

## SF Launches Initiative To Reduce Health Care Costs For City Workers

by Bay City News

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San Francisco officials Wednesday announced a new initiative that aims to reduce the city's skyrocketing health care costs, which officials say are major drivers of government expenses and current budget shortfalls.

Two associations consisting of physicians, hospitals and insurers called "accountable care organizations" were launched this week to improve efficiency and cut costs, officials said.

The San Francisco Health Services System--which every year negotiates coverage prices with insurance providers for 110,000 city workers, retirees and their dependants--is collaborating with Blue Shield of California and several local hospitals.

About 26,000 city employees covered by Blue Shield will be included in the new organizations. The city will pay a 3.1 percent increase in rates across the board this year, compared to average premium increases of 8 to 9 percent across Northern California, officials said.

"We work very hard to keep rates as affordable as possible for taxpayers and insurance members," Health Service Board President Claire Zavanski said Wednesday at a news conference at City Hall. "We are looking to this new model that we hope will keep rates affordable."

The organizations will identify and implement long-term strategies aimed at improving systemic failings, she said. The goal is to improve communication between the various participants.

City **Supervisor Carmen Chu**, who co-chairs the supervisors' budget and finance committee, said the accountable care organizations have been shown to reduce hospital stays, hospital readmissions, and emergency visits.

An accountable care organization might create a follow-up system to ensure patients schedule future check-ups or receive their medication, the Health Services System said.

A pilot program in Sacramento that served 5,000 public employees resulted in a 22-percent reduction in hospital readmissions and 15-percent reduction in bed days, Chu said. It saved the state \$20 million, according to one health partner.

"This puts San Francisco on a path for improved care and lower costs," Chu said. "Every dollar we save on health care is a dollar we can put back into San Francisco's vital services."

Chu and other officials said they hope the program will help mitigate San Francisco's budget deficit, which is projected at \$380 million this year.

"We know we're not going to be able to get through this year or subsequent years without reigning in (health care) costs," Supervisor David Chiu said.

The employees in the accountable care organizations work for the city and county of San Francisco, San Francisco Superior Courts, San Francisco Unified School District and City College of San Francisco.

The program will launch on July 1 and continue for at least a year, according to Blue Shield. The participating parties will monitor its efficacy and hope to implement it long-term.

Eight major San Francisco hospitals are included in the initiative: California Pacific Medical Center's four campuses; Saint Francisco Memorial Hospital; St. Mary's Medical Center; and the University of California, San Francisco's two main facilities.

*Janna Brancolini, Bay City News*