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

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) Bielenson 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.