



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

Thursday, April 10, 2014

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, excused
Commissioner Jean S. Fraser
Commissioner Randy Scott
Commissioner Jordan Shlain, M.D., excused

This Health Service Board meeting was broadcast live on SFGTV. Replay of regular meetings are available the following day on the sfgov.org website. Links to videotaped meetings and all meeting materials are posted on the myhss.org website.

This meeting was called to order at 1:08 p.m.

Prior to the meeting's commencement, President Breslin greeted Catherine Dodd, HSS Director, and thanked her for attending.

04102014-01

Action item

Approval (with possible modifications) of the minutes of the meeting set forth below:

- Regular meeting of March 13, 2014

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 March 13, 2014.

Motion passed 5-0.

RATES AND BENEFITS COMMITTEE

- 04102014-02 Action item
- Review and approval of a Kaiser renewal option for actives and early retirees for the 2015 premium contributions: fully-insured, flex-funded or self-funded renewal (Aon Hewitt)
- Staff recommendation: Approve fully-insured renewal option for 2015 premium contributions.
- Documents provided to Board prior to meeting: Report prepared by Aon Hewitt, "Kaiser HMO Plan Renewal – Active and Early Retiree."
- Anil Kochhar, Aon Hewitt actuary, presented Aon's recommendation for Kaiser's 2015 HMO renewal for active and early retiree members.
 - At the January 9, 2014 Board meeting, Aon Hewitt discussed the possibility of reviewing three different forms of funding for Kaiser's 2015 HMO renewal: fully-insured, flex-funded and self-insured.
 - After analyzing Kaiser's data comparison from December 2011 through November 2012 and December 2012 through November 2013, Aon Hewitt recommended pursuing the fully-insured funding option and not an alternative where the HSS trust fund would take a high level of risk associated with flex-funding or self-funding based on claims costs for the last 24 months.
 - An overview of active employees' and early retirees' claims experience for Northern and Southern California were included in Aon Hewitt's report.

- Two fully-insured options were presented for Kaiser's 2015 plan year renewal with no benefit changes for actives and early retirees:
 - A -2.77% decrease guaranteed for a single year (12 months) for plan year 2015; or
 - A -2.00% decrease guaranteed for two years (24 months) for plan years 2015 and 2016.
- Aon Hewitt recommended approval of Kaiser's fully-insured two-year -2.0% decrease renewal option for actives and early retirees guaranteed for plan years 2015 and 2016. See page 18 of Aon Hewitt's report.
- Mr. Kochhar noted that rate cards for the 90/10 and 93/93/83 contribution strategies were included in Aon Hewitt's presentation for Kaiser's 2015 rate renewal options for a one-year decrease of -2.77% and a two-year decrease of -2.0% (see Appendix pages 20-24).
- Mr. Kochhar reviewed the five proposal contingencies for Kaiser's multi-year rate guarantee ("MYRG") and asked that a Kaiser representative address the Board. See page 24 for the multi-year rate guarantee and five proposal contingencies.
- Cindy Striegel, Kaiser Permanente executive, confirmed and clarified the five MYRG proposal contingencies on page 24 of Aon Hewitt's report.
- Committee Chair Scott thanked Ms. Striegel for the clarifications and stated that he feels Kaiser has come to the discussion in very good faith in laying out a way to move forward in partnership with HSS.
- Director Dodd clarified that HSS would only be able to agree to Kaiser's optical benefit if it does not violate HSS' contract with VSP (MYRG #4).
- Ms. Striegel confirmed that Kaiser recognizes the optical benefit restriction.

- After the vote was taken, Committee Chair Scott called upon Kaiser representative, Peter Andrade, to address the Board.
- Mr. Andrade thanked Commissioner Scott for giving him the opportunity to address the Board. He also thanked Director Dodd, Lisa Ghotbi and HSS staff for engaging Kaiser. He stated that over the last year Kaiser has built on its relationship with HSS and has consistently engaged and met with HSS staff to explore shared challenges to determine how to make progress. This renewal and the interactions of the last year have moved the relationship forward. He stated that Kaiser has accomplished breakthrough work with HSS that has not been done with any other customer and that he believes that Kaiser remains the lowest cost plan for HSS. He recognizes that Kaiser needs to do more to become even more affordable for HSS members by addressing care transformation, increased quality and its own cost of goods. Kaiser is committed to continue its work with HSS.

Public comments: None.

Action: Motion was moved and seconded by the Board to approve Kaiser’s fully-insured renewal option for actives and early retirees for the 2015 plan year, as well as a -2.0% two-year decrease guaranteed for plan years 2015 and 2016, as presented.

Motion passed 5-0.

□ 04102014-03 Discussion item

Review City Plan’s preliminary self-insured rates for HSS active, early retiree and retiree members for 2015 plan year (Aon Hewitt)

Documents provided to Board prior to meeting: Report prepared by Aon Hewitt, “City Plan (UHC) Utilization and Claims Experience Presentation – 2015 City Plan Rate Cards.”

- Anil Kochhar reported on UHC’s utilization and claims experience for City Plan. He stated that the rates will not change. Only the contributions will be changed based on Blue Shield’s rates, which have not yet been finalized. The final rate cards will be

presented in June.

- When last presented, City Plan's overall preliminary premium equivalent increase was -19%. It is now -21%.
- See Aon Hewitt's report for City Plan's claims experience and preliminary rate cards for 100% employee only employer pickup, 90/10 employee MOUs and 93/93/83 MOUs.

Public comments: None.

□ 04102014-04 Action item

Approve Dental Plan renewals (Aon Hewitt)

- DeltaCare DHMO fully-insured continuing fee commencing January 2015;
- Pacific Union HMO active and retiree dental plan renewal commencing January 2015;
- Delta Dental actives' ASO fee commencing January 2015

Staff recommendation: Approve DeltaCare, Pacific Union and Delta Dental active renewals.

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

- Gabriel Briggs, Aon Hewitt actuary, presented the active dental renewal. See page 8 of Aon Hewitt report.
- Pacific Union Dental has offered a two-year rate pass for active members, extending the current monthly rates through December 31, 2016.
- Delta Dental's current administrative (ASO) fee for actives is guaranteed through December 31, 2015.
- Aon Hewitt recommended Board approval of the following:
 - DeltaCare HMO – retiree and active rates guaranteed through 2015;
 - Pacific Union HMO – retiree and active rate guarantee extension through 2016;
 - Active Delta Dental PPO – rate pass for plan year 2015.

- The retiree dental survey results will be presented at the May 8, 2014 meeting.
- The retiree Delta Dental PPO option and rates will be presented at the May 8, 2014 meeting.

Public comments: Claire Zvanski, RECCSF representative and former Health Service Board member, reported that there has been a great deal of confusion among retirees regarding the dental benefits. It appears that because of the language in the HMO dental plans differing from the language in the benefits guides that a number of retirees are not receiving their full benefits. There is also concern that retired members are being overcharged for fillings. She asked that the HMO dental plans be reviewed so that retired members receive the correct benefits at the correct cost.

Action: Motion was moved and seconded by the Board to approve DeltaCare HMO retiree and active rates guaranteed through 2015, Pacific Union HMO retiree and active rate guarantee extension through 2016 and active Delta Dental PPO rate pass for plan year 2015.

Motion passed 5-0.

□ 04102014-05 Action item

[Blue Shield ACO Medical Group Review](#) (Catherine Dodd/Lisa Ghotbi and ACO Providers)

Documents provided to Board prior to meeting: Report prepared by Aon Hewitt, “Blue Shield Medical Group ACO Review.”

- Director Dodd presented the history of Blue Shield’s Accountable Care Organizations (“ACOs”) in San Francisco, implemented in March 2011.
- See the ACO report for details on the history, evaluation framework and program management approach, recent experience, claims targets/financials and initiatives.
- Director Dodd asked Anil Kochhar to explain how the physician group targets are negotiated (see pages 11 and 12 of Aon Hewitt report).
- Mr. Kochhar reported that in negotiating with the medical groups, claims targets must be agreed on. Claims targets are generally set at a cost per insured person. The level of the

target is below the current cost per person. Providers are incentivized to attain these cost levels and are awarded bonus dollars for this accomplishment. The bonus payouts are generally paid over a period of one year and are built into the rates. Provider incentives are based on a two-tier structure. See pages 11-3 of Aon Hewitt's report.

- Aon Hewitt recommends that the Health Service Board direct HSS staff to develop a policy for reserving excess underwriting gains for the ACO incentive payments. Any unused funds will be released to the Stabilization Reserve for Blue Shield if the ACO targets are not met.
- Committee Chair Scott recognized Brown & Toland and Hill Physicians representatives in the audience and invited them to address the Board.
- Richard Fish, CEO of Brown & Toland, spoke of the collaboration of the hospital and medical group, and the patient discharge process. He noted that the difference between the extension of doctors' office hours and urgent care is the higher level of care through the urgent care facility than the regular doctor's office. In many cases, urgent care has prevented the need for emergency department care. He also spoke briefly about risk adjustment studies and making sure the expected cost structure and the rates are commensurate to the risk of the population being served.
- Terry Hill, Vice President for Performance Strategy at Hill Physicians, noted that Hill Physicians is in its fifth year of the CalPERS' project, which covers 41, 000 members in Sacramento. He stated that the savings target was exceeded in the first four years of the project. Hill Physicians is launching three very aggressive and innovative pharmacy programs this year. Hill Physicians has also been very aggressive in focusing its role in primary care and has long had an urgent care center at UCSF. Hill Physicians has contracted with five additional urgent care facilities to help boost patient access to care.

Dr. Hill noted that his colleagues from UCSF Medical Center, Dignity Health and Blue Shield were in attendance.

- Committee Chair Scott asked Dr. Hill to introduce his colleagues to the Board.
- Dr. Hill introduced Dr. Adrienne Green, UCSF Assistant Chief Medical Officer; Jennifer Kurkjian, Senior Director, Managed Care at Dignity Health; Patty Hobart representing UCSF Medical Center; and Dr. Margaret Beed, Blue Shield representative.
- Committee Chair Scott also asked for the introduction of Brown & Toland's colleagues. The following members stood in the audience and identified themselves: Andrew Snyder, MD, Chief Medical Officer; Claire Shoen, Vice President, Network Management and Product Development; Paul Brown, Blue Shield Area Vice President; and Vernon Giang, CPMC.
- Commissioner Fraser asked that Brown & Toland to speak the issue of risk adjustment. She stated that she is familiar with the concept and asked if Brown & Toland uses it with other payers.
- Richard Fish responded that Brown & Toland uses risk adjustment with Medicare. He asked Dr. Andy Steiner to address the question.
- Dr. Andrew Snyder, Chief Medical Officer for Brown & Toland, reported that the question on population health is a relatively new concept in healthcare, and that the Affordable Care Act has radically changed payment reform in a short period of time. Usually programs are directed at 5% of the population; however, population health must include the other 95% of employees, which takes a different set of tactics. The 5% are the high intensity interactions requiring individual help for each patient with that level of need, which requires an infrastructure to help each patient. The long term strategy is to keep down healthcare costs while still trying to manage the 5%.

- Paul Brown, Area Vice President for Premier Accounts at Blue Shield, stated that Blue Shield does risk adjustments and it is becoming increasingly more common to recognize the risk mentioned earlier by Richard Fish.
- Terry Hill stated that Hill Physicians does not contract with employers and they do not have actuaries. However, they use sophisticated risk tools to help target interventions.
- Margaret Beed, Blue Shield representative, stated that it is exciting to be involved in the ACO. It is her first time being involved in such a unique four-way partnership. She stated that there are many success stories and relayed one of a 66 year old grandmother who had a stroke last July and the successful care she received through the ACO partnership.

Public comments: Bob Muscat, Chairman of the Public Employee Committee and Executive Director of Local 21, thanked the Health Service Board and HSS staff for their leadership on Kaiser and Blue Shield, stating that their work has been terrific. He noted that Kaiser's last renewal was very intense and uncomfortable. He stated that the trust placed in Peter Andrade and the other Kaiser representatives has proven to be the right decision. He expressed appreciation of the diligent effort by the Board and HSS.

Action: Motion was moved and seconded by the Board to direct HSS staff to develop a policy for reserving excess underwriting gains for ACO incentive payments. Any unused funds will be released to the Stabilization Reserve for Blue Shield if the ACO targets are not met.

Motion passed 5-0.

□ Meeting break

Recess from 3:01 p.m. to 3:11 p.m.

REGULAR BOARD MEETING MATTERS

- 04102014-06 Discussion item **President's Report** (President Breslin)
- Documents provided to Board prior to meeting:
None.
- President Breslin had nothing to report.
 - Director Dodd thanked President Breslin for attending HSS' first all-staff meeting in the new Wellness Center on March 27, 2014.
- Public comments: None.
- 04102014-07 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, Wellness and Employee Assistance Program.
- Lisa Ghotbi, HSS Deputy Director, reported that this may be her last or next to last presentation of the Director's Report since Director Dodd is expected to return soon.
 - Ms. Ghotbi provided highlights on HSS management team reports (personnel, operations, communications, finance and vendor management, data analytics, wellness and EAP) and meetings attended during the month of March.
 - Ms. Ghotbi also reported on the preliminary results of the retiree dental survey. Over 20,000 surveys were mailed and as of this meeting, 1,500 had been received by HSS. Approximately two-thirds of the surveys were through the web Survey Monkey and approximately one-third were received via mail or fax.

- Thirty-five percent (35%) of respondents stated that they could not afford a dental premium increase.
- Sixty-five percent (65%) of respondents stated that they can afford an increase at different levels:
 - 20% can afford a \$5 increase
 - 9% can afford a \$6 increase
 - 12% can afford a \$10 increase
 - 24% could pay the \$25 increase every month to receive the full \$2,500 benefit
- The survey deadline is May 15, 2014.
- Ms. Ghotbi asked Director Dodd if she had anything to add to the presentation.
- Director Dodd encouraged commissioners and members of the audience to join the HSS Shape Up walking team. Information on how to join the team may be found under the Wellness and EAP presentation in the Director's report.
- The entire Director's report may be viewed on the myhss.org website.

Public comments: None.

- 04102014-08 Discussion item [Update on Financial Reporting as February 28, 2014](#) (Pamela Levin)

Documents provided to Board prior to meeting:

1. Financial update memo;
2. Report for the General Administrative Fund;
3. Report for the Trust Fund.
 - Pamela Levin, HSS CFO, was absent due to illness. President Breslin suggested that anyone with questions regarding the written financial report submit them to the Board and answers will be provided at the next meeting.

Public comments: None.

- 04102014-09 Discussion item **Report on network and health plan issues (if any)**
(Respective plan representatives)

Public comments: Ruby Faltis, representative for United Educators of San Francisco, Retired Division, and Protect Our Benefits, stated that she recently received the retiree dental survey. She asked about the possibility of adding two cleanings per year (for a total of four) to the retiree dental options being considered. She stated that many retirees need four cleanings per year and do not reach the \$1,000 maximum; however, they are not allowed to receive more than two teeth cleanings per year.

Lisa Ghotbi responded that HSS had not asked previously, but will request that Delta Dental price four teeth cleanings per year for retirees as one of the options for the Board's consideration. Recommendations will be presented at the next Board meeting.

- 04102014-10 Discussion item **Opportunity to place items on future agendas**
 - Commissioner Scott requested that at some future point, Blue Shield make the same commitment as Kaiser regarding how it will clarify or interpret data in assessing Medicaid or retiree proposals.Public comments: None.

- 04102014-11 Discussion item **Opportunity for the public to comment on any matters within the Board's jurisdiction**

Public comments: None.

- Adjourn: 3:25 p.m.

Summary of Health Service Board 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 (3) 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.

Health Service Board and 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 Health Service Board Secretary, Laini K. Scott, at (415) 554-1722 or by email at laini.scott@sfgov.org at least 72 hours prior to the meeting.

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Individuals and entities influencing or attempting 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 are 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.

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) 554-1722 or email at laini.scott@sfgov.org.