Universal Access to Care: Lessons from San Francisco

Testimony to the Assembly Select Committee on Health Care Delivery Systems and Universal Coverage

December 11, 2017

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San Francisco’s Universal Healthcare Model

- **Health Care Security Ordinance (2006)**
  - Healthy San Francisco
  - Employer spending requirement

- **Shared responsibility**
  - Individuals
  - Employers
  - The public
  - Providers
Healthy San Francisco

• **Comprehensive health services**
  – Medical home for primary and preventive services
  – Designated site for specialty care and emergency services
  – Primarily through the safety net system
  – Access not insurance

• **Eligibility**
  – Uninsured residents of San Francisco
  – Ineligible for other programs
  – Family income under 500% of the Federal Poverty Level
    • $60,300 for a single individual, $102,100 for a family of 3 (2017)
  – Age 18 or older
Healthy San Francisco Financing

• **Individuals**
  – Quarterly fees based on income
    | 0-100% FPL | 101-200% | 201-300% | 301-400% | 401-500% |
    | $0         | $60      | $150     | $300     | $150     |
  – Point of service fees, sliding scale (0-$200)

• **Public**
  – County General Fund
  – Emergency Medi-Cal

• **Employers**

• **Providers**
Employer Health Spending Requirement

• Hourly spending requirement on health services (2018):
  – $2.83 for firms with 100 or more employees
  – $1.89 for firms with 20-99 employees
• Applies to employees working 8 hour or more hours a week
• Can meet through a variety of means including:
  – Providing health insurance, and
  – Paying into the City Option
• If an employer pays into the City Option, the employee may receive:
  – Healthy San Francisco if eligible
  – A city run Medical Reimbursement Account (MRA) if not eligible for Healthy San Francisco
The vast majority of employers provide insurance directly

Reported Employer Spending by Health Care Expenditure

- City Option Contributions: 6%
- Health Reimbursement Accounts: 3%
- Health Savings Accounts: 2%
- Health Insurance: 89%

Employer requirement increased and improved job-based coverage

• Increased proportion of firms offering coverage
• Increased share of workers with health coverage
• Majority of employers offering coverage expanded benefits
• Premium increases for job-based coverage similar to surrounding counties, but smaller growth in employee contributions
• No evidence of employers dropping coverage in response to Healthy San Francisco
• No evidence of job-reduction

Source: Colla CH, Dow WH, and Dube A, San Francisco’s ‘Pay Or Play’ Employer Mandate Expanded Private Coverage By Local Firms And A Public Care Program, Health Affairs 32, No. 1 (2013).
San Francisco’s Universal Health Care Program post ACA

• ACA successfully implemented in San Francisco
  – 108,000 San Franciscans enrolled in ACA coverage
  – Uninsured fell 63% from 2013 to 2016

• Continued need for Healthy San Francisco for those not covered under the ACA
  – Enrollment pre-ACA: 65,650
  – Current enrollment: 13,209

• Continued employer spending requirement

• Modified City Option to address affordability
  – Covered SF MRA started in November 2016
Post ACA affordability remains a barrier to enrollment and utilization

• For California uninsured citizens ages 19-64 in 2016 the top reason for lacking insurance was cost
• People with high medical use may still face significant costs under the ACA
• Affordability remains a barrier to timely & appropriate use of care, even among insured

Source: California Health Interview Survey 2016.
San Francisco & other California regions have higher cost of living than U.S.

- ACA premium subsidies are calculated on sliding scale based on federal poverty level (FPL)
- 400% FPL threshold for ACA premium subsidies equivalent to ~500% FPL statewide & ~600% FPL in San Francisco
  - 500% FPL=$60,300 for a single individual, $102,100 for a family of 3.
  - 600% FPL=$72,360 for a single individual, $122,520 for a family of 3.
  - Equivalent estimated using the California Poverty Measure (CPM), an unofficial measure that accounts for cost of living & a range of family needs & resources
  - CPM is 25% higher than the FPL for the state and 52% higher for San Francisco

Source: California Poverty Measure, produced by Public Policy Institute of California and the Stanford Center on Poverty and Inequality
SF City Option will assign the employer’s contribution when the employee enrolls in one of the three programs: SF Covered MRA, HSF, or SF MRA.
Covered San Francisco MRA  
(Started 2016)

Eligibility

• San Francisco resident
• Age 18 or over
• Purchased health insurance through Covered California and subject to mandate
• Annual income at or below 500% of the Federal Poverty Level
• Not eligible for Medi-Cal or Medicare
• Employer made 2 contributions to City Option within last 6 months

Benefit

• **Premium assistance:** 60% of cost of 2nd lowest cost Silver plan after federal subsidies
  +
• **Cost sharing assistance:** keeping plan deductible below 5% of income
• Total amount deposited into an MRA after the employee enrolls
  – Claims reimbursable to 3/31 of the following year
Conclusions and Considerations

• San Francisco is a successful model for providing universal health access and addressing affordability

• Specific design elements in San Francisco were based on local constraints: more options are available for statewide programs at a larger scale
  – Expand state-only Medi-Cal eligibility
  – Provide premium subsidies through state income tax system
  – Pay insurers directly for cost sharing subsidies