

SFHSS Annual Benefit Contract Assessment

August 14, 2025

Presenter:

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Agenda

- Introduction
- HSS Criteria for Competitive Bids
- Summary of Benefit Plans and Administrators
 - FSA, DCSA, COBRA and AB 528 Administration and RFP
 - Life and Disability Benefits
 - Medical Benefits
 - Vision Benefits
 - Dental Benefits, Outreach, RFP for PY027, Schedule

Introduction

In August of each year, SFHSS informs the Health Service Board on the status of benefit contracts under SFHSS jurisdiction.

Between August and December, SFHSS reports on the status of planned competitive procurements (RFPs) and conducts associated market research and stakeholder engagement.

SFHSS Criteria for RFP Consideration - Summary

1. Compliance or mandated requirement
2. Issue with a vendor that impacts their ability to continue to provide service to SFHSS
3. Transparency or competition to ensure SFHSS is getting the best value

Summary of Benefit Plans and Administrators

Plan(s)	2026 Plan Year Administrator(s)
Dental (PPO and DHMO)	Delta Dental Active PPO and Retiree PPO ¹ ; DeltaCare Active and Retiree DHMO ² ; UnitedHealthcare (UHC)-DHMO ²
Commercial Health (non-Medicare Active/Retiree, HMO and PPO)	Blue Shield of California (BSC)-HMO/PPO, HealthNet-HMO, Kaiser-HMO
Medicare Health (Medicare Retiree)	Kaiser-MA HMO, BSC-MAPD PPO
Vision	Vision Service Plan (VSP)
Basic (Group) Life and Long-term Disability (LTD) Insurances	New York Life (NYL) ³
FSA, DCSA, COBRA, AB 528 (admin.)	P&A

¹ Self-insured

² Fully funded

³ As a result of the Plan Year 2026 Life and Disability Benefits RFP (currently provided through The Hartford through December 31, 2025); NYL also provides Voluntary Supplemental Life, AD&D, and Short-term Disability insurance through SFHSS TPA for voluntary benefits Workterra.

Summary of Benefit Plans and Administrators – FSA, Dependent Care Savings Account, COBRA, AB528

■ **Health care Flexible Spending Account (FSA)**

- IRS-approved, tax-advantaged account that allows employees to reduce out-of-pocket costs for certain eligible medical expenses by allowing the use of pre-tax dollars, while also reducing the taxable payroll to the employer.
- Steady growth in enrollment since 2016 with 40% growth in enrollment from 2020 to 2025 alone.
- Plan Year 2025 is seeing highest enrollment since 2016 and 35.8% higher than 10-year average.

■ **Dependent Care Spending Account**

- Employer-sponsored plan that allows participants to pay with pre-tax dollars for certified day care, preschool and elder care needed by eligible children under age 13 or aging parents.
- 10-year average enrollment of 1,415.
- Plan Year 2025 is seeing highest enrollment since 2016 and 16.7% higher than 10-year average.

Summary of Benefit Plans and Administrators – FSA, Dependent Care Savings Account, COBRA, AB528

■ **COBRA**

- Continuation of medical, dental, vision and FSA coverage following a qualifying event; required notices of eligibility and benefits
- To employees (termination of employment, reduction in hrs.)
- To covered dependents (termination of employment, divorce/legal separation/dissolution, death)
- Inform new employees of rights under COBRA (within 90 days)

■ **AB 528**

- Continuation of health or dental upon retirement
- California schools and community college district
- SFHSS administers AB528 for CCD and SFUSD for medical coverage only

FSA Enrollment and COBRA and AB528 Notices

Between 2016 and 2025:

- ❑ enrollment in the HSS' Healthcare FSA increased from 4,279 to 8,920 employees and total annual elections increased from \$4.9M to \$16.1M
- ❑ Enrollment in the HSS' Dependent Care Assistance FSA increased from 1,256 to 1,651 and total annual elections increased from \$4.8M to \$6.5M

COBRA/AB528 administration requirements change commensurate with hiring and the occurrence of qualifying events. In 2024, P&A issued:

- 5,088 initial COBRA notices (new hires)
- 4,680 qualifying event notices
- 87 AB 528 Notices

See Appendix for a table of annual enrollments, elections, estimated tax savings, annual FSA administration costs and net savings since 2016

RFP for FSA, Dependent Care Savings (PY2027) and COBRA and AB528 Services (July 1, 2026)

- **Board of Supervisors Resolution:** Approved March 11, 2025; authorized a 10th Amendment to the HSS agreement with P&A Group; extended then-current term through 12/31/2026.
- **RFP Goals and Objectives:**
 - Maintain a single vendor to administer COBRA, AB 528, Flexible Spending Account (FSA), and Dependent Care Spending Account (DCSA) services for applicable employees of HSS participating employers
 - Ongoing support for SEIU as-needed City Employees (SF Health Plan, DHR)
 - Ongoing administration of AB 528 (CCD, USD)

HSS Competitive Procurement Schedule – COBRA, AB528 and FSA RFP for PY2027

Date(s) ¹	Descriptions
August 2025	HSS presentation to the Health Service Board; Initiation of Communications Blackout
September – December 2025	Request for Proposal
January – May 2026	Contracting and Implementation
July 1, 2026	COBRA and AB 528 services start date
October 2026	Open Enrollment for PY2027
January 1, 2027	FSA Transition; FSA DCSA go-live

Intent to Issue RFP for FSA, DCSA, COBRA and AB 528 Services

SFHSS intends to issue a competitive RFP for the administration of COBRA, AB 528, and flexible spending accounts (FSAs) for employees and dependents, with COBRA and AB 528 coverage beginning July 1, 2026, and transition of FSA and DCSA effective January 1, 2027.

Summary of Benefit Plans and Administrators – Life and Disability Insurance

- **Plan Year 2026 RFP**
 - \$1,997,000 / 22% savings (Basic Life and LTD)
 - Five (5) year rate guarantee
 - \$200,000 Guaranteed Issue (Supplemental Life)
 - Short- and Long-term Disability administration under a single carrier
- **New York Life (Life Insurance Company of North America)¹**
 - Basic (Group) Life², Long-term Disability², Supplemental Life³, Supplemental AD&D³, Short-term Disability³
 - Complimentary no-cost value-added services to support employees and families in the event of loss or injury (bereavement and survivor support, estate guidance, online will preparation, retained asset accounts, emergency travel assistance)
- **Implementation Status for Open Enrollment and January 1, 2026 benefits go-live**

¹ Hartford remains the incumbent provider through, and will continue support and administration of claims occurring prior to, December 31, 2025

² 100% employer-paid by Union MOU

³ 100% employee-paid (voluntary election during OE, for new hires, and following a qualifying life event)

Summary of Benefit Plans and Administrators – Medical

- Commercial (Active and Non-Medicare Retiree)
 - Kaiser, Health Net, Blue Shield HMO Plans (Trio, Access+)
 - Non-Medicare (self-insured) PPO Plan
- Plan Year 2022 Commercial RFP
 - Three-year rate guarantees (2022-2024) for Blue Shield HMO/PPO and Health Net HMO
 - Annual renewals in line with industry trends

Summary of Benefit Plans and Administrators – Medical *cont.*

- Medicare Plans
 - Blue Shield MAPD PPO
 - Kaiser Permanente Senior Advantage
- Recent Requests for Procurement/Market Evaluations
 - 2021 Request for Information (RFI)
 - 2025 PY MAPD PPO RFP
 - Three-year rate guarantee (2025-2027)

Summary of Benefit Plans and Administrators – Vision

- VSP
 - Basic and Premier
 - YoY change (2024 to 2025) = +1.3%
 - Five-year rate lock (2022-2026)
 - Favorable Member experience
 - SFHSS to evaluate RFI or RFP in 2026 for Plan Year (PY) 2028

¹<https://sfhss.org/demographics-report>

Summary of Benefit Plans and Administrators – Dental

- Delta Dental Active PPO and Retiree PPO
- DeltaCare Active DHMO and Retiree DHMO
- UHC Dental Active DHMO and Retiree DHMO

- Renewals (YoY)
 - Delta and HSS negotiated a three (3) year rate guarantee for 2024 – 2026
 - A number of complaints have been sent to the Health Service Board regarding their dentists leaving the Delta PPO network.

¹ 2025 enrollment from <https://sfhss.org/demographics-report> (<https://data.sfgov.org/stories/s/ppyt-2mqw>)

Summary of Dental Benefit Enrollment (2024 to 2025)²

	PY2024		PY2025		YoY change	
Plans	Enrolled	%	Enrolled	%	N	%
▪ Delta Dental PPO	105,263	95.7%	107,922	95.7%	2,659	2.5%
▪ DeltaCare USA DHMO	2,794	2.5%	3,001	2.7%	207	7.4%
▪ UHC Dental DHMO	1,950	1.8%	1,874	1.7%	(76)	-3.9%
Subtotal	110,007		112,797		2,790	2.5%
▪ Waived	13,160	10.7%	13,150	10.4%	(10)	-0.1%
Total	123,167		125,947		2,780	2.3%

²Source: <https://sfhss.org/demographics-report> as of July 28, 2025

Dental Market Assessment, Member Outreach, HSB Presentation(s) September – November 2025

- Ongoing assessment of California dental insurance market (May – October)
- HSS Dental Survey (August)
- Intent to Bid (*prospective bidders*) (August)
- Scope Determination (September – November)
- HSB Presentation (November 13, 2025) (*discussion item*)
 - Scope, Terms, Schedule
- RFP Timeline (*prospective*)
 - RFP Release: Late November/Early December 2025
 - HSB Presentation of Results: March 2026
 - Transition: April – August 2026
 - Benefits go-live: January 1, 2027

¹x

HSS Competitive Procurement Schedule – Active Dental RFP for PY2027 - *proposed*

Date(s) ¹	Descriptions
August – November 2025	HSS presentation to HSB; Outreach to Members; Continued Market Assessment
September – November 2025	Pre-RFP presentations to HSB, public comment [<i>discussion</i>]; Initiation of Communications Blackout (if applicable) [<i>action</i>]
December 2025 – March 2026	Request for Proposal
April 9, 2026	HSB Presentation of RFP Results [<i>action</i>]
April – September 2026	Contracting and Implementation
October 2026	Open Enrollment for PY2027
January 1, 2027	FSA Transition

¹ proposed

Board Discussion

Appendix

Appendix | Summary of COBRA, AB 528 and FSA Administration Services

- COBRA and AB528 services include:
 - open enrollment services,
 - initial, qualifying event and election notices,
 - premium collection,
 - account management and customer support services, and
 - operational and premium reporting, remitting and reconciliation.

- FSA Services include:
 - FSA open enrollment services and support,
 - eligibility/enrollment file processing,
 - FSA debit cards, online and application portal administration and support,
 - claim, payment and reimbursement processing,
 - account management and customer service (Web/IVR/Call Center/Appeals),
 - operational reporting,
 - financial reporting and reconciliation, and
 - management and support of FSA services transition (as-required).

Appendix | Summary of COBRA, AB 528 and FSA Administration Services – Required Reporting

P&A provides the HSS Finance Division with required operational, financial and reconciliation reporting in accordance with our agreement.

P&A also maintains a website 24/7/365 for designated SFHSS Finance division employees to run real-time reports which are downloaded from the P&A website monthly, including a Premium Remittance Report and a Census Report (detailed below). In addition, SFHSS receives three monthly invoices in PDF format from

P&A as follows: Flex Benefit Administrative fees, COBRA fees, and List Bill fees.

- Premium Remittance Reports display details of FSA billed fees.
- Census Reports display details for the eligible SFHSS/City population, including employee/DSW number, class, name, status, qualifying event information, plan name(s) and type(s), tier level(s), group number(s), effective date(s), paid-through dates and method(s).
- HSS Finance reviews monthly invoices against monthly detailed reports before making payments each month.

Between 2016 and 2025, all performance metrics have been met and HSS has experience no recorded or reported service issues.

Appendix | Year-over-Year FSA Enrollment, Elections, Est. Tax Savings, Administration Costs and Net Savings

Year	Health FSA Enrollment	Health FSA Annual Elections (\$)	DCA Enrollment	DCA Annual Elections (\$)	Total FSA Elections (\$)	Tax Savings (\$) [est. 10%]	Annual Administration Fees (\$)	Net Savings to CCSF (\$)
2016	4,279	4,923,402	1,256	4,886,188	9,809,590	980,959	205,902	775,057
2017	4,918	5,751,724	1,324	5,198,225	10,949,949	1,094,995	232,202	862,793
2018	5,796	6,653,319	1,482	5,603,719	12,257,037	1,225,704	270,742	954,962
2019	6,257	7,654,288	1,523	5,858,350	13,512,639	1,351,264	289,416	1,061,848
2020	6,356	9,851,018	1,196	5,332,156	15,183,174	1,518,317	280,934	1,237,383
2021	6,084	9,529,331	904	5,202,018	14,731,349	1,473,135	259,954	1,213,181
2022	7,040	10,989,936	1,441	5,193,079	16,183,015	1,618,302	315,493	1,302,808
2023	7,854	12,520,984	1,661	6,418,565	18,939,549	1,893,955	353,958	1,539,997
2024	8,199	14,108,692	1,707	6,287,102	20,395,793	2,039,579	368,503	1,671,076
2025	8,920	16,112,275	1,651	6,514,772	22,627,047	2,262,705	393,241	1,869,464

Appendix | Year-over-Year COBRA and AB 528 Notices

Year	Qualifying Event Notices (COBRA)	Initial Notices (COBRA)	AB528
2015	725	2,321	not available
2016	1,459	4,461	not available
2017	1,242	4,111	not available
2018	1,412	3,947	60
2019	1,613	4,197	72
2020	3,519	2,627	97
2021	4,418	3,395	108
2022	4,889	4,514	96
2023	4,124	5,598	108
2024	4,680	5,088	87
2025*	336	292	17

* As of January 31, 2025