



City & County of San Francisco

HEALTH SERVICE BOARD

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

Minutes

Regular Meeting

Thursday, June 11, 2009

1:30 PM
(Revised Time)

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
 Supervisor Sean Elsbernd, *excused*
 Commissioner Sharon Johnson
 Commissioner Mitch Katz, M.D., *excused*
 Commissioner Sharon Ferrigno

This meeting began at 2:00 p.m.

06112009-01 Discussion item Management Team update regarding results of the Health Service Board election (Laini Scott)

Documents provided to Board prior to meeting:
None.

- Laini Scott, Health Service Board Commission Secretary and HSS Administrative Services Manager, reported the following results of the recent Health Service Board election:

- The Health Service Board's election was held May 8 through May 22, 2009.
- Sharron Ferrigno received 6,241 votes and replaces former Commissioner James Deignan on the Health Service Board;
- Richard Rothman received 4,107 votes;
- Sheila Hawthorne received 3,547;
- The certified election results are posted on the HSS website.

Public comments: None.

- 06112009-02 Action item Approval (with possible modifications) of the minutes of the meeting set forth below:

- Regular Meeting of May 14, 2009

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 meeting minutes of May 14, 2009.

Motion passed 5-0.

- 06112009-03 Discussion item President's report (President Heldfond)

Documents provided to Board prior to meeting:
None.

- President Heldfond stated that because of his schedule, he is reserving the right to rearrange agenda items, if necessary.

Public comments: None.

- 06112009-04 Discussion item Additional Management Team updates:

- Introductory remarks (Bart Duncan)
- Open enrollment update (Mark Villares)
- Summer seminar series (Rosemary Passantino)
- Vendor contracting and performance management (Robin Courtney)
- eMerge project coordination (Robin Courtney)

Documents provided to Board prior to meeting:

None.

- Bart Duncan, HSS Director, commended the HSS management team for their dedication and hard work during the department's busiest time of the year. He also reported the following:
- Profound internal changes will take place this year, including the replacement of the PeopleSoft system.
- The Health Service Board will not hold a regular meeting in July.
- The financial audit will commence between now and the August Board meeting.
- Mark Villares, HSS Member Services Manager, reported the following open enrollment update:
- Electronic eligibility files, which generate members' ID cards, were sent to all medical and dental vendors this week.
- The benefits analysts have made enormous efforts in contacting PacifiCare members to assist them in enrolling in alternate health plans.
- HSS has returned to focusing on regular operations and internal processes.
- Mr. Duncan stated that the demographic numbers indicating the movement of PacifiCare members and the overall status of membership will be presented at the regular August Board meeting.
- Commissioner Zvanski inquired into the number of PacifiCare members who still have not selected a new plan.
- Mr. Villares responded that the number is less than 100 members.
- Rosemary Passantino, HSS Marketing and Communications Manager, reported the following on the summer wellness seminars:
- Since the seminars began in March 2008, 125 seminars have been offered to members. The program now runs at least

four days a week and includes movement classes (i.e., Qi Gong, stretching, belly dance and Zumba), disease awareness and prevention seminars featuring qualified medical speakers, and other topics of member interest.

- Based on the current seminar attendance, the projected average attendance is approximately 25 individuals per class or 400 attendees per month. HSS continues to receive positive feedback from members on the classes.
- Robin Courtney, HSS Vendor Contracts and Performance Manager, reported the following:
- Erik Rapoport, Deputy City Attorney, has submitted all of the draft riders to the vendors.
- Performance guarantee modifications for the 2009-2010 plan year include disease management for the medical vendors and enhanced performance guarantees for Delta Dental based on its audit results.
- Two new performance guarantees have been established for EBS. One is tied to MEA open enrollment completion and the other is related to insurance product selection and turnover.
- HSS and Kaiser continue to clear the necessary hurdles to establish the electronic Medicare process for the 2009-2010 plan year.
- HSS and Mercer have begun to explore ways in which to audit the HMOs, which is groundbreaking. Updates will be presented to the Board as progress is made.
- Ms. Courtney also reported the following eMerge Project updates:
- The HSS and eMerge teams continue to work collaboratively, and participated in the first design workshop, which covered the MEA plan. A second design workshop has been scheduled on June 18, which will cover Medicare status.

- HSS is continuing to work with the other employers to convert their systems to a monthly coverage period. HSS and eMerge have submitted a joint e-mail advising the employers that the monthly coverage period is now a system requirement.
- HSS and eMerge will be working with the vendors to ensure that all eligibility interfaces on the new system are HIPAA compliant. A joint notification memo will be sent to the vendors this week.
- Bart Duncan commended Ms. Courtney on her good work regarding vendor management and the eMerge Project.

Public comments: None.

FINANCE AND BUDGET COMMITTEE MATTERS

□ 06112009-05 Action item

Adoption of modified HSS budget for fiscal year 2009-2010 (Committee Chair Breslin)

Documents provided to Board prior to meeting:
Summary prepared by Tess Navarro.

- Committee Chair Breslin referred to the Finance and Budget Committee meeting immediately preceding this meeting.
- President Heldfond reminded everyone that the first reading of the HSS budget will be at 11:00 a.m. on June 17, 2009. He encouraged members to attend and lend support at the hearing.

Public comments: Claire Dunn, Chair of Protect Our Benefits, reported that a meeting to begin organizing member support and attendance at the Board of Supervisors' budget hearings was scheduled at 9:00 a.m. on June 12 at the Taraval Police Station.

Gerry Meister, Chair of UESF-Retired Division, reported that she has alerted her members that their support of HSS may be needed at the Board of Supervisors' budget hearings.

Action: Motion was moved and seconded by the Board to accept the HSS budget as modified by the Mayor's Office for fiscal year 2009-2010 with the following caveats:

1. Ask the Board of Supervisors to restore the HSS Chief Operating Officer ("COO") position;
2. Amend the HSS budget to reallocate DHR work order dollars to replenish the funding for the COO position;
3. If the Board of Supervisors approves 1 and 2 above, HSS will accept the EAP program;
4. If the Board of Supervisors does not restore the COO position, the Health Service Board will reject the transfer of the EAP program.

Motion passed 4-1. (Commissioners Heldfond, Zvanski, Johnson and Ferrigno voted in favor of the motion. Committee Chair Breslin voted against it.)

REGULAR MATTERS

- 06112009-06 Discussion item [Update on Project eMerge](#) (Shelley Thompson)

Documents provided to Board prior to meeting:
None.

- Shelley Thompson, Project Manager for Project eMerge, reported the following:
- The group supporting the benefits administration module is far ahead of everyone else.
- The issues log related to the benefits administration module is updated each week and provided to HSS. Most of the issues are closed or have been removed; approximately six remain open.
- As a member of the steering committee, Bart Duncan has access to the share point site that the Project uses as a repository and collaborative site. This access allows Mr. Duncan to look at various documents associated with the project as well as the project plan. By the end of the month everyone on the steering committee will have

access to the system.

- The project design meetings have begun. A meeting addressing Medicare issues will be held on June 18. There are an additional eight meetings to coordinate as soon as possible, three of which will be related to deduction matters, four meetings will be related to the major reports required by HSS and one meeting will be related to the self-service benefits view for HSS employees.
- The Project is moving forward with HIPAA compliance.
- Since the payroll, benefits and HR components share the same database, various reports (charter-based or audit-based) can be generated to handle the employer contribution split information in the benefits administration part of the system.
- In order to protect the City's data during an emergency and provide a more secure area with emergency backup capabilities, data will be moved from the Department of Technology to DHR's server room on the fourth floor.

Public comments: None.

□ 06112009-07 Discussion item

Financial reports as of April 30, 2009 and forecast for Plan 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, stated that she has nothing significant to report on the General Fund budget.
 - The retrospective review of the two self-funded plans in the Trust Fund will follow in the next agenda item presentation.

Public comments: None.

- 06112009-08 Discussion item Preliminary retrospective review of self-funded plans (Tess Navarro and Mercer Team)

Documents provided to Board prior to meeting:

None.

- Ms. Navarro reported the following preliminary retrospective review of the self-funded plans:
- The projected annual net for the City Plan is -\$2.7M; the planned loss is -\$6.9M.
- This projection is based on membership and claims data to April 2009. The total annual results are preliminary and will not be ready until after the close of the fiscal year; however, significant change is not expected.
- The projection for the dental plan is a net result of -\$3.7M. The incorporation in the rates is -\$1.6M.
- Overall, the Trust Fund projection for this fiscal year is -\$5.3M before PacifiCare settlement and IBNR.

Public comments: None.

- 06112009-09 Discussion item UHC follow-up audit results (Robin Courtney)

- Introduction (Bart Duncan)
- Overview of audit results (Mercer Team)
- Response to audit (United HealthCare Representatives)

Documents provided to Board prior to meeting:

Presentation prepared by Mercer, UHC audit response.

- Gillian Printon, Mercer team, reported on the results of the 2008 audit of United HealthCare's administration of the City Health Plan. Donna Streitzi was also in attendance to answer questions.
- Ms. Printon reported the following:
- This audit was a follow up to the baseline performance audit of UHC conducted in 2007. It was the second audit since UHC began administering the City Plan in plan year 2004-2005.

- This audit was conducted in August 2008 and the results were finalized toward the end of 2008. It contained two areas of focus:
 - operational review (staffing and overpayment recovery administration); and
 - claims review (audit of statistical samples).
- The audit objectives included accurate claims processing, timeliness of processing, standards, and performance following the corrective action plan.
- UHC's performance improved significantly over the 2007 audit results in every category in claims quality and timeliness, except for procedural accuracy, which remained the same.
- Overall, the audit was deemed satisfactory with the exception of financial accuracy (how accurately dollars are being paid). Significant improvement was made (92.5% to 97.6%), but the level was still below the performance guarantee standard and additional work needs to be done. That work is currently underway.
- UHC's response has been positive and proactive. They have been working with HSS staff on root cause analysis and an improvement action plan.
- UHC will provide quarterly overpayment activity reports to HSS.
- UHC has agreed to specific financial concessions totaling approximately \$370,000, which is a combination of refunding the identified overpayments in the audit, contributing to the funding of a follow-up external audit and paying performance penalties.
- A follow-up audit is scheduled to be conducted during the week of August 3, 2009 to evaluate UHC's performance following implementation of their improvement actions for the January 1 through May 31, 2009 claims period.

- Mike Saavedra, UHC representative, reported that in response to the audit, remediation and action plans were implemented and improvements were generated in all operational areas. Those efforts are ongoing and he continues to meet with HSS staff on a regular basis to review the improvements in place.
- Bart Duncan thanked the Mercer and UHC teams for the positive and constructive atmosphere in which the audit was conducted.

Public comments: None.

□ 06112009-10 Discussion item

Delta Dental audit results for the period of July 1, 2007 through June 30, 2008

- Introduction (Bart Duncan)
- Overview of audit results (Mercer Team)
- Response to audit (Delta Dental Representatives)

Documents provided to Board prior to meeting:

Presentation prepared by Mercer.

- Gillian Printon presented the baseline results of Delta Dental's first audit. Donna Streitz, project leader for this audit, was also in attendance.
- Ms. Printon reported the following:
- During the week of January 12, 2009, Mercer conducted an onsite audit of Delta Dental's administration of the Employee Dental Plan. The report was finalized in March.
- The scope of the audit focused specifically on claims accuracy and timeliness. Two hundred (200) processed dental claims from plan year 2007-2008 were used as samples totaling approximately \$147,000 out of approximately \$39.9M in payments under the plan.
- The objectives of the audit were due diligence to verify that claims were being processed in compliance with the plan and measure the quality and timeliness of Delta Dental's performance as well as identify opportunities for cost savings and service improvements.

- Overall, Mercer rendered a satisfactory opinion in claims quality with the exception of the accuracy of claims dollars being paid. The audit results were 97.2% compared to the performance guarantee and industry standard of 99%. There is significant opportunity for improvement in this area, which has already begun.
- There is also opportunity for improvement in claims timeliness. The audit results showed 86.5% of claims were processed in 14 days compared to the industry standard of 90%.
- In April, HSS staff and Mercer met with Delta Dental to review the audit findings and to start to develop improvement and action plans. Delta Dental's response was positive and proactive. Immediate action has been taken, including conducting root cause analysis of errors and staff refresher training.
- In an effort to align performance standards with best practice industry standards, Delta Dental has agreed to several performance guarantee enhancements, effective July 1, 2009.
- Delta Dental has also agreed to refund the confirmed claims overpayments in the sample totaling \$1,645. They will continue to follow through on improvement actions managed through HSS' ongoing vendor management process.
- Lois Cannon, Delta Dental National Special Account Manager, thanked Mercer and the HSS team for involving Delta Dental in the audit and reported the following:
 - Refresher training courses for claims examiners began in April and will be completed by the end of July. New procedures have been implemented to address processing issues.
 - To make the procedure more understandable, the legal department is working on coordination of benefits language to be added to the Evidence of Coverage booklets. This revision will be in the July 1, 2009 EOC booklet.

- Delta Dental will meet quarterly with HSS to review the changes and the performance guarantee reports.
- Bart Duncan thanked Lois Cannon and Valerie Layne for their constructive response to the audit.

Public comments: None.

□ 06112009-11 Discussion item HSS Dashboard project update (Mercer Team)

- Introduction (Bart Duncan)
- Update on Phases 1 and 2 (Mercer Team)

Documents provided to Board prior to meeting:

Presentation prepared by Mercer.

- Jim Dell, Mercer team, reported on key findings and observations in Phase 1 of the Dashboard, and Phase 2, which is currently in development:
- A successful vendor summit was held on April 29, 2009. In addition to the health plans, Bart Duncan was also in attendance. The primary purpose was to engage the health plans in an open discussion regarding wellness utilization, condition and disease management programs in place and the performance of those programs.
- Phase 1 observations include:
 - Blue Shield's per member costs have increased by 20% since 2007. Its members have the highest rate of hospitalization with a lower overall length of stay.
 - City Plan's per member costs have decreased slightly since 2007. Its inpatient utilization costs are the highest on a per day basis.
 - Kaiser's per member costs have increased by 11% with pharmacy costs remaining constant year over year.
 - Large claims over \$50,000 represent approximately 39% of total paid claims, which continues to drive cost increases.
 - There was a 70% increase in specialty drug utilization for the Blue Shield population, with small increases for the City Plan and

PacifiCare.

- California Pacific Medical Center is the most utilized hospital by Blue Shield and PacifiCare active members and the second highest utilized under the City Plan.
- UCSF Medical Center and San Francisco General Hospital also receive significant utilization.
- Kaiser does not track data for individual facilities.
- San Francisco General Hospital is the highest cost per day facility across all plans.
- Brown and Toland Medical Group, the largest medical group under Blue Shield, received approximately \$28M in payments in 2008 by Blue Shield. Payments to this group are almost 10 times higher than Mills Peninsula Medical Group, the second most utilized medical group. Medical group data from the other plans are not currently available.
- For customer service performance, the plans met or exceeded all performance guarantee targets (on a self-reported basis) for call response time, call resolution and abandonment rates.
- Claims processing performance was measured in the following categories (on a self-reported basis): claims turnaround time, claims financial accuracy and claims payment incidence accuracy.
 - Blue Shield missed the claims financial accuracy and payment incidence accuracy targets;
 - United Healthcare missed the claims processing turnaround time target. UHC is the only vendor who has been audited by HSS on claims processing to date.
 - All other targets were met.
- Additional 2009-2010 performance guarantees are currently being negotiated with the plans on the performance of their disease management programs.

- The initial data request for Phase 2 has been divided into several segments. The first area of focus is the HEDIS (Healthcare Effectiveness Data and Information Set), which is a standard that is reported by all of the health plans on an annual basis.
- The goal is to receive the first data set by the kickoff of the 2010-2011 rates and benefits process.
- Additional Phase 1 dashboard data and observations will be presented at the August meeting, including:
 - Enrollment and demographics
 - Financial performance based on total claims and large claims
 - Inpatient and pharmacy utilization
 - Top hospitals and medical groups
 - Top conditions
 - Administrative performance and performance guarantees

Public comments: Gerry Meister, Chair of UESF-Retired Division, asked when retiree data will be available through the dashboard.

Bart Duncan responded that further information will be provided in August.

- 06112009-16 Agenda Item
Order Change
Action item

Election of Health Service Board officers (President and Vice President) for fiscal year 2009-2010
(President Heldfond)

Staff recommendation: None.

Documents provided to Board prior to meeting:
None.

- President Heldfond moved this matter after Item 11.
- Vice President Zvanski reported that in light of the many issues facing the Board, she and President Heldfond agreed it would be in the Commission's best interests to continue in their current capacities.

Public comments: None.

Action: Motion was moved and seconded by the Board to nominate Commissioner Heldfond for a second term as President and Commissioner Zvanski for second term as Vice President of the Health Service Board.

Motion passed 5-0.

President Heldfond departed after this item and Vice President Zvanski chaired the remainder of the meeting.

□ 06112009-12 Action item

Resolution commending Teresa Ho upon her retirement from the Health Service System
(Bart Duncan)

Documents provided to Board prior to meeting:
Resolution.

- Vice President Zvanski read the resolution commending HSS employee, Teresa Ho, on her retirement.

Public comments: None.

Action: Motion was moved and seconded by the Board to approve the resolution commending Teresa Ho upon her retirement from the Health Service System.

Motion passed 4-0.

□ 06112009-13 Discussion item

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

Documents provided to Board prior to meeting:
None.

- Bart Duncan thanked VSP for prompt follow-up after the May Board meeting regarding the question of network providers in Tuolumne County.
- Commissioner Breslin asked about the confusing Blue Shield Medicare Advantage letter sent to retirees.
- Mr. Duncan responded that the matter is being handled by the Blue Shield team.

Public comments: Gerry Meister, Chair of UESF-Retired Division, reported that she has heard from many retirees who found the Blue Shield packet very confusing. She suggested that, in the future, more thought be given to the purpose and the recipients

before sending out such a large, confusing packet of information.

Claire Dunn, Chair of Protect Our Benefits, reported that she has also heard from many retirees regarding Blue Shield's letter. She suggested simplified communications in the future that include clarification of the purpose, a one-page summary with bullet point comparisons, visible contact information, and any other pertinent information in a clear, concise and specific manner.

Herbert Weiner, retired City worker, spoke about his recent frustrating experience with Blue Shield in which he had difficulty receiving resolution. He suggested that Blue Shield's representative be held accountable for issues brought before the Board by members and report back at subsequent meetings.

Vice President Zvanski responded that while the Board may not publicly report the results of member issues addressed at the Board level, those matters are not left unresolved.

- 06112009-14 Discussion item

Opportunity to place items on future agendas

Public comments: Herbert Weiner, retired City worker, reported on a meeting that he attended at Stonestown YMCA, which was sponsored by a pharmaceutical company. He questioned the respectability of the sponsor and cautioned that everyone should be wary of being taken advantage of at this time of national healthcare debate.

Ann Urlich, UESF-Retired Division member, also reported that she attended the Stonestown YMCA meeting. She stated that the pharmaceutical company did not readily acknowledge sponsoring the meeting and that she met with a representative afterward for clarification. Attendees were asked to sign a petition to allow the research and development of natural forms of generic drugs in the U.S. for the purpose of lowering healthcare costs.

- 06112009-15 Discussion item

Opportunity for the public to comment on any matters within the Board's jurisdiction

Public comments: None.

- **Adjourn:** 3:55 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

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 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.

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.



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Pledge of allegiance

Roll call President Scott Heldfond
 Vice President Claire Zvanski
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Public comments: Claire Dunn, Chair of Protect Our Benefits, reported that a meeting to begin organizing member support and attendance at the Board of Supervisors' budget hearings was scheduled at 9:00 a.m. on June 12 at the Taraval Police Station.

Gerry Meister, Chair of UESF-Retired Division, reported that she has alerted her members that their support of HSS may be needed at the Board of Supervisors' budget hearings.

Action: Motion was moved and seconded by the Board to accept the HSS budget as modified by the Mayor's Office for fiscal year 2009-2010 with the following caveats:

1. Ask the Board of Supervisors to restore the HSS Chief Operating Officer ("COO") position;
2. Amend the HSS budget to reallocate DHR work order dollars to replenish the funding for the COO position;
3. If the Board of Supervisors approves 1 and 2 above, HSS will accept the EAP program;
4. If the Board of Supervisors does not restore the COO position, the Health Service Board will reject the transfer of the EAP program.

Motion passed 4-1. (Commissioners Heldfond, Zvanski, Johnson and Ferrigno voted in favor of the motion. Committee Chair Breslin voted against it.)

REGULAR MATTERS

- 06112009-06 Discussion item [Update on Project eMerge](#) (Shelley Thompson)

Documents provided to Board prior to meeting:
None.

- Shelley Thompson, Project Manager for Project eMerge, reported the following:
- The group supporting the benefits administration module is far ahead of everyone else.
- The issues log related to the benefits administration module is updated each week and provided to HSS. Most of the issues are closed or have been removed; approximately six remain open.
- As a member of the steering committee, Bart Duncan has access to the share point site that the Project uses as a repository and collaborative site. This access allows Mr. Duncan to look at various documents associated with the project as well as the project plan. By the end of the month everyone on the steering committee will have

access to the system.

- The project design meetings have begun. A meeting addressing Medicare issues will be held on June 18. There are an additional eight meetings to coordinate as soon as possible, three of which will be related to deduction matters, four meetings will be related to the major reports required by HSS and one meeting will be related to the self-service benefits view for HSS employees.
- The Project is moving forward with HIPAA compliance.
- Since the payroll, benefits and HR components share the same database, various reports (charter-based or audit-based) can be generated to handle the employer contribution split information in the benefits administration part of the system.
- In order to protect the City's data during an emergency and provide a more secure area with emergency backup capabilities, data will be moved from the Department of Technology to DHR's server room on the fourth floor.

Public comments: None.

□ 06112009-07 Discussion item

Financial reports as of April 30, 2009 and forecast for Plan 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, stated that she has nothing significant to report on the General Fund budget.
 - The retrospective review of the two self-funded plans in the Trust Fund will follow in the next agenda item presentation.

Public comments: None.

- 06112009-08 Discussion item Preliminary retrospective review of self-funded plans (Tess Navarro and Mercer Team)

Documents provided to Board prior to meeting:

None.

- Ms. Navarro reported the following preliminary retrospective review of the self-funded plans:
- The projected annual net for the City Plan is -\$2.7M; the planned loss is -\$6.9M.
- This projection is based on membership and claims data to April 2009. The total annual results are preliminary and will not be ready until after the close of the fiscal year; however, significant change is not expected.
- The projection for the dental plan is a net result of -\$3.7M. The incorporation in the rates is -\$1.6M.
- Overall, the Trust Fund projection for this fiscal year is -\$5.3M before PacifiCare settlement and IBNR.

Public comments: None.

- 06112009-09 Discussion item UHC follow-up audit results (Robin Courtney)

- Introduction (Bart Duncan)
- Overview of audit results (Mercer Team)
- Response to audit (United HealthCare Representatives)

Documents provided to Board prior to meeting:

Presentation prepared by Mercer, UHC audit response.

- Gillian Printon, Mercer team, reported on the results of the 2008 audit of United HealthCare's administration of the City Health Plan. Donna Streitzi was also in attendance to answer questions.
- Ms. Printon reported the following:
- This audit was a follow up to the baseline performance audit of UHC conducted in 2007. It was the second audit since UHC began administering the City Plan in plan year 2004-2005.

- This audit was conducted in August 2008 and the results were finalized toward the end of 2008. It contained two areas of focus:
 - operational review (staffing and overpayment recovery administration); and
 - claims review (audit of statistical samples).
- The audit objectives included accurate claims processing, timeliness of processing, standards, and performance following the corrective action plan.
- UHC's performance improved significantly over the 2007 audit results in every category in claims quality and timeliness, except for procedural accuracy, which remained the same.
- Overall, the audit was deemed satisfactory with the exception of financial accuracy (how accurately dollars are being paid). Significant improvement was made (92.5% to 97.6%), but the level was still below the performance guarantee standard and additional work needs to be done. That work is currently underway.
- UHC's response has been positive and proactive. They have been working with HSS staff on root cause analysis and an improvement action plan.
- UHC will provide quarterly overpayment activity reports to HSS.
- UHC has agreed to specific financial concessions totaling approximately \$370,000, which is a combination of refunding the identified overpayments in the audit, contributing to the funding of a follow-up external audit and paying performance penalties.
- A follow-up audit is scheduled to be conducted during the week of August 3, 2009 to evaluate UHC's performance following implementation of their improvement actions for the January 1 through May 31, 2009 claims period.

- Mike Saavedra, UHC representative, reported that in response to the audit, remediation and action plans were implemented and improvements were generated in all operational areas. Those efforts are ongoing and he continues to meet with HSS staff on a regular basis to review the improvements in place.
- Bart Duncan thanked the Mercer and UHC teams for the positive and constructive atmosphere in which the audit was conducted.

Public comments: None.

□ 06112009-10 Discussion item

Delta Dental audit results for the period of July 1, 2007 through June 30, 2008

- Introduction (Bart Duncan)
- Overview of audit results (Mercer Team)
- Response to audit (Delta Dental Representatives)

Documents provided to Board prior to meeting:

Presentation prepared by Mercer.

- Gillian Printon presented the baseline results of Delta Dental's first audit. Donna Streitz, project leader for this audit, was also in attendance.
- Ms. Printon reported the following:
- During the week of January 12, 2009, Mercer conducted an onsite audit of Delta Dental's administration of the Employee Dental Plan. The report was finalized in March.
- The scope of the audit focused specifically on claims accuracy and timeliness. Two hundred (200) processed dental claims from plan year 2007-2008 were used as samples totaling approximately \$147,000 out of approximately \$39.9M in payments under the plan.
- The objectives of the audit were due diligence to verify that claims were being processed in compliance with the plan and measure the quality and timeliness of Delta Dental's performance as well as identify opportunities for cost savings and service improvements.

- Overall, Mercer rendered a satisfactory opinion in claims quality with the exception of the accuracy of claims dollars being paid. The audit results were 97.2% compared to the performance guarantee and industry standard of 99%. There is significant opportunity for improvement in this area, which has already begun.
- There is also opportunity for improvement in claims timeliness. The audit results showed 86.5% of claims were processed in 14 days compared to the industry standard of 90%.
- In April, HSS staff and Mercer met with Delta Dental to review the audit findings and to start to develop improvement and action plans. Delta Dental's response was positive and proactive. Immediate action has been taken, including conducting root cause analysis of errors and staff refresher training.
- In an effort to align performance standards with best practice industry standards, Delta Dental has agreed to several performance guarantee enhancements, effective July 1, 2009.
- Delta Dental has also agreed to refund the confirmed claims overpayments in the sample totaling \$1,645. They will continue to follow through on improvement actions managed through HSS' ongoing vendor management process.
- Lois Cannon, Delta Dental National Special Account Manager, thanked Mercer and the HSS team for involving Delta Dental in the audit and reported the following:
 - Refresher training courses for claims examiners began in April and will be completed by the end of July. New procedures have been implemented to address processing issues.
 - To make the procedure more understandable, the legal department is working on coordination of benefits language to be added to the Evidence of Coverage booklets. This revision will be in the July 1, 2009 EOC booklet.

- Delta Dental will meet quarterly with HSS to review the changes and the performance guarantee reports.
- Bart Duncan thanked Lois Cannon and Valerie Layne for their constructive response to the audit.

Public comments: None.

□ 06112009-11 Discussion item HSS Dashboard project update (Mercer Team)

- Introduction (Bart Duncan)
- Update on Phases 1 and 2 (Mercer Team)

Documents provided to Board prior to meeting:

Presentation prepared by Mercer.

- Jim Dell, Mercer team, reported on key findings and observations in Phase 1 of the Dashboard, and Phase 2, which is currently in development:
- A successful vendor summit was held on April 29, 2009. In addition to the health plans, Bart Duncan was also in attendance. The primary purpose was to engage the health plans in an open discussion regarding wellness utilization, condition and disease management programs in place and the performance of those programs.
- Phase 1 observations include:
 - Blue Shield's per member costs have increased by 20% since 2007. Its members have the highest rate of hospitalization with a lower overall length of stay.
 - City Plan's per member costs have decreased slightly since 2007. Its inpatient utilization costs are the highest on a per day basis.
 - Kaiser's per member costs have increased by 11% with pharmacy costs remaining constant year over year.
 - Large claims over \$50,000 represent approximately 39% of total paid claims, which continues to drive cost increases.
 - There was a 70% increase in specialty drug utilization for the Blue Shield population, with small increases for the City Plan and

PacifiCare.

- California Pacific Medical Center is the most utilized hospital by Blue Shield and PacifiCare active members and the second highest utilized under the City Plan.
- UCSF Medical Center and San Francisco General Hospital also receive significant utilization.
- Kaiser does not track data for individual facilities.
- San Francisco General Hospital is the highest cost per day facility across all plans.
- Brown and Toland Medical Group, the largest medical group under Blue Shield, received approximately \$28M in payments in 2008 by Blue Shield. Payments to this group are almost 10 times higher than Mills Peninsula Medical Group, the second most utilized medical group. Medical group data from the other plans are not currently available.
- For customer service performance, the plans met or exceeded all performance guarantee targets (on a self-reported basis) for call response time, call resolution and abandonment rates.
- Claims processing performance was measured in the following categories (on a self-reported basis): claims turnaround time, claims financial accuracy and claims payment incidence accuracy.
 - Blue Shield missed the claims financial accuracy and payment incidence accuracy targets;
 - United Healthcare missed the claims processing turnaround time target. UHC is the only vendor who has been audited by HSS on claims processing to date.
 - All other targets were met.
- Additional 2009-2010 performance guarantees are currently being negotiated with the plans on the performance of their disease management programs.

- The initial data request for Phase 2 has been divided into several segments. The first area of focus is the HEDIS (Healthcare Effectiveness Data and Information Set), which is a standard that is reported by all of the health plans on an annual basis.
- The goal is to receive the first data set by the kickoff of the 2010-2011 rates and benefits process.
- Additional Phase 1 dashboard data and observations will be presented at the August meeting, including:
 - Enrollment and demographics
 - Financial performance based on total claims and large claims
 - Inpatient and pharmacy utilization
 - Top hospitals and medical groups
 - Top conditions
 - Administrative performance and performance guarantees

Public comments: Gerry Meister, Chair of UESF-Retired Division, asked when retiree data will be available through the dashboard.

Bart Duncan responded that further information will be provided in August.

- 06112009-16 Agenda Item
Order Change
Action item

Election of Health Service Board officers (President and Vice President) for fiscal year 2009-2010
(President Heldfond)

Staff recommendation: None.

Documents provided to Board prior to meeting:
None.

- President Heldfond moved this matter after Item 11.
- Vice President Zvanski reported that in light of the many issues facing the Board, she and President Heldfond agreed it would be in the Commission's best interests to continue in their current capacities.

Public comments: None.

Action: Motion was moved and seconded by the Board to nominate Commissioner Heldfond for a second term as President and Commissioner Zvanski for second term as Vice President of the Health Service Board.

Motion passed 5-0.

President Heldfond departed after this item and Vice President Zvanski chaired the remainder of the meeting.

□ 06112009-12 Action item

Resolution commending Teresa Ho upon her retirement from the Health Service System
(Bart Duncan)

Documents provided to Board prior to meeting:
Resolution.

- Vice President Zvanski read the resolution commending HSS employee, Teresa Ho, on her retirement.

Public comments: None.

Action: Motion was moved and seconded by the Board to approve the resolution commending Teresa Ho upon her retirement from the Health Service System.

Motion passed 4-0.

□ 06112009-13 Discussion item

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

Documents provided to Board prior to meeting:
None.

- Bart Duncan thanked VSP for prompt follow-up after the May Board meeting regarding the question of network providers in Tuolumne County.
- Commissioner Breslin asked about the confusing Blue Shield Medicare Advantage letter sent to retirees.
- Mr. Duncan responded that the matter is being handled by the Blue Shield team.

Public comments: Gerry Meister, Chair of UESF-Retired Division, reported that she has heard from many retirees who found the Blue Shield packet very confusing. She suggested that, in the future, more thought be given to the purpose and the recipients

before sending out such a large, confusing packet of information.

Claire Dunn, Chair of Protect Our Benefits, reported that she has also heard from many retirees regarding Blue Shield's letter. She suggested simplified communications in the future that include clarification of the purpose, a one-page summary with bullet point comparisons, visible contact information, and any other pertinent information in a clear, concise and specific manner.

Herbert Weiner, retired City worker, spoke about his recent frustrating experience with Blue Shield in which he had difficulty receiving resolution. He suggested that Blue Shield's representative be held accountable for issues brought before the Board by members and report back at subsequent meetings.

Vice President Zvanski responded that while the Board may not publicly report the results of member issues addressed at the Board level, those matters are not left unresolved.

- 06112009-14 Discussion item

Opportunity to place items on future agendas

Public comments: Herbert Weiner, retired City worker, reported on a meeting that he attended at Stonestown YMCA, which was sponsored by a pharmaceutical company. He questioned the respectability of the sponsor and cautioned that everyone should be wary of being taken advantage of at this time of national healthcare debate.

Ann Urlich, UESF-Retired Division member, also reported that she attended the Stonestown YMCA meeting. She stated that the pharmaceutical company did not readily acknowledge sponsoring the meeting and that she met with a representative afterward for clarification. Attendees were asked to sign a petition to allow the research and development of natural forms of generic drugs in the U.S. for the purpose of lowering healthcare costs.

- 06112009-15 Discussion item

Opportunity for the public to comment on any matters within the Board's jurisdiction

Public comments: None.

- **Adjourn:** 3:55 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

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 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.

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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.

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.