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MINUTES

HEALTH COMMISSION FINANCE AND PLANNING COMMITTEE MEETING

Tuesday October 3, 2023 2:00 p.m.

101 Grove Street, Room 300

San Francisco, CA 94102 & via Webex

1) Call to Order

Present: Commissioner Cecilia Chung, Chair
Commissioner Tessie Guillermo, Member

Excused: Commissioner Edward Chow, MD, Member

The meeting was called to order at 2:44pm. Commissioner Chung held an information session from 2pm until 2:54pm when Commissioner Guillermo arrived.

2) APPROVAL OF THE MINUTES OF THE HEALTH COMMISSION FINANCE AND PLANNING COMMITTEE MEETING OF SEPTEMBER 5, 2023.

Action Taken: The committee unanimously approved the meeting minutes.

3) MONTHLY CONTRACTS REPORT

Dean Goodwin, SFDPH Business Office, presented the item. He noted that the DPH is pulling the Health Advocates contract from the report due to need to refine some details.

Commissioner Comments:

Regarding the Hatchuel Tabernick and Associates contract, Commissioner Chung asked for confirmation that the contract term has not changed and that additional funds have been added. Mr. Goodwin confirmed this information.

Regarding the McKesson Corporation contracts, Commissioner Chung noted that the first contract includes 15% cost increases due to inflation and the second contract includes 40% cost increase due to inflation. She asked how much of these contracts go to pay McKesson for their services. Dr. Smith stated that McKesson's profit model is that they earn their very small marginal profit through payment from the drug manufacturers and Pharmacy Benefit Managers.

Commissioner Chung asked for more information regarding the percentage of uninsured patients who need medication and the percentage of patients with insurance or other third-party payers. Dr. Smith stated that overall, the system spends the largest portion of its pharmaceutical drug budget on specialty medications. Using McKesson enables the DPH to purchase these types of drugs in the cheapest way possible. He added that some treatments can cost \$3 million for a single dose. The DPH would not purchase these medications without some guarantee of reimbursement from third-party payers. He noted that the majority of San Francisco Health Network patients have some type of third-party reimbursement. However, the Network strives to provide necessary medications to all of its patients.

Commissioner Chung asked if there is any risk of the 340B program, which assists the DPH and other federally funded entities to buy pharmaceutical medicines at a reduced price, being eliminated depending on who wins the 2024 election. Dr. Smith stated that he is not aware that the 340B program is on the table for elimination.

Action Taken: The Committee voted unanimously to recommend that that the full Health Commission approve the October Contracts Report.

4) **Request for approval of a New Contract with MOSIMTEC, LLC to procure data analysis utilizing simulation modeling in support of SFDPH for their Behavioral Health system. The total proposed contract amount is \$109,600 with \$0 contingency for the term of March 1, 2023 through February 29, 2024 (1 year).**

Louie Levya, Project Manager of New Beds and Facilities Program, presented the item.

Commissioner Comments:

Saurabh Parakh, Mosimtec, LLC representative, stated that California state law requires that images be kept for 7 years.

Action Taken: The Committee voted unanimously to recommend that that the full Health Commission approve the contract.

5) **Request for approval of a New Grant Agreement with Richmond Area Multi Services Inc to hire, train and fully integrate clinical providers into the BEST Neighborhoods street-based behavioral health care teams, in partnership with San Francisco Department of Public Health and community providers providing street-based behavioral health care within San Francisco. The total proposed agreement amount is \$4,689,128 which includes a 12% contingency for the term of 10/01/2023 through 06/30/2025 (1 year and 9 months).**

Krista Gaeta, Director of Strategic initiatives, presented the item. Ms. Gaeta stated that the previous service model was for street teams to rove around the entire city, resulting in the teams only having one or two contacts with clients; this did not result in progress. The DPH piloted a team that stayed in the Castro so they could get to know the people in the neighborhood most at risk; after establishing a relationship, the team can provide wrap around services in an intense approach. This model has resulted in an incredible amount of success.

Commissioner Comments:

Commissioner Chung requested that Ms. Gaeta provide a follow-up to the Community and Public Health Committee next Spring.

Commissioner Guillermo suggested that the team utilize interns to create a job pipeline and provide the team with additional low cost assistance.

Commissioner Guillermo noted that specialized skills are necessary for staff and may be difficult to recruit. Ms. Gaeta stated that all street programs struggle to find staff. The staff of this team is comprised of 75% peers.

She noted that RAMS has an excellent workforce development; its human resources department recruits from schools. Hasian Sinaga, RAMs, stated that the organization has a training pipeline which includes internships and peers. RAMS leverages internal and external partnerships to recruit quality candidates who are devoted to the goals of the work. Ms. Gaeta stated that the DPH has an inspirational goal of five distinct neighborhood teams, but only two have been launched at this time.

Action Taken: The Committee voted unanimously to recommend that that the full Health Commission approve the contract.

6) FINANCE AND PLANNING COMMITTEE CALENDAR PLANNING

Commissioner Guillermo stated that the Commission want to ensure service providers that the DPH contracts with are in a good position to be responsible to conduct services and positively impact clients. She asked where the intersection between financial and operational organization relates to programmatic delivery. There is DPH monitoring of fiscal practices but if the contractor spending does not match up to the budgeted amount due to staffing issues, then how does the DPH ensure needed services are still being provided. She noted that it may be easier to move funds around within large organizations but more difficult between smaller organizations serving similar populations.

Commissioner Chung noted that the committee members have requested notification if an existing contractor is involved in corrective action so that any new contract requests or contract modification requests can be considered with knowledge of the correction action issues.

Commissioner Guillermo asked if the city-wide consolidation of fiscal monitoring has made it more effective to intervene with a contractor when there are issues. Ms. Ruggels stated that the citywide effort has streamlined the process and built-up teams so when there is an issue, city partners can work together on the situation. She noted that there is current consideration of standardizing programmatic monitoring too. Commissioner Guillermo asked if this citywide effort changes the timeline of when the DPH identifies problems with a contractor. Ms. Ruggels noted that the DPH conducts an annual review of contractor financial statements, then a city-wide fiscal monitoring process is conducted, and additionally there may be problems caught throughout the year too. There is a pilot of a new form on financial stability to capture some of these problems. She added that there is hope to reconvene a monthly committee to bring agencies which issues to the group in an effort to provide support and solutions.

Commissioner Guillermo asked how contract compliance impacts program delivery. Ms. Ruggels stated that each contract has outcome objectives created by Behavior Health or other DPH staff with subject matter expertise. These staff are distinct from DPH Business Office staff, who focus on fiscally related monitoring.

Commissioner Chung noted that tracking assets versus liabilities is important to track. She asked if the DPH is still providing technical assistance to contractors when needed. Mr. Ruggels stated that when the DPH identifies issues found through fiscal monitoring, technical assistance is coordinated through the Controller's Office. She added that a new solicitation is being designed to provide technical assistance to contractors.

Commissioner Guillermo requested a mechanism by which there is reporting on the total budget of large contractors compared to its DPH funding amount. This gives a percentage that DPH funding comprises of an organization's total budget.

Commissioner Guillermo asked Ms. Ruggels to identify information she would recommend reporting on regarding "Mega-DPH contracts. Ms. Ruggels stated that it is important that results of current contracts inform future contracts. She added that if a contractor underspends, it is important to reallocate the funds in a timing way. She also stated that she hopes to develop a solicitation for an electronic contract management system, which would bring a huge difference in data availability.

Commissioner Chung noted that the Commissioners' intention is to ensure contractors who are not successful do not harm clients by not providing necessary services.

Commissioner Guillermo stated that she hopes this process will bring large amounts of data for a more strategic and predictive picture so that the DPH can be proactive in providing fiscal and programmatic technical assistance in a timeline manner.

Commissioner Guillermo stated there is concern that "Mega-Contracts" are being awarded to very large organizations. There is an assumption that these large organizations have the organizational structure to support the fiscal and programmatic infrastructure needed. However, this assumption may not mean that clients are being positively impacted or that there are no concerning fiscal issues with the organization.

Regarding, "Mega-contracts," Mr. Morewitz asked if it would be possible to provide a pie chart showing the total percentage of a DPH service area, such as "Residential Substance Treatment" that a specific provider is funded. This would provide the Commission will information regarding the role a specific provider plays in distinct service areas. Ms. Ruggels stated that this type of chart would be possible.

7) EMERGING ISSUES

This item was not discussed.

8) PUBLIC COMMENT

There was no public comment.

9) ADJOURNMENT

The meeting was adjourned at 3:47pm.