

# SF Health Service System Strategic Plan Mid-Year Status Update

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This Report will update changes to Key Strengths and Challenges and then review and update each of the Health Service System's Strategic Goals considering "Ongoing Initiatives, New Initiatives, and Threats to Success."

**Key Strengths** for HSS remain unchanged: our Health Service Board leadership is committed to innovation and quality; our line staff has years of experience and management/executive staff are bring industry experience, and are dedicated to continuous improvement and ensuring affordable quality benefits. New technology (PS 9.0) may not be implemented this FY but remains on the future strength list. The greatest strength of HSS is the credibility of line staff who provide excellent service and departmental leadership that has improved service and with the HSB leadership has saved CCSF, USD, CCD and the courts millions of dollars.

**Key Challenges** also remain unchanged with the exception of two additions and one improvement. The rising cost of health care continues as our greatest challenge; to this is added the cost of building a new Sutter hospital facility in San Francisco and Sutter's unwillingness to negotiate rates with Blue Shield and United Healthcare that are at the Medical Cost of Inflation or below. This will drive costs up in every hospital through shadow rate setting and Kaiser will follow.

Increasingly complex regulatory compliance will not change; staff and budget reductions continue to be a challenge to maintaining the improvement established over the past 2.5 years and a challenge to implement new ideas.

Expanding member engagement may improve with the passage of Proposition C in November 2011 which allows the HSS to spend trust funds for projects, programs that will reduce health care costs.

Outdated technology continues to force HSS to rely on paper forms and manual data entry that is rife with errors. Shortening the plan year and conducting two sets of rate proposals and preparing for a second Open Enrollment will leave little time for innovation and implementation of new ideas in this plan year.

### **Strategic Goal 1: Departmental Operational Excellence**

**Ongoing initiatives continue:** *Member Services* continues to meet or exceed targets in member interactions.

*Finance* achieved a clean audit and has met deadlines for submission of Early Retiree Reimbursement Program (EERP) funding and other key deadlines.

*Staff effectiveness* is on track; training offerings and completions have improved. A staff satisfaction survey needs to be completed. HSS is in compliance with disaster preparedness and other City policies.

**New Initiatives** which are ongoing include collaborating with DT on computing infrastructure, coordinating PS training and rollout. HSS will continue to work on the EBS interface with PS 9.0 and on HIPAA compliant member service communication as well as automated credit card processing, however it is unclear if these will be completed due to lack of staff time in spring while second set of rates are negotiated and external departmental delays.

Compliance with regulatory and legislative updates is ongoing. Updating HIPAA may not be completed due to increased complexity and time consumed completing Section 125 Plan, and the added workload of rate setting this spring. Coordination with SFERS has been requested.

The member records retention policy will not be accomplished due budget cuts.

**The threats to success** in achieving this overall goal remain with the addition of doubling the workload during January – June of 2012 to accommodate the change in plan year.

### **Strategic Goal 2: Affordable, Quality, Healthcare**

Ongoing initiatives continue. HSS continues to prepare the Board for Charter mandated annual rates and benefits review. A report on innovative programs to promote health and manage disease has not been started and will likely be postponed until next year due to the increased workload this spring. Vendor management, including enforcement of performance guarantees, is on track but was delayed due to delays in signing contracts and agreement on performance guarantees. Eligibility audits, and enhanced coordination of benefits has begun with completion of a Medicare disability audit. New Initiatives include the monitoring of ACOs, which is on track, and the initial data is promising. One of the reasons for changing plan years and implementing a six-month plan year was to give the ACOs a few more months to produce data that would improve the underwriting experience prior to negotiating the next plan year's rates. Enhancing the dashboard is off to a late start because of limited HSS staff with expertise in medical informatics and the delayed filling of positions. Aon Hewitt has begun to benchmark comparable employers' data and to enhance industry trend analysis to our membership.

**Threats to Success** in achieving this overall goal remain: the need for transparency currently prohibited by law, and the lack of HSS expert staff. Two additional threats are specific. First, and imminent, is the threat to the success of the ACOs if the City successfully bargains a contribution model that incentivizes Kaiser which will increase leveraged migration out of Blue Shield by families and by healthy employee only members. This will rapidly increase the risk experience of the ACOs (which is already substantially higher than Kaiser's risk) and increase Blue Shield/ACO premiums beyond affordability. Second, is the development agreement being negotiated with Sutter for the new hospital. HSS has attempted to prevent the cost of the new building from being passed on in HSS premiums, however, Sutter is unwilling to agree to limit the rates charged to HSS's vendors to the national medical cost of inflation. Sutter's rates make up the largest portion of the Blue Shield/ACO rate increases.

### **Strategic Goal 3: Informed, Transparent, Effective Governance**

*Ongoing initiatives continue.* In order to ensure Board effectiveness, Board governance policies are implemented, the HSB is updated regularly on aspects of HSS work, Board questions are responded to within 24 hours. Efforts to heighten members' awareness of Board activities and fiduciary responsibility continue through video and audio posting of Board meetings, web posting of Board materials and eNews. HSS has responded effectively and promptly to external press and information requests. *New Initiatives* have successfully been accomplished: Board audio files have been posted on the website and both the annual strategic plan and annual report have been produced and posted on the website.

**Threats to Success:** Funding for communication as questions about benefits from members and the public increase.

### **Strategic Goal 4: Educated and Empowered HSS Members**

This goal hoped to emphasize the engagement of members through communication from an "inform-as-needed" model to a paradigm that inspires personal change. This portion of the goal will need to be carried over until after the second rate setting and Open Enrollment are complete.

*Ongoing initiatives:* Accuracy of benefits communication continues to be a priority. The Operations team collaborated in updating member guides currently at the printer. Annual training for Operations staff has been implemented and myhss.org is updated regularly.

*New initiatives:* Upgrading website has not yet begun, implementing HIPAA compliant self-service is delayed due to PS 9.0 delays. Online payments have similarly been delayed. The presentation of wellness benefits will hopefully begin this FY. Increasing digital communications to members has not begun nor has a project plan for reducing reliance on paper guides due to delays in PS 9.0 and lack of funding.

Engaging members in staying healthy and reducing costs is underway. eNews and mailings have increased awareness and utilization of wellness benefits by HSS vendors. Health Fair participation was an all-time high and other smaller fairs are being implemented. More fitness classes are being offered throughout the City and EAP is providing wellness-focused classes, including smoking cessation programs. Weight Watchers at Work is in place in three locations and over 2,000 pounds has been lost. Improving employee work environments to enhance wellness is a challenge because there is not Citywide commitment to healthy workplaces. Similarly, measures for success related to productivity cannot be measured because the City lacks a uniform absence management system. Several departments have stepped up and are working actively to make wellness a priority. Work with unions has begun.

***Threats to Success:*** There is no change in the statements: “The City’s support for a culture of wellness is highly fragmented.” Wellness is a priority in a handful of departments and non-existent in others. HSS has limited influence on the ground in departments that lack the will or resources to promote wellness initiatives.

Digital improvements, such as member communication and online enrollment, are totally reliant on other departments to implement these. On a positive note, the passage of Prop C permits trust fund dollars to be spent on programs, projects, and activities that will reduce health care costs so perhaps there are funding opportunities to consider. In addition, the Controller is funding an assessment of the City’s wellness programs, activities etc. and perhaps that report will convince the City’s leadership that improving health is the only way to stabilize the health cost trend for the long term.