

[Urging Kaiser Permanente to Drop “Terrible Three” Contract Demands]

Resolution urging Kaiser Permanente to drop its “Terrible Three” contract demands that would deny Northern California behavioral health therapists an appropriate voice in the care they provide and negatively impact the quality of care that patients receive due to the potential for layoffs of staff clinicians, increased outsourcing of care, and referral of larger numbers of patients onto artificial intelligence therapy platforms.

WHEREAS, The National Alliance on Mental Illness California found that 5.5 million Californians have a mental health condition, and that Californians are over five times more likely to be forced out-of-network for mental health care than for primary care; and

WHEREAS, The 2026 California Health Care Foundation Survey found that 70 percent of respondents deemed it “very” or “extremely” important for the State to increase access to mental health treatment services; and

WHEREAS, Kaiser Permanente is the largest private provider of behavioral health services in San Francisco, providing health insurance coverage and care as needed for 28% of all City residents; and

WHEREAS, Kaiser Permanente is also the provider of behavioral health services for 55% of all active and retired city employees and their dependents who receive health benefits through the San Francisco Health Service System; and

WHEREAS, Kaiser Permanente is California’s single largest health insurer and provider of health care services, with more than 9.7 million covered lives, and as such plays a leading role in driving behavioral health care standards for California patients and clinicians; and

1 WHEREAS, Kaiser Permanente reported net profits of \$12.9 billion in 2024 and \$9.3
2 billion in 2025, and held \$73 billion in cash and investment reserves at the end of 2025 – more
3 than enough resources to hire sufficient numbers of behavioral health professionals to provide
4 patients with timely care and services that are fully integrated into its health care system; and

5 WHEREAS, Instead of investing its profits and reserves to improve its behavioral
6 health services in California, Kaiser Permanente is spending billions in premiums paid by
7 California residents to fund expansion initiatives in Pennsylvania, North Carolina, and Nevada;
8 and

9 WHEREAS, In 2023, the Department of Managed Health Care fined Kaiser \$50 million
10 as part of a \$200 million settlement agreement, citing multiple deficiencies in the HMO's
11 behavioral health services as well as violations of California laws that protect the rights of
12 patients to receive timely and appropriate mental health and substance use disorder
13 treatment; and

14 WHEREAS, In February of 2026, the U.S. Department of Labor entered into a
15 settlement agreement with Kaiser that requires the HMO to pay a \$2.8 million penalty for
16 making enrollees pay out of pocket for behavioral health treatment they should have received
17 through their Kaiser insurance, and pay \$28.3 million to cover the costs that enrollees incurred
18 for their out-of-network care; and

19 WHEREAS, In a recent survey of Kaiser behavioral health clinicians in Northern
20 California conducted by the National Union of Healthcare Workers (NUHW), 75 percent of
21 respondents reported there were not enough staff in their department to provide timely and
22 appropriate care; and

23 WHEREAS, Instead of increasing the number of licensed therapists inside its clinics,
24 Kaiser has allegedly turned to artificial intelligence to replace licensed clinicians in screening
25 patients, an initiative that clinicians report has resulted in more patients being referred to

1 inappropriate courses of treatment and not receiving interventions as quickly as clinically
2 required; and

3 WHEREAS, On July 21, 2026, the Board of Supervisors held a Committee of the
4 Whole hearing during which Kaiser Permanente's "Terrible Three" contract demands of
5 NUHW member behavioral health clinicians in Northern California were outlined; and

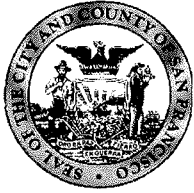
6 WHEREAS, Kaiser's demands include: 1) Establishing absolute authority over the
7 deployment of artificial intelligence, while rejecting contract language to which it has agreed
8 with NUHW members in Southern California that specifies new technology will only support
9 the work of staff therapists, not replace them; 2) Opening the door to mass layoffs and
10 outsourcing of behavioral health services by replacing contract language that prohibits layoffs
11 as a result of subcontracting with language that expressly allows it and details severance
12 packages for Kaiser clinicians; and 3) States that Kaiser has "sole discretion" to "determine or
13 modify the behavioral health operating and clinical models of care," which would force
14 therapists to surrender the clinical authority they need to do their jobs in compliance with
15 generally accepted standards of care and State law; and

16 WHEREAS, These "Terrible Three" demands would degrade the quality of care
17 available to hundreds of thousands of San Francisco residents and City employees and
18 retirees, and degrade the quality of work not only for behavioral health clinicians at Kaiser, but
19 for those working for other insurers and employers who would be driven to follow Kaiser's
20 lead; and

21 WHEREAS, The San Francisco Board of Supervisors has a history of holding Kaiser
22 publicly accountable for the quality of the behavioral health services it provides San Francisco
23 City employees and residents, as well as for its duty to ensure San Francisco city employees
24 and residents get the behavioral health services for which they are paying; now, therefore, be
25 it

1 RESOLVED, That the San Francisco Board of Supervisors urges Kaiser to withdraw its
2 "Terrible Three" contract demands and negotiate in good faith an agreement that maintains
3 the appropriate clinical authority of its behavioral health providers and preserves the integrity
4 of Kaiser's integrated healthcare system; and, be it

5 FURTHER RESOLVED, That the San Francisco Board of Supervisors directs the Clerk
6 of the Board to transmit this resolution for distribution to the Boards of Directors of Kaiser
7 Foundation Health Plan and Hospitals and The Permanente Medical Group.
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City and County of San Francisco
Tails
Resolution

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

File Number: 260887

Date Passed: September 01, 2026

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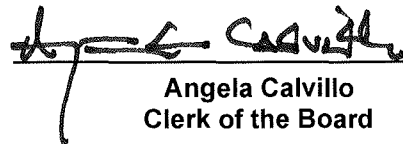
September 01, 2026 Board of Supervisors - ADOPTED

Ayes: 10 - Chan, Chen, Dorsey, Fielder, Mahmood, Mandelman, Sauter, Sherrill,
Walton and Wong

Absent: 1 - Melgar

File No. 260887

I hereby certify that the foregoing
Resolution was ADOPTED on 9/1/2026 by
the Board of Supervisors of the City and
County of San Francisco.


Angela Calvillo
Clerk of the Board

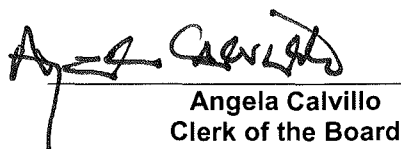
Unsigned

Daniel Lurie
Mayor

09/11/2026

Date Approved

I hereby certify that the foregoing resolution, not being signed by the Mayor within the time limit as set forth in Section 3.103 of the Charter, or time waived pursuant to Board Rule 2.14.2, became effective without his approval in accordance with the provision of said Section 3.103 of the Charter or Board Rule 2.14.2.


Angela Calvillo
Clerk of the Board

09/11/2026

Date