



San Francisco's Pioneering Health Program Shows That Local Governments Can Help All Working Families

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In an era of polarized politics and a deadlocked U.S. Congress, reformers determined to help working families are shifting efforts toward lower levels of government. This is what led to the passage and implementation of a local public health program called "Healthy San Francisco." Financed in part by fees charged to employers who do not insure their workers, the San Francisco program has provided care to over 60,000 residents, about three quarters of the city's uninsured population. Seeing it as a viable model, officials in Los Angeles have begun to replicate some aspects of this approach. In the past, conventional wisdom has assumed that cities cannot act alone to help working families but, along with urban minimum wage laws, universal urban health programs show what can be done.

How Healthy San Francisco Works

Healthy San Francisco is not portable health insurance because it does not cover care outside of city limits. Inside the city, enrollees pay quarterly premiums based on family income to receive comprehensive care locally delivered; and each enrollee is assigned to a clinic called a "medical home" to receive primary care services. Such services are known to be cost-effective, because cities bear high costs when patients without routine primary care arrive at the emergency room with health problems that could have been prevented or mitigated with care at an earlier stage.

With eligibility stretching to include families of four making just over \$100,000 a year (or up to five times the federal poverty level), Healthy San Francisco reaches more city residents than reforms mandated by the 2010 Affordable Care Act, including expanded Medicaid and subsidized private insurance. The San Francisco program is open to undocumented immigrants who cannot get any help at all under national health reform. Some other families are willing to forego Affordable Care insurance and pay a federal tax penalty in order to continue to be part of Healthy San Francisco, with its accessible network of health providers.

How can San Francisco afford this program? Most of the costs are met from the city's general public health budget, but San Francisco employers are required to provide health insurance to their workers or pay a penalty to the city for each hour of work from uninsured employees, and the program would not be sustainable without the employer contributions.

Four Lessons from the San Francisco Experience

Many reformers and policymakers believe that equality-enhancing local reforms are unaffordable, because cities need to attract businesses and cannot raise taxes or spend money on the working poor. However, some supporters of redistributive reforms have found it easier to make headway at the local level, where politics

tends to be more consensual. A number of conditions can improve prospects for such locally focused reforms focused on helping working families:

- **Labor and community organizations matter.** At first glance, it seems like only wealthy and liberal cities are able to pass policies like Healthy San Francisco, but broad support exists in other cities too, even if they have yet to act. Extremely conservative cities may not be fertile ground, but in other places support from networks of labor unions, immigrant and community groups, and health providers like doctors and nurses can enable the formation of coalitions that can influence the agendas of city governments.
- **Networks of reformers can shift to local venues, especially after defeats.** After President Bill Clinton's national health insurance reforms were defeated in the early 1990s and Republicans gained national power, many labor unions and health activist groups looked to California. First, they tried and failed to get statewide universal health care, and then many of the same groups pushed to get Healthy San Francisco on the city agenda.
- **Neighborhood-based city council districts can counteract business vetoes on city hall.** In San Francisco, the switch to Board of Supervisors elections in neighborhood districts gave a boost to a progressive majority coalition. In turn, that coalition was able to put pressure on Mayor Gavin Newsom, a business owner who was initially reluctant to support the employer fees necessary to help pay for Healthy San Francisco.
- **Support can be mobilized from local businesses.** The Healthy San Francisco requirement that employers provide health insurance to their workers or pay a penalty to the city at first aroused strong opposition and predictions of economic doom. But restaurants that provide insurance got positive publicity, and many other restaurants began adding small surcharges to customer checks to cover the cost of Healthy San Francisco. Such moves softened business opposition and undercut a lawsuit against the program filed by a restaurant lobbying group.

Rethinking Urban Policies and Reform Agendas

Conventional wisdom says that U.S. cities cannot tax business or spend money on working families because businesses and wealthy residents will pack up and move, destroying revenue bases and job markets. Even local politicians who sincerely want to help the working poor have felt constrained by such worries and have tended to place the priority on "development spending" – which may include spending on roads and utilities, but can also mean using taxpayer funds to build stadiums, jazz centers, and other amenities focused on attracting the wealthy.

Recently, however, many mayors and city councils have become more willing to experiment with policies that benefit working families. Hundreds of cities have enacted living wage ordinances to require improved wages at businesses with city contracts; and Seattle's record-setting \$15 minimum wage may spread to other cities in the near future. Like Healthy San Francisco, these policies show that cities can help the poor with adverse economic consequences.

Nationwide policy breakthroughs for America may not happen any time soon. Minimum wage hikes are stymied in Congress and in many state legislatures, and national health reform excludes most immigrants and

does not make health care fully affordable for all. But labor and community organizations need not stand down. In cities across America, they can and should fight not only for urban minimum wage increases but also for inclusive health programs along the lines of Healthy San Francisco.