[Greater Transparency for the Kaiser Healthcare Rate Increase and Urging the California State Legislature to Pass Senate Bill 746]

Resolution urging Kaiser to immediately begin negotiating with the Health Service System toward a fair and transparent pricing model that provides fee schedule transparency; requesting the Health Service System to report back to the Board of Supervisors on the progress of negotiations; and urging the California State Legislature to pass Senate Bill 746 to require health plans to disclose data.

WHEREAS, Utilization of healthcare services by City Health Service System (HSS) members enrolled in Kaiser has declined each year for the past seven years, while Kaiser has increased the charges paid by HSS in each of the same seven years; and

WHEREAS, Hospitalizations for HSS Members enrolled in Kaiser have declined by more than a third over that period of time, while Kaiser has increased its charges per hospitalization by nearly 90%, all without presenting any data to support these increases; and

WHEREAS, The vast majority of public employees covered by Kaiser have made significant concessions over these years, and Kaiser’s proposed 2014 rate increases come at a time when many of them are just beginning to recover slowly from a deep recession; and

WHEREAS, Kaiser has a record of providing high quality care and achieving good health outcomes, which have reduced utilization rates and should translate into lower costs, yet Kaiser’s pricing is no lower than that of other HMO plans on a risk-adjusted basis; and

WHEREAS, Kaiser reports that its pricing is based on ‘competing in the marketplace” without respect to utilization of services or the actual cost of care, and justifies charging what the market will bear by saying it remains the lowest cost and highest quality health plan; and

WHEREAS, Kaiser has made profits of more than $8 billion since January 2009; and
WHEREAS, Kaiser is making a profit of at least 15% from the City and County of San Francisco, and is likely making similar profits from other large San Francisco employers; and.

WHEREAS, Blue Shield, the other large non-profit health plan in California, committed to limit its profits to 2% profit beginning in 2010, returning nearly $20 million to HSS over the past 2 years; and

WHEREAS, HSS staff, as directed by the Health Service Board, has worked diligently for many years to engage in fair and forthcoming business relationships with local insurers and providers to offer health plans and to negotiate rates for City employees and retirees, under the approval authority of the Board of Supervisors; and

WHEREAS, The California State Senate passed and sent to the Assembly for action SB 746 (Leno) that would extend to Kaiser the same transparency requirements made of every other California health insurer, now, therefore be it

RESOLVED, That Kaiser immediately begin negotiating toward a fair pricing model that provides full transparency of its fee schedule, utilization data, and clinical outcomes measures to third-party actuaries and other independent analysts chosen by HSS, and that adequately reflects the utilization of services by HSS members; and be it

FURTHER RESOLVED, That Kaiser provide specific documentation on the drivers of healthcare costs among HSS members, and commit to a plan for controlling these healthcare cost drivers and sharing with HSS the benefit of the resulting cost reductions; and, be it

FURTHER RESOLVED, That the Board of Supervisors urges the Health Service Board to direct HSS staff to pursue, immediate negotiations with Kaiser toward a fair and transparent pricing system and further, to have HSS staff prepare contingency plans to place City employees in other high quality, cost effective plans in the event rate negotiations with Kaiser for 2015 do not produce improved results; and, be it
FURTHER RESOLVED, That the Health Service Board and HSS build upon their
process of consulting with public employee unions and HSS retirees as they formulate
objectives for these negotiations and evaluate their progress, to maximize unity among all
stakeholders in pursuing the common goal of providing high quality, affordable care to HSS
members; and be it

FURTHER RESOLVED, That HSS report back to the Board of Supervisors on the
progress of these negotiations; and be it

FURTHER RESOLVED, That the Board of Supervisors of the City and County of San
Francisco supports and urges passage of SB 746 by California state elected officials.
Resolution urging Kaiser to immediately begin negotiating with the Health Service System toward a fair and transparent pricing model that provides fee schedule transparency; requesting the Health Service System to report back to the Board of Supervisors on the progress of negotiations; and urging the California State Legislature to pass Senate Bill 746 to require health plans to disclose data.

July 23, 2013 Board of Supervisors - AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE
Ayes: 11 - Avalos, Breed, Campos, Chiu, Cohen, Farrell, Kim, Mar, Tang, Wiener and Yee

July 23, 2013 Board of Supervisors - CONTINUED AS AMENDED
Ayes: 11 - Avalos, Breed, Campos, Chiu, Cohen, Farrell, Kim, Mar, Tang, Wiener and Yee

July 30, 2013 Board of Supervisors - ADOPTED
Ayes: 11 - Avalos, Breed, Campos, Chiu, Cohen, Farrell, Kim, Mar, Tang, Wiener and Yee

I hereby certify that the foregoing Resolution was ADOPTED on 7/30/2013 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

Date Approved: August 7, 2013