



City & County of San Francisco

HEALTH SERVICE BOARD

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

Minutes

Special Meeting
(Combined with Rates and Benefits Committee Meeting)

Friday, June 1, 2012

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 Claire Zvanski
 - Vice President Karen Breslin
 - Supervisor Carmen Chu
 - Commissioner Sharon Ferrigno
 - Commissioner Wilfredo Lim
 - Commissioner Jordan Shlain, M.D., absent
 - Commissioner Jean S. Fraser

All Health Service Board meetings are recorded and videotaped. Meeting audio links, YouTube videos and all meeting materials are posted on the myhss.org website.

RATES AND BENEFITS COMMITTEE MATTERS

- 06012012-01RB Action item
 - Presentation and approval of 10-County Survey amount for 2013 Plan Year (Committee Chair Breslin and Aon Hewitt)
 - Documents provided to Board prior to meeting: Report prepared by Aon Hewitt, “2012-2013 10 County Survey.”

- Monica Hirning, Aon Hewitt actuary, reported that there were no changes to the data collected from the counties surveyed for the 2012 six-month plan year (July through December), and the information gathered for the 2013 plan year. Therefore, the new 10-County projection rule adopted by the Health Service Board in April was used to determine the average contribution.
- The average monthly contribution for the 2013 plan year is \$534.78 or 2.26% above the 10-County average of \$522.97 for the 2012 six-month plan year.

Public comments: None.

Action: Motion was moved and seconded by the Board to approve the 10-County Survey amount of \$534.78 for the 2013 plan year.

Motion passed 6-0.

□ 06012012-02RB Action item

Approve City Plan (UHC) large claim reserve (Aon Hewitt)

Documents provided to Board prior to meeting: Report prepared by Aon Hewitt. "City Plan (UHC) Large Claims Reserve, Plan Year 2013."

- Monica Hirning reported that at the April 12 meeting, the Board approved establishing a large claims reserve for the 2013 plan year in lieu of stop loss coverage.
- Aon Hewitt recommended that HSS establish a large claims reserve of up to \$5M to cover active and early retiree City Plan members whose annual claims exceed \$500K per individual. This would be accomplished by setting aside any premiums not spent on claims beginning with the 2011-2012 plan year, and continuing to set aside the excess premiums until a total of \$5M is collected.
- This reserve would be eligible for use against large claims in excess of \$500K per individual incurred on or after January 1, 2013.
- The difference between premiums and claims in the last year was approximately \$2M.

- Catherine Dodd, HSS Director, stated that HSS had originally considered adopting a \$2.7M claims reserve or 85% level according to Aon’s stochastic model. HSS will annually review the reserve amount.
- Supervisor Chu stated that based on the stochastic model presented, she felt comfortable with initiating a claims reserve at \$3.6M or the 95% level.
- Commissioner Zvanski confirmed that there is no firm projection on the amount of unused claims anticipated by the end of the plan year. She also stated her preference for establishing a \$500M claims reserve or 99% level but stated that a \$3.6M claims reserve or 95% is a good level to start.

Public comments: None.

Action: Motion was moved and seconded by the Board to approve establishing a large claims reserve of \$3.6M for claims exceeding \$500K per individual in City Plan for the 2013 plan year.

Motion passed 6-0.

□ 06012012-03RB Action item

Approve City Plan (UHC) annual deductible, annual out-of-pocket, premium equivalent assumptions and preliminary rates (Aon Hewitt)

Documents provided to Board prior to meeting:
Report prepared by Aon Hewitt, “City Plan (UHC) Design Options to Mitigate the Impact of the Short Plan Year on Member Out-of-Pocket Costs.”

- Monica Hirning reported that in response to the Board’s previous request, Aon Hewitt prepared a member cost impact analysis for a status quo City Plan renewal (no plan changes) and one alternative plan design, Option C. The Option C alternative plan design will increase premiums for all City Plan members.
- Aon Hewitt recommends retaining the status quo in the City Plan for the 2013 plan year because it does not require that all members pay higher premiums. However, if HSS decides to make a change, Aon also endorses Option C because of its relatively low impact on members.

- The status quo City Plan rate increase for plan year 2013 is \$316,000 or 0.43%.
- Option C allows carrying forward the \$250 deductible and \$3,750 out-of-pocket maximum paid during the last three months of the 2012 six-month plan year (October through December) into the 2013 plan year.
- The 2013 plan year increase for Option C is \$969,000 or 1.31%.
- The monthly contribution comparison chart may be found on page 10 of Aon Hewitt's report.
- Commissioner Fraser and Supervisor Chu questioned whether, based on decreased claims experience and the small number of members potentially impacted, increasing premiums for all City Plan members is in the best interest of the entire membership.
- Commissioner Lim stated his preference for approving Option C because in staying with the status quo, the burden will be solely on the employee when the \$250 deductible and \$3,750 out-of-pocket maximum reset in January 2013.
- Commissioner Zvanski also reported that the Health Service Board has received letters from retirees and retiree organizations expressing the hardship members with limited incomes would face if the \$250 deductible and \$3,750 out-of-pocket maximum reset in January 2013.

Public comments: Larry Barsetti, Executive Secretary of the Veterans Police Officers Association and Chair of Protect Our Benefits, asked the Board to consider those retired members on limited incomes who can least afford catastrophic illness and approve Option C.

Gerry Meister, Chair of UESF Retired Division, concurred with Mr. Barsetti's comments stating that the Board cannot leave members stranded.

Action: Motion was moved and seconded by the Board to approve Option C, which allows a three-month carry forward of City Plan's annual \$250 deductible and annual \$3,750 out-of-pocket maximum paid in October through December 2012 to be applied in plan year 2013.

Motion passed 4-2.

Commissioners Zvanski, Breslin, Ferrigno and Lim voted in favor of the motion.

Supervisor Chu and Commissioner Fraser voted against the motion.

□ 06012012-04RB Action item

Approve Active Delta Dental PPO plan design and rates (Aon Hewitt)

Documents provided to Board prior to meeting: Report prepared by Aon Hewitt, "Active Delta Dental PPO Plan Presentation."

Public comments: None.

- Monica Hirning reported that in response to the Board's request at its May 10 meeting, Aon Hewitt offered a third plan design alternative to encourage employees to utilize the provider tiers with the highest discounts.
- Aon Hewitt recommended Alternative 3 for the 2013 plan year, which would provide approximately \$1.4M in savings from the status quo plan design.
- Alternative 3 maintains the current 80/20 cost sharing for crowns and cast restorations in the Premier network and provides a substantial decrease in premiums with an estimated savings of \$591,074, which benefits members and employers.
- Alternative 2 recommends 70/30 cost sharing for crowns and restorations in Tier 2.
- Status quo rates for the 2013 plan year would result in an increase of \$814,810 or 1.9% in the Active Delta Dental PPO plan.
- Commissioner Fraser asked about members' access to dentists in tiers 1, 2 and 3.
- Committee Chair Breslin questioned whether the different tiers reflected the quality of dentist.

- Valerie Layne, Delta Dental representative, responded that the PPO and Premier dentists have identical contracts and that the only difference is the negotiated fee. She stated that approximately 90% of participating dentists in California are in the Premier network and are reimbursed at rates appropriate in each geographic area. She also suggested that quality is not an issue with PPO dentists because many Premier dentists were originally PPO dentists.

Action: Motion was moved and seconded by the Board to approve Alternative 3 for the Active Delta Dental PPO plan design.

Motion passed 6-0.

□ 06012012-05RB Action item

Approve Kaiser plan design (Aon Hewitt)

Documents provided to Board prior to meeting: Report prepared by Aon Hewitt, "Kaiser Plan Design and Benchmarking Presentation."

- Monica Hirning reported that no plan design changes from the 2012 six-month plan year were being recommended for the 2013 plan year for Kaiser.
- Kaiser's approved changes for the 2012 six-month plan year (July through December) are as follows:
 - Office visit copay increase from \$15 to \$20; and
 - Outpatient surgery copay increase from \$15 to \$35.
- Aon Hewitt presented its report on Kaiser's plan design for the 2012 six-month plan year benchmarked against Kaiser's top 10 book of business (comparison of the 10 largest employers in the Bay Area compared to CCSF's plan design).
- Kaiser's HMO plan design copays for HSS are in line or slightly higher than the Kaiser benchmarks. Aon Hewitt, therefore, recommends no plan design changes to Kaiser's HMO plan effective January 1, 2013.
- The 2013 renewal rates will be presented at the June 14 meeting.

Public comments: None.

Action: Motion was moved and seconded by the Board to make no changes to Kaiser's plan design for plan year 2013.

Motion passed 6-0.

- 06012012-06RB Discussion item **Overview of next Rates and Benefits Committee meeting** (Committee Chair Breslin)

Next committee meeting: Thursday, June 14, 2012 at 12:30 p.m.

Documents provided to Board prior to meeting: None.

- Committee Chair Breslin reported that all outstanding rates and benefits matters will need to be completed at the June 14 meeting, including rates for Kaiser, Blue Shield, United Healthcare and Delta Dental.
- Catherine Dodd, HSS Director, announced that the Long Term Disability ("LTD") and life insurance RFP will not be conducted in enough time to present results to the Board on June 14. Therefore, a special meeting has been scheduled on June 28 at 1:00 p.m. to approve the selected vendor, as well as hear two appeals.

Public comments: None.

REGULAR BOARD MEETING MATTERS

- 06012012-07 Discussion Item **Presentation of Kaiser Dashboard response** (Aon Hewitt)

Documents provided to Board prior to meeting: Aon Hewitt letter re Kaiser's Dashboard response; Kaiser's written response to Dashboard questions.

- Barbara Weaver Lloyd, Aon Hewitt Account Manager, presented Kaiser's response to its dashboard report originally presented in February. At that time, Aon presented data for the last four years specifically targeting items involving inpatient and outpatient costs and days.
- The dashboard results for the last four years are as follows:

- Inpatient days decreased by 22% and costs rose by 69%;
- Outpatient urgent care costs rose by 33%;
- Total costs rose by 29%.
- In response to questions from the Health Service Board regarding the factors driving Kaiser's increased costs, Aon Hewitt presented four questions to Kaiser for explanation. Kaiser provided written answers to three of the questions.
- President Zvanski expressed concern regarding Kaiser's pricing.
- Raul Monares, Kaiser Account Representative, responded that Kaiser is a budget-driven not for profit organization that contracts with specific medical groups in northern and southern California. Kaiser sets pricing specifically for the regions its business resides.
- Dr. Dodd asked for clarification on Kaiser's statement in its letter regarding how fees are developed based on survey data from the firms Ingenix, Thompson-Reuters and Milliman.
- Commissioner Fraser stated that, while everyone believes Kaiser is the low cost leader in healthcare, the difference between Kaiser's rates and Blue Shield's rates are not as one would expect. She also questioned Kaiser's risk adjustment and asked for more transparency, since Kaiser has a great deal of the market share.
- Mr. Monares stated that he will follow up with Kaiser's lead actuary and respond to the questions asked.
- President Zvanski requested a more detailed explanation on the 69% increase in Kaiser's inpatient costs than the letter provided.

Public comments: None.

- 06012012-08 Discussion item Report on network and health plan issues (if any)
(Respective plan representatives)

Public comments: None.

- 06012012-09 Discussion item Opportunity to place items on future agendas
Public comments: None.

- 06012012-10 Discussion item Opportunity for the public to comment on any matters within the Board's jurisdiction
Public comments: Gerry Meister read the following statement on Claire Dunn, retired San Francisco Unified School District employee who recently passed away:

"When I was first elected chair of UESF Retired, the person who convinced me that the Health Service System should be our highest priority and that working with POB was crucial, was someone who is no longer with us. Claire Dunn was not only chair of our Health Committee, she also was an active member and officer of POB, one of our two representatives on the Kaiser Senior Advisory Board and an officer of RECCSF.

"Only a few of us knew that, for nearly three years, she was engaged in a struggle with cancer, a battle that she lost this month, only two months after her husband died.

"Claire's passion was ensuring that each of us had the healthcare we needed and deserved. She worked hard for the passage of Proposition C in 2004, which resulted in an independent HSS and a director hired by a Board with a majority of HSS members. And she was very disappointed that her health wouldn't allow her to fight just as hard against 2011's Proposition C. Until her illness, Claire attended every meeting of the HSS.

"All of us who have benefitted so much from her years of dedication will certainly miss her."

President Zvanski requested a moment of silence in honor of Ms. Dunn and adjourned the Health Service Board's meeting in Ms. Dunn's memory.

- Adjourn: 2:42 p.m.

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.

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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 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.