



City & County of San Francisco

HEALTH SERVICE BOARD

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

Minutes

Regular Meeting

Thursday, November 8, 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 Karen Breslin
 - Vice President Wilfredo Lim
 - Supervisor Carmen Chu, arrived 1:10 pm
 - Commissioner Sharon Ferrigno
 - Commissioner Jean S. Fraser
 - Commissioner Jordan Shlain, M.D., excused
 - Commissioner Claire Zvanski

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.
- 11082012-01 Action item Approval (with possible modifications) of the minutes of the meeting set forth below:
 - Regular meeting of September 13, 2012

Staff 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 September 13, 2012.

Motion passed 5-0.

- 11082012-02 Discussion item **President's Report** (President Breslin)
- Documents provided to Board prior to meeting:
None.
- President Breslin had nothing to report.
- Public comments: None.
- 11802012-03 Discussion item **Director's Report** (Catherine Dodd)
- HSS Personnel
 - Finance, Operations, Communications, Wellness/EAP, Vendor Contracts
 - Meetings with Key Departments
 - Other additional updates
- Documents provided to Board prior to meeting:
1. Director's report;
 2. Reports from Operations, Communications, Health Promotion and Wellness and Employee Assistance Program;
 3. Labor-Management presentation; and
 4. Retiree Health Trust presentation.
- Dr. Catherine Dodd, HSS Director, presented her Director's report, which may be viewed on the myhss.org website. She stated that in anticipation of the Accountable Care Organizations' presentation, her oral report would be brief.
 - In addition to her written Director's report, Dr. Dodd reported that Open Enrollment transfer data for Blue Shield and Kaiser was 96% complete, and that the Board's work has stabilized Blue Shield's population. During Open Enrollment, 193 new lives transferred into Blue Shield, and 219 new lives transferred into Kaiser.
- Public comments: None.
- 11082012-04 Discussion item **Update on eMerge Rollout** (Catherine Dodd)
- Documents provided to Board prior to meeting:
None.
- Dr. Dodd reiterated the eMerge challenges outlined in her Director's report and stated that issues continue with the accuracy of the vendor eligibility files.

Public comments: None.

- 11082012-05 Discussion item [Presentation of Audited Financial Statements for Fiscal Year 2011-2012](#) (Tracey Loveridge/KPMG)

Documents provided to Board prior to meeting:

1. Audited Financial Statements for Fiscal Year 2011-2012;
 2. Presentation of Audit Results prepared by KPMG LLP.
- Tracey Loveridge, HSS Chief Financial Officer, reported that on page 7 of the audited Financial Statements, the line item “Plan provider penalties and forfeitures” ending June 30, 2012 was 20% less than the prior year. This was due to fewer provider penalties for performance guarantees and lower forfeitures.
 - In the “Deductions” column on page 7 of the audited Financial Statements, City Health Plan reflected a 13% decrease in claims payments from the prior year due to reduced utilization.
 - Ms. Loveridge acknowledged and thanked two finance team members in attendance, Yuriy Gologorskiy and Elizabeth Salazar, who were instrumental in assisting with the audit.
 - Tiffany Rasmussen, KPMG Audit Partner, reported the following:
 - An unqualified or clean opinion of the financial statements for year ended June 30, 2012 was issued to HSS.
 - Ms. Rasmussen stated that the required communications were presented in advance and there was nothing to highlight from the audit.
 - Commissioner Lim commended the finance staff and Dr. Dodd on the clean audit.

Public comments: None.

- 11082012-06 Discussion item [Update on Financial Reporting as of June 30, 2012 and September 30, 2012](#) (Tracey Loveridge)

Documents provided to Board prior to meeting:

1. Statement of Revenues and Expenses – June 30, 2012 and September 30, 2012; and
2. Annual Administrative Budget – FY-2012-2013.
 - Tracey Loveridge reported on the two financial reports included in this presentation, final June 30 report and the report ending September 30, 2012.
 - The year-to-date revenues in the trust fund are \$192M and expenses to date are \$185M.

Public comments: None.

- 11082012-07 Discussion item [Current Claims Experience and Future Considerations for HSS Trust Managers for Actives and Early Retirees and Networks in the Future](#) (Aon Hewitt)

Documents provided to Board prior to meeting: Reports prepared by Aon Hewitt, “Current Claims Experience and Future Considerations for HSS Trust Managers” and “Next Steps in Integrated Health Care.”

- Anil Kochhar, Aon Hewitt actuary, reported on Blue Shield’s current claims experience. He reviewed Blue Shield’s flex funded plan for active and early retiree members approved by the Health Service Board on July 3, 2012.
- Mr. Kochhar presented some of the survey results of Bay Area trends conducted by Aon Hewitt. He noted that HSS healthcare costs increased by 5.5% in plan year 2011 -2012. Healthcare costs are expected to increase by 2.4% in plan year 2013.
- Aon Hewitt’s analysis indicates a marked improvement in Blue Shield’s experience or trend lines.
- For the most current twelve months ending August 2012, the trend for non-capitated fee-for-service medical cost is -3.52%. This is the result of applying \$5M from Blue Shield’s pledge to the employee contributions for actives and early retirees to mitigate migration

and stabilize membership.

- Through the efforts of the Accountable Care Organizations (“ACOs”), inpatient admissions have been reduced, which has decreased fee-for-service unit costs. The overall hospital medical cost reduction is -6.8%.
- The trend is improving significantly, leading to the conclusion that the premium equivalents set for the 2013 plan year could possibly generate surplus if the efforts of the ACOs are maintained.
- There are concerns regarding potential member migration from Blue Shield to Kaiser in plan year 2014 due to the 90/10 contribution model change to become effective January 1, 2014. Under that formula, the City would contribute 90% of the premium equivalent, leaving the employees’ only to pay 10% of the premium equivalent.
- Active City Plan members will also be significantly impacted by the 90/10 contribution model. For this reason, Aon Hewitt recommends discontinuing the active UHC pool and allowing members outside Kaiser’s and Blue Shield’s service areas to establish a specialized pool (i.e., Hetch Hetchy members).
- Commissioner Lim asked if Aon Hewitt would be able to develop a contribution model based on the discussion.
- Mr. Kochhar responded that Aon Hewitt would be able to provide recommendations to the Board.
- Supervisor Chu asked if the contribution model being discussed is associated with labor union negotiations because of DHR’s role in that process.
- Dr. Dodd asked Erik Rapoport, Deputy City Attorney, to respond to Supervisor Chu’s question.
- Mr. Rapoport confirmed that DHR is the sole representative for the City in collective bargaining. He also noted that the Health Service Board has the authority to ask Aon Hewitt to prepare recommendations for the contribution model with the understanding

that DHR has the ultimate responsibility to negotiate contributions.

- Mr. Kochhar stated his preference to check with his firm to see if it is comfortable with his presentation of contribution models based on the Board's comments.
- Mr. Rapoport suggested that the Board request Aon to present just one contribution model rather than a variety of options.
- Commissioner Zvanski asked that Aon present at least two contribution models because of the potential impact on other members in their negotiations.
- The impact of the 90/10 contribution formula may be found on pages 16 and 17 of Aon Hewitt's report, "Current Claims Experience and Future Considerations for HSS Trust Managers."
- Mr. Kochhar also presented a preliminary update on trends in Blue Shield's population since the implementation of flex funding in July and risk assessment. He stated that the work of the ACOs is having a positive impact.
- Dr. Paige Sipes-Metzler, Aon Hewitt representative, presented the next steps in integrated healthcare. She noted the three goals:
 - Improved care experience
 - Improved population health
 - Reduction in the cost of healthcare
- The ACO is the cornerstone to the new system by offering patient centered care delivery. She stated that progress is being made through Blue Shield's two ACOs and various processes are underway in different stages. In the diagram on page 2 of the "Next Steps in Integrated Health Care" presentation, practices currently underway are indicated in italics and will be presented later by the ACOs.
- The ACOs are integrating acute and chronic care, as well as trying to enhance preventive care. They are also working on transparency.

- The electronic medical record is becoming a key component of the new system as well as focus on member experience. Also being measured are current resource utilization, such as admits per thousand, days per thousand, average length of hospital stay, readmission rates, ER visits, outpatient surgeries and generic utilization for pharmacy.
- The Aon Hewitt reports may be viewed on the myhss.org website.

Public comments: None.

□ 11082012-08 Discussion item

Blue Shield ACO Accomplishments: Presentation by Brown and Toland and Hill Physicians Accountable Care Organizations

Documents provided to Board prior to meeting: “City and County of San Francisco (CCSF) ACO Collaboration Accomplishments.”

- Kristen Miranda, Blue Shield’s Vice President of Network Management, reported that her primary focus is managing Blue Shield’s ACO program statewide (currently 10 and counting).
- Blue Shield’s two San Francisco ACOs are comprised of five organizations: (1) Brown and Toland and California Pacific Medical Center, and (2) Hill Physicians, UCSF and Dignity Health (two hospitals).
- Each ACO presented updates.
- The presenters for the Brown and Toland and CPMC ACO were Richard Fish, Brown and Toland CEO, Andrew Snyder, M.D., Brown and Toland Chief Medical Officer, John Hirshleifer Blue Shield ACO Medical Director, Eileen Kahn and Alan Pont, M.D. from CPMC.
- The presenters for the second ACO (Hill Physicians, UCSF and two Dignity Health hospitals) were Adrienne Green, M.D., Associate Chief Medical Officer at UCSF, John Hirshleifer, M.D., and Terry Hill, M.D.
- Many of the significant achievements resulting from the ACO collaboration are outlined in the handout, “City and County of San Francisco ACO Collaboration Accomplishments,” which may be viewed on

the myhss.org website.

Public comments: None.

MEMBERSHIP RULES COMMITTEE

- 11082012-09 Action item Approval of HIPAA Privacy and Policy Procedures for Section 125 Cafeteria Plan, effective November 8, 2012 (Committee Chair Ferrigno)
- Staff recommendation: Approve HIPAA Privacy and Policy Procedures for Section 125 Cafeteria Plan.
- Documents provided to Board prior to meeting: Draft HIPAA Privacy and Policy Procedures; Notice of Privacy Practices; and HIPAA Privacy forms.
- Erik Rapoport, Deputy City Attorney, reported that he worked with outside counsel, Ice Miller, to draft the HIPAA policies and procedures for the Section 125 Cafeteria Plan. He commended Ice Miller for providing top-notch legal service on the Cafeteria Plan and HIPAA privacy and policy procedures.
- Public comments: None.
- Action: Motion was moved and seconded by the Board to approve the HIPAA Privacy and Policy Procedures for the Section 125 Cafeteria Plan.
- Motion passed 6-0.

REGULAR MATTERS

- 11082012-10 Action item Consideration of Special Health Service Board meeting on December 11, 2012, regarding HSS predictions for future cost increases and cancellation of December 13 regular meeting (Catherine Dodd)
- Documents provided to Board prior to meeting: None.
- Dr. Dodd reported that the Board had previously discussed conducting a special evening meeting for the benefit of union members and retirees who are unable to attend regular afternoon meetings. Because of difficulty reserving a hearing room in City Hall for an evening meeting, December 11 is

the earliest date to schedule this meeting.

- Dr. Dodd suggested two meeting options for the Board to consider—one meeting encompassing regular matters and special presentations or two meetings: December 11 and December 13.

Public comments: None.

Action: Motion was moved and seconded by the Board to hold one special meeting on December 11, 2012 from 4:30 to 8:00 pm and cancel the regular meeting scheduled on December 13, 2012.

Motion passed 6-0.

□ 11082012-11 Discussion item

Report on network and health plan issues (if any)
(Respective plan representatives)

- Raul Monares, Kaiser Representative, introduced Cathy Reimer, new Executive Account Manager with Kaiser Permanente. Ms. Reimer took over the HSS account effective October 1. She has 19 years of healthcare experience in insurance, and has been with Kaiser Permanente for the last five years as a senior retiree consultant.
- Mr. Monares stated that was his pleasure to act as HSS' Executive Account Manager for the last four and a half years.
- Commissioner Zvanski inquired into the retiree notices sent out by Blue Shield attempting to collect underpayment for pharmacy.
- Dr. Dodd responded that Blue Shield had undercharged Medicare Advantage members for several categories of pharmaceuticals. The Centers for Medicare and Medicaid Services ("CMS") rules require that an insurer make an attempt to recoup what it did not collect. As a result, members received a letter from a collection agency requesting payment.
- Dr. Dodd also stated that Blue Shield was required to send one letter to members in an attempt to recoup the money, but no further attempts will be made. No one will be sent to collections.

Public comments: Dennis Kruger, active and retired firefighters' representative, asked that a Blue Shield representative confirm that no further attempts will be made to collect pharmacy underpayments from retirees.

Kris Perreras, Blue Shield representative, confirmed that no further action will be taken by Blue Shield to collect pharmacy underpayments and that there will be no repercussions if retirees do not make the requested payments.

- 11082012-12 Discussion item **Opportunity to place items on future agendas**

Public comments: Elizabeth Apana, active City employee, asked that a future agenda item include a discussion on the possibility of negotiating a Kaiser contract for members (including retirees) in regions outside California, specifically in Hawaii.

- 11082012-13 Discussion item **Opportunity for the public to comment on any matters within the Board's jurisdiction**

Public comments: Diane Ehrlich, UESF Retired member, asked why Kaiser is the only plan that does not cover acupuncture.

Raul Monares, Kaiser representative, responded that the acupuncture benefit is not covered through the health plan unless it is referred by the physician. Kaiser now has a product that combines chiropractic and acupuncture services through an outside network. A patient is allowed 30 visits in 12 months and may choose whether the visits will be for chiropractic or acupuncture services. This issue may be revisited in the next contract negotiations.

Elizabeth Apana, active City employee, inquired into the possibility of contracting with Kaiser in regions outside California.

Dr. Dodd responded that HSS has received the same inquiry from a number of members who have retired to Oregon and Idaho. Health insurance companies are state licensed and California has much stricter regulations on how health insurance is administered. The only product not governed by a state license is the City Plan, and in that plan, HSS pays every claim. She also noted that the Kaiser plan in Hawaii is different than the Kaiser plan in California.

Gerry Meister, UESF Retired Division representative, emphasized the importance of covering the Board's regular business prior to the special presentations at

the evening meeting on December 11. The possibility of conducting a special evening Health Service Board meeting was well received at UESF's Executive Board meeting.

Dennis Kruger, active and retired firefighters' representative, asked for clarification on dependent coverage for retiree surviving spouses in accordance with Prop E. He was contacted by a surviving spouse who was told that she was ineligible for dependent coverage. He asked the Board to direct the City Attorney to quote the applicable Charter sections indicating that the benefit dies with the employee.

Dr. Dodd responded that HSS is still examining the Charter to determine retiree surviving spouse dependent coverage.

Mr. Kruger also asked why healthcare costs increase when an individual enrolls in Medicare Parts A and B.

Dr. Dodd stated that Medicare Part B premium costs increase for individuals making more than \$85,000 per year or \$150,000 for married couples. The increases are income based.

Ray Mason, retired City employee, received an inquiry from another retired member asking why her premium had increased after enrolling in Medicare and whether the Health Service Board can approve zero deductibles for retirees.

Dr. Dodd responded that until the member's Medicare Part B premium is higher than the 10-County amount, she will continue to have to pay the premium in accordance with Medicare's rules.

Adjourn: 4:04 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

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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.