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 (<u>rey.guillen@sfgov.org</u>, cc: <u>holly.lopez@sfgov.org</u>)
- Michael Visconti, Contracts Administration Manager (<u>michael.visconti@sfgov.org</u>)

Thank you

Appendix

Appendix – Unions Eligible for Basic Life and/or LTD

1)	Auto Machinist, Local 1414	11) Court-MEA
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- 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

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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