



City & County of San Francisco

HEALTH SERVICE BOARD

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

Minutes

Regular Meeting

Thursday, December 12, 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, excused
 - Supervisor Mark Farrell
 - Commissioner Sharon Ferrigno, arrived 2:30 p.m.
 - Commissioner Jean S. Fraser
 - Commissioner Randy Scott
 - Commissioner Jordan Shlain, M.D., arrived 1:51 p.m.

The Health Service Board's regular meetings are broadcast live on SFGTV, cable channels 26 and 78 and recorded by SFGovTV for replay the following day. The videotaped meeting link and all meeting materials are posted on the myhss.org website.

This meeting was called to order at 1:09 p.m.
- 12122013-01 Action item Approval (with possible modifications) of the minutes of the meeting set forth below:
 - Regular meeting of November 14, 2013

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 November 14, 2013.

Motion passed 4-0.

□ 12122013-02 Discussion item **President's Report** (President Breslin)

Documents provided to Board prior to meeting: None.

- President Breslin acknowledged that this was the last meeting of the year, and recognized Lisa Ghotbi, Acting HSS Director, for the extra work that she has performed in the absence of the Director, Catherine Dodd. She commended Ms. Ghotbi and HSS staff for their good work and expressed appreciation.

Public comments: None.

□ 12122013-03 Discussion item **Director's Report** (Lisa Ghotbi)

- HSS Personnel
- Finance, Operations, Data Analytics, 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, Data Analytics, Communications, Health Promotion and Wellness, and Employee Assistance Program.
- Lisa Ghotbi, Acting HSS Director, presented the Director's Report, which may be viewed on the myhss.org website.
 - Ms. Ghotbi also reported that Director Dodd is on fulltime leave as of December 10, 2013, and is expected back in the office in February 2014.
 - Ms. Ghotbi introduced Stephanie Fisher, new HSS Wellness Manager, and asked her to address the Board.
 - Ms. Fisher stated that she joined HSS from Phoenix where she performed corporate wellness for many large employers. Prior to that time she worked at CDC for the National

Center for Health Statistics.

- Ms. Ghotbi also recommended viewing the HBO special, “Toxic Hot Seat,” a documentary highlighting retired San Francisco Fire Department Captain, Tony Stefani, and Karen Kerr Stone, San Francisco Fire Department Lieutenant, who discuss the chemical exposure and cancer rates faced by firefighters.

Public comments: None.

- 12122013-04 Discussion item **Update on Financial Reporting as October 31, 2013** (Pamela Levin)

Documents provided to Board prior to meeting:
Financial update memo and attachments as of October 31, 2013.

- Pamela Levin, HSS Chief Financial Officer, presented the financial update as of October 31, 2013.
- The update memo and attachments outlining the financial projections of the Trust Fund and HSS Administration’s Statement of Revenues and Expenses may be viewed on the myhss.org website.

Public comments: None.

- 12122013-05 Action item **Review of Healthcare Flexible Spending Account Options** (Pamela Levin)

Staff recommendation: Approve carryforward option up to \$500 beginning in Plan Year 2013.

Documents provided to Board prior to meeting:
Presentation prepared by HSS.

- Pamela Levin reported that on October 31, 2013, the Internal Revenue Service released a notice amending the “use-it-or-lose-it” rule for healthcare Flexible Spending Accounts (“FSAs”) allowing the option of carrying a balance up to \$500 from the current plan year into the next plan year and beyond.
- Currently, a member forfeits any amounts remaining in an FSA at the end of a plan year and those funds are returned to HSS as plan administrator.
- This new carryforward option applies only to healthcare FSAs and not to dependent care

FSAs, and may be applied to the current 2013 plan year.

- A Flexible Spending Account allows the reimbursement of qualified out-of-pocket medical expenses on a pre-tax basis. Some eligible medical expenses include medical office visits and pharmacy co-pays, deductibles, over-the-counter medications, hearing aid batteries and smoking cessation program and therapies.
- The current maximum contribution amount allowed for a healthcare FSA is \$2,500 per year.
- The HSS Trust Fund pays a third-party administration (“TPA”) fee to WageWorks, Inc. of \$4.30 per member per month (“PMPM”) for any month within a plan year that a member’s FSA account is active. The \$4.30 PMPM administrative fee is used from forfeitures returned to HSS from the prior plan year. The forfeitures also cover costs for underfunded FSA obligations resulting from members claiming amounts greater than their contributions prior to the end of the plan year due to leaving active employment or a leave of absence.
- IRS Notice 2013-71 allows three options for management of FSAs:
 - Run-Out Period: 90-day run-out after January 1 of each year allows for late claim submission from the prior year. Unused dollars at the end of the run-out period are forfeited.
 - Grace Period: Two months plus 15-day grace period allows unused FSA dollars from the prior year to be applied to the first two months plus 15 days of the new year. Unused dollars at the end of the grace period are forfeited.
 - \$500 Carryover: Allows for up to \$500 to be carried over to the new plan year. Unused FSA dollars in excess of \$500 are forfeited. There is currently no time limit on this carryover option.

- HSS currently uses the 90-day run-out period in administering FSAs.
- The impact of adopting the Carryover Option include:
 - Giving members more flexibility in managing their FSA benefit;
 - Increased FSA enrollment;
 - Increased administrative fees as FSA funds are carried over from one year to the next;
 - Decreased forfeitures for FSA account balances up to \$500.
- HSS has a sufficient forfeiture amount to pay FSFA administrative costs for approximately five years and, therefore, recommends adopting the Carryover Option of up to \$500.
- President Breslin inquired about member notification since the Carryover Option would become effective for the current 2013 plan year.
- Ms. Ghotbi responded that HSS would prepare a notice for members and WageWorks would communicate with those members enrolled in FSAs of the new Carryover Option.
- Ms. Ghotbi noted that if the Board adopts the new Carryover Option, the HSS Membership Rules and Cafeteria Plan will be amended and presented at the next Board meeting.
- HSS PowerPoint presentation may be viewed on myhss.org.

Public comments: Claire Zvanski, former Health Service Board Member and retired City employee, expressed concern that Open Enrollment has passed and members have already made decisions regarding FSA amounts. She suggested giving members the opportunity to enroll in FSAs if the Board approves the Carryover Option.

Ms. Ghotbi expressed disappointment that the IRS notice was not delivered sooner; however, the new option is not a qualifying event. Therefore, Open Enrollment cannot be reopened. Members will be notified of the new regulations for next year's Open Enrollment.

Action: Motion was moved and seconded by the Board to approve the Flexible Spending Account Carryover Option up to \$500 beginning in Plan Year 2013.

Motion passed 4-0.

□ 12122013-06 Action item

[Analysis of the retiree dental benefit](#) (Aon Hewitt)

Staff recommendation: Approve development of an alternative 2015 retiree dental benefit.

Documents provided to Board prior to meeting: Presentation prepared by Aon Hewitt, "Retiree Dental Review of Plan Design and Cost Alternatives."

- Gabriel Briggs, Aon Hewitt actuary, reported that the Health Service Board requested Aon Hewitt to conduct an assessment of the retiree PPO dental plan and determine possible benefit design options in response to member complaints regarding the value of this benefit.
- In collaboration with HSS and Delta Dental, Aon Hewitt reviewed plan utilization patterns, analyzed current and projected costs and developed possible plan design alternatives.
- The retiree dental options are Delta Dental PPO, DeltaCare HMO and Pacific Union HMO.
- Mr. Briggs reviewed claims experience analysis, plan utilization, rating analysis, migration in and out of the plan and value of the Delta Dental Network. See Aon Hewitt report.
- Aon Hewitt considered alternate plan design options to accomplish richer benefits with lower premiums in response to the concerns expressed by retirees.
- A two plan benefit design offering a high/low option was discussed but deemed non-viable because the high option would most likely experience unsustainable increases year after year.
- A "Three Tier Network" benefit design similar to the active member Delta Dental PPO plan design was also discussed. In this option, coverage is set at three levels: PPO, Premier and non-network providers. This option has not been fully vetted by Aon Hewitt to present

to the Board.

- A third benefit design consideration was a straight PPO network option, which would have the greatest financial impact but also the greatest member disruption. In a straight PPO network, the dentist's reimbursement for a member using a non-PPO dentist is reduced by capping the reimbursement to the amount that would have been paid to a PPO dentist. The member is then responsible to pay the difference directly to the dentist. See page 11 of Aon Hewitt's report for comparison of costs.
- Currently, members have the option to go to PPO providers or non-PPO providers. Approximately 25% of members go to PPO dentists and 75% go to non-PPO dentists.
- Aon Hewitt's report provided seven different alternatives. The first two alternatives modify plan designs only and the remaining five alternatives modify plan design under the straight PPO option.
- Commissioner Fraser asked about offering discounts to retirees without providing insurance. While Delta Dental does not offer this, other dental carriers charge an administrative fee for a card that allows someone to go to a dentist and receive an automatic 30% discount.
- Anil Kochhar, Aon Hewitt actuary, responded that he could analyze the discount card approach in terms of benefit and cost and report back to the Board.
- Commissioners Shlain and Ferrigno arrived during this agenda item.

Public comments: Diane Ulrich, retired HSS member, followed up on a previous inquiry regarding Delta Dental possibly providing coverage for 6-month follow up services on an oral appliance used for sleep apnea, which was originally provided by Kaiser. Since she usually has money left over at the end of the year, she inquired about Delta Dental covering the follow-up services.

Raymond Lee, Delta Dental representative, responded that he will research Ms. Ulrich's question. He stated that retirees do not have a TMJ

benefit in their dental plan but if it can be added to the plan, it would likely cover some of the charges related to TMJ.

Ms. Ghotbi responded that HSS will follow-up with Mr. Lee to understand why a TMJ benefit would be related to a sleep apnea device and will report back to the Board.

Claire Zvanski, representative for SEIU West Bay Retirees, stated that she would like to know more about the TMJ option. She also asked about accessibility to dentists under a discount card option and whether there would be a limited number of participating dentists. She suggested looking into a Bay Area network for the discount card option.

Richard Rothman, retired City worker, stated that Delta Dental should notify members when they have reached their \$1,000 limit, noting a recent dental visit in which he had exceeded the maximum limit but was unaware and it was not indicated online when he checked. He also suggested exploring a Charter change for dental benefits to determine the City's costs to subsidize the retirees' dental plan because it is separate from medical benefits.

Dennis Kruger, active and retired firefighters' representative, asked if retiree dental rates would double if the maximum was increased from \$1,000 to \$2,000. He also stated confusion regarding a second cleaning that he received in a year but was not covered under the plan, which required him to pay out of pocket. He asked if perhaps the benefit is calculated on a rolling plan year basis because two cleanings are allowed per year.

Raymond Lee responded that two teeth cleanings are allowed each year. He stated that perhaps Mr. Kruger's experience may have been impacted by the six-month plan year and that he will look at the claim. If it is entitled for payment, Delta Dental will reprocess the claim and provide a refund.

Ms. Ghotbi asked Mr. Lee to respond to Mr. Kruger's rolling plan year question.

Mr. Lee stated that rates will not double if the maximum is increased from \$1,000 to \$2,000 per year because the program is underwritten and based on utilization and risk. Delta Dental uses a percentage increase for maximum premium increases but the amount will not double.

Ms. Ghotbi rephrased her question and inquired about two cleanings in a year and whether it is a rolling plan year.

Mr. Lee responded that the rolling plan year ended December 31, 2012 with the end of the short plan year. Since HSS is now on a calendar plan year dental cleanings may take place any time during the year.

Claire Zvanski inquired about having the plan pay for three or four cleanings per year instead of two since cleanings are critical to good health, and asked about allowing those options for active and retired members.

Ms. Ghotbi responded that nearly half of the retirees are enrolled in dental benefits and if the benefits are enhanced or the maximum is increased, some retirees may drop out of the plan due to cost. HSS is attempting to keep dental benefits affordable for everyone. She suggested that it might be helpful to survey the retirees to help make a decision on how to balance the dental benefit.

Herbert Weiner, retired City worker, suggested allowing four cleanings a year to preserve teeth and prevent extractions, which would reduce costs for expensive dental procedures as a result as well as have a positive impact on one's health.

Action: Motion was moved and seconded by the Board to direct the actuaries to examine the option of a discount card, to not pursue a straight PPO option, and to return to the Board with additional possibilities.

Motion passed 6-0.

- 12122013-07 Action item Approve correction to the 2014 Kaiser Medicare Advantage fully-insured premium (Aon Hewitt)
- Staff recommendation: Approve corrected rate.
- Documents provided to Board prior to meeting:
Presentation prepared by Aon Hewitt, “Kaiser HMO Plan Renewal – Medicare Retiree – Rate Card Correction.”
- Anil Kochhar, Aon Hewitt actuary, reported that in September 2013, Kaiser presented an updated 2014 Medicare rate confirmation for retiree and family (all Medicare) that was \$0.22 lower than the rate approved by the Health Service Board on June 13, 2013 (\$1,039.35). Aon Hewitt is requesting Board approval for Kaiser’s corrected monthly MAPD rate of \$1,039.13.
- Public comments: None.
- Action: Motion was moved and seconded by the Board to approve Kaiser’s Medicare retiree rate card correction as presented.
- Motion passed 6-0.
- 10 Minute break
- 12122013-08 Discussion item Kaiser negotiations update regarding member rates (Lisa Ghotbi)
- Documents provided to Board prior to meeting:
HSS report.
- Lisa Ghotbi reported that the final meeting with Kaiser and Aon Hewitt was held this morning at HSS, noting that significant and meaningful progress has been made. She also thanked President Breslin and Commissioner Scott for their participation in the meetings.
 - The November 22, 2013 meeting included the major clinical leadership from Kaiser and was almost entirely clinical in nature. The discussion included forming a relationship with Kaiser similar to the Accountable Care Organizations currently in place with Blue Shield.
 - A fairly robust diabetes program has been tentatively agreed upon. Additional data will be reviewed and presented to the Board in

January.

- A summary of the negotiations with Kaiser and the results of the six goals outlined in the update memo will be presented at the Board's January 9, 2014 meeting.

Public comments: None.

□ 12122013-09 Action item

Approval regarding combining the 2014 election schedules of the Health Service Board and the Retiree Health Care Trust Fund to reduce costs (Erik Rapoport)

Staff recommendation: Approve combining 2014 election schedules.

Documents provided to Board prior to meeting: 2014 Health Service Board election schedule.

- Erik Rapoport, Deputy City Attorney, reported that he also represents the Retiree Health Care Trust Fund Board. Under the City Charter, the Health Service Board and the Retiree Health Care Trust Fund Board must conduct elections in the spring of 2014. Since the electorate for both Boards is the same (HSS active and retired members), there is an opportunity to combine the elections and save approximately \$75,000 by dividing the costs charged by the Department of Elections for conducting the process.
- The savings will result from the Department of Elections mailing one envelope containing two ballots (one for each Board election) at approximately the same time thereby eliminating two separate mailings to the same members. Each Board's ballot will be printed on different colored paper.

Public comments: Claire Zvanski, West Bay Retiree Association representative, stated that combining the two elections may be problematic due to member confusion regarding the function of the two boards. She also stated that running a campaign for each board election may be very difficult because of members' response to completing two separate ballots.

Action: Motion was moved and seconded by the Board to approve combining the 2014 election schedules of the Health Service Board and the Retiree Health Care Trust Fund to reduce costs.

Motion passed 5-1.

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

Commissioner Breslin voted against the motion.

- 12122013-10 Discussion item Report on network and health plan issues (if any)
(Respective plan representatives)
Public comments: None.

- 12122013-11 Discussion item Opportunity to place items on future agendas
 - Commissioner Shlain stated that he is in the process of communicating with doctors and scientists regarding the new cholesterol and diabetes guidelines and would like to present findings to the Board at a future meeting.Public comments: None.

- 12122013-12 Discussion item Opportunity for the public to comment on any matters within the Board's jurisdiction
Public comments: Dennis Kruger, active and retired firefighters' representative, thanked HSS staff and the Board for responding to issues that he raised at meetings this year, specifically the retiree dependent coverage and recently the dental issue. He also thanked Lisa Ghotbi for her personal attention and wished everyone a Merry Christmas and Happy New Year.

Claire Zvanski, representative for RECCSF, SEIU and West Bay Retirees, concurred with Mr. Kruger's comments and thanked her former colleagues on the Board and Lisa Ghotbi for their work. She also extended heartfelt thanks to HSS staff and Catherine Dodd, HSS Director.

President Breslin echoed the previous comments and stated that she is especially grateful for the passage of Prop. A as it safeguards the benefits of City employees.

- Adjourn: 2:57 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>

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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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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.