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2025-2026 Healthcare Accountability Ordinance (HCAO) Minimum Standards: Frequently Asked Questions and Common Clarifications

1) Does the HCAO require that coverage be offered for the individual employee and their dependent(s)?

   No, the HCAO only requires that medical insurance be offered to the individual worker.

2) Since an employer only has to offer one (1) compliant plan, do other additional plans have to be HCAO compliant?

   A covered employer is only required to offer one (1) compliant plan at no charge to the employee. If they choose to offer additional plans, these plans do not have to meet all the minimum standards, and they can be administered as the employer so chooses.

   For example, after offering the compliant plan at no charge, the employer can also:
   - offer a plan with different benefits that do not meet the minimum standards; or
   - offer a plan that requires an employee premium contribution

3) If an employer pays the HCAO fee instead of offering a compliant plan, does that count as insurance? Does the employee benefit directly from the fee payment?

   Paying the HCAO fee does not count as insurance, and where an employer needs to pay the fee depends on the location of where the employee's work is performed:
   - If the employee performs works on a City contract within the City, the San Francisco Airport, or the San Bruno Jail, the fee is paid to the Department of Public Health. These payments are not a benefit to employees and the fees paid are to meet the HCAO compliance's requirement if the employee does not offer a HCAO complaint health plan to the covered employee.
   - If the employee performs work on a City contract outside the City and County of San Francisco, the fee is paid to the employee. These payments to the employee are a direct benefit to the employee.

   Contact the Office of Labor Standards Enforcement (OLSE) at hcao@sfgov.org for more questions about the fee, best practices on implementation of the above, and how to make a payment instead of offering a compliant plan.

4) Does it matter if our plan is self-funded vs fully-funded as it relates to the HCAO minimum standards?

   No, it does not.

5) How do I calculate the actuarial value of a plan?

   Employers can request that your broker provide the actuarial value of the plan in question, or you can also use the CMS Actuarial Value Calculator (AV Calculator), which is designed to give an estimate of the actuarial value for a given plan design. Please ensure you use the calculator of the corresponding year you're seeking compliance for (i.e., 2025 AV Calculator is used to calculate the AV of a 2025 health plan).

Services Covered

6) If our plan is written out of another state, what can we do to comply with the coverage requirements under standard 16 regarding the CA benchmark plan?

   Employers can get a rider for the services not currently covered or get a plan written in CA.

7) Are quantity limits allowed on services that are in the CA benchmark plan?

   Please refer to the CA benchmark plan for allowable quantitative limitations on services. For example, bariatric services cannot have quantitative limitations as specified under the CA Benchmark Plan: Link

8) Does an employer need to offer pediatric vision and dental coverage as part of the HCAO?

   Given that the HCAO only requires adult coverage, plans do not need to include these benefits.

9) Are adult vision exams required? They are part of the benchmark plan but are not EHBs, so wanted to double check.

   Routine eye exams for adults must be covered. Under the HCAO and HAO, plans must provide the full set of covered benefits defined by the California EHB Benchmark plan, and routine eye exams are a covered service.

10) What weight loss drugs must be covered by HCAO compliant health plans?

    Under the HCAO Minimum Standard #16, compliant plans must cover all services and Rx drugs listed in the CA EHB Plan. The plan, on pp.9-13 of the CA EHB plan link, specifies which Rx's must be covered. If your plan covers the listed # of Rx in the category/class in the table, then it complies with Rx requirements.

    The weight loss programs and interventions referenced by EHB plans (and CMS) are grounded in the US Preventive Services Task Force, and generally more in the context of behavioral interventions. They are intentionally general and defer to the medical provider and their relationship with the patient to prescribe based on their clinical expertise. It does not require coverage of certain Rx drugs

Healthcare Accountability Ordinance (HCAO) vs. Healthcare Airport Ordinance (HAO)

11) How do I know if I have to comply with the HCAO or HAO?

    The requirements under the HCAO are distinct from the Healthy Airport Ordinance (HAO). The HAO applies to employers at SFO with employees covered under the SFO Quality Standards Program (QSP).

    More information on the HAO can be found here: sf.gov/information/understanding-healthy-airport-ordinance. For more info about whether your employees covered under the SFO QSP, contact 650-821-1103; qsp@flysfo.com.

    If you are required to comply with the HAO requirements, you do not need to comply with the HCAO minimum standards.

12) Does the HAO plan supersede the HCAO? If a company has QSP and non-QSP employees, can they offer only the HAO compliant plan?

The HAO does not supersede the HCAO. If there are non-QSP employees that fall under the HCAO, then they would need to be offered an HCAO compliant plan. In many cases, HAO compliant plans comply with the HCAO minimum standards, but employers should still review plans for HCAO compliance in this circumstance.

HCAO Compliance Timeline

13) If our health insurance policy does not end until after the revised minimum standards become effective for 2025, will we be considered out of compliance?

No – the employer's plan would still be compliant. A plan year that overlaps with the revised standards effective January 1, 2025 (i.e. plan year was July 1, 2024 to June 30, 2025), would only need to comply with the standards that were effective January 1, 2024. Any subsequent contract effective on or after January 1, 2025 will need to comply with the revised standards.

Common Clarifications about specific Minimum Standards	
Minimum Standard	**Clarification**
1. Premium Contribution Employer pays 100% of the premium contribution.	• Refers only to individual medical coverage and not vision/dental. • No money may come out of an employee's paycheck to pay the premium contribution. • Employer is only required to offer at least 1 HCAO compliant health plan for which the employer must pay 100% of the premium contribution for the covered employee. • Employer has the discretion to offer any additional health plans for which there can be an option for employees to contribute to their premiums.
2. Annual Out-of-Pocket Maximum In-Network: • Employer must cover in-network out-of-pocket expenses up to 50 percent of plan's annual out-of-pocket maximum. These expenses must be covered on a first-dollar basis. • OOP Maximum must include all types of cost-sharing (deductible, copays, coinsurance, etc.). • The plan's out of pocket maximum cannot exceed the Federal out-of-pocket limit for a self-only coverage plan during the plan's effective date. In 2025, the limit is $9,200. Out-of-Network: Not specified.	• If a HRA or HSA is utilized to cover the employee's in-network out-of-pocket expenses, there is no need to pre-fund the full out-of-pocket expenses amount. • Employer may use a third-party administrator or other appropriate option to manage reimbursement of employees' medical expenditures that count towards the in-network out-of-pocket expenses as long as employees' protected health information remain private and confidential in accordance with state and federal laws. • Employers are encouraged to discuss the optimal reimbursement mechanism with their benefits administrator. While not required, employers are strongly encouraged to provide an employer-funded mechanism, such as a pre-funded debit card, to beneficiaries to cover out-of-pocket expenses (e.g. copays) upfront. • *Example of how standard would be applied to a health plan:* If a plan's annual out-of-pocket maximum for in-network services is $8,000, then the employer must cover the initial $4,000 of the employees in-network health expenses that count towards the OOP Maximum.

Common Clarifications about specific Minimum Standards	
Minimum Standard	**Clarification**
Medical Deductible • In-Network: $3,000 maximum. • Out-of-Network: Not specified.	• The $3,000 maximum limit is for an individual deductible. • A plan can have combined medical and prescription drug deductible. In this situation, the $3,000 maximum would still apply to the combined deductible amount as long as the medical and prescription costs count toward the one total deductible.
16. Other Services The full set of covered benefits is defined by the California EHB Benchmark plan.	• Although all gold- and platinum-tier health plans are considered automatically compliant under the HCAO Minimum Standards, they must still offer coverage for the full set of covered benefits as defined by the California EHB Benchmark plan. • Health plans offered by out-of-state contractors doing business with or in the City and County of San Francisco must provide coverage for the services covered by the California EHB Benchmark plan.

For more information

tinyurl.com/sfhcao

sf.gov/information/understand-health-care-accountability-ordinance

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