

SAN FRANCISCO HEALTH SERVICE SYSTEM

Affordable, Quality Benefits & Well-Being

Memorandum

DATE: October 11, 2018

TO: Karen Breslin, President and Members of the Health Service Board

FROM: Pamela Levin, Chief Financial Officer

RE: San Francisco Health Service System FY 2018-19 Healthcare Sustainability Proposed Revised Budget

The Health Service Board (Board) adopted the FY 2018-19 Healthcare Sustainability Budget (\$3.00 Budget) on February 8, 2018. Since February, the San Francisco Health Service System (SFHSS) Strategic Plan Years 2020-2022, has been drafted. It is essential that the budget be aligned with the Strategic Plan in order to achieve the Strategic Goals. In addition, based on the 2017-18 fiscal year close, there is sufficient carryforward funding to support this alignment. The following memorandum outlines the proposed FY 2018-19 Revised Budget.

Revised Budget

Summary

Table One summarizes the FY 2018-19 Revised Budget. An in-depth discussion of the revenues and expenditures will follow.

Table One

Summary of Proposed Revised Budget			
	FY 2018-19 Original	FY 2018-19 Revised	Variance
Revenues			
Annual	\$ 2,491,344	\$ 2,441,171	\$ (50,173)
Cumulative Fund Balance	3,042,866	3,399,817	\$ 356,951
Total	\$ 5,534,210	\$ 5,840,988	\$ 306,778
Expenditures			
Annual	\$ 2,198,743	\$ 2,367,401	\$ 168,658
One-time	1,773,063	2,235,238	462,175
Total	\$ 3,971,806	\$ 4,602,639	\$ 630,833
Balance	\$ 1,562,404	\$ 1,238,349	\$ (324,055)

Revenues

FY 2017-18 Actual Revenues and Expenditures

As of the 2017-18 fiscal year-end, the annual revenues received from the \$3.00 PMPM charge were greater than projected. In addition, the amount available to carryforward into FY 2017-18 was greater than budgeted. As a result, the total revenues in FY 2017-18 exceeded the budget

by \$975,943. Moreover, the annual and one-time expenditures were \$1,992,325 less than budgeted due to staffing shortages and the City's procurement process.

As shown in Table Two, the carryforward from FY 2017-18 into FY 2018-19 is \$3,399,816.

Table Two

Healthcare Sustainability Fund FY 2017-18			
	Revised Budget	Actual	Variance
Revenues			
Annual Revenues	\$ 2,351,681	\$ 2,533,833	182,152
Carryforward from Fund Balance	1,713,191	2,506,982	793,791
Total	\$ 4,064,872	\$ 5,040,815	975,943
Expenditures			
Annual Expenditures	\$ 1,566,526	\$ 1,101,971	(464,555)
Total One-Time Expenditures	\$ 2,066,797	\$ 539,027	(1,527,770)
Grand Total Expenditures	\$ 3,633,323	\$ 1,640,999	\$ (1,992,325)
Balance	\$ 431,549	\$ 3,399,816	\$ 2,968,267

FY 2018-19 Budget

The FY 2018-19 budget was developed January 2018 and both the annual and carryforward revenues do not reflect the actual FY 2017-18 revenue. The annual revenue is understated by \$49,827 and the carryforward is understated by \$356,951 for a total of \$406,778 as shown in Table Three.

Table Three

Healthcare Sustainability Fund FY 2018-19			
Description	FY 2018-19 Original Budget	FY 2018-19 Revised Budget	Variance
Annual	\$ 2,491,344	\$ 2,541,171	\$ 49,827
Cumulative Fund Balance	\$ 3,042,866	\$ 3,399,817	356,951
Total	\$ 5,534,210	\$ 5,940,988	\$ 406,778

During the General Fund budget negotiations with the Mayor's Office, in order to provide sufficient funding to support the City's on-site Well-Being activities, SFHSS agreed to provide a one-time transfer of \$100,000 from the City's \$3.00 revenue stream to the General Fund. After the \$100,000 transfer, the \$406,778 in additional revenue is reduced to \$306,778 as shown in Table Four (page 3).

The revenues from the Community College District and Unified School District are not impacted by this one-time transfer.

Table Four

Healthcare Sustainability Fund FY 2018-19			
Description	FY 2018-19 Original Budget	FY 2018-19 Revised Budget	Variance
Revenues			
Annual Revenues			
City	\$ 1,949,714	1,988,709	38,994
Transfer to General Fund for Well-Being	-	(100,000)	(100,000)
Subtotal City	\$ 1,949,714	\$ 1,888,709	\$ (61,006)
Community College District	\$ 100,536	102,546	2,011
Unified School District	441,094	449,916	8,822
Total Annual	\$ 2,491,344	\$ 2,441,171	\$ (50,173)
Carryforward from Fund Balance	\$ 3,042,866	\$ 3,399,817	356,951
Total	\$ 5,534,210	\$ 5,840,988	\$ 306,778

Expenditures

Summary

Table Five provides a high-level summary of the revised budget by expenditure category. A more in-depth discussion will follow.

Table Five

FY 2018-19 Revised Budget by Expenditure Category			
	FY 2018-19 Original Budget	FY 2018-19 Revised Budget	Variance
Annual			
Personnel	\$ 634,782	\$ 895,588	\$ 260,806
Communications			-
Open Enrollment Communications	\$ 284,779	\$ 289,779	\$ 5,000
Operations Communications	223,404	237,404	14,000
Well-Being Communications	257,500	257,500	-
Other Communications	103,178	109,797	6,619
Total Communications	\$ 868,861	\$ 894,480	\$ 25,619
Well-Being	\$ 255,500	\$ 230,500	\$ (25,000)
Initiatives to Reduce Health Care Costs	260,500	346,833	86,333
Contingency for Unforeseen Issues	179,100	-	(179,100)
Total Annual Expenditures	\$ 2,198,743	\$ 2,367,401	\$ 168,658
One-time			
Communications			
Open Enrollment Communications	\$ 75,000	\$ 275,000	\$ 200,000
Operations Communications	1,446,900	1,249,055	(197,845)
Other Communications	251,163	513,973	262,810
Total Communications	\$ 1,773,063	\$ 2,038,028	\$ 264,965
Well-Being	\$ -	\$ 82,210	\$ 82,210
Initiatives to Reduce Health Care Costs	-	115,000	115,000
Total One-Time Expenditures	\$ 1,773,063	\$ 2,235,238	\$ 462,175
Grand Total Expenditures	\$ 3,971,806	\$ 4,602,639	\$ 630,833

As previously mentioned, the FY 2018-19 revised budget reflects the Strategic Goals outlined in the Strategic Plan as detailed in Table Six (pages 5 and 6).

Notable changes in the budget are briefly described in Table Six by expenditure category. In addition, each change is aligned with the applicable Strategic Goal(s). The Strategic Goals are as follows:

- Affordable and Sustainable – Design a transparent health ecosystem that results in higher quality, better outcomes, and eliminates waste and inefficiencies
- Reduce Complexity and Fragmentation
 - Offer programs that address the entire health cycle – well, at-risk, episodic, and chronic care
 - Streamline operations, processes, and procedures to deliver a cohesive and seamless experience
- Engage and Support
 - Partner with members, and collaborate with stakeholders to advance health literacy and enhance engagement
 - Provide resource, tools, and services to support informed decision and actions
- Choice and Flexibility
 - Provide tailored, individualized, and personalize health choices and experiences that meet the needs of the population, in response to varying values, preferences, and needs
 - Support an inclusive environment that values diversity, respecting the broad demographics, including generational, gender, ethnicity / culture, income and life stage characteristics
- Whole Person Health and Well-being
 - Support the well-being of the whole person with programs, services, and resources
 - Cultivate and foster collaboration with stakeholders to advance positive organizational culture and environment of well-being

These changes to the budget promote Organizational Excellence which encapsulates the Strategic Goals.

Table Seven, beginning on page 7, provides the entire revised budget.

Table Six

FY 2018-19 Healthcare Sustainability Fund Revised Budget Summary with Alignment to Strategic Plan

Affordable and Sustainable
 Reduce Complexity and Fragmentation
 Engage and Support
 Choice and Flexibility
 Whole Person Health and Well-Being
 Organizational Excellence

Description	Original Budget	Revised Budget	Variance	Strategic Goals					
Annual Expenditures									
Personnel	\$634,782	\$895,588	\$260,806	X	X	X	X	X	X
4 positions supporting Benefit Communications, Plan Design, and Well-Being									
Communications									
<i>Open Enrollment</i>	\$284,779	\$289,779	\$5,000		X	X	X		X
Benchmarking tools to gauge staff and operational preparedness for Open Enrollment									
<i>Operations Communications</i>	\$223,404	\$237,404	\$14,000						X
Benchmarking tools to improve customer service and member experience									
<i>Well-Being Communications</i>	\$257,500	\$257,500	\$0			X		X	X
<i>Other Communications</i>	\$103,178	\$109,797	\$6,619						X
Additional software licenses for analytical work									
Total Communications	\$868,861	\$894,480	\$25,619						
Well-Being	\$255,500	\$230,500	(\$25,000)					X	X
Reprogrammed funding from Targeting Health Interventions to Mental Health training, Health coaching, Financial Well-Being									
Initiatives to Reduce Health Care Costs	\$260,500	\$346,833	\$86,333	X	X				
Increase capabilities of the All Payer Claim Database to provide analytics									
Contingency for Unforeseen Needs	\$179,100	\$0	(\$179,100)						
Distribution of contingency									
Grand Total Annual	\$2,198,743	\$2,367,401	\$168,658						

Table Six

FY 2018-19 Healthcare Sustainability Fund Revised Budget Summary with Alignment to Strategic Plan

Description	Original Budget	Revised Budget	Variance	Strategic Goals					
				Affordable and Sustainable	Reduce Complexity and Fragmentation	Engage and Support	Choice and Flexibility	Whole Person Health and Well-Being	Organizational Excellence
One-Time Expenditures									
Communications									
Open Enrollment Communications	\$75,000	\$275,000	\$200,000		X	X			X
Contract out for a Communications Plan to develop and implement CRM Knowledgebase, compliance review of internal benefit materials and modifications									
Operations Communications	\$1,446,900	\$1,249,055	(\$197,845)				X		X
Addition of a HIPAA audit; implement member-facing online premium payment capabilities; additional videos; offset by projects that were paid in FY 2017-18 instead of FY 2018-19									
Other Communications	\$251,163	\$513,973	\$262,810			X			X
Expanded website redesign to ensure full usability									
Total Communications	\$1,773,063	\$2,038,028	\$264,965						
Well-Being	\$0	\$82,210	\$82,210					X	X
Review of Well-Being communications, practices and strategies; health and Well-Being, ergonomic and employee assistance webpage									
Initiatives to Reduce Health Care Costs	\$0	\$115,000	\$115,000	X	X			X	X
Incorporate new data feeds, benchmarking and National Committee for Quality Assurance (NCQA) Measures									
Grand Total One-Time	\$1,773,063	\$2,235,238	\$462,175						
Grand Total Expenditures	\$3,971,806	\$4,602,639	\$630,833						

Table Seven			
Healthcare Sustainability Fund FY 2018-19			
Description	FY 2018-19 Original Budget	FY 2018-19 Revised Budget	Variance
Revenues			
Annual Revenues			
City	\$ 1,949,714	1,988,709	38,994
Transfer to General Fund for Well-Being	-	(100,000)	(100,000)
Subtotal City	\$ 1,949,714	\$ 1,888,709	\$ (61,006)
Community College District	\$ 100,536	102,546	2,011
Unified School District	441,094	449,916	8,822
Total Annual	\$ 2,491,344	\$ 2,441,171	\$ (50,173)
Carryforward from Fund Balance	\$ 3,042,866	\$ 3,399,817	356,951
Total	\$ 5,534,210	\$ 5,840,988	\$ 306,778
Expenditures			
Annual			
Personnel Services and Mandatory Fringes	\$ 634,782	\$ 895,588	\$ 260,806
Open Enrollment (OE)	\$ 284,779	\$ 284,779	-
Open Enrollment Readiness Benchmark		5,000	5,000
Open Enrollment	\$ 284,779	\$ 289,779	\$ 5,000
Operations Communications			
Access to Federal Social Security	\$ -	\$ -	-
Annual Social Security Number	100	100	-
Annual Social Security Number Audit 2nd Follow Up	50	50	-
Annual Domestic Partner Imputed Income Certification	500	500	-
Annual Consent for Electronic Distribution Notice/Intro to Benefits	-	-	-
New Hire Mailing	1,128	1,128	-
Production of Videos	31,290	31,290	-
HSS# 10 Window Envelopes	3,008	3,008	-
Postage for Routine Operations Mailings	2,000	11,000	9,000
Refresh Benefit Brochures	7,500	7,500	-
Mailing Address Validation Audit	6,000	6,000	-
E-Communication Compliance	10,000	10,000	-
Live Webinar Recordings	5,000	5,000	-
Minimal Essential Coverage-Envelope and Insert Printing	1,638	1,638	-
Minimal Essential Coverage 1095-C Printing and Mail Services	3,330	3,330	-
Minimal Essential Coverage - Postage	610	610	-
CalPERS Deduction Fee Retirement	250	250	-
Client Relationship Management System (CRM)	75,000	75,000	-
SFHSS HSB Election Communication	75,000	75,000	-
Customer Service Network Promoter Score Benchmark		5,000	5,000
Professional Memberships	1,000	1,000	-
Operations Communications	\$ 223,404	\$ 237,404	\$ 14,000
Well-Being Communications			
Annual Wellness New Year Mailing	\$ 60,000	\$ 60,000	-
Well-Being Campaign Printing	25,000	25,000	-
Quarterly Well-Being Campaigns (Nutrition, Flu, Physical Activity, Emotional Well-Being, etc.)	97,500	97,500	-
Annual Well-Being Benefits Promotion (Health Plan Resources, Affordable Quality Care Resources)	75,000	75,000	-
Well-Being Communications	\$ 257,500	\$ 257,500	\$ -

Table Seven			
Healthcare Sustainability Fund FY 2018-19			
Description	FY 2018-19 Original Budget	FY 2018-19 Revised Budget	Variance
Other Communications			
Online Survey Tool (Survey Monkey)	\$ 288	\$ 288	-
Web Hosting Service and Support	44,535	44,535	-
DRUPAL Support Services	16,200	12,150	(4,050)
Domain Registration	177	177	-
Backup Exec Server Maintenance	400	400	-
Electronic Content Management (ECM) Business Insight Software and Hardware		3,000	3,000
Client Relationship Management (CRM) Licenses		5,356	5,356
ECM Fax Server Maintenance	3,000	3,000	-
ECM Web Certificates	-	-	-
ECM Server Maintenance	20,290	20,290	-
ECM File Server Hardware Maintenance	2,100	2,100	-
ECM Licenses		2,313	2,313
EMMA	6,520	6,520	-
Stock Photography and Illustration	3,000	3,000	-
Tableau License	2,400	2,400	-
Dreamweaver	168	168	-
Dropbox	100	100	-
Digital Signage Software	4,000	4,000	-
Other Communications	\$ 103,178	\$ 109,797	\$ 6,619
Total Communications	\$ 868,861	\$ 894,480	\$ 25,619
Well-Being			
Well-Being Brand Launch Materials	\$ 60,000	\$ 60,000	-
Well-Being Internship	30,000	30,000	-
Professional Well-Being Community Participation	3,000	3,000	-
Targeted Health Interventions	100,000		(100,000)
Mental Health Training		25,000	25,000
Health Coaching		25,000	25,000
Financial Well-Being		25,000	25,000
Field Expenses	500	500	-
Well-Being Challenge Platform	60,000	60,000	-
Wellness Center Equipment	2,000	2,000	-
Well-Being	\$ 255,500	\$ 230,500	\$ (25,000)
Initiatives to Reduce Health Care Costs			
PBGH (Pacific Business Group on Health)	\$ 45,000	\$ 45,000	-
All Payers Claim Database (APCD)	185,500	186,833	1,333
APCD (Analytical Consulting)	25,000	75,000	50,000
Processing of Additional APCD Health Plan Feeds		30,000	30,000
APCD Training/Conference	5,000	5,000	-
APCD User Licenses		5,000	5,000
Initiatives to Reduce Health Care Costs	\$ 260,500	\$ 346,833	\$ 86,333
Contingency for Unforeseen Issues	\$ 179,100		(179,100)
Grand Total Annual	\$ 2,198,743	\$ 2,367,401	\$ 168,658

Table Seven			
Healthcare Sustainability Fund FY 2018-19			
Description	FY 2018-19 Original Budget	FY 2018-19 Revised Budget	Variance
ONE-TIME			
Communications			
Open Enrollment Communications			
Communication Plan to Develop and Implement CRM Knowledgebase	\$ -	\$ 100,000	\$ 100,000
Compliance Review of Internal Benefit Materials and Modifications		100,000	100,000
Open Enrollment Vendor Support	75,000	75,000	-
Subtotal Open Enrollment Communications	\$ 75,000	\$ 275,000	\$ 200,000
Operations Communications			
HIPAA Audit	\$ -	\$ 20,000	20,000
Photography	10,000	10,000	-
CRM Integration with PeopleSoft	-		-
Refresh Benefit Brochures	10,000	10,000	-
Avaya Upgrade for Telephone Management and Equipment	250,000	250,000	-
Avaya Client Relationship Management CRM Connector	100,000	100,000	-
Avaya Phone and Licensing	23,400	23,400	-
Benefits Usability (Skin) Phase 1	300,000	191,725	(108,275)
Benefits Usability (Skin) Phase 2		100,000	100,000
PeopleSoft Benefits Programming	200,000	200,000	-
Benefits Lobby and Member Area Configuration	400,000	100,000	(300,000)
Benefits Kiosk and Software	150,000	20,000	(130,000)
On-line Premium Payment for Members		200,000	200,000
Benefits Signage	3,500	3,500	-
Videos		20,430	20,430
Operations Communications	\$ 1,446,900	\$ 1,249,055	\$ (197,845)
Other Communications			
Website Redesign 3.0	\$ 202,095	\$ 364,905	162,810
Website Consulting		100,000	100,000
ECM Business Insight Software	16,068	16,068	-
ECM Business Insight Install Professional Services	10,000	10,000	-
ECM Business Insight Software	23,000	23,000	-
Other Communications	\$ 251,163	\$ 513,973	\$ 262,810
Total Communications	\$ 1,773,063	\$ 2,038,028	\$ 264,965
Well-Being			
Review of Well-Being Communications, Practices and Strategies	\$ -	\$ 43,410	\$ 43,410
Health and Well-Being, Ergonomic and Employee Assistance Webpage		38,800	38,800
Well-Being Assessment			-
Well-Being Incentives			-
Well-Being Assessment Communication Campaign			-
Well-Being	\$ -	\$ 82,210	\$ 82,210
Initiatives to Reduce Health Care Costs			
APCD Data Feeds	\$ -	\$ 75,000	\$ 75,000
Benchmarking		15,000	15,000
National Committee for Quality Assurance (NCQA) Quality Measures		25,000	25,000
Initiatives to Reduce Health Care Costs	\$ -	\$ 115,000	\$ 115,000
Grand Total One-Time Expenditures	\$ 1,773,063	\$ 2,235,238	\$ 462,175
GRAND TOTAL EXPENDITURES	\$ 3,971,806	\$ 4,602,639	\$ 630,833
BALANCE	\$ 1,562,404	\$ 1,238,349	(324,055)