

# HEALTH CARE ACCOUNTABILITY ORDINANCE

MINIMUM STANDARDS REVIEW & REVISIONS 2018

HEALTH COMMISSION MEETING  
JULY 17<sup>TH</sup>, 2018



# HCAO OVERVIEW



## EFFECTIVE DATE

July 1, 2001

## COVERED EMPLOYERS

SF contractors & lease holders

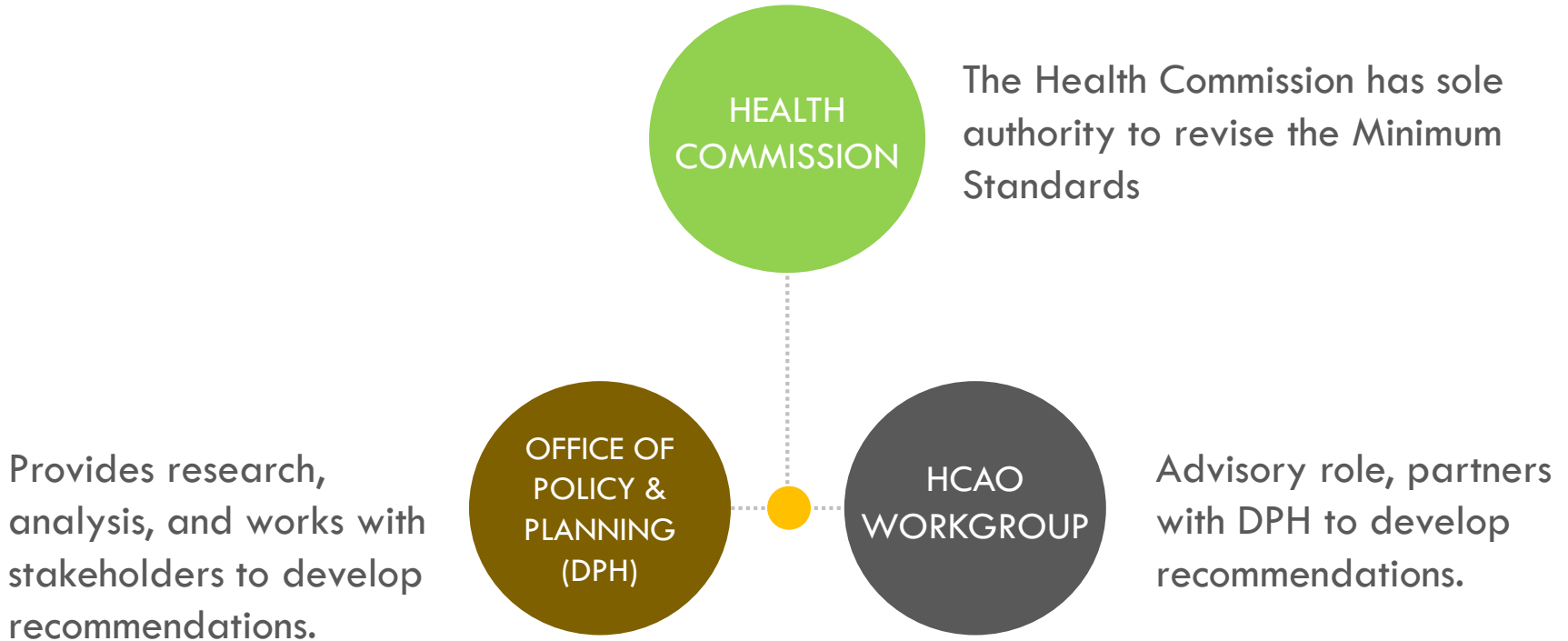
## REQUIREMENT

Covered employers provide health insurance that meets the Minimum Standards or pay a fee to DPH

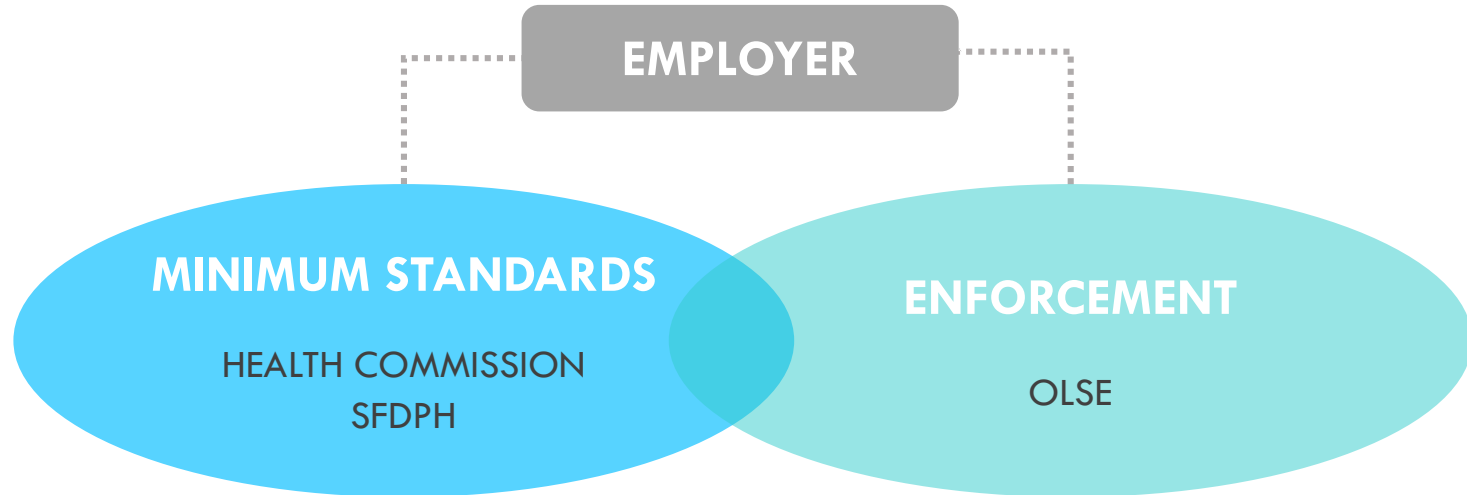
## MINIMUM STANDARDS

Compliant health plan must meet all the standards, and they are reviewed/ updated at least every 2 years

# HCAO REVISION



# HCAO ENFORCEMENT: DEPARTMENT ROLES



- Updates Minimum Standards
- Reviews health plan compliance

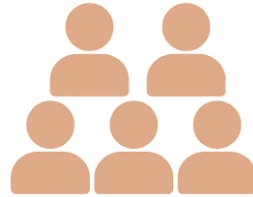
- Audits employers
- Responds to worker complaints
- Negotiates settlements
- Coordinates payment plans

# HCAO WORKGROUP: STAKEHOLDER PROCESS 2018



## **WORKGROUP**

DPH convened to review  
& recommend Minimum  
Standard revisions



## **MEMBERS**

13 individuals representing:  
employers, labor, brokers,  
health plans, and city  
agencies.



## **MEETINGS**

4 meetings  
(April-May 2018)

# GLOSSARY: 1 OF 2



## OUT-OF-POCKET 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.



## **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.

# MINIMUM STANDARDS

STANDARD	CURRENT	RECOMMENDATION
<b>Type of plan</b>	Any type of plan that meets all the minimum standards	<ul style="list-style-type: none"><li>▪ All gold and platinum level plans deemed compliant.</li><li>▪ Any type of plan that meets the minimum standards.</li></ul>
<b>1. Premium Contribution</b>	Employer pays 100%	Maintain current standard

**Rationale:** These recommendations will continue preserving the intent of the HCAO and best ensure employees access to affordable health coverage, while supporting employers with clear and simple pathways to comply with the law.



# MINIMUM STANDARDS

STANDARD	CURRENT	RECOMMENDATION
<b>2. Out-of-Pocket Maximum</b>	\$6,850	California Patient-Centered Benefit Design Out-of-Pocket limit for a silver coinsurance or copay plan during the plan's effective date.  (2019 = \$7,550)

**Rationale:** This state benchmark is historically lower than the ACA limit, and will allow employers the most plan choices while providing employees protection from the 2019 and 2020 ACA increases. In 2019, it is projected to increase to \$7,900.

# MINIMUM STANDARDS

STANDARD	CURRENT	RECOMMENDATION
<b>3. Medical Deductible</b>	<p>Increase to \$2,000</p> <p>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.</p>	<p>Maintain current standard, but clarify language.</p> <p>The employer must cover 100% of <u>actual expenditures that count towards the medical deductible, regardless of plan type and level. Employers may use any health savings / reimbursement product that supports compliance with this standard.</u></p>

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

# MINIMUM STANDARDS

STANDARD	CURRENT	RECOMMENDATION
<b>4. Prescription Drug Deductible</b>	Max: \$250	Reduce max to <u>\$200</u>
<b>5. Prescription Drug Coverage</b>	Plan must provide drug coverage, including coverage of brand-name drugs.	Maintain current standard

**Rationale:** The market for CA small group insurance plans prices a large proportion of silver plans' Rx deductible at \$200 or below. This recommendation seeks to protect employees from rising Rx and overall OOP costs.

# MINIMUM STANDARDS

STANDARD	CURRENT	RECOMMENDATION
<b>6. Coinsurance</b>	Max: 30%	Reduce max to <u>20%</u>
<b>7. Copayment for PCP Visit</b>	Max: \$45	Maintain current standard

**Rationale:** The market for CA small group insurance plans prices a large proportion of silver plans' coinsurance at 20% or below. This will provide protection for employees from rising OOP costs.

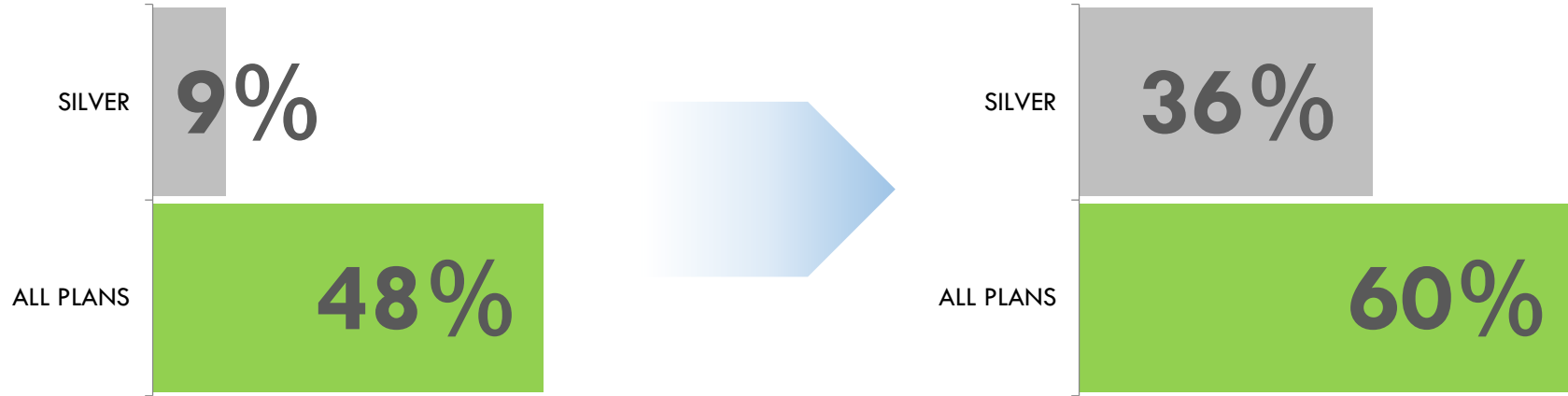
Maintaining the copayment ceiling will allow employers to access more plans with lower premium costs.

# MINIMUM STANDARDS

STANDARD	CURRENT	RECOMMENDATION
8, 11 – 16	These Essential Health Benefits are required; cost-sharing must comply with HCAO limits	Maintain current standard, and amend language to clarify meaning.
9 – 10	Preventive and Pre-/Post-natal care are required at no cost, per ACA rules.	Maintain current standard, and amend language to reference the CA Benchmark Plan to outline the types of services that are required.

**Rationale:** The language seeks to preempt some employers' and employees' unfamiliarity with health coverage benefits and cost-sharing, and support employers' compliance with the law.

# CONCLUSION



The recommended changes enable employers to choose from **4X more silver plans** and **60% of all plans**.

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QUESTIONS

OR

COMMENTS?

