SAN FRANCISCO
HEALTH SERVICE SYSTEM
Affordable, Quality Benefits & Well-Being

MEMORANDUM

DATE: September 10, 2026

TO: Art Howard, President, and Members of the Health Service Board

FROM: Rey Guillen, SFHSS Executive Director

RE: September 10, 2026, Director's Report

HEALTH NET MARKET EXIT AND IMPACT ON COVERED MEMBERS

Health Net has officially notified our agency that they will be exiting the California commercial health insurance market effective February 28, 2027. This market exit impacts approximately 2,000 of our agency's 140,000 covered lives. Our primary focus is ensuring continuity of care and a seamless transition for these affected employees and their dependents. To mitigate immediate disruptions, Health Net's parent company, Centene, has extended an offer to potentially prolong our existing coverage under the same terms, conditions, and premium structures through the remainder of the 2027 calendar year.

Our team is currently conducting a thorough legal and financial analysis of Centene's extension offer. We are evaluating whether accepting this extension or transitioning members to our other existing carrier options provides the most stable and cost-effective outcome for our workforce. We have not yet made a final determination. We are actively sharing this information with the Department of Human Resources. HR will partner with us to manage the transition and coordinate all necessary communications with our union and labor partners. We will provide a comprehensive transition plan to the HSB once our analysis is complete.

SAN FRANCISCO HEALTH SERVICE SYSTEM
DIVISION REPORTS: September 2026

PERSONNEL UPDATES (see attachment)

Promotions:

- 1210 Benefits Analyst, Member Services – Su Min (Suah) Lin, promoted effective 8/31/2026 from 1029 Benefits Technician.

New Hires:

- 1210 Benefits Analyst, Member Services -Charlene Pagal, effective 8/31/2026

Departures:

- 0931 Information Systems Manager - Sumy Nair, effective 8/25/2026

OPERATIONS: (see attachment)

- Medicare Mandate
  Effective September 1, 2026, SFHSS is transitioning to a new process for managing Medicare assignment compliance for Kaiser retiree members age 65 and older. The Medicare assignment requirement is not changing; Kaiser will now identify and initiate termination for members who no longer meet the requirements to remain enrolled in the Kaiser retiree group plan.

Under SFHSS Rule Section L – Medicare Advantage Enrollment, eligible members and dependents are required to maintain Medicare enrollment. CMS rules establish requirements for Medicare Advantage eligibility and disenrollment. Members may lose Medicare Part A or Part B enrollment for various reasons, including nonpayment of applicable premiums or voluntary termination of coverage. Loss of Medicare enrollment will affect a member's eligibility to remain in a Medicare Advantage plan.

Under the previous process, SFHSS relied on Kaiser/SFHSS reconciliation reports to identify non-compliant members. Member Services then manually terminated coverage in SFHSS systems before Kaiser processed the termination on its system. This created processing delays, retroactive activity, and additional administrative and financial reconciliation.

- New Operating Model
  Kaiser will identify and terminate non-compliant members and provide notice directly to affected members. Kaiser will conduct the termination process monthly and provide SFHSS with a termination report. Member Services will reconcile the report and update PeopleSoft to align SFHSS enrollment records with Kaiser's termination. This change moves the initial termination responsibility to Kaiser and allows coverage and related premium changes to be reflected closer to the date of noncompliance.

- Member Services Focus
  Member Services will be responsible for reconciling Kaiser's monthly termination report, updating SFHSS records, and supporting affected members. Members who lose Medicare enrollment and are subsequently terminated from the Kaiser retiree plan may have an opportunity to prospectively enroll in an SFHSS-sponsored Medicare plan after providing verification that their Medicare coverage has been reinstated or the underlying Medicare issue has otherwise been resolved, consistent with applicable SFHSS Qualifying Life Event rules. Overall, the new process creates a more timely and streamlined approach to Medicare assignment compliance while maintaining the existing eligibility requirement.

- Termination of the Member Email Pilot
  The SFHSS Member Email Pilot launched May 1, 2026, and was suspended effective August 21, 2026. During the pilot, SFHSS received more than 1,500 email communications from members, demonstrating strong interest in email as a convenient communication channel. However, the pilot did not result in a corresponding decrease in member calls or in-person service needs. As a result, email created an additional workload that had to be managed alongside existing service demands. At the volume received, the current process for receiving, routing, and responding to emails was not sustainable and resulted in delays in responding to members.

  SFHSS is evaluating alternative approaches to establish a more effective digital communication pathway that can meet member demand while supporting timely and consistent responses. Salesforce enhancements are currently being developed to improve digital communication workflows, routing, and response tracking. These

enhancements will be tested following Open Enrollment, with the goal of establishing a more sustainable and responsive digital communication model.

- Member After Call Survey
  The After-Call Member Survey launched on July 1, 2026, inviting members to stay on the line after their call through a brief IVR prompt. In its first two full months, the program collected 612 completed responses. Overall, member sentiment remains net positive, with most respondents rating both their satisfaction and their representative favorably.

  Given how early we are in the data collection, we think it's important to let the data build before drawing firm conclusions. We will continue monitoring trends closely and will give the board a fuller picture as more months of data come in, before making any assumptions or considering procedural changes based on what we're seeing so far. Starting with the September Health Service Board meeting After Call Member Survey data will be included in the Member Experience Dashboard.

FINANCE AND BUDGET:

- The annual financial audit is on time with no findings so far and completion is anticipated in the third week of October.
- Calculating 2027 rates for the OE benefit guide and PeopleSoft upload.

CONTRACTS:

- Executed Non-Disclosure Agreement with Blue Shield of California for release of SOC1 report and Bridge Letter, in support of the Trust Fund Audit.
- Lead evaluation and acceptance of voluntary benefit enhancements for PY2027 incl. application for MetLife Legal Plan and ID Theft/Fraud Prevention.
- Reviewed and Released Amendment/Endorsement to 2026 Kaiser Traditional Plan Evidence of Coverage re: SB 729 and Mental Health Parity and Addiction Equity Act Updates, and Blue Shield Access+ HMO, Trio HMO, PPO, PPO 20, and PPO OOA Evidence of Coverage/Benefit Booklets re: SB 40 and AB 144.
- Completed compliance audit of SFHSS custom applications and SFHSS enrollment portal re: Kaiser Binding Arbitration language
- Executed KP Administered Medicare Mandate Letter of Agreement for Kaiser Permanente Senior Advantage and Multi-region Plans for plan year 2026 (see above under Operations regarding Medicare Mandate).
- Submitted SF Charter Section 9.118's BOS Contracting Approvals for FY26-27 Report to CON.

WELL-BEING:

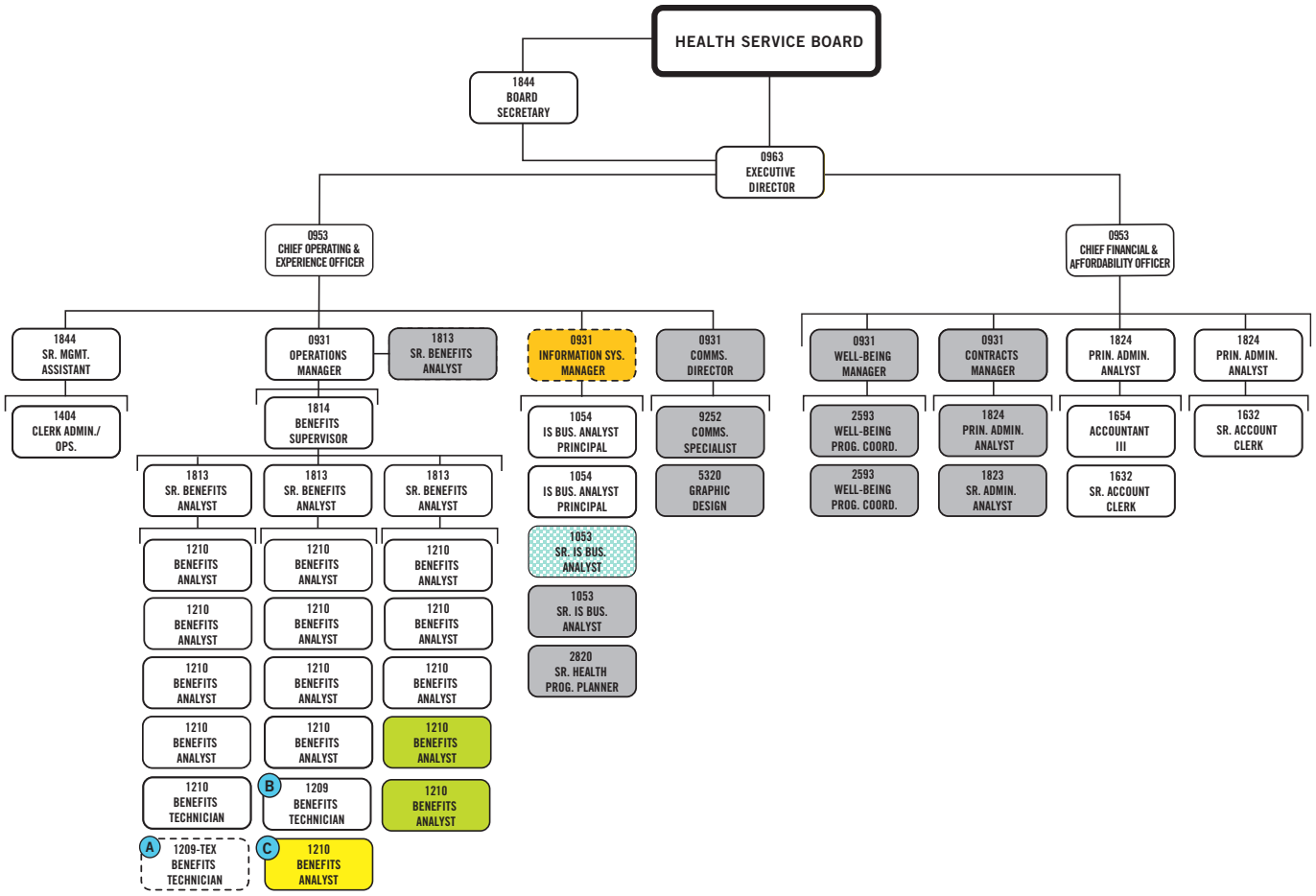
- Refer to Dashboard

ATTACHMENTS:

- Personnel - SFHSS Org Chart
- Operations Dashboard

SAN FRANCISCO
HEALTH SERVICE SYSTEM

Organizational Chart – Recruitable Budgeted Positions



LEGEND

RECENTLY HIRED/ PROMOTED | ACTIVELY RECRUITING | PENDING MBO APPROVAL | POSITIONS 100% CHARGED TO TRUST | POSITIONS PARTIALLY CHARGED TO TRUST | VACANT

9.4.2026
SFHSS.ORG

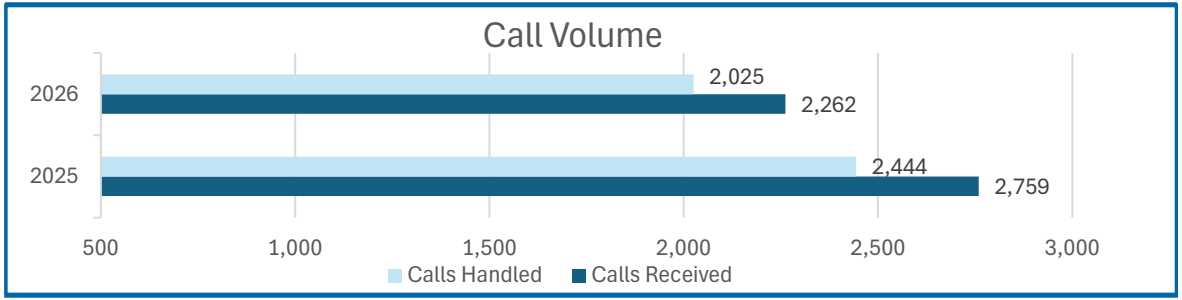
BUDGETED POSITIONS FILLED BY DIFFERENT WORKING CLASS

- (A) 1210 Benefits Analysts filled by 1209-TEX Benefits Technician
- (B) 1210 Benefits Analyst filled by 1209 Benefits Technician
- (C) 2820 Senior Health Program Planner filled by 1210 Benefits Analyst

Member Experience Dashboard

Member Experience Dashboard – August 2026

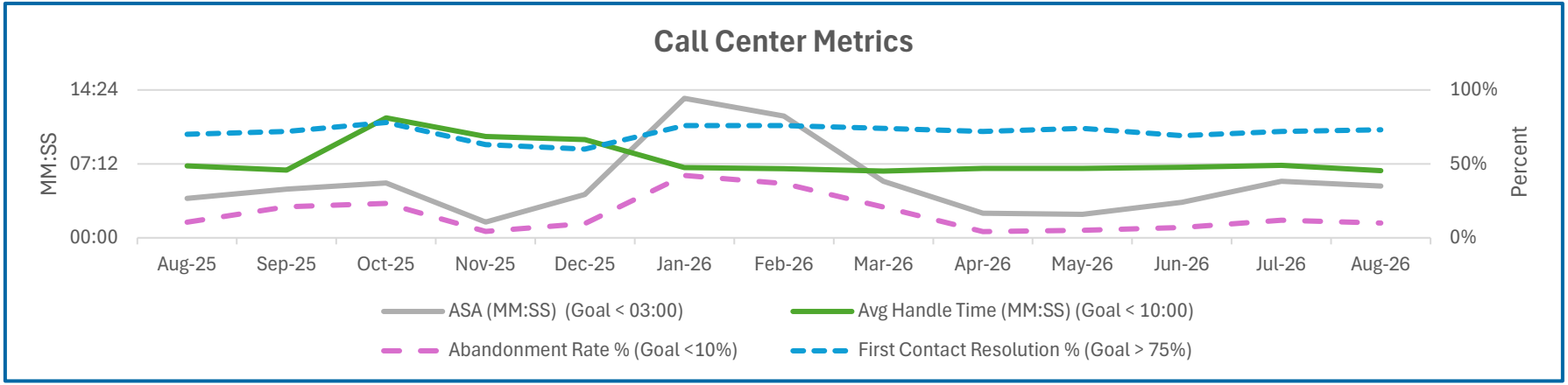
Phone Support



In-Person Support

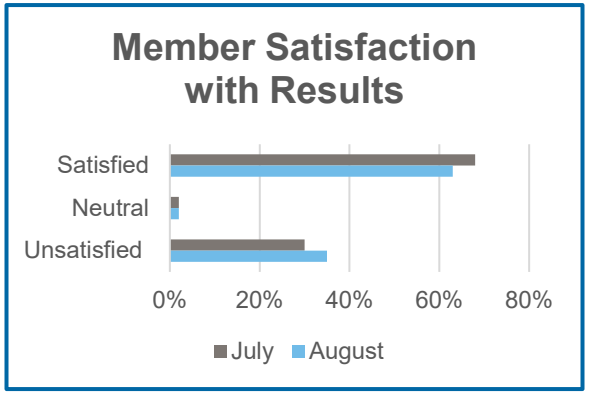
526

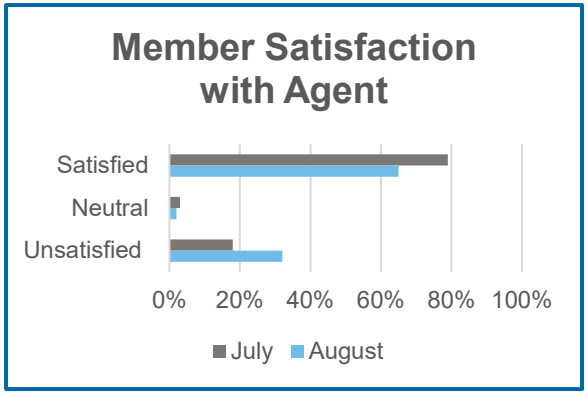
Consultations

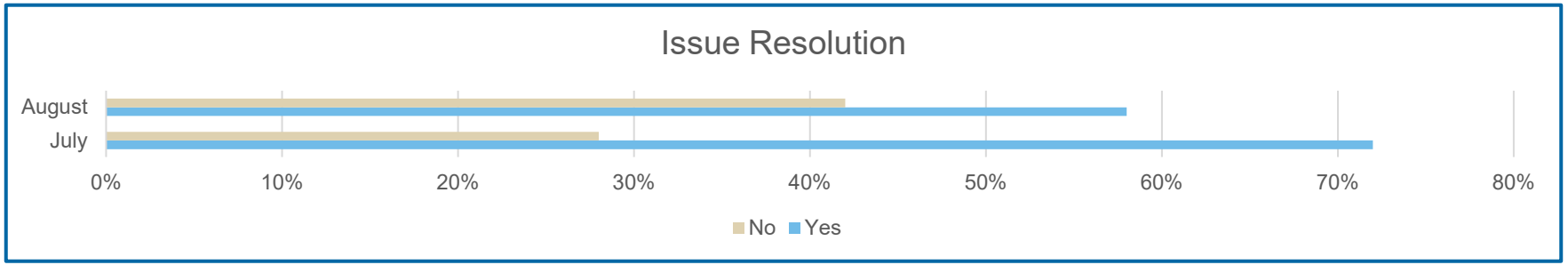


Member Experience Dashboard – August 2026

After Call Member Survey



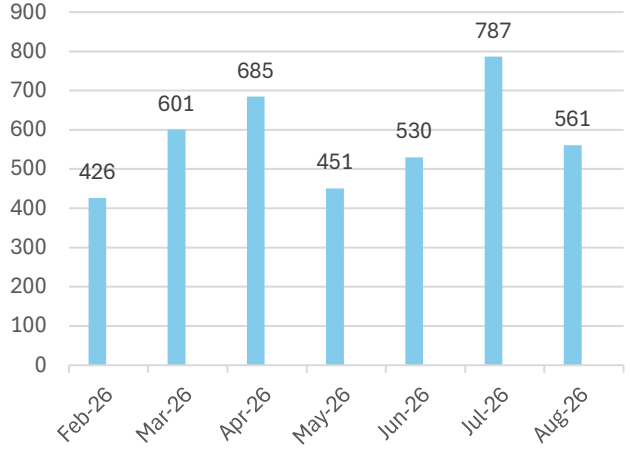




Member Experience Dashboard – August 2026

Processing / Operations

Category	Beginning Balance	Received	Total Work	Completed	Net Change	Ending Balance
Case Review/Action Required	300	978	1278	950	28	328
Compliance Document	662	462	1124	335	127	789
Application	1014	426	1440	253	173	1187
Return Mail	174	137	311	42	95	269
CMS Reconciliation	93	50	143	48	2	95
Court Order	19	44	63	31	13	32
Demographic Change	32	43	75	37	6	38
HIPAA	28	22	50	13	9	37
Appeal	41	21	62	0	21	62
Adoption/Surrogacy Assistance Form	0	2	2	0	2	2
Subpoena	3	1	4	1	0	3

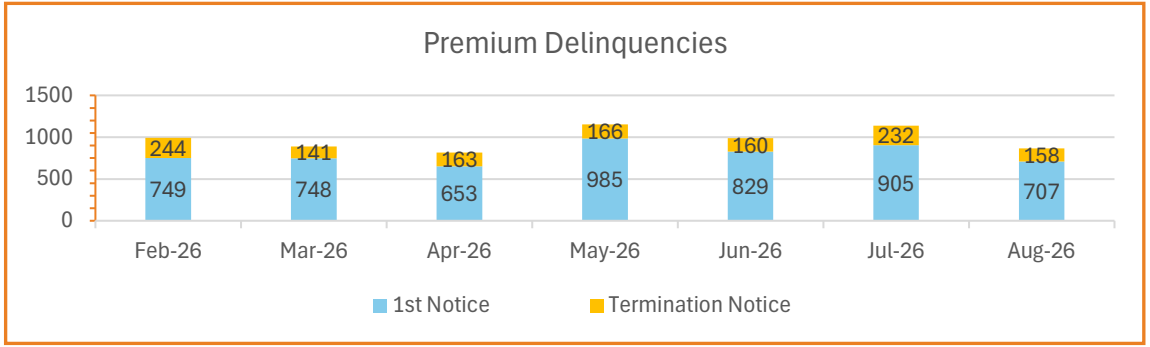


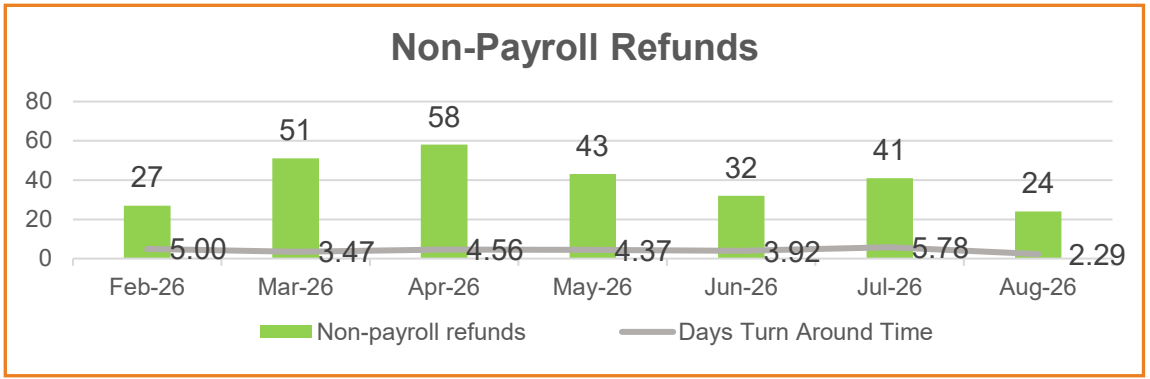
3,434

Members YTD with Returned Mail

Member Experience Dashboard – August 2026

Processing / Operations





Website Engagement

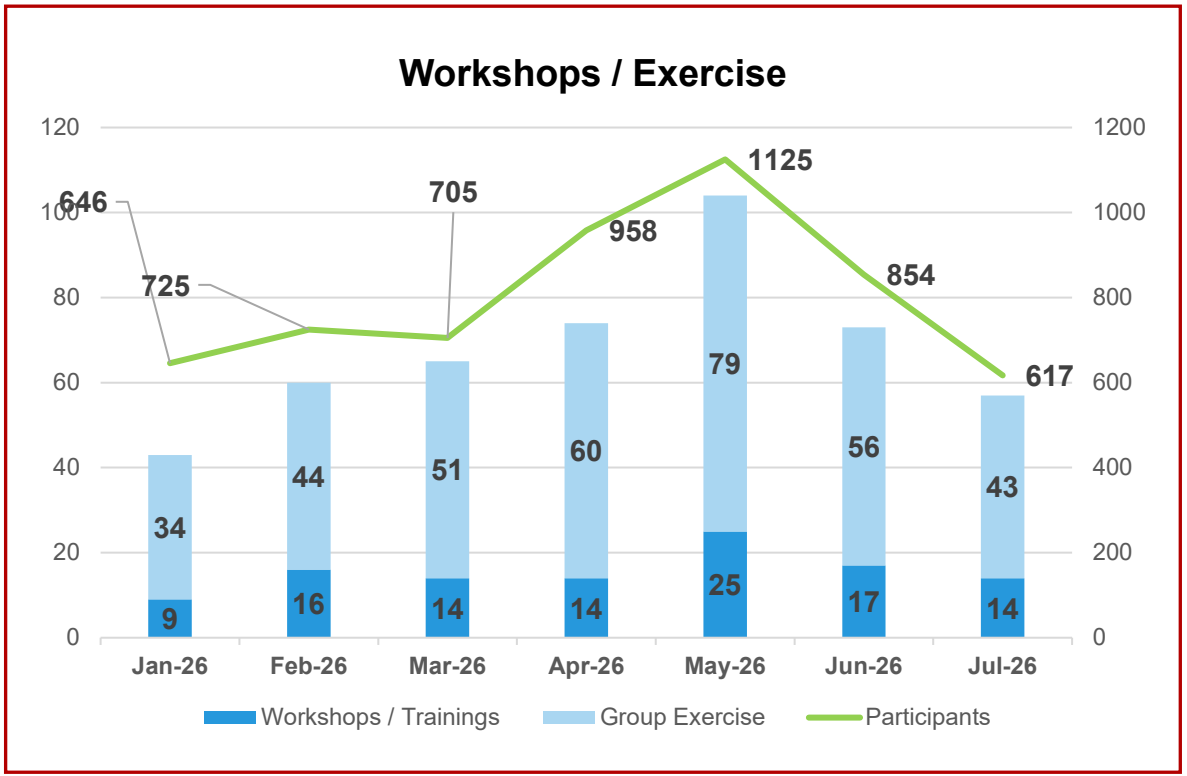
Average Session Duration in Seconds	Unique Users
44	31,428

Top SFHSS.ORG Visited Pages

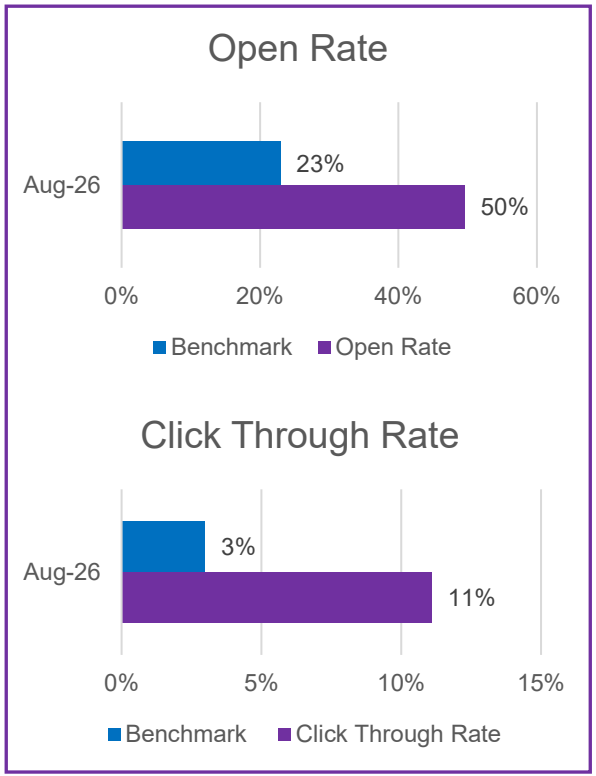
Landing Page	9,136
CCSF Employer Page	3,300
How to Enroll	2,440
Contact Us	2,300
OE Resources	2,166

Member Experience Dashboard – August 2026

Well-Being Activities



Newsletter



Member Experience Dashboard – Notes

- **Call Center Metrics:**
  - **Average Speed to Answer (ASA) -** average amount of time in minutes and seconds for a live interaction once the call has entered the queue
  - **Average Handle Time –** average duration in minutes and seconds for a call interaction including hold time and talk time.
  - **Abandonment Rate % -** percentage of callers who hang up before reaching a live agent
  - **First Contact Resolution % -** percentage of member cases resolved during the first interaction.
  - **After Call Survey**—added to the Dashboard starting with the September 2026 HSB meeting. The data collection started 7/1/2026. The following questions are asked of members who call the Call Center for support.
    - Did your issue get fully resolved during this interaction? (Yes—1, No—2)
    - How satisfied were you with the service or solution you received today? (1 Dissatisfied through 5 Highly Satisfied)
    - How would you rate the representative you spoke with? (1 Dissatisfied through 5 Highly Satisfied)
- **Document Processing Data**: The data reflects the number of correspondences received within each category during the reporting month. Categories have been consolidated under main headings for clarity, for example, the Applications category includes all new hire applications across CCSF, CCD, USD, and other groups, as well as retiree applications for both Medicare and non-Medicare retirees.
  - **Completed Tasks**: The completed task count reflects all tasks resolved during the reporting month, regardless of when they were originally received. It is not uncommon for tasks, particularly applications, to be completed in a month after they were received. Common reasons for this include:
    - The member submitted required supporting documents across two separate months
    - The member submitted a retiree application in advance of their retirement date, requiring SFHSS to wait until the retirement date before processing
    - SFHSS is pending data entry by SFERS or the member's department before action can be taken
  - **Net Change & Remaining Balance**: The Net Change is calculated as the number of tasks completed minus the number of tasks received during the reporting month. The Remaining Balance reflects the total number of incomplete tasks in each category, regardless of the month in which they were received.
- **EAP Utilization:**
  - **Services Provided:** include the number of responses to critical incident for non-first responders and first responder departments, the number of leader/organizational consults for critical incidents, the number of new clients, the number of existing clients, the number of individual consultations, the number of leader/organizations consults, the number of support groups provided, the number of trainings provided by SFHSS EAP, and the number of mediations performed.
  - Individuals Engaged: All individuals engaged in an EAP service including the number of people served for in a critical incident, the number of new clients who sought services under the SFHSS EAP, the number of existing clients who sought services under the SFHSS EAP, the number of individual consultations provided by SFHSS EAP, the number of people served in an leader/organizational consultation, the number of people served in a support group (Guidance Session), the number of people attended a workshop/training facilitated by SFHSS EAP only, the number of individuals engaged in mediation, and those who called ComPsych directly to seek services.

Member Experience Dashboard – Notes

- **Premium Delinquencies:** Delinquencies happen when premium payments are not received. This may occur if there isn't enough money in a paycheck or pension, or if an employee is on unpaid leave and hasn't arranged another way to pay for their benefits. Delinquency notices are sent each month. The first notice alerts the member that a payment was missed. If the balance is not paid, the member will receive a second notice that their benefits have been terminated.
- **Non-Payroll Refunds:** Refunds occur when there are premium differences. For example, a member changes from an EE+1 coverage tier to an EE Only. Refunds also occur when a member sends in a payment after the deadline to reinstate benefits as a result of delinquency. Non-payroll refunds are for those members not in payroll such as retirees or employees on leave. They require manual processing and consequently a higher work effort to process versus payroll refunds.
- **Captured in the outbound mail are:**
  - Member-requested and generated documents (e.g., coverage certificates, incomplete notices, 1095-C copies, applications)
  - Delinquency and Medicare eligibility/enrollment
  - Special mailings as needed (e.g., FSA terminations, domestic partner tax forms, corrections)
- **Returned Mail:** Members who have 5 pieces of returned mail are at risk for termination of benefits. It is the responsibility of the member to maintain current contact information with SFHSS. Included in the YTD count is the returned mail from the prior year open enrollment mailing which is logged after all the year-end activities.
- **Well-Being and EAP Metrics** have a two-month lag on participation / utilization data.
- **Open Rate** measures percentage of successfully delivered emails which were opened by recipients.
- **Click Through Rate** measures percentage of recipients who click on a specific link.
- **Average Session Duration** measures the actual time a website is in the active foreground indicating user interest.