



City & County of San Francisco

HEALTH SERVICE BOARD

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

Minutes

Regular Meeting

Thursday, January 9, 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, excused
Commissioner Sharon Ferrigno, excused
Commissioner Jean S. Fraser
Commissioner Randy Scott
Commissioner Jordan Shlain, M.D., excused

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

This meeting was called to order at 1:13 p.m.

01092014-01

Action item

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

- Regular meeting of December 12, 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 December 12, 2013.

Motion passed 4-0.

- 01092014-02 Discussion item [President's Report](#) (President Breslin)

Documents provided to Board prior to meeting: None.

- President Breslin stated that she had nothing new to report.

Public comments: None.

- 01092014-03 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 in its entirety on the myhss.org website.
 - Ms. Ghotbi announced that HSS has hired a new Administrative Services Manager, Seretha Gallaread, who joined the department on January 6, 2014. Ms. Gallaread has 12 years' experience in Payroll and performed a similar supporting role in the Controller's Office.
 - The addition of the new Administrative Services Manager will allow Laini Scott to focus solely on being Secretary for the Health Service Board.
 - The offer for the 0923 Contracts Manager position was not accepted by the candidate.

HSS will reassess the classification for that position and attempt again to fill it. In the meantime, Pamela Levin, HSS CFO, will continue in the capacity as the leader of the contracting team.

- HSS currently has six open positions: three benefits analyst positions, two wellness staff positions and the Contracts Manager.
- HSS has also had difficulty filling the finance position approved along with Blue Shield's flex-funding plan change last year. Aon Hewitt's services have been extended to cover this finance requirement in the meantime.
- President Breslin asked if HSS intends to continue sending Open Enrollment confirmation letters in the future, which caused the highest call volume in HSS history on December 2, 2013.
- Ms. Ghotbi responded that while the result of the confirmation letters generated more work for HSS staff, many enrollment corrections were identified allowing the cleanup of member accounts (such as terminating coverage for ex-spouses).
- President Breslin also inquired into the possible expansion of EAP services to include retirees, since those services are not extended to employees once they retire.
- Ms. Ghotbi responded that HSS is reviewing a variety of options that will be brought to the Board. She noted that some departments in the City already have access to their own EAP and some of the other employers utilize EAP services independent of the HSS EAP.
- Commissioner Scott asked if the Health Service Board will receive a copy of the wellness report requested by the Controller and whether the Board will have an opportunity to discuss it.
- Ms. Ghotbi stated that HSS has been asked to lead the wellness program for the entire City, which would make the Health Service Board responsible for the program as well. Therefore, the wellness report will be

presented to the Board in March or April.

Public comments: None.

- 01092014-04 Discussion item Update on Financial Reporting as November 30, 2013 and Budget Update (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; and
 4. Budget update memo.
- Pamela Levin, HSS Chief Financial Officer, presented the financial update as of November 30, 2013. See financial update memo and attachments.
 - Ms. Levin also presented a HSS budget update for FY 2014-15 and FY 2015-16 in accordance with the Mayor's Office budget instructions released on December 18, 2013. The instructions apply only to the General Fund Administration Budget as the budget for the HSS Trust fund does not require approval by the Mayor or the Board of Supervisors.
 - The Health Service System's budget is due to the Mayor's Office on February 21, 2014.
 - HSS will present a proposed budget to the Health Service Board at its February 13, 2014 meeting that satisfies the reduction targets either by increasing revenues where possible or reducing expenditures. See budget update memo.

Public comments: An unidentified male member of the audience addressed the Board with a song emphasizing the importance of health above all else.

Claire Zvanski, former Health Service Board Member and retiree, stressed the importance of protecting the Trust Fund assets for all HSS members and urged the Board to keep a firm line. She emphasized the need to make sure that the language in the Charter is adhered to regarding the City's obligation to provide and fund the administration of serving 110,000 HSS members. She also suggested increasing staff in the Employee

Assistance Program. She was involved with staffing the EAP for nearly 20 years and underscored the need for internal expertise without relying on outside sources.

Herbert Weiner, retired City employee, concurred with Ms. Zvanski's statements regarding the importance of a solvent Trust Fund, especially during disasters or epidemics where the Trust Fund and assets of the Health Service System might be severely taxed. He stated that the Trust Fund should not be a slush fund for the City government.

Lisa Ghotbi responded that she appreciated the comments by Ms. Zvanski and Mr. Weiner stating that with the guidance of Pamela Levin (HSS CFO), HSS is making sure that every asset of the Trust Fund is well documented and its purpose is clear. Conversations with Ms. Zvanski are ongoing regarding items to be funded through the Trust Fund and those through the General Fund.

□ 01092014-05 Action Item

Final Report on Kaiser pre-negotiations with recommendation for funding structures to evaluate during rates and benefits process (Aon Hewitt)

Staff recommendation: Approve development of Flex-Funding and Self-Insured 2015 Kaiser funding options.

Documents provided to Board prior to meeting: Presentation prepared by HSS, Aon Hewitt and Kaiser.

- Anil Kochhar, Aon Hewitt actuary, called on Peter Andrade, Kaiser Senior Vice President, and Lisa Ghotbi, HSS Deputy Director, to address the Board before making his presentation.
- Mr. Andrade thanked the Board for the opportunity to comment prior to the presentation and stated that HSS is a very important customer of Kaiser's in California, if not one of its top customers. He assured the Board that Kaiser has been working diligently over the past few months to reestablish a high level of trust and to improve its relationship with HSS staff and other leaders in San Francisco. He stated Kaiser's continued commitment to serve the City and County of San Francisco and the Health Service Board and expressed Kaiser's

commitment to affordable healthcare and working with HSS.

- Lisa Ghotbi stated that the discussions with Kaiser were difficult; however, Kaiser demonstrated a very clear commitment to the success of the negotiations and a positive partnership with HSS.
- Anil Kochhar presented the Executive Summary and six pre-negotiation goals which were the focus of bi-weekly meetings since August 2013 between Kaiser Permanente, the Health Service System and Aon Hewitt.
- Goal #1 included four funding structures, which were evaluated as potential options for the 2015 plan year (see pages 2-5 of Aon Hewitt report):
 - Fully-insured
 - Risk sharing
 - Flex-funding
 - Self-insured
- Goal #2 evaluated alternatives to Kaiser's Integrated Care Management ("ICM") charges, which included six items considered as basic core services presented under ICM:
 - Clinical access alternatives (e-mail and phone)
 - Chronic condition management (self-care tools and coaching)
 - Online management (rebate negotiations, patient counseling)
 - Online personal health management (online health record, lab, appointments)
 - Wellness and coaching (wellness web and mailings, classes, HRA)
 - External provider network management (contracting, discharge planning, medical management)
- Ongoing discussions on the ICM charges are continuing.
- Goal #3 evaluated options for a Kaiser profit pledge cap.

- Kaiser is unable to provide a health plan profit pledge at this time. It is committed to leading the healthcare marketplace on affordability and pledges to have one of the lowest costs in the industry while providing high quality care, service and access.
- Lisa Ghotbi presented Goals #4 and#5.
- Goal #4 evaluated improved performance guarantees. Ms. Ghotbi reported that significant progress was made in the 2014 performance guarantees by expanding the number of clinical measurements from 14 to 21.
- Goal #5 evaluated options for an incentive program targeting opportunities to improve care and control costs. HSS and Kaiser discussed the possibility of a 2015 Care Engagement Pilot Program to test a customer-specific approach to care engagement.
- Mr. Kochhar presented Goal #6, evaluation of Kaiser's fee schedule and charge master changes over time. He reported that if the Board considers taking risk, as actuary he will calculate the fee schedule for either the flex-funded or self-funded EPO plan. See page 10 of Aon Hewitt's report on Kaiser's 2013 fee schedule compared to Medicare's fee schedule. Aon Hewitt has not finalized its evaluation of Kaiser's fee schedule.
- Aon Hewitt will present a fully-insured quote at the April Board meeting.
- Commissioner Scott requested side-by-side, easy to read comparison charts for the fully-insured option, flex-funded HMO option and self-funded EPO option.
- President Breslin confirmed that the risk sharing option will not be considered by the Board at this time.
- Mr. Kochhar noted that Kaiser's preference is to continue with its fully-insured plan for HSS.
- See page 12 of Aon Hewitt's report for its recommendations.

Public comments: Richard Rothman, retired City employee, stated that he is glad that the Board will look at all of the funding options because it is important. He also mentioned that he took Commissioner Fraser's advice from an earlier meeting and learned the difference between observation and hospitalization. He received the information from Kaiser's billing department because the doctors and medical staff were not aware of the difference. He stated the need for better communication between Kaiser's billing department and the hospital.

Diane Urlich, retired City employee, asked if Kaiser's self-funded EPO plan would be similar to the current UHC plan in terms of the paperwork that individuals are required to send to Medicare.

Lisa Ghotbi responded that a self-funded EPO plan through Kaiser would not require the paperwork requirement as in the City Plan. The self-funded EPO funding mechanism would be invisible to the member.

Ms. Urlich also reported that there has been a lot written lately about observation versus hospitalization as mentioned by Mr. Rothman previously, which has caused quite a bit of confusion. She stated that Kaiser is not the only hospital that has not been forthcoming on the issue.

Action: Motion was moved and seconded by the Board to direct the actuaries to prepare fully-insured, self-funded and flex-funded options for the Board's review at the April 10, 2014 meeting.

Motion passed 4-0.

MEMBERSHIP RULES COMMITTEE

- 01092014-06 Action item Approval of Flexible Spending Account ("FSA") carry-forward option of up to \$500 for 2013 plan year (President Breslin)
Staff recommendation: Approve FSA carry forward option of up to \$500 for 2013 plan year.
Documents provided to Board prior to meeting: Amended 2013 Membership Rules and Cafeteria Plan.

- President Breslin reported that the Flexible Spending Account (“FSA”) \$500 carryforward option was approved at the December 12, 2013 meeting beginning in the 2013 plan year. This agenda item amends the Membership Rules and Section 125 Cafeteria plan to include the carryforward option.

Public comments: None.

Action: Motion was moved and seconded by the Board to approve amending the Membership Rules and Cafeteria Plan to include the FSA carryforward option of up to \$500 beginning in plan year 2013.

Motion passed 4-0.

REGULAR BOARD MEETING MATTERS

- 01092014-07 Action item Approval of recommended Healthcare Sustainability Budget plan (Lisa Ghotbi)

Staff recommendation: Approve budget plan.

Documents provided to Board prior to meeting: HSS summary.

Public comments: None.

This item was not presented and is continued to the February 13, 2014 meeting.

- 01092014-08 Action item Approval of Resolution ordering the 2014 Health Service Board election for two expiring terms and authorizing staff to initiate and proceed with the election (Lisa Ghotbi)

Staff recommendation: Adopt resolution to proceed with 2014 Health Service Board election.

Documents provided to Board prior to meeting: 2014 Resolution and accompanying election materials.

Public comments: None.

 - Lisa Ghotbi presented a resolution ordering a Health Service Board election for two expiring terms on May 15, 2014, Commissioners Karen Breslin and Sharon Ferrigno. Nominations for Board candidates will occur from January 10 through February 10, 2014. The election is scheduled to occur from May 12 through

May 27, 2014. The individuals elected and certified will assume their positions on the Board at the June 12, 2014 meeting.

Action: Motion was moved and seconded by the Board to approve the resolution to proceed with the 2014 election for two Health Service Board seats expiring on May 15, 2014.

Motion passed 4-0.

- 01092014-09 Discussion item [Presentation of Rates and Benefits calendar for Plan Year 2015](#) (Lisa Ghotbi)

Documents provided to Board prior to meeting:
Rates and Benefits meeting schedule.

- Lisa Ghotbi presented the schedule for the Rates and Benefits cycle for the 2015 plan year, which begins with the February 13, 2014 Health Service Board meeting. The final vote for approving rates and benefits will take place at the June 12, 2014 Board meeting. Commissioner Scott will lead the process as Chair of the Rates and Benefits Committee.
- Commissioner Scott expressed his hope that members become actively engaged during the rates and benefits process and encouraged member comments, views and concerns so that once the final recommendations are made, everyone is aware of how the decisions were reached and not feel the need to appeal to other forums because of dissatisfaction with the outcome.
- President Breslin noted that the retiree dental plan will be discussed at the February 13, 2014 meeting.
- Ms. Ghotbi confirmed that retiree dental options with higher amounts will be presented at the February 13, 2014 meeting. A draft survey of retiree preferences will also be presented for the Board's review.

Public comments: Herbert Weiner, retired City employee, suggested approving four teeth cleanings per year to prevent root canals and extractions.

Ms. Ghotbi responded that in her survey of dentists, there has not been a consensus recommending four teeth cleanings per year.

Diane Urlich, retired City employee, requested adding TMJ coverage to the retiree Delta Dental plan, in response to her previous inquiry regarding coverage for follow-up services of dental appliances for sleep apnea.

Dennis Kruger, representative for active and retired firefighters, inquired into the cost of retiree dental plans with \$1,500, \$2,000 and \$2,500 coverage per year. He also asked Delta Dental to consider allowing two teeth cleanings per year in the \$1,000 per year plan along with one root canal or one crown.

Ms. Ghotbi responded that HSS is pricing retiree dental plans at \$1,500, \$2,000 and \$2,500, as well as pricing preventive care excluded from the cap.

- 01092014-10 Discussion item [Report on network and health plan issues \(if any\)](#)
(Respective plan representatives)
Public comments: None.
- 01092014-11 Discussion item [Opportunity to place items on future agendas](#)
 - Commissioner Fraser suggested a future Board presentation on the importance of exercise and its effectiveness compared to the prescription of many medical treatments. She will arrange for a presenter, if the Board is interested.
 - President Breslin responded in favor of Commissioner Fraser's suggestion.Public comments: None.
- 01092014-12 Discussion item [Opportunity for the public to comment on any matters within the Board's jurisdiction](#)
Public comments: Dennis Kruger thanked Raymond Lee, Delta Dental representative, for his assistance in resolving a matter that arose during the holidays.
- Adjourn: 2:54 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 Health Service Board Secretary, Laini K. Scott, for further assistance at (415) 554-1722.

Health Service Board and the Health Service System Web Site: <http://www.myhss.org>

Disability Access

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Accessible seating for persons with disabilities (including those using wheelchairs) will be available.

The following services are available upon request:

- American Sign Language interpreters will be available upon request.
- A sound enhancement system will be available upon request at the meeting.
- Minutes of the meeting or hearing are available in alternative formats.

If you require the use of any of these services, please contact 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.

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