

SUMMARY OF CONTRACT REQUEST TO THE HEALTH COMMISSION

Contractor	San Francisco Community Health Authority	Division/Section	ZSFGH	
Address	50 Beale Street, 12th Floor	Deputy Director	Greg Wagner	
	San Francisco, CA 94105	DPH Administrators	Stella Cao	
Contact(s)	Sumi Sousa	Program Administrators	Alice Kurniadi	Phone 206-8860
	Executive Director	Contract Analyst	Cynthia Wu	Phone 206-2533

Request for approval of a retroactive contract with the San Francisco Community Health Authority for third party administrative (TPA) services between Department of Public Health (DPH) and the San Francisco Health Plan (SFHP) for the SF City Option program (SFHP). The total proposed contract amount is \$8,138,122 which includes a 12% contingency for the period July 1, 2019 – June 31, 2020 (12 months).

Profit Non-Profit LBE RFP-Number _____ Date: _____
 New Renewal Mod Sole Source

Number of years DPH has been doing business with this organization: 15+

<u>CONTRACT INFORMATION:</u>	<u>Prior Transaction</u>	<u>Proposed Transaction</u>	<u>Annualized Difference*</u>
	(new)	7/1/2019 – 6/30/2020	
Funding Sources:			
General Fund		\$7,266,180	\$7,266,180
TOTAL DPH REVENUES		\$7,266,180	\$7,266,180
12% Contingency Amount		\$871,942	\$871,942
CONTRACT TOTAL		\$8,138,122	\$8,138,122
<i>ANNUAL AMOUNT OF CONTRACT (estimate)</i>		See Attached	See Attached
Agency Funds		- \$0-	- \$0-
Contract FTE		N/A	N/A

PROPOSED:

Mode(s) of Service & Unit of Service Definition	No. Of Clients		No. of Unit	Program Cost (Annual Cost)
	N/A	Duplicated Unduplicated		
FY 19/20			Attached	\$7,266,180

Explanation of Service Change and Variances:

This is a new contract.

Monitoring Report/Program Review & Follow-up:

The SFDPH Program Administrator is responsible for tracking all information related to the accomplishment of the project.

Nondiscrimination and Cultural Competency:

The Department will work closely with the contractor to ensure compliance with City and Departmental procedures.

Other Significant Issues:

The purpose of this memo is to request a new contract between DPH and the San Francisco Health Plan (SFHP) to provide Third Party Administrative Services (TPA) for the San Francisco City Option Program. The proposed contract term is July 1, 2019 through June 30, 2020. Specifically, this new contract will consolidate TPA services for the San Francisco Medical Reimbursement Account (MRA) and the San Francisco Covered MRA under one contract. This will streamline administrative functions, and consolidate all TPA functions with the same funding source under one contract. (The TPA services for the San Francisco MRA program were previously part of the Department’s Healthy San Francisco TPA contract, and the new SF Covered MRA contract was approved by the Health Commission in October, 2019). The Department is requesting approval of this single new San Francisco City Option TPA contract. This contract will be retroactive to July 1, 2019 primarily because under the consolidation, the TPA funding for the SF MRA program was moved out of the TPA- Healthy SF contract on June 30, 2019. As such, this will ensure all costs that have occurred since July 1, 2019 are reimbursed. In the Winter, the Department will return to the Health Commission to extend the contract, and at such time, will obtain approval by the Board of Supervisors for a multi-year contract.

SF City Option TPA Functions

The purpose of SF City Option (SFCO) Program is to provide benefits to employees whose employers are subject to the Health Care Security Ordinance (HCSO) and have elected to meet their spending requirements by contributing to the SFCO Program. The proposed contract will provide Third Party Administrative Services for employees/employers who have opted into one of the following programs available under SF City Option : (1) Healthy San Francisco (HSF) – a health access program providing access to comprehensive health services. This program is open to employees and non-employees, but employees receive a discount on their quarterly fees, with TPA services for employees managed through this contract; (2) SF MRA – a medical reimbursement account employees can utilize to pay for various healthcare expenditures, including insurance premiums; or (3) SF Covered MRA (SFCMRA) – a program providing eligible employees additional financial assistance to purchase insurance through Covered California.

The TPA functions covered under this contract include the following:

Program Administration/ Policy

Supports the administration and operations of the SFCO Program including vendor contracting and oversight, project management and implementation of DPH priority projects, development of program reports to DPH among others.

Enrollment

Screens and enrolls all SFCO employees into one of the three SFCO sub-programs based on individual’s eligibility.

Marketing

Maintains the SFCO website and oversees all patient communication and public-facing collateral from production, publication and distribution.

Customer Service

Maintains a customer service call center that can respond to both employee and employer inquiries. The customer service call center has language capabilities in English, Spanish, Chinese as well as access to language interpreter services for other requested languages.

Information Technology Services

Maintains several IT systems to support the SFCO Program operations including the proprietary ESR (employer spending requirement) portal, ESR administration portal, and billing systems, and to provide needed file exchange with vendors as well as data analytics for reporting.

Finance

Completes bank reconciliation and manages funds transfer needed for the SFCO Program operations.

Other Significant Issues (continued):

In November 2015, DPH developed and implemented a deactivation policy to deactivate employee accounts that were inactive for 24 months, while still allowing individuals the opportunity to reactivate these accounts if necessary. The funding from the deactivated accounts formed the Deactivated Fund, for the purpose of funding these SFHP TPA services. There is no General Fund support for this contract.

**Listing of Board of Directors, Owners of 10% or More of the Firm, and Executive Director
Board of Directors**

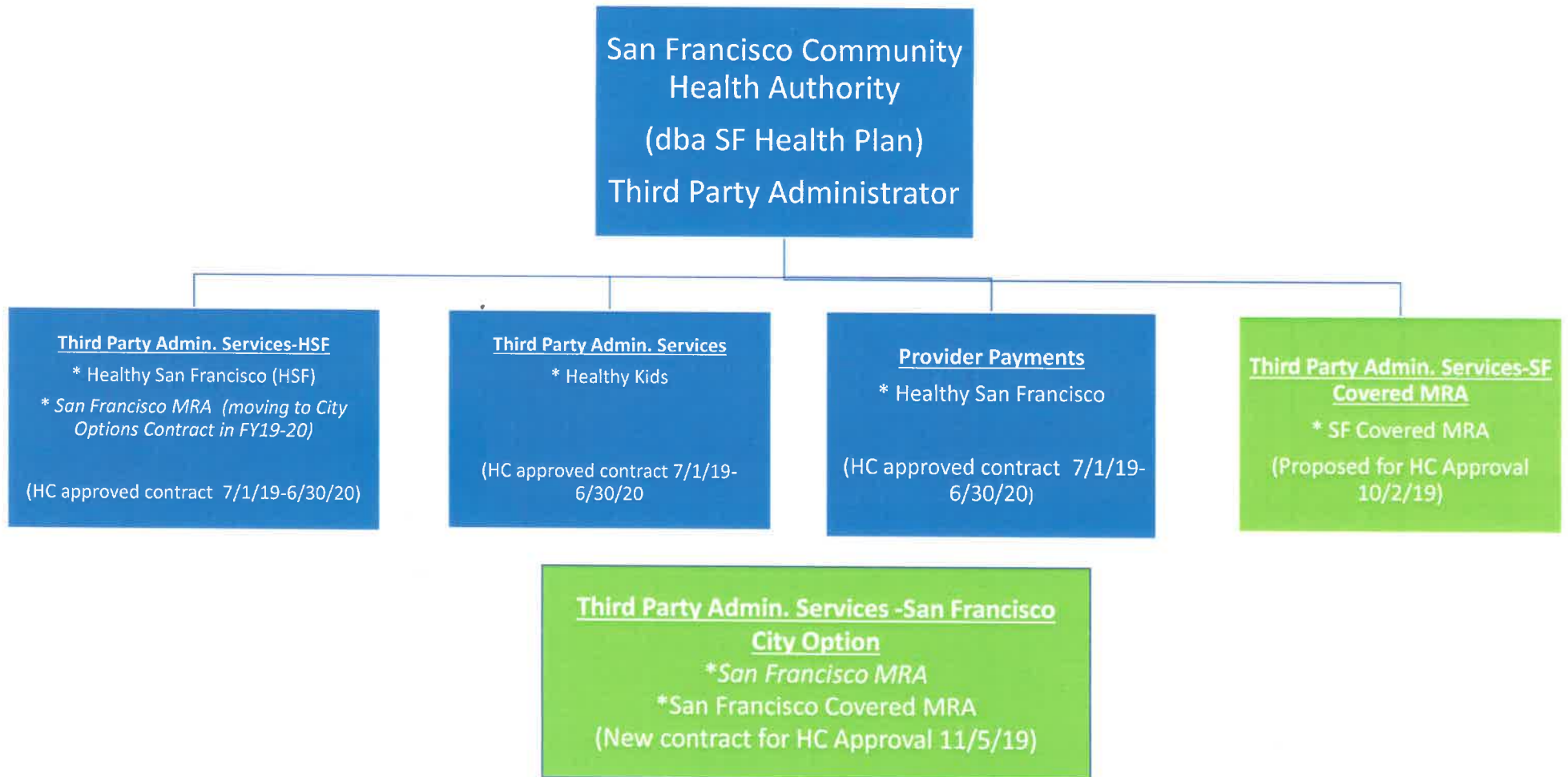
John Grgurina, Jr. - CEO	Roland Pickens – Vice Chair
Steve Fields - Chair	Reece Fawley – Secretary/Treasurer
David Woods - Board Member	Lawrence Cheung – Board Member
Eddie Chan – Board Member	Maria Luz Torre – Board Member
Edwin Batongbacal – Board Member	Dale Butler – Board Member
Emily Webb – Board Member	Sabra Matovsky – Board Member
Greg Wagner – Board Member	Jian Zhang – Board Member
Irene Conway – Board Member	Steven Fugaro – Board Member

There are 16 board members, and they serve for a term of 4 years. There are no term limits. Board members are appointed by the Board of Supervisors

Recommendation:

The Department recommends approval of this contract.

San Francisco Health Plan-DPH Contracts



Attachment

SF City Option FY 19-20 TPA Contract Cost Breakout By Service Category

	Total Personnel	Total Personnel Costs	Operational Costs	Total Contract Costs	Overall Accounts	Estimate Cost Per Account Per
Service Category						
Administration/ Policy	23.75	\$ 2,849,323	\$ 1,223,744	\$ 4,073,067	400,000	\$ 10.18
Enrollment	2.25	\$ 203,276	\$ -	\$ 203,276	400,000	\$ 0.51
Marketing	1.75	\$ 180,364	\$ 673,664	\$ 854,028	400,000	\$ 2.14
Customer Service	8.00	\$ 659,450	\$ 5,000	\$ 664,450	400,000	\$ 1.66
Information Technology Service	7.25	\$ 1,275,975	\$ 103,000	\$ 1,378,975	400,000	\$ 3.45
Finance	1.00	\$ 111,686	\$ -	\$ 111,686	400,000	\$ 0.28
Management Allocation and Salary Savings		\$ (19,301)		\$ (19,301)		
Total	44.00	\$ 5,260,773	\$ 2,005,408	\$ 7,266,181	400,000.00	18.17

SFCO FY 19-20 TPA: Description of New Services Added and Costs Breakdowns

The following are new services for FY19-20 for program improvement and to address recently identified gaps. These services were not included in previous TPA budgets and were included in SFCO program updates presented to Health Commission in Mar 2019.

New Initiatives Objectives	Descriptions of Services	FTE	Personnel Cost	Ops Cost	Accounts Affected	Estimate Cost per account per year
SFCO Account monitoring	<ul style="list-style-type: none"> •Manage/engage consulting expertise on banking rules/best practices •Case management of incidents (employee notification, tracking, reporting, account management) •Establish routine and robust auditing practices of MRA vendor •Assess and implement contractual obligations with MRA vendor related to suspicious activity and fraud •Implement policies/procedures for monitoring & detecting fraud, notifying employees of suspicious activity, verifying employee identity, determining financial/legal/security liability of SFHP/DPH/MRA vendor •Establish oversight committee in partnership with DPH 	3.00	\$ 333,750	\$ 75,000	400,000	\$ 1.02
Risk Management	<ul style="list-style-type: none"> •Implementation of remediation efforts identified during FY18-19 consultant assessment - likely to include changes to business processes as well as system changes to protect and reduce security risk •Elimination of SSN as a key identifier for reimbursement accounts •Implement consolidation of SF MRAs for unique employees (data management/technical project requiring ongoing reconciliation) •Implement identity verification processes and procedures to protect employee privacy & security •Oversight & management of data interfaces, storage, transmission with vendors (e.g. online Program Finder Form, claims data from MRA vendor, etc.) •Application/system support implementing enhancements that will limit and monitor access to secure/private data, track and note special cases, flag anomalies for manual review and handling. •Begin assessment, planning and recommendation for a SF City Option Employee Portal as a possible solution for addressing employee security and privacy issues (e.g. identity verification, notifications) •Implementation of updates to the employer roster submission process - the file format and required data elements have not been changed since program startup and do not reflect current program rules and processes since 2016 	3.50	\$ 453,900	\$ 208,400	400,000	\$ 1.66
Financial Oversight/Management	<ul style="list-style-type: none"> •Deactivation operationalization and implementation (Pool) •Calculation of the reserve and SF City Option revenues to DPH •Financial forecasting/projections 	4.50	\$ 580,725	\$ 15,000	400,000	\$ 1.49
Program Integrity and Evaluation	<ul style="list-style-type: none"> •Implementation of robust project management, training and evaluation activities to ensure adequate due diligence in the transformation of the SF City Option program. Because of the magnitude of changes required, implementing best practices will help to ensure successful deployment of changes, mitigate concerns and risk from the employer community and participating employees. •Increase bandwidth for the management of current and potential SF CO participating employers. Program complexity and longevity has led in more engagement from the employer community, requiring additional support at SFHP to align messaging, provide training, partner more closely with OLSE, solicit feedback from employers and develop collateral/resources to assist them in meeting the requirements of the law (i.e. SF CO materials they can provide to their employees). •Establishment of more sophisticated employee outreach practices that can support key strategic initiatives such as SF CO Account Monitoring and Deactivation/Reactivation. SFHP requests additional resources to assess the employee information the program will need to collect and update regularly to effectively communicate with employees (e.g. language spoken, mobile phone number, contact preferences), and how SF CO can improve processes to communicate and outreach to employees to protect their information and maximize utilization of their benefit. 	4.50	\$ 453,900	\$ 335,000	400,000	\$ 1.97