

HEALTH CARE ACCOUNTABILITY ORDINANCE (HCAO)

Minimum Standards Review & Revisions

Health Commission Meeting ■ July 19th, 2022





OVERVIEW

EFFECTIVE DATE

July 1, 2001

COVERED EMPLOYERS

SF contractors & lease
holders

REQUIREMENT

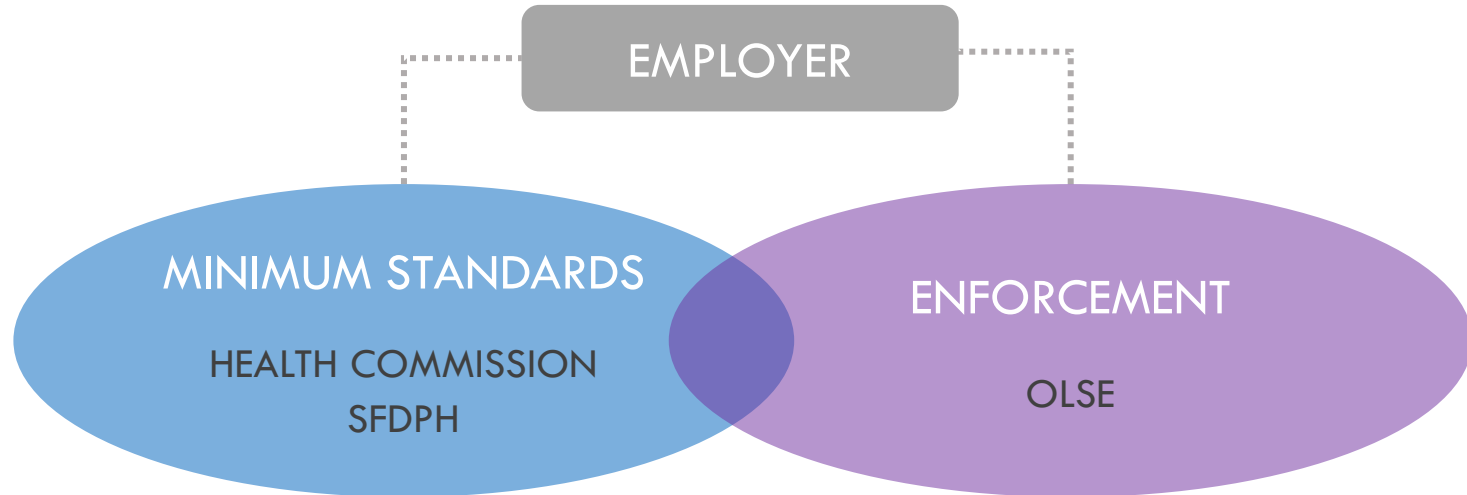
Covered employers
provide health insurance
that meets the Minimum
Standards or pay a fee

MINIMUM STANDARDS

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



DEPARTMENT ROLES



- Updates Minimum Standards
- Reviews health plan compliance

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



REVISION PROCESS

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

OFFICE OF
POLICY &
PLANNING
(DPH)

HEALTH
COMMISSION

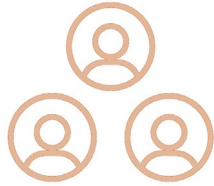
The Health Commission has sole authority to revise the *Minimum Standards*

HCAO
WORKGROUP

Advisory role, partners with DPH to develop recommendations.



WORKGROUP PROCESS



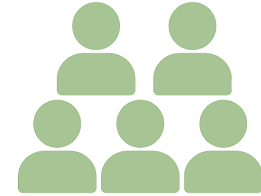
WORKGROUP

DPH convened to review
& recommend Minimum
Standard revisions



MEETINGS

4 meetings
May-June 2022



MEMBERS

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



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.





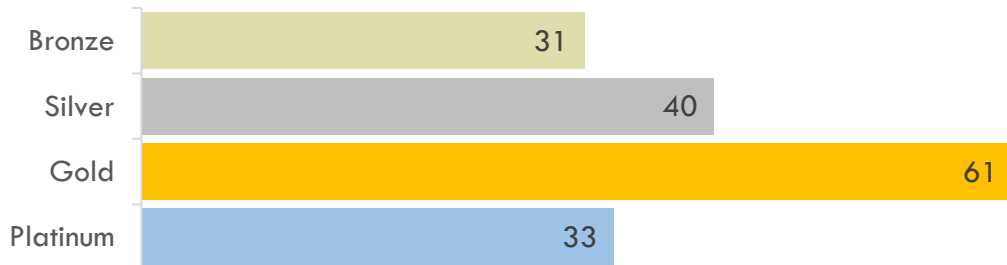
HEALTH PLAN ANALYSIS

- Mostly **gold- and platinum-level plans** are **compliant** with the current Minimum Standards – only **two silver and zero bronze plans** were found to be compliant.
- Decreased availability in compliant silver plan driven by increases in coinsurance and copays.

165

TOTAL PLANS ANALYZED
(SF SMALL GROUP HEALTH PLAN
ANALYSIS: Q3 2022)

PLANS REVIEWED BY TIER





WORKGROUP THEMES

A diagram consisting of three white circles arranged vertically, connected by a thin green line. Each circle is positioned to the left of a horizontal bar of a different color (blue, green, and olive green).

Shared priority to continue supporting healthcare access and affordability

Increasing difficulty over the years to ensure reasonably affordable options for both employers and employees.

Need for framework that would expand available silver plans to employers, and decrease cost responsibility to employees



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	Synced to CA <i>Patient-Centered Benefit Design</i> OOP limit for a silver coinsurance or copay plan during the plan's effective date.	<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 Maximum will remain synced to PCBD OOP Limit.

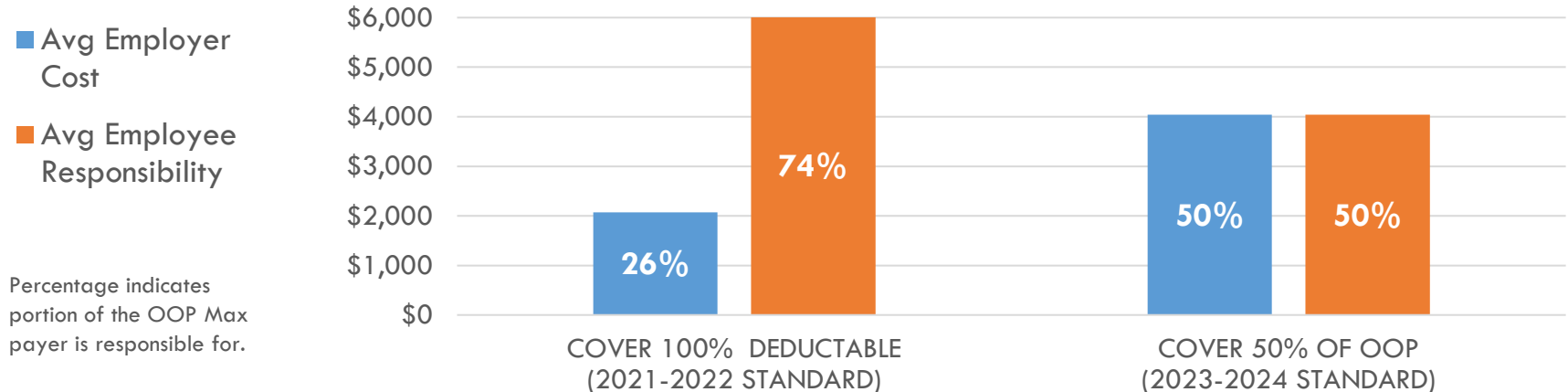
Rationale: Recommend change significantly increases the number of compliant silver plans while decreasing the OOP expenses to employees.



EMPLOYEE/EMPLOYER COST RESPONSIBILITIES UNDER NEW OOP STANDARD

Cost Responsibility per Year for Silver Plans (excludes premium coverage by employer)

Average Cost Responsibility	Current Standard (2021-2022) Employer Cover 100% Deductible	Recommended Standard (2023-2024) Employer Cover 50% OOP
Employer	\$2,193	\$4,040
Employee	\$6,012	\$4,040





MINIMUM STANDARDS

STANDARD	CURRENT	RECOMMENDATION
3. Medical Deductible	\$3,000 maximum	Retain \$3,000 maximum
	The employer must cover 100% of the medical deductible and may do so with any reimbursement product	Remove employer coverage requirement

Rationale: Remove employer coverage requirement given recommendation to require employers cover OOP expenses up to 50% of the plan's OOP Maximum. On average, silver plan deductibles represent 28% of OOP costs, and therefore will still effectively be covered by the employer under the new OOP standard.



MINIMUM STANDARDS

STANDARD	CURRENT	RECOMMENDATION
6. Coinsurance	Max: 20%	Max: 40% for in-network services
7. Copayment for PCP Visit	Max: \$50	Max: \$60 per visit When coinsurance is applied see Requirement #6

Rationale: Both coinsurance and copayments were adjusted to increase availability of silver plans. These costs are required to count towards out-of-pocket costs, and therefore the increase in employer coverage of OOP costs will defray the increases in these two standards.



MINIMUM STANDARDS

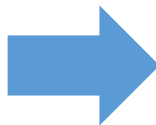
STANDARD	CURRENT	RECOMMENDATION
4. Prescription Drug Deductible	Max: \$300	Maintain current standard
5. Prescription Drug Coverage	Plan must provide drug coverage, including coverage of brand-name drugs.	Maintain current standard
8, 11 – 16	These Essential Health Benefits are required; cost-sharing must 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

Rationale: The workgroup recommends no changes to these Minimum Standards.

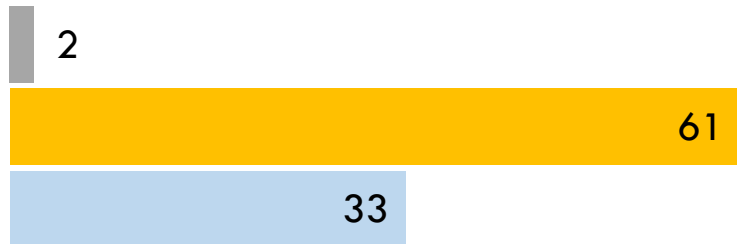


CONCLUSION

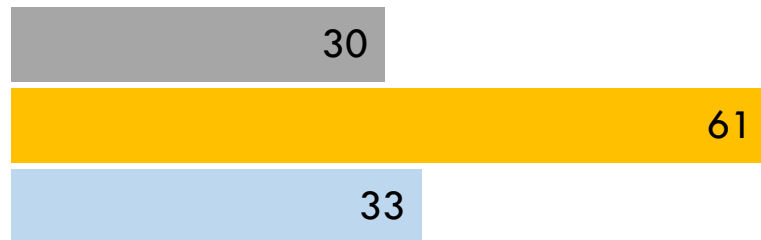
The recommended changes increase the share of silver plans that employers can choose, from **5% to 75%**.



**COMPLIANT PLANS:
CURRENT MIN STANDARDS
(2021-2022)**



**COMPLIANT PLANS:
RECOMMENDED MIN STANDARDS
(2023-2024)**





THANK YOU / QUESTIONS

THANK YOU MEMBERS OF THE WORKGROUP!

- Jane Bosio - OPEIU 29
- Cynthia Gomez - Unite Here, Local 2
- Felicia Houston - Community Forward SF
- Lici Huang - Self-Help for the Elderly
- Lynn Jones - EPIC
- Tina de Joya and Kris Narahara - RAMS, Inc.
- Karl Kramer - SF Living Wage Coalition
- Debbi Lerman - SF Human Services Network
- Larry Loo - Chinese Community Health Plan
- Beverly Popek - Office of Labor Standards and Enforcement
- Kim Tavaglione - SF Labor Council
- Bill Wong - SFO
- Wil Yu - Chinese Community Health Plan