HEALTH SERVICE BOARD
CITY & COUNTY OF SAN FRANCISCO

# Minutes

## Regular Meeting

Thursday, April 12, 2018

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 Randy Scott
Vice President Wilfredo Lim
Commissioner Karen Breslin
Commissioner Sharon Ferrigno, excused
Commissioner Stephen Follansbee, M.D.
Commissioner Gregg Sass
Supervisor Jeff Sheehy, excused

This Health Service Board meeting was recorded live by SFGovTV. Links to videotaped meetings and related materials are posted on the myhss.org website.

This meeting was called to order at 1:14 pm.

- ☐ 04122018-01 Action item

Approval (with possible modifications) of the minutes of the meeting set forth below:

- Regular meeting of March 8, 2018

Staff recommendation: Approve minutes.

Documents provided to Board prior to meeting: Draft minutes.

- Commissioner Follansbee summarized his suggested revisions to the meeting minutes on his Best Doctors report (item 7). His changes were emailed previously to the Board Secretary, who distributed them to the Board and public. The minutes were revised to incorporate his edits.
- Commissioner Breslin moved to approve the regular meeting minutes of March 8, 2018.
- Commissioner Lim seconded the motion.

Public comments: None.

Action: Motion was moved and seconded by the Board to approve the regular meeting minutes of March 8, 2018, with edits.

Motion passed 5-0.

□ 04122018-02 Discussion item General public comment on matters within the Board's jurisdiction not appearing on today's agenda

Public comments: None.

## RATES AND BENEFITS

□ 04122018-03 Discussion item Presentation of risk scores (Marina Coleridge)

Documents provided to Board prior to meeting: SFHSS report.

- Marina Coleridge, HSS Enterprise Systems & Analytics Manager, acknowledged the following individuals who assisted in the preparation of this report: Sharmini Bhatnagar, who compiled and analyzed the data; Erica Larson with the Truven/IBM Watson health account team; and HSS lead actuary, Mike Clarke, Aon.
- Ms. Coleridge reported that this was the third year that HSS risk scores were presented to the Board. Data on Medicare retirees, employers and unions were also reviewed for the first time in this report.

- The time period for this report is October 2016 through September 2017 or the current period. The previous period covered October 2015 through September 2016.
- A concurrent risk score is a cost predictor of the same 12-month period, and measures the current illness burden, including chronic and acute conditions.
- The prospective risk score model attempts to predict future costs. In this model, age and gender carry more weight because future conditions are not completely known.
- Ms. Coleridge reported that prospective and concurrent risk scores for HSS's total commercial population (actives and early retirees blended together) decreased over the past period and continues in a downward trend. She noted that Blue Shield was the only plan that experienced an increase. See page 6 of report.
- HSS administers benefits for four employers:
    - City and County of San Francisco
    - City College of San Francisco
    - San Francisco Unified School District
    - San Francisco Superior Court
- City College has the highest risk scores of the four employers for active employees. It also has the highest average age. See page 8 of report.
- Risk scores for early retirees are trending downward except for the City and County of San Francisco.
- Each of HSS's three plans were compared for performance in the current and previous year.
- See report for complete data.

Public comments: Claire Zvanski spoke as a retiree and union member. She made reference to the breakdown of actives in various unions and trades in slide 9 of Ms. Coleridge's report. She stated that she continues to attend union meetings where actives are represented, and there has been talk

about bullying in the workplace and high stress. She recalled past budget directives that instructed departments to not hire and remain within certain staffing levels. She noted that many employees were asked to do more as positions became vacant, which resulted in workloads two and three times more, as well as additional stress. She stated that many people in the trades suffer injuries in their work lives, especially after age 45 or so. She stated that it was necessary to realistically look at what was happening in the workplace.

Ms. Zvanski also stated that it was important to look at the reasons some employees decide to retire early. A number of factors (including stress and illness) are involved that are not related to choice but the nature of the work, such as job stresses and bullying at work.

□ 04122018-04 Action item

Approve City Plan's administrative fees for 2019 plan year (Aon)

Staff recommendation: Approve increase to UHC base ASO fee for 2019; approve UHC Shared Savings Program fees and approve total PSPM expense for City Plan.

Documents provided to Board prior to meeting: Aon report.

- Mike Clarke, Aon actuary, presented the following recommendations for UHC's administrative services fees for City Plan for active employees and retirees for the 2019 plan year:
  - Approval of a 2.7% increase in the UHC base administration services only ("ASO") fees as quoted by UHC;
  - Approval of a $0.71 per subscriber per month ("PSPM") in base ASO fees for 2019 in return for a reduction in the percentage share of the Shared Savings Program.
  - Approve the total PSPM amount recommended by Aon for the 2019 active employees/early retiree rating.

- Mr. Clarke reported that two different fees were applied for two separate populations. The majority of members are active employees and early retirees. However, there are approximately 100 UHC members who are Medicare eligible but not enrolled in Medicare. There is a lower fee for those members on a PSPM basis.
- UHC sponsors three programs that generate incremental savings to City Plan for HSS. UHC charges fees for these programs as a partial offset to the savings created:
    - Shared Savings Program – provides discounts to service rates for certain out-of-network healthcare providers outside UHC's primary PPO network. In return, HSS keeps 65% of the savings generated. The remaining 35% is paid to UHC as a program fee.
    - Facility Reasonable & Customary Program ("FR&C") – limits plan's financial exposure when care is sought at a network facility but treatment is provided by an out-of-network provider or emergency care at a non-contracted facility. HSS keeps 70% of the savings generated and the remaining 30% is paid to UHC as a program fee.
    - Value-Based Contracting Program ("VBC") – pays financial incentives to certain participating providers based on achievement of pre-set quality, cost and efficiency metrics. HSS funds VBC provider payments.
- Mr. Clarke reported that the adoption of UHC's Shared Savings Program would save HSS approximately $243,000 annually. See pages 10 and 11 of report.
- Commissioner Follansbee moved to accept the three recommendations as presented by Aon on page 12 of the report.
- Commissioner Breslin seconded the motion.

Public comments: None.

Action: Motion was moved and seconded by the Board to accept UHC's administrative fees for the 2019 plan year as presented.

Motion passed 5-0.

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| □ | 04122018-05 | Action item | Approve Vision Service Plan's 2019 rates and contributions (Aon) |

Staff recommendation: Approve 2019 VSP basic and premier plan premiums and affirm SFHSS to manage enrollment into Premier Plan thus eliminating Premier Plan PEPM administrative charge.

Documents provided to Board prior to meeting: Aon report.

- Anne Thompson, Aon Vice President, reported on Vision Service Plan's ("VSP") renewal for the 2019 plan year. She stated that there were currently two vision plans, basic and premier.
- In 2018, a premier vision plan was added with higher benefit levels and lower copays for HSS members. An additional administrative fee of $1.50 per employee per month was paid to VSP to manage the enrollment process for the premier plan.
- VSP has proposed two enhancements for 2019:
    - Full coverage for all standard progressive lenses;
    - Coverage for new digital progressive lenses in the standard category that leverages new technology for better precision and a faster adjustment period.
- Aon recommends the following for the 2019 plan year:
    - Removal of the $1.50 per employee per month fee for VSP's administration of the premier plan enrollment, which will be processed by HSS staff.

- Confirm 2019 VSP plan premiums and premier plan participant contributions, which represent two plan design enhancements effective July 1, 2018, and no change to premiums other than removal of the $1.50 per employee per month premier plan administrative fee.

- There were no other recommended plan design changes for the 2019 vision renewal. See report.
- Commissioner Breslin moved to approve VSP's 2019 basic and premier plan premiums and affirm SFHSS's management of the premier plan's enrollment thereby eliminating VSP's monthly $1.50 administration charge as recommended by the actuary.
- Commissioner Lim seconded the motion.

Public comments: None.

Action: Motion was moved and seconded by the Board to accept Vision Service Plan's 2019 rates and contributions as recommended.

Motion passed 5-0.

□ 04122018-06 Discussion item **Best Doctors 2017 Annual Report** (Best Doctors representatives)

Documents provided to Board prior to meeting: Best Doctors' report.

- Heather Underhill, Senior Director, Client Management and Dr. David Harrison, Medical Director and VP of Clinical Quality presented Best Doctors' 2017 annual report. Nancy Oh, Best Doctors' Client Executive was also in attendance.
- On behalf of the Health Service Board, President Scott thanked Commissioner Follansbee for his work and recent discussion with Best Doctors and HSS Executive Director, Abbie Yant, to gain a better understanding of Best Doctors' services.

- Executive Director Yant acknowledged Commissioner Follansbee's assistance in helping to gain a better perception of members' needs and utilization of the Best Doctors' program. She stated that HSS was working to have in-depth conversations with the health plans to comprehend the services provided, which may or may not be driving members' utilization of Best Doctors' second opinion services.
- Ms. Underhill presented a brief overview of Best Doctors' second opinion services, and noted that several other services were available to HSS members, such as find a best doctor, ask the expert, treatment decision support and more.
- In 2017, approximately 70% of Best Doctors' second opinions came through HSS retirees. As requested earlier this year, Best Doctors will also provide information on utilization for active employees, early retirees and Medicare retirees.
- Dr. Harrison reported on Best Doctors' 2017 diagnostic impact, including magnitude, changes in interpretation of diagnostic study and clinical findings, as well as recommendations for additional testing. See page 5 of report.
- President Scott inquired about Best Doctor's "Clinical Integration" slide which indicated 13% of cases were referred by HSS providers (predominantly UHC). See page 11 of report.
- Ms. Underhill confirmed that UnitedHealthcare referred 19 members to Best Doctors. She noted that Blue Shield and Kaiser had not yet made any referrals to Best Doctors and that ongoing conversations were taking place to increase the number.
- Ms. Underhill noted that effective January 1, 2018, Blue Shield members have access to Teledoc as their telemedicine provider, and now may also access Best Doctors through Teladoc.

- Executive Director Yant stated that one unexplored question was on the types of services offered to HSS members and utilized by the health plans or the healthcare providers themselves. HSS was considering holding an educational meeting later in the year in which the health plans and healthcare providers would be asked to explain existing services and institutions around advocacy navigation, second opinion, complaint/ grievance procedures and error reporting, as well as action and quality improvement processes.
- In response to Commissioner Lim's question, Dr. Harrison stated that once the Best Doctors' report is complete, it is shared with the member's treating physician, as long as the patient gives consent. Best Doctors does not have direct communication with the member and the expert physician because they do not want to imply or establish a patient-doctor relationship. Since many of Best Doctors' experts are located all over the country, many are not licensed to practice specifically in California. A treating physician can always access Best Doctors' experts if he or she would like to discuss a complicated case. If the treating physician disagrees with Best Doctors' report, there is the option of allowing another second opinion.
- Commissioner Sass asked for an example of cost savings associated with a second opinion.
- Dr. Harrison referred to the cardiac ablation example on page 8 of the report. Best Doctors uses various databases and factors such as the costs associated with ablation, hospital stay and anesthesia to calculate charges. In this example, the projected cost savings was $95,962 by avoiding the proposed cardiac ablation.
- Commissioner Sass questioned the cost savings in the example since HSS does not incur the costs described by Dr. Harrison. He stated that HSS pays the premium for its fully-

insured plan and the self-insured claims are paid at a rate negotiated by Blue Shield or UHC.

- Commissioner Follansbee stated that he had the opportunity to review Best Doctors' 142 inter-consultations provided to HSS, and that he was impressed with the quality. There was only one case in which he questioned, which was in his area of expertise, and assessed a savings of $46,000. However, he was unsure how the cost savings added up to $46,000.
- Commissioner Follansbee recommended that the Board completely disregard the numbers on costs because they were difficult to assess. He also reviewed several other cases in which it was difficult to determine actual cost savings.

Public comments: None.

□ 04122018-07 Action item

Approve Best Doctors' 2019 renewal (Aon)

Documents provided to Board prior to meeting: Aon report.

Staff recommendation: Approve Best Doctors renewal conditional on negotiating alternative payment methodology.

- Anne Thompson reported on Best Doctors' renewal for the 2019 plan year.
- Aon recommended continuing Best Doctors' services at the current pricing of $1.40 per employee/retiree per month; however, negotiations on alternative payment methods were being conducted by Aon which could result in an overall lower aggregate fee for best Doctors' services.
- Aon suggested that the Board conditionally approve Best Doctors' $1.40 per employee/ retiree per month rate as negotiations on an alternative payment methodology continues.
- Commissioner Follansbee moved to continue to offer Best Doctors' services for the 2019 plan year, and approve the current rate of $1.40 per employee/retiree per month while

negotiating alternative payment methodologies.

- Commissioner Lim seconded the motion.
- In response to President Scott's question regarding timing, Ms. Thompson reported that Aon would aim to complete Best Doctors' negotiations for an alternate price structure in accordance with the rates and benefits calendar, which will be built into the 2019 rates.
- Commissioner Sass suggested that the Board not approve Best Doctors' renewal until the final rate is determined, as well as the total projected cost (i.e., $1.40 per employee/ retiree per month times 12).
- Commissioner Follansbee stated that at one time Best Doctors covered 62,337 members for $7M, which does not reflect HSS's current membership. He asked about the potential impact of the Best Doctors' contract.
- Pamela Levin, HSS CFO, reported that Best Doctors' rates were calculated per HSS member and did not include dependents. She stated that, based on HSS's last payment for approximately 63,000 members, the projection for 2019 is $1.2M.
- Ms. Thompson referenced page 3 of the previous Best Doctors' presentation on the number of members covered.
- Commissioner Sass recommended approving the rate once it is finally negotiated and the Board knows the exact amount, and not before.
- President Scott asked if the Board concurred with deferring the vote on Best Doctors' renewal.
- The Board concurred and action was deferred until exact data was provided.

Public comments: None.

Action: Vote deferred until additional information is provided.

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| □ | Meeting Break | | Recess from 3:06 to 3:15 pm |
| □ | 04122018-08 | Discussion item | Long-term sustainability of City Plan (Aon) |

Documents provided to Board prior to meeting:
Aon report.

- President Scott stated that he and Commissioner Breslin had the opportunity to review an earlier version of this presentation and that it had an inordinate amount of complexity and sensitivity. He suggested that the presentation be split into two parts—one for actives and one for early retirees. This report focused on early retirees and the viability of City Plan. He stated that the Board had a fiduciary accountability to members through the Charter to ascertain how to sustain City Plan. He requested that identical issues for both actives and early retirees be pointed out in the presentation.
- Executive Director Yant expressed appreciation to President Scott and Commissioner Breslin for meeting and working through very complex information. She stated that the presentation was viewed as an educational opportunity for everyone to understand the drivers of the projected cost increases in City Plan for early retirees and active employees. No action was required at this meeting, however, suggestions and questions would serve as advice for the management of City Plan going forward.
- Mike Clarke, Aon actuary, reported that the goal was to provide City Plan's long-term sustainability and viability for HSS active employees and early retirees. This presentation focused on early retirees.
- There were three primary reasons for addressing the future of City Plan for early retirees:
    - Depletion of City Plan rate stabilization reserve funds;
    - Escalating cost of prescription drugs;

- The majority of early retirees live in geographic areas where only City Plan is offered.

- Mr. Clarke presented five categories of recommendations for the 2019 plan year for early retirees. He noted that "A" through "D" below also applied to active employees:

  A. The creation of a separate plan for early retirees who have limited plan choice due to geography ("City Plan – Choice Not Available").

  B. Lower overall plan cost through a change in UnitedHealthcare's ("UHC") provider network that has no adverse impact on members.

  C. Change prescription drug copayments in City Plan to match those in Blue Shield Access+ and Trio plans.

  D. Increase out-of-network deductibles in City Plan.

  E. Balance rate tier ratios for City Plan early retirees over a three-year period to be consistent with family tier ratios for Blue Shield early retiree plans—a change that benefits early retiree families in City Plan without adverse impact to other early retirees.

  - Mr. Clarke summarized that "A" and "E" above relate to the distribution of money between HSS and the early retirees. He noted that "B," "C" and "D" were true reductions to the overall cost of claims through a network change, which does not impact individuals

  - See page 12 of Aon report for summary of 2019 recommended action, cost impact to HSS and early retirees as well as comments.

  - President Scott stated that next steps would focus on active employees and the Board taking action. At that point, a decision will be made on how to apply the

rate stabilization reserve. See page 13 of report.

- Commissioner Lim requested additional information on slide 3 of Aon's report, which summarized the history of City Plan's rate stabilization reserve. He asked for additional columns indicating the years the stabilization reserve was not applied, the amount of the rate increase, total cost and impact of the application of the rate stabilization reserve.

Public comments: Claire Zvanski, RECCSF representative, stated that it felt like déjà vu as this subject comes up periodically. She stated that City Plan was the Board's business as mandated through the Charter. It was employees' only option before the HMOs and other alternative plans were brought in. She stated that the Board had the authority to apply whatever subsidies it deemed necessary. She recalled the time when only $6,000 was in the trust fund and money was found to subsidize City Plan to keep rates affordable for members. In her view, she saw the proposal presented as penalizing early retirees; yet in all the claims data they are not increasing the cost. Ms. Zvanski stated that the Board had the obligation to find additional money to subsidize City Plan and keep it viable across the board at the same time. She stated that the Board was picking and choosing different members of the system and penalizing them for what was perceived as adding to costs to the plan. Regardless of geographic area, the Board cannot force members into a certain type of plan such as a HMO. She noted that members choose City Plan for various reasons and that she will fight forever for the Hetch Hetchy members who do not have options. Also, there are many reasons why some members become early retirees. Some professions, such as firefighters and police, allow for early retirement because the nature of the job does not sustain long term employment. She stated that penalizing early retirees and separating them out as proposed was untenable. She urged the Board to find the money.

Dennis Kruger, representative for active and retired firefighters and spouses, concurred with Ms. Zvanski's comments. He stated that when he retired

at age 58 with 32 years of service in the Fire Department, he was not treated any differently than other retirees until he reached 65 when he enrolled in Medicare. He stated that a precedent had been set and that when one retired, the retiree was entitled to benefits until they were Medicare eligible. He did not pay more as an early, middle or late retiree; and that has been the precedent. Now members retiring after him are subject to different circumstances.

## REGULAR BOARD MEETING MATTERS

□ 04122018-09 Discussion item

### President's Report (President Scott)

Documents provided to Board prior to meeting: None.

- President Scott had nothing to report.

Public comments: None.

□ 04122018-10 Discussion item

### Director's Report (Executive Director Yant)

- HSS Personnel
- Operations, Enterprise Systems & Analytics, Finance/Contracting, Communications, Well-Being/EAP
- Meetings with Key Departments
- Other additional updates

Documents provided to Board prior to meeting:

1. Director's report;
2. Reports from Operations, Enterprise Systems & Analytics, Communications, Well-Being and Employee Assistance Program;
3. Update on HSS Dependent Eligibility Verification ("DEVA") audit;
4. Revised Rates and Benefits calendar.

- Abbie Yant, HSS Executive Director, referred to her Director's Report with management updates, which may be found on the myhss.org website, and stated that she would not repeat what had been written.

- Director Yant reported on the Management Employees Association ("MEA") retirement dinner the previous evening at which she and Mitchell Griggs, HSS COO, provided a brief HSS update.
- The HSS lobby remodel started on February 2 and was completed in record time. A ribbon cutting ceremony took place earlier in the day to celebrate. The lobby was ready to receive members again.
- Director Yant reminded everyone of the Colorful Choices campaign underway, which encouraged eating more fruits and vegetables.
- HSS was drafting a strategic plan document, which was not yet ready for review. Director Yant intended to invite all of the Health Service Board commissioners to be a part of the strategic planning process as well as key stakeholders and HSS staff within the next few months.
- The dependent verification audit letters were mailed and members will receive them any day. The Board will receive updates as the process progresses.
- Director Yant also included documentation in her Director's report on the lawsuit against Sutter Health by the State of California. She suggested that Board members contact Erik Rapoport, Deputy City Attorney, with any questions.

Public comments: None.

□ 04122018-11 Discussion item **HSS Financial Reporting as of January 31, 2018**
(Pamela Levin)

Documents provided to Board prior to meeting: Financial update memo.

- Pamela Levin, HSS CFO, summarized the revenues and expenses for HSS's trust fund and general fund through January 31, 2018.

- On June 30, 2017, the trust fund balance was $72.5M. Based on activities to date, the projected balance is $73.9M for June 30, 2018.
- HSS continues to see unfavorable claims experience for the medical plans and favorable claims experience in the dental plan.
- Approximately $1.8M in pharmacy rebates was received from Blue Shield last month for a total of $4.1M this fiscal year.
- No performance guarantees have been received to date in this fiscal year.
- Forfeitures for the Flexible Spending Accounts will not be known until June.
- In response to President Scott, Ms. Levin reported that the budget process was proceeding and HSS had been working closely with the Mayor's office. Additional information will be known prior to the budget release on June 1.
- The actuarial RFP was scheduled on April 30. Ms. Levin anticipated coming to the Board for a final decision at the June meeting.

Public comments: None.

□ 04122018-12 Discussion item Report on network and health plan issues (if any)
(Respective plan representatives)

Public comments: None.

□ 04122018-13 Discussion item Opportunity to place items on future agendas

Public comments: None.

□ 04122018-14 Discussion item Opportunity for the public to comment on any matters within the Board's jurisdiction

- President Scott acknowledged receipt of a letter from a HSS member regarding a recent San Francisco Examiner article, which was distributed to the Board. He thanked the member for submitting it.

Public comments: None.

- Adjourn: 4:32pm

## Summary of Health Service Board 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 (3) 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 as designated on the agenda.

## Health Service Board and Health Service System Web Site: http://www.myhss.org

## Disability Access

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Accessible seating for persons with disabilities (including those using wheelchairs) will be available.

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.

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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 of San Francisco 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, visit the Sunshine Ordinance Task Force website at http://www.sfgov.org/sunshine.

## Lobbyist Registration and Reporting Requirements

Individuals and entities influencing or attempting 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 are prohibited at Health Service Board and committee meetings.
- The Chair of the meeting may order the removal of any person(s) in violation of this rule from the meeting room.
- 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.

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) 554-0662 or email at laini.scott@sfgov.org.

The following email has been established to contact all members of the Health Service Board: health.service.board@sfgov.org.

Health Service Board telephone number: (415) 554-0662

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