



HEALTH SERVICE BOARD

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Holly Lopez
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HEALTH SERVICE BOARD

NOTICE AND GOVERNANCE MEETING MINUTES **DRAFT**

Tuesday, March 5, 2024, 9:00 a.m.
SFHSS Office
1145 Market Street, Well-Being Conference Room, 1st floor
San Francisco, CA 94103

and

VIRTUAL PRESENTATION on Webex

Remote Meeting Access

The Health Service Board welcomes public participation during public comment periods. There will be an opportunity for the general public to comment at the beginning of the meeting and on each discussion or action item on the agenda. Each comment is limited to 3 minutes. For those attending remotely, the Commission will hear up to 30 minutes of remote public comment total for each agenda item. Remote public comment from people who have received an accommodation due to disability will not count toward the 30-minute limit.

Watch at 9:00 a.m. on March 5, 2024 (via [SFGovTV schedule](#))

Click the link to join the meeting - [March 5, 2024 HSB Governance Committee Meeting WebEx Link](#)

Public Comment Call-In: 415-655-0001 / **Access Code:** 2660 788 8299 **Webinar Password:** 1145

Listening to the meeting via phone

1. Dial **415-655-0001** and then enter access code **2660 788 8299**, then press #
2. Enter Webinar Password: 1145, then press #
3. Press *3 to be added to the Public Comment queue, and you will hear the prompt, "You have raised your hand to ask a question; please wait to speak until the host calls on you." When the system message says, "Your line has been unmuted," - **THIS IS YOUR TIME TO SPEAK.**
4. You will be muted when your time to speak has expired.

Watching the meeting on WebEx

1. Join via hyperlink [March 5, 2024 HSB Governance Committee Meeting WebEx Link](#)
2. **Click on the Raise Hand Icon** to be placed in the queue to speak. A raised hand will appear next to your name. When you are unmuted in the system, a request to unmute will appear on your screen; please select unmute to speak.
3. When you are unmuted in the system, a request to unmute will appear on your screen; please select unmute to speak. Once you hear me say "Welcome Caller," you can begin speaking.
4. When your time has expired, you will be muted. Please click on the Raise Hand Icon to lower your hand.

Members of the public are encouraged to state their name clearly, although you may remain anonymous. You will hear an audible warning when you have 30 seconds remaining. When your 3 minutes have ended, you will be placed back on mute.

Best Practices when Calling in for Public Comment:

- Call from a quiet location
- Speak slowly and clearly
- Turn down any televisions or radios around you
- Address the Commission as a whole; do not address individual Commissioners

Written Public Comment

Persons unable to attend the meeting may submit written public comments regarding an agenda item. These comments will be made part of the official public record and shall be brought to the attention of the Health Service Board. Written public comments expected to be part of the official record should be submitted to the Board email, health.service.board@sfgov.org, and **received by 5 p.m. on Monday, March 4**, before the meeting. Members can also call 628-652-4646 with any questions.

All comments received by the deadline will be forwarded to Board members, summarized and read aloud by the Board Secretary during the specific agenda item, and included in the meeting minutes. In the body of your email, indicate the meeting date and the particular agenda item number. If you do not specify an agenda item, your emailed public comment will be read under general comment.

The Health Service Board Governance Committee meeting recording is available on the [March 5, 2024, HSB Meeting webpage](#). Recorded archives of regular board meetings are available on the [SFGovTV Health Service Board meeting webpage](#).

1. **CALL TO ORDER:** 9:30 a.m.

2. **ROLL CALL:**

- Commissioner Mary Hao, Committee Chair - Present
- Commissioner Randy Scott - Present
- Commissioner Zvanski - Excused

3. **GENERAL PUBLIC COMMENT – An opportunity for public members to comment on any matter within the Board’s jurisdiction that is not on the agenda, including requesting that the Board place a matter on a future agenda.**

PUBLIC COMMENT: None

4. **REVIEW AND APPROVE PROPOSED MODIFICATIONS TO JUNE 30, 2023, SELF-FUNDED AND FLEX-FUNDED HEALTH PLAN CONTINGENCY RESERVE AMOUNTS (ACTION):**

[See pdf of Proposed Modifications to June 30, 2023, Self-Funded and Flex-Funded Health Plan Contingency Reserve Amounts presentation](#)

Mike Clarke, Leady Actuary, Aon, presented the following items:

- Introduction—Basis for June 30, 2023, Contingency Reserve Modifications
- Background—HSB Contingency Reserve Policy 210
- Contingency Policy Objectives—Protecting Unusually High Claim Experience
- Contingency Policy—Health Plans Covered
- Contingency Policy—Reserve Calculation Methodology
- Reserves in SFHSS Financial Accounting
- Medical Self-Funded/Flex-Funded Health Plans
- Dental Self-Funded Active PPO Plan
- Recommendations for HSB Action

Commissioner Scott asked if having the stabilization or contingency reserves means SFHSS (San Francisco Health Service System) does not need to buy stop-loss insurance for self-funded and flex-funded plans. Mike Clarke said that Blue Shield’s HMO products, Access+ and Trio, require large claim pooling protection (essentially stop-loss insurance) through Blue Shield. SFHSS purchased this at the highest level allowed (\$1 million annually per person) in 2013 when the Blue Shield HMO converted from fully insured to flex-funded. When reporting on Blue Shield HMO plan experience in March to the Health Service Board (HSB), large claim pooling reimbursements are documented in the experience exhibits. This is the only required stop-loss mechanism within the SFHSS self-funded and flex-funded health plan universe for external protection. Fully insured plans are insured for all costs. Historically, SFHSS does not purchase stop-loss insurance for self-funded plans like the PPO because the Contingency Reserve protects against adverse claim experience. One benefit of using a Contingency Reserve is avoiding additional costs, such as premium loads for carrier profitability and risk management associated with external stop-loss insurance. President Scott requested that the point about cost avoidance through the Contingency Reserve be emphasized in the upcoming HSB

presentation on March 14. Without it, there would be increased costs for SFHSS flex-funded and self-insured products. It is crucial to highlight this feature during the review of background information to showcase its significance. Commissioner Scott said that the Contingency Reserve allows SFHSS to have trust protection confidence and reduces ongoing costs as a policy. While the impact on overall costs may be minor, it's important to emphasize this as a cost-saving measure during the presentation. Mike Clarke said having the Contingency Reserve is the most efficient, cost-effective way to protect against adverse claim experience.

Committee Chair Hao referred to the slide 14 statement that the proposed modifications to June 30, 2023, self-funded and flex-funded plan contingency reserves would reduce the total cost rates in 2025 plan year health plan rate cards by approximately \$4.2 million—leading to reduced member and employer costs for the 2025 plan year. She asked if the \$4.2 million is a result of the change in statistical confidence level from the currently adopted 99th percentile to the 95th percentile, and therefore, the amount needs to be embedded into the premium cost. Mike Clarke said that this is correct for medical calculations. We are advocating for retaining a contingency reserve for medical, modifying the statistical reserve from the 99th percentile to the 95th percentile, and setting the reserve to zero for the active dental PPO plan.

Commissioner Scott requested the footnote on slide 18, "To be reviewed with the HSB at the April 11 meeting." Commissioner Scott also said from an accounting perspective, it may seem like we are manipulating the books to achieve a desired outcome. Commissioner Scott said that is not the intention. He wondered about the broader best practices in large employer health plans, specifically outside SFHSS. He asked if these plans are more common to have a statistical confidence level of 97 or 95. Mike Clarke said the 95th percentile is the common practice for determining statistical significance and the standard for evaluating the confidence interval. The Aon lead actuary for state and local government practice also confirmed this as the predominant national approach. Mike Clarke did not advise deviating from this percentile in the Medical Contingency Reserve policy. Going below the 95th percentile could risk under-reserving for potential adverse claim experience. Commissioner Scott pointed out that the Committee is leveraging an accounting guideline as a policy to lower overall rates. He said this might raise questions about why we don't go even further, like the 91 or 87 percentiles. He suggested the Board establish a firm guardrail. While the Board has historically been conservative at the 99th percentile, moving back to the 95th percentile has notable implications. He said the Board must address this openly today and at the full Board meeting on March 14, sharing the Committee's approach considers fiduciary responsibility, industry practices, and broader employer trends. Mike Clarke said he would stress the 95th percentile confidence interval is the standard accepted level of statistical significance, and he would never recommend going below the 95th percentile for this Contingency Reserve Calculation. Committee Chair Hao agreed with establishing guardrails, and it's important to state them clearly and often.

Commissioner Scott noted on slide 23 that the dental plans' financial responsibility per member is capped through the plan's annual maximums and lifetime orthodontic benefits maximums. He asked what is the maximum number for active employees on the PPO plan. Mike Clarke said that for the active employee PPO plan, \$2500 is the annual maximum per covered life. Commissioner Scott asked how much the maximum would be if every employee on that plan reached the yearly maximum. Mike Clarke said about 70,000 lives were covered in the dental plan, so approximately \$175 million, whereas the current claim volume is around \$40 million annually. Commissioner Scott said it would be good to know what would happen if fifty percent of the population reached the annual maximum. Mike Clarke said Delta Dental has the

percentage of individuals who achieve an annual maximum each year, and it's been consistent. Committee Chair Hao wanted members and the public to understand the difference between the medical and dental recommendations. Mike Clarke said he can be ready to respond to questions about the difference.

Executive Director Yant asked if the recommendation to “suspend the HSB Contingency Reserve Policy 210” is accurate wording. She wondered if the recommendation should use the language “to amend” or “make an exception to” rather than “suspend.” Jennifer Donnellan, Deputy City Attorney, suggested using the term “amend” as the rules state that the Board has the power to amend. Mike Clarke restated the recommendation to read, “Amend the Contingency Reserve Policy 210 on a one-time basis for the determination for the June 30, 2023, dental self-funded active PPO plan Contingency Reserve amount.” Commissioner Scott asked Mike Clarke to clarify the language and send it to Executive Director Yant, the Board Secretary, and the Deputy City Attorney. Commissioner Scott requested that the Health Service Board Governance Committee meet to review and discuss Contingency Reserve Policy 210 with actuarial, legal, and leadership guidance and determine whether the policy needs to include the Self-Funded Active Dental PPO Plan. Commissioner Scott said the Committee will likely meet in the fall of 2024. Mike Clarke recommended the Governance Committee, and then the full HSB discuss removing the Self-Funded Active Dental PPO Plan from Contingency Reserve Policy 210. He said it would be ideal if changes could be reviewed, recommended, and adopted into the Health Service Board Terms of Reference document before the January 2025 Contingency Reserve presentation.

Commissioner Scott moved to approve the following three items:

1. Approve the modification of June 30, 2023, medical self-funded and flex-funded health plan contingency reserve amounts from those originally approved on January 11, 2024, to the 95th percentile confidence interval amounts captured on page 17 of this presentation document totaling \$17,992,721.
2. Amend the HSB Contingency Reserve Policy 210 on a one-time basis for the dental self-funded active PPO plan.
3. Approve the setting of the June 30, 2023, contingency reserve amount for the dental self-funded active PPO plan to \$0.

Committee Chair Hao seconded the motion.

VOTE:

Aye: Hao, Scott

Noes: None

ACTION: The Health Service Board Governance Committee unanimously approved: 1. modifications of June 30, 2023, medical self-funded and flex-funded health plan contingency reserve amounts from those originally approved on January 11, 2024, to the 95th percentile confidence interval amounts totaling \$17,992,721. 2. Amend the HSB Contingency Reserve Policy 210 on a one-time basis for the dental self-funded active PPO plan, and 3. Set the June 30, 2023, contingency reserve amount for the dental self-funded active PPO plan to \$0.

5. REVIEW AND APPROVE THE 2023 ANNUAL BOARD SELF-EVALUATION REPORT: (Action)

[See pdf of 2023 Annual Board Self-Evaluation Report](#)

[See pdf of 2023 Annual Board Self-Evaluation Report presentation](#)

Holly Lopez, Board Secretary, presented the following items:

1145 MARKET STREET 3RD FLOOR, SAN FRANCISCO, CA 94103

- The Process and Self-Evaluation Areas
- Executive Summary Highlights
- Areas of Improvement for 2023
- Summary of Areas that Showed the Most Significant Score Increases
- Results of Board Performance Evaluation
- 2023 Action Steps to Improve 2022 Requests
- Conclusion: Areas to Focus for 2023

Commissioner Scott pointed to Section Board Member Interactions and Meeting Activities, where there was a 0.36 score increase (4.5 to 4.86) for the question “All Board members adequately contribute to discussion and deliberations. Committee Chair Hao noted one comment said not all Board members engage in active discussions. Committee Chair Hao said some agenda items solicit a lot of interest and discussion, while others may be more straightforward or routine. She said it’s a well-taken critique, and the Board should be mindful of our participation.

Committee Chair Hao said there were comments about attendance as well. She recommended that concerns about how the Board functions, such as the contributions to discussions or attendance in general, should be discussed with the Board President.

Commissioner Scott said the presentation charts highlight the score but wondered where the section details are available. Board Secretary Lopez said the full report is available online and includes scores, charts, and comments insights. Commissioner Scott recommended the presentation to the full Board focus on the Executive Summary slide, select the key observations and then ask the full Board if they have any questions.

Commissioner Scott moved to approve the 2023 Annual Board Self-Evaluation Report. Committee Chair Hao seconded the motion.

PUBLIC COMMENT: None

ACTION: The Health Service Board Governance Committee unanimously approved the 2023 Annual Board Self-Evaluation Report.

6. REVIEW AND APPROVE THE 2023 BOARD EDUCATION REPORT AND EDUCATION PLAN FOR 2024 DRAFT: (Action)

[See pdf of 2023 Board Education Report and Education Plan for 2024](#)

[See pdf of 2023 Board Education Report and Education Plan for 2024 presentation](#)

Holly Lopez, Board Secretary, presented the following items:

- Education Experiences Offered in 2023
- Self-Study Education Hours in 2023
- Commissioner City-Wide and SFHSS Required Training
- Topics for 2023
- Education Resources on SFHSS web pages:

Board Secretary Lopez noted three hours need to be added to Supervisor Dorsey’s Self-Study hours. Committed Chair Hao and Commissioner Scott found 2022 dates in the report and presentation and requested they be changed to 2023.

Commissioner Scott moved to adopt the 2023 Board Education Report and Education Plan for 2024 as presented and edited. Committee Chair Hao seconded the motion.

PUBLIC COMMENT: None

ACTION: The Health Service Board Governance Committee unanimously approved the 2023 Board Education Report and Education Plan for 2024 as presented and edited.

7. VOTE ON WHETHER TO HOLD CLOSED SESSION TO REVIEW TO REVIEW AND APPROVE 2023 ANNUAL EMPLOYEE PERFORMANCE EVALUATION REPORT: (Action)

Committee Chair Hao said it's the Committee's privilege to evaluate the performance of the Executive Director in a closed session.

Commissioner Scott moved to review and approve the 2023 annual employee performance evaluation report in a closed session. Committee Chair Hao seconded the motion.

PUBLIC COMMENT: None

ACTION: The Health Service Board Governance Committee unanimously approved to hold a closed session for the 2023 annual employee performance evaluation report.

GOVERNMENT CODE SECTION 54957 (B)(1) AND SAN FRANCISCO ADMINISTRATIVE CODE 67.10(B): PUBLIC EMPLOYEE PERFORMANCE EVALUATION

8. REVIEW AND APPROVE THE 2023 ANNUAL EMPLOYEE PERFORMANCE EVALUATION REPORT: (Action)

Presented by Holly Lopez, Board Secretary

Employee and Position: Abbie Yant, SFHSS Executive Director

DOCUMENTS ATTACHED: 2023 Annual Employee Performance Evaluation Report

ACTION:

RECONVENE FROM CLOSED SESSION

9. POSSIBLE REPORT ON ACTION TAKEN IN CLOSED SESSION (Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12(b) (Action):

Committee Chair Hao said there is no report of actions taken in closed session.

Commissioner Scott moved not to report on actions taken during the closed session. Committee Chair Hao seconded the motion.

PUBLIC COMMENT: None

ACTION: The Health Service Board Governance Committee unanimously approved not to report any action taken in the closed session.

10. VOTE TO ELECT WHETHER TO DISCLOSE ANY OR DISCUSSION HELD IN CLOSED SESSION: (San Francisco Administrative Code Section 67.12(a)) (Action):

Committee Chair Hao moved not to disclose any discussion held in closed session.
Commissioner Scott seconded the motion.

PUBLIC COMMENT: None

ACTION: The Health Service Board Governance Committee unanimously approved not to disclose any discussion held in closed session.

11. ADJOURNMENT: 11:21 a.m.

Summary of Health Service Board Rules Regarding Public Comment

1. There will be an opportunity for general public comment at the beginning of the meeting, and there will be an opportunity to comment on each discussion or action item on the agenda. A member may comment on any matter within the Board's jurisdiction as designated on the agenda.
2. A member of the public has up to three (3) minutes to make pertinent public comments.
3. Public Comments can be given in person, remotely, or written.
4. Members may submit their comments by email to health.service.board@sfgov.org by 5 p.m. the day before the meeting start time. These comments will be made part of the official public record and shall be brought to the attention of the Health Service Board. All comments received by the deadline will be forwarded to Board members, summarized and read aloud by the Board Secretary during the specific agenda item, and included in the meeting minutes. In the subject line of your email, indicate the meeting date and the specific agenda item number. If you do not specify an agenda item, your emailed public comment will be read under general comment.
5. For those attending remotely, the Commission will hear up to 30 minutes of remote public comment total for each agenda item. Remote public comment from people who have received an accommodation due to disability will not count toward the 30-minute limit.

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 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>.

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 outlined in Chapter 67A of the San Francisco Administrative Code.

Disability Access and Accommodation

Regular Health Service Board meetings are held at City Hall, 1 Dr. Carlton B. Goodlett Place, in Hearing Room 416 at 1:00 p.m. on the second Thursday of each month. The closest accessible BART station is Civic Center, three blocks from City Hall. Accessible MUNI lines serving this location are #42 Downtown Loop, the #71 Haight/Noriega, the F Line to Market and Van Ness, and the Metro stations at Van Ness and Market and 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. To obtain a disability-related modification or accommodation, including auxiliary aids or services, to participate in the meeting, please contact Holly Lopez at 628-652-4646 at least 48 hours before the meeting, except for Monday meetings, for which the deadline is 4:00 p.m. the previous Friday.

City Hall Room 416 is wheelchair accessible. This meeting will be broadcast and captioned on SFGovTV. Remote public participation is available upon request for individuals who cannot attend in person due to disability. Making a request to participate remotely no later than one (1) hour prior to the start of the meeting helps ensure the availability of the meeting link. Sign Language Interpretation is also available upon request. If requesting remote Sign Language Interpretation, please submit an accommodation request a minimum of 4 business hours prior to the start of the meeting. Allowing a minimum of 48 business hours for all other accommodation requests (for example, for other auxiliary aids and services) helps ensure availability. To request an accommodation, please contact Holly Lopez, holly.lopez@sfgov.org 628-652-4646.

To access the meeting remotely as an accommodation, please use the [March 5, 2024 HSB Governance Committee Meeting WebEx Link](#) or call 415-655-0001. Please find instructions at the beginning of this agenda for how to use WebEx for remote public comment.

Sensitivity to Chemical-based Products

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.

Location of Materials

If any materials related to an item on this agenda have been distributed to the Health Service Board after the 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 Holly Lopez at 628-652-4646 or email holly.lopez@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: 628-652-4646

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.