



City & County of San Francisco

HEALTH SERVICE BOARD

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

Minutes

Regular Meeting

Thursday, November 13, 2008

1:00 PM

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

ANNUAL HSS FINANCE MEETING

- Call to order
- Pledge of allegiance
- Roll call
 - President Scott Heldfond
 - Vice President Claire Zvanski
 - Commissioner Karen Breslin
 - Commissioner James Deignan, *arrived 1:30 p.m.*
 - Supervisor Sean Elsbernd, *excused*
 - Commissioner Sharon Johnson, *excused*
 - Commissioner Mitch Katz, M.D.

This meeting began at 1:07 p.m.
- 11132008-01 Action item Approval (with possible modifications) of the minutes of the meeting set forth below:
 - Regular Meeting of October 9, 2008Staff 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 regular meeting minutes of October 9, 2008.

Motion passed 4-0.

- 11132008-02 Discussion item

President's report (President Heldfond)

Documents provided to Board prior to meeting:
None.

- President Heldfond stated that he had nothing to report.

Public comments: None.

- 11132008-03 Discussion item

Management team updates:

- Introductory remarks (Bart Duncan)
- Finance and Budget Committee (next meeting: November 25, 2008, 1:00 p.m., City Hall, room 416)
- Report on HSS Health Fair (Rosemary Passantino)
- Vendor contracting and performance management updates (Robin Courtney)

Documents provided to Board prior to meeting:
None.

- Bart Duncan, HSS Director, reported the following:
- This is the second annual HSS finance meeting.
- He commended Tess Navarro and her team for the high quality of financial reporting over the past several years, and their good work with the auditors, KPMG.
- Over the past seven years, a total of \$73M has been used from the trust fund to subsidize HSS health plans.
- The health fair was extremely successful. He commended Rosemary Passantino for her good work. He also thanked the member volunteers for their assistance, which was crucial.
- Rosemary Passantino, Marketing and Communications Manager, reported the following regarding the HSS Health Fair:

- The annual health fair was held on October 21-22, 2008; a total of 2,777 members were in attendance.
- Members took advantage of a number of health screenings such as:
 - Free flu shots (1,830 members);
 - Free testing: blood sugar, cholesterol, body mass index (769 members)
 - Chair massages (489 members);
- Additional features included fitness demonstrations (swing dance, personal trainer sessions), healthy cooking demonstrations as well as nutrition and dietician consultations, member photo portraits, table and door prizes, and enhanced vendor exhibits (dental and vision).
- The Department of Public Health, Commuter Benefits, EAP and SFERS also had exhibits at the fair, as well as ING and RECCSF Retired Division.
- Robin Courtney, Vendor Contracts and Performance Manager, reported the following vendor updates:
 - Mercer has completed UHC's follow-up audit, and UHC has begun to address the issues identified. Mercer and HSS will meet in December to formally discuss the results.
 - The vendor spot audits have been completed with no issues.
 - New pharmacy contract language will be rolled out to the vendors which includes specialty pricing review, guarantee of pharmacy pricing components, retrospective drug utilization reviews and actionable reporting. This new language reflects findings from Mercer's pharmacy diagnostic study.

Public comments: None.

□ 11132008-04 Action item

Mayor's Office mid-year budget reduction mandate for HSS (Tess Navarro)

- 2% cut in current budget
- Denial of requisition to fill existing vacant HSS IT/network (1022) position

Documents provided to Board prior to meeting:
None.

- Tess Navarro, Chief Financial Officer, reported the following regarding the Mayor's Office mid-year budget reduction mandate for HSS:
- An additional reduction of \$130,000 from the HSS budget is being requested by the Mayor's Office as a result of an estimated \$90M to \$125M shortfall in the current year due to the economic downturn.
- Board approval will allow HSS staff to work with the Mayor's Office on the target budget reduction, which will affect the current year's budget.
- To date, approximately \$80,000 in salary and fringe benefits have been identified to meet the requested budget reduction. If the full \$130,000 in budget cuts is required by the Mayor's office, reduction in existing work orders will be considered. However, there is very little to be cut by the department at this time. Discussions will continue with the Mayor's Office.
- A three-person committee has been created by the Mayor's Office to review and make decisions regarding City departments' requisitions. This committee consists of Micki Callahan (DHR Director), Steve Kawa (Mayor's Chief of Staff) and Nani Colloretti (Mayor's Budget Director).
- A requisition to fill an existing vacant HSS IT/network (1022) position has been denied by the committee. HSS has been instructed to work with the Department of Telecommunications for all IT needs, which is the current arrangement.
- Ms Navarro will contact the Department of Telecommunications to inform them of the committee's denial of the 1022 position. This denial means that the Department of Telecommunications will need to provide IT services to HSS for the remainder of this fiscal year. It is unclear whether the salary savings for the 1022 position will be sufficient to pay the Department of

Telecommunications for IT services.

- Bart Duncan noted that HSS currently has no one onsite to provide any computer needs, including troubleshooting, maintenance, and server issues. HSS will need to continue to rely on the Department of Telecommunications for all IT services. He stated that the deferred system maintenance and systems outages would need to be addressed by the Department of Telecommunications should that department end up providing IT services to HSS in lieu of an in-house staff person.
- President Heldfond asked Ms. Navarro if she could foresee any problems with the Department of Telecommunications agreeing to provide the computer needs of HSS.
- Ms. Navarro expressed concerns due to the internal changes in the Department of Telecommunications. She is unsure of HSS' ranking as a priority for that department.
- Vice President Zvanski stated that she views this situation as an unacceptable crisis for HSS and asked that President Heldfond and Supervisor Elsbernd work with the Mayor's office to help resolve HSS' IT needs. She also suggested that the lack of IT support may be a Charter violation in that the Charter states that the City must provide adequate funding to maintain the administration of HSS.
- Mr. Duncan suggested that someone from the Department of Telecommunications make a presentation to the Board at the next regular meeting regarding the issues raised.
- Dr. Katz stated that the Controller's Office estimates that the City's expenditures will be approximately \$90M more in the current year than it will receive; therefore, it is anticipated that no requisitions will be approved unless a department can verify that it can comply with the required 2% budget reduction.
- Mr. Duncan explained that the governance rules do not allow HSS to make changes in the current budget without Board approval; therefore, the Board will need to vote on whether to authorize HSS to discuss budget reductions with the Mayor's Office.

- Commissioner Deignan arrived during this segment.

Public comments: Herbert Weiner questioned how the Controller's Office arrived at the projected deficit amount of \$90M and suggested that it provide the documentation for everyone's review.

Action: Motion was moved and seconded by the Board to authorize HSS staff to work with the Mayor's Office to achieve a 2% current year budget reduction with the priority of not reducing existing HSS staff.

Motion passed 5-0.

□ 11132008-05 Action item

Presentation of Audited Financial Statements for Fiscal Year 2007-2008 and update on current Trust Fund projections: (KPMG and Tess Navarro)

Documents provided to Board prior to meeting:

1. Audited Financial Statements for Fiscal Year 2007-2008;
2. Presentation of Audit Results prepared by KPMG LLP.
 - President Heldfond commended Tess Navarro and Bart Duncan for the clean audit results.
 - Steve DeVetter, KPMG Partner, reported the following regarding the 2007-2008 audit:
 - Management was prepared for the audit, which was completed according to plan.
 - There were no changes in the current year; this year's presentation is consistent with the reports of previous years.
 - A new section under "Significant Accounting Policies" includes a discussion of the qualitative aspects of accounting. From the auditors' perspective, there were no management biases or unusual transactions to call to the Board's attention.
 - The reserve for claims estimates (based on history and trends) have been found to be reasonable as presented in the June 30, 2008 financial statements.
 - During the audit process, the auditors did not identify any audit adjustments and consider the result to be a clean audit.

- Commissioner Breslin commended Tess Navarro, Bart Duncan and staff for their good work.
- Ms. Navarro extended her appreciation to Mr. DeVetter and his team of auditors.

Public comments: None.

Action: Motion was moved and seconded by the Board to accept the audit results as presented for fiscal year 2007-2008.

Motion passed 5-0.

- 11132008-06 Discussion item Report on network and health plan issues (if any)
(Respective plan representatives)

Public comments: None.

- 11132008-07 Discussion item Opportunity to place items on future agendas
 - Dr. Katz reported that General Hospital has become one of the first tobacco-free hospital campuses in the United States and that smoking is no longer allowed outside hospital doors (as well as inside the hospital). He inquired about the smoking cessation benefits covered by HSS vendors and suggested compliance by each pursuant to the CDC's recommended treatments. He noted that Kaiser is a leader in the treatment.
 - President Heldfond suggested that the vendors address this matter in the Rates and Benefits Committee and clarify whether a smoking cessation benefit is offered by each plan.

Public comments: None.

- 11132008-08 Discussion item Opportunity for the public to comment on any matters within the Board's jurisdiction

Public comments: None.

Adjourn: 2:00 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>

Disability Access

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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.

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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/>

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- 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.

If any materials related to an item on this agenda have been distributed to the Health Service Board after distribution of the agenda packet, those materials are available for public inspection at the Health Service System during normal office hours. For more information, please contact Laini K. Scott at (415) 554-1727 or email at laini.scott@sfgov.org.