RESOLUTION APPROVING A PROPOSAL BY THE SAN FRANCISCO DEPARTMENT OF PUBLIC HEALTH TO MODERNIZE THE CITY OPTION AND TO CREATE A NEW EMPLOYEE WELLNESS FUND

WHEREAS, San Francisco has experienced success in the implementation of the Affordable Care Act exceeding statewide enrollment rates and enrolling more than 97,000 residents in expanded Medi-Cal or Covered California in 2014; and

WHEREAS, Notwithstanding these successes, many San Franciscans remain unable to access affordable coverage, primarily because they are ineligible for the Affordable Care Act’s new coverage options or because the high cost of living in San Francisco makes those options unaffordable; and

WHEREAS, The San Francisco Department of Public Health estimates that 35,000 to 40,000 San Franciscans remain uninsured in 2015, approximately 15,000 of whom are Healthy San Francisco participants; and

WHEREAS, The City’s 2013 Universal Healthcare Council found that rates of uninsurance are higher among low- and moderate-income earners and part-time employees, compared to full-time employees and those earning more than $50,000 annually; and

WHEREAS, San Francisco is in a unique position to address these issues given the City’s Health Care Security Ordinance, which provides a strong foundation on which to build a response; and

WHEREAS, The Health Care Security Ordinance, created in 2007 “to ensure that all San Francisco residents, and all non-San Francisco residents who work in San Francisco, have access to affordable health care,” requires employers to make minimum health care expenditures on behalf of their employees; and

WHEREAS, Covered employers comply with the Health Care Security Ordinance in many ways, primarily by providing health insurance to their covered employees, but also by providing health reimbursement accounts or by making payments to the City Option; and

WHEREAS, Pursuant to the Health Care Security Ordinance, the San Francisco Department of Public Health administers the City Option, a health access program comprising Healthy San Francisco, which provides access to coordinated health care services for the uninsured on a sliding scale, and medical reimbursement accounts, which reimburse for a variety of out-of-pocket health care expenses; and

WHEREAS, Amendments to the Health Care Security Ordinance passed by the Board of Supervisors in June 2014 require the San Francisco Department of Public Health to develop a program that addresses the affordability of health insurance by leveraging employer expenditures made under the Health Care Security Ordinance; and

WHEREAS, Through a generous grant from the California Health Care Foundation, the San Francisco Department of Public Health engaged Health Management Associates and the University of California Berkeley Center for Labor Research and Education as consultants to define affordability in a San
WHEREAS, The research finds that the cost of living in San Francisco is 59% higher than the national average, which, coupled with insurance trends favoring increased cost sharing for consumers, leaves many San Franciscans at risk of being uninsured or underinsured. The research also finds that San Franciscans earning between 250 and 500 percent of the federal poverty level experience the highest affordability challenges; and

WHEREAS, Analysis of City Option data indicates that 73 percent of employees receiving contributions to the City Option likely work fewer than 30 hours per week, at least 16 percent earn less than $47,000 per year, and at least one-third are uninsured; and

WHEREAS, The analysis of programming options finds that the existing City Option infrastructure provides a strong foundation to include a feature that could make health insurance more affordable for eligible San Franciscans by providing premium and cost-sharing assistance; and

WHEREAS, The San Francisco Department of Public Health elicited stakeholder input via focus groups with employees and employers covered by the Health Care Security Ordinance, which reinforced the need for a plan to address the affordability of health care and confirmed the high number of part-time employees receiving contributions to the City Option; and

WHEREAS, Informed by the consultants’ research and recommendations, and the focus group findings, the San Francisco Department of Public Health proposes a modernization of the City Option to ensure that all low- and moderate-income San Franciscans will have access to affordable health care; and

WHEREAS, The City Option modernization proposal include two components: 1) a new feature under the medical reimbursement accounts, called Bridge to Coverage, which would provide premium and cost-sharing assistance for eligible San Franciscans receiving employer contributions to the City Option; and 2) an Affordability Extension to expand Healthy San Francisco eligibility to maintain the program’s status as a safety net for those without access to affordable health insurance up to 500 percent of the federal poverty level; and

WHEREAS, There is growing evidence in support of workplace wellness programs, including positive outcomes for employee health, reduced absenteeism, and increased productivity; and

WHEREAS, 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; and

WHEREAS, In alignment with the emphasis on wellness and prevention in the Affordable Care Act, the San Francisco Department of Public Health also proposes a new and separate program to be developed with stakeholder input and implemented as part of the 2016-17 budget, called the Employee Wellness Fund, which would reimburse eligible employers for making investments in employee wellness, such as smoking cessation or onsite exercise programs; and

WHEREAS, The San Francisco Department of Public Health remains committed to ensuring the health of all San Franciscans, which includes prioritizing enrollment in health insurance through outreach and
education for those who are eligible and able to access it and, for those who are not, maintaining access to coordinated health care services through Healthy San Francisco;

NOW, THEREFORE, BE IT RESOLVED That the San Francisco Health Commission approves the proposed modernization of the City Option, including the Bridge to Coverage feature for medical reimbursement accounts and the Healthy San Francisco Affordability Extension; and

FURTHER RESOLVED That the San Francisco Health Commission authorizes the San Francisco Department of Public Health to develop the Employee Wellness Fund.

I hereby certify that the San Francisco Health Commission at its meeting on August 4, 2015 adopted the foregoing resolution.

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Mark Morewitz
Executive Secretary to the Health Commission