

SAN FRANCISCO HEALTH SERVICE SYSTEM

TO: Matt Dorsey, Supervisor, San Francisco Board of Supervisors

FROM: Rey Guillen, Executive Director, SFHSS

DATE: September 22, 2025

RE: Request for Introduction of an Ordinance amending the Labor and Employment Code to exempt the Health Service System's Basic Life and Long-Term Disability Insurance agreement from Articles 111 (Minimum Compensation) and 121 (Health Care Accountability)

Summary of Request

The San Francisco Health Service System (SFHSS) requests your sponsorship and introduction of an ordinance to exempt the Basic (Group) Life and Long-term Disability (LTD) insurance agreement with New York Life, effective January 1, 2026, from the requirements of Labor and Employment Code Articles 111 (Minimum Compensation Ordinance) and 121 (Health Care Accountability Ordinance).

This targeted exemption is essential to finalize the contract and ensure uninterrupted benefits for City employees.

Rationale

- Basic Life and LTD benefits are mandated under multiple City collective bargaining agreements and provides critical income protection for tens of thousands of employees and families.
- SFHSS conducted a competitive RFP between 2024 and 2025, with New York Life as the top-ranked respondent, and was approved unanimously by both the Health Service Board (May 2025) and the Board of Supervisors (July 2025).
- The contract guarantees approximately \$2 million in annual savings to the City and provides robust support and services for employees, their families and their beneficiaries.
- New York Life cannot comply with Articles 111 and 121 as their nationwide workforce of over 23,000 employees cannot be siloed or tracked to ensure compliance.
- And following two weeks of discussions with the Office of Labor Standards and Enforcement (OLSE), SFHSS and the City Attorney have been determined that no statutory waiver process applies.

Without an approved exemption by the Board of Supervisors, the agreement cannot be executed, jeopardizing implementation of the Basic Life and LTD coverage mandated by multiple collective bargaining agreements (MOUs) by January 1, 2026.

Next Steps

Attached please find a draft ordinance prepared by the City Attorney's Office with the support of SFHSS staff and leadership.

SFHSS respectfully requests your sponsorship and introduction of the proposed ordinance and are available to support and coordinate with the City Attorney's Office and the Clerk of the Board of Supervisors to finalize the ordinance language and ensure compliance with all procedural requirements.

Respectfully submitted,

Rey Guillen, Executive Director

Attachment: Draft ordinance amending the Labor and Employment Code to exempt the Health Service System's Basic Life and Long-Term Disability Insurance services agreement from the requirements of Articles 111 (Minimum Compensation) and 121 (Health Care Accountability).