

1 [Administrative Code - Department of Public Health Managed Care Contracts]

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3 **Ordinance amending the Administrative Code to extend the Board of Supervisors'**  
4 **delegation of authority under Charter, Section 9.118, to the Department of Public Health**  
5 **to approve managed care contracts to include contracts ending on December 31, 2028;**  
6 **and to exclude from the requirement of Controller review those managed care**  
7 **contracts that are based on rates set by the California Department Health Care Services**  
8 **or on actual healthcare delivery costs.**

9 NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.  
10 **Additions to Codes** are in *single-underline italics Times New Roman font*.  
11 **Deletions to Codes** are in ~~*strikethrough italics Times New Roman font*~~.  
12 **Board amendment additions** are in double-underlined Arial font.  
13 **Board amendment deletions** are in ~~strikethrough Arial font~~.  
14 **Asterisks (\* \* \* \*)** indicate the omission of unchanged Code  
15 subsections or parts of tables.

16 Be it ordained by the People of the City and County of San Francisco:

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18 Section 1. The Administrative Code is hereby amended by revising Chapter 21A,  
19 Section 21A.3, to read as follows:

20 \* \* \* \*

21 (b) Acting under Charter Section 9.118, the Board of Supervisors authorizes the  
22 Director of Health to enter into contracts anticipated to generate over \$1 million in  
23 reimbursements or revenue to the City to provide health care services at DPH facilities,  
24 including, but not limited to, primary care, specialty services, hospital services, and behavioral  
25 health services. These contracts may include fee-for-service arrangements, fully capitated  
arrangements where DPH receives fixed monthly payments per individual and is financially  
responsible for managing health care costs of its patients, or a hybrid of the two. *The term of*

1 ~~any such contracts shall terminate no later than December 31, 2025 and shall be subject to the review~~  
2 ~~and approval of the Controller for consistency with the terms of this Section 21A.3.~~ The DPH annual  
3 budget shall show the revenues from the contracts as capitation rates or patient fees  
4 (collectively, "Rates of Reimbursement"). To be eligible for approval under this Section 21A.3, the  
5 contract shall terminate no later than December 31, 2028, and shall be subject to the review and  
6 approval of the Controller for consistency with the terms of this Section 21A.3. Notwithstanding the  
7 forgoing, the following contracts shall not require Controller review under this subsection (b): (1)  
8 contracts for the provision of services to Medi-Cal members, the rates of which are set by the  
9 California Department Health Care Services ("DHCS"); and 2) contracts for the provision of services  
10 to members of SFHP, such as Healthy Workers Health Maintenance Organization, the rates of which  
11 are determined by the actual costs of medical, mental health, and pharmacy services, plus the latest  
12 cost inflator as published by the Centers for Medicare & Medicaid.

13 (c) Establishing Rates of Reimbursement.

14 (1) Rates of Reimbursement for health services in contracts entered into under  
15 this Section 21A.3 shall be equal to or higher than either (1A) Fee for Service: ~~the California~~  
16 ~~Department Health Care Services~~ ("DHCS") published Medi-Cal fee for service rates, selected  
17 and adjusted as needed to align with the pending contract specifications; or (2B) Capitated  
18 Rates: the average of per-member-per month rates for Medi-Cal managed care for Aid Codes  
19 Family and Medi-Cal Expansion, or successor provisions, set by DHCS as authorized by  
20 federal and state law.

21 (2) For the purposes of determining whether the Capitation Rates in contracts  
22 are equal to, or exceed the minima specified in subsection (c)(1) of this Section 21A.3, in  
23 addition to the gross capitation rates specified by DHCS, the Controller shall consider net  
24 payments the City will receive for health services provided by DPH after removing benefit  
25 carve outs, capitation splits, and/or administrative fees and other amounts that state law

1 allows the ~~San Francisco Health Authority~~ SFHP or other provider to withhold, as applicable. For  
2 either Fee for Service or Capitated Rate contracts, the Controller has the option of utilizing  
3 other relevant comparison rates or benchmarks which may be obtained via outside healthcare  
4 expertise, or through additional research by the Office of the Controller.

5 \* \* \* \*

6 (e) The Director of Health shall provide quarterly reports between September 1, 2015  
7 and December 1, ~~2025~~ 2028 to the Health Commission of the contracts approved under this  
8 Section 21A.3, and the aggregate amount of reimbursement and revenue generated. The  
9 Director of Health shall provide annual reports, no later than September 1, 2015, September  
10 1, 2016, September 1, 2017, September 1, 2018, September 1, 2019, September 1, 2020,  
11 September 1, 2021, September 1, 2022, September 1, 2023, September 1, 2024, September  
12 1, 2025, ~~and~~ September 1, 2026, September 1, 2027, and September 2028, to the Mayor and the  
13 Board of Supervisors, identifying the contracts approved and the aggregate amount of  
14 reimbursement and revenue generated.

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16 Section 2. Effective Date. This ordinance shall become effective 30 days after  
17 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the  
18 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board  
19 of Supervisors overrides the Mayor's veto of the ordinance.

1           Section 3. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors  
2 intends to amend only those words, phrases, paragraphs, subsections, sections, articles,  
3 numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal  
4 Code that are explicitly shown in this ordinance as additions, deletions, Board amendment  
5 additions, and Board amendment deletions in accordance with the “Note” that appears under  
6 the official title of the ordinance.

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8 APPROVED AS TO FORM:  
9 DAVID CHIU, City Attorney

10 By: /s/ Virginia Dario Elizondo  
11 VIRGINIA DARIO ELIZONDO  
12 Deputy City Attorney

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