



City & County of San Francisco

HEALTH SERVICE BOARD

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

Minutes

Regular Meeting

Thursday, January 10, 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 Carmen Chu, arrived 1:05 p.m.
 - Commissioner Sharon Ferrigno, 1:17 p.m.
 - 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.
- 01102013-01 Action item Approval (with possible modifications) of the minutes of the meeting set forth below:
 - Regular meeting of December 11, 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 December 11, 2012.

Motion passed 4-0.

□ 01102013-02 Discussion item President's Report (President Breslin)

Documents provided to Board prior to meeting:
None.

- President Breslin stated that, for accuracy in the minutes, Board members should allow her to state their name prior to speaking.
- President Breslin also suggested that, in an effort to move the meetings along, any Board member with questions about materials to be presented to contact the Director in advance for clarification.
- She also reminded members of the audience to fill out a speaker card prior to addressing the Board and to turn off all cell phones during the meeting.
- Supervisor Chu arrived during this agenda item.

Public comments: None.

□ 01102013-03 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. Stay Healthy flyer on HSS wellness benefits and programs;
 4. Newspaper articles regarding City wellness plan;
 5. HSS five-year business plan.
- Dr. Catherine Dodd, HSS Director, presented her Director's report, which may be viewed on the myhss.org website.
 - Dr. Dodd also presented a chronology of significant UnitedHealthcare issues that began in December. She noted that there has not been a smooth file transition of

eligibility since July and HSS has spent hundreds of hours manually correcting the UHC file.

- Major UHC errors in eligibility have caused pharmacy coverage terminations.
- On December 18, incorrect prescription drug plan (“PDP”) cards for UHC’s pharmacy plan were received by Medicare members moving to EGWP.
- Medicare members also received a letter confirming their enrollment in Medicare Part D. This caused confusion because HSS instructs members not to enroll in a Part D plan. Member response was such that the HSS phone system crashed.
- On December 20, international UHC member cards arrived in Dr. Dodd’s inbox because her name was on the return address, a mistake that was not previously caught by UHC.
- HSS then learned that none of UHC’s 9,000 members had received medical ID cards. Members did not have new group numbers for Medco pharmacy coverage and UHC retirees moving to EGWP did not have group numbers for Optum pharmacy coverage.
- HSS quickly sent out letters to UHC members notifying them of their medical and pharmacy numbers.
- UHC has indicated that member ID cards will be sent by January 22.
- UHC’s new California CEO was contacted as a result of the pharmacy terminations and has been following the issues very closely. He has convened groups every day for updates.
- For retired teachers, no premium deductions were taken by UHC from their January 1, 2013 paychecks. This error caused confusion among retirees and led to many telephone calls to HSS inquiring whether those members had lost benefits. HSS is, therefore, allowing members to make over the counter payments. Delinquent members who have not made a payment will be notified that a double deduction will be made next month.

- HSS Operations staff has been working overtime to correct these issues.
- President Breslin asked that a UHC representative address the Board about these problems.
- Heather Chianello, UnitedHealthcare Strategic Account Executive, stated that Dr. Dodd had given an accurate recap of the issues. She stated that the pharmacy terminations occurred because UHC's system could not accept two pharmacy plans (Optum and Medco); therefore the entire system defaulted to Medco.
- Ms. Chianello reported that the timeline for mailing new cards for UHC members is now Saturday or Monday (January 12 or 14) instead of January 22.
- Ms. Chianello personally apologized to the Board and HSS members. She stated that she and UHC's CEO are committed to correcting the problems quickly.
- Commissioner Zvanski expressed her concern about the mistakes and asked if UHC would make adjustments if members inadvertently use an incorrect PDP card for pharmacy or services and need reimbursement.
- Ms. Chianello responded that UHC will take care of such issues for members. UHC has a dedicated client services manager who works with the City throughout the year.
- Commissioner Zvanski also stated that she believes a letter of apology to the HSS staff and Director is warranted.
- Ms. Chianello stated that she will have such a letter executed from UHC's executive level.
- Commissioner Fraser asked if UHC will cover HSS' costs, including overtime, and the costs incurred by members for going outside the plan.
- Dr. Dodd also suggested discussing UHC's 3% service fee increase that went into effect January 1.

- Ms. Chianello stated that UHC would need to discuss reimbursement for HSS staff's overtime with Dr. Dodd, since she had not brought that issue to UHC's attention.
- Commissioner Ferrigno arrived during this agenda item.

Public comments: None.

- 01102013-04 Discussion item [Update on Financial Reporting as of November 30, 2012](#) (Tracey Loveridge)

Documents provided to Board prior to meeting:

1. Statement of Revenues and Expenses;
 2. Annual Administrative Budget – FY-2012-2013.
- Tracey Loveridge, HSS Chief Financial Officer, reported on the two standard financial reports included in this presentation, ending November 30, 2012.
 - Ms. Loveridge clarified that the -\$5.6M loss in the Medical HMOs category on the Statement of Revenues and Expenses is projected through June 30, 2013. This is a unique fiscal year because it covers two plan years—the six month plan year (July 1 through December 31, 2012) and the first half of the 2013 calendar plan year (January 1 through June 30, 2013).
 - On page 2 of the report, the only shortage area is related to Delta Dental (line 9: -\$1,280,438), as anticipated. This is due to the six-month plan year and is expected to equal out by the end of the 2013 calendar plan year (total of 18 months); however, this is just a projection.

Public comments: None.

- 01102013-05 Discussion item [Presentation of American Heart Association Award to HSS for Employee Wellness](#) (Nicole LaBarbera, American Heart Association)

- Nicole LaBarbera, Senior Director for the Greater Bay Area Division of the American Heart Association, presented a Fit Friendly Gold Achievement award to HSS, recognizing Catherine Dodd and Margaret O'Sullivan for their work on wellness. Margaret O'Sullivan

accepted the award on behalf of HSS.

Documents provided to Board prior to meeting:
None.

Public comments: None.

□ 01102013-06 Action item

Approval of amended 10-County Survey calendar plan year change rule (Catherine Dodd)

Staff recommendation: Approve rule change.

Documents provided to Board prior to meeting:
Amended calendar plan year change rule.

- Dr. Dodd reported that as a result of moving to a calendar plan year, the 10-County Survey policy was changed last year to collect data in March and April of each year for Health Service Board approval.
- The 10-County Survey policy has been further revised to allow the annual collection of data in the first calendar quarter for approval by the Health Service Board.

Public comments: None.

Action: Motion was moved and seconded by the Board to adopt the revised 10-County Survey policy allowing the annual collection of data in the first calendar quarter of each calendar plan year.

Motion passed 6-0.

□ 01102013-07 Discussion item

Presentation of Kaiser Dashboard (Aon Hewitt)

Documents provided to Board prior to meeting:
Report prepared by Aon Hewitt, "Q1 2012 Dashboard Summary Report, a Review of Kaiser Inpatient and Outpatient Trends."

- Monica Hirling, Aon Hewitt actuary, presented Kaiser's dashboard for active members and early retirees, which contains five years of data.
- Kaiser has over half of the entire active membership population. Enrollment has been increasing steadily over time; however, the most recent enrollments have increased less than historical enrollments.
- Kaiser is the lowest cost plan of the three plans offered. Its costs have decreased approximately 3.3% in the last year for active members.

- Kaiser’s average total costs PMPM have increased approximately 6.2% annually over the last five-year period for active members.
- Pharmacy costs for actives have increased at 2.7% annually.
- Kaiser’s current enrollment is 46% of the total early retiree population. Membership increased less than 2% in the last year.
- Early retiree costs are 38% lower than City Plan and 14% lower than Blue Shield.
- Kaiser’s total PMPM costs for early retirees increased 9.3% annually over the past five years.
- Kaiser has a well-managed pharmacy plan. Rx trends have been below industry average at 4.4% annually.
- Aon Hewitt’s report, “Q1 2012 Dashboard Summary Report, a Review of Kaiser Inpatient and Outpatient Trends,” may be viewed on the myhss.org website.

Public comments: None.

- 01102013-08 Discussion item

[Presentation of industry update](#) (Aon Hewitt)

Documents provided to Board prior to meeting:
Report prepared by Aon Hewitt.

- Paige Sipes-Metzler, Aon Hewitt representative, presented a report on healthcare reform in 2013 and 2014 and the additional fees that will be charged over the next three to five years, as well as trends and benchmarks.
- Aon Hewitt’s report, “2013 and Beyond: Great Expectations of Fees,” and YouTube discussion may be viewed on the myhss.org website.

Public comments: None.

- 01102013-09 Action item

[Presentation of UHC Active disruption analysis and recommendation](#) (Aon Hewitt)

Staff recommendation: Approve disruption recommendation.

Documents provided to Board prior to meeting:
Report prepared by Aon Hewitt, “Employee Access and Provider Disruption with the Elimination of Active City Plan (UHC).”

- Monica Hirning reported on the City Plan's active member disruption to determine the impact of employee access and provider disruption if the City Plan were no longer offered to active employees.
- Current MOUs stipulate that employees-only contribute zero to City Plan if they live outside the HMO network. However, if the contribution strategy changes, City Plan could become unaffordable for families and employee-only members.
- City Plan has three different general types of plans: Preferred Provider Organization (PPO), Health Maintenance Organization (HMO) and indemnity plan.
- Aon Hewitt's Geo Access report determined that 90.1% (908) active employees enrolled in City Plan would have appropriate access to Blue Shield HMO providers. One hundred (100) out of 1,008 employees who do not have appropriate access to Blue Shield providers would need to be enrolled in a PPO or indemnity plan. Many of these employees live in the Hetch Hetchy area.
- Ten (10) of the 100 employees without Blue Shield HMO provider access live within the Kaiser network. Therefore, 90 out of 1,008 active employees would need to be enrolled in a PPO or indemnity plan.
- It is unclear if there are covered dependents not residing with covered employees who would not have appropriate access to the Blue Shield HMO network.
- The provider disruption report for the active City Plan population revealed that many members will need to change providers.
- City Plan's active premiums are significantly higher than all other active plans due to the higher risk population enrolled in the plan.
- Moving these risk members into Blue Shield's HMO would increase the average premium equivalent and eliminate savings.
- Eliminating the active City Plan would result in significant member disruption; 37% of professional providers utilized are not in the Blue Shield HMO network and could provide

some savings. However, the level of savings may not be commensurate with the member disruption it would cause.

- Two alternatives were explored that would close down the City Plan to active employees and ensure that employees living in rural areas have an affordable medical plan option:
 - Move out-of-area City Plan members into the City Plan Pre-65 plan. Gross savings is estimated at \$2.40M.
 - Move out-of-area City Plan members into a fully-insured indemnity plan. Gross savings is estimated at \$2.53M.
- Because of the disruption it would create for currently enrolled members, Aon Hewitt does not recommend closing the City Plan for active employees as long as the contribution strategy for employees who do not have access to HMO networks remains at \$0 for employee-only coverage.
- Aon Hewitt's report, "Employee Access and Provider Disruption with the Elimination of Active City Plan (UHC)," may be viewed on the myhss.org website.

Public comments: None.

Action: No action was taken by the Health Service Board.

□ 01102013-10 Action item

Presentation of analysis and recommendation regarding application of received ERRP funds for Plan Year 2014 (Aon Hewitt)

Staff recommendation: Approve ERRP recommendation.

Documents provided to Board prior to meeting: Report prepared by Aon Hewitt.

- Anil Kochhar, Aon Hewitt actuary, reported that the total Early Retire Reinsurance Program ("ERRP") funds received by the Health Service System must be applied by the end of 2014.
- The total ERRP funds received by HSS is \$3,692,576, representing \$1,534,733 for fiscal year 2009-10 and \$2,157,843 for fiscal year 2010-11. Earned interest on these funds must be calculated and added to the ERRP

total fund amount prior to the calculation of the final distribution amounts. These funds are being held in the HSS trust fund.

- ERRP reimbursement funds may be used only for the following purposes:
 - to reduce the sponsor's health benefit premiums or health benefit costs;
 - reduce health benefit premium contributions, copayments, deductibles, coinsurance or other out-of-pocket costs, or any combination of these costs, for plan participants; or
 - reduce any combination of the above costs.
- While the ERRP funds were generated by claims from early retirees, they can be applied to all HSS members.
- The ERRP regulations note that sponsors will continue to provide at least the same level of contribution to support the applicable plan as it did before the program, which is called Maintenance of Contribution ("MOC").
- An auditable MOC calculation must be performed if a plan sponsor decides to allocate a portion of the money to their own costs rather than reserving all of the funds exclusively for their members.
- HSS' ERRP application stated that ERRP funds would be "used to reduce both the plan participants' costs as well as the participating employer's increases in health benefit premium costs." The Health Service Board will make a determination on the precise approach to follow to disburse the reinsurance funds.
- Aon Hewitt and HSS recommend that the ERRP funds be spent to reduce participant premium contributions, which will decrease participant and employer premiums through stabilizing membership and premium rates. As a result, HSS will not need to calculate a MOC.
- Aon Hewitt recommends distributing the funds to members proportional to their employee premium-share contribution amount (not to

exceed the amount they pay in premium contributions).

- Commissioner Fraser departed the meeting prior to the Board's vote.
- Aon Hewitt's report, "Application of Received ERRP Funds for Plan Year 2014 for Applicable Participants in HSS Trust," may be viewed on the myhss.org website.

Public comments: None.

Action: Motion was moved and seconded by the Board to adopt the policy recommended by staff that ERRP funds be applied to the premium reduction up to the amount paid by the member.

Motion passed 5-0.

- 01102013-11 Discussion item [Presentation of HSS annual report](#) (Catherine Dodd)

Documents provided to Board prior to meeting:
HSS Annual Report.

- Dr. Dodd reported that Rosemary Passantino, HSS Communications Manager, gathered input from management staff to prepare the Health Service System's annual report. This report follows the four goals in the HSS strategic plan. Previous Board members were included in the plan, as well as newer members, because of an overlap in service.
- Commissioner Zvanski and Supervisor Chu commended Ms. Passantino and HSS management staff for their work on the annual report.

Public comments: None.

- 01102013-12 Discussion item [Presentation of scheduled Rates and Benefits calendar \(February–June 2013\)](#) (Catherine Dodd)

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

- Dr. Dodd presented the Rates and Benefits calendar for the 2013 plan year. She noted that there was a question regarding the timing of the special meeting at the end of May.
- Commissioner Zvanski (who is also Chair of the Rates and Benefits Committee) requested adjusting the calendar to either have the final vote on rates in early May or rearrange the special meeting between April and May

because her term expires on May 15. She stated that it could be problematic and difficult to bring someone new onto the Board at the end of the rates and benefits approval process.

Public comments: None.

MEMBERSHIP RULES COMMITTEE

- 01102013-13 Discussion item Presentation of Membership Rules for adoption in February 2013 (Committee Chair Ferrigno)
- Documents provided to Board prior to meeting:
Draft Membership Rules.
- Committee Chair Ferrigno called on Lisa Ghotbi, HSS Chief Operating Officer, to present the Membership Rules.
 - Ms. Ghotbi reported that the first step in the annual rates and benefits process is to review the membership rules and make changes that will be significant enough to influence the process. She noted that no changes to the Membership Rules are necessary at this time and that minor revisions will be presented to the Board later in 2013.

Public comments: None.

REGULAR MATTERS

- 01102013-14 Discussion item Report on network and health plan issues (if any) (Respective plan representatives)
- Michelle Vollrath, Vice President of UnitedHealthcare Account Management, introduced herself to the Board and stated that she looks forward to working with the Health Service Board, along with Meghan Newkirk.
 - Alison Parsons also with UnitedHealthcare introduced herself to the Board, noting that she is a recent addition to the UHC team on the pharmacy side. Her main focus is the non-Medicare population.

Public comments: None.

- 01102013-15 Discussion item Opportunity to place items on future agendas
 - Supervisor Chu suggested that the Board keep a watchful eye on utilization in the flex funded plan to make sure that the trends are where HSS and the Board anticipate. She suggested asking Aon Hewitt to address **the Board as the plan year progresses.**
 - Dr. Dodd responded that February's agenda will include an analysis of trends.

Public comments: None.

- 01102013-16 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, commended HSS on the helpfulness of staff in answering Medicare questions. He has received calls from members stating their satisfaction at how well information was explained to them by HSS staff.

- 01102013-17 Action item Vote on whether to hold closed session to discuss member's appeal. (California Constitution Article I, Section 1; the Confidentiality of Medical Information Act, Cal. Civ. Code §§56 et seq; and the Health Insurance Portability and Accountability Act, 42 U.S.C. §§1320d et seq.) (President Breslin)

Staff recommendation: Hold closed session.

Public comment on all matters pertaining to the closed session: None.

Action: Motion was moved and seconded by the Board to hold a closed session to discuss a member's appeal.

Motion passed 5-0.

Closed session pursuant to California Constitution Article I, Section 1; the Confidentiality of Medical Information Act, California Civil Code §§56 et seq; and the Health Insurance Portability and Accountability Act, 42 U.S.C. §§1320d et seq.

- 01102013-18 Action item Vote on member's appeal (Catherine Dodd)
Documents provided to Board prior to meeting:
 1. Letter from HSS to Member dated October 31, 2012;
 2. Response letter from member to HSS dated November 8, 2012.

Reconvene in Open Session

- 01102013-19 Action item Possible report on action taken in closed session (President Breslin)
Public Comments: None.
Action: Motion was moved and seconded by the Board not to report on action taken in closed session.
Motion passed 5-0.
- 01102013-20 Action item Vote to elect whether to disclose any or all discussion held in Closed Session (San Francisco Administrative Code 67.12(a)) (President Breslin)
Public Comments: None.
Action: Motion was moved and seconded by the Board not to disclose any of the discussion held in closed session.
Motion passed 5-0.
- Adjourn: 4:01 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

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.

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.