

SF City Option Escheatment Update

San Francisco Health Commission | October 2026



San Francisco
Health Network

SAN FRANCISCO DEPARTMENT OF PUBLIC HEALTH



SFCityOption
THE EMPLOYER'S HEALTH CARE CHOICE

Agenda

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» SF City Option Escheatment

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SF City Option Program Overview



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Health Care Security Ordinance

- » The Health Care Security Ordinance (HCSO) requires covered employers to spend a minimum amount on health care for employees who work 8 or more hours per week ("Employer Spending Requirement" or "ESR").
- » Employers can meet the HCSO ESR by making expenses via:
 - payments for insurance (health, dental and/or vision) for employees,
 - contributions to SF City Option (SFCO), or
 - contributions to programs that reimburse employees for out-of-pocket health care costs.
- » Per Office of Labor Standards and Enforcement, in CY 2024, employers reported:
 - 95% of employer spending was allocated to providing employees with health insurance.
 - 5% was allocated to the SF City Option.

How SFCO Works

EMPLOYER

Submits roster

Makes payment

Provides newly eligible employees with Health Care Payment Confirmation Notice

SF CITY OPTION

Sends Welcome Letter and SF MRA Enrollment Form to newly eligible employees within 1-3 weeks from employer's first payment of behalf of the employees

EMPLOYEE

Takes Action: submits SF MRA Enrollment Form or calls SF City Option Customer Service at 1(877) 772-0415



Overall Employer Spending (Jan 2008–Aug 2026)

- » \$2.41 B in contributions from 5.7 K employers
 - \$2.29 B (~95%) from HCSO employer contributions and \$125 M from HAO employers
 - Of this amount:
 - 91.5% of funds used or remained active in Pool or SF MRA funds
 - 8.5% (or \$201 M) escheated to City's General Fund
- » 506.6 K employees served
- » Large businesses (500+ employees) account for 77% of total dollars contributed, and 75% of total employees receiving contributions

SF MRA Utilization

» From FY 2009-10 to FY 2021-22, SF MRA claims paid to employees as a percentage of contributions made for employees (by employers) averaged 34% annually – significant unused balance of funds.

Why Funds Go Unused



- » Many employees are unaware of their accounts due to limited employer communication.
- » Others may not understand how to access fund or assume they are not eligible.
- » Exacerbated by part-time/multiple employers.
- » No cash-out option.

SF City Option Escheatment



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SFCO Escheatment Overview



- » Employer contributions under HSCO and HAO are deposited into the City and County Treasury.
- » These funds are the property of the employee for whom the employer made the contribution.
- » State law (Gov't Code §50050) allows local jurisdictions to take possession of money and/or property that remain unclaimed in its treasury after a three-year Inactivity period with official public notice.
- » In January 2022, the San Francisco Health Commission adopted a policy to escheat inactive SF City Option funds.
- » In March 2023, the SF City Option escheatment policy took effect and a snapshot of the escheatable amount at that time was \$507M.

Inactivity for SFCO Escheatment



- » Three (3) years of inactivity triggers escheatment
- » “Inactivity” means employee did not take any of the four (4) actions:
 - Call customer service to keep the account active
 - Receive a new employer contribution
 - Submit a reimbursement claim
 - Submit an enrollment form for an SF MRA
- » Escheatment clock started March 2023
- » First escheatment in May 2026

Escheated Amount & Accounts

	March 2023 (Snapshot)	May 2026 (Actual)	Change #	Change %
Accounts subject to escheatment (in thousands)	242K*	138K	-104K	-43%
Dollars to be escheated (in millions of dollars)	\$507 M*	\$201 M	-\$306 M	-60%

* These numbers were a snapshot of the accounts and dollars to be escheated if the City & County escheated funds in March 2023.

Outreach & Engagement

Outreach to Employers via Email

- Quarterly employer newsletter
- Monthly employer webinars
- Employer account management notices
 - ✓ Account confirmation
 - ✓ Employer account username
 - ✓ Employer Portal login information
 - ✓ Online roster submission & payment confirmations
 - ✓ Payment reminders and statuses
 - ✓ Welcome to SFCO notice
 - ✓ Refund request & status

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Outreach to Employees

- SFCO welcome packet in the mail and robocall
- SF MRA enrollment reminder
- SF MRA enrollment notice, mailed welcome packet and robocall
- New contribution/deposit notice
- Ongoing digital advertising
- Escheatment policy-related notices started Sep 2023
 - ✓ Every 6 months
 - ✓ 90- & 30-day notices
 - ✓ Account closure notice sent in March/April 2026

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Project-Based Outreach to Employees and/or General Public

- Three (3) rounds of enhanced employee outreach (Jan 2023 – Mar 2024) for escheatment policy rollout
- Public Awareness Campaign launched in transit and online, developed an online Funds Finder tool (Nov 2024 – Jan 2025)
- Public notice in four (4) newspapers (Government Code 50050) published in April 2026 in multiple languages

Challenges and Countermeasures

#	Challenge	Countermeasure
1	Outdated employee address information.	Launched public campaign promoting the Funds Finder tool.
2	Large volume of accounts pending escheatment.	Prioritized DPH and SF Health Plan (SF City Option TPA) staff capacity for escheatment and implemented system-wide adjustments.
3	Employee records with data mismatches requiring review.	Deployed an ID merge tool to help resolve discrepancies and reduce manual workload.
4	Need for standard processes in special cases (e.g., deceased employee funds, grievance process for escheated funds, demographic mismatches).	Coordinated with City agencies to refine policies.
5	Implementing program while responding to high volume of public and media inquiries.	Created dashboards, briefing documents, FAQs, and communication plans to reduce inquiries.

Results of Outreach & Engagement

- » The enhanced outreach increased claim payout
- » For a **4-year period** (Jul 2022–Jun 2026) where enhanced outreach activities were implemented, claims payout added up to:
 - **81%** of the contributed amount
 - **58%** of the total claim payout since 2008

	Contributions in Millions	Employees (#)	Claims Payout in Millions (CP)♦	CP as % of Contributions♦	Claimants (#)	Claimants % of total Employees*	Enhanced Outreach (Yes/No)
FY21-22 (baseline)	\$150	72,915	\$49.5	33%	25,663	35%	No
FY22-23	\$180	79,004	\$105.6	59%	43,689	55%	Partial 6 months only
FY23-24	\$183	75,989	\$165.8	91%	65,981	87%	Yes
FY24-25	\$192	75,440	\$177.5	92%	69,293	92%	Yes
FY25-26	\$225	79,186	\$185.5	82%	74,458	94%	Yes
4-Year Total	\$780	309,619	\$634.4	81%	253,421	82%	Yes

♦Claims Payout in any year will include both dollars contributed in that year and prior years.

*Some of the claimants may have enrolled in SF MRA before FY25-26.

Next Steps



- » Leverage lessons learned to prepare for future escheatments.
- » Evaluate program operations for areas for improvement, aiming to:
 - Protect employee funds by leveraging technology to verify employee identity and to prevent fraud, waste and abuse.
 - Improve employee experience by creating easier tools to access funds.
 - Increase employee and benefit utilization by leveraging technology, marketing and communications to further engage employees.
- » Continue to identify opportunities for further improvement.

Questions?



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