

HEALTH CARE ACCOUNTABILITY ORDINANCE (HCAO)

Minimum Standards Review & Revisions 2026

Health Commission Meeting ■ June 15th, 2026





OVERVIEW

EFFECTIVE DATE

July 1, 2001

COVERED EMPLOYERS

SF contractors & lease holders

REQUIREMENT

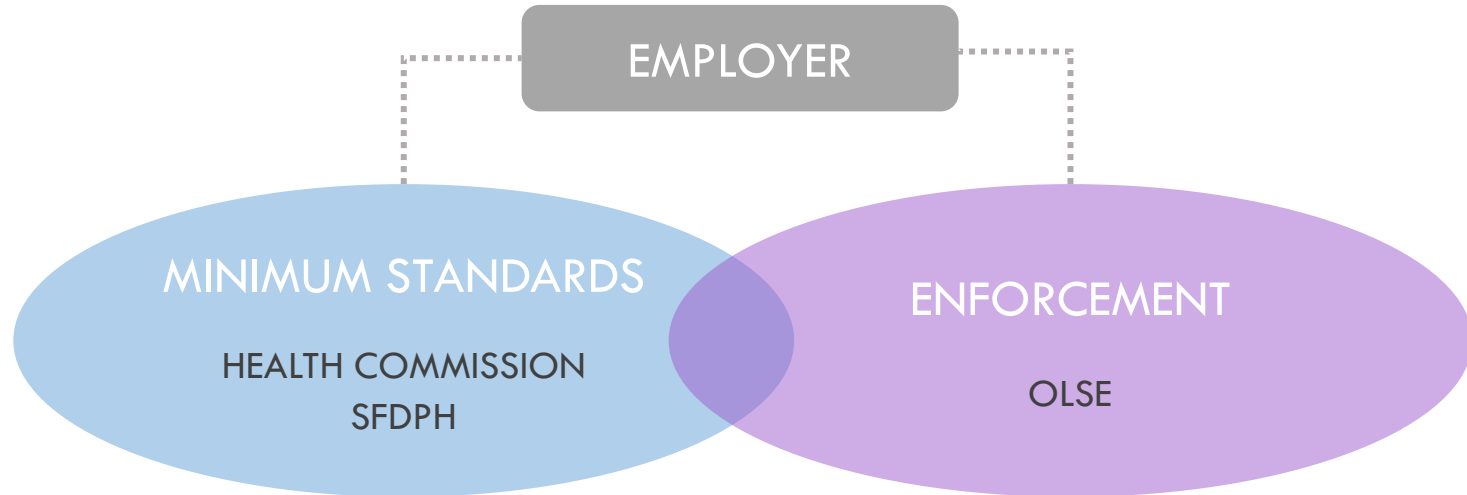
Covered employers provide health insurance that meets the Minimum Standards or pay a fee

MINIMUM STANDARDS

Compliant health plan must meet all the standards, and they are reviewed/ updated at least every 2 years



ENFORCEMENT - DEPARTMENT ROLES



- Updates Minimum Standards
- Reviews health plan compliance

- Audits employers
- Responds to worker complaints
- Negotiates settlements
- Coordinates payment plans



REVISION PROCESS



The Health Commission has sole authority to revise the Minimum Standards



Provides research, analysis, and works with stakeholders to develop recommendations.



Advisory role, partners with DPH to develop recommendations.

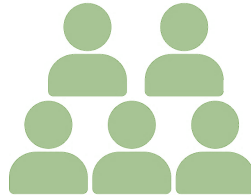


WORKGROUP PROCESS



WORKGROUP

DPH convened to review
& recommend Minimum
Standard revisions



MEMBERS

16 individuals representing:
employers, labor unions,
brokers, health plans, and
city agencies.



MEETINGS

2 meetings
April-May 2026



GLOSSARY – 1 of 2

OUT-OF-POCKET MAX



The maximum amount a consumer will be required to pay out in a year.

DEDUCTIBLE



The amount a consumer pays out in a year before the health plan begins to pay for covered services.

COINSURANCE



Percentage of the charge for medical care that the consumer must pay.

COPAYMENT



A flat dollar amount the consumer pays for a covered service, each time it's used.



GLOSSARY – 2 of 2

HEALTH REIMBURSEMENT ARRANGEMENT (HRA)

Tax-exempt reimbursement account used for qualified health care expenses. Only employers may contribute to an HRA. Funds roll over from year to year, and ultimately belong to the employer.

HEALTH SAVINGS ACCOUNT (HSA)

A tax-free savings account for health expenses, when coupled with a high deductible health plan. Employers & employees may contribute; funds belong to the employee.



WORKGROUP THEMES & FINDINGS

Shared priority to continue supporting healthcare access and affordability

Rising health care costs continue to be a concern for both employers and employees.

Concern about impacts from City budget cuts to nonprofits and the pressure of having to choose between maintaining current staffing levels and spending on healthcare.

Retain no-cost premium for employees and covered services standards such as pre/post natal care, etc. Strong support for no changes in co-pays and co-insurance standards.



FRAMEWORK FOR 2027-28 MINIMUM STANDARD REVISION

EMPLOYEE FOCUSED COMPONENTS

- Maintain **100% premium coverage for employees**
- Maintain requirement for **employer coverage of 50% OOP expenses for employees.**
- Require plans **cover essential health services** such as pre/post natal. care, etc.

EMPLOYER FOCUSED COMPONENTS

- Ensure wide availability of Silver plans on the small group marketplace that comply with the Minimum Standards **by adjusting cost sharing requirements.**

Using this framework, revisions to standards were made to the **medical services deductible** and **prescription drug deductibles**



PROPOSED MINIMUM STANDARDS FOR 2027-28

BENEFIT REQUIREMENT	MINIMUM STANDARD
Type Of Plan	<ul style="list-style-type: none"> Any type of plan that meets the Min Standards. Gold and platinum plans automatically deemed compliant if it covers: all employer contribution standards (1, 3) and required covered services standards (5, 8-16)
1. Premium Contribution	<ul style="list-style-type: none"> Employer must pay 100%
2. Annual Out of Pocket Maximum	<ul style="list-style-type: none"> Require employer cover OOP expenses up to 50% of the plan's out-of-pocket maximum. These expenses must be covered on a first dollar basis. Employers may use any health savings or reimbursement product that supports compliance with this standard. OOP Max cannot exceed Fed OOP limit for self-only coverage plan during plan's effective date.
3. Medical Deductible	<ul style="list-style-type: none"> In-Network: \$3,200 max
4. Prescription Drug Deductible	<ul style="list-style-type: none"> \$500 max
5. Prescription Drug Coverage	<ul style="list-style-type: none"> Must provide prescription drug coverage, including coverage of name-brand drugs.
6. Coinsurance	<ul style="list-style-type: none"> In-Network: 55%/45% Out-of-Network: 50%/50%
7. Copay For Primary Care Provider Visits	<ul style="list-style-type: none"> In-Network: \$65; When coinsurance is applied, see Benefit Requirement #6.
8. Preventive Care & Wellness	<ul style="list-style-type: none"> In-Network: Provided at no cost, per ACA rules
9. Pre- / Post-natal Care	<ul style="list-style-type: none"> No charge
10. Ambulatory (Outpatient) Services	<ul style="list-style-type: none"> Coinsurance: 55%/45% 50%/50%
11. Hospitalization 12. Mental Health & Substance Use 13. Rehabilitative & Habilitative Services 14. Laboratory Services 15. Emergency Room Services & Ambulance	<ul style="list-style-type: none"> Coinsurance: 55%/45% 50%/50% Copayments: Not specified.
16. Other Services	<ul style="list-style-type: none"> The full set of covered benefits is defined by the California EHB Benchmark plan.



Retain for 27-28 Min Standards



Recommended Revisions



HEALTH PLAN ANALYSIS

- Mostly **gold- and platinum-level plans** are **compliant** with the current Minimum Standards
- Since 2024, the percentage of compliant silver plans **dropped by 30%**.
- Decreased availability in compliant silver plans driven by increases in medical deductible, prescription drug deductible, and copay limits.

136

TOTAL PLANS ANALYZED
(SF SMALL GROUP HEALTH PLAN
ANALYSIS: Q2 2026)

PLANS ANALYZED





MINIMUM STANDARDS

STANDARD	CURRENT	RECOMMENDATION
Type of plan	Any type of plan that meets all the minimum standards. All gold and platinum plans are deemed automatically compliant.	Maintain current standard
1. Premium Contribution	Employer pays 100%	Maintain current standard

Rationale: These recommendations will continue preserving the intent of the HCAO and best ensure employees access to affordable health coverage, while supporting employers with clear and simple pathways to comply with the law.



MINIMUM STANDARDS

STANDARD

CURRENT

RECOMMENDATION

2. Out-of-Pocket (OOP) Maximum

- Employers must the cover out-of-pocket expenses up to 50% of the plan's out-of-pocket maximum. These expenses must be covered on a first dollar basis.
- OOP Maximum is synced to the Federal out-of-pocket limit for a self-only coverage plan.

Maintain current standard



MINIMUM STANDARDS

STANDARD	CURRENT	RECOMMENDATION
3. Medical Deductible	\$3,000 maximum	Increase max to \$3,200
4. Prescription Drug Deductible	Max: \$400	Increase max to \$500

Rationale: Costing sharing standards (medical and Rx deductibles) were adjusted to increase availability of silver plans. These costs are required to count towards out-of-pocket costs, and therefor the requirement for the employer to 50% of OOP costs defrays the increases in these standards.



MINIMUM STANDARDS

STANDARD	CURRENT	RECOMMENDATION
5. Prescription Drug Coverage	Plan must provide drug coverage, including coverage of brand-name drugs	Maintain current standard
6. Coinsurance	In-Network: 55%/45% Out-of-Network: 50% / 50%	Maintain current standard
7. Copayment for PCP Visit	Max: \$65	Maintain current standard
8, 11 – 16	These Essential Health Benefits are required; cost-sharing must comply with HCAO limits	Maintain current standard
9 – 10	Preventive and Pre-/Post-natal care are required at no cost, per ACA rules.	Maintain current standard



CONCLUSION

Under the recommended Minimum Standards for 2027-2028:

- Increases the share of silver plans that employers can choose, from **56% to 72%**;
- **Increases to the Medical and Rx deductibles** maximum limits;
- **No increases in copay** limit for primary care visits;
- Employers, on average, would cover a **maximum of \$4,466** in out-of-pocket health care expenses, which more than fully covers each available plan's medical and Rx deductibles.



THANK YOU / QUESTIONS

THANK YOU MEMBERS OF THE WORKGROUP!

- Jane Bosio and Evan Oravec OPEIU 29
- Tina de Joya and Kris Narahara - RAMS, Inc.
- Karl Kramer - SF Living Wage Coalition
- Ketan Gima- Chinese Community Health Plan
- Kim Tavaglione - SF Labor Council
- Andrew Abou Jaoude and Tiffany Yee – SFO
- Chayla Gibson - Larkin Street Youth Services
- Swati Kapadia and Christy Chess - Progress Foundation
- Beverly Popek and Giselle Olmedo - Office of Labor Standards and Enforcement
- Lynn Jones – EPIC
- Rocio Molina – SF Human Services Network



RECOMMENDATION FOR ADJUSTING STANDARDS

	Employer Contribution	Minimum Standards	Silver Plan Availability
Recommendation	<input type="checkbox"/> Maintain Employer Coverage of 50% of the plan's OOP MAX. Average max employer contribution = \$4,466 <input type="checkbox"/> OOP MAX synced to federal benchmark	❖ Medical Ded: \$3,200 ❖ Coinsurance: 55%/45% ❖ Copay: \$65 ❖ Rx Deductible: \$500	26 plans (72% of silver plans) across 6 carriers
Current Standard	<input type="checkbox"/> Employer Coverage of 50% of the plan's OOP MAX. <input type="checkbox"/> OOP MAX synced to federal benchmark	❖ Medical Ded: \$3,000 ❖ Coinsurance: 55%/45% ❖ Copay: \$65 ❖ Rx Deductible: \$400	20 plans (56% of silver plans) across 5 carriers

Key Points under Proposal:

- **No copay increase** in alignment with feedback from workgroup members.
- **Increase medical and Rx deductibles**
- Employers, on average, would **cover a maximum of \$4,466 in out-of-pocket health care expenses**, which more than fully covers each available plan's medical and Rx deductibles.
- Changes increase percent of silver plans compliant with the Standards from **56% to 72%**.



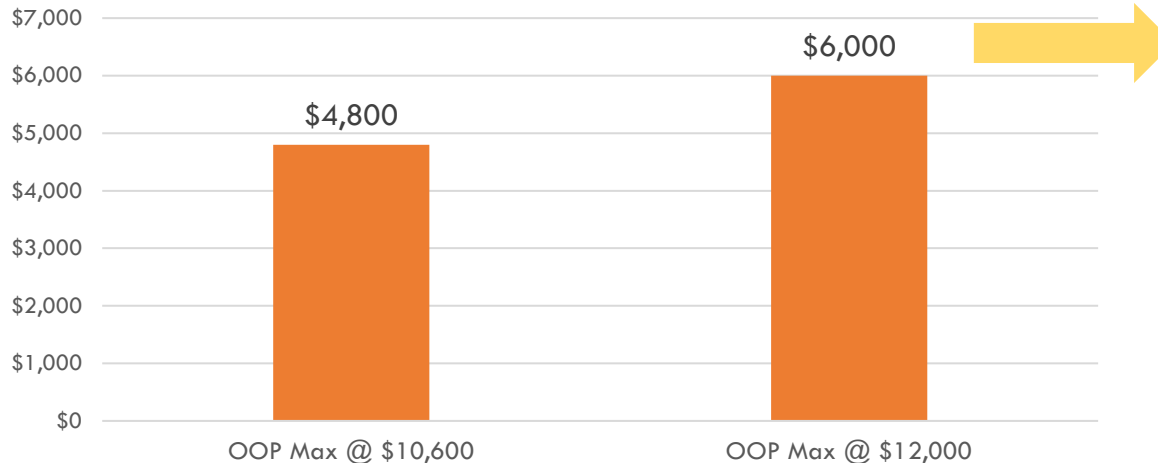
SF SMALL GROUP HEALTH PLAN ANALYSIS: 2024 vs 2026

Minimum Standards 2025-26	Plan Tier	2024 – Q2 Plans (% compliant)	2026 - Q2 Plans (% compliant)	Change (% point)
Medical Deductible: \$3,000 limit	Silver	97%	81%	-16
	All Plans	79%	72%	-7
Coinsurance: 55%/45%	Silver	92%	94%	+2
	All Plans	93%	96%	+3
Primary Care Copay: \$65 limit	Silver	92%	81%	-11
	All Plans	93%	94%	+1
Prescription Drug Deductible: \$400 limit	Silver	85%	83%	-2
	All Plans	88%	87%	-1
Overall Compliance	Silver	77%	56%	-21
	All Plans	74%	66%	-8



EMPLOYER COST RESPONSIBILITIES UNDER OOP STANDARD

	2026 Federal OOP Max: \$10,600 Employer Cover 50% OOP	2027 Federal OOP Max: \$12,000 Employer Cover 50% OOP	Change in cost responsibility
Maximum Employer Cost Responsibilities (excludes premiums)	\$4,800	\$6,000	+\$1,200



Employers must cover these OOP expenses on a first dollar basis, and must cover all types of cost-sharing, including:

- medical and Rx deductibles
- copays
- coinsurance