



Minutes

Regular Meeting

Thursday, February 8, 2018

1:00 PM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94103

- Call to order
- Pledge of allegiance
- Roll call
 - President Randy Scott
 - Vice President Wilfredo Lim
 - Commissioner Karen Breslin
 - Commissioner Sharon Ferrigno, excused
 - Commissioner Stephen Follansbee, M.D., excused
 - Commissioner Gregg Sass
 - Supervisor Jeff Sheehy

This Health Service Board meeting was recorded live by SFGovTV. Links to videotaped meetings and related materials are posted on the myhss.org website.

This meeting was called to order at 1:03 pm.

President Scott asked everyone to stand in a moment of silence for the recent passing of Commissioner Ferrigno's mother.

- 02082018-01 Action item Approval (with possible modifications) of the minutes of the meetings set forth below:
 - Special Closed Session of January 11, 2018
 - Regular Meeting of January 11, 2018Staff recommendation: Approve minutes.

Documents provided to Board prior to meeting:
Draft minutes.

- President Scott made the following edits to the January 11, 2018 regular meeting minutes:
 - First sentence in second bullet on page 5 was revised to read:
“President Scott announced that it was his distinct duty and privilege to introduce Abbie Yant as the new Executive Director of the Health Service System, effective February 12, 2018.”
 - President Scott stated that he failed to recognize the work provided by the Department of Human Resources (“DHR”) during the HSS Executive Director search at the January 11 meeting. He acknowledged the assistance of the following DHR staff: Micki Callahan (Director), Chanda Ikeda (Deputy Director of Admin.) and Christina Brusaca (Senior Administrative Analyst). He apologized for the omission and thanked all of them for their hard work during the search process.
 - As a follow-up to the Best Doctors’ presentation from the last meeting, Commissioner Follansbee was scheduled to speak directly with Best Doctors’ medical director to address some of his questions. President Scott anticipated a report by Commissioner Follansbee on that conversation at the March Board meeting.
 - A link to the announcement of Abbie Yant’s appointment as HSS Executive Director and her bio will be included in the minutes.
 - President Scott also asked that the historical timeline of the appointment of HSS Executive Directors since the passage of Prop C in 2004 be

attached to the minutes as an appendix.

- The January 11, 2018 minutes have been revised to include the above edits.
- Commissioner Breslin moved to approve the special and regular meeting minutes of January 11, 2018 as edited.
- Commissioner Sass seconded the motion.

Public comments: None.

Action: Motion was moved and seconded by the Board to approve the special and regular meeting minutes of January 11, 2018, as edited.

Motion passed 5-0.

- 02082018-02 Discussion item General public comment on matters within the Board’s jurisdiction not appearing on today’s agenda
Public comments: None.

RATES AND BENEFITS

- 02082018-03 Action item Initiation of black-out period for all HSS vendors for the duration of the 2019 rates and benefits process and Actuarial Services Request for Proposal (“RFP”) (Acting Executive Director Griggs)
Staff recommendation: Approve black-out period during 2019 rates and benefits process and Actuarial Services RFP.
Documents provided to Board prior to meeting: HSS memo.
 - Mitchell Griggs, HSS Acting Executive Director, referenced his memo regarding the 2019 rates and benefits blackout period. This notice prohibits Board members from communicating with service providers on rates and benefits matters except during Board or committee meetings from the onset to conclusion of the process. Board members who communicate with service providers on subjects unrelated to HSS agree to disclose

such in writing to the HSS Director and the Board.

- Commissioner Breslin moved to adopt the blackout period for the 2019 plan year.
- Commissioner Lim seconded the motion.

Public comments: None.

Action: Motion was moved and seconded by the Board to adopt the blackout period for the 2019 plan year.

Motion passed 5-0.

- 02082018-05 Discussion item
Re-Ordered

Review of City Plan's 2017 claims experience (Aon)

Documents provided to Board prior to meeting:
Aon report.

- Mike Clarke, Aon actuary, presented City Plan's 2017 claims experience for active employees and retirees. He noted that this was the first year Aon was not reporting on Medicare retirees since the self-funded plan became fully-insured in 2017.
- In an effort to create long term sustainability of the plan, the Health Service Board applied claims stabilization funds to subsidize City Plan's rates for actives and early retirees in the past several years.
- On June 8, 2017, the Board approved allocation of City Plan's fully calculated Stabilization Reserve as of December 31, 2016 (\$4,529,000) to be applied towards City Plan's 2018 subsidy:
 - \$1,510,000 – active and early retiree groups
 - \$3,019,000 (remaining balance) for additional active employee subsidy
- In 2017, City Plan experienced an increase in membership for active employees and early retirees.
- The average cost per subscriber decreased versus 2016 for early retirees.
- The average cost per subscriber increased versus 2016 for active employees.

- See Aon’s report, “City Plan Utilization and Claims Experience for Calendar Year 2017.”
- Aon will present City Plan’s 2019 rate recommendations for actives and early retirees at the May 10, 2018 Health Service Board meeting.
- Supervisor Sheehy arrived during this agenda item.

Public comments: None.

□ 02082018-06 Action item

Review and approve City Plan’s rate stabilization reserve (Aon)

Documents provided to Board prior to meeting:

1. Aon report;
2. Self-Funded Plans’ Stabilization Policy.
 - Mike Clarke, Aon actuary, presented City Plan’s rate stabilization reserve, which is an annual determination of financial gain or loss for HSS’s self-funded and flex-fund plans.
 - Mr. Clarke reported that there were three distinct health plan reserve policies in place for the Health Service Board on each self-funded and flex-funded plan:
 - INBR – Incurred But Not Reported
 - Contingency Reserve
 - Stabilization Reserve
 - Mr. Clarke reported that as of December 31, 2016, \$4,529,000 was available for stabilizing City Plan’s rates.
 - In May 2017, the Board approved using \$1,510,000 (or one-third of the stabilization reserve) to buy down the 2018 active and early retiree premiums in the City Plan. The remaining amount in the reserve was \$3,019,000.
 - In June 2017, the Board approved using the remaining \$3,019,000 to buy down active premiums to be applied to 2018 rates, leaving no funding for 2019 and beyond.

- Based on claims experience for 2017, \$1,661,000 became available for stabilizing the rates for 2019 and beyond. See page 5 of Aon report.
- Per the policy, a change in the contingency reserve of \$139,000 was factored in as a decrease to the reserve.
- The difference between the expected revenue shortfall for 2017 (\$7,586,000) and the actual deficit (\$5,925,000) resulted in \$1,661,000 being available to stabilize rates in the future.
- Aon recommended that the Board approve \$554,000 (33% of stabilization reserve) to be amortized across all rating tiers for City Plan PPO for the 2019 plan year. The remaining carry forward balance for 2020 and beyond is \$1,107,000. See page 8 of report.
- Commissioner Sass stated that a \$500,000 stabilization amount would result in extremely high rates. Even if the entire amount were used, the impact on the rates would still be very small because it was less than half of the stabilization amount used a year ago. He expressed discomfort with the idea of exhausting stabilization funds only to have a de minimis effect on the rates resulting in funding large deficits from the contingency reserve at the end of the year.
- Mr. Clarke acknowledged Commissioner Sass's concerns and stated that Aon was developing suggestions to present to the Board at a later time.
- Commissioner Breslin stated that any available funds should have been applied to the early retirees because the actives' premiums are picked up by the City. She also stated that early retirees have no other option if they live outside the service area, whereas active employees have other plans available to them.
- Mr. Clarke also acknowledged Commissioner Breslin's comments and stated that Aon was developing ideas for recommendations for

2019 for early retirees as well, and will present scenarios for the Board's consideration at a later time.

- Commissioner Sass moved to adopt Aon's recommendation on page 8 of its report with the understanding that additional options were being formulated by the actuary and would be presented at a later time.
- Commissioner Lim seconded the motion.

Public comments: None.

Action: Motion was moved and seconded by the Board to adopt Aon's recommendation on page 8 of its report with the understanding that additional options were being formulated by the actuary and would be presented at a later time.

Motion passed 6-0.

□ 02082018-07 Discussion item

[Presentation on copay benchmarking \(Aon\)](#)

Documents provided to Board prior to meeting:
Aon report.

- Anne Thompson, Aon Vice President, presented a high-level report on the 2018 plan design for HSS plans compared against Aon's benchmark databases of 2017 plan design information for medical, dental and vision.
- Two databases were used, Aon's and Benefit SpecSelect. The two comparator groups, government and national, were comprised of several employer groups as well as a number of plans, which implied that many employers have multiple plans.
- HSS deductibles were slightly lower than the benchmarks.
- HSS out of pocket maximums were higher.
- Pharmacy copays were slightly lower than the benchmarks. Copay benchmarking was not available for specialty drugs.
- HSS coinsurance is approximately 15% compared to 10-20% for the benchmarks.

- HSS's Delta Dental plan contains three tiers and has a higher maximum (\$2,500) than the typical benchmark.
- President Scott noted that this was the Board's third presentation on benchmarking data and recommended a summary conclusion in future presentations showing how the data had changed globally, as well as a conclusion in the major categories (medical, dental, vision). He also suggested comparing the previous two or three years' data, which could help inform the Board from a policy standpoint.

Public comments: None.

□ 02082018-08 Discussion item

[Blue Shield pharmacy education on new tier structure](#) (Blue Shield of California representative)

Documents provided to Board prior to meeting:
Blue Shield report.

- Neil Higashida, PharmD, Blue Shield Senior Manager of Pharmacy Services, reported on Blue Shield's current drug formulary tier structure and proposed tier levels for 2019. He was joined by Stephanie Lu, PharmD, Senior Clinical Pharmacy Services.
- Dr. Higashida reported that Blue Shield currently categorizes drug formularies by type as follows:
 - Generic drugs
 - Preferred brand drugs
 - Non-preferred brand drugs
 - Specialty drugs
- Outpatient prescription copays depend on the drug's category.
- Dr. Higashida reported that HSS data has shown that generics can cost as high as \$8,000 per 30-day supply.
- For 2019, select generic medications will be moved to higher tiers, due to generic drug costs. Tier 1 will include generic drugs as well as some low cost brand drugs. Member copay – Retail: \$10 – Mail: \$20

- Tier 2 will include preferred brand drugs and some generic drugs. Member copay – Retail: \$25 – Mail: \$50
- Tier 3 will include typically non-preferred brand drugs and more expensive generic medications. Member copay – Retail: \$50 – Mail: \$100
- Tier 4 will include medications that may cost over \$600 per monthly supply (previously defined as specialty drugs). Member copay – 20% up to \$100.
- Dr. Higashida reported that a clinical medical group or “Pharmacy and Therapeutic Committee” evaluates medications based on clinical value and cost effectiveness, and determines the drug formula tier structure. The group is comprised of board certified specialists (network physicians and clinical pharmacists) not employed by Blue Shield. Blue Shield employees have no voting privileges on the committee’s drug decision-making. The committee evaluates medications quarterly and determines the corresponding tiers. The committee also solicits external reviews by certified specialists in equivalent fields of medications as necessary.
- In response to Commissioner Sass’s question, Dr. Higashida confirmed that HSS members can expect increased copays for select medications. He noted that 36 medications had been selected to move to higher tiers.
- President Scott stated that it would have been useful to have another layer of analysis that provided the specific drugs included in Blue Shield’s 2019 tier changes and the cost impact to the HSS membership.
- See page 7 of Blue Shield’s report for examples of drugs proposed to move to higher tiers based on HSS data.

- During 2017, 27,000 HSS members filled prescriptions. Of those 27,000 members, 117 would be impacted by the proposed change, which represents 0.4% of the HSS membership.
- HSS's savings related to the proposed change is approximately \$360,000. See page 8 of report.
- Supervisor Sheehy stated that while most HSS members are being guided toward lower cost drugs, every human being is different and some may uniquely need another medication. He asked why it was necessary to get involved in the patient-doctor relationship, noting that one medication may be more effective for a particular patient.
- Dr. Higashida stated that Blue Shield was employing the same strategy toward tiers of generic preferred brands and non-preferred brands similar to brand medications.
- Acting Director Griggs stated that Blue Shield's new pharmacy tiers would be part of its 2019 renewal for active and early retirees. Since it is a plan design change, HSS asked Blue Shield to present it to the Board for review.
- President Scott requested that before the new tier structure is finalized, an interim step of notifying the Board of member impact be presented (i.e., specific drugs, the number of members using them, utilization over the past few years). He stated that a potential \$360,000 in savings was significant; however, the requested information was related to member impact.
- Commissioner Breslin asked if an exception could be made with a doctor's note so that the patient would not be charged at the higher rate.
- Dr. Higashida responded that such exceptions were not permissible under the current plan.

- Acting Director Griggs stated that HSS made exceptions in the past in the self-funded plan because it paid claims directly. That option is not available in insured plans, however. He stated that since Blue Shield is a hybrid plan (flex-funded), he will have a conversation regarding potential exceptions.
- In response to Commissioner Lim's question, Dr. Higashida stated that Blue Shield was attempting to make its formulary change standard for its commercial large group book of business.

Public comments: Claire Zvanski, RECCSF representative, thanked Supervisor Sheehy for his comments and agreed with his perspective as well as President Scott's. She found the presentation extremely disturbing and difficult to understand. She stated that members were going to have great difficulty understanding why a generic drug copay will cost \$50 or \$100. When she was a commissioner on the Health Service Board, it determined the generic pharmacy cost for all plans and each of the tiers were identical. The vendors would then negotiate from that perspective. She stated that Blue Shield overrates its premium costs and asked for the percentage of its premiums related to pharmacy. She saw the proposed tier change as an example of attempting to charge more and suggested that early retirees and retirees will be impacted more than any other group. Active employees will also be impacted with specific kinds of diseases and conditions that put them in specialized categories requiring specific drugs outside the regular generics. Ms. Zvanski also thanked Commissioner Breslin for suggesting that doctors be allowed to make exceptions in prescribing medications.

□ Meeting Break

Recess from 2:16 to 2:25 pm.

FINANCE COMMITTEE MATTERS

- 02082018-09 Action item Approval of Health Service System FY 2018-19 and FY 2019-20 General Fund Administration Budget and Healthcare Sustainability Fund Budget (Committee Chair Sass)
- Staff recommendation: Approve proposed budgets.
- Documents provided to Board prior to meeting:
1. Introduction to Healthcare Sustainability Fund;
 2. HSS General Fund Administration proposed budget;
 3. Healthcare Sustainability proposed budget.
- Commissioner Sass presided over this portion of the meeting as Chair of the Finance Committee.
 - Pamela Levin, HSS CFO, presented the FY 2018-19 and FY 2019-20 budgets for HSS's General Fund and its Healthcare Sustainability Budget (\$3.00 Budget). These budgets are presented annually to the Health Service Board for approval. The Board of Supervisors does not approve the \$3.00 budget.
 - In response to questions regarding the use of the Healthcare Sustainability Fund (\$3.00 Budget) from the January 11, 2018 meeting, Ms. Levin presented an overview of allowed sources for use.
 - The \$3.00 Budget is part of the trust fund and its funding source is a \$3.00 per-member-per-month ("PMPM") charge to all HSS members (actives and retired) for medical premiums.
 - The authorizing language is found in the City Charter, which states that the \$3.00 Budget may be used for expenses in connection with obtaining and disseminating information to members on plan benefits and costs, travel and transportation, member wellness programs, actuarial expenses as well as

expenses to reduce the costs of healthcare. (See “Introduction to Healthcare Sustainability Fund” memorandum.)

- Ms. Levin presented the proposed General Fund Budget for FY 2018-19 and FY 2019-20. The Mayor’s budget instructions required HSS to propose ongoing reductions equal to \$84,000 in FY 2018-19 as well as \$84,000 in FY 2019-20. (See tables on page 2 of memo summarizing revenues and expenses.)
- Salaries and fringes comprise approximately 70% of HSS’s budget for both fiscal years.
- The Mayor’s budget instructions included a provision that departments not lay off employees. Of the remaining 30% in the budget, 18% was attributed to work orders, which are negotiated through the Mayor’s phase of the budget. Work orders are services provided by other departments, such as the City Attorney and outside legal counsel, the Controller’s Office (for maintenance of the financial and benefit administration systems), the Department of Technology, as well as the Workers’ Comp for administration of claims.
- See the tables in the memorandum for details.
- Ms. Levin stated that she informed the Mayor’s Office that it would be extremely difficult to meet reduction targets based on the cuts made in the last two years, and that HSS would be requesting additional funding of \$80,000 in FY 2019-20.
- Commissioner Sass commended Ms. Levin on her work identifying eligible expenses in the \$3.00 Budget. He stated the importance of maximizing the use of that fund for the benefit of all members.
- Ms. Levin thanked her staff for assisting in the budget preparation. She introduced Todd Creel, accounting intern assigned to the finance team.

- President Scott moved to approve the General Fund Administration budget recommendations as presented.
- Commissioner Breslin seconded the motion.
- Ms. Levin reported that the \$3 Budget of revenues had been relatively consistent between fiscal years. See memo, “SFHSSS FY 2018-29 and FY 2019-20 Proposed Healthcare Sustainability Fund Budget” for historical background, revenues, annual expenditures, communications, well-being, personnel, one-time expense, etc.
- President Scott moved to approve the \$3 Budget recommendations as presented.
- Commissioner Breslin seconded the motion.

Public comments: Dennis Kruger, active and retired representative for firefighters and spouses, recalled when the Healthcare Sustainability Fund charged \$1 PMPM. He suggested raising the charge to \$5 PMPM to be used strictly to stabilize rates. He stated that given the current rate of medical costs, members would easily accept the increase to stabilize their rates.

Action #1: Motion was moved and seconded by the Board to approve the FY 2018-19 and FY 2019-20 General Fund Administration budget recommendations as presented.

Motion passed 6-0.

Action #2: Motion was moved and seconded by the Board to approve the FY 2018-19 and FY 2019-20 Healthcare Sustainability Fund Budget (\$3.00) recommendations as presented.

Motion passed 6-0.

REGULAR BOARD MEETING MATTERS

- 02082018-10 Discussion item President’s Report (President Scott)

Documents provided to Board prior to meeting:
None.

- President Scott stated that, for various reasons, it had been a rather active month. He reported the following:
- Commissioner Follansbee will participate in a follow-up discussion with one of Best Doctors' physicians regarding items from the last Board meeting. He will report back to the Board once the call has occurred.
- President Scott acknowledged the presence of new HSS Executive Director, Abbie Yant, who arrived during the budget presentation. He and Executive Director Yant met with the Mayor's Chief of Staff earlier in the week and anticipated meeting with the acting mayor.
- President Scott and Executive Director Yant met with HSS staff and Acting Director Griggs on February 1, which they found very informative.
- Commissioner Breslin and President Scott attended the first annual appreciation luncheon for City commissioners/board members. He found it interesting to meet other City commissioners.
- Commissioner Lim will preside over next month's Health Service Board meeting due to President Scott's anticipated absence.

Public comments: None.

- 02082018-04 Re-Ordered Discussion item

Discussion and possible action to provide guidance to HSS staff on Board priorities for services and requirements for a Request for Proposal ("RFP") for Actuarial Services (President Scott)

Documents provided to Board prior to meeting: None.

- President Scott stated that it had been seven years since the last actuarial RFP was conducted. Best practices suggests that the process take place on a five-year basis.
- Because of the Executive Director search and major benefit changes the prior year, the actuarial RFP was delayed until now.

- While Board members were not expected to participate in the RFP process, President Scott stated that members would have an opportunity to vocalize issues or concerns as HSS staff initiated this work.
- Commissioner Breslin suggested that the Board revise its governance rules to appoint the actuary instead of the Director. This would make it clear that the actuary reports to and is responsible to the Health Service Board. She noted that the Retirement Board appoints its actuary and would like to know its process. She stated that, considering what transpired last year, it did not appear clear that the actuary realized his obligation to report to the Board and not someone else.
- Commissioner Sass stated that the Board is not structured to effectively participate in the RFP process of evaluating submissions, sitting on interview panels and approving a contract. He made reference to the recent Executive Director search and the constraints around meetings and the Brown Act.
- President Scott wanted to go on record at the beginning of the RFP process on several points that he hoped would be taken into account as respondents weighed in.
- The Board relies very heavily on actuarial guidance to fulfill its fiduciary responsibilities on behalf of the members as it does not have the brain power, expertise or level of understanding that actuarial insights and professional services provide.
- Secondly, the actuary has an accountability to the Health Service Board, as well as the Health Service System. Its relationship with the Board is more than a compliance function but also a contracting function to better understand members' claims experience with providers as well as gain an understanding of best practices as it relates to the accountabilities.

- The actuary must possess core competencies, resources, staff and experience to engage in broad matters that would help shape strategy for HSS going forward in the healthcare market. This requires an expertise of California and national healthcare markets, as well as the provider communities and insurance industry. Knowledge of what other large private and public employers offer as benefit plans would also be useful. The actuary would also provide the Board with program assurance that delivers quality, affordable benefits to HSS members.
- Commissioner Breslin stated that the actuary is a fiduciary who has a duty to the members first and foremost.

Public comments: Claire Zvanski, RECCSF representative, recalled Commissioner Breslin’s past comments about the actuary working for other City departments, such as the Controller’s and Mayor’s offices, so she was surprised that an independent actuary not serving any other department was not also included in the list of qualifications for the RFP. She suggested that beyond the actuary’s fiduciary duty, HSS consider the relationship that the respondents have with other City departments, especially those departments that serve management.

Ms. Zvanski also reported on a recent Retirement Board meeting wherein its City Attorney made a presentation on fiduciary responsibility. She suggested that it would be worthwhile to obtain a copy and perhaps have a presentation at the Health Service Board by its City Attorney.

- 02082018-11 Discussion item **Director’s Report** (Acting Executive Director Griggs)
 - HSS Personnel
 - Operations, Enterprise Systems & Analytics, Finance/Contracting, Communications, Well-Being/EAP
 - Meetings with Key Departments
 - Dependent Eligibility Verification Audit (“DEVA”)

- Other additional updates

Documents provided to Board prior to meeting:

1. Director's report;
 2. Reports from Operations, Enterprise Systems & Analytics, Communications, Finance/ Contracting, Well-Being and Employee Assistance Program;
 3. Revised Rates and Benefits calendar.
- President Scott noted that this was Acting Director Griggs' final Executive Director's report. He commended Acting Director Griggs on his leadership and hard work during the transition.
 - Acting Director Griggs presented the Director's Report with management updates, which may be found on the myhss.org
 - HSS's third floor lobby remodel has been updated to begin on February 26, 2018 instead of mid-March. For the six to eight weeks of construction, members will be seen in the Wellness Center conference room on the first floor, and will be the same set-up as open enrollment. Members must sign in at the security desk and will be directed to the Wellness Center.
 - Acting Director Griggs reported on his attendance at the 2017 Well-Being Work Awards the previous day. He stated that the engagement of individuals and departments was very inspirational.
 - Acting Director Griggs asked Stephanie Fisher, HSS Wellness Manager, to provide a short overview of the Wellness Center's annual report.
 - Ms. Fisher first reported on the previous day's awards event, which was instituted to recognize departments for focusing on employee well-being. There are 60 individual departments in the City, each with different needs, population size and leadership structures.

- CCSF departments were asked to identify a lead for well-being, which resulted in 23 department leads in addition to the champions.
- Nineteen (19) awards were distributed to 19 different departments. Eighty-six (86) individual stories were spotlighted from 35 departments.
- Wellness also instituted grants this year to give departments an opportunity to request funding for materials and environmental changes that support well-being. Forty-nine (49) grants were awarded to 16 departments over two grant periods this year.
- Ms. Fisher reported on Well-Being's annual report:
 - HSS Well-Being partnered with Kaiser Permanente and CCSF Rec and Park Department to deliver 285 onsite activities through the HSS Well-Being team, Kaiser or EAP services.
 - Ten (10) 14-week healthy weight programs were conducted this year by Kaiser Permanente.
 - Group exercises were expanded this year to nearly 1,000 classes across the City outside the Wellness Center.
 - Well-Being launched the "Better Every Day" tagline in 2017, which is a comprehensive initiative focusing on employee well-being.
 - Five campaigns were offered in 2017, which included opportunities for people to track behavior. Nearly 5,000 people registered for the five campaigns.
 - HSS Well-Being will meet with Kaiser Permanente later in the month to review data for its onsite diabetes prevention program to be offered this summer.
 - In 2015, the Employee Assistance Program ("EAP") was expanded from two to three counselors after the retirement of a career counselor with 25 years' experience.

- 2016 was spent onboarding new staff and developing a new training program.
- In 2017, EAP counselors made over 1,500 employee contacts (up from approximately 1,000 in the past).
- See EAP summary in Well-Being report.
- Acting Director Griggs completed the Director's Report. He reported that HSS will be upgrading its telephone system in 2018 to the Citywide VOIP system, which will allow telephone calls to be recorded for quality control purposes as well as take advantage of newer technology to assist in customer service.
- HSS's dependent eligibility verification audit ("DEVA") was in the implementation stage. Members will receive the first notice in April to verify dependents or opt out of coverage for dependents who no longer meets the definitions under HSS Membership Rules.
- This year's DEVA will audit legally married spouses and domestic partners only. There are approximately 1,100 domestic partners and 22,000 legally married spouses on record at HSS. Not all legally married or domestic partners will be audited. Newly married members or recently added dependent domestic partners will not be audited because they will have gone through the eligibility process. HSS anticipates a 6%-7% ineligibility rate which could produce a savings between \$2M to \$4M in the first year.
- Members will also receive notice that fines will be applied if ineligible dependents are kept on their benefits for a period of time.
- Acting Director Griggs also responded to a question from a previous meeting regarding Blue Shield's use of dependents in its calculation of members' age. He stated that members and dependents are combined for an average age because claims are paid on those members.

- Commissioner Sass asked if Open Enrollment confirmation letters had been mailed to members since he had not receive one.
- Acting Director Griggs stated that confirmation letters were mailed in early December. He asked Commissioner Sass to follow up with him after the meeting.
- Commissioner Breslin stated that while the management reports are very thorough, she suggested condensing the material where possible in future reports.
- Supervisor Sheehy departed the meeting during this presentation.

Public comments: None.

□ 02082018-13 Action item
Re-Ordered

[Approval of SFHSS 2017 Annual Report](#) (Acting Executive Director Griggs)

Documents provided to Board prior to meeting:
HSS Annual report.

- Acting Director Griggs highlighted HSS accomplishments in its annual report for 2017:
 - Introduction of Blue Shield Trio plan
 - Improved gender dysphoria benefits
 - Continuation of Best Doctors
 - New department technologies (elimination of 100,000 paper files through digitation, electronic open enrollment self-service pilot)
 - 117,853 covered lives (an increase of approximately 3,000 lives); if waived members were counted, the enrollment number would increase to approximately 126,000 covered lives.
- See report for all details.
- Commissioner Lim commended Acting Director Griggs for his hard work and dedication during the Director transition. He also commended Marina Coleridge, Pamela Levin and Stephanie Fisher for their work in 2017.

- Commissioner Lim moved to approve the SFHSS Annual Report with commendation to HSS staff and its leadership for the 2017 year.
- Commissioner Breslin seconded the motion.

Public comments: None.

Action: Motion was moved and seconded by the Board to approve the SFHSS Annual Report with commendation to HSS staff and its leadership for the 2017 year.

Motion passed 4-0.

- 02082018-12 Discussion item [HSS Financial Reporting as of November 30, 2017](#)
(Pamela Levin)

Documents provided to Board prior to meeting:
Financial update memo.

- Pamela Levin, HSS CFO, summarized the revenues and expenses for the trust fund and general fund through November 30, 2017.
- The trust fund balance was projected to be \$72.0M as of June 30, 2018. The projected balance through June 2017 was \$72.5M (a change of less than 1%).
- Unfavorable claims experience continues for the medical plans.
- Favorable claims continue for the dental plans.
- HSS received \$1.1M in pharmacy rebates from Blue Shield and a savings is projected in the \$3.00 Budget.
- HSS projected a savings in salaries and fringes in the general fund budget through November 30, 2017.
- See financial update memorandum.

Public comments: None.

- 02082018-14 Discussion item **Demographics Report** (Marina Coleridge)

Documents provided to Board prior to meeting:
HSS Demographics report.

- Marina Coleridge, Enterprise Systems & Analytics Manager, presented a high level report on HSS's 2018 demographics.
- Ms. Coleridge first acknowledged the extensive work effort involved in providing demographics reports, which was massive.
- Ms. Coleridge commended team member Sharmini Bhatnagar for her work on the demographics report, including writing the narrative.
- Ms. Coleridge reported that HSS remained consistent year-over-year in its population growth, which was the theme of this report.
- The current number of total covered lives is 120,383, a change of 2,530 from 2017.
- Dental enrollment has increased to 104,028 members.
- Enrollment in voluntary benefits for 2018 increased with the exception of Voya Accident Insurance.
- VSP's vision premiere plan generated a great amount of interest—10,158 enrollees (actives and retirees).
- Retirees with family coverage decreased from 631 to 591 in 2017.
- The graphics in this report were adjusted to include the split between enrollees in Blue Shield's Access+ and Trio (see page 7).
- Ninety-five percent (95%) of HSS members live in California.
- Fifty-six percent (56%) of employees and retired members are member only; 27% of members are member plus 1; and 17% member plus 2.

- HSS Domestic partners increased by 55 in 2017. The percentage of opposite sex domestic partners is 75%. Ninety-seven percent (97%) of spousal relationships are opposite sex.
- The breakdown of domestic partners is as follows:
 - 812 employees
 - 216 retirees
- See Demographics report for complete data.
- President Scott commended Ms. Coleridge for her thoroughness on this report and many other projects.

Public comments: None.

- 02082018-15 Discussion item **Report on network and health plan issues (if any)**
(Respective plan representatives)
 - Sharen Stanek-Lowe introduced herself as Delta Dental’s account manager newly assigned to HSS, and briefly outlined her background. She worked for Keenan & Associates, a public sector broker and consultant, for three years where she managed benefit programs and consulted for 30 community colleges in Southern California. Prior to that time, she worked for the County of Alameda for 11-1/2 years managing its active and retiree benefit programs.
 - Commissioner Breslin asked again about the disparity in UnitedHealthcare’s copays for physical therapy (\$25), chiropractor (\$15) and acupuncture (\$15), which she mentioned at last month’s meeting. She noted that physical therapy was covered by Medicare for retirees but chiropractic and acupuncture services were not. She had not received an answer and wanted to report it to the new director.
 - Acting Director Griggs stated that he was working with UHC on responding to Commissioner Breslin’s inquiries.

- Commissioner Breslin clarified that the issue was not unique to UHC, noting that Blue Shield's physical therapy copay was \$25.
- Commissioner Breslin also reported that UHC's Medicare Advantage Plan's urgent care copay was \$35 which was higher than Blue Shield's (\$25) and Kaiser's (\$20). She asked why UHC's urgent care copay was priced at \$10 more than the others and asked that it be addressed.
- President Scott stated that Commissioner Breslin's concerns would be addressed by HSS's new Executive Director, Abbie Yant.

Public comments: None.

□ 02082018-16 Discussion item [Opportunity to place items on future agendas](#)

- Dennis Kruger, representative for active and retired firefighters and spouses, reported that he had recently undergone cataract surgery and would like to see one level of surgery instead of various options (laser versus the knife). For example, one insurance company advised him that his only option for cataract surgery was with a surgeon using a knife. Another insurance company gave him the choice of laser surgery or a surgeon using a knife. The third insurance company offered strictly laser surgery. He stated that the data showed that the precision of laser surgery was a benefit to all. He suggested that all members have the option to receive laser cataract surgery with the option to choose a surgeon with a knife. He stated that doctors offer enhancements above the basic cataract surgery to correct vision to 20/20 or correct astigmatism; however, the extras can cost as much as \$2,500 per eye. Mr. Kruger asked the Board to consider approving these enhancements as HSS members are entitled to the best that providers offer.
- Commissioner Breslin suggested adding the cataract enhancements to the next agenda. She was going to look into the issue because cataracts are very common and it is important to receive the correct procedure.

She stated that the Board should look into the benefit.

- Commissioner Breslin also inquired about the following:
 - The reason Costco was not included as a hearing aid vendor for HSS members, since many people go to Costco for testing and hearing aids.
 - Member access to nutrition counseling, which she mentioned last year. The vendor's previous response encouraged members to visit their physicians for referral, which Commissioner Breslin found unsuitable. Her preference was for members to have access to dietitians without a physician's referral.
 - Medicare has a diabetes prevention program but Commissioner Breslin was unsure if all of the plans were including it. She asked for an answer at an upcoming meeting.

- 02082018-17 Discussion item

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

Public comments: Claire Zvanski, RECCSF representative, thanked Commissioner Breslin for the issues she raised as they are very important to the retirees and are brought up in conversations monthly. Ms. Zvanski also thanked Acting Director Griggs, Marina Coleridge, Pamela Levin and HSS staff for their hard work. She noted that HSS produces a remarkable amount of work with a very small staff, and that she has been fighting for recognition from the City for a very long time but they still have not been recognized.

- Adjourn: 4:22 pm.

Summary of Health Service Board Rules Regarding Public Comment

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

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

Disability Access

Regular Health Service Board meetings are held at City Hall, 1 Dr. Carlton B. Goodlett Place, in Hearing Room 416 at 1:00 PM on the second Thursday of each month. The closest accessible BART Station is Civic Center, three blocks from City Hall. Accessible MUNI lines serving this location are: #42 Downtown Loop, and the #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro stations at Van Ness and Market and at Civic Center. For more information about MUNI accessible services, call (415) 923-6142. There is accessible parking in the vicinity of City Hall at Civic Center Plaza adjacent to Davies Hall and the War Memorial Complex.

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

In order to assist the City's effort to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical-based products. Please help the City accommodate these individuals.

Knowing Your Rights Under the Sunshine Ordinance

Government's duty is to serve the public, reaching its decision in full view of the public. Commissions, boards, councils and other agencies of the City and County of San Francisco exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, visit the Sunshine Ordinance Task Force website at <http://www.sfgov.org/sunshine>.

Lobbyist Registration and Reporting Requirements

Individuals and entities influencing or attempting to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code § 2.100] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 25 Van Ness Avenue, Suite 220, San Francisco, CA 94102; telephone (415) 252-3100; fax (415) 252-3112; web site www.sfgov.org/ethics.

Summary of Health Service Board Rules Regarding Cell Phones and Pagers

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

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

If any materials related to an item on this agenda have been distributed to the Health Service Board after distribution of the agenda packet, those materials are available for public inspection at the Health Service System during normal office hours. For more information, please contact Laini K. Scott at (415) 554-1722 or email at laini.scott@sfgov.org.