

HEALTH CARE ACCOUNTABILITY ORDINANCE (HCAO)

Minimum Standards Review & Revisions 2020

Health Commission Meeting ■ July 7th, 2020





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

MINIMUM STANDARDS

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



REVISION PROCESS



The Health Commission has sole authority to revise the Minimum Standards



Provides research, analysis, and works with stakeholders to develop recommendations.

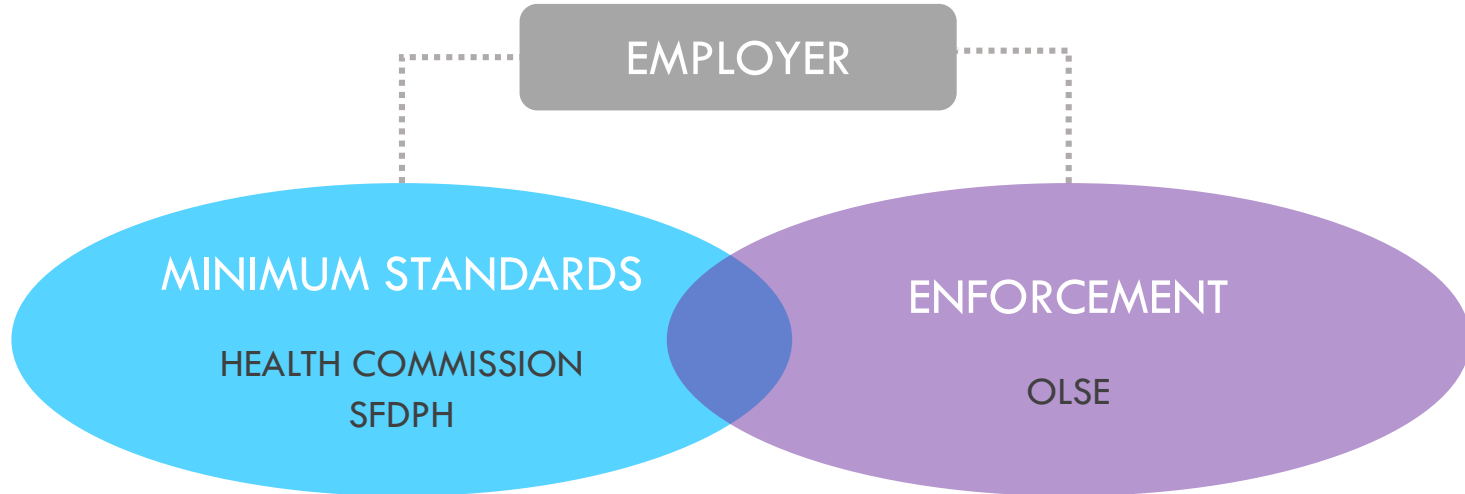


Advisory role, partners with DPH to develop recommendations.





ENFORCEMENT - DEPARTMENT ROLES



- Updates Minimum Standards
- Reviews health plan compliance

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

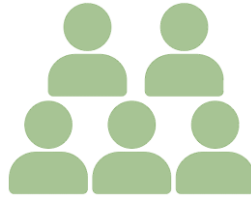


WORKGROUP PROCESS



WORKGROUP

DPH convened to review
& recommend Minimum
Standard revisions



MEMBERS

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



MEETINGS

4 meetings
April-June 2020



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.



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.



WORKGROUP THEMES & FINDINGS

- Shared priority to continue supporting healthcare access and affordability
- Increasing difficulty over the years to ensure reasonably affordable options for both employers and employees.
- COVID-19 related economic downturn amplifies financial challenges faced by many employers and employees
- Pandemic exacerbates existing health disparities, especially for vulnerable populations and communities of color



MINIMUM STANDARDS

STANDARD	CURRENT	RECOMMENDATION
Type of plan	Any type of plan that meets all the minimum standards. All gold and platinum plans are deemed automatically compliant.	Amend to include language that the allowance for gold and platinum plans only applies to plans written in CA
1. Premium Contribution	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
2. Out-of-Pocket (OOP) Maximum	Synced to CA <i>Patient-Centered Benefit Design</i> OOP limit for a silver coinsurance or copay plan during the plan's effective date.	Maintain current standard

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 2021 and 2022 ACA increases. In 2021, the proposed increase to this CA benchmark limit is from \$7,800 to \$8,200. The proposed increase for the ACA limit is from \$8,150 to \$8,550.



MINIMUM STANDARDS

STANDARD	CURRENT	RECOMMENDATION
3. Medical Deductible	<p>\$2,000 maximum</p> <p>The employer must cover 100% of the medical deductible and may do so with any reimbursement product</p>	<p>Increase max to <u>\$3,000</u></p> <p>Maintain employer requirement</p>

Rationale: Increasing the allowable maximum increases the number of plans available to employers at a lower premium to choose from. Employees continue to receive protection from increasing deductibles.



MINIMUM STANDARDS

STANDARD	CURRENT	RECOMMENDATION
4. Prescription Drug Deductible	Max: \$200	Increase max to <u>\$300</u>
5. Prescription Drug Coverage	Plan must provide drug coverage, including coverage of brand-name drugs.	Maintain current standard

Rationale: The market for CA small group insurance plans has generally increased the Rx deductible for gold and silver plans prices above \$200. This recommendation seeks to protect employees from rising Rx and overall OOP costs while increasing the number of plans available to employers to choose from.



MINIMUM STANDARDS

STANDARD	CURRENT	RECOMMENDATION
6. Coinsurance	Max: 20%	Maintain current standard
7. Copayment for PCP Visit	Max: \$45	Increase max to <u>\$50</u>

Rationale: Out-of-pocket costs in the form of coinsurance are more impactful for employees because cost of services are unknown until after they are provided. Maintaining the standard will provide more protection for workers who use their coverage. The slight increase to the copayment ceiling will allow employers to access more plans with lower premium costs.



MINIMUM STANDARDS

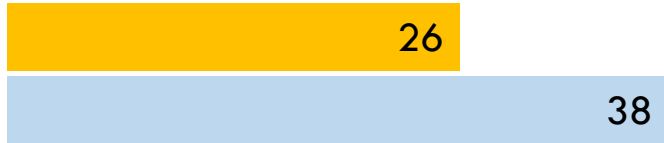
STANDARD	CURRENT	RECOMMENDATION
8, 11 – 16	These Essential Health Benefits are required; cost-sharing must comply with HCAO limits	Maintain current standard.
9 – 10	Preventive and Pre-/Post-natal care are required at no cost, per ACA rules.	Maintain current standard.

Rationale: The workgroup recommends no changes to these Minimum Standards.



CONCLUSION

COMPLIANT PLANS:
CURRENT MIN STDS



COMPLIANT PLANS:
RECOMMENDED MIN STDS



The recommended changes increase the share of plans that employers can choose, from 40% to 52%.



THANK YOU

QUESTIONS & COMMENTS