

**SAN FRANCISCO
HEALTH SERVICE SYSTEM**

Affordable, Quality Benefits & Well-Being

January 9, 2020

TO: Karen Breslin, President, and Members of the Health Service Board
FROM: Abbie Yant, RN, MA Executive Director SFHSS
RE: December 2019 Board Report

HSB 2020 Election

2020 Health Service Board Elections (slides attached) The Health Service Board election will take place during the month of May 2020. The Department of Elections (DOE) is conducting this election. The Board Secretary is collaborating with the City Attorney's office and the DOE. The 2020 election will include one member who will be elected by the active and retired members of the HSS for the term from June 2020 - May 2025. The official election practices will begin January 10, 2020, when the nomination forms are available for all SFHSS members to pick up from our offices or download from our website. Completed nomination forms are due back to the SFHSS offices no later than February 14, 2020, at 4:00 pm. Once this piece of the election process is complete, the confirmed nominees will be contacted directly.

We are looking forward to having a very busy and fruitful election over the coming months.

SFHSS has a designated email address for all election-related questions, HSB.Elections@sfgov.org. This email address allows our members to contact us at any time if they have any questions about the nomination process, the voting process, or any general issues that may arise during this election season. The Board Secretary will manage communications for the election, and coordinate with the DOE. The Operations Team is also aware of this communications plan, so if people call or walk into the office for election needs, they will be directed to the Board Secretary.

Sutter Antitrust Case

A settlement has been reached in the lawsuit against Sutter Health System regarding alleged consolidation practices. As the impact of the agreement becomes clear, SFHSS will inform the Health Service Board. At this time, we know that the parties agreed to a \$575 million settlement and injunctive relief, which are intended to prohibit Sutter Health from future antitrust contracting tactics. Under the terms of the agreement, Sutter will be required to:

- Pay \$575 million to compensate employers, unions and public entities covered under the class action and legal fees;
- Limit what it charges patients for out-of-network services under a fixed cap that will help mitigate surprise medical bills where Sutter is an out-of-network provider (Note: this settlement does not impact hospital-based physicians and professional services);
- Increase transparency by permitting insurers, employers and self-funded payers to provide plan members with access to pricing, quality and cost information;
- Halt contracting tactics that prevent health plans and employers from steering members to lower-cost plans;

- Stop all-or-nothing contracting deals, now allowing insurers, employers, and self-funded payers to include some but not all of Sutter's hospitals, clinics, or other commercial products.
- Cease anticompetitive bundling of services and products and offer a stand-alone price that must be lower than any bundled package price to give insurers, employers, and self-funded payers more choice;
- Cooperate with a court-approved compliance monitor to ensure that Sutter is following the terms of the settlement for at least ten years; and
- Clearly set definitions on clinical integration and patient access, which is designed to prevent Sutter from masking market consolidation under the guise of inclusion.

<https://www.nytimes.com/2019/12/20/health/sutter-health-settlement-california.html>

<https://www.sacbee.com/news/local/health-and-medicine/article238596833.html>

<https://www.latimes.com/business/story/2019-12-20/sutter-health-agreement>

Federal Tax Update

The Federal budget deal passed by Congress and signed into law by President Trump on December 20 repealed three health care taxes that funded the Affordable Care Act. Congress repealed the Cadillac tax, effective January 1, 2020. Congress also repealed two other taxes funding the ACA: the 2.3% tax on advanced medical devices, effective January 1, 2020, and the health insurer tax, effective January 1, 2021.

Congress revived and extended the PCORI fee, which had expired earlier this year. The PCORI fee, adopted in the ACA, is paid by issuers of health insurance policies and plan sponsors of self-insured health plans to help fund the Patient-Centered Outcomes Research Institute. The fee is based on the average number of lives covered under the policy or plan. The PCORI fee will now apply to policy or plan years ending on or after October 1, 2012, and before October 1, 2029.

THREE ACA-BASED HEALTH CARE TAXES PERMANENTLY ELIMINATED

(1) Excise tax (Cadillac Tax)—initially due to go into effect per the ACA in 2018 – then twice deferred by subsequent legislation, was before the December 2019 legislation, it was due to be implemented in 2022, this is now permanently eliminated. There is no rating impact to SFHSS in 2020 or beyond as it was never yet implemented.

(2) Advanced medical device tax of 2.3% -- this is now permanently eliminated as of January 1, 2020. While this tax was never overtly accounted for in our rating for SFHSS, presumably, this tax was passed into claim amounts by providers of medical devices where the charge was applicable. However, it will be impossible to know how much this might have been in a given year. We will follow up with Kaiser, BSC, and UHC to ascertain any information on a “best estimate” on SFHSS claims for this pass-through tax on medical device claim amounts.

(3) Health insurer tax – this is now permanently eliminated as of January 1, 2021 (NOT 2020). It will still apply for one last year in 2020, and it is already built into 2020 insured plan

premiums for SFHSS. This was a significant renewal rate increase driver for most insured SFHSS plans from 2019 (for a year, the federal government suspended the tax – it was also suspended in 2017) to 2020. It applied in 2020 to the UHC MA PPO Medicare plan, the Kaiser active/early retiree HMO plan, the insured Delta Dental, and UHC Dental plans (e.g., retiree PPO and all dental HMOs), and VSP vision plans. Per Kaiser, it did not apply to the Kaiser KPSA Medicare HMO plan. Aon estimates a total tax cost in 2020 across all SFHSS plans of close to \$11 million – including over \$8M of this for City/County of SF alone. More specifically, approximately 10% of the 17% total rate increase from 2019 to 2020 on the UHC MA PPO plan (or more than half) was attributable to the 2020 return of the Health Insurer Tax – and approximately 1% of the overall 5.9% total rate increase from 2019 to 2020 on the active Kaiser employee/early retiree HMO plan was attributable to the 2020 return of the Health Insurer Tax. As a result of the permanent elimination of this tax effective in 2021, renewals will reflect the removal of this tax to the same degree that they negatively impacted SFHSS insured health plan renewals into 2020.

ONE EXPIRING ACA-BASED HEALTH CARE TAX NOW EXTENDED THROUGH END OF 2029

(1) The Patient-Centered Outcomes Research Institute Fee (or PCORI Fee) was implemented several years ago as part of the ACA. It was expiring at the end of 2019 until the federal government spending bill signed into law on December 20, 2019, extended this fee through the end of 2029 (or, another ten years). The PCORI fee helps to fund the work delivered by PCORI to assist, through research, patients, clinicians, purchasers, and policy-makers, in making informed health decisions by advancing the quality and relevance of evidence-based medicine. PCORI compiles and distributes comparative clinical effectiveness research findings. The fee is relatively nominal – most recently \$2.45 annually per covered life, with indexing to apply in years after 2019 going forward – and for SFHSS is primarily paid by health insurers from a small premium load built into SFHSS insured health plan premiums. SFHSS pays the PCORI fee directly by July 31 each year for the prior year calculated tax for the self-insured UHC PPO “City Plan” – in 2019, this payment was about \$6,400. In total, the overall PCORI fee responsibility for all health plans offered by SFHSS is projected to be less than \$300,000 annually.

Attachments:

ESA Slide

Well Beings Slides

SFHSS DIVISION REPORTS –December 2019

PERSONNEL Welcome to SFHSS

Open Positions:

- 0931 Engagement Specialist – recruitment underway
- 2820 Sr. Health Planner – recruitment underway
- 0923 – Assistant Well Being Manager- recruitment underway
- 1813 Senior Benefits Analyst position appointed effective December 28.
- 1209 Benefits Technician positions (2) – offers have been made.
- 1209 Benefits Technician Temporary position - recruitment underway.

OPERATIONS –

- December call volume for 2019 (5292) is lower than 2018 (5894) and 2017 (5554). This indicates a higher degree of accuracy in processing Open Enrollment.
- December calls were mostly driven by to the Confirmation Letters, FSA elections, and Retirement Calls which were up slightly due to Jan 1, 2020 retirements.

Enterprise Systems & Analytics (ESA) – see project dashboard

Modernizing SFHSS Telephone System: Voice Over Internet Protocol (VOIP)

As previously reported, we are close to completing the migration to the VOIP system in partnership with Department of Technology (DT.) To date:

- DT has finished the installation of the additional power needed for the network upgrade.
- DT has finished installation of the backup fibre connections for network redundancy.
- In January DT plans to install the networking equipment for the network upgrade as part of the City's Network Modernization project.
- Once this is complete DT will move forward with the VOIP cutover, tentatively scheduled for February.

WELL-BEING (see attached slides)

EAP

- 4,139 client services through individual and organizational EAP services of which 24.5% make up those serviced through Critical Incidents, 23.7% through individual counseling services and 22.1% served through trainings.
- 141% increase (as of November 2019) in critical incidents EAP responded to when compared to 2018.

Wellness Center

- 8,143 total participation of which 57% represents participation in group exercise classes
- 52% increase in participation for open use at the Catherine Dodd Wellness Center in 2019
- Organized two charity events – Shoe and Coat Donation

Well-Being@Work

- 217 Well-Being Champions represent 80% of departments
- 3% increase in flu shots administered at 27 worksite locations
- 12% increase in the number of departments that created an Annual Plan for Well-Being for FY19-20.

FINANCE DEPARTMENT

Finance

- Compiling information for the Controller's Office Post Audit and Continuous Monitoring Program. The last time the Controller did this review of our internal controls was in 2015, and we were required to set one new procedure for processing year-end transactions. All our systems were updated this year, and no issues are anticipated.

Budget and Procurement

- FY 2020-21 and FY 2021-22 Budget Instructions released by Mayor and Controller's Office
- Initiated planning and preparation of the General Fund Administration and Healthcare Sustainability Fund budget

Accounting

- FY 2018-19 External Audit on the SFHSS Financial Statements was released on December 20, 2019. They found no deficiencies in internal control, and the financial statements are free from material misstatement.

Contracts

- The team executed the third amendment to an agreement with Silly Monkey (Kanopi) for Drupal website support and development
- Completed RFP for 2020 Change, Intervention and Diabetes Prevention Program and selection of highest ranked respondent
- Finalized agreement for Employee Assistance Program (EAP) case management software and services with Athena Software

Management Report

January 9, 2020

Project	Status	Key Accomplishments
Cybersecurity / Disaster Preparedness		<ul style="list-style-type: none"> Completed Cybersecurity appendix to continuity of operations planning Trained executive team 1/6/20 All staff completed annual cybersecurity training
eBenefits		<ul style="list-style-type: none"> 12/20 Met with Identity Access Team at Department of Technology and User support teams from DT and from Controller's Office to establish ongoing rollout plan for SFUSD and retirees
VOIP telephony upgrade		<ul style="list-style-type: none"> VOIP cutover anticipated for late January Communication planning underway
Payment Gateway: Member facing payments		<ul style="list-style-type: none"> User acceptance testing (UAT) round 1 completed UAT round 2 pending issue resolutions by vendor - schedule at risk of slipping to end of January for deployment Communication planning underway
Enterprise Content Management System (ECM) Business Insights / scanner licenses		<ul style="list-style-type: none"> Business Insights implementation scheduled for Q1
1095 Regulatory filing		<ul style="list-style-type: none"> Tax Year programming changes completed Review of confirmation letter proofs and data corrections completed 11/21

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

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

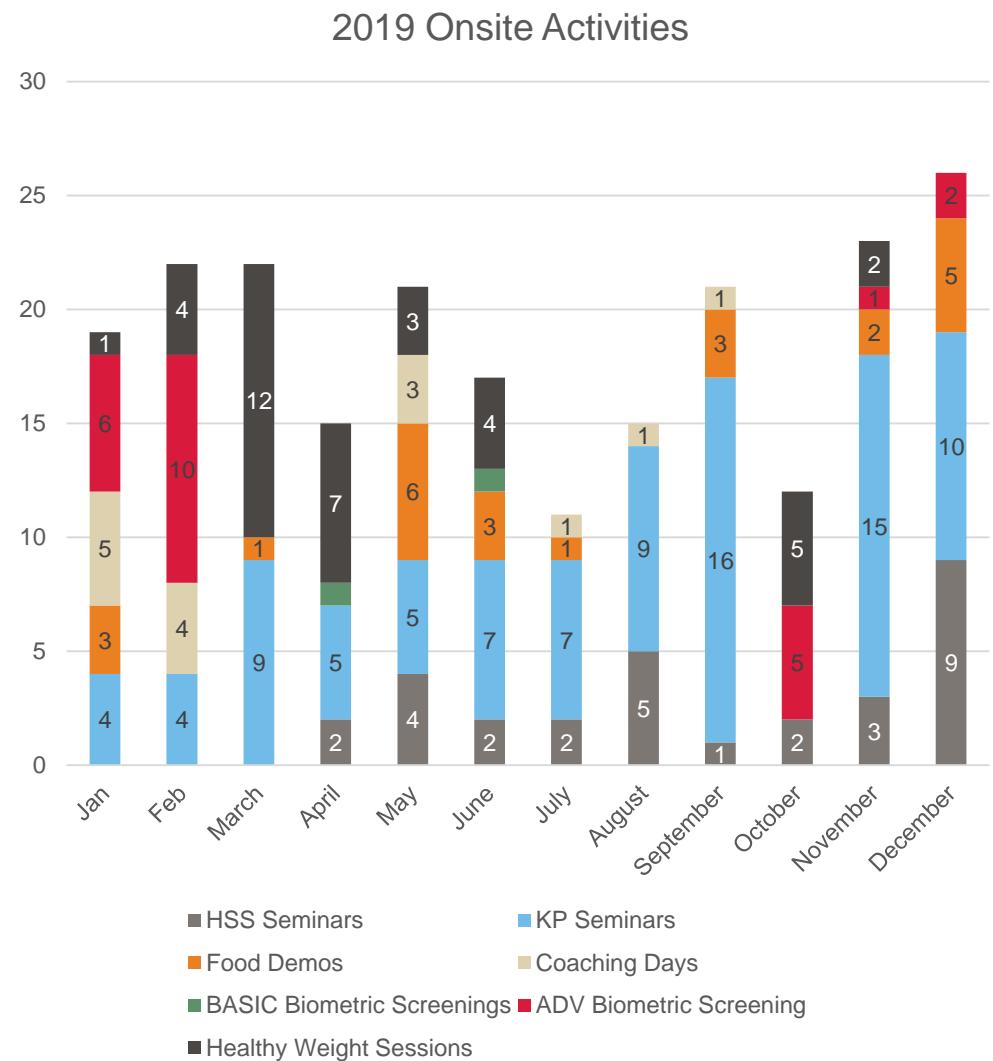
Serious issues. Project most likely delayed or significant budget overrun

Well-Being

Well-Being@Work

2019 Highlights:

- 217 Well-Being Champions represent 80% of departments.
- 3% increase in flu shots administered at 27 worksite locations.
- 12% increase in the number of departments that created an Annual Plan for Well-Being for FY19-20.
- Sponsored approximately 125 group exercise classes/month at 24 worksite locations.
- 224 onsite activities offered at various worksite locations.
- *Well-Being@Work* Grants were provided to 25 departments.
- 50% of Departments have created a Well-Being Annual Plan for FY19-20.
- 70 Spotlights were awarded to 28 departments.



Well-Being

Challenges & Campaigns

Offered 3 Challenges:

1. Colorful Choices – Produce Consumption
2. Keep America Active – Physical activity
3. Take Time to RECHARGE – Stress Management



TAKE TIME TO RECHARGE

Provided resources and tools for 5 Campaigns:

1. Know Your Numbers – Live, Feel, Be Better in 2019
2. Eat Better, Feel Better – Healthy Eating
3. Play Your Way – Physical Activity
4. RECHARGE – Stress Management
5. Flu Prevention



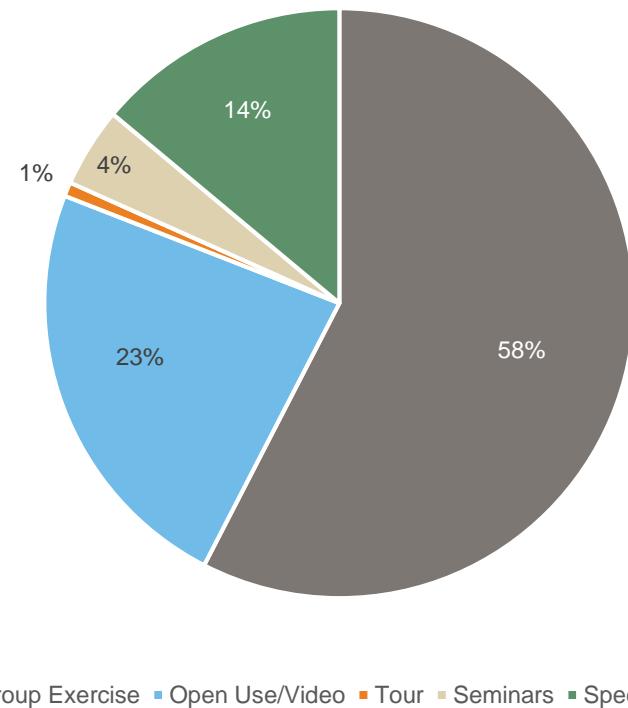
Well-Being

Catherine Dodd Wellness Center

2019 YTD

- 8,143 total participation of which 58% represents participation in group exercise classes.
- 52% increase in participation for open use at the Catherine Dodd Wellness Center in 2019.
- Organized two charity events – Shoe and Coat Donation.
- Offered 12 Special Events such as Wear Red Event, Fitness Fair, RECHARGE Activity Fair and Colorful Choices, Health Screening and more.

% of Total Participation by Type of Activity



Employee Assistance Program – All Services

As of November 2019:

- 4,139 clients served
 - ✓ 24.5% - Critical Incident Response
 - ✓ 23.7% - Individual Clients
 - ✓ 22.1% - Trainings
- 141% increase in Critical Incident Response when compared to 2019.
- 7% increase in number of clients served for individual services when compared to 2018.
- 11% increase in all Organizational services when compared to 2018.

% of People Served by All EAP Services

