

2011–2013 STRATEGIC PLAN

Advancing Employee and Retiree Health Benefits Administration

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Health Service System
CITY & COUNTY OF SAN FRANCISCO



Mission and Values

The Health Service System of the City & County of San Francisco seeks opportunities to serve, promote and protect the health and well being of employee and retiree members and their families, in order to achieve the vision of San Francisco's public employees and retirees becoming the healthiest in the state.

- We are **responsive** to members.
- We treat members and one another with **respect**.
- We **educate and empower** each other and our members.
- We are **responsible** for the work we do.
- We **appreciate** one another.
- We are each good **team** members with individual accountability.
- We strive for **excellence**.
- We are proud of the **quality** of our work.
- We have **fun** and maintain our sense of humor.

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Overview and Core Competencies

Per the San Francisco City Charter, the Health Service System (HSS) administers health benefits for over 106,000 employees, retirees and their eligible family members. Participating employers include the City & County of San Francisco, the San Francisco Unified School District, the San Francisco Community College District, and San Francisco Superior Court. Benefits currently include:

- Medical Plans
- Dental Plans
- Vision Plan
- Flexible Spending Accounts
- Long Term Disability
- Short Term Disability
- Group Life Insurance
- Municipal Executive Flex Credits
- COBRA

HSS core functions are providing efficient and accurate benefits administration, cost-effective vendor and contracts management, establishing annual rates and benefits through health vendor negotiations, maintaining accurate financial and demographic records, ensuring eligible members and dependents have access to quality healthcare, and providing opportunities for employees and retirees to enhance their health and well-being.

Health Service Board

In November 2004, the San Francisco City Charter was amended to establish the Health Service System as a separate department, governed by the Health Service Board. The Health Service Board is made up of four elected commissioners, two appointees selected by the Mayor and one member of the Board of Supervisors. (One mayoral appointee must be a physician and the other must be an individual who regularly consults in the health care field.) The Health Service Board conducts an annual review of health benefit costs, ensures benefits are applied without favor or privilege, and administers the business of the Health Service System. Board meetings are regularly scheduled each month in San Francisco City Hall. The Health Service System Director is accountable to the Health Service Board.

Finance

In total, the benefits which HSS administers currently cost \$660.2 million annually. The HSS departmental administration budget of \$6,551,109 represents less than 1 percent of the annual benefits costs. The finance division processes approximately 12,445 financial transactions annually, including vendor payments, over-the-counter premium payments and departmental work orders. Finance plays an integral role in the annual rate setting process by assisting with rate negotiations, conducting the Charter-mandated 10-County Survey of public employer contributions to employee health premiums, and calculating over 1,000 employee and retiree premium rates. Finance is also responsible for the annual external Trust Fund audit, the results of which are incorporated into the City Comprehensive Annual Financial Report (CAFR). Working with the Mayor's office, the Controller, and Budget Analyst's office, Finance develops the annual HSS administration budget. In addition to these accounting responsibilities, Finance administers a Vendor Performance program with guarantees tied to penalties, conducts annual contract renewals and facilitates vendor Request for Proposal (RFP) processes. Interfacing with the Center for Medicare Services (CMS) to provide eligible membership and claims, Finance oversees receipt of approximately \$28 million in annual reimbursements from the federal government. Finance coordinates with other City departments as well as unions, providing financial analyses pertaining to HSS benefit rates. These analyses are used in Memorandum of Understanding (MOU) negotiations, Governmental Accounting Standards Board (GASB) unfunded liability reports, and the introduction of legislation concerning benefits.

Operations

The operations division handles day-to-day enrollment transactions, provides decision support, coordinates premium contribution transactions with finance, and acts as a liaison between members and healthcare vendors as needed. Operations staff answer member calls and provide in-person member assistance from 8am to 5pm, Monday through Friday. Open enrollment is conducted annually in April. During this time call volume and office traffic increases significantly. Depending on the significance of the year's plan

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and rate changes, Operations staff manually enters data for between 7,000 and 30,000 open enrollment applications into the PeopleSoft system, in order to meet deadlines for data transfer linked to the start of a new plan year every July 1. This division ensures compliance with city, state and federal regulations regarding protected health information privacy and records retention, advises the Health Service Board on the rules that govern membership in the Health Service System, and conducts ongoing eligibility audits. As the facilitator of the department's day-to-day use of PeopleSoft, Operations is playing an instrumental role in the transition of benefits administration to PeopleSoft 9.0.

Communications

The communications division, funded by the HSS Trust Fund, provides employees and retirees with accurate and timely benefits information, so they can make knowledgeable decisions about their healthcare coverage. This includes overseeing print materials, online information, and member events, as well as coordinating information distribution with DHR personnel officers, unions and other groups. In addition, Communications ensures that information relating to administered benefits, Health Service Board proceedings, Finance and Operations are made available to HSS members, elected officials, the media and the public, so the department adheres to high standards of government accessibility and transparency. This division also oversees HSS member communications issued by healthcare vendors and assists other City departments as needed.

Wellness

Funded by the HSS Trust Fund with the approval of the Health Service Board, this employee and retiree wellness division was created in 2009 to bring HSS into alignment with current industry best practices in employee/retiree wellness and health premium cost savings. This division works with City departments, retirees and health plan vendors to improve employee and retiree health, and is establishing baseline data to measure the effectiveness of pilot projects related to physical and mental health, disease prevention, early detection, chronic condition management, smoking cessation, and stress reduction. The Employee Assistance Program (EAP) is overseen by this division.

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Key Strengths and Challenges

Key Strengths

Leadership Committed to Innovation

The Health Service Board and the management team of the Health Service System are dedicated to continuous improvement in all aspects of the department. They are actively seeking to establish HSS as a leader in piloting innovative measures that will increase transparency and reduce costs while improving the quality of member healthcare.

Experienced Staff

The average tenure of Health Service System staff exceeds ten years of service. HSS Benefits Analysts are required to be knowledgeable about benefit programs offered by over ten contracted healthcare vendors to over 60 bargaining units. In addition, HSS benefits inter-relate with financial benefits from multiple retirement systems and government medical benefit programs, such as Medicare.

New Technology Initiatives on the Horizon

HSS benefits administration to date is primarily paper-based. While there may be short term disruption during the initial transition, PeopleSoft 9 promises to increase efficiency and reduce reliance on paper-based processes, leading HSS toward paperless benefits administration. Also, new desktop systems are being phased in to support the demands of PeopleSoft 9.

Credibility with Members

HSS members trust the Health Service System to provide accurate and timely information about benefits, as well as supportive and professional service. In addition, the Health Service Board operates in a transparent and accessible fashion that encourages member review and comment.

Key Challenges

Rising Cost of Healthcare

The cost of healthcare has risen an average of 9% per year for the past ten years. Pundits point to a variety of causes—lack of business transparency, inefficiencies in care delivery, fee-for-service payment systems, patient demand for expensive technology, chronic conditions caused in part by poor dietary choices and lack of exercise. But no silver bullet has been found; it will take a multi-dimensional effort to reduce costs.

Staff and Budget Reductions

In prior years, HSS experienced large budget reductions. Since FY 2006-07, HSS staffing declined by 6% (from 39.52 to 37.0). In FY 2009-10, the Employee Assistance Program (EAP) was moved to HSS from Department of Human Resources without any additional funding. The cumulative effect of the budget reductions and additional workload has left HSS with a minimal level of staff and limited general funding for ongoing operations and new initiatives.

Outdated Technology Infrastructure

The current primary benefits administration system is over ten years old and relies heavily on cumbersome data entry from paper forms. Other essential processes related to member billing are also handled in a labor-intensive manual fashion. To prevent operations staffing from going below critical levels, information technology funding was cut to a level insufficient to ensure proper systems maintenance.

Increasingly Complex Regulatory Compliance

Federal healthcare reform as well as state and local initiatives are forcing HSS to operate in a climate of rapidly changing and increasingly complex regulation and administration, with the risk of significant fines for non-compliance.

Expanding Member Engagement to Include Wellness

As part of broader initiatives designed to improve care and reduce costs, HSS will be trying to actively engage members in making smart choices when seeking care and also in their day-to-day life decisions related to wellness, prevention and condition management. However, at present, the City Charter mandates that funding for member communications be spent only on information about plan benefits, and not employee/retiree wellness programs.

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Summary of Strategic Goals

<p>1 Department Operational Excellence</p> <p>Ongoing Initiatives</p> <ul style="list-style-type: none"> • Strive for excellence in member interactions, as measured by established targets. • Maintain high accounting standards. • Maximize staff effectiveness. <p>New Initiatives</p> <ul style="list-style-type: none"> • Automate benefits administration via PeopleSoft 9. • Comply with regulatory and legislative updates. • Assess HSS office location options. • Improve member records retention policies and practices. 	<p>2 Affordable, Quality Healthcare</p> <p>Ongoing Initiatives</p> <ul style="list-style-type: none"> • Effectively prepare Health Service Board for mandated annual rates and benefits review. • Manage contracted health plans to improve care and reduce cost. <p>New Initiatives</p> <ul style="list-style-type: none"> • Enable and monitor effectiveness of Accountable Care Organizations (ACOs). • Enhance dashboard reporting and informatics.
<p>3 Informed, Transparent, Effective Governance</p> <p>Ongoing Initiatives</p> <ul style="list-style-type: none"> • Enable Health Service Board effectiveness. • Heighten members' awareness of Board activities and fiduciary responsibility. • Effectively respond to public information and media requests about HSS and Health Service Board business. <p>New Initiatives</p> <ul style="list-style-type: none"> • Continue enhancing web-based digital communication of Board activities. 	<p>4 Educated and Empowered HSS Members</p> <p>Ongoing Initiatives</p> <ul style="list-style-type: none"> • Ensure consistency and accuracy of employee and retiree health benefits communications. • Assist in establishing departmental wellness programs. <p>New Initiatives</p> <ul style="list-style-type: none"> • Upgrade HSS website. • Increase digital communications with members. • Engage members in staying healthy and reducing premium costs.

This strategic plan is supported by an action plan in Excel format that further details each initiative with a priority of importance, management team leader, date range, metrics for success, critical path tasks and current status. The action plan is a living document that guides the day-to-day decisions of the management team in how best to apply available financial and human resources.

Strategic Goal 1

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Department Operational Excellence

Opportunity

In the past five years, the Health Service System has elevated its commitment to providing outstanding member service. This commitment now extends to all areas of operations, which comprises complex back office administrative tasks related to benefits enrollment as well as direct member support via the HSS call center and in-person front desk. HSS has a compelling opportunity to streamline benefits processing via new technology, while expanding the knowledge and expertise of experienced Benefits Analysts. This will ensure that HSS member transactions continue to be handled with a high level of quality and privacy, while members receive accurate and knowledgeable counselling about health and wellness benefits.

Ongoing Initiatives

- **Strive for excellence in member interactions, as measured by target goals:**
 - Average call abandonment rate < 3%.
 - Average speed to answer 90% in 30 seconds or less.
 - Average lobby wait time 90% < 10 minutes.
 - 90% of enrollments processed within 2 business days.
 - 95% of Open Enrollment changes processed by May 31.
 - Assure quality and accuracy of in-person member support.
 - 90% resolution of escalated member issues within 48 hours.
- **Maintain high accounting standards:**
 - Error-free annual trust fund audit.
 - Develop annual budget that accurately projects financial needs of the department.
 - Continuous improvement, documentation and standardized reporting of all billing processes, including member delinquencies.
 - Successfully coordinate all aspects of annual rate calculations and implementation for all employers and retirees.
 - Coordinate submission of timely, accurate requests for federal ERRP program funds.
- **Maximize staff effectiveness:**
 - All staff successfully complete annual training.
 - Supervisors successfully complete management training and Individual Development Plan.
 - All employees have annual performance appraisal and SMART goals.
 - 75% or more staff surveyed report overall satisfaction with work environment.
 - Maintain Disaster Response plan and training.
 - Maintain City-wide employment policies (Ethics, Disaster Service Worker, Incompatible Activities, etc.)
 - Build effective partnerships with other human resources professionals at the various City employers.
 - Complete operational technology assessment and implement technology enhancements.

Strategic Goal 1

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Department Operational Excellence

New Initiatives

- **Automate benefits administration via PeopleSoft 9:**
 - Collaborate with Department of Technology (DT) on computing infrastructure necessary for transition.
 - Coordinate PeopleSoft (PS) training plan for HSS Benefits Analysts.
 - Collaborate with DT on PS roll-out plan.
 - Collaborate with DT on post-launch PS debugging.
 - Implement automated member credit card processing.
 - Implement Health Insurance Portability and Accountability Act (HIPAA) compliant member self service.
 - Implement EBS interface to PeopleSoft 9
- **Comply with regulatory and legislative updates:**
 - Develop and implement plan for federal Patient Protection and Affordable Care Act (PPACA), rolling provisions through 2018.
 - Update HIPAA plan, per federal PPACA and Health Information Technology for Economic and Clinical Health (HITECH) Act.
 - Administer state and municipal legislation affecting public employee health benefits.
 - Coordinate with San Francisco Retiree Health Care Trust Fund.
 - Maintain up-to-date Section 125 plan document and associated policies.
- **Determine location strategies for HSS:**
 - Assess impact of 1145 Market lease ending April 2012.
 - Explore options for alternative office locations, including the benefit of proximity to SFERS and DHR.
 - If move is approved, build comprehensive plan for technology and staff relocation with minimal impact on member service.
- **Improve member records retention policies:**
 - Transfer deceased member (without surviving dependents) records to paperless system.
 - Update terminated member record retention system.
 - Evaluate off-site storage contents and need for long-term retention.

Threats to Success

The transition period while implementing of new PeopleSoft technology has the potential to cause significant operational disruption. In the short term, a significant percentage of department resources may need to be dedicated to supporting the transition, particularly if system errors require manual remedies until debugging is complete.

Also, if the Health Service System moves to a new location, this will also divert resources and is likely to cause a short term disruption, as the department focuses on maintaining essential member services while completing the staff and technology migration.

The scope of regulatory and legislative changes required in the near future is at this point not fully known. Tracking and implementing changes in federal legislation and state/local law due to legislative action and ballot propositions will require significant management resources, as well as support from HSS legal counsel. If significant changes are mandated, it could have a large effect on the allocation of all HSS staff resources, including revisions to the PeopleSoft implementation as it is rolling out.

These risk factors could require that HSS delay other strategic new initiatives simply to succeed at maintaining routine operations related to essential benefits administration.

Strategic Goal 2

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Affordable, Quality Healthcare

Opportunity

The delivery of healthcare today is characterized by systemic complexity and a crisis in affordability. As a major purchaser of healthcare in the Bay area, the Health Service System has the opportunity to work with local medical groups, hospitals and insurers in devising innovative ways to improve the quality of patient care and containing costs. By taking a leadership role, HSS can be at the forefront of collaboratively developing programs that have a positive, long term effect on member health, as well as the fiscal well-being of City employers. These programs also have the potential to serve as a model for other large employers in the private and public sector who are facing similar challenges.

Ongoing Initiatives

- **Effectively prepare Health Service Board for Charter-mandated annual rates and benefits review:**
 - Prepare Board to negotiate health plan rates and benefits which reflect increased vendor transparency, reduced premium cost, and enhanced quality of care.
 - Collaborate with actuary on presenting options for optimal, evidence-based benefit design.
 - Report on trends in innovative programs to promote health and manage disease.
 - Provide data analysis addressing the need to provide benefit options for out-of-area retirees.
- **Manage contracted plans to improve care and reduce cost:**
 - Routinely monitor vendor services, via quarterly scorecard, for continuous quality improvement.
 - Keep all annual vendors contracts up-to-date with current regulatory and business requirements.
 - Develop and administer performance guarantees and penalties that include clinical outcome measures.
 - Apply performance guarantees to strengthen engagement of vendors in health promotion and chronic disease improvement of HSS population.
 - Quantify operational tasks related to vendor performance, such as handling discrepancies.
 - Conduct routine eligibility audits.
 - Enhance coordination of benefits practices.

New Initiatives

- **Enable and monitor the effectiveness of Accountable Care Organizations (ACOs):**
 - Reduce hospital admissions and re-admissions.
 - Reduce hospital stays through better care coordination.
 - Reduce unnecessary emergency room visits.
 - Improve care coordination for members with complex chronic conditions.
- **Enhance dashboard reporting and informatics:**
 - Assess and improve data collection standards and presentation for existing dashboard.
 - Develop project plan for enhancing dashboard capabilities and bringing dashboard in-house.
 - Make presentation of dashboard data more flexible, informative and actionable.
 - Benchmark comparable employers to enhance application of industry trend analysis and forecasting.

Threats to Success

California state law prohibits the disclosure of contracted fees between insurers, medical groups and hospitals. This lack of transparency prohibits employers who purchase managed care services from having visibility into actual costs versus premium costs. The role of the employer in effectively negotiating rates and collaborating with industry partners on containing costs is diminished by this statutory prohibition.

Rigorous data analysis is required in order to identify and address actual, rather than speculative, health care cost drivers. HSS does not have in-house staff dedicated to overseeing the data dashboard project and analyzing cost drivers. Lack of data standardization across vendors can make data collection and analysis a challenging task.

Even when actuarial analysis is applied, indicators may fall short of predicting how frequently an insured population legitimately needs to access healthcare services. Increased utilization may negatively offset successful efforts to contain rising costs.

Strategic Goal 3

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Informed, Transparent, Effective Governance

Opportunity

By setting a high standard for open, responsible governance, the Health Service System and its Board support the fundamental principles of a society ruled by law. The members of the Health Service Board are fiduciaries of a substantial financial trust fund, and the principal negotiators of health vendor contracts totaling nearly \$700 million annually. In an atmosphere where public employee benefits are under intense scrutiny, the Health Service Board has an opportunity to highlight its ongoing commitment to information transparency, ethical conduct and accountability.

Ongoing Initiatives

- **Enable Health Service Board effectiveness:**
 - Implement Board governance policies.
 - Routinely report to Board on all significant aspects of HSS benefits administration.
 - Respond to Board questions and issues within 24 hours.
- **Heighten members' awareness of Board activities and fiduciary responsibility:**
 - Board and Committee meeting agendas and associated documents posted online within 72 hours of meetings.
 - Digital video of board meetings available on HSS website within 72 hours of meetings.
 - Departmental financial metrics published routinely on the website.
- **Effectively respond to public information and media requests about HSS and Health Service Board business:**
 - Establish and maintain public information policies in accordance with City, state and federal law.
 - Deliver first response to at least 95% of information requests within 24 hours of initial request.
 - Consistently provide relevant, accurate, verifiable, fact-based information to the media and the public.

New Initiatives

- **Continue enhancing web-based digital communication of Board activities:**
 - Audio files of Board available on HSS website within 72 hours of meetings.
 - Produce annual strategic plan and annual report and post in PDF format on HSS website.

Threats to Success

Over the next few years, there will be continuing debate about the funding of public employee and retiree benefits. The Health Service System and Health Service Board will be subject to increased political, media and public inquiries. Responding to these type of requests is not a function of the current Communications division. This will need to be addressed and funded administratively.

Strategic Goal 4

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Educated and Empowered HSS Members

Opportunity

A well-informed member is positioned to make wiser decisions about benefits, as well as behaviors that impact health. To succeed in its efforts to improve quality of care and drive down costs, HSS will actively engage members as participants in new wellness and costs saving initiatives. HSS communications will shift from an inform-as-needed model to a paradigm that incites personal change.

Ongoing Initiatives

- **Ensure consistency and accuracy of employee and retiree health benefits communication:**
 - Communications and operations teams collaborate effectively on timely, consistent, accurate benefits information delivered via print, web, phone and in-person member contact.
 - Annual training and testing of Operations staff on Open Enrollment information, testing at 90% as minimum competency.
 - Target zero substantive factual errors in annual Benefits Guides; maximum of two minor errors per guide.
 - Routinely update website myhss.org; target less than three factual errors relating to benefits information across entire site.

New Initiatives

- **Upgrade HSS website:**
 - Collaborate with eMerge and Operations on implementing HIPAA-compliant self-service online enrollment.
 - Plan and implement online premium payments.
 - Enhance web presentation of wellness benefits.
- **Increase digital communications with members:**
 - Develop project plan for general announcement email communication to all HSS members.
 - Develop project plan for HIPAA-compliant member services email communication with HSS members, on matters that involve Protected Health Information.
 - Develop project plan for reducing member and staff reliance on paper benefits guides.

- **Engage members in staying healthy and reducing costs:**
 - Increase awareness and utilization of wellness benefits provided by HSS health vendors.
 - Consistently include wellness information in HSS benefits communications.
 - Establish early measures of success for employee wellness programs.
 - Enhance participation in employee health fairs.
 - Expand calendar of employee/retiree fitness classes.
 - Improve HSS/DHR/DPH coordination of workers' compensation, disability and catastrophic illness programs.
 - Expand EAP support of wellness programs.
 - Improve employee work environments to enhance wellness.
 - Produce written policy guidelines for participation of non-contracted business entities in health fairs, wellness initiatives and other member engagements.
- **Assist in establishing departmental wellness programs:**
 - Launch pilot programs with departments for stress reduction, exercise and nutrition.
 - Work with unions to promote wellness engagement.

Strategic Goal 4**DRAFT**

Educated and Empowered HSS Members

Threats to Success

Large employers with a high level of engagement in wellness programs typically have consistent support across departments and among top management. The City's support for a culture of wellness is highly fragmented. Wellness is a priority in a handful of departments and non-existent in others. HSS has limited influence on the ground in departments that lack the will or resources for promoting wellness initiatives.

Successful wellness programs are delivered consistently across the employee population, and it is becoming increasingly common to offer financial incentives for goal-oriented participation. The City Charter currently limits spending to communication about plan benefits. There is no significant source for funding employee wellness initiatives.

With regard to digital improvements, such as online benefits enrollment and online premium payments, HSS is wholly dependent on other departments to provide essential technology infrastructure. Delays in implementation at those source departments will directly correlate with setbacks in HSS anticipated launch dates.

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