



City & County of San Francisco

HEALTH SERVICE BOARD

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

Minutes

Regular Meeting
(Combined with Rates and Benefits Committee Meeting)

Thursday, April 11, 2013

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 Mark Farrell
 - Commissioner Sharon Ferrigno
 - Commissioner Jean S. Fraser
 - Commissioner Jordan Shlain, M.D., arrived 1:13 p.m.
 - 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.
- 04112013-01 Action item Approval of Controller's nominee, Randolph Scott, to the Health Service Board for a two-year term starting May 15, 2013 (President Breslin)
 - Agenda item Staff recommendations: Approve Controller's order change nominee
 - Documents provided to Board prior to meeting: Controller's letter to Health Service Board President Breslin dated March 29, 2013.

- Ben Rosenfield, City Controller, introduced Randy Scott, his nominee to the Health Service Board. He noted Mr. Scott's unique set of skills and experiences, including expertise in the analysis of the insurance industry and hospital proposals, as well as Catherine Dodd's recommendation of his nomination to the Health Service Board. He thanked the Board for considering Mr. Scott's nomination for a two-year term.
- President Breslin asked Mr. Scott to address the Board.
- Mr. Scott clarified that, for the record, his first name is Randolph, not Randall, as erroneously stated on the agenda. However, he prefers to be called Randy.
- Mr. Scott stated that he currently resides in San Francisco and that he recently retired from the University of California where he served for 11 years in a variety of capacities in the office of the President. He also served as Director of Human Resources at Lawrence Berkeley National Laboratory where he had a full scope of responsibilities in the HR function, including labor relations. His initial assignment for a period of nearly three and a half years was policy and program design, which encompassed the UC retirement system, health and welfare benefits and other ancillary benefits for UC employees system-wide. He was also involved in the contract renewal process with some of the healthcare insurers now in partnership with the City.
- Prior to joining UC, Mr. Scott served as Vice President of Human Resources with Kaiser Permanente in San Francisco.
- President Breslin asked Messrs. Scott and Rosenfield to leave the room as the Board voted on Mr. Scott's nomination. Mr. Scott's appointment to the Health Service Board would replace Commissioner Zvanski's elected seat, effective May 15, 2013.
- Commissioner Zvanski stated that while she's very impressed with Mr. Scott and thinks he will probably serve well on the Board, she will not vote for his approval because of her

objection to the changes resulting from the passage of Proposition C, including the reconstitution of the Health Service Board. Her concern is not restricted to the loss of her seat on the Board but also the impact on members in the future. She also stated objection to the restructuring of the Board's voting majority from five to four votes.

- Commissioners Breslin and Fraser stated their support for Mr. Scott's nomination.
- Dr. Dodd stated that her reasons for recommending Mr. Scott for the seat on the Health Service Board included his healthcare experience and knowledge of the insurance industry.
- President Breslin noted that the appointment is for a two-year term, and subsequently for five years, so the Board will have an opportunity to revisit the appointment in two years.
- Mr. Scott's resume may be viewed on the myhss.org website.
- This agenda item may be viewed as a YouTube video on the myhss.org website.

Public comments: Bob Britton, Staff Director at Local 21, stated his support for Mr. Scott's nomination to the Health Service Board due to his knowledge of the industry and Dr. Dodd's recommendation, which as a Local 21 representative he trusts.

Larry Barsetti, Chair of Protect Our Benefits and Executive Secretary of the San Francisco Veterans Police Officers Association, expressed support for Dr. Dodd in her efforts to contain healthcare costs without reducing benefits and her demonstrated commitment to transparency, accountability and honesty in government. In deference to Dr. Dodd's recommendation, he urged the Board to approve Mr. Scott's nomination to allow the Board to continue protecting the earned health benefits of members.

Herbert Weiner, HSS member, stated his support for Mr. Scott's appointment to the Health Service Board as the best possible choice because of his administrative expertise and his interest in serving the members of the Health Service System.

Action: Motion was moved and seconded by the Board to approve Randolph Scott's appointment to the Health Service Board for a two-year term commencing May 15, 2013.

Motion passed 6-1.

Commissioners Breslin, Lim, Farrell, Ferrigno, Fraser and Shlain voted in favor of the motion.

Commissioner Zvanski voted against the motion.

Prior to moving to the next agenda item, President Breslin welcomed Supervisor Mark Farrell to the Health Service Board. She also noted his position on the Board of Supervisors Budget and Finance Committee.

RATES AND BENEFITS COMMITTEE MATTERS

□ 04112013-02RB Action item

Presentation and approval of 10-County Survey amount for 2014 Plan Year (Committee Chair Zvanski and Aon Hewitt)

Staff Recommendation: Approve survey results as presented at Rates and Benefits Committee Meeting on April 11, 2013.

Documents provided to Board prior to meeting: Report prepared by Aon Hewitt, "2013 10-County Survey."

- Monica Hirning, Aon Hewitt actuary, reported that the average monthly 10-County contribution is \$559.65 for plan year 2014, which is a 4.65% increase over last year's results of \$534.78.
- Results by county are indicated on page 3 of Aon Hewitt's report.
- Dr. Dodd stated that she has asked Aon Hewitt to delve deeper into how the counties are calculating their rates in order to make a comparison of products that are alike, stating that the 10-County survey is not what it was 20 or even five years ago; counties are changing how they are determining benefits.

Public comments: None.

Action: Motion was moved and seconded by the Board to approve the 10-County amount of \$559.65 for plan year 2014.

Motion passed 7-0.

□ 04112013-03RB Action item

Approve Dental Plan renewals and benefit design changes (Aon Hewitt)

- Retiree DeltaCare HMO (3.64% increase)
- Retiree Delta Dental PPO (4.36% for one year or 6.27% for 2 years)

Staff Recommendation: Approve Dental Plan renewals with the 2-year rate guarantee for the Retiree Delta Dental PPO with no benefit design changes.

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

- Gabriel Briggs, Aon Hewitt representative, reviewed the retiree dental renewals presented at the March 13, 2013 meeting. At that time, the Board requested that Aon Hewitt perform an in-depth analysis to determine if the proposed renewal increases were justified. Both plans are fully-insured.
- At the March 13 meeting, the Health Service Board also requested that Aon Hewitt work with Delta Dental to see if a benefit enhancement might be possible for the retiree PPO plan.
- The current rate guarantees for the retiree DeltaCare HMO are guaranteed through December 31, 2013. That plan has approximately 1,177 enrollees.
- The 2014 rate renewal increase for the retiree DeltaCare HMO is 3.64%, which includes a 1% administrative fee increase (from 5.55% of premium to 6.55%) due to the PPACA Health Insurer Tax.
- Aon Hewitt assessed that this rate increase is justified.
- The current rate guarantees for the retiree Delta Dental PPO have been in place since July 1, 2010 and will continue through December 31, 2013.

- Delta Dental has offered two renewals for the Retiree PPO plan:
 - A one-year rate increase at 4.36%; or
 - A two-year rate increase at 6.27%.
 - Approximately 1.1% of the rate increase is due to the PPACA Health Insurer Tax.
- Aon Hewitt recommended approving Delta Dental's PPO retiree rate increase of 6.27% guaranteed through 2015.
- Aon Hewitt recommended approving the DeltaCare HMO retiree rate increase of 3.64% guaranteed through 2015.
- Aon Hewitt also requested a quote from Delta Dental increasing the plan maximum from \$1,000 to \$1,250 and was quoted a 14.88% increase. The enhancement of this benefit is not recommended at this time.
- Commissioner Breslin stated that the current retiree dental benefit is becoming a "non-benefit" with the annual plan maximum of \$1,000 and a \$600 per year premium.

Public comments: Richard Rothman, retired City employee, suggested that the Board reject the Delta Dental PPO retiree rate increase and ask Delta Dental to review the \$1,000 plan maximum again stating that the current plan is not fair to retirees.

Dennis Kruger, representative for active and retired firefighters, suggested that the actuaries find a new category for the amount of dental benefits not used in a year by members, stating that over the last several years he has had two cleanings per year totaling approximately \$300, while the remaining \$700 seems to have evaporated (plus he also pays the premium). He inquired about the number of members who do not use the full benefit each year, which increases Delta Dental's profits in a year. He asked if the actuaries could provide those statistics.

Sherry Schaffer, retired school teacher, concurred with Mr. Kruger's suggestion that the actuaries create a new category for dental benefits not used each year.

Committee Chair Zvanski responded that some of the issues discussed could be resolved with a Charter change requiring an employer-sponsored dental benefit for retirees.

Action: Motion was moved and seconded by the Board to approve the staff recommendation for the Retiree DeltaCare HMO (3.64% increase) and Retiree Delta Dental PPO (6.27% increase for two years with no benefit changes) as presented.

Motion passed 7-0.

□ 04112013-04RB Action item

Approve VSP Vision Plan renewal and benefit design changes (Aon Hewitt)

- VSP Vision Plan (5.5% for two years or 7.0% for three years)

Staff Recommendation: Approve VSP renewal with the 2 year rate guarantee.

Documents provided to Board prior to meeting:
Report prepared by Aon Hewitt “Vision Service Plan Renewal Presentation.”

- Gabriel Briggs presented the Vision Service Plan (“VSP”) renewal for plan year 2014.
- The last vision plan renewal was July 2011 at a 6% rate increase guaranteed for 36 months through June 30, 2014. Due to the change to a calendar year, HSS and VSP agreed to change the renewal date from July 1, 2014 to January 1, 2014.
- The 2011 VSP renewal included a vision buy-up plan offer that could not be implemented due to the PeopleSoft conversion. HSS anticipates being able to offer a vision buy-up plan beginning in 2016.
- VSP has presented two renewal options:
 - Two-year renewal at a 5.5% increase through December 31, 2015; or
 - Three-year renewal at a 7% increase through December 31, 2016.
- Two percent (2%) of both renewal options include the PPACA-mandated Health Insurer Tax.

- Commissioner Breslin inquired into the \$60 copay for evaluating and fitting contacts, and why there are two separate copays for fitting glasses and contacts.
- Lucinda Ward, VSP representative, responded that there are more components to the exam for contact lenses. She noted that the HSS plan has a “not to exceed \$60” fitting and evaluation fee for contact lenses. An evaluation fee can range anywhere from \$50 to \$150 for contact lenses, which is in addition to the \$10 copay for a comprehensive eye exam. The \$60 evaluation fee is covered by the member.
- Aon Hewitt recommends approving VSP’s fully-insured rates guarantee for two years through December 31, 2015.
- Aon Hewitt’s report, which also includes plan design benchmarking, may be viewed on the myhss.org website.

Public comments: Larry Barsetti noted that acronyms continue to be used during meetings, making some of the discussion difficult to understand. He reminded the Board of a previous request to eliminate the use of acronyms during meeting presentations and discussions.

Action: Motion was moved and seconded by the Board to approve VSP’s 5.5% rate renewal guaranteed for two years through December 31, 2015.

Motion passed 7-0.

- 04112013-05RB Discussion item [Overview of next Rates and Benefits Committee meeting](#) (Committee Chair Zvanski)

Next committee meeting: Thursday, May 9, 2013 at 1:00 p.m. (combined with regular meeting) in Hearing Room 416.

Documents provided to Board prior to meeting: 2013 Rates and Benefits Calendar.

- Committee Chair Zvanski noted that May 9, 2013 will be her last meeting as a Health Service Board Commissioner. Commissioner Scott will join the Board beginning with the May 23, 2013 special meeting.

Public comments: None.

REGULAR BOARD MEETING MATTERS

- 04112013-06 Discussion item **President's report** (President Breslin)

Documents provided to Board prior to meeting:
None.

 - President Breslin had nothing new to report.

Public comments: None.

- 04112013-07 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.
 - Catherine Dodd, HSS Director, presented her Director's Report, which may be viewed on the myhss.org website.
 - Dr. Dodd also announced that her attendance at Board meetings will be intermittent during the next several months due to a medical condition, and then possibility less intermittent thereafter. She noted that Lisa Ghotbi, HSS Chief Operating Officer, will become the Acting Director for the department during her absence.
 - Commissioners Lim and Fraser welcomed Gregg Sass, HSS interim Chief Financial Officer, who came out of retirement to assist HSS temporarily with finance matters.
 - Commissioner Zvanski asked about the need for increased EAP services, noting that some services have increased and others appear stable.
 - Dr. Dodd responded that employees are usually able to schedule an appointment with

an EAP counselor in less than a week, including telephone appointments for employees who have difficulty coming in to the office. She also noted that other departments have EAP staff, so at this point, there does not appear to be a need to increase EAP staffing at HSS.

Public comments: Herbert Weiner, retired City employee, expressed the need for the EAP, citing workplace violence, as well as workplace bullying, has occurred throughout the country. He encouraged adding EAP staffing, if possible.

Rebecca Rhine, Municipal Executives Association representative, stated on behalf of City employees and the MEA that Dr. Dodd's contributions to the discussions have been immeasurable, and she wished Dr. Dodd a speedy and full recovery.

- 04112013-08 Discussion item Update on Financial Reporting as of February 28, 2013 (Gregg Sass)

Documents provided to Board prior to meeting:

1. Statement of Revenues and Expenses;
2. Annual Administrative Budget – FY-2012-2013.
 - Gregg Sass, HSS interim Chief Financial Officer who came out of retirement from DPH to temporarily assist HSS, thanked everyone for welcoming him, noting that he worked with Commissioner Fraser on establishing Healthy San Francisco, and Commissioner Lim who was a key finance person at San Francisco General Hospital and extensively relied upon.
 - Mr. Sass presented the standard monthly reports, which may be viewed on the myhss.org website.

Public comments: None.

- 04112013-09 Action item Approve Resolution on Health Benefit Purchasing and Data Transparency (JLMCHW)

Staff recommendations: Approve Resolution.

Documents provided to Board prior to meeting: Resolution prepared by Joint Labor-Management Committee on Health and Wellness.

- Roger Wu, M.D., CCSF employee and member of UAPD, spoke on behalf of the Joint Labor Management Committee on Health and Wellness, and presented a draft resolution on health benefits and data transparency for Board approval.
- Commissioner Zvanski asked who has viewed this resolution previously. Mr. Wu deferred to Rebecca Rhine to answer the question.
- Ms. Rhine responded that a subcommittee of the Citywide Joint Labor Management Committee on Health and Wellness was tasked to look at accountability and transparency. She noted that a similar resolution passed by CalPERS was the model for this resolution, which was put together in consultation with HSS, and labor and employer participants on the subcommittee.
- Commissioner Fraser congratulated everyone who worked on the resolution but cautioned that there are many underlying drivers of healthcare costs and that revealing prices may, in fact, drive them up. She recommended focusing on the quality of healthcare.
- Supervisor Farrell stated that he supports the resolution and that when the time is right, he will bring it to the Board of Supervisors, keeping in mind Commissioner Fraser's comments.
- Commissioner Zvanski added that she also supports this resolution whole-heartedly.
- Rebecca Rhine acknowledged that the issue is much broader than cost transparency or data, stating the need to understand how all of the pieces fit together.
- Ms. Rhine also noted that many on the labor side have tremendous respect and appreciation for Commissioner Zvanski's many years of service on the Health Service Board.
- The draft resolution and YouTube discussion of this item may be viewed on the myhss.org website.

Public comments: Anjali Asrani, IFPTE Local 21 member, stated that in order to make tangible progress in the areas of transparency and accountability, further action needs to be taken as outlined in the resolution. She encouraged the Board's approval of the resolution.

Kristen Clemons, SEIU Local 1021, thanked the Board for considering the resolution and stated SEIU Local 1021's support.

Tom Moore, Community Campaigns for Quality Care representative, and consultant to Local 21 and PEC, concurred with Commissioner Fraser's comments stating wise use of the data is essential.

Action: Motion was moved and seconded by the Board to approve the Resolution on health benefit purchasing and data transparency.

Motion Passed 7-0.

□ 04112013-10 Discussion item

[Presentation on the Covered California Public Health Exchange](#) (Lisa Ghotbi)

Documents provided to Board prior to meeting: Presentation prepared by HSS, "Covered California Overview."

- Lisa Ghotbi, HSS Chief Operating Officer, presented information on the state exchanges being developed as required by PPACA.
- Ms. Ghotbi noted that one controversial part of the federal healthcare reform is the assessment of penalties for those who choose not to enroll, which is 1% of one's income or a flat dollar amount of \$95 per adult. There will also be penalties for large employers (see pages 18-20). HSS is working with all of its employers to ensure compliance with the requirements. These penalties will be administered by the IRS.
- This PowerPoint presentation and YouTube discussion may be viewed on the myhss.org website.

Public comments: None.

- 04112013-11 Discussion item [Defer to May 9th 2013, the review and approval of the minutes of the meeting set forth below:](#)

Agenda item
order change

 - [Regular meeting of March 14, 2013 Combined with Rates and Benefits Committee.](#)

Documents provided to Board prior to meeting:
None.

 - The regular meeting minutes of March 14, 2013 have been deferred to the May 9, 2013 meeting due to the Board Secretary's bereavement leave.

Public comments: None.

- 04112013-12 Discussion item [Report on network and health plan issues \(if any\)](#)
(Respective plan representatives)

Public comments: Ross Snow, retired teacher, reported on two recent copay issues with Blue Shield regarding pharmacy and medical services. He stated that he had been in contact with HSS, who informed him of the correct copay for his medical procedure.

President Breslin asked that Blue Shield address Mr. Snow's issues.

Kris Perraras, Blue Shield representative, stated that it appeared Mr. Snow was impacted by the coding error reported at last month's meeting. She asked to meet with Mr. Snow after the meeting to help with resolution.

- 04112013-13 Discussion item [Opportunity to place items on future agendas](#)

Public comments: None.

- 04112013-14 Discussion item [Opportunity for the public to comment on any matters within the Board's jurisdiction](#)

Public comments: Dennis Kruger, representative for active and retired firefighters, asked three questions of Catherine Dodd: (1) If 2016 is an actual rollout date for the vision by-up plan or just an approximation? (2) Will healthcare taxes be charged separately for each portion of insurance coverage (i.e., medical, dental, vision, etc.) or will one tax be charged for all coverage? (3) Has the question of dependent coverage transferring to a surviving spouse been answered yet?

Mr. Kruger also welcomed Commissioner Scott to the Health Service Board.

Dr. Dodd responded that HSS is confident that PeopleSoft programming will be completed by 2016, which will allow the rollout of the vision buy-up plan.

She clarified that the health insurers are being charged tax by the federal government, and the insurers are passing that tax along to their members.

Dr. Dodd asked Erik Rapoport to respond to Mr. Kruger's final question regarding the transfer of dependent coverage to surviving spouses.

Mr. Rapoport stated that the City Attorney's office is in the final stage of review and an answer should be available within the next few weeks.

Commissioner Zvanski wished Dr. Dodd well, stating that she will be missed.

Supervisor Farrell stated that he looks forward to working with all of the Health Service Board commissioners and HSS staff. He noted that he worked with Dr. Dodd approximately 18 years ago and stated his excitement at being member of the Health Service Board. He welcomed the opportunity to work with Dr. Dodd again.

□ Meeting Adjourned

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>

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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.

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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.