



City & County of San Francisco

# HEALTH SERVICE BOARD

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

## Minutes

Regular Meeting

Thursday, January 8, 2009

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, *excused*  
                             Commissioner Sharon Johnson  
                             Commissioner Mitch Katz, M.D., *excused*

- 01082009-01    Action item            Approval (with possible modifications) of the minutes of the meetings set forth below:
  - Regular meeting of December 11, 2008
  - Special Rates and Benefits Committee meeting of December 11, 2008

**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 regular and special meeting minutes of December 11, 2008.

Motion passed 5-0.

□ 01082009-02 Discussion item

**President's report** (President Heldfond)

Documents provided to Board prior to meeting:  
None.

- President Heldfond wished everyone a Happy New Year and expressed hope that, on a global basis, 2009 will be a better year than 2008.
- He thanked Vice President Zvanski in her role as Chair of the Rates and Benefits Committee for conducting efficient meetings and adhering to the timeline with satisfactory results. He also thanked Bart Duncan and staff, and the Mercer team for their good work.
- In response to comments expressed at the last regular Board meeting regarding points of order and voting, President Heldfond stated that the Board follows Robert's Rules of Order on a fairly informal basis for meeting rules and procedures. He noted that as long as there is no dispute, a Board member may revise or amend his or her motion prior to a vote. The main requirements are allowing public comment on the topic and the motion being restated for the record so that all Board members and the public have a clear understanding of the matter being voted on.

**Public comments:** None.

□ 01082009-03 Discussion item

**Management team updates:**

- Introductory remarks (Bart Duncan)
- Open enrollment preparations and timeline (Rosemary Passantino and Marianne Lonsdale)
- Vendor contracting and performance management update (Robin Courtney)

Documents provided to Board prior to meeting:  
Open Enrollment target dates handout.

- Bart Duncan, HSS Director, wished everyone a Happy New Year and reported the following:

- The Vision Service Plan (“VSP”) has presented an improved rates and benefits package of a 4% reduction from the last Rates and Benefits Committee meeting. He thanked Janet Findlay, VSP Regional Vice President, for her continued efforts to achieve this reduction.
- HSS is working with the eMerge Project team to make that project a success. An update by the eMerge team will be presented later in the meeting.
- Marianne Lonsdale, HSS Chief Operating Officer, reported the following regarding Open Enrollment:
  - A high-level timeline has been developed, as well as a detailed draft project plan using milestones as the basis for outlining the preparation necessary to accomplish a goal (i.e., mailing benefit packages, programming payroll cutoff for new deductions, etc.). Weekly status meetings with key HSS employees will begin next week.
  - Approval of the rates and any plan changes are crucial in communicating benefit information to members.
- Rosemary Passantino, Marketing and Communications Manager, reported the following:
  - Preparations for fiscal year 2009-2010 open enrollment are underway.
  - A special effort will be made to ensure that all HSS members currently enrolled in PacifiCare’s HMO receive ample notice that this plan will be discontinued, effective July 1, 2009. Notification will include targeted mailings, announcements in Open Enrollment materials, on the myhss.org website and in payroll stuffers for City employees, as well as e-mail blasts targeting retirees, School District and City College members, and outreach through unions and other relevant organization newsletters.
- The deadline for delivering all materials to the printer is February 17, 2009.

- Robin Courtney, Vendor Contracts and Performance Manager, reported the following vendor management updates:
- Performance guarantees are being reviewed by HSS for fiscal year 2009-2010. Most will remain unchanged from fiscal year 2008-2009.
- New pharmacy contract language focusing on reporting requirements and pharmacy pricing components was submitted to the medical vendors in December for review. HSS and Mercer will review and analyze the vendor s' responses, which are due January 31, 2009.
- To ensure that the most current information is available to members during Open Enrollment, the new Evidence of Coverage documents are due to HSS in February and March.
- The Mercer team is scheduled to conduct an on-site audit at Delta Dental's facility the week of January 12. It should be completed by early March 2009.
- Mercer and HSS are scheduled to meet the week of January 12 to review the results of UHC's follow-up audit, which was conducted in October 2008. Many of the issues found in the audit have now been successfully closed out.
- HSS will resume the Vendor Report Card for Kaiser once the rates and benefits process is finalized. Once completed, the last two vendor report cards will be conducted for Blue Shield and FBMC-COBRA.
- The second quarter Account Management Scorecards for the period of October to December 2008 are due from all of the vendors by January 15, 2009.

**Public comments:** Sandra Mack, retired teacher, asked if HSS has been contacted by the State of California's committee on pharmacy, which has been traveling the State asking for input on labeling medicines.

## RATES AND BENEFITS COMMITTEE MATTERS

(2/3 approval required)

- 01082009-04      Action item

Resolution approving the 10-County survey results for Fiscal Year 2009-2010 and resolution certifying the 10-County amount to the Board of Supervisors (Committee Chair Zvanski)

**Committee recommendation:** Approve survey results as presented at Rates and Benefits Committee meeting of December 11, 2008.

**Documents provided to Board prior to meeting:** Draft form of resolution and report prepared by Mercer.

**Public comments:** None.

**Action:** Motion was moved and seconded by the Board to approve the 10-County Survey results and resolution certifying the 10-County amount (\$449.37) to the Board of Supervisors.

Motion passed 5-0.
  
- 01082009-05      Action item

Determination of final Delta Dental Plan (PPO) rates and benefits for active City and County employees for Plan Year 2009-2010 (Committee Chair Zvanski)

**Committee recommendation:** Approve renewal proposal described in Mercer report presented at Rates and Benefits Committee meeting of December 11, 2008.

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

**Public comments:** None.

**Action:** Motion was moved and seconded by the Board to approve the Delta Dental Plan (PPO) rates and benefits for active City and County employees for Plan Year 2009-2010 as presented and approved at the Rates and Benefits Committee meeting on December 11, 2008.

Motion passed 5-0.

□ 01082009-06 Action item

Determination of final HMO rates and benefits for active and retired HSS members for Plan Year 2009-2010, including whether:

1. to renew the Kaiser fully-insured HMO; and
2. to renew the UnitedHealthcare/PacifiCare flex-funded HMO; and
3. to renew the Blue Shield of California fully-insured HMO; or
4. to not renew the UnitedHealthcare/PacifiCare flex-funded HMO and instead, accept the Blue Shield of California fully-insured plan as a replacement HMO for the UnitedHealthcare/PacifiCare flex-funded plan and set a default medical plan for the current UnitedHealthcare/PacifiCare enrollees who do not make an active election during the April 2009 Open Enrollment period; and
5. to take any other action to facilitate or implement the above decisions, including increasing member pharmacy and non-Kaiser HMO co-payments. (Committee Chair Zvanski)

**Documents provided to Board prior to meeting:**

None.

- Committee Chair Zvanski recapped the items to be voted on:
- 1. Renew Kaiser fully-insured HMO;
- 4. Not to renew the UnitedHealthcare/PacifiCare flex-funded plan and accept the Blue Shield of California fully-insured plan as a replacement HMO and the City Health Plan as the default medical plan for the current UnitedHealthcare/PacifiCare enrollees who do not make an active election during the April 2009 Open Enrollment period;
- 5. Increase member pharmacy and non-Kaiser HMO co-payments;
- Agenda Item 7: accept City Health Plan rates and benefits, including increases in pharmacy and office visit co-payments.

**Public comments:** Herbert Weiner, retired City employee, inquired whether the proposed pharmacy and non-Kaiser HMO co-payment increases are out

of compliance with Proposition E passed in 2000, which mandated that the City pay half of retirees' and first dependents' monthly health benefit premiums. He suggested that if the premiums were increased and the co-payments remain unchanged, members would be better off.

Committee Chair Zvanski responded that Prop. E refers to the calculation of the premiums for retirees and dependents once rates are set, but it does not cover co-pays. When premiums are increased, the off-setting subsidy through Prop. E is appropriately adjusted.

Stephanie Lyons, past president of RECCSF, asked that the Board review the process by which certain formularies are selected for generic medications and how members can become a part of the decision-making process to have new drugs put into the formulary in order to avoid paying extremely high costs for those new drugs.

Sandra Mack, retired teacher, asked the Board to reconsider making the City Health Plan the default plan for PacifiCare members who do not make a selection and instead replace it with Kaiser.

**Action:** Motion was moved and seconded by the Board to accept the HMO rates and benefits for active and retired HSS members, and the City Health Plan (PPO) rates and benefits for active and retired HSS members, as negotiated through the rates and benefits process for Plan Year 2009-2010 and summarized in Mercer's 2009-2010 Medical Renewals report dated January 8, 2009.

Motion passed 5-0.

□ 01082009-07      Action item

Determination of final City Health Plan (PPO) rates and benefits for active and retired HSS members, including possibly increasing member pharmacy co-payments, for Plan Year 2009-2010 (Committee Chair Zvanski)

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

**Public comments:** None.

**Action:** This item was included in the previous agenda item vote.

## BUDGET AND FINANCE COMMITTEE MATTERS

- 01082009-08 Discussion item Update on committee activities (Committee Chair Breslin)
- Documents provided to Board prior to meeting:  
None.
- Committee Chair Breslin reported the following:
  - A Budget and Finance Committee meeting was held on December 23, 2008. No decisions were made regarding the budget proposals discussed. The next committee meeting will be held on January 27, 2009 at 1:00 p.m.
- Public comments:** Sandra Mack, retired teacher, reported on an upcoming Board of Supervisors meeting scheduled on January 12, at which the budget reduction mandate will be discussed.

## REGULAR MATTERS

- 01082009-09 Discussion item Update on Project eMerge (eMerge Project Representative)
- Documents provided to Board prior to meeting:  
None.
- Shelley Thompson, Project Manager for the eMerge Project, reported that progress has been made in benefits discovery and that discussions were held with HSS staff in December 2008 regarding fit/gap processes. Discussions have also included changing the coverage effective dates from semi-monthly to monthly. She requested that the Membership Rules Committee meet as soon as possible to change the coverage effective dates in order to keep on track with benefits development of the project.
  - Bart Duncan noted that HSS staff is continuing to work with the eMerge team to complete the details of the proposals, which will require changes to the HSS rules and regulations. Once there is concrete

information for the Board to consider, a special Membership Rules Committee meeting will be scheduled.

- Commissioner Zvanski requested that the impact of a timeline adjustment on members also be considered.

**Public comments:** None.

- 01082009-10 Discussion item

Financial reports as of November 30, 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, HSS Chief Financial Officer, reported the following on the General Administrative Fund:
    - As of November 30, 2008, there have been no changes in the projected annual expenses for fiscal year 2008-2009.
    - There is nothing new to report regarding the current year budget reductions mandate. She is awaiting a response from the Mayor's office.
    - Ms. Navarro reported the following on the Trust Fund:
      - As of November 2008, the net result is -\$2.6M.
      - The annual projection assumes the expected results to remain on budget.
      - She will work with Mercer to create a mid-year retrospective review on the self-funded plans.

**Public comments:** None.

- 01082009-11 Action item

Resolution ordering the 2009 Health Service Board election and authorizing staff to initiate and proceed with the election (Bart Duncan)

**Staff recommendation:** Adopt resolution

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

- Bart Duncan reported that Commissioner Deignan's seat will expire on May 15, 2009.

A resolution authorizing staff to initiate election procedures has been presented to the Board for approval.

- Commissioner Breslin asked for clarification on where members' ballots will be sent, since the form currently states that ballots will be delivered to City departments for distribution.
- Bart Duncan responded that the form will be revised to reflect past practice, which is to mail ballots to members' homes.

**Public comments:** Sandra Mack, retired teacher, asked for the location in the documents of the language being revised.

Commissioner Zvanski responded that the language is on the page entitled, "Who is Eligible to Vote" on the third line in the paragraph section "Election May 8 to May 22, 2009."

**Action:** Motion was moved and seconded by the Board to approve the resolution, as revised, authorizing HSS staff to initiate and proceed with the Health Service Board election.

Motion passed 5-0.

□ 01082009-12 Discussion item

Report on network and health plan issues (if any)  
(Respective plan representatives)

- Raul Monares, Kaiser representative, reported that approximately 36 non-Kaiser providers have been terminated in Stanislaus County. In the future, those services will be provided through Kaiser's new facility in Modesto. Eleven members will be affected by this change. Notice will go out tomorrow.
- Commissioner Zvanski inquired if the members in Tuolumne County are eligible to utilize the new Kaiser facility in Modesto.
- Mr. Monares stated that eligibility is based upon zip codes provided to the Department of Managed Healthcare. He said that he would research the question and report back to the Board.
- Mike Saavedra, UnitedHealthcare representative, reported that Andrea Robinson (PacifiCare HMO client executive) is no longer with UHC. He will assume responsibilities for the PacifiCare HMO for the remainder of the

plan year.

**Public comments:** None.

- 01082009-13 Discussion item Opportunity to place items on future agendas

**Public comments:** None.

- 01082009-14 Discussion item Opportunity for the public to comment on any matters within the Board's jurisdiction

- Commissioner Breslin reminded everyone of the upcoming Finance and Budget Committee meeting scheduled on January 27, 2009.
- President Heldfond stated that he would like the Board to review CalPERS' long-term care products at some point.

**Public comments:** Alfred Sarid, retired City employee, asked the Board to consider placing deep cleaning in the same category as conventional teeth cleaning in the dental plans. Many dental and medical authorities concur that deep cleaning can benefit one's overall health.

Stephanie Lyons reported that she is a member of CalPERS. She stated that no matter how long she pays the premium for the long-term care plan, it would never equal the cost of one year in a nursing home. She asked the Board to review long-term care options sooner rather than later.

**Adjourn:** 2:14 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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