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MINUTES

JOINT CONFERENCE COMMITTEE FOR SAN FRANCISCO GENERAL HOSPITAL (SFGH) MEETING

Tuesday, May 14, 2002
3:45 p.m. - 5:30 p.m.
1001 Potrero, Conference Room #2A6
San Francisco, CA 94110

1) CALL TO ORDER

The San Francisco General Hospital Joint Conference Committee meeting was called to order by Commissioner Lee Ann Monfredini at 3:45 p.m.

Present: Commissioner Lee Ann Monfredini, Chair
Commissioner John I. Umekubo, M.D. – arrived at 4:20 p.m.

Staff: Wahid Choudhury, Sue Currin, Myra Garcia, Mozettia Henley, John Luce, M.D., Beth Maloney, Kathleen Murphy, Renee Navarro, M.D., Gene O'Connell, Gregg Sass, Cathryn Thurow, Hiroshi Tokubo, Connie Young.

2) APPROVAL OF MINUTES OF APRIL 9, 2002

Action Taken: The committee approved the minutes of the April 9, 2002 San Francisco General Hospital Joint Conference Committee.

3) HOSPITAL HEALTHCARE UPDATE

Gene O'Connell, Executive Administrator, San Francisco General Hospital Medical Center, presented the Hospital Healthcare Update.

Program Updates

JCAHO Preliminary Results and Next Steps

As reported at last week's Health Commission meeting, San Francisco General Hospital Medical Center has successfully completed their Consolidated Accreditation and Licensure Survey (CALs). This year's survey was conducted from April 22nd to April 26th and involved over 16 surveyors from the Joint Commission on Accreditation of Healthcare Organizations (JCAHO), the Institute for Medical Quality (IMQ) and the State Department of Health Services (DHS).

As part of the survey, all areas licensed under SFGHMC were surveyed, including all of the acute services, emergency services, diagnostic services, the Mental Health Rehabilitation Facility, the Hospital-based Primary Care and Specialty Clinics, and Bridge to Wellness. The hospital, Mental Health Rehabilitation Facility (MHRF), and Bridge to Wellness were surveyed and accredited under three different JCAHO manuals. The hospital was surveyed under the Hospital Manual and received a successful preliminary score of 84%. The MHRF was surveyed under the Long Term Care Manual and received a preliminary score of 97%. Bridge to Wellness was surveyed under the Behavioral Manual and received a perfect preliminary score of 100%.

Although San Francisco General Hospital Medical Center has not yet received the official final scores from JCAHO, the Leadership has already begun developing follow-up action plans to both the preliminary Type I and Supplemental findings, assigning a Leadership member as the "expert" person to develop the action plan with support and constant communication with Quality Management. After a comprehensive debriefing, the Executive Committee has agreed that it will pursue the appealment of certain Type I's and will work on gathering data to support the appeal while waiting for receipt of the official report.

In addition to addressing the JCAHO official findings, the Leadership will be engaging in internal assessments of how to better prepare for JCAHO surveys through gathering feedback from managers and line staff in determining successful mechanisms/processes to maintain JCAHO "readiness." The various internal assessments will occur throughout this summer and will be collated and analyzed by the Executive Committee.

SFGH staff thanks President Edward Chow, Commissioner Lee Ann Monfredini and Commission John Umekubo for their support and participation prior and during the survey. SFGH will continue to report to the JCC-SFGH is ongoing progress related to JCAHO findings and maintaining JCAHO readiness.

Avon Products Foundation Comprehensive Breast Center

As required by Section 10.110 of the San Francisco Administrative Code and consistent with the Health Commission policy on gifts, the gift of construction of the comprehensive breast cancer and associated equipment from the Avon Products Inc. to San Francisco General Hospital will be brought forward for consideration and approval at the May 21st Health Commission Budget Committee.

Avon Products Inc. will grant \$3,600,000 to the San Francisco General Hospital Foundation (SFGH Foundation) for the construction and equipment costs associated with the building of a comprehensive breast center at SFGH. It should be noted that the City and County of San Francisco and the Department of Public Health will not receive any funds from the gift. Instead, the funds will be granted to the SFGH Foundation, which will manage the construction of the center and the purchase of its equipment. Upon completion (estimated to be May 2003), the SFGH Foundation

will grant the building and equipment to San Francisco General Hospital. Prior to its actual construction, the Department of Public Health is seeking approval from the Health Commission and the Board of Supervisors to accept the gift of the building funded by the Avon Products Inc., through the San Francisco General Foundation.

As a condition of the granting of funds, Avon Products has required that the breast center be named the "Avon Products Foundation Comprehensive Breast Center", for a minimum of 20 years. Once approved, the Department will begin using its official name.

Services Performed

Currently, there is no central treatment facility at SFGH to provide breast exams and cancer treatment. At this time, breast cancer treatment services are provided at various locations within San Francisco General Hospital, including the radiology department, the 3M primary care clinic, Ward 86 primary care clinic, and the Operating Room. The new 4,000 square foot building will enable SFGH to consolidate and coordinate breast cancer screening and treatment within one location, and will expand the capacity for providing these services.

The services within the new breast center will focus primarily on decreasing exam wait times (currently 142 days for routine exams, and 39 days for diagnostic exams) and increasing the number of screening mammograms performed each year. Currently, SFGH performs 5,000 annual mammograms. With the new facility, SFGH will have the capacity to perform 10,000 mammograms each year, which is consistent with the current demand for this diagnostic procedure.

In addition to increasing the capacity of mammography at the breast center, new services will also be delivered, including stereotatic core biopsies, and vacuum assisted large core ultrasound breast biopsies. These increased services will be provided by existing staff and new radiology staff approved in the current budget who are currently providing breast screening and treatment services at SFGH.

The gift of \$3.6 million will fund construction, site preparation, mammography units, ultrasound equipment, and video equipment. The funds will be accepted and expended by the SFGH Foundation, which will manage and oversee the project. All design work, final construction, and equipment purchases will be made pursuant to approval of the San Francisco General Hospital Chief Executive Officer and her staff.

Impact of Pending Upper Payment Limit (UPL) Legislation

There is currently pending State and Federal policies which, if all enacted, could result in a loss of \$539 million to California's safety net hospitals, including a loss of \$18.1 million to San Francisco General Hospital (SFGH), if passed and enacted. The legislation propose reducing the Upper Payment Limit (UPL) from 150% to 100%, reducing the Disproportionate Share Hospital (DSH) program and increasing the State DSH Administrative Fee. This is described in further detail below:

Medicaid Upper Payment Limit (UPL)

Issue

The current upper payment limit (UPL) for non-State public hospitals requires that states receive no more Medicaid services than 150 percent of what Medicare would pay for comparable services. On November 23, 2001, the Bush Administration issued regulations that reduced the UPL for these hospitals from 150 percent to 100 percent.

Medicaid supplemental payments are critical to San Francisco's safety net health system and a reduction of this magnitude would reduce services to our community's low-income, uninsured and Medicaid populations.

Background

A carefully crafted bipartisan compromise regarding the use of federal Medicaid funds under the UPL was achieved in late 2000 as part of the Benefits Improvement and Protection Act and became effective in March 2001. The compromise regulation provided a higher UPL for public hospitals – 150 percent instead of 100 percent – in recognition of their higher costs for treating vulnerable populations and their significant role as safety-net providers.

Unfortunately, several states – *not* California – are using supplemental Medicaid payments for non-health care expenditures. The new rule was issued to close the “loophole” that allows states to do this. However, the rule will also apply to states like California, where all federal Medicaid funds are used exclusively to provide healthcare services to low-income and medically needy patients. Over the years, these funds have become an integral part of the patchwork of funding that supports safety net hospitals. The loss of these funds will push California's fragile and unstable financing system to the brink of collapse. A 100 percent UPL will result in ***annual losses of \$300 million to public hospitals in California, including a loss of at least \$10 million to San Francisco General Hospital.*** A reduction of this magnitude would threaten the financial stability of SFGH and our ability to continue to provide the high quality health care services our community needs.

Request

The Department of Public Health seeks preservation of the 150 percent UPL for California. Neither a one-year fix nor a transition plan that phases out the program will provide sufficient protection for San Francisco and will severely harm the State's safety net health care system. A permanent response is necessary for San Francisco to continue to meet the health care needs of our most vulnerable and medically fragile populations.

Federal DSH Cliff

Steep federal reductions to the Medicaid Disproportionate Share Hospital (DSH) program are scheduled to begin in October 2002. This is called the DSH Cliff. Without legislative intervention, the DSH Cliff will result in losses of \$184 million to California's safety net hospitals and \$6.2 million to SFGH.

State DSH Administrative Fee

In order to help the State balance its budget, the Governor seeks to increase by \$55 million the “administrative fee” in the DSH program. This would nearly triple the State's current administrative fee, bringing the total to \$84.8 million. If this proposal is enacted, SFGH would lose \$1.9 million in DSH funding beginning in July 2002.

The Impact of DSH on San Francisco General Hospital

If SFGH were required to sustain an \$8.1 million loss, it would have to reduce critical hospital services. Following is an example of how the proposed funding reductions would impact SFGH:

- **22 acute care beds for the physically and mentally ill would be eliminated.** This would reduce the hospital's capacity to provide inpatient care by 8,000 days and leave 1,600 patients without access to acute care services at SFGH each year.

- **One outpatient clinic would be eliminated.** This would reduce the hospital's outpatient capacity by 26,000 visits, representing services to 4,800 patients each year. A reduction of this magnitude would leave patients with reduced access to regular medical care and would result in increased utilization of SFGH's already taxed emergency department.
- **The existing ambulance diversion rate of 25 percent would double and ambulances would be rerouted from SFGH to other San Francisco hospitals 50 percent of the time.** Because SFGH receives 14,000 ambulances each year – more than twice as many as every other hospital in San Francisco – a drastic increase in the diversion rate would affect not only SFGH, but the entire system of emergency care in San Francisco.
- **The hospital's Level I trauma center status would be jeopardized.** In order to meet the standards of a Level I trauma center, SFGH must always be at the ready with specialized equipment and a panel of physician specialists and staff in the emergency department, intensive care, operating rooms and radiology who are immediately available, 24 hours a day, 7 days a week, to handle the most challenging traumatic injuries. With a loss of \$8.1 million the hospital's ability to fund physician services, such as neurosurgeons, orthopedic surgeons, general surgeons and radiologists, would be compromised and SFGH would have difficulty maintaining the level of readiness required for a Level I trauma center.
- **The hospital's ability to maintain and upgrade critical health care equipment would be severely compromised.**

The Solutions: Federal and State

Federal DSH Cliff

Congress may prevent the DSH Cliff by passing H.R. 854 and S. 572, the "Medicaid Safety Net Hospital Continued Preservation Act." This important legislation, which safeguards essential funding to states to support access to care for low-income individuals through the Medicaid program, has strong bipartisan support, with a majority of the California congressional delegation – and all of San Francisco's delegation – signed on as co-sponsors.

State DSH Administrative Fee

The Department of Public Health strongly believes that California should protect the health care safety net and eliminate the Medi-Cal DSH administrative fee. Given the current budget deficit, it is recognized that complete elimination of the DSH administrative fee may not be feasible at this time. However, at a minimum, the fee should be held at its current level of \$29.8 million in the state's 2002-03 budget.

We continue to support the Department's stance and recently participated in a Press Event at the hospital sponsored by Health Access focused on the impact of the Federal DSH Cliff and State DSH Administrative Fee proposed legislation. We will continue to inform the JCC-SFGH any movement connected to proposed UPL legislation.

Commissioners' Comments

- Commissioner Monfredini asked what timeframe the hospital has to rectify the Type I findings. Ms. O'Connell said that they have six months to submit a written report that says how the hospital is meeting the standard.

4) **PATIENT CARE REPORT**

Sue Currin, RN, Chief Nursing Officer, presented the Patient Care Report (Attachment A). Ms. Currin said the union has written several letters asking the City to reopen the nursing contract. In addition, the City's budget analyst is doing an audit of the hospital. The focus for the next 30 days is to gather data pertinent to the budget process. The budget analyst is focusing on the biggest budget areas, including nursing services. With regard to diversion, there was an 11% increase over last month. The census has been very high and Ms. O'Connell said that the people who are coming to the emergency room are very sick. Most of the incidents were due to overcrowding rather than the hospital's lack of capacity for inpatients.

5) **FINANCE REPORT – STATEMENT OF REVENUES AND EXPENDITURES**

Gregg Sass, CHN Chief Financial Officer, presented the Finance Report (Attachment B). Mr. Sass noted that in April there was an extremely high positive variance in Gross Patient Revenue and a significant negative variance in expenses. He is still projecting an \$8.5 million year-end surplus. Mr. Sass said that the investment in accounts receivable are 81 days for April, which represents an all-time low for the hospital.

6) **PUBLIC COMMENT**

None.

7) **CLOSED SESSION**

A) **Public Comments on All Matters Pertaining to the Closed Session**

None.

B) **Vote on Whether to Hold a Closed Session**

Action Taken: The Committee voted to hold a closed session.

The Committee went into closed session at 4:15 p.m. Present in closed session were the same people that were present in open session with the exception of Gregg Sass and Wahid Choudhury. (Commissioner Umekubo arrived at 4:20 p.m.).

C) **Closed Session Pursuant to Evidence Code Sections 1157(a) and (b); 1157.7, Health and Safety Code Section 1461; and California Constitution, Article I, Section 1**

APPROVAL OF CLOSED SESSION MINUTES OF APRIL 9, 2002

CONSIDERATION OF MEDICAL AUDIT, QUALITY OF CARE, QUALITY ASSURANCE

John Luce, M.D., Medical Director SFGH-QM
Hiroshi Tokubo, CHN Director, QM
Alison Moed, Director of Risk Management

CONSIDERATION OF CREDENTIALING MATTERS

J. Renee Navarro, M.D., Chief of Staff

Action Taken: The Committee approved the Credentials Report.

MEDICAL STAFF REPORT

J. Renee Navarro, M.D., Chief of Staff

D) Reconvene in Open Session

The Committee reconvened in open session at 4:26 p.m.

1. Possible Report on Action Taken in Closed Session (Government Code Section 54957.1(a)2 and San Francisco Administrative Code Section 67.12(b)(2).)
2. Vote to Elect Whether to Disclose Any or All Discussions Held in Closed Session (San Francisco Administrative Code Section 67.12(b)(2).)

Action Taken: The Committee voted not to disclose discussions held in closed session.

8) **ADJOURNMENT**

The meeting was adjourned at 4:27 p.m.

Michele M. Olson
Executive Secretary to the Health Commission

Attachments (2)