



# ANNUAL REPORT

2017

**SAN FRANCISCO  
HEALTH SERVICE SYSTEM**

Affordable, Quality Benefits & Well-Being

SFHSS.ORG

## **MISSION STATEMENT**

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

# MESSAGE FROM THE DIRECTOR

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The first priority of the San Francisco Health Service System (SFHSS) is our members. As insurance costs trend upward, regulatory oversight increases and our membership of multi-generational employees and retirees expands, health benefits administration continues to grow in complexity.

Looking back at 2017, we must note that it was a year of uncertainty with regard to the Affordable Healthcare Act and federal government legislation changes. SFHSS is proud to have delivered quality health benefits to meet the needs of our membership that grew to nearly 118,000 lives.

Market forces and a changing economic landscape in the healthcare industry notwithstanding, SFHSS continued its collaboration with our partners in health to provide the best quality and value in health insurance available to us. Our ability to manage costs while ensuring the most comprehensive health care coverage is available to our members comes from commitment to innovative partnerships with our vendors.

## **In 2017, SFHSS Began Work on Creating Competition in the Marketplace**

SFHSS partnered with Blue Shield of California to offer an alternative HMO, Trio HMO, for employees and non-Medicare eligible retirees beginning January 1, 2018. This much needed collaboration will result in creating a sustainable plan that will increase competition in the marketplace, transform Bay Area healthcare delivery and reduce actual costs for the members and employers.

An alternative HMO option for employees and early retirees (non-Medicare) that is 10% lower in cost than other Blue Shield HMOs will be available to the City. Sustainable plans create competition in the marketplace, transform health care delivery and reduces actual costs for members.

During the October 2017 Open Enrollment, SFHSS worked with Blue Shield to communicate to our membership that Trio HMO includes more than 12,000 high-quality physicians. Trio HMO follows the same plan design as other Blue Shield plans available to our members but for a lower premium rate.

With physician networks Brown & Toland, John Muir, Meritage, Hill Physicians, and Santa Clara Independent Physician Association as partners and access to premier Bay Area hospitals including University of California San Francisco (UCSF) and Dignity, Trio HMO sets an example of how quality and affordability can correlate with one another.

## **SFHSS Remains a Leader in Inclusive Health Benefits**

In keeping with the City and County of San Francisco's commitment to embracing diversity and ensuring inclusion of all community members, SFHSS continues to offer gender dysphoria coverage health care.

In 2001, the San Francisco Health Service System became the first large public employer in the United States to include gender dysphoria care (including reassignment surgery) as part of its employee health design.

Regardless of a changing political landscape, in 2017 SFHSS adopted a gender dysphoria benefit policy statement that it shall be the policy of SFHSS and the Health Service Board to fully recognize medically necessary treatment for gender dysphoria as part of the full scope of benefits offered to members.

This policy was enacted to make sure all SFHSS health plans are aligned in their consideration for medically necessary treatments for gender dysphoria.

## **Best Doctors Support Members in Making Better Health Care Decisions**

Medical decisions can sometimes be difficult and challenging to navigate, even when consulting with medical providers. In response to this need, SFHSS worked diligently in 2017 to introduce an exciting service called Best Doctors, to help members make the best medical decisions for themselves and their families and dependents.

Best Doctors medical case review is a confidential service, at no additional cost, available to all employees, retirees, spouses, domestic partners enrolled in an SFHSS medical plan. Best Doctors provides expert case review for any important medical decision including providing confirmation of diagnosis, learning about new prescribed medications or reviewing a treatment plan.

## **New Technologies for Member Services**

In 2017, we introduced a new system to help integrate online document and work flow management capabilities for the first time in our history. The Enterprise Content Management System, or ECM, made a huge impact on our data intake and management processes already converting 100,000 files into electronic ones. SFHSS looks forward to more electronic conversion and system management which provides better record management and faster service.

## **Coming in 2018: Online Benefits Enrollment**

In 2017, as part of our commitment to integrating innovation into our enrollment process, we conducted a pilot program last October allowing a small group of employees and retirees to make their open enrollment elections online for the first time. The pilot was successful, allowing us to offer an online enrollment option to new hires in 2018 as well as open enrollment for some employees and retirees. Online enrollment should be fully accessible to all employees beginning in 2019.

## **Administrative Efficiencies**

We continue to ensure deadlines are met well in advance of open enrollment and oversaw another successful Open Enrollment process in 2017. Under the supervision of our Certified Project Manager, we produced and mailed out 10 different Benefits Guides and Booklets and customized enrollment forms to over 74,000 members. Additionally, our Customer Relations Management System (CRM) remains a valuable tool documenting incoming calls resulting in a high percentage of one-call resolutions and higher customer service satisfaction among inquiries received.

## **Regulatory Compliance**

In accordance with the national health care law and Affordable Care Act, SFHSS delivered over 50,000 1095-C tax forms to members and retirees evidencing health insurance coverage provided during the 2017 plan year.

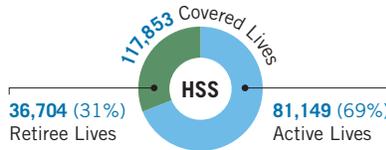
It is both our mandate and our steadfast commitment to ensure that we provide the best quality health care benefits available to our members that are both affordable and sustainable for generations to come.

## **Mitchell Griggs**

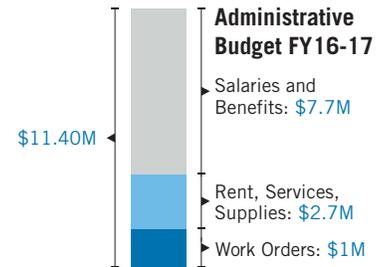
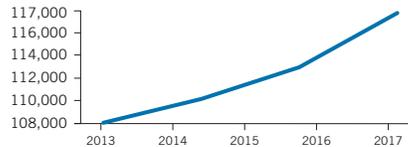
Acting Executive Director  
San Francisco Health Service System

# OVERVIEW

Governed by the Health Service Board, the San Francisco 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.

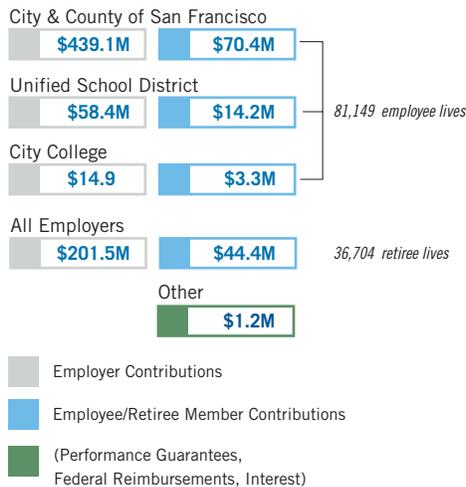


## YEAR-OVER-YEAR COVERED LIVES



## FUNDING and GOVERNANCE

### \$847M TRUST FUND CONTRIBUTIONS FY16-17



### HEALTH SERVICE SYSTEM FY 16-17

#### Health Service Board

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

#### 26 Plans From 10 Vendors

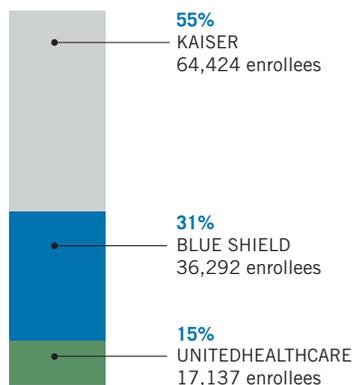
- Medical: 6 HMO; 4 PPO
- Dental: 2 DMO; 2 DPO
- Vision: 1
- FSA: 2
- Group Life: 6
- Long-Term Disability: 2
- COBRA: 1

#### Health Service Staff



## HEALTH PLANS

### MEDICAL PLAN ENROLLMENT as of January 1, 2017



### HEALTH PREMIUM COSTS BY VENDOR FY 16-17

#### Medical Total Spend

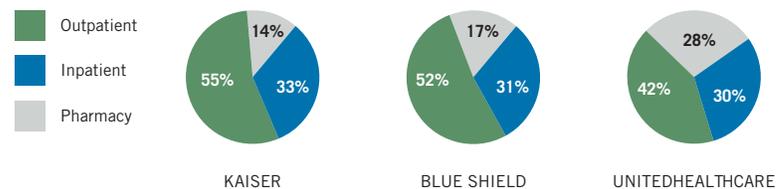
KAISER: \$370.7M      BLUE SHIELD: \$314.2M      UHC: \$75.0M

#### Dental and Vision Total Spend

Delta Dental: \$57.4M  
 Pacific Union Dental: \$0.32M  
 Vision Service Plan: \$5.1M

**Other**  
 P&A (FSA): \$9.4M  
 LTD: \$7.2M  
 Group Life Insurance: \$1.0M  
 EBS (Flex Credits): \$1.4M

#### Non-Medicare Spend by Category



## SUSTAINABLE BENEFITS



### Accountable Care

- Contract for coordinated care, quality, efficiency
- Monitor accountable care organizations
- Patient-accessible quality and cost information



### Data Transparency

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



### Member Well-Being

- Employee Assistance Program (EAP)
- Healthy behavior challenges
- Health plan well-being services

## San Francisco Health Service System

Per the San Francisco City Charter, the San Francisco Health Service System (SFHSS) administers health benefits for nearly 118,000 employees, retirees and their eligible family members. Participating employers include the City and 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 Plans
- Expert Medical Case Review
- Flexible Spending Accounts
- Long Term Disability
- Group Life Insurance
- Municipal Executive Flex Credits
- COBRA
- Voluntary Benefits
- Well-being Programs
- Employee Assistance Program

SFHSS' core functions are providing efficient and accurate benefits administration, managing cost-effective health vendor contracts, establishing annual rates and benefits via health vendor negotiations, ensuring 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 well-being benefits.

In a rapidly evolving healthcare marketplace, the SFHSS Acting Executive Director, Chief Operating Officer and Chief Financial Officer work diligently with our actuarial consultants to develop and recommend effective planning and implementation strategies to the Health Service Board.

We remain steadfast in our commitment to constantly improve the quality of health care available to our members that are affordable, sustainable and in compliance with the legal requirements of the City and County of San Francisco.



## The Health Service Board

Pursuant to the San Francisco City Charter, the Health Service System Board consists of seven members. Three of the Commissioners are SFHSS members elected by SFHSS 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 San Francisco 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 San Francisco 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 SFHSS cost \$843 million in fiscal year 2016–2017, an increase of \$30 million over the previous fiscal year. The SFHSS departmental administration budget increased by \$0.4 million to \$11.4 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. Working with the actuary and Enterprise Systems & Analytics staff, finance is responsible for calculating over 3,100 employee and retiree premium rates. 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. The average monthly employer contribution for employee-only coverage under each of the county's medical plans for plan year 2018 was calculated at 7.33% above the 10-County average for plan year 2017.

Finance also cooperates in the annual external Trust Fund audit, the results of which are incorporated into the CAFR (City Comprehensive Annual Financial Report). SFHSS had another clean audit. Working with the Mayor's office, City Controller, and Budget Analyst's office, Finance develops the annual SFHSS 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 Centers for Medicare & Medicaid 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 SFHSS benefits.

## Operations

The Operations Division handles day-to-day enrollment transactions, provides benefits decision support to our members, 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 2017, operations staff answered 54,567 calls and assisted 14,840 members in person.

Open Enrollment is conducted annually in October. During this time, the call volume and office traffic increases significantly.

Depending on the significance of the year's plan and rate changes, Operations staff manually enters data for between 8,000 and 30,000 open enrollment applications into the PeopleSoft system, in order to meet deadlines for data transfer linked to the start of a new plan year every January 1.

This division ensures compliance with city, state and federal regulations regarding protected health information privacy and records retention, advises the HSB on the rules that govern membership in the San Francisco Health Service System, and conducts ongoing eligibility audits.

As the facilitator of the department's day-to-day use of PeopleSoft, Operations is playing an instrumental role in the transition to online benefits administration to PeopleSoft 9.2.

## Enterprise Systems & Analytics (ESA)

The Enterprise Systems & Analytics Division supports all the technical infrastructure for the San Francisco Health Service System from desktop office machines and telecommunications to enterprise systems and sfhss.org, conducts analysis of healthcare costs and utilization, and fulfils data and report requests.

The ESA Division annually configures all the system modifications required to administer benefits for the plan year which includes financial, benefit plan and enrollment components. Additionally, ESA writes system programming specifications, codes modifications, conducts acceptance testing and debugging. ESA provides ongoing production support including executing system jobs, generating audits and queries, fulfilling enhancement requests and re-mediating support issues.

ESA leverages the All Payer Claims Database (APCD) to conduct analyses to evaluate quality of care, trend cost and utilization, and support plan design considerations. ESA provides data to all employers and the actuarial firm to support rate setting, budgeting, and internal/external audits.

In 2017, ESA successfully extracted and formatted data for 74,092 open enrollment letters, 75,036 confirmation letters, 53,281 IRS Form 1095-C and 222 IRS Form 1099-Miscellaneous.

### Communications

The Communications division, financed by the SFHSS 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 all print, web and electronic materials, organizing informational events, and coordinating information among human resources professionals, unions and other groups.

In addition, this division ensures that information relating to benefits, Health Service Board proceedings, finance and operations are made available to SFHSS members, elected officials, the media and the public, in a timely manner, so the department adheres to high standards of government accessibility and transparency. Communications also reviews and approves SFHSS member communications issued by healthcare vendors and assists the employers served by SFHSS with benefits-related information as needed.

Communications supported the 2018 Open Enrollment campaign, the largest one to date, which included dozens of communications pieces, mailings, enrollment materials and outreach content designed to ensure a successful enrollment process. Highlights include six Benefits Guides, four Benefits Booklets, customized suite of enrollment materials, web page content, Citywide emails, eNewsletters and artwork supporting open enrollment and educational events.



### Well-Being

The Well-Being Team's mission is to help our members (employees, retirees, and family members) feel, live, and be Better Every Day. We encourage and facilitate well-being by raising awareness, providing programs, services and tools and striving to create a supportive workplace culture.

The Well-Being Division has several core functions: the Employee Assistance Program, Well-Being@Work, retiree services, healthy behavior campaigns and challenges, targeted interventions, and the Wellness Center. The Well-Being Team leverages existing well-being services offered through the health plans. With the support of the Well-Being Sponsors: The Mayor's Office, Controller's Office, and the Department of Human Resources, the Well-Being Team strives to transform the workplace into one that supports employee well-being.

This year, Well-Being developed the tagline Better Every Day to unite all initiatives. Six members volunteered to be the face and stories behind Better Every Day. Videos, posters, emails, and a new employee booklet were created and the well-being webpages were reorganized to communicate this important mission.

# DEMOGRAPHICS

117,853 member and dependent lives were covered on San Francisco Health Service System medical plans.

## Medical Plans

As of January 1, 2017, there was an increase of 2,088 total covered lives under SFHSS medical plans year-over-year. This increase was driven largely by hiring. Employee lives increased by 1,635 and retiree lives by 453.

In plan year 2017, the Blue Shield Medicare plan was eliminated. As a result, over 12,000 retiree lives migrated to the more affordable UnitedHealthcare Medicare Advantage PPO (UHC MA PPO) from both Blue Shield and from City Health Plan.

To allow for choice and affordability for families with Medicare and Non-Medicare members, SFHSS implemented a unique administration of benefits. Non-Medicare members of the same family could enroll with Blue Shield while the Medicare members of that family would enroll in UnitedHealthcare MA PPO.

Due to the elimination of the Blue Shield Medicare offering, Blue Shield enrollment decreased by 7,732 lives to 44,024. Additionally, enrollment in the UHC MA PPO plan increased by 13,439 lives. Kaiser continued to increase its overall share, gaining 2,180 total lives in 2017. With 64,244 covered lives, Kaiser enrolled 54.7% of the SFHSS population who elect coverage. Blue Shield enrolled 37.34% of the population who elect coverage, a reduction of 1% compared to 2016.

All Lives—Medical	2016	2017	Change
Kaiser HMO	62,224	64,424	2,180
Blue Shield HMO	44,024	44,024	-7,732
City Health Plan PPO	8,264	8,264	-5,799
UHC MA PPO	1,233	14,672	13,439
<b>Total Lives</b>	<b>115,765</b>	<b>117,853</b>	<b>2,088</b>

Employee Lives—Medical	2016	2017	Change
Kaiser HMO	45,664	47,298	1,634
Blue Shield HMO	32,810	32,294	516
City Health Plan PPO	1,040	1,530	490
UHC MA PPO	N/A	27	27
<b>Total Lives</b>	<b>79,514</b>	<b>81,419</b>	<b>1,365</b>

Retiree Lives—Medical	2016	2017	Change
Kaiser HMO	16,580	17,126	546
Blue Shield HMO	11,214	3,998	7,216
City Health Plan PPO	7,224	935	6,289
UHC MA PPO	1,233	14,645	13,412
<b>Total Lives</b>	<b>36,251</b>	<b>36,704</b>	<b>453</b>

## 101,690 member and dependent lives were covered on San Francisco Health Service System dental plans.

### Dental Plans

SFHSS administers dental plans for employees and dependents of the City and 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 2017, the number of lives (defined as including the subscribers and their dependents) enrolled in all SFHSS-administered dental plans increased by 2,675.

All Lives–Dental	2016	2017	Change
Employee	70,632	72,183	1,551
Retiree	28,383	29,507	1,124
<b>Total Lives</b>	99,015	101,690	2,675

### Voluntary Benefits

In 2017, SFHSS expanded the offering of voluntary benefits to all City and County of San Francisco and San Francisco Superior Court employees. Life insurance was offered as guarantee issue for the employee and their spouse.

Voluntary Benefits	2017 Enrollment
Voya Accident insurance	528
Voya Critical Illness insurance	686
Abacus short term disability	441
Aetna Group Term Life Insurance	2,040
LegalShield legal plan	337
LifeLock identify theft protection	211
Pets Best pet insurance	337

### Flexible Spending Accounts

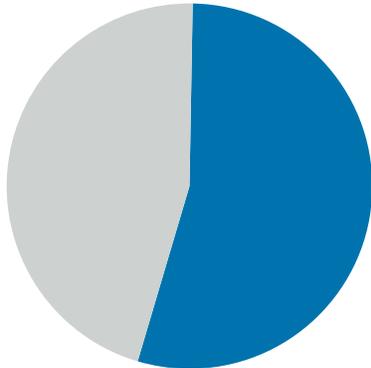
A Flexible Spending Account (FSA) is a tax-favored benefit that allows City and County of San Francisco employees to pay for certain dependent care and healthcare expenses pre-tax. The level of participation in the FSA program shows an increase of 871 members year-over-year.

Flexible Spending Accounts	2016	2017	Change
Health Care FSA	3,571	4,313	742
Dependent Care FSA	1,068	1,197	129
<b>Total FSA</b>	4,639	5,510	871

## Medical Plan Enrollment as of January 2017

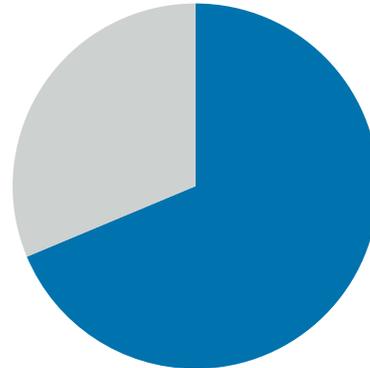
The San Francisco Health Service System administered medical benefits for employees, retirees and dependents of the City and County of San Francisco, the San Francisco Superior Court, the San Francisco Unified School District and the San Francisco Community College District. Kaiser membership increased with new employees.

As of January 2017, 117,853 lives were enrolled in SFHSS-administered medical plans.



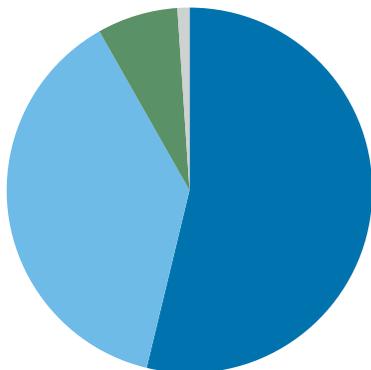
**Medical Plans: Total Enrolled Lives  
Member vs. Dependent**

Member	67,631	57%
Dependent	50,222	43%



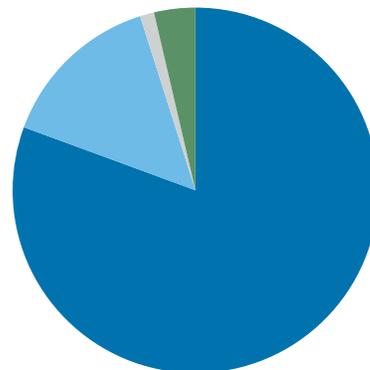
**Medical Plans: Total Enrolled Lives  
Active vs. Retiree**

Active	81,149	69%
Retiree	36,704	31%



**Total Enrolled Lives  
By Medical Plan**

Kaiser HMO	64,424	55%
Blue Shield HMO	36,292	31%
UHC MA PPO	14,672	12%
City Health Plan PPO	2,465	2%



**Total Medical Plan  
Enrollment by Employer**

City & County of San Francisco	95,353	81%
SFUSD	16,827	14%
City College	4,210	4%
Superior Court	1,463	1%

## Dental Plan Enrollment as of January 2017

SFHSS administered dental benefits for employees and dependents of the City and 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.

<b>EMPLOYEES</b>			
<b>CCSF Employees Lives by Dental Plan</b>	<b>2016</b>	<b>2017</b>	<b>Change</b>
Delta Dental	67,519	69,067	1,548
Deltacare USA	1,470	1,414	-56
UnitedHealthcare Dental	619	666	47
<b>Total Lives</b>	<b>69,608</b>	<b>71,147</b>	<b>1,539</b>

<b>RETIREES</b>			
<b>Enrollment Retirees vs. Dependents</b>	<b>2016</b>	<b>2017</b>	<b>Change</b>
Retirees Members	19,881	20,583	702
Dependents	8,502	8,924	422
<b>Total Lives</b>	<b>28,383</b>	<b>29,507</b>	<b>1,124</b>

<b>Retiree Lives by Dental Plans</b>	<b>2016</b>	<b>2017</b>	<b>Change</b>
Delta Dental	25,743	26,849	1,106
Deltacare USA	1,726	1,642	-84
UnitedHealthcare Dental	914	1,016	102
<b>Total Lives</b>	<b>28,383</b>	<b>29,507</b>	<b>1,124</b>

<b>Retiree Members by Dental Plan</b>	<b>2016</b>	<b>2017</b>	<b>Change</b>
Delta Dental	17,952	18,620	688
Deltacare USA	1,256	1,194	-62
UnitedHealthcare Dental	673	769	96
<b>Total Lives</b>	<b>19,881</b>	<b>20,583</b>	<b>702</b>

**Dental Plans: Total Enrolled Lives  
Active vs. Retiree**



Active	71,147	71%
Retiree	29,507	29%

**Employee Enrolled Lives  
By Dental Plan**



Delta Dental	69,067	97%
Deltacare USA	1,414	2%
UHC Dental	666	1%

**Retiree Enrolled  
By Dental Plan**



Delta Dental	26,849	91%
Deltacare USA	1,642	6%
UHC Dental	1,016	3%

# ACHIEVEMENTS

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## Sustainable Health Benefits

The delivery of healthcare is characterized by systemic complexity and a crisis in affordability. San Francisco Health Service System works diligently with local medical groups, hospitals and insurers, to seek the highest quality patient care and services while providing affordable and sustainable coverage.

SFHSS prides itself as a leader in advocacy and quality health care administration on behalf of our members and their families and dependents. We remain a pioneer at the forefront of working on new and innovative ways to provide collaborative health plans and benefits that support our members in good health and pursuing quality of life for the long-term. Our health plans and benefits continue to serve as examples of how health benefits can provide quality and affordability by constantly innovating and leveraging resources to allow a collaborative health care system for all.

## Fiscal Accountability and Operational Excellence

The San Francisco 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 SFHSS call center and our in-person front desk. Metrics are tracked on an ongoing basis, to ensure that SFHSS member transactions are handled with a high level of quality and privacy, while members consistently receive accurate and knowledgeable counseling about health and well-being benefits.

### Key Achievements 2017

- Paid \$825 million in health premiums.
- From January through December 2017, Operations staff answered 43,234 member calls and provided in-person member assistance to 14,840 members, not including Open Enrollment.
- During Open Enrollment, an additional 7,346 in-person member assistance was provided, resulting in a total of 22,186 in-person assistance to members in 2017. October also recorded 11,333 calls answered, 14,018 Open Enrollment applications processed, representing a 24% increase from last year, and a 22% increase in offsite Open Enrollment attendance.
- Administered non-health plan contracts worth \$2.6 million, including managing 27 contracts and executing eight amendments.
- Maintained 43 inter-departmental work orders worth \$12.2 million.
- Issued 137 Purchase Orders.
- Processed 383 payments from the operating budget worth \$1.8 million; 1,500 payments from the Health Service System Trust fund; and 2,500 checks for over-the-counter payments.
- Issued ten Requests for Proposals.
- Received an unqualified opinion from KPMG finding no deficiencies in internal controls.
- Managed annual budget of \$11.4 million.
- Ensured compliance with local, state and federal laws relating to benefits administration.
- Maintained up-to-date member rules and section 125 plan documents.
- Employed tools developed by Enterprise Systems & Analytics to calculate approximately 3,100 employee and retiree premium rates.
- Ensured HIPAA training for all SFHSS employees, and employees in the Department of Technology and the City Controller's office.
- Digitized 2,200,028 pages from 89,219 member files and imported these into the Enterprise Content Management System (ECM) which completed SFHSS' initiative to convert from paper to digital processes.
- Programmed and configured the ECM to receive email submissions from the San Francisco Unified School District (SFUSD) benefits administration department.
- Automated the identification of inbound Open Enrollment applications into the ECM to streamline workflow processes.
- Programmed, processed and distributed 53,281 IRS Form 1095-C to all employees by the federally mandated deadline.

## Informed, Transparent, Effective Governance

The Health Service Board and SFHSS 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 \$825 million in health premiums 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 2017

- 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 maintained an email address for members to communicate on policy issues.



## Educated and Empowered SFHSS Members

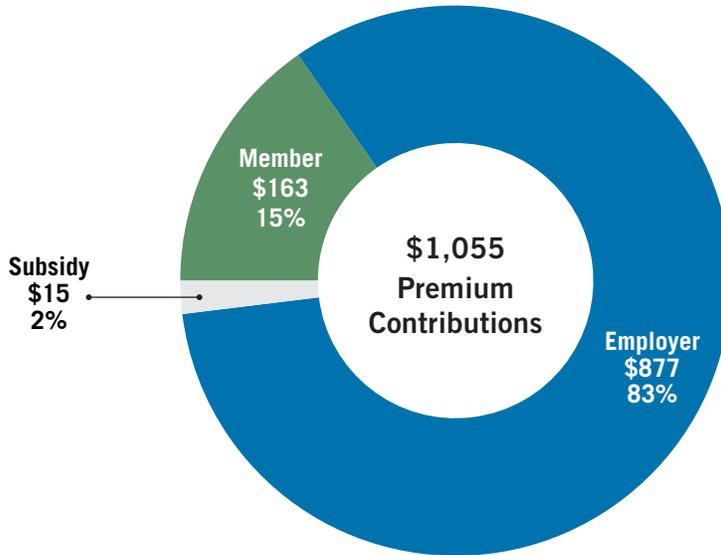
A well-informed member is positioned to make wiser decisions about benefits, as well as behaviours that impact health. To succeed in its efforts to improve quality of care and drive down costs, SFHSS is working to actively engage members as participants in new well-being and costs-saving initiatives.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

### Key Achievements 2017

- Migrated to a new marketing communications platform for eNews and electronic messaging to members.
  - Mailed over 74,000 redesigned Open Enrollment packets and confirmation letters, each containing accurate variable data specific to each member.
  - Operations handled 43,234 calls and 14,840 in-person consultations.
  - 4,630 employees were served by EAP in 2017. 513 employees accessed clinical client services and 4117 participated in organizational well-being services. This is 1543 employees/counselor. This is a 23% increase from 2016, and a 47% increase compared to 2013-2015.
  - EAP provided 30 trauma responses that served 564 people, this is four times the number of responses in 2016 and nine times the number of people served.
  - EAP offered 103 trainings in 2017 compared to an average of 40 trainings (2012-2015). 1727 people were served by group trainings in 2017. This is in part due to the popular Making Work, Work training developed in 2016.
  - In 2017, the Well-Being@Work program established a program to provide Grants to departments, Spotlight exceptional well-being programs at the departments, and provide Awards to departments that achieved certain goals. 19 Departments will receive Well-Being@Work Awards at the first annual Well-Being@Work Awards Ceremony in February, 2018.
  - A key element of the Well-Being@Work program is the Champion network. In 2017, there were approximately 189 Champions in 45 departments.
  - As part of five healthy behavior campaigns, there were 4904 registrations to receive resources and/or commitments to track behavior. Healthy Start encouraged practical goal setting in the New Year.
- Play Your Way encouraged members to increase their physical activity and/or meet the healthy recommendations. Eat Better, Feel Better emphasized the importance of consuming at least five servings of fruits and vegetables daily. Maintain, Don't Gain underscored the importance of weight maintenance during the holidays to avoid accumulating weight over the year. RECHARGE taught members to create a routine of breathing and stretching to manage stress.
- 4131 flu vaccinations were administered at the 26 worksite and health fair-based clinics. 13 of these events were combined with Open Enrollment.
  - The first stress management campaign, RECHARGE was created. RECHARGE emphasizes breathing and stretching throughout the day for stress management. Videos are available online to guide all members.
  - In partnership with Kaiser Permanente, the Healthy Weight Program was offered at 10 times. 192 registered and approximately 46% attended the final session.
  - The Diabetes Prevention Program (DPP) research study (a partnership with Kaiser Permanente) concluded. Results demonstrated strong value in offering the DPP at the worksite. 66% of worksite DPP participants lost weight.
  - 8001 visits to the Wellness Center occurred in 2017. On average 274 unique people come to the Wellness Center 667 times each month. 58% of visits were for group exercise, 12% were for open use, 21% were for special events, 5% were for the Healthy Weight Program, and 4% were for seminars.
  - SFHSS sponsored 956 group exercise classes with 11,325 visits at 10 City worksites in partnership with SF Department of Recreation and Parks (not including the Wellness Center).

# PREMIUM TRENDS

## Employer and Member Premiums



Year-over-year aggregate average employer contributions to premiums remained at 83%. Overall member contributions remained at 15% year-over-year.

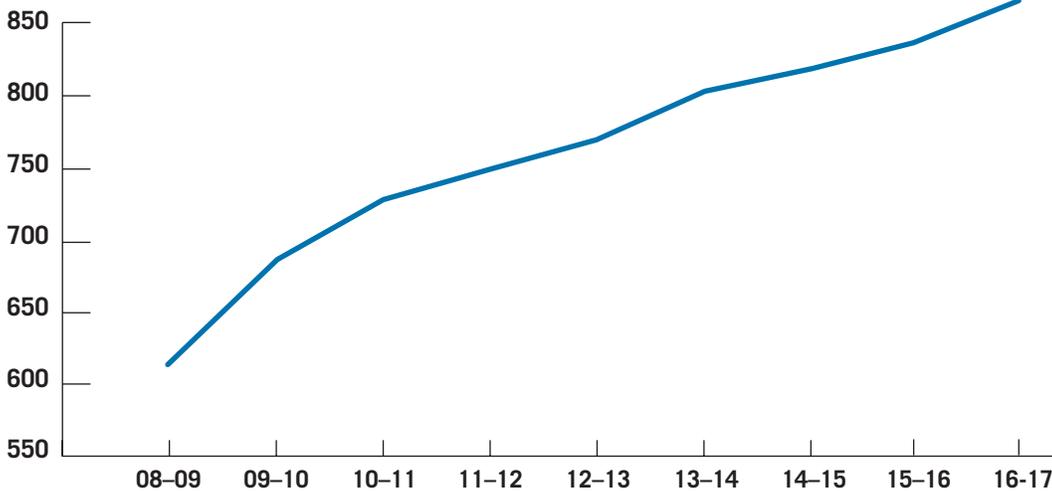
Average Monthly Premium Contributions	FY 11–12	FY 12–13	FY 13–14	FY 14–15	FY 15–16	FY 16–17
Average Monthly Member Premium Contribution	\$ 123	\$ 131	\$ 159	\$ 158	\$ 158	\$163
Average Monthly Employer Premium Contribution	\$ 769	\$ 791	\$ 866	\$ 861	\$ 854	\$877
Monthly Trust Fund Premium Subsidy Contribution		\$11	\$10	\$ 17	\$ 20	\$15
Average Monthly Total Premium Contribution	\$ 892	\$ 933	\$ 1,035	\$ 1,036	\$ 1,032	\$1,055

Data based on total contribution for FY 16-17 divided by total members on January 1, 2017.

# COST TRENDS

## Year-Over-Year SFHSS Health Premium Costs

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



In 2017, SFHSS' 6% 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 well-being programs.

	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16	FY 16-17
Combined Contributions (in millions)	\$ 615 +7%	\$ 658 +7%	\$ 703 +7%	\$ 722 +3%	\$ 748 +4%	\$ 763 +2%	\$ 777 +2%	\$ 799 +3%	\$ 846 +6%

*Data includes total premium costs for medical, dental, vision, long term disability coverage, and voluntary benefits, as well as flex credits and flexible spending accounts.*

# 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. SFHSS 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, and determines eligibility for coverage beyond the City Charter, via the Administrative Code.</li> <li>State and federal officials legislate to ensure vendor pricing transparency and a thriving, competitive marketplace.</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 16,827 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 4,210 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, and well-being participation.</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 SFHSS health coverage eligibility for five 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.

# STATEMENT OF NET POSITIONS AVAILABLE FOR HEALTH BENEFITS

June 30, 2017 and 2016

	2017	2016
<b>Assets:</b>		
Cash and investments held with City and County Treasurer	<b>\$36,767,019</b>	<b>\$87,628,111</b>
Contributions receivable from:		
Employer	17,624,855	17,099,558
Employees	3,376,821	3,165,274
Interest receivable	80,385	67,451
Prepaid and other assets:		
Prepayments to health plans	41,517,601	508,812
Other assets	3,884,182	394,789
Total prepaid and other assets	45,401,783	903,601
<b>Total assets</b>	<b>\$103,250,862</b>	<b>\$108,863,994</b>
<b>Liabilities:</b>		
Reserves for claims – medical, prescription drugs and dental	27,754,866	29,346,617
Health Maintenance Organization, dental, and disability premiums payable	314,004	8,675,494
Unearned contributions	2,655,911	2,238,685
Total liabilities	30,724,781	40,260,796
<b>Net assets available for health benefits</b>	<b>\$72,526,082</b>	<b>\$68,603,198</b>

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

## June 30, 2017 and 2016

	2017	2016
<b>Additions:</b>		
Employee and retiree contributions	\$132,331,766	\$124,504,149
Employer contributions for:		
Active employees	512,445,674	480,737,677
Retired employees	201,463,797	193,818,054
<b>Total contributions</b>	<b>\$ 846,241,237</b>	<b>\$ 799,059,880</b>
Plan providers penalties and forfeitures	711,440	843,772
<b>Investment earnings:</b>		
Net increase (decrease) in fair value of investments	(28,722)	(48,423)
Interest income	474,095	381,399
<b>Total investment earnings</b>	<b>445,373</b>	<b>332,976</b>
<b>Total additions</b>	<b>\$ 847,398,050</b>	<b>\$800,236,628</b>
<b>Deductions:</b>		
City Health Plan health benefits	75,024,440	54,045,453
Health Maintenance Organization health benefits	686,775,756	679,726,937
Vision benefits	5,070,479	4,988,617
Dental benefits	58,524,013	57,499,941
Disability and flexible benefits	18,080,479	16,902,239
<b>Total deductions</b>	<b>\$843,475,167</b>	<b>813,163,187</b>
<b>Change in net assets available for health benefits</b>	<b>3,922,883</b>	<b>(12,926,559)</b>
<b>Net position:</b>		
Beginning of year	68,603,198	81,529,757
End of year	<b>\$72,526,081</b>	<b>\$68,603,198</b>

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

# GOVERNANCE

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## 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 San Francisco 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.

### 2017 Health Service Board



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



Jeff Sheehy  
Board of Supervisors Appointee  
Current Term: January 2017–June 2018  
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  
TPMG and Clinical Professor  
UCSF



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

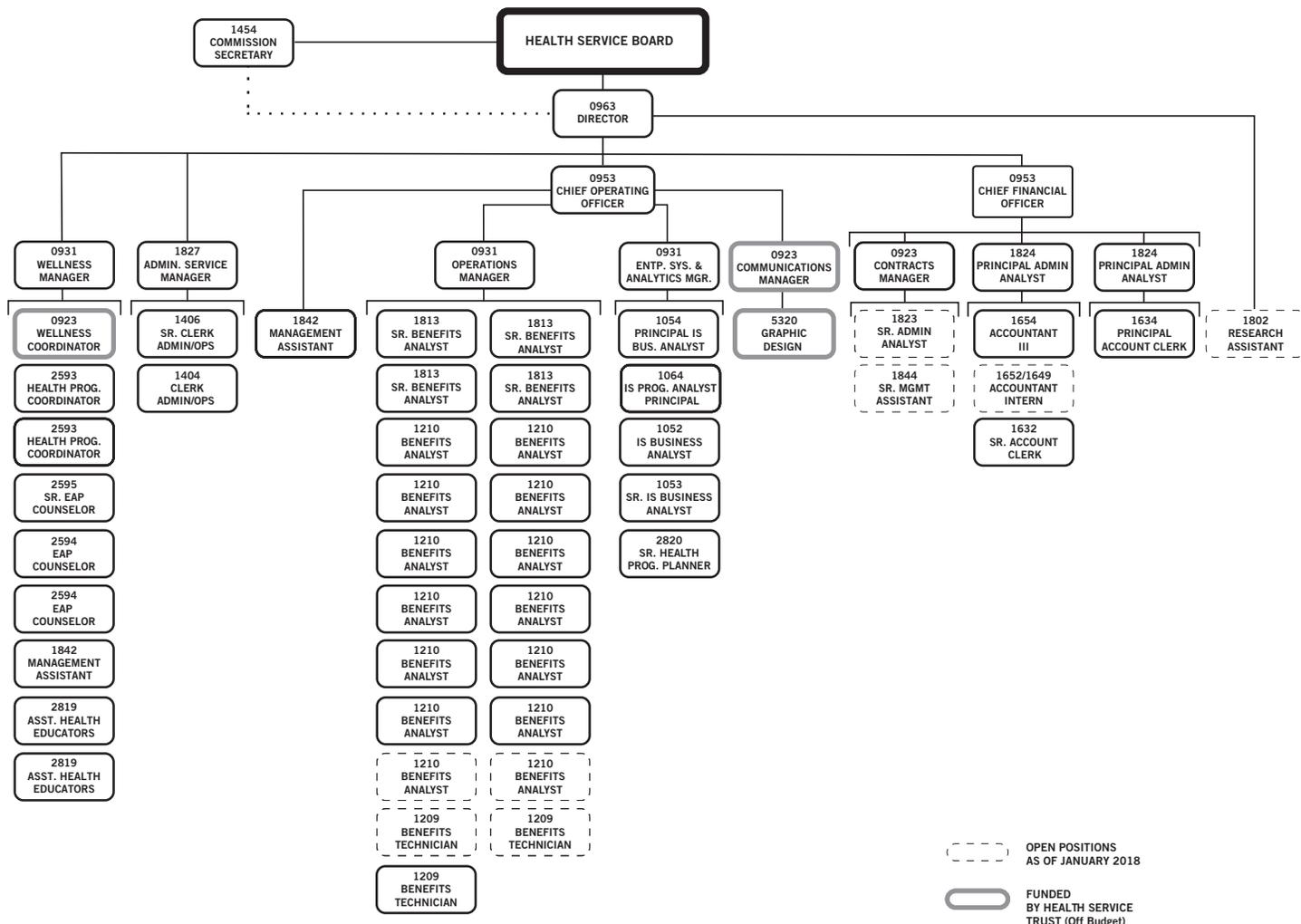


Gregg Sass  
Mayoral Appointee  
Current Term: August 2015–May 2020  
Retired  
Chief Financial Officer  
San Francisco General Hospital



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

# Organization Chart



# CONTACT INFORMATION

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## Location and Management

### San Francisco Health Service System Member Services

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

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

### San Francisco Health Service System Well-Being

SFHSS Well-Being:  
(415) 554-0643  
Well-Being@sfgov.org

SFHSS Employee Assistance Program (EAP):  
(800) 795-2351  
*Call to schedule an appointment.*

SFHSS Well-Being Center:  
Well-Being & EAP Offices  
1145 Market Street, Suite 100  
San Francisco, CA 94103t

**Visit Us Online:**  
sfhss.org

### 2017 San Francisco Health Service System Management Team

Mitchell Griggs  
Director

Pamela Levin, MPA  
Chief Financial Officer

Marina Coleridge, MS, CHPSE  
Enterprise Systems and Analytics Manager

Siobhan O'Connor  
Member Services Manager

Stephanie Fisher, MPH  
Well-Being Manager

Michael Visconti  
Contracts Manager

Carol Kaimi, CMP, CFRE  
Communications Manager

Seretha Gallaread, MPA  
Administrative Services Manager

Laini Scott  
Health Service Board Secretary