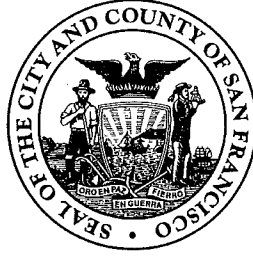


BOARD of SUPERVISORS



City Hall  
1 Dr. Carlton B. Goodlett Place, Room 244  
San Francisco 94102-4689  
Tel. No. 554-5184  
Fax No. 554-5163  
TDD/TTY No. 554-5227

## MEMORANDUM

### GOVERNMENT AUDIT AND OVERSIGHT COMMITTEE

#### SAN FRANCISCO BOARD OF SUPERVISORS

TO: Supervisor Aaron Peskin, Chair  
Government Audit and Oversight Committee

FROM: Erica Major, Assistant Clerk, Government Audit and Oversight Committee

DATE: July 22, 2016

SUBJECT: **COMMITTEE REPORT, BOARD MEETING**  
Tuesday, July 26, 2016

The following file should be presented as a **COMMITTEE REPORT** at the Board meeting, Tuesday, July 26, 2016. This item was acted upon at the Government Audit and Oversight Committee Meeting on July 21, 2016 at 9:30 a.m., by the votes indicated.

**Item No. 62            File No. 160705**

**Ordinance authorizing settlement of the lawsuit filed by the City Attorney, acting on behalf of the People of the State of California, against Blue Cross of California dba Anthem Blue Cross, Anthem Blue Cross Life and Health Insurance Company (collectively, "Blue Cross") and Health Net of California for the payment by Blue Cross of \$6,250,000 in restitution and civil penalties for under-reimbursing Zuckerberg San Francisco General Hospital and Trauma Center ("ZSFG") for emergency medical care provided to Blue Cross's insureds prior to July 1, 2015, and for the payment of additional amounts for such emergency medical care provided between July 1, 2015, and June 30, 2019; the lawsuit was filed on May 24, 2011, in San Francisco Superior Court, Case No. 11-511181; entitled People of the State of California v. Blue Cross of California, et al.; other material terms of said settlement are that Blue Cross and the City will enter into a prompt payment agreement under which Blue Cross agrees to pay and ZSFG agrees to accept certain specified rates for treatment provided by ZSFG to Blue Cross's insureds for emergency medical services rendered from July 1, 2015, through at least June 30, 2019.**

RECOMMENDED AS A COMMITTEE REPORT

Vote: Supervisor Aaron Peskin - Aye  
Supervisor David Campos - Aye  
Supervisor London Breed - Excused  
Supervisor Norman Yee - Excused

cc: Board of Supervisors  
Angela Calvillo, Clerk of the Board  
Alisa Somera, Legislative Deputy Director  
Jon Givner, Deputy City Attorney

File No. 160705 Committee Item No. 11  
Board Item No. 08

### COMMITTEE/BOARD OF SUPERVISORS

#### AGENDA PACKET CONTENTS LIST

Committee: Government Audit and Oversight Date July 21, 2016

Board of Supervisors Meeting Date July 26, 2016

Cmte Board

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| <input type="checkbox"/>            | <input type="checkbox"/>            | Motion                                       |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Resolution                                   |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Ordinance                                    |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Legislative Digest                           |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Budget and Legislative Analyst Report        |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Youth Commission Report                      |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Introduction Form                            |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/>            | <input type="checkbox"/>            | MOU  |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Grant Information Form                       |
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| <input type="checkbox"/>            | <input type="checkbox"/>            | Contract/Agreement                           |
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OTHER (Use back side if additional space is needed)

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| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>COMM VPT REQUEST - 07/15/16</u> |
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Completed by: Erica Major Date July 15, 2016  
Completed by: JM Date 7/23/2016

1 [Settlement of Lawsuit - Blue Cross of California and Anthem Blue Cross Life and Health  
2 Insurance Company - City to Receive \$6,250,000 and Future Payments]

3 **Ordinance authorizing settlement of the lawsuit filed by the City Attorney, acting on**  
4 **behalf of the People of the State of California, against Blue Cross of California dba**  
5 **Anthem Blue Cross, Anthem Blue Cross Life and Health Insurance Company**  
6 **(collectively, "Blue Cross") and Health Net of California for the payment by Blue Cross**  
7 **of \$6,250,000 in restitution and civil penalties for under-reimbursing Zuckerberg San**  
8 **Francisco General Hospital and Trauma Center ("ZSFG") for emergency medical care**  
9 **provided to Blue Cross's insureds prior to July 1, 2015, and for the payment of**  
10 **additional amounts for such emergency medical care provided between July 1, 2015**  
11 **and June 30, 2019; the lawsuit was filed on May 24, 2011, in San Francisco Superior**  
12 **Court, Case No. 11-511181; entitled People of the State of California v. Blue Cross of**  
13 **California, et al.; other material terms of said settlement are that Blue Cross and the**  
14 **City will enter into a prompt payment agreement under which Blue Cross agrees to pay**  
15 **and ZSFG agrees to accept certain specified rates for treatment provided by ZSFG to**  
16 **Blue Cross's insureds for emergency medical services rendered from July 1, 2015,**  
17 **through at least June 30, 2019.**

18  
19 Be it ordained by the People of the City and County of San Francisco:

20 Section 1. Pursuant to Charter, Section 6.102(5), the Board of Supervisors hereby  
21 authorizes the City Attorney to settle the action entitled People of the State of California v.  
22 Blue Cross of California, et al., San Francisco Superior Court No. 11-511181, by the payment  
23 of \$6,250,000 by Blue Cross of California dba Anthem Blue Cross and Anthem Blue Cross  
24 Life and Health Insurance Company (collectively, "Blue Cross"), and by future prompt  
25 payments by Blue Cross to Zuckerberg San Francisco General Hospital and Trauma Center

1 ("ZSFG"), at certain agreed upon rates, for emergency medical treatment provided to  
2 Blue Cross's insureds. The lawsuit involves the People of California's allegation that Blue  
3 Cross was systematically underpaying ZSFG for emergency medical care provided to Blue  
4 Cross's insureds.

5 Section 2. The above-named action was filed in San Francisco Superior Court on  
6 May 24, 2011, and the following parties were named in the lawsuit: the People of the State of  
7 California, plaintiff; Blue Cross of California dba Anthem Blue Cross, Anthem Blue Cross Life  
8 and Health Insurance Company, and Health Net of California, Inc. defendants.

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APPROVED AS TO FORM AND  
RECOMMENDED:

DENNIS J. HERRERA  
City Attorney



OWEN J. CLEMENTS  
Chief of Special Litigation

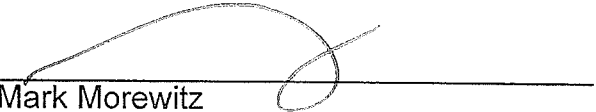
RECOMMENDED:

DEPARTMENT OF PUBLIC HEALTH



BARBARA A. GARCIA  
Director

APPROVED:



Mark Morewitz  
Secretary  
PUBLIC HEALTH COMMISSION

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COB, GAO, Leg  
Dep

Member, Board of Supervisors  
District 3



City and County of San Francisco

AARON PESKIN

DATE:	July 15, 2016	2016 JUL 15 AM 11:21 SEAL OF THE CITY AND COUNTY OF SAN FRANCISCO
TO:	Angela Calvillo Clerk of the Board of Supervisors	
FROM:	Supervisor Aaron Peskin Chairperson <i>AP</i>	
RE:	Government Audit and Oversight Committee COMMITTEE REPORTS	

Pursuant to Board Rule 4.20, as Chair of the Government Audit and Oversight Committee, I have deemed the following matters are of an urgent nature and request they be considered by the full Board on July 26, 2016, as Committee Reports:

**160422 Fire, Housing, Building Codes - Fire Safety Requirements for Existing Buildings**

Ordinance amending the Fire Code and the Housing Code to require building owners provide tenants with an annual written notice of smoke alarm requirements and require building owners file a statement of compliance with annual fire alarm testing and inspection requirements every two years; amending the Fire Code and Building Code to require building owners to upgrade existing fire alarm systems by July 1, 2021, or upon completion of \$50,000 or more of construction work, whichever occurs earlier; amending the Building Code to require owners of Apartment Houses damaged by fire to submit an Action Plan to the City within 30 days of the fire and requiring owners of buildings in Group R occupancies with six or more units to install fire blocks in open accessible attic when performing \$50,000 or more of construction work; affirming the Planning Department's determination under the California Environmental Quality Act; making findings under the California Health and Safety Code; and directing the Clerk of the Board of Supervisors to forward this ordinance to the California Building Standards Commission upon final passage as required by State law.

**160514 Accept and Expend Grant - State Transportation Development Act, Article 3 - Pedestrian and Bicycle Projects - \$995,524**

Resolution authorizing the acceptance and expenditure of a State Transportation Development Act, Article 3, Pedestrian and Bicycle Project grant, in the amount of \$995,524 including \$497,762 for Public Works and \$497,762 for the San Francisco Municipal Transportation Agency, for a three-year period of July 1, 2016, through June 30, 2019.

**160661 Settlement of Lawsuit - Wayne Kappelman - \$176,275**

Ordinance authorizing settlement of the lawsuit filed by Wayne Kappelman against the City and County of San Francisco for \$176,275; the lawsuit was filed on September 2, 2014, in United States District Court, Northern District of California, Case No. 14-CV-04434 MEJ; entitled Wayne Kappelman v. City and County of San Francisco; the lawsuit involves an employment dispute.

160703 Settlement of Lawsuit - Muaadh Alawadhi and Suad Mahyoub - \$156,250

Ordinance authorizing settlement of the lawsuit filed by Muaadh Alawadhi and Suad Mahyoub against the City and County of San Francisco for \$156,250; the lawsuit was filed on January 7, 2015, in San Francisco Superior Court, Case No. CGC-15-543559; entitled Muaadh Alawadhi, et al. v. City and County of San Francisco, et al.; the lawsuit involves alleged medical negligence; other material terms of the settlement are co-defendant Regents of the University of California to pay \$156,250.

160704 Settlement of Lawsuit - Ricardo Palikiko-Garcia, Stanley Harris, and Keith Dwayne Richardson - \$90,000

Ordinance authorizing settlement of the lawsuit filed by Ricardo Palikiko-Garcia, Stanley Harris, and Keith Dwayne Richardson against the City and County of San Francisco for \$90,000; the lawsuit was filed on March 16, 2016, in United States District Court for the Northern District of California, Case No. C16-1305 JCS; entitled Ricardo Palikiko-Garcia, et al. v. City and County of San Francisco, et al.; the lawsuit involves allegations of excessive force, cruel and unusual punishment, and egregious government conduct.

160705 Settlement of Lawsuit - Blue Cross of California and Anthem Blue Cross Life and Health Insurance Company - City to Receive \$6,250,000 and Future Payments

Ordinance authorizing settlement of the lawsuit filed by the City Attorney, acting on behalf of the People of the State of California, against Blue Cross of California dba Anthem Blue Cross, Anthem Blue Cross Life and Health Insurance Company (collectively, "Blue Cross") and Health Net of California for the payment by Blue Cross of \$6,250,000 in restitution and civil penalties for under-reimbursing Zuckerberg San Francisco General Hospital and Trauma Center ("ZSFG") for emergency medical care provided to Blue Cross's insureds prior to July 1, 2015, and for the payment of additional amounts for such emergency medical care provided between July 1, 2015, and June 30, 2019; the lawsuit was filed on May 24, 2011, in San Francisco Superior Court, Case No. 11-511181; entitled People of the State of California v. Blue Cross of California, et al.; other material terms of said Settlement are that Blue Cross and the City will enter into a prompt payment agreement under which Blue Cross agrees to pay and ZSFG agrees to accept certain specified rates for treatment provided by ZSFG to Blue Cross's insureds for emergency medical services rendered from July 1, 2015, through at least June 30, 2019.

160706 Settlement of Lawsuit - State Farm General Insurance Company - \$90,000

Ordinance authorizing settlement of the lawsuit filed by State Farm General Insurance Company against the City and County of San Francisco for \$90,000; the lawsuit was filed on February 13, 2014, in San Francisco Superior Court, Case No. CGC-14-537478; entitled State Farm General Insurance Company v. City and



County of San Francisco; the lawsuit involves alleged property damage arising From flooding.

**160707 Settlement of Lawsuit - Paul Walker - \$80,000**

Ordinance authorizing settlement of the lawsuit filed by Paul Walker against the City and County of San Francisco for \$80,000; the lawsuit was filed on November 10, 2015, in United States District Court, Northern District, Case No. CV-15-5129-JCS; entitled Paul Walker v. City and County of San Francisco; the lawsuit involves alleged Americans with Disabilities Act violations.

**160708 Settlement of Lawsuit - Mery Perez - \$87,500**

Ordinance authorizing settlement of the lawsuit filed by Mery Perez against the City and County of San Francisco for \$87,500; the lawsuit was filed on February 9, 2015, in San Francisco Superior Court, Case No. CGC-15-544024; entitled Mery Perez v. City and County of San Francisco; the lawsuit involves a medical malpractice claim; other material terms of the settlement are that co-defendant Dr. Derrick Lung is to pay \$87,500.

**160709 Settlement of Lawsuit - People of the State of California  
\$250,000**

Ordinance authorizing settlement of the lawsuit filed by the People of the State of California against the City and County of San Francisco for \$250,000; the lawsuit will be filed in Alameda County Superior Court; and be entitled People of the State of California v. San Francisco Public Utilities Commission and the City and County of San Francisco; the lawsuit involves alleged violations of California pollution prevention and hazardous materials laws at Public Utilities Commission facilities near Sunol in Alameda.

**160738 Settlement of Lawsuit - Gary Frank and Debbie Frank -  
\$245,000**

Ordinance authorizing settlement of the lawsuit filed by Gary Frank and Debbie Frank against the City and County of San Francisco for \$245,000; the lawsuit was filed on September 16, 2014, in San Francisco Superior Court, Case No. CGC-14-541671; entitled Gary Frank and Debbie Frank v. City and County of San Francisco, et al.; the lawsuit involves alleged property damage arising from flooding.

**160770 Settlement of Lawsuit - Sadeq Naji - \$30,000**

Ordinance authorizing settlement of the lawsuit filed by Sadeq Naji against the City and County of San Francisco for \$30,000; the lawsuit was filed on February 3, 2015, in San Francisco Superior Court, Case No. CGC 15-543936; entitled Sadeq Naji v. City and County of San Francisco; San Francisco Public Library; the lawsuit involves an employment dispute.

**160793 Resolution of Intention - Central Market Community Benefit District -  
Modify the Management Plan and Engineer's Report**

Resolution declaring the intention of the Board of Supervisors to modify the management district plan and engineer's report for the property-based business improvement district (community benefit district) known as the "Central Market Community Benefit District" to remove the district-wide cap on annual assessment revenues; ordering and setting a time and place for a public hearing

**thereon; approving the form of the Notice of Public Hearing and Assessment Ballot Proceeding and Assessment Ballot; and directing the Clerk of the Board of Supervisors to give notice of the public hearing and balloting as required by law.**

These matters will be heard in the Government Audit and Oversight Committee on July 21, 2016, at 9:30 a.m.

**LEGISLATION RECEIVED CHECKLIST**

Date 6/14/16 File Number (if applicable) \_\_\_\_\_

- Legislation for Introduction (NEW)      ▶▶▶ Legislative Clerk
- Legislation Pending in Committee (AMENDED)      ▶▶▶ Committee Clerk
- Legislation for Board Agenda (AMENDED)      ▶▶▶ Deputy Clerk

**Supervisor, Mayor, and Departmental Submittals**

**Grant Ordinance**

- Legislation:** Original, 1 hard copy, and 1 electronic copy in **Word** format
- Signature:** Department Head, Mayor or the Mayor's designee, plus the Controller
- Supporting documents:** 1 full set, and separate **pdf** copies of each in email
  - Cover letter (original)
  - Grant budget/application
  - Grant information form, including signed disability checklist
  - Letter of Intent or grant award letter from funding agency
  - Contract, Leases/Agreements (if applicable)
  - Ethics Form 126 (if applicable) in **Word** format
  - Other support documents as identified in the cover letter and legislation
- E-Copy of legislation/supporting documents: Sent to BOS.Legislation@sfgov.org**

**Ordinance**

- Legislation:** Original, 1 hard copy, and 1 electronic copy in **Word** format
- Signature:** City Attorney (For Settlement of Lawsuits - City Attorney, Department Head, Controller, Commission Secretary)
- Supporting documents:** 1 full set, and separate **pdf** copies of each in email
  - Cover letter (original)
  - Settlement Report/Agreement (for settlements)
  - Other support documents as identified in the cover letter and legislation
- E-Copy of legislation/supporting documents: Sent to BOS.Legislation@sfgov.org**

**Grant Resolution**

- Legislation:** Original, 1 hard copy, and 1 electronic copy in **Word** format
- Signature:** Department Head, Mayor or the Mayor's designee, plus the Controller
- Supporting documents:** 1 full set, and separate **pdf** copies of each in email
  - Cover letter (original)
  - Grant budget/application
  - Grant information form, including signed disability checklist
  - Letter of Intent or grant award letter from funding agency
  - Contract, Leases/Agreements (if applicable)
  - Ethics Form 126 (if applicable) in **Word** format
  - Other support documents as identified in the cover letter and legislation
- E-Copy of legislation/supporting documents: Sent to BOS.Legislation@sfgov.org**

**Resolution**

- Legislation:** Original, 1 hard copy, and 1 electronic copy in **Word** format
- Signature:** None (Note: Required for Settlement of Claims - City Attorney, Department Head, Controller, Commission Secretary)
- Supporting documents:** 1 full set, and separate **pdf** copies of each in email
  - Cover letter (original)
  - Settlement Report/Agreement (for settlements)
  - Other support documents as identified in the cover letter and legislation
- E-Copy of legislation/supporting documents: Sent to BOS.Legislation@sfgov.org**

Joy Perez 554-3869  
Name and Telephone Number

City Attorney  
Department