

February 10, 2005

**Health Service Board**

**Minutes**

***Regular Meeting***

***Thursday, February 10, 2005***

***1:00 PM***

***City Hall, Room 416***

***1 Dr. Carlton B. Goodlett Place***

***San Francisco, CA 94103***

<b>Call to Order</b>		
<b>Pledge of Allegiance</b>		
<b>Roll Call</b>	<b>President, Scott Heldfond</b> <b>Vice President Karen Breslin</b> <b>Commissioner James Deignan</b> <b>Dr. Mitch Katz, M.D.</b> <b>Commissioner Aleeta Van Runkle</b> <b>Commissioner Claire Zvanski</b> <ul style="list-style-type: none"><li>• President Heldfond introduced Dr. Mitch Katz, Director, of the Department of Public Health, as a new member of the Health Service Board. Dr. Katz was appointed by the Honorable Mayor Gavin Newson, to replace the HSB vacant seat formerly held by Dr. Melissa Welch.</li><li>• President Heldfond also recognized and introduced Joe Zepeda, the son of Commission Secretary, Arnetta Brown, who is attending the HSB meeting as part of a civic assignment. He received special recognition for creating a temporary name plate for the Board's new commissioner.</li></ul>	
<b>02102005-01</b>	<b>Action Item</b>	<b>Approval (With Possible Modifications) Of The Minutes Of The Following Meeting:</b> <ul style="list-style-type: none"><li>• <i>HSB Regular Meeting of January 13, 2005</i></li></ul> Staff Recommendation: Approve draft minutes  Public Comments: None  Action: Motion was moved and seconded by the Board to approve the draft minutes with recommended amendments. Motion passed 6 to 0.
<b>02102005-02</b>	<b>Discussion Item</b>	<b>Reports Of Health Service System Staff And Legal Counsel Regarding The Following Matters:</b>  <b>Administration (Jeff Hildebrant)</b> <ul style="list-style-type: none"><li>• Erik Mezack, Supervisor Fiscal Officer, has accepted a position with</li></ul>

		<p>the Assessor's Office and he is no longer working for the Health Service System. DHR will provide a replacement of Mr. Mezack's vacant position as soon as possible.</p> <ul style="list-style-type: none"> <li>• The BOS still has not approved the 10-County Survey Amount. Additional information requested by the BOS is being provided by Jeffrey Hildebrant. Rates already approved by the Commission for the Rates and Benefits will be used for Open Enrollment.</li> <li>• Currently, there are two certified nominations for the upcoming HSB Election in May 2005.</li> <li>• Copies of the City Health Plan claims for the period of July through December, has been provided for general information (FYI). This document, <i>City Health Plan Payments by Month</i>, is attached as <b>Schedule No. 1</b>.</li> </ul> <p><b>Legal update (Molly Stump)</b></p> <ul style="list-style-type: none"> <li>• The annual Sunshine Ethics Training will be held on Monday, March 7, 2005, from 5:30 PM to 8:00 PM, at the Herbst Theater. Attendance is mandatory for the Commissioners. A video will be available for those that will not be able to attend the training on Monday. The Sunshine Ethics Training is open to the public.</li> </ul> <p><b>HSB President's update (Scott Heldfond)</b></p> <ul style="list-style-type: none"> <li>• President Heldfond stated that his updates will revolve around Proposition C (Discussion Item #6) and he will save his comments until then.</li> </ul> <p>Documents provided to Board prior to meeting: None</p> <p>Public Comments: None</p> <p><b><u>Agenda Order Change</u></b></p> <ul style="list-style-type: none"> <li>• President Heldfond recommended that the Board go immediately to Action Item #4 and from there to Discussion Item #6. Item No. 3 (Committee Reports) will follow next and the Rates &amp; Benefits Committee report will be given last and will conclude with the adoption of the Rates and Benefits for FY 2005-2006 (merge of Item #5).</li> </ul>
02102005-03	Action Item	<p><b>Presentation And Acceptance (With Possible Modifications) Of Regular Financial Report Of HSS Finance (Jamie Austin).</b></p> <ul style="list-style-type: none"> <li>• The Board received the <i>Activity for HMOs and City Health Plan, December, 2004</i>, prior to the meeting. This document is attached as <b>Schedule #2</b>. The Health Service System Trust, for July 2004-December 2004 is presented on a chart which reports sources and uses by sub fund and by vendor and is extracted from the City's financial management system. Commissioner Zvanski noted that the difference was not given for Administration &amp; Support (first line). Mr. Austin acknowledged the error and stated that the difference should be \$936,000. The total of all sub funds from 0 to 6 months for FY 2005 is \$6,467,000.</li> </ul>

		<p>Staff Recommendation: Accept Report</p> <p>Public Comments: None</p> <p>Action: Motion was moved and seconded by the Board to approve the HSS financial report. Motion passed 6 to 0.</p>
02102005-04	Discussion Item	<p><b>Proposition C - Planning and Implementation</b></p> <p><b>This item will include an update on the election and staff transition planning, and discussion of the process for appointing an HSS Administrator (Marsha Stroope).</b></p> <ul style="list-style-type: none"> <li>• Prior to introducing Marsha Stroope to the Board, Molly Stump, Deputy City Attorney, stated that the HSS Administrator position is an exempt position and the HSB has the discretion to appoint a Department Head for the new Health Service System Department. An exempt position means that the City's service testing rules will not govern this process therefore the HSS Administrator will serve at the will and capacity at the pleasure of the Health Service Board. Ms Stump stated that the City open government laws provides general discussion of processing, implementation of Prop C in regards to the appointment of a Department Head can occur by the Board in Open Session, however, the process becomes confidential when the Board is considering actual individuals who wish to be considered for the position and the open government laws provide that these discussions be held in Closed Sessions in order to protect their privacy. Ms. Stump will assist the Board with choosing the category of their meeting.</li> <li>• Marsha Stroope, of DHR Merit System Services, presented a benchmark process that many boards and commissions use to fill a department head position. She stated that the job description for the HSS administrator position is several years old and needs to be updated. Listed are the following procedures to creating a department head position: <ul style="list-style-type: none"> <li>1. Full position description must be re-worked and rewritten and appropriate qualifications defined (i.e. the Class 1278, Deputy Director, HR, could be reexamined &amp; rewritten as an exempt department head position). The DHR staff will assist the Board and Jeffrey Hildebrant in this development. It will be necessary to have frequent meetings; therefore, open session meetings would make this process very difficult.</li> <li>2. Define recruitment process and time frame involved. Finalize the classification of the position (i.e. department head 1, 11, or 111). The level of a department head position is determined by the department's size and budget. Post job announcement of this position on the City's web site.</li> <li>3. Selection and interview process.</li> </ul> </li> </ul> <ul style="list-style-type: none"> <li>• Ms. Stroope stated that DHR staff is very experienced and prepared to assist the Board in all areas of this process. She reminded the Board that</li> </ul>

		<p>all decisions will be made and finalized by HSB Board.</p> <ul style="list-style-type: none"> <li>• President Heldfond stated that it is important that everything is done correctly and the Board appreciates the support from Ms. Stroope and the DHR staff.</li> </ul> <p>Public Comments: None</p>
<p><b>02102005-05</b></p>	<p><b>Discussion Item</b></p>	<p><b>Health Service Board Committee Reports:</b></p> <p><b>Budget &amp; Finance Committee (James Deignan)</b></p> <ul style="list-style-type: none"> <li>• Dates in the month of March are being considered for the next Budget and Finance Committee meeting. Notifications of the meeting will be sent out as soon as date is confirmed.</li> </ul> <p><b>Rules Committee (Aleeta Van Runkle)</b></p> <ul style="list-style-type: none"> <li>• The first meeting was held on January 28, 2005 and was attended by Committee members Karen Breslin and Claire Zvanski and Aleeta Van Runkle, Chair. The Committee voted to use the additional meeting dates reserved for the HSB, which is the 4<sup>th</sup> Tuesday of every month. The next meeting date will be Tuesday, March 22, 2005, in Hearing Room 416.</li> <li>• Reviewed and discussed procedures for amending the HSS Rules and Regulations.</li> <li>• Committee decided that the first priority is to: (1) Amend the rules regarding a non City employer exiting and entering the system, (2) Make sure that the rules are consistent with the law as well as with Prop C and (3) Make the rules user friendly-several of the pages are confusing.</li> </ul> <p><b>Rates &amp; Benefits Committee (Claire Zvanski)</b></p> <ul style="list-style-type: none"> <li>• Reviewed all of changes of the Rates and Benefits for FY 2005-2006. President Heldfond recommended using the minutes of the last meeting as public record of these changes. Many of these changes are also listed in Towers Perrin's CCSF July 1, 2005 Renewals Update/Exhibits for Health Service Board Meeting, dated February 10, 2005. This report is attached as <b>Schedule No. 3</b>. Some of the changes reviewed by Commissioner Zvanski are: <ul style="list-style-type: none"> <li>- Committee agreed not to alter any of benefits in regards to medical or prescription co-pay.</li> <li>- Rate realignments were removed from the table for this year.</li> <li>- Committee recommended that VSP will handle all of the vision benefits for all of the HMO's except Seniority Advantage group by Kaiser</li> <li>- Committee agreed to accept Health Net's Seniority Plus rate. Seniors that are not able to go with the Seniority Plus group will remain with Health Net's COB.</li> </ul> </li> </ul>

- Reviewed subsidy issues and recommendations by the Rates and Benefits Committee.

- President Heldfond thanked Chair Zvanski, vendors, HMOs, and Towers Perrin for all of their hard work and diligence that contributed to the development of the rates and benefits for FY 2005-2006.

**MOTION (Action Item #5 of Agenda Merged)**

- President Heldfond made a motion to accept the benefit plans as presented by the Rates and Benefits Committee.

Public Comments:

- Robert Pender, President of the Park Merced Residents Organization, stated that the rates are very high and the Board should consider the plight of the retirees whenever they need more money from them.

Action: Motion was moved and seconded by the Board to approve the benefit plans as presented by the Rates and Benefits Committee. Motion passed 6 to 0.

**Subsidy Issues**

**General Fund/Health Service System Fund**

- President Heldfond referred to the HSS Fund Balance: *No Draw in Fiscal Years 2006-2007 & 2007-2008/Unreserved Fund Balance and IBNR*. This chart was done by the Mayor's Budget Office and distributed to the Board prior to the meeting and is attached as **Schedule No. 4**. Per the request of Commissioner Mitch Katz, President Heldfond explained the history of the HSS fund balance which contributed to the rise of the IBNR in 1999-2001. Commissioner Breslin stated that a number of years back the fund was short twenty million plus dollars that couldn't be accounted for. Then in 2002 seventeen million dollars extra was in the fund that couldn't be accounted for. After reading all of the former minutes, Commissioner Katz asked that as Board Chair of the San Francisco Health Authority, there are formulas for determining the size of reserves and he would like to know what the appropriate financial reserve should be for the Health Service trust fund. Mike Kramer presented an overview of the financial reserve process, and per the request of Commissioner Aleeta Van Runkle, include the Incurred But Not Reported (IBNR) and what Towers Perrin call "additional reserves." Jaime Austin clarified that the KPMG auditors do not recognize the additional reserves and it is a choice that the Board has and this amount does not appear on the balance sheet. Commissioner Katz stated to the Board that it is unusual practices to have your accountants calculate prudent reserves. President Heldfond stated that the Health Service trust is very unusual- being that it is regulated by the Charter and that Towers Perrin serves as our actuaries -not accountants. William Bass, of the Mayor's Budget Office explained the purpose of the amended chart of the HSS fund balance.

- President Heldfond stated that in regards to the new responsibilities

put upon the HSB because of the passing of Proposition C and based upon his strong personal convictions, it is important for the Commissioners to continue, in the future, to oversee the Health Service trust conservatively and remember that their fiduciary responsibility is to manage an excellent health plan in-terms of our peer group. The City Plan, in comparison to others, is more cost effective and we will still continue to subsidize the rates-as done in the past years.

**MOTION**

- Commissioner Zvanski made a motion to a 14 million dollar subsidy with the 11 million dollars to Plan 1 and a 3 million dollar split to the HMOs and it was seconded by Commissioner Breslin.

Public Comments:

- Michael Hebel, Welfare Officer of the Police Association, reminded the Board that the trust fund belongs to the members and the members cannot look to the general fund if the trust fund money runs out and that being conservative is the best management.
- Claire Dunn, Retired Teachers Association, encouraged the Board to listen to the actuaries regarding the 6.3 padding would ensure a healthy trust fund, the Board should remain conservation and go with the 11.3 plan.
- Hubert Winer of POD encouraged the Board to go for the 11.3 plan and he would also recommend allocation of a conservative amount of money, such as 10 million dollars spent over a 5 year period. Recommend that the Board stand behind the actuaries and not the representatives from the Mayor's Office.
- John Madden, retiree, stated that the 14 million dollar subsidy is not enough. Saving money in the trust fund is not enough this year. He stated that everyone, including the HMOs, deserve to get a refund.
- Tony Sacco, Retiree Firemen Association, requested that the Board should support Commissioner Zvanski's proposal.
- Gerry Meiser supports the 11.3 proposal.
- Sol Weiner supports the 11.3 proposal.
- Jamie Austin clarified that the general fund does not "get" money from the trust fund.

Action: Motion was moved and seconded to a total of 14 million dollar subsidy with the 11 million to Plan 1 and a 3 million dollar split to the HMOs. Motion failed 3 to 3.

**MOTION**

- Commissioner Zvanski made a motion to 16 million dollars subsidy-with 12 million dollars for Plan 1 and a 4 million dollar split to the HMOs.

Public Comment: None

Action: Motion was moved and seconded to a total of 16 million dollar

		<p>subsidy with a 12 and 4 split. Motion failed 3 to 3.</p> <p><b><u>MOTION</u></b></p> <ul style="list-style-type: none"> <li>• Commissioner Aleeta Van Runkle made a motion to an 18 million dollar subsidy 10 million dollars to Plan 1 and an 8 million dollar split to the HMOs. (Scenarios P1-12, K-13, B-13, and H-13).</li> </ul> <p>Public Comments:</p> <ul style="list-style-type: none"> <li>• Dave Meier of the Police Association reminded the Board of the money that the Mayor spent when he authorized gay marriages and recommended not giving him money from the trust fund.</li> <li>• Claire Dunn reminded the Board that they must plan for more than one year. The 18 million dollar subsidy recommendation is not a savings to the trust fund.</li> <li>• Herbert Winer stated that the City can afford to give more money to help City employees (active &amp; retirees), the needy, and those that are seriously ill and catastrophic, and the HSB is obligated to stand by all of the people.</li> <li>• John Lehane reminded the commissioners that their decision should be based upon their fiduciary duty.</li> <li>• Commissioner Zvanski stated that she would consider a larger subsidy amount but it is the 8 million dollar split to the HMOs is the reason why she is against this motion.</li> </ul> <p><b><u>MOTION AMENDED</u></b></p> <ul style="list-style-type: none"> <li>• Commissioner Aleeta Van Runkle made a motion to an \$18 million dollar subsidy (Scenarios P1-16, B-9, K-9, H-9) with 14 million dollars for Plan 1 and a 4 million dollar split to the HMOs.</li> </ul> <p>Public Comments: None</p> <p>Action: Motion was moved and seconded by the Board to an \$18 million dollar subsidy- with \$14 million dollars for Plan 1 and the division of 4 million dollars to the HMOs. Motion passed 5 to 1 (Commissioner Karen Breslin gave the no vote).</p>
02102005-06	Discussion Item	<p><b>Reports On Network And Health Plan Issues (Network And Health Plan Representatives).</b></p> <p>Documents provided to Board prior to meeting: None</p> <p>Public Comments: None</p>
02102005-07	Discussion Item	<p><b>Opportunity To Place Items On Future Agendas.</b></p> <p>Public Comments: None</p>
02102005-08	Discussion Item	<p><b>Opportunity For The Public To Comment On Any Matters Within The Board's Jurisdiction.</b></p> <p>Public Comments: None</p>
<p><b>Adjourn: 3:10 PM</b></p>		

## **SUMMARY OF HEALTH SERVICE SYSTEM RULES REGARDING PUBLIC COMMENT**

- Speakers are urged to fill out a speaker card in advance, but may remain anonymous if so desired.
- A member of the public has up to three minutes to make pertinent public comments before action is taken on any agenda item.
- A member may comment on any matter within the Board's jurisdiction at the designated time at the end of the meeting. The complete rules are set forth in Section A(6) of the Health Service System Rules and Regulations. A copy of these Rules and Regulations is available at any time upon request. Call the Commission Secretary, Arnetta Brown, for further assistance at (415) 554-1727.

## **HEALTH SERVICE BOARD AND THE HEALTH SERVICE SYSTEM WEB SITE**

**<http://hss.sfgov.org>**

## **DISABILITY ACCESS**

The meeting will be held at City Hall, #1 Dr. Carlton B. Goodlett Place, Room 416. The closest accessible BART Station is Civic Center, three blocks from City Hall. Accessible MUNI lines serving this location are: #42 Downtown Loop, and the #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro stations at Van Ness and Market and at Civic Center. For more information about MUNI accessible services, call (415) 923-6142. There is accessible parking in the vicinity of City Hall at Civic Center Plaza adjacent to Davies Hall and the War Memorial Complex.

Accessible seating for persons with disabilities (including those using wheelchairs) will be available.

The following services are available upon request:

- American Sign Language interpreters will be available upon request.
- A sound enhancement system will be available upon request at the meeting.
- Minutes of the meeting or hearing are available in alternative formats.

If you require the use of any of these services, please contact Commission Secretary, Arnetta Brown, at (415) 554-1727 or by email at [arnetta.brown@sfgov.org](mailto:arnetta.brown@sfgov.org) at least 72 hours prior to the meeting.

In order to assist the City's effort to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals.

## **KNOWING YOUR RIGHTS UNDER THE SUNSHINE ORDINANCE**

Government's duty is to serve the public, reaching its decision in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact Adele Destro by mail to Interim Administrator, Sunshine Ordinance Task Force, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco CA 94102-4689; by phone at 415 554 7724; by fax at 415 554 7854; or by email at [sotf@sfgov.org](mailto:sotf@sfgov.org).

Citizens interested in obtaining a free copy of the Sunshine Ordinance can request a copy from Ms. Destro or by printing Chapter 67 of the San Francisco Administrative Code on the Internet, <http://www.sfgov.org/sunshine/>

### **Lobbyist Registration and Reporting Requirements**

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code § 2.100] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness Avenue, Suite 3900, San Francisco, CA 94103; telephone (415) 581-2300; fax (415) 581-2317; web site [www.sfgov.org/ethics](http://www.sfgov.org/ethics).

### **SUMMARY OF HEALTH SERVICE BOARD RULES REGARDING CELL PHONES AND PAGERS**

- The ringing and use of cell phones, pagers and similar sound-producing electronic devices is prohibited at Health Service Board meetings and its' committee meetings.
  
- The chair of the meeting may order the removal from the meeting room of any person(s) in violation of this rule.
  
- The chair of the meeting may allow an expelled person to return to the meeting following an agreement to comply with this rule.

The complete rules are set forth in Chapter 67A of the San Francisco Administrative Code and in the Rules and Regulations of the Health Service System.