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HEALTH SERVICE BOARD MEETING:
FINANCE AND BUDGET COMMITTEE

Minutes

Thursday February 13, 2020, 11:00 a.m.
Wellness Center Conference Room, 1st Floor
1145 Market Street
San Francisco, CA 94103

1. CALL TO ORDER: 11:00 am

2. ROLL CALL

Committee Chair, Wilfred Lim – Present
Committee Member, Stephen Follansbee - Present

3. APPROVAL OF SAN FRANCISCO HEALTH SERVICE SYSTEM FISCAL YEAR 2020-2021 and FISCAL YEAR 2021-2022 PROPOSED GENERAL FUND ADMINISTRATION BUDGET: (Action)

DOCUMENTS ATTACHED: The General Fund Budget memorandum is located on the SFHSS website at: <https://bit.ly/3cwEXzC>

The General Funded Budget presentation is located on the SFHSS website at: <https://bit.ly/32U79rU>

Pamela Levin, Chief Financial Officer, presented the slides to the Committee and the content of the presentation include the following items:

- Summary of the Mayor’s Budget Instructions
- Summary of the General Fund Budget Revenues and Expenditures
- Summary of the General Fund Budget Position funding
- Summary of Expenditures to meet the Mayor’s Office reduction Targets
- Summary of the Contracts Reductions to meet the Mayor’s Office targets
- Impact of Budget Reductions on Contractual Obligations
- Requests to be Submitted to the Mayor’s Office for Additional Funding

Committee Member Follansbee asked if the City Attorney work order decrease was made because the services are made as a “fee for service or a negotiated fee.” Ms. Levin stated that the City Attorney work orders are paid by the hour, and the total decrease was small in terms of the total hours worked by the City Attorney. Ms. Levin is confident that all of SFHSS’ bills will be paid in total at the end of the year.

Committee Member Follansbee also asked about if the staff's salary totals are capped when the staff has reached the top end of their salary scale. Committee Member Follansbee shared his concerns that there may not be any ability to help staff move into new titles or salary steps if the budget is reflecting the total salaries with some staff topping out to of their range.

Ms. Levin noted that the budget is calculated with the projections of all positions, with the total amount of the salaries calculated with maximum salary levels included. Executive Director Yant noted that SFHSS management does not have any impact on salary steps where the staff is required to have an increase in salary as they are outlined in every MOUS.

Committee Member Follansbee asked if the budget line noted as "EAP textbooks" are hard copy textbooks or are they available in digital copy. Executive Director Yant clarified that the manuals are not for the EAP staff. The textbooks are materials used in EAP training across City Agencies. Executive Director Yant stated that the EAP team could investigate the option of utilizing digital textbooks rather than hard copy books for these services.

Committee Chair Lim asked about the Well-Being Grants reduction and the reason for this budget cut. Ms. Levin noted that SFHSS has limited areas to make any cuts. She also stated that the Well-Being Grants fall into the "Contract Reduction" category rather than Workorders based on the time of the year that Well-Being grants are distributed. Ms. Levin stated this budget cut would be part of the additional funding request to the Mayor's Budget Office. This request is expected to be accepted, and the total amount of the Grants will be reinstated to its full amount before the budget cuts.

PUBLIC COMMENT: None.

ACTION: The Finance and Budget Committee unanimously approved the General Administration Fund budget as presented and asked that it be presented to the Full Board for their review and approval.

4. APPROVAL OF SAN FRANCISCO HEALTH SERVICE SYSTEM FISCAL YEAR 2020-2021 and FISCAL YEAR 2021-2022 BUDGET FOR THE HEALTHCARE SUSTAINABILITY FUND: (Action)

DOCUMENTS ATTACHED: The Healthcare Sustainability Fund memorandum is located on the SFHSS website at: <https://bit.ly/3csWRmJ>

The Healthcare Sustainability Fund presentation is located on the SFHSS website at: <https://bit.ly/2Iq5EdU>

Pamela Levin, presented the Healthcare Sustainability Budget (also known as the \$3.00 budget) to the Committee, and in her presentation, she covered the following content:

- Historical Summary and Context of the Healthcare Sustainability Fund
- Annual Expenditures
- One-Time Expenditures
- Budget Highlights

Committee Member Follansbee asked why SFHSS increased the over-time and how the fund is used. Ms. Levin noted that as the San Francisco City Charter mandates, this fund is used for Well-Being activities that are provided to all SFHSS members, SFHSS communications, and initiatives that reduce the cost of healthcare. This budget is not a source of last resort for required funding. The funds in this budget are for services provided to all SFHSS members.

Ms. Levin noted that the activities supported by the Healthcare Sustainability Fund must benefit all SFHSS membership, whereas the General Fund is for the operations of the department. Committee Member Follansbee shared his appreciation for clarifying this purpose of the member contribution and its outcome for the members who want to see what they are paying into in terms of services.

Committee Member Follansbee stated that his concern is that the next increase in member contribution needs to be extremely desirable to the membership and the members must understand why there was an increase. Executive Director Yant agreed that there needs to be a definite purpose and reason for a proposed member contribution increase, and that was why Ms. Levin presented a ten-year outline of the Fund including projections for the next four years. Through the chart, the Commissioners could see what is expected in terms of revenue and spend. Ms. Levin assured the Committee that the Executive Team would review the next proposed increase.

PUBLIC COMMENT: None.

ACTION: The Finance and Budget Committee unanimously approved the General Administration Fund budget as presented and asked that it be presented to the Full Board for their review and approval.

5. NON-MEDICARE HEALTH PLAN RATING METHODOLOGY PRESENTATION: (Discussion)

DOCUMENTS ATTACHED: The Non-Medicare Health Plan Rating Methodology Presentation is located on the SFHSS website at: <https://bit.ly/2x5NHwd>

Mike Clarke, Aon, presented the Non-Medicare Health Plan Rating Methodology slides to the Finance and Budget Committee. The slides included the following sections:

- Calculation methodology for San Francisco Health Service System (SFHSS) health care plan “total cost rates” calculations:
 - Self-funded/flex-funded plan rates: developed by Aon
 - Fully insured plan rates: developed by health plans and setting employer and member health plan contributions
- Next steps in rating methodology—assessing health plan rate relationships across SFHSS-provided non-Medicare plans and dependent coverage tiers
- Review Historical Context and Current State in Non-Medicare Plan Rating
- Review why rate ratios across dependent coverage tiers vary across SFHSS offered plans
- Discuss how that impacts what active employees and early retirees pay for their member contributions today
- Understand the impact each of the employer contribution portions of the City Charter has on what members pay in contributions for a given health plan

Executive Director Yant stated that the purpose of this presentation is to help inform the Commissioners of the rating process, in a more full view before the Medicare Health plan renewals are presented. This is also the Board’s fiduciary responsibility to understand part of the analytics that drive rates. Mr. Clarke noted that as SFHSS begins to hold dialogue for a potential Request for Proposal of medical plans there are key differences in each plan, particularly in the rating methodologies. Mr. Clarke noted that having the rating methodology understanding will help the Board and the public understand what is possible, why it is possible and what may come into fruition once the 2021 Request for proposal cycle is completed.

Committee Member Follansbee asked if this Educational Forum with the presentation of the Rating Methodology will help SFHSS and the Board members narrow down who will be eligible to apply for the contracts during the RFO process. Mr. Clarke noted that at this time there is not a consistent rating model for the plans that SFHSS currently contracts with. Mr. Clarke stated that he would like to see more consistent application of how rating factors are created and applied across plans.

Committee Member Follansbee noted that there is a common sense thought that “if I pay more for my plan the services must be better” however with this presentation we can help set standards of health plans that monitor a variety of stipulations to increase the quality of care across all plans.

Executive Director Yant, Committee Chair Lim and Committee Member all agreed that this presentation should be presented to the full Board during an Educational Forum on March 26, 2020. Executive Director Yant also asked if the Aon team may be able to present the completed presentation to Committee Member Follansbee prior to the full Board to receive his insight and feedback on the presentation.

PUBLIC COMMENT: None.

6. OPPORTUNITY FOR THE PUBLIC TO COMMENT ON MATTERS WITHIN THE BOARD’S JURISDICTION: (Discussion)

PUBLIC COMMENT: None.

7. OPPORTUNITY TO PLACE ITEMS WITHIN THE BOARD’S JURISDICTION ON FUTURE AGENDAS: (Discussion)

PUBLIC COMMENT: None.

8. ADJOURNMENT: 12:15pm

Summary of Health Service Board Rules Regarding Public Comment

- Speakers are urged to fill out a speaker card in advance but may remain anonymous if so desired.
- A member of the public has up to three (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.

Health Service Board and Health Service System Web Site: <http://www.myhss.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.

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 (415) 554-1727 or email Natalie.Ekberg@sfgov.org.

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

Health Service Board telephone number: (415) 554-1727.