



City & County of San Francisco

# HEALTH SERVICE BOARD

1145 Market Street • Suite 200 • San Francisco, CA 94103

## MINUTES

### *Regular Meeting*

Thursday, June 14, 2007

1:00 PM

City Hall, Room 416  
1 Dr. Carlton B. Goodlett Place  
San Francisco, California 94103

**CALL TO ORDER**

**PLEDGE OF ALLEGIANCE**

- ROLL CALL**      President Karen Breslin  
Vice President James Deignan, *Excused*  
Supervisor Sean Elsbernd  
Commissioner Scott Heldfond  
Commissioner Sharon Johnson  
Commissioner Mitch Katz, M.D., *Arrived 1:24 p.m.*  
Commissioner Claire Zvanski, *Arrived 1:10 p.m.*

**06142007-01      ACTION ITEM      APPROVAL (WITH POSSIBLE MODIFICATIONS) OF THE MINUTES OF THE MEETING SET FORTH BELOW:**

- Regular Meeting of May 10, 2007

STAFF RECOMMENDATION: Approve Minutes.

*Documents provided to Board prior to meeting: Draft minutes.*

PUBLIC COMMENTS: None.

ACTION: Motion was moved and seconded by the Board to approve the minutes of May 10, 2007. Motion passed 4-0.

□ **06142007-02**      **DISCUSSION  
ITEM**

**PRESIDENT’S REPORT** (*Karen Breslin*)

*Documents provided to Board prior to meeting: None.*

- President Breslin announced that she had nothing new to report at this time.

PUBLIC COMMENTS: None.

□ **06142007-03**      **DISCUSSION  
ITEM**

**MANAGEMENT TEAM UPDATES:**

- Introduction of new Marketing and Communications Manager (*Bart Duncan*)
- Vendor Report Card for Employee Benefit Specialists, Inc. (*Bart Duncan*)
- Phone System Update (*Bart Duncan*)
- Update on Dashboard Project (*Bart Duncan*)
- Open Enrollment Update (*Jeffrey Hildebrant*)
- Budget Update (*Tess Navarro*)

*Documents provided to Board prior to meeting: None.*

- Bart Duncan, Director, introduced Rosemary Passantino, who joined the Health Service System on May 21, 2007, as the new Marketing and Communications Manager.
- Mr. Duncan also reported the following:
  - The vendor report card process is now underway. A self-evaluation form has been sent to Employee Benefit Specialists, Inc. (“EBS”), who administers the Management Cafeteria Plan on behalf of the Health Service System.
  - A new telephone system is currently being installed at the Health Service System with oversight by Mark Villares, Operations Manager. The new system will handle all department telephone calls beginning Friday, June 15, 2007. A new menu function has been added which will provide member identification and tailored service. The new system will also allow additional reporting capabilities.
  - The Dashboard Project continues on schedule. Mercer Health and Benefits is developing the template and holding follow up discussions with vendors regarding some of the issues identified at the last Board meeting. Updates will be provided

as the project moves forward.

- Jeffrey Hildebrant, Assistant Director, reported the following regarding Open Enrollment:
- To date, 21,359 applications have been processed or approximately 1,000 applications per analyst. (The usual total is approximately 3,500 applications or 200 per analyst.)
- The preliminary report on Health Net members' choice of a new health plan is as follows:
  - Blue Shield – 65-70%
  - PacifiCare or Secure Horizons – 25%
  - Kaiser or City Plan – 5%
- Since the Health Service System is still accepting applications, an accurate report reflecting the final statistics will be presented to the Board once all of the applications have been processed.
- In the retiree member population, 95% of Health Net members have responded and selected a new health plan.
- Although several steps were taken, 246 retired members could not be located and were enrolled in the City Health Plan.
- In the active member population, 97½% of Health Net members have submitted applications selecting a new health plan.
- Less than 1% of SEIU individuals did not submit applications selecting a new health plan (40 people).
- Of all of the active and retired members, 546 individuals could not be located to change their health plan from Health Net. They will be allowed to make a change should they contact the Health Service System.
- A total of 16,500 Health Net members were required to make a new health plan selection.
- Eligibility files have been sent to all of the health plans; therefore, all members should receive new health cards before July 1, 2007.
- Tess Navarro, Chief Financial Officer, reported the following budget information and updates:

- She is continuing to work with the Budget Analyst's Office regarding the fiscal 2007-2008 budget. The recommendation is due June 18, 2007 and the Budget Hearing is scheduled on June 20, 2007.
- Attrition savings is the only recommendation that the Budget Analyst's Office is reviewing. She is working with the Mayor's Office to have that amount reduced or removed due to the small number of employees (37) and the likelihood that there will be no break in service for the existing staff or anyone retiring.
- The first audit of the City Health Plan is underway with the following timelines:
  - UHC medical plan performance audit (review of medical claims) processed during fiscal year 2006-2007 – final report will be issued November 2, 2007.
  - Medco Pharmacy Plan performance audit (review of pharmacy claims processed from January through December, 2006) – final report will be issued December 7, 2007.
- The audit objectives are as follows:
  - Due diligence review of the medical plan to verify that claims were processed in compliance with the City's self-funded plan;
  - Review of the vendor's procedures and controls and the vendor's network provider rates;
  - Measurement of United HealthCare's quality and timeliness of performance;
  - Assessment of the reliability of United HealthCare's self-reported results for performance guarantee measurement;
  - Evaluation of the adequacy of existing standards, procedures and controls in certain operational areas as compared to common industry practices;
  - Identify opportunities for cost savings, service and performance guarantee

improvements.

- Due diligence review of the pharmacy plan to verify that claims are being processed in compliance with the City's contractual plan provisions;
- Identify opportunities for pharmacy cost savings;
- Identify any existing issues or concerns regarding Medco's administration of the pharmacy plan.

Commissioners Zvanski and Katz arrived during this segment.

PUBLIC COMMENTS: Richard Rothman, SEIU 1021 representative, commented on what he considered to be inconsistencies in how the Health Service System gathered employee addresses from various sources yet he was unable to get information from some of the same sources due to HIPAA violations. He also reported that he went to a retirement seminar which included a presentation by the Health Service System and he found the healthcare portion very confusing.

□ 06142007-04      **DISCUSSION  
ITEM**

**PRESENTATION OF FINANCIAL REPORTS FOR  
APRIL 2007** (*Tess Navarro*)

*Documents provided to Board prior to meeting: (1) Draft report for the General Administrative Fund; and (2) Draft report for the Charter Benefits and the Non-Charter Benefits Funds.*

- Ms. Navarro reported that as we near the end of the fiscal year, there has been only one financial setback: a one-time retroactive settlement judgment in the amount of \$45,000 for a former employee's workers' compensation claim. This settlement has resulted in a \$10,000 shortage in the department's workers' compensation work order. She is assessing whether a line item provision can be made to cover the shortage.
- The trust fund report for the period July 2006 through April 2007 reflects a net excess between revenues and expenses in the amount of \$600,000 (other performance guarantees/forfeitures).

PUBLIC COMMENTS: None.

□ 06142007-05      **ACTION ITEM**      **ELECTION OF HEALTH SERVICE BOARD OFFICERS (PRESIDENT AND VICE PRESIDENT) FOR FISCAL YEAR 2007-2008** (*Karen Breslin*)

STAFF RECOMMENDATION: None.

*Documents provided to Board prior to meeting: None.*

PUBLIC COMMENTS: None.

ACTION: Motion was moved and seconded by the Board to re-elect Commissioner Breslin as President of the Health Service Board for fiscal year 2007-2008. Motion passed 6-0.

Motion was moved and seconded by the Board to elect Commissioner Zvanski as Vice President of the Health Service Board for fiscal year 2007-2008. Motion passed 6-0.

□ 06142007-06      **DISCUSSION ITEM**      **UPDATE ON PROGRESS OF NEW POLICY REGARDING RATE-SETTING FOR SELF-FUNDED PLANS OR PLAN COMPONENTS AND TRUST FUND RESERVES** (*Mercer Team*)

*Documents provided to Board prior to meeting: Overview prepared by Mercer Team.*

- Rhys Evans, of Mercer Health and Benefits, presented a PowerPoint review and update on the self-funded plans. He addressed a question from last month's Board meeting regarding whether extended disability reserves have been set aside to cover the anticipated costs of health care coverage for members who are on leave due to a disability. To date, such reserves have not been set aside. He suggested that, should this category of member be specifically identified as generating a liability, this category should be accounted for under the GASB requirements. If this is a liability accounted for under GASB, Mercer recommends that it would not be necessary to include these reserves in the trust fund.
- As of June 30, 2007, there will be no liability in the flex-funded plan; therefore, there is no need to calculate an appropriate contingency margin. PacifiCare will hold the IBNR reserve for this plan instead of the trust fund. Mercer recommends reviewing the appropriateness of the contingency margins every two years.

- The estimated 2005-2006 plan year employee dental plan coverage was fully incorporated into the 2007-2008 plan year to alleviate some of the required increases in the employee dental plan rates.
- He also discussed the relative volatility of the self-funded plans in which actual claims were compared against the average claims in and around a particular point in time. The relative volatility changes depending on the time period under review. A full report will be available after the end of the plan year.

PUBLIC COMMENTS: None.

□ **06142007-07**      **DISCUSSION  
ITEM**

**UPDATED STATUS REPORT ON CONTRACTS FOR  
CURRENT VENDORS TO THE HEALTH SERVICE  
SYSTEM** (*Erik Rapoport*)

*Documents provided to Board prior to meeting: None.*

- Erik Rapoport, Deputy City Attorney, reported that most of the vendors have responded to the draft 2007-2008 riders and agreements that were sent out, and that proposed contract language is being reviewed.

PUBLIC COMMENTS: None.

□ **06142007-08**      **DISCUSSION  
ITEM**

**REPORT ON NETWORK AND HEALTH PLAN ISSUES (IF  
ANY)** (*Respective Plan Representatives*)

- *Blue Shield*
- *Health Net*
- *Kaiser*
- *United HealthCare (City Health Plan)*

*Documents provided to Board prior to meeting: None.*

- Bart Duncan thanked the vendors for their continued cooperation and hard work on the Open Enrollment transition.

PUBLIC COMMENTS: None.

□ 06142007-9

**DISCUSSION  
ITEM**

**UPDATE ON ACTIVITIES OF CITYWIDE COMMITTEE  
CREATED PURSUANT TO MOUS TO DEVELOP  
RECOMMENDATIONS ON HOW TO FUND RETIREE  
HEALTH BENEFITS IN LIGHT OF GASB  
STATEMENT 45** (*Employee Relations Division Representative*)

*Documents provided to Board prior to meeting: None.*

- Micki Callahan, Employee Relations Division Director of the Department of Human Resources, stated that the last committee meeting was held on May 30, 2007, at which most of the labor unions were in attendance. She also reported the following;
- The unions' question regarding the necessity of creating a trust fund to deal with GASB 45 and the pros and cons for having a fund were addressed. Ed Harrington, Controller, was in attendance and reported that it is good economics to pre-fund but there is no requirement to do anything other than report the City's liability under GASB 45. He also said there is no requirement to change the Charter to create a trust fund unless existing structures would be affected.
- Discussion included the possibility of three options:
  - The Health Service System holding a separate trust fund for retiree medical benefits;
  - The Retirement Board creating a trust fund to oversee retiree benefits (which would not be commingled with existing benefits); or
  - The possibility of becoming a part of the CalPERS' medical plan, which has created a structure for local government agencies to enroll in its trust fund, should legislation pass that would allow non-CalPERS agencies (such as San Francisco) to participate.
- A Charter change would be required to effect any change in vesting or to change the percentage of benefits paid for employees.
- Any change will likely affect only new hires to the

City because of specific requirements in the Charter and vesting in place.

- The next committee meeting will take place in August or September after the actuarial report has been delivered.

PUBLIC COMMENTS: None.

□ **06142007-10 ACTION ITEM**

**CANCELLATION OF NEXT REGULAR MEETING OTHERWISE SET FOR JULY 12, 2007, AT 1 P.M.**

STAFF RECOMMENDATION: None.

*Documents provided to Board prior to meeting: None.*

PUBLIC COMMENTS: None.

ACTION: Motion was moved and seconded by the Board to cancel the July 12, 2007 regular Health Service Board meeting. Motion passed 6-0.

□ **06142007-11 DISCUSSION ITEM**

**OPPORTUNITY TO PLACE ITEMS ON FUTURE AGENDAS**

PUBLIC COMMENTS: None.

□ **06142007-12 DISCUSSION ITEM**

**OPPORTUNITY FOR THE PUBLIC TO COMMENT ON ANY MATTERS WITHIN THE BOARD'S JURISDICTION**

PUBLIC COMMENTS: None.

□ **ADJOURN: 2:49 PM**

## 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 Administrative Services Manager, Laini K. Scott for further assistance at (415) 554-1727.

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

<http://www.myhss.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 Administrative Services Manager, Laini K. Scott, at (415) 554-1727 or by email at [laini.scott@sfgov.org](mailto:laini.scott@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 94103-4689](#); 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) 581-2200; 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.