

SAN FRANCISCO
HEALTH SERVICE SYSTEM
 Affordable, Quality Benefits & Well-Being

Memorandum

DATE: February 8, 2018

TO: Randy Scott, President and Members of the Health Service Board

FROM: Pamela Levin, Chief Financial Officer

RE: San Francisco Health Service System FY 2018-19 and FY 2019-20 Proposed Healthcare Sustainability Fund Budget

The Health Service System (SFHSS) is pleased to present the FY 2018-19 and FY 2019-20 Healthcare Sustainability Fund Budget (\$3.00 Budget) for approval by the Health Service Board (Board). The funding for the budget comes from a \$3.00 per-member-per-month charge incorporated into the medical premiums paid by all the SFHSS members, e.g., active and retired employees of the City and County of San Francisco, San Francisco Superior Court, San Francisco City College and the San Francisco Unified School District. The following memorandum outlines the budget at a high level and discusses the major changes. A detailed list of expenditures for each fiscal year is located at the end of the memo.

Historical Revenues and Expenditures

Since FY 2012-13, SFHSS has underspent the \$3.00 Budget. The annual and one-time expenditures remained steady until FY 2014-15 when the number of Communication employees charged to the \$3.00 Budget increased. In addition, the Well-Being program was implemented in FY 2014-15 and the All Payers Claim Database (APCD) was purchased. The cumulative fund balance is used to fund large one-time projects such as the website rebuild and eBenefits implementation.

Table One - Historical Revenues and Expenditures					
	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
Annual Revenues	\$ 1,129,641	\$ 1,522,908	\$ 1,563,884	\$ 1,616,238	\$ 2,042,678
Annual and One-Time Expenditures	784,186	789,234	1,171,704	1,371,915	1,251,328
Revenues less Expenditures	\$ 345,455	\$ 733,674	\$ 392,180	\$ 244,323	\$ 791,350
Cumulative Fund Balance	\$ 345,455	\$ 1,079,129	\$ 1,471,309	\$ 1,715,632	\$ 2,506,982

FY 2017-18 Projection, FY 2018-19 and FY 2019-20 Proposed Budget

Tables Two and Three provide a high level summary of the projected revenues and expenditures for FY 2017-18 and the proposed budget for FY 2018-19 and FY 2019-20. A high-level discussion of the major changes follows the tables.

Table Two - Revenues and Expenditures				
	FY 2017-18 Revised Budget	FY 2017-18 Projection	FY 2018-19 Request	FY 2019-20 Request
Revenues				
Annual	\$ 2,351,681	\$ 2,472,678	\$ 2,491,344	\$ 2,491,344
Cumulative Fund Balance	1,713,191	2,506,982	3,042,866	1,562,404
Total	\$ 4,064,872	\$ 4,979,660	\$ 5,534,210	\$ 4,053,748
Expenditures				
Annual	\$ 1,566,526	\$ 1,418,680	\$ 2,198,743	\$ 2,174,485
One-time	2,066,797	518,114	1,773,063	1,410,000
Total	\$ 3,633,323	\$ 1,936,794	\$ 3,971,806	\$ 3,584,485
Balance	\$ 431,549	\$ 3,042,866	\$ 1,562,404	\$ 469,263

Table Three - Details by Expenditure Category				
	FY 2017-18 Revised Budget	FY 2017-18 Projection	FY 2018-19 Request	FY 2019-20 Request
Annual				
Personnel	\$ 353,662	\$ 385,870	\$ 634,782	\$ 679,835
Communications				
Open Enrollment Communications	\$ 226,892	\$ 281,079	\$ 284,779	\$ 226,480
Operations Communications	132,160	90,134	223,405	217,615
Well-Being Communications	255,000	250,000	257,500	257,500
Other Communications	32,520	34,705	103,178	97,956
Total Communications	\$ 646,572	\$ 655,918	\$ 868,861	\$ 799,550
Well-Being	\$ 133,000	\$ 100,000	\$ 255,500	\$ 255,500
Initiatives to Reduce Health Care Costs	\$ 260,292	\$ 247,792	\$ 260,500	\$ 260,500
SFGTV	\$ 23,000	\$ 29,100	\$ 29,100	\$ 29,100
Contingency for Unforeseen Issues	\$ 150,000	\$ -	\$ 150,000	\$ 150,000
Grand Total Annual	\$ 1,566,526	\$ 1,418,680	\$ 2,198,743	\$ 2,174,485
One-time				
Communications				
Open Enrollment Communications	\$ 253,998	\$ 233,829	\$ 75,000	\$ 75,000
Operations Communications	1,505,000	75,000	1,446,900	10,000
Well-Being Communications	1,580	55,000	-	-
Other Communications	253,800	154,285	251,163	-
Total Communications	\$ 2,014,378	\$ 518,114	\$ 1,773,063	\$ 85,000
Well-Being	\$ 2,419	\$ -	\$ -	\$ 1,325,000
Initiatives to Reduce Health Care Costs	\$ 50,000	\$ -	\$ -	\$ -
Grand Total One-Time Expenditures	\$ 2,066,797	\$ 518,114	\$ 1,773,063	\$ 1,410,000

The major changes in the proposed budgets are summarized below.

Revenues

- Annual revenues are expected to increase less than one (1) percent between the FY 2017-18 projection and FY 2018-19 and FY 2019-20.
- The increase in the cumulative fund balance is the result of underspending in prior years.

Annual Expenditures

Personnel

- In FY 2017-18, the Graphic Artist position was vacant for six (6) months and the Manager of Communications position was vacant two (2) months. Both positions are now filled as of January 2018. In addition, one SFHSS employee has been on leave for six (6) months. In FY 2018-19 and FY 2019-20, all positions charged to the \$3.00 Budget are expected to be filled for the full fiscal year.
- The FY 2018-19 and FY 2019-20 proposed budgets include 0.22 Full Time Equivalent positions (FTEs) previously funded in the General Fund Administration budget. One FTE manages projects funded through the \$3.00 Budget. The second FTE handles the review and revision of materials provided by the Plans to members both during Open Enrollment and throughout the plan year.

Communications

- Additional member-facing videos are budgeted in FY 2018-19 and FY 2019-20 due to the successful implementation of the Open Enrollment videos in 2017.
- In both FY 2018-19 and FY 2019-20, there will be communication costs associated with the Health Service Board elections.
- Due to the implementation of e-Benefits in 2018, additional communications for compliance and electronic consent are budgeted for FY 2018-19 and FY 2019-20.
- The redesign of the SFHSS website will be completed in FY 2018-19 and the associated technical and professional support is budgeted for FY 2018-19 and FY 2019-20.

Well-Being

- In FY 2018-19 and FY 2019-20, SFHSS plans to increase the focus on targeted health interventions, including expanding the Diabetes Prevention Program.
- Internships for graduates of health education programs or current participants in Masters in Public

- Health programs are budgeted in FY 2018-19 and FY 2019-20 within the \$3.00 budget.
- The FY 2018-19 and FY 2019-20 Challenge Platform and associated challenge launch materials are an integral part of ongoing well-being campaigns and challenges that support and encourage members to engage in healthy behaviors.

Initiatives to Reduce Health Care Costs

- The APCD will continue to be used to leverage and inform decisions on plan design and well-being programs, monitor cost and utilization trends, perform *ad hoc* analysis and generate risk scores.

Contingency for Unforeseen Issues

- This contingency is not projected to be spent in FY 2017-18. It is budgeted in FY 2018-19 and FY 2019-20 for unforeseen issues.

One-time Expenditures

Open Enrollment Communications

- In FY 2017-18, due to the number of vacancies in Communication positions, outside contractual services were required during Open Enrollment.
- In FY 2018-19 and FY 2019-20, due to filling the vacant Communications positions, the amount of services is expected to decrease.

Operations Communications

- Large projects that were budgeted in FY 2017-18 have been delayed.
- The City-wide Voice over Internet Protocol (VOIP) project has been in development for several years. SFHSS is at the top of the list of departments to be upgraded in FY 2018-19. SFHSS will purchase a telephone management system with a connector to Salesforce.
- eBenefits will be fully implemented in FY 2018-19 including the programming, lobby and member area reconfiguration, and purchase of benefit kiosks and software.

Other Communications

- SFHSS will execute an agreement for the mysfhss.org website redesign in Q3 FY 2017-18. The new website is expected to be deployed in FY 2018-1

Well-Being

- SFHSS members took a Well-Being Assessment (WBA) and Daily Challenge in 2014 to serve as a baseline measurement of well-being.
- The FY 2014-15 WBA was originally funded by three sources: Blue Shield of California (BSC) funded the WBA and incentives for its members (approximately 50% of the cost), the \$3.00 Budget funded the WBA for non-BSC members, and the General Fund covered the incentives for non-BSC members. BSC no longer offers the WBA.
- Over the last four years, Well-Being has implemented several interventions aimed at improving overall scores as well as employee engagement in wellness activities.
- The FY 2019-20 \$3.00 budget includes a placeholder for a subsequent WBA. Each time a member takes the Well-Being Assessment, they are able to identify areas of potential need for their well-being. Additionally, a new Well-Being Assessment will assess the current employee population and identify changes in the past five years. These data can help guide future well-being programs like the 2014 and 2015 data has guided the first 5 years.
- The budget assumes the WBA may be funded entirely by SFHSS. However, to accurately define a cost estimate, an RFP will be required. As such, an updated cost estimate will be presented to the Board when the FY 2019-20 and FY 2020-21 budget is presented next February.

Next Steps

It is important to note that while it is critical for SFHSS to have a budget plan with multiple new initiatives in place, the execution and launch of these new initiatives may be affected by various factors. Many of the new initiatives involve procurement of professional services. Based on past experiences, the procurement process can be lengthy so as to ensure adherence to City policies and procedures and compliance with City requirements.

Table Four - Healthcare Sustainability Fund (\$3.00 Budget)

	FY 2017-18 Revised Budget	FY 2017-18 Projection	FY 2018-19 Request	FY 2019-20 Request
REVENUES				
Annual	\$ 2,351,681	\$ 2,472,678	\$ 2,491,344	\$ 2,491,344
Cumulative Fund Balance	1,713,191	2,506,982	3,042,866	1,562,404
Total	\$ 4,064,872	\$ 4,979,660	\$ 5,534,210	\$ 4,053,748
EXPENDITURES				
Personnel				
Existing Personnel	\$ 353,662	\$ 385,870	\$ 583,677	\$ 626,886
Moving postions from GF to \$3.00 Budget	-	-	51,105	52,949
Personnel	\$ 353,662	\$ 385,870	\$ 634,782	\$ 679,835
Communications				
Open Enrollment Communications	\$ 226,892	\$ 281,079	\$ 284,779	\$ 226,480
Operations Communications				
Access to Federal Social Security	\$ 770	\$ -	\$ -	\$ -
Annual Social Security Number	409	-	100	100
Annual Social Security Number Audit 2nd Follow Up	382	-	50	50
Annual Domestic Partner Imputed Income Certification	572	-	500	500
Annual Consent for Electronic Distribution Notice/Intro to Benefits	4,116	-	-	4,000
Domestic Partner Year End Certifications	1,500	-	-	-
New Hire Mailing	-	-	1,128	1,128
In House Mailing Functionality	5,000	-	-	-
Production of Videos	-	-	31,290	31,290
HSS# 10 Window Envelopes	2,508	2,508	3,008	3,008
Postage for Routine Operations Mailings	8,000	-	2,000	2,000
Refresh Benefit Brochures	-	-	7,500	7,500
Mailing Address Validation Audit	6,000	-	6,000	6,000
E-Communication Compliance	-	-	10,000	-
Live Webinar Recordings	10,000	-	5,000	5,000
Minimal Essential Coverage-Envelope and Insert Printing	7,653	2,312	1,638	1,848
Minimal Essential Coverage 1095-C Printing and Mail Services	10,000	4,642	3,330	3,330
Minimal Essential Coverage - Postage	10,000	7,834	610	610
CalPERS Deduction Fee Retirement	250	250	250	250
Salesforce	65,000	72,588	75,000	75,000
SFHSS HSB Election Communication	-	-	75,000	75,000
Professional Memberships	-	-	1,000	1,000
Operations Communications	\$ 132,160	\$ 90,134	\$ 223,405	\$ 217,615

Table Four - Healthcare Sustainability Fund (\$3.00 Budget)

	FY 2017-18 Revised Budget	FY 2017-18 Projection	FY 2018-19 Request	FY 2019-20 Request
Well-Being Communications				
Retiree Printing and Mailing	\$ 60,000	\$ 55,000	\$ 60,000	\$ 60,000
Well-Being Campaign Printing	20,000	20,000	25,000	25,000
Quarterly Well-Being Campaigns (Nutrition, Flu, Physical Activity, Emotional Well-Being, etc.)	100,000	100,000	97,500	97,500
Annual Well-Being Benefits Promotion (Health Plan Resources, Affordable Quality Care Resources)	75,000	75,000	75,000	75,000
Well-Being Communications	\$ 255,000	\$ 250,000	\$ 257,500	\$ 257,500
Other Communications				
Online Survey Tool (Survey Monkey)	\$ 200	\$ 288	\$ 288	\$ 288
Web Hosting Service and Support	500	500	44,535	44,535
DRUPAL Support Services	-	-	16,200	8,100
Domain Registration	100	177	177	177
Cross Browser Testing to Ensure Web Postings can be Viewed Correctly on Devices	400	-	-	-
Backup Exec Server Maintenance	-	-	400	400
ECM Business Insight Software Support	-	-	-	2,678
ECM Fax Server Maintenance	-	-	3,000	3,000
ECM Web Certificates	-	-	-	200
ECM Server Maintenance	20,520	20,520	20,290	20,290
ECM File Server Hardware Maintenance	2,100	-	2,100	2,100
EMMA	5,000	6,520	6,520	6,520
Goanimate.com Video	700	-	-	-
Stock Photography and Illustration	3,000	2,600	3,000	3,000
Tableau License	-	-	2,400	2,400
Dreamweaver	-	-	168	168
Dropbox	-	100	100	100
Digital Signage Software	-	4,000	4,000	4,000
Other Communications	\$ 32,520	\$ 34,705	\$ 103,178	\$ 97,956
Total Communications				
	\$ 646,572	\$ 655,918	\$ 868,861	\$ 799,550
Well-Being				
Well-Being Brand Launch Materials	\$ 20,000	\$ 20,000	\$ 60,000	\$ 60,000
Well-Being Internship	30,000	-	30,000	30,000
Professional Well-Being Community	3,000	-	3,000	3,000
Targeted Health Interventions	50,000	50,000	100,000	100,000
Field Expenses	-	-	500	500
Well-Being Challenge Platform	30,000	30,000	60,000	60,000
Wellness Center Equipment	-	-	2,000	2,000
Well-Being	\$ 133,000	\$ 100,000	\$ 255,500	\$ 255,500
Initiatives to Reduce Health Care Costs				
PBGH (Pacific Business Group on Health)	\$ 50,000	\$ 50,000	\$ 45,000	\$ 45,000
All Payers Claims Database (Truven Health)	187,792	187,792	185,500	185,500
All Payers Claims Database (Analytical Consulting)	22,500	10,000	25,000	25,000
APCD Training/Conference	-	-	5,000	5,000

Table Four - Healthcare Sustainability Fund (\$3.00 Budget)				
	FY 2017-18 Revised Budget	FY 2017-18 Projection	FY 2018-19 Request	FY 2019-20 Request
Initiatives to Reduce Health Care Costs	\$ 260,292	\$ 247,792	\$ 260,500	\$ 260,500
SFGTV	\$ 23,000	\$ 29,100	\$ 29,100	\$ 29,100
Contingency for Unforeseen Issues	\$ 150,000	\$ -	\$ 150,000	\$ 150,000
Grand Total Annual	\$ 1,566,526	\$ 1,418,680	\$ 2,198,743	\$ 2,174,485
ONE-TIME				
Communications				
Open Enrollment Communications	\$ 253,998	\$ 233,829	\$ 75,000	\$ 75,000
Operations Communications				
Photography	\$ -	\$ -	\$ 10,000	\$ -
Customer Relationship Management Integration with PeopleSoft	50,000	50,000	-	-
Refresh Benefit Brochures	10,000	-	10,000	10,000
Benefit Administration Legal Support	20,000	20,000	-	-
Avaya Upgrade for Telephone Management and Equipment	250,000	-	250,000	-
Avaya Salesforce Connector	100,000	-	100,000	-
Avaya Phone and Licensing	-	-	23,400	-
Benefits Usability (Skin) Phase 1	300,000	-	300,000	-
PeopleSoft Benefits Programming	200,000	-	200,000	-
Benefits Lobby and Member Area Configuration	400,000	-	400,000	-
Benefits Signage	-	-	3,500	-
Benefits Kiosks & Software	150,000	-	150,000	-
Benefits Technical Training	5,000	5,000	-	-
Video for Self-Service	20,000	-	-	-
Operations Communications	\$ 1,505,000	\$ 75,000	\$ 1,446,900	\$ 10,000
Well-Being Communications				
Well-Being Branded Materials	\$ 1,580	-	-	-
One Time Well-Being Retiree Survey	-	55,000	-	-
Well-Being Communications	\$ 1,580	\$ 55,000	\$ -	\$ -
Other Communications				
Website Redesign 3.0	\$ 253,800	\$ 152,685	\$ 202,095	\$ -
Training on Website Maintenance and Change Management	-	1,600	-	-
ECM Business Insight Software	-	-	16,068	-
ECM Business Insight Install Professional Services	-	-	10,000	-
ECM Business Insight Software	-	-	23,000	-
Other Communications	\$ 253,800	\$ 154,285	\$ 251,163	\$ -
Total Communications	\$ 2,014,378	\$ 518,114	\$ 1,773,063	\$ 85,000
Well-Being				
Well-Being Assessment	\$ -	\$ -	\$ -	\$ 750,000

Table Four - Healthcare Sustainability Fund (\$3.00 Budget)				
	FY 2017-18 Revised Budget	FY 2017-18 Projection	FY 2018-19 Request	FY 2019-20 Request
Well-Being Incentives	-	-	-	500,000
Well-Being Assessment Communication Campaign	-	-	-	75,000
Shape up Walking Challenge Website Enhancement	2,419	-	-	-
Well-Being	\$ 2,419	\$ -	\$ -	\$ 1,325,000
Initiatives to Reduce Health Care Costs				
APCD Data Feeds	\$ 50,000	\$ -	\$ -	\$ -
Initiatives to Reduce Health Care Costs	\$ 50,000	\$ -	\$ -	\$ -
Grand Total One-Time Expenditures	\$ 2,066,797	\$ 518,114	\$ 1,773,063	\$ 1,410,000
GRAND TOTAL EXPENDITURES	\$ 3,633,323	\$ 1,936,794	\$ 3,971,806	\$ 3,584,485
BALANCE	\$ 431,549	\$ 3,042,866	\$ 1,562,404	\$ 469,263

FY 2018-19 and FY 2019-20
Health Care Sustainability Fund
(\$3.00 Budget)

February 8, 2018

\$3.00 Budget - Summary

	<u>FY 2018-19</u>	<u>FY 2019-20</u>
<u>Revenues</u>		
Annual	\$ 2,491,344	\$ 2,491,344
Cumulative Fund Balance	<u>3,042,866</u>	<u>1,562,404</u>
Total Revenues	<u>\$ 5,534,210</u>	<u>\$ 4,053,748</u>
<u>Expenditures</u>		
Annual Expenditures	\$ 2,198,743	\$ 2,174,485
One-Time Expenditures	1,773,063	1,410,000
Grand Total Expenditures	<u>\$ 3,971,806</u>	<u>\$ 3,584,485</u>
Balance	\$ 1,562,404	\$ 469,263

\$3.00 Budget – Annual Expenditures

	<u>FY 2018-19</u>	<u>FY 2019-20</u>
Personnel	\$ 634,782	\$ 679,835
Communications	868,861	799,550
Well-Being	255,500	255,500
Initiatives to Reduce Health Care	260,500	260,500
SFGTV	29,100	29,100
Contingency for Unforeseen Issues	150,000	150,000
Grand Total Annual	\$ 2,198,743	\$ 2,174,485

\$3.00 One-time Expenditures

	<u>FY 2018-19</u>	<u>FY 2019-20</u>
Open Enrollment Communications	\$ 75,000	\$ 75,000
Voice Over Internet Protocol (VOIP)	373,400	-
eBenefits - Self-Service	1,053,500	-
Website Redesign	202,095	-
Electronic Content Management System	49,068	-
Communications	20,000	10,000
Well-Being Assessment	-	1,325,000
Grand Total	\$ 1,773,063	\$ 1,410,000

One-Time Expenditures – eBenefits

	<u>FY 2018-19</u>	<u>FY 2019-20</u>
Programming	\$ 500,000	\$ -
Benefits Lobby and Member Area Configuration	553,500	-
Grand Total	\$ 1,053,500	\$ -