

August 13, 2020

TO: Dr. Steven Follansbee, President, and Members of the Health Service Board
FROM: Abbie Yant, RN, MA Executive Director SFHSS
RE: August 2020 Board Report

SFHSS is Operating in a Virtual Environment and is Closed to the Public

Announcement of the Competitive Bid for the Medical Plans for Plan Year 2022

SFHSS is preparing to issue a request for proposals (RFP) to competitively bid out our medical plans for the active employees and early retirees (non-Medicare) in September 2020. The goal of the RFP supports the 5 strategic goals the SFHSS established in 2019.

These include:

- Affordable and sustainable: acknowledging member costs (both through contributions and plan design) as well as the long-term financial sustainability of the overall program
- Reduce complexity and fragmentation: selecting vendor partner(s) who provide comprehensive and integrated health plans
- Engage and support: identifying vendor partner(s) who will promote health literacy and provide member advocacy
- Choice and flexibility: appreciating the various needs of members and providing meaningful choice in the areas of health plan, plan design, and network/health systems
- Whole person health and well-being: seeking vendor partners who will support SFHSS' ongoing health and well-being activities and look to shift from sick care to health care

The San Francisco Health Service System will issue a request for proposal (RFP) and conduct a competitive bid process to evaluate and select qualified health benefit organization partners for the 2022 plan year. The release date for the RFP will be no later than September 2020. SFHSS seeks proposals that will apply to our active employee Members, non-Medicare-eligible Members, and their dependents. The RFP will not include or affect the Medicare Retiree population plans including the UHC Medicare Advantage PPO plan, Kaiser Permanente Senior Advantage plan, or the Kaiser Multi-Region plans offered in Hawaii, Pacific Northwest and Washington. The RFP will not include or affect the Kaiser Active and Early Retiree plan. Respondents to the RFP will be asked to propose solutions with similar health plan funding methods to our existing plan partners, including fully funded, self-funded, and flex-funded models. SFHSS looks forward to evaluating and partnering with organizations to provide our Members with high value benefits and improved health outcomes and to provide the City with long term, affordable, and sustainable health services.

Vendor Black Out Period – Extended

The HSB approved the Vendor Black Out period commenced February 13, 2020. As June 11, 2020 the vendor Black Out Period was extended through the rest of this calendar year to include the period for the Medical Plan selection process. Subsequently, SFHSS will be in negotiations with Medical, Dental and Vision plans for Plan Year 2022 and therefore the Vendor Black Out Period will continue through June 2021.

Racial Equity Action Planning

I would like to share several updates about the ongoing work to address racial equity within our department and with our partners throughout the City. The Office of Racial Equity (ORE) was created by Supervisors Sandra Lee Fewer and Vallie Brown as a division of the San Francisco Human Rights Commission in July 2019 through Ordinance No 188-19. In conjunction with the General Fund Budget submission, SFHSS completed the *Vulnerable Populations Engagement Survey* required by the ORE regarding every department's budget allocations for vulnerable populations.

SFHSS has formed an internal advisory committee responsible for designing, coordinating, and organizing racial equity plans and activities with guidance from the ORE. Our recent work builds on the Leadership Team's participation in the 2019 California Racial Equity Learning Year and the San Francisco Citywide Racial Equity Working Group. The internal advisory committee, led by Senior Health Program Planners Leticia Pagán and Derrick Tsoi, organized the first Racial Equity Employee Survey and Racial Equity Training for SFHSS all staff. Advisory committee members stay tuned to guidance issued by the Office of Racial Equity, Human Rights Commission, and Government Alliance for Race and Equity, a national network of municipal, regional and state governments (100 cities and 30 states) working to achieve racial equity and advance opportunities for all. The Racial Equity Employee Survey and Racial Equity Training leveraged evidenced-based approaches to exploring education and awareness about interpersonal, institutional, and structural racism.

Each of our staff has varying and deeply personal lived experiences with racial equity and inequity; their voice is critical as we advance this work. Quantitative and qualitative feedback from these all staff exercises will be used to inform the development of the SFHSS Racial Equity Action Plan due to the Office of Racial Equity December 2020. The positive response and high engagement from our staff have been transformative for many on a personal and professional level. These opportunities for learning and growth create a ripple effect in how we treat one another and serve our members using a racial equity lens.

Attachments:

- SFHSS Division Reports
 - ESA Slide
 - Well Being Slides
- HSB Follow-Up
 - Dental Q&A
 - Metformin Recall – Health Plan Responses
- Finance Report
- Balanced Billing Memo
- Black Out Period Memo
- Legislative Report

SFHSS DIVISION REPORTS: June-July 2020

PERSONNEL

Retirements:

Elizabeth Salazar retired on June 30, 2020 after working at SFHSS for more than 10 years as a Principal Accountant. She was a valuable member of the Finance Team and worked both the Trust and General Fund accounting to resolve complex issues. She also worked closely with Member Services staff on collecting premiums and processing refunds along with the other divisions of the department. She was kind, had a good sense of humor, and was a terrific team player.

PERSONNEL

Welcome

Lawrence Loo, CFO

lawrence.loo@sfgov.org

Holly Lopez, HSB Executive Secretary and Executive Assistant to Abbie Yant

holly.lopez@sfgov.org

(628) 652-4646

Recruitments:

- 0931 Operations Manager: Currently accepting applications on a continuous basis
- 1813 Senior Benefit Analyst: Accepting applications 8/5 - 8/25
- 1210 Benefits Analyst: Recruitment underway

Employees' Working Status:

- Due to Shelter-in-Place provisions, HSS employees have been performing a mix of duties in a variety of locations, including but not limited to essential HSS work both in the office and remotely and Disaster Service Assignments at various locations. There were/are times when work/resources are not available or staff are not available to perform assignments, but HSS is working to get access work/resources for all employees.

WELL-BEING (see attached slides)

- 114% increase in clients served for individual counseling from May
- 41.4% increase in downloads of the Cordico Wellness App for First Responders
- Trained 73 Key players at the Well-Being@Work Overview Virtual Training
- 23 Department Spotlights were submitted by 10 departments
- Retained 174 Champions for 2 or more years

OPERATIONS

- Admin and Officers of the Day continue to support other divisions and perform essential work on site twice a week, including handling large volumes of incoming and outgoing member correspondence
- HSS' Department Health and Safety Plan has been submitted to the City Administrator for review and approved
- Member Services has processed enrollments for over 300 new retirees, in addition to processing mid-year Covid-19 election changes for approximately 320 members
- Open Enrollment is only two months away, with lots of work and planning underway; 3 webinars are planned in lieu of offsite events, reduced materials will be produced for open enrollment mailings and full benefit guides will be available electronically only during open enrollment
-

Enterprise Systems & Analytics (ESA) (see attached slide)

- HSS continues to virtualize its operations and offer more services online! On June 26th, HSS in partnership with the Department of Technology and the Controller's office system division, deployed the Life Events workflow. On July 31st the New Hire workflow was deployed. Now employees from the City and County of SF and Superior Court can make their elections online for OE, Life Events, and when they are first hired. The next focus is to work with SFUSD to get all their employees online and utilize the system.
- The Enterprise Systems & Analytics Team continues to support Covid-19 initiatives. These include cost recovery on Covid-19 testing at CityTestSF sites for SFHSS members and submission of eligibility files for our new external EAP vendor.

Communications

- Active and Retiree Open Enrollment benefit booklets complete on time and sent to the print vendor
- Continue to work on 2021 Benefit Guides produced electronically for October Open Enrollment and printed to be available the first of the 2021 Plan Year
- Provide communications materials to ESA in support of new Life Events and New Hire online enrollment features
- Provide campaign and communication materials for EAP and Well-Being including Flu Shot Clinic materials

FINANCE DEPARTMENT

Finance Budget and Procurement:

- Closing out the FY 2019-20 year-end closing activities and reporting.
- FY 2020-22, FY 2021-22 operational budgets developed and included the Mayor's Budget proposal
 - Proposed budgets revised to satisfy Mayor's Budget strategies
 - Board of Supervisors hearing on HSS budget to be held on August 13, 2020

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Finance and Accounting

- Hired and onboarding new CFO for HSS
- FY 2019-20 annual audit process begun working with a new CPA firm – target completion in October
 - Submitted 37% of requested information
- Interim FY 2020-22, FY 2021-22 budget updated on PeopleSoft to set up purchase order and other approved vendors
- Open Enrollment Support – BY2021:
 - Generated simple health plan, dental and vision rates for the open enrollment booklets
 - Generated the employee contribution and coverage calendars for the various enrollment classes

Contracts & Vendor Management

- Executed a new agreement with CredibleMind, Inc. an online mental health and well-being resources for members.
- Executed Non-Disclosure Agreement to allow Enterprise Systems and Analytics Division access to the proprietary Entity Relationship Diagram of the software vendor Hyland
- Executed three contract amendments to continue the outsourced services for:
 - K&H – open enrollment communications, print, mail and support services
 - P&A Administrative Services - administrator for health care flexible spending account (FSA)
 - IBM/Truven - SFHSS data warehouse (all-payer claims database) vendor
 - Executed banking and payment terms and condition modifications to agreement with Blue Shield of California.

Compliance

- Completed FY1920 sole source memorandum to forward to the Board of Supervisors.
- Completed SEC-126 vendor ethics forms for 2021 plan year agreements.

Enterprise Systems & Analytics Report

August 14, 2020

Project	Status	Key Accomplishments
Cybersecurity / Disaster Preparedness		<ul style="list-style-type: none"> Completed HSS CCSF Risk Assessment Met all deadlines to resolve critical issues identified by scans
eBenefits		<ul style="list-style-type: none"> Online enrollment for Qualifying Life Events deployed June 26th Online enrollment for New Hires (CSF/CRT) deployed July 31 Met with stakeholders from SFUSD, Controller's Office, Department of HR and Department of Technology to get approval for solution designed to streamline SFUSD employees going online for Open Enrollment this year
VOIP telephony upgrade		<ul style="list-style-type: none"> Cisco Enterprise Contact Center solution tentative rollout Q3 '20 has been delayed
Enterprise Content Management System (ECM) Business Insights / scanner licenses		<ul style="list-style-type: none"> Report build and migration to production has stalled due to resources committed to virtualizing HSS operations
Open Enrollment		<ul style="list-style-type: none"> Data files extracted and provided to vendor for National Change of Address (NCOA) updates July 14
Athena Penelope EAP software		<ul style="list-style-type: none"> Go-live anticipated for November 1 Implementation phase in progress
CredibleMind (expert-rated resources related to mental health / well-being)		<ul style="list-style-type: none"> Kick-off with vendor on 7/29



On Schedule, Adequate Resources, Within Budget, Risks in Control



Potential issues with schedule /budget can be saved with corrective actions



Serious issues. Project most likely delayed or significant budget overrun

Well-Being Monthly Report

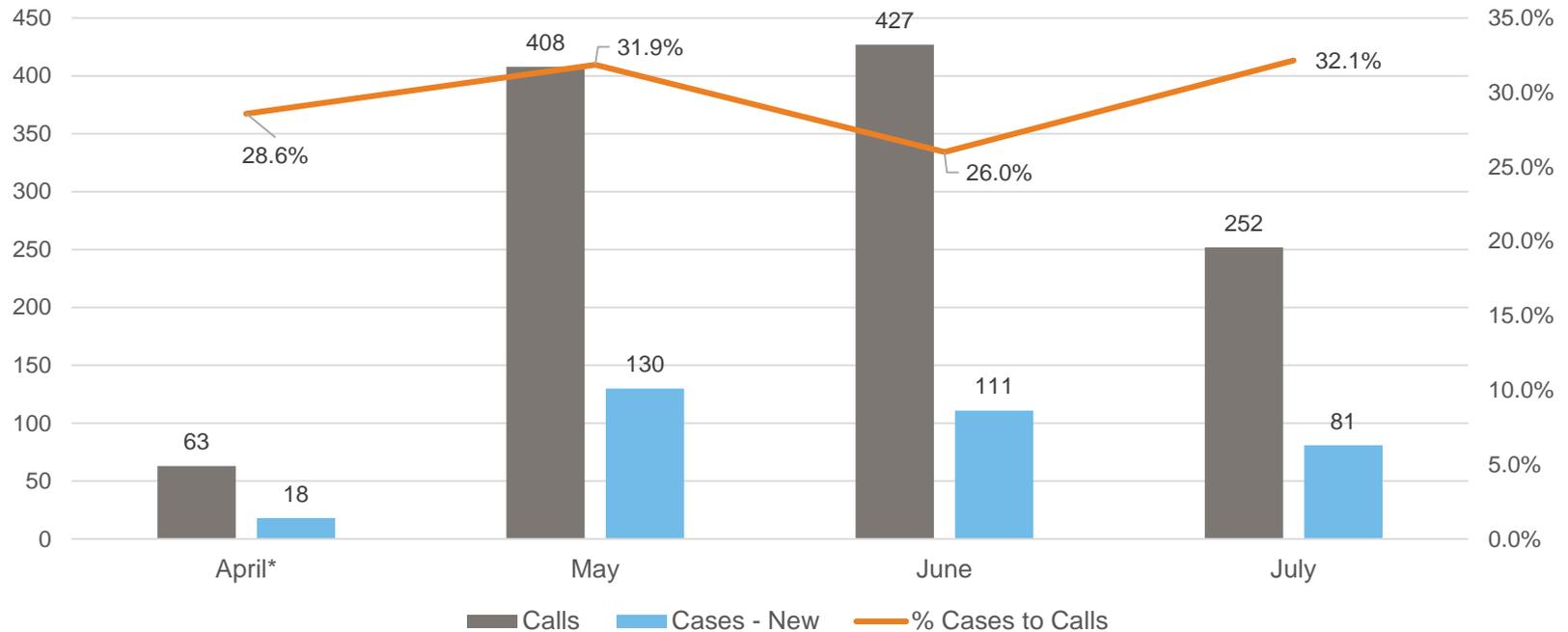
Health Service Board Meeting | August 13, 2020

EAP Counseling Increased by 114% from May

External 24/7 EAP + SFHSS Internal EAP

- Averaged 340 calls/month (June and July)
- Increased from 136 to 292 client served – individual counseling services

Total Number of Calls, Cases and % Cases: Combined for Internal and External EAP



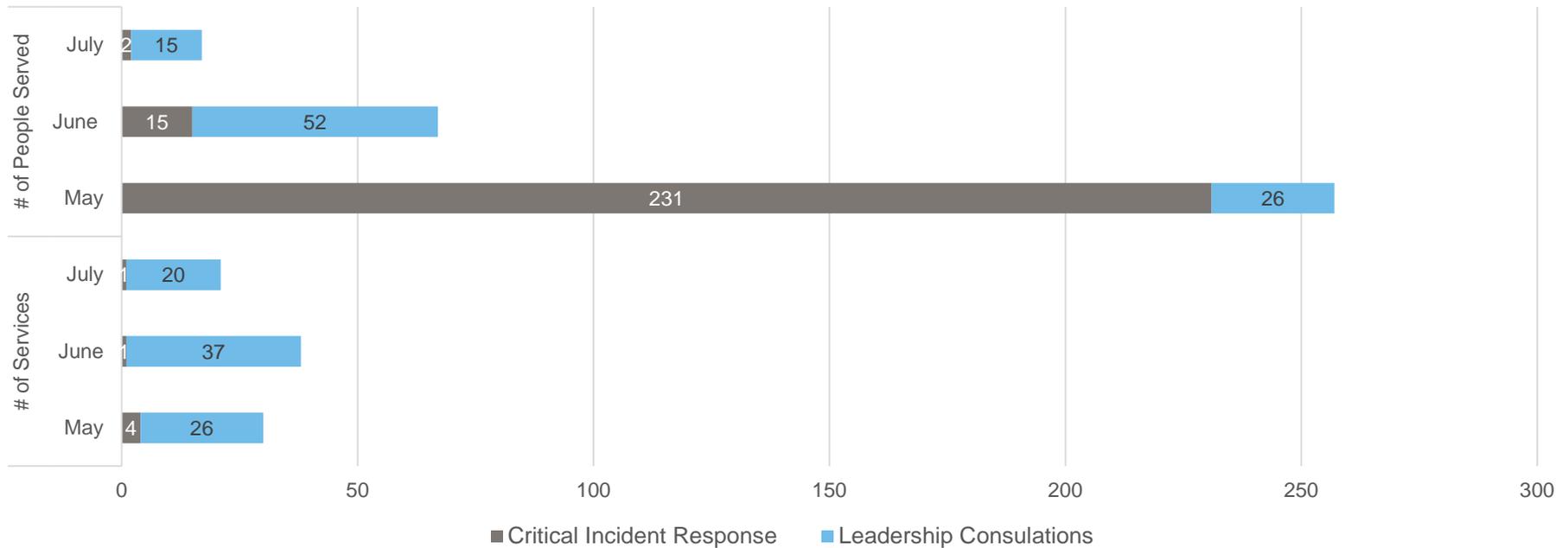
*Represents only External 24/7 EAP from 4/24 (inception) through 4/30

SFHSS Internal EAP

Organizational Services

- In response to COVID-19 launched Group Support Services in July offering 8 sessions.

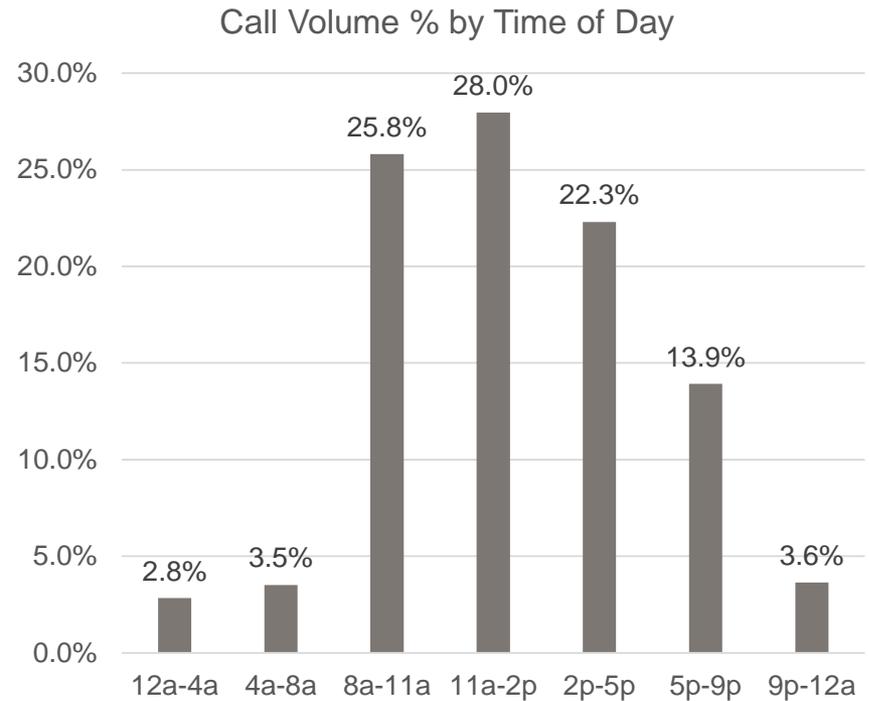
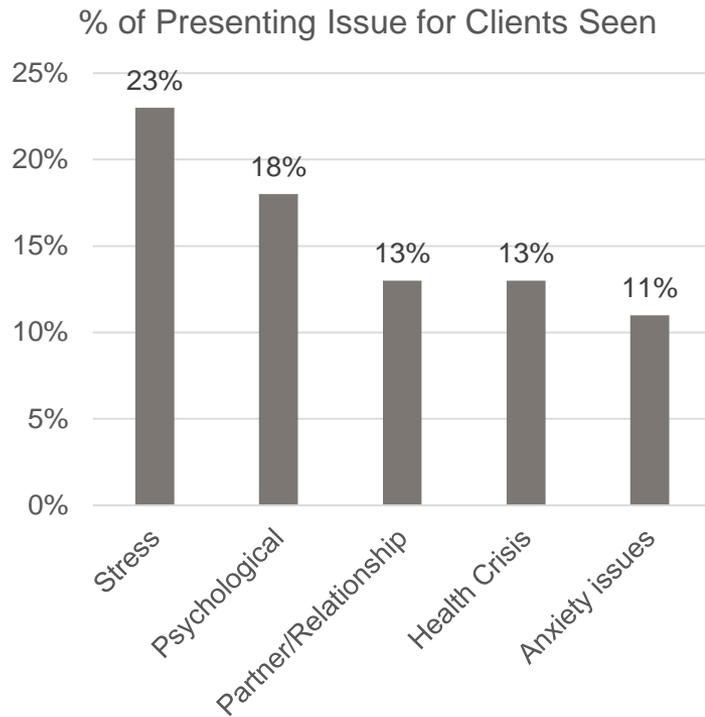
of Services for Critical Incident Responses and Leadership Consultations and # of Individuals Served



External 24/7 EAP

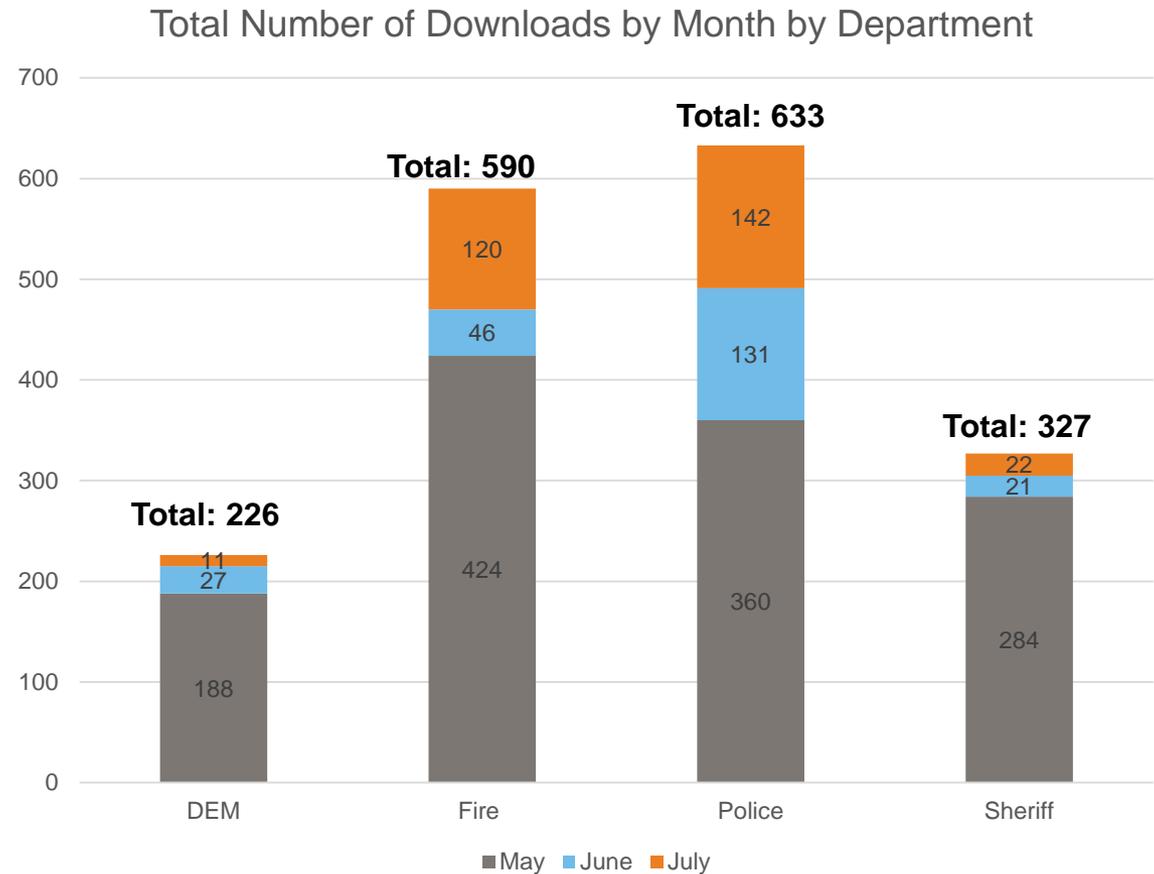
(Data represents 4/24 through 7/10/2020)

- 24% of all calls to EAP occur between 5 pm and 8 am
- 23% of presenting issues are stress related
- 13% of all services are from first responders



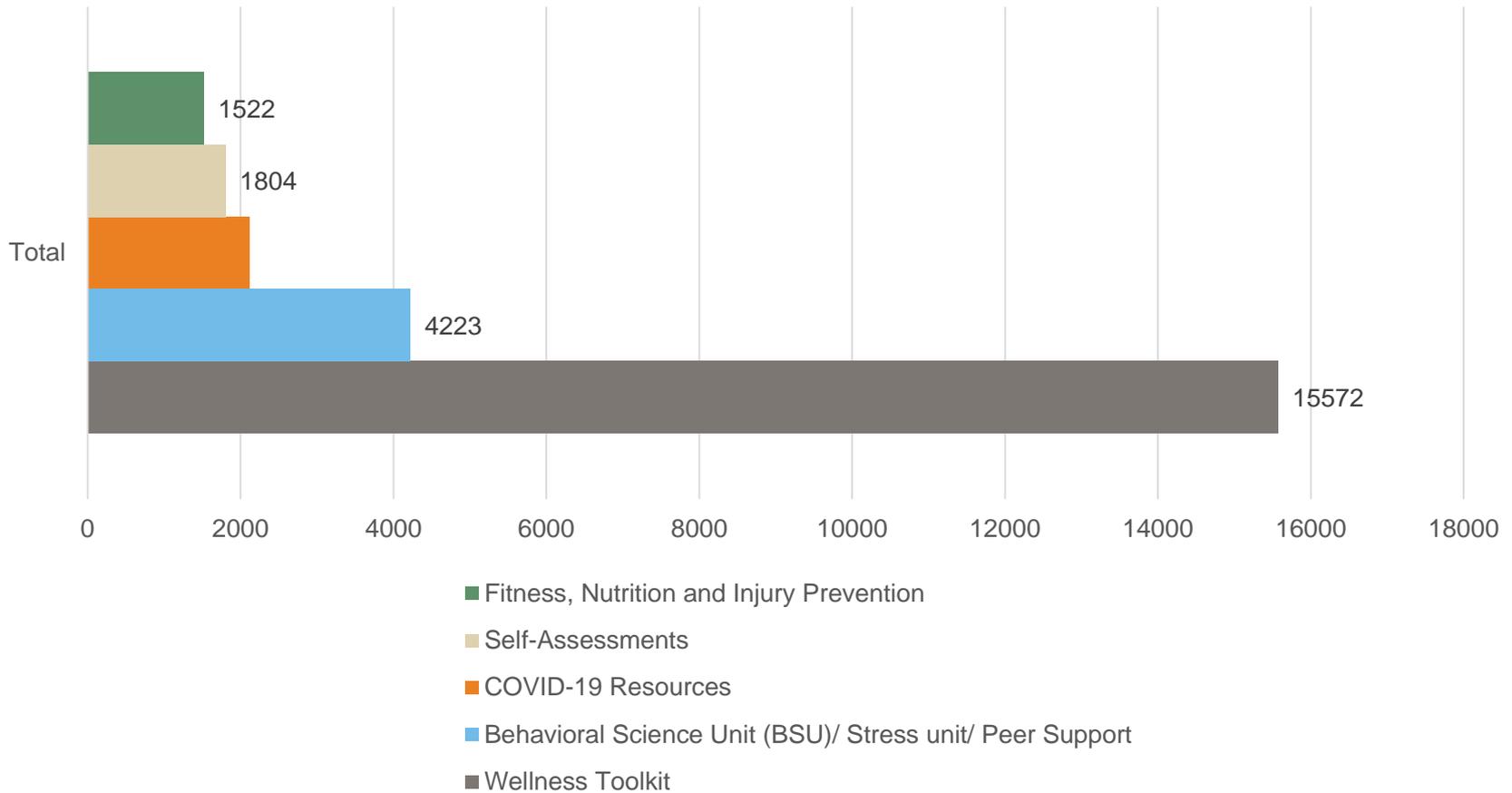
Behavioral Health: Cordico Wellness App

- Total downloads as of 5/31 (DEM, FIR, POL, SHF): 1776 (41.4% increase since May)
- Employee Headcount
 - DEM: 302
 - FIR: 1818
 - POL: 3064
 - SHF: 1054



Behavioral Health: Cordico Wellness App

Top 5 Visited Wellness App Modules



Well-Being: Virtual Resources and Offerings

NEW YMCA Virtual Resources

HEAL Workshops: 30-minute workshops on a variety of topics including healthy eating, physical activity, and stress management

- *Just Move*
- *What is HIIT?*
- *Barriers to Regular Exercise*
- *Set a Goal for Exercise*
- *Environment and Weight*
- *Portion Control*
- *What the Fat*
- *Barriers to Healthy Eating*

After-Work Group Exercise (16 offered):

- *Vinyasa Yoga*
- *High Intensity Interval Training (HIIT)*
- *Pilates*
- *Kickboxing*

Wellness Wednesday Webinars

1-hour interactive webinars focusing on a variety of well-being topics to promote and support healthy behaviors.

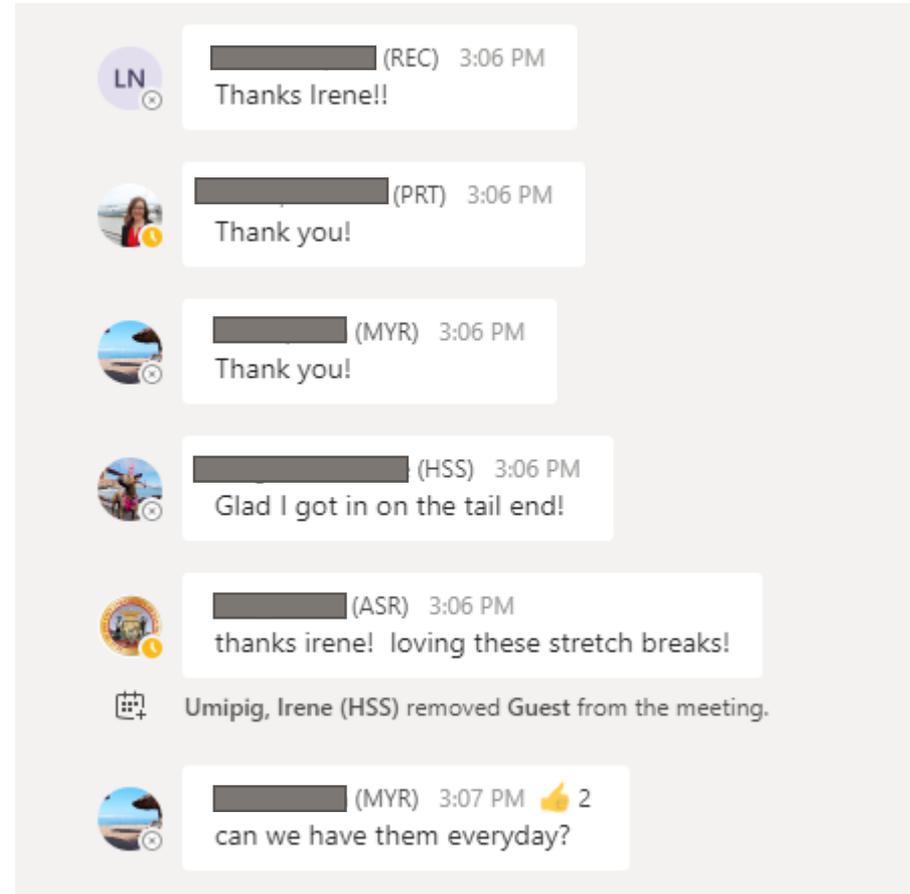
- *Building Healthy Meals*
- *Eat Well*
- *Managing Your Weight*
- *Healthy Habits*

Survey Feedback

- 87% of participants Strongly Agree or Agree that the webinar helped them find their own reasons to make behavior changes.
- 77% of participants Strongly Agree or Agree that the webinar helped them become confident to make a behavior change addressing the topic.

NEW! Citywide Stretch Break

- Offered Tuesdays and Thursdays
- 5 -10-minute stretch at 3pm
- Virtual- Teams Meeting



Well-Being@Work: FY20-21

- ✓ Quarterly Department Check-In Meetings
- ✓ Two Citywide Challenges
- ✓ Set Up and Go Pilot
- ✓ Champion Professional Development
 - Focus groups revealed Champions want skill-based workshops (resume builder)
 - Offered quarterly

WELL-BEING@WORK		
JULY W@W Check-In: Schedule meeting with Coordinator W@W Overview: Participate in Webinar	AUGUST Key Player Training: Attend W@W Webinar	SEPTEMBER Flu/OE Overview: Participate in Webinar
OCTOBER W@W Check-In: Schedule meeting with Coordinator Challenge Overview: Participate in Work of Art Webinar	NOVEMBER Champion Celebration: Participate in Champion Appreciation Event	DECEMBER Key Player Training: Attend W@W Webinar
JANUARY W@W Check-In: Schedule meeting with Coordinator	FEBRUARY	MARCH Key Player Training: Attend W@W Webinar Challenge Overview: Participate in Coast to Coast Webinar
APRIL W@W Check-In: Schedule meeting with Coordinator	MAY W@W Annual Plans: Drafts due for Coordinator Review	JUNE W@W Annual Plans: Due date TBA

Better Every Day. SAN FRANCISCO HEALTH SERVICE SYSTEM

Well-Being@Work: Department Spotlights

- 23 Spotlights from 10 departments
 - AIR, CPC, HSA, HSS, MTA, POL, PRT, PUC, RPD, SHF

RPD: Well-Being Check-in Calls

Covid-19 has affected our communities, and RPD, in a variety of ways. As a geographically-dispersed professional family that holds relationships as one of our core values, we needed to stay connected and make sure we were all doing okay. A late April survey by SAP and Qualtrics found nearly 40% of people said their employer had not even asked them how they were doing since the pandemic began, and that's just wrong, period. Led by GM Phil Ginsburg, on May 11th, RPD started Well-Being Check-in Calls, which have now been extended through August 3rd.

122 Executives, Managers, and Analysts are given a list of 6-8 RPD staff members every two weeks and are required to call and check-in on those folks. The program started with a Teams coffee chat with the GM and from there the callers were equipped with guidelines that give them talking points, a sample script, a template for voicemails/emails, and a list of resources to tell staff about. Through two rounds of calls, RPD has made approximately 1,000 points of contact, and sent additional resources to 26 staff that requested them.

The program has connected folks in RPD that otherwise may not have come into contact with each other; increased awareness of new resources, and gave everyone some much-needed personal contact. Ironically, although this program is aimed at increasing the well-being of those being called, those *making the calls* have consistently reported that the program has left them feeling more upbeat and energetic themselves! ☺

WELL-BEING@WORK

Well-Being Check-ins



has affected our communities in a variety of ways, and as a professional family in relationships as one of our core values, we needed to stay connected and make sure we were all doing okay. Work has changed, we are off on special assignment, you may not meet as often and have to tolerate when they do meet, and we won't run into our colleagues in the office. Some folks may be dealing with issues, others may be worried about others, and some may just be lonely.

Points to Emphasize

1. The work you're doing is really important and it's helping San Francisco through this.
2. You have resources available to you: 1) 24/7 EAP, 2) City/RSF Free Testing, 3) HSS Free Financial Coaching, 4) Increased sick leave coverage, 5) Online Training through RPDU, among others.
3. If you have any concerns during this time, bring them up to your supervisor or manager; they are here to help.
4. If you need any support, reach out to your team, supervisor, or someone you trust.



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CPC: Wellness "Motivational Monday" emails

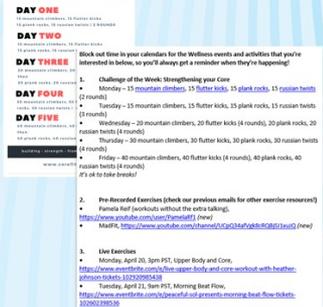
Spring 2020

In order to support our coworkers and continue sharing Wellness resources, CPC Wellness has sent weekly "Motivational Monday" emails. Each week we highlight events from HSS, share workout links (both livestreams and pre-recorded sessions), and even include a "Challenge of the Week".

We encourage staff to submit information they want to share with others and include those in the following week's email. We are all able to support everyone and motivate each other to maintain and expand our wellness efforts during Shelter in Place.

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WELL-BEING@WORK



<https://sfhss.org/well-beingwork-spotlights>

Well-Being@Work: Annual Plan Overview Training

- ✓ Four Virtual Trainings
- ✓ **Attendance:** 73 Champions and Department Leads
- ✓ **Goal:** Provide strategy for well-being efforts during COVID-19 (communication, engagement, leadership support)
- ✓ **Content:** Current well-being resources review, department well-being annual plan outline, and goal-setting resources
- ✓ Annual Plans to be developed by August 2020 with target to retain 100% (43) for those departments that had an annual plan in FY19-20.

WELL-BEING@WORK

2020-21 Well-Being@Work Annual Plan Checklist

Department Name: _____

The Annual Plan for Well-Being@Work allows departments to create a strategic plan that supports a culture of well-being that supports employees. This checklist will help department Key Players (Champions, Department Leads for Well-Being) to establish priorities and discuss challenges specific to a fiscal year. It includes best practices and challenges to consider for communication, engagement, and leadership support.

Start Your 2020-21 Plan for Well-Being@Work Today!

- Review the Checklist:
 - Review best practices
 - Discuss challenges and set realistic goals
 - Select resources
- Schedule a planning meeting with the Department Lead for Well-Being, Champion(s), and your SFHSS Well-Being Coordinator.
- Review the plan quarterly and update progress.

Well-Being Department Team		
Champion/Department Lead Contact Information:	Champion	Department Lead
Name (First, Last)		
Work Location/Address (Street, Bldg, Zip Code)		
Work Phone		
Work Email		

Number of Employees in the Department: _____
 Number of Managers/Supervisors in the Department: _____
 Name of Department as it would appear on your Award: _____

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BEING@WORK

Well-Being Environmental Inventory

Environmental inventory provides direction for departments to identify the environmental resources that exist within the current workplace and organization. Review and the worksheet(s) below by placing a checkmark next to the appropriate response for your department. Discuss this with all key-players in your department to create your annual plan!

Issue Awareness	Yes	Consulting	Denies	No
Do you communicate (email, newsletter, portal, staff announcements etc.) about Well-Being benefits and resources on an ongoing basis?				
Do you actively communicate mental/emotional well-being resources such as 24/7 Employee Assistance Program (EAP) on an ongoing basis?				
Do you promote SFHSS well-being health plan benefits to employees? (Golf, Golf Benefits, Weight Management, Healthy Eating, Fitness Resources, Mental Health, Tobacco Cessation etc.)				
Do you highlight COVID-19 resources and information from CDC, Web, Blog, Health, Data Website, SF Central and other Newsletters?				
Does your department keep employees informed about what is going on in the organization as it relates to the impact of COVID-19? (Health orders, COVID-19 testing info, DSW, transition back to work etc.)				
Does your department provide breathe and stretch guides (RECHARGE) for employees to practice for stress management?				
List any other resources that had raise awareness:				

Resources to Provide to Department

<input type="checkbox"/> Well-Being COVID-19 website	<input type="checkbox"/> EOC/DOO Resources
<input type="checkbox"/> Employee Assistance Program and We're Here for You mental health resource website	<input type="checkbox"/> Resilience and Coping Resource Visuals
<input type="checkbox"/> Work Email Home Resources (CHR/SFHSS)	<input type="checkbox"/> SFHSS Wellness Center/Address Emails
	<input type="checkbox"/> SFHSS Blogs and Calendar Events

SAN FRANCISCO HEALTH SERVICE SYSTEM sfhss.org/well-being

Well-Being@Work: Champion Recruitment

Recruitment for 2020-21 Fiscal Year

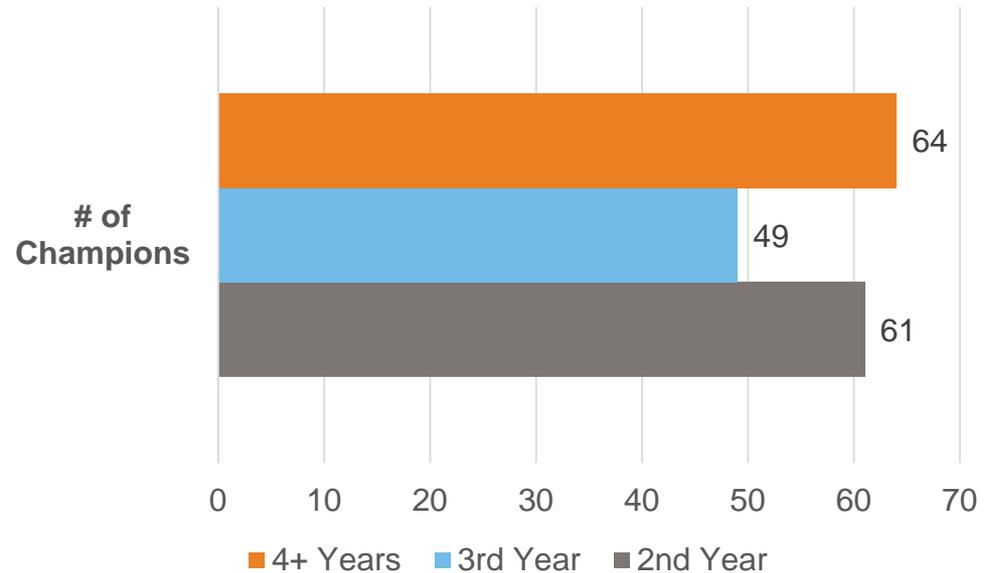
Champions

- Total- 202
- New- 10
- Not Returning- 18

Department Leads

- Total- 34

Champion Retention



HSB FOLLOW UP

Dental Q&A

UHC Dental HMO: In-network providers may not charge for PPE. However, as a dental HMO all care should be through an in-network provider making the point moot.

Delta Dental

1. What are the protocols the dentist will follow to administer non-IV conscious sedation or nitrous oxide?

DD Response: Oral conscious sedation would not be nitrous oxide.

2. What drugs are being used for non-IV sedation? Is it Inhalation of nitrous oxide/analgesia, anxiolysis?

DD Response: Drugs used for oral conscious sedation can include Diazepam, Triazolam, Zaleplon, Lorazepam, Hydroxyzine, Midazolam.

3. How is Delta Dental and the treating dentist monitoring the administration of this benefit?

DD Response: Delta does not establish the protocols for monitoring, the provider is expected to follow the appropriate standards. The American Dental Association and the American Academy of Pediatric Dentistry have guidelines for the use of sedation. In California, a provider must have a separate certificate to provide oral conscious sedation and must have completed either a postgraduate program in oral and maxillofacial surgery, pediatric dentistry, or periodontics; a general practice residency; or of a Board-approved educational program on oral medications and sedation.

4. What steps will the treating dentist take to supervise the patient/member who has been under non-IV sedation, before releasing them from the dentist office?

DD Response: See response to #3.

5. For dentists practicing in California, does Delta Dental standardly collect a separate certificate to provide oral conscious sedation and documentation the dentist had completed either a postgraduate program in oral and maxillofacial surgery, pediatric dentistry, or periodontics; a general practice residency; or of a Board-approved educational program on oral medications and sedation?

DD Response: We collect the oral conscious sedation certification as well as any specialty certification during the credentialing process. This information can also be found on the license.

6. Would Delta Dental provide the appropriate training to our PPO and DHMO dentists, noted within the CA certification, or is this training the responsibility of the dentist who has elected to become certified in administering Nitrous Oxide or non-IV sedation?

DD Response: Delta would not provide any training or certifications to dentists to administer nitrous oxide or oral conscious sedation. These courses require strict oversight by regulators and the dental board and are the responsibility of the dentist to take the required courses before attempting to administer to the patient.

7. What is Delta paying for PPE?

In-network providers may not charge patients separately for PPE, this includes both PPO and Premier network providers.

Delta Dental is providing \$10 each visit linked to certain CDT codes.

8. What would a reasonable and customary fee for PPE be from an OON provider?

Out-of-network providers may charge separately for PPE, there is no limit to the amount an out-of-network provider may charge.

Delta reports out-of-network providers are charging between \$10-\$25.

Companies Recall Extended-Release Metformin due to Cancer-Causing Substance

7/15/20 - [NEWNOWNEXT](#)

Share this Article

By **Nena Kotsalidis and Rosalind Lucier**

FDA announced that six companies have voluntarily recalled their extended release metformin due to the possibility that it includes unsafe levels of NDMA, a toxic substance
The FDA [announced](#) that six additional companies have recalled extended-release (ER) metformin. Earlier this year the [FDA raised concerns](#) about the safety of [metformin](#); since then, 11 companies have voluntarily recalled the medication, due to possibly unsafe amounts of a substance called N-nitrosodimethylamine (NDMA). Low levels of NDMA are commonly found in foods and drinking water, but high levels of the substance are toxic and can cause cancer.

In [early June](#) several companies recalled ER metformin: Apotex Corp, Actavis, Amneal, and Time-Cap Labs Inc. recalled metformin hydrochloride ER tablet, USP 500 mg and 750 mg. Now, six more companies have joined the recall:

- Granules Pharmaceuticals – 750 mg
- Lupin Pharmaceuticals – 1000mg and 500mg
- Avkare (a company that repackages medications for Amneal) – 500 mg and 750 mg
- PD-Rx Pharmaceuticals (a company that repackages medications for Amneal and Marksans) – 500 mg
- The Harvard Drug Group (a company that repackages medications for Apotex)– 500mg
- Preferred Pharmaceuticals (a company that repackages medications for Marksans) – 500 mg

For people taking ER metformin, the FDA recommends that you continue to take your medication until you talk to your healthcare professional. Your healthcare professional can help you find different treatment options. It is not safe to stop taking your ER metformin without instructions from your healthcare team.

This recall only applies to ER metformin. If you are currently taking immediate release (IR) metformin, you can continue to take your medication safely. The FDA has not found high NDMA levels in the more commonly prescribed immediate release (IR) metformin products.

[Metformin](#) is commonly used to help people with type 2 diabetes manage their blood sugar levels. It is considered a [safe](#), cheap and effective medication worldwide. For more information about metformin, read our detailed piece [here](#).

<https://diatribe.org/companies-recall-extended-release-metformin-due-cancer-causing-substance>

SAN FRANCISCO HEALTH SERVICE SYSTEM

Affordable, Quality Benefits & Well-Being

Memorandum

DATE: August 13, 2020

TO: Dr. Stephen Follansbee, President and Members of the Health Service Board

FROM: Pamela Levin, Chief Financial Officer

RE: Financial Report as of May 31, 2020

This report summarizes revenues and expenses of the Employee Benefit Trust Fund (Trust Fund) and the General Fund Administration Budget for first eleven months of FY 2019-20 as well as fiscal year-end projections through June 30, 2020. In addition, an update on the Mayor's FY 2020-21 and FY 2021-22 budget for administration is provided.

Executive Summary

Trust Fund

- Projecting a \$19.9 million increase in the fund balance, from \$92.2 million on June 30, 2019 to \$112.1 on June 30, 2020
- Fiscal Year Projected change in fund balance by plan
 - UHC PPO: \$0.9 M projected increase due to unfavorable claims experience
 - Blue Shield Access +: \$13.5 M projected increase primarily due to favorable claims experience and pharmacy rebates
 - Blue Shield Trio: \$1.7 M projected decrease primarily due to unfavorable claims experience
- Cumulative expenses compared to revenues with nine months of experience by plan
 - UHC PPO: cumulative expenses tracking \$0.58 M less than revenues
 - Blue Shield Access +: cumulative expenses tracking \$13.09 M less than revenues
 - Blue Shield Trio: cumulative expenses tracking \$3.15 M more than revenues
 - Delta Dental Sell-Funded plan: cumulative expenses tracking \$12.2 M less than revenues
- Healthcare Sustainability Fund: \$2.73 M projected balance
- Interest: \$1.4 M projected increase in fund balance
- Performance guarantees: \$0.3 M received year-to-day date
- Pharmacy Rebates: \$5.8 M received year-to-date, \$7.8 M projected

General Fund

- Projecting \$4,000 year-end balance

EMPLOYEE BENEFIT TRUST FUND

On June 30, 2019, the audited Trust Fund balance was \$92.2 million. Based on activity through May 2020, the fund balance is projected to be \$112.1 million as of June 30, 2020. The projected \$5.4 million increase includes reserves for unpaid claims.

During the first half of calendar year 2020, the COVID-19 pandemic has greatly impacted the United States health care landscape – particularly starting in March 2020. The number of COVID-19 cases in the United States, including the San Francisco Bay Area, continues to escalate. It is unclear when virus infection rates will diminish. There are many uncertainties associated with the impact of COVID-19 on employer health care claims costs. In addition to direct COVID-19 expenditures due to member testing for and treatment of COVID-19, elective procedures and non-emergency health care services have been deferred by members in recent months, resulting in substantial changes to the types and frequency of claims incurred by members of employer-sponsored plans in recent months, versus prior to the pandemic.

As a result, lower levels of health care claim experience in SFHSS plans have been seen starting in March 2020, though degrees of claim suppression vary by plan. Dental plans have seen higher levels of claim suppression since March 2020 than medical plans, as many dental practices closed during stay-at-home and shelter-in-place orders especially in the April 2020 and May 2020 time periods.

The following table summarizes the changes in fund balance.

	Change in Fund Balance (in millions)	Page
United Health Care PPO Plan	\$ 0.9	3
Blue Shield Access+ Flex-Funded Plan	13.5	4
Blue Shield Trio Flex-Funded Plan	(1.7)	5
Delta Dental Self-Funded Plan	6.9	6
Health Care Sustainability Fund	(1.2)	6
Interest	1.4	7
Performance Guarantees	0.3	7
Performance Guarantees – Surrogacy and Adoption Assistance Plan	(0.2)	7
Forfeitures	0.4	7
Transfers Out	(0.4)	7
Total	\$ 19.9	

Pharmacy Rebates are discussed on page 8.

United Health Care PPO (City Plan)

Fiscal Year End Projection

A \$0.9 million decrease in fund balance is projected as a result of the following:

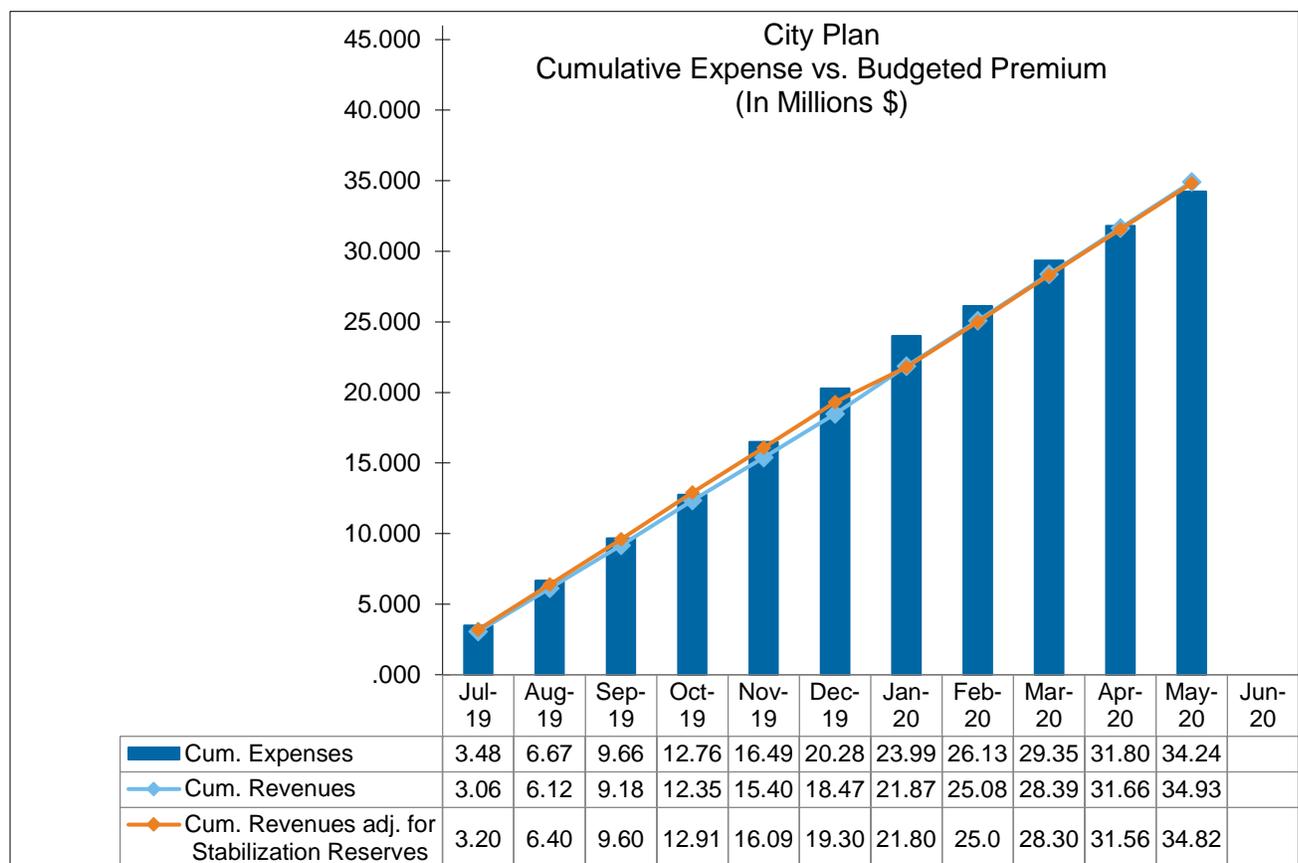
a. \$0.8 million decrease in fund balance:

- \$0.8 million associated with subsidizing 2019 rates (for the first six months of FY 2019-20) from the 2017 year-end claim stabilization reserve

b. \$1.7 million increase in fund balance:

- \$0.1 million associated with the increase in 2020 rates (for the second six months of FY 2019-20) due to rating buy-up of the 2018 year-end claims stabilization deficit
- \$0.6 million in favorable claim experience. Based on the actuals through March 31, 2020, which was reported in June, an \$1.0 million decrease in fund balance was projected. Based on actuals through May 31, 2020, there has been an \$1.6 projected improvement in claims experience.
- \$1.0 million of pharmacy rebates (additional information on page 8)

First Eleven (11) months



With eleven months of experience, cumulative expenses for UHC PPO track \$0.58 M less than the expected cost levels regardless of whether cumulative expenses are compared to the actual revenues (\$34.24 M - \$34.82 M) and when the cumulative expenses are compared to cumulative revenues with the \$0.11 M buyup for the rate stabilization reserves (\$34.24 M - (\$34.93 M - \$0.11 M)).

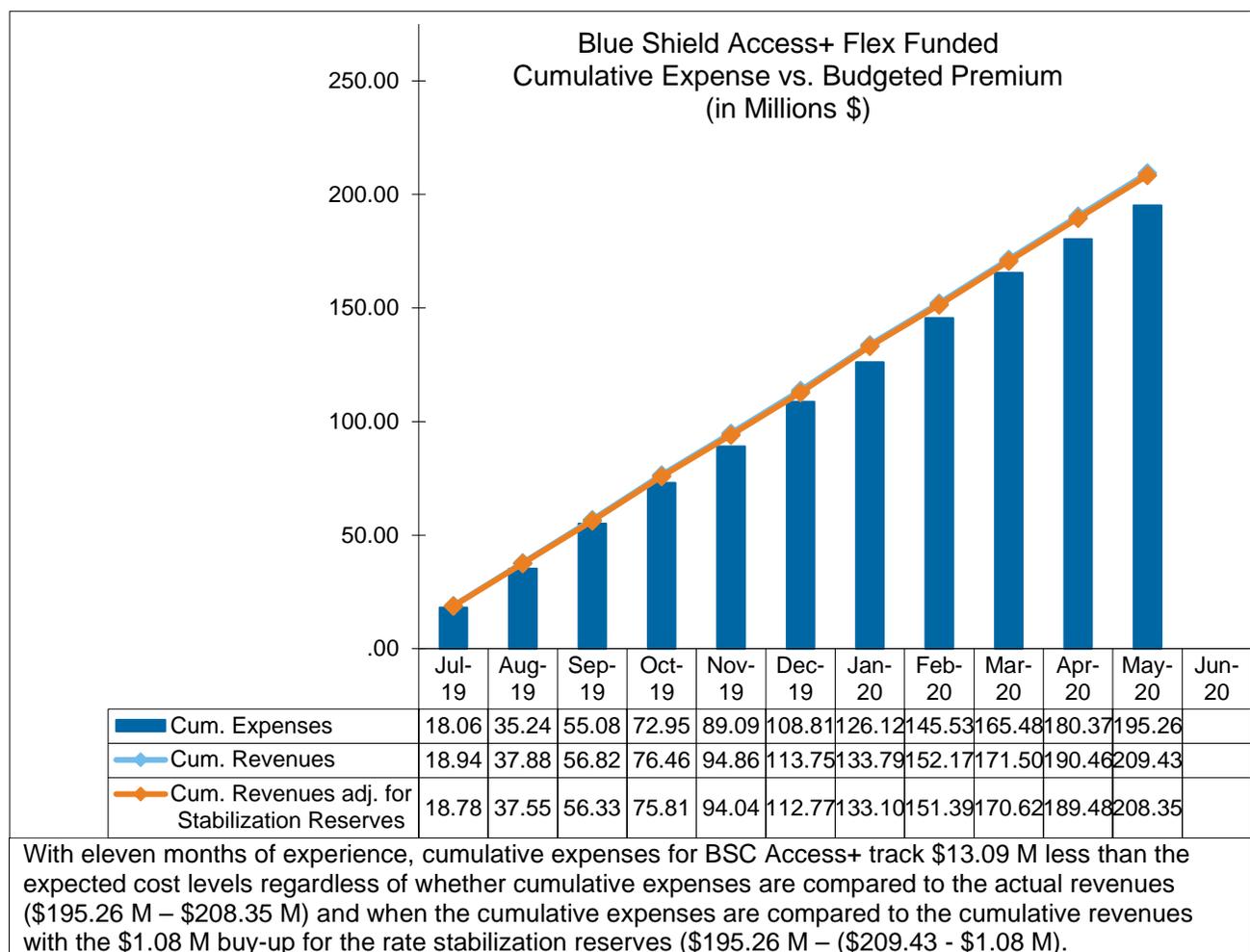
Blue Shield Access+ Flex Funded Plan

Fiscal Year End Projection

A \$13.5 million increase in fund balance is projected resulting from:

- \$1.0 million associated with the increase in 2019 rates (for the first six months of FY 2019-20) to recover the 2017 year-end claim stabilization reserve
- \$0.6 million associated with the increase in 2020 rates (for the second six months of FY 2019-20) from the 2018 year-end claim stabilization reserve
- \$4.8 million of pharmacy rebates (additional information on page 8)
- \$7.1 million due to favorable claim experience. Based on actuals through March 31, 2020, the projection was \$4.0 million.

First Eleven (11) months



Blue Shield Trio Flex-Funded Plan

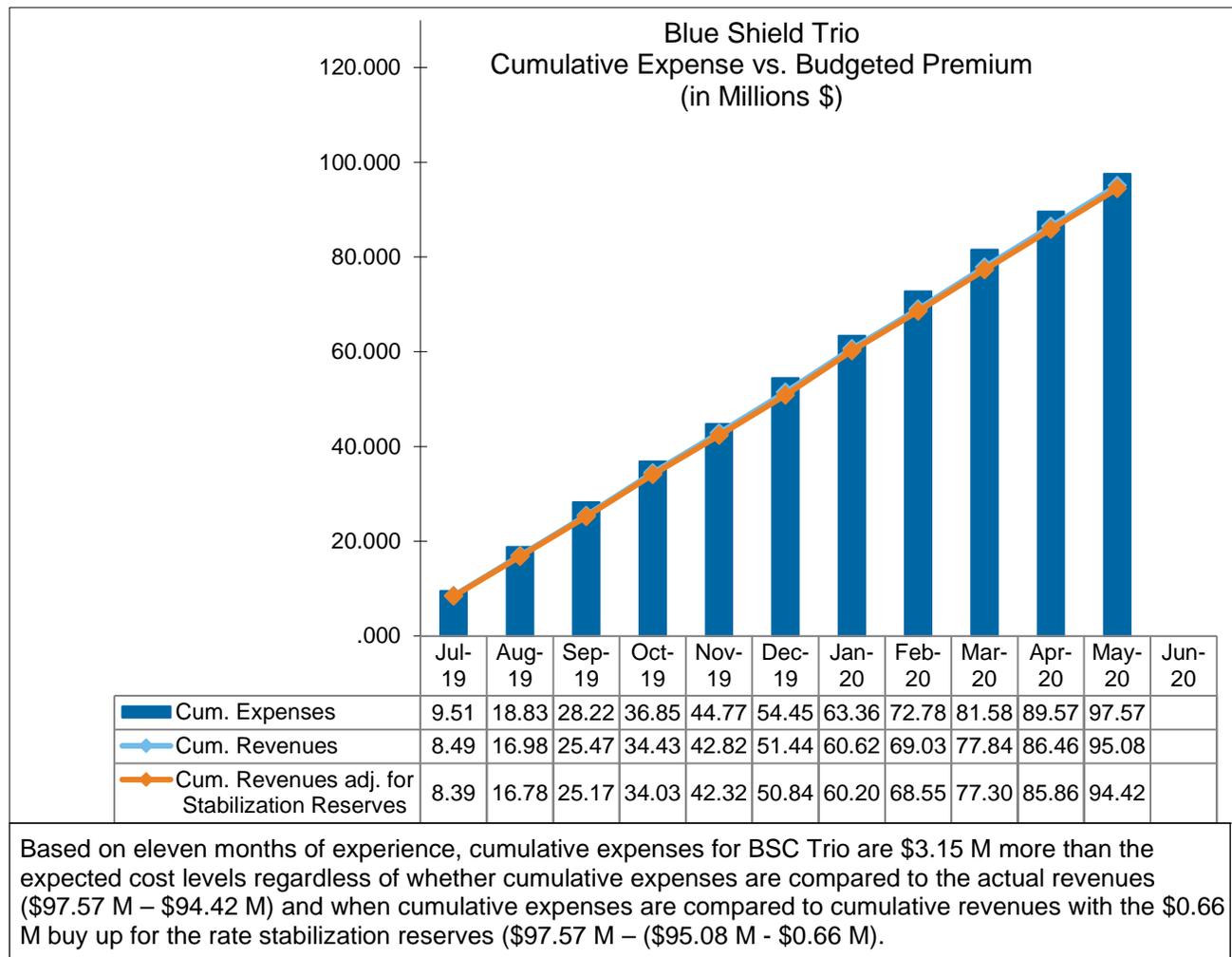
Fiscal Year End Projection

A \$1.7 million decrease in fund balance is projected resulting from:

- a. \$2.8 million increase in fund balance:
 - \$0.6 million associated with the increase in 2019 rates (for the first six months of FY 2019-20) to recover the 2017 deficit
 - \$0.3 million associated with the increase in 2020 rates (for the second six months of FY 2019-20) to recover the 2018 deficit
 - \$1.9 million in pharmacy rebates (additional information on page 8)

- b. \$4.5 million decrease in fund balance due to unfavorable claim experience. Based on actuals through March 31, 2020, the projection was \$7.1 million. The \$2.6 million decrease in unfavorable claims experience is due to claims suppression in the first 3 months of the pandemic.

First Eleven (11) Months



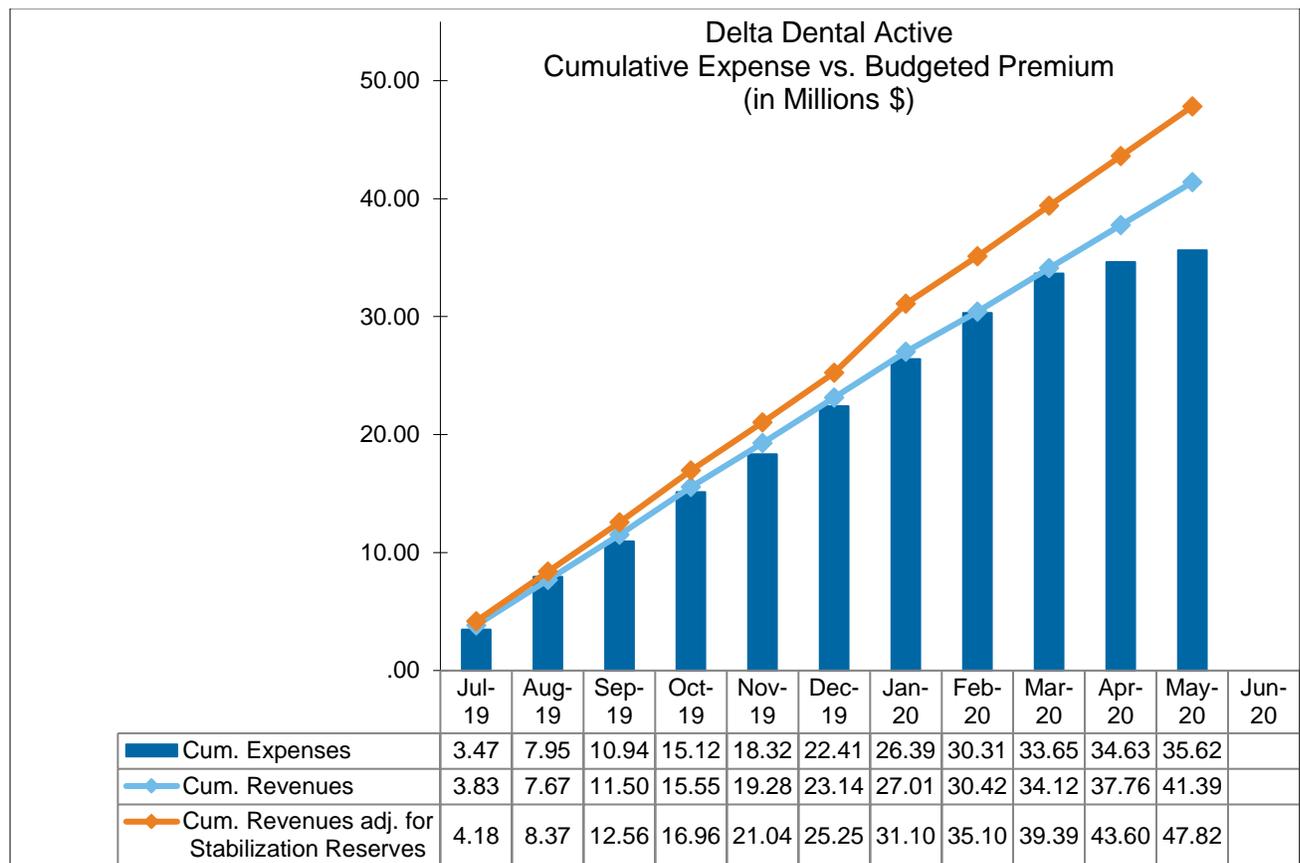
Delta Dental Self-Funded Plan

Fiscal Year End Projection

A \$6.9 million change in fund balance is projected:

- a. \$12.5 million increase in fund balance due to favorable claim experience. This is primarily due claims suppression resulting from COVID-19. Dental offices were not taking patients for elective services during the first three months of the pandemic.
- b. \$5.6 million decrease in fund balance:
 - \$2.1 million decrease in fund balance associated with subsidizing 2019 rates (for the first six months of FY 2019-20) from the claim stabilization reserve
 - \$3.5 million decrease in fund balance associated with subsidizing 2020 rates (for the second six months of FY 2019-20) from the claim stabilization reserve

First Eleven (11) Months



Based on eleven months of experience, cumulative expenses for Delta Dental are \$12.20 M less than the expected cost levels regardless of whether the cumulative expenses are compared to actual revenues (\$35.62 M – \$47.82 M) and when cumulative expenses are compared with cumulative revenues with the \$6.43 M buy down from the rate stabilization reserve (\$35.62 M – (\$41.39 M + \$6.43 M)).

Other Trust Fund Notes

Healthcare Sustainability Fund

The following table reflects the year-to-date actuals through May 31, 2020. With eleven (11) months of actuals, a projected balance of \$2.74 million is expected at the end of FY 2019-20.

Healthcare Sustainability Fund FY 2019-20				
	Revised Budget	May YTD Actual	Projection	Variance
Revenues/Premiums				
Annual Revenues	\$ 2,602,555	\$ 2,348,014	\$ 2,559,546	\$ 211,532
Carryforward from fund balance	3,080,176	3,080,176	3,909,772	\$ 829,596
Total	\$ 5,682,731	\$ 5,428,190	\$ 6,469,318	\$ 1,041,128
Expenditures				
Annual Expenditures	\$ 2,676,868	\$ 1,628,064	\$ 2,423,269	\$ 795,205
One-time Expenditures	2,215,436	349,822	1,305,422	\$ 955,600
Grand Total Expenditures	\$ 4,892,304	\$ 1,977,886	\$ 3,728,691	\$ 1,750,805
Balance	\$ 790,427	\$ 3,450,303	\$ 2,740,627	\$ 1,950,200

Interest

An \$1.4 million increase in fund balance is projected based on the Trust Fund cash balances for FY 2019-20.

Performance Guarantees

Three hundred thousand (\$0.31 million) in performance guarantees have been received in FY 2019-20. The \$92.2 million fund balance as of June 30, 2019 includes the \$8.3 million in PGs received since FY 2005-06.

Performance Guarantees for Adoption and Surrogacy Assistance Plan

Performance guarantees are used to fund the Adoption and Surrogacy Assistance Plan. As of May 31, 2020, \$79,500 has been reimburse to members, and the year-end projection is \$185,000.

Forfeitures and Transfers Out

The IRS allows forfeitures from flexible spending accounts to be used to fund the administration of the accounts. Since the funding for the administration is in the General Fund and the forfeitures reside in the Trust, a transfer needs to be made at the close of each fiscal year. In FY 2019-20, \$0.40 million is projected in forfeitures which will be transferred to the General Fund budget. This is \$0.20 million less than what was budgeted in the General Fund.

Pharmacy Rebates

The following table summarizes the FY 2019-20 pharmacy rebates as of May 31, 2020 and year-end projection. The rebates are provided at the end of each quarter. As of May 31, 2020, \$5.8 million of pharmacy rebates has been received. The year-end projection is \$7.8 million. The rebates offset the claims payments to the plans.

Vendor	Amount (year to date)	Year-End Projection
Blue Shield	\$4,900,000	\$6,700,000
UHC	\$ 900,000	\$1,000,000
Total	\$5,800,000	\$7,800,000

GENERAL FUND ADMINISTRATION BUDGET

FY 2019-20

Based on the financial results for the first eleven months of FY 2019-20, a balance of \$4,000 is projected at the end of FY 2019-20.

FY 2020-21

The Mayor's Proposed budget for FY 2020-21 and FY 2021-22 was released on July 31, 2020 and is now under the consideration by the Board of Supervisor's Budget and Legislative Analyst. The pages from the Mayor's budget book are attached to the end of this report.

The Mayor agreed to increasing attrition rather than deleting the position authority as was requested. SFHSS will be able to continue providing services although it will be a challenge to manage around the increased attrition. Funding is provided for continuation of EAP services added in March due to the pandemic. This includes the "Cordico" application for first responders and 24X7 external EAP services to augment existing SFHSS staffing.

The Mayor's City-wide General Fund Budget assumes that unions will agree to a delay in the cost of living increases. If no agreement is reached, the Mayor may need to propose reductions to the SFHSS budget. The amount or what will be proposed is not known at this time.

The Budget and Appropriations Committee of the Board of Supervisors will meet on the SFHSS budget on August 14, 2020 and August 20, 2020. The full Board of Supervisors will hear the budget in September and the Mayor will sign the budget by October 2020.



HEALTH SERVICE SYSTEM
STATEMENT OF REVENUES AND EXPENSES
FY 2019-2020
FOR THE ELEVEN MONTHS ENDED May 31, 2020

ACTIVE & RETIRED COMBINED

	Year-To-Date Revenues	Year-To-Date Expenses	Year-To-Date Net Excess(Shortage)
1 SELF-INSURANCE			
2 UHC PPO, including ASO *	34,925,475	34,244,939	680,536
3 Blue Shield Access+ *	209,426,471	195,257,449	14,169,021
4 Blue Shield Trio *	95,080,387	97,571,142	(2,490,755)
5 Delta Dental - Active only, including ASO	41,388,900	35,619,285	5,769,616
6 TOTAL SELF-INSURANCE	380,821,233	362,692,815	18,128,418
8 INSURANCE PRODUCTS			
9 UHC MAPD	72,139,044	72,139,044	0
10 Kaiser-HMO	403,129,784	400,718,127	2,411,657
11 Vision Service Plan, All (City Plan & HMO)	7,624,054	7,606,289	17,765
12 Sub-total HMO	482,892,882	480,463,459	2,429,423
14 Delta Dental - Retired	14,960,296	14,943,193	17,104
15 Delta Care	797,064	789,222	7,842
16 UHC Dental	417,615	416,660	956
17 Sub-total Dental	16,174,976	16,149,074	25,901
19 Long Term/Short Term Disability	6,642,977	6,516,714	126,263
20 Flexible Benefits	2,733,886	2,733,702	183
21 Flexible Spending-Dependent Care	5,339,638	5,096,314	243,325
22 Flexible Spending -Medical Reimbursement	8,127,846	6,874,759	1,253,087
23 Best Doctors (\$1.15)	487,668	486,169	1,499
24 Healthcare Sustainability Fund (\$3.00)	2,348,014	1,977,886	370,128
25 Adoption & Surrogacy		79,500	(79,500)
26 TOTAL INSURANCE PRODUCTS	524,747,886	520,377,578	4,370,308
28 SAVINGS AND INVESTMENTS			
29 Interest	1,373,147		1,373,147
30 Performance guarantees	317,814	-	317,814
31 Forfeitures	0		0
32 TOTAL SAVINGS & INVESTMENTS	1,690,961		1,690,961
34 TRANSFERS OUT OF FORFEITURES		0	0
35 TOTAL FUNDS	907,260,080	883,070,393	24,189,688

* Expenses are net of pharmacy rebates - see report for details

	FY19-20	FY19-20
	Year-To Date Actual	Projected Annual-Net
	As of May 2020 - Net	
SUMMARY- In millions		
Self Insurance		
UHC PPO	0.7	0.9 (a)
Blue Shield-Access+	14.2	13.5 (b)
Blue Shield-Trio	(2.5)	(1.7) (b)
Dental, Actives	5.8	6.9 (c)
Insurance Products		
Medical HMOs	2.4	0.0
Dental	0.0	0.0
LTD/Flexible Benefits/FSA/Best Doctors	1.6	0.0
Healthcare Sustainability Fund (\$3.00)	0.4	(1.2) (d)
Savings & Investments		
Interest	1.4	1.4
Performance guarantees	0.3	0.3 (e)
Performance guarantees - Surrogacy and adoption	0.0	(0.2) (f)
Forfeitures	0.0	0.4
Transfers Out	0.0	(0.4) (g)
TOTAL	24.2	19.9
Net assets		
Beginning of the year		92.2
End of the year		112.1

(a) Annual Projection is net of claim stabilization of \$0.8 million used to reduce 2019 rates, \$0.1 million to increase 2020 rates, and Pharmacy rebate of \$1.0 million

(b) Annual Projection is net of claim stabilization of \$1.6 million to increase 2019 rates, \$0.9 million to increase 2020 rates, and Pharmacy rebate of \$6.7 million

(c) Annual Projection is net of claim stabilization of \$2.1 million to reduce 2019 rates and \$3.5 million to reduce 2020 rates

(d) \$3.00 per member per month for communications, wellness, actuarial work; is part of a total premium.

(e) Only reflects performance guarantees received in FY 2019-2020

(f) Reflects use of fund balance

(g) Transfer of \$0.6M from forfeitures to General Fund per FY 2019-2020 budget

	For 11 months ended May 31, 2020	For 11 months ended May 31, 2019	\$ Change	% Change	
1 SELF-INSURANCE					
2 UHC PPO, including ASO					
3 Revenues	34,925,475	31,715,381	3,210,095	10.1%	l
4 Expenses	(34,244,939)	(35,736,118)	1,491,179	-4.2%	j
5 Net UHC PPO Excess(Shortage)	680,536	(4,020,737)	4,701,273	-116.9%	
6 Blue Shield-Access+					
7 Revenues	209,426,471	194,036,600	15,389,871	7.9%	p
8 Expenses	(195,257,449)	(187,922,939)	(7,334,510)	3.9%	p
9 Net Blue Shield-Access Excess(Shortage)	14,169,021	6,113,661	8,055,360	131.8%	
10 Blue Shield-Trio					
11 Revenues	95,080,387	98,378,548	(3,298,161)	-3.4%	p
12 Expenses	(97,571,142)	(93,836,643)	(3,734,499)	4.0%	p
13 Net Blue Shield-Trio Excess(Shortage)	(2,490,755)	4,541,905	(7,032,659)	-154.8%	
14 Delta Dental - Active only, including ASO					
15 Revenues	41,388,900	43,263,544	(1,874,644)	-4.3%	h
16 Expenses	(35,619,285)	(42,145,983)	6,526,699	-15.5%	j
17 Net Delta Dental - Active Excess(Shortage)	5,769,616	1,117,561	4,652,055	416.3%	
18 NET SELF-INSURANCE	18,128,418	7,752,389	10,376,029	133.8%	
19 INSURANCE PRODUCTS					
20 Kaiser-HMO					
21 Revenues	403,129,784	388,202,142	14,927,641	3.8%	d, l
22 Expenses	(400,718,127)	(385,646,462)	(15,071,664)	3.9%	d, l
23 Net Kaiser- HMO Excess(Shortage)	2,411,657	2,555,680	(144,023)	-5.6%	
24 UHC MAPD					
25 Revenues	72,139,044	64,762,492	7,376,552	11.4%	d, l
26 Expenses	(72,139,044)	(64,762,492)	(7,376,552)	11.4%	d, l
27 Net UHC MAPD Excess(Shortage)	0	0	0		
28 Vision Service Plan, All (City Plan & HMO)					
29 Revenues	7,624,054	6,930,941	693,114	10.0%	o
30 Expenses	(7,606,289)	(6,903,036)	(703,253)	10.2%	o
31 Net Vision Service Plan Excess(Shortage)	17,765	27,904	(10,139)		
32					
33 Delta Dental - Retired					
34 Revenues	14,960,296	14,257,594	702,702	4.9%	d
35 Expenses	(14,943,193)	(14,243,084)	(700,109)	4.9%	d
36 Net Delta Dental - Retired Excess(Shortage)	17,104	14,510	2,594	17.9%	
37 Delta Care					
38 Revenues	797,064	824,222	(27,158)	-3.3%	a
39 Expenses	(789,222)	(813,569)	24,347	-3.0%	a
40 Net Delta Care Excess(Shortage)	7,842	10,653	(2,811)	-26.4%	
41 UHC Dental					
42 Revenues	417,615	383,848	33,767	8.8%	d, h
43 Expenses	(416,660)	(380,972)	(35,687)	9.4%	d, h
44 Net UHC Dental Excess(Shortage)	956	2,876	(1,921)	-66.8%	
45 Net Dental	25,901	28,040	(2,138)	-7.6%	
46					
47 Long Term/Short Term Disability					
48 Revenues	6,642,977	6,915,194	(272,217)	-3.9%	h
49 Expenses	(6,516,714)	(6,915,194)	398,480	-5.8%	h
50 Net Long Term/Short Term Disability Excess(Shortage)	126,263	0	126,263		
51 Flexible Benefits					
52 Revenues	2,733,886	2,363,977	369,909	15.6%	g
53 Expenses	(2,733,702)	(2,363,903)	(369,799)	15.6%	g
54 Net Flexible Benefits Excess(Shortage)	183	74	110	0.0%	
55 Flexible Spending-Dependent Care					
56 Revenues	5,339,638	5,055,168	284,471	5.6%	d
57 Expenses	(5,096,314)	(4,927,784)	(168,530)	3.4%	f
58 Net Flexible Spending-Dependent Care Excess(Shortage)	243,325	127,384	115,941	91.0%	
59 Flexible Spending -Medical Reimbursement					
60 Revenues	8,127,846	7,150,693	977,153	13.7%	d
61 Expenses	(6,874,759)	(7,492,157)	617,398	-8.2%	j
62 Net Flexible Spending-Medical Reimbursement Excess(Shortage)	1,253,087	(341,464)	1,594,551	-467.0%	
63 Best Doctors (\$1.15)					
64 Revenues	487,668	1,085,930	(598,262)	-55.1%	b
65 Expenses	(486,169)	(988,424)	502,255	-50.8%	b
66 Net Best Doctors Excess(Shortage)	1,499	97,506	(96,007)		
67 Adoption & Surrogacy					
68 Expenses	(79,500)	(111,198)	31,698	-28.5%	
69 Healthcare Sustainability Fund (\$3.00)					
70 Revenues	2,348,014	2,329,266	18,747	0.8%	
71 Expenses	(1,977,886)	(1,792,939)	(184,947)	10.3%	e
72 Net Healthcare Sustainability Fund (\$3.00) Excess(Shortage)	370,128	536,327	(166,199)	-31.0%	
73 NET INSURANCE PRODUCTS	4,370,308	2,920,252	1,450,056	49.7%	
74 SAVINGS AND INVESTMENTS					
75 Interest	1,373,147	0	1,373,147	0.0%	
76 Performance guarantees	317,814	506,029	(188,214)	-37.2%	
77 TOTAL SAVINGS & INVESTMENTS	1,690,961	506,029	1,184,932	234.2%	
78 TOTAL NET EXCESS (SHORTAGE)	24,189,688	11,178,671	13,011,017	116.4%	

Notes: a decrease in membership

b discontinued on 1/1/20

c decrease in deductions

d increase in membership

e \$3 per member per month for communications, wellness, actuarial work

f increase in claims

g increase in deductions

h decrease in rates

j decrease in claims

l increase in rates

o vision buy-up effective 1/1/18

p effective 1/1/18

SAN FRANCISCO HEALTH SERVICE SYSTEM <small>Affordable, Quality Benefits & Well-Being</small>				
Healthcare Sustainability Fund FY 2019-20				
	Revised Budget	May YTD Actual	Projection	Variance
Revenues/Premiums				
Annual Revenues	\$ 2,602,555	\$ 2,348,014	\$ 2,559,546	\$ 211,532
Carryforward from fund balance	3,080,176	3,080,176	3,909,772	829,596
Total	\$ 5,682,731	\$ 5,428,190	\$ 6,469,318	\$ 1,041,128
Expenditures				
Annual				
Personnel Services and Mandatory Fringes	\$ 1,262,265	\$ 826,904	\$ 1,081,221	\$ 254,317
Communications				
Open Enrollment Communications	353,561	286,449	348,561	62,112
Operations Communications	156,754	132,760	194,567	61,807
Well-Being Communications	175,750	12,363	158,000	145,637
Other Communications	90,332	73,080	62,138	(10,942)
Total Communications	\$ 776,397	\$ 504,652	\$ 763,266	\$ 258,614
Well-Being	337,500	34,322	262,453	228,131
Initiatives to Reduce Health Care Costs	282,500	259,650	298,123	38,473
Board Transcription Services/SFGOV	18,206	2,537	18,206	15,670
Contingency for Unforeseen Issues			-	-
Total Annual Expenditures	\$ 2,676,868	\$ 1,628,064	\$ 2,423,269	\$ 795,205
One-Time				
Communications				
Open-Enrollment Communications	\$ 192,400	\$ 29,800	\$ 190,000	\$ 160,200
Operations Communications	1,506,532	299,447	697,700	398,253
Other Communications	181,660	10,233	264,210	253,977
COVID-19 Communications		10,342	-	(10,342)
Total Communications	\$ 1,880,592	\$ 349,822	\$ 1,151,910	\$ 812,430
Well-Being	100,697	-	98,512	98,512
Initiatives to Reduce Health Care Costs	234,147		55,000	55,000
Total One-Time Expenditures	\$ 2,215,436	\$ 349,822	\$ 1,305,422	\$ 955,600
Grand Total Expenditures	\$ 4,892,304	\$ 1,977,886	\$ 3,728,691	\$ 1,750,805
Balance	\$ 790,427	\$ 3,450,303	\$ 2,740,627	

**SAN FRANCISCO
HEALTH SERVICE SYSTEM**

Affordable, Quality Benefits & Well-Being

SAN FRANCISCO HEALTH SERVICE SYSTEM - ADMINISTRATION
STATEMENT OF REVENUES AND EXPENDITURES
As of May 31, 2020

YEAR-TO-DATE						ANNUAL							
Budget	Non-COVID-19 Actuals	COVID-19 Actuals	Total Actuals	Fav/(Unfav) Variance	% Var		Original Budget	Revised Budget	Non-COVID-19 Projection	COVID-19 Projection	Total Projection	Fav/(Unfav) Variance	% Var
REVENUES													
572,584			-	(572,584)	-100.0%	Non-Operating Revenue	624,637	624,637	505,000		505,000	(119,637)	-19.2%
10,499,625	10,499,654		10,499,654	29	0.0%	Work Order Recovery	11,454,136	11,454,136	11,454,136		11,454,136	0	0.0%
8,370	15		15	(8,355)	-99.8%	Other Revenue	9,131	9,131	0		-	(9,131)	-100.0%
270,871	270,871		270,871	0		General Fund Carryforward		325,045	325,045		325,045	0	0.0%
11,351,450	10,770,540	-	10,770,540	(580,910)	-5.1%	TOTAL REVENUES	12,087,904	12,412,949	12,284,181	-	12,284,181	(128,768)	-1.0%
EXPENDITURES													
4,980,233	4,611,841	228,002	4,839,843	140,390	2.8%	Personnel Services	5,432,981	5,432,981	5,270,289	40,693	5,310,982	121,999	-2.2%
2,440,175	2,232,228	104,477	2,336,705	103,470	4.2%	Mandatory Fringe Benefits	2,662,009	2,662,009	2,601,732	16,277	2,618,009	44,000	-1.7%
1,708,213	1,370,193	173,007	1,543,200	165,014	9.7%	Non-personnel Services	1,804,258	1,863,505	1,863,506	290,563	2,154,069	(290,564)	15.6%
50,448	28,906	11,454	40,359	10,089	20.0%	Materials & Supplies	45,130	55,035	55,035	11,681	66,716	(11,681)	21.2%
2,199,468	1,559,910		1,559,910	639,558	29.1%	Services of Other Departments	2,143,526	2,399,419	2,130,419		2,130,419	269,000	-11.2%
11,378,537	9,803,078	516,940	10,320,017	1,058,520	9.3%	TOTAL EXPENDITURES	12,087,904	12,412,949	11,920,981	359,214	12,280,195	132,754	-1.1%
(27,087)	967,462	(516,940)	450,523	477,610		REVENUE LESS EXPENDITURES	0	(0)	363,200	(359,214)	3,986		

HEALTH SERVICE SYSTEM

MISSION

The San Francisco Health Service System (SFHSS), negotiates, administers, and manages health and other benefits for active employees, retirees, and dependents from four employers: City and County of San Francisco, San Francisco Unified School District, City College of San Francisco, and San Francisco Superior Court. HSS is dedicated to preserving and improving sustainable, quality health benefits, and to enhancing the well-being of members and their families.

SERVICES

The San Francisco Health Service System provides services through the following divisions:

ADMINISTRATION develops policy recommendations, rates and benefits analysis, and plan designs that proactively manage health care costs, ensure access to quality care, and comply with local, state, and federal law. Administration also coordinates monthly Health Service Board meetings; oversees plan vendor selections and performance analysis; and maintains relationships with employers, city departments, plan vendors, and external partners.

FINANCE ensures the timeliness and accuracy of thousands of financial transactions; conducts the Charter-mandated ten-county survey; calculates annual premium rates; oversees the annual external audit of the Health Service Trust Fund; routinely reports to the Health Service Board, conducts contract renewals, coordinates vendor solicitations, and administers Vendor Performance programs.

MEMBER SERVICES provides health benefits counseling and enrollment support for the more than 117,850 HSS members and dependents (covered lives); maintains regulatory compliance and membership rules; and conducts eligibility audits.

COMMUNICATIONS oversees the distribution of annual Open Enrollment packets; maintains a benefits website with 127,000 visits each year; prepares reports and presentations; manages information requests; and reviews all vendor communications to HSS members for clarity and accuracy.

Services (continued on next page)

BUDGET DATA SUMMARY

	2019-20	2020-21		2021-22	
	Original Budget	Proposed Budget	Change from 2019-20	Proposed Budget	Change from 2020-21
Total Expenditures	12,087,904	12,102,328	14,424	12,396,531	294,203
Total FTE	50	47	(3)	47	0

Services (continued)

WELL-BEING/EMPLOYEE ASSISTANCE PROGRAM supports emotional, mental, and physical well-being for SFHSS members (employees, retirees, and family members) to be “Better Every Day,” live healthily, and feel good, by providing easily accessible resources and tools.

ENTERPRISE SYSTEMS AND ANALYTICS monitors network performance and trends; provides administrative analyses (including forecast modeling); analyzes cost, utilization, and quality of healthcare; responds to informational requests; and manages data exchanges and information technology related to benefits administration.

BUDGET ISSUES AND DETAILS

The Fiscal Year (FY) 2020-21 proposed budget of \$12.1 million for the Health Service System is 0.1 percent higher than the FY 2019-20 budget of \$12.1 million. This is primarily due to an increase in Employee Assistance Programming, which offsets savings from holding positions vacant and pausing some in-person Well-Being programming.

The FY 2021-22 proposed budget of \$12.4 million is \$0.3 million, or 2.4 percent, higher than the FY 2020-21 proposed budget. This is driven by the ongoing increase to EAP and renewal of Well-Being services.

Fostering a Culture of Well-Being

The impact of COVID-19 on SFHSS members’ mental health and well-being is of great concern to the City. The Employee Assistance Program (EAP) was expanded in April 2020 to include a mobile well-being application for first responders. Additionally, all SFHSS members can now access twenty-four hours a day, seven days a week EAP services from qualified providers in addition to SFHSS EAP staff. Virtual well-being activities and classes are currently being provided, and financial coaching and healthy weight programs, such as the Diabetes Prevention Program, will be provided remotely in 2020.

Strategic Plan Implementation

Implementation of SFHSS’ Strategic Plan 2020-2022 continues to prioritize members’ diverse needs through responsive design and timely delivery of healthcare services. The goal is to provide quality health care at an affordable cost for current and future members when they become ill or develop a chronic condition, and to support members throughout their life to maintain good health and well-being. SFHSS services have been consistently provided throughout the COVID-19 pandemic.

Data Driven Decisions

SFHSS takes an evidence-based and data-led approach to improving the quality of care and understanding the social conditions affecting member health. In 2020, SFHSS began using a dedicated Social Determinants of Health and Race Equity framework. The All Payer Claims Database enables evaluation of healthcare quality, trend cost and utilization, plan design, and population health metrics.

Advancing Health Literacy

Providing accessible and transparent benefit information and increasing member engagement is an SFHSS strategic goal. In 2019, the Department updated its website and expanded its communications team to implement best practices for presenting health benefits and well-being information to SFHSS’s diverse member population. In 2020, SFHSS will host its first virtual Open Enrollment and provide members with benefits information and counseling for new hires and retirees. A webinar and podcast series will be available to educate members throughout the year about benefits and the importance of preventative care, mental health, and well-being.

Expanding eBenefits

During the 2019 Open Enrollment, eBenefits were expanded to over 42,533 active and retired members. Members can enroll online at their convenience without submitting a paper enrollment form. The eBenefits are designed to increase accuracy, shorten processing time, and provide more time for staff to assist members with making benefit elections. It is available throughout the year to new hires and retirees, members with qualifying events, and those without qualifying events based on new COVID-19 Internal Revenue Service (IRS) regulations. During the 2020 Open Enrollment, eBenefits will be extended to all SFUSD employees.

TOTAL BUDGET – HISTORICAL COMPARISON

Authorized Positions	2019-2020 Original Budget	2020-2021 Proposed Budget	Change From 2019-2020	2021-2022 Proposed Budget	Change From 2020-2021
Total Authorized	56.38	54.73	(1.65)	54.73	
Non-Operating Positions (cap/other)	(6.69)	(7.61)	(0.92)	(7.61)	
Net Operating Positions	49.69	47.12	(2.57)	47.12	0.00

Sources

Charges for Services	9,131	9,131		9,131	
Other Revenues	624,637	625,297	660	625,958	661
Expenditure Recovery	11,454,136	11,467,900	13,764	11,761,441	293,541
General Fund Support		0		1	1
Sources Total	12,087,904	12,102,328	14,424	12,396,531	294,203

Uses - Operating Expenditures

Salaries	5,432,981	5,203,105	(229,876)	5,203,163	58
Mandatory Fringe Benefits	2,662,009	2,680,495	18,486	2,771,758	91,263
Non-Personnel Services	1,804,258	2,299,146	494,888	2,401,639	102,493
Materials & Supplies	45,130	49,085	3,955	47,717	(1,368)
Services Of Other Depts	2,143,526	1,870,497	(273,029)	1,972,254	101,757
Uses Total	12,087,904	12,102,328	14,424	12,396,531	294,203

Uses - Division Description

HSS Health Service System	12,087,904	12,102,328	14,424	12,396,531	294,203
Uses by Division Total	12,087,904	12,102,328	14,424	12,396,531	294,203

SAN FRANCISCO HEALTH SERVICE SYSTEM

Affordable, Quality Benefits & Well-Being

Memorandum

DATE: July 31, 2020

TO: Stephen Follansbee, M.D., President, and Members of the Health Service Board

FROM: Larry Loo, MPH Chief Financial Officer

RE: Status of Balance Billing in SFHSS Member Plans

Executive Summary:

The issue of balance billing, sometimes called surprised billing, was brought to the attention of the board and management of SFHSS. This is an update on the status the balance billing and its potential impact on members enrolled in health plans provided by SFHSS.

Members are enrolled in either commercial plans (non-Medicare) or a Medicare Advantage plan (once they become eligible for Medicare). For Medicare eligible members, there are Federal laws to protect against balance billing.

Commercial members in HMOs getting covered service in their network are not subject to balance billing. Commercial members in PPO's may experience balance billing when they use non-urgent/emergency care out-of-network; note that urgent/emergency care treats out-of-network providers as in-network and the member is responsible for their in-network cost-sharing. The use of out-of-network providers or seeking out non-covered or authorized services may trigger balance billing. While this practice is rare, there are patient protections to limit the financial exposure that vary based on their type of coverage.

Background:

Balance billing, sometimes called surprised billing, is a bill from a health care provider billing a patient for the difference between the total charges from the provider, the amount the insurance pays, frequently called the allowed amount. It is beyond any plan cost-sharing the member pays, e.g., a copay, deductible or coinsurance. It is a problem with providers who are out-of-network (or not contracted with the health plan), and therefore not subject to the rates or terms of providers who are in-network.

Protections for Commercial Member from Out-of-Network Costs:

As stated above, this can occur in the commercial PPO plan. A national studyⁱ estimated that 8% use out-of-network providers and 40% received a surprise bill. In 2017, a new law (AB72) in California placed restrictions on that practice. For any health plan, the allowed amount to an out-of-network provider is the greater of 125% Medicare or the health plan's average contracted rate in the geographic area. It is noteworthy that at SFHSS, out-of-network use has been limited to a handful of cases and none are unresolved.

Note on Zuckerberg SF General Hospital

ZSFGH is not an in-network provider for most commercial health plans. Aside from the protections above, in 2019 ZSFGH had implemented a new income based sliding scale for charges to moderate the impact of billed charges. This new policy appears to be helping. SFHSS is aware of very few members who have use services here and there have been no complaints about balance or surprise billing.

CURRENT BALANCE BILLING PRACTICES - SFHSS MEDICAL PLANS: (Courtesy of Anne Thompson, AON)

For the SFHSS medical plans, the following table outlines when balance billing may occur:

	In-Network		Out-of-Network	
	Non-Emergency Care	Emergency (& Urgent) Care	Non-Emergency Care	Emergency (& Urgent) Care
Blue Shield of California	No Balance Billing	No Balance Billing	N/A*	No Balance Billing
Kaiser (Non-Medicare and Medicare)	No Balance Billing	No Balance Billing	N/A*	No Balance Billing
UnitedHealthcare – Non-Medicare	No Balance Billing	No Balance Billing	Balance Billing May Occur	No Balance Billing
UnitedHealthcare – Medicare	No Balance Billing	No Balance Billing	No Balance Billing	No Balance Billing

* Blue Shield of California and Kaiser are HMO plans so there is no out-of-network coverage for non-emergency care.

For the SFHSS dental plans, the following table outlines when balance billing may occur:

	In-Network	Out-of-Network
	Delta Dental of California (Active and Retiree)	PPO Providers – No Balance Billing Premier Providers – No Balance Billing
UnitedHealthcare Dental HMO	No Balance Billing	N/A*

* UnitedHealthcare Dental HMO is an HMO plan so there is no out-of-network coverage.

Members in plans that may have balance billing provide access to cost estimating tools get a sense of costs prior to using services:

- UnitedHealthcare – Non-Medicare
<https://www.uhc.com/individual-and-family/member-resources/health-care-tools/cost-estimator>
- Delta Dental of California (Active and Retiree)
<https://www.deltadental.com/us/en/cost-estimator.html>

ⁱ October 2012 Health Services Research, "Out-of-Network Physicians: How Prevalent Are Involuntary Use and Cost Transparency?", Kelly A. Kyanko M.D., M.H.S. Leslie A. Curry Ph.D., M.P.H. Susan H. Busch Ph.D.

MEMORANDUM

DATE: June 11, 2020
TO: Karen Breslin, President, and Members of the Health Service Board
FROM: Abbie Yant
SFHSS Executive Director
RE: Black-Out Notice Extension through June 2021

This memorandum shall notify the Health Service Board (“Board”) of the Blackout Period in connection with the San Francisco Health Service System (“SFHSS”) competitive bid process for the medical plans and the Rates and Benefits process for the 2022 plan year.

Pursuant to the Board’s Service Provider Selection Policy, the Board must be notified of a Blackout Period prior to the release of any solicitation for the selection of a primary service provider and also includes the annual SFHSS Rates and Benefits process.

During the Blackout Period, the Board is prohibited from any communications with a potential SFHSS service provider on matters relating to SFHSS contracting except communications on SFHSS matters during Board or Board Committee Meetings.

Communications include face-to-face conversations, telephone conversations, email, text messages, letters, faxes or any other social media, written or electronic communications.

Any communications with service providers for reasons unrelated to SFHSS during the Blackout Period must be immediately disclosed in writing to the Director and the Board.

The Blackout Period commenced on February 13, 2020 and is extended through the competitive bid process for the medical plans (June – December 2020) and the Rates and Benefits cycle for plan year 2022 and therefore is expected to end in July 2021 after the Board of Supervisors final approval.

LEGISLATIVE UPDATE AUGUST 13, 2020

	Subject	Legislation Title	Activity	Comment
RACIAL EQUITY				
Federal	Federal Holiday	HR 7232 Juneteenth National Independence Act	Introduced June 18, 2020 and referred to the House Committee on	A bill to amend title 5, United States Code, to establish Juneteenth Independence Day as a Federal holiday, and for other purposes.
COVID-19 RELATED				
Federal	Economic Recovery	S 4320 Coronavirus Response Additional Supplemental Appropriations Act, 2020	Introduced July 27, 2020 and referred to the Senate Committee on	A summary is in progress.
Federal	Economic Recovery	HR 6800 Health and Economic Recovery Omnibus Emergency Solutions (HEROES) Act	Last Action July 23, 2020 - Committee on Small Business and Entrepreneurship. Hearings held.	This bill responds to the COVID-19 outbreak and its impact on the economy, public health, state and local governments, individuals, and businesses. Among other things, the bill provides FY2020 emergency supplemental appropriations to federal agencies; provides payments and other assistance to state, and local governments; expands paid sick days, family and medical leave, provides funding and establishes requirements for COVID-19 testing and contact tracing; eliminates cost-sharing for COVID-19 treatments.
Federal	Tax Credit	S 4214 Payroll Tax Credit for certain expenses associated with protecting employees from COVID-19	Introduced July 20, 2020 and referred to the Senate Committee on Finance	This bill allows employers a 50% payroll tax credit for the cost of qualified employee protection expenses and qualified workplace reconfiguration expenses paid in a calendar quarter. The bill defines qualified employee protection expenses as the cost of testing employees for COVID-19 (i.e., coronavirus disease 2019), equipment to protect employees from COVID-19, and cleaning products or services for preventing the spread of COVID-19; and qualified workplace reconfiguration expenses as amounts paid to design and reconfigure retail space, work areas, break areas, or other employee or customer areas for the primary purpose of preventing the spread of COVID-19 and such design and reconfiguration is completed pursuant to a plan in place before March 13, 2020, and completed before January 1, 2021.
Federal	Affordability	S 4198 Affordable Coronavirus Testing Act	Introduced July 2, 2020 and referred to the Senate Committee on Health, Education, Labor, and Pensions	A bill to require health plans to provide coverage for COVID-19 serology testing.
Federal	Economic Relief and Security	HR 748 Coronavirus Aid, Relief and Economic Security (CARES) Act, also known as "Phase 3"	Became Public Law on March 27, 2020	This bill provides \$2 trillion in response to the COVID-19 outbreak and its impact on the economy, public health, state and local governments, individuals, and businesses. Provides \$100 billion specifically to "eligible health care providers" for healthcare related expenses or lost revenues attributable to the COVID-19 pandemic. The funding is to address both the economic harm across the entire healthcare system due to cancellation or postponement of elective procedures and to address the financial impact on providers incurring additional expenses caring for COVID-19 patients.
Federal	Economic Response	HR 6201 Families First Coronavirus Response Act, also known as "Phase 2"	Became Public Law on March 18, 2020	This bill provides \$104 billion in paid sick leave, tax credits, and free COVID-19 testing; expanding food assistance and unemployment benefits; and increasing Medicaid funding.
Federal	Economic Preparedness	HR 6074 Coronavirus Preparedness and Response Supplemental Appropriations Act of 2020, also known as "Phase 1"	Became Public Law on March 6, 2020	This bill provides \$8.3 billion in emergency funding for federal agencies to respond to the coronavirus outbreak. It funds programs that address issues such as developing, manufacturing, and procuring vaccines and other medical supplies.

LEGISLATIVE UPDATE AUGUST 13, 2020

	Subject	Legislation Title	Activity	Comment
COST OF DRUGS				
Federal	Cost of Insulin Drugs	HR 7722 Limit the Price of Insulin Drugs	Introduced July 22, 2020 and referred to the House Committee on Energy and Commerce and the House Committee on Education and	A bill to limit the price of insulin drugs accessible for participants, beneficiaries, and enrollees enrolled in group or individual health insurance coverage and group health plans and for uninsured individuals who have diabetes, and for other purposes.
BENEFIT DESIGN & ENROLLMENT OPTIONS				
Federal	COBRA Continuation Coverage	HR 7942 Extend COBRA Continuation Coverage	Introduced August 4, 2020 and referred to the House Committee on Ways and Means	This bill would provide the option to extend COBRA continuation coverage through the last day of the 1-year period succeeding the COVID-19 emergency period, and for other purposes.
Federal	Dependent Care FSA	S 4372 Roll over Unused Dependent Care Balances	Introduced July 30, 2020 and referred to the Senate Committee on Finance	This bill would provide for unused benefits in a dependent care FSA to be carried over from 2020 to 2021, to provide for benefits to be accessed after termination of employment, and for other purposes.
Federal	Savings to HSA, MSA and FSA Plans	HR 7825 A bill to amend the Internal Revenue Code of 1986	Introduced July 29, 2020 and referred to the House Committee on Ways and Means	This bill would amend the Internal Revenue Code of 1986 to create increased opportunities for savings to HSA, MSA and FSA plans, to mitigate the financial strain on families caused by COVID-19, to provide for child nutrition, and for other purposes.
Federal	Limitations on HSA Plans	S 4367 A bill to amend the Internal Revenue Code of 1986	Introduced July 29, 2020 and referred to the Senate Committee on	A bill to amend the Internal Revenue Code of 1986 to eliminate limitations on contributions to health savings accounts.
Federal	Benefits for Lung Cancer Screenings	S 4355 A bill to amend title XXVII of the Public Health Service Act	Introduced July 29, 2020 and referred to the Senate Committee on Health, Education, Labor, and Pensions.	A bill to amend title XXVII of the Public Health Service Act to require group health plans and health insurance issuers offering group or individual health insurance coverage to provide benefits for lung cancer screenings for certain individuals without the imposition of cost sharing.
Federal	Behavioral Health and Well-Being	S 4349 A bill to address Behavioral Health and Well-Being among Health Care Professionals	Introduced July 29, 2020 and referred to the Senate Committee on Health, Education, Labor, and	A summary is in progress.
State	Mental Health and Substance Abuse	SB 855 Health Coverage: Mental Health and Substance Abuse Disorders	Amended in assembly July 27, 2020. Introduced January 14, 2020.	This bill would revise and recast provisions set forth in the Knox-Keene Health Care Service Plan Act and California Mental Health Parity Act. This bill would instead require a health care service plan contract or disability insurance policy issued, amended, or renewed on or after January 1, 2021, to provide coverage for medically necessary treatment of mental health and substance use disorders, as defined, under the same terms and conditions applied to other medical conditions. The bill would prohibit a health care service plan or disability insurer from limiting benefits or coverage for mental health and substance use disorders to short-term or acute treatment. The bill would revise the covered benefits to include basic health care services, as defined, intermediate services, and prescription drugs.
Federal	Dependent Care FSA	HR 7666 - A bill to amend the Internal Revenue Code of 1986	Introduced July 16, 2020 and referred to the House Committee on Ways and Means	A bill to amend the Internal Revenue Code of 1986 to provide flexibility for families with health flexible spending arrangements and dependent care flexible spending arrangements, and for other purposes.
Federal	Behavioral Health	HR 7539 - Strengthening Behavioral Health Parity Act	Introduced July 15, 2020 and referred to the House Committee on Energy and Commerce; Ways and Means; Education and Labor.	A summary is in progress.

LEGISLATIVE UPDATE AUGUST 13, 2020

	Subject	Legislation Title	Activity	Comment
Federal	Paid Sick Leave	HR 7538 Essential Workforce Parity Act	Introduced July 9, 2020 and referred to the House Committee on Education and Labor, the Committees on House	This bill would amend the Families First Coronavirus Response Act to provide paid sick leave for health care providers and emergency responders, and for other purposes.
Federal	Dependent Care FSA	S 3972 - COVID-19 Dependent Care Flexible Spending Arrangement Rollover Act of 2020	Introduced June 17, 2020 and referred to the Senate Committee on Finance	This bill directs the Department of the Treasury to issue regulations or other guidance that permit the unused balance as of the end of plan year 2020 of any dependent care flexible spending arrangement to be rolled over to plan year 2021.
Federal	Telehealth	S 3988 - Enhancing Preparedness through Telehealth Act	Introduced June 17, 2020 and referred to the Senate Committee on Health, Education, Labor, and Pensions	A summary is in progress.
TRANSPARENCY				
Federal	Price Transparency	S 4106 Health Care PRICE Transparency Act	Introduced on June 30, 2020 and referred to the Senate Committee on Health, Education, Labor, and	A bill to amend the Public Health Service Act to provide for hospital and insurer price transparency.
RULE MAKING				
State	Health Care System Consolidation	SB 977 Health Care System Consolidation: Attorney General approval and enforcement	Amended in Assembly July 27, 2020. Introduced February 11, 2020.	This bill will require health care systems, private equity groups, hedge funds, and academic medical centers to obtain advance approval by the California Attorney General for substantially all acquisitions or change of control transactions with health care facilities and providers. The stated purpose of the bill is to prevent anticompetitive health care consolidation in California. If enacted into law, the law will apply to transactions entered into on or after January 1, 2021.
Federal	Department of Health and Human Services, Centers for CMS Announced Temporary Policy	Temporary Policy on 2020 Premium Credits Associated with the COVID-19 Public Health Emergency	Temporary Policy was announced on August 4, 2020	<p>The Centers for Medicare & Medicaid Services (CMS) announced it is exercising discretion to adopt a temporary policy of relaxed enforcement to allow health insurance issuers in the individual and small group markets to temporarily offer premium credits for 2020 coverage to support continuity of coverage for individuals, families and small employers who may struggle to pay premiums because of illness or loss of incomes or revenue resulting from the COVID-19 public health emergency.</p> <p>Issuers generally are not permitted under federal law and regulations to reduce premiums that are otherwise due. In light of the urgent need to help individuals and small employers experiencing economic hardship maintain continuous coverage through the COVID-19 public health emergency, CMS will adopt a policy of relaxed enforcement with respect to 45 CFR 147.102, 155.200(f)(4), 155.400(e) and (g), 155.706(b)(6)(1)(A), 156.80(d), 156.210(a), and 156.286(a)(2)-(4) to allow issuers, on a temporary basis, to offer premium credits for 2020 coverage.</p> <p>CMS intends to clarify the medical loss ratio (MLR) and risk adjustment reporting requirements in future rulemaking to ensure that issuers may accurately report premium amounts actually billed for months in 2020 for which issuers provided these credits.</p>

LEGISLATIVE UPDATE AUGUST 13, 2020

	Subject	Legislation Title	Activity	Comment
Federal	Department of Health and Human Services, Centers for CMS Announced Temporary Period of Relaxed Enforcement	Temporary Period of Relaxed Enforcement for Submitting the 2019 MLR Annual Reporting Form and Issuing MLR Rebates in Response to the Coronavirus Disease 2019 (COVID-19) Public Health Emergency	Temporary Period of Relaxed Enforcement was announced on August 4, 2020	<p>The Centers for Medicare & Medicaid Services (CMS) announced it is exercising discretion to adopt temporary policies of relaxed enforcement in connection with submitting the 2019 medical loss ratio (MLR) annual reporting form and issuing MLR rebates in response to the COVID-19 public health emergency. CMS is providing this additional flexibility to permit issuers to prepay to enrollees a portion or all of the estimated MLR rebate for the 2019 MLR reporting year to support continuity of coverage for enrollees who may struggle to pay premiums because of illness or loss of income resulting from the COVID-19 public health emergency. CMS is also extending the deadline by which it will accept 2019 MLR Annual Reporting Forms.</p> <p>Under the Affordable Care Act, insurers that cover individuals and small businesses must spend at least 80% of their revenue on health-care costs or send rebates to their enrollees. Large-market insurers with more enrollees must spend at least 85% of their revenue on health costs. The MLR requirements are applicable to health insurance issuers in the individual, small group, and large group markets, including issuers of grandfathered health plan coverage and "grandmothered" (also known as "transitional") plans subject to the CMS non-enforcement policy. The law requires insurers to submit to CMS their annual medical loss ratio report by July 31. Insurers that choose to provide rebates in the form of a premium credit must apply the rebate to the first month's premium that's due on or after Sept. 30. CMS said it won't take enforcement action against insurers that choose to prepay all or part of its rebate in the form of a premium earlier than Sept. 30. It also won't take enforcement action against insurers that submit their annual reporting form by Aug. 17.</p>

LEGISLATIVE WATCH LIST

SURPRISE MEDICAL BILLING

Federal	Surprise Medical Billing	HR 5800 Ban Surprise Billing Act	Introduced February 2, 2020 and referred to the House Committee on Energy and Commerce, also referred to the House Committees on Education and Labor, Ways and Means, and Oversight and Reform. No action since then.	The bill would require a group health plan to provide services without imposing any requirement under the plan or coverage for prior authorization of services or any limitation on coverage that is more restrictive than the requirements or limitations that apply to emergency services received from participating providers and participating insurance providers and participating emergency facilities with respect to such plan or coverage.
MEDICARE				
Federal	Medicare	S 3237 WELL Seniors Act of 2020	Introduced January 28, 2020 and referred to the House Committee on Finance. No action since then.	The bill would improve the annual wellness visit under the Medicare program.
Federal	Medicare	S 3238 Preventive Home Visit Act	Introduced January 28, 2020 and referred to the House Committee on Finance. No action since then.	The bill would provide coverage of preventive home visits under Medicare by establishing a bundled payment amount for a preventive home visit, including any referrals made in connection with the visit.

LEGISLATIVE UPDATE AUGUST 13, 2020

	Subject	Legislation Title	Activity	Comment
COST OF DRUGS				
Federal	Cost of Prescription Drugs	S 3384 Lowering Prescription Drug Pricing for America's Seniors and Families Act of 2020	Introduced March 3, 2020 and referred to the House Committee on Finance. No action since then.	A bill to allow for negotiation of prices for certain covered Medicare part D drugs, to allow for importation by individuals of prescription drugs from Canada, to preserve access to affordable generics and biosimilars, to increase the use of real-time benefit tools to lower beneficiary costs, to establish a manufacturer discount program, and for other purposes.
Federal	Orphan Drugs	S 3271 Fairness in Orphan Drug Exclusivity Act	Introduced February 11, 2020 and referred to the Senate Committee on Health, Education, Labor and Pensions. No action since then.	The bill would limit amend the Federal Food, Drug, and Cosmetic Act with respect to limitations on exclusive approval or licensure of orphan drugs.
BENEFIT DESIGN & ENROLLMENT OPTIONS				
Federal	Mental Health and Substance Abuse	S 3792 A bill to require parity in the coverage of mental health and substance use disorder services	Introduced May 21, 2020 and referred to the House Committee on Health, Education, Labor and Pensions. No action since then.	This bill would require parity in the coverage of mental health and substance use disorder services provided to enrollees in private insurance plans, whether such services are provided in-person or through telehealth.
Federal	Treatment for Infertility	HR 2803 Access to Infertility Treatment and Care Act	Introduced May 16, 2020 and referred to the Subcommittee on Health June 11, 2020. No action	A summary is in progress.
Federal	Treatment for Infertility	S 1461 Access to Infertility Treatment and Care Act	Introduced May 14, 2020 and referred to the Senate Committee on Health, Education, Labor, and Pensions. No action since then.	A summary is in progress.
Federal	Continued Coverage for Pre-Existing Conditions	S 3383 A bill to amend the Patient Protection and Affordable Care Act	Introduced March 3, 2020 and referred to the Senate Committee on Health, Education, Labor and Pensions. No action since then.	This bill would ensure that preexisting condition exclusions with respect to enrollment in health insurance coverage and group health plans continue to be prohibited; this bill is related to the Continued Coverage for Pre-existing Conditions Act of 2019.
State	Health Care Coverage: Treatment for Infertility	AB 2781 An act to repeal and add Section 1374.55 of the Health and Safety Code, and to repeal and add Section 10119.6 of the Insurance Code, relating to health care coverage.	Introduced February 21, 2020. No action since then.	This bill would require every health care service plan contract or health insurance policy that is issued, amended, or renewed on or after January 1, 2021, to provide coverage for the treatment of infertility. The definition of infertility would be revised, and would remove the exclusion of in vitro fertilization from coverage.
Federal	Breast Cancer Diagnosis	S 3216 Access to Breast Cancer Diagnosis	Introduced January 16, 2020 and referred to the Senate Committee on Health, Education, Labor, and Pensions. No action since then.	A bill would prohibit group health plans and health insurance issuers offering group or individual health insurance coverage from imposing cost-sharing requirements or treatment limitations with respect to diagnostic examinations for breast cancer that are less favorable than such requirements with respect to screening examinations for breast cancer.
TRANSPARENCY				
Federal	Improving Awareness of Health Coverage Options	HR 6130 To update the model COBRA continuation coverage	Introduced on March 9, 2020, referred to the House Committee on Education and Labor. No action	This bill will require the Secretary of Labor to update the model COBRA continuation coverage general notice and the model COBRA continuation coverage election notice, and for other purposes.

LEGISLATIVE UPDATE AUGUST 13, 2020

	Subject	Legislation Title	Activity	Comment
AFFORDABLE CARE ACT				
<p>United States Department of Health and Human Services (HHS) Office for Civil Rights</p>	<p>Nondiscrimination in Health and Health Education Programs or Activities</p>	<p>On June 14, 2019 HHS proposed "substantial revisions" to regulations implementing ACA Section 1557. The proposal cannot change Sections 1557's protection in the law enacted by Congress but it would significantly narrow the scope of the existing HHS implementing regulations.</p>	<p>The hearing was held September 2019. The judge issued a final judgment on October 15, 2019 and judge stated that the federal government did not cite a compelling governmental interest in the rule's protections based on gender identity and termination of pregnancy. The judge suggested that the government could instead help individuals find and pay health care providers that offer gender transition and abortion-related procedures. The Supreme Court is considering the scope of Title IX (the basis of 1557's sex nondiscrimination provision) this term.</p>	<p>The regulations would: a) eliminate the general prohibition on discrimination based on gender identity, as well as specific health insurance coverage protections for transgender individuals, b) adopt blanket abortion and religious freedom exemptions for health care providers, c) eliminate the provision preventing health insurers from varying benefits in ways that discriminate against certain groups, such as people with HIV or LGBTQ people d) weaken protections that provide access to interpretation and translation services for individuals with limited English proficiency, d) eliminate provision affirming the right of private individuals to challenge alleged violation of Section 1557 in court, obtain money damages, as well as requirements for covered entities to provide non-discrimination notices and grievance procedures.</p>
<p>Court Case – US Court of Appeals for the Fifth Circuit</p>	<p>Texas v Azar (United States Affordable Care Act) Appeal decision of lower court that ruled the ACA unconstitutional due to the unconstitutionality of the individual mandate and inability to sever the mandate from the ACA.</p>	<p>In December 2018, a Texas District Court struck down the ACA in its entirety, finding that the 2017 Tax Cuts and Jobs Act, which reduced the penalty associated with the individual mandate to zero, renders the mandate unconstitutional, and invalidates the mandate as unconstitutional thus invalidates the entire ACA.</p>	<p>The Supreme Court upheld the ACA as constitutional In December 2019, the U.S. Court of Appeals for the 5th Circuit affirmed the trial court's decision that the individual mandate is no longer constitutional because the associated financial penalty no longer "produces at least some revenue" for the federal government.¹ However, instead of deciding whether the rest of the ACA must be struck down, the 5th Circuit sent the case back to the trial court for additional analysis. The Supreme Court has agree to review the case. The Supreme Court will not expedite this decision, which means that, if the Court does take the case, it likely would be argued and decided in the next term and would not be resolved before the 2020 election.</p>	<p>Among other provisions of the ACA, this court case will impact Section 1557 which protects people who have preexisting conditions, prohibits discrimination based on race, color, national origin, sex, age, or disability. It will also impact the pathway for approval of generic copies of expensive biologic drugs.</p>