



Edwin M. Lee,  
Mayor

Greg Wagner,  
Chief Financial Officer

**MEMORANDUM**

September 30, 2014

TO: President Ed Chow and Honorable Members of the Health Commission

THROUGH:  Barbara Garcia, Director, Department of Public Health

FROM: Greg Wagner, Chief Financial Officer

RE: **Proposed Changes to Contract Review Criteria**

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In response to a series of discussions at the Finance and Planning Committee over the past several months and at the August Commission planning retreat, we have developed the attached recommendations for modifications to the contract approval process. We will discuss this proposal at the October 7 Finance and Planning Committee meeting. If approved by the Commission, we would implement the process change immediately.

## Proposal for Monthly Contract Review Changes

- (1) Current Review Process: A contract requires Health Commission approval if
- a. the total amount of the contract (for the entire term) is over \$50,000; or
  - b. there is a modification of greater than 10 percent from the amount last approved by the Commission; or
  - c. the vendor or services are new to the Department.

## (2) Proposed Contract Review

Contracts meeting the following criteria will be included on the monthly Health Commission contract report including an explanation of all changes, with an expectation that each contract would be presented, and/or discussed:

- a) Contracts with an annual amount over \$1 million, not including contingency
- b) Modifications that cause the annual amount to be \$1 million or more, not including contingency
- c) Contracts that require approval by the Board of Supervisors
- d) Contract renewals with an active Corrective Action Plan, regardless of funding threshold
- e) Any contract with an initial term over 5.5 years, not including City options for extensions beyond the initial term
- f) Contracts for a *new* service or with a vendor new to the Department that have an annual amount of over \$100,000. These contracts will be presented via a Health Commission summary memo, consistent with the current format for new contracts.

## (3) Other Contractual Reports that will Continue to Be Brought to Health Commission

- a) Annual report on the usage of contract contingency for those contracts which require submission to the Board of Supervisors.
- b) Bielson Hearings that occur outside the normal annual budget approval process, as these are heard before the Board of Supervisors): Public hearings required to be held when DPH either decreases or eliminates medical services, including contractual funding. (DPH has historically opted to include behavioral health services in this hearing.)
- c) Mental Health Services Act/Prop 63 Funding: The Board of Supervisors passes a resolution in support of each Three-Year Component Plan. Each year, an annual update is submitted to the state. Following the preparation and submission to the State, a presentation is made to the Community and Public Health Committee of the Health Commission. It isn't contract specific, but instead specific to the entire program and its outcomes.
- d) New Grants/Gifts: Accept and Expend approval if funding received outside of annual budget review process and exceeds \$100,000.