

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	Rob Longhitano	Phone	206-2659

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 Covered MRA program (SFCMRA) (previously known as Bridge to Coverage) The total proposed contract amount is \$4,751,859 which includes a 12% contingency for the period July 1, 2015 – December 31, 2019. (54 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)	7/1/2015 – 12/31/2019	
Funding Sources:			
General Fund		\$4,242,733	\$4,242,733
TOTAL DPH REVENUES		\$4,242,733	\$4,242,733
12% Contingency Amount		\$509,126	\$509,126
CONTRACT TOTAL		\$4,751,859	\$4,751,859
<i>ANNUAL AMOUNT OF CONTRACT (estimate)</i>		See Attachment 1	N/A
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 15/16			Attached	\$326,104
FY 16/17			Attached	\$975,644
FY 17/18			Attached	\$1,369,932
FY 18/19			Attached	\$1,571,053
FY 19/20 (July-December only to close out and adjudicate any outstanding program claims)			<i>See attachment 1 for program expense detail.</i>	

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 the Department of Public Health (DPH) and the San Francisco Health Plan (SFHP) to provide Third Party Administrative Services (TPA) for the SF *Covered* Medical Reimbursement Account (MRA) program (SFCMRA) (previously known as Bridge to Coverage). The proposed contract term is retroactive to July 1, 2015 through December 31, 2019. The contract is being established to provide the vehicle to issue reimbursement for TPA expenses incurred by the San Francisco Health Plan, from the planning stages onward for the SFCMRA program. This contract will be replaced by a new and ongoing San Francisco City Options contract (discussed below) that will be brought to the Health Commission for review in November 2019.

Purpose of the San Francisco Covered MRA Program (SFCMRA)

The purpose of this program is to provide subsidies to qualified SF City Option employees (working for employers in SF county) for the purpose of purchasing their own health insurance through Covered California. The purpose of the contract is to fund a variety of the Third Party Administrative (TPA) services necessary to operate the SFCMRA program, including: contracting and management of vendors; processing employer rosters and payments; tracking and management of MRA accounts of employees; outreach to employers and employees regarding benefits; other activities; and for assisting DPH with the design, planning and implementation of SFCMRA, which began approximately a year prior to the October 2016 launch.

History of the San Francisco Covered MRA Program

An update to the City's Health Care Security Ordinance (HCSO) in 2014 tasked DPH with developing a program by August 2015 to address affordability concerns with purchasing insurance through Covered California. Today, this program is entitled the *San Francisco Covered MRA Program* and is designed to subsidize the cost of insurance through Covered California to eligible individuals working in San Francisco. The program for which a contract is now being proposed was approved by the Health Commission in August 2015, under Resolution 15-12.

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.

Funding Source

SFCMRA was designed to be supported solely by San Francisco County employer contributions that would cover all costs related to program benefits, startup costs, ongoing maintenance and TPA costs. The funding from the "Deactivated Fund" (see above) ensures full program support. In other words, there are no City General Fund monies supporting this contract.

Explanation for Retroactivity of Contract

It was not the Department's original intention to create a contract for these services. Since all start-up and ongoing TPA costs were designed to be supported by the Deactivated Fund, DPH's original understanding was that a separate contract between DPH and the SFHP was not necessary, as expenditures of this sub-program would be invoiced against the Deactivated Fund directly, while DPH would manage and oversee the annual budget and scope of work. While working to develop a formal process for authorizing payments for these services, DPH and the City Attorney's Office determined that a standard City contract was preferred to payments directly from the Deactivated Fund. The review and contract development process with the City Attorney has been ongoing since 2016 and has involved input from the Controller's Office, the City Treasurer and the Tax Collector. As a result, the contract period extends back to July 1, 2015 through December 31, 2019.

Other Significant Issues (continued):

During the program design phase, SFHP provided DPH a three-year budget proposal (FY15/16 through FY17/18) to cover the costs of the initial startup and anticipated post implementation, stabilization, optimization and other activities required to launch the program. The Department has reviewed and approved prior and current expenditures that are now included in the proposed contract, but has not issued any payments. Please note, all employee reimbursements have been provided by the SFHP directly from employee’s assigned medical reimbursement accounts, as intended, so the delay has had no impact on the individual beneficiaries.

TPA Services- San Francisco City Options Contract (New Contract to Health Commission on 11/5/19)

In the March 5, 2019 City Option update to the Health Commission, DPH presented that a new San Francisco City Options contract was under development. The purpose of this new contract is to consolidate the TPA services under one contract for the San Francisco MRA and the San Francisco Covered MRA programs. Previously, the San Francisco MRA program’s TPA expenses were included in the *TPA-HSF* contract. However, to streamline administrative functions, and consolidate TPA functions to be funded by the Deactivated Fund under one contract, (the TPA services for Healthy SF contract are funded by General Fund monies), a single new multi-year San Francisco City Options contract will be presented to the Health Commission. This contract will be retroactive to July 1, 2019 primarily because under the consolidation, all SF City Option TPA activities including the SF MRA program was moved out of the TPA- Healthy SF contract on June 30, 2019. As such, this will ensure all costs during this period are reimbursed for the upcoming new, combined contract..

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

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Recommendation:

The Department recommends approval of this contract.