



San Francisco Department of Public Health

Grant Colfax, MD
Director of Health

City and County of San Francisco
London N. Breed
Mayor

For immediate release

Tuesday, April 16, 2019

Contact: Rachael Kagan 415 554-2507

Rachael.kagan@sfdph.org

Health Department announces new billing policies at Zuckerberg San Francisco General Hospital

***Patient financial protections include ending patient balance billing,
setting an out-of-pocket cap and expanding financial assistance***

San Francisco, CA – At the request of Mayor London Breed and Supervisor Aaron Peskin, the San Francisco Department of Public Health has developed new policies for patient billing at Zuckerberg San Francisco General Hospital and Trauma Center, in order to protect patients' financial wellbeing and better align billing practices with our values as San Francisco's community hospital.

The proposals will be presented today to the San Francisco Health Commission, as part of a 90-day plan that the Department of Public Health (DPH) has been working on since February.

The recommended changes are designed to protect patients financially, including when there are disputes over payment between the hospital and insurance companies, while still allowing DPH to actively pursue reimbursement from private insurance companies. Key recommendations include:

- End balance billing of patients, while continuing to seek payment from insurance companies.
- Create an income-based out-of-pocket maximum payment for patients at all income levels.
- Modify patient financial assistance programs to make more people eligible.
- Create a new policy for insured patients receiving services out-of-network at Zuckerberg San Francisco General Hospital (ZSFG), so that they will be billed no more than the amount they would pay for the same services at an in-network hospital.



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Prioritizing financial protections for individual patients is the top order of business, and therefore those proposals are being presented today. DPH staff also will provide an update on additional work included in the 90-day plan, such as studying ZSFG rates in comparison to other hospitals, conducting a financial analysis of the proposed changes, supporting legislative policy solutions and improving patient communications.

“Above all, we care about people,” said Dr. Grant Colfax, Director of Health. “ZSFG’s mission is to provide high quality health care and trauma services with compassion and respect. We care for our patients in all ways, and are proud to play a critical role as the City’s only trauma center and safety net hospital. Although the vast majority of our patients do not have private insurance, every patient matters equally. We believe that the insurance industry should pay its fair share for the care patients deserve and we provide, and that neither patients, nor taxpayers should be made to pick up the slack.”

The majority of patients (94 percent) at ZSFG are covered by Medicare, Medi-Cal or are uninsured. They are unaffected by balance billing, which is a practice that occurs when the insurance company is unwilling to cover the full cost of care for the patient, and the patient is billed for the balance. DPH estimates that 1.6 percent of patients could have been subject to balance billing previously. Despite the relative infrequency of this practice at ZSFG, for those impacted by balance billing, the financial hardship and stress of the experience are very real, even when accounts are ultimately settled through insurance appeals.

The practice of patient balance billing was halted on February 1, 2019 and will not resume. Any accounts that were open on February 1, including for services delivered prior to February 1, or accounts that have been opened since, will not be subject to patient balance billing. The hospital’s new policies will apply to all accounts going forward. Accounts closed prior to February 1, 2019 would remain settled under the previous policies in place at the time.

DPH staff estimates that these changes will reduce revenue by \$1.9 million to \$2.2 million per year by limiting patient out-of-pocket costs for services. Nothing in the proposed recommendations is intended to limit collections from private insurance, and DPH will continue to pursue reimbursement for services from insurance companies, which total approximately \$135 million per year. That includes cases where a third-party insurer may pay a patient directly for services provided by the hospital.



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The proposed billing policy changes are summarized here:

1. DPH halted the practice of patient balance billing and collections on February 1, 2019 during the development of the new policies. Balance billing of patients will not resume, and the new policies will apply to all accounts that were paused on February 1.
2. DPH will no longer bill ZSFG patients with private insurance any more than they would have paid out-of-pocket for the same care at in-network facilities, based on their insurance coverage. DPH will continue to seek full reimbursement from private insurance companies.
3. DPH will set an out-of-pocket maximum for patients of all income levels. Proposed out-of-pocket maximums would range from \$0 for those earning up to 138 percent of the federal poverty level (\$16,753 for an individual or \$34,638 for a family of four) to a maximum of \$4,800 for those above 1,000 percent of the federal poverty level (above \$121,400 for an individual or \$251,400 for a family of four).
4. DPH will make discounts and bill reductions for patients available to more people by increasing the eligibility for Sliding Scale and Charity Care programs, based on income. The Sliding Scale program, which is for San Francisco residents only, will eliminate the assets test and will reduce the share of cost to \$0 for incomes up to 138 percent of the federal poverty level (fpl). For Charity Care, eligibility will expand from 350 percent of fpl to 500 percent of fpl (from \$42,490 to \$60,700 for an individual or \$87,850 to \$125,500 for a family of four). Charity Care is available to residents of any state, and is governed by state law.

“San Francisco residents already support the mission and excellent care at ZSFG and the San Francisco Health Network, including funding the beautiful new acute care hospital and ongoing capital improvements on campus and throughout the community clinic system,” said Dr. Susan Ehrlich, CEO of ZSFG. “I am pleased that we have made changes to align our hospital billing practices with our values, reflecting our true partnership with the community. The hospital provided \$61 million in charity care in 2017 alone, and it is critical that every community member feels welcome and cared for at ZSFG.”

DPH will begin implementation of these new policies and other recommended changes in the coming months, and will present to the Health Commission on progress in summer 2019.

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