

1 [Contract Amendment - Retroactive - Health Services Advisory Group, Inc. - Specialized  
2 Consulting Services - Not to Exceed \$6,989,564]

3 **Resolution retroactively approving Amendment No. 1 to the agreement between Health**  
4 **Services Advisory Group, Inc., and the Department of Public Health, as authorized**  
5 **under Section 21.15 of the Administrative Code, for the purpose of providing**  
6 **specialized consulting services, to increase the agreement by \$5,211,317 for an amount**  
7 **not to exceed \$6,989,564 for a total agreement term of seven and one-half months, with**  
8 **no changes to the term of May 9, 2022, through December 31, 2022; and to authorize**  
9 **the Department of Public Health to enter into any amendments or modifications to the**  
10 **contract that do not otherwise materially increase the obligations or liabilities to the**  
11 **City and are necessary or advisable to effectuate the purposes of the contract or this**  
12 **Resolution.**

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14 WHEREAS, On October 14, 2021, the California Department of Public Health (CDPH)  
15 completed an extended survey at Laguna Honda Hospital (LHH) of two incidents of non-fatal  
16 drug overdoses; in February 2022, the Centers for Medicare & Medicaid Services (CMS)  
17 issued LHH \$243,045 in civil monetary penalties based on those deficiencies; between  
18 January 21, 2022, and April 13, 2022, CDPH conducted three revisits, where it found  
19 additional deficiencies that showed that LHH was out of compliance with all applicable  
20 Medicare Conditions of Participation; on April 13, 2022, CDPH and CMS informed LHH that  
21 since it was still out of compliance with the applicable Medicare Conditions of Participation,  
22 termination of the CMS Provider Agreement and certification in the Medicare/Medicaid  
23 program would become effective at 12:01 a.m. on April 14, 2022; and

24 WHEREAS, LHH intends to seek reinstatement of its Medicare/Medicaid program  
25 certification and execute a new CMS Provider Agreement; to obtain reinstatement and a new

1 Provider Agreement, the Department of Public Health (DPH) must demonstrate that LHH  
2 substantially complies with all applicable Medicare Conditions of Participation; the  
3 reapplication process will include an application, an initial survey, a 3-4-month reasonable  
4 assurance period, and a second survey to ensure that LHH remains in substantial  
5 compliance; and

6 WHEREAS, Should DPH's reinstatement efforts fail, DPH would begin to lose up to  
7 \$17 million monthly in Medicare and Medicaid funding; further, without this funding, DPH  
8 could be forced to close LHH, which would require transfer and relocation of all LHH patients;  
9 and

10 WHEREAS, There is a need to enter into contracts with qualified providers for  
11 specialized services; now, therefore, be it

12 RESOLVED, That the Board of Supervisors hereby retroactively authorizes the Director  
13 of Public Health and the Director of the Office of Contract Administration/Purchaser, on behalf  
14 of the City and County of San Francisco, to execute a contract for providing specialized  
15 consulting services in support of the LHH recertification effort, in the amount of \$6,989,564 for  
16 the term of seven and one-half months, from May 9, 2022, through December 31, 2022; and,  
17 be it

18 FURTHER RESOLVED, That the Board of Supervisors authorizes the Department of  
19 Public Health to enter into any amendments or modifications to the contract, prior to its final  
20 execution by all parties, that the Department determines, in consultation with the City  
21 Attorney, are in the best interests of the City, do not otherwise materially increase the  
22 obligations or liabilities of the City, are necessary or advisable to effectuate the purposes of  
23 the contract, and are in compliance with all applicable laws.

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1 RECOMMENDED

2  /s/

3 Dr. Grant Colfax

4 Director of Health

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