

[Reforming and modernizing the Health Service System that provides health benefits to City employees and retirees.]

CHARTER AMENDMENT

PROPOSITION ____

Describing and setting forth a proposal to the qualified voters of the City and County of San Francisco to amend the Charter of the City and County of San Francisco by amending Sections 10.102, 12.200, 12.202, 12.203, A8.421, A8.422, A8.423, A8.428, and A8.432 to the San Francisco Charter.

The Board of Supervisors hereby submits to the qualified voters of the City and County, at an election to be held on November 4, 2003, a proposal to amend the Charter of the City and County by amending Sections 10.102, 12.200, 12.202, 12.203, A8.421, A8.422, A8.423, A8.428, and A8.432 to read as follows:

Note: Additions are *single-underline italics Times New Roman*.
Deletions are ~~*strikethrough italics Times New Roman*~~.

SEC. 10.102. DEPARTMENT OF HUMAN RESOURCES.

The Department of Human Resources shall consist of a Human Resources Director and such employees as may be necessary to carry out its functions and duties.

Pursuant to and in accordance with policies, rules and procedures of the Civil Services Commission governing the merit system, the Department of Human Resources shall be the personnel department for the City and County and shall determine appointments on the basis of merit and fitness as shown by appropriate test and, except as specifically set forth in this Charter, shall perform all tests, duties and functions previously performed by the Civil Service Commission, including but not limited to authority to recruit, select, certify, appoint, train, evaluate, promote career development, classify positions, administer salaries, administer

employee discipline, discharge and other related personnel activities in order to maintain an effective and responsive work force.

The Department of Human Resources shall be responsible for coordination of all state, local and federal health and safety mandates, programs and requirements relating to employees including but not limited to industrial hygiene programs, health and safety programs, OSHA compliance and return to work programs. Department heads shall coordinate such activities of employees under their jurisdiction with the Human Resources Director.

The Department of Human Resources shall be responsible for policy, management and administration of the worker's compensation program and shall review and determine all applications for disability leave.

Subject to Section 11.100 hereof, the Department of Human Resources shall be responsible for management and administration of all labor relations of the City and County.

Except for retirement benefits payable by the retirement system, benefits in a deferred compensation plan, and except as otherwise provided in this Charter, ~~T~~he Department of Human Resources shall be responsible for management and administration of all employee benefits, including health services of employees benefits. ~~The transfer of such power and control to the Department of Human Resources shall occur no later than October 1, 1995.~~

Except for the purpose of inquiry, the Mayor shall deal with the administration of the civil service merit system solely through the Human Resources Director and the Civil Service Commission or their designees. The Mayor shall not dictate, suggest or interfere with the merit system activities of the Civil Service Commission or Human Resources Department. Administrative matters shall be dealt with only in the manner provided by this Charter, and any dictation, suggestion or interference herein prohibited shall constitute official misconduct; provided that nothing herein contained shall restrict the power of hearing and inquiry as provided in this Charter.

SEC. 12.200. HEALTH SERVICE BOARD.

There shall be a Health Service Board which shall consist of seven members as follows: one member of the Board of Supervisors, ~~to be~~ appointed by the ~~President of the~~ Board of Supervisors, or one member appointed by the Board of Supervisors with a background in health care or health insurance; the City Attorney or designated deputy city attorney, or one member appointed by the City Attorney with a background in law as it relates to health care or employee benefits; two members appointed by the Mayor pursuant to Section 3.100, one of whom shall be an individual who regularly consults in the health care field, and the other a doctor of medicine; ~~and three two~~ members elected by from the active ~~and retired~~ members of the System from among their number; and one member elected by the retired members of the System from among their number. Elections shall be conducted by the Director of Elections in a manner prescribed by ordinance. Elected members need not reside within the City and County. The terms of members, other than the two ex officio members, shall be five years, one term expiring on ~~May~~ September 15 of each year. The terms of members, other than the two ex officio members, holding office on November 4, 2003, shall be extended for a period of four months to September 15, and thereafter all terms shall be measured from that day, with one term expiring on September 15 of each year. The seat held by the elected member holding office on November 4, 2003, who is a retiree shall thereafter be deemed the retiree seat. The two seats held by elected members holding office on November 4, 2003, who are active members shall thereafter be deemed the active member seats.

A vacancy on the Board appointed by the Mayor shall be filled by the Mayor. A vacancy in an appointed seat on the Board shall be filled by the appointing authority. A vacancy in an elective office on the Board shall be filled by a special election within 90 days after the vacancy occurs unless a regular election is to be held within six months after such vacancy shall have occurred.

The Controller shall advise the Board on financial and accounting matters.

The Health Service Board shall:

1. Establish and maintain detailed historical costs for medical and hospital care and conduct an annual review of such costs;
2. Apply benefits without special favor or privilege;
3. Put such plans as provided for in Section A8.422 into effect and, through the Human Resources Department, conduct and administer the same and contract therefor and use the funds of the System;
4. Make rules and regulations for the administration of business of the Health Service System, the granting of exemptions and the admission to the System of persons who are hereby made members, and such other officers and employees as may voluntarily become members with the approval of the Board; and
5. Receive, consider and, within 60 days after receipt, act upon any matter pertaining to the policies of, or appeals from, the Health Service System submitted to it in writing by any member or any person who has contracted to render medical care to the members.

SEC. 12.202 MEMBERSHIP IN HEALTH SERVICE SYSTEM.

The members of the System shall consist of all officers and permanent employees of the City and County, the Unified School District, the Community College District, and such other officers, employees, dependents and retirees as provided by ordinance-, except that on or after July 1, 2005, the Unified School District and the Community College District shall each have the power by a majority vote of that District's governing body to withdraw from the System and secure benefits through another provider. The Districts shall notify the System of any decision to withdraw by July 1 of the year prior to the effective date of the withdrawal. Nothing herein shall be construed to affect or expand any rights vested by law.

SEC. 12.203 HEALTH SERVICE SYSTEM FUND.

The Health Service System fund shall be a trust fund administered by the Health Service Board in accordance with the provisions of this Charter solely for the benefit of the active and

retired members of the Health Service System and their covered dependents. The City and County, School District and Community College District shall each contribute to the Health Service System Fund amounts sufficient to efficiently administer the Health Service System. Administrative costs of the Health Service System shall be subject to the budgetary and fiscal provisions of this Charter.

SEC. A8.421 ~~CONTINUATION OF EXISTING PLANS.~~ ADVISORY COMMITTEE TO THE BOARD.

~~*The medical care plans in effect on the effective date hereof shall continue in force and effect until rescinded or superseded by a new plan or plans adopted by the health service board and approved by ordinance of the board of supervisors, adopted by three fourths of its members.*~~

The Health Service Board shall have the power to create an advisory committee comprised of no more than nine members serving one-year terms to advise the Board on the adoption of plans for rendering medical care. The Health Service Board shall appoint to any such advisory committee at least one member nominated by the San Francisco Superintendent of Schools, one member nominated by the Chancellor of the San Francisco Community College District, one member nominated by an association representing retirees, and two members nominated by the San Francisco Labor Council or other organization representing labor. The Health Service Board may provide by rule for the removal of advisory committee members and for such other administrative matters as may be required.

SEC. A8.422 ADOPTION OF PLANS.

The board shall have the power and it shall be its duty by February 1 of each year by a two-thirds vote of the entire membership of the health service board to adopt a plan or plans for rendering medical care to members of the system, or for the indemnification of the cost of said care, or for obtaining and carrying insurance against such costs or for such care.

Such plan or plans as may be adopted, shall not become effective until approved by ordinance of the board of supervisors, adopted by a majority~~three fourths~~ of its members.

The board of supervisors shall secure an actuarial report of the costs and effect of any proposed change in the benefits of the health service system or rates of contribution before enacting an ordinance or before voting to submit any proposed charter amendment providing for such change.

SEC. A8.423 REVISION OF SCHEDULES AND COMPENSATION

~~*In January of each year, Prior to adopting plans for rendering medical care by February 1 of each year,*~~ at a public hearing, the health service board shall review and determine the adequacy of medical care provided for members of the system and the adequacy of fee schedules and the compensation paid for all services rendered and it may make such revisions therein as it deems equitable but such revisions shall not become effective until approved by ordinance of the board of supervisors adopted by a majority ~~three fourths~~ of its members.

~~*Commencing in 1973, By January 1 of each year,*~~ the health service board shall ~~prior to the second Monday in January in each year,~~ conduct a survey of the 10 counties in the State of California, other than the City and County of San Francisco, having the largest populations to determine the average contribution made by each such county toward the providing of health care plans, exclusive of dental ~~or optical~~ care, for each employee of such county. The survey shall determine the amount using a weighted average, taking into consideration both the amount contributed by the county per full time employee, and the distribution of full time employees by health plan. Notwithstanding the above, the Human Resources Department may promulgate rules and regulations for the survey to allow for unavoidable gaps in survey data and to insure a consistent methodology from year to year. In accordance with said survey, the health service board shall determine the average contribution made with respect to each employee by said 10 counties toward the health care plans provided for their employees. ~~*Prior to adopting plans for rendering medical care by February 1 of each year, the health service board and on or before the second Monday in January of each year, the health service board*~~ shall certify to the board of

supervisors the amount of such average contribution. For the purposes of Section A8.428, the amount of such average contribution shall be “the average contribution.”

The health service board shall have the responsibility to obtain and disseminate information to its members with regard to plan benefits and costs thereof. *All expenses in connection with obtaining and disseminating said information and the investment of such fund or funds as may be established, including travel and transportation costs, shall be borne by the system from reserves in the health service fund but only upon adoption of a resolution by the health service board approving such expenses. Notwithstanding sections 12.203 and A8.428(a), the Health Service Board shall have the power to include internal administrative costs attributable to the provision of medical benefits of any trust-funded medical plan in contributions required of employers, active employees and retirees under sections A8.428 (e) and (f) for that plan.*

SEC. A8.428 HEALTH SERVICE SYSTEM FUND

There is hereby created a health service system fund. The costs of the health service system shall be borne by the members of the system and retired persons, the City and County of San Francisco because of its members and retired persons and because of the members and retired persons of the Parking Authority of the City and County of San Francisco, the San Francisco Unified School District because of its members and retired persons and the San Francisco Community College District because of its members and retired persons. For employees hired before January 1, 2004, a A retired person as used in this section means a former member of the health service system retired under the San Francisco City and County Employees' Retirement System (SFERS), and the surviving spouse or surviving domestic partner of an active employee and the surviving spouse or surviving domestic partner of a retired employee, provided that the surviving spouse or surviving domestic partner and the active or retired employee have been married or registered as domestic partners for a period of at least one

year prior to the death of the active or retired employee. Notwithstanding any other provision of this Charter or ordinance of the City and County of San Francisco, for employees hired on or after January 1, 2004, a retired person as used in this section means any of the following persons, provided that such person is receiving any retirement allowance from SFERS:

(a) A former member of the health service system who;

(1) retired under SFERS within 180 days of separation from employment with 10 or more years of credited service; or

(2) retired under SFERS with 20 or more years of credited service; or

(3) retired under SFERS for disability.

(b) The surviving spouse or surviving domestic partner of an active employee formerly a member of the health service system with 10 or more years of credited service or a retired employee as set forth in subsection (a) above, provided that the surviving spouse or surviving domestic partner and the active or retired employee have been married or registered as domestic partners for a period of at least one year prior to the death of the active or retired employee.

As used in this section, all references to SFERS apply equally to any other retirement system provided by Charter or ordinance. Credited service shall be determined by the appropriate pension plan, except that for employees hired after January 1, 2004, credited service shall include only service rendered to employers participating in the Health Service System.

The city and county, the school district and the community college district shall each contribute to the health service fund amounts sufficient for the following purposes, and subject to the following limitations:

~~(a)~~ (c) All funds necessary to efficiently administer the health service system.

~~(b)~~ (d) The city and county, the school district and the community college district shall contribute to the health service system fund with respect to each of their members an amount equal to the lesser of "the average contribution," as certified by the health service board in

accordance with the provisions of Section A8.423, or the cost of the health plan selected by the member.

(~~e~~) Monthly contributions required from retired persons and the surviving spouses and surviving domestic partners of active employees and retired persons participating in the system shall be equal to the monthly contributions required from members in the system for health coverage—excluding health coverage or subsidies for health coverage paid for active employees as a result of collective bargaining, with the following modifications:

(~~3~~) after application of Section (~~e~~) ~~and subsections (e)(1) and (e)(2)~~, the city and county, the school district and the community college district shall contribute 50% of retired persons' ~~remaining~~ monthly contributions.

(~~1~~) the ~~total remaining~~ contributions required from retired persons who are also covered under Medicare shall be reduced by an amount equal to the amount contributed monthly by such persons to Medicare;

(~~2~~) because the monthly cost of health coverage for retired persons may be higher than the monthly cost of health coverage for active employees, the city and county, the school district and the community college district shall contribute funds sufficient to defray the difference in cost to the system in providing the same health coverage to retired persons and the surviving spouses and surviving domestic partners of active employees and retired persons as is provided for active employee members excluding health coverage or subsidies for health coverage paid for active employees as a result of collective bargaining;

(~~f~~) The city and county, the San Francisco Unified School District and the San Francisco Community College District shall contribute to the health service system fund 50% of the monthly contributions required for the first dependent of retired persons in the system.

(g) Notwithstanding the above, retired persons who were hired on or after January 1, 2004, including survivors of active and retired employees, shall be entitled to a percentage of the employer contributions required in subsections (e) and (f) according to the employee's years of

service. Retired persons with at least 10 but less than 15 years of service shall receive 50% of the employer contributions, retired persons with at least 15 but less than 20 years of service shall receive 75% of the employer contributions, and retired persons with 20 or more years of service shall receive 100% of the contributions. This subsection shall apply only to employees who retire on a vesting or service retirement formula, and shall not apply to employees who are retired for disability.

Except as hereinbefore set forth, the city and county, the San Francisco Unified School District and the San Francisco Community College District shall not contribute to the health service system fund any sums on account of participation in the benefits of the system by members' dependents, except surviving spouses and surviving domestic partners, retired persons' dependents, except surviving spouses and surviving domestic partners, persons who retired and elected not to receive benefits from San Francisco City and County Employees' Retirement System; resigned employees and teachers defined in Section A8.425, and any employee whose compensation is fixed in accordance with Sections A8.401, A8.403, or A8.404 of this charter and whose compensation therein includes an additional amount for health and welfare benefits or whose health service costs are reimbursed through any fund established for said purpose by ordinance of the board of supervisors.

It shall be the duty of the board of supervisors, the board of education and the governing board of the community college district annually to appropriate to the health service system fund such amounts as are necessary to cover the respective obligations of the city and county, the San Francisco Unified School District and the San Francisco Community College District hereby imposed. Contributions to the health service system fund of the city and county, of the school district and of the community college district shall be charged against the general fund or the school, utility, bond or other special fund concerned.

The amendments of this section contained in the proposition therefor submitted to the electorate on November 7, 2000 shall be effective July 1, 2001. (Amended November 1984; November 2000)

SEC. A8.432 TRANSITION

The board of supervisors is authorized to enact by a vote of ~~three fourths~~ a majority of its members, any and all ordinances necessary to carry out the provisions of Sections 8.420 to and including 8.432.

~~Any surplus or deficit existing in the health service fund on February 5, 1958, shall belong to or be the obligation of members, as the case may be, and the city and county and the San Francisco Unified School District shall neither receive payment nor credit nor shall it contribute to such fund on account of medical care rendered prior to such date.~~

APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

By: _____
LINDA M. ROSS
Deputy City Attorney