernization proposal.

<b>Table 2: Healthy San Francisco AFFORDABILITY EXTENSION</b>	
<b>Proposal</b>	Expand Healthy San Francisco eligibility to include uninsured San Franciscans not able to afford health insurance
<b>Eligibility</b>	<ul style="list-style-type: none"> <li>• San Francisco resident, and</li> <li>• Age 18 or over, and</li> <li>• Income ≤500% of FPL (\$58,850 in 2015), and</li> <li>• Uninsured for &gt; 90 days, and</li> <li>• Not eligible for public programs, including Medi-Cal and Medicare, and</li> <li>• Not eligible for BRIDGE TO COVERAGE, and</li> <li>• Unable to afford health insurance on Covered California, or</li> <li>• Exempt from the Affordable Care Act</li> </ul>
<b>Type of Benefit</b>	Comprehensive and affordable health care services for uninsured San Franciscans, coordinated through a medical home on a sliding scale fee
<b>2016 Participation</b>	14,000 – 15,000
<b>Access to Benefit</b>	The benefit is available to eligible San Franciscans who apply

## NEW EMPLOYEE WELLNESS FUND

Prevention and wellness are recurring themes in the ACA, and many large employers offer wellness programs to their employees. Programs such as smoking cessation, ergonomic evaluation for injury prevention, or discounted gym memberships, not only improve employee health and wellness, but also help the employer lower insurance costs. However, many smaller employers paying into the City Option may not be able to afford to invest in these programs, and many part-time employees receiving contributions to the City Option might not qualify for their company's insurance-sponsored wellness programs. SFDPH proposes to create a new EMPLOYEE WELLNESS FUND that would provide incentives for employers to develop wellness programs.

### Employee Wellness Fund

Creates a *new SFDPH program* to reimburse eligible employers who invest in employee wellness

 = New SFDPH Program

#### *EMPLOYEE WELLNESS FUND to be Available to Employers Contributing to the City Option*

To be launched in 2017, the EMPLOYEE WELLNESS FUND would be open to eligible employers who comply with the HCSO by contributing to the City Option. Eligible employers would be reimbursed up to a defined benefit amount each year for demonstrated eligible expenditures made toward enhancing employee wellness. The EMPLOYEE WELLNESS FUND would be funded through an SFDPH budget initiative.

#### *Program and Benefit Design to be Established through a Stakeholder Process*

In 2016, SFDPH would engage relevant stakeholders, including representation from employers, employees, public health experts, and others, to design the EMPLOYEE WELLNESS FUND. As part of the process, stakeholders will review the published literature on employee wellness programs, examine the health status in San Francisco, and review evidence-based workplace interventions that target preventable health conditions prevalent in San Francisco. Through this stakeholder process, employer eligibility, eligible benefits, and benefit design will be determined. The program design will also ensure that program utilization, as well as employee and employer outcomes are tracked and measured.

#### *Research Shows Investments in Employee Wellness Programs Benefit Employees and Employers*

At the request of the federal U.S. Health and Human Services Agency, the U.S. Department of Labor contracted with the RAND Corporation to help to prepare a report on the effectiveness and impact of workplace wellness programs.<sup>10</sup> This study, published in 2013, included a literature review, a national representative employer survey, analysis of an existing industry-wide database to which wellness providers contribute data, and five case studies.

In their study, RAND found statistically significant and clinically meaningful improvements in exercise frequency, smoking behavior, and weight control among participants. The study further found that its results corroborate the results of other published literature finding that worksite

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<sup>10</sup> Mattke S, Liu H, Caloyer J, Huang CY, Van Busum KR, Khodyakov D, Shier V., Workplace Wellness Programs Study: Final Report, Rand Corporation, 2013 (accessed on 7/16/15 at <https://www.dol.gov/ebsa/pdf/workplacewelnessstudyfinal.pdf>).

wellness programs have positive effects on health-related behavior and health risks among program participants.

Further, the RAND study found that most employers who offer workplace wellness programs regard them as a viable strategy to contain health care costs. A review of the literature identified randomized controlled trials that found workplace wellness programs did result in significant decreases in healthcare costs, including a savings in medical costs ranging from \$11 to \$626 per year. The employer survey found that 60 percent of employers offering a wellness program stated that their programs reduced healthcare costs, and approximately 80 percent reported that they decreased absenteeism and increased productivity.

[EMPLOYEE WELLNESS FUND Contributes to a Healthier San Francisco](#)

The EMPLOYEE WELLNESS FUND would be designed to support evidence-based interventions that address preventable health conditions faced by San Franciscans and are consistent with the City’s Community Health Improvement Plan and overall goals for increasing citywide wellness. A 2012 study published in *Preventing Chronic Disease*, found that, as a microcosm of society, the workplace has the potential to improve health substantially in the United States by building a culture of health that facilitates healthy lifestyles for employees.<sup>11</sup> A culture of health is achieved when employers invest in employee health and when the organization and its leadership prioritize health and encourage healthy behaviors. By reaching segments of the population that may not otherwise be exposed to or engaged in organized health improvement efforts, overall population health in San Francisco can be improved by building workplace cultures of health that support healthy lifestyles.

[Summary of EMPLOYEE WELLNESS FUND](#)

Table 3 summarizes the EMPLOYEE WELLNESS FUND component of this proposal.

<b>Table 3. EMPLOYEE WELLNESS FUND</b>	
<b>Proposal</b>	Reimbursement to employers for eligible employee wellness expenditures
<b>Eligibility</b>	<ul style="list-style-type: none"> <li>Complies with the HCSO by contributing to the City Option</li> <li>Other eligibility requirements (e.g., business size, time frame) to be determined</li> </ul>
<b>Type of Benefit</b>	Reimbursement for demonstrated eligible employee wellness expenses, to be determined
<b>Calculation of Benefit</b>	To be determined; likely a defined benefit tied to citywide wellness goals
<b>Start Date</b>	To be implemented in 2017

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<sup>11</sup> Anderko L, Roffenbender JS, Goetzl RZ, Millard F, Wildenhaus K, et al. Promoting Prevention Through the Affordable Care Act: Workplace Wellness. *Prev Chronic Dis* 2012;9:120092 (accessed on 7/16/15 at <http://dx.doi.org/10.5888/pcd9.120092>).

## ANTICIPATED IMPACT OF PROPOSAL

### The City Option Modernization is Consistent with SFDPH’s Current Budget and Reflects Recent Trends

With the implementation of the ACA, Healthy San Francisco enrollment has declined and there has been a shift toward City Option medical reimbursement accounts as San Franciscans with City Option contributions have transitioned to insurance. Additionally, the number of employers making contributions to the City Option has increased in light of federal and local regulations that impact compliance with the HCSO. In fiscal year 13-14, Healthy San Francisco program revenues totaled approximately \$28 million from participant fees and employer contributions made to the City Option on behalf of San Francisco residents. Program expenditures by SFDPH totaled nearly \$112 million, consisting of expenditures made for administration (7%) and services (93%)<sup>12</sup> and the General Fund contribution was approximately \$83.1 million. Table 4 shows Healthy San Francisco enrollment, revenues, and expenditures between 2008 and 2014.

*Table 4. Healthy San Francisco Enrollment, Revenues & Expenditures, FY2008-09 through FY2013-14*

Fiscal Year	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Enrollment at end of FY (does not include SF PATH)	43,200	53,400	54,300	46,800	51,200	31,900
Revenues	\$36.5M	\$40.5M	\$49.9M	\$23.8M	\$24.3M	\$28.8M
SFDPH Expenditures	\$124.5M	\$140.3M	\$149.6M	\$101.1M	\$121.2M	\$111.8M
General Fund contribution	\$88M	\$99.8M	\$99.9M	\$77.4M	\$96.9M	\$83.1M

In Fiscal Year 2013-14, the General Fund expenditure was \$154 per participant per month. This figure has remained relatively stable between \$152 and \$167 per month since fiscal year 09-10. Figure 5 below shows the average General Fund cost of Healthy San Francisco between 2008 and 2014.

*Figure 5. General Fund Contribution per Healthy San Francisco Participant, FY2008-09 – FY2013-14*



<sup>12</sup> While the Healthy San Francisco program also incurs expenditures for non-SFDPH providers, \$46.6M in FY13/14, this memo restricts itself to SFDPH budget.

*New BRIDGE TO COVERAGE Feature Supported by a Dedicated Revenue Source*

All components of the proposed City Option modernization would build on existing infrastructure, whereby Healthy San Francisco and the City Option are administered by SFDPH’s third-party administrator, the San Francisco Health Plan. Revenue and costs for the new BRIDGE TO COVERAGE feature would be restricted to City Option employer contributions made on behalf of eligible San Franciscans.

The creation of BRIDGE TO COVERAGE could redirect up to \$8.0 million in employer contributions from Healthy San Francisco and City Option medical reimbursement accounts to subsidies for insurance purchased on Covered California. This redirection is consistent with a recent programmatic trend among City Option participants to choose medical reimbursement accounts over Healthy San Francisco, which is assumed in SFDPH’s financial forecasts and proposed budget. San Francisco residents receiving employer contributions to the City Option have elected to redirect \$3.6 million of Healthy San Francisco funds into medical reimbursement accounts over the past six months. In response to this continued transition from Healthy San Francisco to insurance coverage, SFDPH’s proposed budget for fiscal year 15-16 and fiscal year 16-17 assumes \$12.6 million in employer spending requirement revenues, compared to \$23.5 million in actual revenues prior to implementation of the Affordable Care Act. Consequently, the redirection of up to \$8.0 million in contributions to BRIDGE TO COVERAGE is consistent with the assumptions in the SFDPH budget, and is not anticipated to impact financial performance versus budget.

*Table 5: City Option Revenue Shift from Healthy San Francisco to Medical Reimbursement Accounts*

	<b>City Option Revenues Redirected to Medical Reimbursement Accounts</b>	<b>Total City Option Revenues</b>
FY 13-14	-	\$23.5M
FY 14-15	\$3.6M	\$19.9M (estimated)
FY 15/16 & FY16/17	\$8.0M (estimated)	\$12.6M (estimated)

*Enrollment in Healthy San Francisco Program Expected to Remain Stable*

Healthy San Francisco program participation has steadily declined since January 2014. The AFFORDABILITY EXTENSION for the program will likely reduce the rate of decline in HSF enrollment. However, as noted earlier, any increased participation in the program due to expanded eligibility is expected to be modest and program enrollment is expected to plateau as San Franciscans gain and maintain insurance coverage and as the penalties for not complying with the individual mandate increase. This is supported by experience with the Healthy San Francisco transition period, which was initialized with 4,200 participants in 2014; the current number is down to approximately 1,700, and is projected to further decline to 1,200 by December 2015. At the average per participant General Fund subsidy of \$155 per member per month, this remaining population enrolled under the eligibility extension is expected to cost \$2,232,000 per year, a reduction of \$5,580,000 from the initial \$7,812,000 cost of the transition period at 4,200 enrollees. Table 6 below shows enrollment and cost data related to the Healthy San Francisco AFFORDABILITY EXTENSION.

*Table 6: Healthy San Francisco AFFORDABILITY EXTENSION Enrollment and Costs*

	<b>HSF Total Enrollment</b>	<b>Estimated Annual General Fund Cost</b>	<b>Portion of Total Cost Attributed to Transition Period / AFFORDABILITY EXTENSION</b>

			<b>Enrollees</b>	<b>Cost</b>
March 2014	40,600	\$75.5M	4,200	\$7.81M
June 2015	15,500	\$28.8M	1,700	\$3.2M
Projected 2016	14,500	\$26.8M	1,200	\$2.23M

### [Healthy San Francisco Affordability Extension Helps Reduce Hospital Charity Care Costs](#)

Retaining Healthy San Francisco eligibility for uninsured San Franciscans who are unable to obtain health insurance reduces reliance on costly charity care services at San Francisco General Hospital. An extensive evaluation of Healthy San Francisco conducted by Mathematica Policy Research in 2011 found that participation in Healthy San Francisco was associated with a steady decline in emergency department use as well as a decline in the use of the emergency department for non-emergent conditions.<sup>13</sup> The study found that emergent emergency department use declined by 57 percent over an 18 month period (from 14 to 6 visits per month per 1,000 participants) and non-emergent emergency department use declined by 60 percent (from 10 to 4 visits per month per 1,000 participants). The declines were attributed to Healthy San Francisco’s primary care medical home model and the focus on chronic care management. Further, the decline in non-emergent visits to San Francisco General Hospital’s emergency department by Healthy San Francisco participants occurred at a time when overall program enrollment was increasing and when non-emergent visits to other public hospitals in California were also increasing.

With an estimated 1,200 Healthy San Francisco participants expected to enroll under AFFORDABILITY EXTENSION in 2016 and using the Mathematica findings cited above, the AFFORDABILITY EXTENSION can expect to result in the avoidance of 16.8 emergency room visits (9.6 emergent visits and 7.2 non-emergent visits) per month, or 201.6 visits per year. *This calculation does take into consideration cost avoidance related to avoidable hospitalizations.* Table 7 shows that retaining the AFFORDABILITY EXTENSION results in an avoidance of approximately \$437,000 in unnecessary emergency department costs.

*Table 7: Estimated Emergency Room Cost Avoidance Due to the AFFORDABILITY EXTENSION, FY 2016*

Total Emergency Room Visits Avoided	201.6
Average cost per emergency room visit <sup>14</sup>	\$2,168
<b>Estimated Cost Avoided</b>	<b>\$437,068.80</b>

### [BRIDGE TO COVERAGE and EMPLOYEE WELLNESS Benefit HCSO-Covered Employees](#)

BRIDGE TO COVERAGE is expected to enable nearly 3,000 San Franciscans to enroll in insurance in 2016, increasing to 4,100 by 2020. Nearly three-quarters among this group are estimated to be employed part-time and more than two-thirds are estimated to earn less than \$47,000 per year. This component of the

<sup>13</sup> McLaughlin C, Colby M, Taylor E, Harrington M, Higgins T, Byrd V, Felland L, Evaluation of Healthy San Francisco, Final Report, Mathematica Policy Research, August 25, 2011”, <http://healthysanfrancisco.org/wp-content/uploads/Evaluation-of-HSF-Aug-2011.pdf>.

<sup>14</sup> Caldwell N, Srebotnjak T, Wang T, Hsia R, “How Much Will I Get Charged for This?” Patient Charges for Top Ten Diagnoses in the Emergency Department, February 27, 2013, DOI: 10.1371/journal.pone.0055491 (accessed on 7/16/15 at <http://journals.plos.org/plosone/article?id=10.1371/journal.pone.0055491>).

City Option modernization addresses an important coverage gap identified by employers who participated in SFDPH focus groups: providing health insurance for employees who are lower wage earners or working part-time is particularly challenging.

These employees are less likely to be able to afford and less likely to participate in insurance plans sponsored by their employers, compared to their full-time or higher paid colleagues. Ultimately, this increases the employer's costs for providing insurance and adds to administrative burden of compliance with the HCSO. Furthermore, insurance underwriting rules are such that employees working fewer than 20 hours per weeks often are not eligible for employer-sponsored insurance plans. Sixty percent of the employers participating in the focus groups reported paying into the City Option for their part-time employees. Another 14 percent reported that they do not hire part-time employees because participation in their health insurance plan is mandatory.

The focus group employer responses are consistent with data on the uninsured: 45 percent of San Francisco's uninsured residents in 2013 were employed part-time, and 66 percent earned less than \$50,000 per year.<sup>15</sup> BRIDGE TO COVERAGE addresses this issue by assisting employees who receive employer contributions to the City Option in purchasing insurance on Covered California.

Additionally, the EMPLOYEE WELLNESS FUND would reimburse employers who make investments in their employees' health. Through investments such as smoking cessation programs, injury prevention, and exercise promotion, these employers would see improved employee health, reduced work-place injuries, improved productivity, and higher retention.

### [The City Option Modernization Ensures that All Low- and Moderate-Income San Franciscans Have Access to Affordable Health Care](#)

By complementing the options available under the Affordable Care Act, the proposed City Option modernization ensures that affordable health care is available to all low- and middle-income San Franciscans. BRIDGE TO COVERAGE will ease the transition to insurance for many San Franciscans and help others maintain coverage. The current Healthy San Francisco program will continue to offer health care access for those who have no other options, and offer coverage of last resort to those experiencing hardships. Beyond the modernization, the EMPLOYEE WELLNESS FUND will prioritize prevention and employee health among San Francisco's employers. Figure 6 on the following page shows the changes in San Franciscans' options for health care coverage since the passage of the Health Care Security Ordinance.

## **NEXT STEPS**

SFDPH is seeking the Health Commission's approval of the proposed modernization of the City Option. Upon final approval, SFDPH anticipates the Healthy San Francisco AFFORDABILITY EXTENSION to take effect January 1, 2016. The BRIDGE TO COVERAGE feature will require six to nine months for implementation, and is expected to offer a phased-in benefit for the 2016 Covered California plan year. The EMPLOYEE WELLNESS FUND will require several months of planning and stakeholder engagement in 2016 and approval as part of SFDPH's 2016-17 budget, before launching in 2017.

A draft resolution is attached for the Health Commission's consideration.

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<sup>15</sup> U.S. Census Bureau, 2013 American Community Survey.

Figure 6: San Franciscans' Options for Health Care Coverage Since Passage of the Health Care Security Ordinance

