

# ANNUAL REPORT

2015



Mission Statement

The Health Service System of the City & County of San Francisco is dedicated to preserving and improving sustainable, quality health benefits and to enhancing the well-being of employees, retirees and their families.

## With insurance costs trending upward, increased regulatory oversight, and an expanding membership of multi-generational employees and retirees, health benefits administration continues to grow increasingly complex.

In 2015 the Health Service System (HSS) provided the same level of quality health benefits while effectively managing costs. With nearly 115,000 members and dependents enrolled in HSS-administered health plans, our aggregate insurance premium increase for 2015 was only 2%, which was 2% lower than the national average. Although the health care industry environment remains challenging and volatile, HSS continues to stay ahead of the trends.

As a key component of our strategy, the Health Service System encourages contracted insurers, medical groups and hospitals to provide care that is integrated, coordinated, and avoids unnecessary and duplicative services. Vendor performance guarantees and Accountable Care Organization goals incentivize our partners to focus on patient-centered care. An example of this is the successful expansion of urgent care facilities in San Francisco which are aligned with key medical groups.

The greatest cost driver of premium increases is pharmacy costs. New classes of drugs can save lives, and ease discomfort, but at a high cost. We anticipate the price of specialty pharmaceuticals for cancer, HIV, Hepatitis C, rheumatoid arthritis, psoriasis and other conditions will continue to increase exponentially, making up as much as 50% of health care expenditures by 2020. The Health Service System and the Health Service Board worked diligently in 2015 to gain expertise about the impact of specialty drugs on patient care and insurance pricing.

Within a couple of years we hope HSS members will make their insurance choices based on cost and quality data. So transparency remains a high priority because transparency will drive quality improvement and empower patients. In 2015 HSS invested in an all payer claims database to track cost and quality metrics. The first dashboard, with data from Kaiser and limited data from Blue Shield, will be presented at the January 2016 Health Service Board meeting. There is more work to do. In fall of 2015, a meeting of transparency experts convened at the request of the Board of Supervisors. They advised that state law must change before HSS can compel medical groups and hospitals in the Bay area to provide cost and quality information.

Fees and taxes related to providing universal health coverage continue to pose a challenge. In 2015, federal Patient Protection and Affordable Care Act (ACA) fees cost \$18.6 million, out of the total \$778 million spent on health benefits. An ACA excise tax, also called the Cadillac tax, is scheduled to apply a 40% fee on insurance premiums priced above federal benchmarks. Originally mandated for 2018, it has been delayed for two years. The Health Service System provided written testimony on this excise tax, suggesting revisions which we hope to see reflected in the final law. Additional taxes are also being considered by the state of California, to make up for a MediCal shortfall. If approved, these state taxes will put additional upward pressure on the cost of insurance premiums. The Health Service System is monitoring this state proposal and working with the Mayor's office and the Pacific Business Group on Health to advocate for alternatives.

Universal healthcare has also imposed administrative requirements. In 2015 the Health Service System began offering health insurance to all employees working 20 or more hours per week. In 2015, most Americans will be required to show proof of health insurance to the IRS or pay a penalty. The Health Service System will issue IRS form 1095-C to all enrolled members in the first quarter of 2016 as well as provide enrollment data to the federal government. These steps are in addition to compliance measures already taken by HSS during the first five years of the ACA, such as timely remittance of federal taxes and fees, distribution of federally mandated benefits summaries and notifying members about state insurance exchanges.

HSS is committed to protecting our member's privacy through compliance with federal HIPAA, the Health Insurance Portability and Accountability Act. All Health Service System employees who work with personal health information (PHI) receive annual HIPAA training. In 2015 the Health Service System extended this training to teams at the four City employers that we serve – City & County of San Francisco, the San Francisco Unified School District, City College of San Francisco and the San Francisco Superior Court.

HSS membership across these four employers increased by 2,190 lives in 2014 and by another 2,800 lives in 2015. HSS serves a truly multi-generational population, with enrollees that range from newborn to over 100 years old. Even as HSS membership numbers increased, Member Services continued to meet industry standards for phone and in-person wait times, answering 48,000 calls and meeting in-person with nearly 17,000 members. Also, Open Enrollment communications were streamlined and highly personalized, saving \$80,000 in postage costs while providing accurate enrollment and premium contribution information to each one of our nearly 64,000 primary enrollees.

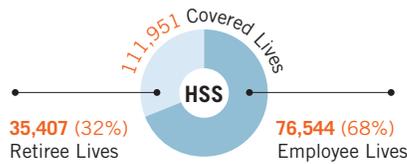
Technology will continue to boost improvements in member service and communications. In 2015 the Health Service System received funding to implement a Customer Relationship Management (CRM) system, which will coordinate with eMerge eBenefits and an Electronic Content Manager (ECM) allowing digitization of paper records. A new phone system will also integrate with the CRM, improving member service issue tracking and workflow. In 2015 communications moved to a new bulk email platform which can integrate with the CRM, allowing for triggered sends based on eMerge events. With funding secured, we can expect all of these technology projects, as well as internal change management for the HSS team, to begin implementation in 2016.

In 2015, the wellness program entered its second year with full staffing. Along with the Employee Assistance Program (EAP), wellness expanded to engage employees at the Unified School District and City College as well as our retiree members. Over 200 Wellness Champions in City departments now promote work-site wellness programming such as annual flu shot clinics, which expanded in 2015 to 19 sites, delivering 3,739 flu shots.

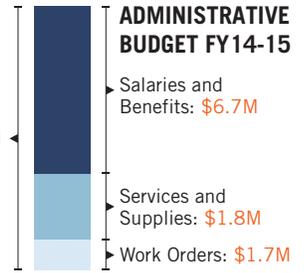
Supporting the health and well-being of our members and their families remains at the heart of all that we do.

Catherine Dodd, PhD, RN  
Director, Health Service System

Governed by the Health Service Board, the Health Service System designs quality health benefit plans for employees, retirees, and their families, works to contain premium costs, and encourages employees and retirees to choose healthy lifestyles.

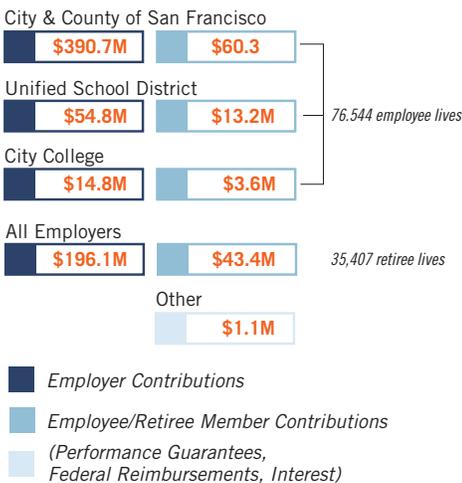


\$10.2M



## FUNDING and GOVERNANCE

### \$778M TRUST FUND CONTRIBUTIONS FY14-15



### HEALTH SERVICE SYSTEM FY14-15

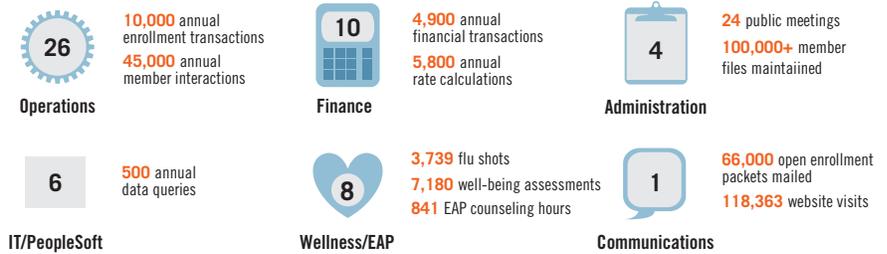
#### Health Service Board

- 7 Commissioners:
  - 3 Elected Members
  - 3 Appointees
  - 1 City Supervisor

#### 28 Plans From 10 Vendors

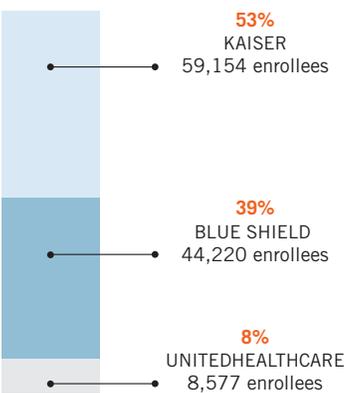
- Medical: 6 HMO; 4 PPO; Group Life: 6
- Dental: 2 DMO; 2 DPO; Long-Term Disability: 2
- Vision: 1; Flex Credits: 2
- FSA: 2; COBRA: 1

#### Health Service Staff

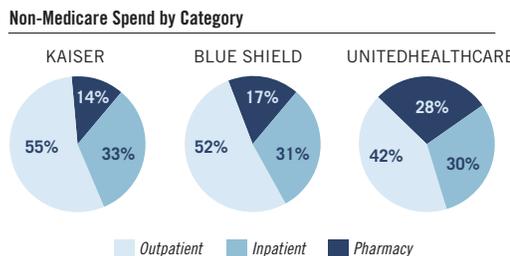
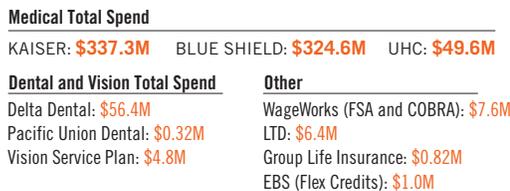


## HEALTH PLANS

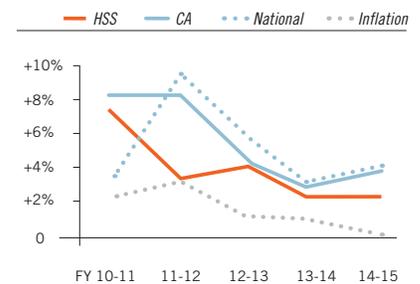
### MEDICAL PLAN ENROLLMENT as of JANUARY 1, 2015



### HEALTH PREMIUM COSTS BY VENDOR FY 14-15



### YEAR-OVER-YEAR HEALTH PREMIUM BENCHMARKING



Fiscal Year	10-11	11-12	12-13	13-14	14-15
HSS Premiums	+7%	+3%	+4%	+2%	+2%
CA Premiums	+8%	+8%	+4%	+3%	+4%
Ntl Premiums	+3%	+9%	+6%	+3%	+4%
Ntl Inflation	+2%	+2%	+2%	+2%	+0%

## SUSTAINABLE BENEFITS

**Accountable Care**

- a. Contract for coordinated care, quality, efficiency
- b. Monitor Accountable Care Organizations
- c. Patient-accessible quality and cost information

**Data Transparency**

- a. Transparency in provider cost and billing data
- b. All Payer Claims Database
- a. Risk score analysis year-over-year

**Employee/Retiree Wellness**

- a. Workplace culture of well-being
- b. Healthy behavior challenges
- c. Health plan wellness services

## Overview

# Health Service System

Per the San Francisco City Charter, the Health Service System (HSS) administers health benefits for nearly 112,000 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 include:

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

HSS core functions are providing efficient and accurate benefits administration, managing cost-effective health vendor contracts, establishing annual rates and benefits via health vendor negotiations, upholding legal compliance, maintaining accurate financial and demographic records, ensuring eligible members and dependents have access to quality healthcare, and educating employees and retirees about health and wellness benefits. In a rapidly evolving healthcare industry, the HSS Director and Chief Operating Officer work with a consulting actuary to develop and recommend strategies to the Health Service Board regarding improving quality of care and maintaining affordable premiums while ensuring legal compliance.



## Overview

# Health Service System

### Health Service Board

Per the San Francisco City Charter, the Health Service System Board consists of seven members. Three of the Commissioners are HSS members elected by HSS members. The four appointed Commissioners are comprised of one member of the San Francisco Board of Supervisors, two individuals selected by the Mayor and one individual selected by the City Controller. (One mayoral appointee must be a physician and the other must be an individual who regularly consults in the healthcare field.) Board commissioners are fiduciaries of the Health Service Trust. Per the City Charter, 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 and broadcast on SFGovTV. The Health Service System Director reports to the Health Service Board.

### Finance

The benefits administered by HSS cost \$778 million in fiscal year 2014–2015, an increase of \$14 million over the previous fiscal year. The HSS departmental administration budget increased by \$3 million to \$10.2 million, which correlates to 1.3% of the annual benefits costs. The finance division processes approximately 4,500 financial transactions annually, including timely vendor payments for all administered benefits, over-the-counter premium payments and departmental work orders. Finance participates in the annual rate setting process by conducting the Charter-mandated 10-County Survey of public employer contributions to employee health premiums, and participating in rate review and negotiations. Working with the actuary and data analytics staff, finance is responsible for calculating over 5,700 employee and retiree premium rates.

Finance also cooperates in the annual external Trust Fund audit, the results of which are incorporated into the CAFR (City Comprehensive Annual Financial Report). Working

with the Mayor's office, City Controller, and Budget Analyst's office, Finance develops the annual HSS administration budget. In addition to these accounting responsibilities, Finance administers a vendor oversight program with performance guarantees tied to penalties, oversees annual contract renewals and facilitates vendor Request for Proposal (RFP) processes.

Interfacing with the Center for Medicare Services (CMS) regarding eligible membership and claims, Finance oversees receipt of annual reimbursements from the federal government. Finance also coordinates with other employers and City departments, providing financial analyses pertaining to HSS benefits.

### Operations

The operations division handles day-to-day enrollment transactions, provides benefits decision support, coordinates premium contribution transactions with finance, and acts as a liaison between members and healthcare vendors as needed. Operations is also responsible for monthly reconciliation of member data with plans and employers, processing births, deaths, leaves, new hires and retirements.

Operations staff answer thousands of calls and meet personally with members between 8:00AM and 5:00PM. In 2015 operations staff answered 48,000 calls and assisted 16,700 members in person. Staff manually entered 13,000 enrollment forms meeting all deadlines.

### Communications

The communications division, financed by the HSS Trust Fund, provides employees and retirees with accurate and timely benefits information, so they can make knowledgeable decisions about their health coverage. This includes designing and supervising production of print, web and email materials, organizing events, and coordinating information with human resources professionals, unions and other groups. In addition, this division ensures that information relating to benefits, Health Service Board proceedings,

## Overview

# Health Service System

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 reviews and approves HSS member communications issued by healthcare vendors and assists the employers served by HSS with benefits-related information as needed.

### Wellness

The wellness division expanded in staff and services, since its inception in 2009 with an investment by the City & County and the expanded use of the Trust Fund for wellness programs. The support of the Mayor's Office, Controller's Office and the Department of Human Resources propelled the wellness program to a new level for City employees, working to maintain that momentum in the coming years to truly transform the culture to one that actively supports wellness. HSS has begun to work with City College of San Francisco and the San Francisco Unified School District to engage them in wellness activities funded by the Trust. This year the wellness team recruited over 200 champions who brought wellness programming and messaging to almost every City department. HSS will continue to use existing contracted vendor resources, to improve employee and retiree health. The Employee Assistance Program (EAP) is part of the wellness division and continues to provide confidential, no-cost counselling and behavioral health workshops, and organizational wellness workshops to employees and their families. EAP services were expanded to include the San Francisco Unified School District and City College of San Francisco.



## Demographics

111,951 member and dependent lives were covered on Health Service System medical plans.

### Medical Plans

As of January 1, 2015, there was an increase of 2,190 in total covered lives under HSS medical plans year-over-year. This increase was driven largely by covering all part-time employees working at least 20 hours per week and hiring due to the strong economy. Employee lives increased by 1,507 and retiree lives by 683.

For the first time in five years the number of lives enrolled in Blue Shield increased, by 640. However, Kaiser continued to increase its overall share, gaining 1,371 lives in 2015. With 59,154 covered lives in 2015 Kaiser enrolled 53% of the population—a year-over-year increase of 1%. Blue Shield enrolled 39% of the population, a reduction of 1% compared to 2014.

City Health Plan PPO continued to see outbound migration from employees, likely because of the plan's higher premium costs. In 2015, 136 employee lives left City Health Plan.

<b>All Lives—Medical</b>	<b>2014</b>	<b>2015</b>	<b>Change</b>
Kaiser HMO	57,513	59,154	1,641
Blue Shield HMO	43,550	44,220	670
City Health Plan PPO	8,698	8,577	(121)
Total Lives	109,761	111,951	2,190

<b>Employee Lives—Medical</b>	<b>2014</b>	<b>2015</b>	<b>Change</b>
Kaiser HMO	41,629	43,000	1,371
Blue Shield HMO	32,456	32,728	272
City Health Plan PPO	952	816	(136)
Total Lives	75,037	76,544	1,507

<b>Retiree Lives—Medical</b>	<b>2014</b>	<b>2015</b>	<b>Change</b>
Kaiser HMO	15,884	16,154	270
Blue Shield HMO	11,094	11,492	398
City Health Plan PPO	7,746	7,761	15
Total Lives	34,724	35,407	683

## Demographics

95,560 member and dependent lives were covered on Health Service System dental plans.

### Dental Plans

HSS administers dental plans for employees and dependents of the City & County of San Francisco and Superior Court, as well as retirees from all employers. (The San Francisco Unified School District and City College administer dental benefits for their employees.) Dental benefits for employees are employer-subsidized. Retiree dental plans do not receive employer subsidy and are self-funded. In 2015 the number of lives enrolled in all HSS-administered dental plans increased by 2,012.

Dental Plans	2014	2015	Change
Employee Lives	66,786	67,998	1,212
Retiree Lives	26,760	27,562	802
Total Lives	93,546	95,560	2,014

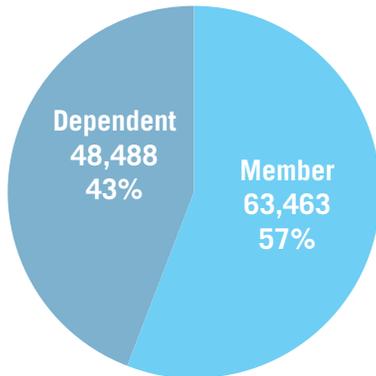
### Flexible Spending Accounts

A Flexible Spending Account (FSA) is a tax-favored benefit that allows City & County of San Francisco employees to pay for certain dependent care and healthcare expenses pre-tax. The level of participation in the FSA program shows an increase of 593 members year-over-year.

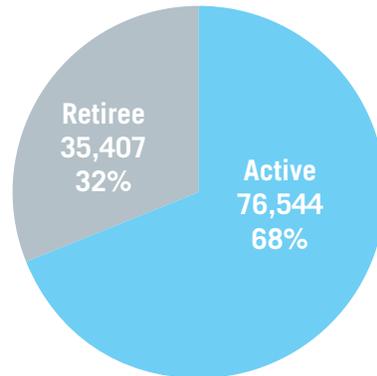
Flexible Spending Accounts	2014	2015	Change
Health Care FSA	2,808	3,208	400
Dependent Care FSA	888	976	88
Total FSA	3,696	4,184	488

Demographics

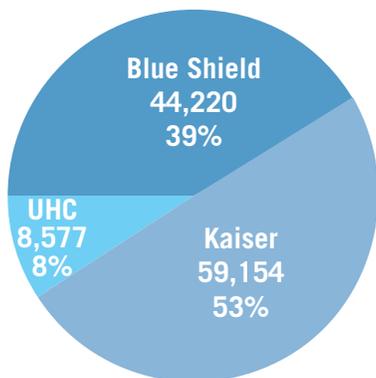
# Medical Plan Enrollment as of January 2015



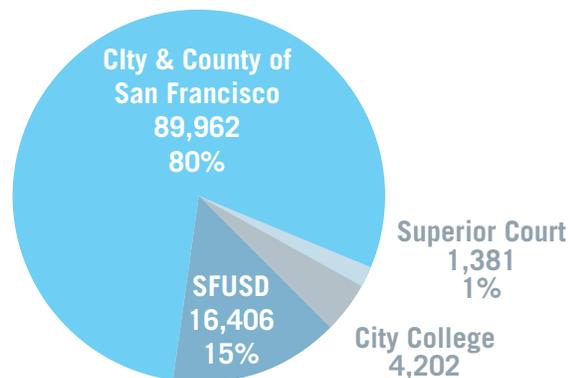
Medical Plans: Total Enrolled Lives Member vs. Dependent



Medical Plans: Total Enrolled Lives Employee vs. Retiree



Total Enrolled Lives By Medical Plan

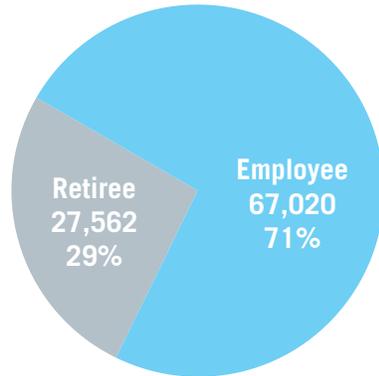


Total Medical Plan Enrollment by Employer

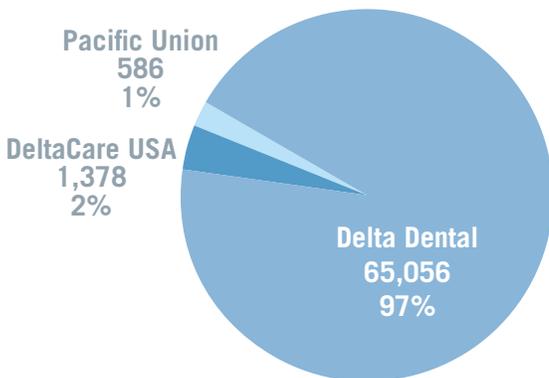
The Health Service System administered medical benefits for employees, retirees and dependents of the City & County of San Francisco, the San Francisco Superior Court, the San Francisco Unified School District and the San Francisco Community College District. The migration trend away from Blue Shield and City Plan to the Kaiser plan which began in 2008 has slowed, but continues.

Demographics

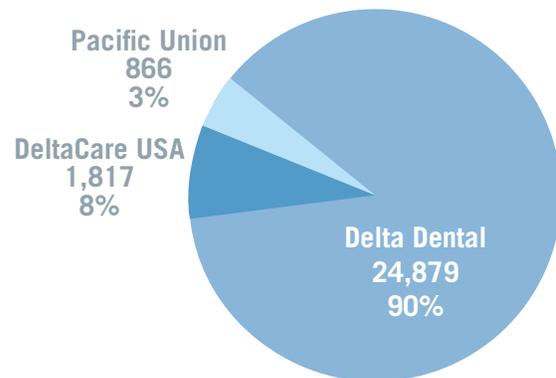
# Dental Plan Enrollment as of January 2015



Dental Plans: Total Enrolled Lives Employee vs. Retiree



Employee Enrolled Lives By Dental Plan



Retiree Enrolled Lives By Dental Plan

The Health Service System administered dental benefits for employees and dependents of the City & County of San Francisco, the San Francisco Superior Court and retirees. (The San Francisco Unified School District and San Francisco Community College District administer their own dental benefit programs for their active employees.) The City makes a significant contribution to employee dental premiums. Retiree dental plans are not subsidized by the employer. As of January 2015 94,582 individuals were enrolled in HSS-administered dental plans.

## Achievements

# Sustainable Health Benefits

The delivery of healthcare is characterized by systemic complexity and a crisis in affordability. As a major purchaser of healthcare in the Bay area, the Health Service System attempts to work with local medical groups, hospitals and insurers, seeking innovative ways to improve the quality of patient care while containing costs. By taking a leadership role, HSS is at the forefront of collaborative programs that will have a positive, long term effect on member health, as well as the fiscal well-being of all City employees. These programs also have the potential to serve as a model for maintaining sustainable, quality health benefits for other large private and public employers in our region who are facing similar challenges.

### Key Achievements 2015

- Continued to monitor two San Francisco-based Accountable Care Organizations (ACOs) with goals for quality improvements and cost reductions within the Blue Shield provider network.
- Maintained competitive premium contribution rates between Blue Shield and Kaiser.
- Developed and administered vendor performance guarantees and scorecards.
- Prepared and assisted the Health Service Board in negotiation a 2% increase in aggregate premiums for the 2015 plan year.
- Incorporated Advance Directive requirements in medical vendor contracts.
- Prepared for implementation of new UnitedHealthcare National PPO plan for Medicare-eligible members.
- Implemented transition to new COBRA vendor in July 2015 and prepared for transition of Healthcare and Dependent Care Flexible Spending Accounts.
- Launched All Payer Claims Database to begin analyzing and comparing vendor performance.
- Began recruitment for and implementation of the Diabetes Prevention Program research study in partnership with Kaiser Permanente.



## Achievements

# Fiscal Accountability and Operational Excellence

The Health Service System is committed to maintaining the highest accounting standards and providing outstanding member service. This commitment extends to all areas of finance and operations, which comprises complex back office administrative tasks as well as direct member support via the HSS call center and our in-person front desk. Metrics are tracked on an ongoing basis, to ensure that HSS member transactions are handled with a high level of quality and privacy, while members consistently receive accurate and knowledgeable counselling about health and wellness benefits.

### Key Achievements 2015

- Issued Audited Financial Statements earlier than any other City department/agency and achieved clean external audit.
- Developed annual budget to meet department needs. (Budget was cut by Mayor's Office and Board of Supervisors.)
- Procured and configured Salesforce Knowledgebase and Customer Relationship Management system.
- Provided initial specifications and fit gap analysis for PeopleSoft 9.2 upgrade.
- Implemented changes in real-time premium deductions for employees and retirees.
- Administered new life insurance benefit for two large unions.
- Improved flex credit administration.
- Hired new Operations Manager.
- Met or exceeded department operations goals, reducing member wait times from previous two years, and improving accuracy of member service.
- Ensured compliance with local, state and federal laws relating to benefits administration.
- Per federal PPACA, implemented benefits for all regularly scheduled employees working 20 or more hours a week.
- Implemented PPACA Minimal Essential Coverage reporting based on IRS forms 1095 and 1094.
- Maintained up-to-date member rules and section 125 plan documents.
- Participated in the initial phases of the City Financial System Replacement Project that is designed to improve fiscal operations.
- Employed new tools developed by Data Analytics to calculate approximately 5,700 employee and retiree premium rates.
- Ensured HIPAA training for all Health Service System employees, as well as employees in the Human Resources Department, the Office of the City Controller, San Francisco Unified School District and City College of San Francisco.

## Achievements

# Informed, Transparent, Effective Governance

Health Service Board and HSS maintain a high standard for open, responsible governance. The members of the Health Service Board are fiduciaries of a substantial financial trust fund, and the principal negotiators of health vendor contracts totalling over \$770 million annually. In an atmosphere where public employee benefits are under intense scrutiny, the Health Service Board is committed to information transparency, ethical conduct and accountability.

### Key Achievements 2015

- All Board and Committee meeting agendas and associated documents were made available to the public on paper and online within 72 hours of meetings.
- Health Service Board meetings are routinely broadcast live on SFGovTV.
- Digital video archive of Health Service Board meetings is available on SFGovTV. On demand video is available within 72 hours after the live meetings.
- Health Service Board launched email address for members to communicate on policy issues.



## Achievements

# Educated and Empowered HSS Members

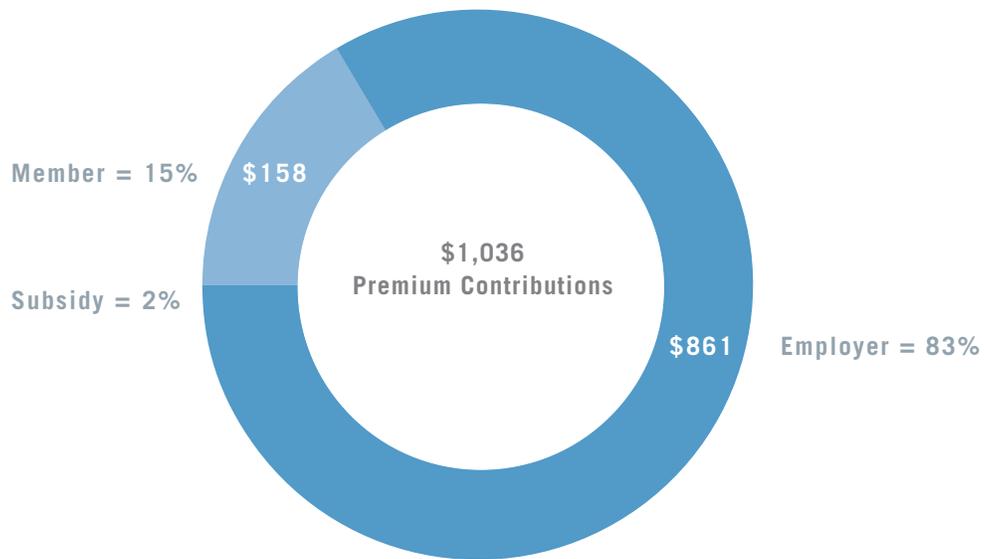
A well-informed member is positioned to make wiser decisions about benefits, as well as behaviors that impact health. To succeed in its efforts to improve quality of care and drive down costs, HSS is working to actively engage members as participants in new wellness and costs saving initiatives. HSS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

### Key Achievements 2015

- Delivered timely, accurate benefits and well-being information via print, web, monthly eNews, phone and in-person member contact to nearly 112,000 members.
- Mailed 65,345 Open Enrollment packets and 65,345 confirmation letters, each containing accurate variable data specific to each member.
- Redesigned Open Enrollment packets to significantly reduce paper, helping support the City's zero waste goal and reducing postage costs by \$72,000.
- Operations handled 48,000 calls, 16,700 in-person consultations and conducted in-person presentations to over 1,000 members at new hire orientations and pre-retirement seminars.
- Conducted educational events to educate retirees about Medicare plan options, including new NNPO plan.
- Added three new positions to the well-being/EAP staff.
- Maintained network of over 200 Wellness Champions, promoting wellness activities and a culture of well-being in the workplace.
- Expanded worksite flu shot clinics to 26 locations, administering 3,739 flu shots.
- Continued partnership with Recreation & Parks Department, with workplace group exercise programs at four additional locations—DEM, DBI, PRT, and PUC. Twenty classes per week are now available.
- Average of 200 employees and retirees per month participated in well-being classes, seminars and activities at the 1145 Market Street Wellness Center.
- Administration of the Shape Up Walking Challenge moved to the Health Service System. 1,932 people participated; 39 City departments had at least one team.
- EAP provided 841 hours of free counseling to 345 clients, held 30 worksite seminars, led 15 Non-Violent Crisis Intervention trainings and conducted outreach with HR professionals at City departments.
- 7,180 employees completed the second annual Well-being Assessment; overall participation was 18%.
- Partnered with the Retired Employees of the City & County of San Francisco (RECCSF) to promote wellness at member meetings. Recruited retirees for a Shape Up Walking Team and offered a retiree-only flu shot clinic.

Premium Trends

# Employer and Member Medical Premiums



Year-over-year aggregate average employer contributions to medical premiums decreased by 1%, from 84% to 83%. Overall member contributions remained at 15% year-over-year.

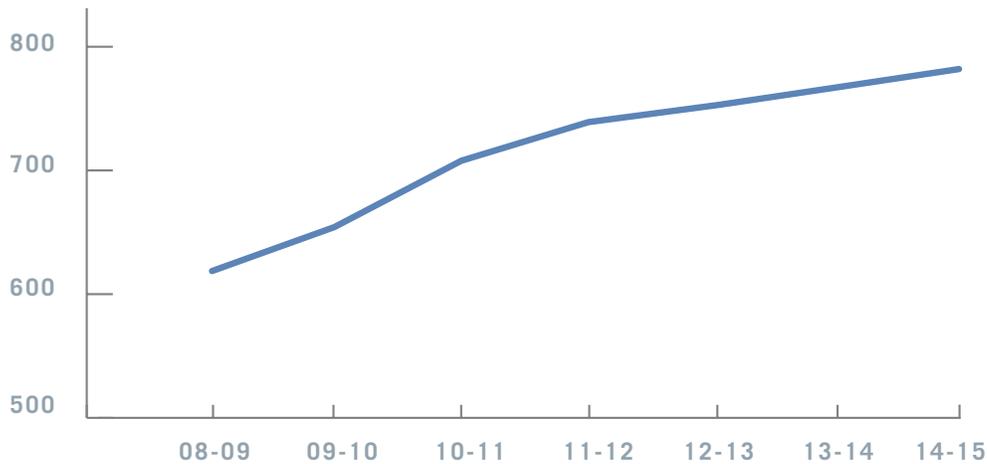
Average Monthly Premium Contributions	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15
Average Monthly Member Premium Contribution	\$ 113	\$ 123	\$ 131	\$ 159	\$ 158
Average Monthly Employer Premium Contribution	\$ 735	\$ 769	\$ 791	\$ 866	\$ 861
Monthly Trust Fund Premium Subsidy Contribution	-	-	\$ 11	\$ 10	\$ 17
Average Monthly Total Premium Contribution	\$ 878	\$ 892	\$ 933	\$ 1,035	\$ 1,036

Data from HSS finance.

Cost Trends

# Year-Over-Year HSS Health Premium Costs

Health Service System Total Employer and Member Health Premium Contributions  
(in millions)



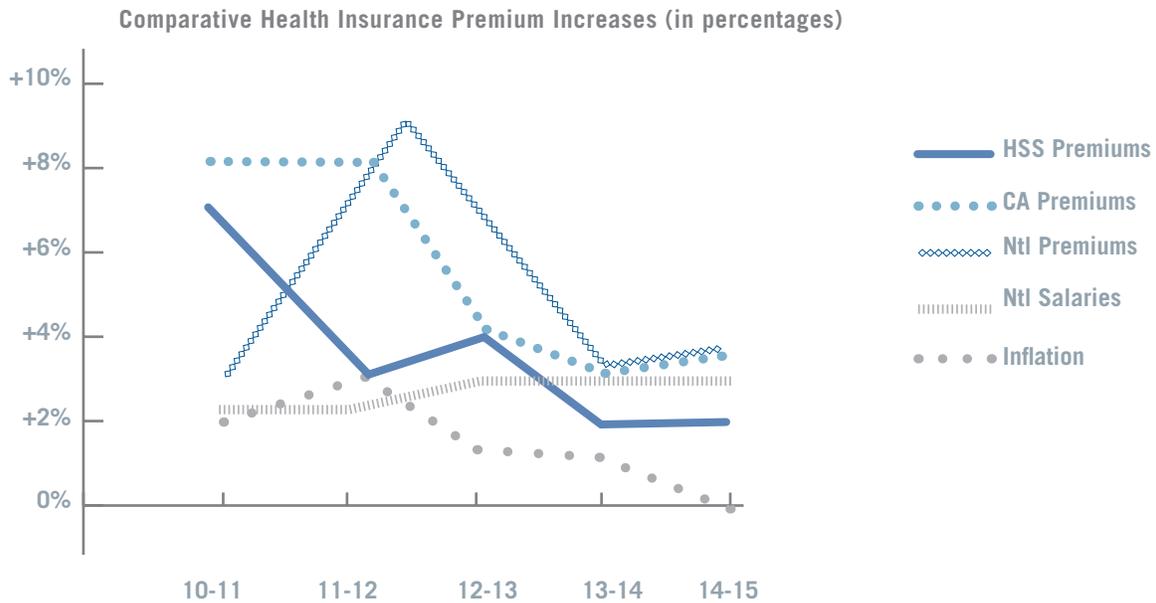
In 2015, HSS’ 2% aggregate premium increase was lower than regional, state and national trends. The Health Service Board remains committed to improving care and managing costs through innovative plan design, Accountable Care Organizations, price competition between plans and employee wellness programs.

	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15
Combined Contributions (in millions)	\$ 615 +7%	\$ 658 +7%	\$ 703 +7%	\$ 722 +3%	\$ 748 +4%	\$ 763 +2%	\$ 777 +2%

Data from HSS finance; includes total premium costs for medical, dental, vision, and long term disability coverage, as well as flex credits and flexible spending accounts.

Cost Trends

# Year-Over-Year Comparative Cost Increases



The rising cost of healthcare is affecting the local, state and national economy. In general it is outpacing inflation, and having a negative impact on employers’ ability to manage budgets and maintain jobs and wages.

	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15
HSS Health Premiums	+7%	+3%	+4%	+2%	+2%
California Health Premiums	+8%	+8%	+4%	+3%	+4%
National Health Premiums	+3%	+9%	+6%	+3%	+4%
National Worker Salaries	+2%	+2%	+3%	+3%	+3%
National Inflation	+2%	+3%	+2%	+2%	0%

Data from HSS finance; includes total premium cost for medical, dental, and vision coverage. Other data is from the California Healthcare Foundation, California Employer Benefits Survey, Kaiser Family Foundation and Society for Human Resource Management.

Sustainable Benefits

# Align City Resources

A concerted effort to lower healthcare costs, and achieve sustainable benefits, is required to achieve success. Per current governance, responsibilities for healthcare costs are shared among a wide number of City entities. HSS has been facilitating collaborative efforts, in order to bring about significant change.

<p><b>Voters define 71% of City Contribution via the City Charter</b></p> <ul style="list-style-type: none"> <li>• Establishes minimum health premium contribution City must contribute for employees and retirees.</li> <li>• Defines eligibility rules for employees, retirees and surviving dependents.</li> </ul>	<p><b>Elected Officials Exert Legislative Influence and Approve Aggregate Health Plan Costs</b></p> <ul style="list-style-type: none"> <li>• Board of Supervisors reviews and approves annual rates and benefits for medical, dental, vision plans.</li> <li>• Legislates to ensure vendor pricing transparency and a thriving, competitive marketplace.</li> <li>• Board of Supervisors determines eligibility for coverage beyond the City Charter, via the Administrative Code.</li> </ul>
<p><b>Health Service Board Negotiates Aggregate Annual Health Plan Costs</b></p> <ul style="list-style-type: none"> <li>• Directs competitive health vendor RFP processes.</li> <li>• Conducts annual rates and benefits negotiations (medical, dental, vision).</li> <li>• Determines plan design* (benefits and co-pays).</li> <li>• Recommends annual medical, dental and vision plan vendors, rates and benefits to the Board of Supervisors.</li> <li>• Ensures benefits are applied without favor or privilege.</li> <li>• Creates innovative programs to improve quality and maintain affordable benefits.</li> </ul>	<p><b>CCSF Department of Human Resources Negotiates 29% of Contribution for City Employees</b></p> <ul style="list-style-type: none"> <li>• Negotiates labor contracts, which determine employer/employee premium contributions and benefits strategies beyond the Charter mandate.</li> <li>• Works in partnership to promote a healthy and productive workforce.</li> </ul>
<p><b>Unified School District Adds 10,000 Lives to the Membership Pool</b></p> <ul style="list-style-type: none"> <li>• Defines eligibility for USD employees.</li> <li>• Negotiates labor contracts which determine employer/employee premium contributions for USD.</li> </ul>	<p><b>City College of San Francisco Adds 4,500 Lives to the Membership Pool</b></p> <ul style="list-style-type: none"> <li>• Defines eligibility for CCD employees.</li> <li>• Negotiates labor contracts which determine employer/employee premium contributions for CCD.</li> </ul>
<p><b>Labor Unions Negotiate Contracts and Influence Employee Engagement</b></p> <ul style="list-style-type: none"> <li>• Negotiate contracts, including premium contributions and health incentives.</li> <li>• Advocates for employee engagement in managing health and healthcare decision making.</li> </ul>	<p><b>Civil Service Commission Defines Employee Holdover Benefits</b></p> <ul style="list-style-type: none"> <li>• Defines employee holdover health benefits and eligibility. (Holdover employees currently retain HSS health coverage eligibility for 5 years).</li> </ul>

\*HMO plans, per State of California regulation, are required to provide a certain array of benefits. The Health Service Board has no authority to change state requirements.

## Statements of Net Positions Available for Health Benefits

June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets:		
Cash and investments held with City & County Treasurer	\$ 109,835,621	\$ 137,569,853
Contributions receivable from:		
Employer	16,130,447	34,028,809
Employees	2,943,300	5,932,528
Interest receivable	82,681	149,423
Other assets	2,033,132	1,896,634
Total assets	<u>\$ 131,025,181</u>	<u>\$ 179,577,247</u>
Liabilities:		
Reserves for claims—medical, prescription drugs and dental	\$ 29,342,770	\$ 29,155,780
Health Maintenance Organization, dental and disability premiums payable	18,475,271	13,205,278
Unearned contributions	1,677,383	44,395,279
Total liabilities	<u>49,495,424</u>	<u>86,756,337</u>
Total net position	<u>\$ 81,529,757</u>	<u>\$ 92,820,910</u>

To see the accompanying notes, which are an integral part of these financial statements, please visit:  
[www.myhss.org/finance.html](http://www.myhss.org/finance.html).

## Statements of Changes in Net Positions Available for Health Benefits

June 30, 2015 and 2014

	2015	2014
Additions:		
Employer and retiree contributions	\$ 120,467,997	\$ 118,469,378
Employer contributions for:		
Active employees	460,327,725	445,174,015
Retired employees	196,075,044	198,879,926
Total contributions	<u>776,870,766</u>	<u>762,523,319</u>
Plan providers penalties and forfeitures	467,479	443,201
Investment earnings:		
Net increase (decrease) in fair value of investments	(23,137)	228,089
Interest income	672,372	826,775
Total investment earnings	<u>649,235</u>	<u>1,054,864</u>
Total additions	<u>777,987,480</u>	<u>764,021,384</u>
Deductions:		
City Health Plan health benefits	49,648,775	47,635,818
Health Maintenance Organization health benefits	663,123,088	628,791,452
Vision benefits	4,810,681	4,584,217
Dental benefits	56,656,927	52,214,587
Disability and flexible benefits	15,039,162	15,338,757
Total deductions	<u>789,278,633</u>	<u>748,564,831</u>
Change in net position available for health benefits	(11,291,153)	15,456,553
Net position:	92,820,910	77,364,357
Beginning of year	<u>77,364,357</u>	<u>53,219,009</u>
End of year	<u>\$ 81,529,757</u>	<u>\$ 92,820,910</u>

To see the accompanying notes, which are an integral part of these financial statements, please visit:  
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Governance

# Health Service Board

Per the San Francisco City Charter, the Health Service Board is responsible for conducting an annual review of health benefit costs, ensures benefits are applied without favor or privilege, and administers the business of the Health Service System. Three elected members serve a five-year term. Of the other four commissioners, one is a member of the Board of Supervisors, two commissioners are appointed by the Mayor and one is appointed by the City Controller.

## 2015 Health Service Board



**Karen Breslin**  
Elected Commissioner  
Current Term: June 2014–May 2019  
Retired  
Adult Probation Officer  
San Francisco



**Mark Farrell**  
Board of Supervisors Appointee  
Current Term: May 2015–May 2020  
Board of Supervisors  
City & County of San Francisco



**Sharon Ferrigno**  
Elected Commissioner  
Current Term: June 2014–May 2019  
Retired  
Deputy Chief, San Francisco  
Police Department



**Stephen Follansbee, MD**  
Mayoral Appointee  
Current Term: August 2015–May 2020  
Retired  
Clinical Professor, UCSF



**Wilfredo Lim**  
Elected Commissioner  
Current Term: June 2015–May 2020  
Accounting Manager,  
San Francisco General Hospital



**Gregg Sass**  
Mayoral Appointee  
Current Term: August 2015–May 2020  
Retired  
Chief Financial Officer,  
San Francisco General Hospital



**Randy Scott**  
City Controller Appointee  
Current Term: May 2015–May 2020  
Chief Human Resources Officer  
Institute on Aging

# Location

## Health Service System Member Services

HSS Call Center:  
(415) 554-1750  
(800) 541-2266  
Monday - Friday  
8:00AM-5:00PM

HSS Office Drop-in:  
1145 Market Street  
3rd Floor  
San Francisco, CA 94103  
8:00AM-5:00PM

## Health Service System Wellness

HSS Wellness Center:  
1145 Market Street  
1st Floor  
San Francisco, CA 94103

Wellness: (415) 554-0643  
EAP: (800) 795-2351  
Email: [wellness@sfgov.org](mailto:wellness@sfgov.org)

**HSS Website:**  
[www.myhss.org](http://www.myhss.org)

## 2015 Health Service System Management Team

Catherine Dodd, RN, PhD  
Director

Mitchell Griggs  
Chief Operating Officer

Pamela Levin  
Chief Financial Officer

Marina Coleridge  
Data Analytics Manager

Stephanie Robinson Fisher  
Wellness Manager

Darric Sorko-Ram  
Member Services Manager

Rosemary Passantino  
Communications Manager

Laini Scott  
Health Service Board Secretary