



HEALTH SERVICE BOARD  
CITY & COUNTY OF SAN FRANCISCO

G O V E R N A N C E   C O M M I T T E E

Minutes

Special Meeting

Wednesday, January 28, 2015

1:30 P.M.

1145 Market Street, First Floor  
Wellness Center  
San Francisco, California 94103

□ Call to order

□ Roll call

Committee Chair, Karen Breslin  
Committee Member Randy Scott  
Committee Member Jordan Shlain, M.D.

Tom Iannucci, President of Cortex Applied Research, presented at this committee meeting in person.

This meeting was called to order at 1:35 p.m.

□ 01282015-01G

Action item

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

- Special Governance Committee meeting of January 7, 2015

Staff recommendation: Approve minutes.

Documents provided to Committee prior to meeting:  
Draft minutes.

- Commissioner Scott requested that the second bullet on Page 6 (re-ordered) of the draft minutes reflect five measures, instead of six, in the area of subjective criteria in the Director's performance evaluation, which

was revised during the Committee's discussion.

Public comments: None.

Action: Motion was moved and seconded by the Committee to approve the minutes of the special Governance Committee meeting on January 7, 2015 with corrections.

Motion passed 3-0.

- 01282015-02G Action item

[Review and Approval of Revised Board Performance Evaluation Process](#) (Tom Iannucci)

Documents provided to Committee prior to meeting: Revised Health Service Board evaluation process.

- Mr. Iannucci reported that this policy was reviewed and discussed at the last meeting, resulting in one change.
- Paragraph 14, under the heading of "Reporting," was revised to indicate the Board and Management Survey results will be summarized by an independent party to be determined by the Governance Committee rather than the Board Secretary.

Public comments: None.

Action: Motion was moved and seconded by the Committee to approve the Board Performance Evaluation Process as revised.

Motion passed 3-0.

- 01282015-03G Action item

[Review and Approval of Revised Director Performance Evaluation Policy and Criteria for 2015](#) (Tom Iannucci)

Documents provided to Committee prior to meeting:

1. Revised memorandum prepared by Cortex;
  2. Revised Director performance evaluation policy;
  3. Revised evaluation survey.
- Mr. Iannucci reported that Cortex's memorandum on the Director's performance evaluation policy and criteria for 2015 was revised from the last meeting to reflect the Committee's discussion as follows:

- The criteria terminology was revised from “subjective” to “qualitative” and “objective” to “quantitative.”
  - The six broad criteria were reduced to five with the elimination of “Technical and Professional Knowledge,” which will be worked into other criteria where appropriate.
  - The weighting of measurable criteria in the Director’s evaluation process was changed to 65-35 in favor of quantitative criteria.
- Mr. Iannucci incorporated the new “qualitative” and “quantitative” terminology into the Director Performance Evaluation Policy in Paragraphs 10 and 13, as well as the 65-35 criteria weighting, to reflect the changes made to this policy at the last meeting.
  - Commissioner Scott also noted that the Committee agreed at the last meeting to discuss Paragraphs 6 and 7 with the full Board to determine whether staff input should be used solely by the Director as a development tool or as input by the Governance Committee and the full Board into the Director’s performance evaluation.
  - Another alternative discussed at the previous meeting was allowing the City’s Department of Human Resources to conduct a 360 Degree evaluation process.
  - Erik Rapoport, Deputy City Attorney, suggested that the 360 Degree process may be a more appropriate method than allowing employee feedback which would impact the Director’s performance evaluation. He stated that there are definite employment issues to consider when contemplating implementing a process that allows subordinate input into the Director’s performance evaluation. He asked for the opportunity to review this issue.

- Commissioner Scott stated that it would also be useful to know if allowing subordinate input is different than other City department heads' evaluation process.
- Committee Chair Breslin stated her support for staff input in the Director's evaluation process noting that staff may feel more valued being included. She also noted that it is important for the Board to be able to gauge staff morale, which has an effect on customer service.
- Commissioner Scott stated that the Board has the authority to make a direct inquiry of the staff regarding morale, satisfaction, leadership, administration, etc.
- Committee Chair Breslin suggested surveying HSS staff once a year to gain a sense of staff morale.
- Mr. Iannucci stated that the suggestion of employee input into the performance of the Director was conveyed during his discussions with individual Board members, and that a number of them considered it to be beneficial to the process. He stated his belief that the Committee was struggling with whether a developmental tool solely for the benefit of the Director should be used in the evaluation process or something else that the Board and Committee would have access to for consideration in the Director's performance evaluation.
- Commissioner Shlain expressed concern that disgruntled employees may be the most vocal, resulting in disproportionate feedback, and suggested finding a way to average it out.
- Commissioner Scott stated that employee input was not the issue, but rather it was a question of whether the Board was looking for additional assessments of performance and/or development from other sources. In this particular instance, the other source is HSS staff.

- Commissioner Scott noted that the 360 Degree process provides peer, subordinate and upward reporting input. He asked if feedback would be shared with the Board or only the Director.
- Director Dodd suggested inviting a representative from the Human Resources Department to present the 360 Degree process to the Board and answer any questions.
- Commissioners Breslin and Scott concurred.
- Mr. Rapoport asked for clarification of the Committee's next steps.
- Commissioner Scott suggested that a presentation of the 360 Degree process be made to the Governance Committee. The Committee would then indicate to the full Board that all of the sections of the Director Performance Evaluation Policy had been approved with the exception of the tool to be used (i.e., 360 Degree process or the inclusion of a senior staff survey into the Director's evaluation). At issue is whether the information from the Director's evaluation would be shared with the Board or provided solely to the Director.
- Mr. Iannucci stated that the Director Performance Evaluation Survey developed and reviewed at the last Committee meeting would be used to address the Director's performance or qualitative criteria.
- As agreed at the last meeting, the "Technical and Professional Knowledge" category was eliminated in the Survey and those concepts were incorporated into the "Leadership and Vision" and "Resource Management and Governance" sections.
- Director Dodd requested that the Survey instructions also include the requirement to provide examples if either box "Improvement Needed" or "Unsatisfactory Performance" is checked.

- Commissioner Scott suggested that written examples and comments be provided on the Survey for any rating above or below “Satisfactory.”
- Mr. Iannucci stated that if ratings above or below “Satisfactory” must include a mandatory comment or explanation on the Survey, then the last sentence in Paragraph 4 of the Director Performance Evaluation Policy should be revised to read, “Assessments of qualitative criteria by Board members shall be accompanied by examples.” The Policy currently reads, “Assessments of qualitative criteria by Board members should be accompanied by examples whenever possible.” The revision should be made in both the Policy and Survey.

Public comments: Claire Zvanski, former Health Service Board member and retiree representative, asked who the external stakeholders would be in a 360 Degree evaluation process of the Director.

Director Dodd responded that she was unfamiliar with the details of the 360 Degree process and suggested that the Committee ask the representative of the Human Resources Department during their presentation to the Committee at a future meeting.

Director Dodd also noted that improvement in staff morale had been included in the past Strategic Plan; however, it was not a part of the new Strategic plan because a measurement tool had not yet been identified.

Commissioner Scott suggested including an engagement survey on staff in the Strategic Plan since longer term issues are being worked on.

Action (#1): Motion was moved and seconded by the Committee to approve the revised Director Performance Evaluation Policy and criteria with the exception of Paragraphs 6 and 7.

Motion passed 3-0.

Public comments (Survey): Ms. Zvanski suggested requiring comments and examples in the Director Performance Evaluation Survey for clarity because one can cite an example but not express its meaning or the impact of the example.

Action (#2): Motion was moved and seconded by the Committee to approve the revised Director Performance Evaluation Survey, which will include instructions on providing written comments and examples.

Motion passed 3-0.

- 01282015-04G Action item

#### Review and Approval of Revised Board Communications Policy (Tom Iannucci)

Documents provided to Committee prior to meeting: Revised Board communications policy.

- Mr. Iannucci reported that this policy had been discussed at the last meeting. The changes included re-ordering Paragraphs 8, 9, 10 and 11 from a logic and flow perspective.
- “President and Director” were added to Paragraph 10, which deals with Board member notification prior to making a public communication.

Public comments: None.

Action: Motion was moved and seconded by the Committee to approve the revised Board Communications Policy.

Motion passed 3-0.

- 01282015-05G Action item

#### Approval of Service Provider/Vendor Selection Policy (Tom Iannucci)

Documents provided to Committee prior to meeting: Draft service provider/vendor selection policy.

- Pamela Levin, HSS Chief Financial Officer, reported that the goal of her revisions to the Service Provider/Vendor Selection Policy was to be consistent with City processes and ethics.
- Commissioner Scott stated that in the contracting process, the Board does not expect a full report on all of the bids,

background information, etc. but rather a summary similar to the excellent report Marina Coleridge provided to the Board for the All Payer Claims Database contract award. He stated that the Board requires just enough information to ensure that it has performed due diligence.

- The word “award” was inserted in Paragraph 2 to clarify that the Board does not approve contracts but instead the awarding of contracts. The same clarification was made in Paragraph 4.
- The Committee discussed the revised language regarding blackout periods prohibiting vendor contact with Board members during the selection process of service providers/vendors.
- Mr. Iannucci stated that the original version of the blackout period was more strictly written than the revised language, which allowed vendors to have contact with Board members provided HSS business was not discussed. The original language made allowance for Board members acting in other capacities related to their jobs, for example, but not violate the Board blackout period.
- Commissioner Scott suggested revising the blackout language back to its original version.
- Commissioner Breslin suggested deleting the words, “In all circumstances” at the beginning of Paragraph 5, allowing the Director and department personnel to initiate and conduct solicitations for contracts and inform the Board of the selection process.
- Commissioner Scott suggested that the Service Provider/Vendor Selection Policy be reworked and returned to the Committee in a more final form.
- Dr. Shlain departed the meeting at the end of this agenda item.

Public comments: Claire Zvanski stated that she was glad this policy will be reworked because it is one of the primary responsibilities of the Board, of which due diligence is a significant part. She stated that years ago, the Board reviewed RFPs and all other contracts, including those for vendors and HMOs. A while ago, that practice changed and HSS staff was assigned contract responsibilities. She noted that while the Board does not approve contracts, it approves who is awarded a contract or who will provide the services, which is among the Board's primary responsibilities. She recommended reworking this policy carefully, reiterating that due diligence is the responsibility of the Board.

Action: Motion was moved and seconded by the Committee to continue this item.

Motion passed 3-0.

□ 01282015-06G Action item

**Review and Approval of Revised of Board Strategic Planning Policy** (Tom Iannucci)

Documents provided to Committee prior to meeting: Revised Board strategic planning policy.

- Mr. Iannucci reported that minor revisions were made in Paragraph 7(c) of the Board Strategic Planning Policy, as well as changes in the wording, since the Committee requested more detail to accompany each business initiative in the Strategic Plan.
- The significant new issue is a risk analysis, which appears at the top of Page 3 and is the same concept but a little change in the level of detail.
- In Paragraph 11 (Strategic Session), the Committee agreed to strike the words "subject to available budget" and keep the remainder of the paragraph intact.
- Director Dodd suggested that the annual planning process take place in the fourth quarter of each calendar year noting that preparing the Strategic Plan and Annual Report is very labor-intensive. Since the Annual Report is not completed until the end of the calendar year, three quarters of the report would be completed when the

strategic planning process begins in the fourth quarter. She suggested holding a strategic planning session in the third quarter that would be completed in the fourth quarter.

- Commissioner Scott stated that he assumed Director Dodd and staff had a project plan to guide the initiatives in the Strategic Plan. He does not expect another report or additional work to be generated, noting that changes to the Strategic Plan can be made during the six-month review.
- Mr. Iannucci asked if Commissioner Scott was suggesting that the only Strategic Plan reporting take place at the normal six-month mark during the Director's evaluation process, indicating no need to create a special report on the Strategic Plan.
- Commissioner Scott concurred.
- Director Dodd stated that a separate project planning worksheet accompanies the Strategic Plan, which details timelines, accountability, etc.

Public comments: Claire Zvanski asked if a strategic planning session would be a Board retreat or a separate meeting.

Committee Chair Breslin responded that the details of future strategic planning meetings need to be determined.

Director Dodd stated that the strategic planning session would include the full Board and suggested convening in the third quarter.

Marina Coleridge, HSS Data Analytics Manager, asked for clarification of Paragraph 6(a) which states that the Director would present the status of the previous year's Strategic Plan.

Director Dodd stated that Paragraph 6(a) should be revised to reflect presenting the status of the current year's Strategic Plan, which could be in the form of a draft Annual Report.

Action: Motion was moved and seconded by the Committee to approve the Board Strategic Planning Policy as revised.

Motion passed 2-0.

Meeting Break

Recess from 3:15 to 3:30 pm.

□ 01282015-07G Action item

Approval of the following Terms of Reference (Tom Iannucci):

1. Health Service Board
2. Health Service Board President
3. Health Service Board Vice President
4. Health Service System Director
5. Health Service Board Budget and Finance Committee
6. Health Service Board Governance Committee

Documents provided to Committee prior to meeting:  
Draft Terms of Reference.

- The Committee reviewed the track changes made by Cortex and HSS management.
- **Health Service Board Terms of Reference.** The first sentence of Paragraph 6(b) was revised to read: ***“Consistent with the plan year set by the Health Service Board,*** at a public meeting, the Health Service Board shall review and determine...” (New language bolded).
- Several headings were either clarified or removed.
- Commissioner Scott suggested that in light of the recommendation to eliminate the Rates and Benefits Committee and Membership Rules Committee later in the agenda, a crosswalk between duties assigned to the Committees and the Board be made to ensure that nothing is omitted.
- Director Dodd suggested that the crosswalk for any addition identify the item’s origin (i.e., former Rates and Benefits Committee Terms of Reference, Paragraph 3(a)).

- Mr. Iannucci noted that newly added Paragraph 13 is an example of Commissioner Scott's suggestion, as it makes reference to the Board's review of HSS rules resulting from the elimination of the Membership Rules Committee.
- Mr. Iannucci drew the Committee's attention to Paragraph 16 under "Investment Administration," which recommended annual Board approval of a written investment policy as well as the ongoing review of the investment performance of the Trust Fund.
- Paragraph 21 was drafted in response to Mr. Iannucci's discussions with Board members during the Board's self-evaluation process. The purpose of this paragraph is to ensure that HSS management develops over time an ongoing system of operational risk management, including reviewing risks in the System, identifying mechanisms to mitigate those risks, as well as identifying and addressing any existing gaps.
- Commissioner Scott stated that Paragraph 21 is an excellent addition, noting that it is much broader than an annual audit review process but rather a range of operational issues that could be legal, regulatory or financial. It is not only about money, but includes the financial controls in place, how services are delivered, vendor accountability and any partnerships.
- Mr. Iannucci stated that he was not suggesting that risk management is not currently taking place but wanted to make it explicit in the Board's policies that the current and future Board realize and understand their responsibility regarding risk management at a high level.
- Commissioner Scott stated that the University of California has a reference for risk management and may possibly serve as a model for ideas.

- In Paragraph 18 regarding the 10-County Survey, Commissioner Breslin suggested including the Charter language, “At such time consistent with the plan year set by the Health Service Board,” at the beginning of the sentence.
- Mr. Iannucci noted that Paragraph 22(d) was revised to clarify the Director’s responsibility for management succession. This topic was driven by Board member comments during the Board evaluation interviews.
- Paragraph 26 was revised to state that the Board shall be responsible for “approving the awarding of final contracts” for service providers.
- Paragraph 26(c) was added to be consistent with the Service Provider/Vendor Selection Policy to include “Hearing officers or firms providing the services of hearing officers.”
- Paragraph 27 was added to reflect the Board’s current practice and its authority to delegate investment management of the Trust Fund to various City departments.
- Commissioner Scott stated his opinion that City representatives managing the assets of the Trust Fund make a presentation to the Board annually on policy, how the fund performed during the year, future plans and any other pertinent information.
- Mr. Iannucci noted that Paragraph 30 states that the Board will review compliance with various policies.
- Director Dodd noted that current funding policies (stabilization, contingency and IBNR (Incurred But Not Reported)) are not identified in Paragraph 30.
- Mr. Iannucci stated that the current funding policies should be added to Paragraph 30.
- Commissioner Scott suggested adding a sentence to demonstrate prudence in exercising the Board’s fiduciary duty.

- Committee Chair Breslin asked if the Board's Terms of Reference should return to the Committee after the edits have been made.
- Commissioner Scott suggested presenting the edits to the Health Service Board for review rather than return to the Committee.
- **Health Service Board President – Terms of Reference**
- No changes were suggested for the President's Terms of Reference and it was recommended for adoption.
- **Health Service Board Vice President – Terms of Reference**
- One minor revision was suggested in Paragraph 2, which recommended that the Vice President act temporarily as President until an election is held should the position of President become vacant.
- **Health Service System Director – Terms of Reference**
- Commissioner Scott suggested that the language in the Communications Policy regarding Commissioners contacting the Director prior to making any personal comments be included in the Director's Terms of Reference.
- Mr. Iannucci suggested adding a sentence that the Director would be available to review any Board member communication per the Board's Communication Policy.
- Director Dodd requested that the areas in the Board's Terms of Reference which state the "Board shall ensure" certain actions also be included in the Director's Terms of Reference, since the Board would be assigning many of those duties to the Director.
- Commissioner Scott suggested including a general statement in the Director's Terms of Reference introduction that includes a cross-reference to the Board rather than making a list of items.

- Commissioner Scott requested that the Director Terms of Reference be carried over to the next meeting to ensure that it is consistent with the Board's Terms of Reference.
- **Budget and Finance Committee – Terms of Reference**
- Paragraph 8 was revised to change the budget terminology. “Operating Budget” was changed to “Administrative Budget” and the “Healthcare Sustainability Fund Budget” (or \$2.05) was added.
- Commissioner Scott suggested moving the “Operational Risk Management” section from the Finance and Budget Committee to the Governance Committee, since one of the Governance Committee's roles is the overview of risk management for the entire System.
- **Governance Committee – Terms of Reference**
- Mr. Iannucci stated that there were no major changes to the Governance Committee's Terms of Reference.
- Paragraph 6(e) was added to incorporate the recommendation of a Board education plan and updates.
- Paragraph 6(g) clarified the implementation of the Director Performance Evaluation Policy, which allows the Governance Committee to recommend to the Board the criteria to be used in evaluating the Director, as well as non-substantive amendments to the evaluation survey. Any material changes to the survey that affect the criteria should be presented to the full Board.
- Operational risk management duties were moved from the Finance and Budget Committee to the Governance Committee.

Public comments: None.

Action #1: Motion was moved and seconded by the Committee to adopt the Health Service Board Terms of Reference as edited.

Motion passed 2-0.

Action #2: Motion was moved and seconded by the Committee to adopt the Health Service Board President Terms of Reference.

Motion passed 2-0.

Action #3: Motion was moved and seconded by the Committee to adopt the Health Service Board Vice President Terms of Reference with edit.

Motion passed 2-0.

Action #4: Motion was moved and seconded by the Committee to continue the Director's Terms of Reference to the next Governance Committee meeting.

Motion passed 2-0.

Action #5: Motion was moved and seconded by the Committee to adopt the Finance and Budget Committee Terms of Reference as edited.

Motion passed 2-0.

Action #6: Motion was moved and seconded by the Committee to adopt the Governance Committee Terms of Reference as edited.

Motion passed 2-0.

□ 01282015-08G Action item

Approve recommendation to eliminate the following Health Service Board committees: Membership Rules and Rates and Benefits (Tom Iannucci)

Documents provided to Committee prior to meeting: None.

- Mr. Iannucci recommended eliminating the Rates and Benefits Committee as a committee of the whole. This recommendation reflects his discussions with Board members during the Board's self-evaluation process.
- Elimination of the Membership Rules Committee was also recommended.

- Mr. Iannucci will prepare a crosswalk table to ensure all elements of each committee are covered in the Board's Terms of Reference.

Public comments: None.

Action: Motion was moved and seconded by the Committee to adopt the recommendation to eliminate the Membership Rules Committee and Rates and Benefits Committee.

Motion passed 2-0.

- 01072015-09G Discussion item

Opportunity to place items on future agendas

- Continued items: Director Terms of Reference and Service Provider/Vendor Selection Policy.

Public comments: None.

- 01072015-10G Discussion item

Opportunity for the public to comment on any matters within the Board's jurisdiction

Public comments: None.

Adjourn: 4:57pm

## Summary of Health Service Board Rules Regarding Public Comment

- Speakers are urged to fill out a speaker card in advance, but may remain anonymous if so desired.
- A member of the public has up to three (3) minutes to make pertinent public comments before action is taken on any agenda item.
- A member may comment on any matter within the Board's jurisdiction at the designated time at the end of the meeting.

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

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### Summary of Health Service Board Rules Regarding Cell Phones and Pagers

- The ringing and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at Health Service Board meetings and its committee meetings.
- The chair of the meeting may order the removal from the meeting room of any person(s) in violation of this rule.
- The chair of the meeting may allow an expelled person to return to the meeting following an agreement to comply with this rule.

The complete rules are set forth in Chapter 67A of the San Francisco Administrative Code.

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