



City & County of San Francisco

HEALTH SERVICE BOARD

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

Minutes

Regular Meeting

Thursday, May 13, 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
 Commissioner Sharon Johnson, excused
 Commissioner Mitch Katz, M.D, arrived 1:12 p.m.
 Commissioner Sharon Ferrigno, excused
- 05132010-01 Action item Approval (with possible modifications) of the minutes of the meeting set forth below:
 - Regular meeting of March 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 March 11, 2010.

Motion passed 4-0.

- 05132010-02 Discussion item **President's Report** (President Heldfond)
Documents provided to Board prior to meeting:
None.
 - President Heldfond commended HSS Director, Catherine Dodd, and staff for a successful Open Enrollment and the quality of services provided to members.

Public comments: None.

- 05132010-03 Discussion item **Director's Report** (Catherine Dodd):
 - Board Operations
 - HSS Personnel
 - Presentations/Member Meetings
 - Operations
 - Returned mail
 - Applications received
 - EBS flex credit enrollment
 - Off-site services
 - Flex Spending Accounts
 - Movement classes
 - Meetings with key departments
 - CCSF Department Head Meetings
 - City College
 - Member Services Report
 - Communications Report (Rosemary Passantino)
 - Open Enrollment
 - Movement seminars
 - 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;
3. Handouts: Ineligible Dependent Amnesty, FBMC FSA flyer, Federal Healthcare Reform and HSS Benefits, movement classes flyer and CNN Money article regarding employers considering

healthcare elimination; and

4. Letters from members.

- HSS Director, Catherine Dodd, PhD, RN, referenced her report previously posted on the myhss.org website and reported as follows:
- The COO candidate rescinded his acceptance of the position after receiving a layoff notice from the City. The position will be re-posted tomorrow and will close on May 24.
- One of the department's long-time clerical staff members, Linda Lain Lee, retired in March. That position has been filled by a temporary exempt employee, who is doing a great job with Open Enrollment filing.
- HSS will also hire a clerical staff person through the San Francisco Jobs Now Program, which is funded through the federal Stimulus Act and is being administered by the Department of Human Services. The new employee will assist with a variety of clerical duties, including Open Enrollment filing.
- One HSS employee will be on leave until January 2011 due to an unanticipated illness.
- Two retirements are anticipated in June and a third is expected prior to the end of the calendar year.
- The 1823 position will be posted and, hopefully, filled in the near future.
- In addition to the meetings noted in her written report, Dr. Dodd also made a presentation at a Health Commission meeting on the impact of health care reform on the City and County.
- Three Blue Shield 65-Plus meetings were well attended by retirees. One meeting was held in Millbrae and two meetings were held at HSS.
- A system was established to handle returned Open Enrollment packets with incorrect addresses. The departmental personnel officers were sent the returned letters and asked to distribute them to members.

- A raffle was held yesterday at the HR professionals meeting to acknowledge the sixty departments that had no address corrections/returned OE packets.
- The revised number for returned retiree OE packets is 506 instead of 496 as previously reported. HSS staff methodically looked up addresses in the white pages and on ancestry.com. SFERS also agreed to look up and mail the returned OE letters, which resulted in 341 mailings to members with new addresses. HSS paid SFERS for the work and postage.
- To date, 7,611 Open Enrollment applications have been received and 5,370 applications have been processed. Over 2,400 Open Enrollment applications were received by fax.
- This year EBS conducted telephone appointments with MEA members for flex credit enrollment instead of in-person visits at HSS. Approximately 170 MEA members have not responded. Dr. Dodd has sent e-mails encouraging them to contact EBS immediately. Eight hundred sixty-four (864) MEA applications have been received.
- HSS staff was available at six off-site locations this year for Open Enrollment services.
- Open Enrollment confirmation letters will be mailed to members on May 18 and HSS must receive corrections before May 31. Electronic data transfers to the vendors will take place during the first week of June.
- Dr. Dodd and Commissioner Zvanski visited Moccasin last month to meet with the members in that area. Sandra Lynch, UHC representative, also joined the meeting and responded to the many concerns of the Moccasin employees.
- Dr. Dodd invited the Health Service Board commissioners and HSS members to attend the Board of Supervisors' budget hearings on June 21 and June 28 at 10:00 a.m. at City Hall in the Board of Supervisors' Chamber.

- **Report on HSS Member Services:**
- Dr. Dodd reported that Mark Villares, Member Services Manager, was out on a medical leave due to knee surgery and was expected to return to work in a few weeks. She also reported the following:
 - The inbound calls in March (5,269) exceeded telephone calls during the same month last year (under 4,000). HSS received in excess of 500 telephone calls during the last three days in April.
 - Office visits increased in March and April, as well as the time to answer telephone calls, which remained within the standard (under one minute).
 - HSS has begun to track delinquencies and terminations, which increased slightly in April because staff was unable to make reminder calls to members to avoid benefits termination.
- **Report on HSS Communications:**
- Rosemary Passantino, Communications Manager, reported the following:
 - All Open Enrollment printing and mailing deadlines were met; 62,900 member packets were mailed.
 - This year 2,348 e-mail confirmations were sent to members who faxed open enrollment applications.
 - Open Enrollment materials were posted online on March 15, 2010.
 - The Blue Shield 65-Plus communications included a coordinated comprehensive communications plan with HSS management and Blue Shield. Three informational events were held for Blue Shield plan members required to select new primary care physicians. Blue Shield's member outreach also included targeted mailings and phone calls to the affected members.
 - The wellness seminars are expanding. The movement classes are ongoing at City Hall's North Light Court. MTA has also scheduled evening classes twice weekly at One South

Van Ness Avenue.

▪ **Report on HSS Vendor Performance, the EAP and Finance:**

- Robin Courtney, HSS Chief Financial Officer, reported the following:
- HSS staff and Blue Shield have been working together to address the retiree issues resulting from the new 65-Plus Plan. A comprehensive issues log has been created to track retiree issues through satisfactory resolution.
- Of the 350 disrupted retirees, 236 members elected to opt out of Blue Shield's 65-Plus Plan. HSS has contacted each retiree to confirm the member's opt-out decision. One hundred fourteen (114) retirees have elected to remain with Blue Shield.
- Updates to the vendor contracts are being completed and should be mailed to the vendors by the end of May.
- The Employee Assistance Program has conducted a variety of workshops and presentations, including seminars regarding layoffs.
- The EAP will present five crisis prevention seminars at DPH early in the next fiscal, which will produce revenue for HSS.
- The updated projections for the trust fund reflect a shortfall of -\$4.5M at year-end for the City Plan, which includes an expected \$2.6M amount of retiree subsidy from CMS. The dental plan will also reflect a shortfall of -\$1.3M.
- The Mayor's Office has approved HSS' budget and is working with the Controller's Office to implement the departmental work orders.
- Harvey Rose's review of the HSS budget will begin on June 1, 2010.
- Commissioner Zvanski asked for clarification that the -\$4.5M trust fund shortfall includes \$4.3M from the PacifiCare close out.
- Ms. Courtney confirmed.

- Commissioner Breslin inquired why the total number of disrupted retirees in the Blue Shield 65-Plus Plan is now 350 instead of nearly 700, as previously reported.
- Dr. Dodd responded that Blue Shield's review of affected members determined that 350 retirees needed to change primary care physicians. She also noted that Blue Shield has finalized a contract with Peninsula Integrated Medical Group, which has added an additional 17 primary care physicians, and Hills Physicians in San Mateo. Blue Shield also contacted all of the affected members to notify them of the additional options.
- Dr. Katz arrived at the beginning of this segment.
- The above-referenced reports and handouts may be viewed on the myhss.org website.

Public comments: None.

□ 05132010-04 Discussion item

[Financial reports as of February 28, 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; and
2. Report for the Trust Fund.

- As stated in her previous report, Ms. Courtney reiterated that the Mayor's Budget Office has approved the final HSS administration budget. The next steps are the review and recommendation from Harvey Rose's office followed by the Board of Supervisors' budget hearings on June 21 and 28 at 10:00 a.m.
- The above-referenced reports may be viewed on the myhss.org website.

Public comments: None.

□ 05132010-05 Action item

[Resolution commending Sharon Johnson, Health Service Board Commissioner, for her outstanding service](#) (President Heldfond)

Documents provided to Board prior to meeting:
Resolution.

- Dr. Dodd reported that she is in the process of drafting the resolution for Commissioner Johnson and has obtained a Certificate of

Honor from the Mayor's Office for her, in addition to several small tokens of appreciation.

- President Heldfond suggested that Dr. Dodd complete the resolution and forward it to him for signature.

Public comments: None.

Action: Motion was moved and seconded by the Board to accept the resolution being drafted by HSS Director commending Commissioner Johnson's outstanding service on the Health Service Board for President Heldfond's signature.

Motion passed 5-0.

□ 05132010-06 Discussion item

Review and updated projections of 2009-2010 self-funded plans' claims experience (Mercer Team)

Documents provided to Board prior to meeting:
Report prepared by Mercer.

- Rhys Evans, Mercer Team, presented the following updated projections of the self-funded plans' claims through March 31, 2010 (City Health Plan and Dental Plan):
- The claims experience for the City Health Plan and dental plan has deteriorated at a faster pace than anticipated during the 2008 rates and benefits process. The estimated shortfall at that time was -\$700,000, which represented the net difference between the anticipated excess money to be collected for the PacifiCare closeout less the stabilization amounts built into this year's rates. The expectation was that the stabilization amount offset would be greater than the closeout amount.
- The net projection for estimated claims incurred to March 2010 is \$67.9M against the estimated contributions of \$63.4M.
- The updated City Plan projection reflects an increased shortfall of -\$4.5M instead of the previous estimate of -\$700,000.
- The higher than expected claims experience is most noticeable in the City Plan's early retiree group and the employee dental plan.
- The claims experience has been somewhat lower in recent months but it is doubtful that

the improvement will reverse the unfavorable experience from earlier in the plan year.

- The number of large claims (\$50,000 or more) for employees has stabilized whereas the early retiree large claim count has increased.
- The annual pharmacy trend experience for all members has been volatile, but has shown a favorable decline in recent months.
- On a per capita basis, the early retirees' pharmacy claims are exceeding the costs of Medicare retirees, which is unusual.
- The updated projection for the employee dental plan reflects an overall deficit of -\$1.3M instead of the anticipated gain of \$100,000 from the stabilization amount from the 2008 Plan Year.
- The employee dental plan experience over the summer of 2009 was unusually poor. The most recent experience has been slightly better than anticipated but may not be enough to offset the revenue shortfalls.
- Dr. Katz departed the meeting during this segment.
- The entire Mercer report may be viewed on the myhss.org website.

Public comments: None.

- 05132010-07 Discussion item
Agenda item
order change:
moved to follow
Item 9

President Heldfond requested an agenda order change to accommodate Dr. Katz's schedule.

Overview of Health Reform and preliminary discussion of potential impact on the Health Service System (Mercer Team)

Documents provided to Board prior to meeting:
Report prepared by Mercer.

- Rhys Evans, Mercer Team, provided a high-level presentation on the impact of the new health care reform and reported the following:
- The Patient Protection and Affordable Care Act ("PPACA") with amendments made by the Health Care and Education Reconciliation Act ("HCERA") became law in March.

- Currently, there are still many details to be resolved or provided.
- The immediate health reform impacts on the City will become effective July 1, 2011.
- The Cadillac Tax has been delayed until 2018 (instead of 2014). CCSF health plans fall in the “Cadillac Plan” category.
- Dr. Dodd directed attention to slides 25 and 26 of the PowerPoint presentation which highlights the excise tax penalty for single and family coverage in 2010 and then in 2018 and the corresponding factors.
- Dr. Dodd also noted that HSS is not obligated by law to take action to extend healthcare coverage to dependents up to age 26 until July 2011, which will be the first new plan year after healthcare reform goes into effect. Postponing implementation until the July 2011 plan year will save the City \$1.8M.
- Commissioner Zvanski asked the health plans to respond whether they could cover dependents for an additional year until age 26 at no cost.
- Bill McQueen, Blue Shield representative, reported that Blue Shield is not proposing to increase rates for extending the eligibility of dependents to age 26.
- Dr. Dodd explained that the rates would remain the same, however, the member’s category would change (i.e., employee plus two becomes employee plus one when a dependent becomes ineligible due to reaching the age of 25); therefore, the member would continue to pay the family rate for the dependent from age 25 to 26 and the City would pay 75% of that family rate.
- Direct impact on the City’s plans will be seen in the following areas (see slides 13-22):
- Funding cuts by CMS for the Medicare Advantage Plan will impact future premium rates and service areas. One hundred thirty-six billion dollars (\$136B) will be cut from the program by 2019, which could result in less generous benefits, increased premiums or

fewer plans.

- A temporary reinsurance program with a total government fund of five billion dollars (\$5B) will become available on June 1. This fund will pay 80% of per-person claims between \$15,000 and \$90,000.
- All of the HSS plans are feverishly working to provide a process and solution for receiving some of the reinsurance funds.
- The Patient Protection and Affordable Care Act, as amended, becomes effective July 1, 2011 if the City loses its grandfathering status:
 - Provides mandated preventive services with no cost-sharing;
 - Internal and external appeals procedures must be established;
 - New full-time employees must automatically enroll in an employer-sponsored plan on hire date (effective date is unclear). HSS will need to change its Membership rules to reflect the auto-enrollment requirement on an employee's first day of work.
 - Sixty-day advance notice of plan design changes.
- A red flag that could lead to increased costs in 2014 include a large number of employees waiving benefit coverage. Currently approximately 4% (1,400) of employees waive coverage.
- Commissioner Zvanski responded that there are proposals to significantly change the medically single coverage to shift costs from the employer to the employee and change the collectively bargained terms. She stated that if the ratio changes, it could have a serious impact and many employees would most likely opt out.
- Mr. Evans noted that the cost to the City will occur when employees opt back in due to the mandate that individuals need to have coverage or otherwise be penalized through taxes.

- Mercer’s high-level report on healthcare reform may be viewed on myhss.org.

Public comments: Richard Rothman, retired City employee and SEIU representative, asked for future information regarding the effect of Medicare Advantage on retirees. He also expressed concern regarding slide 21 and suggested that perhaps there should be one or two tiers within Kaiser and City Plan offering less coverage and more affordable premium rates for members who cannot afford the single plus dependent(s) or family tiers of the new healthcare rules.

- 05132010-08 Discussion and possible action item
Agenda item order change: moved to follow Item 6

Proposed Charter amendment to reduce Health Service System costs by allowing two seats to be filled during one Health Service Board election (Catherine Dodd, HSS Director)

Documents provided to Board prior to meeting: Draft Charter amendment.

- Dr. Dodd reported that an election to the Health Service Board is conducted annually at a cost of approximately \$70,000 per election.
- She stated that approximately \$35,000 could be saved if the Board’s elections were held every other year instead.
- She noted that the draft Charter amendment was drafted by Erik Rapoport, Deputy City Attorney. If it is approved, the current terms of office for some commissioners will be adjusted. She asked Supervisor Elsbernd to introduce the proposed Charter amendment by the May 18 deadline.
- Commissioner Zvanski asked if the adjusted terms would revert to five years after the initial adjustment.
- Erik Rapoport confirmed. The term beginning May 2011 will expire in three years (2014) and the term beginning May 2013 will expire in three years (2015). All other commissioners’ terms will continue to be five years.
- Commissioner Breslin stated that staggering the commissioners’ terms limits the number of novices at one time. She also asked about the cost to HSS if the Charter amendment is put on the November ballot.

- Supervisor Elsbernd responded that the cost of the election would not be charged to HSS. It comes out of the Department of Elections' annual budget.
- Commissioner Zvanski expressed concern regarding member confusion, if the election procedures change, as well as the potential difficulty in training two new commissioners. She stated that she has a number of concerns at this point.
- Supervisor Elsbernd stated that he will introduce the proposed Charter amendment to the Board of Supervisors' Rules Committee on May 18 to start the process. It will not be heard until the first or second week of July, which will give the commissioners of the Health Service Board time to decide whether or not to move forward with the Charter amendment.
- The proposed Charter amendment may be viewed on the myhss.org website.

Public comments: Richard Rothman, retired City worker, suggested combining the elections of Prop. B, the Retirement Board and the Health Service Board to reduce annual election costs; or alternatively, have one board govern the Retirement and Health Service System Boards.

Action: Motion was moved and seconded by the Board to continue this agenda item to the June 10, 2010 Health Service Board meeting.

Motion passed 4-0.

- 05132010-09 Discussion item
Agenda item
order change:
moved to follow
Item 10

Discussion regarding Commissioners texting during Board meetings (Erik Rapoport)

Documents provided to Board prior to meeting:
None.

- Erik Rapoport, Deputy City Attorney, stated that he has been asked to address the issue of commissioners' texting during board meetings. He reported the following:
- This is a policy issue for the Board to decide. There is nothing wrong with a Board member texting someone regarding non-Health Service Board issues during a meeting or texting another commissioner inquiring about his/her attendance. However, there is the

issue of appearances and that is for the Board to address.

- Commissioner Breslin asked if the City plans to adopt a policy regarding texting.
- Mr. Rapoport responded that a city-wide policy has not been adopted and that individual boards and commissions will need to address the issue. He has no knowledge of any other board or commission requesting a policy on texting. However, he did acknowledge that it is also a matter of perception.
- President Heldfond suggested that the Board postpone making a decision until the City addresses the issue.
- Commissioner Zvanski responded there should be a City policy regarding Board members texting to reduce the potential perception of improper contact during board meetings.

Public comments: None.

MEMBERSHIP RULES COMMITTEE MATTERS

- 05132010-10 Action item Final approval of HSS Membership Rules to take effect July 1, 2010, in accordance with Board approval on January 14, 2010 to: “approve all of the Membership Rules changes 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 make any other non-substantive formatting or editing changes.” (Catherine Dodd, HSS Director)

Agenda item order change: moved to follow Item 8

Documents provided to Board prior to meeting:
 1. Membership Rules; and
 2. Summary of proposed changes.Staff Recommendation: Approve Rules.
 - Dr. Dodd recommended that the Board approve the final Membership Rules, to become effective July 1, 2010. The Membership Rules include minor, non-substantive changes, which are outlined on

the attached summary sheet and were previously approved at the January 14, 2010 regular meeting. Once approved, the final Membership Rules will be posted on the myhss.org website.

- Commissioner Zvanski asked if the Membership Rules will be updated as the changes in national healthcare become effective.
- Dr. Dodd responded that the Membership Rules will be updated annually prior to the printing of member handbooks.
- The summary of proposed changes and final Membership Rules may be viewed on the myhss.org website.

Public comments: None.

Action: Motion was moved and seconded by the Board to approve the final Membership Rules as outlined in the Summary of Proposed Policy Changes for Health Service System Rules.

Motion passed 4-0.

REGULAR MATTERS

- 05132010-11 Discussion item Report on network and health plan issues (if any)
(Respective plan representatives)
Public comments: None.
- 05132010-12 Discussion item Opportunity to place items on future agendas
Public comments: None.
- 05132010-13 Discussion item Opportunity for the public to comment on any matters within the Board's jurisdiction
Public comments: Herbert Weiner, retired City employee, expressed concern regarding the Adachi Grand Jury Smart Reform that may be placed on the City ballot due to its effect on active City employees.
Commissioner Breslin asked if the Board could report Blue Shield's rate increases to the state insurance commissioner.
Dr. Dodd responded that the state insurance commissioner governs the self-insured plans but does not govern HMO fully-insured plans. The

California Department of Managed Care governs the fully-insured plans.

Adjourn: 3:39 pm.

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.