City and County of San Francisco **Department of Public Health**

Edwin M. Lee,
Mayor

Stella Cao,
Director of Managed Care

MEMORANDUM

July 26, 2017

TO: Commissioner Cecilia Chung, Chair
Members of the Health Commission Finance and Planning Committee

THROUGH: Greg Wagner, CFO, San Francisco Department of Public Health

FROM: Stella Cao

RE: August 1, 2017 Supplemental Information for Healthy San Francisco and Healthy Kids Contracts on June 6, 2017 Health Commission Contracts Report

This memo is to provide supplemental information to better understand the purpose and context of the following three (3) contracts with the San Francisco Community Health Authority (SFCHA) (doing business as "San Francisco Health Plan"), included in the June, 2017 Health Commission Contracts Report:

- Healthy San Francisco (Third Party Administrative Services)
- Healthy San Francisco (Provider Payments)
- Healthy Kids program (Third Party Administrative Services and Provider Payments)

Background on San Francisco Community Health Authority and Healthy San Francisco

In July 2006, the San Francisco Board of Supervisors adopted the Health Care Security Ordinance (HCSO), following Mayor Gavin Newsom's call for action to address San Franciscans' lack of access to affordable health care. The HCSO charged San Francisco Department of Public Health (DPH) with the creation of a health care access program (Healthy San Francisco or Healthy SF) for eligible uninsured San Franciscans, along with a method, the San Francisco City Option Program (the "SF City Option"), to enable employers in San Francisco to comply by either funding the cost to enroll their employees in Healthy SF, or by contributing to a Medical Reimbursement Account to cover eligible health care expenses for those employees opting not to join Healthy SF. In other words, the HCSO guaranteed employer-funded contributions to cover health care expenditures for many San Francisco employees, and created a collaboratively funded effort among businesses, existing health care facilities, and the City and County of San Francisco (the "City") to provide organized health care delivery through its health access program, Healthy SF. Healthy SF provides comprehensive health services regardless of employment, immigration status or pre-existing conditions within the City.

The enabling legislation allowed for DPH to contract with a third party administrator to meet the legal requirement of administering the program operations of the San Francisco City Option

Program and Healthy San Francisco. DPH selected the San Francisco Community Health Authority to serve as the Third Party Administrator (TPA).

Since 2008, DPH has entered into two separate sole source contract agreements with SFCHA for Healthy SF, whereby SFCHA provides provider payment services and TPA services for Healthy SF, including the San Francisco City Option. These services are described below.

1. Healthy SF/SF City Option Third Party Administrative Services Contract
This contract covers the TPA services for both Healthy SF and San Francisco's Medical Reimbursement Account programs (SF MRA), established under the City Option Program. These services include:

(a) Healthy SF enrollment assistance for participants receiving SF City Option contribution;
(b) Management of employer spending requirement (ESR) deposits to SF City Option contribution pool;
(c) Management of distribution of ESR contributions to individual SF MRAs for employees;
(d) Management of SF MRA accounts including utilization and deactivation;
(e) Application assistor training;
(f) Customer services call center;
(g) Provider contracting and relations;
(h) Health services including management of the Pharmacy Benefit Manager for two (2) medical homes;
(i) Communication and outreach;
(j) Billing; and
(k) IT services that support data and reporting.

As a side note, in 2013 Mayor Ed Lee reconvened the Universal Healthcare Council to evaluate how San Francisco could best implement the Affordable Care Act (ACA). The Universal Healthcare Council adopted six guiding principles including: supporting the ACA, maintaining Healthy SF, maximizing enrollment into health insurance, and among others. While the HCSO has continued largely unchanged, it was amended with DPH tasked to develop a plan to ensure employer contributions being optimized for employee enrollment into health insurance through California's health insurance exchange interface (Covered CA). This led to the launch of the SF Covered MRA Program in November 2016. While the proposed TPA contract under consideration for renewal covers the TPA services for Healthy SF and SF MRA, a separate contract is being developed to address the TPA services for the SF Covered MRA program specific activities.

2. Healthy SF Provider Payments Contract
This contract makes payments to the participating providers in the four (4) medical home provider networks of Healthy SF program. The networks and distribution of program participants, as of April 1, 2017, are listed as follows:

Medical Home Provider Networks	# of Healthy SF Participants	% of Healthy SF Participants
San Francisco Health Network	8,240	59%
San Francisco Community Clinic Consortium	4,690	34%
Kaiser Permanente – San Francisco	684	5%
Sister Mary Philippa Health Center	272	2%
Total	13,886	100%

The third contract between DPH and the SFCHA is for the Healthy Kids program. Healthy Kids is a full insurance program created in 2001, approved by the California Department of Managed Health Care through SFCHA. It covers medical, mental health, dental and vision services to eligible children through the age of 18. As of April 1, 2017, the program has 1,199 enrolled members. The contract is described in greater detail below.

3. Healthy Kids Program Contract

The services in this contract include both provider payments and TPA services for the Healthy Kids program. Specifically, the TPA services include:

(a) Provision of health insurance to those children ineligible for other publicly funded health insurance;
(b) Provision of eligibility operations and program management;
(c) Outreach to enroll or re-enroll and retain all uninsured low-income to moderate-income eligible children in Medi-Cal or assist their enrollment into other public or private health insurance programs; and
(d) Provision of continuous and ad hoc reporting.

The Healthy Kids program went through some changes in FY16-17. There was a drop in the enrollment due to the implementation of SB75 (Full Scope Medi-Cal for All Children), allowing children that fall between the 0-266% Federal Poverty Level range, regardless of immigration status, to enroll into full-scope Medi-Cal. Said changes resulted in an approximately 50% decline in HK membership; however, the inclusion of the HK program into Covered CA has brought in new members to the program resulting in a gradual increase in membership.

Response to Questions submitted by Commissioner Chow in June, 2017

(1) SFCHA Admin Services: What is the "expansion and restructuring of SF City Options operations, including the launch of SF Covered MRA", and where are the new 64,000 enrollees from?

In November 2016, DPH restructured and expanded SF City Option and launched an additional program called SF Covered MRA. This new program provides additional subsidies for eligible individuals to cover a portion of the premium and out-of-pocket costs for insurance purchased through Covered CA. To accommodate this change, eligibility rules

and fund flows for the programs under the SF City Option umbrella were updated in order to expand coverage options for San Franciscans.

The 64,000 new employee figure is representative of projected permutations of unique employee-employer accounts that will be created for SF City Option in FY17-18. Any employee who is eligible for SF MRA may receive a number of ESR contributions from a number of different SF employers over the course of a fiscal year. This is dependent on how many different employers that individual has worked for over that period. For accounting purposes of the program, each instance of new unique contribution to an employee from a new employer must be counted, managed, and tracked as a "new enrollee". For example, if John Doe moves to the City and starts working for Gap and Macys, it is counted as two "new employees" and not one because SF City Option sends out information to John Doe both about his account with Gap and his account with Macys.

Please note that the 64,000 referenced here has been updated to 69,329 based on the projection provided by SFCHA at the end of May. Listed below is a breakdown of the projected 69,000 by month:

	FY16-17	FY17-18
July	2,900	3,625
August	6,674	8,343
September	529	661
October	2,955	3,694
November	8,955	11,194
December	1,509	1,886
January	2,556	3,195
February	12,686	13,214
March	1,698	2,122
April	3,383	4,228
May	12,430	15,538
June	1,304	1,630
Total	**57,577**	**69,329**

Note: City Option-related call volume dictates Customer Service staffing: ~1:5000 ratio

(2) SFCHA Healthy Kids Program: Please explain how the Covered CA interface increases our costs and membership in the SFHP (which is not a Covered CA provider)?

Any individual who is eligible for a public insurance program is actually not eligible for Advanced Premium Tax Credits (APTC) in Covered CA. However, while the ACA and thus Covered CA went live on January 1, 2014, Healthy Kids was not added to CalHEERS (California's health insurance exchange system) as a possible insurance product until mid-2016, resulting in potentially eligible children not being enrolled into Healthy Kids, but rather, into a Covered CA product. SFCHA, as our TPA, has been working with the California

Department of Health Care Services to address this before the Office of Managed Care took over program oversight in early 2014. Now that eligibility for Healthy Kids is part of CalHEERS, more children are being identified as eligible for Healthy Kids, and we have been seeing a steady growth in its membership since January 2017. The inclusion of additional members into this program is not immediate and is instead a steady growth. There are still technical issues being addressed with the inclusion of Healthy Kids into CalHEERS and reliable projections as to how many children enrolled in a Covered CA product are actually eligible for Healthy Kids have been difficult to obtain at the State level.