



San Francisco  
Department of Public Health

# FY2026-27 and FY2027-28 Patient Rates Ordinance

May 4, 2026

# Agenda



HMA Engagement



Market Rate Modeling and Findings



Proposed Changes



Impact on Patients



Next Steps & Questions?

# HMA Engagement

- DPH has partnered with the Controller's Office City Performance Unit, DPH and CON engaged with HMA to review its patient rates, and to develop a patient rates model.
- Annual rate increases are required to ensure revenue from Medicare, Medi-Cal and private insurance continues to support DPH's services.
- DPH engaged Health Management Associates (HMA) to perform Charge Description Master (CDM) price review and modeling.
- Analysis focused on reviewing pricing against market benchmarking and Medicare fee schedules as cost surrogates.



# Market Rate Modeling and Findings

# Modeling Process

- HMA model analyzed managed care, market and cost considerations.
  - Managed Care Considerations
    - Payor contracts reviewed to determine price sensitivity at the charge line-item level.
    - Due to limited price sensitive contract terms, net revenue impact was focused on out of network commercial emergency and trauma related charges.
  - Cost Considerations
    - Medicare fee schedule cost surrogate options were utilized.
  - Market Considerations
    - Performed benchmarking comparing rates with seven peer hospitals based on proximity, trauma status and similar complexity.



# HMA Findings

- Looking only at physical health rates, HMA found that
  - DPH rates exceed market benchmarks in the following areas –
    - *Private and semi-private room rates: 19% higher than peers*
    - *Trauma: 7% higher than peers*
  - DPH rates were below market benchmarks in the following areas –
    - *ICU : 6% below peers*
    - *CPT/HCPCS services: 3% below peers*



# Proposed Changes

# Rate Changes – DPH Proposal

- **Extension of Existing Rates:** For services where DPH rates exceed market benchmarks, extend current rates through FY 2027–28. This includes, but is not limited to, Non-ICU Inpatient Services and Trauma Services.
- **Physical Health Rates:** Apply CPI growth to all other physical health services, increases of 2.18% and 3.04% in FY 2026-27 and FY 2027-28, respectively.
- **Specialty Mental Health and Drug Medi-Cal Organized Delivery System:** Apply State fee schedule increases of 3.10% to match state BHS Medi-Cal Fee Schedule
- **Revisions to the Rate Schedule for FY 2026–27 and FY 2027–28:**
  - Increase ICU by 6.00% rates to meet market benchmarks
  - Add rates for Specialty Mental Health Services related to Traditional Healer and Community In Reach and High Fidelity Wrap bundled payments.
  - Remove fees related to reproduction of documents and Medical Marijuana ID cards



# Financial Impact on Patients

- The primary purpose of setting competitive rates is to ensure adequate compensation from commercial insurance companies.
- To ensure patients remain protected from unexpected medical bills for services received at DPH facilities SFDPH has two coordinated policies adopted by the Health Commission:
  - The **Patient Cap and Out of Network** policy establishes a maximum obligation that patients are held responsible and caps the maximum obligation amount commercially insured patients receiving services out-of-network at ZSFG to no more than the in-network amount the patient would owe at an in-network hospital.
  - **Charity Care and Discount Program** policy that creates an income-based out-of-pocket maximum payment for SFHN and CBHS patients scaled according to income level.



# Next Steps

- Health Commission approval of rates as proposed is requested
- Patient Rates will be submitted along with the Mayors budget for Board of Supervisors Approval.
  
- HMA Project
  - HMA will deliver a final modeling tool and provide DPH with technical assistance to utilize the model in future years.
  - HMA will deliver proposed rate setting policies and procedures.



Questions?



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