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MINUTES

HEALTH COMMISSION FINANCE COMMITTEE

Tuesday, March 3, 2009

2:00 p.m.

101 Grove Street, Room 220

San Francisco, CA 94102

Commissioner Steven Tierney, Ed.D., Chair
Commissioner Edward A. Chow, M.D., Member
Commissioner James M. Illig, Member

1) CALL TO ORDER

Commissioner Tierney called the meeting to order at 2:10 p.m.

Present: Commissioner Steven Tierney
Commissioner Edward Chow
Commissioner Sonia Melara

Absent: Commissioner James Illig (excused)

2) APPROVAL OF THE FEBRUARY 3, 2009 FINANCE COMMITTEE MINUTES

Action Taken: The Committee approved the minutes of the February 3, 2009 Finance Committee without change.

3) **CONTRACT UPDATE AND APPROVAL**

Jacquie Hale presented the March 2009 contract update.

Comments:

- Jacquie Hale clarified that the CBHS mega-RFP is hoped to be released by fall of 2009 for implementation in FY 2010-11.
- Ms. Hale addressed changes in the contract report. The changes reflect whether a contract is up for annual renewal or is a modification and also if the contract has gone to the Board of Supervisors.
- DPH STAFF presented the request for site relocation of Walden's corporate offices and outpatient services. Commissioner Chow asked whether there was any negative feedback from the community regarding this move. Jim Stillwell stated that the site is a good one for the services and that the services are actually being moved from the Mission area. The new site is right on the light rail and several bus routes.

Action Taken: The Committee approved the contracts report including the changes to the sole source, professional services list and the request for approval for relocation of Walden House Corporate Offices and Outpatient Services to 1550 Evans Street.

4) **DISCUSSION OF BUDGET PACKAGE AS PRESENTED FEBRUARY 17TH**

Gregg Sass, CFO, presented the budget package as reviewed by the full Commission on February 17th. He reviewed the process of accepting cuts and the future budget discussion process.

Comment:

- Commissioner Melara asked if DPH has considered the UCSF COLA, structural amounts and electronic ambulatory records for reductions. Gregg Sass clarified that the UCSF COLA was addressed in two places, one in which reflects the increase in the COLA and also the reduction. The net affect is a reduction of 3.2 million. Mr. Sass also added that only 25% of non-faculty personnel from UCSF will be eligible for a COLA and that the COLA is only 2.5%.
- Commissioner Melara asked if DPH has looked at other alternatives to existing hospital staffing solutions in times of high risk, including contracting out parts of UCSF staffing systems. Mr. Sass replied that DPH has not looked at this in detail, but believes that we could not improve upon the contract prices due to market factors and contractual agreements. Commissioner Melara stated that she would like DPH to do more in depth analysis of the potential for looking at contracting out parts of the UCSF MOU.
- Commissioner Chow stated that he would ask the SFGH JCC to review the cost of alternatives for UCSF services and bring it back to the Finance Committee for the budget process next year.
- Commissioner Tierney reviewed several issues as addressed by Commissioner Illig. These include SFGH, LHH and CBHS salary structural fixes.
- Mr. Sass addressed the issue of SFGH, LHH and CBHS salary structural fixes were plugged in by the Controller's Office during the last budget year to reflect the reality that positions are not filled at the top step and are not always filled all year. The net affect of this is to reduce the total budget amount. Mr. Sass stated that this is not real savings and that he did not reflect this in this year's budget because it is not an acceptable cut and would most likely not be accepted by the Mayor's Office.

- Steve Fields, Human Services Network, stated that we have to start to reconcile a fundamental difference. States he thinks we need to move towards an integrated budget process in that our community providers need to reflect the reality of their personnel contracts just as DPH does. Mr. Sass agreed that looking at the real cost of doing business with our contractors is a good idea, but that then we have to make large reductions and reduction of services in the place.
- Richard Heasley, Connor House, stated that his agency is making reductions to their own staffing which have service implications. Commissioner Melara responded that this is a problem that has existed within City contracting and that as a city we have to decide how many people we need to serve and be realistic about how much this really costs.
- Commissioner Chow stated that the impact on services due to the budget cuts is still unknown and that the cost of living is an issue that is important to be reflected in the budget process. He added that our transparency is improving.
- Jonathan M, Baker Places, stated that the concept of cost of living increases leads to the hollowing out of the organization and the reduction of FTE's. All of these kinds of cuts have been happening for many years and that if it means we need to re-envision the model of care as opposed to the gradual erosion of services, there are many contractors who would be interested in looking at this. Commissioner Tierney agreed that perhaps there should be a reduction in contractors, but that it should be a planned discussion rather than by attrition.
- Dick Hodges, Community Clinic Consortium, asked about the CBP Consolidation Taskforce and if it will address this issue. Steve Fields added that the group addresses this and other issues and that the consolidation report will be delivered to the Mayor by the end of March. Mr. Fields added that he thinks contractors are open to this discussion of efficiencies and consolidation.
- Commissioner Chow asked Mr. Sass to briefly discuss the LHH nursing ration budget issues. Mr. Sass stated that we are running at 3.9 ratio and are budgeted at 3.7 ratio and this is due to several level of care issues and that this results in a structural increase.
- Mr. Sass added that DPH is in the process of requesting 6 million in federal funding for electronic ambulatory medical records and that we have previously asked for 3 million towards this project. He also stated that we could use earmark money toward the emergency generator at SFGH and save money on long term financing. Dr. Katz stated that the IT initiative will most likely be a revenue neutral budget item.

5) **DISCUSSION OF BUDGET PRINCIPLES CONCURRENCE**

Commissioner Tierney led a discussion on the how the budget principles are reflected in the budget reduction process.

Comment:

- Commissioner Tierney stated that he heard at the last budget hearing that we are reducing out methamphetamine services and what this impact will be. He also asked what the City Attorney says about the definition of services in Prop T. Dr. Katz answered that act itself is not binding to anyone and that in the longer language of the bill they were aiming at residential services.
- Dr. Cabaj added that existing outpatient programs for substance abuse cover services for those with meth addiction and that there are other services that can serve meth addicted clients if meth specific programs are not available.

- Michael Siever stated that Supervisor Daly thought that residential services would be the first to be cut and that this is why the bill was written the way that it was. Dr. Siever also stated that he was concerned that there was an assumption that the men in the Stonewall program had disposable income. This is an incorrect assumption and also does not reflect the need for cultural competency nor does it reflect the specific issue of HIV transmission that is related to meth use amongst men who have sex with men.
- Dr. Katz addressed the use of the Commission at a level of technical review and recommended that a program by program review is too detailed for Commission review. He added that ideally we would be growing programs but that we don't have the funding.
- Commissioner Tierney requested Dr. Cabaj provide a written summary on how the new substance abuse structure will address the meth using population for the Commission.
- Steve Fields stated that he is concerned about the balance of general fund reduction and the resulting reduction in revenue such as Medi-Cal reimbursement.
- Michael Siever added that it is much more difficult to reinstate a program than to refund a reduction and that this should be reflected in the reduction process.
- Commissioner Tierney requested that in future budget discussions staff reflect the issue of budget principles that are under discussion.

6) **EMERGING ISSUES**

No emerging issues.

8) **PUBLIC COMMENT**

- Alexandra Kudick stated that she is concerned regarding the sliding stage of budget planning and that she considers this process problematic. She sees the department going down the same path as last year.

9) **ADJOURNMENT**

The Committee adjourned at 3:55 PM.