



**Joint San Francisco Health Authority/San Francisco Community Health Authority
Governing Board
November 2, 2022
Meeting Minutes**

Chair: Steven Fugaro, MD
Vice-Chair: Roland Pickens, MHA, FACHE
Secretary-Treasurer: Emily Webb

Members

Present: Irene Conway, Steve Fields, Steven Fugaro, MD, Deneen Hadley, Johanna Liu, PharmD, Roland Pickens, MHA, FACHE, Maria Luz Torre, Emily Webb, and Joseph Woo, MD

Members

Absent: Eddie Chan, PharmD, Greg Wagner, and Jian Zhang, DNP, MS, FNP-BC

Guests: Eunice Majam-Simpson, DSR Health Law, Chris Pritchard, and Rianne Suico, Moss Adam Consultants, LLP.

Due to the ongoing COVID-19 state of emergency and in accordance with Governor Newsom's Executive Order N-29-20, San Francisco Health Authority and San Francisco Community Health Authority Governing Board Members attended this meeting via teleconference. The meeting was closed to in-person public attendance, but the conference line information was provided on the publicly posted agenda. This precaution was taken to protect members of the Governing Board, staff, and the public. All Board members, staff members and public attended the meeting via video conference.

Steven Fugaro, MD, Chair, called the meeting to order. He asked if there was anyone from the public in attendance and if there were any public comments. In attendance from the public was Eunice Majam-Simpson, counsel with DSR Health Law, contracted with San Francisco Health Plan (SFHP), Chris Pritchard, and Rianne Suico, Moss Adam Consultants, LLP. There were no public comments.

1. Approval of Consent Calendar

The following Board items were on the consent calendar for the Board's approval:

- a. Minutes from the September 7, 2022 Board meeting and October 7, 2022 Special Board Meeting
- b. Quality Improvement Committee (QIC) minutes from August 11, 2022
- c. Recommendations for Credentialed and Recredentialed Providers
- d. Unaudited Monthly Financial Statement and Investment Reports

- e. Findings and Resolution 2022-14 that Establish the State of Emergency Continues to impact the Ability of Governing Board and Committee Members to Meet Safely in Person and/or State or Local Officials Continue to Recommend Measures to Promote Social Distancing

Emily Webb, Chair, Finance Committee, informed the Governing Board that the Finance Committee had a full discussion of the unaudited financials and investment reports and that there were no issues or concerns. The Board unanimously approved the consent calendar without any issues.

2. Review and Approval of the Annual Independent Auditor's Report for FY 2021-22

Recommendation: Review and Approval of the Annual Independent Audit Report for FY 2021-22.

Chris Pritchard, Partner, and Rianne Suico, Partner, Moss Adams Consultants, the independent audit firm hired by SFHP, presented the FY 21-22 independent financial audit report. The auditors gave SFHP an "Unmodified Opinion," which is the highest opinion available (also known as a "clean opinion"). There were no significant or material comments in the Communication to the Governing Board. There were no required or recommended adjustments to the journal entries. (A detailed audit report was provided in the Board packet.)

Ms. Suico reviewed the following key points of the audit report:

- SFHP has been very consistent over the years, which is a testament to management's ability to produce financial statements without material error.
- All reported receivables and assets were properly supported and appropriate.
- All payments and liabilities were appropriately accounted.
- All capitation payments to providers were properly supported.
- Recording of operational expenses were in accord with accounting policies and principles.
- Trends were consistent with expectations, without any unusual spikes.
- SFHP's tangible net equity (TNE), which is a measure of an organization's financial health, was very strong.
- There were no disagreements with SFHP's management.

The consultants discussed that the audit went well.

Ms. Webb stated that the Finance Committee reviewed the audit report in detail and also spent time with the auditors without SFHP staff present. Ms. Webb agreed with the auditors that the audit went well and stated she was impressed with the auditors and SFHP management.

Ms. Webb stated the Finance Committee has confidence in the Finance department leadership and recommended the Board approve the Moss Adams independent audit report. The Board unanimously approved the independent auditor's report for FY 21-22.

3. CEO Report

Yolanda R. Richardson, CEO, presented her CEO report to the Board. (Detailed memo provided in the Board packet.)

State of the Plan

Ms. Richardson stated it is always a pleasure for her and the staff to meet with the Governing Board to provide updates. As discussed at the last meeting, there are a lot of exciting changes on the horizon. Ms. Richardson reviewed that the SFHP “roadmap” details the priorities for the next two years. The Executive Team will share the details of the roadmap to the Governing Board over the course of several Board meetings in 2023.

Additionally, Ms. Richardson mentioned that to commemorate the start of a new era for the health plan, SFHP will host its first “State of the Plan” event. She encouraged the Board members to attend and stated more details will be coming soon.

Department of Health Care Services (DHCS) Medi-Cal Managed Care Updates

Ms. Richardson briefly reviewed that health plans, including Blue Shield of California, Health Net, and Community Health Group Partnership Plan, have filed lawsuits against the Department of Health Care Services (DHCS) regarding the competitive procurement awards. DHCS did not award Blue Shield or Community Health Group a contract in any county and did not award Health Net a contract in Los Angeles, Sacramento, or Kern counties. The plans filed the lawsuits after DHCS denied appeals to the state’s Medi-Cal managed care awards.

As reported in September, San Francisco will not see a change in the commercial Medi-Cal managed care plan, which will remain as Anthem Blue Cross. SFHP has maintained an enrollment advantage over Anthem Blue Cross for many years, with 87% of the Medi-Cal managed care enrollment.

Laguna Honda Hospital Update

Roland Pickens, Vice-Chair of the SFHP Board and interim CEO of Laguna Honda Hospital (LHH), updated the Board on the recent agreement reached between the City and County of San Francisco (City) and the Centers for Medicare & Medicaid Services (CMS) and the California Department of Public Health (CDPH) regarding LHH. He stated the settlement agreement was the result of the City’s lawsuit against CMS earlier this year on behalf of LHH to ensure that CMS would continue to pay for the care of our residents. This is significant since CMS funds the majority of resident care at LHH.

The settlement agreement requires final approval by the Board of Supervisors and the Mayor. In the agreement, CMS agrees to continue paying for resident care at LHH until November 13, 2023. Second, CMS agrees to continue to pause the involuntary discharges and transfers of residents (“Closure Plan”) until February 2, 2023. CMS will have the option to further extend the pause date,

depending on LHH's progress, including but not limited to addressing deficiencies. Finally, resident-initiated transfers and discharges will continue to occur, according to the residents' rights and hospital policy.

The extended payments and Closure Plan pause provide LHH with the opportunity to provide for resident care as they continue to work towards successful recertification in Medicare and Medicaid.

The federal CMS facilitator will remain as an on-site monitoring presence. CMS and/or CDPH surveys will occur at least once every 90 days to assess LHH's compliance with the Medicare conditions of participation. The first survey will occur no later than January 2023. CMS has designated HSAG, one of the current recertification consultants, as LHH's Quality Improvement Expert (QIE) and they will continue to work with LHH toward recertification and correct the deficiencies identified by CMS.

Ms. Richardson stated SFHP was relieved to learn that LHH reached the settlement agreement with CMS and CDPH and hope for final approval to avoid any additional disruption to our members. LHH will be an integral provider when the Medi-Cal program's long-term care integration begins on January 1, 2023.

Ms. Richardson thanked Roland and his team for the great work they did on the settlement agreement.

Executive Staff Updates

Ms. Richardson stated that with the upcoming changes, the Executive Team has been evaluating needed resources and thinking strategically about how to accomplish our goals in the most effective and efficient way possible.

Ms. Richardson announced that Kate Gormley's last day as SFHP's Chief Human Resources Officer was October 31, 2022. Ms. Gormley's commitment to SFHP was reflected in her decision to delay her departure and continue to support the Plan through Ms. Richardson's recruitment and onboarding. Ms. Richardson expressed her appreciation to Ms. Gormley's and her team's efforts. Ms. Gormley left SFHP well positioned to move forward with the recruitment of the Chief People Officer, who will take the baton for next phase of Human Resources. Ms. Gormley had planned to depart SFHP over a year ago and Ms. Richardson thanked her for her support during her transition and for all Ms. Gormley has done for SFHP over the past 13 years.

Sarah Muller Hesketh joined SFHP on October 12, 2022, as a Senior Advisor, reporting directly to Ms. Richardson. In this role, Ms. Hesketh will be initially focused on projects aimed at developing strategies that improve the member experience. Ms. Hesketh efforts will support the Executive Team and the Governing Board with the strategic planning required for us to prepare, execute, and achieve our goals for the next several years. Ms. Hesketh was the Senior Vice President of External Affairs at the California Association of Public Hospitals & Health Systems where she directed strategy definition and planning and provided federal and state advocacy for public hospitals across California.

Alana Troutt will join SFHP on November 7 as Ms. Richardson's Chief of Staff. Ms. Troutt's portfolio will consist of supporting the board, employee, and external relations. With Ms. Troutt's support, Ms. Richardson would be in a strong position to expand activities in the community and at the State and Federal levels to advocate for SFHP. Ms. Troutt's background as the Deputy Secretary for External Affairs at the California Government Operations Agency for Governor Newsom, former Policy Director at the Office of Assemblymember Reggie Jones-Sawyer, and Senior Consultant for the Office of Senator Holly Mitchell (now chair of the Los Angeles Board of Supervisors) will be an asset to SFHP's external and community agenda.

Nina Maruyama, Chief Compliance and Regulatory Affairs Officer, reviewed highlights of AB 2449, new rules for remote public meetings. She stated that Governor Newsom signed AB 2449 into law, with an effective date of January 1, 2023. The new law specifies the new requirements for holding remote public meetings, which directly impacts the SFHP Governing Board. AB 2449 amends the Brown Act's teleconferencing rules and adds a new alternative for abbreviated teleconferencing procedures that does not require a proclaimed state of emergency.

Governor Newsom announced the proclaimed state of emergency due to the COVID-19 pandemic will be lifted on February 28, 2023. With this announcement and the passage of AB 2440, SFHP will no longer be able to hold virtual Board meetings that were allowed by AB 361's provisions. Starting March 1, 2023, SFHP will be required to follow the traditional Brown Act teleconferencing rules and AB 2449's new teleconferencing rules for virtual, remote meetings. AB 2449's new teleconferencing rules provide a hybrid model of physical and remote attendance for members of local legislative governing bodies, under certain specified circumstances, with a final sunset date of January 1, 2026. A member of the legislative body participating from a remote location must participate through both audio and visual technology.

Darin Moore, Chief information Officer, provided an overview of the Cyber Security assessment recently completed. Clearwater performed a Cybersecurity Program Performance Assessment (CPPA) of SFHP's Cybersecurity Program relative to the National Institute of Standards and Technology (NIST) Cybersecurity Framework (Framework). Clearwater conducted this assessment by reviewing SFHP's written cybersecurity expectations as documented within policy, procedure, standards, and guidelines and by conducting interviews with SFHP's subject matter experts.

SFHP's average score across the Framework's 5 Core Functions is approximately **85%** out of a possible 100%. By comparison, Clearwater stated the average performance for healthcare organizations that have selected the NIST Framework is roughly 47%.

SFHP will now focus on Clearwater's recommendations to direct efforts towards enhancing cybersecurity roles and responsibilities of workforce members, developing role-specific security awareness and training, data security, and protective technology. An effort to roadmap these activities is underway.

4. Federal, State, and Medi-Cal Program Updates

Sumi Sousa, Chief Officer, Policy and Coverage Programs, provided the Board with local, Federal, and State updates. Ms. Sousa provided the Board with the following updates on Healthy San Francisco (HSF) Connect.

SFHP staff have been working on implementing “HSF Connect,” the new HSF Eligibility & Enrollment System. Successful implementation by January 15 is an SFHP FY 22-23 organization goal and is on target. A new vendor, Redmane, replaces One-e-App system, and has features that have long been requested to improve efficiencies to administer and enroll into the program. Implementation of the new system is projected to save San Francisco Department of Public Health (DPH) \$300,000 annually. SFHP will be owner and manager of the contract rather than DPH.

Ms. Sousa reviewed that on October 13, 2022, SFHP successfully transferred \$830 million in City Option funds to an account held by the City and County of San Francisco Treasurer. This is the first of multiple projects to implement the City’s new escheatment policy and is also an FY 22-23 organizational goal. In January 2022, DPH approved a new policy related to SFCO employee funds that if an account has no activity after three years (e.g. no deposits or claims), funds in the account will be forfeited permanently to the City and County of San Francisco.

Ms. Sousa then reviewed the status of the Federal Public Health Emergency. As expected, the Biden Administration extended the federal public health emergency (PHE) another 90 days, through January 12, 2023. Governor Newsom announced that California’s remaining state of emergency provisions will be phased out and lifted by February 28, 2023.

Ms. Sousa then provided a Medi-Cal Managed Care Procurement update. Statewide procurement for commercial Medi-Cal managed care plan contracts beginning 2024 was announced by the DHCS. No change for San Francisco; Anthem Blue Cross will remain SFHP’s commercial competitor. Kaiser’s direct contract for Medi-Cal will be effective January 1, 2024. Members who are with Kaiser as their primary care provider will likely leave SFHP for Kaiser if they wish to keep Kaiser. There are over 15,000 SFHP members with Kaiser.

Lastly, Ms. Sousa discussed the upcoming Federal and State elections and implications. Democratic Congress and Biden Administration have provided historic support for Medicaid, other safety net programs, and California. Changes to the majority in either the Senate or the White house would end efforts to expand health access and income support. Governor Newsom is projected to win re-election, and it is likely the State Legislature will maintain large Democratic majorities and most constitutional officers will be Democrats.

State revenues are 8% below what was anticipated in the recently passed FY 22-23 state budget. This decline reflects a decline in personal income tax revenues due to

stock market volatility, inflation, and recent technology industry layoffs. State reserves are robust (\$37 billion) but the State spending of last two budget years are over. Many predict a potential recession in 2023, which would mean much tighter State budget.

Detailed PowerPoint slides were provided in the Board packet.

5. Member Advisory Committee (MAC) Report

Maria Luz Torre and Irene Conway provided the Board with a MAC report. Ms. Torre reported that the Committee met on September 16, 2022 and October 14, 2022.

Ms. Torre stated at the September meeting, the Committee learned about the significant changes in the DHCS 2024 contract that will impact MAC and received an overview from SFHP staff on the Monkeypox frequently asked questions (FAQs) on the SFHP website.

Ms. Conway then reported new SFHP staff member Sarah Mueller Hesketh, Senior Advisor, attended their meeting to introduce herself as she will be attending future Committee meetings.

6. Interim Chief Medical Officer's Report

a. CalAIM Update

Dr. Eddy Ang, Interim CMO, provided the Board with CalAIM updates. (Detailed PowerPoint slides were provided in the Board packet.) Dr. Ang reviewed the progress with preparing for the long-term care integration, Enhanced Care Management and Community Supports.

b. HEDIS and CAHPS Results

Dr. Ang also provided a summary of the HEDIS and CAHPS results. SFHP maintained a NCQA 4.0 rating, met minimum performance level on all measures except two measures for Well-Child Visits. Well-Child Visits were at the 10th percentile in 2021, Breast Cancer screening and Diabetes Control to 80-90 percentile.

Dr. Ang then discussed CAHPS customer satisfaction ratings, member engagement videos, member website updates, Teladoc registration incentives, and market outreach. Joseph Woo, MD, asked if there were differences in scores by ethnicity. Dr. Ang stated he believed there were differences and would provide details to Dr. Woo.

The Board adjourned to Closed Session.

7. Review and Approval Change to Zuckerberg San Francisco General Hospital Contract

This item was discussed in closed session.

8. Review Member Grievances and Appeals Report

This item was discussed in closed session.

The Board resumed to Opened Session.

9. Chair's Report on Closed Session Items

Dr. Fugaro reported that the Governing Board, with the Finance Committee's approval, the Board approved the proposal to support ZSFGH's request to change to a fee-for-service contract, pending the receipt of a rate increase for SFHP from DHCS to cover the potential costs.

10. Adjourned

Dr. Fugaro adjourned the meeting.

Secretary/Treasurer

**Joint San Francisco Health Authority/San Francisco Community Health
Authority Governing Board November 2, 2022
Closed Session Meeting Minutes**

1. Review and Approval Change to Zuckerberg San Francisco General Hospital Contract

Recommendation: San Francisco Health Plan (SFHP) recommends the Governing Board approve a contract change with Zuckerberg San Francisco General Hospital (ZSFGH) to fee-for-service payments for San Francisco Health Network (SFHN) Medi-Cal members. This change would be effective January 1, 2023, but is contingent upon SFHP receiving increases in Medi-Cal rates effective January 1, 2023.

Background:

Skip Bishop, CFO, reviewed that since the establishment of SFHP in 1997, ZSFGH has received capitation as the primary form of compensation for providing hospital services to SFHN members. Currently, there are approximately 51,000 Medi-Cal members assigned to SFHN clinics. ZSFGH is responsible for inpatient and outpatient services provided at ZSFGH as well as out-of-network hospitals. SFHN members have some of the highest hospital utilization among all members enrolled with SFHP. Over the last four years, out-of-network hospital costs for these members represented 80-85% of capitation paid to ZSFGH.

On an annual basis, ZSFGH currently receives \$96 million in capitation for SFHN members. The combined annual cost of in-network and out-of-network hospital utilization is \$153 million. This results in an annual loss of \$57 million for ZSFGH. This existing capitation arrangement is no longer a sustainable model for ZSFGH.

A similar contracting change was made effective on July 1, 2021, where ZSFGH transitioned from capitation to fee-for-service for 17,000 members assigned to the San Francisco Community Clinic Consortium (SFCCC). This change eliminated an ongoing problem for ZSFGH where the total cost of out-of-network claims consistently exceeded the capitation paid by SFHP.

With the proposed change effective date of January 1, 2023, ZSFGH would no longer receive capitation for the 51,000 SFHN members. SFHP would become responsible for all inpatient and outpatient facility services billed on a fee-for-service basis. Inpatient services would be paid at 100% of APR-DRG while outpatient facility services would be paid at 140% of the Medi-Cal Fee Schedule (MCFS). These reimbursement rates align with the rates paid to all other contracted hospitals. Primary care and specialty care services would remain under a capitated arrangement.

In July 2022, SFHP submitted a formal request to the Department of Health Care Services (DHCS) and DHCS actuary, Mercer, for a rate increase to cover the expected excess cost of \$57 million. Rather than following the normal Medi-Cal Rate