

Press Release – For Immediate Release
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Kaiser's Rate Renewal Proposal for San Francisco Draws Angry Response

Taxpayers and City employees demand premium reduction at City Hall meeting

San Francisco – The normally staid meeting of the City and County of San Francisco's Health Service System (HSS) Board will take on a new tenor today, as Lisa Ghotbi, Chief Operating Officer of HSS, presents information on Kaiser's 2014 renewal proposal which seeks to price gouge the City and its taxpayers. The proposal, valued at \$277 million and currently being negotiated, reflects steep unit cost increases for inpatient, outpatient, and prescription services over the past seven years, even as City employees' and retirees' combined use of these benefits has decreased during the same period.

The health care giant generated \$87 million in profits from City contracts from 2010-2012. Ghotbi emphasizes that 29% of the current proposal's charges are comprised of opaque trend projections and miscellaneous fees, totaling \$80 million. She will tell the Board Commissioners that with Kaiser providing no reportable data, the HSS staff has been unable to validate the services associated with those fees.

City employees in the audience, having agreed to pay higher health care premiums in the last round of contract negotiations, will accuse Kaiser executives of profiteering and mock Kaiser's non-profit status, noting the health plan's reported profits over the last four years exceed \$8 billion. Evelyn Curiel, a custodian with the Municipal Transit Authority, stated, "I'm a single mother and Kaiser has long been the most affordable plan for low paid workers. We can't afford them price gouging to inflate their profits. Our city deserves better. That's why we're demanding a fair rate."

Ghotbi will describe how many health insurers are re-categorizing fees as new federal healthcare regulations approach. The Affordable Care Act requires 85% of premiums be spent directly on patient care, with a 15% maximum for administrative costs. The presentation illustrates how Kaiser's increasing but unverified fees in patient care are designed to protect profits currently derived from healthcare administration. HSS staff recommend a cap on Kaiser's annual profit margin, freezing co-pays, a limit on unit cost increases, and a 10% maximum share of premium for the largest fee category.

Dr. Roger Wu, a child psychiatrist who lives and works in San Francisco said, "City taxpayers are spending \$500 million per year for employee health benefits. At the same time, Kaiser has reported \$2 billion in profits each of the last four years. Kaiser is overcharging the City, and we need a better deal."

WHEN: Thursday, May 9, 2013 from 1:00pm to 4:00pm. Kaiser portion of meeting expected to begin approximately 1:45.

WHERE: San Francisco City Hall Room 416, 1 Dr. Carlton B. Goodlett Place.

The Public Employees Committee, part of the San Francisco Labor Council, is made up of more than 20 unions representing a majority of the City's 27,000 employees.

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