



Minutes

Regular Meeting

Thursday, December 8, 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, excused
Vice President Wilfredo Lim
Commissioner Karen Breslin
Supervisor Mark Farrell
Commissioner Sharon Ferrigno, arrived 1:18 pm
Commissioner Stephen Follansbee, M.D.
Commissioner Gregg Sass

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 1:07 pm and presided by Vice President Lim.

12082016-01

Action item

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

- Regular Meeting of September 8, 2016
- Special Board Forum held on November 10, 2016
- Closed Session Member Appeal held on November 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 September 8, special Board Forum on November 10 and closed session member appeal held on November 10, 2016.
- Commissioner Sass seconded the motion.

Public comments: None.

Action: Motion was moved and seconded by the Board to approve the minutes as follows: regular meeting of September 8, special Board Forum held on November 10 and closed session member appeal held on November 10, 2016.

Motion passed 5-0.

- 12082016-02 Discussion item [General public comment on matters within the Board's jurisdiction not appearing on today's agenda](#)
Public comments: None.

- 12082016-03 Discussion item [President's Report](#) (President Scott)
Documents provided to Board prior to meeting:
None.
 - Vice President Lim reported that he was conducting this meeting in President Scott's absence.

Public comments: None.

- 12082016-04 Discussion item [Director's Report](#) (Director Dodd)
 - HSS Personnel
 - Finance, Operations, Data Analytics, Communications, Wellness/EAP, Vendor Contracts
 - Meetings with Key Departments
 - Other additional updatesDocuments provided to Board prior to meeting:
 1. Director's report;
 2. Reports from Operations (including Open Enrollment), Data Analytics, Communications,

Finance and Contracting, Wellness and Employee Assistance Program;

3. Predictions about ACA changes under Trump administration;
4. Memo re history of SF Charter Section A8.421 – adoption of plans for residents.
 - Catherine Dodd, San Francisco Health Service System Director, reported on her Director’s report which may be viewed on the myhss.org website. She highlighted the management reports, including commending Data Analytics staff for the completion of complex system programming for Open Enrollment, including the split carrier enrollments.
 - Director Dodd asked Mitchell Griggs, HSS Chief Operating Officer, to present an Open Enrollment update.
 - Mr. Griggs reported that this year’s Open Enrollment may have been the busiest in HSS history or at least within the past 10 years. This was due to the new benefits implemented for the 2017 plan year—Best Doctors, voluntary benefits for CCSF active employees offered for the first time, surrogacy and adoption benefits as well as the migration of the Medicare plans into two plans.
 - HSS call volume and office visits for October 2016 were the largest on record and an increase of 30% from 2015. A record number of applications had also been received and processed during this year’s open enrollment (nearly 10,700).
 - Mr. Griggs also reported on the many retiree informational sessions conducted by UnitedHealthcare on the new Medicare plan offered for 2017.
 - Flu shot participation tripled this year during many offsite open enrollment events.
 - Nearly 4,600 members enrolled in the new voluntary benefits, administered by Employee Benefits Specialists (“EBS”).

- See Operations Update for complete data.
- Marina Coleridge, HSS Data Analytics Manager, reported on the technical aspects of providing support for open enrollment, including rates calculations and other activities in determining final rates and benefits. She noted that there were 44 different benefit programs in the PeopleSoft system which needed to be configured for four separate employers with four different plan types (non-Medicare, Medicare A-only, Medicare B-only and Medicare A and B). The process also included preparing OE confirmation letters for members with the appropriate information.
- Ms. Coleridge also noted that the new Medicare retiree plan option created “split family” coverage allowing non-Medicare family members to remain in a separate plan as the retiree. This new plan affected all enrollment and eligibility files, deduction files on the revenue stream, payment files as well as all interfaces and reports. She stated that 39 new coverage codes had been added to the system in order to handle the split carrier option.
- Ms. Coleridge thanked Blue Shield and UnitedHealthcare for working with HSS on getting the files to work. She also thanked the Data Analytics team as well as the eMerge team for the use of its development resources.
- Mr. Griggs extended a huge thank you to HSS staff, the benefits analysts, the finance team, contracts and administrative staff for their hard work and meeting all service goals. He also thanked Siobhan O’Connor, new Member Services Manager, for hitting the ground running.
- Commissioners Lim and Breslin thanked the HSS staff for their hard work during open enrollment.

- Director Dodd also presented a 7-page memo on the promises and proposals for future health insurance changes based on the president-elect Trump, as well as proposed legislative actions to repeal, defund or delay the Affordable Care Act. Director Dodd with assistance from Lee Hagy, HSS research assistant, reviewed all of the proposals and prepared the memorandum.
- In her overview, Director Dodd reported that she expected the Republicans to begin immediately approving legislation that would repeal the ACA but would not take effect until January 2019 (after the midterm congressional elections) or the repeal and delay of implementation. She anticipated the elimination of the Centers for Medicare and Medicaid Innovation (“CMMI”) to be one of the first actions taken after the presidential inauguration, which has created pilot projects that have saved money.
- Director Dodd stated that there are tomes to read every day to stay on top of the healthcare proposals, noting that she expects to see many changes in the next five years.
- See Director Dodd’s memo posted on the myhss.org website.
- Director Dodd stated that she watched the last Board meeting from home recovering knee surgery and noted the question asked about the Charter and the adoption of plans for San Francisco residents. Lee Hagy prepared a memo in response and it is included in today’s management materials.
- Director Dodd also encouraged the Board to review the Wellness report.

Public comments: Claire Zvanski, RECCSF President, reminded Board members to speak into the microphones as some of the discussion was difficult to hear in the audience. She expressed heartfelt thanks and appreciation to the HSS staff for their remarkable work during open enrollment. She commended Mr. Griggs for a great job in coordinating the activities associated with the

annual event. She also expressed appreciation for RECCSF's opportunity to partner with HSS during its health fair and hoped to collaborate more in the future.

Ms. Zvanski stated that, to her dismay, she was still receiving complaints from retirees experiencing push back from Brown and Toland physicians who were not interested in participating in the new UHC City Plan for Medicare members. Instead, the physicians were demanding that the retirees pay for services 100% upfront and seek reimbursement from UHC. She advised members to contact UHC to settle the issue.

□ 12082016-05 Action item

Presentation of Audited Financial Statements for Fiscal Year 2015-2016 and 2015 (Pamela Levin/KPMG)

Staff Recommendation: Approve report.

Documents provided to Board prior to meeting:

1. Memo re Financial Statements – June 30, 2016 and 2015;
2. Presentation of Audit Results prepared by KPMG LLP;
3. Financial Statement – June 30, 2016 and 2015.
 - Pamela Levin introduced Jie Hua Lee, KPMG Audit Manager, who presented the results of the HSS audit.
 - Ms. Lee reported that KPMG performed the HSS audit for Fiscal Year 2015-2016 and 2015 in accordance with the Generally Accepted Auditing Standards and Government Auditing Standards. She presented highlights of HSS' audited financial statement.
 - KPMG issued a clean audit opinion. There were no uncorrected misstatements or internal control deficiencies. In addition, no instances of non-compliance were found.
 - Ms. Lee discussed the Report on Internal Control Over Financial Reporting and noted that there were no reported deficiencies or

instances of non-compliance with applicable laws and regulations.

- Ms. Lee concluded that HSS management was very cooperative and there were no disagreements between HSS and KPMG.
- Pamela Levin, HSS CFO, thanked Ms. Lee and her KPMG staff for working closely with HSS on the audit. She also thanked Yuriy Gologorskiy, who led the audit section for the finance team, as well as all of the HSS financial staff, noting that none of the accomplishments could have been made without their assistance. She thanked the Data Analytics team for assisting in the preparation of HSS' financial information and the audit.
- Ms. Levin reported that the audit examined HSS' financial status for Fiscal Year 2015-2016, which ended on June 30, 2016. A comparison was made of the changes between 2015-2016 and 2014-2015. She presented the financial highlights of HSS financial statements prepared by KPMG. She noted that copies of the trust financial statements may be obtained at the HSS offices, 1145 Market Street, 3rd floor.
- Commissioner Breslin inquired about the omission of UHC's National PPO plan under the medical plan choices, since it became effective January 1, 2016.
- Ms. Levin stated that the omission of UHC's National PPO was an oversight and that it would be corrected in the future.
- Commissioner Breslin moved to approve HSS' audited financial statements for Fiscal Year 2015-2016 and 2015.
- Commissioner Sass seconded the motion.

Public comments: None.

Action: Motion was moved and seconded by the Board to accept the HSS audited financial statements for FY 2015-2016 and 2015, as presented.

Motion passed 6-0.

- 12082016-06 Discussion item **HSS Financial Reporting as of October 31, 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, reported that the financial report as of October 31, 2016 reflected only four months of expenditures and that it takes approximately six months of expenditures to estimate the year-end projection (based on current expenses).
 - Based on activity through October 31, 2016, the projected trust fund balance as of June 30, 2017 is \$52M. The projected \$16.6M decrease from June 30, 2016 includes reserves for unpaid claims and is a result of increases in the dental plan and unfavorable claims experiences for City Plan and Blue Shield. (See financial update memo.)
 - Ms. Levin stated that the General Fund Administration Budget is projected to end with no balance.

Public comments: None.

- 12082016-07 Action item **Presentation of Updated HSS Strategic Plan** (Director Dodd)

Staff Recommendation: Approve Strategic Plan.

Documents provided to Board prior to meeting:
Draft Updated 2015-2017 Strategic Plan.

 - Director Dodd reported that the current strategic plan encompassed the years 2015-2017. She noted that substantive changes to the plan were highlighted in yellow accompanied by comments.
 - Commissioner Follansbee asked about an entry under the new initiative category on page 9, noting that the entire paragraph was not readable.

- Director Dodd stated that the new initiative was a prelude to next year since HSS might consider different contracting arrangements for the upcoming plan year.
- Vice President Lim also asked for clarification on page 4 under Operations. The highlighted paragraph indicated the dates of the report as December 2015 to December 2016, since December 2016 had not yet concluded.
- Director Dodd stated that the Strategic Plan would be revised to indicate the period of December 2015 to November 2016.
- Commissioner Follansbee moved to approve the Strategic Plan as discussed with corrections.
- Commissioner Sass seconded the motion.

Public comments: None.

Action: Motion was moved and seconded by the Board to approve HSS' updated 2015-2017 Strategic Plan as presented with corrections.

Motion passed 6-0.

□ Meeting Break

Recess from 2:39 to 2:47 pm

□ 12082016-10 Discussion item
(re-ordered)

Report on HSS Trust Fund Investment Policy process
(Ted Benedict, Meketa Investment Group)

Documents provided to Board prior to meeting:
Presentation prepared by Meketa Investment Group.

- Pamela Levin introduced Ted Benedict, a consultant with Meketa Investment Group ("Meketa"). She reported that in September 2016, HSS entered into a contract with Meketa to develop an investment policy for the Health Service System trust fund. The purpose of Mr. Benedict's presentation was to update the Board on the development of the Investment Policy Statement. A draft policy will be presented to the Board in January 2017.
- Mr. Benedict reported that most likely Larry Witt will make the presentation to the Board next month. He stated that throughout the months of October and November 2016,

Meketa reviewed several documents and interviewed key personnel. Their findings so far indicate that the HSS trust fund is subject to the California Code, which governs the investment of public funds and stipulates three investment principles—safeguard principal; meeting liquidity needs and achieve a return.

- HSS trust fund assets are invested in the CCSF Treasurer’s investment portfolio and subject to California Government Code section 53600, which limits permissible investments to shorter term, high quality fixed income securities. Therefore, the trust fund assets are compliant with government regulations.
- The Health Service Board has a fiduciary duty to periodically review and evaluate the appropriateness of the Treasurer’s investment portfolio.
- Meketa has provided a draft Investment Policy Statement for HSS review. A final Investment Policy Statement will be presented to the Board for approval at the January 12, 2017 meeting.
- See Meketa presentation, “Update on Development of Investment Policy Statement.”

Public comments: None.

□ 12082016-08 Discussion item

Follow-up report on Blue Shield’s financial and claims accuracy and issues encountered during transition to Facets (Paige Sipes-Metzler, Aon Hewitt)

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

- Paige Sipes-Metzler, Aon Hewitt representative, presented a brief follow-up report on Blue Shield of California’s transition to Facets, a new processing and customer service system.

- Two issues remained from the pre-implementation audit reported in September—enrollment and HSS invoicing. Issues in both areas have been resolved.
- See Aon Hewitt’s report, “Blue Shield of California Facets Transition.”

Public comments: None.

- 12082016-09 Discussion item [UHC Report on the New City Plan outreach activities for Medicare Retirees](#) (Shannon Haas, UnitedHealthcare)

Documents provided to Board prior to meeting:
Presentation prepared by UnitedHealthcare.

- Shannon Haas, UHC representative, reported on UHC’s open enrollment and outreach efforts to communicate with Medicare retirees regarding the New City Plan.
- The educational meetings were held in the counties of Sonoma, Marin, San Francisco, Solano, Contra Costa and Tuolumne. The total attendance was 2,664 individuals.
- UHC had received a total of 2,534 telephone calls from the period September 1 through November 27, 2016. UHC’s average speed of answer goal was exceeded during this period.
- An extra level of support had been added for escalated HSS calls so that UHC could provide special handling. To date, 11 calls were handled by the special team, which focused primarily on prior authorizations, specific doctor outreaches or locating a physician.
- Commissioner Follansbee asked for an estimate of UHC’s success or denial rates in physician outreach on accepting Medicare.
- Ms. Haas stated that she had been unable to retrieve specific results of UHC’s physician outreach to date but UHC will re-run its analyses beginning in January when physicians start submitting claims and will update the numbers. UHC’s earlier analysis indicated the participation of approximately

85% of providers. They do not expect that number to change.

- Commissioner Sass expressed concern regarding some physicians asking their patients to pay 100% of the bill and then seek reimbursement from UHC.
- Ms. Haas stated that if a member's doctor requests 100% payment, they should contact HSS or UHC, who will provide outreach on the member's behalf. She noted, however, that if a provider was unwilling to bill UHC for services, the retiree has the option of paying out-of-pocket and submitting receipts to UHC for reimbursement. The member would not have to deal with Medicare. UHC's preference, however, is to deal directly with the provider.

Public comments: None.

□ 12082016-11 Discussion item

[ACA and HIPAA compliance status update](#) (Anil Kochhar, Aon Hewitt)

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

- Anil Kochhar provided a summary on the key compliance requirements under the Affordable Care Act ("ACA") and the Health Insurance Portability and Accountability Act ("HIPAA"). He noted that many did not apply to HSS as a governmental agency not subject to the Employee Retirement Income Security Act ("ERISA").
- Mr. Kochhar reported that Kaiser Permanente, Blue Shield of California and UnitedHealthcare were compliant with all applicable requirements of the ACA and HIPAA.
- See Aon report, "Market Reform & HIPAA Compliance Update."

Public comments: None.

- 12082016-12 Discussion item Overview of industry implications for HSS (Anil Kochhar, Aon Hewitt)
Continued from November 10, 2016
- Documents provided to Board prior to meeting:
Report prepared by Aon Hewitt.
- Mr. Kochhar reported that approximately 85% of the information in Aon’s report was covered by Director Dodd in her summary of “Predictions about ACA Changes under Trump Administration” and that in the interest of time, he would not repeat it in detail.
 - See Aon report, “Market Trends Update.”

Public comments: None.

- 12102015-13 Discussion item Report on network and health plan issues (if any) (Respective plan representatives)
- Kate Kessler, Kaiser Permanente Area Vice President, reported that Kaiser had been looking carefully at the issue of taking back unused prescription drugs. She stated that effective this month, Kaiser began installing drug take back kiosks in several of its medical facilities in San Francisco and across the State of California. The kiosks will allow Kaiser members and the public to drop off unused prescription drugs in safe and secure locations that protect personal information. The prescription drugs are not redistributed. Kaiser is in the process of communicating this new service to its members.
 - Paul Brown, Blue Shield Vice President for Account Management, reported on Blue Shield’s negotiations with Sutter Health. He stated that the two-year contract would expire at midnight on December 31, 2016. He noted that negotiations had been ongoing since July. Blue Shield expected a counter proposal from Sutter the next day. He hoped that negotiations would be concluded by December 31, 2016.
 - In the event a contract cannot be reached by the deadline, there is a provisionary period allowing members to see Sutter providers until April 1. If no agreement can be reached, the contract will terminate on April 1, 2017.

Blue Shield has an obligation to the Department of Managed Care to provide members with a 60-day notice before changing their primary care physicians to non-Sutter providers. Mr. Brown noted that both sides will continue to negotiate in good faith.

- Mr. Brown stated that approximately 6,600 members, primarily Palo Alto Medical Foundation and Alta Bates, are not part of the Sutter provider network. In the event Blue Shield's contract with Sutter is terminated, the Department of Managed Care requires it to provide continuity of care. This allows members with chronic conditions, pregnant mothers, behavioral health issues, children under the age of three and such to continue to see their Sutter provider.

Public comments: None.

- 12102015-14 Discussion item Opportunity to place items on future agendas

Public comments: None.

- 12102015-15 Discussion item Opportunity for the public to comment on any matters within the Board's jurisdiction

Public comments: Claire Zvanski wished everyone Happy Holidays and expressed heartfelt thanks and best wishes to HSS staff.

Vice President Lim thanked Director Dodd and HSS Staff for their hard work, especially on the successful open enrollment. He also wished everyone Happy Holidays.

Commissioner Breslin concurred with Vice President Lim's comments.

- Adjourn: 3:58 p.m.

Summary of Health Service Board Rules Regarding Public Comment

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

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

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Accessible seating for persons with disabilities (including those using wheelchairs) will be available.

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Summary of Health Service Board Rules Regarding Cell Phones and Pagers

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- 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