



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, March 13, 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, arrived 1:14 p.m.
Commissioner Jean S. Fraser
Commissioner Randy Scott, excused
Commissioner Jordan Shlain, M.D., arrived 1:14 p.m.

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

This meeting was called to order at 1:03 p.m.

03132014-01

Action item

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

- Regular meeting of February 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 February 13, 2014.

Motion passed 4-0.

RATES AND BENEFITS COMMITTEE

- 03132014-02 Action item Presentation of 10-County Survey amount (Aon Hewitt)
- Staff recommendation: Approve 10-County Survey amount.
- Documents provided to Board prior to meeting:
2014 10-County Survey.
- Gabriel Briggs, Aon Hewitt actuary, reported that the 10-County Survey amount for the 2015 plan year is \$567.80, which is 1.46% higher than last year's average calculation of \$559.65.
 - The 1.46% increase over last year's average amount is lower than historic 10-County Survey trends. This low increase is due to changes in some of the counties' offerings to employees and reduction in the employer's contribution.
 - President Breslin responded that 1.4% is the lowest increase since she has been on the Board.
 - Lisa Ghotbi, HSS Deputy Director, stated that one of the reasons HSS and the Board supported the 93-93-83 contribution model last year was out of concern regarding the volatility in the 10-County amount. That volatility remains a concern as more counties look at limiting the employers' contributions.
- Public comments: Claire Zvanski, former Health Service Board commissioner, stated that there was a population shift in the mid-90s that lowered the average contribution, with changes resulting primarily from Fresno and Riverside. Such a low contribution percentage has been seen possibly once in the last 10 years due to collective bargaining and issues relating to population changes. She stated that Fresno, more than Riverside, is the county to watch.

Action: Motion was moved and seconded by the Board to approve the 10-County Survey amount of \$567.80 for plan year 2015.

Motion passed 4-0.

□ 03132014-03 Action item

Approve renewal of Vision Service Plan's 2015 continuing fee proposal (Aon Hewitt)

Staff recommendation: Approve VSP's 2015 continuing fee proposal.

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

- Anil Kochhar, Aon Hewitt actuary, reported that VSP's current monthly rates have been guaranteed through December 31, 2015. See Aon Hewitt report.

Public comments: Dennis Kruger, active and retired firefighters' representative, inquired into the two-tier vision plan with a higher level of benefits approved several years ago by the Board. At that time, the reason for not implementing the enhanced plan was due to the PeopleSoft system's inability to be programmed accordingly.

Lisa Ghotbi responded that PeopleSoft is now able to be programmed for the enhanced vision plan; however, it will take approximately six months to perform cleanup and rebuild the system in order to administer the upgraded vision benefit. It is unclear when the enhanced vision benefit will be available but it is possible that it will be offered during the 2015 open enrollment period for the 2016 plan year.

Action: Motion was moved and seconded by the Board to approve the renewal of Vision Service Plan's continued fee proposal for the 2015 plan year.

Motion passed 4-0.

□ 03132014-04 Action item

Consideration of City Plan stop/loss coverage for 2015 plan year (Aon Hewitt)

Staff recommendation: Approve recommendation to not purchase stop loss insurance for UHC.

Documents provided to Board prior to meeting: Report prepared by Aon Hewitt, "City Plan (UHC) Stop Loss Insurance Policy Presentation."

- Gabriel Briggs reported that Aon Hewitt is again recommending not purchasing stop loss insurance for the City Plan for the 2015 plan year. This recommendation was also made for the current plan year.
- Stop loss insurance provides protection against catastrophic or unpredictable losses. It can be purchased by employers who self-fund their employee benefit plans but do not want to assume 100% liability of catastrophic claims.
- Aon Hewitt believes that the \$6.3M contingency reserve will be adequate to cover all catastrophic claims.
- Commissioners Ferrigno and Shlain arrived during this agenda item.
- See Aon Hewitt's report for the stop loss evaluation process, impact modeling methodology, and financial impact modeling.

Public comments: None.

Action: Motion was moved and seconded by the Board to not purchase stop loss insurance for City Plan (UHC) for the 2015 plan year.

Motion passed: 6-0.

□ 03132014-05 Discussion item

Review Blue Shield's flex-funded non-Medicare claims experience, benefit design and determine preliminary premium contributions for 2015 plan year (Aon Hewitt)

Documents provided to Board prior to meeting: Report prepared by Aon Hewitt, "Blue Shield Claims Experience Presentation."

- Anil Kochhar reported on Blue Shield's flex-funded claims experience for actives and early retirees for the 2013 plan year. Until 2013, Blue Shield's HMO coverage was fully-insured.
- Retiree benefits are not included in the flex-funded pool and are covered by a Medicare Advantage Prescription Drug ("MAPD") plan. In areas where MAPD is not offered, Medicare is coordinated with the standard Blue Shield plan.

- Blue Shield's 2013 flex-funded experience was within expected ranges. See pages 1 and 2 of Aon Hewitt's report.
- The 2013 active incurred loss ratio was 95%.
- The 2013 early retiree incurred loss ratio was 83%.
- The combined loss ratio was 93%.
- Commissioner Fraser asked if the 95% incurred loss ratio for active members incorporates all expenses.
- Mr. Kochhar responded that all expenses are incorporated in the actives' 95% incurred loss ratio except the claims targets.
- Ms. Ghotbi asked that HSS CFO, Pamela Levin, address the question.
- Ms. Levin reported that during the monthly financial updates, she references a figure of \$68M. Included in that amount is a \$6.6M reserve for the ACOs' incentive payments in the event that claims payouts become necessary.
- Commissioner Fraser asked why the \$6.6M amount is not included in the actives' incurred loss ratio and suggested that Aon Hewitt include it in Blue Shield's final rates, since it will be known if a claims payout will be necessary.
- Mr. Kochhar stated that Aon Hewitt would do so.
- Ms. Ghotbi noted that the ACOs are doing a very good job on utilization. The other part of the equation is unit cost. Aon Hewitt is working very aggressively with Blue Shield and the ACO partners to ensure that their unit costs will be sustainable for 2015.
- Aon Hewitt is still working with Blue Shield and the ACOs to understand all variables affecting the 2015 renewal. The final 2015 renewal will be presented in May.

Public comments: None.

- 03132014-06 Discussion item Review Kaiser’s active and early retiree claims experience, benefit design and determine preliminary premium contribution for 2015 plan year (Aon Hewitt)
- Documents provided to Board prior to meeting:
Report prepared by Aon Hewitt, “Kaiser Claims Experience Presentation.”
- Anil Kochhar reported on Kaiser’s fully-insured experience from December 2012 through November 2013 for active and early retiree members.
 - The loss ratio for actives was 88%. See page 3 of Aon’s report for claims experience.
 - The loss ratio for early retirees was 83%. See page 4 of Aon’s report for claims experience.
 - Based on the claims experience, Aon Hewitt expects that Kaiser’s fully-insured 2015 renewal will be low.

Public comments: None.

REGULAR BOARD MEETING MATTERS

- 03132014-07 Discussion item President’s Report (President Breslin)
- Documents provided to Board prior to meeting:
None.
- President Breslin thanked HSS staff for all their hard work, especially at this time while staff is working and preparing to move. She visited the new HSS Wellness Center recently and thinks it will be successful in its new location.
 - President Breslin also thanked Laini Scott, Health Service Board Secretary, for her work with the Board and keeping everything together, noting that she now reports to the Board.

Public comments: None.

□ 03132014-08 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, HSS Deputy Director, reported that the Wellness Team, which includes the Employee Assistance Program, moved on February 28, 2014 to the new Wellness Center on the first floor of 1145 Market Street.
 - A biometric screening for HSS staff was held in the new Wellness Center last week.
 - The Wellness Center's grand opening will be held in May.
 - The remainder of HSS will move to the third floor of 1145 Market Street on March 14, 2014. The office will open with minimal staffing from 8:00 a.m. until noon that day. The phone system will then go down and everything will be moved to the new location.
 - The retiree dental survey approved at last month's Board meeting is scheduled to be sent out either at the end of this week or early next week.
 - The entire Director's Report may be viewed on myhss.org.

Public comments: None.

- 03132014-09 Discussion item Update on Financial Reporting as January 31, 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 Chief Financial Officer, presented a financial update as of January 31, 2013, noting that only one change has occurred from last month's report.
 - HSS is now projecting a trust fund balance of \$98.3M by fiscal year-end. The difference between last month and this month is the increase in administrative fees for Blue Shield's flex-funded plan due to PPACA, resulting in a \$2.2M change.
 - See financial update memo and attachments.
 - Commissioner Ferrigno departed the meeting during this agenda item.

Public comments: None.

- 03132014-10 Discussion item 2013 Open Enrollment Demographics presentation for 2014 plan year (Marina Coleridge)

Documents provided to Board prior to meeting:
Demographics report prepared by HSS, "2014 Membership Demographics."

- Marina Coleridge, HSS Data Analytics Manager, presented the highlights of HSS' 2014 member demographics report on covered lives (employees, retirees and dependents).
- Enrollment across all medical plans increased by 1,167 lives for the 2014 plan year resulting in a net increase of 356 for active employees and 811 for retirees.
- A total of 109,761 lives are enrolled in HSS medical plans.
- Kaiser now covers 52% of the enrolled HSS population—55% of employee lives and 46% of retiree lives.

- Blue Shield covers 40% of all HSS lives—43% of employee lives and 32% of retiree lives.
- The City Plan continues to see outbound migration from employees and retirees. One hundred ninety-three (193) employee lives and 240 retiree lives left City Plan in 2014.
- The average age by plan is as follows (all covered lives):
 - Kaiser – 44.36 average age
 - Blue Shield – 43.96 average age
 - City Plan – 71.21 average
- Commissioner Fraser noted that out of approximately 36,000 CCSF employees less than 3,000 are enrolled in a healthcare FSA, which seems relatively low. She asked Lisa Ghotbi if the FSA numbers are reasonable.
- Ms. Ghotbi responded that HSS has wanted the FSA numbers to increase over the past several years. HSS has received complaints regarding the current FSA vendor’s administration (WageWorks), which is the reason the FSA RFP process has been initiated.
- Commissioner Lim inquired about retirees aged between 35 and 44 on page 23 of the report.
- Ms. Coleridge responded that those members are most likely disability retirees.
- The complete demographics report may be viewed on myhss.org.
- Supervisor Farrell departed the meeting during this agenda item.

Public comments: None.

□ 03132014-11 Action item

[Approval of new HSS branding](#) (Rosemary Passantino)

Staff recommendation: Approve branding.

Documents provided to Board prior to meeting:
Report prepared by HSS, “Strategic Planning for Employee Wellness.”

- Rosemary Passantino, HSS Communications Manager, presented a strategic branding proposal for employee wellness.

- The purpose of a communications plan for an employee wellness program is to build awareness, encourage participation and peer-to-peer interactions as well as entertain, enlighten and inspire.
- Forty percent (40%) of employers with wellness programs have created a distinct wellness brand to focus employees' attention on wellness initiatives and promotion participation.
- Having a brand shows that the City is committed to the wellness program on a long term basis and aids employee recognition.
- HSS wanted to create a motto or slogan that would be a reminder that the choices members make every day add up, as well as give them an aspirational goal to attach present day choices to longer term outcomes.
- "Stay Strong, Live Long" is the tag line that was floated informally on some of HSS' promotional materials (banners, department wellness fairs, flu shot posters, open enrollment video). This tag line resonated with members and the feedback was positive.
- At Blue Shield's recommendation, HSS submitted paperwork to the State of California to service mark the tag line, "Stay Strong, Live Long," since the URL was available.
- Ms. Passantino stated that one criticism of the tag line is the use of the word "strong" because it insinuates physical strength. However, the tag line is meant to indicate commitment, resilience and personal resolve in achieving goals.
- Another criticism is that the phrase resembles the charity "Live Strong" founded by Lance Armstrong, which collects over \$2M per year in donations to empower cancer patients.
- Employees with chronic conditions can also be strong by making choices that will increase the probability of living longer and having a better quality of life.

- President Breslin commended Ms. Passantino on her work on the strategic branding for employee wellness. She stated, however, that Catherine Dodd, HSS Director, requested that approval of the wellness branding be continued to allow further input from her.
- President Breslin recommended continuing this agenda item and asked for input as soon as possible so that the initiative may move forward.
- Commissioner Lim asked if alternative branding or tag lines have been considered or perhaps a member survey.
- Ms. Passantino responded that “Live Long, Stay Healthy” had been put on HSS lobby signs but the response was lukewarm.
- Dr. Shlain made reference to Daniel Pink, the author of the book, “Drive” about non-sales selling. One effective selling method is the use of a rhyming slogan, which is easier for people to remember even if a non-rhyming slogan is more compelling.
- Dr. Shlain also suggested the use of an alternative word to “wellness” such as well-being because “wellness” is overused.

Public comments: Herbert Weiner, retired City employee, suggested adding information on weight training and stretching programs to the wellness section of the HSS website. He also suggested including basic anatomy and physiology such as how the heart and brain work, etc. on the website.

Claire Zvanski, former Health Service Board commissioner representing retirees, complimented Rosemary Passantino’s work on the wellness branding and agreed with the idea of using rhyming slogans. She suggested retiree involvement in the branding tag line. She stated that Ms. Passantino pointed out some very good issues regarding the word “strong” and it is a matter of well-being.

Action: No action was taken. This item is continued to allow input from Catherine Dodd, HSS Director, and others.

□ 03132014-12 Action item

Approval of revised RFP black-out notice for FSA/COBRA Administrator (Pamela Levin)

Staff recommendation: Approve revised black-out notice.

Documents provided to Board prior to meeting:
Revised black-out notice to Health Service Board.

- Pamela Levin reported that two additional vendors were identified for inclusion in the black-out notice for the FSA/COBRA Administrator RFP and should be added to the list presented at last month's meeting :
 - P&G Group
 - The Advantage Group
- The RFP will be released within the next day or so.

Public comments: None.

Action: Motion was moved and seconded by the Board to include the two additional vendors to the FSA/COBRA Administrator RFP black-out notice.

Motion passed 4-0.

□ 03132014-13 Action item

Approval of Communications Request for Qualifications ("RFQ") black-out notice (Pamela Levin)

Staff recommendation: Approve black-out notice memo for Communications RFQ.

Documents provided to Board prior to meeting:
RFQ black-out notice to Health Service Board.

- Pamela Levin reported on the Request for Qualifications ("RFQ") for communication services to be issued before the next Board meeting.
- This RFQ will allow HSS to have a list of prequalified vendors to choose from without going through a full RFP process.
- The vendors would include health benefits and wellness communication consulting services in the following areas:
 - Communications strategy
 - Digital design and usability
 - Website engineering
 - Decision support and wellness tools

- Digital video
- Creative support services
- Ms. Levin reported that it is not possible to specifically define the service providers or types of service providers to which the blackout period applies and that Board members should make a good faith effort to comply with the intent of the black-out provisions by taking all reasonable efforts to determine if service providers that they may communicate with are potential candidates in the HSS search process.
- Commissioner Fraser stated that while she understands the issue, the request is too broad for her to agree to not discuss anything relating to communications with any firm. She asked if there was a way to narrow the black-out notice because there could possibly be a conflict with her role in running the Health Department for San Mateo County and as a member of the Health Service Board.
- Ms. Levin asked Erik Rapoport, Deputy City Attorney, for his advice.
- Mr. Rapoport agreed with Commissioner Fraser and recommended not agreeing to the black-out notice as it is currently written without identifying specific vendors. He noted that even if the Board does not vote to support a blackout period for the communications RFQ, the concept is there.
- Commissioner Fraser stated that she could support the black-out period if HSS staff returned with a narrower group of vendors and that she will abide by not discussing the RFQ if anyone.

Public comments: None.

Action: Motion was moved and seconded by the Board not to approve the RFQ black-out period as presented.

Motion failed 2-2.

Commissioners Fraser and Shlain voted in favor of the motion.

Commissioners Breslin and Lim voted against the motion.

- 03132014-14 Discussion item Report on network and health plan issues (if any)
(Respective plan representatives)
- Deputy Director Ghotbi asked for a recommendation from the Board on how to move forward with the communications RFQ without knowing how to obtain a list of vendors, since the list is extensive (local small businesses).
 - Erik Rapoport stated that he will work with Ms. Ghotbi to determine how to provide a narrower report and whether there is a need for a black-out period for the communications RFQ in the first place. He noted that the Board can narrow its policy in a way that would be acceptable to Commissioner Fraser.

Public comments: None.

- 03132014-15 Discussion item Opportunity to place items on future agendas
- President Breslin recommended holding a Governance Committee meeting to update the Board's governance policies and best practices.
 - Ms. Ghotbi asked if HSS should prepare a scope of work and a budget to potentially support the Board in reviewing its policies.
 - President Breslin responded affirmatively.
 - Erik Rapoport stated that SFERS has just completed a review of its policies and used the same provider that the Health Service Board previously worked with.

Public comments: Claire Zvanski stated that the Health Service Board worked with Tom Iannucci of Cortex Consulting Services in the past on Board governance matters and that the timing was planned to coincide with SFERS to save on costs.

Ms. Zvanski also suggested providing commissioner training for new Board members. In the past, Board members attended the International Foundation of Employee Benefits training but due to budget constraints training was curtailed. She suggested online and DVD training for Board members, especially regarding fiduciary responsibilities, and senior HSS staff.

- 03132014-16 Discussion item Opportunity for the public to comment on any matters within the Board’s jurisdiction

Public comments: Kristina Beikova, daughter of former HSS member Ivan Beikov, commented on her father’s appeal to the Board that was denied last year. She complained that half of her father’s pension was deducted for health benefits that he did not and could not use because he was in Bulgaria and had access to health benefits there. She also complained about HSS customer service and asked that the Board hear a few words from her father.

Mr. Beikov stated that he was deeply disappointed that 60% of his pension was deducted for health benefits that he could not use because he was residing in Europe. He considered the matter to be shameful and unbelievable.

President Breslin responded that Mr. Beikov’s denied appeal has been brought before the public several times already.

- 03132014-17 Action item Vote on whether to hold closed session to continue 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 continue member’s appeal.

Motion passed 4-0.

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.

- 03132014-18 Action item Vote on member’s appeal continued from February 13, 2014 (President Breslin)

Staff recommendation: Uphold HSS decision.

Documents provided to Board prior to meeting:

 1. Memo from HSS with supporting

documentation; and

2. Cover letter from member to Health Service Board dated November 15, 2013.

Reconvene in Open Session

- 03132014-19 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 discussion held in closed session.
Motion passed 4-0.
- Adjourn: 3:05 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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Lobbyist Registration and Reporting Requirements

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.