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July 5, 2025

The Honorable Raphael Mandelman, Board President
The Honorable Stephen Sherrill, Supervisor, District 2
The Honorable Danny Sauter, Supervisor, District 3
The Honorable Joel Engardio, Supervisor, District 4
The Honorable Bilal Mahmood, Supervisor, District 5
The Honorable Matt Dorsey, Supervisor, District 6
The Honorable Myrna Melgar, Supervisor, District 7
The Honorable Jackie Fielder, Supervisor, District 9
The Honorable Shamann Walton, Supervisor, District 10
The Honorable Chyanne Chen, Supervisor, District 11
San Francisco Board of Supervisors
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

“ Mayor Lurie needs to do right by City employees and retirees. He also needs to help negotiate an end to this contract dispute. Mayor Lurie can do so using his bully pulpit as Mayor to advocate with both California Governor Gavin Newsom and the University of California Board of Regents to intervene and resolve this contract dispute. ”

Board File 250728: Support of Resolution Urging University of California Health and Blue Shield of California to Resolve Contract Dispute

Dear Board President Mandelman and Board of Supervisors,

I fully support the Resolution introduced by Supervisor Matt Dorsey in Board File #250728 urging the University of California Health System and Blue Shield of California to resolve their contract dispute affecting City employees' and retirees' access to health insurance. This first *“Further Resolved”* statement on page 2 of Resolution needs clarification

As you know, it is highly unusual for City employees and retirees to face termination of their healthcare insurance during the middle of any contract year. As it is, Blue Shield threatened to terminate this contract— initially by July 10, that has now been extended to August 9, 2025 — just over six months into Plan Year 2025 (the first year of its three-year contract), after Blue Shield was awarded the contract commencing on January 1, 2025.

As the Board of Supervisors may recall, San Francisco's Health Services System discontinued the Blue Shield of California MAPD (Medicare Advantage Prescription Drug) plan effective December 31, 2016 and HSS transferred Plan members to the UnitedHealthcare MAPD plan on January 1, 2017. He

The Board of Supervisors approved the current three-year contract with Blue Shield of California in 2024, and as such it is the responsibility of this Board of Supervisors to protect City employees' and City retirees' access to their healthcare choices made during Open Enrollment in 2024.

But it is also the mayor's job. Mayor Lurie is also responsible for what's going on with our retiree healthcare benefits, since many retirees worked for 20 to 30 years for the City expecting their benefits would be protected. As such, Mayor Lurie needs to do right by City retirees, and also help negotiate an end to this contract dispute. Mayor Lurie can do so using his bully pulpit as Mayor, and advocate with both California Governor Gavin Newsom and the University of California Board of Regents to intervene and resolve this contract dispute.

There are reports that a handful of University of California campuses may be preventing reaching a contract settlement with Blue Shield. Since Governor Newsom appoints 18 members of the U.C. Board of Regents, and since Governor Newsom, Lieutenant Governor Eleni Kounalakis, Speaker of the Assembly Robert Rivas, and Superintendent of Public Instruction Tony Thurmond are all ex-officio members of the Board of Regents, additional state-level resources should be engaged in helping to resolve this contract dispute.

This first *“Further Resolved”* statement on page 2 of Resolution is unclear, and needs clarification. It states:

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“FURTHER RESOLVED, That the Board of Supervisors urges, in the event that no long-term resolution between Blue Shield and UC Health is possible, that the parties at minimum commit to preserve existing services for the remainder of the plan year, and provide certainty of future benefits for the 2026 plan year in time for Open Enrollment;”

It’s not clear what “*preserving existing services for the remainder of the plan year*” means. Does that mean just through December 31, 2025? And while the Resolution calls for “*continuity of future benefits for the 2026 plan year*,” it’s not clear whether that mean through December 31, 2026. And what does it mean “*in time for open enrollment*”? Does that suggest that the Health Service System will re-negotiate with other insurance companies this fall to replace the Blue Shield of California plan, in the event Blue Shield is **NOT** going to include UCSF Health facilities into 2026?

The Board of Supervisors must do more to insure Blue Shield and the UCSF system reach a settlement that does not degrade retiree health care under the contract you approved based on promises made to retirees and active City employees.

The Health Service System and the Board of Supervisors must intervene, in part to make sure UCSF Health patients continue to receive their continuity of care services, and maintain their caregivers of choice. If they seek care from a provider that accepts Medicare, the Health Services System needs to ensure these plan members that Blue Shield will pay the difference in our out-of-pocket and out-of-network co-pay costs.

It is somewhat re-assuring that our City Attorney may explore legal remedies for the City and plan members if Blue Shield doesn’t reach a contract extension with UCSF Health. I strongly support Supervisor Dorsey’s interpretation that it may potentially amount to a breach of contract. And again, I would support the City Attorney’s opinion if he concludes Blue Shield’s conduct is actionable, or grounds for contract suspension or debarment as a City contractor.

I urge the Board of Supervisors to amend this Resolution by directing Angela Calvillo, Clerk of the Board of Supervisors to also send a copy of this Resolution to Governor Newsom, Lieutenant Governor Kounalakis, Assembly Speaker Rivas, and Superintendent Thurmond.

I also urge the Board of Supervisors to unanimously pass this Resolution today. I ask that the Board also take any additional steps to resolve this contract quickly, and in favor of City employees and City retirees.

The healthcare of current City employees and City retirees must not be jeopardized!

Respectfully submitted,

/s/

Patrick Monette-Shaw

Reporter and Columnist

Westside Observer Newspaper

cc: Daniel Lurie, Mayor of San Francisco
David Chiu, City Attorney
Rey Guillen, Director, San Francisco Health Service System
San Francisco Health Service System Board
Angela Calvillo, Clerk of the Board of Supervisors
Protect Our Benefits
RECCSF