

**Memorandum**

DATE: February 8, 2018

TO: Randy Scott, President and Members of the Health Service Board

FROM: Pamela Levin, Chief Financial Officer

RE: Introduction to the Healthcare Sustainability Fund

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Questions were raised at the January 11, 2018 Health Service Board (Board) meeting concerning the sources and uses of the Healthcare Sustainability Fund (Fund). The Fund is often referred to as “the \$3.00 budget.”

**Authorizing Language in the San Francisco City Charter**

The Healthcare Sustainability Fund was established under San Francisco City Charter Section A8.423 which states:

The Health Service Board shall have the responsibility to obtain and disseminate information to its members with regard to plan benefits and costs thereof. All expenses in connection with obtaining and disseminating said information, the investment of such fund or funds as may be established, including travel and transportation costs, member wellness programs, actuarial expenses and expenses incurred to reduce health care costs, shall be borne by the system from reserves in the health service fund but only upon adoption of a resolution by the Health Service Board approving such expenses.

**Healthcare Sustainability Funding Source**

The Healthcare Sustainability Fund is a part of the overall Health Service Trust Fund. The funding source is a \$3.00 per-member-per-month (PMPM) charge incorporated into the medical premiums paid by all the San Francisco Health Service System (SFHSS) members, e.g., active and retired employees of the City and County of San Francisco, San Francisco Superior Court, San Francisco City College and San Francisco Unified School District.

**Employer and Employee/Retiree Share of \$3.00 PMPM Charge**

The \$3.00 charge is reflected in the rate cards under “Expense” and employer and employee/retiree contributions towards the \$3.00 charge are based on the applicable health insurance premium contribution formula. The following examples show the employer and employee share of the \$3.00 charge based on the City’s most common employee-only contribution models.

<b>Employer and Employee/Retiree Share of \$3.00 Charge Employee Only</b>						
	<b>Contribution Model</b>			<b>\$3.00</b>		
Union	Employer	Employee	Total	Employer	Employee	Total
MEA	93%	7%	100%	\$ 2.79	\$ 0.21	\$ 3.00
SEIU	100%	0%	100%	\$ 3.00	\$ -	\$ 3.00

**Healthcare Sustainability Fund Expenditures**

All active and retired HSS members pay into the Healthcare Sustainability Fund and benefits derived from the \$3.00 budget are available to all those who paid into the Fund. The FY 2018-19 and FY 2019-20 budget categories are Personnel, Communications, Well-Being and Initiatives that Reduce the Cost of Healthcare for all HSS members. To date, the Fund has not been used to pay for Actuarial and Consulting Services.