

MEMORANDUM

DATE: February 12, 2026

TO: Mary Hao, President, and Members of the Health Service Board

FROM: Rey Guillen, SFHSS Executive Director

RE: February 12, 2026, Director's Report

ANNUAL COMPLIANCE AND AUDIT UPDATE (see attachment)

SFHSS is pleased to report no significant findings on audits completed during Plan Year 2025. The attached memo addresses the Audit Plan for Plan Year 2026. SFHSS has also completed the inventory of compliance requirements.

BLACK-OUT PERIODS CONTINUE (see attachments)

1. Black-Out Period notification to the Health Service Board began on August 14, 2025, and extends through both:
 - The completion of the San Francisco Health Service System ("SFHSS") formal request for proposal for COBRA, Healthcare Flexible Spending Account (FSA), Dependent Care Spending Account (DCSA), and AB 528 administration, and the presentation of the results of this 2026-2027 COBRA, FSA, DCSA & AB 528 RFP to the Board, and
 - The completion of the SFHSS Annual Rates and Benefits process for the 2027 plan year.

During this time, Board members are prohibited from unauthorized communications and other prohibited activities in connection with the 2026-2027 COBRA, FSA, DCSA & AB 528 RFP through the annual SFHSS Rates and Benefits process for plan year 2027.

2. Black-Out Period notification to the Health Service Board began November 13, 2025, and extend through both:
 - The completion of the San Francisco Health Service System ("SFHSS") formal request for proposal for the Active (non-Retiree) Administrative Services Only PPO (ASO-PPO) Dental plan administration beginning Plan Year 2027 (the "Active ASO-PPO Dental RFP") and the presentation of the results and SFHSS recommendation to the Board, and
 - The completion of the SFHSS Annual Rates and Benefits process for the 2027 plan year.

During this time, Board members are prohibited from unauthorized communications and other prohibited activities in connection with Active ASO-PPO Dental RFP and the SFHSS Annual Rates and Benefits Process.

FOLLOW-UP FROM THE PRIOR HEALTH SERVICE BOARD REGULAR MEETING

Public Comment:

During the Public Comment section of the January 8th, 2026, regular Health Service Board (HSB) meeting, several attendees addressed the denial of a prior authorization request related to medical services for retired San Francisco firefighter, Kenneth Jones. Mr. Jones is covered under the San Francisco Health Service System's (SFHSS) Medicare Advantage with Prescription Drug (MAPD) PPO plan which Blue Shield of California began administering effective January 1st of 2025.

Generally, due to HIPAA privacy regulations, plan providers, including Blue Shield and Kaiser Permanente, cannot share with SFHSS any information regarding a specific member's medical care, received or denied. However, we were able to obtain a special HIPAA release of information from Mr. Jones so that we were able to review the denials in question.

Below is a summary of findings of Mr. Jones' case:

- 10 medications were submitted for prior authorization by Mr. Jones' provider.
- 7 of these medications were immediately approved.
- 3 were denied because they have not been approved by the FDA and Medicare has not approved them for an off-label use to treat Mr. Jones' specific condition.
- All Medicare Advantage plans must follow the rules set forth by the Centers for Medicare and Medicaid Services (CMS) or face CMS imposed penalties, up to termination of the plan.

Any time a MAPD member has a pre-authorization request denied by his/her health plan, the member or their medical provider can appeal the denial by requesting a review by an Independent Review Entity (IRE) who works for Medicare, not the insurance plan. In this case, Maximus, the assigned IRE, upheld the denial for the previously stated reasons.

After reviewing Mr. Jones' case, we determined that Blue Shield did not withhold appropriate care. Denials resulting from lack of medical necessity or FDA approval for the specific medical condition would have occurred with any Medicare Advantage plan regardless of whether the plan was administered by UnitedHealthcare or Blue Shield.

On January 29th, 2026, the department received a Letter of Inquiry from the offices of Supervisor Dorsey and Supervisor Chan pertaining to this same issue where they requested information regarding medical coverage denials to City and County of San Francisco personnel. I submitted a response to the Clerk of the Board of Supervisors on February 11, 2026, based on the research and findings I've shared with the HSB on this case.

Update on Skilled Nursing Facility (SNF):

During the Public Comment section of the January 8th, 2026, regular Health Service Board (HSB) meeting, a member expressed the importance for SFHSS retirees to have access to Laguna Honda Hospital & Rehabilitation Center for skilled nursing care. SFHSS was contacted by Tangerine Brigham, the Deputy Director/Chief Operating and Strategy Officer for the San

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Francisco Health Network (SFHN) in the SF Department of Public Health. SFHN is comprised of Laguna Honda Hospital & Rehabilitation Center, Zuckerberg San Francisco General Hospital, and Ambulatory Care. Deputy Director Brigham is exploring options on how Laguna Honda Hospital & Rehabilitation Center can accept SFHSS members. SFHSS assisted in connecting Deputy Director Brigham with Blue Shield's Provider Contracting Specialist for Network and Provider Management—Northern California.

Commissioner Request:

At the January 8, 2026 Health Service Board meeting, Commissioner Wilson asked health plan representatives to report on what types of patient or family-facing information plans supply on vaccination to both encourage the upkeep of recommendations and to help with the confusion that's out there for patients and families. All carriers have confirmed alignment with California law and California Department of Public Health (CDPH) recommendations on vaccine coverage. They are all actively using their communication channels (websites, campaigns, provider updates, and call-center scripts) to reinforce coverage of state-recommended vaccines and provide member-facing information that encourages vaccine usage and reduces confusion about changing guidelines.

SAN FRANCISCO HEALTH SERVICE SYSTEM DIVISION REPORTS: February 2026

PERSONNEL UPDATES (see attachment)

Resignation:

- 1210 Benefits Analyst - Permanent Civil Service (PCS) Lisa Brown Kang to DPH effective 1/31/2026

Recruitments:

Information Systems division:

- 0931 Information Systems Manager - Sumy Nair start day for payroll purposes 2/28/2026, and first workday 3/2/2026

Member Services division:

- 1209 Benefits Technician - Temporary Exempt (TEX) filling Henry Cornejo's vacancy. Finalist Su Min Lin start date 2/17/2026
- 1210 Benefits Analyst position - Permanent Civil Service (PCS) filling Lisa Brown Kang vacancy. Job analysis being reviewed for submission of requisition to hire.
- 1813 Senior Benefits Analyst Position - Permanent Civil Service (PCS) vacancy of Sonali Shenoy. Interviews are planned for the second week of March.

OPERATIONS: (see attachment)

FINANCE AND BUDGET:

- FY26-27 and FY 27-28 budget cycle in progress at the Health Service Board approval.

CONTRACTS:

- Ongoing administration of the Request for Proposals (RFP) for Flexible Spending Account (FSA), Dependent Care Spending Account (DCSA), and COBRA services.
 - SFHSS expects to present the staff recommendation to the Health Service Board (HSB) in March 2026.

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- Ongoing administration of the Request for Proposals (RFP) for a self-funded Active Dental PPO plan (ASO-PPO) with benefits beginning January 1, 2027.
 - SFHSS expects to present the staff recommendation to the Health Service Board (HSB) in May 2026.

WELL-BEING: (see attachment)

- Executed a Well-Being@Work Key Player Training on the topic of Your Health by the Numbers with 64 in attendance.
- In 2025, 83% of 111 Critical Incident Responses were for first responder departments.
- 79% increase in EAP cases from 72 cases in November to 129 cases in December. There were 3 CIR in December.
- The SFHSS EAP Counselors provided 2,166 services to city employees for 2025.

ATTACHMENTS:

- Annual Compliance and Audit Update
- Blackout Notice through June 2026 - COBRA, FSA, DCSA & AB528
- Blackout Notice through June 2026 RFP Dental
- Personnel - SFHSS Org Chart
- Operations Monthly Dashboards for January
- Well-Being Monthly Dashboards for January

SAN FRANCISCO HEALTH SERVICE SYSTEM

DATE: February 12, 2026

TO: Members of the Health Service Board

FROM: Teresa Tan, SFHSS Chief Financial and Affordability Officer

SUBJECT: Annual Compliance and Audit Update

The status of the 2024 and 2025 audits and the proposed 2026 audit plan are presented below. The audit plan is based on a rotating schedule of audits to cover key risk areas along with the annual compliance audit of the Health Benefit Trust.

2024 Plan

- Financial Audit of the Health Benefit Trust completed in November 2024
- Blue Shield PPO Mental Health Parity - Quantitative Treatment Limits. This audit is required by federal regulations every 3 years. The Blue Shield HMO plan compliance is covered by the health plan – expected report in February 2026
- High-cost medical claim audit for Blue Shield plans – report issued in May 2025.

2025 Plan

- Financial Audit of the Health Benefit Trust completed in November 2025
- BSC MA implementation audit completed in April 2025
- Pre-implementation for Life and LTD – expected completion by end of Feb 2026
- Rotating audits
 - Blue Shield Pharmacy
 - Rebates – in communication with Blue Shield and AON
 - Waste and false claims - expected completion by end of Feb 2026

2026 Plan

- Financial Audit of the Health Benefit Trust to be completed in November 2026
- BlueShield Due Diligence and/or Targeted Claim Audits

MEMORANDUM

DATE: August 14, 2025
TO: Mary Hao, President, and Members of the Health Service Board
FROM: Rey Guillen, Executive Director, SFHSS
RE: Black-Out Period Notice, August 14, 2025 through June 2026

This memorandum shall serve as the Black-Out Period notification to the Health Service Board (“Board”) that will begin today, August 14, 2025, and extend through the completion of the San Francisco Health Service System (“SFHSS”) formal request for proposal for COBRA, Healthcare Flexible Spending Account (FSA), Dependent Care Spending Account (DCSA) and AB 528 administration and the presentation of the results of this 2026-2027 COBRA, FSA, DCSA & AB 528 RFP to the Board.

During this time, Board members are prohibited from unauthorized communications and other prohibited activities in connection with the 2026-2027 COBRA, FSA, DCSA & AB 528 RFP.

Pursuant to the [Board's Policies](#) (page p. 46 “External Communications – Service Providers”, p. 48 “Black-Out Periods”, p. 49 “Contracts”), the Board must be notified of the start of this Black-Out Period prior to the release of any solicitation for the selection of a primary service provider, as well as prior to the beginning of the annual SFHSS Rates and Benefits process. Such notice is now given.

During this Black-Out Period, Board members are prohibited from any communications or activities with current or potential future service providers or their representatives, agents, employees, or officers on matters relating to SFHSS competitive bid processes for the selection of the service providers for life and disability benefits, including, but not limited to, COBRA, Healthcare Flexible Spending Account (FSA), Dependent Care Spending Account (DCSA) and AB 528 administration and/or the 2026-2027 COBRA, FSA, DCSA & AB 528 RFP (collectively, “Unauthorized RFP Communications and Other Prohibited Activities”), except for communications related to SFHSS matters occurring during public meetings of the Board, the Board of Supervisors, or committees thereof.

Unauthorized RFP Communications and Other Prohibited Activities include communications and activities prohibited by state and local laws related to conflicts of interest, including Section 15.103 of the City's Charter, Article III (Conduct of Government Officials and Employees), Chapter 2 (Conflict of Interest and Other Prohibited Activities) of City's Campaign and Governmental Conduct Code, Section 1.126 of the San Francisco Campaign and Governmental Conduct Code (Campaign Reform Ordinance), and Section 87100 *et seq.* and Section 1090 *et seq.* of the Government Code of the State of California.

Communications and activities include face-to-face conversations, conversations through one or more third parties or intermediaries, telephone conversations, emails, text messages, letters, faxes, or any other social media, written or electronic communications.

Any communications with current or potential future service providers for reasons unrelated to SFHSS during this period must be immediately disclosed in writing to the Executive Director and the Board.

CC: Members, Health Service Board
Members, San Francisco Board of Supervisors
Jennifer Donnellan, City Attorney

MEMORANDUM

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Pursuant to the [Board's Policies](#) (Governance Policies and Terms of Reference, p. 46 “External Communications – Service Providers”, p. 48 “Black-Out Periods”, p. 49 “Contracts” and section 207: SFHSS Service Provider and Vendor Selection Policy), the Board must be notified of the start of this Black-Out Period prior to the release of any solicitation for the selection of a primary service provider, as well as prior to the beginning of the annual SFHSS Rates and Benefits process. Such notice is now given.

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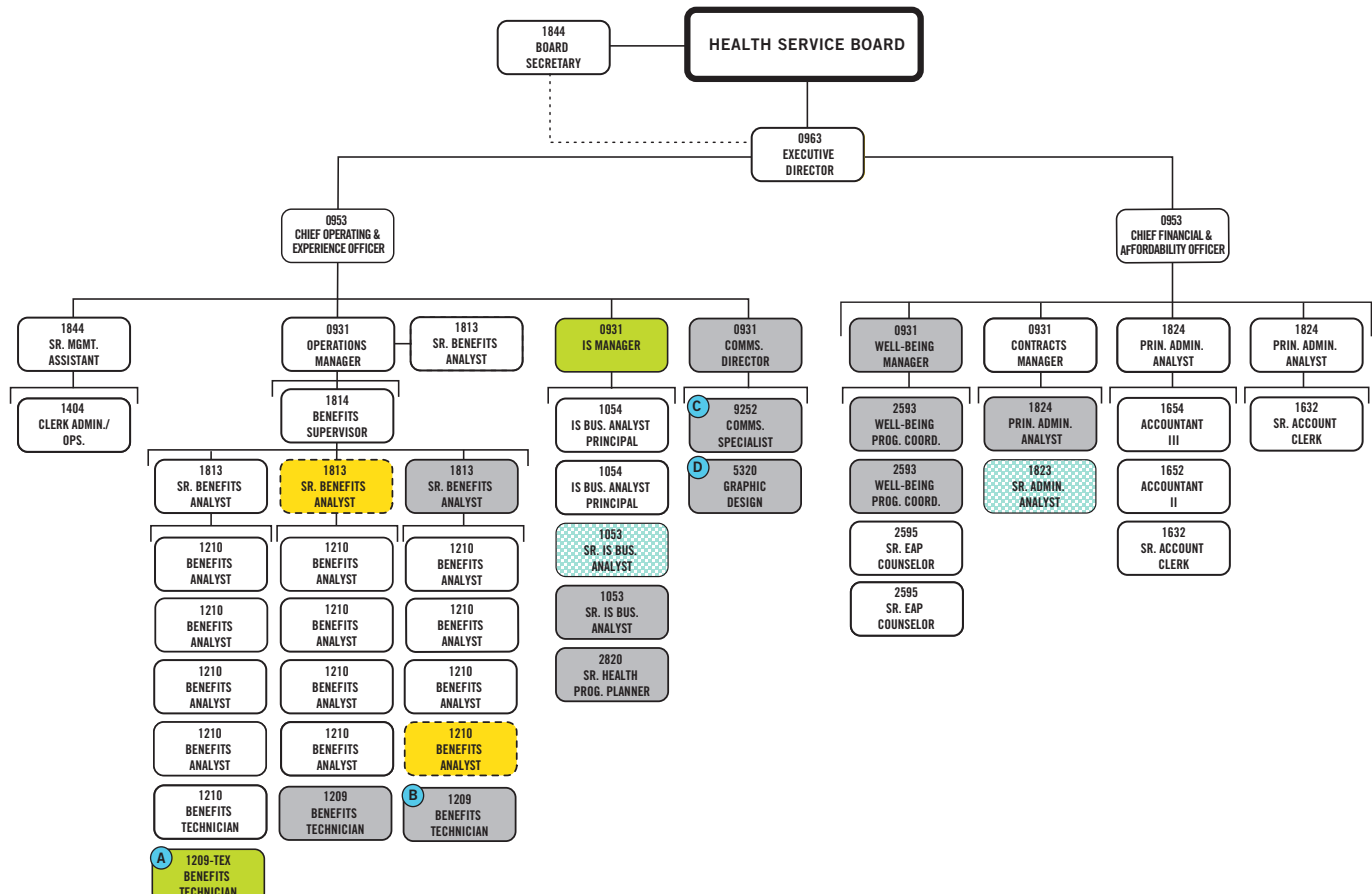
CC: Members, Health Service Board

1145 Market Street, 3rd Floor, San Francisco, CA 94103 | (415) 554-1750 or (800) 541-2266 Fax: (415) 554-1721 | sfhss.org

Members, San Francisco Board of Supervisors
Jennifer Donnellan, City Attorney

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HEALTH SERVICE SYSTEM

Organizational Chart – Recruitable Budgeted Positions



LEGEND

RECENTLY HIRED/
PROMOTED

ACTIVELY
RECRUITING

POSITIONS 100%
CHARGED TO TRUST

POSITIONS PARTIALLY
CHARGED TO TRUST

VACANT

2.6.2026
SFHSS.ORG

BUDGETED POSITIONS FILLED BY DIFFERENT WORKING CLASS

- A** 1210 Benefits Analysts filled by 1209-TEX Benefits Technician
- B** 1210 Benefits Analyst filled by 1209 Benefits Technician
- C** 0923 Manager II filled by 9252 Communications Specialist
- D** 2822 Health Educator filled by 5320 Graphic Designer

Operations Dashboard

Health Service Board Meeting • February 12, 2026

Reporting: January 2026

Operations Dashboard for the Month of January 2026

Call Center Support

Call Volume



2103
calls handled
January 2025

1667
calls handled
January 2026

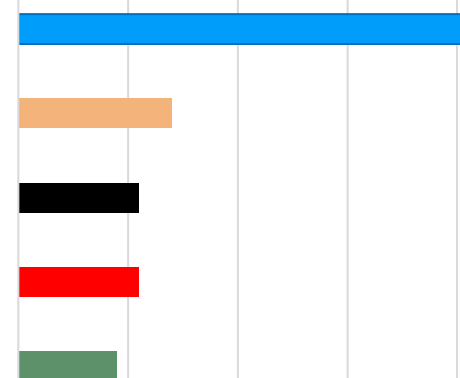
Call Drivers Metrics



Eligibility or Enrollment
Benefits
General Information
Payments-Refunds-Deduction
Retiree

% Call Drivers

0% 10% 20% 30% 40% 50%



Average Speed to Answer

Goal: <3 minutes

Abandonment Rate

Goal: <10%

Average Handle Time

Goal: <10 min

First Contact Resolution

Goal: >75%



14 min 33 secs
January 2025

13 min 35 secs
January 2026



28.95%
January 2025

42.18%
January 2026



6.51 min
January 2025

6.51 min
January 2026



74%
January 2025

76%
January 2026

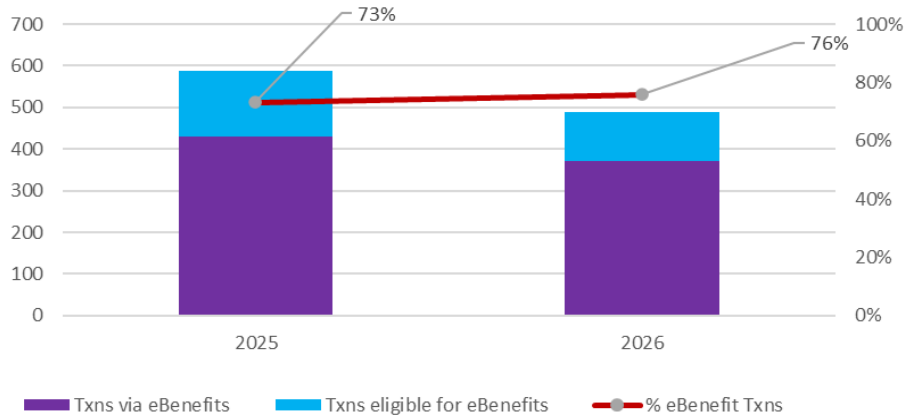
Webex data collection was refined in January 2025. *Calls handled no longer includes, dropped calls by the system or calls sent to voicemail. **Abandoned calls includes only calls dropped by members after they enter their final queue. ***Call handle time no longer includes waiting time in the queue. Call handle time includes only the time on the call with an agent.

Operations Dashboard for the Month of January 2026

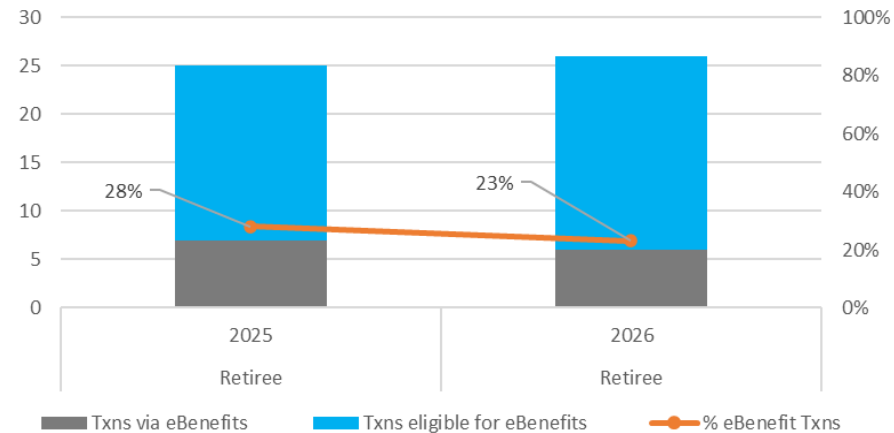
Transactions



eBenefits Transactions Actives



eBenefits Transactions Retirees

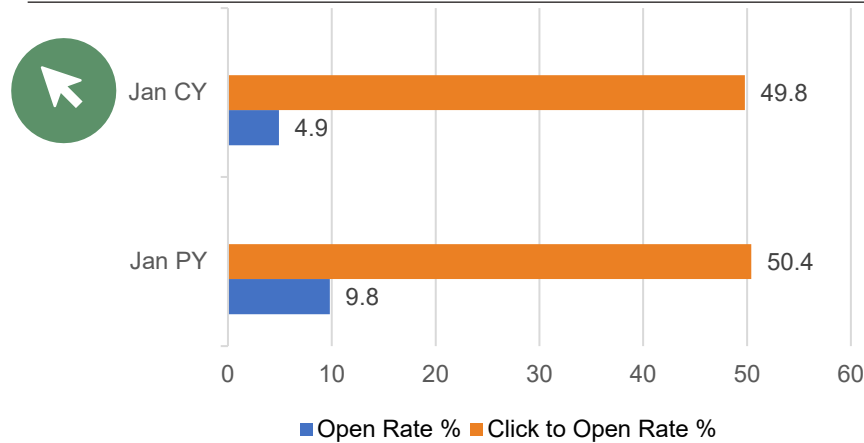


Communications Dashboard for the Month of January 2026

Member Engagement

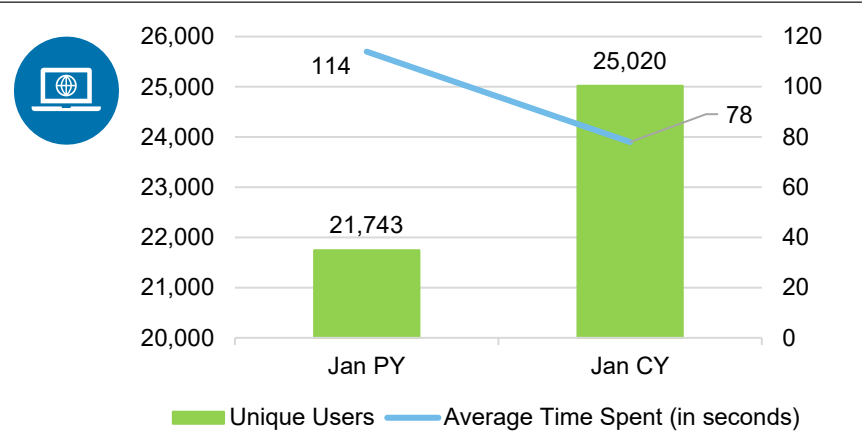
HSS Newsletter Engagement

Goal: >50% Open Rate / 6% Click to Open Rate

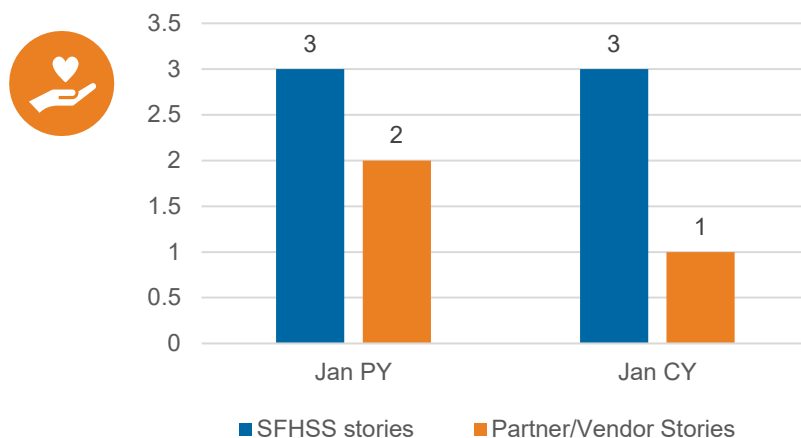


SFHSS Website Engagement

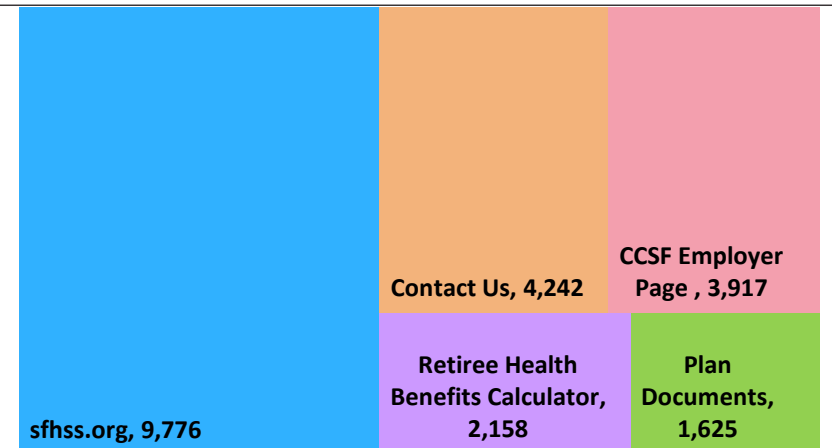
Goal: >100 seconds



Preventive Care Communications **Goal: > 3**



Top Visited Pages on sfhss.org



Well-Being Dashboard

Health Service Board Meeting – February 12, 2025

(Reporting: 2025 and January 2026)

Well-Being

Well-Being@Work Key Player Training

Your Health by the Numbers:

Scan Early, Stay Informed. Stay Well.

Thursday, January 22 from 11:00 am - 12:00 pm

Training Description:

This training introduces the 2026 Your Health by the Numbers campaign, designed to empower employees and retirees to take charge of their health through preventive screenings and engagement in wellness programs.

Training Objectives:

1. Understand the campaigns' purpose and goals.
2. Identify key components of biometric screenings.
3. Learn about wellness programs being offered.
4. Understand available communications to support department marketing.
5. Discover tips for a healthy lifestyle to share with employees.

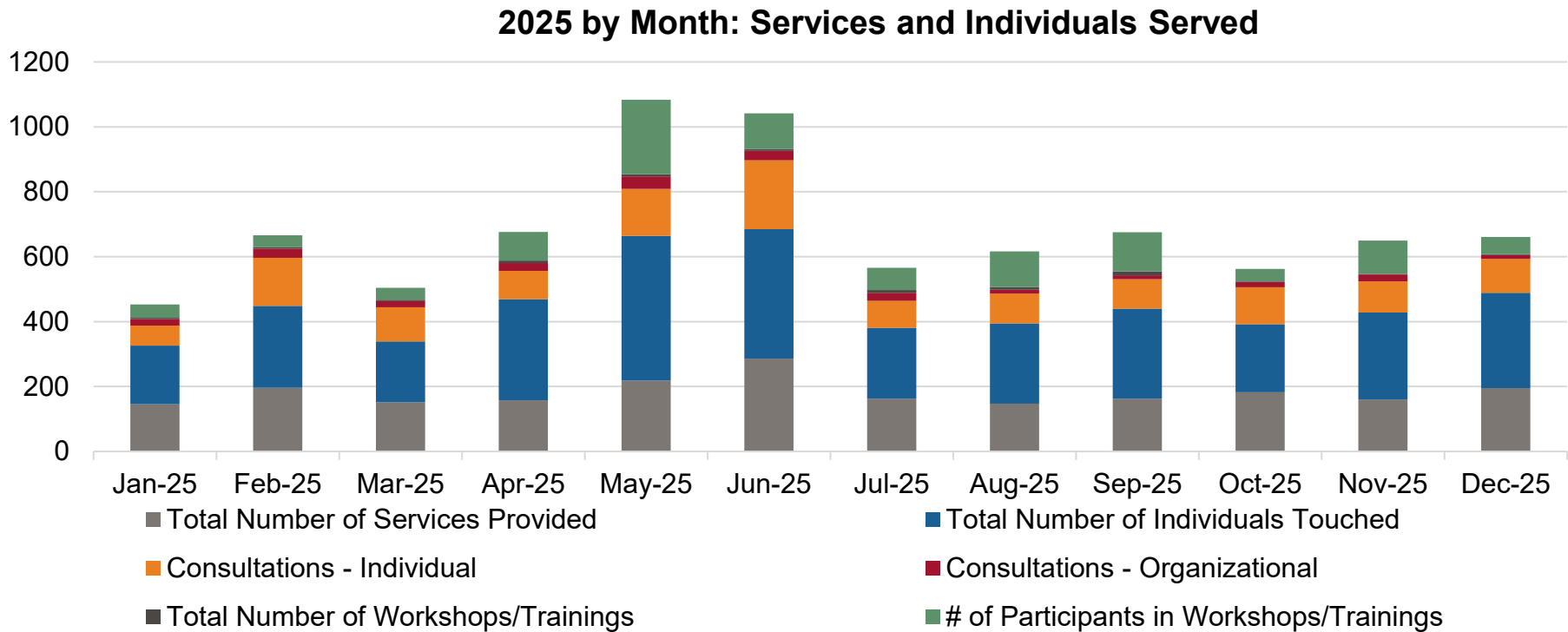
Attendance: 64



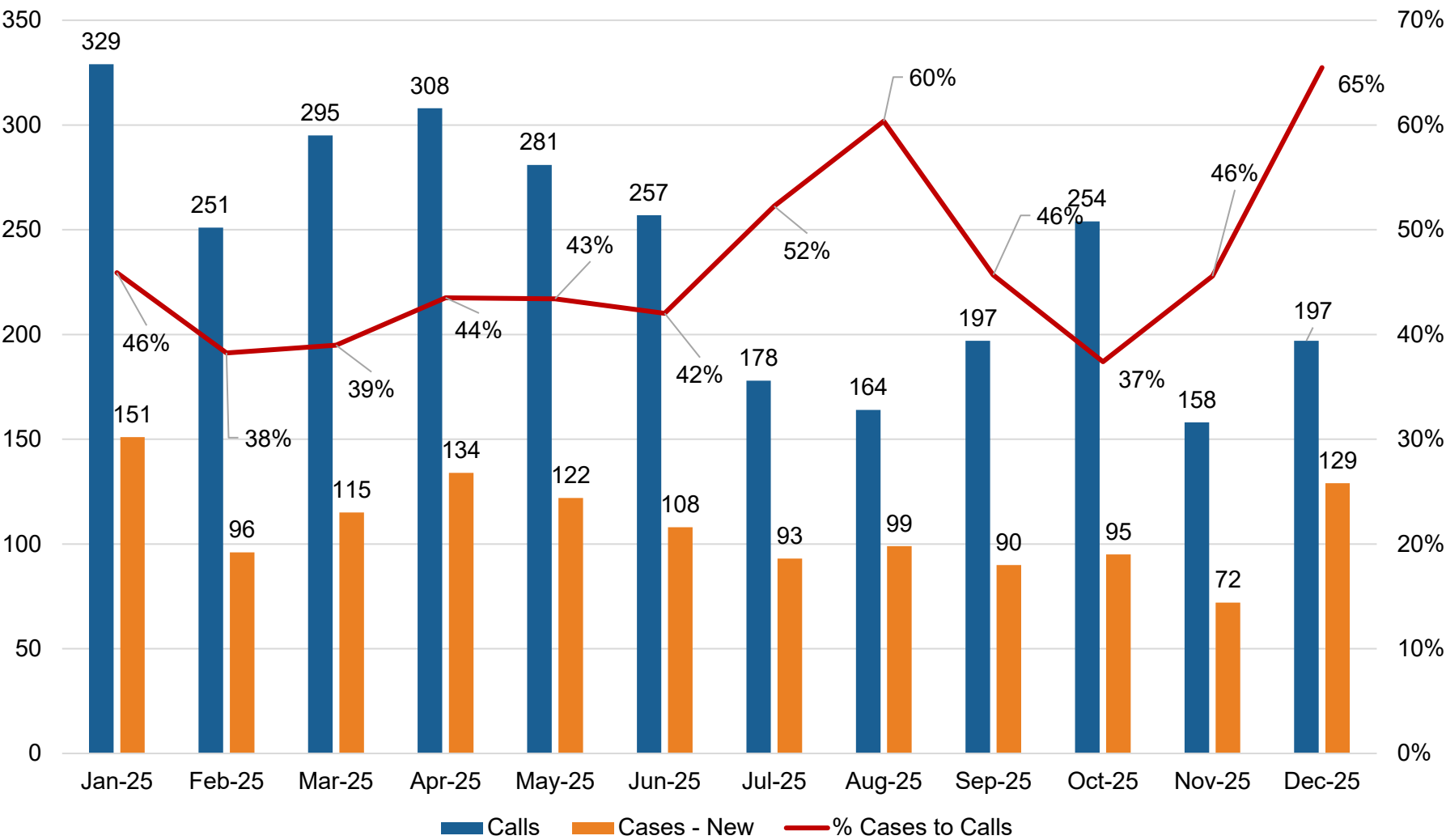
SFHSS Employee Assistance Program (EAP)

2025 Highlights:

- ✓ 2,166 services provided.
- ✓ 3,291 individuals engaged.
- ✓ 1,338 individual consultations.
- ✓ 256 leadership consultations provided.
- ✓ 64 trainings/workshops provided serving 879 individuals.



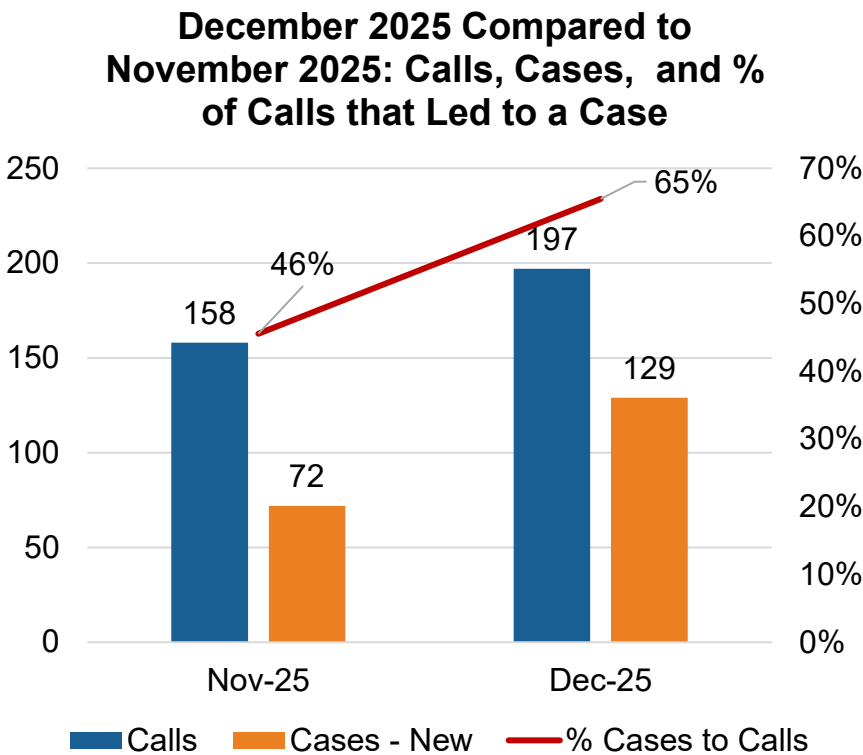
Calls/Cases: 12-Month Period - Internal & External EAP



DECEMBER: Calls/Cases - Internal & External EAP

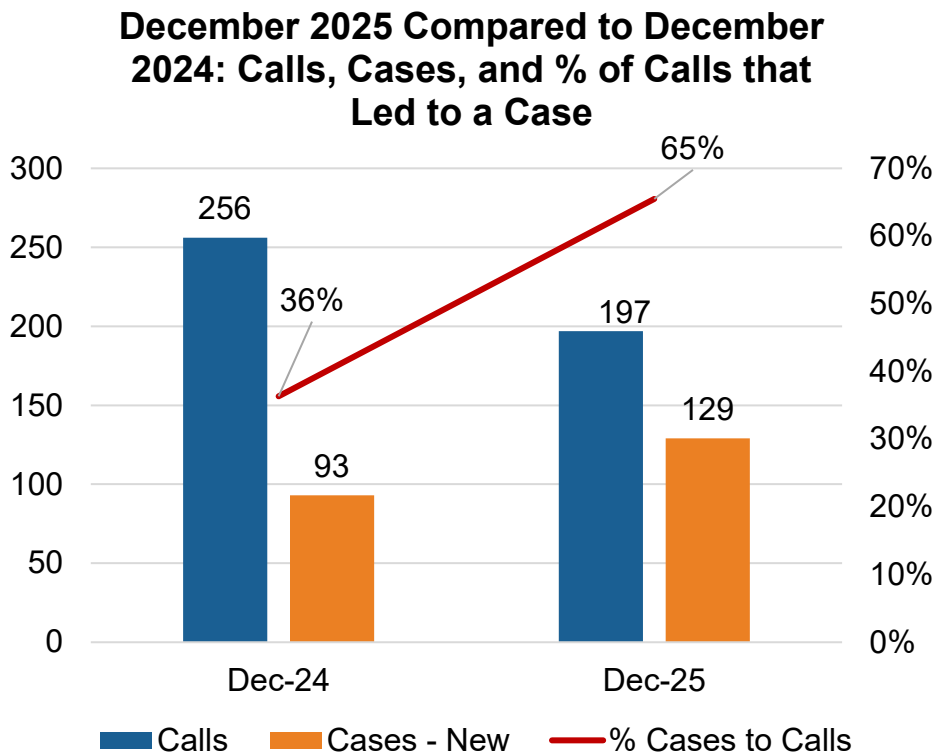
Highlights 2025

- ✓ 25% increase in calls and 79% increase in cases from November.

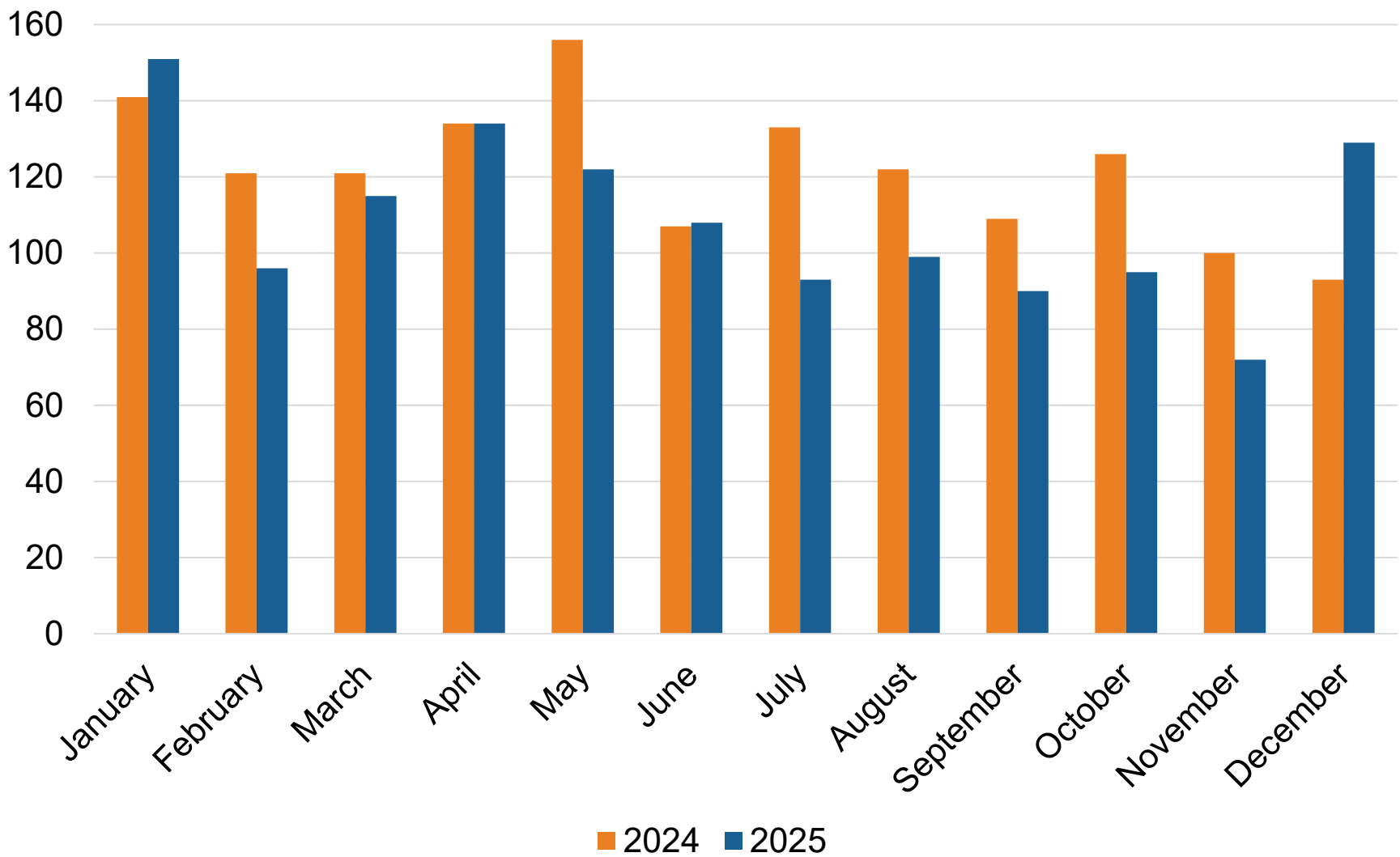


Highlights Year Over Year

- ✓ 23% decrease in calls and 39% increase in cases compared to the same month, prior year.



NEW Cases: Year Over Year - Internal & External EAP



Year Over Year: Critical Incidents

Highlights 2025

- ✓ 83% of all Critical Incident Response is within the first responder departments.
- ✓ 111 Critical Incident Responses in 2025.
- ✓ 698 Participation in Critical Incident Response.

