



City & County of San Francisco

HEALTH SERVICE BOARD

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

Minutes

Regular Meeting

Thursday, March 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
 Supervisor Sean Elsbernd, excused
 Commissioner Sharon Johnson
 Commissioner Mitch Katz, M.D.
 Commissioner Sharon Ferrigno
- 03112010-01 Action item Approval (with possible modifications) of the minutes of the meeting set forth below:
 - Regular meeting of February 11, 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 February 11, 2010.

Motion passed 6-0.

- 03112010-02 Discussion item **President's Report** (President Heldfond)
Documents provided to Board prior to meeting:
None.
 - President Heldfond stated that he had nothing to report at this time.

Public comments: None.

- 03112010-03 Discussion item **Director's Report** (Catherine Dodd):
 - Board Operations
 - HSS Personnel
 - Member Meetings/Presentations
 - Operations
 - Rate Setting
 - Meetings with Departments
 - Health Service Board Election
 - Member Services Report (Mark Villares)
 - Communications Report (Rosemary Passantino)
 - Open Enrollment update
 - Vendor contracts Report (Robin Courtney)
 - FY 2010-11 Contract renewal update

Documents provided to Board prior to meeting:

1. Director's report;
2. Reports from Member Services, Communications and Vendor Contracts; and
3. Annual meeting calendar.
 - **Director's Report:**
 - HSS Director, Catherine Dodd, Ph.D., RN, referenced her report previously posted on the myhss.org website and reported the following:
 - A candidate has accepted the Chief Operating Officer position and is scheduled to start on April 19, 2010; however, he has also received a layoff notice. The Board will be updated at next month's meeting whether or not the candidate has changed his mind as a result.

- The candidate who was offered the Vendor Contracts position has declined it.
- All positions are frozen until after the layoffs are finalized.
- Dr. Dodd made a presentation at a SEIU COPE meeting on rates and benefits. Commissioner Zvanski was also in attendance.
- HSS and Blue Shield have met several times to discuss communications with members regarding the transition from Medicare COB to the Medicare Advantage Plan.
- HSS and EBS have met numerous times to discuss transferring to a telephone enrollment system, allowing MEA members to allocate flexible spending credits over the telephone instead of making in-person visits to HSS.
- The Board of Supervisors passed the 2010-11 rates 10-0 at the first reading on March 2, 2010.
- Dr. Dodd met with the Controller regarding obtaining assistance with audits since that office has more data analysis and statistics than those available to HSS. The Controller agreed to provide assistance.
- Approximately 15,000 City employees are being laid off and rehired at a reduced work week of 37.5 hours instead of the regular 40-hour week. Dr. Dodd is hopeful that the layoffs and rehires can be programmed into the PeopleSoft system so that 15,000 records will not be required to be deleted and re-entered.
- Layoff notices dated March 9 were received yesterday and will be effective May 9, 2010.
- **Report on Health Service Board Election:**
- Laini Scott, Health Service Board Commission Secretary, reported the following on the upcoming Health Service Board election scheduled May 14-28, 2010:
- The election is being held to fill Commissioner Johnson's seat, whose term expires on May 15, 2010.

- Originally, there were four candidates running for the upcoming Board seat, however, one candidate withdrew this week. The remaining three candidates are:
 - Wilfredo Lim (Department of Public Health);
 - Linda Squires Grohe (Community College District); and
 - Melyssa Jo Kelly (retiree).
- On February 22, 2010, all four candidates attended an orientation at HSS conducted by the Department of Elections. Deputy City Attorney, Erik Rapoport, and Ms. Scott were also in attendance.
- The deadline for filing candidate statements with the Department of Elections is noon on March 26, 2010.
- **Report on HSS Member Services:**
 - Mark Villares, HSS Member Services Manager, reported the following updates:
 - During the month of February, office visits decreased and telephone calls increased.
 - Delinquency-based terminations were the lowest in HSS history last month—65 members. For the past three months, HSS has been proactively reviewing members' accounts prior to letters being sent, which has allowed corrections to be made, such as verifying and updating addresses.
- **Report on HSS Communications:**
 - Rosemary Passantino, HSS Communications Manager, reported the following Open Enrollment updates:
 - Open Enrollment mailings are scheduled to begin the week of March 15.
 - Payroll stuffers announcing Open Enrollment will be included in active City employees' March 16 paychecks.
 - The HSS website will be updated by March 16 to coincide with the release of the payroll stuffers. PDF versions of the benefit guides will also be posted on the website.

- The six one-day offsite Open Enrollment events have been scheduled:
 - April 5 – Airport
 - April 6 – City Hall
 - April 7 – 850 Bryant Street
 - April 8 – USD (555 Franklin Street)
 - April 9 – SF General Hospital
 - April 12 – Laguna Honda
- The medical and dental vendors will be onsite at HSS from April 19 through April 30 to meet with members and answer questions.
- HSS has been working intensively with Blue Shield on a special communication plan to introduce Blue Shield’s 65-Plus Medicare Advantage Plan to retired members. The communications are targeted to go out beginning March 22 and Blue Shield has scheduled two seminars on March 31 and April 1. Blue Shield will send invitations to these seminars to the appropriate members.
- Dr. Dodd stated that 677 members will be disrupted and need to change physicians after moving to the 65-Plus Medicare Advantage Plan. Blue Shield has made a commitment to contact all of the members affected by this change.
- The movement classes will be relocated from HSS to the North Light Court in City Hall starting in April on a trial basis. If the classes are successful, they will be moved permanently to that location. The fee for each class is \$2, and will be increased to \$5 in July.
- **Report on HSS Vendor Contracts:**
- Robin Courtney, HSS Chief Financial Officer, reported the following vendor contracts updates:
 - The documentation phase of the 2010-11 contracts has begun.
 - A majority of the EOCs have been received from the vendors and will be posted on the HSS website as they are updated and approved.

- New contract provisions regarding workers' compensation will be added to the contracts this year, as well as new limited liability language specific to the Mercer contract. The contract renewals are scheduled to be completed by July 1, 2010.
- Dr. Dodd stated that she intends to discuss additional disease management conditions with the vendors to be included in the 2010-11 performance guarantees, such as requesting early screening for Alzheimer's and dementia as part of the standards of care, and potentially adding a performance guarantee related to advanced directives for members of all ages.
- **Report on the Employee Assistance Program:**
- Ms. Courtney reported the following EAP updates:
 - DHR has requested that EAP provide assistance to individuals and organizations regarding potential layoffs. An EAP information packet will be provided to all Department Personnel Officers to be distributed. The unions will also be notified of services available to employees through the EAP.
 - The EAP has also designed a special seminar entitled, "The Ups and Downs of Layoffs" to assist employees in coping with the effects of layoffs.
 - One EAP counselor has a special certification in conflict resolution and will be conducting a workshop with the Department of Public Health on the topic.
 - The above-referenced reports and handouts may be viewed on the myhss.org website.

Public comments: None.

- 03112010-04 Discussion item **Financial reports as of January 1, 2010, forecast for Plan Year 2009-2010 and Budget Update** (Robin Courtney)

Documents provided to Board prior to meeting:

 1. Report for the General Administrative Fund;
 2. Report for the Trust Fund; and
 3. Budget Update Memo.

- Robin Courtney reported the following financial updates:
- HSS is working with Mercer to reconcile the balances in the trust fund. Mercer is also working on a revised projection and analysis of the self-funded plans, and will make a presentation at the April Board meeting.
- The deficit shown in the trust fund does not include \$1.7M in Medicare Part D subsidy. This amount is typically added at the end of the year, and will reduce the deficit.
- A reduction in weekly work hours from 40 to 37.5 is equivalent to losing 2.2 FTEs.
- Following the Board's direction from the last meeting, alternate sources of funding were identified to meet the budget reduction requirement rather than eliminating staff positions at HSS.
- A budget of \$6,172,556 has been submitted to the Mayor's Budget Office, which reflects the required 20% reduction. The Mayor's Budget Office has removed the amount for funding the COO position and the \$100,000 increase in the Mercer contract from the budget and has included those amounts in the department's base.
- HSS has also negotiated lower billable rates with Mercer.
- Dr. Dodd stated that she may re-order the agendas so that Mercer's reports are presented at a time certain or at the top of the agendas to reduce the actuaries' length of time at Board meetings, which is billed in hourly segments.
- Work order recoveries have been submitted to the Mayor's Budget Office to recover 100% of administrative expenses through all departments.
- The above-referenced reports and handouts may be viewed on the myhss.org website.

Public comments: Gerry Meister, Chair of UESF-Retired Division, asked for the total number of HSS staff.

Dr. Dodd responded that the total number of FTEs is 34 (excluding the COO and Vendor Contract positions), but that she would confirm.

□ 03112010-05 Discussion item

Report on the California Supreme Court's review of state conflict of interest law Government Code Section 1090 et seq. in *Lexin v. Superior Court of San Diego County*, S157341 (1/25/10) (Jon Givner, City Attorney's Office)

Documents provided to Board prior to meeting:
None.

- Jon Givner, Deputy City Attorney on the City Attorney's Ethics and Elections team, presented the following update on *Lexin v. Superior Court of San Diego County*:
- As background, Government Code Section 1090 (a state law) asserts that city officials cannot benefit from contracts made on behalf of a city. There are repercussions for cities and also potential criminal repercussions for individuals.
- In the *Lexin v. Superior Court of San Diego County*, the San Diego Retirement System played a role in approving a contract with employee unions, which increased retiree benefits and underfunded the system. The San Diego District Attorney prosecuted the members of the Retirement Board under Section 1090 because those Board members were also Retirement System members who would benefit from the increase in retirement benefits as a result of their participation in the contract.
- The Court of Appeals concluded that the Retirement Board's participation in negotiating increased benefits appeared to be a violation of Section 1090, which caused the San Francisco City Attorney's Office to become concerned regarding the potential effect on Health Service Board members who are regularly involved in contract decisions relating to health benefits for all members of the Health Service System, including Board members.
- Approximately two months ago, the California Supreme Court reversed the Court of Appeals decision and stated that Section 1090 does

not apply to decisions regarding contracts affecting public services open to broad portions of the public. It concluded that the contract would affect all members of the San Diego Retirement System equally, and therefore, it was a public service and not a benefit affecting only the Retirement Board.

- With the Supreme Court's clarification, Health Service Board members are not in violation of Section 1090 in performing their official roles.

Public comments: None.

□ 03112010-06 Discussion item UHC follow-up audit results

- Introduction (Robin Courtney)
- Overview of audit results (Mercer Team)
- Response to audit (United HealthCare Representative)

Documents provided to Board prior to meeting: Presentation prepared by Mercer, UHC audit response.

- Robin Courtney reported the following:
- UHC has administered the City Health Plan since July 1, 2004. Currently, there are approximately 10,575 active and retired members, including dependents, enrolled in the City Health Plan.
- Mercer has conducted three performance audits of UHC: a baseline audit in 2007, the first follow-up audit in 2008 and a performance audit in 2009. Today's presentation will be the results of the 2009 audit.
- Donna Streitz, Mercer Team Project Manager, reported the following:
- Mercer's onsite audit of UHC was conducted in August 2009 and the report was issued in September 2009.
- The scope of the audit included a 5-month medical claims review from January 1 through May 31, 2009.
- The objectives of the audit were to evaluate UHC's performance after implementation of improvement actions in response to prior

audits (2007 and 2008), verify compliance with the City Plan's requirements and measure the quality and timeliness of UHC's performance.

- The audit results were mixed. Claims processing, accuracy and procedural accuracy were within acceptable industry and performance guarantee standards. However, financial (dollar) accuracy and payment incidence accuracy results were below acceptable standards and HSS performance guarantee.
- The results of claims turnaround time were also mixed. The claims processed within 14 calendar days were below the HSS performance guarantee standard. Claims processed within 30 calendar days were within the HSS performance guarantee and minimum acceptable industry standard.
- Commissioner Zvanski asked if any of the claims reviewed for the audit were from Hetch Hetchy because those members seem to experience an inordinate amount of claims processing errors.
- Ms. Streitz responded that she was unsure if any Hetch Hetchy claims were reviewed but if so, probably very few.
- On February 26, 2010, HSS and Mercer met with UHC to review an improvement action plan. UHC's response has been positive and proactive to the audit recommendations. It has taken immediate action, including root cause analysis of errors, and has implemented improvement actions.
- UHC has begun pursuing recovery of confirmed overpayments from providers, but will not pursue recovery of overpayments from members. The total confirmed overpayment amount during the audit of sample claims was approximately \$92,000.
- UHC has agreed to a financial concession totaling up to \$360,680:
 - \$280,680 – based on audit results and performance guarantee penalties for the period of 7/1/08 to 6/30/09;

and

- \$80,000 to fund a follow-up external audit in 2010.
- UHC will continue improvement actions and provide periodic updates to HSS in the quarterly vendor meetings.
- A follow-up audit will be scheduled for later this year to evaluate UHC's performance following its implementation of improvement actions.
- Sandra Lynch, UHC Strategic Client Executive, responded to Mercer's audit report as follows:
 - All of the remediation actions have been completed. UHC has increased claims processing by the designated claims staff to improve manual claims processing.
 - All overpayments have been collected with the exception of one in the amount of \$20,000 (which is in the process of being recovered).
 - UHC has agreed to increase its designated staff to process HSS claims, and has increased the performance guarantee from 85% to 90%, effective April 1, 2010.
 - The turnaround time for HSS claims processing has increased to 14 working days. UHC's normal processing time is 10 working days. She suggested that HSS consider 10 working days for claims processing and include it in the performance guarantee.
 - Regarding the 20% Plan, UHC has provided a list of conditions to HSS to ensure that members are in the correct plans.
 - UHC is taking an overall look at HSS membership to ensure that it is administering benefits in conjunction with the City Plan.
 - UHC's reimbursement of performance penalties is being processed and should be sent to HSS within the next 10 working days.
 - In response to Commissioner Zvanski's, previous inquiry, Ms. Lynch stated that she is not aware of any membership issues in the Tuolumne area but is willing to meet with

members in that area.

- Commissioner Zvanski responded that it would be beneficial for Ms. Lynch, Dr. Dodd and herself to meet with the Tuolumne members.
- Dr. Dodd commended Mercer's expert, detailed presentation and UHC's response and willingness to work on continuous performance improvement.
- Dr. Katz departed the meeting during this segment.
- The above-referenced Mercer presentation and UHC audit response may be viewed on the myhss.org website.

Public comments: None.

GOVERNANCE COMMITTEE MATTERS

- 03112010-07 Action item Review and adopt revised Health Service Board's Terms of Reference and Governance Policies for the following, as required every three years:
 - Terms of Reference:
 - Health Service Board
 - Board President
 - Board Vice President
 - Health Service System Director
 - Budget and Finance Committee
 - Rates and Benefits Committee
 - Membership Rules Committee
 - Governance Committee
 - Governance Policies
 - Board Operations Policy
 - Board Education Policy
 - Board Performance and Evaluation Process
 - Director Performance Evaluation Process
 - Board Governance Report: funding policy, benefit design policy and investment

- policy statement
- o Governance Compliance Report
- o Board Education Report
- o Conflict of Interest Disclosure Confirmation
- o Board Communications Policy
- o Service Provider Selection Policy
- o Annual Report to Mayor
- o Investment Performance Report
- o Business Plan Status Report
- o Member Communications and Marketing Plan
- o Strategic Planning Policy

(Committee Chair Johnson)

Documents provided to Board prior to meeting:
Revised Health Service Board Governance Terms of Reference and Policies.

Staff Recommendation: Approve revisions to Governance Terms of Reference and Policies.

- Committee Chair Johnson referenced the four-page summary outlining the changes to the Membership Rules, which were discussed and decided upon at the March 2, 2010 Membership Rules Committee meeting. The majority of changes were not substantive but technical, such as clarifying timelines or language.
- Commissioner Zvanski stated that she had two concerns regarding the revised rules:
 - o Health Service Board Terms of Reference, Page 3, Section 10, line (f): “When budget permits” was added to the beginning of the sentence “approve travel requests by Board members for education or other business purposes pertaining to HSS.” Commissioner Zvanski stated that some of the funds for Board member education can be taken from the trust fund but suggested keeping the revised language.

- Rates and Benefits Committee proposed change, Tab 6, page 1, Section (2): “shall be comprised of three members of the Board.” Commissioner Zvanski expressed concern in reducing this committee’s size from seven Board members to three.
- Dr. Dodd clarified that the composition of the Rates and Benefits Committee remains unchanged and continues to be a committee of the whole (seven Board members). She explained that the draft Rules indicated proposed changes and that the new summary indicates the changes adopted by the Membership Rules Committee.
- Dr. Dodd noted that the Appendix in the Monitoring and Reporting section of the Membership Rules was not included in the draft because it is still under review. She would like to confer with Cortex to link the reporting requirements and citations in the rules. She suggested that the Board vote on the proposed rules changes with the exception of the Appendix.
- Committee Chair Johnson requested that the summary of changes reflect all changed and unchanged proposals.
- To follow up on the previous inquiry, Dr. Dodd reported that at this time, HSS has 37 FTEs, which includes an unfilled IT position, the COO position and the Vendor Contracts position.
- Erik Rapoport, Deputy City Attorney, departed the meeting at the end of this segment.
- The revised Membership Rules and summary of changes may be viewed on the myhss.org website.

Public comments: None.

Action: Motion was moved and seconded by the Board to approve the recommendations of the Governance Committee to the Health Service Board’s Governance Terms of Reference and Policies as presented with the exception of Appendix 1.

Motion passed 5-0.

REGULAR MATTERS

- 03112010-08 Discussion item Report on network and health plan issues (if any)
(Respective plan representatives)
- Lois Cannon, Delta Dental representative, introduced Raymond Lee, new National Account Manager assigned to HSS, effective March 15, 2010. She will assist him with the transition relating to Open Enrollment and contract renewal.
 - Mr. Lee addressed the Board and stated that he is looking forward to working with the Board and HSS, and noted that he has worked on many City accounts. He has been employed by Delta Dental for 14 years.
 - Commissioner Breslin asked how the medical plans are being affected by the new rules regarding patients' rights and the timing of physician appointments (10 business days), specialists' appointments (15 business days), urgent care visits (within 48 hours) and telephone consultation (within 30 minutes).
 - Lois Cannon responded that Delta Dental and Delta Care are also affected by the new regulations to become effective in January 2011. The rules will be regulated by the Department of Managed Health Care and apply only to the State of California. Delta Dental is currently meeting the timing of the regulations regarding all visits (regular and emergency). Delta also conducts random PPO audits of 1,000 providers to ensure that the rules are being followed. Delta Care audits providers every three years.
 - Dr. Dodd stated that HSS will include the new regulation compliance in the vendor report cards.
 - Sandra Lynch also reported that UHC's 20% Plan has 127 members and nine dependents.

Public comments: Dennis Kruger, Firefighters and Retired Firefighters and Widows Association

representative, asked a Blue Shield/Medicare question concerning one of the Association's members regarding obtaining and paying for necessary equipment to aide in the recovery of hip surgery.

President Heldfond suggested that Mr. Kruger speak directly with Dr. Dodd regarding the member's issues.

Herbert Weiner, retired City employee, asked how Blue Shield can be a non-profit organization and yet increase costs to improve its profit margin. He also asked that all contact between Blue Shield and members of the Board, HSS administration and personnel be made public for transparency reasons.

Commissioner Breslin responded that the Board's Governance Policies prohibit contact with vendors during the "blackout period" of rates negotiations.

Dr. Dodd also responded that the results of meetings with Blue Shield were presented at the Rates and Benefits Committee meetings. She will consult with the City Attorney regarding the requirements of informing the public.

- 03112010-09 Discussion item Opportunity to place items on future agendas
 - Commissioner Breslin requested that an agenda item addressing Commissioners and others texting during Board meetings be placed on the next agenda. This issue was discussed during a recent ethics training course and it was suggested that such texts are not advisable due to public records regulations. She asked that the City Attorney advise the Board.

Public comments: None.

- 03112010-10 Discussion item Opportunity for the public to comment on any matters within the Board's jurisdiction

Public comments: None.

Adjourn: 2:45 p.m. – This meeting was adjourned in honor of retired member, John Lehane, who passed away on March 9, 2010.

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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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.