



City & County of San Francisco

HEALTH SERVICE BOARD

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

Minutes

Regular Meeting

Thursday, April 10, 2008

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 Claire Zvanski
 - Commissioner James Deignan
 - Supervisor Sean Elsbernd, *excused*
 - Commissioner Scott Heldfond, *excused*
 - Commissioner Sharon Johnson
 - Commissioner Mitch Katz, M.D., *excused*
- 04102008-01 Action item Approval (with possible modifications) of the minutes of the meetings set forth below:
 - Special Rates and Benefits Committee Meeting of February 12, 2008
 - Regular Meeting of March 13, 2008Staff recommendation: Approve minutes.
Documents provided to Board prior to meeting:
Draft minutes.
Public comments: None.

□ 04102008-01 Action item (cont.) **Action:** Motion was moved and seconded by the Board to approve the special Rates and Benefits Committee minutes of February 12, 2008 and the regular meeting minutes of March 13, 2008. Motion passed 4-0.

□ 04102008-02 Discussion item **President's report** (President Breslin)
Documents provided to Board prior to meeting: None.

- President Breslin commented on the new open enrollment materials and noted improvements made to the application and benefits guides. She also encouraged members to log onto the HSS website to view other members' comments regarding wellness and vendor satisfaction.

Public comments: None.

□ 04102008-03 Discussion item **Management team updates:**

- Recruitment for Chief Operating Officer (nee Assistant Director) (Department of Human Resources representative and Bart Duncan)
- Overview of adjustments in priorities and timelines as a result of staffing transitions and resource constraints (Bart Duncan)
- Open enrollment update (Jeff Hildebrant)

Documents provided to Board prior to meeting: Memo from Finance and Vendor Management team re recent FBMC vendor report card success.

- Bart Duncan, Director, reported that the Chief Operating Officer position is now posted on the HSS website with a link to the Department of Human Resources' ("DHR") website.
- Lillie Ellison, Recruitment Manager for the Department of Human Resources, provided the following update on the recruitment efforts for the Chief Operating Officer ("COO") position (0953 Deputy Director III):
- The Recruitment Services team is comprised of Grace Tam, Lillian Chow (HSS' DHR Client Services representative) and Lillie Ellison;
- The COO position was updated and posted on DHR's website on March 31, 2008;

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- The position has also been posted on the following websites:
 - International Federation of Employee Benefit Plans (IFEBP)
 - Society for Human Resources (SHRM)
 - HotJobs.com
 - Monster.com
 - Craigslist
 - BAJobs
 - City Website – sfgov.org
 - City Website – listed on front page “featured jobs” section
- Candidate resumes will be screened and qualified by the Recruitment Services staff and Client Services representative; initial interviews will then be scheduled.
- The estimated timeline to fill the position is 30 to 90 days, depending upon the number of qualified candidates. To date, 11 resumes have been received.
- Bart Duncan clarified that the interview process will be coordinated by DHR and HSS, and that candidates will be interviewed by the HSS management team.
- Mr. Duncan presented a PowerPoint, “Adjusting HSS Priorities and Timelines,” which addressed the following issues:
 - The budget constraints for Fiscal Year 2008-2009 will be particularly challenging for HSS, as well as the City and County.
 - Once a new COO is hired, it will take time to allow for adequate training.
 - Critical objectives include:
 - Member services: two frontline positions will be lost due to the 2008-2009 budget constraints (18 and 12 series); therefore, effective July 1, 2008, telephone hours will be reduced by a total of 30 minutes (15 minutes per person);

□ 04102008-03 Discussion Item
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- Recruitment, training and retention of top talent: with the successful recruitment of a new Chief Operating Officer comes the understanding that it will take time to effectively train a new person in that role. Also of importance is the Board's support and recognition of achievements by the new and continuing staff.
- HSS Dashboard Project: the timeline will need to be slightly adjusted to reflect the press of business of the past six months. It is critical to keep a big-picture focus in reviewing the data and comparing the findings, and to continue insisting on truly comparative "apples to apples" data.
- Mr. Duncan introduced Gillian Printon of the Mercer Team to present a high level overview of the Dashboard Project:
- Ms. Printon reported the following update:
- Phase 1 of the Dashboard Project will be presented at the June Health Service Board meeting and will cover the following topics:
 - Enrollment and demographics
 - Financial performance
 - Administrative performance
- Significant progress has been made since the last update to the Board. Mercer has received data feeds from all of the health plans and has been working with HSS staff to map out a strategy for working with the output, such as plan design and purchasing decisions.
- Financial and utilization data will be used to get an early view of each of the plans' performance and provide detail not currently available to support analyses and negotiations through the rates and benefits process.
- The data will also be useful for vendor management relating to performance guarantees in the contracts, as well as provide support for audits, action plans and quarterly meetings between the vendors and HSS at which results will be reviewed and action plans developed.

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- Phase 2 is in the design process; data has not yet been received. Data for this phase will support member wellbeing initiatives, metrics and quality around health improvement, and the engagement of members.
- Ms. Printon introduced Jim Dell, team leader on the Dashboard Project, to present a summary of activity to date.
- Mr. Dell reported the following:
 - Mercer has collected historical, demographic and financial data for Plan Years 2005-2006 and 2006-2007 to get a sense of current and prior experiences. The data has been thoroughly reviewed and programmed into the system to automate activities.
 - Financial and enrollment data has been provided to Mercer through December 31, 2007 for the 2007-2008 Plan Year, with the exception of Kaiser data, which will be collected in early May.
 - Kaiser's data will be included in the Phase 1 presentation to the Board in June, as well as six months' data for PacifiCare's flex-funded HMO plan implemented July 1, 2007.
 - Mercer has been working with the vendors to collect administrative performance data for the first quarter of 2008 relating to the agreed upon performance guarantees.
 - The Phase 1 presentation in June will provide extensive detail regarding utilization, statistics and pharmacy data.
 - Mercer will have follow up discussions with the vendors over the next few weeks to resolve any residual issues regarding the most recent data collected.
 - A combined meeting between Mercer and the vendors will be held in mid-May to review Phase 1 data of the Dashboard to achieve agreement on how the data elements are defined. Any issues raised at this meeting will be resolved by the end of May in order to be included in the June presentation to the Board.

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- The design of Phase 2 of the Dashboard is being developed (measurement of member satisfaction). Mercer will be working with the vendors for data.
- Mr. Duncan continued his PowerPoint presentation, “Adjusting HSS Priorities and Timelines” and addressed the following current realities and critical objectives:
- Meaningful vendor solicitation process:
 - Due to the budget constraints for Fiscal Year 2008-2009, the RFP for PPO administration has been deferred. Therefore, there will be no vendor change for the City Health Plan.
 - A proposed schedule will be presented at the August 2008 annual planning session, which will allow time for the Chief Operating Officer transition, assessment of staffing capabilities and the Project eMerge rollout.
 - The pharmacy and claims audit results will be presented by Mercer and Uniprise at next month’s Board meeting. This is the first audit of a third-party administrator.
- Planning for and implementation of the new system:
 - The eMerge team will make a presentation today on the new system.
- Through long-term focus and effective teamwork, HSS can continue to adapt to and move forward through new challenges.
- Jeff Hildebrant, Assistant Director, reported the following Open Enrollment updates:
- To date, 1,000 applications have been processed. It is expected that a total of 4,000 to 6,000 applications will be received and processed during this Open Enrollment period.
- There has been little movement to date between the medical plans. Active employees are re-enrolling in flexible spending accounts and retirees are either adding or dropping dental coverage.

□ 04102008-03 Discussion Item (cont.)

- The vendors will be on-site at HSS from April 14 through April 25.
- President Breslin commented on FBMC's improvements to its flexible spending account brochure, which was the result of the vendor report card process that took place in November 2007.

Public comments: Richard Rothman, SEIU 1021 representative, expressed concern regarding the impact of the budget reduction requests on his department and HSS, and suggested the consideration of creative solutions. He also suggested that consideration be given to holding open enrollment at departments that are not in the vicinity of City Hall. Mr. Rothman then expressed frustration at confusing information given to him by HSS and Social Security regarding his retirement questions.

Mr. Duncan reported that he and Commissioner Zvanski will travel to Moccasin tomorrow, April 11, for open enrollment of those members.

□ Agenda Item Order Change: 04102008-06 Discussion item

Introduction to DHR's eMerge project (Shelley Thompson, Project Manager)

- Shelly Thompson, DHR Project Manager for Project eMerge, presented the following overview:
- Project eMerge is the implementation of a new software system that will integrate the City's human resources ("HR"), benefits and payroll systems.
- Current payroll and HR systems are outmoded, no longer supported by the vendors and are vulnerable in a disaster.
- Through the RFP process, the system selected was PeopleSoft 9.0, which encompasses not only human resources and benefits administration, but also handles all of the functions required to support a workforce.
- As a web-based, self-service system, Project eMerge will replace the City's paper-based, manual and redundant processes, allowing employees access to employment activities, such as online annual benefits enrollment, updates to personal information and online leave requests and approvals.

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- Phase I will begin by the end of April and will take approximately 20 months to implement. Included in this phase will be Human Resources (recruitment process), Benefits Administration (open enrollment, new hire online benefits registration) and new Payroll system. All existing legacy systems will be retired in the next 20 months, with the exception of Time and Labor. Most paper-based time reporting systems will be retired over the next 18 months.
- Online open enrollment is anticipated to begin in 2010.
- Some of the benefit functions of this system relating to HSS include:
 - The ability to automatically identify and track eligible employees, and calculate and process retroactive benefits and deductions.
 - The automatic launching of workflow and approval routing within and beyond system boundaries without the use of paper.
 - Reduced costs through automation of many of the administrative tasks related to benefits and payroll administration.
 - Member online access to benefits 365 days a year.
- A newsletter will be distributed to answer questions and keep everyone up-to-date on the activities and developments of Project eMerge.
- The website is: www.sfgov.org/eMerge.
- Commissioner Zvanski asked if this version of PeopleSoft is a significant improvement over the previous one, which has serious limitations, and if a financial component will be included.
- Ms. Thompson responded that the 9.0 version of PeopleSoft is the most recent and is a very highly web-based system. She also confirmed that a custom-built financial component will be included with the new system.

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- Mr. Duncan also noted that Tess Navarro, HSS Chief Financial Officer, has been involved in the design of the financial interface of the system and has provided input, along with Jeff Hildebrant and Ms. Thompson. Her involvement and understanding contributes to a more effective system for HSS.
- Commissioner Zvanski also inquired about the existence of a disaster plan and the ability for employees or others (physicians or plan providers) to access the system during an emergency.
- Ms. Thompson responded that several options are available and noted that funding has been set aside for a separate disaster site that would run the system remotely. The challenge is to locate a site that is not too far away to be manageable but not too close to be vulnerable. The other alternative is to use the hot-site service provider in Philadelphia currently under contract with the City. That service provider is being evaluated to determine if it can handle all of the components of the PeopleSoft system.
- Mr. Duncan noted that there is currently an existing disaster plan in place which would allow members access to benefits in case of an emergency where no money or eligibility data is available and thanked the vendors for working in partnership with HSS by adding such provisions to the contracts a few years ago.
- Commissioner Johnson expressed concerns regarding privacy issues and the possibility of the City's workforce being reduced due to the efficiency of the new system.
- Ms. Thompson clarified that the system does not promote reducing the City's workforce. Its emphasis is on improving the efficiencies of the processes that are handled by the workforce, thereby improving the ability to serve employees.
- Ms. Thompson also noted that the PeopleSoft system has a very complex, multi-layered capability to restrict access to data and employees will have security access to only

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their information. The use of employees' Social Security numbers for identification in the system will be eliminated and access to that information will be severely restricted.

- President Breslin inquired about the cities that have used the PeopleSoft system.
- Ms. Thompson asked Jan Crosbie-Taylor, Project eMerge team member, to respond to President Breslin's question due to her extensive PeopleSoft experience prior to joining the City as an employee.
- Ms. Crosbie-Taylor stated that the current PeopleSoft system being used by the City is version 7.5, which was released in 1994; version 9.0 was released in December 2006.
- Ms. Crosbie-Taylor noted that many city governments have used the PeopleSoft system, such as the City of Boston, City of Phoenix, City of Baltimore, a school district in Colorado, the State of Kansas and others. Version 9.0 is at the front edge of what is available in HR systems; it is the best in HR software.

Public comments: None.

□ 04102008-04 Discussion item

Financial reports and forecast as of February 29, 2008 for Plan Year 2007-2008 and General Fund budget update for Fiscal Year 2008-2009
(Tess Navarro)

Documents provided to Board prior to meeting:

1. Report for General Administrative Fund; and
2. Report for Trust Fund.
 - Tess Navarro, HSS Chief Financial Officer, reported the following regarding the General Administrative Fund:
 - There is an estimated savings of approximately \$160K. HSS is working with one of the service departments on the release of the estimated excess funds to cover deficits for other interdepartmental charges.
 - With the planned use of the excess funds and additional amounts in salary savings, discussions are taking place with the Mayor's Budget Office to amend the 2008-2009 fiscal year budget.

- Ms. Navarro provided the following information regarding the Trust Fund:
- Based on claims data as of February 2008, the projected annual net results for the self-insured plans are as follows:
 - -\$9M for the City Plan, which is a \$1M increase from prior months' reported amount (based on nine months of actual claims and three months' estimates). The projected annual net result is -\$14M, however, an estimated \$5M in expense abatements for Medicare Part D and pharmacy rebates reduces the projection to -\$9M.
 - The projected net results for the dental self-insurance is at budget (the overrun of claims costs over premiums and contributions will be close to the \$2M anticipated when the 2007-2008 rates were set).
- Regarding the Fiscal Year 2008-2009 general fund administration budget, Ms. Navarro reported the following:
- The Mayor's office is now projecting a deficit of \$338M (a \$109M increase from the deficit released in December).
- To close the shortfall, the following are recent developments in budget instructions:
- In addition to the 5% and 3% budget reduction directives from the Mayor's office in December, that office issued the requirement of an additional 8% ongoing salary reduction, which were submitted by March 28.
- The Mayor issued Executive Directive 08-03 on March 26, 2008, which requires the reduction of discretionary spending, effective immediately. This Directive calls for the following:
 - Eliminating discretionary overtime and for certain departments to submit an explanation to the Mayor's office of any overtime costs exceeding the budget;

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- A freeze on any lump sum bonuses and payouts (subject to meet and confer);
- Mandatory furloughs totaling seven working days during Thanksgiving and New Year's weeks (subject to meet and confer);
- Restriction of out-of-town travel unless required for professional certification or otherwise approved by the Department Head or the Mayor's Office budget director;
- Limitations in use of the standby pay or call back pay;
- No new authorization for City-provided phones;
- A 5% reduction in energy use; and
- A 5% reduction in non-emergency or general purpose costs.

■ On April 1, 2008, the Mayor's office issued a press release announcing legislation submitted to the Board of Supervisors amending the Administrative Code capping overtime hours earned in a year (limited to 16% of an employee's regularly scheduled hours in a fiscal year or 80 hours per week).

■ The Mayor's office issued a press release on April 2, 2008 announcing the elimination of 300 positions, most of which are currently vacant.

■ The Health Service System has negotiated the following with the Mayor's office for the 2008-2009 fiscal year budget:

- A reduction of three positions: two positions are currently vacant due to an unexpected retirement and resignation. Neither position was filled due to timing and upcoming budget considerations. The third position is filled.

- Hopefully, an arrangement can be reached with the Mayor's office allowing the use of the \$160K savings for 2007-2008 to alleviate non-

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personnel costs for 2008-2009.

- An arrangement was reached to move the Employee Assistance Program currently under the Department of Human Resources to the Health Service System, effective July 1, 2008. This move is a status quo budget transfer between DHR and HSS.
- The budget is scheduled to be forwarded to the Board of Supervisors' Budget Analyst's Office in two weeks and will follow the regularly scheduled hearings before the Board of Supervisors.

Public comments: None.

□ 04102008-05 Action item

Transfer of existing Employee Assistance Program (EAP) from the Department of Human Resources (DHR) to HSS (Bart Duncan)

Staff recommendation: Approve transfer.

Documents provided to Board prior to meeting:

1. Brief overview of EAP from DHR website; and
2. Joint report on HSS budget impact prepared by DHR and Tess Navarro.
 - Bart Duncan recommended the acceptance of a status quo transfer of the EAP program from the Department of Human Resources to the Health Service System. He acknowledged the presence of Jean Miranda and Donna Kotake in the audience and suggested that they could provide more details about the program if anyone had questions. He reiterated the budget neutrality for HSS as previously reported by Ms. Navarro and expressed appreciation to Ms. Navarro, Human Resources and the Mayor's Office for ensuring that there will be no negative impact on other departmental objectives as a result of the transfer.
 - Commissioner Zvanski expressed support for the transfer and the hope that in the future, EAP can be expanded and improved.
 - President Breslin expressed concern regarding the impact of the transfer on the HSS staff and that there is not an expectation

- 04102008-05 Action item (cont.) of change at EAP until more funding is provided.
 - Mr. Duncan responded that there are currently no plans to make any changes or adjustments at EAP or HSS until more funding is available. EAP's employees, location and contact information will remain the same.

Public comments: Herbert Weiner, retired member, expressed concern regarding the small size of the current EAP and the impact of the transfer on HSS. He suggested that employees' needs are carefully documented.

Sandra Mack, retired teacher, stated that the San Francisco Unified School District previously opted out of the EAP and asked if the school district has opted back in. She asked if school district employees will be able to take advantage of the EAP and requested clarification if those employees are not eligible to participate in the program.

Mr. Duncan responded that there will be no changes in eligibility or anything else until a future plan and resources are available. Therefore, employees who are currently excluded from participation in the EAP will remain excluded.

Action: Motion was moved and seconded by the Board to approve transfer of the existing Employee Assistance Program (EAP) from the Department of Human Resources to the Health Service System on a status quo basis. Motion passed 4-0.

- 04102008-07 Discussion item Report on significant network and health plan issues (if any) (Respective plan representatives)

Public comments: None.
- 04102008-08 Discussion item Opportunity to place items on future agendas

Public comments: None.

- 04102008-09 Discussion item Opportunity for the public to comment on any matters within the Board's jurisdiction

Public comments: None.

Adjourn: 2:53 p.m.

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>

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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 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.

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 25 Van Ness Avenue, Suite 220, San Francisco, CA 94102; telephone (415) 252-3100; fax (415) 252-3112; web site 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.