

**Note re Terminology**

In the documents that follow, the terms "**Board**" and "**SFHSS**" are used to refer to the "Health Service Board" and "Health Service System," respectively.

## **101: SAN FRANCISCO SFHSS BOARD TERMS OF REFERENCE**

### **Introduction**

- 1) The San Francisco SFHSS has established the following mission statement:

The San Francisco SFHSS is dedicated to providing outstanding health and other employee benefits to its members while adhering to the highest standards of customer service.
- 2) To carry out its mission and the responsibilities of the SFHSS set out in the City Charter (“Charter”) and Administrative Code, the Board believes it must establish clear roles and responsibilities for itself and all other parties involved in the governance and management of the SFHSS. The Board has established these terms of reference to confirm and build upon the Board’s statutory duties.
- 3) In the event of a conflict between the City Charter or the Administrative Code and the terms of reference or governance policies adopted by the Board, the City Charter and Administrative Code will prevail.

### **Duties and Responsibilities**

#### **General Duties**

- 4) Consistent with Charter section 12.201, the Board and each committee of the Board shall confine its activities to policy matters and to matters coming before it as an appeals Board.
- 5) The Board’s duties fall into two broad categories:
  - a) Designing benefit plans and benefit changes and determining rates in connection with the provisions of Charter section A8.422, subject to final approval by the Board of Supervisors; and
  - b) Health and welfare plan and fund administration in connection with:
    - i) The Health SFHSS Trust Fund, pursuant to section 12.203;
    - ii) Benefit plans adopted pursuant to A8.422; and
    - iii) Benefit plans administered by the Board pursuant to section 4.102.

**Plan Adoption and Benefit Design**

- 6) In accordance with Charter section A8.422, the Board has an important role to play in designing health benefit plans and amendments thereto for adoption by the Board of Supervisors:
  - a) The Board shall have power and it shall be its duty by a majority vote of the entire membership of the Board to adopt a plan or plans for rendering medical care to members of the SFHSS, or for obtaining and carrying insurance against such costs or for such care. Such plan or plans as may be adopted, shall not become effective until approved by ordinance of the Board of Supervisors, adopted by three-fourths of its members; [A8.422] and
  - b) Consistent with the plan year set by the Board, at a public meeting, the Board shall review and determine the adequacy of health care provided for members of the SFHSS and the adequacy of fee schedules and the compensation paid for all services rendered and it may make such plan revisions as it deems equitable, however, such revisions shall not become effective until approved by ordinance of the Board of Supervisors adopted by three-fourths of its members.
- 7) To facilitate carrying out the duties set out in paragraph 6 above, the Board shall approve:
  - a) The annual benefit and rate setting process; and
  - b) ~~set out the goals or objectives that will guide the Board in carrying out the review referred to in paragraph 6 b) above.~~ **The goals or objectives that will guide the Board in carrying out the Rates and Benefits review referred to paragraph 6 above.**

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**Board Governance**

- 8) The Board is responsible for ensuring effective governance practices in respect of the Board.
- 9) The Board shall approve, and amend, as necessary:
  - a) An Annual Statement of Purpose (Charter § 4.102);
  - b) Rules and regulations consistent with the Charter and Ordinances at least annually and as necessary consistent with Charter section 4.104(1);
  - c) Terms of reference describing the roles and responsibilities of the Board, Board committees, Board officers, the Executive Director, and if applicable the Medical Executive Director;
  - d) Any governance-related policies necessary to help ensure appropriate governance practices at SFHSS; and
  - e) A Board Education Plan.

- 10) The Board shall:
  - a) Elect a President and Vice-President of the Board on an annual basis;
  - b) Establish standing or ad hoc committees or task forces as necessary;
  - c) Appoint Board members and a chair to each standing committee, ad hoc committee and task force, upon the recommendation of the President;
  - d) Ensure that a Board orientation and continuing education program is in place to assist Board members in securing the knowledge they require to properly execute their duties;
  - e) Annually conduct a Board performance evaluation, in which the members of the Board may evaluate the performance and practices of the Board during the prior year and suggest opportunities for improvement;
  - f) When budget permits, approve travel requests by Board members for education or other business purposes pertaining to SFHSS; and
  - g) Ensure that a record of the proceedings of Board and Committee meetings is maintained.<sup>1</sup>

#### **Benefit Administration**

- 11) The Board shall ensure the administration of health and wellness plans adopted by the Board of Supervisors under Charter section A8.422, and health and welfare plans established by the Mayor and the Board of Supervisors under Charter section 4.102.
- 12) The Board shall ensure that management implements benefit and administration policies intended to ensure efficient and effective administration of all benefit plans it administers, addressing for example such things as membership rules, the annual rates and benefits setting process, service quality standards, member communications, open enrolment rules, confidentiality of member data, and performance evaluation of vendors.
- 13) The Board shall establish and, at least annually, review and if necessary amend the SFHSS Rules in compliance with section 125 of the internal revenue code.

#### **Investment Administration**

- 14) The Board shall administer the Health SFHSS Trust Fund in accordance with the Charter solely for the benefit of the active and retired members of the SFHSS and their covered dependents. [Charter § 12.203]

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<sup>1</sup> As required under the *San Francisco Sunshine Ordinance*, Administrative Code, Chapter 67.

- 15) The Board shall have control of the administration and investment of the Health SFHSS Trust Fund, provided that all investments shall be of the character legal for insurance companies in California. [A8.429]
- 16) In keeping with its fiduciary duty to prudently administer the Health Service Trust Fund, the Board shall be responsible for:
  - a) Approving a written investment policy statement, and reviewing, confirming, or amending such policy at least annually.
  - b) Ensuring qualified parties are appointed to manage the assets of the Health SFHSS Trust Fund.
  - c) Ensuring regular compliance monitoring in regards to the investment policy statement.
  - d) Ensuring ongoing review of the investment performance of the Health Service Trust Fund.

**Rates and Accounting**

- 17) The Board shall adopt funding policies to ensure the financial health and integrity of each self-funded plan ~~shall annually review and~~ **and shall be reviewed annually** when necessary, amend said policies. The funding policy shall also address any other reserves to be held in the Health SFHSS Trust Fund. The policy may address, among other things, appropriate reserve targets for unanticipated needs and claims that are incurred but not reported (IBNR), the actuarial methodologies and assumptions to be used in determining reserves, and subsidies.
- 18) At such time consistent with the plan year set by the Board, the Board shall ensure a survey is conducted of the 10 largest counties in California, other than the City and County of San Francisco, to determine the average contribution made by each employer of such county to health benefit coverage. In accordance with the survey, the Board shall determine the average contribution made with respect to each employee by the 10 counties toward the health care plans provided for their employees and shall certify to the Board of Supervisors the amount of such average contribution. [Charter § A8.423]
- 19) The Board shall:
  - a) Ensure that management implements mechanisms to collect all required contributions to the Health SFHSS Trust Fund and to make all distributions in a timely manner;
  - b) Ensure historical records on costs are maintained;
  - c) Ensure appropriate financial and operational controls are established by management;
  - d) Ensure funding is in place to provide for the external financial audit;
  - e) Review with management significant accounting policy changes, as required; and

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- f) Review and accept the annual audited financial statements and external auditors' management letter and take corrective action if required.

**Organizational Planning & Risk Management**

- 20) The Board shall annually approve:
  - a) A strategic plan, which may include a mission statement for the SFHSS, the broad direction and goals of the SFHSS, and the specific projects that must be completed to fulfill SFHSS' broad direction and goals;
  - b) An annual administrative department operating budget;
  - c) The basic organizational structure of the SFHSS; and
  - d) Outsourcing strategies with respect to cores services of the SFHSS, i.e., whether certain activities will be performed by an outside agent rather than SFHSS staff.
- 21) The Board shall ensure management develops, over time, on ongoing system of operational risk management and that management reports to the Board at least annually on such system. This may be accomplished as part of the strategic planning process, if deemed appropriate by management and the Board.

**Human Resources**

- 22) The Board shall:
  - a) Appoint an Executive Director and determine the duties and responsibilities of the position;
  - b) Establish a process for evaluating the performance of the Executive Director, and annually evaluate the Executive Director accordingly;
  - c) Establish and annually review the compensation of the Executive Director within the ranges of the classification set for the position; and
  - d) Ensure the Executive Director documents the delineation of managerial authority and responsibility within the SFHSS in the event the Executive Director is absent or unavailable to perform the Executive Director's duties for an extended period of time, along with any related procedures to ensure continuity in SFHSS operations. The Executive Director shall review such documentation, and any updates thereto with the Board, from time-to-time, subject to open meeting law requirements.

### **Communications**

- 23) The Board shall:
- a) Ensure that an annual report is prepared describing its activities, and shall file such report with the Mayor and the Clerk of the Board of Supervisors; [Charter § 4.103]
  - b) Hold meetings open to the public and encourage the participation of interested persons; [Charter § 4.104.2]
  - c) Conduct its meetings in accordance with the *San Francisco Sunshine Ordinance* (San Francisco Administrative Code, Chapter 67), and the *Ralph M. Brown Act* (California Government Code Section 54950 et seq.);
  - d) Ensure that information is obtained and disseminated to the members of the SFHSS with regard to plan benefits and costs thereof; [Charter § A8.423] and
  - e) Work with the Executive Director to ensure other mechanisms and procedures are in place to enable accurate, co-ordinated, and effective communications between the SFHSS and its stakeholders, including plan members, the City, other participating SFHSS employers, and employee groups.

### **Legislation and Litigation**

- 24) The Board may, in closed session, consider and approve recommendations made by the Executive Director or legal counsel concerning settlements or other legal actions involving SFHSS.

### **Selection of Vendors**

- 25) The Board shall establish appropriate policies to help ensure effective and prudent selection of service providers.
- 26) The Board recognizes that it is neither effective nor efficient for the Board to be involved in the selection of all service providers. Accordingly, the Board shall be responsible for approving the awarding of final contracts for the following primary service providers named below:
- a) Actuaries;
  - b) Insurance carriers;
  - c) Hearing officers or firms providing the services of hearing officers;
  - d) Third party administrators retained for services in connection with non-charter benefits and with a contract value in excess of \$200,000 annually;

e) External information technology consultants retained for services with a value in excess of ~~\$100,000;200,000;~~

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f) ~~The Services of a Medical~~ Director; and

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g) Investment managers or advisors.

h) Other Service providers.

27) It is recognized and understood that the following services are provided or co-ordinated by various departments within the City:

a) Financial and operational audit services;

b) Custody services;

c) Legal services;

d) Investment management and advisory services; and

e) Information technology services.

28) The Board shall communicate to the Executive Director ~~in policy form,~~ regarding secondary service providers or classes of services providers, which the Executive Director shall be authorized to select, and the Board shall determine the controls to be put in place with respect to such authority; such as, for example, dollar limits on expenditure authority.

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### **Monitoring**

29) The Board shall ensure that appropriate monitoring and reporting practices are established and documented within SFHSS.

30) The Board shall periodically review compliance with, and the continued appropriateness of, any policies adopted by the Board including, but not limited to, policies in the following areas:

a) Governance policies and terms of reference;

b) Benefit design policy;

c) Funding policies:

i) Stabilization reserve policy.

ii) Incurred but not reported policy.

iii) Contingency reserves policy.

d) Investment policy;

- e) Health Service System rules;
  - f) Communication policy; and
  - g) Accounting policy.
- 31) The Board shall monitor periodically:
- a) The levels of the reserves (on not less than a quarterly basis);
  - b) The adequacy of rates, including a retrospective review of rate-setting; and
  - c) The investment performance and costs of the Health System Trust Fund.
- 32) The Board shall ensure periodic reviews of the performance of key service providers including but not limited to insurance carriers and third-party administrators relative to pre-established performance criteria.
- 33) The Board shall ensure the periodic monitoring of usage and participation levels by members within the health plans, and the general affordability of the plans it administers.
- 34) The Board shall monitor the levels of service quality provided by the health plans and other benefit plans sponsored by the SFHSS, developing over time the methodologies necessary to do so.
- 35) The Board shall monitor:
- a) Implementation of the Strategic Plan; and
  - b) Compliance with the SFHSS Operating Budget.
- 36) At least annually, the Board shall review the performance of:
- a) The Executive Director; and
  - b) The Board itself.

#### **History**

- 37) These terms of reference were adopted by the Board on February 22, 2007; amended on April 9, 2015. Further Amended TBD.

#### **Review**

- 38) The Board shall review these terms of reference at least every three years.

**102: SAN FRANCISCO SFHSS**  
**President of the Board**  
**TERMS OF REFERENCE**

**Introduction**

- 1) Unless otherwise agreed by the Board, at its regular meeting in June of each year, the Board shall elect one Board member to serve as President. The President shall take office at the regular meeting in the month of July immediately following election and the President's term shall continue until assumption of office by the next President at the regular meeting in the following July.

**Duties and Responsibilities**

- 2) The President shall exercise the powers and shall perform the duties and functions as specified herein:
  - a) Preside at all Board meetings, ensuring that such meetings are conducted efficiently and in accordance with the *San Francisco Sunshine Ordinance* (Administrative Code, Chapter 67), and the *Ralph M. Brown Act* (California Government Code Section 54950 et seq.), and the policies of the Board;
  - b) Recommend to the Board the creation of task forces or ad hoc committees of the Board, and the appointment of members and a chair to each standing committee, ad hoc committee, and task force. Recommendations concerning membership and chairs of standing committees are generally to be made by the President at the Board meeting following the meeting at which the President is elected;
  - c) Authenticate by his or her signature when necessary, or when required by law, all documents authorized by the Board;
  - d) Call special meetings. (Special meetings may be called by the President, and they must be called by the President upon the written request of a majority of the members of the Board or authorization by majority of the Board at a prior meeting. This provision must be implemented in a manner consistent with applicable open meeting laws);
  - e) In situations that call for a spokesperson to speak on behalf of the SFHSS, consult with the Executive Director and determine whether the President, Executive Director, or other individual should serve as spokesperson in the situation in question;
  - f) Review the agenda of each Board meeting with the Executive Director prior to the meeting;
  - g) Be available to assist committee chairs in carrying out their duties; and

- h) Be available to assist the Executive Director in the orientation process for new Board members.

**History**

- 3) These terms of reference were adopted by the Board on February 22, 2007 and amended on April 9, 2015. Further Amended TBD.

**Review**

- 4) The Board shall review these terms of reference at least every three years.

**103: SAN FRANCISCO SFHSS**  
**Vice President of the Board**  
**Terms of Reference**

**Introduction**

- 1) Unless otherwise agreed by the Board, at its regular meeting in June of each year, the Board shall elect one Board member to serve as Vice President. The Vice President so elected shall take office at the regular meeting in the month of July immediately following election and the Vice President's term shall continue until assumption of office by the next Vice President at the regular meeting in the following July.

**Duties and Responsibilities**

- 2) The Vice-President shall assume the duties of the President when the President is absent, or when the President shall designate the Vice-President to act. In the event of death, resignation, removal from office or permanent disability of the President, the Vice-President shall temporarily act for the President ~~until such time as~~until an election shall be held to elect a new President.

**History**

- 3) These terms of reference were adopted by the Board on February 22, 2007 and amended on April 9, 2015. Further Amended TBD.

**Review**

- 4) These terms of reference shall be reviewed by the Board at least every three years.

## **104: SAN FRANCISCO SFHSS**

### **Executive Director**

#### **TERMS OF REFERENCE**

##### **Introduction**

- 1) The Executive Director shall hold office at the pleasure of the Board and shall be responsible to the Board as a Board, but not to any individual member or committee thereof. [Charter §12.201]
- 2) The Executive Director shall provide leadership for the SFHSS in implementing programs necessary to achieve the mission, goals and objectives established by the Board; and shall manage the day-to-day affairs of SFHSS in accordance with the Charter.
- 3) The Executive Director is the executive ultimately responsible for the entire operations of SFHSS. The Executive Director shall ensure proper delegation of duties to senior management and staff so as to maximize the efficiency and effectiveness of SFHSS resources.
- 4) The Executive Director shall provide support to the Board and its committees in establishing all policies of the Board including identifying and analyzing issues requiring Board policy, and providing policy options and clear, well-supported policy recommendations for consideration by the Board or its committees.
- 5) In addition to having operational responsibility for SFHSS, the Executive Director is responsible for assisting and supporting the Board and its standing committees in carrying out the duties and responsibilities set out in their respective terms of reference.

##### **Duties & Responsibilities**

##### **Governance**

- 6) The Executive Director shall assist the Board in its governance function by:
  - a) Recommending terms of reference and other policies to ensure appropriate governance practices;
  - b) Coordinating new Board member education and training and additional education within budget limitation in accordance with the Board Education Policy and Board Education Plan; and
  - c) Coordinating Board member travel within budget limitations.

**Benefit Administration and Operations**

- 7) The Executive Director shall direct and oversee all administrative and operational activities of the SFHSS including, but not limited to:
  - a) Developing and implementing all policies necessary to ensure effective administration of member benefits and reporting to the Board, and directing administrative staff involved in the delivery of service to plan members and in the operations of the SFHSS;
  - b) Developing and recommending a strategic plan to the Board;
  - c) Developing an annual operating budget, as well as applicable departmental budgets, and presenting them to the Board for approval as part of the City's budget process;
  - d) Ensuring a system of operational risk management is in place, which addresses, among other things, sound records, data management and security;
  - e) Ensuring prudent fiscal management, oversight, and reporting of SFHSS operations;
  - f) Negotiating and executing agreements, and authorizing payments related to the administration of SFHSS and the appointment of all service providers, consistent with the operating budget and internal SFHSS controls;
  - g) Ensuring effective and timely communications with members and stakeholders on matters relating to SFHSS administration; and
  - h) Representing the SFHSS at the Board of Supervisors and other City departments on the budget and other matters affecting the SFHSS.

**Human Resources**

- 8) Consistent with the City's Administrative Code, applicable civil service rules, the operating budget, and collective bargaining agreements, the Executive Director shall hire, direct, supervise and, when appropriate, may terminate senior executives of the SFHSS, and shall oversee the hiring, management, and termination of staff. The Executive Director shall manage the employee grievance process relating to SFHSS staff in accordance with the City Charter, Administrative Code, and the collective bargaining agreements; and shall inform the Board of any issues as appropriate.
- 9) The Executive Director shall ensure ongoing assessment of SFHSS human resource needs and the development of appropriate human resource programs and procedures, including succession planning and coordination with other City departments as necessary.

### **Legislation and Litigation**

- 10) The Executive Director shall carry out the following duties with the advice of legal counsel as necessary:
  - a) Monitor trends regarding legislation that may have a significant impact on SFHSS;
  - b) Report to the Board on any legislative proposals that could significantly affect the SFHSS, and recommend whether the Board should take any action;
  - c) Manage and coordinate, with legal counsel, all legal proceedings involving SFHSS;
  - d) Provide recommendations to the Board concerning member appeals, settlement or other legal action involving SFHSS;
  - e) Make recommendations or proposals to the Board on a proactive basis regarding Charter amendments that are consistent with the Mission of the SFHSS; and
  - f) Recommend to the Board that obsolete provisions of the Administrative Code be eliminated, or that various provisions of the Administrative Code be amended to reflect Charter amendments and/or new or revised State legislation.

### **Service Providers**

- 11) The Executive Director shall:
  - a) Initiate and conduct the solicitations for contracts, and shall apprise the board of information regarding the selection process;
  - b) Negotiate and execute all agreements approved in connection with service providers/vendors;
  - c) Appoint those service providers for which the Board has delegated appointing authority to the Executive Director, in accordance with the Service Provider/Vendor Selection Policy or other Board action; and
  - d) Regularly monitor the performance of all service providers, and report regularly to the Board on such monitoring efforts.

### **Monitoring and Reporting**

- 12) The Executive Director shall ensure that monitoring and control mechanisms are in place to ensure that policies and procedures are properly implemented, and that the operations of the SFHSS are effective.
- 13) The Executive Director shall provide the Board with relevant, appropriate and timely information to enable it to properly carry out its oversight responsibilities. Furthermore, the Executive Director shall apprise the Board in a timely manner of all significant issues,

problems, or developments pertaining to SFHSS, and provide recommended courses of action as appropriate.

**History**

- 14) These terms of reference were adopted by the Board on February 22, 2007 and amended on April 9, 2015. Further Amended TBD.

**Review**

- 15) The Board shall review these terms of reference at least every three years.

**105: SAN FRANCISCO SFHSS**  
**Budget and Finance Committee**  
**TERMS OF REFERENCE**

**Introduction**

- 1) The Budget and Finance Committee has been established by the Board to assist the Board in the financial oversight of the SFHSS, including oversight of all audits of the SFHSS and the budgeting process. These financial oversight duties may be performed as a committee of the whole.

**Composition**

- 2) The Budget and Finance Committee shall be comprised of three Board members, including the Committee Chair, all of whom shall be appointed by the Board, upon the recommendation of the President.
- 3) The Executive Director shall designate a staff member to provide administrative support to the Budget and Finance Committee.

**Operational Rules**

- 4) The Budget and Finance Committee shall adhere to the following operational rules:
  - a) The presence of a majority shall constitute a quorum;
  - b) All actions of the Budget and Finance Committee shall be by a vote of the majority of the members present at a meeting of the Finance Committee, provided a quorum is present;
  - c) To be effective, all actions of the Budget and Finance Committee shall be approved by the Board; and
  - d) The Budget and Finance Committee shall meet at least annually, semi-annually, or more often if it deems necessary.
- 5) The Budget and Finance Committee may establish other operational rules, procedures, calendars and agendas for the Committee, as necessary, provided they are consistent with the Charter and City ordinances, and the policies of the Board.
- 6) The Budget and Finance Committee shall periodically review its terms of reference, and advise the Governance Committee with respect to modifications, as appropriate.

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## Duties and Responsibilities

### Audits and Examinations

- 7) The Budget and Finance Committee shall:
- a) Provide clear direction to SFHSS that the external financial auditor is accountable to ~~the Board~~; the Board in terms of providing the Board the SFHSS annual audit report.
  - b) Receive presentations from management or the external financial auditor regarding the annual audited financial statements, review any responses by management, and recommend any appropriate actions to the Board;
  - c) Provide the appropriate forum to review and comment on finalized management letters submitted by the financial auditor, review management's responses thereto, and provide recommendations to the Board, as appropriate; and
  - d) Provide the appropriate forum for handling all policy-related matters with respect to audits, examinations, investigations or inquiries by any appropriate local, state or federal agencies in conjunction with the Executive Director and SFHSS staff.

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### Annual Budgeting Process

- 8) The Budget and Finance Committee shall:
- a) Review the annual Administrative Budget and the Healthcare Sustainability Fund Budget of the SFHSS and all requested modifications and supplements thereto;
  - b) Recommend the Administrative Budget and the Healthcare Sustainability Fund Budgets to the Board for approval; and
  - c) Monitor SFHSS budget variance reports on a quarterly basis and recommend appropriate action to the Board and Executive Director, if necessary.

### Other

- 9) The Budget and Finance Committee shall:
- a) Review any significant changes in accounting practices or policies that may impact SFHSS' financial status;
  - b) Report regularly to the Board on its activities; and
  - c) Perform any other duties assigned by the Board.

**History**

- 10) These terms of reference were adopted by the Board on February 22, 2007 and amended on April 9, 2015. Further Amended TBD.

**Review**

- 11) The Board shall review these terms of reference at least every three years.

**106: SAN FRANCISCO SFHSS**  
**Governance Committee**  
**TERMS OF REFERENCE**

**Introduction**

- 1) The Governance Committee has been established by the Board to assist the Board in:
  - a) Developing, overseeing, and implementing the governance policies and practices of the Board and its committees;
  - b) Coordinating the performance evaluations of the Board and the Executive Director
- 2) The Governance Committee shall be comprised of three Board members, including the committee chair, all of whom shall be appointed by the Board, upon the recommendation of the President.
- 3) The Executive Director shall designate a staff member to provide administrative support to the Governance Committee.

**Operational Rules**

- 4) The Governance Committee shall adhere to the following operational rules:
  - a) The presence of a majority shall constitute a quorum;
  - b) All actions of the Governance Committee shall be by a vote of the majority of the members present at a meeting of the Committee, provided a quorum is present;
  - c) All actions of the Governance Committee shall be approved by the Board to be effective, unless otherwise provided herein; and
  - d) The Governance Committee shall meet at least annually.
- 5) The Governance Committee shall establish other operational rules, procedures, calendars and agendas for the Committee, as necessary, provided they are consistent with the Charter, and City ordinances, and Board policies.

## Duties and Responsibilities

- 6) The Governance Committee shall:
  - a) In consultation with the Executive Director, develop and recommend to the Board terms of reference for the:
    - i) Board;
    - ii) Committees of the Board;
    - iii) President and Vice President of the Board; and
    - iv) Executive Director.
  - b) Periodically recommend to the Board such amendments to the terms of reference as may be necessary or advisable;
  - c) Recommend to the Board any modifications to the committee structure of the Board (i.e. the addition or elimination of any committees);
  - d) Review, develop and recommend to the Board for approval, new governance policies as may be necessary, and review existing governance policies in accordance with the schedule for review established within each policy;
  - e) Recommend to the Board a Board Education Plan and updates thereto;
  - f) Co-ordinate the implementation of the annual Board performance evaluation policy, including approving and amending as necessary any surveys or similar forms used in the evaluation;
  - g) Co-ordinate the implementation of the annual Executive Director performance evaluation policy. The Committee shall recommend to the Board the criteria to be used in evaluating the performance of the Executive Director, but shall have the authority to approve minor amendments as necessary to any surveys or similar instruments used to perform the evaluation;
  - h) Monitor compliance with governance-related policies, rules, and legislation; and address any alleged violations;
  - i) Report regularly to the Board on its activities; and
  - j) At the request of the Board, undertake such other governance-related initiatives as may be necessary or desirable to contribute to the success of SFHSS.

## History

- 7) These terms of reference were adopted by the Board on February 22, 2007 amended on April 9, 2015. Further Amended TBD.

**201: SAN FRANCISCO SFHSS**  
**Board Operations Policy**

**Purpose**

- 1) This Board Operations Policy is intended to set out the manner in which the Board shall conduct its business, and includes guidelines addressing, among other things, the appointment of officers, the establishment of committees, and the conduct of meetings.

**Policy Guidelines**

**Board Composition**

- 2) The Board shall, in accordance with Charter Section 12.200, consist of seven members: one member of the Board of Supervisors appointed by the President of the Board of Supervisors, two members to be appointed by the Mayor, and three members elected from the active and retired members of the SFHSS from among their number. [Charter § 12.200]
- 3) The two members appointed by the Mayor shall be appointed in accordance with the requirements set forth in Charter Section 3.100 and Charter Sections 12.100 –12.103. [Charter § 12.200]
- 4) One member appointed by the Controller and confirmed by a 2/3 vote of the Board per Charter Section 12.200. If the Board fails to calendar the Controller's nomination for consideration at a meeting to occur not later than 60 days after receipt of the Controller's written notice of nomination, the Controller's nominee shall be deemed approved.
- 5) The term of office of each member, except the member of the Board of Supervisors, shall be five years.
- 6) A vacancy on the Board appointed by the Mayor shall be filled by the Mayor. A vacancy in an elective office on the Board shall be filled by a special election within 90 days after the vacancy occurs unless a regular election is to be held within six months after such vacancy shall have occurred. [Charter Section 12.200] A vacancy in the Controller's appointed position shall be filled by the Controller and confirmed by the Board.

**Election of President and Vice President**

- 7) There shall be a President and Vice President of the Board each of whom shall be a Board member. [SFHSS Membership Rules and Regulations, A3]

- 8) At its regular meeting in June of each year, the Board shall elect one Board member to serve as President and one Board member to serve as Vice President. The President and Vice President shall take office at the regular meeting in the month of July immediately following election and their terms shall continue until assumption of office by the next President and Vice President at the regular meeting in the following July. [SFHSS Membership Rules and Regulations, A3(a)]
- 9) In electing a President and Vice-President, it is expected that, at a minimum, the following criteria will be considered:
  - a) Demonstrated leadership abilities;
  - b) Committee and committee chairperson experience; and
  - c) Time availability.
- 10) If an officer vacates his office prior to the end of his term, an election shall be held at the next regular meeting of the Board to select a new officer, who shall take office immediately upon election and shall hold office for the unexpired term. Notwithstanding the foregoing, so long as there is no President, the Vice President shall act as President until a new President is elected and takes office. [SFHSS Membership Rules and Regulations, A3(b)]
- 11) Neither President nor Vice President may hold such office for more than two consecutive one-year terms. This two-term limit shall not include service for any unexpired term pursuant to paragraph 9 herein. [SFHSS Membership Rules and Regulations, A3(c)]

#### **Board Committees**

- 12) Based on the recommendations of the President, the Board shall:
  - a) Approve the establishment of standing and ad hoc committees; and
  - b) Annually approve the members and chairs of standing and ad hoc committees.
- 13) The standing committees of the Board shall be as follows:
  - a) Budget and Finance Committee
  - b) Governance Committee
- 14) The Governance Committee shall be responsible for recommending to the Board terms of reference for each standing committee of the Board.
- 15) Committees shall be comprised of not more than three Board members, one of whom shall be the committee chair.
- 16) In the event of a vacancy on any standing or ad hoc committee, the President shall appoint a replacement to hold office for the balance of the unexpired term.

- 17) The term of office for chairs of standing committees shall be one year. No chair of a standing committee may hold such office for more than two consecutive one-year terms. This two-term limit shall not include service for any unexpired term as set forth in paragraph 16 above.
- 18) Members and chairs of ad hoc committees shall serve until the dissolution of the committee, or until the Board determines otherwise.
- 19) In the absence of a committee chair, the committee chair may designate in advance another committee member to act as chair for a particular meeting, failing which the remaining committee members shall designate one of themselves to act as chair for such meeting.
- 20) The Executive Director shall designate a staff member to provide administrative support to each committee.

#### **Meetings of the Board and Committees**

- 21) The time and location of Board meetings shall be as follows:
  - a) Regular meetings of the Board shall be held at 1:00 p.m. on the second Thursday of the month at City Hall room 416, San Francisco, or at such other time or place as the Board, at a prior regular meeting, may designate. In the event this day is a holiday, the meeting shall be held on the third Thursday, unless otherwise determined by the Board. [SFHSS Membership Rules and Regulations, A1(a)]
  - b) Special meetings of the Board may be called at any time by the President or by a majority of the Board. However, special meetings of the Board for closed sessions with legal counsel may precede or follow the regular meeting of the Board. [SFHSS Membership Rules and Regulations, A1(b)]
- 22) All meetings shall be open and public, and all persons shall be permitted to attend any meetings of the Board. Notwithstanding the foregoing, the Board may meet in closed session when authorized by the Ralph M. Brown Act of the State of California (the "Brown Act"), the San Francisco Sunshine Ordinance, Chapter 67 of the San Francisco Administrative Code, and Section 4.104(2) of the Charter. [SFHSS Membership Rules and Regulations, A1(c)]

#### **Committee Meetings**

- 23) Standing committees shall meet at times and places agreed to by the committee. Ad hoc committees shall meet as required.
- 24) If possible, committee meetings shall take place at City Hall, San Francisco. To assist committee members in planning ahead to attend meetings, each standing committee shall, if feasible, establish an annual forward agenda or meeting schedule.

#### **Teleconferencing**

- 25) Board members may not participate by teleconference in Board or committee meetings, except as provided for by law.

- 26) Advisors and other vendors may participate by teleconference at Board and committee meetings to the extent permitted by law.

**Calendar, Meeting Materials, Minutes**

- 27) The agenda for Board and committee meetings shall be prepared by the Executive Director and, if time permits, reviewed and approved by the President or committee chair respectively. Board and committee members may request that the Executive Director, President, or committee chair calendar any item for a Board or committee meeting, and such requests may be made at or outside a Board or committee meeting. The Executive Director, President, and committee chairs shall make a good faith effort to ensure all such requests are calendared within a reasonable period of time.
- 28) Consent agendas may be used to address items that staff considers to be routine and non-controversial. The consent agenda may be approved by one motion if no member of the Board or public wishes to comment or ask questions about any item on the consent agenda. If comment or discussion on any item is desired by anyone, the item will be removed from the consent agenda and will be considered separately by the Board.
- 29) The Board shall receive an advance calendar and the related meeting materials no later than the Friday preceding the next scheduled meeting.
- 30) Only items that have been calendared will be heard by the Board at any meeting. The Board may consider emergency items provided they have been noticed in writing at least 24 hours in advance of the Board meeting, consistent with the Ralph M. Brown Act.
- 31) A request that a calendared item be heard out of order shall be presented at the start of the meeting to the President. The President shall decide if the request shall be granted based on the reason for the request.
- 32) All calendared matters to be postponed shall be announced at the start of the meeting. During a meeting any Board member or any interested party may request postponement of an action. The President shall approve or reject any request to postpone an action being considered by the Board at its meeting, subject to the discretion of the full Board.
- 33) With respect to minutes:
- a) The Secretary to the Board shall record in the minutes the time and place of each Board and committee meeting, the names of the Board members present, all official acts of the Board or committee, and the votes of the members; and
  - b) The minutes shall be written and presented for correction and approval within a reasonable time. The minutes, or a true copy thereof, shall be certified by the Board Secretary.

## **Resolutions**

- 34) The term "resolution" shall mean any action of the Board which prescribes or defines in written form a Board policy or decision.
- 35) The Board shall enact and adopt resolutions as follows:
  - a) At any regular or special Board meeting, any Board member may move for the adoption of a resolution which may be stated orally or in writing;
  - b) The Executive Director shall be responsible for performing, or causing to be performed, all necessary research and analysis to support resolutions prior to their adoption by the Board;
  - c) Prior to adoption, the proposed resolution shall be prepared by the Executive Director in proper format and the Executive Director may, if necessary, forward the resolution to the City Attorney's Office for approval as to format and legality. The proposed resolution shall thereafter be presented to the Board for action; and
  - d) An adopted resolution shall be signed and dated by the President and the Executive Director.
- 36) All adopted resolutions shall be numbered in orderly sequence and shall be retained in the office of the Executive Director. The resolutions shall be readily accessible to members of the SFHSS and the public-at-large.
- 37) The Executive Director shall notify the Board of any legislative or court action which would require the rescinding, amending, or modifying a Board resolution.

## **Quorum, Rules of Order, and Voting**

- 38) The presence of a majority of the members of an appointive Board, commission or other unit of government shall constitute a quorum for the transaction of business by such body. Unless otherwise required by the Charter, the affirmative vote of a majority of the members shall be required for the approval of any matter, except that the Operations Policy or Membership Rules may provide that, with respect to matters of procedure, the body may act by the affirmative vote of a majority of the members present, so long as the members present constitute a quorum. [Charter Section 4.104.]
- 39) The majority of the members of each committee shall constitute a quorum, and committees may act by a majority of the members present at a committee meeting provided, however, that a quorum is in attendance.
- 40) Board and committee members may not vote by proxy and must be present at a meeting in order to vote.
- 41) Except as otherwise provided in this Operations Policy, Robert's Rules of Order, in its latest revision, shall guide the Board as to rules of order in the event of a dispute among Board members.

- 42) When a Board member desires to address the Board, the member shall seek recognition by addressing the presiding officer. When recognized, the Board member shall proceed to speak, confining his remarks to the question before the Board. No discussion shall take place until a resolution or motion has been moved and seconded, or until a calendared item has been introduced. [SFHSS Membership Rules and Regulations, A6]
- 43) The Board may take action only upon a motion by a Board member, which has been seconded by another Board member.
- 44) Each member of the Board present at a regular or special meeting must vote “yes” or “no” when a question is put, unless excused from voting by a motion adopted by a majority of the members present. [Charter Section 4.104]
- 45) Tie votes shall be handled as follows:
  - a) A tie vote on an affirmative motion shall be deemed to be a failure to adopt such motion, and the matter or request before the Board is denied; and
  - b) A tie vote on a negative motion shall be deemed to be a failure to adopt such motion, but the matter or request remains before the Board for action.
- 46) Nothing in this policy shall prohibit the President or a committee chair from making or seconding a motion, voting on a motion, and otherwise participating as a Board member.
- 47) A motion to reconsider a Board action can only be proposed by a Board member who voted with the prevailing side, However, a Board member who is not eligible to move to reconsider may briefly state their reasons for reconsideration. ~~A request for reconsideration can only be made at the same meeting the vote to be reconsidered was taken. Motions for reconsideration cannot be renewed.~~ If the Board does not consent to hear the matter, the request is denied, and the previous action is final.
- 48) Requests for rulings on moot or hypothetical questions will not be permitted by the Board.

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### **Attendance**

- 49) Except in the event of a notified absence (defined below), each member of the Board is expected to attend each regular or special meeting of the Board and each meeting of any committees on which they serve. The Commission Secretary shall maintain a record of members' attendance.
- 50) A Board member's absence shall constitute a notified absence where the Board member, in advance of the meeting, informs the Commission Secretary that the member will be absent. An absence due to unforeseen circumstances such as illness or emergency shall also qualify as a notified absence where the member reports such absence to one of the above-mentioned parties as soon as reasonably possible. The Commission Secretary shall record as non-notified all absences involving neither advance notice nor unforeseen circumstances.

- 51) The Commission Secretary shall report all instances of non-notified absences as well as any instance of three consecutive absences of a member from Board or committee meetings in a fiscal year to the member's appointing authority.
- 52) At the end of each fiscal year, the Commission Secretary shall submit a written report to the appointing authorities of the Board detailing each Board member's attendance at all meetings of the Board and its committees for that fiscal year.

**Public Comment**

- 53) Before taking a vote on any action item, the Board shall ask for public comment. Each speaker shall be limited to three (3) minutes of comments with respect to each action item. This rule may be waived at the discretion of the presiding officer, or by vote of a majority of the Board members present. Board Secretary may be asked to time each speaker and to notify such speaker when the time limit has expired. Notwithstanding the foregoing, when a large number of speakers wish to comment on a particular action item, a reasonable overall time limit may be placed on public comment for such action item, and each speaker may thereby be limited to a period of comment that is less than **three minutes**. [SFHSS Membership Rules and Regulations, A5]
- 54) Speakers who wish to make public comment may be requested to fill out speaker cards in advance provided, however, that a speaker may nevertheless choose to remain anonymous. [SFHSS Membership Rules and Regulations, A5]
- 55) Each speaker's comments must be pertinent to the item under consideration by the Board. The presiding officer of the meeting shall be the sole judge of such pertinence and may limit comments to the extent they do not pertain to the item under consideration or are duplicative of points made by previous speakers. Members of the Board need not respond after each speaker's comments. [SFHSS Membership Rules and Regulations, A5]
- 56) Members of the public may address the Board on any matter within the Board's jurisdiction during the "Other Business" item on the agenda. No formal action shall be taken on any matter raised during such agenda item unless such action is permitted under the Brown Act and the Sunshine Ordinance. [SFHSS Membership Rules and Regulations, A5]
- 57) If an agenda item is continued from one meeting to another, any member of the public who commented on such item at the initial meeting need not be permitted to comment on such item at the next meeting. This rule shall not apply, however, if the agenda item is modified in any manner after the initial meeting. [SFHSS Membership Rules and Regulations, A5]
- 58) Members of the public who disrupt a meeting by making noise, speaking out of turn, or otherwise refusing to comply with these Rules shall be given warning and an opportunity to correct their behavior. Thereafter, the Board may take action to have any such member(s) removed from the meeting. [SFHSS Membership Rules and Regulations, A5]

**Policy Review**

- 59) The Board shall review this policy at least every three years to ensure that it remains relevant and appropriate.

**Policy History**

- 60) This policy was adopted by the Board on February 22, 2007 and amended on April 9, 2015.  
[Further Amended TBD](#)

## **202: SAN FRANCISCO SFHSS Board Education Policy**

### **Policy Objectives**

- 1) The Board recognizes that Board members come to the Board with varying levels of knowledge and experience in the health and other employee benefits areas, and that all Board members can benefit from a formal Board education program. Furthermore, a well-designed Board education program will benefit SFHSS and its members and therefore justifies prudent budgeting for, and expenditure of SFHSS administrative funds and resources.
- 2) The objectives of this policy are to establish policy guidelines to help ensure:
  - a) That Board members have adequate opportunity and assistance to acquire the knowledge they need to effectively carry out their SFHSS Board member duties; and
  - b) That any expenditure of SFHSS funds or resources is prudent, cost-effective, and consistent with the best interests of the Board, SFHSS, and its beneficiaries.

### **Assumptions**

- 3) This policy sets out various expectations concerning the efforts Board members should make to educate themselves on matters pertaining to health and other employee benefits. It is understood that any actual efforts undertaken by the Board or individual Board members shall be contingent on the availability of budget resources.
- 4) Though there may be limited resources available to fund attendance at educational conferences, a Board education policy is nevertheless necessary to define and guide other approaches to education available to the Board.
- 5) No single method of educating Board members is optimal – therefore, a Board education program should include a variety of educational methods and tools.

### **General Provisions**

- 6) As fiduciaries, Board members are required to be knowledgeable of all matters concerning health and employee benefit policy and oversight. Accordingly, and within the constraints of available resources:
  - a) Board members agree to develop and maintain an adequate level of knowledge and understanding of relevant issues pertaining to SFHSS oversight and policy-setting throughout their terms on the Board; and
  - b) Board members agree to pursue appropriate education across a range of employee-benefit related areas, including:

- i) Governance and fiduciary duty;
  - ii) Health and welfare plan design;
  - iii) Funding of health and welfare plans;
  - iv) Actuarial science;
  - v) Benefits administration; and
  - vi) Regulatory and legal environment of SFHSS.
- 7) In addition to technical knowledge, the Board recognizes that the Board training program should provide Board members with an understanding of the environment in which SFHSS operates, including the SFHSS's relationship to the Board of Supervisors, the employers participating in the SFHSS, and other departments within the City.
- 8) The Board considers the following types of vehicles to be appropriate for training its Board members and encourages Board members to take advantage of them, where budget resources permit:
- a) External conferences, seminars, workshops, roundtables, and similar events (henceforth referred to as conferences);
  - b) Meetings of associations or other similar bodies within the health and welfare industry;
  - c) In-house educational seminars or briefings by staff, City Administration, Board service providers, or other special advisors;
  - d) Relevant periodicals, journals, textbooks, or similar materials; and
  - e) Electronic media including webinars and pod casts.
- 9) Where budget resources permit, the Executive Director shall, on an ongoing basis, identify appropriate educational opportunities and include details of such through electronic means to Board members and in Board meeting packages for Board members' consideration. Board members are also encouraged to suggest educational programs that may provide value to the Board. Conferences requiring overnight lodging or other significant travel-related expenses should include an average of at least 5 hours of substantive educational content per day.
- 10) Board members shall attempt to meet the following minimum goals, provided sufficient budget resources are available:
- a) To secure, over time, a useful level of understanding in each of the topic areas listed in paragraph 6b above herein;

- b) To attend at least one conference annually, which includes at least 5 hours of substantive educational content per day of the conference; (Recommended conferences are listed in Appendix 1 of this policy)
  - c) Regularly attend on-line educational events, e.g. webinars, that may be identified as being relevant to the Board; and
  - d) Participate in any in-house educational seminars or briefings that may be organized from time to time.
- 11) Board members shall annually complete the City training program on the Sunshine Ordinance and any other training programs mandated by the City. Attendance at such programs will be documented and reported to the Board Secretary on an annual basis.

#### **Education Plan**

- 12) The Board shall adopt a Board Education Plan covering a 1-3-year period and shall update the Plan as necessary.
- 13) The Board Education Plan may set out the education goals of the Board, with key topics to be covered over time by the Board and individual board members and shall cover both external and in-house education efforts. The Plan shall include a tentative schedule of topics to be addressed and associated timing.

#### **Orientation Program**

- 14) A formal orientation program, covering the general topic areas outlined in paragraphs 6b and 7 above, will be developed by the Executive Director for new Board members. The aim of the orientation program will be to ensure that new Board members are in a position to contribute fully to Board and committee deliberations, and effectively carry out their duties as soon as possible after joining the Board.
- 15) As part of the orientation process, new Board members shall, within 45 days of their election or appointment to the Board, be provided one or more general orientation sessions, during which they shall:
  - a) Be briefed by the Executive Director on the history, background, and structure of SFHSS;
  - b) Be oriented by the Executive Director and President on current issues before the Board;

- c) Be provided an overview of the current health plans and benefits, and the benefit and funding policies of the Board, and how all such plans, benefits, and policies have evolved over time;
  - d) Be introduced to members of senior management;
  - e) Be provided a tour of SFHSS offices;
  - f) Be briefed on their fiduciary duties, conflict of interest guidelines, *The Brown Act*, the *Sunshine Ordinance* and other pertinent legislation; and
  - g) Be provided with:
    - i) A Board Member Reference Manual (the contents of which are listed in Appendix 2 of this policy);
    - ii) A listing of recommended educational programs; and
    - iii) Other relevant information and documentation deemed appropriate by the Executive Director.
- 16) Within 30 days of being appointed or elected to the Board or leaving the Board, Board members must complete a *Statement of Economic Interest and any other disclosure forms required by law*. The Board Secretary shall provide new Board members with any necessary assistance. Thereafter, Board members shall complete, and file said disclosure forms on an annual basis or consistent with the requirements of applicable laws.
- 17) As part of the orientation process, the Executive Director shall also make available a series of in-house education seminars for the benefit of new Board members, generally within 4 months of their election or appointment to the Board. Seminars will be designed and scheduled in consultation with the Board member(s) in question. Although intended for new Board members, any Board member may attend. The seminars will cover, at a minimum, basic health and welfare-related topics including health plan design, actuarial topics, SFHSS operations, legislation, and trust/fiduciary law.
- 18) The Executive Director shall review and update the Board Reference Manual as needed. A master copy of the Board Member Reference Manual will be available for use by Board members at the SFHSS offices.

**Continuing Education – In-House Education Seminars**

- 19) Annually, the Executive Director shall, after seeking Board input, identify at least two (2) topics of relevance to the Board, and shall organize one or more in-house educational

sessions on these topics. Such sessions may be appended to regular Board or committee meetings or be organized as stand-alone sessions.

#### **Attendance at Conferences & Association Meetings**

- 20) Approval for attendance and reimbursement of travel expenses in connection with educational conferences or association meetings will be in accordance with the provisions set out in the SFHSS Board Travel Policy.

#### **Reporting**

- 21) Board members shall inform the Executive Director, for information purposes, of all health and welfare-related conferences attended, whether funded by SFHSS or not.
- 22) Attendees shall complete a brief written assessment of the quality and relevance of each conference attended (see Conference Attendance Form). The Executive Director shall review these assessments and update the list of recommended conferences as appropriate.
- 23) Upon returning from a conference, attendees may report to the Board on information or knowledge attained at the conference for the benefit of Board members who did not attend.
- 24) On an annual basis, ~~the Board Secretary, the Executive Director~~ shall submit a report to the Board on the educational activities of the Board completed in the prior year. At a minimum, the report will summarize the implementation of the Board Education Plan including for example:
  - a) Attendance by Board members at conferences during the year;
  - b) Webinars made available to Board members;
  - c) Education sessions held during Board meetings;
  - d) Special in-house educational sessions held during the year; and
  - e) Other educational activities undertaken during the year.

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#### **Policy Review**

- 25) The Board shall review this policy every year to ensure that it remains relevant and appropriate.

### Policy History

- 26) The Board adopted this policy on February 22, 2007 and amended it on April 9, 2015. [Further Amended TBD.](#)

## **APPENDIX 1**

### **Suggested Conferences, Seminars and Webinars**

The following associations or conference organizers have been found to provide informative educational conferences and webinars. Conferences typically also contain the five (5) hours of substantive educational content per day, as required by the Board's travel policy. Board members are encouraged to visit their websites as a first step in identifying potential conferences to attend.

#### **International Foundation of Employee Benefit Plans**

Organizes an annual conference and other conferences and seminars throughout the year

Contact:

P.O. Box 69  
Brookfield, WI 53008-0069  
(888) 334-3327  
<http://www.ifebp.org/>

## **APPENDIX 2 BOARD MEMBER REFERENCE MANUAL**

A Board Member Reference Manual shall include the following materials:

- a) Most recent plan descriptions or member handbooks
- b) Most recent Annual Report
- c) Organizational chart
- d) Contact information for the Executive Director and Board members
- e) Listing of current committee assignments
- f) Relevant City charter provisions
- g) Terms of reference and Board policies
- h) Glossary of key health and welfare administration terms and definitions
- i) SFHSS Membership Rules and Regulations

## **APPENDIX 3 Travel Policy**

### **Travel Authorization**

- 1) Each Board member is generally limited to one seminar or conference requiring travel outside of San Francisco County and/or overnight lodging per fiscal year. No more than one conference per year may involve travel to a destination outside the United States.
- 2) As a general rule, Board members should incur only those expenses that a reasonable and prudent person would incur when traveling on official business.
- 3) Attendance by Board members at seminars and conferences requiring travel outside of San Francisco County and/or overnight lodging requires prior approval of the Board and is subject to the limits set out in paragraph 1.
- 4) Attendance by Board members at association meetings, due diligence visits or other Board business requiring travel outside of San Francisco County and/or overnight lodging also requires prior Board approval.
- 5) All requests for business travel require approval in advance by the Board. A travel authorization form must be completed by the requestor and signed by the President of the Board or designee.
  - a) Information required for authorization includes:
    - i) Dates of travel and location
    - ii) Business purpose of travel/training/conference
    - iii) Estimated expenses including, but not limited to, when applicable, registration fee, cost of air ticket, other transportation costs, and lodging must be itemized with details or any changes made by the Controller.
  - b) The authorization form must be forwarded to Chief Financial Officer ("CFO") to approve the use of funds and confirm all City requirements are met.
  - c) The CFO shall forward the authorization form to the Executive Director for final preauthorization approval.
- 6) The acceptance of any gifts which enable Board members to attend seminars and conferences requires prior approval of the Board in strict compliance with section 18944.2 of Fair Political Practices Commission Regulations.
- 7) Review and approval of educational travel will depend on the cost, substance and quality of the seminar or conference. As a general rule, travel to a conference or

seminar outside of San Francisco County and/or requiring overnight lodging should only be approved if the conference/seminar agenda contains an average of five (5) hours of substantive educational content per day. The Board may waive this requirement if the best interests of SFHSS would be served by such a waiver.

- 8) The Board recognizes that Board members are often considered experts in their professional fields or as having considerable experience as a Board member. As such, they may often be asked to speak at conferences. While SFHSS encourages the exchange of professional information, it must be evident that such speaking engagements would provide value to SFHSS before attendance is authorized on SFHSS' behalf.

#### **Cost of Administration**

- 9) Travel expenses of Board members shall be direct costs of administration to SFHSS and may not be paid through third party contracts without express approval of the Board or the Executive Director. Board members shall comply with applicable requirements for expenses paid or reimbursed by third parties.

#### **Authorized Expenses**

- 10) Authorized travel expenses include lodging, transportation costs, registration or attendance fees, meals and other costs reasonably and necessarily incurred when the Board member is required to travel on official SFHSS Board business.

#### **Limitation on Allowance of Time and Expenses**

- 11) Allowance for time and expense shall not exceed that which is usual and reasonable as claimed by others to that precise destination. Normally when meeting, conference, or seminar agendas calendar substantive content prior to 9:30 a.m., travel and arrival the evening before is authorized. When substantive content continues after 5:00 p.m., lodging for that night is authorized. Reasonable additional expenses, e.g. lodging and per diem for extra days either before or after a conference, will be reimbursed if such extension results in lower overall trip costs.

#### **Limitation on Car Rental**

- 12) Normally, Board members shall be expected to use an airport shuttle service to metropolitan destinations unless it is more economical to rent a car, pay for parking, fuel, etc. Reimbursement of alternative modes of transportation will be limited to the cost of the airport shuttle service unless otherwise justified, e.g., for reasons of

personal safety or scheduling conflicts. As the City is self-insured, auto insurance is not reimbursable.

#### **Cancellation of Travel and Lodging Arrangements**

- 13) Normally, Board members are responsible for timely cancellation of travel and lodging arrangements made on their behalf so that no costs will be incurred by SFHSS.

#### **Transportation Expense In Lieu Of Airfare**

- 14) Airfare should be booked for economy/coach class only. Air tickets must be purchased in advance to take advantage of the most economical fares available. If airline charges for checked luggage, only the cost of the first checked bag may be reimbursed.
- 15) Board members have the option of purchasing air tickets from a City approved vendor or on-line directly. If Board members choose to purchase air travel on-line directly, they must document and demonstrate this option is the most economical by obtaining a comparative quote from a City vendor for the travel dates.

#### **Lodging Expense**

- 16) The most economical and practical accommodations available considering the purpose of the meeting, and other relevant factors will be reimbursed. For travel within the United States, the maximum reimbursement is the Federal per-diem General Services Administration ("GSA") rate for lodging. To stay within the maximum rates, conference discount rates and "government rates" should be used whenever possible.
- 17) In situations where lodging at GSA rates are not available, or business circumstances require the Board members to stay in a hotel that exceeds the federal per diem rate, reimbursement will be allowed if justified by business need, the most economical and practical lodging rates can be demonstrated, and pre-approval by the President of the Board is obtained.

#### **Filing Claims**

- 18) Claims for reimbursement of travel expenses shall be submitted to SFHSS Finance staff within 30 days following completion of the travel for which such expenses are claimed.

- 19) Supporting documentation including, but not limited to, approved travel authorization forms, air or other itinerary, conference/meeting/workshop schedules and agendas, original itemized receipts, and proof of payment documents, must be submitted and itemized when filing travel claims.

**Cash Advances**

- 20) Cash advances will not be allowed unless specifically approved by the Board.

**Expenses for Spouses**

- 21) Expenses of travel companions, including spouses, are not reimbursable by SFHSS.

**Semi-Annual Travel Reports**

- ~~22) A semi-annual travel expenditure report covering Board member travel outside San Francisco County shall be provided to the Board. Do we provide this report to the Board members? Who creates it?~~

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## **203:SAN FRANCISCO SFHSS**

### **Board Performance Evaluation Process**

#### **Objectives**

- 1) The Board recognizes that annual Board evaluations have become an accepted best practice in the area of Board governance. Accordingly, in keeping with the Board's desire to reflect best practice in all its operations, the Board has adopted this Board Performance Evaluation Policy.
- 2) The objective of this policy is to set out a process by which the Board may engage in periodic self-assessment for the purposes of continuously developing and improving its own effectiveness as a governing body.

#### **Principles**

- 3) The Board performance evaluation process should include the participation of all Board members and be consistent with the provisions of *The Sunshine Ordinance* and *The Brown Act*.<sup>2</sup>
- 4) Management input into the Board's performance may be highly beneficial to the evaluation process, provided Management is given whatever level of anonymity it desires in the process.
- 5) The scope of the Board performance evaluation and any resulting actions should be limited to the activities and decision-making practices of the Board and Board members. Separate policies or practices will be used to evaluate the performance of the Executive Director.

#### **Guidelines**

#### **Roles & Responsibilities**

- 6) The Governance Committee shall be responsible for coordinating the implementation of this policy, including the approval of any survey forms or similar instruments to be used in the evaluation process, and the making of recommendations to the Board for addressing issues arising out of the evaluation.

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<sup>2</sup> The *San Francisco Sunshine Ordinance* and The Ralph M. Brown Act, California Government Code Sections 54950 et seq.

## **Procedures**

### **Board Member Surveys**

- 7) In about the fourth quarter of each fiscal year, the Governance Committee shall review any survey tools to be used in the evaluation process and make modifications as appropriate. Due to cost considerations, it is expected that the evaluation will normally be administered using a survey.
- 8) The purpose of any Board survey instrument shall be to provide Board members with a framework for reviewing the performance of the Board and for raising, in an anonymous manner, if desired, any concerns or suggestions Board members may have to improve the Board's performance. Survey forms may take any format deemed appropriate by the Governance Committee but must provide an opportunity for Board members to provide written comments or suggestions.
- 9) In about the fourth quarter of each year, copies of any Board surveys to be used will be distributed to each Board member with instructions for completing and submitting the survey.
- 10) Board members are required to complete and submit the survey within 14 days of receiving it. The Governance Committee shall determine the method for distributing, submitting, and tabulating the Survey, e.g. mail, internet, etc. Any summary report of findings will display the findings in a confidential manner.

### **Management Input**

- 11) The Executive Director shall have the option of providing input on the Board's performance from members of SFHSS Management or staff using the same survey instrument used by Board members. Alternatively, the Executive Director may develop a separate survey tailored for use by Management and staff and shall review the survey with the Governance Committee. Any such surveys shall provide opportunity for written comments and suggestions.
- 12) The Executive Director shall determine which members of SFHSS Management or staff shall be invited to complete a Board evaluation survey. Such surveys shall be completed and tabulated in a manner that ensures anonymity. To that end, the Executive Director shall invite as many members of Management and staff as is reasonable and appropriate.
- 13) The Executive Director shall approve the summary of Management's survey results prior to the results being shared with any member of the Board.

### **Reporting**

- 14) Board and Management survey results shall be summarized by an independent party, to be determined by the Governance Committee, and reviewed by the Governance Committee. Based on the results, the Governance Committee shall develop Committee recommendations for the Board's consideration.
- 15) The Governance Committee Chair shall report to the Board on the discussions, conclusions, and any recommendations of the Governance Committee.
- 16) The Board's discussions and any actions arising out of the evaluation shall be summarized in the Board minutes.

### **Interviews**

- 17) The Governance Committee may recommend to the Board that in certain years the above surveys be replaced or supplemented with personal interviews of Board members and Management by an independent party to obtain more detailed or robust results.

### **Policy Review**

- 18) The Board shall review this policy at least once every three (3) years to ensure that it remains relevant and appropriate.

### **Policy History**

- 19) The Board adopted this policy on February 22, 2007; amended it on April 9, 2015. Further Amended TBD

**204: SAN FRANCISCO SFHSS**  
**Executive Director Performance**  
**Evaluation Policy**

**Background and Purpose**

- 1) The Board believes that selecting, directing, and evaluating the SFHSS Executive Director is one of its most important responsibilities. In keeping with this responsibility, the Board has adopted this policy, which sets out an annual process to be followed in assessing the Executive Director's performance and communicating the results to the Executive Director.

**Policy Guidelines**

- 2) The Governance Committee shall be responsible for coordinating the Executive Director performance evaluation process.
- 3) The Governance Committee, in consultation with the Executive Director, shall develop the criteria to be used in performing the evaluation. Quantitative criteria shall have a weight of 65% within the overall evaluation and qualitative criteria shall have a weight of 35%.

**Qualitative Criteria**

- 4) Qualitative criteria will generally be evaluated using a survey instrument or similar tool, to be developed by the Governance Committee and refined over time, with input from the Board as appropriate. Assessments of qualitative criteria by Board members that correspond to above or below "Satisfactory Performance" must be accompanied by examples and comments or they will not be considered. In cases where such assessments were not accompanied by examples or comments, the party responsible for administering the survey shall follow-up with Board members and encourage them to provide such commentary.
- 5) All members of the Board are expected to complete the survey instruments or tools developed by the Governance Committee as part of the Executive Director's evaluation.

### **Quantitative Criteria**

- 6) Quantitative criteria shall reflect the strategic plan and shall be developed and refined over time as SFHSS develops methods for obtaining any necessary data and developing meaningful measures of performance.
- 7) To the extent possible, the Governance Committee shall obtain the necessary information or data to assess the quantitative criteria from independent sources, e.g., from the financial auditor.

### **Timing & Process**

- 8) In the fourth quarter of each calendar year, Board members shall be provided copies of an evaluation survey addressing qualitative criteria and will have two weeks to complete and return them. Accompanying the survey will be a report from the Executive Director containing the Executive Director's own assessment and any supporting information and documentation the Executive Director believes may be of value to the Board members in completing the survey.
- 9) The Chair of the Governance Committee shall work with the Executive Director and other parties as necessary to gather and synthesize any data and information necessary to assess the objective criteria.
- 10) The Chair of the Governance Committee, with the assistance of the Board Secretary, shall ensure that all the information necessary to facilitate the evaluation of the Executive Director (quantitative and qualitative) is tabulated and summarized in a report, and will review the results with the Governance Committee. Any Board member input provided shall not be anonymous.
- 11) In closed session, the Chair of the Governance Committee shall present to the Board a summary of the evaluation results along with the Committee's findings and recommendations for Board discussion and approval. A summary of the evaluation will be placed in the Executive Director's personnel file.
- 12) The Executive Director shall be allowed to attend any meetings of the Board or its committees at which the Executive Director's performance is to be reviewed and discussed and the Executive Director shall have an opportunity to respond to any of the Board's findings prior to the Board completing its evaluation. Such meetings will be held in closed session, as provided for by applicable open meeting laws. If the Executive Director chooses not to attend the Board meeting at which the Board finalizes the Executive Director's performance evaluation, the Chair of the Governance Committee and the President of the Board shall subsequently meet with the Executive Director to review the Executive Director's evaluation.

- 13) Minor changes to the Executive Director Evaluation Survey may be made by the Governance Committee provided the survey continues to reflect the subjective evaluation criteria approved by the Board. Material changes to the Survey shall be reviewed with the Board.
- 14) The Governance Committee shall generally hold a mid-year review with the Executive Director to assess progress, adjust goals and objectives if necessary, and identify potential issues or concerns. The Governance Committee shall report the results of the mid-year review to the Board along with any recommended adjustments to the evaluation criteria.

**Compensation and Bonuses**

- 15) The Board annually shall review the Executive Director's compensation and consider changes that may be feasible under existing City policies or programs.

**Policy Review**

- 16) The Board shall review this policy at least every three years to ensure that it remains relevant and appropriate.

**Policy History**

- 17) This policy was adopted by the Board on February 22, 2007 and amended on April 9, 2015. Further Amended TBD

## SFHSS Executive Director Performance Evaluation Survey Qualitative Performance Measures - DRAFT

### Introduction

As set out in the *Executive Director Performance Evaluation Policy*, all Board members are expected to complete this survey, which is designed to allow Board members to assess qualitative aspects of the Executive Director's performance. The survey addresses the following five areas:

1. Leadership and Vision
2. Resource Management and Governance
3. Management of People
4. Collaboration and Communication
5. Client Service Focus

### Rating Scale & Definitions:

This survey uses a five-point scale along with a sixth option of Unable to Assess. The scale is defined below:

**Exceptional Performance** – is significant overachievement of expectations. (5)

**Above Expectations** – is often beyond expectations. (4)

**Performance Meets Expectations** – consistently fulfills expectations. (3)

**Performance Improvement Needed** – is inconsistent performance, with expectations only partially achieved. Deficiencies should be addressed in the performance appraisal. (2)

**Unsatisfactory Performance** – is the failure to achieve the majority of expectations. Deficiencies should be specifically addressed in the performance appraisal. (1)

**Unable to Assess** – this option may be selected if a board member is relatively new to the Board or feels he or she has not been sufficiently exposed to a particular aspect of the Executive Director’s performance to provide an accurate rating.

When selecting any rating other than “Performance Meets Expectations” or “Unable to Assess” **Board members shall provide written examples and comments to support their rating. Failure to do so shall result in the rating being excluded** from the summary of results, and thus not factoring into the Executive Director’s evaluation.

**Leadership and Vision**

The Executive Director envisions future possibilities and articulates a clear and compelling vision that inspires the staff to achieve strategic goals and organizational results. Identifies and capitalizes on strategic and operational opportunities that are consistent with the SFHSS mission, vision and goals. Models integrity, leadership and management behaviors expected of others. Demonstrates an executive-level knowledge and understanding of the technical and professional aspects of SFHSS (e.g. legal, actuarial, benefits, technology, City dynamics, etc.) and works to maintain such knowledge over time.

- |   |   |
|---|---|
| <input type="checkbox"/> Exceptional Performance  | <input type="checkbox"/> Improvement Needed         |
| <input type="checkbox"/> Above Expectations       | <input type="checkbox"/> Unsatisfactory Performance |
| <input type="checkbox"/> Satisfactory Performance |   |

As evidenced by: (Provide examples or comments to support the rating):

**Resource Management and Governance**

Working with staff and the Board, the Executive Director defines ambitious yet realistic long-term and annual goals and objectives in a manner consistent with the SFHSS mission. Demonstrates accountability, discretion, and sound judgment when using and managing SFHSS resources (operational, financial, and human). Given political constraints and circumstances, is effective in obtaining/maintaining necessary resources. Manages risk and compliance appropriately and assures that staff exercise their accountabilities for managing risk and compliance. Provides sound, well supported policy analysis and recommendations to the Board as appropriate.

- |   |   |
|---|---|
| <input type="checkbox"/> Exceptional Performance  | <input type="checkbox"/> Improvement Needed         |
| <input type="checkbox"/> Above Expectations       | <input type="checkbox"/> Unsatisfactory Performance |
| <input type="checkbox"/> Satisfactory Performance |   |

As evidenced by: (Provide examples or comments to support the rating):

**Management of People**

Fosters an environment of individual growth and professional development. Recognizes and utilizes the skills of others through delegation and clearly outlining performance expectations. Provides timely performance feedback and recognizes superior performance. Recruits, retains, mentors and effectively coaches a talented diverse staff. Maximizes organizational results and individual effectiveness by defining measures of success.

- |   |   |
|---|---|
| <input type="checkbox"/> Exceptional Performance  | <input type="checkbox"/> Improvement Needed         |
| <input type="checkbox"/> Above Expectations       | <input type="checkbox"/> Unsatisfactory Performance |
| <input type="checkbox"/> Satisfactory Performance |   |

As evidenced by: (Provide examples or comments to support the rating):

**Collaboration and Communication**

Collaborates with key constituents to successfully achieve organizational goals. Proactively establishes relationships with employees, clients, partners, the City, and the community. Understands the needs of these individuals and shares information and knowledge to meet SFHSS objectives. Develops relationships that are built on confidence and trust. Seeks perspectives and opinions from others to ensure sound decision making that leads to understanding the strategic and operational direction of SFHSS. Clearly expresses ideas, orally and in writing, and demonstrates skill in actively listening and interacting with others. Adapts to varying and unexpected situations and is flexible in the approach to resolving organizational challenges. Ensures the Board is provided with all necessary and timely information and kept abreast of all important developments.

- |   |   |
|---|---|
| <input type="checkbox"/> Exceptional Performance  | <input type="checkbox"/> Improvement Needed         |
| <input type="checkbox"/> Above Expectations       | <input type="checkbox"/> Unsatisfactory Performance |
| <input type="checkbox"/> Satisfactory Performance |   |

As evidenced by: (Provide examples or comments to support the rating):

**Client Service Focus**

Demonstrates a commitment to client service and works to create a culture of service quality within SFHSS. Identifies and communicates service needs and objectives and establishes ongoing communication processes that are both proactive and responsive. Resolves service problems promptly and professionally. Seeks to continually assess the quality of member service. Values and delivers high quality, responsive and innovative service to all clients.

- |   |   |
|---|---|
| <input type="checkbox"/> Exceptional Performance  | <input type="checkbox"/> Improvement Needed         |
| <input type="checkbox"/> Above Expectations       | <input type="checkbox"/> Unsatisfactory Performance |
| <input type="checkbox"/> Satisfactory Performance |   |

As evidenced by: (Provide examples or comments to support the rating):

## **205: SAN FRANCISCO SFHSS Monitoring and Reporting Policy**

### **Introduction**

- 1) In carrying out its responsibility to monitor and oversee the operations of the SFHSS, the Board receives numerous reports on various topics, from different parties, and with different frequencies. While some of the reports are ad hoc in nature, many are routine. The Board has adopted this policy to help ensure that the system of routine reporting is clear and systematic and will evolve over time to continue to meet Board needs.

### **Policy Guidelines**

- 2) The Board shall be provided the routine reports including, but not limited to, those outlined in Appendix 1 of this policy with the frequency set out in Appendix 1.
- 3) Requests by Board members for additional routine reports shall require Board approval and an amendment to Appendix 1 of this policy.

### **Policy Review**

- 4) The Board shall review this policy at least once every three years to ensure that it remains relevant and appropriate.

### **Policy History**

- 5) The Board adopted this policy on February 22, 2007 and amended it on April 9, 2015. Further Amended TBD

**APPENDIX 1**  
**Scheduled Board Reports –**

Report Name	Frequency	Prepared By	Presented By	Description and Purpose of Report
<b>Governance Reports</b>				
1) Report to the Mayor	Annually	Executive Director	Executive Director	As required by Charter Section 4.103, the Board is required to file an annual report of its activities with the Mayor's office and the Clerk of the Board of Supervisors.
2) Board Education Plan	Annually	Governance Committee	Chair of GC	Summarizes the education goals of the Board and tentative schedule/timing of topics to be addressed.
3) Report on Board Education	Annually	tbd	Chair GHRC	Summarizes the training and educational activities (both external and in-house) of the Board and individual Board members.
4) Board Performance Evaluation Report	Annually	tbd	Chair GHRC	Summarizes the results of the Board's self-evaluation process, including follow-up actions.
5) <del>Board Travel Expense Report</del>	<del>Semi-annually</del>	<del>CFO</del>	Executive Director	<del>Summarizes Board member travel expense reimbursement and confirmation that such expenses are consistent with travel expenditure policies and guidelines.</del>
6) Executive Director Evaluation Report	Annually	Governance Committee	Chair of GC	Summarizes the results of the Executive Director Evaluation process.
<b>Investment Reports</b>				
7) Investment Policy Compliance Report	Annually	CFO	tbd	An assessment of the extent to which the Board's investment policy statement was complied with during the prior year.
8) Investment Performance Report	Annually	CFO	tbd	Summarizes investment performance of the Health Service Trust Fund in the past year.

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<b>Benefits Administration and Member Services Reports</b>				
9) Member Services Review	Annually	tbd	tbd	An assessment of the adequacy of health care provided for members of the SFHSS, fee schedules, compensation paid for all services rendered, and the general affordability of the plans it administers.
10) Demographics Report	Annually	tbd	tbd	Review of the participation levels by members within the health plans.
11) County Survey Report	Annually	tbd	tbd	Summarizes results from a survey of the 10 largest counties in California that assessed the average contribution made by county employees to health benefit coverage.
<b>Funding and Accounting Reports</b>				
12) Audit Report	Annually	External Auditor	External Auditor	Review of annual audited financial statements and external auditor's management letter.
13) Report on Reserves	Quarterly	CFO	CFO	Summarizes the levels of the reserves.
<b>Operations and Risk Management Reports</b>				
14) Service Provider Review	Annually	Executive Director	Executive Director	An assessment of the performance of key service providers, including but not limited to insurance carriers and third-party administrators, relative to pre-established performance criteria.
15) Risk Management Report	Annually	Executive Director	Executive Director	Summarizes ongoing system of operational risk management.
16) Strategic Plan Report	Annually	Executive Director	Executive Director	Review of Strategic Plan, and its ongoing implementation.

**206: SAN FRANCISCO SFHSS**  
**Board Communications Policy**

**Introduction & Objectives**

- 1) Effective, coordinated, and accurate communication by the Board and Board members is essential to ensuring compliance with fiduciary obligations and to achieving operational effectiveness. To help achieve this, the Board has adopted this policy to guide Board member communications. The policy is intended to:
  - a) Ensure efficient and effective communications among Board members, staff, service providers, and stakeholders;
  - b) Serve and protect the interests of plan members and beneficiaries through consistent and accurate communication; and
  - c) Maintain a reputation of professionalism and integrity.

**Principles**

- 2) The Board is most effective when it communicates as one body with a single voice.

**Definitions**

- 3) Throughout this policy, the term “communication” shall refer to all forms of communication including written, oral, or electronic communications.

**Guidelines**

**Communication with Board Members and Staff**

- 4) Board members shall communicate in a respectful, honest, and constructive manner during all Board and committee meetings, and in all interactions with staff, service providers and the public at large.
- 5) Only the Board or a committee may request information from staff or assign work to the Executive Director.

**Public Communications**

- 6) Public communications on the part of the Board or SFHSS shall generally occur through a spokesperson designated by the Board or the Executive Director respectively. The designated spokesperson for the Board shall normally be the President or the Executive

Director. The Board expects that the President and Executive Director shall confer to determine which of them shall act as spokesperson on a case-by-case basis.

- 7) In carrying out their duties, spokesperson(s) shall:
  - a) Confer with the Executive Director, President, the Board, or City Attorney as appropriate prior to engaging in official communications;
  - b) Communicate only official positions of the Board, and not make unilateral commitments on the part of the Board; and
  - c) Report back to the Board on any communications undertaken in their capacity as spokesperson.
- 8) Board members who are not designated spokespersons, and who nevertheless wish to communicate publicly on matters relating to the SFHSS, shall take all reasonable steps to ensure that they communicate the policies, positions, and deliberations of the Board in a clear and accurate manner.
- 9) As a courtesy, Board members are encouraged to apprise the President and the Executive Director of any public communications they may have concerning the SFHSS. At a minimum, however, Board members shall inform the Executive Director and the President or Vice-President of any communication they engage in that might reasonably be expected to result in media exposure for the SFHSS.
- 10) Board members are strongly advised to review in advance with the President and the Executive Director any communications they intend to make or release publicly, and to make any modifications recommended by them regarding the accuracy of such communications.
- 11) If any board member publicly communicates a personal opinion that is inconsistent with a policy or decision of the Board, they shall clearly disclose to their audience that they are expressing a personal opinion and that such opinion does not reflect the policies or decisions of the Board.
- 12) If a Board member votes with the losing side on an issue, the member is expected to nevertheless respect and support the decision of the majority. Reconsideration of Board actions may occur consistent with the Board Operations Policy. The Board recognizes that some Board members must function in capacities other than that of a Board member and, as such, may believe they must express publicly their disagreement with a decision of the Board. In such instances, the Board expects that they shall do so in an open, constructive, and professional manner.

#### **Communication with Members and Beneficiaries**

- 13) The Board does not intend to unduly restrain communications by Board members with plan members and beneficiaries. The Board also recognizes that Board members are generally not qualified to communicate technical details concerning the SFHSS and its numerous

benefit plans, and that providing inaccurate or incomplete information to members may cause confusion or harm.

Accordingly, Board members shall exercise judgement and discretion whenever communicating with plan members and beneficiaries, and shall be aware of and comply with the following guidelines to protect the SFHSS, Board members, and, most importantly, plan members and beneficiaries:

- a) Board members may communicate general information or simple, factual, information to members and beneficiaries only where there is no risk of communicating inaccurate or conflicting information;
- b) Board members may not provide plan members or beneficiaries with education, advice, or technical information pertaining to the benefit provisions of SFHSS. Instead, Board members should refer such members or beneficiaries to the SFHSS website, the SFHSS Member Services Department, or the Executive Director, as appropriate;
- c) Board members who, in their capacity as members of the Board, wish to meet with groups of plan members, beneficiaries, or stakeholders, for the purposes of conducting a meeting, presentation, or similar exchange shall exercise discretion and may:
  - i) Inform the Executive Director and, when possible, arrange for an SFHSS staff person to be present at the meeting to help ensure all communications accurately reflect the policies, positions, or benefit provisions of SFHSS; or
  - ii) Provide the Executive Director copies of any written materials the Board member intends to distribute at the meeting.

#### **External Communications – Service Providers**

- 14) Board members agree to abide by the black-out period provisions pertaining to service providers as specified in the Service Provider Selection Policy.
- 15) Individual Board members shall not direct or otherwise assign work to service providers. Instead, all direction or requests to service providers shall occur at a Board or committee meeting or be channelled through the Executive Director. Furthermore, Board members shall not direct plan members to contact service providers directly. They should be directed to contact SFHSS staff.

#### **Policy Review**

- 16) This policy shall be reviewed by the Board at least every three years.

## History

- 17) This policy was adopted by the Board on February 22, 2007 and amended on April 9, 2015.  
Further Amended TBD

**207: SAN FRANCISCO SFHSS**  
**Service Provider/Vendor Selection Policy**

**Purpose**

- 1) The Service Provider/Vendor Selection Policy is intended to establish general guidelines by which service providers will be selected, evaluated, or terminated by SFHSS.

**Roles and Responsibilities**

- 2) The role of the Board with respect to the selection of service providers is to:
  - a) Establish appropriate policies to help ensure prudent and sound selection decisions are made including, but not limited to, providing input to management about broad policy directions or specific goals and guidelines, prior to the drafting of a Request for Proposals (“RFP”);
  - b) Monitor compliance with such policies;
  - c) Approve the award of a contract with the following primary service providers:
    - i) Actuary;
    - ii) Insurance carriers;
    - iii) Hearing officers or firms providing the services of hearing officers;
    - iv) Third party administrators retained for services in connection with non-charter benefits and with a contract value in excess of \$200,000 annually;
    - v) Information technology consultants retained for services with a value in excess of ~~\$100,000;200,000~~;
    - vi) Medical Executive Director; and
    - vii) Other service providers, as may be determined by the Board.
- 3) The Executive Director shall be responsible for selecting service providers/vendors other than the above primary service providers, consistent with the operating budget and other applicable policies of the Board and the City and County of San Francisco, and for keeping the Board apprised of such appointments, when material.
- 4) Notwithstanding paragraph 3 above, if the Executive Director determines that specific circumstances suggest that it would be prudent for the Board to approve the award of a contract to a particular service provider that is not a primary service provider, ~~the may elect instead to~~

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~~submit such contract to the Board for its approval. the Executive Director may elect to submit a service provider to the Board for its approval~~

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- 5) The Executive Director and department personnel shall initiate and conduct the solicitation for contracts and shall apprise the SFHSS Board about the selection process.
- 6) It is recognized and understood that the following services are provided or co-ordinated by various departments within the City:
  - a) Financial and operational audit services;
  - b) Custody services;
  - c) Legal services;
  - d) Investment management and advisory services; and
  - e) Information technology services.
- 7) The Executive Director shall be responsible for ensuring that all necessary search and due diligence activities are carried out, with assistance from external advisors or experts as required.

**The Search Process**

**General Guidelines**

- 8) The selection of all service providers shall be made in the best interests of SFHSS members and beneficiaries in keeping with the fiduciary responsibilities of the Board and staff and will be consistent with the policies of the SFHSS and the City and County of San Francisco.
- 9) The Board and the Executive Director shall make a good faith effort to retain and utilize the services of disadvantaged business enterprises, on a primary or sub-contract basis, when those services or products are provided consistent with the fiduciary responsibilities of the Board and staff.

**Black-Out Periods**

- 10) The Board shall initiate a “black-out period” when notified that SFHSS will initiate a search process resulting in the release of an RFP, Request for Qualifications (“RFQ”) or other formal solicitations for the selection of a primary service provider or the expansion of a relationship with an existing primary service provider.

- 11) Black-out periods will be instituted at a Board or committee meeting. Written notification will be issued to all Board members not present at said meeting. A black-out period may also be instituted between Board meetings at the discretion of the Board when it is acting as a committee of the whole of a Board committee or the Executive Director, subject to ratification by the Board at its next meeting. The Executive Director shall provide written notification to all Board members of all black-out periods instituted between Board or committee meetings as soon as possible. Board members shall comply with the black-out period restrictions upon receipt of the Executive Director's notification.
- 12) The initiation of a black-out period, and types of providers to which it applies, will be specified in the minutes of the Board meeting at which it was approved or ratified by the Board. Where it is not possible to specifically define the types of service providers to which a black-out period applies, Board members shall make good faith efforts to comply with the intent of the black-out period provisions by taking all reasonable efforts to determine if service providers they may communicate with are potential candidates in a SFHSS search process.
- 13) During black-out periods, Board members shall not communicate with service providers who may provide the types of services for which the solicitation is being issued, except during Board or committee meetings. Board members who need to communicate with such service providers for reasons unrelated to SFHSS business agree to disclose such need in writing to the Executive Director and the Board prior to undertaking such communications. Disclosure to the Board shall be made at a meeting of the Board. If time does not permit timely disclosure to the Board, the Board member shall then provide written disclosure of the intended communication to the President, or to the Vice President if the Board member in question is the President.
- 14) During black-out periods, service providers participating in or considering participating in an SFHSS search process shall not communicate with Board members except during Board or committee meetings. This requirement shall be included in all RFPs and RFQs issued by SFHSS. Any service provider found to be in violation of the black-out provision may be subject to disqualification from the search process by the Board.
- 15) Board members found to have knowingly violated the black-out provisions may be subject to any penalties or other actions of the Board as set out in the SFHSS Statement of Incompatible Activities or the Code of Conduct.
- 16) For the purpose of black-out period provisions, communications include telephone conversations, letters, and e-mail.

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- 17) A black-out period will cease when a successful bidder has been selected to enter into a contractual arrangement with SFHSS ~~successful bidder signs a contract with SFHSS~~ or the City and County of San Francisco, or the search process is otherwise ended by the Board.

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### **Contracts**

- 18) The Executive Director shall negotiate and execute all agreements approved in connection with service providers. In negotiating contracts or contract renewals, the Executive Director may seek the assistance of Board members as appropriate.
- 19) All contracts and similar arrangements for the engagement of service providers shall comply with applicable laws and regulations.
- 20) Annually, the Executive Director shall provide the Board a two-year budget which provides details on the types of services that SFHSS will be issuing solicitations for during that time period. The notice of the "black-out" will serve as notification that SFHSS has created an RFP or RFQ. The Board shall approve the award of the contract.

### **Monitoring and Reporting**

- 21) All service providers shall be subject to regular monitoring of performance and expenditures and periodic reviews, as appropriate, throughout the term of their contract. Criteria for review may include performance, staff satisfaction, competitiveness of fees, quality of reporting, and accuracy of assumptions and forecasts and adherence to budget.
- 22) The Executive Director shall report regularly to the Board on all monitoring efforts involving service providers, identifying any material issues or actions taken in a timely fashion.
- 23) All monitoring and reporting provisions contained in this policy serve as minimum requirements. If more stringent requirements are established within other policies of SFHSS, such requirements will prevail.
- 24) The Executive Director shall report to the Board any material failures by named service providers to comply with the terms of their contract.

### **Policy Review**

- 25) The Board shall review this policy at least every three (3) years to ensure that it remains relevant and appropriate.

### **Policy History**

- 26) The Board adopted this policy on February 22, 2007 and amended it on April 9, 2015. Further Amended TBD

## 208: **SAN FRANCISCO SFHSS**

### **Strategic Planning Policy**

#### **Introduction**

- 1) Like every complex organization, SFHSS continually faces new challenges and opportunities, and has limited resources with which to address them. Organizational success requires that SFHSS have an effective planning process that allows it to set the strategic direction of the SFHSS, identify specific business priorities, effectively allocate resources to such priorities, and plan for their successful completion. The Board has established this Strategic Planning Policy to provide guidance to the SFHSS's planning process.

#### **Objectives**

- 2) The objectives of the Strategic Planning Policy are to:
  - a) Ensure SFHSS actively and systematically plans for the future needs of the SFHSS; and
  - b) Facilitate consensus by the Board and the Executive Director on the direction, needs, and priorities of the SFHSS.

#### **Principles**

- 3) An effective planning process should strike an appropriate balance between ensuring a systematic approach to planning, encouraging creativity in identifying business issues and solutions, and ensuring sufficient flexibility to respond to changing circumstances.

#### **Policy Guidelines**

#### **Roles and Responsibilities**

- 4) The Executive Director shall be responsible for:
  - a) Identifying risks, opportunities, and needs of the SFHSS;
  - b) Identifying and prioritizing business initiatives; and
  - c) Recommending a Strategic Plan to the Board for its consideration.
- 5) The Board shall be responsible for playing a policy and oversight role in the planning process, which will include:
  - a) Approving the Strategic Planning Policy and any amendments thereto;

- b) Providing the Executive Director with input into the broad direction of the SFHSS and possible initiatives to be included in the Strategic Plan;
- c) Approving the Strategic Plan and ensuring adequate resources are in place to successfully implement it; and
- d) Monitoring the implementation of the Strategic Plan.

#### **The Annual Planning Process**

- 6) In approximately the fourth quarter of each calendar year, the Executive Director shall present and discuss the following issues with the Board:
  - a) The status of the current year's Strategic Plan which can be in the form of the draft annual report;
  - b) Current business needs, risks, or opportunities of the SFHSS; and
  - c) A prioritized list of proposed business initiatives with supporting rationale.
- 7) On the basis of the above review and discussions, the Executive Director with input from senior staff, shall prepare a draft Strategic Plan. The Executive Director shall have discretion in determining the most effective or appropriate format for the Strategic Plan, but it is expected that the plan will generally include the following components:
  - a) The mission statement of SFHSS and any necessary detail or elaboration;
  - b) A discussion of current business needs, risks, and opportunities;
  - c) Proposed business initiatives accompanied by rationale and appropriate analysis, data, and parameters including for example:
    - i) Expected outcomes of each initiative;
    - ii) Timelines for completion;
    - iii) Assignment of responsibilities for implementation;
    - iv) Resource implications;
    - v) Risk analysis; and
    - vi) Criteria for assessing the success of the initiative.

- 8) In the first quarter of each year, the Executive Director shall present the draft Strategic Plan to the Board for its consideration and approval.
- 9) Should the Executive Director determine that changing circumstances will not allow the Executive Director to meet a particular parameter associated with a Strategic Plan initiative, the Board shall be informed in a timely manner

#### **Review of Strategic Plan Status**

- 10) The Executive Director shall review the status of each initiative in the Strategic Plan mid-year.

#### **Strategic Session**

- 11) As a separate but complementary element of the SFHSS's strategic planning process, the Board shall strive to organize at least one strategic session annually to engage in informal strategic discussions and related education or information-sharing. The focus of such session may vary each year but should be a forward-looking attempt to identify and understand trends or issues that may affect the future of health care. The session should allow for more informal interaction among board members, senior staff and potentially service providers or stakeholders. The strategic session may, but need not, result in specific initiatives for inclusion in the strategic plan.

#### **Policy Review**

- 12) The Board shall review this policy at least every three years to ensure that it remains relevant and appropriate.

#### **Policy History**

- 13) The Board adopted this policy on February 22, 2007 and amended it on April 9, 2015. Further Amended TBD