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# Health Care Accountability Ordinance

## Minimum Standards Review & Revisions 2016

Health Commission Meeting

October 18<sup>th</sup>, 2016

# HCAO Overview



- **Effective Date:** July 1, 2001.
- **Covered Employers:** CCSF Contractors & Lease holders.
- **Requirement:** Employers provide health insurance that meets the Minimum Standards or pay a fee to DPH.
- **Minimum Standards Review/Revision:** Every 2 years.
- **Health Commission Role:** Has sole responsibility and authority to revise the Minimum Standards.
- **DPH Role:** Provides research, analysis, and works with stakeholders to develop recommendations.

# Stakeholder Process 2016



- **Workgroup:** DPH convened to review & recommend revisions.
- **Members:** 16 individuals representing: employers, labor, brokers, health plans, city agencies.
- **Meetings:** Three meetings (9/8, 9/27, and 10/5)
- **Goals:** Help DPH develop recommendations to revise Minimum Standards.

# Glossary 1 of 2



- **OOP Max:** The maximum amount a consumer will be required to pay out in a year.
- **Deductible:** The amount a consumer pays out in a year before the health plan begins to pay for covered services.
- **Coinsurance:** Percentage of the charge for medical care that the consumer must pay.
- **Copayment:** A flat dollar amount the consumer pays for a covered service, each time it's used.

# Glossary 2 of 2



## Health Reimbursement Arrangement (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 for health expenses, when coupled with a high deductible health plan. Employers & employees may contribute; funds belong to the employee.**

# Current Minimum Standards



Benefit	Requirement
1) Premium Contribution	Employer pays <b>100%</b>
HRA/HSA	Allowed in relation to OOP max and deductible
2) OOP Max	<b>\$6,350</b> (must include all types of cost-sharing)
3) Medical Deductible	<b>\$1,500</b>
4) Rx Deductible	<b>\$300</b>
6) Coinsurance	In-Network: <b>20%</b> Out-of-Network: <b>50%</b>
7) Copayment for PCP	In-Network: <b>\$30</b> Out-of-Network: Not specified

# Premium Contribution

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## Current MS

1) Employer pays  
100% of premium

## Recommendation

Retain the current Minimum  
Standard

**Rationale:** This will continue preserving the intent of the HCAO and best ensure employees access to affordable health coverage.

# Recommendation 1: Out-of-Pocket Maximum

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## Current MS

2) \$6,350

## Recommendation

Increase to \$6,850

**Rationale:** This will allow employers the most plan choices while providing employees protection from the 2017 and 2018 ACA increases.



# Recommendation 2: Medical Deductible

## Current MS

3) \$1,500

## Recommendation

Increase to \$2,000

The employer must cover 100% of the medical deductible and may do so with a fully employer-funded HRA or HSA that provides first-dollar coverage.

**Rationale:** Removes employees' financial barrier; allows employers to access more plans with lower premiums and preserve choice on how health care dollars are spent towards allowable expenses.

# Recommendation 3: Prescription Deductible

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## Current MS

4) \$300

## Recommendation

Decrease to \$250

**Rationale:** This reduction aligns with the Covered California metal tier structure that sets the limit at \$250 for silver plans and above.

# Recommendations 4 & 5: Coinsurance & Copayment

## Current MS

6) In-Network Coinsurance: 20%

7) Copayment for PCP visit: \$30

## Recommendation

Increase to 30%

Increase to \$45

**Rationale:** Increasing the coinsurance and copayment ceilings will allow employers to access more plans with lower premium costs.

With recommendation 2, employees will have first-dollar protection.

# Recommendation 6: Add Clarifying Language

## Current MS

9 & 10

8, 11-16

## Recommendation

Add clarifying language that covered preventive and pre/post-natal services are standardized per Covered California and ACA rules

Add clarifying language that cost-sharing for these services are based on the actuarial value of the health plan and are standardized per Covered California and ACA rules

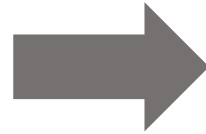
**Rationale:** This seeks to preempt some of employers' and employees' unfamiliarity with health coverage benefits and cost-sharing.

# Conclusion

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**30%**

compliant under  
current standards



**52%**

compliant under  
recommended standards

The current Minimum Standards are such that only 30 percent of 105 plans on the small business market are compliant. With the changes recommended here this increases to 52 percent compliance.

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**Questions**  
**or**  
**Comments?**