MEMORANDUM

November 1st, 2016

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

Through: Barbara A. Garcia, MPA, Director of Health

Through: Colleen Chawla, Deputy Director of Health, Director of Policy and Planning

From: Patrick Chang, Senior Health Program Planner

Re: Health Care Accountability Ordinance – Suggested Revisions to the Minimum Standards for 2017 and 2018

As required by the San Francisco Health Care Accountability Ordinance (HCAO), the Department of Public Health has recently undertaken a thorough biannual review of the current HCAO Minimum Standards in relation to the current health care insurance market in California. These Standards set the minimum requirements for a compliant health plan that employers subject to the HCAO must meet when providing their employees with a health plan.

We respectfully request that you consider the Workgroup's recommendations, summarized in Attachment A, and look forward to discussing the findings with the members of the Health Commission on November 1st, 2016. The previous draft resolution only included the 14 Standards that were subject to change per the Workgroup's recommendations. We have ~~also~~ attached an updated draft resolution (Attachment B), with the complete list of 16 Minimum Standards based on these recommendations, for your consideration to ensure that the Standards are updated in time for the first of the New Year.

Recommendations for New Minimum Standards

Benefit Requirement	Current Minimum Standard	Recommended Minimum Standard Revision
1. Premium Contribution	Employer pays **100%**	Retain current Minimum Standard
2. Annual OOP Maximum	• In-Network: **$6,350** • Out-of-Network: Not specified OOP Maximum must include all types of cost-sharing (deductible, copays, coinsurance, etc.); and Employer may offer a plan with a higher OOP maximum only if they combine it with a fully employer-funded HSA or HRA for the amount exceeding $6,350.	• In-Network: **$6,850** • Out-of-Network: Not specified OOP Maximum must include all types of cost-sharing (deductible, copays, coinsurance, etc.); and Employer may offer a plan with a higher OOP maximum only if they combine it with a fully employer-funded HSA or HRA for the amount exceeding **$6,850**.
3. Regular (Medical Services) Deductible	• In-Network: **$1,500** • Out-of-Network: Not specified Employer may offer a plan with a higher deductible only if they combine it with a fully employer-funded HSA or HRA for the amount exceeding $1,500.	• In-Network: **$2,000** • Out-of-Network: Not specified **The employer must cover 100% of the medical deductible and may do so with either a fully employer- funded HSA or HRA. The HSA or HRA must provide first dollar coverage.**
4. Prescription Drug Deductible	• In-Network: **$300** • Out-of-Network: Not specified	• In-Network: **$250** • Out-of-Network: Not specified
5. Prescription Drug Coverage	Plan must provide drug coverage, incl. coverage of brand-name drugs.	Retain current Minimum Standard
6. Coinsurance Percentages	• In-Network: **80%/20%** • Out-of-Network: **50%/50%**	• In-Network: **70%/30%** • Out-of-Network: **50%/50%**
7. Copayment for Primary Care Provider Visits	• In-Network: **$30** per visit. • Out-of-Network: Not specified	• In-Network: **$45** per visit. • Out-of-Network: Not specified
8. Ambulatory Patient Services (Outpatient Care)	• When coinsurance is applied See Benefit Requirement #6 • When copayments are applied for these services: • Primary Care Provider: See Benefit Requirement #7 • Specialty visits: Not specified	Retain current Minimum Standard *** Include language:** ***"Coverage of these services are standardized under ACA rules. Cost-sharing for these services are to conform to the requirements above."***

Benefit Requirement	Current Minimum Standard	Recommended Minimum Standard Revision
9. Preventive & Wellness Services	• In-Network: Provided at no cost, per ACA rules. • Out-of-Network: Subject to the plan's out-of-network fee requirements.	Retain current Minimum Standard *** Include language:** ***"Covered California provides a list of covered preventive services. These services are standardized by federal ACA rules at no charge to the member."***
10. Pre/Post-Natal Care	• In-Network: Scheduled prenatal exams and first postpartum follow-up consult is covered without charge, per ACA rules. • Out-of-Network: Subject to the plan's out-of-network fee requirements.	Retain current Minimum Standard *** Include language:** ***"Covered California provides a list of covered pre/post-natal care services. These services are standardized by federal ACA rules at no charge to the member."***
11. Hospitalization	• When coinsurance is applied See Benefit Requirement #6 • When copayments are applied for these services: Not specified	Retain current Minimum Standard *** Include language:** ***"Coverage of these services are standardized under ACA rules. Cost-sharing for these services are to conform to the requirements above."***
12. Mental Health & Substance Use Disorder Services, including Behavioral Health	• When coinsurance is applied See Benefit Requirement #6 • When copayments are applied for these services: Not specified	Retain current Minimum Standard *** Include language:** ***"Coverage of these services are standardized under ACA rules. Cost-sharing for these services are to conform to the requirements above."***
13. Rehabilitative & Habilitative Services	• When coinsurance is applied See Benefit Requirement #6 • When copayments are applied for these services: Not specified	Retain current Minimum Standard *** Include language:** ***"Coverage of these services are standardized under ACA rules. Cost-sharing for these services are to conform to the requirements above."***
14. Laboratory Services	• When coinsurance is applied See Benefit Requirement #6 • When copayments are applied for these services: Not specified	Retain current Minimum Standard *** Include language:** ***"Coverage of these services are standardized under ACA rules. Cost-sharing for these services are to conform to the requirements above."***
15. Emergency Room Services & Ambulance	Limited to treatment of medical emergencies. The in-network deductible and coinsurance also apply to emergency	Retain current Minimum Standard *** Include language:** ***"Coverage of these services are standardized under ACA***

Benefit Requirement	Current Minimum Standard	Recommended Minimum Standard Revision
	services received from an out-of-network provider.	***rules. Cost-sharing for these services are to conform to the requirements above."***
16. Other Services	The full set of covered benefits is based on the ACA list of Essential Health Benefits in conjunction with the Covered California EHB Benchmark plan.	**Retain current Minimum Standard** *** Include language:** ***"Coverage of these services are standardized under ACA rules. Cost-sharing for these services are to conform to the requirements above."***

Health Commission
City and County of San Francisco
Resolution No. 16-11

AMENDING THE HEALTHCARE ACCOUNTABILITY ORDINANCE MINIMUM STANDARDS

WHEREAS, On July 1, 2001, the Healthcare Accountability Ordinance (HCAO) went into effect, requiring that employers doing business with the City provide health insurance coverage for their employees or pay a fee to offset costs for health care provided by the City and County of San Francisco to the uninsured; and

WHEREAS, The HCAO provides the Health Commission with the authority and responsibility to determine Minimum Standards for health plan benefits offered by City contractors and lessees, as well as certain subcontractors and subtenants; and,

WHEREAS, the HCAO requires that the Health Commission review the Minimum Standards at least every two years and make changes as necessary to ensure that they are consistent with the current health insurance market; and

WHEREAS, In September 2016, DPH convened the Minimum Standards Workgroup, with representatives from various entities including health insurance broker firms, health plans, employers, labor advocates, and others, with the task of making recommendations for a revised set of Minimum Standards; and

WHEREAS, This Workgroup met three times with the goal to review and make recommendations for changes to the Minimum Standards, with the goal to balance the needs of employers and employees that would ensure health insurance plan options for employers, retain comprehensive benefits for employees, and consider affordability for both; and

WHEREAS, Taking into consideration the Workgroup's recommendations, DPH produced a written report to be presented to the full Health Commission on October 18, 2016 with an explanation of the process and description of the recommendations; and

WHEREAS, A review of t~~T~~he current Minimum Standards against ~~are such that only 30 percent of~~ 111 plans on the small business market in 2016 found that only 30 percent of plans are compliant; with the changes recommended here, this increases to 52 percent compliance, and

WHEREAS, DPH supports the proposal developed in conjunction with the HCAO Minimum Standards Workgroup, as described fully in this resolution, and is respectfully requesting approval from the Health Commission;

THEREFORE, BE IT

RESOLVED, That ~~the majority of the MS requirements will remain the same as they are now, with five adjustments: increase the OOP maximum from $6,350 to $6,850; increase the deductible from $1,500 to $2,000; decrease the prescription deductible from $300 to $250; modify the in-network coinsurance percentages from 80 percent/20 percent to 70 percent/30 percent; and increase the copayment for primary care provider visits from $30 to $45; and be it~~

~~FURTHER RESOLVED, The employer will cover 100 percent of the medical deductible and may do so with a fully employer-funded HSA or HRA that provides first-dollar coverage towards the deductible; and be it~~

~~FURTHER RESOLVED, That the Minimum Standards will include clarifying language that free preventive care and pre/post-natal care services are outlined by Covered California and aligned with the Affordable Care Act's list of ten Essential Health Benefits and the Covered California benchmark plan; and be it~~

~~FURTHER RESOLVED, That the Minimum Standards will include clarifying language that cost-sharing for health care services is based on the health plan's actuarial value which are standardized by the Affordable Care Act's rules and regulations; and be it~~

the Health Commission thanks the Minimum Standards Workgroup for its thorough and thoughtful engagement and collaboration to develop recommended changes to the HCAO Minimum Standards for the Health Commission's consideration; and be it

FURTHER RESOLVED, That the Health Commission approves the following revised Minimum Standards effective January 1, 2017 for the calendar years 2017 and for 2018:~~; and be it~~

Benefit Requirement	New Minimum Standard
1. Premium Contribution	Employer pays 100%
2. Annual OOP Maximum	• In-Network: $6,850 • Out-of-Network: Not specified OOP Maximum must include all types of cost-sharing (deductible, copays, coinsurance, etc.); and Employer may offer a plan with a higher OOP maximum only if they combine it with a fully employer-funded HSA or HRA for the amount exceeding $6,850. •
3. Regular (Medical Services) Deductible	• In-Network: $2,000 • Out-of-Network: Not specified The employer must cover 100% of the medical deductible and may do so with either a fully employer- funded HSA or HRA. The HSA or HRA must provide first dollar coverage.
4. Prescription Drug Deductible	• In-Network: $250 • Out-of-Network: Not specified
5. Prescription Drug Coverage	Plan must provide drug coverage, including coverage of brand-name drugs.
6. Coinsurance Percentages	• In-Network: 70%/30% • Out-of-Network: 50%/50%
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I hereby certify that the San Francisco Health Commission adopted this resolution at its meeting of November 1, 2016.