HEALTH SERVICE BOARD
CITY & COUNTY OF SAN FRANCISCO

Minutes

Regular Meeting

Thursday, April 9, 2015

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 Randy Scott
Vice President Wilfredo Lim
Commissioner Karen Breslin
Supervisor Mark Farrell
Commissioner Sharon Ferrigno
Commissioner Gregg Sass, excused

This Health Service Board meeting was recorded live by SFGovTV. Links to videotaped meetings and related materials are posted on the myhss.org website.

This meeting was called to order at 1:12 pm.

- ☐ 04092015-01 Action item

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

- Regular meeting of March 12, 2015
- Special Closed Session Member Appeal on April 2, 2015

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 12, 2015 and special Closed Session member appeal minutes of April 2, 2015.

Motion passed 5-0.

□	04092015-02	Discussion item	General public comment on matters within the Board's jurisdiction not appearing on today's agenda

Public comments: Claire Zvanski, President of RECCSF, stated that she had received numerous calls from retired members expressing concern and requesting clarification regarding UnitedHealthcare's proposed new national MAPD plan for City Plan. She stated that many of the questions concerned ancillary services such as chiropractic, acupuncture, podiatry and other unmentioned services. She also noted that the comparison chart in the exhibit of UHC's document was largely unreadable due to the miniscule font size. The main concern was whether the proposed new plan would be a parallel plan allowing members to choose from either plan. Other issues included out-of-network, pharmacy and formulary changes. She asked the Board to fully vet the proposed plan and have answers provided to the questions posed.

Diane Urlich, retired City employee, asked for a response to her question from a prior meeting regarding the possibility of including coverage in the dental plan for annual follow-up dental visits for patients using oral devices oral appliances prescribed to treat sleep apnea. The annual checkups are to ensure an accurate fit and to make any necessary adjustments. She had previously submitted the protocol from the Academy of Sleep Dentistry to the Board for review. She submitted another copy to the Board Secretary for distribution to the Board.

President Scott stated that he would asked the HSS Director, Catherine Dodd, to provide a response at the next Board meeting.

Charla Welch, active City employee in classification 1244, stated that despite the fact that she works in an HR capacity, she was unaware of the significant increases in the City Plan. Her contribution as a Local 21 member increased from $1.83 per month in 2014 to $189 per month as of January 2015, which is an approximate 10,000% increase. She stated that while she admittedly did not open her open enrollment package when it was received, she did not anticipate such a significant increase. As a result, she has been forced to seek additional employment outside of her City job. She stated that she understood why her appeal to HSS was denied because she did not have a qualifying event to change health plans. However, she wanted to put a face to the issue of working families being driven out of San Francisco due to high costs. She suggested that her situation could have been avoided by one e-mail notifying her of the increase in the employee contribution to City Plan under the 93-93-83 contribution strategy. She asked that notification outside the annual open enrollment packet be considered to prevent similar situations in the future.

RATES AND BENEFITS

□ 04092015-03 Action item

Blue Shield Flex-Funded HMO 2016 preliminary plan renewal for actives and early retirees and update on Accountable Care Organizations ("ACOs") (Aon Hewitt)

Staff recommendation: Approve 2016 preliminary plan renewal for actives and early retirees.

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

- Anil Kochhar, Aon Hewitt actuary, stated that before presenting the 2016 flex-funded rate renewal increase for actives and early retirees in Blue Shield, he wanted to note the attendance of the ACO participants, Hill Physicians and Brown and Toland.
- President Scott asked Mr. Kochhar to repeat the names and titles as the ACO members introduced themselves from the audience.

- The following ACO participants were in attendance:
    - Kristen Miranda, Blue Shield Senior Vice President for Strategic Partnerships;
    - Dr. Stuart Levine, Blue Shield Chief Innovation Officer;
    - Terry Hill, Administrator and lead for Hills Physicians' ACO Group;
    - Richard Fish, CEO of Brown and Toland ACO;
    - Anne Marie Molyneaux, Director of Clinical Services, Brown and Toland.
- Mr. Kochhar reported on Aon Hewitt's 2016 preliminary renewal recommendation for the Blue Shield Flex-Funded HMO Plan. Vision rates were not incorporated in the recommendations.
- Aon Hewitt recommended an 11.5% increase over the 2015 rates.
- Premiums have not increased in two years due partially to the HSS rate subsidy.
- President Scott asked what the overall costs might have been had the ACOs not been in place.
- Mr. Kochhar responded that an additional $55M would have been spent over the last two years without the addition of the ACOs and flex-funding.
- A full rate card could not be provided due to the termination of the vision RFP.
- A premium review and contribution impact was provided on page 4 of Aon Hewitt's report as follows:
    - E-only: $5.16 monthly increase
    - E-plus 1: $10.33 monthly increase
    - E-plus 2: $35.48 monthly increase
- Commissioner Breslin asked what the increase next year would be in light of an 11.5% increase this year.

- Mr. Kochhar stated that based on the actions taken by the ACOs and the management of healthcare, he expected an increase not greater than mid-range single digits, which is market trend (5-7.5%).
- Mr. Kochhar stated that the ACOs would respond how to keep the rates at 5% to 7.5% or better. He also noted that following five questions were presented to each ACO participant, who would have an opportunity to address the Board:
    - What are the primary benefits realized from this ACO arrangement that may not have been achieved had the ACO not been in place?
    - Have they impacted quality, cost or the patient experience?
    - What are you going to do about pharmacy costs? Can you do anything?
    - What is your long term strategy?
    - How committed are you?
- Richard Fish, Brown and Toland CEO, answered the last question first stating that Brown and Toland is fully committed. They believe philosophically, as well as from a business standpoint, in coordinating care for people, working with the hospitals, the insurance plan and the uniqueness of working with the employer representing the voice of the patients.
- Brown and Toland has had success impacting admission rates, managing chronic disease at home and managing high risk patients more effectively. There has also been a decrease in Emergency Department visits as well as an increase in generic compliance and use on the pharmacy side.
- Mr. Fish stated that Brown and Toland is not happy with an 11% rate increase and would prefer an increase of 3% or 4%, which is closer to CPI. However, a higher number of

catastrophic patient illness drove the numbers in 2014 higher than anticipated.

- Mr. Fish asked Anne Marie Molyneaux, Brown and Toland Director of Clinical Services, to discuss next steps.
- Ms. Molyneaux stated that the Brown and Toland ACO has impacted quality and cost in the patient experience through care management. Patients are referred to their program by primary care physicians. Brown and Toland hires nurses, social workers and care coordinators to work with patients to help them understand medications, identify symptoms and manage disease.
- As an example of coordinated care, Ms. Molyneaux relayed the experience of a CCSF employee who had gone to the Emergency Department as a result of a car accident and how her case was monitored, resulting in no return to the Emergency Department and freedom from pain.
- Ms. Molyneaux stated that a home visit program has been developed consisting of a team of nurse practitioners and social workers who provide medical care in patients' homes. The team also coordinates with community physicians to get x-rays and lab services.
- Ms. Molyneaux also stated that Brown and Toland has hired a pharmacist who has been working on generics programs to ensure they are maximizing the use of generics.
- Mr. Fish stated that some of Brown and Toland's programs are geared toward retirees with a higher disease and chronic disease burden. He stated that in pharmacy in general, the risk associated with Brown and Toland's patient population is very high and has gone up. As mentioned in a previous meeting, he asked the Board to consider a contribution strategy tied to the risk of the population served so that financial comparisons are balanced.

- Terry Hill, Hill Physicians Vice President, next addressed the Board. He introduced several individuals in attendance from UC and Dignity Health:
    - Dr. Kevin Grumbach, UCSF
    - Patty Hobart, UCSF
    - Jaye Lynn Ravenstad, Diginity Health
- Dr. Hill stated that Hill Physicians is committed to continuing the efforts of the ACOs. He commended the Health Service Board on its commitment and stated that it takes time for the efforts to mature. Hills Physicians is committed for the long haul and will continue to make investments in the program.
- In 2014, Hills Physicians Emergency Department visits decreased as well as inpatient and facility utilization.
- Hills Physicians has focused on quality interventions in the UCSF clinics for patients seeing physicians in the community. One very successful intervention has been a concierge-like case manager to follow patients through their hospital stay and then by phone thereafter. This program has also been extended to people in skilled nursing facilities.
- Pharmacists and nurses are also utilized to contact patients to ensure that patients receive preventive screenings in addition to medication adherence and management.
- Over the past two years, nearly all of UCSF's clinics have been certified as patient-centered medical homes, which has been an enormous amount of work.
- Hill Physicians has also worked on developing two sources of cognitive behavioral therapy and computerized cognitive behavior therapy, which have been very effective.
- Hill Physicians has a robust pharmacy program and is good at case management.

- Stuart Levine M.D., Blue Shield Chief Innovation Officer, addressed the Board regarding healthcare transformation, stating that healthcare must become more affordable and better or future generations will not have access as we know it.
- President Scott asked how HSS will get closer to risk targets going forward, noting that the Board will look forward to quarterly reporting.

Public comments: Richard Rothman, retired City employee, asked for additional information on the four large claims exceeding $1M on page 5 of Aon Hewitt's report and whether there were any measures that could have prevented such large claims. He stated that he understood HIPAA laws may preclude the discussion of specifics at a public meeting, but inquired if the total dollar amount of the claims could be disclosed. He stated that it is important to have this information because the outliers drive up costs. He asked what Blue Shield and other medical providers can do to prevent the outliers. He asked for additional information that would not violate HIPAA rules.

Claire Zvanski, representative for SEIU retirees, asked how SEIU members would be impacted by the rate renewal increase. She asked the Board to wait until the rates for each specific category is proposed since SEIU does not have the 93-93-83 contribution strategy and there are a number of active employees.

Catherine Dodd, HSS Director, stated that the contribution strategy for SEIU is 100-96-83. The employer pays 100% of the rate for employee only, 96% of the rate for employee plus one and 83% of the rate for employee plus two or more.

The contribution strategy for the majority of active members is 93-93-83. The employer pays 93% of the rate for employee only, 93% of the rate for employee plus one and 83% of the rate for employee plus two or more.

Herbert Wiener, retired City employee, stated that he did not know the relevance to the rates, but inquired how much profit Blue Shield makes and whether it

has increased. He also asked about the compensation of Blue Shield's CEO and executives.

President Scott asked that Mr. Weiner's question be deferred since members of Blue Shield were expected to respond to specific events regarding its tax status as previously reported in the newspapers.

Action: Motion was moved and seconded by the Board to approve Blue Shield's 2016 Flex-Funded HMO preliminary plan renewal for actives and retirees.

Motion passed 5-0.

□ 04092015-04 Action item

Approve Delta Dental Stabilization Reserve

Staff recommendation: Approve stabilization reserve.

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

- Mr. Kochhar reported that the total carry forward stabilization reserve for Delta Dental's self-funded PPO plan as of December 31, 2014 is $3,860,573.
- The calculated amount per the amortization policy to apply to the 2016 rates (33% of stabilization reserve) is $1,286,857.
- In accordance with the Board's stabilization policy, Aon Hewitt recommended reducing Delta Dental's active self-funded rates for 2016 by $1,286,857.
- The remaining carry forward in stabilization reserve for plan years 2017and beyond is $2,573,715.
- Commissioner Lim stated that this was the first time the stabilization reserve was being applied to dental.
- Mr. Kochhar concurred.

Public comments: None.

Action: Motion was moved and seconded by the Board to approve the actuarial recommendation to reduce Delta Dental's active self-funded rates for the 2016 plan year by $1,286,857, as required by the Board's stabilization policy.

Motion passed 5-0.

□ 04092015-05 Action item

Approve 2016 Dental renewal for all plans (Aon Hewitt)

- Delta Dental Self-Insured PPO for actives
- Delta Dental Fully-Insured PPO for retirees
- DeltaCare Fully-Insured HMO for actives
- DeltaCare Fully-Insured HMO for retirees
- Pacific Union Fully-Insured HMO for actives
- Pacific Union Fully-Insured HMO for retirees

Staff recommendation: Approve dental renewals for all plans.

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

- Mr. Kochhar reported that the Health Service System offers six dental plans consisting of four HMO and two PPO plans. There are no recommended plan design changes for any of dental plans.
- The Dental plans includes the following:
    - Delta Dental - self-insured PPO for actives;
    - Delta Dental - fully-insured PPO for retirees;
    - DeltaCare - fully-insured HMO for actives;
    - DeltaCare - fully-insured HMO for retirees;
    - Pacific Union - fully-insured HMO for actives;
    - Pacific Union - fully-insured HMO for retirees.
- Mr. Kochhar stated that Raymond Lee, Delta Dental representative, has been a strong advocate of a reduction in the retiree rates.
- Aon Hewitt recommended Board approval of the following rates:

- Delta Dental self-insured PPO for actives – 2.9% decrease for plan year 2016;
- Delta Dental fully-insured PPO for retirees – 6% reduction for plan years 2016 and 2017;
- DeltaCare fully-insured HMO for actives – current rate guaranteed for plan years 2016, 2017 and 2018;
- DeltaCare fully-insured HMO for retirees – current rate guaranteed for plan years 2016, 2017 and 2018;
- Pacific Union fully-insured HMO for actives – rate pass until December 31, 2016;
- Pacific Union fully-insured HMO for retirees – rate pass until December 31, 2016.

- President Scott asked about the possibility of syncing the expiration dates of the plans to have identical expiration dates.
- Mr. Kochhar stated that he will make syncing the dental expiration dates a priority in future renewals. He noted, however, that the self-funded PPO is the one plan that must be rated annually for risk.

Public comments: Raymond Lee, Delta Dental account manager, thanked the Board for accepting the renewal recommendations. He noted that all of the plans are very important to Delta Dental, especially the retiree plan. He stated that while the retiree plan was reduced, the diagnostic and preventive ("D&P") maximum waiver effective January 1, 2015 remains in effect and continues to be a benefit for the retirees. The D&P covers two annual teeth cleanings and two exams. He stressed that it is very important that retirees do not put off preventive work due to the plan design.

Claire Zvanski thanked Raymond Lee and Anil Kochhar for their work on lowering the dental rates for retirees, which has been a big issue. She expressed appreciation even though the benefits were not increased.

Action: Motion was moved and seconded by the Board to approve the six dental plan renewals on page 15 of Aon Hewitt's report.

Motion passed 5-0.

□ 04092015-06 Discussion item Presentation of Pharmacy trends (Aon Hewitt)

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

- Dr. Paige Sipes-Metzler, Aon Hewitt representative, presented pharmacy trends, which focused on seven areas: specialty drugs, biosimilar medications, cholesterol lowering agents, diabetes management, compound medications, generic medications and pharmacy management.
- President Scott asked for an estimate of dollar amounts instead of percentages on Blue Shield's pie chart indicating specialty drugs on page 4 of the report, since specialty drugs represent 0.5% of all prescriptions filled and 26.2% of the total paid for the HSS population.
- Dr. Sipes-Metzler stated that while she did not have the information readily available, she could provide it at a later date.
- Dr. Sipes-Metzler noted that the Hepatitis C category on Blue Shield's pie chart was 28.7% of the specialty drug spend in 2014. It did not exist in 2013 and was not approved until December 2013.
- Many of the Hepatitis C drugs are not administered in isolation and require additional support. The average length of therapy for Hepatitis C is 12 to 24 weeks with an average cost of $1,000 to $1,125 per unit ($84,000/12 weeks to $94,500/12 weeks). These treatments cure Hepatitis C.
- Over $3 million was spent on Hepatitis C drugs in 2014 and $1.1 million to date in 2015.
- Commissioner Breslin stated that cholesterol and diabetes are two areas where pharmacy costs could be cut in half. She stated that it

is difficult to find a pre-diabetes class; however, diabetes classes are readily available. It appears the focus is centered on disease management and not health management. Even with the emphasis on wellness, doctors write prescriptions rather than suggesting alternative remedies.

- Supervisor Farrell departed the meeting at the end of this agenda item.
- See Aon Hewitt's report.

Public comments: Larry Barsetti, Protect Our Benefits representative, thanked Commissioner Breslin for her comments. He stated that he has diabetes and took a course on managing it. However, he has several friends and acquaintances who have no clue how to manage higher blood glucose and live their lives properly because they cannot get training anywhere. He stated that he is not medicated and if he continues to live his current lifestyle, will probably never be medicated. His 89 year old father is only slightly medicated for diabetes by living the same lifestyle. He expressed support for the proper training.

Director Dodd commented that HSS will be conducting a research project on pre-diabetes with Kaiser. There will be two interventions implemented, onsite at work and online, which have been vetted and successful all over the country. This research project will be open to actives and retirees.

Commissioner Breslin stated that doctors are the gatekeepers and should know where to send members for education. She previously checked into Blue Shield's pre-diabetic classes and the cost was high, approximately $400 for a two-day session. There is a pre-diabetic class at St. Mary's but it is not as extensive as it should be and is only one day. She stated that if the health plans are sincere about controlling costs, doctors should be referring people to the appropriate educational forums.

□ Meeting Break

Recess from 3:11 to 3:23pm

After the recess, President Scott made adjustments to defer agenda Items 7, 13 and 15 to the May 14, 2014 meeting.

□	04092015-07	Discussion item	Presentation of Healthcare Value Index survey (Aon Hewitt)

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

- This agenda item was deferred to the May meeting.

Public comments: None.

GOVERNANCE COMMITTEE REPORT

□	04092015-08	Action item	Final approval of updated Health Service Board Terms of Reference and Policies as approved by the Governance Committee (Committee Chair Breslin)

Documents provided to Board prior to meeting: Updated Health Service Board Terms of Reference and Policies.

- Committee Chair Breslin noted two corrections in the Health Service Board's Terms of Reference and Policies.
- Remove the word "finalized" in paragraph 7(c) on page 18 referring to the Board's review and comments on management letters submitted by the financial auditor.
- Delete paragraph 8 on page 47 regarding senior staff input into the Director's performance evaluation.
- Committee Chair Breslin asked for full Board approval on the Terms of Reference and Policies as the Governance Committee had spent many hours reviewing and revising the document.
- President Scott commended Committee Chair Breslin for her extraordinary contributions and persistence in completing this project.
- President Scott also stated that paragraph 8 on page 47 may manifest itself in another way. He stated that the Board will diligently look at a process this year to be implemented with the staff to identify a climate survey of the department to gauge staff concerns and

how to make HSS one of the best places to work in the City under the great leadership of Director Dodd.

Public comments: None.

Action: Motion was moved and seconded by the Board to approve the Health Service Board's Terms of Reference and Policies as approved and recommended by the Governance Committee.

Motion passed 4-0.

REGULAR MEETING MATTERS

□ 04092015-09 Discussion item President's Report (President Scott)

Documents provided to Board prior to meeting: None.

- President Scott thanked Vice President Lim for presiding over the March Board meeting in his absence.
- President Scott also thanked former Commissioner Jordan W. Shlain, M.D. who recently resigned from the Board. He stated that he sent former Commissioner Shlain an e-mail expressing the sentiments of many Board members. He noted his disappointment that the Ethics Commission and City Attorney's office determined the need for Dr. Shlain to resign, and that he enjoyed Dr. Shlain's candor and insights during his tenure on the Board.
- He wished Dr. Shlain every success in his future professional and personal non-paid and voluntary endeavors.
- President Scott also welcomed new Commissioner Gregg Sass in absentia, who will be in attendance at the June Board meeting.
- President Scott reported his participation in a wide variety of meetings since the last Board meeting, including the Governance Committee meetings, conference calls with UnitedHealthcare on its proposed National

PPO plan, meetings with Aon Hewitt regarding Blue Shield's flex-funding and a discussion with the City Controller regarding his reappointment to the Health Service Board.

- One of the issues addressed in the Board's Terms of Reference was education for members. President Scott made reference to a webinar available through HSS for the next three months on a variety of sessions. Board members were encouraged to review the list of sessions available and return it to the Board Secretary.

Public comments: None.

□ 04092015-10 Discussion item Director's Report (Director Dodd)

- HSS Personnel
- Operations, Data Analytics, Communications, Finance/Vendor Contracts, Wellness/EAP
- 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, Finance and Contracting, Wellness and Employee Assistance Program;
3. HSS compliance with Affordable Care Act part-time rules.

- Director Dodd presented her Director's report which may be viewed on the myhss.org website.
- Two new HSS employees (Benefits Technicians) were in attendance, Alisha Jew and Karla Davis.
- Director Dodd participated in a State Legislative Committee meeting and brought forth AB 463 on pharmacy transparency by Assembly Member David Chiu. This bill requires pharmaceutical companies to file the costs of their medications with the Office of Statewide Planning and Development.

- She is drafting a response to the excise tax regulations and hopes to combine early retirees with retirees.
- She also participated in a Catalyst for Payment Reform Blue Shield work group. Blue Shield's Medical Director, Neil Solomon, made a presentation on approaching integrating the cost of care, specifically oncology.
- Dr. Dodd also noted that Blue Shield had created a log-awaited urgent care card with current information.

Public comments: None.

□ 04092015-11 Discussion item **HSS Financial Reporting as of February 28, 2015**
(Pamela Levin)

Documents provided to Board prior to meeting:

1. Financial update memo;
2. Report for the Trust Fund;
3. Report for the General Fund Administration Budget.

- Pamela Levin, HSS Chief Financial Officer, provided a brief summary of revenues and expenses of the HSS Trust Fund and General Fund Administrative budget through February 28, 2015.
- On July 1, 2015 the Trust Fund balance was $92.8M. The Fund balance is projected to be $90.5M as of June 30, 2015.
- The General Fund is projecting $650,000 in surplus by June 30, 2015 due to delays in hiring.
- See financial update memorandum, dated April 9, 2015.
- Commissioner Breslin asked why the Trust Fund balance did not reflect a month of no payments in January when HSS changed to pay-as-you-go.
- Ms. Levin responded that the change did not make a considerable impact on the financials and that HSS had prepared for it. It was not

significant number ($2M) in terms of materiality to the balance sheet.

- President Scott asked if there was a way to note the change and magnitude in the documents stating that $2M may not be significant in the total balance of the Trust Fund but it should be noted.
- Ms. Levin stated that the change can be noted in the documents. HSS had made preparations for it beginning in July 2014.
- Commissioner Breslin also asked if the forfeiture amounts are returned to the Trust Fund.
- Ms. Levin stated that the forfeitures go into the Trust Fund and are used to fund the administration of the Flexible Spending Accounts, COBRA and dependent care.
- Commissioner Breslin asked if the guarantees are different than the forfeitures.
- Ms. Levin responded that the guarantees are accrued into the fund balance and are not used to cover specific expenses and operating costs.

Public comments: None.

□ 04092015-12 Action item

Cancellation of Vision RFP (Pamela Levin)

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

- Ms. Levin reported that a Vision Request for Proposal ("RFP") was issued on February 25, 2015 to select a qualified contractor to provide vision services to HSS members. The original response date from the proposers was March 16, 2015. However, due to various requests, the deadline was extended to March 26, 2015.
- A total of five proposals were submitted to HSS and the actuarial consultant.
- While a panel of fully qualified participants to evaluate the proposals was approved, the evaluation did not occur due to the extremely aggressive timeline and was deemed

unrealistic for reviewing responses and seeking approval to award the contract.

- Based on the risks, HSS opted to issue a cancellation notice of the RFP on March 31, 2015.
- HSS may reissue the vision benefits services RFP in late summer with the elements of the RFP being similar or identical.
- President Scott asked if the decision to cancel the vision RFP was made under the advice of counsel.
- Ms. Levin responded affirmatively.
- Commissioner Lim asked if VSP would be providing a one-year extension for vision services.
- Ms. Levin confirmed that HSS had received a quote from VSP for a one-year extension of vision coverage.

Public comments: None.

Action: Motion was moved and seconded by the Board to approve the cancellation of the Vision Request for Proposal ("RFP").

Motion passed 4-0.

□ 04092015-13 Action item

Repeal of ACO Incentive Reserve Policy (Pamela Levin)

Staff recommendation: Approve policy repeal.

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

Public comments: None.

Action: This item was deferred to the May Health Service Board meeting.

□ 04092015-14 Action item

Follow-up on UHC MAPD National PPO: CCSF questions and rate quote (Aon Hewitt)

Staff recommendation: Instruct Aon Hewitt to include retiree health plan decisions in June.

Documents provided to Board prior to meeting: CCSF questions and answers and UHC presentation.

- Anil Kochhar, Aon Hewitt actuary, reported that Commissioner Lim requested two rates

to be presented at this meeting and that Nicole Bonner from UHC would present them again this month.

- Mr. Kochhar stated that two items were being presented, a full replacement for UHC's plan and a slice.
- Mr. Kochhar reported that the current cost of Blue Shield's plan is $378; City Plan without the claims stabilization is $315; and Kaiser Permanente is $330.52.
- President Scott clarified that the definition of "slice" in this context meant that UHC would get a portion of the population or "slice," not the entire population.
- Nicole Bonner, UHC Account Executive who manages EGWP Part D for Medicare A and B, presented additional information from last month's meeting on UHC's rates proposed for 2016.
- President Scott noted that the microscopic numbers in the appendix were a challenge to read, and asked for the material to be provided in a larger font at the next meeting.
- Ms. Bonner apologized and agreed to provide a readable document at the next meeting.
- Ms. Bonner presented two scenarios.
- The first scenario assumed that all Medicare A and B members would move from City Plan into UHC's Medicare Advantage National PPO Plan ("NPPO"). The 2016 rate is $278.19.
- UHC also proposed the slice option, which would allow anyone with Medicare Parts A and B to enroll in its Medicare Advantage National PPO Plan at open enrollment. The 2016 rate for that plan is $305.12.
- Commissioner Breslin asked about the commercial pharmacy plan.
- Ms. Bonner stated that the commercial pharmacy plan is for actives and early retirees. It is not a regulated CMS plan.

- Currently, there are slightly less than 100 members in the EGWP Part D plan who do not have both Parts A and B, so they are unable to enroll in a Medicare Advantage plan because CMS requires enrollment in both Parts A and B.
- Ms. Bonner stated that the medical benefits quoted under the National PPO ("NPPO") are equivalent to the current in-network City Plan. She stated that the average member would pay a similar amount under this plan.
- President Scott requested that a median price be provided rather than an average price because averages can vary widely.
- Ms. Bonner stated that the NPPO annual out-of-pocket maximum is $3,750, which is identical to City Plan's out-of-pocket maximum.
- The prescription drug benefit is the same as the EGWP Part D Plan and has the same co-pay structure with the exception of diabetic test strips and lancets.
- The formulary is identical under EGWP Part D, with the exception of the treatment of high-risk medications. Based on current utilization, UHC anticipated that approximately 905 members using high-risk medications would be impacted.
- Commissioner Scott stated that in order for a member to make an informed decision, he or she would need to have some understanding of the broad categories beforehand. He requested information on the types of disease categories.
- Ms. Bonner stated that she would supply the requested information.
- With the NPPO, members would have the same level of benefits whether they are in or out of network. The only requirement is that the provider is Medicare participating.
- Commissioner Breslin asked about UHC's Northern California clients.

- Ms. Bonner stated the County of Sacramento has two different Medicare Advantage plans, an HMO and NPPO with approximately 400 to 500 members.
- Commissioner Breslin requested to see network disruption, even without the full replacement.
- Commissioner Breslin also suggested that an RFP should be conducted to change the plan.
- Director Dodd stated that HSS consulted on whether the proposed plan was a change in provider or a change in funding. It was determined that this proposed plan would add a funding mechanism for UnitedHealthcare, either self-funded or fully-insured.
- Ms. Bonner stated that one question from the last meeting was regarding the hearing aid benefit. The proposal includes a $0 co-pay up to a $2,500 allowance every 36 months.
- Director Dodd expressed concern about providing an affordable option to the retirees in Blue Shield as it is approaching non-affordable. She stated that this new proposal would be an affordable choice.
- Commissioner Breslin stated that she would need more information to vote on this item.

Public comments: Larry Barsetti, veteran police officer, stated that his members are located throughout the United States. It appears there would be significant disruption and he asked for the exact difference.

Herbert Weiner, retired City employee, ask for clarification that in City Plan, primary care physician approval is not necessary to see a specialist. A member can simply make an appointment with the specialist. He asked if the same would apply under the proposed NPPO.

Dave Sutter, Medicare retiree, stated that he was the individual referred to when the question arose about UCLA Medical Center being part of the provider network for the proposed new plan.

Karen Weiss, HSS member, stated that she did not understand how UHC can charge less and offer more with the new NPPO plan. She is enrolled in City Plan and it seems to function like a national PPO because she can visit a doctor if she is out-of-state, and pay a little extra if necessary.

Judy Terracina, retired City employee, mentioned a housekeeping issue in that the font in the appendix of UHC's presentation was unreadable. She tried reviewing it on the HSS website and could not read it in person. She asked that UHC revise its document to make it readable online and in person.

Action: Motion was moved and seconded by the Board to request UnitedHealthcare to provide additional information at the May meeting, and instruct Aon Hewitt to develop preliminary rate cards.

Motion passed 4-0.

□	04092015-15	Discussion item	Approval of Controller's nominee, Randy Scott, to the Health Service Board for a five-year term commencing May 15, 2015 (President Scott)

Documents provided to Board prior to meeting: Controller's nomination letter to Board Secretary dated March 24, 2015.

Public comments: None.

Action: This item was deferred to May Health Service Board meeting.

□	04092015-16	Discussion item	Report on network and health plan issues (if any) (Respective plan representatives)

- Paul Brown, Blue Shield Area Vice President for Premier Accounts, addressed the Board regarding a recent news article in the LA Times about Blue Shield losing its not-for-profit status in California and the decision by the California Franchise Tax Board to revoke Blue Shield's exemption from State income tax. He also noted that Blue Shield is appealing the Franchise Tax Board's decision.
- Mr. Brown stated that Blue Shield will remain a not-for-profit organization, which is consistent with its mission, and that the action of the Franchise Tax Board is not

related to whether State or Federal taxes are paid by Blue Shield.

- As a result of Blue Shield's 2% pledge in 2012, $550M have been returned to its customers and members, including CCSF.
- Blue Shield has three fundamental obligations as a not-for-profit organization:
    - to be mission driven to make healthcare affordable for all Californians;
    - to be a good corporate citizen; and
    - to be a good steward of its resources and the company.
- President Scott asked about Blue Shield's tax filings and whether a Form 990 was annually filed.
- Mr. Brown stated that he believed so, but was not close to the tax filings.
- President Scott asked if the top five paid officers of the Company are identified on Blue Shield's website and whether any descriptions of executive pay, perks or bonuses were available on its website or through any other public documents.
- Mr. Brown responded that he did not believe information on executive pay, perks or bonuses was on its website but Blue Shield is required to file that information with the IRS. He stated that perhaps such information is indicated in Blue Shield's annual report but he was not certain.
- President Scott stated that he raised the questions as points of clarification.
- Director Dodd asked if Blue Shield has a federal not-for-profit status.
- Mr. Brown responded that Blue Shield's corporate filings for State and Federal were not-for-profit.

Public comments: Herbert Weiner, retired City employee, asked how Blue Shield's reserves related to executive compensation and if executive

compensation increased when its reserves decreased.

Claire Zvanski, retiree representative, stated that a member sitting next to her was notified that many of her physicians may not be available because of contract negotiations. This member had a lot of oncology treatments with specialists and was concerned. Ms. Zvanski asked which health plan was in negotiation and sent the letter to members that certain specialists may not be available.

Director Dodd responded that the vendors are required to submit their intended communications to members prior to mailing and that she had no knowledge of the letter Ms. Zvanski referred to. She would be happy to follow-up with the member if Ms. Zvanski could provide the member's name.

□	04092015-17	Discussion item	Opportunity to place items on future agendas Public comments: None.
□	04092015-18	Discussion item	Opportunity for the public to comment on any matters within the Board's jurisdiction Public comments: Herbert Weiner, retired City employee, stated that his drug prescriptions have increased in cost. He asked if the Board had increased the pharmacy rates and asked for information. President Scott stated that there may have been increases in Mr. Weiner's plan and suggested that he speak with Director Dodd for clarification.
□	04092015-19	Action Item	Vote on whether to hold closed session on member appeal under Charter §12.200(5). (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 Scott) 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 on a member 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.

□ 04092015-20 Action Item

Vote on member appeal (President Scott)

Staff recommendation: Uphold HSS decision.

Documents provided to Board prior to meeting: City Attorney Opinion.

Reconvene in Open Session

□ 04092015-21 Action item

Possible report on action taken in closed session (Government Code Section 54957.1(a)(5) and San Francisco Administrative Code Section 67.12 (President Scott)

Public Comments: None,

Action: Motion was moved and seconded by the Board to not report on action taken in closed session.

Motion passed 4-0.

□ 04092015-22 Action item

Vote to elect whether to disclose any or all discussion held in Closed Session (San Francisco Administrative Code Section 67.12) (President Scott)

Public Comments: None.

Action: Motion was moved and seconded by the Board to not disclose any of the discussion held in closed session.

□ Adjourn: 5:10 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 as designated on the agenda.

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

Disability Access

Regular Health Service Board meetings are held at City Hall, 1 Dr. Carlton B. Goodlett Place, in Hearing Room 416 at 1:00 PM on the second Thursday of each month. 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.

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 of San Francisco 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, visit the Sunshine Ordinance Task Force website at http://www.sfgov.org/sunshine.

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 and committee meetings.
- The Chair of the meeting may order the removal of any person(s) in violation of this rule from the meeting room.
- 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.