



HEALTH SERVICE BOARD

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<http://www.sfhss.org/>

HEALTH SERVICE BOARD

FINANCE AND BUDGET COMMITTEE

MEETING MINUTES **DRAFT**

Tuesday, January 20, 2026, 9:30 a.m.
City Hall, Room 408
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

and

VIRTUAL PRESENTATION BY WebEx

Remote Meeting Access

The Health Service Board welcomes public participation during public comment periods. There will be an opportunity for the public to comment at the beginning of the meeting and on each discussion or action item on the agenda. Each comment is limited to 3 minutes, and the Chair may, at their discretion, limit public comment to less than 3 minutes per member of the public. For those attending remotely, the Commission will hear up to 30 minutes of remote public comment total for each agenda item. Remote public comment from people who have received an accommodation due to disability will not count toward the 30-minute limit. Remote viewing may not be available due to technology outages.

Watch at 1:00 p.m. on January 20, 2026 (via SFGovTV schedule)

Click the link to join the meeting – [January 20, 2026 HSB Finance and Budget Committee Meeting WebEx link](#)

Public Comment Call-In: 415-655-0001 / Access Code: 2662 113 4394 Webinar Password: 1145

Listening to the meeting via phone

1. Dial into **415-655-0001** and then enter **access code** 2662 113 4394#, then # again
2. Press *3 to enter the Public Comment queue, and you will hear the prompt, "You have raised your hand to ask a question; please wait to speak until the host calls on you." When the system message says, "Your line has been unmuted," - **THIS IS YOUR TIME TO SPEAK**.
3. You will be muted when your time to speak has expired.

Watching the meeting on WebEx

1. Join via hyperlink [January 20, 2026 HSB Finance and Budget Committee Meeting WebEx link](#)
2. Webinar Password: 1145
3. **Click on the Raise Hand Icon** to be placed in the queue to speak. A raised hand will appear next to your name. When you are unmuted in the system, a request to unmute will appear on your screen, please select unmute to speak.
4. When you are unmuted in the system, a request to unmute will appear on your screen, please select unmute to speak. Once you hear me say "Welcome Caller," you can begin speaking.
5. When your time has expired, you will be muted. Please click on the Raise Hand Icon to lower your hand.

Members of the public are encouraged to state their name clearly, although you may remain anonymous. You will hear an audible warning when you have 30 seconds remaining. When your 3 minutes have ended, you will be placed back on mute.

Best Practices when Calling in for Public Comment:

- Call from a quiet location
- Speak slowly and clearly
- Turn down any televisions or radios around you
- Address the Commission as a whole; do not address individual Commissioners

Written Public Comment

Persons unable to attend the meeting may submit written public comments regarding an agenda item. These comments will be made part of the official public record and shall be brought to the attention of the Health Service Board. Written public comments expected to be part of the official record should be submitted to the Board email, health.service.board@sfgov.org and **received by 4 p.m. on Monday, January 19, 2026**, before the meeting. Members can also call 628-652-4646 with any questions.

All comments received by the deadline will be forwarded to Board members, and the Board Secretary will note on the record during the specific agenda item that the Board received written public comment on that item and will include that note in the meeting minutes. In the body of your email, indicate the meeting date and the particular agenda item number. If you do not specify an agenda item, your emailed public comment will be read under general comment.

1. **CALL TO ORDER:** 9:30 a.m.

2. **ROLL CALL:**

Chair Art Howard- Present
Commissioner John Cremen- Present
Commissioner Gus Vallejo- Present

3. **GENERAL PUBLIC COMMENT - This is an opportunity for members of the public to comment on any matter within the Board's jurisdiction that is not on the agenda, including requesting that the Board place a matter on a future agenda.**

PUBLIC COMMENT: None

4. **PROPOSED SAN FRANCISCO HEALTH SERVICE SYSTEM GENERAL FUND BUDGET FISCAL YEARS 2026-27 AND 2027-28 FOR MAYOR'S BUDGET OFFICE SUBMISSION: (Action)**

[See pdf of the January 20, 2026 Proposed SFHSS GF Budget FY26 27 and FY 27 28](#)

Teresa Tan, SFHSS Chief Financial and Affordability Officer, presented the following items:

- Today's Recommendation for Committee Action
- SFHSS Budget Overview and Challenges
- Mayor's Budget Instructions to Departments
- Current SFHSS Fiscal Year 2025-26 Budget
- SFHSS Budget Submission Approach
- SFHSS Programs and Services
- Proposed SFHSS General Fund (GF) Budget for FY 2026-27 and FY 2027-28
 - Proposed GF Changes
 - Proposed GF Budget
 - Proposed GF Budget FTEs by Division
- Summary of Key Changes to the Proposed GF Changes
- Today's Recommendation for Committee Action

Commissioner Cremen asked how much strain the department would face from losing the 2820 Senior Healthcare Program position. Teresa Tan explained that the loss would amount to 2,080 hours of work and noted that the department was considering how to manage its administrative workload, including responsibilities tied to the multi-region Kaiser plan and the dependent eligibility verification audit (DEVA).

Executive Director Guillen concluded that the department would need to find ways to compensate for the lost staff hours. Executive Director Guillen added that over the past several years, the department's workload had increased due to a growing number of members and longer life expectancies. Despite this, staffing had been reduced year over year. Last year, after the Board approved the proposed budget, the Mayor's Office requested additional cuts, which included services to Aon, the department's actuary, as well as reductions to other contracts such as the Employee Assistance Program (EAP). The department had to move quickly to adjust to these changes. Director Rey Guillen explained that, to address gaps created by budget cuts, the department had to reassign positions last year. Some roles were moved into the Health Sustainability Fund, even though they did not fully align with the fund's charter, which specifies that positions should focus on reducing the overall cost of healthcare or providing wellness

services. Guillen noted that this reallocation was part of the alignment the department was proposing this year.

Executive Director Guillen stated that continuing the workload with one less Full Time Equivalent employee (FTE) would be challenging and would require difficult decisions. He indicated that the department might propose eliminating the Kaiser multi-region plan, noting that these plans were not simply added to the existing Kaiser contract but required separate agreements for each region. Each contract involved detailed administration, including explanation of benefits documents and other compliance requirements. Guillen emphasized that maintaining these services under current staffing constraints would be a significant struggle.

He also noted that the department would remove the DEVA from the budget because of limited staff but planned to propose a one-time City-wide DEVA as part of the Mayor's budget instructions. This initiative was estimated to cost about \$2 million but projected to save approximately \$5 million annually.

Commissioner Cremen explained that the reason for asking the question was concern about sustainability. Cremen stressed the need to either secure additional funding or identify solutions to help the Board maintain staffing levels. Executive Director Guillen emphasized that the challenge was City-wide, noting that finding \$400 million in savings for the city was daunting. He stated that the department was already operating "at the bone," with no further cuts possible without impacting operations. Guillen pointed out that the Board had seen the effects of year-over-year staff reductions, such as longer waiting times for members. With the loss of one position, the department would need to eliminate approximately 2,080 hours of services. While the initial cuts identified were chosen to minimize member impact, Guillen cautioned that this was not the full list and additional reductions would likely be necessary. He concluded that the department would present further proposed cuts during the regular rates and benefits process to recover those 2,080 hours. Commissioner Cremen stated that despite saving the city over \$60 million last year, the department received no recognition and continued to face repeated budget cuts.

Teresa Tan noted that the senior position eliminated had also been responsible for preparing demographic reports, which were typically due in April. As a result of the position's elimination, the department might not be able to provide this report this year. Executive Director Guillen added that the senior healthcare program planner had been part of the department's former Enterprise Systems and Analytics team, now called Information Systems. This role was critical for extracting data from internal systems to support decision-making and program administration, such as open enrollment communications and reports for the Health Services Board. Guillen emphasized that the former employee had been the key person performing these tasks. While the department would need to continue providing these services, Guillen indicated they were exploring automation options to reduce reliance on manual work. However, he acknowledged that the loss of this position would have a significant operational impact.

Commissioner Cremen asked if there are requirements to use Artificial Intelligence, if Health Service System is using AI and how departments gain funds for AI. Rin Coleridge explained that, like other city departments, the Health Service was in the early stages of evaluating AI use. Staff had used AI for drafting meeting minutes and correspondence but had not implemented it for answering member questions, as that required significant infrastructure and data libraries. Rin Coleridge added that the city had provided tools like Copilot and ChatGPT for tasks such as document drafting, research, translation, and meeting recording. Rin noted that more advanced

tools, such as chatbots, required costly licenses, and while the city explored enterprise agreements, departments still paid through work orders. Rin also mentioned an upcoming RFQ to enhance Salesforce tools for member communications, though these features also required additional licensing. When Cremen asked if every department needed its own AI resources, Rin clarified that resources varied by department and that city procurement focused on tools benefiting the entire city rather than specialized needs.

Commissioner Cremen moved to recommend the proposed San Francisco Health Service System General Fund Budget for Fiscal Years 2026-27 and 2027-28 for the Mayor's Budget Office (MBO) submission. Chair Howard seconded the motion

PUBLIC COMMENT: None

VOTE: Ayes: Cremen, Howard Noes: None

ACTION: The Health Service Board Budget and Finance Committee unanimously recommended the proposed San Francisco Health Service System General Fund Budget for Fiscal Years 2026-27 and 2027-28 for the Mayor's Budget Office (MBO) submission.

5. PROPOSED SAN FRANCISCO HEALTH SERVICE SYSTEM HEALTHCARE SUSTAINABILITY FUND BUDGET FISCAL YEARS 2026-27 AND 2027-28 FOR MAYOR'S BUDGET OFFICE SUBMISSION: (Action)

[See pdf of the January 20, 2026 Proposed SFHSS HSF Budget FY26 27 and FY 27 28](#)

Teresa Tan, SFHSS Chief Financial and Affordability Officer, presented the following items:

- Background and Today's Recommendation for Committee Action
- SFHSS Budget Overview and Challenges
- Current SFHSS Fiscal Year 2025-26 Budget
- SFHSS Budget Submission Approach
- Proposed SFHSS Healthcare Sustainability Fund (HSF) Budget for FY 2026-27 and FY 2027-28
 - Proposed Budget Changes
 - Proposed Budget by Division
 - Proposed Full-Time Equivalent (FTE) by Division
 - 5-year Projection
- Summary of Key Changes to the Proposed HSF Budget
- Today's Recommendation for Committee Action

Commissioner Cremen asked about postponing the Dependent Eligibility Verification Audit (DEVA) and recalled its prior success, requesting the savings figure. Executive Director Rey Guillen admitted not recalling the exact number but estimated that auditing the entire population could save about \$5 million annually, noting the pilot savings were significant. Executive Director Guillen explained that the audit required dedicated staff and pulling two-member staff off phone duties, which increased call-wait times despite successfully identifying ineligible members. Rin Coleridge added that two DEVA audits had been conducted: one in 2018 using an external vendor focused on spouses/domestic partners, saving \$2.8 million annually, and another in 2022 covering all dependents except Medicare populations, saving over \$85,000 annually for 634 audited members. Rin Coleridge emphasized that in-house audits were unsustainable and shared plans to propose a one-time DEVA using an external vendor, supported by a business case and recent vendor cost inquiries.

Commissioner Cremen emphasized the importance of investing resources to achieve long-term savings, acknowledging that hiring a subcontractor for the DEVA could be a worthwhile expense. Cremen expressed appreciation for the team's efforts and supported the recommendation to avoid shifting more positions from the General Fund to the Health Service Fund, noting concerns about sustainability.

Chair Howard asked for clarification on the memberships with the Pacific Business Group on Health (PBGH) and the Integrated Health Association (IHA). Executive Director Guillen explained that these were multi-employer benefit coalitions, with the Pacific Business Group on Health being the larger organization, including major employers like Google and AAA. The Health Service System had collaborated with them on the advanced primary care initiative with Blue Shield and found them useful for sharing employer initiatives. However, Executive Director Guillen noted that the memberships cost several hundred thousand dollars annually and provided limited value because most member employers operated Preferred Provider Organizations (PPO) plans, which did not align with the Health Service System's Health Maintenance Organization (HMO) environment. As a result, the department decided to suspend these memberships, while continuing to monitor related initiatives through Blue Shield.

Commissioner Cremen moved to recommend the proposed San Francisco Health Service System Healthcare Sustainability Fund Budget for Fiscal Years 2026-27 and 2027-28. Chair Howard seconded the motion.

PUBLIC COMMENT: None

VOTE: Ayes: Cremen, Howard Noes: None

ACTION: The Health Service Board Budget and Finance Committee unanimously recommended the proposed San Francisco Health Service System Healthcare Sustainability Fund Budget for Fiscal Years 2026-27 and 2027-28.

6. ADJOURNMENT: 10:21 a.m.

Health Service Board and Health Service System Website: <https://www.sfhss.org/>

Summary of Health Service Board Rules Regarding Public Comment

1. There will be an opportunity for public comment at the beginning of the meeting, and there will be an opportunity to comment on each discussion or action item on the agenda. A member may comment on any matter within the Board's jurisdiction as designated on the agenda.
2. A member of the public has up to three (3) minutes to make pertinent public comments; the Chair has the discretion to limit public comment to less than 3 minutes per member of the public.
3. Public Comment can be given in-person, remotely, or written.
4. Members may submit their comments by email to health.service.board@sfgov.org by 5 p.m. the day before the meeting start time. These comments will be made part of the official public record and shall be brought to the attention of the Health Service Board. All comments received by the deadline will be forwarded to Board members and the Board Secretary will note on the record during the specific agenda item that the Board received written public comment on that item and will include that note in the meeting minutes. In the subject line of your email, indicate the meeting date and the specific agenda item number. If you do not specify an agenda item, your emailed public comment will be read under general comment.
5. Remote public comment from people who have received accommodation due to disability will not count toward the 30-minute limit.

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>.

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 outlined in Chapter 67A of the San Francisco Administrative Code.

Disability Access and Accommodation

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 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. To obtain a disability-related modification or accommodation, including auxiliary aids or services, to participate in the meeting, please contact Holly Lopez, at 628-652-4646 at least 48 hours before the meeting, except for Monday meetings, for which the deadline is 4:00 pm the previous Friday.

City Hall Room 416 is wheelchair accessible. There are elevators and accessible restrooms located on every floor. **Wheelchair-accessible entrances are located on Van Ness Avenue and Grove Street. Please note the wheelchair lift at the Goodlett Place/Polk Street is temporarily not available.** After multiple repairs that were followed by additional breakdowns, the wheelchair lift at the Goodlett/Polk entrance is being replaced for improved operation and reliability. We anticipate having a functioning lift after the completion of construction in May 2025.

This meeting will be broadcast and captioned on SFGovTV. Remote public participation is available upon request for individuals who cannot attend in person due to disability. Making a request to participate remotely no later than one (1) hour prior to the start of the meeting helps ensure the availability of the meeting link. Sign Language Interpretation is also available upon request. If requesting remote Sign Language Interpretation, please submit an accommodation request a minimum of 4 business hours prior to the start of the meeting. Allowing a minimum of 48 business hours for all other accommodation requests (for example, for other auxiliary aids and services) helps ensure availability. To request an accommodation, please contact Holly Lopez, holly.lopez@sfgov.org, 628-652-4646.

To access the meeting remotely as an accommodation, please use [January 20, 2026 HSB Finance and Budget Committee Meeting WebEx link](#) or call 415-655- 0001. Please find instructions at the beginning of this agenda for how to use WebEx for the purposes of remote public comment.

Sensitivity to Chemical-based Products

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.

Location of Materials

If any materials related to an item on this agenda have been distributed to the Health Service Board after the 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 Holly Lopez at 628-652-4646 or email holly.lopez@sfgov.org. The following email has been established to contact all members of the Health Service Board: health.service.board@sfgov.org.

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 <https://sfethics.org/>

Microsoft CoPilot AI were used to summarize and clarify discussion points in the meeting minutes.