

ANNUAL REPORT

JULY 2013–DECEMBER 2014



HEALTH SERVICE SYSTEM
CITY & COUNTY OF SAN FRANCISCO

MYHSS.ORG

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.

HSS innovation and collaboration reduce premium costs and enhance wellness.

This “annual report” provides an 18-month look at the accomplishments of the San Francisco Health Service System (HSS). HSS administers employee, and retiree health benefits for the City & County of San Francisco, the San Francisco Unified School District, City College of San Francisco and the San Francisco Superior Court. As of January 2014 HSS offered medical, dental, vision, life, disability, and other employee medical benefits covering 109,761 lives, with 61,976 enrolled members. HSS added 1,167 lives to medical plan enrollment year-over-year.

The Health Service Board oversees the Health Service System which contracts with 10 vendors, administers 29 different plans, spending nearly \$750 million with a departmental budget of \$9.97 million, just one percent of the annual benefit costs. During this time HSS benefits staff answered over 72,000 calls, met with nearly 21,000 members, processed over 13,000 enrollment forms and provided information to departments for new and retiring employees. Three additional staff were added to Operations and all member service metric goals were met during this period.

Negotiating rates and benefits is a key function of the Health Service Board and HSS. During 2013 and 2014 new fees and taxes required by the federal Patient Protection and Affordable Care Act (PPACA) were incorporated into the process. This included paying PCORI (Patient Centered Outcome Research Institute) fees of \$2.00 per enrollee per year (PEPY) in 2013 and \$2.10 PEPY in 2014. This totalled \$240,000 per year and \$260,000 per year respectively. Beginning in 2014, the Transitional Reinsurance Fee of \$63 PEPY was paid, totaling \$5.49M. This was calculated into the 2015 premiums at \$44.00 PEPY. In addition the Health Insurer Tax (HIT) of 1.5% premiums resulted in \$10.91M paid through insurers in 2014 PY. \$14.94M was calculated into the 2015 premiums. Under PPACA HSS also received funding through the federal Early Retiree Reinsurance Program (ERRP) totaling \$3,692,572M. These funds were applied to 2014 rates, reducing member contributions per the application for ERRP funds. Additional requirements of PPACA were implemented including reporting the number of members and lives to the Centers for Medicare and Medicaid Services (CMS).

During this 18-month period, the Health Service Board and HSS executive staff continued to innovate, working with the Human Resources Department (HRD), the Board of Supervisors, retirees and employee unions. Rates were scrutinized, and new contribution models were designed to level Kaiser and Blue Shield premiums, creating competition. DHR negotiated percent of premium employer contributions and Kaiser closely examined our utilization and the components of their rates. HSS compared risk scores of the Kaiser and Blue Shield populations to validate pricing. All these efforts paid off. In plan year 2014 the aggregate premium increase for medical and dental plans was 2.43% with 2.29% attributable to PPACA taxes. For plan year 2015, aggregate premiums for medical, dental plans decreased 2.8%. These lower rates ensured that potential wage increases were not thwarted by benefit costs, and contributed to lowering the City's GASB liability.

Increased attention to premium rates brought about greater focus on data. The Health Service Board and the Board of Supervisors, with the support of the Joint Labor Management Committee on Wellness, crafted a Transparency resolution asking HSS to include transparency and elimination of anti-competitive practices in all vendor contracts. (The conversion to flex funding of Blue Shield allowed for closer scrutiny of hospital and physician costs although transparency in claims costs remains a goal.) HSS added two staff positions to implement an All Payer Claims Data Base that will support examining the costs and trends that drive increasing costs.

Close monitoring of the two ACOs launched in 2011 revealed substantial changes in medical practice. Coordination of care prior to discharge resulted in decreased hospital readmissions, increased use of lower cost generic drugs, and increased use of urgent care with a corresponding decrease in emergency department visits.

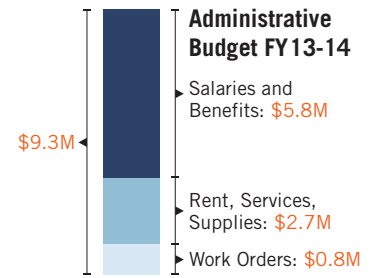
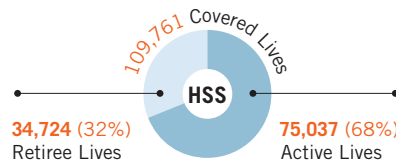
The Finance team was increased by one person to ensure accurate implementation of flex funding the Blue Shield HMO plan. In addition two contract staff position were added to finance to more closely monitor performance guarantees and contract requirements.

HSS worked closely with the Controller's office and produced a Wellness Plan that was approved by the City Controller, the Human Resources Department, the Joint Labor Management Wellness Committee and the Health Service Board. In 2014 a new Wellness Manager and two additional wellness staff joined HSS to implement the Wellness Plan. The plan included opening a Wellness Center on the ground floor of 1145 Market Street which houses fitness, relaxation and health classes five days a week. These are staffed in partnership with the Recreation and Park department. In October the Well Being Assessment was launched and achieved 20% participation in a six week period. This will serve as the baseline as HSS continues to partner with all employers and departments to build a robust employee wellness program.

HSS is committed to continuing efforts to ensure affordable quality health coverage in an ever changing internal and external environment.

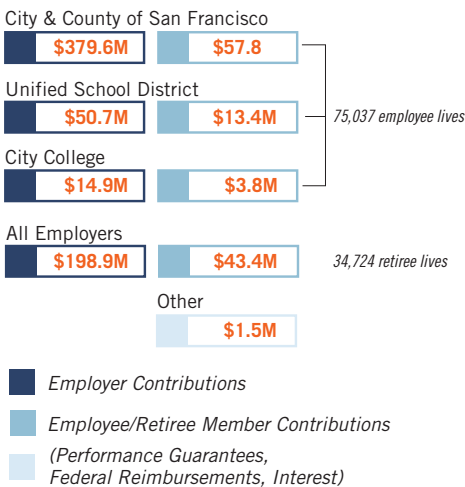
Catherine Dodd, PhD, RN
Director, Health Service System

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.



FUNDING and GOVERNANCE

\$764M TRUST FUND CONTRIBUTIONS FY13-14



HEALTH SERVICE SYSTEM FY13-14

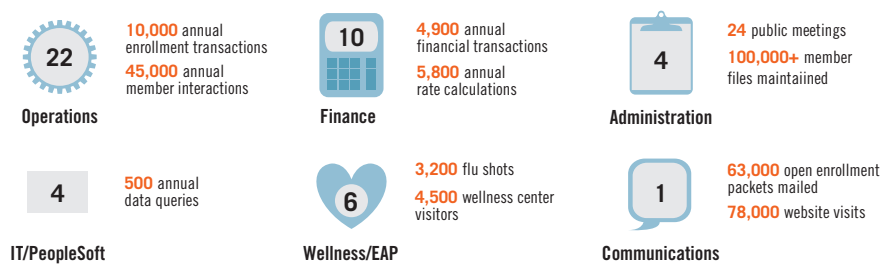
Health Service Board

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

28 Plans From 10 Vendors

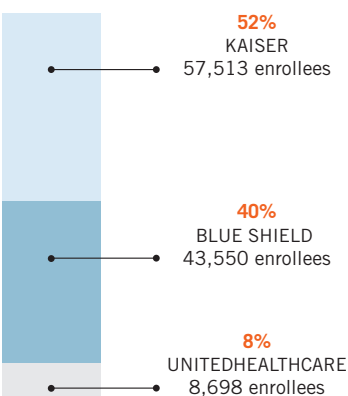
- Medical: 6 HMO; 4 PPO; Group Life: 6
- Dental: 2 DMO; 2 DPO; Long-Term Disability: 2
- Vision: 1; Flex Credits: 2
- FSA: 2; COBRA: 1

Health Service Staff

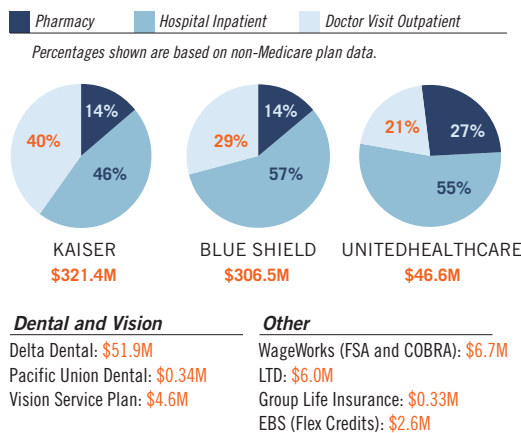


HEALTH PLANS

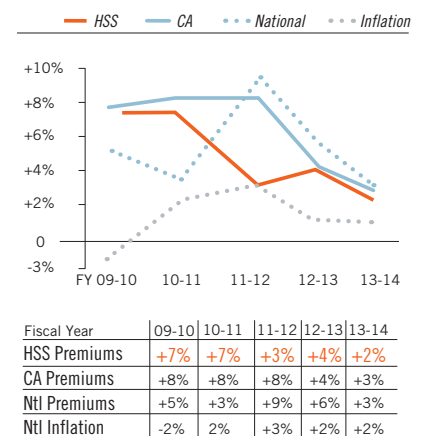
MEDICAL PLAN ENROLLMENT as of January 1, 2014



HEALTH PREMIUM COSTS BY VENDOR FY 13-14



YEAR-OVER-YEAR HEALTH PREMIUM BENCHMARKING



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

- Employee/Retiree Wellness**
- Well-being Assessment and Daily Challenge
 - Wellness programming
 - Member engagement

Overview

Health Service System

Per the San Francisco City Charter, the Health Service System (HSS) administers health benefits for over 109,000 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 Board 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. The Health Service System Director reports to the Health Service Board..

Finance

The benefits which HSS administers cost \$764 million in fiscal year 2013–2014. The HSS departmental administration budget of \$9.9 million represents less than one percent 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 3,890 employee and retiree premium rates.

Finance is also responsible for 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, 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 reconciling 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 8:00 AM and 5:00 PM. From July 2013 to December 2014 operations staff answered 46,000 calls and assisted 20,594 members in person. Staff manually entered 13,000 Open Enrollment forms meeting all deadlines. In-person assistance increased 21% in 2014.

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, online 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, finance and operations are made available to HSS members,

Overview

Health Service System

elected officials, the media and the public, so the department adheres to high standards of government accessibility and transparency. This division also oversees HSS member communications issued by healthcare vendors and assists 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 will work with City College of San Francisco and the San Francisco Unified School District engage them in wellness activities funded by the Trust. HSS will continue to use existing contracted vendor resources, to improve employee and retiree health. The City's 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.



Demographics

109,761 member and dependent lives were covered on Health Service System medical plans.

Medical Plans

As of January 1, 2014, there was an increase of 1,167 in total covered lives under HSS medical plans year-over-year. This reflects an increase in employee lives of 356 and an increase in retiree lives of 811. Blue Shield lost 430 lives and City Plan lost 433 lives year over year. Kaiser lives increased by 2,030 in 2014.

All Lives–Medical	2013	2014	Change
Kaiser HMO	55,483	57,513	2,030
Blue Shield HMO	43,980	43,550	(430)
City Health Plan PPO	9,131	8,698	(433)
Total Lives	108,594	109,761	1,167

Employee Lives–Medical	2013	2014	Change
Kaiser HMO	40,130	41,629	1,499
Blue Shield HMO	33,406	32,456	(950)
City Health Plan PPO	1,145	952	(193)
Total Lives	74,681	75,037	356

Retiree Lives–Medical	2013	2014	Change
Kaiser HMO	15,353	15,884	531
Blue Shield HMO	10,574	11,094	520
City Health Plan PPO	7,986	7,746	(240)
Total Lives	33,913	34,724	811

Demographics

93,546 member and dependent lives were covered on Health Service System dental plans.

Dental Plans

HSS administers dental plans for City & County of San Francisco and Superior Court employees and dependents. The Unified School District and Community College District administer dental benefits for their employees. HSS experienced a year-over-year increase of 1,075 in total lives covered under our dental plans.

Employee Dental Plans	2013	2014	Change
Employee Lives	66,417	66,786	369

Retiree Dental Plans	2013	2014	Change
Retiree Lives	26,054	26,760	706

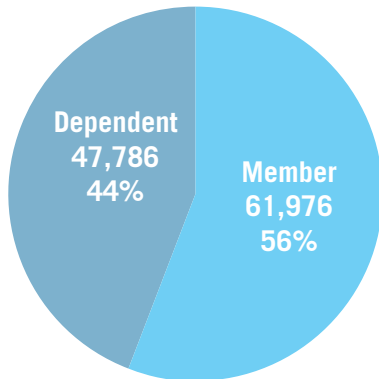
Flexible Spending Accounts

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.

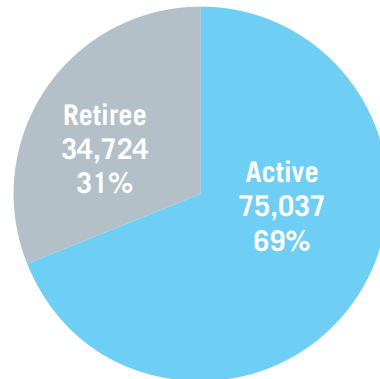
Flexible Spending Accounts	2013	2014	Change
Health Care FSA	2,340	2,808	468
Dependent Care FSA	763	888	125
Total FSA	3,103	3,696	593

Demographics

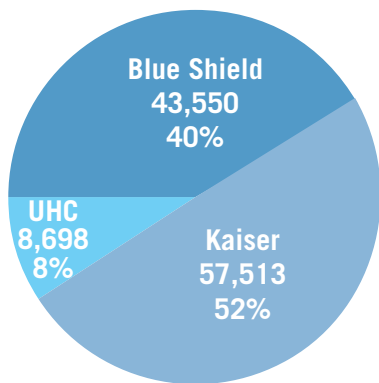
Medical Plan Enrollment as of January 2014



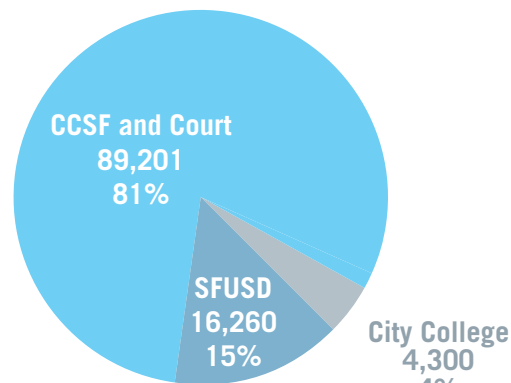
Medical Plans: Total Enrolled Lives
Member vs. Dependent



Medical Plans: Total Enrolled Lives
Active vs. Retiree



Total Enrolled Lives
By Medical Plan

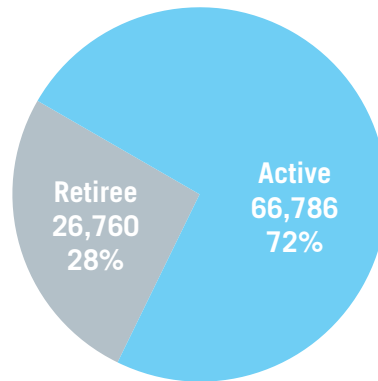


Total Medical Plan
Enrollment by Employer

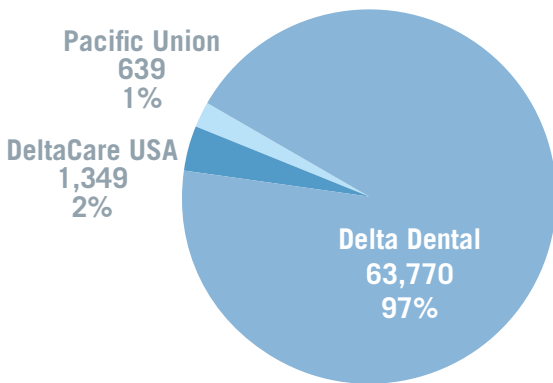
The Health Service System administered medical benefits for employees, retirees and dependents of the City & County of San Francisco, the San Francisco Superior Court, the San Francisco Unified School District and the San Francisco Community College District. Since 2008, there has been a migration trend away from Blue Shield and City Plan to the Kaiser plan. As a result, HSS began implementing strategies to balance membership in these HMO plans, to maintain competition.

Demographics

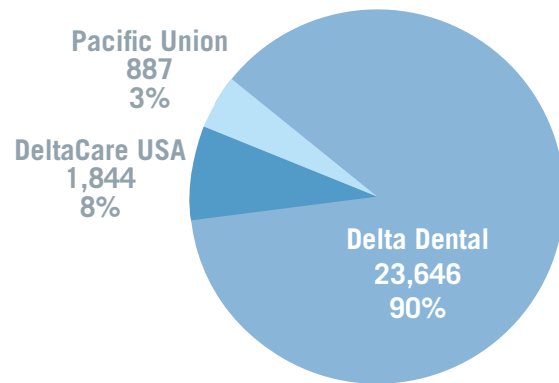
Dental Plan Enrollment as of January 2014



Dental Plans: Total Enrolled Lives
Active vs. Retiree



Active 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 2014 93,546 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 has the opportunity to work with local medical groups, hospitals and insurers in devising innovative ways to improve the quality of patient care and containing costs. By taking a leadership role, HSS 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 employers. 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 July 2013 – December 2014

- Ensured the new flex-funding of the Blue Shield HMO plan had adequate reserves.
- Continued to closely monitor two San Francisco-based Accountable Care Organizations (ACOs) to ensure progress on quality improvements and cost reductions within the Blue Shield provider network.
- Collaborated with DHR in identifying contribution model which would prevent migration out of Blue Shield based on cost.
- Participated in Joint Labor Management Committee on Health and Wellness focusing on transparency and wellness.
- Negotiated 3.5% reduction in FSA administrative fees.
- Established 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 2.7% decrease in aggregate premiums for the 2015 plan year.



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 July 2013 – December 2014

- Hired new Chief Financial Officer and Data Analytics Manager.
- Revised flex credit administration and rebuilt People Soft administration.
- Achieved error-free independent audit of Health Service System Trust fund financial statements.
- Developed annual budget which met needs of the department. (Budget was cut by Mayor's Office and Board of Supervisors.)
- Calculated complex rates applying Patient Protection and Affordability Act (PPACA) ERRP funds, adding PPACA taxes (Health Insurance Tax) and fees (Patient Centered Outcome Research Institute and Transitional Reinsurance Fee).
- Moved to real time premium deductions.
- Implemented new employer contribution percentages.
- Conducted routine eligibility audits.
- Administered new life insurance benefit for two large unions.
- Implemented Health Care Flexible Spending Account \$500 annual carry forward.
- Moved to new offices on third floor of 1145 Market Street without disruption to member services.
- Operations met or exceeded department operations goals, reducing wait times from previous two years, and improving accuracy of member service.
- Operations conducted in-person presentations to over 1,000 members at new hire orientations and pre-retirement seminars.
- Began quarterly reconciliation activities in partnership with Payroll Department.
- Implemented HIPPA compliance training for all HSS staff and offered to Controllers staff and Department of Human Resources.
- Prepared systems for PPACA reporting requirements on Minimal Essential Coverage.
- Met or exceeded all customer service targets, including time to answer and call abandonment rates, during Open Enrollment.
- Ensured compliance with local, state and federal laws relating to benefits administration.
- Maintained up-to-date member rules and section 125 plan documents.
- All data transfer deadlines were met despite the necessity of a second Open Enrollment period in 2014 for City College of San Francisco.

Achievements

Informed, Transparent, Effective Governance

By setting a high standard for open, responsible governance, the Health Service Board and HSS support the fundamental principles of a society ruled by law. The members of the Health Service Board are fiduciaries of a substantial financial trust fund, and the principal negotiators of health vendor contracts totalling over \$700 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 July 2013 – December 2014

- All Board and Committee meeting agendas and associated documents were made available to the public on paper and online within 72 hours of meetings.
- Digital audio and video of board meetings made available on HSS website within 72 hours after meetings via SFGovTV.



Achievements

Educated and Empowered HSS Members

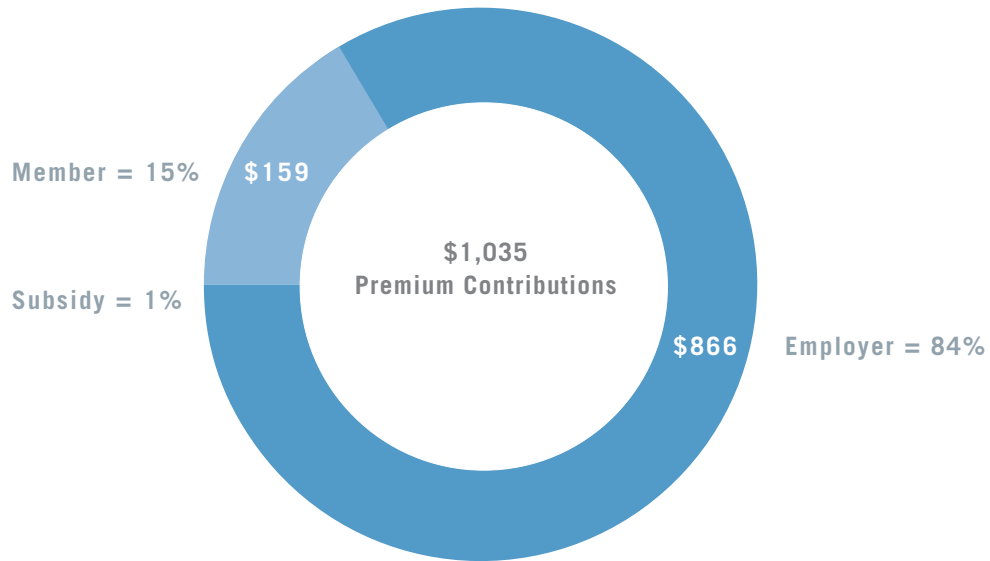
A well-informed member is positioned to make wiser decisions about benefits, as well as behaviors that impact health. To succeed in its efforts to improve quality of care and drive down costs, HSS is working to actively engage members as participants in new wellness and costs saving initiatives. HSS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

Key Achievements July 2013 – December 2014

- Effectively delivered timely, consistent, accurate benefits information via print, web, monthly eNewsletter, phone and in-person member contact to over 110,000 members.
- Successfully coordinated communications for two Open Enrollments October 2013 and 2014. Over 130,000 complete and accurate member open enrollment packets mailed by necessary deadlines.
- Surveyed retiree members regarding dental plan options resulting in an updated and improved dental plan design.
- Changed imputed income status of all same-sex married members per Supreme Court ruling.
- Successfully piloted first video for member education during 2013 Open Enrollment.
- Notified members regarding availability of State Health Insurance Exchange upon eligibility for COBRA.
- Expanded the wellness team, reviewed and revised city-wide Wellness Plan with multiple Executive Sponsors, labor and departmental stakeholders, which was launched by the Mayor.
- Mailed first Wellness Guide to highlight existing wellness services with employee member Open Enrollment packets.
- Launched Well-being Assessment and Daily Challenge in collaboration with Blue Shield to all employee members and achieved 20% participation.
- Opened the HSS Wellness Center in May 2014 and have had 3,792 visits and an average of 140 visitors monthly.
- Assisted the Women's Firefighter Collaborative in recruiting subjects for a long-term study funded through the San Francisco Firefighters Cancer Prevention Foundation.
- Recruited and trained over 150 Wellness Champions Citywide.
- Expanded wellness information pages on the HSS website myhss.org.
- Conducted 19 work site flu shot clinics for employees and retirees, vaccinating 3,174 members in 2014. Conducted 15 clinics and vaccinated 2,652 in 2013.
- EAP provided 1,031 hours of free counseling to 345 clients in 2014. In the second half of 2013, EAP provided approximately 470 hours of counseling to 170 clients.
- EAP offered 388 seminars, trainings, and other organizational wellness services to 1688 participants in 2014 and approximately 160 services to 800 participants in second half of 2013.
- Partnered with San Francisco Recreation and Parks to provide free group exercise classes at the Wellness Center and City Hall. Since the opening in May, Rec and Parks has taught 144 classes at the Wellness Center.
- Partnered with Kaiser Permanente to provide free on-site wellness coaching at the Wellness Center.

Premium Trends

Employer and Member Medical Premiums



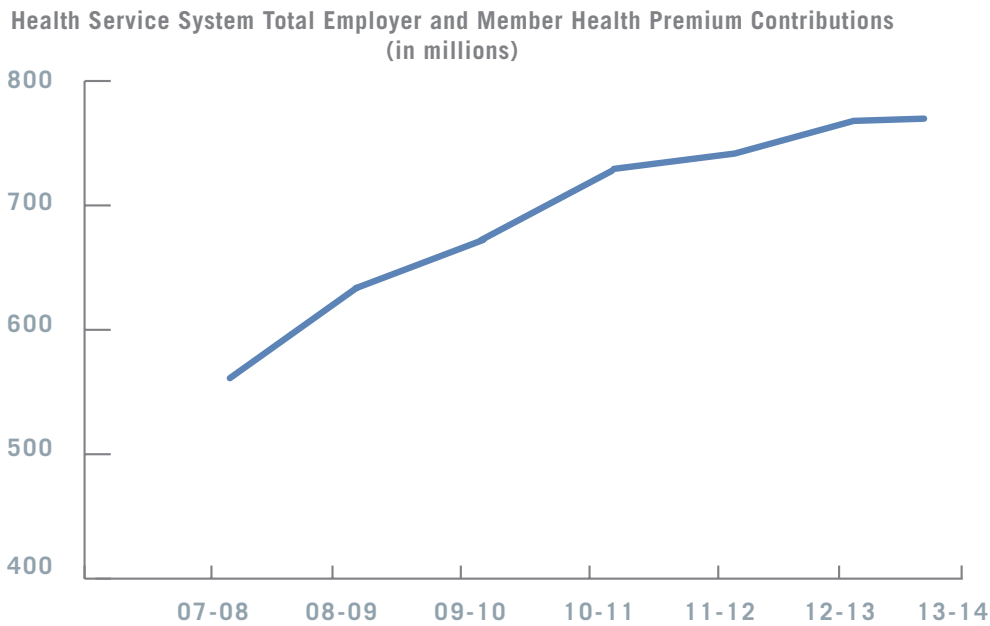
Year-over-year aggregate average employer contributions (including premium subsidy) to medical premiums decreased by 1%, from 86% to 85%. Overall member contributions remained at 14% year-over-year.

Average Monthly Premium Contributions	FY 09-10	FY 10-11	FY 11-12	FY 12-13	FY 13-14
Average Monthly Member Premium Contribution	\$ 117	\$ 113	\$ 123	\$ 131	\$ 159
Average Monthly Employer Premium Contribution	\$ 717	\$ 735	\$ 769	\$ 791	\$ 866
Monthly Trust Fund Premium Subsidy Contribution	-	-	-	\$ 11	\$ 10
Average Monthly Total Premium Contribution	\$ 834	\$ 878	\$ 892	\$ 933	\$ 1,035

Data from HSS finance.

Cost Trends

Year-Over-Year HSS Health Premium Costs



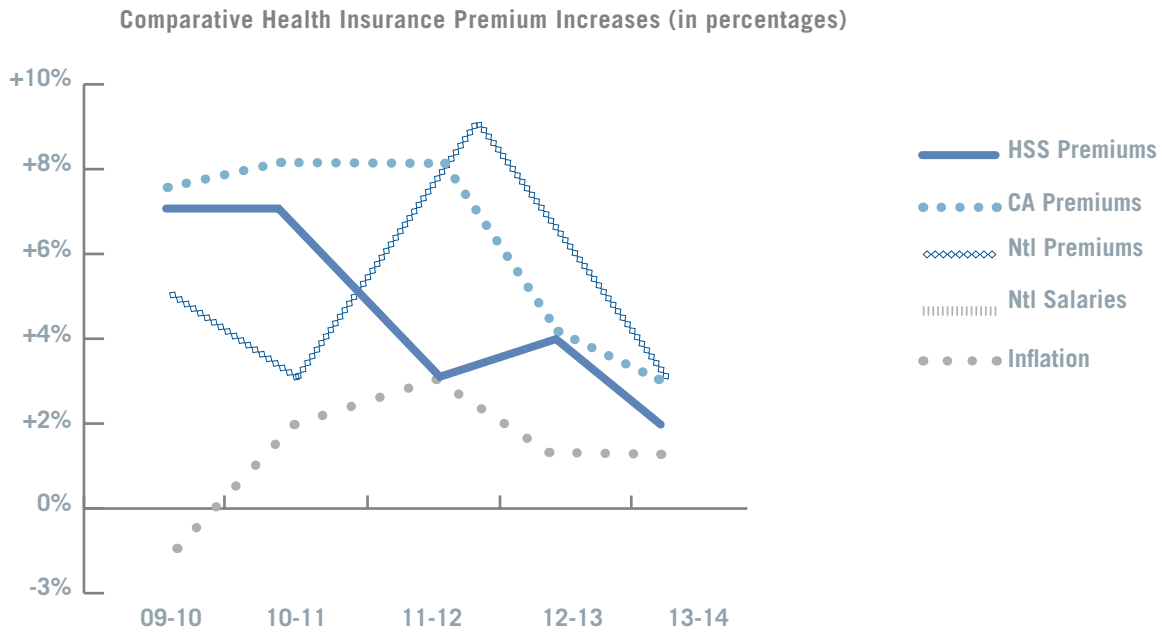
In 2014, HSS’ 2.43% aggregate premium increase was significantly lower than regional, state and national trends. The Health Service Board remains committed to improving care and managing costs through innovative plan design, Accountable Care Organizations, price competition between plans and employee wellness programs.

	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13	FY 13-14
Total Combined Contributions (in millions)	\$ 558 +10%	\$ 615 +7%	\$ 658 +7%	\$ 703 +7%	\$ 722 +3%	\$ 748 +4%	\$ 763 +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



In plan year 2015 HSS aggregate premium costs are projected to decrease by 2.78%.

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 09-10	FY 10-11	FY 11-12	FY 12-13	FY 13-14
HSS Health Premiums	+7%	+7%	+3%	+4%	+2%
California Health Premiums	+8%	+8%	+8%	+4%	+3%
National Health Premiums	+5%	+3%	+9%	+6%	+3%
National Worker Salaries	+3%	+2%	+2%	+3%	+3%
National Inflation	-2%	+2%	+3%	+2%	+2%

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

*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, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Assets:		
Cash and investments held with City & County Treasurer	\$ 137,569,853	\$ 135,134,626
Contributions receivable from:		
Employer	34,028,809	32,198,473
Employees	5,932,528	6,019,361
Interest receivable	149,423	34,632
Other assets	1,896,634	5,160,379
Total assets	<u>\$ 179,577,247</u>	<u>\$ 178,547,471</u>
Liabilities:		
Reserves for claims—medical, prescription drugs and dental	\$ 29,155,780	\$ 25,593,339
Health Maintenance Organization, dental and disability premiums payable	13,205,278	16,993,705
Unearned contributions	44,395,279	58,596,070
Total liabilities	<u>86,756,337</u>	<u>101,183,114</u>
Total net position	<u>\$ 92,820,910</u>	<u>\$ 77,364,357</u>

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

Statements of Changes in Net Positions Available for Health Benefits

June 30, 2014 and 2013

	2014	2013
Additions:		
Employer and retiree contributions	\$ 118,469,378	\$ 117,632,354
Employer contributions for:		
Active employees	445,174,015	436,263,609
Retired employees	198,879,926	193,864,759
Total contributions	762,523,319	747,760,722
Plan providers penalties and forfeitures	443,201	424,085
Investment earnings:		
Net increase (decrease) in fair value of investments	228,089	(996,814)
Interest income	826,775	749,290
Total investment earnings	1,054,864	(247,524)
Total additions	764,021,384	747,937,283
Deductions:		
City Health Plan health benefits	47,635,818	45,499,105
Health Maintenance Organization health benefits	628,791,452	600,425,904
Vision benefits	4,584,217	4,408,106
Dental benefits	52,214,587	56,237,508
Disability and flexible benefits	15,338,757	17,221,312
Total deductions	748,564,831	723,791,935
Change in net position available for health benefits	15,456,553	24,145,348
Net position:		
Beginning of year	77,364,357	53,219,009
End of year	92,820,910	77,364,357

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

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. Per Proposition C, the Board’s seven-commissioner composition changed on May 15, 2013, reducing the number of elected commissioners from four to 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.

2014 Health Service Board



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



Mark Farrell
Board of Supervisors Appointee
Appointed March 2013
Board of Supervisors
City & County of San Francisco



Sharon Ferrigno
Elected Commissioner
Current Term: June 2014–May 2019
Captain, San Francisco
Police Department



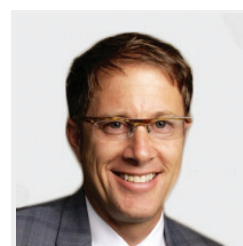
Jean S. Fraser
Mayoral Appointee
Resigned as of December 31, 2014
Health System Chief,
San Mateo County Health System



Wilfredo Lim
Elected Commissioner
Current Term: May 2010–May 2015
Accounting Manager,
San Francisco General Hospital



Randy Scott
City Controller Appointee
Term: June 2013–May 2015
Chief Human Resources Officer
Institute on Aging



Jordan Shlain, MD
Mayoral Appointee
Term: Sept 2010–May 2015
Physician, Private Practice

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
8:00AM–5:00PM

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

HSS Website:
www.myhss.org

2014 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, MPH

Rosemary Passantino
Communications Manager

Laini Scott
Health Service Board Secretary