



# HEALTH SERVICE BOARD CITY & COUNTY OF SAN FRANCISCO

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## HEALTH SERVICE BOARD MEETING

### MINUTES

Thursday, February 14, 2019, 12:30 p.m.  
City Hall, Room 416  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94103

1. CALL TO ORDER START: 12:35 pm

2. PLEDGE OF ALLEGIANCE:

3. ROLE CALL:

President Karen Breslin – Present  
Vice President Stephen Follansbee, M.D. – Present  
Commissioner Wilfredo Lim – Present  
Commissioner Sharon Ferrigno – Excused  
Commissioner Randy Scott – Present  
Supervisor Rafael Mandelman – Present, excused early at 2:45 p.m.

4. APPROVAL (with possible modifications) OF THE MINUTES OF THE MEETINGS SET FORTH BELOW: (Action)

DOCUMENTS ATTACHED: Meeting minutes from January 10, 2019. The minutes are located on the SFSS website at: <https://bit.ly/2NMRItJ>

President Breslin affirmed that the Commissioners have reviewed the Regular meeting minutes from January 10, 2019. President Breslin asked if there were any corrections to the minutes.

Commissioner Scott referenced Item 13 on the minutes and requested that the reason the Health Service Board did not conduct their annual evaluation was due to the Executive Director hiring processes. President Breslin noted that Item 11 had one word that needed to be changed, “conducive” was asked to be changed to “convenient.”

PUBLIC COMMENT: There were no public comments.

**Action Taken: The Health Service Board unanimously approved the minutes with the suggested edits.**

**Ayes: Breslin, Lim, Scott, Mandelman, Follansbee**

**Nays: (none)**

**5. GENERAL PUBLIC COMMENT ON MATTERS WITHIN THE BOARD'S JURISDICTION: (Discussion)**

PUBLIC COMMENT:

Executive Director Abbie Yant recognized the SFHSS staff who participated in the development of the new SFHSS website. Executive Director Yant thanked each staff member for their dedication to the completion of this project. Executive Director asked for the SFHSS members and Commissioners for continued feedback on the website, so that the website team can continue to improve the site going forward.

Executive Director Yant also thanked the Communications Team for their continued work and commitment on the SFHSS materials their team creates on a consistent basis. Executive Director Yant acknowledged that two SFHSS staff, Anthony Gan, who is now working within the Enterprise System, and Analytics division, and William Kudenov, who is continuing with the Finance and Contracts team, have accepted new positions within these divisions.

**RATES AND BENEFITS**

**6. REVISED RATES AND BENEFITS CALENDAR FOR THE PLAN YEAR 2020: (Discussion)**

DOCUMENTS ATTACHED: The Revised Rates and Benefits Calendar is located on the SFHSS website at: <https://bit.ly/2TDopzh>

Executive Director Yant noted that there were only minor changes to the Rates and Benefits calendar. Executive Director Yant mentioned that there was a current meeting hold on March 28, 2019, and she requested that we release the hold time from this date. Executive Director Yant also noted that there will be adjustments made to the calendar in terms of the meeting start times on a monthly basis through June 2019. Executive Director Yant stated that there will be updates regarding the meeting start time the last week of the month prior to the next meeting date. The Commissioners will be updated immediately after the start time is confirmed.

PUBLIC COMMENT: There were no public comments.

**Action Taken: The Health Service Board unanimously approved the revised calendar.**

**Ayes: Breslin, Lim, Scott, Mandelman, Follansbee**

**Nays: (none)**

**7. REVIEW THE UNITED HEALTHCARE (UHC) UTILIZATION CLAIMS EXPERIENCE FOR 2018 CALENDAR YEAR: (Discussion)**

DOCUMENTS ATTACHED: The UHC Utilization Claims Experience report for the 2018 calendar year is located on the SFHSS website at: <https://bit.ly/2TpbL7O>

Mr. Mike Clarke, Aon, presented the slides from the UHC Claims Experience presentation. This presentation covered the following items:

- Recent decisions to apply stabilization funds to City Plan rates
- City Plan 2018 plan year claims experience for active employee and early retiree population segments
- Comparative data (2018 versus 2017) for each population segment:
  - Membership
  - Contract size
  - Average incurred (e.g., service date in the year) claim cost per subscriber

– Average paid (e.g., claim processed in the year) claim cost per subscriber

Mr. Clarke shared that for the past several years, in an effort to promote long-term sustainability of the City Plan, the Health Service Board has chosen to apply rate stabilization reserve amounts in full towards City Plan active employee and early retiree rates. Mr. Clarke shared that the conversion of funding for SFHSS's Medicare plans to exclusively fully insured as of January 1, 2017, allowed for use of City Plan claim stabilization reserve amounts previously allocated to the Medicare population to be utilized towards the City Plan active employees and early retirees. Mr. Clarke stated that in June 2018 the Health Service Board approved the allocation of the full City Plan calculated Rate Stabilization Reserve as of December 31, 2017 (\$1,661,000) towards 2019 City Plan and City Plan—Choice Not Available rates.

Mr. Clarke reviewed the number of enrolled employees in the City Plan. Overall membership in 2018 increased for the active employee pool and remained similar for the early retiree pool, relative to 2017 membership counts. Mr. Clarke noted that the increase in average claim costs per subscriber was within expected levels from 2017 to 2018—with active employee incurred costs per subscriber slightly decreasing. The high loss ratios in 2018 for active employees validate the application of additional City Plan stabilization reserve monies for active employees in 2019 rating.

Commissioner Scott questioned whether or not the Commissioners will be able to review the City Plan options in one Board meeting. Executive Director Yant confirmed that the presentation and discussion can be done within one meeting. The reasons for this ability partly due to the Mega RFP delay, and some of the same issues that were brought last year are still being sorted through this year. Executive Director Yant stated that there will be some changes affecting this plan since the Stabilization Reserve will be minimally available. Mr. Clarke also shared that SFHSS and UHC are thinking about strategic options and changes to the plans that will not add cost and will maintain program options for the members.

PUBLIC COMMENT: There were no public comments.

## **8. REVIEW AND APPROVE UNITED HEALTHCARE (UHC) CITY PLAN PPO RATE STABILIZATION RESERVE AS OF 12/31/2018: (Action)**

DOCUMENTS ATTACHED: The UHC Stabilization Reserves Rate Report is located on the SFHSS website at: <https://bit.ly/2Hhy0Fs>

Mr. Mike Clarke, Aon, began this presentation by reviewing the three types of health plan reserve policies: Incurred but Not Report (IBNR), Contingency, and Rate Stabilization. Mr. Clarke noted that the UHC City Plan Rate Stabilization reserve amount is calculated from December 31, 2018, as dictated by the policy (this reserve is calculated on December 31st each year). Mr. Clarke noted that the Health Service Board's Self-Funded Plans' Stabilization Policy requires an annual determination of the financial gain or loss over a calendar year for each self-funded health plan. The difference between the expected and actual plan costs for the just-completed plan year is added to the existing stabilization reserve balance, and per policy is amortized over a three-year rating period.

Mr. Clarke reviewed the history of the City Plan rate stabilization reserve balance, noting the December 31, 2017 balance of \$1,661,000. Mr. Clarke stated the entire balance was used towards the 2019 active employee and early retirees premiums for City Plan and City Plan- Choice Not Available. Mr. Clarke further shared the City Plan Rate Stabilization Reserve Summary from page 4:

“At the beginning of every rate and benefits cycle, the claims experience for the prior calendar year is evaluated. Based on the 2018 City Plan claims experience, there is a projected rate stabilization deficit balance of \$351,000 to carry into the 2020 plan year and beyond. This calculation will be discussed in this presentation. We ask the HSB to approve today the use of one-third of this rate stabilization deficit amount,

or \$117,000, to be applied in 2020 plan year rating for City Plan and City Plan— Choice Not Available. This figure (\$117,000) represents about 0.3% of early estimated 2020 plan year rates.”

President Breslin asked how the deficit is applied to the rates and plan costs. Mr. Clarke stated that the deficits will be added to the premiums presented in June 2019. This will slightly increase the total rates overall. Mr. Clarke estimates to increase the premiums overall to about 0.3%. Commissioner Scott noted that this deficit will continue to grow, and he is wondering what the “bigger response” will be moving forward to “fix it.” Executive Director Yant stated that the Mega RFP will help to increase the design options and will help to plan forward to the 2021 plan years.

Mr. Clarke completed his presentation by asking the Board to approve the recommendation that was presented to the Board today. Mr. Clarke restated that this recommendation involves the approval of the claim stabilization deficit, \$117,000 and this amount would be evenly distributed across all rating tiers City Plan plans, and to all members who are enrolled. Then there would be a remaining \$234,000 deficit remaining, that would act as a carryforward to the 2020 plan year.

President Breslin questioned how the deficits would be dispersed. Mr. Clarke stated that the deficit would be applied to all members, active employees, and early retirees. Mr. Clarke stated that a majority of the active employees and all of the early retirees pay a contribution to be in City Plan. Mr. Clarke clarified that approximately 200 active employees (Employee Only tier in the 100/96/83 employee contribution structure) do not pay a premium in City Plan. President Breslin asked if there were other options regarding the deficit allocations so that the early retiree's rates would not increase continually. President Breslin wondered if there was an option to only apply the deficit to the active employees, rather than early retirees having a more expensive plan premium. Mr. Clarke calculated the rate stabilization amortization recommended amount of \$117,000 across approximately 2,000 employees/early retirees would be \$60.00 a year, or \$5.00 a month per person.

Commissioner Scott questioned the ability to make changes to the proposed recommendation by suspending the policy and re-assessing this rate proposal provided by Aon. Erik Rapoport, SF City Attorney, stated that there are options to suspending the Stabilization Policy and applying this rate stabilization reserve that is not consistent in terms of its policy guidelines. Mr. Rapoport noted that the Board members are in a quorum, so the Board members are able to suspend the policy today and ask the Aon team to re-evaluate the application of the Stabilization Reserve. Then SFHSS can re-notice this item to hear a separate presentation with a separate Stabilization application option.

President Breslin also noted that the Board members would benefit from more training in the Rate Stabilization planning.

PUBLIC COMMENT: There were no public comments.

**1st Action Taken: Commissioner Scott motioned to adopt the recommendation of the UHC City Plan PPO Rate Stabilization Reserve policy for the following year. The motion was seconded by Commissioner Lim.**

**Commissioner Scott then withdrew his original motion, and Commissioner Lim seconded the withdrawing of the original motion.**

**2nd Action Taken: Commissioner Scott motioned to have this item presented to the Board at a later date. Commissioner Scott asked that the UHC City Plan PPO Rate Stabilization Reserve presentation, with the current Deficit, be applied to the rates for active members. Commissioner Scott asked that this item come back to the Board, to possibly suspend the Stabilization Policy, and**

take Action on this Item with another rate application. President Breslin seconded the second motion.

**Ayes: Breslin, Lim, Scott, Mandelman, Follansbee**

**Nays: (none)**

## **FINANCE AND BUDGET COMMITTEE MATTERS**

### **9. APPROVAL OF SAN FRANCISCO HEALTH SERVICE SYSTEM FISCAL YEAR 2019-2020 and FISCAL YEAR 2020-2021 PROPOSED GENERAL FUND ADMINISTRATION BUDGET: (Action)**

DOCUMENTS ATTACHED: The SFHSS Fiscal Year 2019-2020 and Fiscal Year 2020-2021 Proposed General Fund Administration Budget memorandum is located on the SFHSS website at: <https://bit.ly/2XIVKrS>

Mr. Wilfredo Lim, Finance and Budget Committee Chair, presented the General Fund Budget to the Finance and Budget Committee members. Mr. Lim presented the three main components of the overall budget, these include: "Base Budget," the 2018-2019 projections, and the Budget Instructions from the Mayor's Office. Mr. Lim described the summarized proposed budgets for FY 2019-2020 and FY 2020-2021 that meet the Mayor's budget instructions. The projected revenues and expenditures for FY 2018-19 are based on the first six (6) months of actuals without the one-time funding from FY 2017-2018 carryforward. The FY 2019-2020 base budget is compared to the FY 2018-19 projection to illustrate the growth between the fiscal years. In addition, both the proposed FY 2019-2020 and FY 2020-2021 budgets are compared to the base budgets for each year to illustrate the reductions required to meet the Mayor's budget instructions.

Mr. Lim also shared that SFHSS funds personnel through both the General Fund and the Health Care Sustainability Fund budgets. Overall, the General Fund Budget will fund salaries and fringes and will increase by 4.6% in FY 2019-20 and 3.6% in FY 2020-2021. This increase is based on assumptions used by the Controller and Mayor's Office reflect projected increases in wages, employer pension contributions, and health benefit contributions. Mr. Lim further stated that the proposed General Fund budget reflects an increase in Training, Software Licenses, Other Non-Personal Services, Materials and Supplies, and Work Orders. However, to meet the Mayor's budget instructions, and to submit a budget that reflects a total of 4% savings over the two fiscal years, contracts are substantially reduced. Ms. Lim also explained that SFHSS is expanding their partnership with the Department of SF Park and Recreation so that there can be more fitness and exercise classes available to our members.

PUBLIC COMMENT: There were no public comments.

**Action Taken: The Health Service Board unanimously approved the SFHSS General Fund FY 2019-2020 and FY 2020-2021 Proposed General Fund Administration Budget.**

**Ayes: Breslin, Lim, Scott, Mandelman, Follansbee**

**Nays: (none)**

### **10. APPROVAL OF SAN FRANCISCO HEALTH SERVICE SYSTEM FISCAL YEAR 2019-2020 and FISCAL YEAR 2020-2021 PROPOSED HEALTHCARE SUSTAINABILITY FUND BUDGET: (Action)**

DOCUMENTS ATTACHED: The SFHSS Fiscal Year 2019-2020 and 2020-2021 Healthcare Sustainability Fund Budget memorandum is located on the SFHSS website at: <https://bit.ly/2IZ7uTB>

Mr. Wilfredo Lim, Finance and Budget Committee Chair, presented the Healthcare Sustainability Fund Budget to the Finance and Budget Committee members. Mr. Lim explained that the Healthcare Sustainability Budget continues to increase, and the surplus from last year will be carried forward. Mr. Lim explained that the revenues are expected to increase by 1.5 percent between FY 2019-20 and FY 2020-21. Mr. Lim shared that the Healthcare Sustainability Budget funds various positions, and in the FY 2019-2020

there are additional positions. Mr. Lim concluded his presentation sharing that the aggregate projected balances of the Healthcare Sustainability Fund, throughout the next two fiscal years, will have a fund balance of \$687,142 at the end of FY 2019-20 and \$332,498 at the end of FY 2020-21.

Some of the one-time projects that are planned for the Healthcare Sustainability Fund include Strategic Plan initiatives such as the Communications Plan, as well as Operations projects. Some of the projects include the SFHSS phone system upgrade to a VOIP system and the eBenefits implementation. Mr. Lim noted that the FY 2019-2020 and FY 2020-2021 Proposed Budgets will significantly draw down the current fund balance. The Operations plans spend 87% of their expenditures on the multi-year printing and mailing agreements for the Open Enrollment process. The Well-Being budget is expanding to include Financial Well-Being services with a newly developed partnership with the Treasure and Tax Collector.

PUBLIC COMMENT: There were no public comments.

**Action Taken: The Health Service Board unanimously approved the SFHSS Healthcare Sustainability Fund Budget FY 2019-2020 and FY 2020-2021 Proposed Healthcare Sustainability Fund Budget.**

**Ayes:** Breslin, Lim, Scott, Mandelman, Follansbee

**Nays:** (none)

## REGULAR BOARD MEETING MATTERS

### 11. PRESIDENT’S REPORT: (Discussion)

DOCUMENTS ATTACHED: None.

PUBLIC COMMENT: There were no public comments.

### 12. DIRECTOR’S REPORT: (Discussion)

DOCUMENTS ATTACHED: The Director’s Report is located on the SFHSS website at: <https://bit.ly/2tUHAGn>

Executive Director Yant began her report by thanking the Financial Team for all of their hard work during the Budget Season, the Rates and Benefits cycle, and the audit completion. Executive Director Yant then reminded the Board members that we are still in the Vendor Black Out period. Executive Director Yant mentioned that she has met with the San Francisco Risk Management Director and is scheduling a department assessment to determine where SFHSS is in terms of Risk Management planning. From the assessment, we will build and update the Risk Management policy.

Executive Director Yant discussed the VOIP update with the Board and explained that the process is moving along quickly. At this point SFHSS staff has identified the phone hardware, the Department of Technology has reviewed and approved the current network equipment that is in place within the SFHSS offices. Executive Director Yant explained that the SFHSS staff will have new telephone numbers, however, SFHSS will retain the customer service lines as forwarding telephone lines for a period of time once the change to VOIP occurs.

Executive Director Yant stated that SFHSS Well-Being will add a service called, Smart Money Coaching for our members. Our Contracts division is working with other City Agencies who use this program. Executive Director Yant also noted that the SFHSS team will be looking into student loan forgiveness programs and vendors who work with municipalities to provide the support services for loan payments and forgiveness.



Executive Director Yant shared that the SFHSS team is participating in the Government Alliance on Race and Equity (G.A.R.E.) training. This training will support the learning and understanding of race inequities and health disparities in member needs.

Executive Director Yant also shared that SFHSS is working with the Controller's Office to ensure that the E-Benefits self-service program so that new hires and life events can be completed on the self-service site. The timeline is very tight, and to ensure that we are ready for the Open Enrollment in October.

PUBLIC COMMENT: There were no public comments.

### **13. FINANCIAL REPORT AS OF DECEMBER 31, 2018: (Discussion Item)**

DOCUMENTS ATTACHED: The Financial Report is located on the SFHSS website at: <https://bit.ly/2IZi9SF>

Ms. Pamela Levin, Chief Financial Officer, presented the revenues and expenses of the Employee Benefit Trust Fund and the General Fund Administration Budget through December 31st, 2018 as well as fiscal year-end projections through June 30th, 2019. Ms. Levin shared that the Trust Fund Balance was \$77.4 million as of June 30th, 2018. Based on activity through December 2018 the fund balance is projected to be \$80.7 million on June 30, 2019.

Ms. Levin stated that SFHSS is seeing unfavorable claims experience for City Plan, Blue Shield Access, and Trio; however, there continues to be favorable claim experience for the dental plan. Ms. Levin shared that SFHSS has not received pharmacy rebates through December 2018. The year-to-date pharmacy rebate amount received is \$1.8 million. The projected year-end amount is projected at \$7.9 million.

A year-end balance of \$1.3 million is projected for the healthcare sustainability fund. No performance guarantees have been received as of the end of December 2018. A total of \$47,000 is being paid out for the fiscal year under the adoption and surrogacy assistant plan. Ms. Levin stated that the number of forfeitures for unused flexible spending account balances are unknown until June 2019.

Ms. Levin discussed the graphs that were added to the report. Ms. Levin concluded her presentation by sharing the general fund administration budget projected year-end balance of approximately \$300,000.

PUBLIC COMMENT:

Greg Sass, a retiree, commended the financial team on the new layout for the financial reports. Ms. Sass was happy to see the addition of the graphs and the changes made to the overall report.

### **14. PRESENTATION OF AUDITED FINANCIAL STATEMENTS – June 30, 2018 and 2017: (Action)**

DOCUMENTS ATTACHED: Please find the following documents on the SFHSS website.

1. Memo re Financial Statements – June 30, 2018, and 2017: <https://bit.ly/2tWpK5W>
2. Presentation of Audit Results prepared by KPMG LLP: <https://bit.ly/2EHZMrD>
3. Financial Statement – June 30, 2018, and 2017: <https://bit.ly/2SO0Sr2>

Ms. Lisa Avis, Managing Director with KPMG, presented the SFHSS audit results to the Board. Ms. Avis stated that KPMG is required to present the outcomes of the trust audit to the Board. KPMG issued two reports for this audit. The first was an audit of the financial statements for the year ended June 30, 2018. Ms. Avis reported that the financial statements received an unqualified, or a clean, opinion. KPMG also issued a report on internal control over financial reporting. Ms. Avis reported that there were no deficiencies or instances of non-compliance noted in the June 30, 2018, financial statements. Ms. Avis mentioned that she and her team did not find any differences in statements or outcomes.

Ms. Avis noted that when her team reviewed the management override rules and the policies/procedures that are used in the Financial Department at SFHSS. There were no unique or reportable issues in these two categories. Ms. Avis stated that there were no high levels of material weakness or control deficiencies that were reportable. Ms. Avis also stated that there were no instances of fraud or subsequent events that required reporting. There were no difficulties with management during the process. Ms. Avis stated that this audit was a clean opinion. Ms. Avis commended the SFHSS Financial Team and the San Francisco City departments were extremely patient during the newly implementation of the new GASB 74 and 75 Pronouncements. Ms. Avis noted that other City departments rely on the SFHSS data analytics team, and it was a true test of collaboration during this audit cycle.

Commissioner Scott asked what the KPMG team learned after completing this audit cycle. Ms. Avis shared that this year had new audit procedures for all parties and each person involved had to learn as they went through the planned phases. Ms. Avis stated that the plan for the KPMG team is to be back in regular functioning order for the next audit cycle. Ms. Avis shared that her team and the SF City Governmental agencies are aware of the expectations, so the next year they can be better prepared.

Commissioner Scott then asked Ms. Levin to add anything about this audit experience and lessons learned from her perspective. Ms. Levin began her response by first thanking her teams at SFHSS, the Enterprise System and Data Analytics Manager, Marina Coleridge, and the Chief Operating Officer, Mitchell Griggs, for their time, energy and support during the audit. Ms. Levin stated that she is working with the Aon team to improve the audit process for the next year, so they can mitigate the time and frustration that occurred this year.

Ms. Levin presented her final statements to the Board. Ms. Levin noted that a comprehensive annual financial report will be available at a later date this plan year. President Breslin mentioned that the SFHSS Financial documents only noted 3 plan choices throughout its contents and requested that the correction be made to include 4 plan choices. Ms. Levin thanked the President for her correction and she confirmed that next year's financial statements will include 4 plan choices.

PUBLIC COMMENT: There were no public comments.

**Action Taken: The Health Service Board unanimously approved the KPMG Audit Report and SFHSS financial statements with the suggested edits.**

**Ayes: Breslin, Lim, Scott, Mandelman, Follansbee**

**Nays: (none)**

**15. DEMOGRAPHICS REPORT: (Discussion) Supervisor Rafael Mandelman was excused during this discussion item, at 2:45 p.m.**

DOCUMENTS ATTACHED: The SFHSS 2019 Demographics Report is located on the SFHSS website at: <https://bit.ly/2SPrlc>

Marina Coleridge, Enterprise Systems and Analytics Manager, presented the 2019 Demographics report to the Board members. Ms. Coleridge thanked her team for their support in the data cultivation within this report, as well as the Communications team for the layout design. Ms. Coleridge noted that this report has been refined from the previous year's heavy amounts of complicated structure and content. Ms. Coleridge noted that the data has also been broken down between the Medicare and non-Medicare retirees.

Ms. Coleridge mentioned that SFSS has grown in terms of total covered lives, totaling 122,547 lives for the plan year 2019. Ms. Coleridge noted that 5,959 people waived coverage. Ms. Coleridge shared that the Dental coverage enrollment continued to expand for this plan year, as well as the Flexible Spending benefit. Ms. Coleridge shared that the overall total amount of voluntary benefits enrollment has also



expanded. The overall medical plan enrollment has remained the same year-over-year. Ms. Coleridge discussed the number of dependents found in Medicare plan, and non-Medicare plans. Ms. Coleridge also discussed the breakdown of members who live in Northern California by their county. The two counties that saw a decrease in member population were Napa County and Riverside County.

Vice President Follansbee commended the Data Analytics team on the power that the Demographic report holds and he asked how this report could be used on a more regular basis. Ms. Coleridge noted that this report has a lot of detail in it and that this report could be used for a variety of reasons. Ms. Coleridge asked that the Commissioners continue to share their feedback on this report and offer suggestions so that the report can be more useful in the future.

Ms. Coleridge directed the Commissioner's attention to the age range analysis of the report. Ms. Coleridge noted that the overall age of the member's dependents are slightly increasing whereas the age of the member is slightly decreasing. Ms. Coleridge noted that all of our members who do not have any dependents where the members living in San Francisco, a total of 54.62%. Ms. Coleridge noted that the overall trend line of employees with dependents has remained the same from year to year, 49-51%.

Vice President Follansbee commented on the number of enrollees who live out of state. Vice President Follansbee was concerned about the planning of medical plans and services for those who decide to move, and he was hoping that this report could be used in the future to plan alternative initiatives. Ms. Coleridge mentioned that SFHSS does use ZIP codes for plan analysis and access planning.

**PUBLIC COMMENT:**

Dennis Kruger, SF Fire Fighter retiree, commented on the superiority of this report and the quality of the report in terms of use. Mr. Kruger stated that he will be using this report regularly in his own work.

**16. APPROVAL OF SFHSS ANNUAL REPORT: (Action)**

DOCUMENTS ATTACHED: The SFHSS 2018 Annual Report is located on the SFHSS website at: <https://bit.ly/2VlgEp2>

Executive Director Yant presented the highlights of the 2018 Annual Report to the Board. Executive Director Yant reviewed the accomplishments of all 5 divisions within HSS; Finance and Contracts, Member Services, Enterprise Systems and Analytics, Communications, and Well-Being.

Executive Director Yant noted that the trust fund contributions met the \$900 million benchmark in 2018. Executive Director Yant shared that the Health Service Board had 11 regular meetings, one special meeting and a number of committee meetings in 2018, approved the strategic plan and a new actuarial contract. The Board will also begin receiving monitoring and reporting reports on the Strategic Plan implementation progress. Executive Director spoke to the new programs, partnerships and member service accomplishments that took place throughout the year.

Commissioner Scott asked that the hiring of the Executive Director and the process that went into that work be added to the accomplishment section of the report. Commissioner Scott also asked that the renewal of the Actuary contract be added to the report. Executive Director Yant agreed that these two items would be added to the report on page 6. Vice President Follansbee noted how impressed he was with this report and the amount of work that is completed throughout the year.

President Breslin asked for clarity around the San Francisco Parks and Recreation partnership and whether or not those fitness classes were solely for SFHSS members or the public. Executive Director Yant explained that the partnership with Parks and Recreation is solely for the SFHSS members to access. The classes offered by the Parks and Recreation are funded for the SFHSS members.

PUBLIC COMMENT: There were no public comments.

**Action Taken:** The Health Service Board unanimously approved the SFHSS 2018 Annual Report.

**Ayes:** Breslin, Lim, Scott, Mandelman, Follansbee

**Nays:** (none)

## **17. CATARACTS SURGERY WHITE PAPER and UPDATE: (Discussion)**

DOCUMENTS ATTACHED: Please find the following documents on the SFHSS website.

1. Cataracts Surgery White Paper: <https://bit.ly/2UpGAFX>
2. Cataract Surgery Presentation Slides: <https://bit.ly/2tSKueG>

Executive Director Yant presented the Cataract Surgery White Paper to the Board members. Executive Director shared that the Aon team, subject matter experts and Vice President Stephen Follansbee consulted on the paper. Executive Director stated that SFHSS is recommending that the plans maintain the traditional Cataract surgery coverage based on the findings of the research. Executive Director Yant reviewed the history of the Laser surgery technique paired with the expectations of the outcomes for people who received the traditional surgery versus people who elected to have laser surgery. Overall, people electing to have laser surgery are decreasing across the board. Executive Director Yant stated that the laser technique carries a higher risk of complications and takes longer surgery time. Executive Director Yant reviewed the rationale that SFHSS management settled on for continuing to support the traditional cataract surgeries.

Commissioner Lim thanked Executive Director Yant, the Aon team and the other people who participated in this research for the final report and the information. President Breslin asked whether or not having the laser surgery would be more cost-effective, more so because the people who have the surgery would not need to purchase glasses after they completed the procedure. Executive Director Yant stated that there is an option to have various lenses implanted varying on the need of each eye, however, there is no guarantee that these lenses will work. Vice President Follansbee also shared that there is bi-focal lens available, however, they are more costly for patients to pay for. Vice President Follansbee also stated that the eye does change and alters the lenses that are implanted, so there is no guarantee that the success of these implants will last a lifetime.

PUBLIC COMMENT:

Dennis Kruger, SF Fire Fighter retiree, noted that he learned something about laser surgery today. Mr. Kruger asked if the SFHSS teams could possibly set up some kind of fee schedule that would allow the SFHSS members to upgrade the type of lenses inserted into their eyes with the traditional surgery.

Maureen O'Shea, a retiree from Protect out Benefits, shared that she contacted the Medicare customer service line to discuss the cataract laser surgery coverage. Ms. O'Shea was informed that Medicare covers 80% of the cost, and the second policy should cover the other 20%.

Executive Director Yant explained that to her understanding Medicare does not cover Laser Cataract Surgery. Executive Director Yant stated that the cost of Laser surgery ranges from \$3600.00 to \$6000.00. Executive Director Yant explained that these costs differentials cause complications for the insurance companies to negotiate the official cost of the laser surgery.

President Breslin clarified that Kaiser medical plans will only cover the traditional surgery option, whereas the United Healthcare plans will cover the Laser surgery at the same cost as the traditional surgery.

## **18. REPORTS AND UPDATES FROM CONTRACTED HEALTH PLAN REPRESENTATIVES: (Discussion)**

### **PUBLIC COMMENT:**

Sharron Stanek-Lowe, National Account Manager, Delta Dental, shared an update regarding the SmileWay program. Ms. Stanek-Lowe clarified that all SFHSS members, as well as their dependents, can enroll in the SmileWay program on the phone, or online through the Delta Dental member portal. Ms. Stanek-Lowe explained the reason why the Delta Dental members are not allowed to enroll their spouses into the SmileWay program during phone calls, was not because it was not possible, rather than the spouse is required to enroll themselves into the plan on the phone. The reason behind this protocol is due to the fact that the spouse is an adult, over 18 years of age, and is required by Delta Dental to give all of their personal health information to the Delta Dental representative themselves over the phone. Ms. Stanek-Lowe shared that 142 Retirees enrolled in the SmileWay program, as well as 28 Active Members.

President Breslin asked if informational guides were shared with the SFHSS membership offering further clarity and direction in the enrollment of this program. Ms. Stanek-Lowe confirmed that there are flyers being circulated, both digital and paper, with the enrollment information more clearly stated. Ms. Stanek-Lowe also shared that the enrollment guides have information on the SmileWay program and the steps required to enroll in this program.

Anne Thompson, Aon, updated the Board on the Aon Team's planning and structure going forward as the SFHSS Actuary Service. Ms. Thompson will be the Executive Account Manager focusing on the non-financial components, with Mike Clarke, leading the financial component of the team as the Actuary. Ms. Thompson also shared that Dr. Neal Mills is going to work with the Aon team in developing and building out the clinical aspects of the SFHSS Strategic Plan.

Denise Rodriguez, Director of Strategic Accounts, Public Sector, Kaiser Permanente of Northern California, addressed the Health Education classes availability and insulin classes. Ms. Rodriguez stated that classes are offered at every Kaiser Medical center. Ms. Rodriguez noted that class availability and class planning revolves around member needs and surrounding area demographic need. Ms. Rodriguez also shared that the insulin classes are offered in every Kaiser location, however, the names of the classes are reflected differently in each location. The San Francisco Kaiser center refers to this course as "Diabetes Basics."

Shawn Lovering, Major Account Manager, Blue Shield of California, presented network expansion updates to the Board. Ms. Lovering shared that Blue Shield signed contracts the Sutter Health, California Pacifica Medical Center medical group. This center is only available to the Blue Shield plan members who are members with the Brown and Toland provider group. This partnership will be active on March 1, 2019, for Access Plus plan members, and on April 1, 2019, for Trio members.

Commissioner Scott asked whether any information will be mailed or emailed to the SFHSS membership who are covered under these two plans. Ms. Lovering confirmed that this information will be shared with the SFHSS membership. Commissioner Scott also asked if the communication piece will be shared with the SFHSS Leadership Team prior to the mailing date. Ms. Lovering confirmed that the communications will be reviewed by the SFHSS staff prior to distribution.

Ms. Lovering shared that Blue Shield will be offering a new program to its Trio members called "LifeSpring." This program offers a free meal delivery service to members who are seriously ill, or homebound and low

access to food. Ms. Lovering shared that this food delivery service will be structured to the member's health needs and will be available for a set amount of time.

President Breslin asked Ms. Lovering whether or not nutrition counseling referrals are covered for members who are asking for a non-disease related nutritional consult. Executive Director Yant assured President Breslin that the SFHSS team and Ms. Lovering are planning to discuss the nutrition counseling referrals further.

Heather Chianello, Strategic Account Executive, United Healthcare, stated that there has been a second letter mailing was mailed on January 28, 2019. This letter was sent to the SFHSS members who are United Healthcare members and are also enrolled with Medicare. Ms. Chianello stated that this second letter was meant to avoid confusion within the membership and reassure the members that they did not need to do anything to their Medicare benefit plans. Ms. Chianello introduced a new member of her team to the Board, Ms. Margaret Kelly, Senior Vice President Sales and Account Management in Public Sector. Ms. Kelly introduced herself to the Board and stated that she was looking forward to working with the Board.

Dennis Kruger, retired SF Firefighter, shared that he received the second letter from United Healthcare regarding the Medicare updates. Mr. Kruger stated that this second letter was still confusing, and he hopes that future letters or communications will be seen by the SFHSS staff prior to distribution to avoid this confusion in the future.

**19. OPPORTUNITY FOR THE PUBLIC TO COMMENT ON MATTERS WITHIN THE BOARD'S JURISDICTION: (Discussion)**

**PUBLIC COMMENT:**

Claire Zvanski, RCCSF, shared that members of RCCSF were confused when they received the follow-up Medicare letter from United Healthcare. Ms. Zvanski noted that some of the retirees did not know if the second letter was meant for them or if it was a mistake. Ms. Zvanski also shared that the retirees would like to have the SFHSS branding visible on these types of notices moving forward to avoid confusion.

Ms. Zvanski requested that all United Healthcare correspondence be reviewed by SFHSS management and the Communication staff prior to future mailings.

Ms. Zvanski spoke to the Commissioners about a separate quality of life issue that is affecting some of the retiree population. Ms. Zvanski noted that some of the retirees are losing access to opioid prescriptions Ms. Zvanski understands that there are specific opioid issues plaguing American communities, and some SFHSS members are also being affected by this problem. Ms. Zvanski requested that the SFHSS team support the retiree population who require opioid medications for their daily life functioning. Ms. Zvanski requested that SFHSS management plan formulary updates regarding the elder populations and their need for certain medications that effect the retirees quality of life.

**20. OPPORTUNITY TO PLACE ITEMS WITHIN THE BOARD'S JURISDICTION ON FUTURE AGENDAS: (Discussion)**

**PUBLIC COMMENT:** There were no public comments.

**GOVERNANCE COMMITTEE MATTERS**

## **21. APPROVAL OF UPDATED GOVERNANCE TERMS OF REFERENCE AND POLICIES: (Action)**

DOCUMENTS ATTACHED: Please find the following documents on the SFHSS website.

1. Governance Terms of Reference and Policies Redlined Document: <https://bit.ly/2ETsmHL>
2. Summary of Changes to the Governance Terms of Reference and Policies: <https://bit.ly/2H7fQqO>

Committee Chair Scott asked the Commissioners if they were able to review the Redlined Version of the Governance Terms of Reference and Policies and the Summary of Changes. Commissioner Scott asked if the Commissioners had any further edits or suggestions for the Governance Policies and Terms of Reference. Committee Chair Scott asked that the list of recommendations and suggestions be implemented when the Board Secretary finalizes the Governance Manual for distribution. President Breslin asked the Commissioners if the Cafeteria Plan was required for the Governance Manual. Committee Chair Scott and President Breslin agreed that the SF City Administrative Charter and the SFHSS Membership Rules for 2019 will be included in the final Governance Manual. The SFHSS Cafeteria Plan will be an optional document that can be added into the binders as requested.

Committee Chair Scott asked the Board Secretary to offer the finalized manual as a hard copy or digital copy to the Commissioners. Once the Governance Manual is finalized the Committee Chair and the Board President will review the final version. After the review is approved the Commissioners will receive their updated copies.

PUBLIC COMMENT: There were no public comments.

**Action Taken: The Health Service Board unanimously approved the Redlined SFHSS Governance Terms of Reference and Policies with the edits and updates.**

**Ayes: Breslin, Lim, Scott, Follansbee**

**Nays: (none)**

## **22. APPROVAL OF 2018 SFHSS BOARD EDUCATION REPORT AND REVISED 2019-2021 EDUCATION PLAN: (Action)**

DOCUMENTS ATTACHED: Please find the following documents on the SFHSS website:

1. 2018 SFHSS Board Education Report: <https://bit.ly/2ETzdB1>
2. 2019-2021 Education Plan: <https://bit.ly/2TnlMST>

Committee Chair Scott stated that the Board Education Report was in the materials provided to the Board prior to the meeting. Committee Chair Scott shared that the Education Report presented today was a compiled report of all the Education efforts that took place over the year. Committee Chair Scott noted that there will be continued Education efforts, like the Educational Forum, through this next year. Committee Chair Scott noted that there are new suggestions for educational activities and topics that will be covered throughout the year. Committee Chair Scott thanked Vice President Follansbee for his work at the IEBF Conference and the amount of time he invested into the education work for 2018.

PUBLIC COMMENT: There were no public comments.

**Action Taken: The Health Service Board unanimously approved the 2018 Health Service Board Education Report, and the 2019-2021 Health Service Board Education Plan.**

**Ayes: Breslin, Lim, Scott, Follansbee**

**Nays: (none)**

## **23. APPROVAL OF EVALUATION REPORT FOR THE FISCAL YEAR 2017-2018 HEALTH SERVICE BOARD ANNUAL SELF-EVALUATION: (Action)**



DOCUMENTS ATTACHED: The Health Service Board Annual Self Evaluation Report compiled by DHR is located on the SFHSS website at: <https://bit.ly/2C9VQ2i>

Committee Chair Scott asked Ms. Kate Howard, Managing Deputy Director, Department of Human Resources, to present the final Board Self Evaluation Report to the Commissioners. Committee Chair Scott thanked Ms. Howard and her staff for the amount of work they invested in this process and report.

Ms. Howard thanked Committee Chair Scott and noted that there was a break in Board evaluations last year due to the Executive Director hiring process. Ms. Howard shared that the Health Service Board is a unique entity as it is one of the only Boards in the San Francisco County that conducts a self-evaluation. Ms. Howard mentioned that all of the current members of the Health Service Board completed the evaluation while it was active. Committee Chair Scott noted that there are only 6 active members that completed this evaluation, however the Health Service Board is a 7-member panel.

Ms. Howard shared the four dimensions that the Commissioners evaluated were: governance structure and policies, Board member interactions and meeting activities, goal setting and communications, and the Board's interaction with management. The Board rated these sections on a 1 to 5 scale and provided commentary to support their scores. Ms. Howard shared that across all 4 areas the average score was a 4, and a 3.9 in one particular area. Ms. Howard noted that the Board identified that it's working well together. Ms. Howard noted that in particular members commented on the successful recruitment and selection process of the current director which was a significant effort. This experience was good evidence of the Board's work together.

Ms. Howard mentioned a few items that the Board members noted as areas for improvement. One area mentioned for improvement was the need for constant education on Healthcare management/administration and fiduciary responsibility, and Board Orientation. Another area that was mentioned for improvement was the continued work of stakeholder engagement and communication strategies for the engagement.

Vice President Follansbee was curious about the comments that were presented in the report, and if there were any missing comments from Board members that might have affected the scoring. Ms. Howard confirmed that all the comments were listed in the report, and she also noted that the percentages listed for each area of measurement are affected when one of the Commissioners does not give a rating.

PUBLIC COMMENT: There were no public comments.

**Action Taken: The Health Service Board unanimously approved the Health Service Board Self Evaluation for FY 2017-2018.**

**Ayes: Breslin, Lim, Scott, Follansbee**

**Nays: (none)**

**24. VOTE ON WHETHER TO HOLD CLOSED SESSION FOR PUBLIC EMPLOYEE PERFORMANCE EVALUATION REPORT– SFHSS EXECUTIVE DIRECTOR: (Action)**

PUBLIC COMMENT: There were no public comments pertaining to the Close Session items.

**Action Taken: The Health Service Board unanimously approved to hold the closed session to review the Annual Performance Evaluation Report for the SFHSS Executive Director, Abbie Yant.**

**Ayes: Breslin, Lim, Scott, Follansbee**

**Nays: (none)**

**Government Code Section 54957(b)(1) and San Francisco Administrative Code Section 67.10(b): Public Employee Performance Evaluation**

**25. PUBLIC EMPLOYEE PERFORMANCE EVALUATION: (Action)**

Kate Howard, Managing Deputy Director, Department of Human Resources, presented the final SFHSS Annual Performance Evaluation report to the Board.

**Action Taken: The Health Service Board unanimously approved the SFHSS Annual Performance Evaluation Report for the SFHSS Executive Director, Abbie Yant.**

**Ayes: Breslin, Lim, Scott, Follansbee                      Nays: (none)**

**RECONVENE IN OPEN SESSION**

**26. POSSIBLE REPORT ON ACTION TAKEN IN CLOSED SESSION REGARDING EMPLOYEE EVALUATION: (Action)**

PUBLIC COMMENT: There were no public comments.

**Action Taken: The Health Service Board unanimously agreed not to report any activity that took place during the closed session regarding the SFHSS Annual Performance Evaluation Report for the SFHSS Executive Director.**

**Ayes: Breslin, Lim, Scott, Follansbee                      Nays: (none)**

**27. VOTE TO ELECT WHETHER TO DISCLOSE ANY OR ALL DISCUSSION HELD IN CLOSED SESSION REGARDING THE PUBLIC EMPLOYEE PERFORMANCE EVALUATION: (Action)**

PUBLIC COMMENT: There were no public comments.

**Action Taken: The Health Service Board unanimously agreed not to disclose any or all of the discussion held during the closed session regarding the SFHSS Annual Performance Evaluation Report for the Executive Director.**

**Ayes: Breslin, Lim, Scott, Follansbee                      Nays: (none)**

**28. ADJOURNMENT: 4:35 p.m.**

## 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.sfhss.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](http://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 Laini K. Scott at (415) 554-1727 or email [Natale.Ekberg@sfgov.org](mailto:Natale.Ekberg@sfgov.org).

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

Health Service Board telephone number: (415) 554-0662