



City and County of San Francisco  
London Breed  
Mayor

## MEMORANDUM

**DATE:** June 23, 2022

**TO:** Dan Bernal, President, San Francisco Health Commission and  
Members of the Health Commission

**THROUGH:** Grant Colfax, Director of Health  
Naveena Bobba, Deputy Director

**FROM:** Greg Wagner, Chief Operating Officer

**RE:** SF City Option Escheatment and Outreach Updates

---

This memorandum provides a six-month update on the activities related to the San Francisco City Option (SFCO) Escheatment Policy approved by the Health Commission (or “Commission”) in January for inactive employee funds. This new policy specifies that unused SFCO employee funds will be escheated to the General Fund of City and County of San Francisco (the “City”) after a three-year period of inactivity, following the California Government Code Sections 50050 et seq. This policy will become effective once SFCO funds currently held by the San Francisco Health Plan (SFHP) are transferred to a new City bank account (or “City Treasury”). At the January meeting where this policy was approved, San Francisco Department of Public Health (DPH) was to update the Commission at the July 2022 meeting on implementation of the policy. Additionally, Commission members requested an update on outreach activities to employers and employees notifying them of the new policy and encouraging them to use their funds to avoid escheatment.

### **Transfer of Funds from SFHP's Account to City Treasury Still in Process**

DPH, Controller, Treasurer & Tax Collector (TTX) and SFHP (collectively, the “Parties”) are collaborating on transferring over \$775 million in total active and inactive SFCO funds<sup>1</sup> to the City Treasury. In order to make such change seamless to the program operations, meaning that said changes should continue allowing SFHP to pay employee Medical Reimbursement Account (MRA) claims, deposit employer contributions and pay for operating expenses timely, the

---

<sup>1</sup> DPH's projection of the inactive funds to be escheated can be found in Appendix 2 of the Memo linked here under Item #8 (San Francisco Option Escheatment Proposal): <https://sf.gov/meeting/january-4-2022/january-4-2022-health-commission-meeting>.

---

Parties have discussed two options. One would require SFHP to have access to the funds in this City Treasury, and two is for SFHP to reserve a portion of the funds in a SFHP bank account. Either option will require multiple new processes and financial controls. Given the priorities associated with the City budget process, City agencies have decided to postpone this fund transfer, and will resume implementation in the fall. Once the transfer of SFCO funds to the City Treasury has occurred, the counting of the three-year period of inactivity of the funds discussed above will commence. And only after three-year inactivity of the funds and no response from unenrolled employees or the SF MRA participants in the program, DPH will follow City's escheatment process to escheat the inactive funds through TTX.

### **Notification to Employers and Employees on New Escheatment Policy**

To prepare for the implementation, changes are being made to all program materials and its website to reflect the new escheatment policy. Once the effective date of the transfer of funds to the City Treasury is determined, the program will provide prior notice to all stakeholders, including employers, employees and the Office of Labor Standards and Enforcement.

### **SF City Option Outreach Activities**

In addition to the program simplification changes implemented this year, the program continues to build SFCO outreach and communication capacity, all aimed at increasing utilization of funds.

- **New Website.** The SFCO website ([sfcityoption.org](http://sfcityoption.org)) has been overhauled to improve readability and functionality and is offered in English, Spanish, Chinese and Tagalog.
- **New Logo & Branding.** SFCO has changed its logo to adopt the Seal of the City to increase trust in the program and emphasize that it is a City-sponsored program. Focus groups findings indicated that employees were largely unaware that SFCO had any affiliation with the City. Please see the Appendix for the new logo and updated branding.
- **Improved Readability of Program Materials.** Outreach and enrollment materials to employees have been redesigned and rewritten to require no greater than an 8<sup>th</sup> grade reading level. Please see the Appendix for samples of updated program materials.
- **Unenrolled Employee Outreach.** In the next six months, the program is implementing an ongoing, focused outreach campaign to approximately 135,000 employees with employer funds that have yet to enroll in the SF MRA program (the "Unenrolled Employees"), reminding them to enroll via mail and email. Reminders for the Unenrolled Employees will be sent on an ongoing basis, at a six-month cadence.
- **Enrolled Employees Who Have Unused Funds.** Beginning Q3 of FY22-23, and once the effective date for transfer of funds to City Treasury is known, the program will outreach to employees with SF MRA accounts that have not been used for 24 months to encourage them to use their funds or risk having their funds escheated. Employees will be noticed at least twice prior to a final notice of escheatment of funds.

DPH will continue to keep the Health Commission informed of our progress on implementing this Escheatment Policy and the results of these outreach activities.