

Ordinance Authorizing Exemption for the San
Francisco Health Service System's (SFHSS)
Collectively Bargained Employee Life and Long-
Term Disability Insurance Contract from
HCAO/MCO Requirements

Rules Committee of the
San Francisco Board of Supervisors

By: Michael Visconti, Contracts Administration Manager (HSS)

Date: October 27, 2025

Summary of Today's Presentation

Request:

Recommendation of “Do Pass” on the ordinance exempting the SFHSS Basic Life (Life) and Long-term Disability (LTD) insurance agreement from:

- Article 111 – Minimum Compensation Ordinance (MCO)
- Article 121 – Health Care Accountability Ordinance (HCAO)

Why this is needed:

To allow execution of the contract with New York Life (Life Insurance Company of North America) and ensure uninterrupted coverage of Life and LTD benefits mandated by collective bargaining agreements (MOUs), with benefits effective **January 1, 2026**.

Background: Collectively-bargained and mandated benefits

- **Basic Life and LTD** are core, City-paid benefits required by dozens of collective bargaining agreements (MOUs)
 - Life and LTD insurance provide income protection for tens of thousands of employees and their families after a death or disability
 - 54 unions¹ guarantee employer-paid basic life insurance and/or employer-paid LTD insurance at the following levels depending on each MOU:
 - Basic Life is \$50,000, \$125,000 and \$150,000
 - LTD is \$5,000 / \$7,500 monthly maximum
- **Supplemental and voluntary life, AD&D**, and short-term disability coverage are offered at no cost to the City, but leverage the size of the City workforce for lower member rates fixed through 2028 (short term disability) and through 2030 (voluntary life and AD&D)

¹ See Appendix

SFHSS RFP and Selection Process

- **SFHSS conducted RFPQHSS2024.B1** from December 2024 through April 2025 for life and disability benefits with coverage beginning January 1, 2026
- **New York Life (NYL)** was the highest-ranked respondent, with:
 - ~ \$2 million in annual City savings,
 - 5-year guaranteed premium rates (Life, LTD, Vol. Life and AD&D), and
 - enhanced family/beneficiary services and reporting standards.
- **Health Service Board (HSB)** unanimously approved the award on May 8, 2025
- **Board of Supervisors (Board)** approved the Plan Year 2026 rates (including for City-paid Life and LTD benefits) on July 29, 2026 (Ord. 168-25)
- Health Service System (HSS) and NYL contract negotiations began in July, NYL notified HSS of the operational concerns related to MCO and HCAO in late August, and SFHSS met with the City Attorney and then OLSE in mid-September.

Compliance Barrier: HCAO & MCO

Process:

- During contract negotiations in August New York Life (NYL) confirmed its inability to report compliance with Articles 111 (MCO) and 121 (HCAO) across its **nationwide workforce of 23,000+ employees**
- Following **multiple meetings with OLSE** in September, including a final meeting with New York Life operational leaders and SFHSS, NYL confirmed to OLSE that
 - life and disability services, employee and beneficiary support, and claims processes **cannot be siloed by client**, and
 - **no system exists** to certify precisely all staff who would work in any capacity to support City employee claimants, their families or beneficiaries
- During concurrent meetings with our Deputy City Attorney, SFHSS was advised that absent applicable waiver processes within the Administrative Code, **Board action would be required**

Result: Contract cannot be executed without **legislative exemption**

Impact

- \$1.97 million savings to City each year 2026-2030
- Exemption is consistent with the limited waiver framework under L.E.C. Articles 111 (MCO) and 121 (HCAO), though because no applicable waiver mechanisms exists for this type of contract, Board action is required
- Ensures compliance with collectively bargained obligations within MOUs and prevents disruption in payroll-based premium collections
- No impact to other SFHSS or City contracts (narrowly tailored and limited to this contract and its extensions only)

Closing and Request to the Rules Committee

SFHSS respectfully requests:

- Rules Committee **recommend “Do Pass”** on the ordinance.

SFHSS Contacts:

- Rey Guillen, Executive Director, SFHSS (rey.guillen@sfgov.org, cc: holly.lopez@sfgov.org)
- Michael Visconti, Contracts Administration Manager (michael.visconti@sfgov.org)

Thank you

Appendix

Appendix – Unions Eligible for Basic Life and/or LTD

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|-----------------------------------|------------------------------------|
| 1) Auto Machinist, Local 1414 | 11) Court-MEA |
| 2) BrickLayers, Local 3 | 12) Court-Supr Court Interpreters |
| 3) Building Inspects - 6331/33 | 13) Court-Unrep Clerical/Technical |
| 4) Building Inspects - 6332 | 14) Court-Unrep Management |
| 5) Carpenters, Local 22 | 15) Court-Unrep Professional |
| 6) Carpet, Linoleum & Soft Tile | 16) Elected Officials |
| 7) Cement Masons, Local 300 (580) | 17) Electrical Workers, Local 6 |
| 8) Court Local 21 Staff Attorneys | 18) Glaziers, Local 718 |
| 9) Court-Court Reporters | 19) Hod Carriers, LiUNA, Local 261 |
| 10) Court-Local 21 Professional | 20) Indv. Employment Contract-MTA |

Appendix – Unions Eligible for Basic Life and/or LTD

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|------------------------------------|------------------------------------|
| 21) Iron Workers, Local 377 | 31) Physician/Dentists 8-CC, UAPD |
| 22) Laborers, Local 261 | 32) Pile Drivers, Local 34 |
| 23) Law Librarian and Assistant | 33) Plasterers & Shphnds, Local 66 |
| 24) Member, Board Of Sups | 34) Plumbers, Local 38 |
| 25) Mgt. Unrepresented Employees | 35) Probation Off Assoc (DPOA) |
| 26) Misc. Unrepresented Employees | 36) Prof & Tech Eng, Local 21 |
| 27) Municipal Attorneys Assoc | 37) Roofers, Local 40 |
| 28) Municipal Exec Assoc, Misc | 38) SEIU, Local 1021, Misc |
| 29) Operating Engineers, Local 3 | 39) SEIU, Local 1021, RN |
| 30) Physician/Dentists 11-AA, UAPD | 40) SF City Workers United |

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|------------------------------------|------------------------------------|
| 41) SF Courts Commissioner Assoc | 51) TWU, Local 250-A, Misc |
| 42) Sheet Metal Workers, Local 104 | 52) TWU, Local 250-A, TranFare |
| 43) Stationary Engineers, Local 39 | 53) Unrepresented Contract Rte FBP |
| 44) Sup Probation Ofcr, Op Eng 3 | 54) Utd Pub EmpL790 SEIU-Crt Clrks |
| 45) Teamsters, Local 853 | |
| 46) Teamsters, Local 856, Multi | |
| 47) Teamsters, Local 856, Spv RN | |
| 48) Theatrical Stage Emp, Local 16 | |
| 49) TWU, Local 200 | |
| 50) TWU, Local 250-A, AutoServ | |