

File No. 210216

Committee Item No. 4

Board Item No. 15

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Rules Committee

Date March 15, 2021

Board of Supervisors Meeting

Date March 23, 2021

Cmte Board

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- Budget and Legislative Analyst Report
- Youth Commission Report
- Introduction Form
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- Application
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OTHER (Use back side if additional space is needed)

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Completed by: Victor Young Date March 11, 2021

Completed by: _____ Date _____

1 [Administrative Code - Health Care Requirements for Certain Employers at San Francisco
International Airport]

2
3 **Ordinance amending the Administrative Code to allow contracting parties that offer**
4 **multiple health benefit plans at the San Francisco International Airport to charge**
5 **covered employees a limited share of premium costs on more expensive plans, to**
6 **clarify who must be covered by health benefit plans that are offered, and to adjust the**
7 **date by which such health benefit plans must be in effect.**

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

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

16 Section 1. Findings and Purpose.

17 (a) The Healthy Airport Ordinance, Ordinance No. 235-20, operative March 21, 2021,
18 requires certain employers at San Francisco International Airport to offer Covered Employees
19 who are San Francisco Airport Service Employees a family health benefit plan at no cost to
20 the employee, or to make contributions for the Covered Employee into an account established
21 under Section 14.2 of the Administrative Code. At least one such health benefit plan must be
22 a “platinum-level” plan, which means that it provides benefits that are actuarially equivalent to
23 at least 90% of the full actuarial value of the benefits provided under the plan. An employer
24 that complies with the Healthy Airport Ordinance by providing a platinum-level family health
25 benefit plan may also offer Covered Employees alternative “gold-level” family health benefit
plans, which are actuarially equivalent to at least 80% of the full actuarial value of the benefits

1 provided under the plan. The Healthy Airport Ordinance likewise requires these additional
2 plans to be offered at no cost to the Covered Employee.

3 As of March 2021, some employers covered by this requirement offered gold-level
4 health benefit plans, in particular Preferred Provider Organization (PPO) plans, that despite
5 their lower actuarial value are more expensive than the platinum-level health benefits they will
6 offer under Ordinance No. 235-20. Without an amendment to the Healthy Airport Ordinance,
7 there is a risk that some employers will discontinue offering these additional gold-level plans
8 due to their cost, and instead offer Covered Employees only one compliant health benefit
9 plan, the platinum-level plan. To encourage employers to maintain employee choice of health
10 benefits, this ordinance amends the Healthy Airport Ordinance to allow Covered Employees
11 who elect such additional plans to be charged premium contributions, which are limited to the
12 difference in premium costs between the plans.

13 (b) This ordinance clarifies who must be covered by the family health benefits offered
14 under the Healthy Airport Ordinance.

15 (c) Although the Healthy Airport Ordinance will be operative March 21, 2021, health
16 benefits in the market are sold on a month-to-month basis. To conform to this aspect of
17 market conditions, this ordinance clarifies that health benefit plans provided to comply with the
18 Healthy Airport Ordinance need not be in effect until April 1, 2021.

19

20 Section 2. Chapter 12Q of the Administrative Code is hereby amended by revising
21 Section 12Q.3 to read as follows:

22

23 **SEC. 12Q.3. HEALTH CARE ACCOUNTABILITY COMPONENTS.**

24 * * * *

25

1 (d) With respect to each Covered Employee who is a San Francisco Airport Service
2 Employee, each Contracting Party shall do one of the following, at the Contracting Party's
3 option:

4 (1) Offer health plan benefits to the Covered Employee and the Covered
5 Employee's dependents, with ~~all~~ the following features:

6 (A) The health benefits shall include at least one plan that is ~~be~~ offered at no
7 cost to the Covered Employee. ~~(B) The health benefits offered shall include at least one plan that~~
8 provides a level of coverage that is designed to provide benefits that are actuarially equivalent
9 to at least 90% of the full actuarial value of the benefits provided under the plan, and ~~to~~
10 provide s coverage for all services described in the California Essential Health Benefit
11 Benchmark Plan.

12 _____ (B) A Contracting Party may offer additional health benefit plans, provided
13 that each such additional health benefit plan offered shall provide a level of coverage that is
14 designed to provide benefits that are actuarially equivalent to at least 80% of the full actuarial
15 value of the benefits provided under the plan and to provide coverage for all services as
16 described in the California Essential Health Benefit Benchmark Plan. If the premium costs of
17 such additional health benefit plan are greater than the premium costs of a plan offered under
18 subsection (d)(1)(A), a Covered Employee electing such a health benefit plan may be required to pay a
19 portion of the premium costs. The Covered Employee's premium cost share shall be limited to not
20 more than the difference between the premium costs of the most expensive plan offered under
21 subsection (d)(1)(A) and the premium costs of the health benefit plan that the Covered Employee elects
22 under this subsection (d)(1)(B).

23 (C) The maximum period for each Covered Employee's health benefits to
24 become effective shall be no later than the first day of the first month after 30 days from the
25 start of employment as a San Francisco Airport Service Employee; provided, however, that if

1 a Contracting Party elects to make monthly contributions for a Covered Employee pursuant to
2 subsection (d)(2), health benefits shall become effective no later than the first day after the
3 Contracting Party ceases making such contributions.

4 (D) The Covered Employee’s health benefits shall, at a minimum, cover the
5 Covered Employee, the Covered Employee’s spouse or registered domestic partner, and the Covered
6 Employee’s child, which shall include any legally adopted child, recognized natural child, stepchild,
7 foster child, and minor legal ward. Coverage for a child must be made available until the child
8 reaches the age of 26, in accordance with 42 U.S.C. § 300gg-14(a), as may be amended from time to
9 time.

10 (E) Notwithstanding the Operative Date of Ordinance No. 235-20, if a
11 Contracting Party elects to comply with Section 12Q.3(d) by providing health benefits under subsection
12 (d)(1), such health benefits shall not be required to be in effect prior to April 1, 2021.

13
14 * * * *

15
16 Section 3. Effective Date; Operative Date; Retroactivity.

17 (a) This ordinance shall become effective 30 days after enactment. Enactment occurs
18 when the Mayor signs the ordinance, the Mayor returns the ordinance unsigned or does not
19 sign the ordinance within ten days of receiving it, or the Board of Supervisors overrides the
20 Mayor’s veto of the ordinance.

21 (b) This ordinance shall become operative on its effective date, except that the
22 amendment adding Section 12Q.3(d)(1)(E) shall be retroactive to the Operative Date of
23 Ordinance No. 235-20.

LEGISLATIVE DIGEST

[Administrative Code – Amendments to the Health Care Requirements for Certain Employers at San Francisco International Airport]

Ordinance amending the Administrative Code to allow Contracting Parties that offer multiple health benefit plans at the San Francisco International Airport to charge Covered Employees a limited share of premium costs on more expensive plans, to clarify who must be covered by health benefit plans that are offered, and to adjust the date by which such health benefit plans must be in effect.

Existing Law

The City's Healthy Airport Ordinance, Ordinance No. 235-20, operative March 21, 2021, requires certain employers at San Francisco International Airport to either (1) offer Covered Employees who are San Francisco Airport Service Employees a platinum-level family health benefit plan at no cost to the employee, or (2) to make contributions, currently set at \$9.50 per hour, for the Covered Employee into an account established under Section 14.2 of the Administrative Code. Admin. Code § 12Q.3(d). An employer that complies with Ordinance No. 235-20 by providing platinum-level family health benefits may offer additional gold-level health benefit plans, also at no cost to the Covered Employee.

Amendments to Current Law

This proposed ordinance makes three changes to Section 12Q.3(d) of the Administrative Code, added by Ordinance No. 235-20, as follows:

1. The proposed ordinance allows employers that offer Covered Employees a compliant, no cost platinum-level health benefit plan and an alternative gold-level health benefit plan that is more expensive to require Covered Employees who elect that plan to pay a portion of the premium costs of the more expensive plan, limited to the difference between the premium costs of that plan and the compliant, no cost plan.
2. The proposed ordinance specifies who must be covered by the family health benefit plan, specifically, the Covered Employee, the Covered Employee's spouse or registered domestic partner, and the Covered Employee's child, which shall include any legally adopted child, recognized natural child, stepchild, foster child, and minor legal ward. In accordance with federal law, coverage for children must be made available until a child reaches the age of 26, even if the young adult no longer lives with the Covered Employee, is not a dependent on the Covered Employee's tax return, or is no longer a student.
3. The proposed ordinance delays the health benefit plan requirements from Ordinance No. 235-20's Operative Date of March 21, 2021, to April 1, 2021.

Background Information

The purpose of the premium cost sharing amendment is to address an unintended consequence of Ordinance No. 235-20, specifically that some employers may eliminate additional health benefit plan options that exceed the cost of one compliant plan.

The purpose of the amendment specifying who must be covered is to address an ambiguity in Ordinance No. 235-20 and provide needed clarity to employers and covered employees.

The Operative Date of Ordinance No. 235-20 is March 21, 2021, but health insurance is purchased on a month-to-month basis. The purpose of the amendment delaying implementation of the health benefit plan provisions to April 1, 2021, is to align these provisions with health insurance market conditions.

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BOARD of SUPERVISORS



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1 Dr. Carlton B. Goodlett Place, Room 244
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Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 554-5227

MEMORANDUM

TO: Ivar C. Satero, Airport Director
Executive Director Abbie Yant, Health Service System

FROM: Victor Young, Assistant Clerk

A handwritten signature in cursive script that reads "Victor Young".

DATE: March 8, 2021

SUBJECT: LEGISLATION INTRODUCED

The Board of Supervisors' Rules Committee received the following proposed legislation:

File No. 210216

Ordinance amending the Administrative Code to allow contracting parties that offer multiple health benefit plans at the San Francisco International Airport to charge covered employees a limited share of premium costs on more expensive plans, to clarify who must be covered by health benefit plans that are offered, and to adjust the date by which such health benefit plans must be in effect.

If you have comments or reports to be included with the file, please forward them to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102 or by email at: linda.wong@sfgov.org.

c. Cathy Widener, SFO

President, District 10
BOARD of SUPERVISORS



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1 Dr. Carlton B. Goodlett Place, Room 244
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Shamann Walton

PRESIDENTIAL ACTION

Date: 3/4/2021

To: Angela Calvillo, Clerk of the Board of Supervisors

Madam Clerk,
Pursuant to Board Rules, I am hereby:

Waiving 30-Day Rule (Board Rule No. 3.23)

File No. 210216 Mandelman
(Primary Sponsor)

Title. [Administrative Code - Health Care Requirements for Certain Employers
at San Francisco International Airport]

Transferring (Board Rule No 3.3)

File No. (Primary Sponsor)

Title.

From: Committee

To: Committee

Assigning Temporary Committee Appointment (Board Rule No. 3.1)

Supervisor: Replacing Supervisor:

For: Meeting
(Date) (Committee)

Start Time: End Time:

Temporary Assignment: Partial Full Meeting

Shamann Walton, President
Board of Supervisors