HEALTH SERVICE BOARD
CITY & COUNTY OF SAN FRANCISCO

Minutes

Regular Meeting

Thursday, April 14, 2016

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 1:07 pm
Commissioner Sharon Ferrigno
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 1:03 pm.

- ☐ 04142016-01 Action item

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

- Regular meeting of March 10, 2016

Staff recommendation: Approve minutes.

Documents provided to Board prior to meeting: Draft minutes.

- Commissioner Breslin moved to approve the regular meeting minutes of March 10, 2016.
- Commissioner Ferrigno seconded the motion.

Public comments: None.

Action: Action: Motion was moved and seconded by the Board to approve the regular meeting minutes of March 10, 2016.

Motion passed 6-0.

□	04142016-02	Discussion item	General public comment on matters within the Board's jurisdiction not appearing on today's agenda

Public comments:

RATES AND BENEFITS

□	04142016-03	Action item	Approval of Aetna life insurance and long-term disability insurance contract renewal for 2017 plan year (Aon Hewitt)

Staff recommendation: Approve renewal.

Documents provided to Board prior to meeting: Report prepared by Aon Hewitt, "2017 Renewal – Aetna Life and Disability."

- Anne Thompson, Aon Hewitt Vice President, presented the 2017 life and disability renewal for Aetna Group Insurance ("Aetna").
- The following coverage is offered to HSS members:
  - Basic life insurance
  - Voluntary/supplemental life insurance
  - Long-term disability ("LTD")
- Aetna's 3-year premium guarantee expires on December 31, 2016.
- For 2017, Aetna offered a premium rate pass for the basic life plan along with a premium guarantee through December 31, 2019.
- Basic life insurance is 100% employer paid.
- Four benefit amounts are available based on eligibility: $25,000, $50,000, $125,000 and $250,000.
- The current and renewal premium is $0.80 per $1,000 of coverage.

- Supplemental life insurance is 100% employee paid.
- Supplemental life insurance benefit options range from $10,000 to $300,000.
- Aon Hewitt recommended implementing smoker/non-smoker premium rates on the supplemental life insurance plan.
- For 2017, Aetna offered a premium rate pass for the supplemental life plan along with the premium guarantee through December 31, 2019. See page 3 of Aon Hewitt's report for the age band and current/renewal premium.
- Long-term disability coverage offered through Aetna is 100% employer paid with two available plans:
    - 60% up to a monthly maximum of $5,000;
    - 66.67% up to a monthly maximum of $7,500.
- Aetna provided a long-term disability premium rate reduction of 7.1% for 2017 guaranteed through December 31, 2019.
- Aon Hewitt recommended Board approval of Aetna's 2017 premium renewals for basic life insurance, supplemental life insurance (making the distinction between tobacco and non-tobacco users) and long-term disability through December 31, 2019.
- Supervisor Farrell arrived during this agenda item.
- Commissioner Breslin moved to approve Aetna's renewal contract for the 2017 plan year as recommended by the actuary.
- Commissioner Lim seconded the motion.

Public comments: None.

Action: Motion was moved and seconded by the Board to approve Aetna's life and disability insurance renewal as recommended.

Motion passed 7-0.

□ 04142016-04 Action item

Approval of Dental contract renewals for all plans for 2017 plan year (Aon Hewitt)

Staff recommendation: Approve dental renewals.

Documents provided to Board prior to meeting: Reports prepared by Aon Hewitt

1. Delta Dental of California Rate Stabilization Reserve Presentation; and
2. 2017 Renewal – Dental Plans.

- Tom Ricks, Aon Hewitt actuary, presented Delta Dental's rate stabilization update.
- Mr. Ricks reported that 2015 was the first year the stabilization policy was extended to the self-funded dental PPO. According to the policy, excess surplus funds are amortized over three years to reduce the renewals in the following years.
- The total carry-forward stabilization reserve amount as of December 31, 2015 is $7.1M. In accordance with the policy, one-third of this balance will be used to reduce the 2017 renewal by $2.3M, leaving a $4.7M surplus to be used in 2018 and 2019.
- Aon Hewitt recommended Board approval to apply $2.3M (one-third of total stabilization reserve) to reduce 2017 rates. See pages 2 and 2 of Aon Hewitt report.
- Commissioner Breslin moved to approve the stabilization reserve recommendation for the self-funded dental PPO.
- Commissioner Sass seconded the motion.

Action #1: Motion was moved and seconded by the Board to approve the self-funded dental PPO rate stabilization amount of $2.3M to be applied to the 2017 rates.

Motion passed 7-0.

- Mr. Ricks continued his presentation on the 2017 dental plan renewals.
- HSS offers six dental plans. The Delta Dental of California PPO plan for actives is self-

insured. The remaining five plans are fully-insured.

- The HSS dental plans are as follows:
    - Delta Dental of California self-insured PPO for actives
    - Delta Dental of California fully-insured PPO for retirees
    - DeltaCare fully-insured HMO for actives
    - DeltaCare fully-insured HMO for retirees
    - Pacific Union fully-insured HMO for actives
    - Pacific Union fully-insured HMO for retirees
- Mr. Ricks noted that most of the dental plans were currently in a rate guarantee. Therefore, the discussion focused on the 2017 increase for the Delta Dental self-funded PPO plan for active employees.
- The administrative fee for the actives' self-funded PPO plan was reduced to $4.35 per member per month from $4.38 and is guaranteed through December 31, 2018.
- Aon Hewitt recommended a 0.8% rate increase over the existing 2016 premiums for the 2017 self-funded dental PPO plan for actives, and a continuation of the rate guarantees for the additional five plans.
- See Aon Hewitt's report for a summary of the dental plans' guaranteed rates through 2017 and 2018, and the 2015 self-insured PPO plan claims experience for actives.
- Commissioner Breslin moved to approve the recommendation to the dental plan renewals.
- Commissioner Ferrigno seconded the motion.

Public comments: None.

Action #2: Motion was moved and seconded by the Board to approve the 2017 self-funded Delta Dental PPO rate of 0.8% for active employees and the continued rate guarantees for the additional five dental plans.

Motion passed 7-0.

☐ 04142016-07 Re-ordered agenda item — Action item

Follow-up on premium rate relativity equalization for Kaiser and Blue Shield early retirees (Aon Hewitt)

Staff recommendation: Approve.

Documents provided to Board prior to meeting: Reports prepared by HSS and Aon Hewitt

1. History Rate Relativity and Current Early Retiree Census (HSS); and
2. Cost Impact of Adjusting Early Retiree Rate Relativities (Aon Hewitt).

- Catherine Dodd, HSS Executive Director, reported on the history of rate relativity, which was requested at the February Health Service Board meeting. She noted that sometimes rate relativity was also called "rate ratio."
- Typically in health plan benefit design, premium rates for two individuals is approximately double the cost of coverage for one individual. Plan coverage for a family is approximately triple the cost. This ratio is referred to as "rate relativity."
- Rate relativity between early retirees in Blue Shield and Kaiser is unequal to all active employees and City Plan early retirees.
- HSS' rate relativity structure is also inconsistent with industry standards and the counties reflected in the 10-County average (see report appendix).
- Charter language does not determine "rate relativity" or how the premium ratio between E, E1, E2 or R, R1, R2 is calculated.
- Director Dodd stated that this was a policy issue and that she was requesting transparency and the Board's decision on whether to make rate relativity for Blue Shield and Kaiser early retirees equal to the rate

relativity of City Plan's active employees and early retirees.

- Historically, rate relativity was determined by the Board's actuary and HSS executive director.
- Director Dodd reviewed Health Service Board minutes from 1998 to 2016 to determine the history of Board action regarding rate relativity. It was mentioned twice in the Board minutes in 15 years' time—2002 and 2005. At one time, rate relativity was called "rate ratio" and later it was referred to as "rate realignment."
- Prop E passed in November 2000. The rates negotiated in December 2001 reflected changes in the rate relativities for HMO early retirees for the 2002-2003 plan year. Early retiree rate relativity was reduced at that time for Kaiser and Health Net to equal City Plan. See page 6 of HSS report, "History Rate Relativity and Current Early Retiree Census."
- Board minutes indicated tremendous volatility in the early retiree HMO rates from 1999 through 2010.
- The 2002 minutes indicated that Health Net adjusted its trend to include forgiving a $1.5M claim. Health Net's active rate was reduced to 17.62% due to its partnership with CCSF over the years. Joanne Haggerty, Health Net representative, stated that the vendor's action was a one-time business decision. Health Net also requested that the rate ratio for all carriers be on a level playing field across the board during the renewal process the following year.
- In the 2005 minutes, Commissioner Breslin stated her objection to the HMO realignment because it would not help anyone, and noted that she would not vote for it. Commissioners Van Runkle and Heldfond recommended a three-year phase-in of the HMO realignment. Commissioner Breslin moved to eliminate HMO realignment from the checklist. The motion passed 5-2.

- Director Dodd recently contacted the Board's former actuary to inquire about the rate relativity increase in 2008-2009. She was told that the HMO rates had become extremely volatile and there had been a desire to provide consistency. Since City Plan was the City's PPO, a decision was made to increase the rate relativity for its early retirees to 1 to 2 to 2.8. There was an agreement to not change the HMOs at that time.
- See pages 6 and 7 of the HSS historical report for year-over-year changes in rate relativity from 2001-02 to 2008-09 for early retirees. There have been no changes since 2008-09.
- To reduce early retiree rates, active and early retiree rates are blended by spreading them across a larger pool. The active rates subsidize early retiree rates.
- Active members also have a higher rate relativity. In a blended pool, the early retiree rate relativity should be equal to the active rate relativity.
- Of the 5,689 covered early retirees, 1,857 members will be impacted by a change in rate relativity:
    - 1,440 = R+1
    - 417 = R+2
    - 66 members (4.5%) R+1 retired early due to disability
    - 26 members (6.2%) R+2 retired early due to disability
- Director Dodd noted that members retiring early due to disability are eligible for Medicare after two years.
- Commissioner Breslin stated that disabled police and firefighters are not eligible for Medicare after two years.
- Director Dodd stated that she would look into the matter.

- Commissioner Breslin asked Director Dodd how the topic of changing the current rate relativity came about.
- Director Dodd stated that in reviewing the impact of the excise tax (which has been postponed to 2020), the early retirees were the only member tier to hit the tax. When the rates were calculated, HSS discovered that there was a profound inequity between the early retirees, the actives and post-65 retirees.
- Commissioner Breslin compared an example of an active employee enrolled in Blue Shield with two dependents (wife and child) who paid a monthly premium of $346 versus an early retiree with two dependents (wife and child) who paid a monthly premium of $1,881.07. She asked Director Dodd if it was fair for the early retiree to pay five times more than the active employee.
- Director Dodd stated that the example cited by Commissioner Breslin was not a part of her presentation. Her role was to present the history of rate relativity.
- President Scott stated that Commissioner Breslin's example was included in the Aon Hewitt report and had not yet been presented.
- Commissioner Sass stated that if a disabled retiree moved to Medicare (as is allowed for disabled individuals), the monthly Medicare premium is $104 as opposed to a $71 monthly premium. Therefore, moving to Medicare does not present a real dollar savings.
- Commissioner Sass also asked for a more detailed breakdown of the 1,857 (R+1 and R+2) early retirees by age in each category and a breakdown of their pension benefits. He expressed concern for the person with a small pension, a spouse who is not working and possibly a child living at home.

- Director Dodd stated that pension data was not available to HSS as there was a strict firewall between the Retirement System and anyone else. She stated that HSS could provide information on the number of members in each age band.
- Commissioner Sass stated that age data would be helpful.
- Anil Kochhar, Aon Hewitt actuary, presented the cost impact of changing the early retiree rate relativities to mirror the same rate relativities as the active membership rates for the three medical plans (Blue Shield, Kaiser and UnitedHealthcare).
- Mr. Kochhar noted that the rate relativity adjustment for early retirees could be implemented over three years (the three-year grade approach) or all at one time (full reset). The 2016 rates were used in the examples.
- The current rate relativity for Blue Shield early retirees is 1 to 1.45 to 1.81. Applying one-third of an increase each time over three years to reach the actives would raise the following year rate relativity to 1 to 1.61 to 2.10.
- Noting Commissioner Breslin's earlier rate comparison of the active employee with two dependents and the early retiree with two dependents, Mr. Kochhar directed the Board's attention to page 4 of Aon Hewitt's report, "Cost Impact of Adjusting Early Retiree Rate Relativities."
- Currently, the R2 (or E2 under early retirees) pays $1,042.17 per month. Grading that amount by 33% would increase the rate to $1,321.81 per month. A 66% grade would increase the amount to $1,601.44 per month. The full reset would increase the monthly amount to $1,881.07.
- Commissioner Breslin stated that under this proposal, early retirees would pay approximately $10,000 more per year.
- Mr. Kochhar confirmed.

- There would be no contribution change for E-Only, which would remain at $71.14 per month under the status quo and graded/full set proposals.
- Commissioner Sass asked if the amount could increase even more if the plan rates rise, since the example was based on the 2016 rates.
- Mr. Kochhar responded affirmatively.
- See pages 18, 19, 20 and 21 for examples of Blue Shield's status quo, Year 1 rate relativity, Year 2 rate relativity and Year 3 rate relativity full reset.
- See pages 22, 23, 24 and 25 for examples of the status quo and three-year rate relativities for Kaiser.
- See pages 26, 27, 28 and 29 for examples of the status quo and three-year rate relativities for City Plan.
- Commissioner Breslin asked how long Mr. Kochhar had been working on the proposed rate relativity change and whether Aon Hewitt had a contract with any other City department on this matter.
- Mr. Kochhar stated that Aon Hewitt had a contract with the Controller's Office regarding this issue.
- Commissioner Breslin stated that the Board should have been informed of the Aon Hewitt's contract with the Controller's office since it involved the HSS trust fund. She stated that there should be a firewall between the trust and other agencies, noting that the Controller had a totally different interest than the Health Service Board. She questioned whether such a collaboration was ethical.
- As an appointee of the Controller, President Scott took a bit of an exception to Commissioner Breslin's question. He stated that the Board had a fiduciary duty to the members of the Health Service System

regardless of the origin of their election or appointment.

- Commissioner Breslin asked Mr. Kochhar if he recommended the rate relativity proposal or if he was neutral.
- Mr. Kochhar stated that he was 100% neutral.
- Commissioner Breslin asked Director Dodd why she made a recommendation that was so harmful to members. She stated that it would cause some members to leave the system or move out of the City.
- Director Dodd stated that the recommendation was made for the sake of equity in terms of subsidization, noting that the actives subsidize the early retirees. She stated that it was the right thing to do whether it was implemented over three, six or nine years. It was fair and equitable.
- Commissioner Breslin stated that she did not consider it fair for a retiree with dependents to pay six times more than an active employee of the same age with dependents. She stated that the intent of the Charter was to provide health benefits for all members and retiree subsidy is included in the language.
- President Scott stated that during the course of the last week, he and the other commissioners had received 103 emails from members regarding this item. Those emails had three themes. One was that this issue should never be discussed in any way, shape or form or under any circumstances. Another theme was that the proposed increase would have a tremendous cost impact on early retirees. The third theme questioned the suddenness with which this issue was raised.
- President Scott stated that he concurred with some of the points raised in the emails. He stated that there was a certain suddenness in bringing the issue forward, which would have a severe impact on early retired members in the R2 category. However, the equity issue

and the long-term cost impact of the question remained.

- To address the concerns raised by members, President Scott made the motion that one-half of the rate relativity of 33% be effective for plan years 2018 and 2019 for R1 rates only for all health plans. Secondly, one-half of the 66% rate relativity be effective for R1 rates for plan years 2020 and 2021 for all health plans. And lastly, that one-half of the full reset of the rate relativity be effective for R1 rates for 2021 and 2022.
- Commissioner Lim stated that in essence, the proposed increase would be spread over six years instead of three.
- President Scott confirmed.
- Commissioner Sass asked for the proposal in writing in order to see the numbers and understand the impact.
- President Scott did not bring copies of his revised proposal for the Board or public.
- Commissioner Lim stated that for clarification, he ran the numbers. The increase for the first two years would be 16.6%. The increase for years three and four would be 49%. The remaining two years would increase by 51%.
- Commissioner Breslin questioned whether the Board should have been discussing President Scott's motion since there was no second.
- Commissioner Follansbee stated that Commissioner Breslin made a good point and he was a little confused. He seconded the motion to allow discussion.
- Commissioner Sass asked why the Board would attempt to implement something so complicated and suggested a 10-year phase-in with a 10% increase each year until 100% was reached, as an example. He expressed difficulty supporting a motion that did not include data. He still had many unanswered questions.

- President Scott stated that since there was no recommendation by the actuary, he took it upon himself to frame a motion for discussion purposes.
- Commissioner Lim stated that this proposal reduced the City's share and allocated $6M to R1 and R2. Regardless of whether the rate relativity was split into three, five, ten or fifteen years, $6M was still being allocated to the retirees. He stated that he would not support this proposal regardless of how it was spread.
- Commissioner Ferrigno also expressed concern regarding migration because families would be forced to leave under such high rates.
- Commissioner Breslin stated that the calculation was too difficult to follow.
- Commissioner Follansbee suggested that the Board at least decide whether to proceed with this issue in some form and then ask additional questions.
- Commissioner Sass asked where it was written that the rate relativity needed to reach 2.82. He understood the issue of fairness and stated that the issue for him was related to the City's decision to give full health benefits to employees after five years of service. Some people joined the City specifically to receive that benefit and left after that time. Others remained for 10 years to receive a service retirement and health benefits. And others stayed their entire careers. He noted that all of those people were entitled to the benefits that were promised. When he joined the City, the benefits were major considerations. He accepted far less of a salary because of the worthwhile benefits package. He acknowledged the long-term financial problems facing the City and suggested finding solutions that are good for all members. He expressed doubt that this solution was one that he could support.

- Commissioner Lim stated that he requested information from Aon at the February meeting because he did not know the history and there was no basis to vote up or down. Active employees' benefits are usually based on their MOU. He stated that there was a donut hole for early retirees as they are not covered by a MOU and they are not covered by Medicare. Changing the rate relativity shifts the burden to the early retirees. He stated that he would be unable to support the proposal.
- Commissioner Ferrigno stated that she could not support this proposal for the reasons mentioned by Commissioners Sass and Lim.

Public comments: Antonio Casillas, retired CCSF employee, stated that the proposed change in rate relativity would have a disparity impact on early retirees because of the greater financial constraints that burden those living on a fixed income as compared to active employees. He stated that early retiree expenses will increase dramatically for those with dependents should the proposal be approved by the Board. Changing the rate relativity post-retirement to the detriment of retirees may very well constitute an unlawful abridgement of the earned retirement benefits. He urged the Board to reject the proposed rate relativity for early retirees.

Ariana Casanova, SEIU 1021 representative, stated that this was a sensitive topic for her because she has older parents. She stated that if this proposal had been presented to her father (a janitor in the public school district in Southern California), he would be unable to take care of himself and her mother. She found it unconscionable and incredibly disheartening that this proposal was being considered as it is important that elders are taken care of. She represents over 12,000 SEIU members and questioned the proposal as a viable option. Such drastic measures could result in people having to choose between paying a water bill or for food. She suggested a more creative approach to the issue or to table it altogether.

Gail Bloom, retired CCSF employee, stated that she wanted to put a face on the R+2 early retiree who had been the topic of discussion. For reasons not of her choosing, she took a disability retirement and had two school age children at the time. She did not have an income. She depleted her sick leave and disability benefits and did not enroll in Social Security two years after her disability retirement. Because she was the primary breadwinner, she needed to maintain a large insurance premium. She currently has a dependent whom she hoped to carry on her health insurance until age 27. She asked the Board to reconsider increasing the rates of her health benefits by $10,000 annually.

Rudi Faltus, secretary of Protect Our Benefits, stated that the proposed rate relativity would drastically increase premiums for early retirees with dependents, including those on disability. The proposed increase would impact some of the most vulnerable members with families who are already paying the highest premiums. She asked if it was fair that early retirees pay five times more than other members for the same benefit. This change would make health benefits unaffordable for members with families and unable to remain in San Francisco. She stated that the intent of the Charter was to make health benefits affordable for all members.

Sharon Johnson, representative of Protect Our Benefits and former Health Service Board member, expressed concurrence with the previous speaker, Rudi Faltus. She also reported on a Retirement Board meeting the day before at which they were seeking protection for pre-1996 retirees (ranging from age 82 to 103) to receive supplemental COLA. Now at this meeting Protect Our Benefits was advocating on behalf of the early retirees. The retirees consider themselves family and as such, Ms. Johnson asked the Health Service Board to not consider the rate relativity proposal and protect the pre-1996 retirees.

Mike Hebel, Welfare Officer for the San Francisco Police Officers Association ("POA") proudly representing 2,300 San Francisco police officers and 1,000 retirees, stated that the POA opposed the proposed rate relativity. The POA opposed the concept because its members retire on average

between age 55 and 58 and those members would be unjustly impacted by the proposal. As a matter of public policy in San Francisco, the State of California and throughout the nation, public safety officers retire early because of the on-duty situations they confront that are physically and mentally rigorous. As Commissioner Lim correctly pointed out, actives are covered under their MOUs. Once people retire, they lose MOU protection and face a substantial increase; and the Board now proposed to further increase that substantial increase. He stated that the members most affected by the proposed rate relativity were police and fire who are not eligible for Medicare at an early age. The Charter does not require that this be done. Public policy suggests that this not be done.

Adam Wood, active San Francisco firefighter and member of the executive board of Firefighters Local 798, concurred with the previous statements of Mr. Hebel. He stated that because there is such a high proportion of early retirees from the public safety ranks in City employees, the retirement model was developed due to the nature of the work they perform. While not a daily occurrence, public safety workers are called upon to extremely exert themselves in the act of saving someone's life from a dangerous situation. Creating an economic incentive for active employees to remain on the job much longer than to reach Medicare eligibility may cause an unintended consequence. Firehouses full of 55 to 65 year old firefighters will not be able to provide the same quality of service that the citizens of San Francisco deserve. He stated that shifting the burden of cost to early retirees does not address the cause of healthcare increases. He suggested looking more closely together to address the real causes, calling for more transparency from the healthcare providers, getting involved in negotiating prescription drug costs, cut down on providers taking over the ever increasing market share causing monopoly-type rates.

Leo Martinez, Retired Firefighters and Widows Association Board member, stated that that Board represents approximately 2,000 members. He echoed the statements of previous speakers. He

also added that he opposed implementing the proposed rate relativity on the backs of retirees.

Jessica Cole, SEIU 1021 member and San Francisco resident, thanked Commissioner Sass for his comments about the promise to City workers because they ring true to many San Francisco employees who are sworn-in. She expressed her strongest and strenuous objections to the rate relativity proposal stating that it was untenable. She stated that the promise of a secure retirement with health benefits is why she continues her employment with the City and out of the public sector. She stated her objection to Director Dodd's comment that it would be inequitable for retirees' healthcare to be subsidized by CCSF employees and instead offered that it would be inequitable for retirees to be saddled with those costs.

Herbert Weiner, retired City employee and member of Protect Our Benefits, expressed concurrence with the previous statements. He stated that people should not be punished for retiring early, particularly from high stress jobs. If someone has a physical impairment, they cannot perform their duties to the best of their ability. In such instances, the public could be put at risk (i.e., police and fire in life and death situations). He stated that the proposal was unfair and urged the Board to vote it down.

Emma Erbach, IFPTE Local 21 representative, stated that when this proposal was first reviewed, union leaders questioned whether it mattered since less than 2,000 would be affected and the issue was about members' paying their fair share. However, once the discussion extended to other union leaders, the focus on the real impacts on people's lives came into view. For example, one long-term union leader intends to retire early next month after 20 years of service to the City. With the proposed rate relativity, this individual's healthcare costs would triple in three years while his fixed income pension would not triple. She echoed the comments of police and fire about the root cause of healthcare increases and urged the Board to find other ways to address the affordability and transparency issues of healthcare pricing. She also urged the Board to join the UFCW lawsuit presented last year.

Jeff Roth, San Francisco Police Department retiree, served the City for 32.5 years as a police officer. He is currently 56 years old and has one child as a medical dependent. In September 2015, he purchased a home based on his retiree pension. He would be severely impacted by this proposal if passed by the Board and his home put in jeopardy.

Liam Frost spoke as an employee-only retired City worker whose rates would not increase under this proposal; however, he expressed great concern regarding the uncertainty of future retiree increases because once the chopping starts, there is no telling where it will end. He concurred with the previous statement about retirees losing union protection once they are no longer active employees. Those members relied on promises made, which factored into their decision to retire, such as negotiated retiree healthcare benefits. To announce that all of a sudden one group is required to pay $10,000 more a year for health benefits is another way of the City attempting to balance the books off the backs of the workers. He asked that the Board not only table this matter but get rid of it altogether.

David Aolet, active City employee currently with 27 years of service, stated his intent to retire earlier than age 65 and stated that his 27 years of service are important. While he is single and will not be impacted by changes affecting families, he warned that the impact of the proposed rate increase could result in families fleeing the City. He stated that if the Board has insufficient information to make a well-informed decision, this matter should be tabled until the firewalls can be broken down and there is greater transparency. He stated that the City is desperate to recruit and retain people who can provide services to residents in languages other than English to accommodate the City's diverse population. It will be difficult to attract people like him at the age of 26 who would be willing to give 30 years of service with such a benefit package when they could do so much better in the private sector. This proposal is not good for the future of San Francisco.

Maureen Domicco, retired police officer, stated that she was born and raised in San Francisco and remains a resident. She is considered an early

retiree with 35 years of service and stated that at her current age, she doubted that the public would want her responding to police calls. The proposal would place a financial burden on families who want to remain in San Francisco, as she does, as well as her children. She asked that the Board do away with this proposal.

Claire Zvanski, Retired Employees of the City and County of San Francisco ("RECCSF") representative, concurred with all of the previous statements. She stated that retirees understand that their benefits are delayed wages and benefits. As Commissioner Sass pointed out, City employees worked for under market for a long time (37 years in her instance). Members with disabilities would be most affected by this proposal. She noted that employees in the trades also retire early along with police and firefighters because of the physical toll on their bodies. Many of them retire on disability. Ms. Zvanski also noted that surviving spouses would be impacted because most of them are under the Medicare rate with diminished benefits instead of the full member benefit. While retirees receive cost of living increases, what they retire on is basically what will be received for the rest of their lives. If an employee retires in his/her 50s, they will need to live on that amount for a long time. Disabled retirees would be prohibited from performing other kinds of work to increase their income. It is the Board's responsibility to keep healthcare affordable for members and not turn them to the exchanges. She stated that as a policy, the Board needs to understand the importance of subsidy if it means keeping the rates affordable and keeping members at a benefits rate that is better than most and what they anticipated when they signed on to work with the City. It is what the retirees deserve. She stated that this proposal should be defeated soundly.

Supervisor Farrell thanked everyone for coming to the meeting. He concurred with many of the comments made, including those of Commissioner Sass. He also stated his commitment to transparency, as more information is better. Given the discussion and without seeing new detailed information, it was impossible to vote on anything presented at this meeting and he was inclined to

continue the item. There was not enough information to support it.

President Scott withdrew his motion and proposed to continue the item.

Commissioner Follansbee seconded the motion.

President Scott announced that the motion had been withdrawn.

Commissioner Breslin moved to oppose the rate relativity.

Commissioner Ferrigno seconded the motion.

Commissioner Follansbee stated concurrence with Supervisor Farrell's comments and agreed that the Board look at all issues of healthcare costs and be sensitive to member issues. Members would not be properly served by no further review. The issue needed to be investigated without predisposing an outcome.

Commissioner Sass also expressed support for Supervisor Farrell's suggestion to continue the item.

Supervisor Farrell added that the Board had a responsibility to look at all aspects of the issue. He acknowledged the comments of the member who reported on losing representation upon retirement. Supervisor Farrell stated that it is fair that people retire under certain expectations, and that carried a lot of weight. He reiterated that more information was better and that the Board needed to look at the issue generically speaking without a predisposed solution. He again thanked everyone for their comments, which were very important.

To clarify Commissioner Breslin's motion before the Board, President Scott asked the Board Secretary to repeat the motion, which was to oppose the proposed rate relativity change. A discussion ensued to determine the correct terminology and intent, as well as the difference between the terms "continuing" and "tabling" an item.

Supervisor Farrell stated that a motion to "oppose" had never been entertained in any of the different City Hall bodies that he had been a part of. He clarified that tabling an item meant it would never be discussed again. Continuing an item meant that it

would return at the appropriate time at the call of the chair.

President Scott asked Commissioner Breslin to restate her motion. After a brief discussion, Commissioner Breslin clarified that she wanted to dispose of this matter.

Commissioner Breslin moved to table the proposed rate relativity.

Commissioner Lim seconded the motion.

Action #1: Motion was moved and seconded by the Board to table the proposed rate relativity equalization.

Motion failed 3-4.

Commissioners Breslin, Ferrigno and Lim voted in favor of the motion.

Commissioners Scott, Farrell, Follansbee and Sass dissented.

- Commissioner Sass then moved to continue this item to the call of the chair.
- Supervisor Farrell seconded the motion. He clarified that, from his perspective, nothing specific had been decided on.

Public Comment #2: Mike Hebel, SFPOA and welfare officer, expressed opposition to continuing this item and stated that unless there was some reassurance by the Board, those 1800 affected police officers would continue to believe that the proposal recommended by Director Dodd would likely happen. The Board has given those who represent active and retired public employees no direction with which to communicate to members. He asked for a straightforward answer and stated that until direction was given by the Board, representatives will assume that this proposal will return at some point.

Claire Zvanski, retired City employee, invited all retired members to join the Retired Employees of the City and County of San Francisco, stating that the retirees have representation. She also agreed with the comments of Officer Hebel. This issue will return annually during the rates process unless it is tabled completely. She expressed concern that the motion would not eliminate the problem but allow the

change to be made and attribute the increase to inflation to get to the same impact. She urged the Board to vote the item down, eliminating it altogether and preventing it from being added later. She reminded the Board that its obligation is to retain affordable healthcare for those members.

Sharon Johnson, Protect Our Benefits representative, stated that POB's mission was to protect all health and retirement benefits for all retirees. She expressed concurrence with the statements of Officer Hebel and Ms. Zvanski. The Board has left everyone in an ambiguous state that will require continuous monitoring. She urged the Board to put this matter to rest and protect the benefits of early retirees.

Director Dodd stated that the prior rate relativity increase for early retirees in City Plan was the result of actions of the former HSS Director and the actuary. She stated her desire of transparency in the process. If this item was tabled, the Board would not be able to equalize the unfairness of those early retirees paying more in the City Plan.

Liam Frost, retired City employee, stated confusion regarding Director Dodd's statement about the inequities in City Plan. He was a member of City Plan as an active employee and was extremely happy with the plan; however, the rates continued to rise and he was unable to continue in the plan as a married man with two children.

Action #2: Motion was moved and seconded by the Board to continue a general rate relativity equalization discussion at the call of the chair.

Motion passed 4-3.

Commissioners Scott, Farrell, Follansbee and Sass voted in favor of the motion.

Commissioners Breslin, Ferrigno and Lim dissented.

Mr. Kochhar asked for confirmation that the rates should be calculated under the status quo relativity.

President Scott confirmed that this item would have no bearing on the 2017 renewal rates.

□ Meeting Break

Recess from 3:06 to 3:16 pm

Supervisor Farrell departed the meeting during the break.

□ 04142016-05 Re-ordered agenda item — Action item

Approval of Vision Service Plan contract renewal for 2017 plan year (Aon Hewitt)

Staff recommendation: Approve renewal.

Documents provided to Board prior to meeting: Report prepared by Aon Hewitt, "2017 Renewal – Vision Service Plan."

- President Scott asked that the remaining presenters (and any public commenters) of upcoming agenda items be conscious of the time since a member appeal was also scheduled at the end of this meeting.
- Anil Kochhar, Aon Hewitt actuary, reported that negotiations had been finalized for plan years 2017-2019 and 2020-2021.
- For the 2017 renewal, Vision Service Plan ("VSP") offered a 2% premium rate decrease as well as a premium rate guarantee through December 31, 2019.
- For plan years 2020 and 2021, VSP proposed a maximum rate increase of 2% per year if the paid loss ratio is at 100% or more. If the paid loss ratio is less than 100%, HSS would receive a rate pass for those years.
- Aon Hewitt recommended Board approval for VSP's five-year renewal. See page 4 of report.
- Commissioner Lim moved to approve VSP's five-year renewal as recommended by the actuary.
- Commissioner Breslin seconded the motion.

Public comments: Claire Zvanski, RECCSF representative, stated she noticed that in lieu of the AEC plan, VSP had proposed an enhanced plan called the Primary Care Plan. A number of retirees are being told that some vision services require a cash payment because they are not covered under their plan. Detailed information on services should be provided to give members a better idea whether or not to support this plan. She stated general

support for the enhanced plan because of the minimum increase for the future.

Diane Urlich, UESF Retired Division, asked if the new Primary EyeCare ("PEC") plan will cover Kaiser members who are eligible for ophthalmology services through Kaiser. She expressed a preference for VSP's services, which have proven to be far better and effective than Kaiser's. She asked if the new services cover optometry or ophthalmology benefits.

Commissioner Follansbee responded as a retired Kaiser physician (and whose husband is a retired Kaiser ophthalmologist) that the services Ms. Ulrich inquired about are ophthalmological and would be contracted with outside services if a medical necessity was not covered under a benefits package.

Jennifer Carlson, VSP representative, reported that Acute EyeCare ("AEC") is a supplemental VSP benefit that has been attached to the City contract for many years. It is being replaced with the Primary EyeCare ("PEC") umbrella which is an expansion of benefits (43 additional services) at no additional cost.

Commissioner Lim asked if VSP would be providing a pamphlet on the additional services to members during open enrollment. He stated that HSS does well at providing rates and premium information to members but not as well in communicating complete benefit information to members.

Ms. Carlson responded affirmatively.

Commissioner Follansbee inquired about retinal screening, which he considered a good medical practice for all diabetics. He stated that it is not conducted under most medical health plans for diabetics even though it is a recommended service. One would assume that retinal screening should be a part of all health care plans and not necessary to be carved out in a VSP plan that a diabetic would need to add.

Ms. Carlson stated that retinal screening for diabetics would be covered under primary care. VSP caps the cost at $39 for a well-vision eye exam.

Ms. Carlson stated that Kaiser is a separate model but her understanding was that Blue Shield's and UHC's plans include VSP coverage.

Ms. Zvanski expressed confusion regarding Ms. Carlson's response regarding Kaiser. Since all Kaiser members also have VSP coverage, she asked how it would be applied when members choose to receive part of their service from a VSP provider and also have the need for a medical procedure.

Ms. Carlton responded that every optometrist and ophthalmologist in VSP's network provide the same scope of services. Diabetics are not referred to ophthalmologists for retinal screening that optometrists can perform. The member would go to Kaiser for any necessary surgery. Non-surgical services would fall under the new Primary EyeCare plan.

Action: Motion was moved and seconded by the Board to approve VSP's vision renewal as recommended by the actuary for plan years 2017-2019 and 2020 and 2021.

Motion passed 6-0.

□ 04142016-06 Action item

Approval of "second opinion vendor" which members use to obtain expert opinions to validate diagnoses and treatment plans for the 2017 plan year (Aon Hewitt).

Staff recommendation: Approve.

Documents provided to Board prior to meeting: Report prepared by Aon Hewitt, "Second Opinion Vendor – Best Doctors."

- Anne Thompson, Aon Hewitt Vice President, cited statistics from several sources regarding missed, incorrect or delayed diagnoses:
  - 10-20% of cases reviewed were missed, incorrect or delayed diagnoses (2014 Kaiser Health news article);
  - 28% of 583 diagnostic mistakes resulted in life threatening situations, permanent disability or death (Agency for Healthcare, Research and Quality);
  - 40,500 fatal diagnostic errors in the ICU equal to deaths by breast cancer (BMJ Quality and Safety Journal).

- Ms. Thompson noted that it could be very beneficial for a member to obtain a second opinion for many complex and/or rare health diagnoses. The purpose of the review would be to ensure appropriate diagnosis and treatment as well as provide the most cost-effective, least invasive treatment based on clinical evidence.
- HSS asked Aon Hewitt to interview two of the major participants providing second opinion services, Best Doctors and Grand Rounds.
- Best Doctors is recommended by Aon Hewitt for the following reasons:
    - Length of experience
    - Breadth and depth of network
    - Competitive fees
    - Robust additional services
- To initiate the second opinion process, the member would first contact Best Doctors and sign a paper or electronic records release form. A records collection specialist would gather all related medical records for Best Doctors' medical team review from a database of 53,000 providers representing 450 specialty areas. The expert would review the medical summary and provide the results back to Best Doctors. See pages 2 and 3 of report for an expanded summary.
- President Scott asked for clarification of the additional services that the IBM Watson is a masterful computer that will respond to questions from members.
- Ms. Thompson confirmed.
- See page 4 for a list of additional services provided by Best Doctors.
- The basic fee for Best Doctors is $1.00 to $1.50 per employee per month (PEPM) for all services.
- Best Doctors will charge an additional $0.10 PEPM to review claims data and identify members for outreach services.

- Extended family members (i.e., parents, in-laws, etc.) may be covered under this plan for an additional fee of $0.25 PEPM.
- A performance guarantee will also be included where fees are placed at risk.
- Commissioner Follansbee had not previously heard of Best Doctors and went online to review their information. He stated that he knows one of the members on the Best Doctors' board of directors and contacted her to get a sense of the group. He stated that in private practice and after joining Kaiser, most physicians had relationships with people at universities who would review cases, slides, x-rays free of charge. At reviewing the case example in the pamphlet, he did not see any diagnostic issues—the person was in need of expert advice. He questioned the necessity for this service and expressed some confusion regarding the need identified by HSS to justify such a considerable additional expense to members.
- Commissioner Sass asked about the range in fees, stating that it should be one number instead of a range of $1.00 to $1.50 PEPM.
- Ms. Thompson stated that once the membership is determined (i.e., active employees, retirees, all members), the exact fee would be calculated.
- In response to Ms. Thompson's answer that no physical examination would take place under this service, Commissioner Sass stated his preference to be examined and suspected that most members would expect the same when faced with a health issue as opposed to getting advice from someone who had not seen them in person. He expressed difficulty in seeing the value of the service.
- Commissioner Breslin agreed with Commissioners Follansbee and Sass, stating that the service seemed unnecessary since health plan physicians are able to make referrals to specialists when necessary. She stated that she most likely would not use the

service because there would be no face-to-face interaction with the second opinion doctor. She also stated that adding $1.50 PEPM is expensive and there was no way to know how many members would take advantage of the service.

- Director Dodd stated that she brought this service to the Board for approval after hearing stories of misdiagnoses from members (four to date in 2016). Those members could have been diagnosed correctly had their slides been sent to one of the Best Doctors' expert in the field and re-read. She stated that she would not have gotten a second opinion from Kaiser had she not fought for it. She stated that almost all of the large employers (with over 1,000 employees) who are members of the Pacific Group on Health include this service for employees.
- Commissioner Lim asked how the service would work specifically.
- Jon Fisher, Best Doctors' representative, reported that members would contact Best Doctors by phone, app or online, to initiate the process. Members and/or dependents are identified through Best Doctors' eligibility file. Once the medical release form is signed by the member, the Best Doctors' team gathers all medical records. Best Doctors then searches its Gallup-certified database to identify the best experts (currently 53,000) regardless of the member's health plan. The expert doctor provides a written summary and recommendation based on the latest information and treatment suggestions. The process takes approximately seven to 10 days to complete.
- Commissioner Breslin asked how often Best Doctors is correct in its diagnoses.
- Mr. Fisher stated that Best Doctors had changed diagnoses approximately 37% of the time and treatment had been changed approximately 75% of the time.

- As a matter of full disclosure, Commissioner Sass calculated that the annual cost of the second opinion benefit would be $700.000 per year.
- Commissioner Breslin asked if this benefit would increase the excise tax.
- Director Dodd confirmed that it would add $1 to the excise tax.
- Commissioner Sass moved to approve the recommendation to engage the second opinion vendor, Best Doctors, and obtain a final rate for consideration with the other rate cards.
- Commissioner Lim seconded the motion.

Public comments: Gail Bloom, retired City employee, stated that she did not fully understand the nature of the proposal; however, she supported the idea of a second opinion option for members when they are very ill. When one is really sick, it is difficult to work the medical systems alone.

Emma Erbach, Local 21 representative, stated that as someone with a mother and sister with hard to identify chronic illnesses, she has seen firsthand the struggle to receive proper diagnoses. While the cost is significant, she expressed support for the Best Doctors program and considered it worthwhile.

Herbert Weiner, retired City employee, reported that he had an incorrect diagnosis from a doctor that was finally clarified some time later with the proper diagnosis. He asked if some of the doctors in the Best Doctors organization were also in City Plan, Kaiser or Blue Shield and if there was some overlap in the system. There are certainly arguments for getting a second opinion and many are very sound because of the misdiagnoses. He asked if Best Doctors could be a healthcare option.

Claire Zvanski, RECCSF representative, stated that she liked the option. She saw it as an opportunity to go to another doctor outside the primary care physician or group. She asked if the benefit would duplicate options for City Plan members who already have the ability to get a second opinion if they are included or whether this plan would be a different level of expert review. She asked to see the figures.

She agreed with Commissioner Sass that the final figures should be included. This would benefit many retirees in managing the medical infrastructure.

Commissioner Breslin stated her support for a member opt-out because many members will be unable to navigate this process on the internet.

Mr. Fisher, Best Doctors representative, stated that only a telephone call was necessary to start the process.

Action: Motion was moved and seconded by the Board to engage the second opinion vendor, Best Doctors, and obtain a final rate for consideration with the other rate cards.

Motion passed 4-2.

Commissioners Scott, Lim, Ferrigno and Sass voted in favor of the motion.

Commissioners Breslin and Follansbee dissented.

□ 04142016-08 Action item

Surrogacy and Adoption Benefits: Vote to authorize HSS staff to move forward to establish a fund, external to the Trust, with a $15,000 cap to reimburse members for one-time surrogacy and/or adoption expenses (Aon Hewitt)

Staff recommendation: Approve.

Documents provided to Board prior to meeting: Report prepared by Aon Hewitt, "Surrogacy and Adoption Benefit Recommendation."

- Director Dodd stated that the issue of surrogacy was brought to her attention by former San Francisco Supervisor Bevan Dufty. She stated that San Francisco has the largest concentration of LGBT families per capita of any county in the state.
- Anne Thompson, Aon Hewitt Vice President, reported that the Board was provided with information regarding employer-provided surrogacy and adoption benefits at the February 11, 2016 meeting. The following recommendation was presented for Board approval:

- Implement a surrogacy benefit of $15,000 per employee per lifetime not payable from the trust;
- Implement an adoption benefit of $15,000 per employee per lifetime not payable from the trust;
- Establish policies and procedures for eligibility, tax reporting if appropriate, claims submission process and funding mechanisms.

- Commissioner Breslin asked if surrogacy would apply to members age 65. She also stated her objection to the concept of surrogacy.
- Commissioner Follansbee stated that surrogacy was not necessarily an LGBT issue. He also noted that the recommendation was to establish eligibility criteria; therefore, it was a little premature to speculate which members would be covered and whether age limits or medical screening recommendations would be included.
- In response to Commissioner Lim's question regarding where the $15,000 would come from, Pamela Levin (HSS CFO) responded that HSS intended to set up a pool from vendor performance guarantees from which to fund the benefits. Rules and procedures would then be established. She noted that the fund would not come from premiums or member contributions.
- Commissioners Follansbee and Sass inquired about the number of members who could realistically receive these benefits and what would happen if more requests were received than could be funded from the pool.
- Ms. Levin stated that HSS receives approximately $200,000 to $500,000 annually in performance guarantees, which is deposited into the trust fund. She did not anticipate receiving massive requests at the same time due to the surrogacy/adoption approval process and procedures.

- Ms. Thompson stated that one of Aon's clients with approximately 45,000 employees (many female) implemented a surrogacy program one year ago and has received three requests.
- Commissioner Breslin expressed support for an adoption benefit but not surrogacy.
- Director Dodd stated that an adoption-only benefit would need to be negotiated through the Department of Human Resources. However, HSS would be able to administer surrogacy and adoption together to provide an equal benefit. Surrogacy is a health-related benefit, whereas adoption is not.
- Commissioner Lim stated that $15,000 is just a fraction of the total cost of surrogacy (which can cost up to $100,000) and that not everyone would be interested due to the high cost. He also asked how the dollar limit of $15,000 was determined.
- Won Andersen, Aon representative, stated that the $15,000 limit was determined from Aon's practice, which is the amount many employers are currently offering for this benefit.
- Ms. Thompson added that employers who have implemented this benefit have left the program relatively open because of the surrogacy and adoption qualifying process. The average cost of adoption is over $100,000.

Public comments: None.

Action: Motion was moved and seconded by the Board to authorize HSS staff to move forward with the establishment of a fund, external to the trust, with a $15,000 cap to reimburse members for surrogacy and/or adoption expenses.

Motion passed 4-2.

Commissioners Scott, Lim, Follansbee and Sass voted in favor of the motion.

Commissioners Breslin and Ferrigno dissented.

President Scott stated that HSS should frame the program and return for the Board's review and approval.

□	04142016-09	Discussion item Continued	Presentation of Healthcare Value Initiative ("HVI"), which compares benefits across governmental and private sectors (Aon Hewitt) Documents provided to Board prior to meeting: Report prepared by Aon Hewitt, "Health Value Initiative." Public comments: None.

REGULAR BOARD MEETING MATTERS

□	04142016-10	Discussion item Continued	President's Report (President Scott) Documents provided to Board prior to meeting: None. ▪ President Scott stated that although he had items to present, in the interest of time, this item would be deferred to the next meeting. Public comments: None.
□	04142016-11	Discussion item Continued	Director's Report (Director Dodd) ▪ HSS Personnel ▪ Operations, Data Analytics, Communications, Finance/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/Contracts, Wellness and Employee Assistance Program; 3. Revised Rates and Benefits calendar; 4. Definition of Multiple Employer Welfare Arrangement "MEWA" and applicability of Excise tax. ▪ Director Dodd deferred her report, which may be viewed on the myhss.org website, with the

exception of the Colorful Choices program sponsored by Wellness. This program encourages people to eat five or more fruits and vegetables each day for good health. She challenged the Board to participate.

- Director Dodd also followed up on a question previously asked by Commissioner Breslin regarding an IFEBP magazine article affirming a special rule that would allow multi-employer plan sponsors to use the family dollar amount to calculate the excise tax. It was confirmed by Aon counsel and outside counsel that CCSF is not defined as a multi-employer plan because of the multiple collective bargaining agreements it maintains.
- Commissioner Breslin asked if the definition of a multi-employer plan was an IRS issue, and if so, it should be challenged.
- Erik Rapoport, Deputy City Attorney, confirmed the definition of multi-employer plan was an IRS issue.
- President Scott suggested that a challenge to the IRS occur at a later time since rates and benefits was coming to a close.
- Director Dodd also introduced a new member of the Finance team, Ivan Ha, who had recently joined HSS.
- President Scott welcomed Mr. Ha to the HSS staff.

Public comments: None.

□ 04142016-12 Discussion item **HSS Financial Reporting as of February 29, 2016**
(Pamela Levin)

Documents provided to Board prior to meeting:

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

- Pamela Levin, HSS CFO and Deputy Director, reported that the projected balance in the trust was $77.3M as of June 30, 2016, which was $900,000 less than the amount

reported in March. This was due to unfavorable claims experience in the Blue Shield flex-funded plan, which was being closely monitored.

- HSS created a revised budget for the Healthcare Sustainability Fund ($2.05), which represented where the expenses occur.
- See financial update memo and reports.

Public comments: Claire Zvanski, RECCSF representative, stated that it was good to know that there is still a lot of money in the trust fund. She noticed that Blue Shield charged for Medicare data and asked if HSS was being charged by the other vendors for that information.

Marina Coleridge, HSS Data Analytics Manager, responded that it was a one-time expense. HSS paid for Medicare data when Blue Shield converted to a new claims system. Because HSS was interested in the retiree population, it was worthwhile to have a custom file created to pull data.

□ 04142016-13 Action item

Approval of proposed increase of $0.95 PMPM in HSS Healthcare Sustainability Fund (Director Dodd)

Staff recommendation: Approve increase of $0.95 PMPM in Healthcare Sustainability Fund from $2.05 to $3.00 PMPM.

Documents provided to Board prior to meeting: HSS memorandum and PowerPoint presentation.

- Pamela Levin reported that the purpose of the proposed increase of $0.95 PMPM was to fund the expansion of new and existing initiatives that support the allowable expenditure categories as outlined in the Charter.
- In FY 2001-02, the Healthcare Sustainability Fund ("Fund") was financed by a $1.00 PMPM charge. That amount was increased to $1.04 PMPM in FY-2004-05 and to $2.05 in FY 2012-13.
- This proposal would increase the Fund to $3.00 PMPM.

- See memo detailing the history of the Fund.
- President Scott asked for a rough estimate on how much HSS currently spends on operational audits, and whether there was an intent to create an operational audit plan.
- Ms. Levin responded that she estimated spending $25,000 to $50,000 or more on audits.
- Mitchell Griggs, HSS Chief Operating Officer and Deputy Director, reported that HSS was planning certain compliance audits, such as an internal dependent verification project using new technology. Some of the funds could be used for temporary staffing or mailings to members to confirm eligibility. HSS began the digitization of its files at the end of March.
- President Scott encouraged Mr. Griggs to lay out a plan for the Board's review stating that these types of audits ultimately pay for themselves.
- Director Dodd noted that any savings from the dependent audit will go back to the General Fund and not the HSS trust fund.
- Commissioner Breslin asked if the $0.95 increase would be added to the premium cost, stating that it was one more increase in addition to the increases previously approved at this meeting.
- Director Dodd noted that the increase was an administrative cost and would not count against the Cadillac Tax.
- Commissioner Sass moved to approve the $0.95 increase in the Healthcare Sustainability Fund to $3.00 PMPM.
- Commissioner Follansbee seconded the motion.

Public comments: None.

Action: Motion was moved and seconded by the Board to approve the proposed increase of $0.95 PMPM in the Healthcare Sustainability Fund from $2.05 to $3.00 PMPM.

			Motion passed 4-2. Commissioners Scott, Lim, Follansbee and Sass voted in favor of the motion. Commissioners Breslin and Ferrigno dissented.
□	04142016-14	Discussion item Continued	Health Plans Dashboard – Early Retirees (Marina Coleridge) Documents provided to Board prior to meeting: Report prepared by HSS. Public comments:
□	04142016-15	Discussion item	Report on network and health plan issues (if any) (Respective plan representatives) Public comments: None.
□	04142016-16	Discussion item	Opportunity to place items on future agendas Public comments: None.
□	04142016-17	Discussion item	Opportunity for the public to comment on any matters within the Board's jurisdiction Public comments: None.
□	04142016-18	Action Item	Vote on whether to hold closed session for member appeal (President Scott) Staff recommendation: Hold closed session. Public comment on all matters pertaining to the closed session: None. ▪ Commissioner Follansbee moved to hold a closed session member appeal. ▪ Commissioner Lim seconded the motion. Action: Motion was moved and seconded by the Board to hold a closed session member appeal. Motion passed 6-0.

Closed session pursuant to California Constitution Article I, Section 1; the Confidentiality of Medical Information Act, California Civil Code §§56 et seq; and the Health Insurance Portability and Accountability Act, 42 U.S.C. §§1320d et seq.

□ 04142016-19 Action Item

Member appeal (President Scott)

Documents provided to Board prior to meeting:

1. Memo from HSS;
2. Supporting documentation from member to Health Service Board.

Reconvene in Open Session

□ 04142016-20 Action item

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

- Commissioner Lim moved to not report on any action taken in closed session.
- Commissioner Breslin seconded the motion.

Public Comments: None.

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

Motion passed 6-0.

□ 04142016-21 Action item

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

Public Comments: None.

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

Public Comments: None.

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

Motion passed 6-0.

- Adjourn: 5:21 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) 554-0662 or email at laini.scott@sfgov.org.

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

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