



# HEALTH SERVICE BOARD CITY & COUNTY OF SAN FRANCISCO

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## **HEALTH SERVICE BOARD**

### **MINUTES**

Thursday, May 28, 2020

Due to the COVID-19 health emergency and to protect our Board Members, SFHSS staff, and members of the public, the Board's Meeting Room (Room 416) is closed.

Members of the public are encouraged to participate remotely. If you want to ensure your comment on any item on the agenda is received by the Board in advance of the meeting, please send an email to [Health.Service.Board@sfgov.org](mailto:Health.Service.Board@sfgov.org) by 5pm on Wednesday, May 27 or call (628) 652-4646.

### **SPECIAL MEETING AT**

**11:00 am**

### **VIRTUALLY PRESENTATION BY SFGOV TV**

Please see the information on the next page for remote meeting access.

**1. CALL TO ORDER: 11:00 am**

Natalie Ekberg, the Board Secretary, provided a few remarks about the Special Meeting agenda. Ms. Ekberg also reminded the SFHSS members about the public comment best practices.

**2. ROLE CALL**

President Karen Breslin – Present  
Vice President Stephen Follansbee, M.D – Present  
Commissioner Mary Hao – Present  
Commissioner Claire Zvanski – Present  
Commissioner Randy Scott – Present  
Commissioner Chris Canning – Present  
Supervisor Dean Preston – Present

**3. APPROVAL OF ADDENDUM TO PLAN-YEAR 2020 SECTION 125 CAFETERIA PLAN and 2020 HEALTH SERVICE SYSTEMS MEMBERSHIP RULES REGARDING FLEXIBLE SPENDING ACCOUNTS AND MID-YEAR HEALTH PLAN ENROLLMENT: (Action)**

The Addendum to Plan-Year 2020 can be located on the SFHSS website at: <https://bit.ly/3eua9je>  
The presentation for the Addendum can be located on the SFHSS website at: <https://bit.ly/2XCEfdw>  
Mitchell Griggs, Chief Operating Officer, presented the addendum to the Board. The following content was presented:

- The Purpose of the May 2020 Addendum
- Revisions of the SFHSS 2020 Member Rules and Cafeteria Plan
- Revisions of the Carryover Provision for 2021 SFHSS Member Rules and Cafeteria Plan
- Recommendation to the HSB

President Breslin asked if the Commissioners had any questions for Mr. Griggs. There were no comments offered for the document as it was presented. Commissioner Scott motioned to approve the addendum, as presented at the meeting on May 28, 2020. Commissioner Canning seconded the motion.

**PUBLIC COMMENT:**

Commissioner Zvanski called into the conference line to alert the Commission she was having technical issues logging into the meeting. Ms. Ekberg confirmed that she would work with Commissioner to ensure she registered into the session successfully off the Conference line.

An unidentified person stated that he had questions about the addendum, specifically under notice 202029. The caller asked that the grace period allowed for unused balances be extended to the end of the calendar year 2020.

**ACTION: The Health Service Board unanimously approved the May 28, 2020 Addendum.**

**RATES AND BENEFITS**

President Breslin asked Executive Director Abbie Yant to give her remarks on the Rates and Benefits process before item 4 was called. President Breslin also decided it was appropriate to begin the limitation of time for all public comment to 1 minute for each caller.

Executive Director Yant thanked President Breslin and the Commissioners for all the work that they do at every meeting. Executive Director Yant stated that it is the Health Service Board's role and duty to set the following plan year's benefit rates. Executive Director Yant then reviewed the process and timeline for the Rates and Benefits process. Executive Director Yant restated the fact that the cost of healthcare is continuing to rise. She also noted that the SFHSS members are utilizing their medical services as they should be. Executive Director Yant concluded her remarks by noting that there are demands on the healthcare systems and the administrative systems to ensure the healthcare is provided to our members and the community at large.

**4. REVIEW AND APPROVE UPDATED KAISER PERMANENTE NON-MEDICARE RATES AND PREMIUM CONTRIBUTIONS FOR ACTIVE AND EARLY RETIREE MEMBERS – PLAN YEAR 2021 (California): (Action)**

The Kaiser Permanente Non-Medicare presentation can be located on the SFHSS website at: <https://bit.ly/3eqjB78>

Mike Clarke, Aon, presented the Kaiser Non-Medicare rates and premium contributions presentation to the Board. The following content was discussed:

- Rate Setting Methodology Preface
- Kaiser Permanente (Kaiser) California 2021 Plan Rating — Renewal Summary
- 2021 Monthly Rate Cards for Kaiser California plan
  - Active Employees (93 / 93 / 83 and 100 / 96 / 83 contribution strategies)
  - Early Retirees (per City Charter employer contribution guidance)
- Recommendation
- Statement From Kaiser Representative
- Appendix

Kate Kessler, Kaiser Permanente, began her presentation by sharing her gratitude for the opportunity to speak before the Board. Ms. Kessler stated that she looked forward to engaging with the Board regarding the contents of the renewal. Ms. Kessler noted that her team heard the concerns raised at the last board meeting, and they would like to address those concerns today. Ms. Kessler addressed the current needs and demands place on Kaiser during the COVID-19 Pandemic and some costs associated with the current state of the medical field. Ms. Kessler noted that Kaiser had been prepared for an event of this magnitude, and all of the employees are providing the best care to all Kaiser patients COVID related or other.

Ms. Kessler also noted that concerning the SFHSS renewal package presented, the SFHSS membership utilization of services during 2019 has increased. Ms. Kessler pointed out that the utilization increase paired with the SFHSS risk profile increase did affect the rate increase for the 2020 plan year. Ms. Kessler assured the Board that the utilization and the risk score outcomes are reviewed with the SFHSS team as well as the Actuarial team regularly. Ms. Kessler noted that the 2021 rate renewal is the 6th consecutive year, where the SFHSS rate increases are at or below 5%. Ms. Kessler thanked the Board for their time and updated the Board on virtual services that Kaiser is offering the SFHSS membership in addition to the current list of limited in-person services.

Commissioner Canning noted that he had two questions. He wondered if Kaiser had updated their methodology for classifying our member's utilization since last year's rating process. Lorina Siegrist,

Kaiser Permanente, stated that Kaiser is continuing to use the same rating methodology year after year. Commissioner Canning thanked Ms. Siegrist for her response and asked is that the Kaiser rating methodology is the same or similar to the industry standards.

Mr. Clarke noted that the underwriting process is very similar to industry standards. Mr. Clarke stated that Kaiser is very prescriptive with things like demographic adjustments from one year to the next. Mr. Clarke pointed out that there may be an application of specific formulas and individual factors, like a demographic adjustment or a minor design change required by state law or by the state regulators.

Commissioner Scott asked what claims or medical issues were present in the SFHSS population that drove the increase. Mr. Clarke explained that the increases in utilization were primarily related to both in-patient services and out-patient services. On the in-patient side, we observed increases that were most pronounced in the surgical category for in-patient and the mental health category for in-patient needs. Mr. Clarke also noted that there were increases in more high-cost surgeries related to cardiac care, pancreas, and liver procedures. Mr. Clarke further stated that the most notable items on the out-patient care were the need for mental health treatment and radiology services.

Ms. Siegrist agreed with Mr. Clarke's analysis and she stated that out-patient care also saw an increase in pediatric visits, OBGYN visits, particularly for prenatal care and other non-wellness adult visits.

Supervisor Preston began his remarks by thanking Mr. Clarke for his presentations. Supervisor Preston stated that he was concerned with any rate or premium increases across the Board regardless of which plan was being presented. Supervisor Preston asked if the decrease in current utilization, primarily due to the COVID-19 response requirements, would reduce costs for the next rating negotiation cycle.

Ms. Kessler stated that the Kaiser organization is overseeing this situation and is preparing for a second wave if the virus resurges in the coming months. Ms. Kessler noted that Kaiser does not know what will happen and does not know what the utilization will look like in the coming months. Ms. Kessler stated if there is a change in utilization, that will be reflected in the coming years. Ms. Siegrist said that Kaiser and SFHSS would monitor the utilization when the Shelter In Place is finished, and at that point, they will more readily be able to forecast future terms. Ms. Kessler noted that she and her team would conduct regular check-ins with Aon and the SFHSS team on the outcomes of the 2020 utilization changes.

Supervisor Preston made a number of statements regarding Kaiser Permanente staffing, patient ???, rate increases and concerns regarding Kaiser's overall profits and expenditures during 2019 through the current date:

- Net Income of \$7.4 Billion (nearly triple what the company made in 2018)
- The most recent quarter Kaiser holds over \$41 Billion in cash and investments
- Funding that will come into Kaiser from the CARE Act in 2020
- In the A.C.A Supreme Court Ruling Kaiser will receive \$600 million
- Elective Spending includes—Executive compensation packages, board member pay, campaigns and advertising of approximately \$300 million overall

Supervisor Preston continued by asking how the Kaiser team is protecting its staff, nurses, and doctors during the Pandemic, specifically the shortage of N95 respirators. Ms. Kessler stated that Kaiser Permanente is following all CDC and WHO guidelines in terms of the medical staff's protective equipment.

Commissioner Scott motioned to accept the presentation of the Kaiser Permanente rates, premium contributions, and the monthly rate cards as they were presented on May 28, 2020. Commissioner Hao seconded the motion.

Cindy Striegel, Kaiser Permanente, shared that investments in the stock market drove the income earned in 2019. However, the 1<sup>st</sup> quarter 2020 dip in those investments reflects the Pandemic and the current state of the stock market. Ms. Striegel restated that the Kaiser team is following all CDC and WHO guidelines. If any employee is not given the proper equipment, they need to discuss this issue with their direct leadership team.

Vice President Follansbee noted that there are no data sets that supports the effectiveness of decontamination methods of N95 masks. He also reminded the Kaiser representatives that following CDC and WHO guidelines may not be adequate in this situation of increased politicization of these agencies. The Kaiser Permanente Medical Group has a group of Infectious Diseases specialists regionally and at every medical center who should be involved in development and implementation of guidelines around all prevention policies and procedures in this pandemic, including the provision and processing of Personal Protection Equipment (PPE.)

Vice President Follansbee reminded the Board that the SFHSS membership's utilization is creating this year's contract. Vice President Follansbee clarified that this discussion should in no way be interpreted by members to mean that the Health Services Board thinks that members should be underutilizing all services and benefits contracted with each plan in the mistaken attempt to reduce future rate increases. He also noted that he appreciated all the informative conversations that had been had throughout the meeting.

Supervisor Preston asked about Kaiser's policies for COVID testing at their faculty. The Supervisor asked if a nurse tests positive during this crisis, are the nurses asked to continue working, or are they sent home. Ms. Kessler stated that she had not heard about this practice happening in any Kaiser hospitals, but she wanted to do some research and follow up with all the Commissioners at the next meeting. Ms. Kessler also stated that it is her understanding that if anyone tests positive with COVID-19, they would be asked to go home immediately. Supervisor Preston asked if the terms do not deliver the mental health services of the contract is there a rebate given to SFHSS or does this get factored into the rating in the following year.

Ms. Kessler noted that the utilization does factor into the rates every year, and to the point about contract commitments, these are addressed with SFHSS staff directly throughout the year. Ms. Kessler noted that Kaiser tracks the mental health outcomes and needs very carefully.

Supervisor Preston stated that he would be following up with Executive Director Yant on this topic in the future. Ms. Kessler noted that she and her team would like to have these discussions with the Supervisor about this topic.

Supervisor Preston asked about an ongoing dispute that his office was made aware of by the United Healthcare Workers (UHW) regarding a contract. This contract included a letter that was asking the staff at Kaiser to obey a "gag order" that would order members not to make any public statement on the shortcomings of the Kaiser system. Ms. Striegel stated that this issue was something that took some time to come to an agreement on with the labor partners and the Kaiser organization. Ms. Striegel clarified that both Kaiser and the U.H.W. agreement did agree to the final version of the deal, and it asks that both parties do not deface each other. Ms. Striegel noted that all members of the

U.H.W. have the right to share comments on their own free will with the public and public communication entities.

Commissioner Randy Scott moved to accept the presentation of the Kaiser Permanente rates, premium contributions, and the monthly rate cards as they were presented on May 28, 2020. Commissioner Hao seconded the motion.

**PUBLIC COMMENT:**

Ms. Pamela, a member of the San Francisco labor council, stated that she understands that the rates must be approved; however, this does not excuse Kaiser’s poor performance. Ms. Pamela also noted that this approval does not support the “gag order” that was put on all Kaiser healthcare workers. Ms. Pamela pointed out that the Board of Supervisors needs to have a hearing on the rates and benefits timeline.

Sylvia Alvarez stated that she would like to encourage all Commissioners to vote no on the rate increases presented at the meeting today.

**ACTION: The Health Service Board unanimously approved the 5.8% premium increase for active and early retiree members and the rate cards as they were presented on May 28, 2020.**

**5. REVIEW AND APPROVE BLUE SHIELD OF CALIFORNIA FLEX-FUNDED RATES AND PREMIUM CONTRIBUTIONS FOR ACTIVE AND EARLY RETIREE MEMBERS – PLAN YEAR 2021: (Action)**

The Blue Shield of California Non-Medicare presentation can be located on the SFHSS website at: <https://bit.ly/2B2KPIN>

Mike Clarke, Aon, presented the Blue Shield of California Non-Medicare rates and premium contributions presentation to the Board. The following content was discussed:

- Rate Setting Methodology Preface
- Blue Shield of California (BSC) 2021 Plan Rating—Renewal Summary
- 2021 Monthly Rate Cards for Access+ and Trio plans
  - Active Employees (93 / 93 / 83 and 100 / 96 / 83 contribution strategies)
  - Early Retirees (per City Charter employer contribution guidance)
- Recommendation for HSB Action
- Statement From BSC Representative
- Appendix—Additional Information

Paul Brown, Vice President for Account Management at Blue Shield of California, shared his gratitude with the Board for their annual work in the Rates and Benefits process. Mr. Brown stated that the average rate increase over the last eight years has been at approximately 4%. Mr. Brown shared the announcement that Altai, a company launched by Blue Shield in 2019, merged with the Brown and Toland group to provide clinical support services to 2700 doctors. Mr. Brown noted that the Altai group offers the next-generation tools and technology that allows providers to spend more time with patients to improve the quality of care and reduce provider burnout.

Commissioner Zvanski asked if the Early Retiree rate process could be explained in more detail. Mr. Clarke said that the San Francisco City Charter outlines the formulas for calculation of the employer contributions for Early Retiree health plans, and the three components of this formula are the 10-County Amount, the “Actuarial Difference” (difference in a plan’s total cost rates for Retiree Only minus Active Employee Only), and the Retiree Prop. E Contribution. Mr. Clarke explained the actuarial rate setting and contribution determination process in detail with the corresponding slides.



Mr. Clarke concluded his comment by stating that the 10-County Amount is the starting point in the City Charter formula, and this figure increased by 3.3% over the 2020 amount as reviewed with the Health Service Board in March 2020.

President Breslin asked if the Access+ and Trio plans had abnormal utilization over the 2019 year. The question was explicitly asked if this increase in the utilization under the two plans was reasonable under the predicted utilization for the plan year. Mr. Brown noted that there appeared to be a disproportionate number of high-cost claims in Trio, as compared to Access+, that drove the rate increases. Mr. Brown stated that because there were more high-cost claims during Plan Year 2019 under the Trio plan than the Access+ plan, there was a higher increase in rates into 2021 for Trio.

President Breslin asked how Aon can verify claims reported by Blue Shield. Mr. Clarke stated that there an on-line portal where Aon team members can access claim information. Additionally, the Aon team is also provided claim information by the Blue Shield account team. Mr. Clarke noted that on a semiannual basis, the SFHSS and Aon teams meet with Blue Shield to review detailed medical and pharmacy plan cost and utilization reporting for the Access+ and Trio plans. The information in these reports are presented on an aggregated, de-identified basis. Mr. Clarke also stated the SFHSS All-Payor Claim Database is used to validate health plan claim amounts. President Breslin also pointed out that in the Early Retiree rating, there is a very high amount of membership cost, particularly for those members who have to pay for multiple family members under their insurance plans.

Commissioner Follansbee motioned to accept the presentation of the Blue Shield rates, premium contributions, and the monthly rate cards as they were presented on May 28, 2020. Commissioner Scott seconded the motion.

**PUBLIC COMMENT:**

Unidentified caller urged the Commissioners not to approve the rate increases. The caller stated that It's a monetary hardship for the retirees, and due to the pandemic and economic depression, the fiscal burden is only going to increase over the coming months.

Joseph Newen stated that due to the COVID-19 situation, the Commissioner should reconsider their approval of the medical plan renewals.

**ACTION: The Health Service Board unanimously approved the Blue Shield of California premium increases for active and early retiree members and the rate cards as they were presented on May 28, 2020.**

**6. REVIEW AND APPROVE UNITED HEALTHCARE PREFERRED PROVIDER ORGANIZATION (City Plan) NON-MEDICARE RATES AND PREMIUM CONTRIBUTIONS FOR ACTIVE AND EARLY RETIREE MEMBERS – PLAN YEAR 2021: (Action)**

The United Healthcare Non-Medicare presentation can be located on the SFHSS website at: <https://bit.ly/2XaCcOX>

Mike Clarke, Aon, presented the United Healthcare Non-Medicare rates and premium contributions presentation to the Board. The following content was discussed:

Rate Setting Methodology Preface

- UnitedHealthcare (UHC) PPO 2021 Plan Rating—Renewal Summary
- 2021 Monthly Rate Cards for City Plan and City Plan—Choice Not Available
  - Active Employees (93 / 93 / 83 and 100 / 96 / 83 contribution strategies)
  - Early Retirees (per City Charter employer contribution guidance)

- Recommendation for HSB Action
- Statement From UHC Representative
- Appendix—Additional Information

Heather Chianello, United Healthcare, stated that United health care had launched many initiatives to support clients in communities with the COVID-19 pandemic. Ms. Chianello said that United Healthcare recently shared with the SFHSS team that the United Healthcare organization will be returning 10% of one month's ASO fees paid to help alleviate some of the financial pressures SFHSS may be experiencing.

Commissioner Zvanski asked why United Healthcare offered Dental to the SFHSS members and how the City Plan rates increased after the stabilization reserve was applied to the overall rates. Mr. Clarke stated that are two dental HMOs offered to active employees and early retirees in total, including one from United Healthcare. The dental HMO rates are not included in this presentation, and those rates will be presented at the June 11 board meeting. Mr. Clarke stated the other dental HMO is Delta Dental's DeltaCare USA plan.

Mr. Clarke stated that the Health Service Board's rate stabilization policy allows for both deficit and surplus balances. The reserve is meant to help stabilize the impact of rating actions from one year to the next. The policy includes amortizing one-third of the rate stabilization balance over the course of three years, so one-third in each year. Mr. Clarke noted that there are annual readjustments that happen based on the subsequent plan year experience. Mr. Clarke gave the example of the reserve review at the February 2020 Health Service Board meeting, where Aon presented on the UHC rate stabilization fund. As a result of impact of 2019 UHC PPO "City Plan" experience, the stabilization deficit for the UHC PPO "City Plan" increased. Unfortunately, that stabilization deficit grew as a result of 2019 experience, so that resulted in a higher buy-up level for rating in the plan for 2021, versus the buy-up level for 2020 rating.

Mr. Clarke noted that the 10% portion of one month's ASO fees that are being returned back to SFHSS would not go directly to the members. Rather, these monies will be returned to the Trust. Commissioner Scott asked that the total amount of the funds that move back to the Trust be reported back to the Board at the June 11 Board meeting. Mr. Clarke confirmed that this amount will be shared at the next meeting.

Commissioner Scott moved to accept the United Healthcare rates, premium contributions, and the monthly rate cards as they were presented on May 28, 2020. Commissioner Follansbee seconded the motion.

PUBLIC COMMENT: None.

**ACTION: The Health Service Board unanimously approved the Blue Shield of California premium increases for active and early retiree members and the rate cards as they were presented on May 28, 2020.**

## **7. ADJOURNMENT: 2:45 pm**



## Summary of Health Service Board Rules Regarding Public Comment (As of May 15, 2020)

- Speakers are urged to dial into the conference line at the beginning of the agenda item's start time. This will allow members to be on the conference line when the public comment time begins on the item they wish to speak to.
- A member of the public has up to (3) minutes to make pertinent public comments before action is taken on any agenda item.
- A member may comment on any matter within the Board's jurisdiction as designated on the agenda during that item's public comment section.

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

### Disability Access

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

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

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

### Knowing Your Rights Under the Sunshine Ordinance

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

### Lobbyist Registration and Reporting Requirements

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

### Summary of Health Service Board Rules Regarding Cell Phones and Pagers

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

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

If any materials related to an item on this agenda have been distributed to the Health Service Board after distribution of the agenda packet, those materials are available for public inspection at the Health Service System during normal office hours. For more information, please contact Natalie Ekberg at (628) 652-4646 or email [Natale.Ekberg@sfgov.org](mailto:Natale.Ekberg@sfgov.org).

The following email has been established to contact all members of the Health Service Board: [health.service.board@sfgov.org](mailto:health.service.board@sfgov.org).