

BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. (415) 554-5184
Fax No. (415) 554-5163
TDD/TTY No. (415) 554-5227

MEMORANDUM

TO: Carol Isen, Director, Department of Human Resources

FROM: Monique Crayton, Assistant Clerk, Government Audit and Oversight Committee, Board of Supervisors

DATE: October 10, 2025

SUBJECT: LEGISLATION INTRODUCED – MEET AND CONFER DETERMINATION

The Board of Supervisors' Government Audit and Oversight Committee has received the following Legislation. This matter is being **referred** to you as it may require the Department of Human Resources to fulfill "**Meet and Confer**" requirements. Please review, assess the impact and provide proper noticing as required and report back to on the status of the "Meet and Confer" requirement.

File No. 250981

Labor and Employment Code - Health Service System - Exemption for Life and Long-Term Disability Insurance Contract

Ordinance exempting the Health Service System's Life and Long-Term Disability Insurance services contract from the requirements of Article 111 (Minimum Compensation) and Article 121 (Health Care Accountability) of the Labor and Employment Code.

If you have any questions or concerns, please call me at (415) 554-7750 or email: monique.crayton@sfgov.org. To submit documentation, please email or forward to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

RESPONSE FROM THE DEPARTMENT OF HUMAN RESOURCES - Date: _____

☐ **Meet and Confer requirement has been fulfilled.**

☒ **Meet and Confer requirement not applicable.**

☐ **Additional information attached.**

Kate Howard

Department of Human Resources

C:

Aliya Chisti, Department of Human Resources
Kate Howard, Department of Human Resources

[Labor and Employment Code - Health Service System - Exemption for Life and Long-Term Disability Insurance Contract]

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NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.
Additions to Codes are in *single-underline italics Times New Roman font*.
Deletions to Codes are in ~~*strikethrough italics Times New Roman font*~~.
Board amendment additions are in double-underlined Arial font.
Board amendment deletions are in ~~strikethrough Arial font~~.
Asterisks (* * * *) indicate the omission of unchanged Code subsections or parts of tables.

Be it ordained by the People of the City and County of San Francisco:

Section 1. Background and General Findings.

(a) The San Francisco Health Service System ("SFHSS") contracts for Basic Group Life ("Basic Life") Insurance and Long-Term Disability ("LTD") Insurance. These are mandated by dozens of collective bargaining agreements between the City and County of San Francisco and its labor partners. Together, Basic Life and LTD benefits provide essential income protection and financial security for tens of thousands of City employees and their dependents, as well as critical support for employees and their families following a death or disability. The Plan Year 2026 contract also requires additional protections for employees and their families in the form of optional supplemental life insurance, voluntary accidental death and dismemberment insurance, and voluntary short-term disability insurance, which are administered by a third-party voluntary benefits vendor and offered to SFHSS members at favorable rates by packaging the plans together for the large population of City employees

1 and their eligible dependents.

2 (b) SFHSS issued RFPQHSS2024.B1 for Basic Life and LTD and other insurance
3 coverages for Plan Year 2026 through 2028. The intended contractor, The Life Insurance
4 Company of North America, doing business as New York Life Group Benefit Solutions (“New
5 York Life”), was the highest-ranked respondent. Following that ranking, SFHSS recommended
6 to the San Francisco Health Service Board award to the vendor of the contract for life
7 insurance, accidental death and dismemberment insurance, short-term and long-term
8 disability insurance beginning January 1, 2026. The rationales identified by SFHSS and the
9 panel included competitive rates for Basic Life and LTD (guaranteed for five years and
10 accounting for nearly \$2 million in savings annual over current employer-paid premiums),
11 complementary employee, family, and beneficiary support services, robust financial and
12 administrative support capabilities, and reporting and performance standards. On May 8,
13 2025, the Health Service Board voted unanimously to award the contract to New York Life. On
14 July 29, 2025, the Board of Supervisors unanimously approved the Health Service System
15 Plans and Contribution Rates for Calendar Year 2026, including for Basic Life and LTD for
16 Plan Year 2026 (Ord. 168-25).

17 (c) SFHSS began contract negotiations in May 2025. By August, the parties reached
18 an agreement on nearly all contract terms save for adherence to Article 111 (Minimum
19 Compensation Ordinance) and Article 121 (Health Care Accountability Ordinance) of the
20 Labor and Employment Codes. New York Life’s leadership and legal counsel researched the
21 Articles, discussed with the City’s Office of Labor Standards and Enforcement, and in
22 September 2025 made clear it will not execute a contract that includes Articles 111 and 121
23 obligations. New York Life stated that their nationwide workforce cannot be siloed to
24 guarantee compliance and there are no organization-wide reporting mechanisms capable of
25 determining which of their 23,000+ workforce worked on claims, calls, financial and/or

administrative support related to this proposed contract, tracking that is required to ensure compliance with Articles 111 and 121.

(d) No existing statutory exemption or waiver process applies to this agreement. SFHSS supports awarding the contract to the proposed vendor due to its top ranking in the selection process and the anticipated cost savings. Re-procurement is not feasible as no alternative vendor can be implemented in time for the January 1, 2026 start of the Plan Year.

Section 2. Exemption from Labor and Employment Code Articles 111 and 121.

The Health Service System's Plan Year 2026 agreement for life and disability insurance services is not subject to the requirements of Labor and Employment Code Articles 111 and 121. The exemption applies to Plan Year 2026 agreement as well as amendments of the agreement to extend the term for additional years or other modifications of the terms.

Section 3. Effective Date. This ordinance shall become effective 30 days after enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board of Supervisors overrides the Mayor's veto of the ordinance

APPROVED AS TO FORM:
DAVID CHIU, City Attorney

By: /s/
Gustin. R Guibert
Deputy City Attorney

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LEGISLATIVE DIGEST

[Labor and Employment Code - Health Service System - Exemption for Life and Long-Term Disability Insurance Contract]

Ordinance exempting the Health Service System's Life and Long-Term Disability Insurance services contract from the requirements of Article 111 (Minimum Compensation) and Article 121 (Health Care Accountability) of the Labor and Employment Code.

Existing Law

Article 111 (Minimum Compensation) of Labor and Employment Code requires that contractors must ensure that employees who spend any time performing work on a San Francisco funded agreement receive required levels of compensation and compensated time off. Article 121 (Health Care Accountability) of the Labor and Employment Code requires that contractors must ensure that employees who spend 20 or more hours per week performing work on a San Francisco funded agreement receive required levels of health care or compensation. Both statutes also require recordkeeping and audit access requirements. Contracts awarded by the Health Service System are subject to these laws.

Amendments to Current Law

The proposed ordinance would exempt the Health Service System's Plan Year 2026 Life and Long-Term Disability Insurance services contract from the requirements of Article 111 (Minimum Compensation) and Article 121 (Health Care Accountability) of the Labor and Employment Code. The agreement between Health Service System and the awarded contractor would not include obligations pertaining to the exempted statutes. Amendments and extensions of the 2026 agreement would also not be subject to the exempted statutes.

Background Information

The Health Service System RFP process resulted in an intended award to a contractor unwilling to agree to Article 111 (Minimum Compensation) and Article 121 (Health Care Accountability) of the Labor and Employment Code. No exemptions or waivers were feasible options.

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Introduction Form

(by a Member of the Board of Supervisors or the Mayor)

I hereby submit the following item for introduction (select only one):

- ☐ 1. For reference to Committee (Ordinance, Resolution, Motion or Charter Amendment)
- ☐ 2. Request for next printed agenda (For Adoption Without Committee Reference)
(Routine, non-controversial and/or commendatory matters only)
- ☐ 3. Request for Hearing on a subject matter at Committee
- ☐ 4. Request for Letter beginning with "Supervisor inquires..."
- ☐ 5. City Attorney Request
- ☐ 6. Call File No. from Committee.
- ☐ 7. Budget and Legislative Analyst Request (attached written Motion)
- ☐ 8. Substitute Legislation File No.
- ☐ 9. Reactivate File No.
- ☐ 10. Topic submitted for Mayoral Appearance before the Board on

The proposed legislation should be forwarded to the following (please check all appropriate boxes):

- ☐ Small Business Commission ☐ Youth Commission ☐ Ethics Commission
- ☐ Planning Commission ☐ Building Inspection Commission ☐ Human Resources Department

General Plan Referral sent to the Planning Department (proposed legislation subject to Charter 4.105 & Admin 2A.53):

- ☐ Yes ☐ No

(Note: For Imperative Agenda items (a Resolution not on the printed agenda), use the Imperative Agenda Form.)

Sponsor(s):

Subject:

Long Title or text listed:

Signature of Sponsoring Supervisor: