

Health Service System Mayor's Proposed Budget

Fiscal Years 2015-2016 and 2016-2017

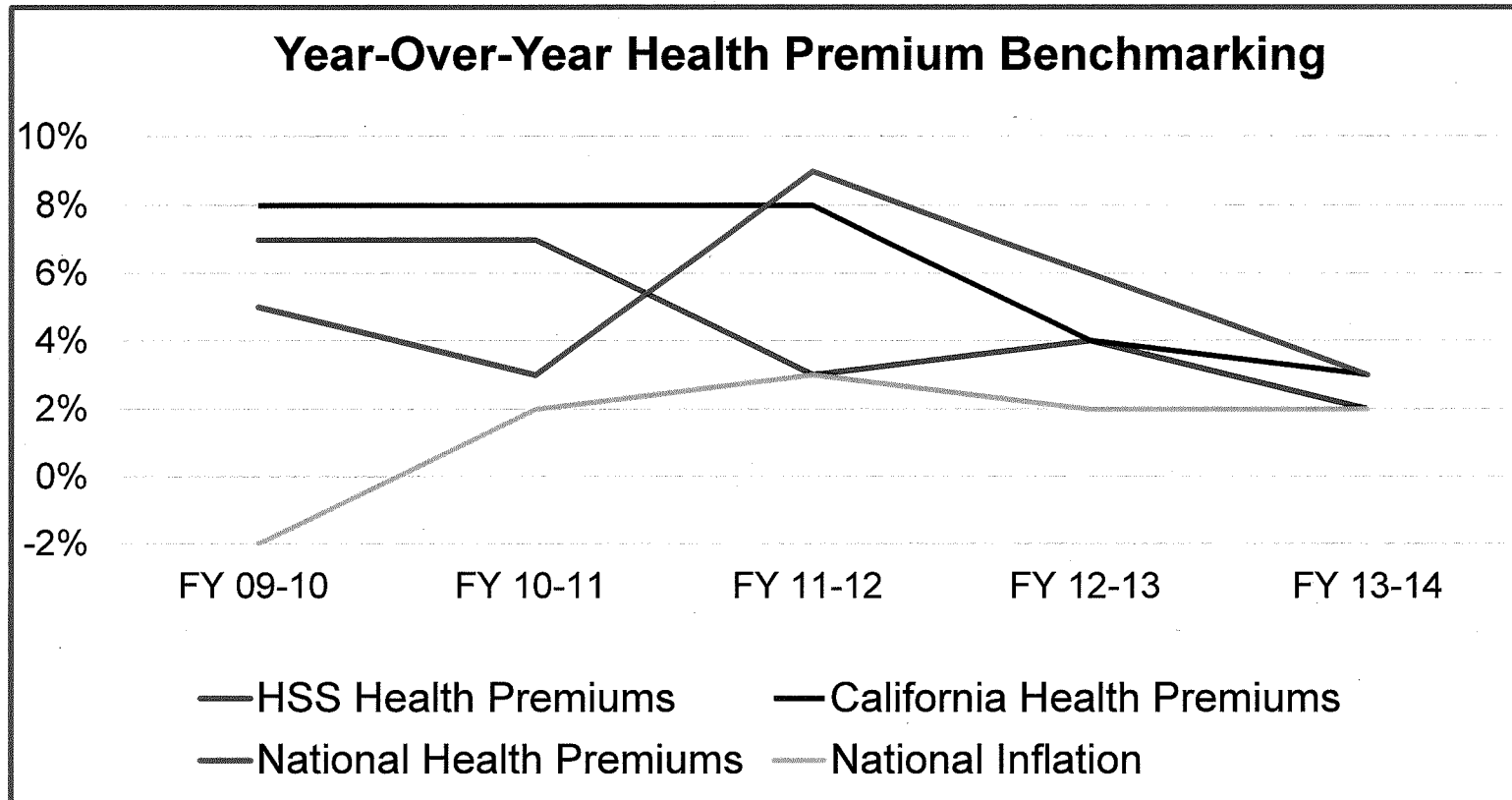
The Health Service System of the City & County of San Francisco is dedicated to preserving and improving sustainable, quality health benefits and to enhancing the well-being of employees, retirees and their families

Health Service System

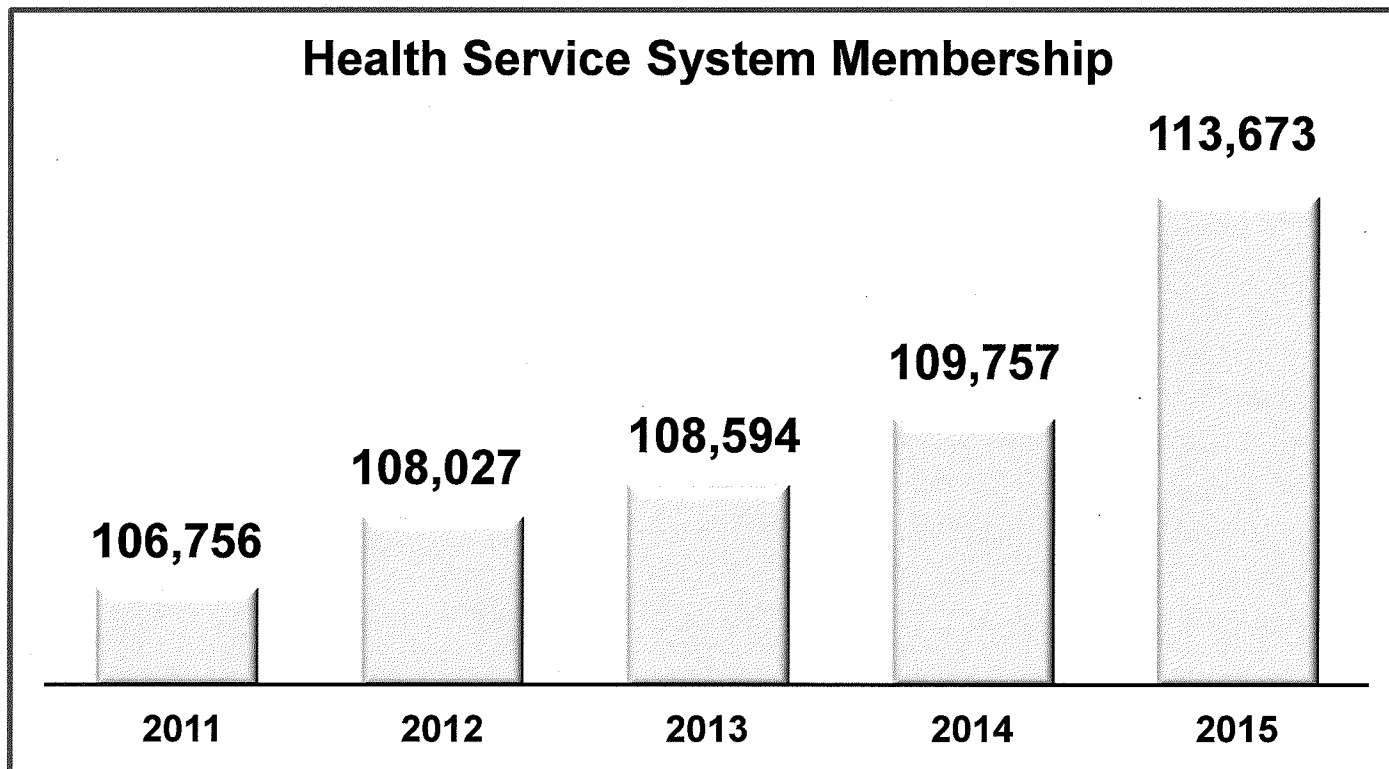
CITY & COUNTY OF SAN FRANCISCO

MYHSS.ORG

Bending the Cost Curve for Healthcare - Reducing GASB Liability & Saving \$54.7M



Membership Increased by 6% Over Five Years = 7,000 Lives
= Adding the Equivalent of 2 Large Businesses Per Year
Using a Paper Processing and Filing System



Issues Facing the Health Service System

- Serving the increased membership: by 7,000 new hires and retirees over 5 years
- Managing 250,000 paper records/files
- Mitigating the rising cost of healthcare = 3.61% in 2016 (1.4% or \$10.3M lower than the 5 Year Financial Plan)
- Complying with the Affordable Care Act
 - New federal fees and taxes = \$14.7M for City in 2016
 - Excise Tax in 2018: potential liability to City range from \$2.6M to \$13M for 2016 alone depending upon IRS rules, amount increases thereafter
 - Automatic enrollment - 2016
 - Additional reporting requirements to IRS
- Upgrading to PeopleSoft 9.2 upgrade and implementing on-line enrollment
- Supporting well-being in the workplace
- Increasing quality and cost transparency

Staffing Levels (FTEs)

	FY 2014-15 Original Budget	FY 2015-16 Mayor's Budget	Change FY 2015-16 vs. FY 2014-15*	FY 2016-17 Mayor's Budget	Change FY 2016-17 vs. FY 2015-16*
Administration	44.77	46.11	1.34	46.12	0.01
Wellness & EAP	5.50	6.77	1.27	7.00	0.23
Attrition	(1.63)	(1.62)	0.01	(1.63)	(0.01)
Total	48.64	51.26	2.62	51.49	0.23
Off Budget **	2.00	2.77	0.77	3.00	0.23

* Annualization of Positions

** Charged to Employee Benefits Trust Fund

Budget

	FY 2014-15 Original Budget	FY 2015-16 Mayor's Budget	Change	FY 2016-17 Mayor's Budget	Change
Administration	\$8,792,832	\$9,103,230	\$310,398	\$9,366,094	\$262,864
Wellness & EAP	1,181,899	1,445,881	263,982	1,499,419	53,538
Total	\$9,974,731	\$10,549,111	\$574,380	\$10,865,513	\$316,402
Enterprise Content Management (COIT Funded Project)	\$0	\$300,000	\$300,000	\$0	(\$300,000)

New Initiative - Enterprise Content Management System (ECM)

COIT funding for this City wide project has been requested for the last 4 years. It was funded by COIT for FY 2015-16. HSS is analyzing solutions and hardware requirements and until a selection is made the entire COIT allocation must be retained.

PeopleSoft Benefit Administration is used to manage benefits for over 113,673 members. Document management is not provided in PeopleSoft which prohibits integration of over 250,000 member records containing Protected Health Information. Benefit Analysts currently use an extremely labor intensive paper system taking files between the file room and their offices to handle member issues.

To implement the PeopleSoft 9.2 upgrade in March 2016 and roll out eBenefits, digitization of all member records must be completed in FY 2015-16. Beyond increasing efficiency and accuracy, the ECM will also provide for auditing and quality controls, disaster recovery, reduced physical storage requirements and flexible search capabilities.