



Minutes

Regular Meeting

Thursday, May 14, 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, 2:15 pm
 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 1:08 pm.

- 05142015-01 Action item Approval (with possible modifications) of the minutes of the meetings set forth below:
 - Regular meeting of April 9, 2015Staff 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 April 9, 2015.

Motion passed 4-0.

- 05142015-02 Discussion item General public comment on matters within the Board's jurisdiction not appearing on today's agenda
Public comments: None.

RATES AND BENEFITS

- President Scott stated that depending upon timing, this agenda may need to be re-ordered to take necessary action on item 13, which would be presided by Vice President Lim. If so, the Rates and Benefits Committee would recess in order to move to the regular Board meeting to take up item 13. The agenda would then return to Rates and Benefits Committee matters.

- 05142015-03 Action item Approve Vision rates and benefits for 2016 plan year (Aon Hewitt)

Staff recommendation: Approve vision rates and benefits.

Documents provided to Board prior to meeting:
Report prepared by Aon Hewitt.
 - Anil Kochhar, Aon Hewitt actuary, reported that the Vision Service Plan's ("VSP") proposed rate renewal increase for the 2016 plan year was one percent (1%).
 - Aon Hewitt recommended accepting the proposed renewal increase.
 - See page 3 of Aon Hewitt's report for VSP's proposed 2016 rates.
Public comments: None.

Action: Motion was moved and seconded by the Board to approve the Vision Service Plan's rate renewal increase of one percent (1%) for the 2016 plan year.

Motion passed 4-0.

□ 05142015-04 Action item

Approve Kaiser premium contributions for actives and early retirees for 2016 plan year (Aon Hewitt)

Staff recommendation: Approve 2016 premium contributions for actives and early retirees.

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

- Mr. Kochhar reported that Kaiser Permanente's -2% two-year rate guarantee for actives and early retirees, effective January 1, 2015, will remain in effect for the 2016 plan year.
- However, the 1% renewal increase in VSP's 2016 vision rates and the change in the 10-County Survey amount resulted in an increase in employee and employer contributions.
- See pages 5 and 6 of Aon Hewitt's report for the 93-93-83 and 100-96-83 rate strategies for the 2016 plan year.
- Aon Hewitt recommended Board approval of Kaiser's proposed 2016 rates for actives and early retirees.

Public comments: None.

Action: Motion was moved and seconded by the Board to approve Kaiser's rate quotes for actives and early retirees for the 2016 plan year.

Motion passed 4-0.

□ 05142015-05 Action item

Approve Blue Shield Flex-Funded Non-Medicare final rates and premium contributions for 2016 plan year (Aon Hewitt)

Staff recommendation: Approve 2016 final rates and premium contributions.

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

- Mr. Kochhar reported that on April 9, 2015, the Board approved an 11.5% rate increase for Blue Shield's flex-funded plan for actives and early retirees for the 2016 plan year.

- The 11.5% rate increase was due to increased claims and pharmacy expenses, as well as zero increases for plan years 2014 and 2015.
- See pages 3 and 4 of Aon Hewitt's report for the 93-93-83 and 100-96-83 contribution strategies for the 2016 plan year.
- Aon Hewitt recommended Board approval of Blue Shield's final 2016 rate cards for actives and early retirees.

Public comments: Claire Zvanski, RECCSF and West Bay Retirees' representative, commended the Board on the rates noting that the rates for early retirees and their families were a little disconcerting. She encouraged the Board to do whatever it can to keep rates affordable, including approving subsidies, because the funds in the trust are for all members. She also stated that it is important to keep families within the plan and keep them in solid plans with good benefits.

Action: Motion was moved and seconded by the Board to approve Blue Shield's flex-funded non-Medicare final rates for the 2016 plan year.

Motion passed 4-0.

□ 05142015-06 Action item

Consider UHC (City Plan) self-insured rates and premium contributions for actives, early retirees and retirees for 2016 plan year (Aon Hewitt)

Staff recommendation: Review, discuss and postpone action of UHC (City Plan) 2016 rates until consideration of active, early retiree rate buy down has been considered (item 07).

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

- Mr. Kochhar reported that the preliminary rate cards presented at the February meeting were not final because the 10-County amount had not yet been determined and the vision rates were also not included (due to a pending RFP). Adjustments on the rate cards have since been made to include the 10-County and vision amounts.

- The rate cards presented at this meeting include the use of \$8,591,000 from the Stabilization Reserve per the Self-Funded Plans' Stabilization Policy. See Appendix E (page 12) of Aon Hewitt's report.
- The remaining carry forward in Stabilization Reserve for the 2017 plan year is \$17,183,000.
- Mr. Kochhar noted that an alternative recommendation should also be discussed.
- President Scott asked if there were any questions on the information presented so far and after hearing none, instructed Mr. Kochhar to proceed to the next agenda item.

Public comments: None.

Action: See next item.

□ 05142015-07 Action item

Consider and approve UHC (City Plan) rates for actives and early retiree premiums, and approve retiree premiums (note Medicare retiree premiums are only affected in the retiree plus non-Medicare retiree dependent tier), pending approval of a one-time \$5.4 million subsidy from the Self-Funded Plans' Stabilization Reserve (Aon Hewitt)

Staff recommendation: Approve UHC (City Plan) rates and premium contributions for actives and early retirees with a \$5.4 million subsidy from the City Plan Stabilization Reserve, and postpone final approval of all City Plan retiree rates and premium contributions until the one-time suspension of the Self-Funded Plans' Stabilization Policy has been approved and \$5.4 million allocated to subsidize active and early retiree City Plan premiums and rates.

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

- Continued from item 6.
- Mr. Kochhar reported that an option designed to lower the premiums for actives and early retirees through a one-time subsidy or buy-down of \$5.4M using the funds in the City Plan Stabilization Reserve (\$17M) would bring the employee premium share to

affordable levels to prevent further migration out of City Plan.

- Aon Hewitt recommended applying the \$5.4M one-time buy-down for the following reasons:
 - The premiums for City Plan actives and early retirees were excessively high, which could generate approximately \$3M in excise tax for the 2016 plan year alone once the tax goes into effect in 2018; and
 - The inclusion of non-Medicare dependents of retirees (187). Effective January 2015, there were 6,221 retired members and 1,540 dependents in City Plan. Under the current 93-93-83 and 100-96-83 contribution strategies, retirees would receive 96% of Blue Shield (as the second highest cost plan) and have to pay the difference. This could make the employee contribution in City Plan unaffordable.
- The status quo active contribution under the 93-93-83 contribution strategy for the 2016 plan year is \$385.65.
- The active contribution under the 93-93-83 contribution strategy with the buy-down for the 2016 plan year is \$85.65.
- The status quo active contribution under the 100-96-83 contribution strategy for the 2016 plan year is \$0, as bargained by MOU.
- The status quo employee-plus 2 rate under the 93-93-83 and 100-96-83 contribution strategies for the 2016 plan year is \$1,242.97.
- The employee-plus 2 rate is \$414.13 with the \$5.4M buy-down for the 2016 plan year under the 93-93-83 and 100-96-83 contribution strategies.
- See pages 4 and 6 of Aon Hewitt's report, "City Plan (UHC) Final 2016 Rate Cards – Active and Early Retiree Buy Down Option and Medicare Retiree."

- Commissioner Lim stated that the current discussion should be under item 8 because of the buy-down proposal.
- President Scott stated his intention to explain items 6 and 7 but not to combine them. He also asked about sustainability and whether dramatic action in one year would prevent future issues.
- Mr. Kochhar responded that there are sufficient monies available to fund City Plan for the next two or three years.
- President Scott suggested going back to the original item 6 and asked for Aon Hewitt's recommendation.
- Mr. Kochhar stated that Aon Hewitt first recommended approving the retiree card but not approve the rate unless the buy-down is not approved.
- President Scott stated that Aon Hewitt's recommendation was convoluted and asked the City Attorney to add an explanation.
- Erik Rapoport, Deputy City Attorney, responded that the Board's options were to either vote for the rate card in item 6 or the rate card in item 7. He also stated that the Board would need to approve the one-time suspension of the Self-Funded Plan's Stabilization Policy (item 8) if it approved item 7.
- Commissioner Breslin expressed concern regarding the sustainability of City Plan and asked if most of the overpayments came from Medicare retirees.
- Mr. Kochhar stated that most of the overpayments were generated by the Medicare retirees. However, he was working from the perspective of utilizing existing money in the trust fund and did not anticipate additional surplus. If item 7 is approved by the Board, surplus for the actives and early retirees would not be generated.

- Commissioner Breslin stated that most of the funds were going to the actives and early retirees when the overpayments came from Medicare retirees.

[Correction: See below for clarification of the previous two bullet points (provided by Director Dodd in the June 11, 2015 Director's report).

In 2013 and 2014, the City Plan stabilization reserve was a result of contributions from employers, employees and retirees. The 2013 claims stabilization contributions were comprised of 4% from active employees, 10% from early retirees, 4% from Medicare retirees and **82% from the employers**. Similarly, in 2014, claims stabilization contributions were comprised of 4% from active employees, 8% from early retirees, 5% from Medicare retirees and **83% from the employers**. These calculations demonstrate that the \$4.5 million applied to active and early retiree rates at the May 14 meeting were largely made up of contributions from the employers, active employees and early retirees, which made up 14% and 12% in 2013 and 2014. Medicare retirees contributed only 4% and 5% respectively.]

- Mr. Kochhar stated that retiree money would be given back to the retirees. If the buy-down rate card in item 7 were to be approved by the Board, there would still be \$11M in the stabilization reserve. If no additional funds were captured through surplus generation in 2015, there would still be \$11M in the stabilization reserve.
- By approving the buy-down, the rates would be lowered, the excise tax would not be generated and there would still be more than sufficient funds to maintain a steady increase over the next several years.
- Commissioner Ferrigno asked how the rates generate the excise tax.
- Mr. Kochhar responded that the government implemented a rule to become effective in 2018 that rates in excess of a certain threshold would be taxed at 40%. The amount of the before income tax deduction has been capped, so the buy-down would

reduce the base and the threshold would not be met.

- Commissioner Breslin expressed skepticism about the long term goal.
- President Scott asked for confirmation that the suspension of the stabilization would be a one-time occurrence and how it would impact 2018.
- Mr. Kochhar agreed, stating that he guaranteed this would be a one-time suspension of the stabilization and the excise tax in 2018 would be impacted by the lower rates.
- Commissioner Lim explained that advancing the funds from the stabilization reserve to reduce the 2016 rates would lower the base for plan year 2017, and increases would be determined using the new lower base rate.
- Mr. Kochhar agreed with Commissioner Lim's explanation, also stating that early retiree contributions would be reduced and the actives' contributions would be significantly reduced.
- Commissioner Breslin stated that the Medicare retirees generated the surplus, not the early retirees; however, the early retirees will receive the surplus.
- Mr. Kochhar stated that the \$8M stabilization amount was appropriated proportionally and that the majority of the money will go to the post-65 retirees.
- Commissioner Breslin stated that the breakdown on the rate cards indicated that the funds would go to the actives and retirees without dependents.
- Mr. Kochhar clarified that Commissioner Breslin was referring to the \$5.4M buy-down, which was applied to lower the base for actives and early retirees. He reiterated that the \$5.4M buy-down would be a one-time occurrence.

- Commissioner Breslin asked how an auditor would view the adjustments to the plan.
- Pamela Levin, HSS CFO, stated that there would be no audit issues and that there have been no audit issues regarding other types of stabilizations.
- President Scott called for a vote but asked the City Attorney for direction since items 6, 7 and 8 were explained in this agenda item.
- Erik Rapoport, Deputy City Attorney, suggested making one motion. The Board would either approve the rate card in item 6 without the subsidy or approve the rate card in item 7 with the subsidy as well a one-time suspension of the Stabilization Policy (item 8).
- Commissioner Lim asked if the Board approved items 7 and 8 whether item 6 would be invalidated.
- Deputy City Attorney Rapoport confirmed.
- Aon Hewitt recommended approving item 7 with the \$5.4M buy-down for actives and early retirees and the one-time suspension of the Stabilization Policy (item 8).

Public comments: Claire Zvanski, RECCSF and SEIU retirees' representative, spoke of her experience as a former Health Service Board member. She stated that the Board subsidized City Plan's rates over the years for many different reasons and that trust fund money is for members of the System, noting that in the last few years there had been more of a shift to subsidize HMOs. She stated that it is the Board's responsibility to keep City Plan viable because it is the City's plan. She said it was irresponsible to vote in favor of item 6 (no subsidy) and it made no sense to penalize families who can save \$800 a month with the subsidy buy-down. The eventuality of dealing with the excite tax is also an important factor not only for the employer but also for the members. The early retiree rates are significant and many of them have families. Ms. Zvanski noted that Tuolumne members do not have options but they do have families and many of them have young families who need affordable healthcare. City Plan is owned

by the City and the Board has the fiduciary duty to do what is right for the members and the plan, especially since there is money available. The Board represents all members not just the Medicare retirees. In the past, the Board subsidized members when there was less than \$6M in the trust fund and still found a way to subsidize Plan One to keep it viable. There is significantly more than that amount in the reserve and there is no reason not to take a small portion and subsidize to help both the members and the plan.

Rebecca Rhine, Executive Director of the Municipal Executives Association, stated that she realized public comment was not a great forum for questions but stated her confusion in several areas. She expressed confusion regarding how a one-time subsidy can permanently bring down the base for future calculations and the Cadillac tax. She asked about the long range strategy for the 93-93-83. During the discussions to transition to the 93-93-83 strategy, that approach was used to encourage families to return to Blue Shield with the understanding that the rates would be subsidized, which did occur. However, the reward this year is that Blue Shield's rates are going up significantly. She also asked for clarification of the strategy encouraging families to move to the City Plan when in one, two or three years (depending upon the subsidy) those rates will go up exponentially. Ms. Rhine stated uncertainty regarding their position because she was confused about the analysis.

Action #1: Motion was moved and seconded by the Board to accept the rate cards without subsidy as presented in item 6.

Motion failed 0-4.

Action #2: Motion was moved and seconded by the Board to approve a one-time suspension of the Self-Funded Plan's Stabilization Policy, allocate a \$5.4M subsidy for actives and early retirees in City Plan and approve the rate cards for as presented with a one-time \$5.4M buy-down.

Motion passed 4-0.

Commissioners Breslin and Ferrigno expressed skepticism but voted in favor of Action #2.

Commissioner Breslin stated that the agenda was very confusing regarding items 6, 7 and 8 and probably should have gone back to the drawing board to make it more understandable for the Board and public.

□ 05142015-08 Action item

Suspend Self-Funded Plans' Stabilization Policy and approve a one-time \$5.4 million subsidy of UHC (City Plan) active and early retiree premium contributions for the 2016 plan year from the City Plan Stabilization Reserve (Aon Hewitt)

Staff recommendation: Approve one-time suspension of the Self-Funded Plans' Stabilization Policy and allocate a \$5.4 million subsidy from the City Plan Stabilization Reserve for active and early retiree City Plan rates and premium contributions for the 2016 plan year and approve active, early retiree and retiree 2016 rates cards.

Documents provided to Board prior to meeting: Health Service Board Self-Funded Plans' Stabilization Policy.

- This agenda item was discussed in item 7.

Public comments: See item 7.

Action: Motion was incorporated into item 7 action.

□ 05142015-09 Action item

Additional information provided by UnitedHealthcare on a Medicare Advantage National PPO plan ("UHC MAPD NPPO") with prescription drug coverage for Medicare A&B members along with rate card (UnitedHealthcare Representative)

Staff recommendation: Approve addition of UHC plan (UHC MAPD NPPO). Consider the final rates for this additional UHC plan with other retiree plans at June meeting.

Documents provided to Board prior to meeting:

1. UHC presentation; and
2. Aon Hewitt comparison of City Plan/UHC COB PPO rates and UHC MAPD NPPO.
 - Mitchell Griggs, HSS Chief Operating Officer, introduced Brent Crane, Aon Hewitt Account Manager, and Anne Thompson, Aon Hewitt Account Coordinator, recently assigned to the HSS account.

- Brent Crane, Aon Hewitt Senior Vice President, spoke briefly, stating that it was an honor to work with HSS and the Health Service Board and that Anil Kochhar would continue to work on the HSS account.
- Mr. Crane reported that Aon Hewitt presented a Medicare educational seminar a few days prior, which was attended by approximately 50 or so retirees. He stated that HSS staff thought it was important to continue to vet the proposed UnitedHealthcare National Medicare Advantage PPO plan, which was an option not a replacement for Medicare retirees, and introduced Jean Farone-Jones on the UHC account team to review the proposed plan.
- President Scott asked the members of the public to view pages 20 through 22 of the April 9, 2015 minutes for questions that were previously raised regarding UHC's National Medicare Advantage PPO plan.
- Jean Farone-Jones introduced herself to the Board stating that her role at UnitedHealthcare focuses on Medicare Advantage for labor unions and public sector clients throughout the country.
- Ms. Farone-Jones' presentation included several handouts to address questions from last month's meeting.
- Ms. Farone-Jones summarized questions regarding the timing of UHC's 2016 formularies, high risk medications, provider access and how providers can be accessed in UHC's National PPO plan. Other questions included rate assumptions and stability of the program going forward.
- See UHC's handout, "The Value of Medicare Advantage for San Francisco HSS – Follow up to questions from April Board meeting."
- Under "High Risk Medications," Commissioner Breslin asked about the timing of the exception process and hormonal agents on the list indicated as high risk.

- Ms. Farone-Jones stated that the exception process takes under two weeks. The American Geriatric Society looked at certain drugs (not the entire class of hormonal replacements) and determined those drugs have side effects that are not safe and are unsatisfactory. While these drugs are still covered, they require prior authorization.
- Commissioner Ferrigno asked how long it would take to obtain medication for an unusual medical condition.
- Sandy Lynch, retired and former UHC account executive for HSS, stated that she is currently on UHC's National PPO Plan. Her husband is very ill and takes high risk medications that are heavily scrutinized. He has not had an issue obtaining medication and the turnaround is very quick, within days, sometimes hours. Depending upon the issue, it can take between 24 to 72 hours.
- This item was paused for item 13 below, as previously mentioned by President Scott, and resumed immediately following recess.
- Ms. Farone-Jones continued the presentation discussing provider access. She stated that under the National Medicare Advantage PPO, in-network benefits and out-of-network benefits are identical. Members who accept the Medicare Advantage National PPO plan will not need to submit a claim for services most of the time. The providers will bill UHC directly (96.85% of providers accept UHC's Medicare Advantage National PPO plan).
- Out of 50,514 providers used by HSS members, 27 have indicated that they would not bill the plan and have not done so. If members wanted to use those providers, they would pay upfront and submit a bill to UnitedHealthcare who would reimburse everything minus their copay.
- All of the Sutter facilities in San Francisco, Alameda, San Mateo counties are contracted with UHC.

- Commissioner Lim asked, in terms of co-pay, how UHC's MAPD PPO compared to the MAPD plans of Kaiser and Blue Shield.
- Anil Kochhar responded that UHC's MAPD copays are similar to Kaiser's and Blue Shield's.
- Commissioner Breslin expressed concern that the proposed new plan had not been vetted thoroughly enough.
- President Scott stated that one issue raised by Commissioner Breslin at the last meeting was whether an RFP needed to be conducted. He asked counsel to explain whether or not an RFP was necessary to adopt the new Medicare plan option.
- Erik Rapoport stated that the high level answer was no. The City standards for bidding on contracts for goods and services are set forth in Chapter 1 of the San Francisco Admin. Code, which allows a series of exceptions related to contracts. For example, the Health Service System and the SFERS Retiree Health Care Trust Fund are exempted from the Admin. Code.
- Deputy City Attorney Rapoport stated that perhaps a Board policy should be developed. While the Board is not bound by the Admin. Code with respect to competitive bidding, it does not mean that there are no standards. For example, the Retiree Health Care Trust Fund developed a fiduciary policy that states as follows:
 - "As a fiduciary, the Board must exercise the care, skill, prudence and diligence that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims. In addition, the Board must act in accordance with the terms of [in this case] the Retiree Health Care Trust Fund."
- Commissioner Breslin asked how the proposed new plan compared to similar plans on the market, stating that the only way to know is to conduct an RFP. She stated that she could not

vote in favor of the new plan unless the Board would agree to go out for an RFP next year or shortly thereafter.

- President Scott stated that if the new plan were a replacement option, he would agree that an RFP would need to be conducted. However, he stated his view that UnitedHealthcare and the actuaries had returned and responded with great diligence to every question raised regarding the proposed new option. He stated that it is up to individual members to decide for themselves whether to choose the option. He did not think an RFP should be conducted for the new plan.
- Commissioners Breslin and Ferrigno disagreed.
- Commissioner Breslin stated that she could vote in favor of the plan if the Board would agree to conduct an RFP next year.
- Supervisor Farrell arrived early in this agenda item and departed near the end of this agenda item.

Public comments: Sandy Lynch, San Francisco resident and former UHC employee (and former HSS account executive), who also is enrolled in UHC's National PPO plan stated that it is a much easier option for retirees who do not choose to enroll in a Kaiser or Blue Shield plan. This new plan is one-stop shopping, which is not available under the other plans. As a retired UHC employee who also helps with open enrollment meetings, she has seen members get frustrated with the lack of flexibility in City Plan. She said there is no downside to the new plan. Her elderly husband who is very ill has had doctor house visits and there have been no issues with prescription drugs.

Claire Zvanski, RECCSF and SEIU representative, stated that despite the fact that some of the proposed premiums may be a little higher for the new option, the overall out-of-pocket savings is significant and outweighs the premium increases. Members should be given the option to decide for themselves.

Ms. Zvanski stated that in the past, RFPs were for the primary contractors and was for all members—actives, retirees and early retirees. If an RFP is to be conducted, it should be for everyone. Some employers in the past wanted to leave the System to take other plans but leave their retirees and the Board did not allow it. Bottom line, the plan cannot be bifurcated. HSS cannot go out to bid for just one section of the membership. She stated that there are many positive options with the proposed plan and members should decide for themselves. The educational Medicare sessions for retirees will be significant in helping members understand. She stated that the previous Medicare session was wonderful. She hoped that Blue Shield's national MAPD offering will be prepared in a similar manner as UHC's noting that Aon and UnitedHealthcare prepared a phenomenal document.

Dennis Kruger, active and retired firefighters' representative, stated that he would like to see UHC reach out more to the North Bay, since it was not mentioned on page 7 of UHC's provider access information. He also expressed concern regarding UHC's ability to pinpoint a member's specific use of services for the reason that such information can be used against someone, even though the Affordable Care Act states that people cannot be discriminated against. Regarding the formulary issues, seeing 25 or 30 medications being replaced by three super drugs causes concern. And on a personal note, he is particularly bothered by vendors whose call centers are in right-to-work states, which is directly against what organized labor stands for.

Maureen O'Shea, retired City employee, stated that as an active and now retired member, she has been extraordinarily satisfied with her coverage by City Plan. She expressed concern regarding the proposed new plan because she had contacted several of her doctors and none of them had any knowledge of the plan. She asked for some assurance that her doctors would be participating in the plan.

Jean Farone-Jones stated that UHC will make sure that anyone who selects the National PPO will be completely comfortable that their providers understand how the plan works and how to bill

UnitedHealthcare. UHC will contact the specific providers.

Action: Motion was moved and seconded by the Board to approve the addition of UHC's MAPD National PPO plan option with final rates to be presented in June and explore the possibility of conducting an RFP process for a national MAPD PPO plan next year.

Motion passed 4-0.

□ Action item

President Scott called for two motions: (1) recess of the Rates and Benefits Committee to re-order item 13, and (2) the Board to convene in regular session to consider item 13.

Public comments: None.

Action #1: Motion was moved and seconded by the Board that the Rates and Benefits Committee stand in recess until a predetermined time of the Chair.

Motion passed 5-0.

Action #2: Motion was moved and seconded by the Board to convene in regular session to consider item 13.

Motion passed 5-0.

□ 05142015-13 Re-ordered Action item

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

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

- Vice President Lim referenced the Controller's letter to the Board Secretary nominating current Health Service Board member, Randolph R. Scott, to a new five-year term on the Board expiring May 15, 2020.
- Vice President Lim noted that Commissioner Scott's current term was for two years, expiring on May 15, 2015.
- Vice President Lim stated that Commissioner Scott has been a valuable member of the Health Service Board since joining and that he

has been especially effective in conducting Board meetings.

- Supervisor Farrell stated that Commissioner Scott has been an amazing addition to the Health Service Board and he could not think of a better candidate to be nominated by the Controller. He thanked Commissioner Scott for agreeing to serve on the Health Service Board for an additional five years.

Public comments: Claire Zvanski, former Health Service Board member, concurred with her former colleagues' statements regarding Commissioner Scott, affirming that he has been an invaluable resource on the Board as well as an invaluable addition.

Dennis Kruger, active and retired firefighters' representative, stated that as someone who has observed the Health Service Board for 28 years, Commissioner Scott is one of the best City appointees he has ever seen on the Health Service Board, if not the best. He stated his hope that Commissioner Scott will continue in the same direction because it has been very enlightening to have him on the Board.

Action: Motion was moved and seconded by the Board to approve the Controller's nomination of Randolph R. Scott to a new five-year term on the Health Service Board expiring May 15, 2020.

Motion passed 5-0.

Commissioner Scott thanked the Board members for their comments, as well as members of the public. He stated that, when he was appointed to his original two-year term, his intention was not to replace Claire Zvanski but to follow in her footsteps and take her advice and counsel. He stated that it has been a special honor to serve on the Board and to have enjoyed the support of his colleagues as well as the support of the HSS staff, beginning with Director Dodd. He noted that there is a tremendous amount of work effort that goes into not only the preparations for the Board's policy decisions but also the routine running of the Board itself. He commended Board Secretary, Laini Scott, for being an invaluable resource, counsel and support. He

also commended Erik Rapoport, Deputy City Attorney, for his guidance, both formally and informally.

□ Meeting Break

Recess from 2:40 to 2:49 pm

During the recess, Commissioners Scott and Lim were sworn-in to new five-year terms expiring May 15, 2020 by Supervisor Mark Farrell.

Action: Motion was moved and seconded by the Board to recess the regular Board meeting and reconvene the Rates and Benefits Committee.

Motion passed 4-0 (Commissioner Lim was momentarily absent from the Hearing Room).

□ 05142015-10 Discussion item

Presentation of Healthcare Value Index survey (Aon Hewitt)

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

- Brent Crane, Aon Hewitt Senior Vice President, presented highlights from its actuarial study.
- Aon Hewitt's Healthcare Value Index ("HVI") is a benchmarking tool for plan administrators to determine the value of services and benefits provided by vendors as well as compare the data.
- The HVI survey was based on the following:
 - 11.0 million health plan participants
 - 486 employers
 - \$55.6 billion in healthcare expenditures
- HSS was compared against government agencies, clients of equal size (over 25,000 employees), Fortune 500 companies and the Bay Area labor market.
- HSS members pay 14.5% of premium costs compared to 17.6% of the other peer groups.
- HSS members pay less out-of-pocket expenses, \$645 versus an average of \$1,623.
- See Aon Hewitt's HVI report for additional data.

Public comments: None.

REGULAR MEETING MATTERS

- 05142015-11 Discussion item **President's Report** (President Scott)
- Documents provided to Board prior to meeting:
None.
- President Scott reported that in the previous month he attended meetings with Director Dodd and Deputy Director Griggs to review UnitedHealthcare's National PPO proposal, as well as the Medicare 101 seminar on May 11 presented by Aon Hewitt. He noted that Commissioners Breslin and Lim also attended the Medicare seminar, stating that it was a very useful, strong presentation. He commended Aon Hewitt presenters Brent Crane and David Rew.
 - By letter from Board of Supervisors' President, London Breed, notice was given that Supervisor Mark Farrell had been re-appointed to the Health Service Board for a five-year term expiring May 15, 2020.
 - President Scott noted that Supervisor Farrell has been an excellent person to work with.
- Public comments: None.
- 05142015-12 Discussion item **Director's Report** (Mitchell Griggs, HSS COO)
- 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 member comments via online form.
- Mitchell Griggs, HSS Chief Operating Officer, reported on the Director's Report in Director

Catherine Dodd's absence. The report may be viewed on the myhss.org website.

- Of the seven vacant positions, the research assistant, contracts manager and PeopleSoft programmer positions are in the fingerprinting phase. The remaining positions are in various stages of testing or interviewing.
- Operations, Data Analytics and Communications are currently collaborating on several projects. One project, initiated at the request of the Assessor-Recorder's office, was a presentation entitled, "HSS Benefits 101."
- Open Enrollment planning has begun with a goal to decrease printing and mailing costs.
- The Enterprise Content Management ("ECM") system to digitize HSS' member file room (over 100,000 member paper files) into an electronic format has been approved by COIT as well as partial funding.
- HSS has also been looking at a Customer Relations Management ("CRM") system to track member cases, especially escalated situations.
- HSS worked with Aon Hewitt on the Medicare presentation for retirees on May 11, 2015. A second Medicare presentation will be made on June 10, 2015 at the Koret Auditorium from 12:00-2:00 pm.
- President Scott noted the member comments to the Board in the Director's reports, which were made via the HSS website. He stated his intention to communicate with the Board Secretary and Director Dodd to request that an e-mail address be set up that would be channeled through the Secretary for distribution. This will enable members to communicate directly to the Board through a group email.

Public comments: None.

- 05142015-14 Action item (re-ordered)

[Repeal of ACO Incentive Reserve Policy](#) (Pamela Levin)

Staff recommendation: Approve policy repeal.

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

- Pamela Levin, HSS Chief Financial Officer, reported that the Accountable Care Organization (“ACO”) Incentive Reserve Policy adopted in May 2014 was established to set aside funding for experience gains to compensate the ACOs if cost targets were met.
- Based on discussions with the Controller and external financial auditors, it was determined that the policy was not necessary because HSS will only pay out incentives to the ACOs when there are sufficient savings resulting from actions by the ACOs.
- HSS recommends repealing this policy.

Public comments: None.

Action: Motion was moved and seconded by the Board to repeal the Accountable Care Organization Incentive Reserve Policy.

Motion passed 4-0.

□ 05142015-15 Discussion item

[HSS Financial Reporting as of March 31, 2015](#)
(Pamela Levin)

Documents provided to Board prior to meeting:

- Financial update memo;
- Report for the Trust Fund;
- Report for the General Fund Administration Budget.
- Pamela Levin provided a brief summary of revenues and expenses of the HSS Trust Fund and General Fund Administrative budget through March 31, 2015.
- The Trust Fund balance projection as of June 30, 2015 is \$83.6M.
- The projected General Fund balance is \$696,000 as of June 30, 2015 due to delays in hiring. These types of balances are not anticipated in future years.
- See financial update memorandum, dated May 14, 2015.

- Commissioner Breslin requested that performance guarantees and forfeitures currently listed on the same line in the Statement of Revenues and Expenses be shown on separate lines.
- Commissioner Breslin also requested that travel expenses be accounted for in the budget.
- Ms. Levin noted that the Mayor's budget will be delivered on June 1, 2015. HSS' budget will then be reviewed by the Budget Analyst's office.

Public comments: None.

□ 05142015-16 Action item

[Request Health Service Board to urge the City and County of San Francisco to support SB 26](#) (Mitchell Griggs, HSS COO)

Staff recommendation: Health Service Board endorsement to urge CCSF to support SB 26.

Documents provided to Board prior to meeting: Legislative Proposal Form; Senate Bill 26.

- Mitchell Griggs reported on SB 26, a transparency bill previously discussed by Director Dodd.
- SB 26 would assist purchasers, such as HSS, in assessing quality cost of care, identifying gaps and accessing information needed to negotiate quality affordable care.
- Director Dodd had written letters to the State Senate and Appropriations Committee indicating HSS' support for SB 26.
- HSS staff asked the Board to endorse support for SB 26.
- See State Legislative Committee proposal form on myhss.org for the Recommended Proposal language.

Public comments: None.

Action: Motion was moved and seconded by the Board to urge the City and County of San Francisco to support SB 26.

Motion passed 4-0.

- 05142015-17 Discussion item Report on network and health plan issues (if any)
(Respective plan representatives)

Public comments: None.
- 05142015-18 Discussion item Opportunity to place items on future agendas

Public comments: None.
- 05142015-19 Discussion item Opportunity for the public to comment on any matters within the Board's jurisdiction

Public comments: Claire Zvanski, RECCSF representative, commended Margaret O'Sullivan's (HSS Wellness Plan Coordinator) participation at the RECCSF meetings. Retirees are walking more as a result of Ms. O'Sullivan's support and encouragement. She has brought many good ideas, including chair yoga exercises. At the previous day's meeting, Ms. O'Sullivan distributed prizes to retirees who had performed exceptionally well. Ms. Zvanski stated that RECCSF is very impressed with Ms. O'Sullivan's dedication, the quality of her work with retirees including her enthusiasm and leadership of the wellness program, and expressed appreciation for her outstanding involvement with the retired members. Ms. Zvanski hopes that Ms. O'Sullivan will continue her involvement with RECCSF for a long time in her current role because she is making a difference for the retirees.

President Scott noted that the Board's governance policies had been updated under the guidance of Governance Committee Chair Karen Breslin and that the final version had been distributed to Board members. He thanked Commissioner Breslin for her leadership, due diligence and persistence. The updated governance policies will be posted on the myhss.org website.
- Adjourn: 4:23 pm

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.