

August 8, 2019

TO: Karen Breslin, President, and Members of the Health Service Board  
FROM: Abbie Yant, RN, MA Executive Director SFHSS  
RE: June-July 2019 Board Report

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### **Rates and Benefits Approval**

The Health Service System's 2020 Rates and Benefits package was reviewed and approved by the Board of Supervisor's Finance and Budget Sub-Committee on July 10<sup>th</sup>. On July 23<sup>rd</sup> the Full Board of Supervisors completed their first reading and conducted their second reading on July 30<sup>th</sup> and the package passed its second reading. Currently, Mayor Breed's office has the package for the Mayor's final review. The Rates and Benefits Package is expected to be signed during the week of August 5<sup>th</sup> and submitted to the San Francisco Office of the County Clerk on August 9<sup>th</sup>.

### **Market Assessment Follow up**

The August 8 meeting of the Health Service Board will include presentation on two matters that were mentioned during the July Special Meeting regarding the Health care Market Assessment presentation: Interoperability and Care Management.

### **Member Engagement Activities**

SFHSS has engaged Communities in Collaboration (CIC) to support the member engagement process. We are in the process of designing workshops, focus groups and possible surveys to interact with a variety of the segments of our vast member population.

### **SFHSS Hours of Operation**

Effective August 1, SFHSS adjusted the hours of operation for member service phone and in person assistance hours on all Thursdays of 10 AM to 5 PM. This change in hours allows for needed time for staff training, process improvement work and implementation of self service for all active employees.

### **Legislative Update Report**

Significant activity at both a State and Federal level is described in the attached legislative report.

### **LEAN Process Improvement**

Our partnership with the Controllers Office supporting the real time learning of the LEAN process improvement methodology. Staff from Member Services, Finance and ESA are participating directly. Please refer to the attached PowerPoint description.

### **Unified School District**

After discussion with SFUSD in June, implementation planning for administering SFUSD dental benefit plans will begin early 2020 for an effective date of 01/01/2021.

### **BSC – Trio Update**

Effective 4/1/2019, BSC added CPMC to the Trio network for SFHSS Brown and Toland Medical Group members. This exclusive arrangement expands access to the Davies, Mission and Bernal campuses only.

### **Kaiser Member Eligibility File Issue**

Recently, members were notified of termination from their Kaiser plan without SFHSS knowledge where a member may be terminated by Kaiser for non-payment from the Group. This alerted both parties to a program at the Kaiser Client Service Center.

There were 73 members that were terminated in error in the months of April and May and were then reinstated without a break in coverage by July 11, 2019. A thorough analysis has since been done to better understand the cause for the terminations and due to some system limitations manual work-arounds were put into place to address these. Unfortunately, the work-arounds were missed during these months. Kaiser Permanente has agreed that there will be no further terminations of SFHSS members without discussing and/or notifying SFHSS first. To mitigate future challenges, as well as streamline processes between both organizations, Kaiser Permanente has prepared multiple recommendations for solutions that alleviate the need for manual work-arounds. These solutions were presented to SFHSS on July 31, 2019 with the intent to be carried out in an ongoing partnership forum. Some of these recommendations include, but are not limited to: Group structure additions, Eligibility file process improvements and Enhanced communication prior to the termination of members. Going forward testing of these types of changes at the Client Service Center will take place with advance notice to SFHSS before going live.

### **June 13 HSB Meeting Follow-up – see attachment**

Federal Health Insurance Tax and Year to Year Medicare Plan Premium Variation

### **Tracking List of Issues from Prior Board Meetings**

- Kaiser Transportation Benefit update
- UHC Transportation Benefit Update
- HIT tax application methodology for both Kaiser and UHC
- SFHSS Risk Management Policy
- Relationship with Workers Compensation
- Other Postemployment Health Care Benefits (OPEB)
- Plan Comparisons: Opioid Epidemic – Impact on Chronic Pain patients

### **Attachments:**

Legislation Update Report  
LEAN Process Improvement  
Well Being Slides  
ESA Slides

## **SFHSS DIVISION REPORTS –June- July 2019**

### **PERSONNEL**

Thank you to Shannon Nishimura-Chiu, Senior HR Consultant for her assistance in the hiring and promotion process. SFHSS has filled many of the open positions since she returned to her roll in January 2019.

### **Congratulations are in order!!**

- Carrie Beshears for her promotion to Well Being Manager!
- Michael Visconti for his promotion to Contracts Manager!
- Yock Chow for her promotion to Senior Benefits Analyst!
- Aileen Hayashida-Fong for her promotion to Senior Benefits Analyst!

**and**

**Congratulations** to Florence Lam, an 1813 Senior Benefits Analyst with SFHSS since December 2000; she has announced she her retirement effective September 1, 2019

### **Open Positions:**

- 2820 Sr. Health Planner – offer in process
- 1209 – 2 Benefits Technician position open -recruitment underway
- 1210 – 3 Benefits Analyst position open – recruitment underway
- 1819 – Assistant Health Educator
- 0923 – Assistant Well Being Manager

**OPERATIONS** - preparing for Open Enrollment – presentation at September HSB meeting

**Enterprise Systems & Analytics (ESA)** – see project dashboard

**WELL-BEING** - see attached slides

- Met with Well-Being Sponsors (CON, MYR, DHR) – first meeting of 2019
- Wellness Center:
  - New group exercise offering in July only – Line dancing
  - 64% of all participation represents Group Exercise Classes
  - 201 average unique visitors/month
- Launched Physical Activity Challenge - Keep America Active
- Continue to see a rise in Critical Incident Response – 108% increase YTD compared to 2018 (12 in 2018 vs. 25 in 2019 – year to date)

## **FINANCE DEPARTMENT**

### **Fully executed contracts**

- Blue Shield of California.
- First amendment to service agreement with K&H Printers-Lithographers, Inc. for open enrollment print and mail services.
- Professional services agreement with Communities in Collaboration for member engagement facilitator.
- Professional services agreement with Slow Clap Productions LLC for instructional member videos.

### **Procurements**

- Benefit Navigation Video Development RFP
- Employee Assistance Program (EAP) Case Management Software Solution request for quotes and selection of highest scoring respondent.

### **Budget, Procurement**

- Board of Supervisor's approved FY2019-20 and FY2020-21 Budget on July 30, 2019
- FY 2018-19 year-end closing activities and FY 2019-20 year-opening activities

### **Accounting**

- Calculation of rates for guides and booklets
- Year-end closing and auditing activities

**LEGISLATIVE UPDATE AUGUST 8, 2019**

**State**

	<b>Subject</b>	<b>Legislation Title</b>	<b>Activity</b>	<b>Comments</b>
State	California Managed Care Organization (MCO) tax	California SB 106, Amendments to the 2019-20 Budget Act	While the Governor's budget did not propose the reinstatement of the MCO tax, the Legislative Conference Committee did not agree with his recommendation. The final FY 2019-20 budget included intent language to continue the tax. Currently, the California Department of Finance is drafting legislation which is expected to go to the Senate in September. If the Senate approves the legislation, it will be submitted to CMS for approval. It is unclear if CMS will approve the fee, however, if approved the tax will be retroactive to July 1, 2019.	The current MCO tax package took effect in 2016 and expires in 7/1/219.  If the fee is approved by the California Senate and CMS retroactive to July 1, 2019, additional discussions will be necessary with the fully insured plans concerning the impact of the tax on SFHSS payments to the plans. SFHSS will need to identify the funding source for 2019 and 2020 since the fees were not incorporated into the premiums for either year. The primary impact is expected to be on Blue Shield.
State	Pharmacy Benefit Management Reporting to the California Department of Managed Health Care (DMHC)	Required by AB 315 passed in 2018	A taskforce was established to recommend what information, if any, related to pharmaceutical costs health care service plans or their contracted pharmacy benefit managers (PBMs) should report to DMHC.	The result of the work of the Task Force will increase the transparency of how pharmacy benefit managers operate and determine if PBMs are serving the best interests of the patients, and not just increase the PBM's bottom line.

	<b>Subject</b>	<b>Legislation Title</b>	<b>Activity</b>	<b>Comments</b>
State	Change of Gender: Updated marriage and birth certification	California SB 741	Introduce February 22, 2019, referred to Senate Committee on Judicial and Senate Committee on Health on June 10, 2019, a hearing was scheduled on July 9, 2019 but it was canceled at the request of the author of the legislation.	The SFHSS workload may increase if this bill is passed. The issue is should the existing court process, that allows transgender and nonbinary individuals to change their gender and name and update their birth certificate, be expanded to allow updates to marriage certificates and children's birth certificates at the same time, subject to notice and appropriate due process protections.
State	Single-payer health care system	SB 106, An act to amend the Budget Act of 2019	Approved by the Senate and Assembly on June 24, 2019 and signed by the Governor on July 1, 2019.  The legislation included creation of the Healthy California for All Commission with a \$5M budget. The focus of the Commission is on how California could create a universal, single-payer health care system.	The impact of creating a California single-payer health care system on SFHSS will depend on the design, funding mechanisms, and the impact on the commercial market.

## Federal Excise Tax

	<b>Subject</b>	<b>Legislation Title</b>	<b>Activity</b>	<b>Comments</b>
Federal	Excise tax on high-cost employer sponsored health plans (Cadillac Tax)	H.R. 748 Middle Class Health Benefits Tax Repeal of 2019	Passed by the House on July 17, 2019 and forwarded to the Senate, Read for the second time by Senate July 22, 2019 and placed on the Senate Legislative Calendar for July 29, 2019 under General Orders.	This bill would amend the Internal Revenue Code of 1986 to repeal the excise tax on high cost employer-sponsored health coverage. The tax is still scheduled to take effect in 2022.
Federal	Excise tax on high cost employer sponsored health plans	S. 684 Middle Class Health Benefits Tax Repeal of 2019	No action since March 6, 2019 when it was read twice and referred to the Senate Committee on Finance.	This bill would repeal the excise tax on employer-sponsored health care coverage for which there is an excess benefit (high-cost plans). The repeal applies to taxable years beginning after December 31, 2019. Currently the tax is still effective in 2020.
Federal	Healthcare Insurance Tax	S. 80 Jobs and Premium Protection Act	No action since January 10, 2019 when it was referred to the Senate Committee on Finance.	This bill would repeal the annual fee on health insurance providers enacted by the Patient Protection and Affordable Care Act. Tax is still effective in 2020.
Federal	Healthcare Insurance Tax	H.R. 2447 Jobs and premium Protection Act	No action since May 1, 2019 when referred to the House Committee on Ways and Means, and in addition to the House Committee on Energy and Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.	This bill would repeal the annual fee on health insurance providers enacted by the Patient Protection and Affordable Care Act. Tax is still effective in 2020.

	<b>Subject</b>	<b>Legislation Title</b>	<b>Activity</b>	<b>Comments</b>
Federal	Healthcare Insurance Tax (HIT)	H.R. 1398 Health Insurance Tax Relief Act of 2019	No action since February 28, 2019 when referred to the Subcommittee on Health by the Committee on Energy and Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.	This bill would delay the reimposition of the annual fee on health insurance providers until after 2021. Tax is still effective in 2020.
Federal	Healthcare Insurance Tax (HIT)	S. 172 Health Insurance Tax Relief Act of 2019	No action since January 16, 2019 when read twice and referred to the Senate Committee on Finance.	This bill would delay the reimposition of the annual fee on health insurance providers until after 2021. Tax is still effective in 2020.

### Prescription Drugs

	<b>Subject</b>	<b>Legislation Title</b>	<b>Activity</b>	<b>Comments</b>
Federal	Drug Rebates	H. R. 1034 Phair Pricing Act of 2019	No action since February 7, 2019 when referred to the Committee on Energy and Commerce, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.	This bill would amend title XVIII of the Social Security Act to require pharmacy-negotiated price concessions to be included in negotiated prices at the point-of-sale under part D of the Medicare program.



	<b>Subject</b>	<b>Legislation Title</b>	<b>Activity</b>	<b>Comments</b>
Federal	Cost of Drugs	H. R. 3947 Competition Prescription Act To Lower the cost of prescription drugs, and for other purposes,	Introduced July 24, 2019 and referred to the House Committee on Energy and Commerce, and in addition to the Committees on Ways and Means, the Judiciary, Armed Services, and Oversight and Reform, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.	This bill would lower the cost of prescription drugs by removing delays in introducing generic drugs to the market and expanding patients access to those low-cost alternative drugs. By introducing more generic drugs to the market faster and increasing access to them, the free market will encourage competition between generic and brand-name drugs, ultimately lowering the cost of prescriptions patients pay at the pharmacy counter.
Federal	Transparency of drug rebates	S. 2247 A bill to amend titles XI and XVIII of the Social Security Act to provide greater transparency of discounts provided by drug manufacturers, to establish requirements relating to pharmacy-negotiated price concessions, and for other purposes.	Introduced July 24, 2019 and referred to the Senate Committee on Finance.	This bill would require greater transparency of discounts by drug manufactures and establish requirements relating to pharmacy-negotiated price concessions. The details are pending.

	<b>Subject</b>	<b>Legislation Title</b>	<b>Activity</b>	<b>Comments</b>
Federal	Protections on cost of insulin	S. 2199 A bill to provide patient protections with respect to the cost of insulin	Introduced July 22, 2019 and referred to the Senate Committee on Finance.	This bill would provide patient protections with respect to the cost of insulin.
Federal	Reference prices	S. Prescription Drug Pricing Reduction Act of 2019	Bill approved by Senate Finance Committee July 25, 2019.	The bill may impact the UHC MAPD rates by due to a limit on prescription drug hikes under Medicare Part D.

### **CMS Rule Making**

	<b>Subject</b>	<b>Legislation Title</b>	<b>Activity</b>	<b>Comments</b>
Federal	Department of Health and Human Services, Centers for CMS Proposed Rule Change	Removal of Safe Harbor Protection for Rebates Involving Prescription Pharmaceuticals and Creation of New Safe Harbor Protection for Certain Point-of -Sale Reductions in Price on Prescription Pharmaceuticals and Certain Pharmacy Benefit Manager Service Fees	The Trump Administration withdrew its Proposed Rule intended to end the safe harbor for prescription drug rebates in the Medicare and Medicaid programs.	This rule would require group Medicare Advantage Plans that provide Part D coverage. to apply manufacture prescription drug rebates at the point-of-sale rather than at the backend at the end of the year. The rule does not benefit SFHSS members at the point-of-sale since the member continue to pay the co-pay. On the plan side, the elimination of the rebate at the backend, would mean that the plans are losing the rebates from the manufactures. UHC has indicted that the impact on premiums may be an increase of up to \$35 PMPM.

	<b>Subject</b>	<b>Legislation Title</b>	<b>Activity</b>	<b>Comments</b>
Federal	Department of Health and Human Services, Centers for CMS Proposed Rule Change	Proposed Changes to Hospital Outpatient Prospective Payment and Ambulatory Surgical Center Payment Systems and Quality Reporting Programs; Price Transparency of Hospital Standard Charges; etc.	Filed on July 29, 2019, will be published on August 9, 2019.	This rule may impact the Medicare rates for 2021 due to the proposed revisions to the Medicare hospital outpatient prospective payment system and the Medicare ambulatory surgical center payment system for CY 2020. In addition, CMS is proposing to establish requirements for all hospitals in the US for making hospital standard charges available to the public and establish a process and requirements for prior authorization for certain covered outpatient department services.

	<b>Subject</b>	<b>Legislation Title</b>	<b>Activity</b>	<b>Comments</b>
Federal	Department of Health and Human Services, Centers for CMS Proposed Rule Change	Medicare and Medicaid Programs; CY 2020 Home Health Prospective Payment System Rate Update; Home Health Value-Based Purchasing Model; Home Health Quality Reporting Requirements; and Home Infusion Therapy Requirements.	Proposed rule was issued on July 18, 2019 and comments are due by September 9, 2019.	This rule would update the home health prospective payment system (HH PPS) payment rates and wage index for CY 2020; implement the Patient-Driven Groupings Model (PDGM), a revised case-mix adjustment methodology, for home health services beginning on or after January 1, 2020, implement a change in the unit of payment from 60-day episodes of care to 30-day periods of care, and proposes a 30-day payment amount for CY 2020. Additionally, this proposed rule modifies the payment regulations pertaining to the content of the home health plan of care; allow physical therapy assistants to furnish maintenance therapy; and change the split percentage payment approach under the HH PPS. This may impact the development of the Kaiser and UHC 2021 Medicare plan rates.

**Other**

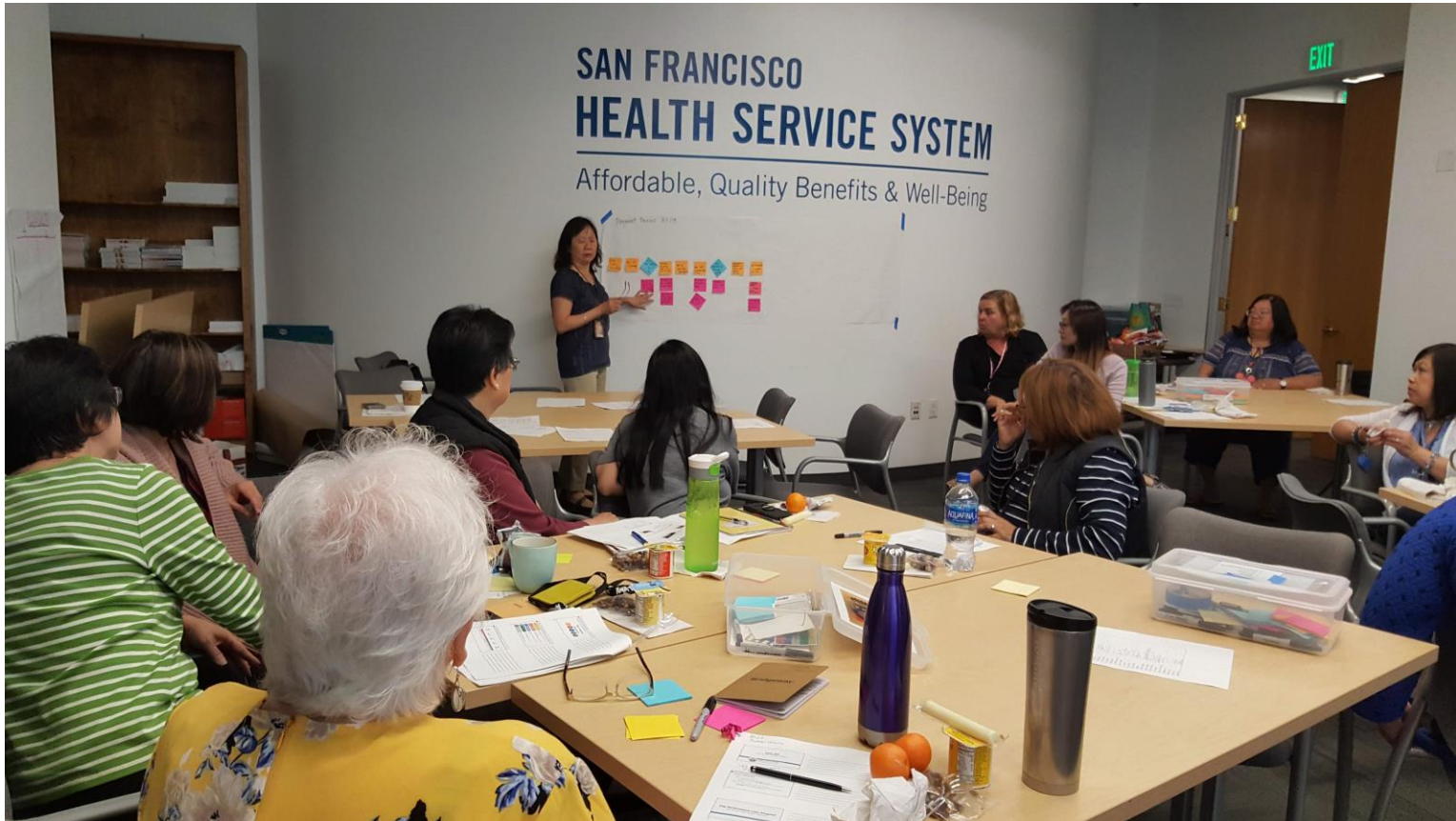
	<b>Subject</b>	<b>Legislation Title</b>	<b>Activity</b>	<b>Comments</b>
Federal	Medical billing practices  Hospital's balanced billing	H. R. 3630 No Surprises Act. A bill to amend title XXVII of the Public Health Service Act to protect health care consumers from surprise billing practices, and for other purposes.	Introduced July 9, 2019 and referred to the House Committee on Energy and Commerce and the Committee on Education, referred on July 10, 2019 to the House Subcommittee on Health. On July 11, 2019 House Subcommittee on Health held consideration and mark-up session and then forwarded to the Full House Committee on Energy and Commerce.	This bill would end surprise medical bills (balanced billing) and adds third-party arbitration. The bill addresses the market failure at the heart of surprise billing; appropriately uses notice and consent exceptions; and establishing a minimum insurer payment that would likely avoid increasing health care spending relative to the status quo.
Federal	Funding research on clinical effectiveness of medical treatments	H. R. 3439 Protecting Access To Information for Effective and Necessary Treatment Act” or the “PATIENT Act”. A bill To amend the Internal Revenue Code of 1986 and title XI of the Social Security Act to extend appropriations and transfers to the Patient-Centered Outcomes Research Trust Fund and to extend certain health insurance fees for such transfers, and for other purposes.	Introduced June 24, 2019 referred to the House Committee on Ways and Means, and to the Committee on Energy and Commerce, for a period to be subsequently determined by the Speaker.	This bill would extend the Patient-Centered Outcomes Research Trust Fund (PCORI) and the fee. This may increase premiums.

## Affordable Care Act

	<b>Subject</b>	<b>Background</b>	<b>Activity</b>	<b>Comments</b>
<p>Court Case – US Court of Appeals for the Fifth Circuit</p>	<p>Texas v Azar (United States Affordable Care Act)</p> <p>Appeal decision of lower court that ruled the ACA unconstitutional due to the unconstitutionality of the individual mandate and inability to sever the mandate from the ACA.</p>	<p>In December 2018, a Texas District Court struck down the ACA in its entirety, finding that the 2017 Tax Cuts and Jobs Act (TCJA), which reduced the penalty associated with the individual mandate to zero, renders the mandate unconstitutional, and as the mandate is essential to and inseparable from the ACA, invalidating the mandate as unconstitutional invalidates the entire ACA.</p>	<p>On July 9, 2019 the US Court of Appeals for the Fifth Circuit heard oral arguments on several issues including, (i) whether the 18 Republican state attorneys general and 2 Republican governors challenging the ACA have standing to appeal, (ii) whether the individual mandate is unconstitutional, and (iii) whether, if found unconstitutional, the mandate may be severed from the rest of the ACA, (and in doing so, interpreting the intent of Congress with respect to the TCJA) and if not, invalidate the entire ACA.</p> <p>If the Fifth Circuit upholds the entire District Court decision, that the mandate is unconstitutional and not severable, it would invalidate the ACA and be appealed to the Supreme Court (currently 21 states defending the ACA plus the U.S. House of Representatives). The Supreme Court has already upheld the ACA as constitutional in NFIB v. Sebelius and King v. Burwell.</p>	<p>Among other provisions of the ACA, this court case will impact Section 1557 which protects people who have preexisting conditions, prohibits discrimination based on race, color, national origin, sex, age, or disability. It will also impact the pathway for approval of generic copies of expensive biologic drugs.</p>

	<b>Subject</b>	<b>Background</b>	<b>Activity</b>	<b>Comments</b>
United States Department of Health and Human Services (HHS) Office for Civil Rights	Nondiscrimination in Health and Health Education Programs or Activities	<p>On June 14, 2019 HHS proposed “substantial revisions” to regulations implementing ACA Section 1557.</p> <p>The proposal cannot change Sections 1557’s protection in the law enacted by Congress but it would significantly narrow the scope of the existing HHS implementing regulations.</p>	<p>HHS established a 60-day comment period on the proposed changes closes August 13, 2019.</p> <p>The City will submit public comments.</p>	<p>The regulations would:</p> <p>Eliminate the general prohibition on discrimination based on gender identity, as well as specific health insurance coverage protections for transgender individuals.</p> <p>Adopt blanket abortion and religious freedom exemptions for health care providers.</p> <p>Eliminate the provision preventing health insurers from varying benefits in ways that discriminate against certain groups, such as people with HIV or LGBTQ people.</p> <p>Weaken protections that provide access to interpretation and translation services for individuals with limited English proficiency.</p> <p>Eliminate provision affirming the right of private individuals to challenge alleged violation of Section 1557 in court and to obtain money damages, as well as requirements for covered entities to provide non-discrimination notices and grievance procedures.</p>

# San Francisco Health Service System LEAN Partnership



HEALTH SERVICE SYSTEM



CITY PERFORMANCE LEAN PROGRAM

**SAN FRANCISCO  
HEALTH SERVICE SYSTEM**  
Affordable, Quality Benefits & Well-Being

Office of the Controller  
City Performance Unit



## LEAN Methodology promotes:

- **Respect** for your staff and your customers
- **Humility** in asking for and **accepting input** from colleagues
- **Willingness** to recognize **problems as opportunities**
- **Focusing on process**, not people
- Willingness to **personally engage** with Lean
- Ability to **model Lean thinking** and behaviors for others

HEALTH SERVICE SYSTEM



CITY PERFORMANCE LEAN PROGRAM

Office of the Controller  
City Performance Unit

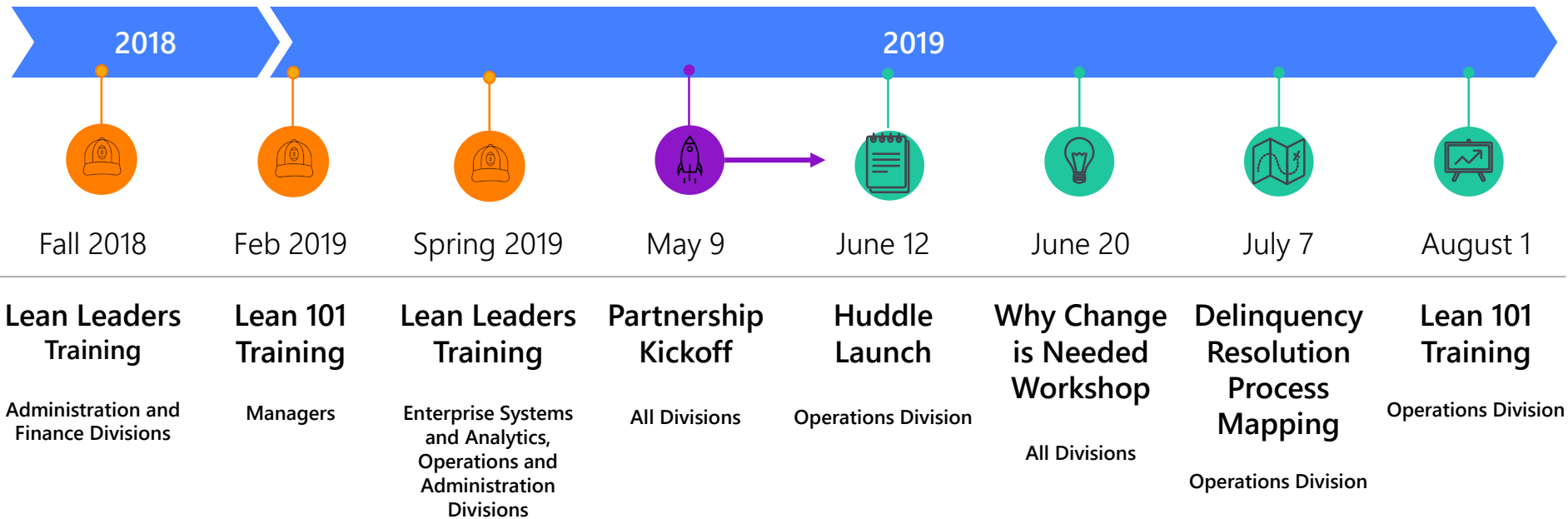
**SAN FRANCISCO**  
**HEALTH SERVICE SYSTEM**  
Affordable, Quality Benefits & Well-Being

# Lean Partnership

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## The timeline below maps key milestones in the collaborative partnership between SFHSS and City Performance

Divisional representation is listed beneath each event



# LEAN Partnership: Key Learnings

- In a Lean partnership, City Performance team members train key staff and leadership and coach staff at all levels to innovate, implement, and manage change.
- The ongoing *LEAN 101* courses guide managers and front-line staff through the four steps of the process improvement cycle: defining the problem, quantifying the problem, identifying obstacles/root causes, and eliminating obstacles in business processes.
- During the *Why Change is Needed* workshop staff practice empathy mapping to reveal the underlying “why” behind our members actions, choices and decisions so we that can create a customer service system that truly benefits everyone.
- During the *Process Mapping for Delinquency Resolution*, front line staff and managers experienced visualizing beginning to end processes and how this has the power to illuminate critical decision points, obstacles, and the necessity for standard work.
- SFHSS created a Huddle Board to capture brainstorm ideas, organize solutions using an impact/effort matrix, capture small wins, and implement Just Do It initiatives. At the six week mark, timing and frequency are being evaluated to maximize impact and engagement moving forward.



**SAN FRANCISCO  
HEALTH SERVICE SYSTEM**

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DATE: August 8, 2019

TO: Karen Breslin, President, and Members of the Health Service Board

FROM: Mike Clarke, Aon

RE: Update on the Federal Health Insurance Tax

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During the June 13 Health Service Board (HSB) meeting, we discussed the impact that the return of the Federal Affordable Care Act (ACA) Health Insurer Tax (HIT) is having on insured plan rates for certain SFHSS health plans in 2020.

The HIT is a tax provision of the ACA that first presented in fully insured plan health insurance premiums in 2014. The monies are used to fund federal and state public exchange programs. Insured medical, dental, vision, and Medicare Advantage plans are subject to the HIT. The fee each year targets a certain amount of tax revenue, with amounts divided across health plan insurers based on each insurer's share of the total U.S. taxable insured premium base for health insurance:

- \$8 billion total tax for all U.S. health insurers in 2014;
- Annual increase in 2015-2018 to reach \$14.3 billion total tax in 2018; and
- Increase with premium growth after 2018 annually, with allocation to insurers based on prior year's share of total earned premium.

The HIT was suspended by federal government legislative action for the 2017 and 2019 plan years. The HIT is presently scheduled to apply for 2020. HIT tax amounts do vary in magnitude between for-profit insurers (higher requirements) and not-for-profit insurers (lower requirements), given tax status variations in these insurer models. Below outlines 2020 HIT treatment in SFHSS insured plans.

**UnitedHealthcare Medicare Advantage PPO Plan (UHC MA PPO)**

The HIT for the UHC MA PPO in 2020 is calculated by UHC to be \$36.72 per member per month (PMPM). The formula for UHC's HIT calculation is based upon the total premium requirement for full costs of the plan before projected amounts reimbursed to UHC by federal agency Centers for Medicare and Medicaid (CMS) are applied to then generate the net total premium charged by UHC to SFHSS in 2020. The table below shows how HIT is determined by UHC and how it flows through to the SFHSS insured premium in 2020 for the UHC MA PPO plan.

	<b>PMPM Rate</b>	<b>HIT Portion</b>	<b>HIT as % of Premium</b>
Full required rate	\$1,442.70	\$36.72	2.5%
Projected CMS funding	\$1,007.83		
Net premium to SFHSS	\$434.87	\$36.72	8.4%

UHC’s HIT requirement in UHC MA PPO is 2.5% of the overall needed premium—or 8.4% of total 2020 SFHSS portion of premium after reducing for CMS funding expectations. The \$36.72 PMPM amount equates to approximately \$7 million in HIT for 2020, based on 15,886 current covered lives. The \$36.72 PMPM amount is about 10% of the 2019 UHC MA PPO premium—a figure we discussed during the June 13 HSB rating presentation for the UHC MA PPO plan.

Here is UHC’s statement on their approach to pass the HIT through to SFHSS premiums for the UHC MA PPO plan:

“UnitedHealthcare has taken an approach of full transparency on what our exposure is when considering both the direct fee and the non-deductible treatment for federal income tax purposes. We include this line item as a component of the renewal, as it is truly a pass through of the liability. In the case of City and County of San Francisco, this amount is then being added on a PMPM basis to the necessary renewal increase. With a fully insured product there are multiple factors considered when developing a renewal including but not limited to risk-based revenue changes, cost trends and plan retention that can affect the year to year rate.”

### **Kaiser Permanente Senior Advantage (KPSA)**

Kaiser does not pass the ACA HIT into SFHSS KPSA Medicare plan rates. Therefore, HIT return for 2020 is not a factor in year-to-year rating changes for the KPSA plan. Kaiser has indicated these reasons for not including HIT in its 2020 KPSA rates charged to SFHSS:

- Kaiser’s Medicare premium rates are set in advance, based on the benefits and administrative expenses Kaiser Permanente expects, and Kaiser assumes the risk for any difference between expected and actual costs. Consequently, no retrospective adjustments would be made, including any impact related to the suspension of the HIT - if that occurs.
- Kaiser asserts that CMS reimbursement is not keeping pace with medical trend, and the resulting leveraging effect is adding pressure to KPSA rate increases. Including ACA fees for 2020 would have exacerbated this issue, since HIT was subject to the moratorium in 2019.
- Regardless of the outcome of ACA repeal efforts at the federal government level, Kaiser does not intend to revise their 2020 KPSA rates or pursue any type of reconciliation in Kaiser’s 2021 KPSA rates.

## **Kaiser Permanente Non-Medicare HMO**

Kaiser does pass the ACA HIT into its non-Medicare plan rates for active employees and early retirees, and thus it is a component of the 5.9% rate increase for Kaiser non-Medicare plan in California from 2019 to 2020 (approximately 1% of the 5.9% increase).

The 1% load for Kaiser is less than it would be for a for-profit insurer, given calculation treatment of a given insurer's HIT obligation in total for a not-for-profit insurer versus a for-profit insurer. We estimate the HIT portion of premium for Kaiser's non-Medicare HMO plan for SFHSS to be about \$3.7 million in 2020.

## **Other SFHSS Insured Health Plans**

The HIT applies only to insured health plans, thus the UHC PPO self-funded plan ("City Plan"), the Delta Dental active employee PPO self-funded plan, and the Blue Shield of California (BSC) Access+ and Trio plans are not subject to the HIT. BSC plans are not subject to HIT based upon BSC and the California Department of Managed Health Care (DMHC) revisiting the funding status of the BSC Access+ and Trio plans several years ago, leading to a determination that these flex-funded plans are not required to pay the HIT tax.

SFHSS insured dental and vision plans are required to pay HIT during years HIT applies, including in 2020. However, the only SFHSS dental or vision plan to have an overt rate increase in 2020 due to HIT is the UHC dental HMO plan for active employees (approximately \$6,000 impact for 2020). In total, SFHSS dental and vision insured plans are expected to pay \$467,000 in HIT in the 2020 plan year, which represents about 2% of total premiums for insured SFHSS dental and vision plans.



# San Francisco Health Service Board Management Monthly Report

Health Service Board Meeting | August 8, 2019



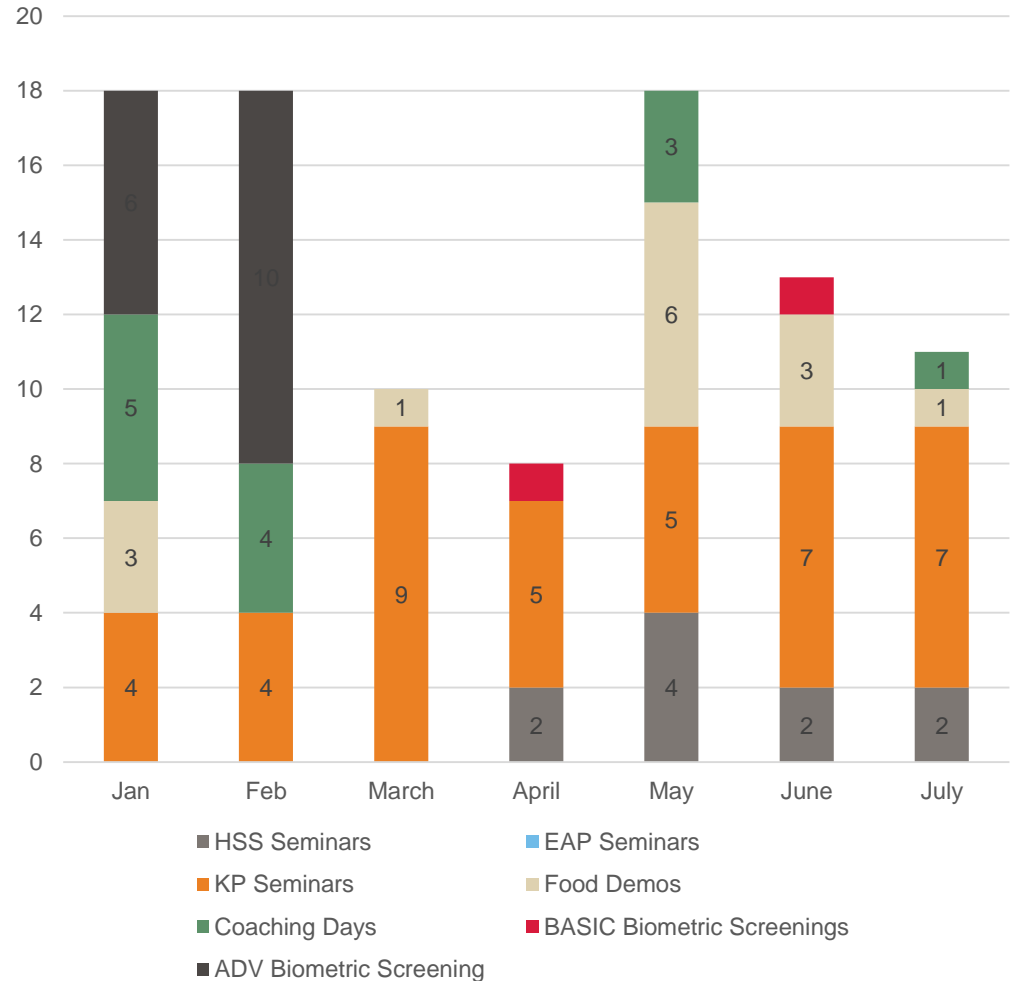
## Well-Being@Work: Department Onsite Activities

### Year to Date

- 1648 members served
- 96 onsite activities

### July Highlights

- SFHSS completed the first-ever Healthy Weight Program at for the Fine Arts Museum, 5 participants completed the series
- Continue to experience an increase in requests for stress management related activities (chair yoga, tai chi, stress management) associated with department focus



## Catherine Dodd Wellness Center

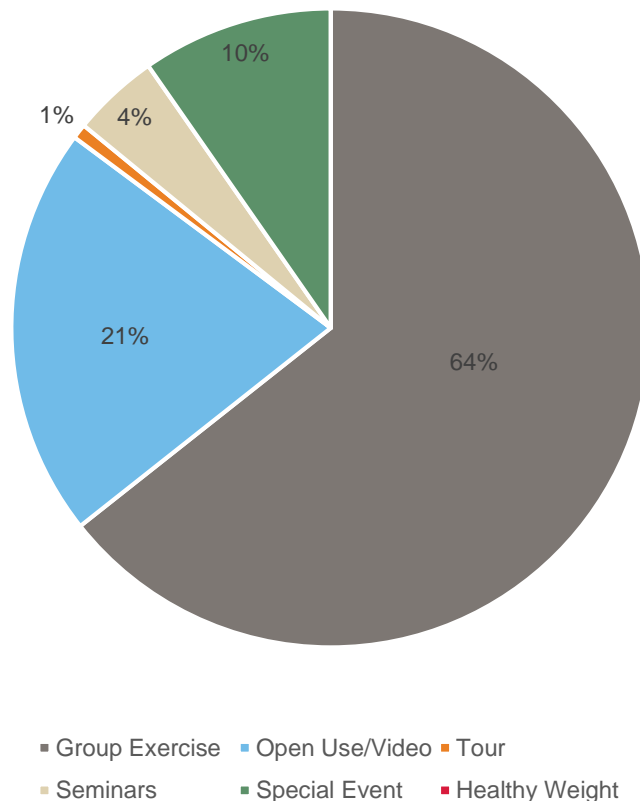
### Year to Date:

- 4,648 total participation
- 201 average monthly unique participation

### July Highlights:

- New offering: Line dancing (3 classes)
- 440 group exercise total participation (8% decrease when compared to same time last year, due to 10% cancelation rate)
  - Highest Participation/Class:
    - Zumba (Wed.) – average 27
    - Total Body Conditioning (Tue.) – average 22

% of Activity to Total Participation



## Employee Assistance Program:

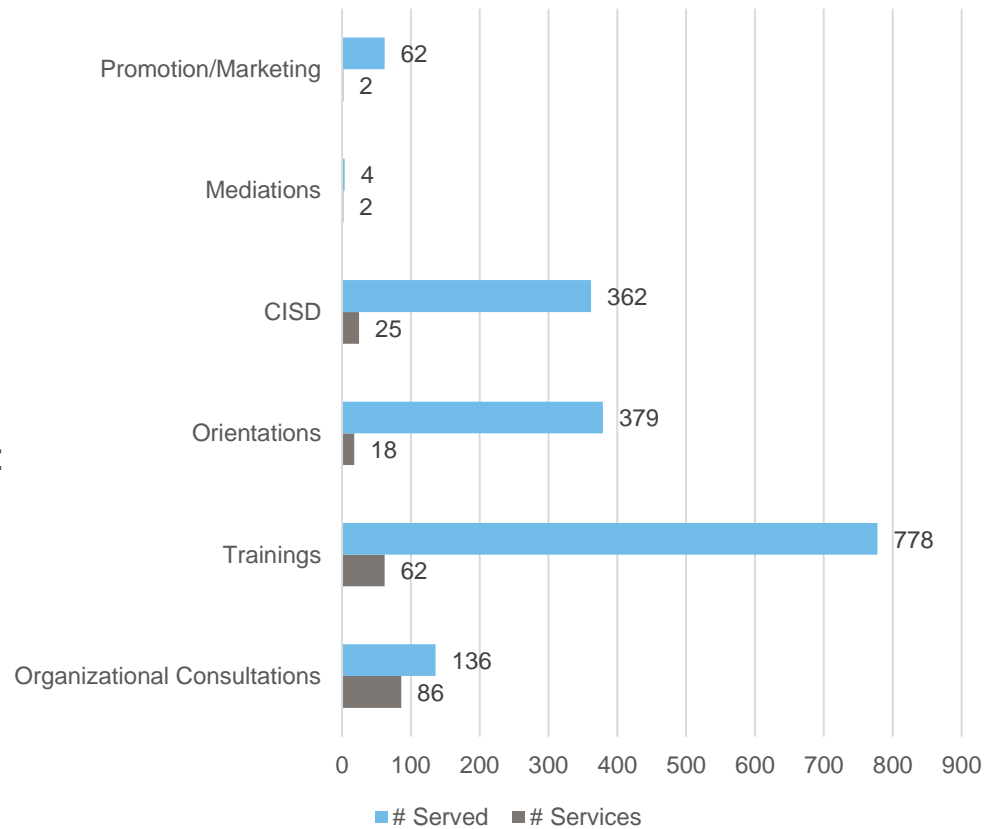
### Organizational Services (OD):







- 44% Organizational Consultations representing 8% of people serviced in all OD services
- 32% Trainings representing 45% of people serviced in all OD services
- 30% increase in OD services compared to July 2018
- Critical Incident Response continues to rise: 108% increase YTD compared to 2018


### Client Services:


- 20% increase (YTD) in new clients served and 2% increase in total clients compared to 2018


OD Services: # of Services offered vs. # of People Served



Project	Status	Key Accomplishments
Cybersecurity		<ul style="list-style-type: none"> <li>Attended Citywide Cybersecurity planning meeting 7/23</li> </ul>
eBenefits		<ul style="list-style-type: none"> <li>New Hire and Open Enrollment development has completed</li> <li>Ready for 32,000+ employees</li> <li>SFUSD pilot to 300+ employees and onboarding of an additional 4800 retirees at risk due to Department of Technology system upgrades. Resources not currently available for configuring user accounts</li> </ul>
VOIP telephony upgrade		<ul style="list-style-type: none"> <li>Department of Public Works unable to complete required increase of power to SFHSS offices in time to support a VOIP go-live of September. To avoid conflicts with Open Enrollment, go-live date pushed to November.</li> </ul>
Payment Gateway: Member facing payments		<ul style="list-style-type: none"> <li>Schedule back on track for 2020 availability</li> <li>Vendor has expedited development timeline; testing of solution expected by October</li> </ul>
Enterprise Content Management System (ECM) Business Insights / scanner licenses		<ul style="list-style-type: none"> <li>Contract released to Office of Contract Administration for review</li> <li>Expect scanner licenses could be procured mid OE vs. prior to OE start</li> </ul>
Open Enrollment		<ul style="list-style-type: none"> <li>Modifications to ECM OE forms capture completed</li> </ul>

 On Schedule, Adequate Resources, Within Budget, Risks in Control

 Potential issues with schedule /budget can be saved with corrective actions

 Serious issues. Project most likely delayed or significant budget overrun