



City & County of San Francisco

HEALTH SERVICE BOARD

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

Minutes

Regular Meeting

Thursday, January 14, 2010

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
 - Supervisor Sean Elsbernd, arrived 4:10 p.m.
 - Commissioner Sharon Johnson
 - Commissioner Mitch Katz, M.D., arrived 2:58 p.m.
 - Commissioner Sharon Ferrigno

This meeting was called to order at 2:38 p.m.
- 01142010-01 Action item Approval (with possible modifications) of the minutes of the meetings set forth below:
 - Regular meeting of December 10, 2009
 - Special Closed Session of December 10, 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 and special meeting minutes of December 10, 2009.

Motion passed 5-0.

□ 01142010-02 Discussion item

President's report (President Heldfond)

Documents provided to Board prior to meeting:
None.

- President Heldfond announced that Catherine Dodd has accepted the position of Executive Director of the Health Service System and, therefore, is no longer in the position on an interim basis. He welcomed her to her new role.

Public comments: None.

□ 01142010-03 Discussion item

Director's Report (Catherine Dodd):

- HSS Personnel
- Community College of San Francisco (CCD)
- Member meetings
- Additional meetings
- Operations
 - Member Services
 - Open Enrollment
 - Section 125 "Cafeteria Plan"
- Rate setting
- Finance
- Health Care/Legislative Reforms
- Member Services Report (Mark Villares)
 - 2009 Annual calls/visits
 - Holdovers
 - Social Security number project
 - Total number members determined ineligible
- Communications Report (Rosemary Passantino)
 - Open Enrollment update
 - Expanded call center hours
 - UCSF medical group change

- HSS Forms
- Aging in to Medicare
- Financial reports as of November 30, 2009 and forecast for Plan Year 2009-2010
(Robin Courtney)

Documents provided to Board prior to meeting:

1. Director's report;
2. Reports from Member Services and Communications;
3. Reports for the General Administrative Fund and Trust Fund.
 - Catherine Dodd, PhD, RN, thanked the Board for its confidence in appointing her the Executive Director of the Health Service System.
 - Dr. Dodd referenced her written Director's report previously posted on the myhss.org website and reported the following:
 - Five applicants have been selected to be interviewed for the Chief Operating Officer position. Laini Scott will schedule the interviews during the last week of January.
 - A meeting was held this morning with Supervisor David Chiu, President of the Board of Supervisors, Micki Callahan, DHR Director, Gary Amelio, the new Retirement System Director, and Dr. Dodd to discuss unfunded expenses and increased retiree healthcare and benefit costs over time. She noted that healthcare costs have increased 154% over the past 11 years.
 - New HSS telephone hours have been implemented: 8:00 a.m. to 5:00 p.m. daily.
 - Over \$500,000 of the City's general fund will be saved in the next year due to the Social Security number project, which has identified and eliminated 48 dependents/members on holdover status.
 - Dr. Dodd thanked Blue Shield's representatives for their recent quick response in securing authorization for coverage in Mexico for a vacationing member who had suffered a life threatening injury.

- Section 125 has not yet been updated in the HSS Rules. Therefore, the Municipal Executive Association's ("MEA") benefits information will be posted on the myhss.org website for this year's Open Enrollment rather than being printed in the member handbooks, as in previous years.
- To increase worksite enrollment for members who want to visit HSS during the last two weeks of Open Enrollment, HSS work hours will be increased by at least a half hour a day.
- Additional layoffs are forecasted for the City, since the current budget deficit projection is \$552M. HSS is working to identify savings, including a complex methodology of how administrative costs are work-ordered. Dr. Dodd noted that HSS administers over \$660M in benefits with an overhead of less than 1%.
- Robin Courtney, HSS Chief Financial Officer, will be working with FBMC to implement COBRA changes made on December 19, 2009, which extended the COBRA subsidy from 9 months to 15 months. Several complex eligibility issues will need to be reviewed as a result.
- Dr. Dodd commended Erik Rapoport and Rosemary Passantino for their extensive efforts in revising the Rules.
- Commissioner Zvanski inquired about the remaining vacancies at HSS, excluding the COO position.
- Dr. Dodd responded that the vacated Principal Accounting position is temporarily being filled at a lower level by a former HSS employee. She is reviewing options regarding filling Ms. Courtney's former position (Vendor Contracts and Performance Manager) because that classification's registry will not test until March.
- Commissioner Zvanski also commended the Blue Shield representatives for assisting in authorizing coverage for the member vacationing in Mexico who had experienced a life threatening injury.

- Mark Villares, HSS Member Services Manager, reported the following updates:
- Compared to previous years, December's inbound call volume in was very high. This increase was due to the Social Security number project, as well as calls from holdover and laid off employees.
- As of January 5, 2010, the response rate for collecting nearly 11,000 missing Social Security numbers was 94.7%. Effective January 31, 2010, dependents of members without Social Security numbers in the PeopleSoft system (as of January 20) will be terminated.
- Rosemary Passantino, HSS Communications Manager, reported the following:
- Dr. Dodd has requested scheduling six offsite Open Enrollment locations during the first two weeks of April. The locations are being finalized.
- Healthcare vendors will be onsite at HSS during the last two weeks of April for Open Enrollment.
- The benefit guides are in full production and are on schedule.
- The new HSS business hours have been publicized.
- The contract between UCSF and Brown & Toland has been finalized. Effective January 1, 2010, UCSF doctors are no longer affiliated with Brown & Toland for primary care and most other specialty services.
- The first of the retiree seminars will be held on January 26 at HSS from 2:00 to 3:00 p.m. The subject will be Kaiser's online tools.
- Several trial seminars at various locations will be taking place over the next few months. A stretching seminar is scheduled at the Harvey Milk Center beginning January 25 from 5:30 to 6:30 p.m. for a one-month trial period. The discount rate is \$5 for all HSS members.
- Fifteen (15) most commonly used HSS forms have been updated with current information and improved instructions.

- Robin Courtney, HSS Chief Financial Officer, reported the following updates:
- On December 19, 2009, President Obama signed an extension of the COBRA subsidy, which has significant repercussions for HSS in terms of the retroactive provision and new notice requirements. Ms. Courtney will be working with the HSS COBRA administrator to ensure that all of the requirements of the new provision are being met.
- HSS is working with the vendors to resolve Medicare Secondary Payer claims. Kaiser has submitted reimbursement in the amount of \$56,000 to offset the City College District's Medicare Secondary Payer claims.
- An extra rider has been negotiated in the VSP contract to include an acute eye care plan for urgent and acute conditions, which will result in savings for members and HSS. Members seeking eye care services on an urgent basis will be directed to a VSP doctor and charged a copayment of \$5 instead of being referred to a hospital emergency room. New language has been added to the Open Enrollment guides to inform members of the plan.
- HSS is working to identify funding sources to satisfy the Fiscal Year 2010-2011 target budget reduction of \$600,000. HSS has met with the Mayor's Budget Director and staff to propose allocating all administrative costs directly to other departments and not receiving a general fund subsidy.
- The eMerge change management team will begin user evaluation workshops this month. These hands-on sessions will include selected users of the PeopleSoft system who will evaluate specific aspects of the new system.
- The above-referenced reports and handouts may be viewed on the myhss.org website.
- Dr. Katz arrived during this segment, and departed after item 12.

Public comments: Richard Rothman, retired member and SEIU representative, expressed appreciation for the proposed Open Enrollment extended hours and offsite enrollment locations.

Stephanie Lyons, former RECCSF Chair, invited Rosemary Passantino to publish the retiree health fair on April 14 at the Irish Cultural Center and invited the vendors to participate, as they have in the past. She also volunteered to publish VSP's acute eye care plan and HSS' new telephone hours in the retiree monthly bulletin.

Dr. Dodd also reported on President Heldfond's previous request for an analysis on the effect of health reform on employee costs. She stated that Supervisor Elsbernd had amended a resolution introduced by Supervisor Daly to include urging our congressional representatives to not support excise taxes on employee costs for Cadillac and fully-insured plans. The resolution passed yesterday with an 11-0 vote.

- 01142010-04 Action item
Agenda item
order change:
items 4, 5, 6
and 7 were
moved to follow
item 12

Resolution ordering the 2010 Health Service Board election and authorizing staff to initiate and proceed with the election (Catherine Dodd)

Staff recommendation: Adopt resolution.

Documents provided to Board prior to meeting:
Draft resolution.

- Commissioner Zvanski suggested removing the word "newly" before the word "designated" on page two of the resolution in the fourth paragraph. She noted that the upcoming election will be for Commissioner Johnson's seat, whose term expires on May 15, 2010.
- The Resolution in its entirety may be viewed on the myhss.org website.

Public comments: None.

Action: Motion was moved and seconded by the Board to adopt the resolution ordering the 2010 Health Service Board election and authorizing staff to initiate and proceed with the election.

Motion passed 5-0.

MEMBERSHIP RULES COMMITTEE MATTERS

- 01142010-05 Action item Change in implementation of March 2009 amendment to Membership Rules and Regulations changing coverage period from the current semi-monthly schedule to a monthly schedule as of July 2010 (Committee Chair Ferrigno)
- Staff recommendation: Approve implementation date change.
- Documents provided to Board prior to meeting: None.
- President Heldfond recommended addressing agenda items 5, 6 and 7 at one time and noted that the Membership Rules are the infrastructure of the Health Service System and the Commission’s work.
 - Committee Chair Ferrigno reported on the special Rules Committee meeting held on January 12, 2010, at which proposed changes to the Membership Rules were reviewed and voted on.
 - Dr. Dodd drew attention to the policy change which states a “child must never have been married to be eligible” as a dependent of a member. She requested a Board decision on whether a child must currently not be married to be an eligible dependent or never have been married to be eligible. Currently, the rules state that a child must be unmarried.
 - Commissioners Zvanski and Johnson stated that their preference is a child must be unmarried to be eligible as a dependent instead of having never been married.
 - The entire “Summary of Proposed Policy Changes for Health Service System Rules to take effect July 1, 2010,” dated January 14, 2010 is attached to the minutes.
- Public comments: None.
- Action: Motion was moved and seconded by the Board to approve all of the Membership Rules changes (Items 5, 6 and 7) as presented in the Summary of Proposed Policy Changes, including keeping the language as “unmarried” for eligible

dependents, subject to the Health Service System continuing to correct any typos, grammatical changes and any non-substantive formatting and editing.

Motion passed 5-0.

□ 01142010-06 Action item

Additions and clarifying editorial changes to Membership Rules and Regulations, including the following:

- Clarification of commencement of some coverage periods;
- Change coverage effective date of spouses, domestic partners and adopted children;
- New coverage periods to take effect in July 2010;
- Requirement of Social Security Numbers as condition of eligibility for members and dependents;
- Clarification of "imputed income" under definition of marriage and domestic partner;
- Requirement that employee premium payments must be paid by due date;
- Clarification of eligibility of children under 18, 18 to 25, disabled children over 25 and children in school;
- Addition of definition of surviving spouse/ domestic partner;
- Change in delinquency grace period;
- Addition of sections on election to participate in HSS and terminate participation in HSS; and
- Addition of specific time frames, steps and conditions in grievance procedure.

(Committee Chair Ferrigno)

Staff recommendation: Approve changes to Membership Rules.

Documents provided to Board prior to meeting: Revised Membership Rules.

Public comments: None.

Action: This matter was included in previous agenda item vote.

- 01142010-07 Action item Amendments to Membership Rules and Regulations to re-order and make minor editorial changes to Rules amended August 2007 and encompassed in March 2009 Rules, as amended (Committee Chair Ferrigno)

Staff recommendation: Approve amendments.

Documents provided to Board prior to meeting: Revised Membership Rules.

Public comments: None.

Action: This matter was included in previous agenda item vote.

RATES AND BENEFITS COMMITTEE MATTERS

(2/3 approval required)

- 01142010-08 Action item Resolution approving the 10-County survey results for Fiscal Year 2010-2011 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 10, 2009.

Documents provided to Board prior to meeting: Draft resolution.

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 of \$472.85, and to forward to the Board of Supervisors.

Motion passed 6-0.

Resolution may be viewed on myhss.org.

- 01142010-09 Action item Determination of final Delta Dental Plan (PPO) rates and benefits for active City and County employees for Plan Year 2010-2011 (Committee Chair Zvanski)

Committee recommendation: Approve renewal proposal described in Mercer report presented at December 10, 2009 Rates and Benefits Committee meeting.

Documents provided to Board prior to meeting:
Mercer report entitled, "2010-11 Employee Dental Plan Renewal," dated December 10, 2009.

Public comments: None.

Action: Motion was moved and seconded by the Board to approve Delta Dental Plan rates and benefits for active City and County employees for Plan Year 2010-2011.

Motion passed 6-0.

Dental plan renewal may be viewed on myhss.org.

□ 01142010-10 Action item

Determination of final Dental Plan rates and benefits for retired employees for Plan Year 2010-2011 (Mercer Team)

Committee recommendation:

Documents provided to Board prior to meeting:
Report prepared by Mercer: "Overview of HSS Dental Renewals," dated November 12, 2009.

Public comments: None.

Action: Motion was moved and seconded by the Board to approve the Dental Plan rates and benefits for retired employees for Plan Year 2010-2011.

Motion passed 6-0.

Retiree dental plan renewal may be viewed on myhss.org.

□ 01142010-11 Action item

Determination of final City Health Plan (PPO) rates and benefits for active and retired HSS members for Plan Year 2010-2011 (Mercer Team)

Documents provided to Board prior to meeting:
Report prepared by Mercer: "City Health Plan Renewal," dated January 14, 2010.

Public comments: None.

Action: Motion was moved and seconded by the Board to approve the City Plan rates and benefits as presented at the Rates and Benefits Committee meeting for active and retired employees for Plan Year 2010-2011.

Motion passed 6-0.

City Health Plan renewal may be viewed on myhss.org.

□ 01142010-12 Action item

Determination of final HMO rates and benefits for active and retired HSS members for Plan Year 2010-2011, including:

1. Reviewing Blue Shield HMO plan changes;
2. Reviewing Kaiser HMO plan changes;
3. Updating Kaiser fully-insured HMO proposal;
4. Updating Blue Shield of California fully-insured HMO;
5. Making decision on Medicare COB only or MA-PD/COB combination, if Blue Shield is retained as an existing vendor;
6. Determining the final Blue Shield HMO rates and benefits for active and retired HSS members for Plan Year 2010-2011, or alternative plan; and
7. Determining the final Kaiser HMO rates and benefits for active and retired HSS members for Plan Year 2010-2011. (Committee Chair Zvanski)

Documents provided to Board prior to meeting:
Report prepared by Mercer: "Rates and Benefits Update on HMO Plan Renewals," dated January 14, 2010.

Public comments: Commissioner Breslin reported on a Third Circuit Court of Appeals decision in Delaware, New Jersey in which it was ruled that Erie County violated the ADA by providing Medicare eligible retirees with health insurance coverage inferior to that provided to retirees not yet eligible for Medicare. She asked Erik Rapoport, Deputy City Attorney, if the Board's decision on Medicare coverage falls into the same category. Mr. Rapoport responded that he had not previously seen the Court's decision but will review it.

Commissioner Heldfond announced that Supervisor Elsbernd was en route to the meeting, per an e-mail message.

Judith Terracina, retired City employee, encouraged the Board to pursue contracting with a new vendor after Blue Shield's one-year contract has expired.

Action: Motion was moved and seconded by the Board to accept the MA-PD/COB rate setting when Blue Shield's rates are adopted.

Motion passed 5-1.

Commissioners Heldfond, Zvanski, Johnson, Ferrigno and Katz voted in favor of the motion.

Commissioner Breslin voted against the motion.

Action: Motion was moved and seconded by the Board to approve Blue Shield's benefit changes to increase copays as follows: office visit increase from \$15 to \$20; emergency room visit increase from \$50 to \$100; and preventive services increase from \$0 to \$15.

Motion passed 6-0.

Action: Motion was moved and seconded by the Board to approve Kaiser's benefit changes to increase copays as follows: office visit increase from \$10 to \$15 and emergency room visit increase from \$50 to \$100 (or \$15 copay if member is referred by Urgent Care).

Motion passed 5-1.

Commissioners Heldfond, Zvanski, Johnson, Ferrigno and Katz voted in favor of the motion.

Commissioner Breslin voted against the motion.

Action: Motion was moved and seconded by the Board to approve Kaiser's rate renewals with proposed plan design changes, as presented on slide 27 of Mercer's report, "Update on HMO Plan Renewals."

Motion passed 5-1.

Commissioners Heldfond, Zvanski, Johnson, Ferrigno and Katz voted in favor of the motion.

Commissioner Breslin voted against the motion.

Action: Motion was moved and seconded by the Board to approve Blue Shield's rate renewals with proposed plan design changes (copay increases and MA-PD/COB option for Medicare retirees), as presented on slide 29 of Mercer's report, "Update on HMO Plan Renewals."

Motion failed 4-2.

Commissioners Heldfond, Zvanski, Ferrigno and Katz voted in favor of the motion.

Commissioners Breslin and Johnson voted against the motion.

Committee Chair Zvanski reported that she had just been advised by Erik Rapoport, that because the rates are annual renewals, if Blue Shield's rates are not renewed, the only plan options for members would be the City Health Plan and Kaiser.

Jim Dell, Mercer Team, reported that, if the Board considers offering two plans instead of three, all of the rates will change. He suggested that Kaiser's rates will likely increase and it is uncertain whether the City Health Plan rates would increase or decrease due to demographics.

Committee Chair Zvanski responded that if the Board decides to offer just two plans instead of three, the rates and benefits process would need to start over; the Mercer actuaries, Kaiser and UHC would need time to determine new rates, and additional meetings would need to be scheduled. She asked if, in light of the current stalemate, any Board member would be willing to change their vote in order to move forward or, alternatively, the Board could wait for Supervisor Elsbernd's arrival to revisit the motion.

President Heldfond noted that the Board voted earlier to accept the MA-PD/COB plan as well as the benefit changes under Blue Shield, and that while the decision was difficult, it was time to move forward.

Commissioner Breslin stated that she was willing to change her vote, but asked that the Board be committed to scrutinizing Blue Shield prior to the next rates and benefits process and seek another vendor.

Vice President Zvanski concurred that the Board is committed to reviewing Blue Shield's status, and asked for a new vote.

Action: Motion was moved and seconded by the Board to approve Blue Shield's rate renewals with proposed plan design changes (copay increases and MA-PD/COB option for Medicare retirees), as presented on slide 29 of Mercer's report, "Update on HMO Plan Renewals."

Motion passed 6-0.

Supervisor Elsbernd arrived at this time and then departed.

Dr. Katz departed the meeting after the vote.

Mercer's reports may be viewed on myhss.org.

- 01142010-13 Discussion item Report on network and health plan issues (if any)
(Respective plan representatives)
- Agenda item order change: items 13, 14 and 15 were moved to follow item 7
- Raul Monares, Kaiser representative, reported on a security breach that occurred in Sacramento on December 1, 2009, in which hardware was stolen from an employee's car. Two-hundred eighty (280) HSS members were affected by this breach, which included names, addresses, telephone numbers and perhaps medical information. However, no Social Security numbers were attached to the stolen information. Kaiser has mailed 15,000 letters notifying members of the incident. The Sacramento police and federal agencies have also been notified.
 - Sandy Lynch, UHC account executive, informed the Board that negotiations with Stanford have concluded and the contract was signed with no member service disruption. Letters have been mailed to members notifying them of the new contract.
 - Lori Taylor, Blue Shield representative, reported that negotiations are taking place with UC Davis and it is not going well. The contract expired on January 31, 2010. Two-hundred eighty (280) HSS members have a primary care physician through UC Davis and six members were hospitalized in the last year. She will keep the Board updated on the results of the negotiations.

Public comments: None.

- 01142010-14 Discussion item Opportunity to place items on future agendas
Public comments: None.
- 01142010-15 Discussion item Opportunity for the public to comment on any matters within the Board's jurisdiction
Public comments: None.

Adjourn 4:25 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.