



# Minutes

## Regular Meeting

Thursday, December 10, 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, arrived 1:16 pm  
                         Commissioner Sharon Ferrigno, excused  
                         Commissioner Stephen Follansbee, M.D.  
                         Commissioner Gregg Sass

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

This meeting was called to order at 1:06 pm.

- 12102015-01    Action item      Approval (with possible modifications) of the minutes of the meetings set forth below:
  - Regular Meeting of September 10, 2015
  - Special Board Forum held on November 12, 2015

Staff recommendation: Approve minutes.

Documents provided to Board prior to meeting:  
Draft minutes.

- Commissioner Breslin noted a correction on page 2, second bullet, line one of the September 10, 2015 minutes. The word “with” was omitted and needed to be added.
- The Board Secretary also noted a correction on page 9, second to last bullet, first sentence of September 10, 2015 minutes. The fourth word “the” should have been deleted.
- President Scott called attention to the last bullet on page 6 (and continued on page 7) of the November 12, 2015 minutes, stating that he had spoken with Commissioner Breslin regarding the intent of her comments. He suggested revising the minutes to clarify that a request had been made to develop a process for handling complaints regarding the HSS Director, other HSS staff or any other pertinent matters directed to the Board. This question was also raised at a recent Governance Committee meeting.
- President Scott suggested that the question to ask is how should the issue be resolved going forward? From his perspective, the proper place to hold a discussion regarding the process of handling member complaints or communication directed to the Board should be held in the Governance Committee. He stated his hope that the Governance Committee would convene early in the New Year to hold such discussions not only this matter but also the issue of Board education.
- President Scott stated that he was asking for clarification of comments that he believed were suggesting that a process be developed to handle member issues sent directly to the Board.
- Commissioner Follansbee stated that his recollection of the previous Governance Committee discussion was that there is a process for handling member complaints that are forwarded to the Board but suggested

that it should be reviewed for clarification and implementation of new components.

- Commissioner Breslin asked if the minutes could be changed to say something other than what was originally said, and asked for the City Attorney's opinion.
- Erik Rapoport, Deputy City Attorney, stated that the minutes are not intended to be a word-for-word summary of a discussion and that Commissioner Scott's clarification was consistent with the discussion at the prior Board meeting. If there was any dispute regarding what was said, he suggested watching the meeting video.
- President Scott recommended adding clarifying language at the bottom of page 6 to indicate that in some situations, members send email complaints to the Board and the question arose on how those complaints should be handled. He thought the intent of the discussion was about process and not about complaints regarding the HSS Director.
- Director Dodd stated her opposition to the comment about complaints regarding the director being on SFGovTV because the member's issue was about not extending Open Enrollment for two weeks. The complaint was not about the director.
- Supervisor Farrell cautioned against creating a dangerous precedent in making comments in public if the details are not as stated. He suggested being very careful going forward in publicly discussing how departments are run by department heads. He expressed his continued belief that HSS is where it is as a department due to Director Dodd.
- President Scott asked Commissioner Breslin if her statement was that there have been complaints about Director Dodd.
- Commissioner Breslin stated that the gist of her inquiry related to handling member complaints sent directly to the Board. Member complaints are usually forwarded to HSS staff to handle; however, she asked how

a complaint about the Director should be handled and suggested that such issues should be handled differently.

- President Scott recommended that clarification of Commissioner Breslin's comments be incorporated into the November 12, 2015 meeting minutes.
- Director Dodd suggested the insertion of the word "might" before "email" to read: "...people might email complaints about the Director and asked how those mails should be handled."
- Supervisor Farrell moved to approve the minutes as amended.
- Commissioner Follansbee seconded the motion.
- Supervisor Farrell arrived during this agenda item discussion.

Public comments: Claire Zvanski, former Health Service Board commissioner, stated that as a parliamentarian, she was very distressed by the Board's discussion. She stated that the minutes should reflect what was actually said and what occurred. Any issues regarding the substance of the minutes should be addressed in a separate agenda item calendared for discussion. According to Robert's Rules of Order, intent cannot be changed. The insertion of a couple of words for clarification is acceptable; however, Ms. Zvanski's recollection of the comment in question was accurately reflected in the minutes.

[Addendum: President Scott went on record stating that the Board will be guided by the parliamentary advice provided by legal counsel.]

Action: Motion was moved and seconded by the Board to approve the minutes, as amended.

Motion passed 6-0.

□ 12102015-02 Discussion item General public comment on matters within the Board's jurisdiction not appearing on today's agenda  
Public comments: None.

□ 12102015-03 Action Item Vote on whether to hold closed session to discuss the following (President Scott):

- Conference with Legal Counsel under Government Code section 54956.9(c) and San Francisco Administrative Code section 67.10(d) – Possible litigation as plaintiff. Number of potential cases: one. (Discussion and possible action)
- Employee performance evaluation under Government Code Section 54957(b)(1) and San Francisco Administrative Code Section 67.10(b)

Staff recommendation: Hold closed session.

- Commissioner Sass moved to hold the closed session.
- Commissioner Follansbee seconded the motion.

Public comment on all matters pertaining to the closed session: Richard Rothman, retired City employee, stated his objection to holding the closed session at the beginning of the meeting instead of at the end. He stated that the Retirement Board had the same issue and as a compromise, their closed sessions are set at a time certain. He asked that the Board hold closed sessions at the end of meetings to be fair to the public in attendance.

Diane Urlich, retired City employee, concurred with the previous statements made and suggested a time certain for closed sessions not held at the end of meetings.

Action: Motion was moved and seconded by the Board to hold a closed session for conference with legal counsel and a Health Service System employee evaluation.

Motion passed 6-0.

President Scott assured the public that the Board would resume in open session no later than 2:15 pm.

Closed session pursuant to Government Code Sections 54956.9(c) and 54957(b)(1) and San Francisco Administrative Code Section 67.10(b): Public Employee Performance Evaluation

- 12102015-04 Action Item City Attorney update regarding possible litigation as plaintiff (Ronald Flynn, Chief Deputy City Attorney)  
Documents provided to Board prior to meeting: None.
  
- 12102015-05 Action Item Public Employee Performance Evaluation (Governance Committee Chair Breslin)
  - Position: Executive Director
  - Name of Employee: Catherine DoddDocuments provided to Board prior to meeting: Executive Director performance evaluation survey results.

Reconvene in Open Session

- President Scott noted that the meeting reconvened at 2:10 pm, five minutes earlier than anticipated.
  
- 12102015-06 Action Item Possible report on action taken in closed session regarding possible litigation as plaintiff (Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12(b)(2) (President Scott)  
Staff recommendation: Consider signing on to suit when decision is made on current status.
  - Commissioner Breslin moved not to report on action taken in closed session.
  - Commissioner Lim seconded the motion.Public Comments: None.  
Action: Motion was moved and seconded by the Board not to report on action taken in closed session.  
Motion passed 6-0.

□ 12102015-07 Action Item

Vote to elect whether to disclose any or all discussion regarding possible litigation as plaintiff (San Francisco Administrative Code Section 67.12(a)) (President Scott)

- Commissioner Breslin moved not to disclose any of the discussion held in closed session.
- Commissioner Lim seconded the motion.

Public Comments: None.

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

Motion passed 6-0.

□ 12102015-08 Action Item

Possible report on action taken in closed session regarding public employee performance evaluation (Government Code Section 54957.1(a)(5) and San Francisco Administrative Code Section 67.12(b)(4)) (President Scott)

- Commissioner Lim moved not to report on action taken in closed session regarding the public employee performance evaluation.
- Commissioner Sass seconded the motion.

Public Comments: None.

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

Motion passed 6-0.

□ 12102015-09 Action Item

Vote to elect whether to disclose any or all discussion regarding public employee performance evaluation held in Closed Session (San Francisco Administrative Code Section 67.12(a)) (President Scott)

- Commissioner Lim moved not to disclose any of the discussion held in closed session regarding the public employee evaluation.
- Commissioner Breslin seconded the motion.

Public Comments: None.

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

Motion passed 5-1.

Commissioner Breslin opposed.

□ 12102015-10 Discussion item

[President's Report](#) (President Scott)

Documents provided to Board prior to meeting: None.

- President Scott reported that during the September Board meeting and November Board Forum he had referenced a hearing held by the Senate Committee on the Judiciary's Subcommittee on Antitrust, Competition Policy and Consumer Rights regarding the mergers of several large health plan entities, including the CIGNA and Anthem and Humana and Aetna combinations. At that time, he asked the Board actuary whether healthcare costs had been reduced and healthcare quality increased as the explanation for such mergers.
- President Scott made reference to an article published in the New England Journal of Medicine, entitled "The Risks of Health Insurance Company Mergers," written by Leemore Dafny, a professor of strategy, the Herman Smith Research Professor in Hospital and Health Services and the Director of Health Enterprise Management ("HEMA") at the Kellogg School of Management at Northwestern University.
- President Scott requested that this article be distributed to all Health Service Board members and incorporated into the minutes of this meeting. He also cited several pertinent comments from the article.
- The article is attached at the end of the minutes.

Public comments:

□ 12102015-11 Discussion item Director's Report (Director Dodd)

- 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, Finance and Contracting, Wellness and Employee Assistance Program;
  3. Federal testimony on transgender services;
  4. Second regulation proposal on Excise Tax;
  5. HSS legislative priorities for 2016.
- Catherine Dodd, HSS Executive Director, reported on her Director's report, which may be viewed on the myhss.org website.
  - New HSS employees were highlighted:
    - Elaine Gee, new HSS Principal Administrative Analyst, was introduced to the Board. She joined the HSS Finance Department on December 1, 2015 and has worked for the City since 2007 (formerly with the Department of Technology and the SFPUC).
    - Sharmini Bhatnagar, Senior Health Program Planner, recently joined the HSS Data Analytics Department. She has a healthcare industry background with Blue Shield of California, United Behavior Health, Kaiser Permanente and more recently the Institute on Aging.
    - Vish Shenoi joined HSS on August 3, 2015 as a Principal IS Programmer Analyst. He came with 18 years' PeopleSoft experience, including a year-long PeopleSoft 9.2 upgrade at Kaiser Permanente.

- Attached to the Director’s report was testimony on transgender services, which was also forwarded to the Human Rights Commission.
- HSS’ 2016 legislative priorities have not changed significantly from last year with the exception of the Managed Care Organization (“MCO”) tax. The Mayor’s Legislative Committee will monitor MCO taxes and take action if necessary. Currently no taxes are proposed.
- Commissioner Sass welcomed Elaine Gee to HSS noting that they had worked together at St. Luke’s Hospital in 1999. He stated that she was a hard-working, capable person and that HSS is fortunate to employ her.
- Supervisor Farrell departed the meeting during this agenda item.

Public comments: Claire Zvanski, President of the Retired Employees of the City and County of San Francisco (“RECCSF”), stated that adding SFGH to the HSS network is very important because many CCSF employees work at those facilities and have expressed a preference to receive medical treatment at the facilities where they work. She noted that it would save time and a number of other things. She encouraged the Board to do whatever possible to keep SFGH in the networks for health benefits.

Ms. Zvanski also recalled urging colleagues in the past to open their open enrollment packets, even if they made no changes to their plan, because it was important to be aware of options that may have been added or changed for the upcoming plan year.

Commissioner Lim noted that the name of former San Francisco General Hospital is now Zuckerberg San Francisco General Hospital.

□ 12102015-12 Action Item

Review and approve results of 2015 Health Service Board self-evaluation (Governance Committee Chair Breslin)

Documents provided to Board prior to meeting:  
2015 Health Service Board self-evaluation survey results.

- Commissioner Breslin, Governance Committee Chair, highlighted several items from the Board's annual self-evaluation. She noted that HSS staff's participation in this year's Board's evaluation process should have been included but it was not. HSS' executive staff will be added to next year's process.
- The areas of concern and received the lowest scores on the Board's self-evaluation were:
  - Board's investment policy (lowest score)
  - Board's continuing education program
  - Board's orientation program
  - Management succession planning
  - Fiduciary knowledge
- All other areas on the evaluation scored above average.
- Committee Chair Breslin suggested that when Director Dodd is out of the office for any length of time that an email is sent to the Board informing who is in charge in her absence.
- A HSS climate survey to be conducted by the Department of Human Resources was also discussed at the Governance Committee meeting.
- President Scott commended Commissioner Breslin for outstanding leadership as Chair of the Governance Committee. He noted that the Committee will reconvene within the next few months to address the areas of concern previously mentioned.
- Commissioner Follansbee moved to accept the Board's 2015 annual self-evaluation.

- Commissioner Lim seconded the motion.

Public comments: Claire Zvanski, RECCSF President, commended the work of the Governance Committee. She also reminded the Board that the International Foundation of Employee Benefit Plans (“IFEBP”) provides an extensive education program. With the inclusion of electronic opportunities, less travel is necessary to take advantage of educational opportunities. She suggested that training for the Board can come out of the HSS trust fund, which is a separate budget, and encouraged Board members to take advantage of any educational opportunities. She noted that Board education was the most valuable part of her experience as a former member of the Health Service Board.

Action: Motion was moved and seconded by the Board to approve the Health Service Board’s 2015 self-evaluation.

Motion passed 5-0.

- Meeting Break

10 Recess from 2:42 to 2:52 pm

- 12102015-13 Action item

Presentation of Audited Financial Statements for Fiscal Year 2014-2015 and 2014 (KPMG/Pamela Levin)

Staff Recommendation: Accept report.

Documents provided to Board prior to meeting:

1. Memo re Financial Statements – June 30, 2015 and 2014;
2. Presentation of Audit Results prepared by KPMG LLP;
3. Financial Statement – June 30, 2015 and 2014.
  - Pamela Levin, HSS Chief Financial Officer, introduced the Manager of KPMG for presentation of the audited financial statements.
  - Jie Hua Lee, KPMG Manager, presented the audit findings for fiscal year ending June 30, 2015. The purpose of the audit was to provide a reasonable, but not absolute, assurance that HSS’ financial statements were free of material misstatement. The

audit also assessed the accounting principles used and significant estimates made by HSS.

- Two reports were issued as a result of this audit:
  - Independent Auditors' Report (opinion) on the financial statements resulting in a clean opinion;
  - Report on Internal Control over Financial Reporting and Compliance indicating that no deficiencies or instances of non-compliance were identified.
- See KPMG's "Board Presentation for fiscal years ended June 30, 2015 and 2014."
- Commissioner Sass asked about the 40% increase in growth related to Blue Shield's premiums.
- Ms. Lee deferred to Ms. Levin for response.
- Ms. Levin stated that the net assets in Blue Shield's balance sheet had decreased primarily due to pharmacy claims through the introduction of specialty drugs. There were also unfavorable medical claims experience resulting from facilities pricing and increases in inpatient length of hospital stays, as well as the use of the fund balance to stabilize premiums.
- Commissioner Sass stated that his understanding from the report is that higher costs are not the result of increased membership but higher costs of pharmacy prescriptions and higher costs of medical care per admission due to increased lengths of hospital stay. This has resulted in claims exceeding member and employer contribution amounts. He stated that lengths of hospital stay need to be managed better because it is controllable. He also stated that better utilization management is also necessary.
- Director Dodd concurred with Commissioner Sass's comments. She reported that the hospitals are not being well managed which

was discussed at a recent ACO meeting with Brown and Toland and Sutter.

- Ms. Lee Reported that there was one new accounting standard in 2015 related to GASB 68; however, that standard did not impact HSS.
- One accounting estimate was identified which was the reserve for claims.
- There were no disagreements or difficulties with management.
- Pamela Levin, Deputy Director and Chief Financial Officer, reported that the trust balance for Fiscal Year 2014-15 effective June 30, 2015 was \$81.5M. This was a decrease of \$11.3M.
- See Audited Financial Statement memorandum for June 30, 2015 and 2014.
- Commissioner Lim commended Ms. Levin, Director Dodd, and the finance team for a clean audit.
- President Scott concurred.
- Commissioner Lim moved to accept the audited financial statements for FY 2014-2015 and 2014, as presented.
- Commissioner Breslin seconded the motion.

Public comments: None.

Action: Motion was moved and seconded by the Board to accept the HSS audited financial statements for FY 2014-2015 and 2014 as presented.

Motion passed 5-0.

- 12102015-14 Discussion item **HSS Financial Reporting as of October 31, 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 provided a summary of revenues and expenses of the HSS Trust Fund and General Fund Administrative budget through October 31, 2015 and fiscal year projections through June 30, 2016.
- The Trust Fund balance as of June 30, 2015 was \$81.5M.
- The projection for the trust fund balance as of June 30, 2016 is \$78.7M. This \$2.8M decrease includes reserves for unpaid claims.
- See financial update memorandum, dated December 10, 2015.
- Ms. Levin reported that she will present the Mayor's budget instructions at the January meeting and the budget in February.
- President Scott stated that he did not want it to go unnoticed that HSS has contributed a savings to the City of over \$30M.
- Commissioner Breslin asked if there was a reason why the \$2.05 line item was not on the financial report.
- Ms. Levin stated that the \$2.05 is in the report for the General Fund in non-operating revenue. She acknowledged Commissioner Breslin's previous request for the \$2.05 itemization and stated that it will be included in future financial reports.
- Commissioner Breslin also requested previously that the forfeitures be reported separately from the performance guarantees. She asked if the forfeitures are automatically returned to the General Fund.
- Ms. Levin clarified that the forfeitures go into the Trust Fund and are transferred to the General Fund as necessary.
- Commissioner Follansbee asked whether the claims experience in the dental plan was unusual for this reporting period or lower than expected compared to prior year.
- President Scott asked that Commissioner Follansbee's question be answered at the next meeting.

- Commissioner Breslin asked how much the actuaries were paid in the last year.
- Ms. Levin stated that the actuaries were paid approximately \$700,000 last year. The amount is expected to increase to approximately \$800, 000 this year.

Public comments: None.

□ 12102015-15 Action item

Presentation of HSS Strategic Plan (Director Dodd)

Staff Recommendation: Approve Strategic Plan.

Documents provided to Board prior to meeting:  
Draft Strategic Plan.

- Director Dodd reported the following updates to the Strategic Plan approved last year:
- Inclusion of voluntary benefits (page 3)
- Correction of Operations' numbers (page 4)
- Deadline changed for the all-payer claims database ("APCD")F (page 5)
- Cost of healthcare (page 6)
- Funding for Customer Relations Management System (8)
- Voluntary benefits added to summary (page 10)
- Implementation of a Health Service Board education plan (page 15)
- Commissioner Breslin stated the need to have funds available for the annual HSS Director's performance evaluation and the Board's self-evaluation. This should be added on page 15.
- Commissioner Breslin also stated that under New Initiatives in Strategic Plan 3 (Informed, Transparent, Effective Government) that funding for attendance at one local conference per year for one commissioner should be changed to allow each member to attend one local conference per year.

- President Scott stated that allowing each commissioner to attend one local conference per year is consistent with the Governance rules established earlier this year.
- Commissioner Follansbee also asked for clarification on page 6 (Rising Cost of Healthcare) stating the cost of healthcare premiums have increased an average of 9% per year for the past 10 years although costs have decreased in the last four years.
- Director Dodd stated that the plan would be revised to indicate trends have decreased not the costs.
- Motion was moved by President Scott to approve the updated Strategic Plan, as edited.
- Commissioner Sass seconded the motion.

Public comments: None.

Action: Motion was moved and seconded by the Board to approve the updated Strategic Plan as edited.

Motion passed 5-0.

- 12102015-16 Discussion item [Report on 2016 Open Enrollment](#) (Darric Sorko-Ram)

Documents provided to Board prior to meeting:  
Operations Report included in Director's Report.

- Darric Sorko-Ram, HSS Member Services Manager, reported on Open Enrollment held in October.
- In-bound calls increased over 1,000 or 14.2%;
- Speed of answer remained under stated goal of 30 seconds;
- The abandonment rate was well below the goal of 3%;
- In-person assistance increased slightly from 2014.
- President Scott asked if there was anything that the Board should pay particular attention to or anything that Mr. Sorko-Ram was particularly proud of.

- Mr. Sorko-Ram stated that even though there was an increase of over 1,600 enrollment applications and an increase of over 1,000 calls during the month of October, the standards set in the previous year by Director Dodd and Mr. Griggs were met (see Operations Report under the Director’s Report).
- Mr. Sorko-Ram also reported an enrollment increase of 700 new retirees.
- Over 900 members enrolled in the new Medicare Advantage PPO plan and accounts for nearly 1,300 lives.
- Approximately 600 lives migrated from Blue Shield.
- Approximately 600 lives migrated from City Plan.
- Approximately 40 lives migrated from Kaiser.
- The annual enrollment increase was over 3,000, attributable to the ACA and new hires.
- Kaiser Permanente’s members increased by 1,400.
- Blue Shield’s members decreased by 85.
- City Plan active members increased by 71.
- President Scott commended and thanked HSS staff and management for their hard work and accomplishments during Open Enrollment.

Public comments: None.

- 12102015-17 Discussion and possible action item

Cal INDEX Presentation (Jenifer Pacheco)

Staff Recommendation: Consider notifying members regarding opt-out.

Documents provided to Board prior to meeting: Report prepared by Cal INDEX; sample opt-out letters.

- Jennifer Pacheco, Cal INDEX Director of Strategic Accounts, presented a brief overview of Cal INDEX, noting that Simon Jones, Blue Shield representative, would

answer questions regarding Blue Shield's opt-out letter.

- Cal INDEX is an independent, non-profit organization information exchange database founded by Anthem Blue Cross and Blue Shield of California over a year ago. Its mission is to create a statewide clinical information network, deliver a detailed patient record and support medical research.
- The goals of Cal INDEX are to improve patient care and affordability, support the data needs of shared risk models such as ACOs and complete the system of care through a trusted secure source of healthcare data. When payer and provider data are combined, quality of care improves and costs are lowered.
- Cal INDEX receives information from participants (providers, medical groups, hospitals) and creates a standard form.
- Combined payer and provider data result in improved quality of care and lower costs. For example, a doctor who has prescribed medication will be able to see when a patient has filled his or her prescription and the frequency of refills, indicating whether the patient is actually taking the prescribed medication.
- Director Dodd stated that as part of the medication reconciliation process, combined payer and provider data is currently being retrieved.
- Ms. Pacheco confirmed but stated that currently the data resides in two places and the goal is to combine them. For example, if an unconscious individual were admitted to an emergency room, the patient's record could be accessed to determine current prescribed medications, allergies, medical tests, medical history, etc.
- Director Dodd asked who was in receipt of the information, performing the analytics and why.

- Ms. Pacheco stated that the participants of Cal INDEX, such as the analytics team of a medical group, would run analytics for specific data on its members.
- Cal INDEX uses the latest technology to safeguard data. Ms. Pacheco suggested visiting Cal INDEX's website at [calindex.org](http://calindex.org) for an in-depth list of privacy policies and procedures.
- President Scott stated that while it was stated that Cal INDEX was created as a separate entity from the funding sources of Anthem Blue Cross and Blue Shield of California, the cover page of the document presented to the Board does not indicate who Cal INDEX is affiliated with or was initiated by. He expressed concern that the organization had emerged as a "done deal" before the opt-out provisions had been distributed to HSS members. He also asked about the mission or medical necessity of creating Cal INDEX, the motivation of the two business entities in its creation and who was consulted prior to moving forward.
- Ms. Pacheco stated that Anthem Blue Cross identified a need to better serve its members statewide and created this system to better manage patients as they move through shared-risk models such as ACOs.
- President Scott asked why the Board was not apprised of the creation of this data interchange before now since Blue Shield is a provider partner of HSS. There is a standing agenda item at the end of each meeting inviting network and health plan partners to address the Board on any issues.
- Ms. Pacheco deferred to Mr. Jones to address the Board.
- Simon Jones, Blue Shield representative, stated that while it is true that combined provider and payer data is occurring in San Francisco with the ACOs, it is not happening in the vast majority of places because there is no effective data interchange across the

State of California. In order for Blue Shield to achieve the objectives of accountable care, reducing costs, increasing quality and improving experience, all parties need to have access to the information.

- President Scott asked when discussions began regarding the creation of Cal INDEX and to whom the entity is accountable.
- Mr. Jones stated that discussions began three years ago. Cal INDEX is accountable to its board of directors and not the health plans. Cal INDEX is a not-for-profit, mutual benefit corporation in the State of California.
- President Scott asked who is on the Board of Directors of Cal INDEX.
- Ms. Pacheco responded that she was unable to provide the information but would send it.
- Director Dodd noted that Jean Fraser, former Health Service Board commissioner, is a member of the Cal INDEX board.
- President Scott expressed great concern that HSS members had been involuntarily enrolled in a system that they will have to opt out of if they choose not to allow access to personal health information, noting that there was no prior notification from Blue Shield. He also expressed skepticism that sources of revenue will not be generated by data research and asked who will benefit from the data collection.
- Commissioner Follansbee stated that as a fee-for-service physician for half of his medical career at Kaiser, he was familiar with the opt-out process. Even though Kaiser had one vendor for its electronic record, all regions were unable to converse with each other initially. Once there was access, member consent was necessary for treatment if that member was not enrolled in the region (i.e., Northern California member receiving treatment in Southern California).
- Commissioner Follansbee stated that providers would need to determine which members opted out and which members

opted in on a member-per-member basis, which is quite a lot of work. Now that the payers are targeting providers to decrease revenues, they do not have the staff for such detailed work. He asked if determining the member's opt-in or out status was a manual process.

- Ms. Pacheco stated that the security of information is Cal INDEX's number one priority. She noted that HIPAA laws permit the use of clinical and other healthcare data and there are no federal or state laws requiring member notification. However, Cal INDEX felt it was their duty to allow members to opt-out of how their healthcare data would be used.
- President Scott stated that to his knowledge, the Board had no prior understanding of who Cal INDEX is or what its communication was about. He was astounded by the level of data collection and stated that while there may be no federal or state requirement to notify members of the data collected, given the sensitivity and intent of HIPAA, he found the situation appalling.
- Ms. Pacheco responded that there was an opt-out method on Cal INDEX's website. Members may also opt out by contacting its call center. She noted that Blue Shield had sent out letters. Because Cal INDEX is new, the focus is working with consumers and the members.
- President Scott found it disturbing that information was being disseminated after the fact.
- Ms. Pacheco offered to return with Cal INDEX's chief privacy officer to explain in greater detail and answer questions.
- President Scott stated that the reasons for his questions relate to the nature of the process and its impact on individual members as well as the fact that Blue Shield members' decisions were taken away.

- Ms. Pacheco stated that not only Blue Shield or Anthem members are affected. As other payers and medical groups begin to participate in Cal INDEX, its membership will change and it will become a wider system.
- Commissioner Follansbee stated that in his fee-for-service practice as a physician, his prescribing habits through large pharmaceutical chains were collated, shared and the American Medical Association provided the link between his prescriber name, etc. to the pharmaceuticals for their “educational programs.” He noted that while physicians were allowed to opt out through an electronic system, the process was cumbersome. He stated that many of the Board’s concerns would be allayed if members were simply allowed to opt-in. There would then be no question that the member knew he or she was participating in a system. He noted that an opt-out system, even among highly trained professionals, is not always successful in capturing the individuals who would want to opt out if they had full knowledge.
- Director Dodd questioned the information on slide 6 of the presentation and asked what was really being collected. The provider data included allergies; however, since allergies are not put on claims data, the information is not included in the payer data.
- Director Dodd also asked if members of Cal INDEX’s Board of Directors receive a salary, noting that several of them are affiliated with Blue Shield or Anthem.
- Ms. Pacheco stated that she did not have information on Board of Directors’ salaries but would check into it.
- Director Dodd also asked if it was correct that part of the amount over Blue Shield’s 2% profit pledge funds that would have been returned to employers have gone to fund Cal INDEX. She also asked if Cal INDEX is a charitable organization.

- Mr. Jones stated that he would get back to Director Dodd on the specifics of the 2% profit pledge since he was unsure of the corporate funding.
- Director Dodd asked if a member opted out of participating, will the data still be retained.
- Mr. Jones stated that the data would be retained. Once a member has opted out, no one has access to the information and that the reason the data is retained in Cal INDEX is to maintain the opt-out request.
- Director Dodd also asked if advance care directives will be included in Cal INDEX's data.
- Cal INDEX has been looking at advance care directives for inclusion in its system.
- President Scott asked when the opt-out process and Cal INDEX system would be activated.
- Ms. Pacheco responded that Cal INDEX went live with its first records this month with close to 10 million patient lives, and they were previously notified.
- President Scott asked when notification was sent to the patients.
- Ms. Pacheco stated that their intention was to notify people at least 90 days prior to the system going live to give ample opportunity for response. She would need to review records to definitively report when notification was sent to patients.
- Director Dodd stated that HSS began receiving calls on this issue in June. She had also heard a presentation at the Pacific Business Group on Health. She wanted to put it on the agenda last month but the Board agenda was full.
- Commissioner Follansbee asked how many of the 10 million people enrolled opted out once they were informed.

- Mr. Jones responded that the opt-out percentage was less than 2%. However, Cal INDEX currently did not have the ability to directly provide that information.
- Commissioner Lim stated that he was rather upset by the presentation. He asked if prior to sending out the opt-out notice to Blue Shield members whether Cal INDEX had any communications with Director Dodd. He stated that HSS should have been informed long before Cal INDEX implemented going live or sending notices to members. He stated that the Board also should have been previously informed because it is accountable to all members. Also, HSS should have been involved in approving the member communications.
- Mr. Jones stated that he would review Blue Shield's process to confirm that employer groups were notified.
- President Scott stated that for every public meeting, there is a standing agenda item specifically for reports from the health plans on any issue or matter of importance to the members, HSS and the Board. Yet no mention had been made of Blue Shield's creation of Cal INDEX and what it means to HSS members.
- Director Dodd stated that in their defense, Blue Shield presented information regarding Cal INDEX in May or June at the monthly HSS/Blue Shield meeting. However, rates and benefits was in process and there was no time on the Board agenda to address it.
- Director Dodd stated that she found Blue Shield's letter to be misleading. It does not state that members' data will be collected and how it will be used. HSS was not permitted to modify the letter. As a vendor, Blue Shield is required send all letters to HSS for review prior to being sent to members.
- Mr. Jones responded that Blue Shield was very careful in the creation of Cal INDEX and that the data use agreement was very

specific to attempt to prevent the type of data use by pharmaceutical companies previously mentioned by Dr. Follansbee. Cal INDEX's data is to be used for clinical purposes and to further research with an IRB review. He acknowledged that Blue Shield clearly needs to do a better job with its communications.

- Dr. Follansbee asked which IRB that Blue Shield was utilizing.
- Mr. Jones stated that he did not recall but would provide the information.
- Commissioner Breslin stated that the process should have been an opt-in rather than opt-out. She asked if the current process is within HIPAA guidelines.
- Mr. Jones stated that the process was well within the bounds of HIPAA.
- Dr. Follansbee asked if HSS had the resources to communicate with Blue Shield members to alert them of the opt-out issue. He asked whether the Board could recommend that a letter be sent to all Blue Shield enrollees addressing concerns and inform members of their right to opt-out if they prefer.
- Director Dodd stated that HSS can afford to send a letter to Blue Shield members. The Board would need to instruct HSS to do so.
- President Scott requested that Cal INDEX return and provide a follow-up presentation at the next Board meeting.
- President Scott made a motion as follows: The Health Service Board was profoundly concerned on behalf of Health Service System members that the creation of an entity as described by Blue Shield was undertaken with minimal notification to HSS members or the Board. The Board will defer further action until Blue Shield returns on January 14, 2016 to provide responses to the questions asked.
- Commissioner Follansbee seconded the motion.

- Commissioner Sass departed during this agenda item.

Public comments: Claire Zvanski, RECCSF and SEIU 790 representative, stated that she was profoundly disturbed by the presentation. She suggested amending the motion to include a cease and desist request and not allow the collection of members' data until the issue had been fully vetted and the Board is comfortable with the process. She stated that she was very disturbed that Blue Shield had taken it upon themselves to contact members without the permission of HSS or the Board as they have no right to do so. She asked if participation with Cal INDEX was part of the contract signed with Blue Shield. If it was not part of the contract, Blue Shield does not have the right to impose such a system on HSS membership without permission. Blue Shield cannot be allowed to bring in an independent organization, announce the inclusion of HSS membership, access personal member information and move forward with implementation without HSS, member or Board notification. She questioned the legality of Blue Shield's actions and stated the process itself was questionable. There was great concern on the part of members regarding their information being accessed and Blue Shield's audacity of moving forward without Board approval.

Her colleague, Dennis Kruger, mentioned that he received a letter approximately two years ago regarding opting out. She stated support for everything that had been stated by Commissioner Scott.

Dennis Kruger, active and retired firefighters' representative, stated that he was remiss in not bringing his opt-out letter from Blue Shield to the Board meeting when he received it approximately two years ago. He stated that he looked at the options, decided that he did not want to participate and called to opt-out. He expressed surprise to learn that even though he had opted out, his information has still be retained. He stated that if any communications are sent out, Blue Shield should pay for postage and not HSS.

Action: Motion was moved and seconded by the Board to register profound concern regarding the creation of Cal INDEX with minimal notice to HSS members and any further action will be deferred by the Board until the next regular meeting at which time a follow-up response to Board inquiries is requested.

Motion passed 4-0.

□ 12102015-18 Action item

**Voluntary Benefits Presentation** (Mitchell Griggs)

Staff Recommendation: Proceed to add voluntary benefits.

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

- Mitchell Griggs, Deputy Director, HSS Chief Operating Officer, provided an update on HSS' intent to offer voluntary benefits to all active City and County employees as reported in August by Director Dodd.
- HSS currently administers voluntary benefits for 1,100 Municipal Executive Association ("MEA") members as part of their MOU negotiated with the City.
- Some of the voluntary benefits provided to MEA members include supplemental life insurance, accident insurance, cancer insurance, long term care, short and long term disability, pet insurance, and identify protection.
- HSS plans to expand the voluntary benefit offerings to additional active employee groups in the 2017 plan year. Premiums will be deducted from the active employees' paychecks.
- Employee Benefits Specialists ("EBS") currently handles enrollment and payments to the carriers providing the MEA voluntary benefits. HSS will administer the active employees' payroll deductions and reconcile with EBS to pay the vendors.
- HSS is working with Aon Hewitt to identify the voluntary benefits most popular and review current work processes as well as HSS'

relationship with EBS to determine the feasibility of expanding services to a larger group.

- President Scott asked if HSS was proposing to offer the full suite of voluntary benefits available to MEA members to the CCSF employees.
- Mr. Griggs clarified that HSS intends to start with offering the top three voluntary benefits, monitor the response and possibly add more. HSS wants to determine how large the job will be and then request a proposal from EBS.
- The target date for voluntary benefits is October 2016 Open Enrollment for the 2017 plan year. HSS will be working with EBS to create communications and plan the enrollment process.
- Director Dodd stated that there would be no cost to the City employers because EBS would include its processing costs in the premium.
- Commissioner Follansbee moved to approve the plan for voluntary benefits as outlined.
- Commissioner Lim seconded the motion.

Public comments: None.

Action: Motion was moved and seconded by the Board to approve the HSS plan to add voluntary benefits for active CCSF employees in the 2017 plan year as presented.

Motion passed 4-0.

□ 12102015-19 Discussion item **Report on network and health plan issues (if any)**  
(Respective plan representatives)

- President Scott noted that over the last three years, this agenda item would have been the opportunity for Blue Shield to notify the Board and members of the creation of Cal INDEX.
- Commissioner Follansbee stated that he was asked offline about Kaiser's IRB procedures. He noted that research could not have been conducted with any outside entity without a research proposal that had not gone through an Institutional Review Board. He also clarified that Kaiser Permanente in Northern

and Southern California are separate organizations.

Public comments: None.

- 12102015-20 Discussion item Opportunity to place items on future agendas

Public comments: None.

- 12102015-21 Discussion item Opportunity for the public to comment on any matters within the Board's jurisdiction

Public comments: Dennis Kruger, active and retired firefighter's representative, commended Director Dodd and the Health Service Board for the savings provided to the City and County of San Francisco during the budget cycles. He expressed hope that the reward for the City's savings would not be cuts to the HSS budget. He wanted to go on record that the active and retired firefighters are telling the City to not cut HSS' budget because of its great work and due diligence.

Claire Zvanski, RECCSF representative, concurred with Mr. Kruger's statement. On behalf of the RECCSF membership, she also commended the HSS staff and Director Dodd for their hard work on the budget. She stated that the budget fight has occurred over many years even though HSS has saved the City millions every year.

Ms. Zvanski concluded in wishing everyone a Happy Holiday Season.

President Scott also extended wishes for a Happy Holiday Season.

- Adjourn: 5:04pm

## 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](http://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) 554-0662 or email at [laini.scott@sfgov.org](mailto:laini.scott@sfgov.org).

The following email has been established to contact all members of the Health Service Board: [health.service.board@sfgov.org](mailto:health.service.board@sfgov.org).

Health Service Board telephone number: (415) 554-0662