



City & County of San Francisco

# HEALTH SERVICE BOARD

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

## Minutes

Regular Meeting

Thursday, February 11, 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, excused
  - Supervisor Sean Elsbernd
  - Commissioner Sharon Johnson
  - Commissioner Mitch Katz, M.D., excused
  - Commissioner Sharon Ferrigno
- 02112010-01 Action item Approval (with possible modifications) of the minutes of the meeting set forth below:
  - Regular meeting of January 14, 2010Staff 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 January 14, 2010 with the minor change in the role call section to include Supervisor Elsbernd's appearance at the meeting.

Motion passed 5-0.

□ 02112010-02 Discussion item

**President's Report** (President Heldfond)

Documents provided to Board prior to meeting:  
None.

- President Heldfond reported that, at the Mayor's request, he met last week with the Mayor and all commission presidents to discuss the City's budget. The attendees were instructed to encourage staff and fellow commissioners to continue creative thinking regarding revenues and expenses.

Public comments: None.

□ 02112010-03 Discussion item

**Director's Report** (Catherine Dodd):

- HSS Personnel
- Member Meetings/Presentations
- Operations
- Member Services
- Open Enrollment
- Rate setting
- Finance
- Member Services Report (Mark Villares)
- Communications Report (Rosemary Passantino)
  - Open Enrollment update
- Vendor contracts update (Robin Courtney)

Documents provided to Board prior to meeting:

1. Director's report;
2. Reports from Member Services, Communications and Vendor Contracts; and
3. CFO Budget memo.
  - HSS Director, Catherine Dodd, RN, PhD, referenced her report previously posted on the myhss.org website.
  - Director Dodd also reported the following:
  - The interviews for the Chief Operating Officer position have been completed and the decision is between two excellent finalists, whose references are being checked. She would like to receive confirmation that the

position will be in the budget before asking one of them to leave their job to join HSS.

- HSS has been granted permission to change addresses in PeopleSoft, which will save hundreds of dollars in return mail and prevent members from being terminated due to incorrect addresses in the system.
- The Board is being asked to approve this year's Open Enrollment as an amnesty period for members to discontinue dental coverage for dependents who are ineligible by HSS standards. The proposed deadline for members to drop ineligible dependents is June 30, 2010. After that date, HSS will bill the member to recover costs for the entire ineligible period.
- The estimate of the Social Security audit savings presented at last month's meeting has been revised to \$30,000 per month, instead of the previous estimate of \$40,000 per month.
- A Governance Committee meeting will be scheduled in March to re-evaluate the Board's Terms of Reference and Policies, since those rules should be reviewed every three years.
- HSS and Mercer met to review the second round of Dashboard data, which revealed specific information such as pharmacy and hospital utilization, top diagnosis codes, and top medications. The information contained in the Dashboard will be useful in next year's RFP process to assist in finding more cost-effective ways of providing healthcare to members.
- HSS and FBMC met regarding the COBRA changes highlighted at last month's meeting. FBMC has sent two separate letters to members who are eligible for the COBRA subsidy.
- The last 60 days have been quite remarkable for Robin Courtney, HSS' new Chief Financial Officer, in preparing the rates, which is quite a complex process, since no methodology was left by the previous CFO. Also, Ms. Courtney has been working with the Mayor's

budget staff on the HSS budget, which needs to be finalized and submitted by February 22, 2010. HSS was successful in securing the support of the Controller and the Mayor's Budget Director in work-ordering costs to other departments for its services, however, HSS is required to make cuts in the general fund first.

- Mark Villares, Member Services Manager reported the following updates:
- HSS telephone hours were expanded on January 11, 2010 to 8:00 a.m. to 5:00 p.m. Monday through Friday. For the week of January 25, telephone calls increased by 16% during the times that the call center would have previously been closed. Being more accessible by telephone to assist members has decreased office visits by 8% from the previous year.
- The completed audits of holdovers with benefits and missing Social Security numbers have resulted in savings for the City and members due to the termination of ineligible dependents.
- Commissioner Zvanski asked if HSS is able to conduct business online at this time.
- Mr. Villares responded that online transactions are part of the eMerge project, and that HSS is currently not in a position to offer online services to members.
- Dr. Dodd reported that for this year's Open Enrollment, an e-mail address will be publicized, which will allow members to submit questions and receive answers.
- Rosemary Passantino, HSS Communications Manager, reported the following Open Enrollment update:
  - The benefit guides, applications and envelopes are nearing completion. Printing will take place next week.
  - Member letters have been revised and approved. Active employee letters will include the estimated 2010-2011 employee contributions based on members' current benefit elections.

- Payroll staffers will be used again this year to announce Open Enrollment, and the amnesty period for members to terminate ineligible dependents.
- Open Enrollment events are scheduled at six locations this year: City Hall, the Airport, 850 Bryant Street, the Unified School District (Franklin Street), General Hospital and Laguna Honda Hospital. Vendors will not be present, however, members will be able to drop off applications, have applications reviewed and make appointments with HSS staff.
- MEA members will have the option to enroll in flexible credits and flexible spending accounts via telephone or fax, which will result in a cost savings due to the reduced number of EBS personnel required to be onsite during Open Enrollment.
- Commissioner Johnson asked if the payroll staffer will explain the eligibility rules for members who may be unsure if their dependents are ineligible and could take advantage of the amnesty period.
- Ms. Passantino responded that the flyer will refer members to the appropriate pages in the benefit guides wherein eligibility is defined.
- Dr. Dodd also noted that a clause will also be added to encourage members to call HSS if they have any questions regarding the eligibility of dependents and the amnesty period.
- Robin Courtney, HSS Chief Financial Officer, reported the following vendor contract update:
  - HSS and Mercer met to review the results of UHC's second follow-on audit, which will be presented at next month's Board meeting.
  - HSS and Mercer met to review Phase 2 of the Dashboard, which incorporates disease management. Discussion was also held regarding transferring part of the Dashboard to HSS, which would provide a cost savings.

- Ms. Courtney reported the following finance updates:
  - The simple rate calculations for the Open Enrollment guides have been completed.
  - The projections for Delta Dental and UHC are higher than anticipated. Mercer will revise the projections and present them to the Board.
  - HSS has been working with the Mayor's Budget Office and the Controller's Office to set up the recovery of all administrative costs through work orders to departments receiving HSS services. Discussions are continuing with the Mayor's Budget Office regarding specific work order allocations.
  - HSS is still required to submit budget reductions totaling 20% (\$400,956) of its FY 2009-10 General Fund support. Therefore, reductions are being proposed in the following categories:
 

○ EAP	\$ 95,932
○ Professional Services	\$ 56,068
○ Materials and supplies	\$ 2,500
○ Deletion of IT Vacancy	\$ 66,535
○ Other current expenses	\$ 209
○ Deletion of one 1210 position	\$ 96,703
○ Forfeitures	<u>\$ 83,009</u>
○ Total Reductions:	\$400,956
  - The proposed cuts to the EAP budget will reduce one counselor to half time, move communication materials costs for Open Enrollment and the annual Health Fair to the department's communications budget, eliminate the software maintenance agreement and reduce the budget for materials and supplies.
  - A reduction in professional services has decreased Mercer's contract by \$55,000, which will be offset by an increase of \$100,000 due to higher billable rates and the HMO Request for Proposal. The Cortex contract has been reduced to cover only the costs of evaluating the Director and Board.

- The unfilled 1022 IT support position approved in last year's budget has been deleted because it was determined that a higher level of expertise is needed. HSS has increased its work order with DT to provide server support (approximately \$42,000), and desktop support will become part of the Benefit Coordinator's job description.
- One 1210 (benefit analyst) position will be eliminated from the budget. However, eliminating that position will place a greater burden on the remaining staff as well as limit the Director's ability to complete audits and other projects that generate savings for the City.
- HSS has taken steps to streamline staffing costs, including downgrading several positions, which will provide \$41,133 in salary savings next year to partially fund the COO position.
- In addition to the proposed cuts, HSS has also realized the following additional savings for the City in FY 2010-11:
  - \$19.0 Million – Savings resulting from FY 2010-11 premium rates, which were negotiated lower than the rates originally proposed by healthcare vendors.
  - \$360,000 – Savings of \$30,000 per month resulting from audits of ineligible employee and retiree dependents.
- The Mayor's Budget Office is not requiring HSS to include additional cuts to fund Mercer's \$100,000 increase and will work with HSS after the February 22 budget submission deadline to identify funding sources for these costs.
- Dr. Dodd also noted that due to the budget, the Board's governance policy on Board members' education and training will require finding less expensive ways to educate and train Board members.
- President Heldfond commended Ms. Courtney for her good work on the department's finances, working with the Mayor's Budget Office and Controller's Office, and her memo outlining the proposed budget

reductions. He also commended HSS staff for better serving the members through expanded telephone hours.

- Commissioner Zvanski expressed concern regarding the willingness of the Mayor's Budget Office to work with HSS to provide funding for contracts but it is still requiring department staff cuts. At the same time, HSS is receiving no credit for the millions of dollars in savings for the City.
- Dr. Dodd stated that during the COO interview process, a discussion was held with the interview panelists (from Retirement and PPSD) about the possibility of sharing a DT person next year on payroll matters. Future discussions will continue.
- The above-referenced reports and handouts may be viewed on the myhss.org website.

Public comments: None.

□ 02112010-04 Discussion item

Financial reports as of December 31, 2009 and forecast for Plan Year 2009-2010 (Robin Courtney)

Documents provided to Board prior to meeting:

1. Report for the General Administrative Fund; and
  2. Report for the Trust Fund.
- Ms. Courtney, HSS Chief Financial Officer, reported that any salary savings will be used to fund the COO position.
  - The projections for UHC and Delta Dental are running higher than anticipated. Mercer will provide an updated projection and report to the Board.
  - The above-referenced reports and handouts may be viewed on the myhss.org website.

Public comments: None.

□ 02112010-05 Action item

Approval of proposed administrative budget for fiscal year 2010-2011 (Robin Courtney)

Documents provided to Board prior to meeting:  
Memo prepared by Robin Courtney, CFO.

- The Board discussed the proposed budget that was presented in Item 3.

- Commissioner Zvanski expressed her objection to the reduction in the EAP staff and the deletion of the 1210 position because of the impact on member services. She stated that she cannot vote in favor of the proposed budget because of the layoffs. She said that she could approve the budget if the positions are restored.
- President Heldfond proposed that one full-time EAP position be cut from the budget and the 1210 position be restored. He also wants to ensure that the COO position is funded.
- Commissioner Zvanski reiterated that she cannot support cutting any positions.
- Commissioner Johnson asked if the position of the Mayor's Budget Office can be reversed.
- Dr. Dodd responded that HSS requested to accept the budget without cuts and proposed work ordering departments for HSS services as illustrated on the last page of Ms. Courtney's memo (Attachment A), similar to the Department of Human Resources and the Department of Technology. The Mayor's Budget Office instead is requiring cuts to the HSS general fund.
- Ms. Courtney reported that the Mayor's Budget Office is not yet ready to discuss the COO position but it has not been taken off the table. She is hopeful that it will be treated similarly to the \$100,000 Mercer contract to identify funding sources after February 22.
- Dr. Dodd stated that the hope is to make EAP an employee wellness section of HSS, however, this is not the time to make that investment. She stated that several departments have EAP services onsite, such as the police and fire departments as well as MTA. She also noted that members have mental health services through the providers, but that the brown bag lunches regarding stress reduction, employee issues, etc. will be reduced.
- President Heldfond stated that since some items are still on the table, such as the COO position and the work order allocations, perhaps it is not a good time to make a

decision on the budget.

- Ms. Courtney responded that since the majority of the budget will be as presented, she had hoped that the Board could make a decision with some caveats and she would continue to work on it.
- President Heldfond asked if the Budget and Finance Committee can make the final decision on the budget, since a full Board meeting is not scheduled prior to the February 22 budget submission date.

Public comments: Herbert Weiner, retired City worker, questioned why the COO position was not funded last year and whether funding will be available this year. He also expressed concern, as a mental health professional, regarding the cuts to EAP services in light of heightened stress due to budget cuts across the City.

Dr. Dodd pointed out that if the reduction of the EAP position was spread out over all of the departments in work orders, the amount would be small. However, HSS was not given the option to do so. The work order proposal was required to reflect a general fund budget cut.

Commissioner Zvanski stated that if other departments have been allowed to set up work orders prior to making cuts, then HSS should be treated equally and have an opportunity to recalculate the proposed work orders based on the same practice.

Ms. Courtney responded that all departments are being asked to submit reductions and then develop work orders based on a lower budget.

Jonathan Goldman, retired City worker, expressed support for keeping both full-time EAP positions in the budget, stating that his preference would be to see a licensed professional rather than possibly an intern in dealing with issues.

Commissioner Johnson asked if there was any way to work with the Mayor's Budget Office to keep the half-time EAP position in the budget, since it provides valuable services for members.

President Heldfond responded that he proposed eliminating one EAP position and restoring the 1210 position because the majority of members contact

the benefit analysts for services than the EAP staff.

Commissioner Zvanski stated that it is most bothersome to her that the Charter states that the City shall provide for adequate staffing and services, while it is very clear that the City does not provide what it takes to serve the HSS membership and it receives no penalty for violating the Charter.

Action: Motion was moved and seconded by the Board to approve the budget as presented, subject to funding for the COO position, and should there be no funding for the COO, then the Board does not approve the budget.

Motion failed 2-3.

Commissioner Heldfond and Supervisor Elsbernd voted in favor of the motion. Commissioners Zvanski, Johnson and Ferrigno voted against it.

Commissioner Johnson asked about the repercussions of a vote against the budget.

Ms. Courtney responded that she will go back to the Mayor's Budget Office and report that the budget did not get approved and indicate the reasons. She will also see if there are any other areas in the budget to fund the cuts, and if so, another meeting would need to be called.

A new vote was proposed and President Heldfond asked if the Board could defer to the Finance and Budget Committee for the final decision rather than calling a special Board meeting.

Public Comment to amended motion: Gerry Meister, UESF-Retired Division Chair, asked for the motion to be restated, which President Heldfond did.

Herbert Weiner, retired City worker, spoke in favor of the motion and commended the Board for taking its position.

Action: Motion was moved and seconded by the Board to approve the budget as presented with the caveat that the COO position is guaranteed, that the half-time EAP position is restored to full-time, and that any changes will be delegated to the Finance Committee in a special meeting for a final decision.

Motion passed 5-0.

Commissioner Zvanski departed the meeting after the vote.

The above-referenced budget memo may be viewed on the myhss.org website.

□ 02112010-06 Action item

Determination of alternative date for November regular Health Service Board meeting due to Veteran's Day holiday on November 11, 2010 (President Heldfond)

Potential alternative meeting date: Tuesday, November 16, 2010 at 10:00 a.m.

Documents provided to Board prior to meeting: None.

Public comments: None.

Action: Motion was moved and seconded by the Board to approve the alternative date of November 16, 2010 at 10:00 a.m. for its regular meeting.

Motion passed 4-0.

## MEMBERSHIP RULES COMMITTEE MATTERS

□ 02112010-07 Action item

Approval of April 1 through May 31, 2010 Amnesty for ineligible dependents (Catherine Dodd)

Staff recommendation: Approve Amnesty Plan

Documents provided to Board prior to meeting: None.

Dr. Dodd reported that members will be informed about dependent eligibility and the amnesty period during Open Enrollment. Members will be able to appeal any decision to charge them for not removing ineligible dependents.

Public comments: None.

Action: Motion was moved and seconded by the Board to approve the amnesty period for ineligible dependents from April 1 through May 31, 2010.

Motion passed 4-0.

## REGULAR MATTERS

- 02112010-08 Discussion item Report on network and health plan issues (if any)  
(Respective plan representatives)  
  
Public comments: Herbert Weiner, retired City employee, reported on two newspaper articles from last month regarding the high rates charged by Blue Shield without substantiation and voiced his extreme disapproval.  
  
President Heldfond responded that the Board is very conscious of this issue and shares similar distaste in how it was handled by Blue Shield.
  
- 02112010-09 Discussion item Opportunity to place items on future agendas  
  
President Heldfond stated that a commitment was made to the constituency during the search for an executive director that they would be involved in the selection process. When Dr. Dodd was appointed as Executive Director in January, it was decided that a formal evaluation process would take place after three months. He stated that input from members is welcomed and that Cortex will conduct the evaluation process. He also added that he is very pleased with the decision made to appoint Dr. Dodd as Executive Director of the Health Service System.  
  
Public comments: None.
  
- 02112010-10 Discussion item Opportunity for the public to comment on any matters within the Board's jurisdiction  
  
Public comments: None.

Adjourn: 3:07 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.

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](mailto:laini.scott@sfgov.org) at least 72 hours prior to the meeting.

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Citizens interested in obtaining a free copy of the Sunshine Ordinance can request a copy from Ms. Destro or by printing Chapter 67 of the San Francisco Administrative Code on the Internet, <http://www.sfgov.org/sunshine/>

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