

May 14, 2020

TO: Karen Breslin, President, and Members of the Health Service Board  
FROM: Abbie Yant, RN, MA Executive Director SFHSS  
RE: May 2020 Board Report

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### **Vendor Black Out Period – Reminder**

The HSB approved the vendor Black Out period commenced February 13, 2020. As a reminder, this blackout period is still in effect. Medical, Dental, and Vision vendor renewal meetings are taking place. The current version of the Rates and Benefits Calendar is in your meeting packet. The decision to conduct a competitive bid for the SFHSS medical plans effective 2022 is still under consideration.

### **May is Mental Health Awareness – We Are Here for You**

All of us need to recognize our emotions and feelings when facing adversity and challenges in our lives. Reaching out to others for support and creating healthy routines to take care of oneself can increase one's sense of wellbeing.

COVID19 and Shelter in Place have created stress, worry, and uncertainty for most of us. Taking an [online mental health assessment](#) is one of the quickest and easiest ways to conduct a mental health check-up and learn what useful resources are available to you.

On April 8, 2020, Mayor London N. Breed announced enhanced mental health resources designed specifically for the City's first responders and expanded mental health services for all frontline health care workers throughout San Francisco. Combined, these new resources will help the City build resiliency and recover from the trauma caused by COVID-19.

SFHSS partnered with Cordico to launch a phone-based wellness application to provide a customizable wellness application for use by all City first responders: Police, Fire, Sheriffs, and 911 Operations /Department of Emergency Management. The application will connect employees to newly expanded City mental health resources and existing resources within each department. SFHSS Employee Assistance Program has also partnered with ComPsych to expand employee counseling services and mental health care for all City employees 24/7 effective April 17, 2020.

### **COVID 19 Update**

As you are aware, on Tuesday, February 25, Mayor Breed declared a local emergency in the City and County of San Francisco to prepare for COVID-19 (Novel Coronavirus) spread in our City. SFHSS activated emergency provisions outlined in our Continuity of Operations Plan (COOP.) Anticipating the first Public Health Directive to Shelter in Place, the SFHSS leadership team quickly implemented procedures to continue essential

operations, created virtual workflows, and closed the SFHSS to the public on March 16, 2020.

Due to Shelter-in-Place provisions, HSS employees have been performing a mix of duties in a variety of locations, including but not limited to essential HSS work both in the office and remotely and Disaster Service Assignments at various locations. Work and resources are not available to all staff to perform assignments; however, HSS has added more resources as they have come available during each extension of the Shelter-in-Place. HSS continues to work on getting access to work/resources for as many employees as possible.

Our leadership team is highly innovative in developing new ways of working while we seek resources such as hardware and software to enhance our functions.

Critical to our operations was the transfer to the new telephone system. We had planned on transferring to the new system on March 13; however, due to competing demands on the Department of Technology, the conversion was delayed one month.

During that month, remote member services staff picked up voice mails (2000) and called members to address issues and concerns.

On April 17, the new digital telecom system (Voice over Internet Protocol - VoIP) went live. This allowed HSS member services to virtually answer calls and worked within the familiar software environment. Enterprise, Systems, and Analytics (ESA) partnered with the Department of Technology to test and sign off on the cutover and has provided ongoing support to SFHSS as additional computer equipment and software has come in and been deployed.

SFHSS is now, along with other City agencies, preparing the return to work plans. Public Health directives will drive this plan as we consider the health and safety of our workforce, the physical plant, and the office environment as we are addressing the business needs of the department. The considerations are many and vitally important.

One of the critical elements of the return to work plan is the availability of COVID tests. Our members continue to have tests available through their medical provider. However, because of the recognition that the volume of testing that will be necessary as outbreaks occur, exposure or surveillance testing is needed and to inform the lifting of the shelter in place orders. The City's workforce and now the greater community have access to COVID 19 testing at CityTestSF testing sites. To learn more and to make an appointment, please visit: <https://sf.gov/find-out-how-get-tested-coronavirus>

### **Announcement Regarding Altais and Brown and Toland**

Altais and Brown & Toland Physicians announced that the two organizations had signed an agreement for Brown & Toland and its network of more than 2,700 physicians to join Altais Clinical Services, a subsidiary of Altais. Altais is a healthcare services company that is working on pioneering next-generation clinical tools and technology. Along with best practices for high-touch support, so physicians can focus on delivering high-quality, affordable care Blue Shield of California is a founding investor of Altais and Altais Clinical Services is a subsidiary of Altais. Altais and Altais Clinical Services operate as separate entities, with appropriate firewalls, and business segregation principles. There should not be

any disruption for SFHSS Blue Shield of California members that have Brown & Toland Physicians.

**Infertility Services Update**

Blue Shield of California has continued to improve services to SFHSS members trying to have families who may be accessing Infertility Benefits. An update from BSC is attached to this report. SFHSS Communications team is in consultation with BSC and other carriers on a communications plan that will assist our members in understanding their access to these services.

**Attachments:**

- ESA Slide
- Legislative Report: COVID
- Black Out Period Memo
- Blue Shield of California – infertility benefit update
- Finance Report as of February 29, 2020

## **SFHSS DIVISION REPORTS: March-May, 2020**

### **PERSONNEL**

Effective June 1, Member Services senior benefits analyst Aileen Hayashida-Fong will be transferring to another City department. Having previously worked for SHFSS, Aileen came out of retirement to work at SFHSS beginning in October 2016. Aileen handled MEA benefits and new hire orientations, SFHSS liaison with our LTD and life insurance vendor, as well as supervised staff.

- 1210 Benefits Analyst position recruitment paused.
- 1209 Benefits Technician position recruitment paused.

### **Recruitment Activities:**

- 0953 CFO – Still open for applications; currently screening top applicants
- 0931 Member Services Manager Currently accepting applications continuously
- 1844 HSB Secretary/ Executive Assistant Currently accepting applications on a continuous basis

### **OPERATIONS**

- Call volume had decreased by approximately 30% since mid-March when the office began to become virtual in response to COVID-19. Over half the calls are payments of premiums and counseling new retirees.
- Member Services call hours are 9 – 12 and 1 – 5 to have time in the AM for meeting every morning and better-coordinating staff.
- After April 18, the staff has been able to receive calls directly to their telecommuting laptops.
- The next dependent eligibility verification audit is delayed to April 2022.

**Enterprise Systems & Analytics (ESA)** – see project dashboard

### **Member payments**

Payment Gateway for members launched late March. Autopay payments are processed at the beginning of each month. In the first month, we identified an issue where members who had a zero balance due, received a confusing email that indicated their payment was not processed. The 5/1 autopay rectified this issue. The current focus is to increase user adoption. 258 Auto Pay transactions were processed 5/1 up from 39 on 4/1.

### **Covid-19 response**

ESA experienced a 94% increase in support requests in the six weeks of Shelter-in-Place vs. the prior six week period. In addition to responding to individual needs, ESA has conducted multiple pieces of training for staff on using Teams, Jabber, and other applications to support a productive virtual workforce. Procured and imaged laptops and cell phones to enable HSS staff to work remotely. Installed Check deposit machine to facilitate remote bank deposits. Enabled DocuSign for department signatories to approve digitally. Supported City response initiatives such as HealSF and CityTestSF. Responded very quickly to establish eligibility

interface files with a new EAP vendor. Consulted on data flow requirements to facilitate registration and payment workflows.

### **Cybersecurity**

Threats have escalated during the Covid-19 situation because bad actors are aware of the increased dependence on technology during this time. The City's Information Security Officer recognized SFHSS as a Department that achieved close to 100% coverage with our endpoint solutions to help protect our systems.

## **COMMUNICATIONS**

### Member Communications Updates

- Remote customer service updates on website, mailings, and voicemail
- Adjusted member mailings and deadlines to be empathetic with the pandemic situation
- Updated website content with COVID-19 news and resources
- Created COVID-19 Testing webpage to serve frontline workers
- Monthly eNews
- Initiated open enrollment planning
- Updated new phone numbers communications for VOIP

### Well Being Communications

- Launched 24/7 EAP communications campaign city-wide with Mental Health Awareness Month content to sustain messaging
- Launched Cordico App to first responders and developed a contest to sustain interest and drive adoption
- Developed COVID-19 Resources content and Facebook campaign
- Collaborated with other City departments to broadly distribute news about our increased mental health resources and prioritized testing to support first responders

### Well-Being

- Moved into a tele-counseling environment.
- Went live 24/7 EAP to serve our employee's mental health needs.
- Launched a 1st responder COVID-19 testing advocacy line to support our members with a question and how to navigate COVID-19 testing.
- Partnered and launched CORDICO with DEM, POL, FIR, and SFSO. CORDICO is available to employees, retirees, and family members. The app is specifically designed for 1st responders that provide quick access to mental health resources and how one can get help in a mental health crisis.
- Created and Launched a COVID-19 Resource page to support our members
- Partnered with DHR:

➔ On a weekly communication to support self-care during our current time that highlight specific resources on our COVID-19 resource page

- ➔ Using the SHFSS Well-Being Work from Home guide that was created to be sent out to participants that are engaging in DHR's webinar; Working From Home: Strategies to Navigate Uncertainty.
- Created and launched a dedicated web page to support Mental Health Awareness month and providing weekly messages to our employees and retirees, highlighting one area of mental health each week.

## **FINANCE DEPARTMENT**

- Completed Quarter 1 & Quarter 2 FY 2019-20 Year-End Close
- Completed FY 2019-20 Post Audit from the Controller's Office, results of audit delayed
- Successfully deployed Finance Staff to maintain continuity of Finance Operations during the COVID-19 Shelter In Place
- Completed five major emergency procurements for COVID-19 goods and services in record time to meet the department's essential needs
- Successfully implemented San Francisco Health Service System's Centralized Vendor Invoice Mailbox
- Successfully implemented In-House Check Depository System.

## **Contracts**

- Fully executed agreement for 24/7 tele-behavioral health services to support our Employee Assistance Program and Well-Being division with a focus on expanded counseling and mental health and wellbeing support for our first responders.
- Fully executed combined software and professional services agreement with Cordico Inc. to support the City's launch of "Heal SF", expanding mental health and wellbeing resources to over 6,000 first responders and essential City employees at the San Francisco Police Department, Fire Department, Sheriff's Department, and the Department of Emergency Management.
- Fully executed Letter of Agreement with The Hartford for life insurance and long-term disability coverage for City employees.
- In coordination with Controller, entirely executed the second amendment to the agreement with Intrasee, Inc. for new hire and life event PeopleSoft configuration.
- In coordination with the Department of Technology, entirely executed renewal of Salesforce licenses, and negotiated preferred pricing.
- Completed comprehensive and expedited requests for proposals (RFP) for a comprehensive 24/7/365 employee assistance program (EAP) network to support








SFHSS EAP counselors and City Employees, including first responders, frontline healthcare staff, and disaster service workers (DSWs).


- Developed scope of services for the expansion of CityTestSF COVID-19 testing centers to frontline employees in San Francisco.
- Developed scope of services for vendor-partner Design Media, Inc. to communicate new 24/7 Employee Assistance Program services for employees, including first responders and frontline healthcare workers.


# Enterprise Systems & Analytics Report


May 14, 2020



Project	Status	Key Accomplishments
Cybersecurity / Disaster Preparedness		<ul style="list-style-type: none"> <li>• HSS has been in response phase with regards to Covid-19.</li> <li>• Virtualized HSS Operations / Finance activities</li> <li>• Responding to heightened cyber threats during Covid-19</li> <li>• Annual department-wide HIPAA training was provided to staff</li> </ul>
eBenefits		<ul style="list-style-type: none"> <li>• Met with Controller's office Systems division on 5/6 to discuss HSS priorities for new hire, life events</li> <li>• 5/11 initiating work with vendor to complete new hire / life events</li> <li>• Expected deployment early July 2020</li> <li>• Intent is to onboard USD for OE. Working with DT on accounts</li> </ul>
VOIP telephony upgrade		<ul style="list-style-type: none"> <li>• Go-Live occurred April 4/17</li> <li>• Virtualized call center</li> <li>• Post deployment support</li> <li>• Cisco Enterprise Contact Center solution tentative rollout Q3 '20</li> </ul>
Payment Gateway: Member facing payments		<ul style="list-style-type: none"> <li>• Post deployment support phase</li> <li>• March 1<sup>st</sup> issue with notifications for zero amounts due corrected for the April 1 autopay processing</li> </ul>
Enterprise Content Management System (ECM) Business Insights / scanner licenses		<ul style="list-style-type: none"> <li>• Business Insights installed and operational in Development Environment</li> <li>• Building reports</li> </ul>
1095 Regulatory filing		<ul style="list-style-type: none"> <li>• Tax Year 2019 IRS 1095 filing completed on time</li> </ul>
Open Enrollment		<ul style="list-style-type: none"> <li>• Met with vendor 5/6 to review production schedule</li> </ul>

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

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

 Serious issues. Project most likely delayed or significant budget overrun

## COVID-19 Legislation

May 5, 2020

### Overview:

Since March 2020, the majority of legislation enacted into law focuses on the impact of the COVID-19 pandemic. The most significant laws impacting healthcare are:

- Families First Coronavirus Response Act (H.R. 6201) which provides paid sick leave, tax credits, and free COVID-19 testing; expanding food assistance and unemployment benefits; and increasing Medicaid funding. The Act became law on March 18, 2020.

Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”), which responds to the COVID-19 (i.e., coronavirus disease 2019) outbreak and its impact on the economy, public health, state and local governments, individuals, and businesses. The Act was signed into law on March 27, 2020, and

- Paycheck Protection Program and Health Care Enhancement Act (H.R. 266) which provides additional funding for small business loans, health care providers, and COVID-19 testing. This Act became law on April 24, 2020.

This document focuses on the CARES Act since it provides significant support and funding for healthcare providers fighting the COVID-19 pandemic. Most of the statutory provisions are temporary, effective only during the COVID-19 emergency, and many of them will require the issuance of regulations and/or administrative guidance to implement.

### Provider Relief Fund for Hospitals and Healthcare Providers:

The CARES Act provides \$100 billion to “eligible health care providers” for healthcare-related expenses or lost revenues attributable to the COVID-19 pandemic. The funding is to address both the economic harm across the entire healthcare system due to cancellation or postponement of elective procedures and to address the financial impact on providers incurring additional expenses caring for COVID-19 patients.

“Eligible health care providers” are defined as “public entities, Medicare or Medicaid enrolled suppliers and providers” and other entities “as specified by [the Department of Health and Human Services (‘DHHS’)] . . . that provide diagnoses, testing, or care for individuals with possible or actual cases of COVID-19.”

The funding will be used to support healthcare-related expenses or lost revenue attributable to COVID-19 and to ensure uninsured Americans can get testing and treatment for COVID-19. The healthcare-related costs include the construction of temporary structures, leasing of property, medical supplies and equipment, workforce and training, emergency operation centers, retrofitting facilities, and surge capacity. The

funding may not be used to reimburse expenses or losses that may or have been compensated by other sources.

The CARES Act includes provisions to help prevent fraud and misuse of the funds. All recipients will be required to submit documents sufficient to ensure that these funds were used for healthcare-related expenses or lost revenue attributable to coronavirus. There will be significant anti-fraud and auditing work done by HHS, including the work of the Office of the Inspector General.

To end surprise bills for patients, one condition to receiving funding from the Provider Relief Fund requires providers to agree not to seek collection of out-of-pocket payments from a presumptive or actual COVID-19 patient that are greater than what the patient would have otherwise been required to pay if an in-network provider had provided the care.

The CARES Act also amended the Families First Coronavirus Response Act which requires health plans to cover, without imposing any cost-sharing, preauthorization, or medical management requirements, tests to detect SARS-CoV-2 or the diagnosis of the virus that causes COVID-19 that are administered during the national emergency and are approved, cleared, or authorized under the Food, Drug and Cosmetic Act (FDA Act). The CARES Act added the following provisions added to this test requirement that/for which:

- o the developer has requested, or intends to solicit, emergency use authorization under the FDA Act unless the request has been denied or the developer has failed to request such authorization within a reasonable time;
- o is developed and authorized by a state that has notified HHS of its intention to review such tests; or
- o are among the tests that HHS determines is appropriate through guidance.

The CARES Act, for the first time, set the price health plans are required to pay providers for such tests as:

- the price negotiated between the plan and provider before the national emergency; or
- If no such price has been negotiated, the “cash price” for such service listed by the provider on a public website or any lesser price negotiated with such a provider.

In addition, providers are required to post their cash price for such tests during the national emergency on the provider’s public internet website or face a fine of \$300 per day.

The CARES Act also requires private insurers to waive an insurance plan member’s cost-sharing payment for COVID-19 testing. Commitments were secured by the President from private insurers, including Humana, Cigna, UnitedHealth Group, and the

Blue Cross Blue Shield system, to waive cost-sharing payments for treatment related to COVID-19 for plan members.

### **Telehealth:**

The CARES Act dramatically expands the availability of telehealth services above and beyond the expansion already authorized under the Families First Coronavirus Response Act, to further facilitate the provision of care during the COVID-19 emergency for services beyond diagnosis and treatment for COVID-19. The Federal Communications Commission will receive \$200 million to provide telecommunications and information services and devices.

The CARES Act removes the existing requirement that a Medicare beneficiary has a preexisting patient/provider relationship to be treated through telehealth. Various Medicare face-to-face requirements, including for home dialysis patients, home health, and hospice care, have been waived for the duration of the emergency.

### **Medicare and Medicaid Coverage and Payment:**

Direct Medicare payments for Medicare beneficiaries hospitalized with COVID-19 during the emergency are being increased by 20 percent. The CARES Act also significantly expands eligibility for and the benefits of accelerated and advanced Medicare payments, particularly for those hospitals experiencing significant cash flow challenges, and relaxes various rules related to such accelerated payments.

The Medicare program will cover COVID-19 vaccines without any Medicare beneficiary cost-share and before application of the Part B deductible. Medicaid will cover diagnostic products for COVID-19, even if not approved by the Food and Drug Administration (“FDA”).

### **Commercial Insurance**

The CARES Act provides for limits on the cost of diagnostic testing related to COVID-19 and requires rapid coverage of COVID-19-preventive services by commercial health insurance plans. Large and small group plans, including self-insured plans, and individual market plans must cover preventive services and vaccines for COVID-19 without cost-sharing.

### **Supply Shortages**

Looking to the future, the CARES Act requires an evaluation of the drug and device supply chain, enhances the requirements for ventilators and personal protective equipment as part of the Strategic National Stockpile, prioritizes the review of drug applications to address drug shortages, requires drug and device manufacturers to develop risk management plans related to deficiencies, and adds reporting requirements related to drug supply disruptions.

### **Coverage of preventive services and vaccines for COVID-19**

The CARES Act requires health plans to cover, without imposing any cost-sharing requirements, an item, service, or immunization that is intended to prevent or mitigate COVID-19, and that is:

- An evidenced-based item or service that has in effect a rating of A or B in the current recommendations of the U.S. Preventive Services Task Force; or
- An immunization that has, in effect, a recommendation from the Advisory Committee on Immunization Practices of the Centers for Disease Control and Prevention concerning the individual involved.
- The coverage requirement attaches to each item, service, or immunization 15 days after the date on which a recommendation is made relating to such entity, service, or immunization.

### **Other provisions of the CARES Act**

o The FDA is given more flexibility in approving over the counter (“OTC”) drugs and provides an 18-month exclusivity period for new OTC drugs. They are to prioritize and expedite the review of drug applications and inspections to prevent or mitigate drug shortages.

o Medicare beneficiaries can more easily obtain 90-day supplies of prescriptions.

o Hospitals are provided with an add-on payment for patients they treat with COVID-19.

o Manufacturers of personal respiratory protective equipment are provided permanent liability protection in the event of a public health emergency.

**MEMORANDUM**

**DATE:** February 13, 2020  
**TO:** Karen Breslin, President, and Members of the Health Service Board  
**FROM:** Abbie Yant  
SFHSS Executive Director  
**RE:** Black-Out Notice for 2021 Rates and Benefits

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This memorandum shall notify the Health Service Board (“Board”) of the Blackout Period in connection with the San Francisco Health Service System (“SFHSS”) Rates and Benefits process for the 2021 plan year.

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

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

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

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

The Blackout Period shall commence on February 13, 2020, and is expected to end in July 2020 after the Board of Supervisors final approval.

## Blue Shield of California Infertility Update May 8, 2020

Below is information regarding SFHSS's Infertility benefit and our efforts to identify, improve and operationalize the member experience.

We have been working with our ACO partners and internal clinical teams to review the medical policies and procedures related to the infertility benefit with the goal of improving access and advocacy for members seeking treatment.

Through our research we discovered operational gaps that we have worked to rectify, related to benefit interpretation, medical policy and provider education. We have taken the following steps to close these gaps:

- Designated clinical subject matter experts within BSC and our ACO partners that will review all requests for infertility services and assist in the navigation of this very complicated process. SFHSS members seeking services are referred to our designated SME, who acts as a central point of contact and advocates for the members throughout the process. From obtaining medications to ensuring all the appropriate authorizations and claims are accurately adjudicated.
- Reviewed and updated our referral and authorization protocols and timing to be more specific to infertility treatment timelines.
- Engaged our ACO partners to ensure accurate benefit interpretation, provider compliance, and training.
- Reviewed past denials for infertility services for 2018 & 2019; identified 17 cases that required additional review. Of those, 8 required claims review and patient outreach to determine if services were successfully obtained or if additional guidance or outstanding claims required processing.
- Reviewed the process for referring and obtaining the necessary medications related to infertility services. BSC's current contract directs members to utilize Curascript (Freedom) pharmacy to obtain infertility medications. This information has been cascaded to our ACO providers and all members requiring medications are referred to our designated liaison (Kelly Sipes) to ensure that members are able to utilize their insurance. We addressed the issue of members receiving a lower cost if they paid cash with Freedom pharmacy. They confirmed that due to the benefit variability among the patients they serve, many patients do not have insurance coverage for medications or may have exhausted their benefits. Therefore, they may offer a lower price to members who pay cash to assist those who do not have insurance. We have engaged our pharmacy team to identify additional channels we can implement to provide additional options for members.
- Created new content for the SFHSS microsite that is easy to understand, explains the terms, tests and services related to fertility and identifies additional resources for members.
- Ensure the benefits and services related to fertility are culturally compassionate, provide access to relevant medical treatment and are in alignment with Health Service System's strategic goals.



**CITY AND COUNTY OF SAN FRANCISCO**  
**OFFICE OF THE CONTROLLER**

**Ben Rosenfield**  
**Controller**

**Todd Rydstrom**  
**Deputy Controller**

February 14, 2020

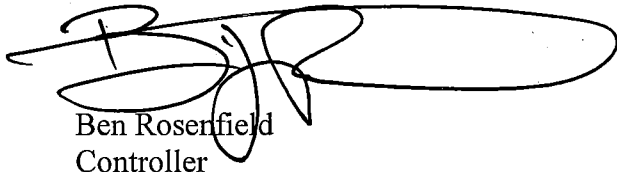
Ms. Natalie Ekberg, Health Service Board Secretary  
Health Service Systems Board  
1145 Market Street – Suite 300  
San Francisco, CA 94103

Dear Ms. Ekberg,

Pursuant to Charter Section 4.105, I hereby make the following nomination to the Health Service Systems Board:

Randolph R. Scott, SPHR for a 5-year term commencing May 15, 2020 – May 15, 2025.

Sincerely yours,



Ben Rosenfield  
Controller

cc: Abbie Yant, Director, SF Health Service System  
Kanishka Karunaratne Cheng, Director of Appointments, Office of Mayor London N. Breed  
Randolph Scott, Commissioner, HSS Board Commission



# SAN FRANCISCO HEALTH SERVICE SYSTEM

Affordable, Quality Benefits & Well-Being

## Memorandum

DATE: May 14, 2020

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

FROM: Pamela Levin, Chief Financial Officer

RE: Financial Report as of February 29, 2020

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This report summarizes revenues and expenses of the Employee Benefit Trust Fund (Trust Fund) and the General Fund Administration Budget for the first eight months of FY 2019-20, as well as fiscal year-end projections through June 30, 2020.

### Executive Summary

#### **Trust Fund**

- Projecting a \$2.4 million increase in the fund balance, from \$92.4 June 30, 2019 to \$94.6 June 30, 2020
- Fiscal Year Projected change in fund balance by plan
  - UHC PPO: \$0.9 M projected decrease primarily due to unfavorable claims experience
  - Blue Shield Access +: \$10.9 M projected increase primarily due to favorable claims experience and pharmacy rebates
  - Blue Shield Trio: \$4.9 M projected decrease primarily due to unfavorable claims experience
  - Delta Dental Self-Funded plan: \$2.0 M projected decrease due buy-down in rates exceeding favorable claims experience
- Cumulative expenses compared to revenues with eight months of experience by plan
  - UHC PPO: cumulative expenses tracking \$1.13 M more revenues
  - Blue Shield Access +: cumulative expenses tracking \$5.86 M less than revenues
  - Blue Shield Trio: cumulative expenses tracking \$4.23 M more than revenues
  - Delta Dental Sell-Funded plan: cumulative expenses tracking \$4.79 M less than revenues
- Healthcare Sustainability Fund: \$2.73 M projected balance
- Interest: \$1.0 M projected increase in fund balance
- Performance guarantees: \$0.3 M received year-to-day date
- Pharmacy Rebates: \$3.89 M received year-to-date, \$8.0 M projected

#### **General Fund**

- Projecting \$4,000 year-end balance

Employee Benefit Trust Fund

On June 30, 2019, the audited Trust Fund balance was \$92.2 million. Based on activity through February 2020, the fund balance is projected to be \$94.6 million as of June 30, 2020. The projected \$2.4 million increase includes reserves for unpaid claims and is a result of the following changes:

	Change in Fund Balance (in millions)	Page
United Health Care PPO Plan	\$ (0.9)	3
Blue Shield Access+ Flex-Funded Plan	10.9	4
Blue Shield Trio Flex-Funded Plan	(4.9)	5
Delta Dental Self-Funded Plan	(2.0)	6
Health Care Sustainability Fund	(1.2)	7
Interest	1.0	7
Performance Guarantees	0.3	7
Performance Guarantees – Surrogacy and Adoption Assistance Plan	(0.2)	7
Forfeitures	0.0	7
Transfers Out	(0.6)	7
Total	\$ 2.4	

Pharmacy Rebates are discussed on page 8.

General Fund Administration Budget

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

## United Health Care PPO Plan

### Fiscal Year End Projection

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

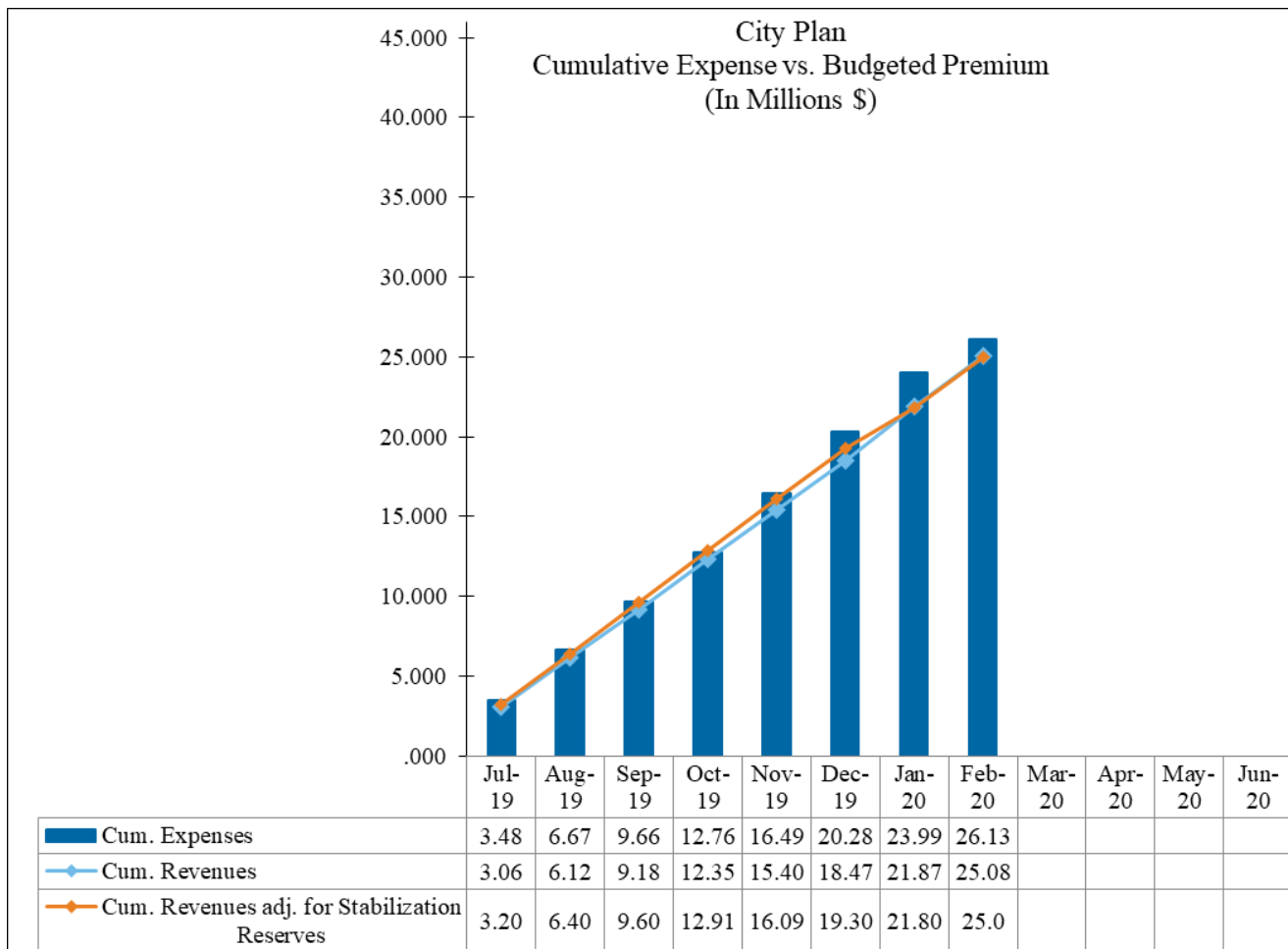
a. \$2.0 million decrease in fund balance:

- \$0.8 million associated with subsidizing 2019 rates (for the first six months of FY 2019-20) from the 2017 year-end claim stabilization reserve
- \$1.2 million decrease in fund balance due to unfavorable claim experience

b. \$1.1 million increase in fund balance:

- \$0.1 million associated with the increase in 2020 rates (for the second six months of FY 2019-20) due to rating buy-up of the 2018 year-end claims stabilization deficit
- \$1.0 million of pharmacy rebates (additional information on page 7)

### First Eight (8) months



With eight months of experience, cumulative expenses for UHC PPO track \$1.13 M more than the expected cost levels regardless of whether cumulative expenses are compared to the actual revenues (\$26.13 M - \$25.0 M) and when the cumulative expenses are compared to cumulative revenues with the \$0.80 M buy-up for the rate stabilization reserves (\$26.13 M - (\$25.08 M - \$0.08 M)).

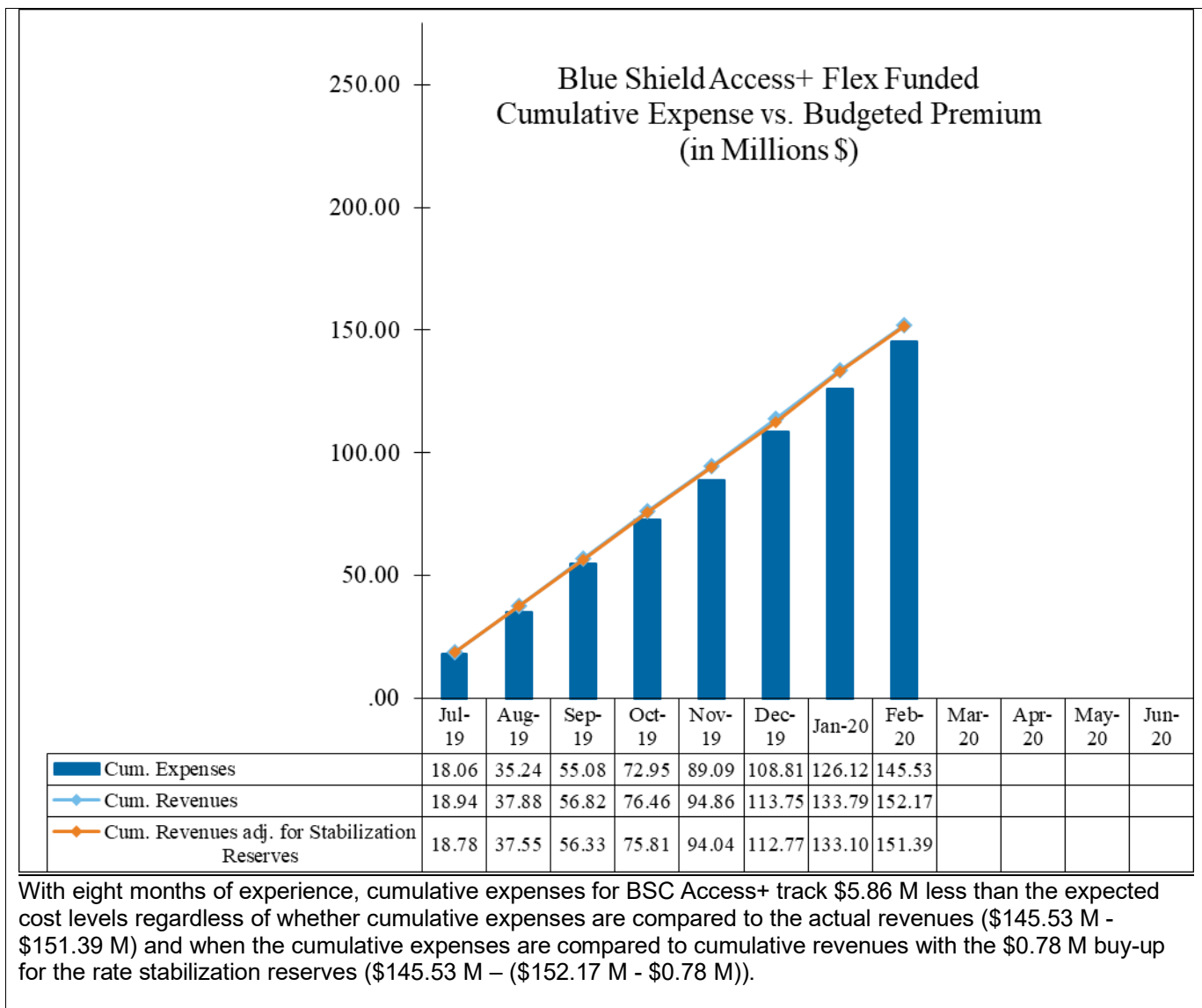
## Blue Shield Access+ Flex Funded Plan

### Fiscal Year End Projection

A \$10.9 million increase in fund balance is projected resulting from:

- \$1.0 million associated with the increase in 2019 rates (for the first six months of FY 2019-20) to recover the 2017 year-end claim stabilization reserve
- \$0.6 million associated with the increase in 2020 rates (for the second six months of FY 2019-20) from the 2018 year-end claim stabilization reserve
- \$4.8 million of pharmacy rebates (additional information on page 7)
- \$4.5 million due to favorable claim experience

### First Eight (8) months



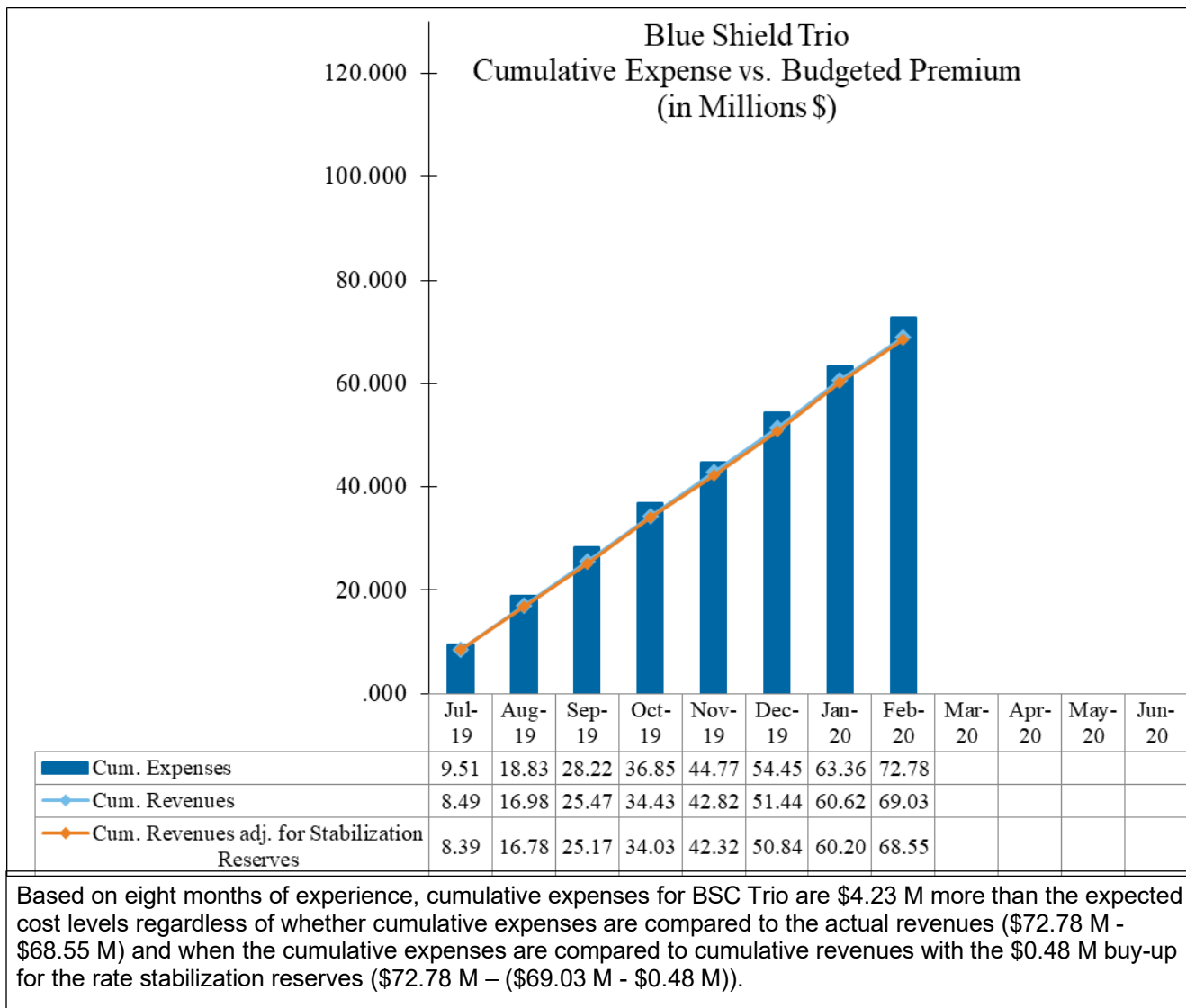
## **Blue Shield Trio Flex-Funded Plan**

### Fiscal Year End Projection

A \$4.9 million decrease in fund balance is projected resulting from:

- a. \$3.1 million increase in fund balance:
  - \$0.6 million associated with the increase in 2019 rates (for the first six months of FY 2019-20) to recover the 2017 deficit
  - \$0.3 million associated with the increase in 2020 rates (for the second six months of FY 2019-20) to recover the 2018 deficit
  - \$2.2 million in pharmacy rebates (additional information on page 7)
- b. \$8.0 million decrease in fund balance due to unfavorable claim experience.

### First Eight (8) Months



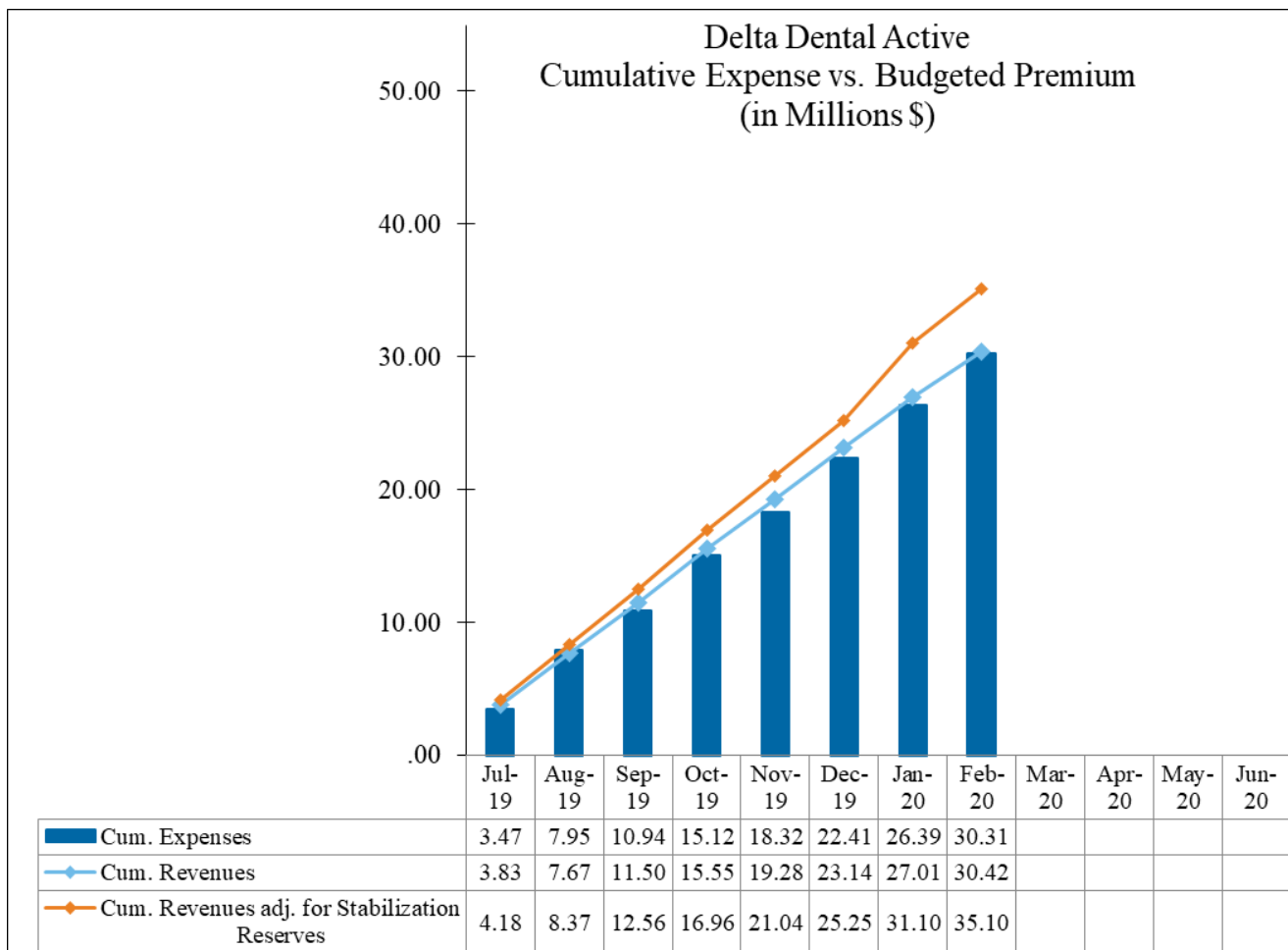
**Delta Dental Self-Funded Plan**

**Fiscal Year End Projection**

\$2.0 million decrease in fund balance is projected resulting from:

- a. \$3.6 million increase in fund balance due to favorable claim experience
- b. \$5.6 million decrease in fund balance:
  - \$2.1 million decrease in fund balance associated with subsidizing 2019 rates (for the first six months of FY 2019-20) from the claim stabilization reserve
  - \$3.5 million decrease in fund balance associated with subsidizing 2020 rates (for the second six months of FY 2019-20) from the claim stabilization reserve

**First Eight (8) Months**



Based on eight months of experience, cumulative expenses for Delta Dental are \$4.79 M less than the expected cost levels regardless of whether cumulative expenses are compared to the actual revenues (\$30.31 M - \$35.10 M) and when the cumulative expenses are compared to cumulative revenues with the \$4.68 M buy-down for the rate stabilization reserves (\$30.31 M - (\$30.42 M + \$4.68 M)).

## Other Trust Fund Notes

### Healthcare Sustainability Fund

The following table reflects the year-to-date actuals through February 29, 2020. With eight (8) months of actuals, a projected balance of \$2.73 million is expected at the end of FY 2019-20.

<b>Healthcare Sustainability Fund FY 2019-20</b>				
	<b>Revised Budget</b>	<b>Feb YTD Actual</b>	<b>Projection</b>	<b>Variance</b>
<b>Revenues/Premiums</b>				
Annual Revenues	\$ 2,602,555	\$ 1,700,643	\$ 2,551,247	\$ (51,308)
Carryforward from fund balance	3,080,176	3,080,176	3,909,772	829,596
Total	\$ 5,682,731	\$ 4,780,819	\$ 6,461,019	\$ 778,288
<b>Expenditures</b>				
Annual Expenditures	\$ 2,676,868	\$ 1,150,640	\$ 2,423,269	\$ (253,599)
One-time Expenditures	2,215,436	337,242	1,305,422	(910,014)
Grand Total Expenditures	\$ 4,892,304	\$ 1,487,882	\$ 3,728,691	\$ (1,163,613)
Balance	\$ 790,427	\$ 3,292,937	\$ 2,732,328	\$ 1,941,901

### Interest

An \$1.0 million increase in fund balance is projected based on the Trust Fund cash balances for FY 2019-20.

### Performance Guarantees

Three hundred thousand (\$0.30 million) in performance guarantees have been received in FY 2019-20. The \$92.2 million fund balance includes the \$8.3 million in PGs received since FY 2005-06.

### Performance Guarantees for Adoption and Surrogacy Assistance Plan

Performance guarantees are used to fund the Adoption and Surrogacy Assistance Plan. As of February 29, 2020, \$59,900 has been reimburse to members, and the year-end projection is \$185,000.

### Forfeitures and Transfers Out

The IRS allows forfeitures from flexible spending accounts to be used to fund the administration of the accounts. Since the funding for the administration is in the General Fund and the forfeitures reside in the Trust, a transfer needs to be made at the close of each fiscal year. If required to balance the General Fund budget, up to \$0.6 million will be transferred. The goal is to minimize the transfer each fiscal year.

**Pharmacy Rebates**

The following table summarizes the FY 2019-20 pharmacy rebates as of February 29, 2020 and year-end projection. The rebates are provided at the end of each quarter. As of February 29, 2020, \$2.0 million of pharmacy rebates has been received. The year-end projection is \$8.0 million. The rebates offset the claims payments to the plans.

Vendor	Amount (year to date)	Year-End Projection
Blue Shield	\$3,353,131	\$7,000,000
UHC	\$ 541,812	\$1,000,000
Total	\$3,894,943	\$8,000,000





**HEALTH SERVICE SYSTEM**  
**STATEMENT OF REVENUES AND EXPENSES**  
FY 2019-2020  
FOR THE EIGHT MONTHS ENDED February 29, 2020

**ACTIVE & RETIRED COMBINED**

	Year-To-Date Revenues	Year-To-Date Expenses	Year-To-Date Net Excess(Shortage)
<b>1 SELF-INSURANCE</b>			
2 UHC PPO, including ASO *	25,082,735	26,132,325	(1,049,589)
3 Blue Shield Access+ *	152,173,915	145,530,163	6,643,752
4 Blue Shield Trio *	69,030,550	72,780,481	(3,749,932)
5 Delta Dental - Active only, including ASO	30,420,851	30,306,547	114,304
6 <b>TOTAL SELF-INSURANCE</b>	<b>276,708,051</b>	<b>274,749,516</b>	<b>1,958,535</b>
<b>8 INSURANCE PRODUCTS</b>			
9 UHC MAPD	50,583,309	50,583,309	0
10 Kaiser-HMO	287,892,783	286,389,231	1,503,553
11 Vision Service Plan, All (City Plan & HMO)	5,443,237	5,422,623	20,614
12 Sub-total HMO	343,919,330	342,395,163	1,524,167
14 Delta Dental - Retired	10,849,698	10,805,185	44,513
15 Delta Care	585,681	576,598	9,083
16 UHC Dental	302,841	301,383	1,459
17 Sub-total Dental	11,738,220	11,683,165	55,055
19 Long Term/Short Term Disability	5,586,859	5,460,597	126,263
20 Flexible Benefits	1,924,884	1,924,701	183
21 Flexible Spending-Dependent Care	3,843,648	4,115,587	(271,939)
22 Flexible Spending -Medical Reimbursement	5,714,759	5,277,557	437,202
23 Best Doctors (\$1.15)	487,668	486,169	1,499
24 Healthcare Sustainability Fund (\$3.00)	1,700,643	1,487,882	212,762
25 Adoption & Surrogacy		63,312	(63,312)
26 <b>TOTAL INSURANCE PRODUCTS</b>	<b>374,916,012</b>	<b>372,894,133</b>	<b>2,021,879</b>
<b>28 SAVINGS AND INVESTMENTS</b>			
29 Interest	454,920		454,920
30 Performance guarantees	317,814	-	317,814
31 Forfeitures	0		0
32 <b>TOTAL SAVINGS &amp; INVESTMENTS</b>	<b>772,734</b>		<b>772,734</b>
<b>34 TRANSFERS OUT OF FORFEITURES</b>		<b>0</b>	<b>0</b>
<b>36 TOTAL FUNDS</b>	<b>652,396,797</b>	<b>647,643,649</b>	<b>4,753,148</b>

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

SUMMARY- In millions	FY19-20	FY19-20
	Year-To Date Actual As of February 2020 - Net	Projected Annual-Net
Self Insurance		
UHC PPO	(1.0)	(0.9) (a)
Blue Shield-Access+	6.6	10.9 (b)
Blue Shield-Trio	(3.7)	(4.9) (b)
Dental, Actives	0.1	(2.0) (c)
Insurance Products		
Medical HMOs	1.5	0.0
Dental	0.1	0.0
LTD/Flexible Benefits/FSA/Best Doctors	0.3	0.0
Healthcare Sustainability Fund (\$3.00)	0.2	(1.2) (d)
Savings & Investments		
Interest	0.5	1.0
Performance guarantees	0.3	0.3 (e)
Performance guarantees - Surrogacy and adoption	0.0	(0.2) (f)
Forfeitures	0.0	0.0
Transfers Out	0.0	(0.6) (g)
<b>TOTAL</b>	<b>4.8</b>	<b>2.4</b>
Net assets		
Beginning of the year		92.2
End of the year		94.6

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

(b) Annual Projection is net of claim stabilization of \$1.6 million to increase 2019 rates, \$0.9 million to increase 2020 rates, and Pharmacy rebate of \$7 million

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

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

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

(f) Reflects use of fund balance

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

	For 8 months ended February 29, 2020	For 8 months ended February 28, 2019	\$ Change	% Change	
<b>1 SELF-INSURANCE</b>					
2 UHC PPO, including ASO					
3 Revenues	25,082,735	22,426,403	2,656,332	11.8%	I
4 Expenses	(26,132,325)	(25,233,520)	(898,804)	3.6%	f
5 Net UHC PPO Excess(Shortage)	(1,049,589)	(2,807,117)	1,757,528	-62.6%	
6 Blue Shield-Access+					
7 Revenues	152,173,915	136,312,886	15,861,029	11.6%	p
8 Expenses	(145,530,163)	(133,787,100)	(11,743,062)	8.8%	p
9 Net Blue Shield-Access Excess(Shortage)	6,643,752	2,525,786	4,117,967	163.0%	
10 Blue Shield-Trio					
11 Revenues	69,030,550	71,575,329	(2,544,779)	-3.6%	p
12 Expenses	(72,780,481)	(68,439,619)	(4,340,862)	6.3%	p
13 Net Blue Shield-Trio Excess(Shortage)	(3,749,932)	3,135,710	(6,885,641)	-219.6%	
14 Delta Dental - Active only, including ASO					
15 Revenues	30,420,851	31,523,123	(1,102,272)	-3.5%	h
16 Expenses	(30,306,547)	(30,026,188)	(280,360)	0.9%	
17 Net Delta Dental - Active Excess(Shortage)	114,304	1,496,936	(1,382,632)	-92.4%	
18 <b>NET SELF-INSURANCE</b>	<b>1,958,535</b>	<b>4,351,314</b>	<b>(2,392,779)</b>	<b>-55.0%</b>	
<b>19 INSURANCE PRODUCTS</b>					
24 Kaiser-HMO					
25 Revenues	287,892,783	280,451,765	7,441,018	2.7%	d, I
26 Expenses	(286,389,231)	(280,468,767)	(5,920,464)	2.1%	d, I
27 Net Kaiser- HMO Excess(Shortage)	1,503,553	(17,001)	1,520,554	-8943.7%	
28 UHC MAPD					
29 Revenues	50,583,309	46,980,034	3,603,275	7.7%	d, I
30 Expenses	(50,583,309)	(46,980,034)	(3,603,275)	7.7%	d, I
31 Net UHC MAPD Excess(Shortage)	0	0	0		
32 Vision Service Plan, All (City Plan & HMO)					
33 Revenues	5,443,237	4,943,406	499,831	10.1%	o
34 Expenses	(5,422,623)	(4,926,778)	(495,845)	10.1%	o
35 Net Vision Service Plan Excess(Shortage)	20,614	16,628	3,986		
36					
37 Delta Dental - Retired					
38 Revenues	10,849,698	10,317,836	531,861	5.2%	d
39 Expenses	(10,805,185)	(10,304,493)	(500,692)	4.9%	d
40 Net Delta Dental - Retired Excess(Shortage)	44,513	13,344	31,169	233.6%	
41 Delta Care					
42 Revenues	585,681	603,745	(18,064)	-3.0%	a
43 Expenses	(576,598)	(594,554)	17,956	-3.0%	a
44 Net Delta Care Excess(Shortage)	9,083	9,191	(108)	-1.2%	
45 UHC Dental					
46 Revenues	302,841	275,017	27,825	10.1%	d, h
47 Expenses	(301,383)	(273,510)	(27,873)	10.2%	d, h
48 Net UHC Dental Excess(Shortage)	1,459	1,507	(48)	-3.2%	
49 Net Dental	55,055	24,042	31,013	129.0%	
50					
51 Long Term/Short Term Disability					
52 Revenues	5,586,859	5,005,647	581,212	11.6%	g
53 Expenses	(5,460,597)	(5,005,647)	(454,949)	9.1%	g
54 Net Long Term/Short Term Disability Excess(Shortage)	126,263	0	126,263		
55 Flexible Benefits					
56 Revenues	1,924,884	1,627,580	297,305	18.3%	g
57 Expenses	(1,924,701)	(1,627,555)	(297,146)	18.3%	g
58 Net Flexible Benefits Excess(Shortage)	183	25	159	0.0%	
59 Flexible Spending-Dependent Care					
60 Revenues	3,843,648	3,589,502	254,146	7.1%	d
61 Expenses	(4,115,587)	(3,808,744)	(306,843)	8.1%	f
62 Net Flexible Spending-Dependent Care Excess(Shortage)	(271,939)	(219,241)	(52,698)	24.0%	
63 Flexible Spending -Medical Reimbursement					
64 Revenues	5,714,759	4,980,631	734,128	14.7%	d
65 Expenses	(5,277,557)	(4,551,038)	(726,519)	16.0%	f
66 Net Flexible Spending-Medical Reimbursement Excess(Shortage)	437,202	429,592	7,610	1.8%	
67 Best Doctors (\$1.15)					
68 Revenues	487,668	787,735	(300,067)	-38.1%	b
69 Expenses	(486,169)	(745,436)	259,267	-34.8%	b
70 Net Best Doctors Excess(Shortage)	1,499	42,299	(40,801)		
71 Adoption & Surrogacy					
72 Expenses	(63,312)	(95,010)	31,698	-33.4%	
73 Healthcare Sustainability Fund (\$3.00)					
74 Revenues	1,700,643	1,689,675	10,968	0.6%	
75 Expenses	(1,487,882)	(1,201,512)	(286,370)	23.8%	e
76 Net Healthcare Sustainability Fund (\$3.00) Excess(Shortage)	212,762	488,164	(275,402)	-56.4%	
77 <b>NET INSURANCE PRODUCTS</b>	<b>2,021,879</b>	<b>669,497</b>	<b>1,352,382</b>	<b>202.0%</b>	
<b>78 SAVINGS AND INVESTMENTS</b>					
79 Interest	454,920	0	454,920	0.0%	
80 Performance guarantees	317,814	503,986	(186,172)	0.0%	
81 <b>TOTAL SAVINGS &amp; INVESTMENTS</b>	<b>772,734</b>	<b>503,986</b>	<b>268,748</b>	<b>0.0%</b>	
82 <b>TOTAL NET EXCESS (SHORTAGE)</b>	<b>4,753,148</b>	<b>5,524,797</b>	<b>(771,649)</b>	<b>-14.0%</b>	

Notes: a decrease in membership

c decrease in deductions

d increase in membership

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

f increase in claims

I increase in rates

h decrease in rates

g increase in deductions

b discontinued on 1/1/20

j decrease in claims

o vision buy-up effective 1/1/18

p effective 1/1/18

**Healthcare Sustainability Fund FY 2019-20**

	<b>Revised Budget</b>	<b>Feb YTD Actual</b>	<b>Projection</b>	<b>Variance</b>
<b>Revenues/Premiums</b>				
Annual Revenues	\$ 2,602,555	\$ 1,700,643	\$ 2,551,247	850,604
Carryforward from fund balance	3,080,176	3,080,176	3,909,772	829,596
<b>Total</b>	<b>\$ 5,682,731</b>	<b>\$ 4,780,819</b>	<b>\$ 6,461,019</b>	<b>\$ 1,680,200</b>
<b>Expenditures</b>				
<b>Annual</b>				
<b>Personnel Services and Mandatory Fringes</b>	<b>\$ 1,262,265</b>	<b>578,496</b>	<b>\$ 1,081,221</b>	<b>502,725</b>
Communications				
Open Enrollment Communications	353,561	286,448.62	348,561	62,112
Operations Communications	156,754	18,465.04	194,567	176,102
Well-Being Communications	175,750	12,363.46	158,000	145,637
Other Communications	90,332	63,792.27	62,138	(1,654)
<b>Total Communications</b>	<b>\$ 776,397</b>	<b>381,069.39</b>	<b>\$ 763,266</b>	<b>\$ 382,197</b>
Well-Being	337,500	16,528.31	262,453	245,925
Initiatives to Reduce Health Care Costs	282,500	172,999.92	298,123	125,123
Board Transcription Services/SFGOV	18,206	1,546.50	18,206	16,660
Contingency for Unforeseen Issues			-	-
<b>Total Annual Expenditures</b>	<b>\$ 2,676,868</b>	<b>1,150,640.12</b>	<b>2,423,269</b>	<b>\$ 1,272,629</b>
<b>One-Time</b>				
Communications				
Open-Enrollment Communications	\$ 192,400	29,800.00	190,000	160,200
Operations Communications	1,506,532	299,057.05	697,700	398,643
Other Communications	181,660	8,385.00	264,210	255,825
<b>Total Communications</b>	<b>\$ 1,880,592</b>	<b>337,242.05</b>	<b>\$ 1,151,910</b>	<b>\$ 814,668</b>
Well-Being	100,697	-	98,512	98,512
Initiatives to Reduce Health Care Costs	234,147		55,000	55,000
<b>Total One-Time Expenditures</b>	<b>\$ 2,215,436</b>	<b>337,242.05</b>	<b>\$ 1,305,422</b>	<b>\$ 968,180</b>
<b>Grand Total Expenditures</b>	<b>\$ 4,892,304</b>	<b>1,487,882.17</b>	<b>\$ 3,728,691</b>	<b>\$ 2,240,809</b>
<b>Balance</b>	<b>\$ 790,427</b>	<b>\$ 3,292,937</b>	<b>\$ 2,732,328</b>	

**SAN FRANCISCO  
HEALTH SERVICE SYSTEM**

Affordable, Quality Benefits & Well-Being

SAN FRANCISCO HEALTH SERVICE SYSTEM - ADMINISTRATION  
STATEMENT OF REVENUES AND EXPENDITURES  
As of February 29, 2020

YEAR-TO-DATE				ANNUAL					
Budget	Actual	Fav/(Unfav) Variance	%Var	Original Budget	Revised Budget	Projection	Fav/(Unfav) Variance	%Var	
REVENUES									
416,425		(416,425)	-100.0%	624,637	624,637	505,000	(119,637)	-19.2%	Non-Operating Revenue
7,636,091	7,636,112	21	0.0%	11,454,136	11,454,136	11,454,136	0	0.0%	Work Order Recovery
5,326	15	(5,311)	-99.7%	9,131	9,131	0	(9,131)	-100.0%	Other Revenue
216,697	216,697	0			325,045	325,045	0	0.0%	General Fund Carryforward
8,274,539	7,852,824	(421,715)	-5.1%	12,087,904	12,412,949	12,284,181	(128,768)	-1.0%	TOTAL REVENUES
EXPENDITURES									
3,621,987	3,493,453	128,534	3.5%	5,432,981	5,432,981	5,310,982	121,999	-2.2%	Personnel Services
1,774,673	1,700,012	74,661	4.2%	2,662,009	2,662,009	2,618,009	44,000	-1.7%	Mandatory Fringe Benefits
1,242,337	933,366	308,971	24.9%	1,804,258	1,863,505	2,154,069	(290,564)	15.6%	Non-personnel Services
36,690	26,663	10,027	27.3%	45,130	55,035	66,716	(11,681)	21.2%	Materials & Supplies
999,758	867,501	132,257	13.2%	2,143,526	2,399,419	2,130,419	0	-11.2%	Services of Other Departments
7,675,445	7,020,995	654,449	8.5%	12,087,904	12,412,949	12,280,195	132,754	-1.1%	TOTAL EXPENDITURES
599,094	831,829	232,735		0	(0)	3,986			REVENUE LESS EXPENDITURES