SAN FRANCISCO
HEALTH SERVICE SYSTEM
Affordable, Quality Benefits & Well-Being

SFHSS Rules and Section 125 Cafeteria Plan
PY2027 Revisions Summary

November 12, 2026

November 12, 2026
Summary of Proposed Policy Changes
Health Service System Rules Plan Year 2027

The section and page numbers in this document refer to the *SFHSS Rules PY2027 DRAFT* rules located behind this summary.

Throughout the document changes are made to dates to reflect that the Rules be updated for the 2027 Plan Year. In addition, minor modifications to the document have been made to improve the documents readability, including removal of duplicative information, updating of terms, and adjustment of section numbering.

All substantive policy changes are listed below.

Section	Policy Clarification / Change	Rationale
Sec A	Clarification added to the definition of hire date and appointment date for the purpose of determining the initial enrollment period for Active Members.	Clarifying the definitions of hire date and appointment date provides greater consistency and transparency in determining an Active Member's initial enrollment period. This helps ensure that members and staff have a shared understanding of when the enrollment period begins and supports accurate, consistent application of the 30-day enrollment requirement.
Sec A.2.b.i	Updated eligibility for former Board of Supervisors for health benefits.	SFHSS Rules aligned with San Francisco City Charter Section A8.425.
Sec A.6.e	This rule update is an alignment of SFHSS Rules with California Senate Bill No. 11.	This rule clarifies SFHSS benefit eligibility for San Francisco Superior Court Judges in alignment with California Senate Bill No. 11 (2009–2010) and applicable state law governing supplemental benefits for judges.
Sec B.3, I.1.b.ii, and O.c-f	Enrolling a dependent as a new born, under a qualifying life event (QLE) has been extended from 30 to 60 days. Eligibility for the new born child will continue to start as of the date of the child's birth. 29 CFR § 2590.701-6(b)(3)(iii)(B).	Extending the enrollment period from 30 to 60 days provides members with additional time to report a qualifying life event and complete the required enrollment steps. This change supports the member experience, reduces the risk of missed enrollment opportunities, and allows members more time to navigate the enrollment process.
Sec B.3.d	Removed the requirement for Adult Disabled Children to be enrolled in Medicare.	Removing the requirement for Adult Disabled Children to enroll in Medicare eliminates an unnecessary enrollment requirement that does not change how their coverage is coordinated. Medicare would remain the secondary payer, and enrollment in Medicare would not automatically transition the dependent to a Medicare Advantage plan. This clarification helps prevent confusion and establishes a more accurate understanding of the relationship between Medicare

		eligibility and SFHSS health plan coverage.
Sec B.4	Adding a surviving spouse/registered domestic partner after the death of the member has been extended from 30 to 60 days. Clarification added on required documentation for enrollment. Eligibility for the surviving spouse/registered domestic partner will be prospective, but can be reviewed on a case by case basis, if retroactive enrollment is requested.	Extending the enrollment period from 30 to 60 days following the death of a member provides surviving spouses and registered domestic partners with additional time to understand their options, gather required documentation, and complete the enrollment process during a difficult and often stressful time.
Sec. G.1 and 2	Added citation to Sec. I.1.3 for HIPAA Special Enrollment rights.	Adding a citation to Section I.1.3 provides a direct reference to the applicable HIPAA special enrollment requirements. This improves transparency, strengthens the connection between SFHSS Rules and governing federal requirements, and helps members and staff locate the legal basis for special enrollment rights.
Sec G.3.a	Clarifying language added to Loss of Other Coverage to include that the loss of other coverage is involuntary.	Clarifying that the loss of other coverage must be involuntary helps members and staff better understand when a loss of coverage qualifies as qualifying life event. This supports consistent eligibility determinations, reduces ambiguity, and helps members distinguish qualifying events from situations in which other coverage is voluntarily discontinued.
Sec G.4 and P.1.d	Clarification added providing the time period of when retiree health benefits will be terminated upon member's request to terminate health coverage with SFHSS.	Specifying the time period for terminating retiree health benefits when a member requests to end SFHSS health coverage provides greater transparency regarding when coverage will end. This helps members understand the timing and potential implications of their request, supports informed decision-making, and enables staff to apply termination procedures consistently.
Sec L.2	The rule establishes the requirement to terminate SFHSS-sponsored coverage for Retiree Members/dependents who are incarcerated or deceased when their Medicare coverage is terminated by the Social Security Administration, consistent with applicable federal regulations. For other instances of noncompliance with required Medicare enrollment, the Retiree Member will be automatically transitioned to the Blue Shield of California-20 Plan, which	This rule aligns SFHSS policy with applicable Centers for Medicare & Medicaid Services (CMS) requirements and establishes consistent procedures for addressing Medicare enrollment noncompliance. It clarifies the applicable coverage outcome based on the circumstances, supporting regulatory compliance while allowing Retiree Members who fail to maintain required Medicare enrollment for reasons other than incarceration or death to retain SFHSS-sponsored coverage through the Blue Shield of California-20 Plan.

	provides coverage at a higher out-of-pocket cost to the Retiree Member.	
Sec T.9	The update clarifies that continued eligibility for SFHSS retiree health benefits is contingent upon the Retiree Member maintaining eligibility for retirement benefits through their applicable retirement system.	The rules aligns SFHSS health benefit eligibility with the Retiree Member's eligibility to receive and maintain retirement benefits. Alignment with San Francisco Charter Section A8.603-10.
Sec J and Q	Clarifying language was added that retiree health benefits are administered in accordance with San Francisco City Charter Section A8.428.	This section is added to clarify that SFHSS administers retiree health benefit eligibility, employer contributions, and enrollment timelines in accordance with San Francisco City Charter Section A8.428, including the distinctions established under Proposition B for employees hired on or after January 10, 2009.
Sec J.6	Added clarifying language on benefit eligibility and cost for members rehired under Prop F.	This rule clarifies the health benefit eligibility and premium treatment of retirees rehired under San Francisco City Charter Section A8.511(c), ensuring their temporary employment does not alter their retiree health benefits or establish eligibility for active-employee health benefits.
Sec V	Clarification added to the Appeals and Grievance process. Specifically, appeals and grievances are defined, and first and second level appeals are distinguished.	Defining appeals and grievances and distinguishing between first-level and second-level appeals clarifies the available processes for members who wish to challenge a determination or express dissatisfaction with services. This helps members better understand their options, the appropriate process for raising a concern, and the applicable review steps. The clarification also promotes consistent administration and reinforces transparency regarding how member concerns and disputes are handled.
Appendix A Update		Appendix A Calendars have been updated to reflect the employer pay periods for calendar year 2027.

November 12, 2026
Summary of Proposed Policy Changes
Cafeteria Plan Document Plan Year 2027

The section and page numbers in this document refer to the *SFHSS Section 125 Cafeteria PY2027_DRAFT* located behind this summary.

Throughout the document changes are made to dates to reflect that the Rules be updated for the 2027 Plan Year. In addition, minor modifications to the document have been made to improve the documents readability, including removal of duplicative information, updating of terms, and adjustment of section numbering.

All substantive policy changes are listed below.

Section	**Policy Change**	**Rationale**
Sections B3.1 and B3.6	Updated to reflect increase the Health Care FSA limits to $3,400 per year, up from $3,300 in 2026, and increase the carryover amounts to $680 per year, up from $660.	On December 23, 2025, the Internal Revenue Service (IRS) released updated flexible spending account (FSA) limits for 2026. Int. Revenue Serv., U.S. Dep't of the Treasury, Publ'n No. 15-B, *Employer's Tax Guide to Fringe Benefits*: For use in 2026. SFHSS is one year behind the IRS published rates, as the rates are issued after the annual Open Enrollment.
Section C3.1	Updated to reflect the increased Dependent Care FSA maximum and minimum contribution limits established by SFHSS. The limits are structured using a two-tiered approach based on the IRS definition of Highly Compensated Employees (HCEs).	Public Law No. 119-21 (H.R. 1, 119th Congress) establishes the maximum Dependent Care FSA contribution permitted under federal law. Within that federal limit, SFHSS establishes the contribution amounts permitted for Highly Compensated Employees (HCEs) and non-HCEs to ensure the plan complies with IRS nondiscrimination requirements.
Section D4.2.b	Updated 2027 Flexible Credits dollar values for CCSF and Superior Court employees.	2027 Benefit Program Update due to M.O.U. compliance.
Appendix E	• Updated Vendor Names and Policy Numbers • Updates to available Voluntary benefits made. • Update to the regulatory body for final appeals.	2027 Benefit Plan Update per approval by the San Francisco Health Service Board in 2026.