



City & County of San Francisco

# HEALTH SERVICE BOARD

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

## Minutes

Regular Meeting

Thursday, December 11, 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 Scott Heldfond  
                    Vice President Claire Zvanski  
                    Commissioner Karen Breslin  
                    Commissioner James Deignan  
                    Supervisor Sean Elsbernd  
                    Commissioner Sharon Johnson  
                    Commissioner Mitch Katz, M.D., *arrived 1:07 p.m.*
- 12112008-01    Action item      Approval (with possible modifications) of the minutes of the meeting set forth below:
  - Regular Meeting of November 13, 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 November 13, 2008.  
Motion passed 6-0.

- 12112008-02 Discussion item **President's report** (President Heldfond)

Documents provided to Board prior to meeting:  
None.

- President Heldfond reported on a budget meeting that he and Vice President Zvanski attended with the Mayor's budget office, the City Controller and Mayor Newsom. He stated that cuts will not be made across the board but will be more of a line item approach. An update is expected from Tess Navarro at this meeting.
- Commissioner Katz arrived during this segment.

**Public comments:** None.

- 12112008-03 Discussion item **Management team updates:**

- Introductory remarks (Bart Duncan)
- Update on Mayor's Office mid-year budget reduction mandate for HSS (Tess Navarro)
- Timetable for budget process for fiscal year 2009-2010 (Tess Navarro)
- Annual report on Operations and Member Services (Mark Villares and Marianne Lonsdale)
- Vendor contracting and performance management updates (Robin Courtney)

Documents provided to Board prior to meeting:  
Member Services handout.

- Bart Duncan, HSS Director, extended holiday greetings to everyone and reported that the Member Services presentation today reflects the good decisions and investments that have been made over the past three years, which has produced a gold standard of service by HSS.
- Tess Navarro, Chief Financial Officer, reported the following regarding the HSS budget:
- HSS preliminarily offered \$85,000 in salary savings in response to the \$130,000 mid-year budget cut request from the Mayor's budget office; however, yesterday the Mayor's office requested HSS to make cuts in the full amount of the target.

- A reduction in the City Attorney's work order is being considered to make up the difference between the \$85,000 offered by HSS and the \$130,000 budget reduction requested by the Mayor's office. HSS was instructed today by the Mayor's office to move forward with this work order reduction.
- Commissioner Zvanski asked for verification that there will be no reduction in HSS staff due to meeting this mid-year budget cut.
- Ms. Navarro confirmed that no HSS staff will be cut due to the current budget reduction request.
- Ms. Navarro also reported on this morning's meeting with the Mayor's office wherein a \$460M City deficit for fiscal year 2009-2010 was announced with instructions for general fund departments to submit a 12½% reduction and a 12½% contingency, totaling 25% (an approximate \$500,000 HSS budget reduction for fiscal year 2009-2010). The specific dollar amount will be provided to individual departments this afternoon. The deadline for submission is February 20, 2009.
- The next Finance and Budget Committee meeting will be held on December 23, 2008.
- Mark Villares, HSS Member Services Manager, and Marianne Lonsdale, HSS Chief Operating Officer, presented the following Member Services update as of December 2007:
- Performance measures and volumes:
  - The Member Services team consists of 16 benefit analysts and serves the needs of 107,984 members.
  - During fiscal year 2007-2008, 60,065 inbound and outbound calls were handled by the benefit analysts, as well as 12,557 office visits from members. The total number of transactions handled were 29,911 (including new hires, terminations, retirements, deaths, family status changes, and open enrollment

changes).

- Sixty-three new employee orientations (1,890 members) and seven pre-retirement seminars (865 members) were conducted in the past 12 months by benefit analysts.
- Member feedback is used to assist with planning and coaching the Member Services staff, as well as assisting in identifying and resolving member issues. For example, after telephone contact with HSS, a satisfaction survey is sent to members for feedback.
- The Member Services staff is fluent in seven languages: Burmese, Cantonese, English, Mandarin, Russian, Spanish and Tagalog.
- Some areas of emphasis include serving members (the first priority), communicating at all levels within the team and department, process improvement and training sessions on specific subjects to create a staff that is secure in its skills and knowledge and provides excellent service.
- Some of the challenges in 2009 include Open Enrollment changes, the eMerge Project (PeopleSoft upgrade), Center of Medicare Services activity as well as staffing and budget issues.
- Supervisor Elsbernd asked if the benefit analysts would receive training on how to handle calls from employees laid off due to the budget cuts.
- Ms. Lonsdale responded that she and Mr. Villares had met with the analysts to instruct them on how to handle benefit questions from employees affected by the layoffs.
- Commissioner Zvanski reported that members continue to contact her regarding confusion about HSS leaves of absence policies and their benefits.
- Commissioner Katz reported that employees utilizing the Healthy San Francisco program can use the 311 telephone service to obtain benefit information and suggested that 311 may be able to deliver certain basic information to HSS members using scripts provided

by HSS.

- Robin Courtney, Vendor Contracts and Performance Manager, reported the following updates:
- Most vendor performance guarantees for plan year 2007-2008 were met; those guarantees not met resulted in penalty payments, which have been submitted to Ms. Navarro.
- HSS and Mercer are drafting new pharmacy language for inclusion in the fiscal year 2009-2010 contracts. This language includes pharmacy pricing components and reporting requirements.
- The Mercer team is scheduled to conduct an onsite audit at Delta Dental's facility the week of January 12, 2009. This audit is expected to be completed by early March 2009.
- The Mercer team is scheduled to meet with HSS in early January 2009 to review UHC's follow-up audit. HSS is reviewing the findings and working with UHC to close out any issues discovered in the audit.
- Kaiser has begun the vendor report card process by completing a self-evaluation. Once the rates and benefits process concludes, HSS will complete the remaining steps.
- The second quarterly account management scorecard, introduced earlier in fiscal year 2008-2009, is due to HSS by January 15, 2009. This scorecard, which has enhanced the two-way communications between HSS and vendors, will cover the period of October through December 2008.

**Public comments:** Richard Rothman, SEIU representative, suggested that information on lay off benefits be posted on the HSS website, in addition to inclusion in the lay off letters sent to those employees affected.

□ 12112008-04 Action item

Proposal by the Joint SEIU/City As-Needed Benefits Committee to transfer the administration of SEIU 1021 temporary-exempt (as-needed less than 1040 hours in a year) employees' health benefits from the City's Department of Human Resources to HSS (President Heldfond)

Documents provided to Board prior to meeting:  
None.

- President Heldfond stated that he asked for this action item to be continued from the October Board meeting with the intent of directing HSS Director, Bart Duncan, to liaise with the Department of Human Resources on the proposed transfer of the "as-needed" or SEIU temporary-exempt employees' health benefits program from DHR to HSS. He expressed concern regarding budget issues and this proposal but also the need to be clear on the facts.
- Micki Callahan, DHR Director, followed up on her October 9, 2008 presentation to the Board with an updated PowerPoint from that meeting, which added her initial correspondence on behalf of the joint committee to HSS, Director Duncan's response and a summary of the administration of the program. Ms. Callahan also reported the following:
  - In response to concerns about resources, DHR asked Carmen Fong, the SEIU management assistant who runs the program, to report the number of tasks she completed for the program in one week's time. During that period, the log of contacts reflected several telephone calls and the receipt of a form. Each quarter a report is run and enrollment applications are processed, which take a little more than half of Ms. Fong's time.
  - The as-needed committee and DHR hope that by transferring the program to HSS, the as-needed employees can be moved into the HSS trust fund in some manner.
  - The administrative costs of the program will not exceed the allocation.

- Commissioner Zvanski inquired why DHR wants to discontinue the administration of the program since it is being successfully administered by that department and it does not fit the HSS program.
- Ms. Callahan responded that Ileana Samanc will continue to staff the program on behalf of the City as an advisor working with the union, no matter where the program is housed. However, she believes that the as-needed benefits program should be administered by the benefit experts, HSS.
- Commissioner Katz stated that he was involved in the development of this program from the beginning. In his view, it seems logical that HSS would be the department to administer the program since it is the benefits expert that can create a more uniform benefits program and handle complicated issues, such as COBRA.
- Commissioner Breslin expressed concern that if the as-needed program is transferred to HSS, the HSS staff workload will increase. She stressed that the as-needed employees should become members according to the Charter thereby making them eligible for benefits through HSS.
- Commissioner Zvanski suggested that any decision regarding this issue take place after the rates and benefits process is completed. She also expressed concern regarding the workload for HSS staff, given the current mid-year budget cut mandate from the Mayor's office, as well as the Charter restrictions.
- Ms. Callahan asked Harry Baker, SEIU 1021 as-needed committee member, to address the Board.
- Mr. Baker, SEIU 1021 representative, asked that the discussions continue and include all stakeholders to provide transparency and clarity to the questions posed. He asked that, if a decision cannot be made today, the Board to commit to exploring the issues at a future date.

**Public comments:** Larry Barcetti, secretary of the San Francisco Veterans' Police Officer Association, concurred that the as-needed employees should have healthcare, however, now is not the time to make changes to the administration of the program, especially in light of the budget deficit. He suggested taking the time to look at all of the issues for clarity and resolution.

Susan Blomberg, President of the Retired Employees of the City and County of San Francisco, stated that this discussion raised many questions for her. She encouraged the Board to take its time in getting the answers to all of the issues before making a decision about the proposed transfer of the program.

Margo Reed, SEIU 1021 representative, asked the Board to include in today's motion a requirement that HSS staff meet with the SEIU committee and work out a plan for resolving the administration of the as-needed benefits program.

Herbert Weiner, retired City employee, encouraged the Board not to accept this proposal because the as-needed employees are not members of HSS.

Sandra Mack, retired teacher, suggested postponing the Board's decision to a date certain and include the establishment of a task force to address the outstanding issues in order to find a solution to meet everyone's needs.

Claire Dunn, retired teachers' and retired City workers' representative, expressed concern regarding the stable yearly source of funding for the as-needed employees' health benefits. She suggested that there are too many unanswered questions for the Board to reach a decision at this time, including the City Charter issues surrounding eligibility for these employees and HSS resources to serve current members.

Richard Rothman, SEIU 1021 representative, suggested the establishment of a committee or task force between SEIU, HSS retirees, HSS and DHR staffs to address everyone's concerns and reach a common ground.

Saul Weiner, retired police officer, stated that while no one is against healthcare being provided to all City workers, there are certain stipulations in the Charter that should be followed. He suggested that the as-needed employees become eligible for health coverage through the Charter provisions and

requested guidance from the City Attorney's office.

Commissioner Zvanski suggested that Commissioner Katz recuse himself from voting on this issue due to a perceived conflict of interest because he serves on the board of the contractor providing benefits to the as-needed employees.

Commissioner Katz confirmed that he serves on that board but receives no financial benefit as a result.

Erik Rapoport, Deputy City Attorney, responded that since Commissioner Katz does not receive financial compensation from his position on the board, and the proposal is to transfer the benefits administration from DHR to HSS, there is no conflict of interest.

Supervisor Elsbernd suggested that the motion also include language to direct HSS staff to communicate and meet with other City staff to resolve this issue prior to May 2009.

Commissioner Breslin suggested that a task force be created that includes SEIU 1021, retirees and other interested parties to work out the details prior to May 2009.

Dennis Kruger, retired firefighter, asked for a point of order from the City Attorney regarding the motion to table this issue and the revised motion to act, and suggested that the Board's deliberations were out of order.

Harry Baker, SEIU 1021 representative volunteered that he and other SEIU members would take responsibility for the creation of a task force to address the outstanding issues.

John Vanucci, President of the San Francisco Veteran Police Officers' Association, stated that his organization would like to be included in the SEIU task force.

Leo Martinez, interim president of the San Francisco Retired Firemen and Widows Association, stated that his organization would also like to be included in the SEIU task force.

Gerry Meister, retired teacher, requested that RECCSF and UESF Retired Division are included in the SEIU task force as well.

**Action:** Motion was moved and seconded by the Board to table the decision regarding the proposed transfer of the administration of SEIU 1021 as-needed employees' health benefits from the City's Department of Human Resources to HSS until May 2009.

Motion passed 4-3. Commissioners Breslin, Deignan, Johnson and Zvanski voted in favor of the motion. Commissioners Heldfond, Katz and Elsbernd opposed the motion.

**Action:** Motion was moved and seconded by the Board to amend the original motion to table the decision to transfer the administration of the as-needed health benefits from DHR to HSS until May 2009 to include requiring HSS staff participation in a task force created by SEIU to address outstanding issues.

Motion passed 6-0.

□ 12112008-05 Discussion item

Financial reports as of October 31, 2008 and forecast for Plan Year 2008-2009, (Tess Navarro)

Documents provided to Board prior to meeting:

1. Report for the General Administrative Fund; and
2. Report for the Trust Fund.
  - Tess Navarro presented the following financial reports:
  - As presented earlier, HSS preliminarily offered \$85,000 in salary savings in response to the Mayor's mid-year budget cut allocation of \$130,000. Based on recent discussions with the Mayor's office, HSS is now considering a reduction in the City Attorney's work order to meet the full request.
  - As of October 2008, the actual results in the trust fund is -\$3.3M.
  - The annual trust fund projection for fiscal 2008-2009 is estimated at -\$7.5M.
  - Updates on investment earnings will be provided to the Board as information becomes available from the Treasurer's Office.

**Public Comments:** None.

- 12112008-06 Discussion item Report on network and health plan issues (if any)  
(Respective plan representatives)

**Public comments:** None.
- 12112008-07 Discussion item Opportunity to place items on future agendas

**Public comments:** None.
- 12112008-08 Discussion item Opportunity for the public to comment on any matters within the Board's jurisdiction

**Public comments:** Diane Urlich, UESF Retired Division member, suggested that the open enrollment benefit guides include Kaiser's monetary amount for use of durable medical equipment, since co-payment is imposed once a member exceeds a certain usage.

Vice President Zvanski asked that Ms. Urlich bring this matter to the attention of HSS staff for clarification.

Herbert Weiner, retired employee, asked that the Protect Our Benefits organization also be included in the SEIU task force once it is created.

Dennis Kruger, retired firefighter, apologized for interrupting the Board's earlier discussion and suggested that HSS counsel become more active in the Board's proceedings.

**Adjourn:** 3:05 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.

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- 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.

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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](mailto:laini.scott@sfgov.org).