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HEALTH COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

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MINUTES

HEALTH COMMISSION FINANCE COMMITTEE

Tuesday, December 1, 2009

2:00 p.m.

101 Grove Street, Room 220

San Francisco, CA 94102

1) CALL TO ORDER

Commissioner Tierney called the meeting to order at 2:03pm

Present: Commissioner Steven Tierney, Ed.D., Chair
Commissioner Edward A. Chow, M.D., Member
Commissioner James M. Illig, Member
Commissioner Sonia Melara, Member

2) APPROVAL OF THE OCTOBER 6, 2009 FINANCE COMMITTEE MINUTES

Action Taken: The Committee approved the minutes of the October 6, 2009 Finance Committee without change.

3) CONTRACTS REPORT

Jacque Hale, Manager, Contracts Office, presented the Contracts Report.

Action Taken: The Committee approved the Contracts Report.

4) **2009-2010 DPH BUDGET REDUCTION TARGETS**

Gregg Sass presented the information from the FY 2009-2010 First Quarter General Fund Budget Status Report and a memo that Mr. Sass wrote to the Health Commission on the Budget Targets for FY 2009-2010. Please see the following links for a copy of the presentation:

<http://www.sfdph.org/dph/files/hc/HCFinance/minutes//files412012009/Controllers1stQuartRpt.pdf>

<http://www.sfdph.org/dph/files/hc/HCFinance/minutes/files412012009/BudgTargetCvrMemo.pdf>

Comments:

- The following is the schedule and process for the upcoming mid-year budget cuts:
 1. The Mayor's Office has instructed the DPH to submit mid-year budget cut targets (\$13.2 M) to the Mayor's Office on 12/4; the Mayor's Office has also instructed the DPH to submit these targets without Health Commission review.
 2. The Mayor and Board of Supervisors have made a special agreement that any mid-year cuts proposed by the Mayor will be submitted to Controller's Office which will submit ordinances to the Board that reflect the Mayor's intended cuts. The Board will have 45 days to accept or substitute other reductions that result in the same total amount cut.
 3. The Mayor's Office will submit its proposed mid-year Budget Cuts to the Board of Supervisors on 12/11/09; the Health Commission will also receive the Mayor's proposed mid-year budget cuts on 12/11/09;
 4. Beilenson (public) Hearings will be held during the 45-day period that the Board has to consider the Mayor's proposed cuts.
- For mid-year cuts, the Mayor wants ongoing reductions in spending that can be annualized. Departments cannot submit revenue, Prop J or restoration items.
- Although there is \$25M in General Fund (GF) reserve, the Mayor is not comfortable spending this down. Instead, he wants the City Departments to come up with necessary cuts. The DPH total mid-year cuts are to be \$13.3M (annualized at approximately \$27M). While the Board of Supervisors put funds in reserve for DPH, every dollar of this is earmarked to pay for salaries and benefits because the City cannot legally run out of money to pay employees. Therefore, this reserve should not be considered as helpful in regard to offsetting these mid-year budget cuts.
- City budget decisions should be based on priorities set with input from Commissions but this has not occurred. Proportionate Departmental cuts are not appropriate when attempting to maintain a safety net of services; health and human services should instead be a priority by the Mayor's Office when considering these cuts.
- It is not possible to make a meaningful cut in most contracts during the this time period because most have earned their total contracted units of service by February. The alternative is to close programs.
- Barbara Garcia requested clarity on the Health Commission's Priorities as she creates a mid-year budget cut plan for her division. She is looking at this mid-year budget cut process as part of a multi-year plan to reshape the San Francisco service system rather than an ongoing reactionary process that weakens it. Due to future expected budget cuts, she proposes that the DPH work with the Health Commission to maintain the integrity of the San Francisco service

system by reshaping it into a smaller continuum of care. She suggested that the DPH should look at what the City is legally required to provide and begin a process to review which service modalities are necessary and most helpful. This will include reducing duplication of services in each neighborhood and closing some DPH and community based programs (CBO). Of the \$220M total budget for her division, \$180M is in contracts. She stated that it is difficult to do performance based closures in the middle of the contract period; one possible option is to reduce the amount in each modality of the new RFP.

- Ms. Garcia stated that residential substance abuse program data shows a high rate of recidivism and that many participants enter because of lack of housing issues. Compared to outpatient programs, the cost to run a residential program is exponentially higher. She is also looking at data on the sub-population of folks on multiple mental health medications with the understanding that residential programs or supportive housing are necessary for their safety and wellbeing as well as the general community.
- Although CBO mergers would be helpful in reducing costs to the service system, the process of merging is arduous and costly. It is more effective to decide on a smaller service system then to choose a route that includes forced CBO mergers.
- SFGH and LHH will have to consider what core services are necessary and what cuts can be made. The Commission may have to consider requesting that private hospitals take over specific areas of Charity Care to make up for what may be cut from SFGH, LHH and the DPH Community Clinics. However, much of what is offered at SFGH is prescribed by what is necessary to maintain a Level 3 Trauma Center. Because of these complexities and because both SFGH and LHH services are sources of revenue, Ms. Garcia plans on her division having the largest proportion of DPH cuts.

Motion Approved by the Finance Committee to be Forwarded to the Health Commission:

**WHEREAS THE MID-YEAR AND ANNUAL CUTS THAT MUST BE TAKEN ARE NOT BASED ON PUBLIC HEALTH NEEDS BUT ON REALISTIC FISCAL REALITY, AND
WHEREAS THE INITIAL REDUCTION TARGETS FOR DEPARTMENTS ARE NOT APPROPRIATELY PRIORITIZED ACROSS THE CITY,
THEREFORE BE IT RESOLVED, THAT THE COMMISSION DIRECTS DR. KATZ AND HIS STAFF TO PROPOSE A SUSTAINABLE SYSTEM OF CARE THAT MEETS OUR FINANCIAL OBLIGATIONS AND REFLECTS THE HEALTH COMMISSION AND DPH PRIORITIES TO THOSE MOST IN NEED IN SAN FRANCISCO.
FURTHER RESOLVED THAT THE HEALTH COMMISSION IS COMMITTED TO WORKING CLOSELY WITH DR. KATZ, THE MAYOR, AND THE BOARD OF SUPERVISORS TO CREATE THIS SUSTAINABLE SYSTEM OF CARE.**

- 5) **CHN-SFGH** –Request for approval of a contract in the amount of \$1,200,000 with Search America, Inc. to acquire access to consumer credit reporting services in order to verify address information and eligibility requirements for clients and potential clients of Healthy San Francisco, Sliding Scale and the AB774 charity program. For the term of January 1, 2010 through December 31, 2015. (60 months)

Comments:

Obtaining valid patient addresses is necessary to bill patients. Presently, there is an honor-system in place that enables patients who do not have the required documentation validating their identity, address and ability to pay, to receive services. This results in the City covering medical costs for some patients who have full ability to pay through insurance or out-of-pocket. An example was given of a young man who was treated at SFGH along with others from an accident in which he was at fault. Although he gave a false address, within a year, his valid address was found and it was discovered that he has insurance that fully covered his treatment. The services provided through this contract should assist with recovering revenue.

Action Taken: The Committee approved a new contract with Search for America with stipulation that the DPH present a written cost analysis report on this contract to the Finance and Planning Committee in December 2010.

6) **CHN-SFGH** – Request for approval of contracts with ten (10) agencies for a combined total of \$17,360,000, including a 12% contingency amount, for the period of January 1, 2010 through December 31, 2014, to provide per diem and traveling nurse services for San Francisco General Hospital; these agencies are: Arcadia Health Services, First Call Nursing Services, HRN Services, Medstaff, Inc., On Assignment, Power Personnel, Supplemental Healthcare, TNS Travel Nurse Solutions, Maxim, and CHG Medical Staffing, Inc. dba RN Network (5 years).

Action Taken: The Committee approved 10 new contracts with Arcadia Health Services, First Call Nursing Services, HRN Services, Medstaff, Inc., On Assignment, Power Personnel, Supplemental Healthcare, TNS Travel Nurse Solutions, Maxim, and CHG Medical Staffing, Inc. dba RN Network.

7) **PHP-CBHS** – Request for approval of new retroactive contract with the California Institute of Integral Studies in the amount of \$149,469 per year to provide student support services and career opportunities in the public sector of mental health services for the period of October 1, 2009 through June 30, 2012, for a total contract value of \$411,040, including 12% contingency (2.75 years).

Action Taken: The Committee (with Commissioner Tierney abstaining) approved a new retroactive contract with California Institute of Integral Studies.

8) **PHP-CBHS** – Request for retroactive approval of a new contract with Tides Center as fiscal agent for the Youth Justice Institute in the amount of \$672,000, which includes a 12% contingency, to provide screening, assessment and support services to youth at the Juvenile Justice Center for the period of October 1, 2009 through September 30, 2016 (6 years).

Action Taken: The Committee approved a new retroactive contract with Tides Center as fiscal agent for the Youth Justice Institute.

9) **PHP-CBHS** – Request for approval of new retroactive contract with the Institute on Aging in the amount of \$488,497 per year, to provide services to prevent and reduce behavioral health risk factors and providing evidence based behavioral health screening and treatment within the context of primary care for the period of October 1, 2009 through June 30, 2011, for a total contract value of \$957,454, including 12% contingency (1.75 years).

Action Taken: The Committee approved a new retroactive contract with Institute on Aging.

10) PHP-CBHS – Request for approval of a retroactive new contract with the Harm Reduction Therapy Center in the amount of \$153,532 per year, which includes a 12% contingency, to improve the mental health workforce and help consumers and their families work together more effectively, for the period of October 1, 2009 through June 30, 2011, for a total contract value of \$268,780 (1.75 years).

Action Taken: The Committee approved a new contract with Harm Reduction Therapy Center.

11) PHP-CBHS – Request for approval of a retroactive new contract with the Mental Health Association of San Francisco in the amount of \$259,467 per year, to increase the public's understanding of mental illness and reduce its stigma, for the period of October 1, 2009 through June 30, 2015, for a total contract amount of \$1,670,967, which includes a 12% contingency (5.75 years).

Action Taken: The Committee approved a new retroactive contract with the Mental Health Association of San Francisco.

12) PHP-CBHS – Request for approval of a new retroactive contract with San Francisco State University in the amount of \$38,025 per year, which includes a 12% contingency, to maximize graduation rates of key populations preparing for careers in the public behavioral health field, for the period of October 1, 2009 through June 30, 2012, for a total contract value of \$282,800 (2.75 years).

Action Taken: The Committee (with Commissioner Melara abstaining) approved a new retroactive contract with San Francisco State University.

13) PUBLIC COMMENT

There was no general public comment.

14) ADJOURNMENT

The Committee adjourned at 3:41pm.

Mark Morewitz
Health Commission Executive Secretary