

File No. 180926

Committee Item No. 6

Board Item No. 5

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Rules Committee

Date January 16, 2019

Board of Supervisors Meeting

Date 2/5/2019

Cmte Board

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| <input type="checkbox"/> | <input type="checkbox"/> | Motion |
| <input type="checkbox"/> | <input type="checkbox"/> | Resolution |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Ordinance |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Legislative Digest |
| <input type="checkbox"/> | <input type="checkbox"/> | Budget and Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Youth Commission Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Introduction Form |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Memorandum of Understanding (MOU) |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Subcontract Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Contract/Agreement |
| <input type="checkbox"/> | <input type="checkbox"/> | Form 126 - Ethics Commission |
| <input type="checkbox"/> | <input type="checkbox"/> | Award Letter |
| <input type="checkbox"/> | <input type="checkbox"/> | Application |
| <input type="checkbox"/> | <input type="checkbox"/> | Form 700 |
| <input type="checkbox"/> | <input type="checkbox"/> | Vacancy Notice |
| <input type="checkbox"/> | <input type="checkbox"/> | Information Sheet |
| <input type="checkbox"/> | <input type="checkbox"/> | Public Correspondence |

OTHER (Use back side if additional space is needed)

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Completed by: Victor Young Date Jan. 11, 2019

Completed by: *[Signature]* Date _____

1 [Administrative Code - Extension of Termination Date - Department of Public Health Managed
2 Care Contracts]

3 **Ordinance amending the Administrative Code to extend the termination date of**
4 **managed care contracts approved under Section 21A.3 from December 31, 2020, to**
5 **December 31, 2025.**

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

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

14 Section 1. Chapter 21A of the Administrative Code is hereby amended by revising
15 Section 21A.3, to read as follows:

16 **SEC. 21A. DEPARTMENT OF PUBLIC HEALTH MANAGED CARE CONTRACTS.**

17 * * * *

18 (b) Acting under Charter Section 9.118, the Board of Supervisors authorizes the
19 Director of Health to enter into contracts anticipated to generate over \$1 million in
20 reimbursements or revenue to the City to provide health care services at DPH facilities,
21 including, but not limited to, primary care, specialty services, hospital services, and behavioral
22 health services. These contracts may include fee-for-service arrangements, fully capitated
23 arrangements where DPH receives fixed monthly payments per individual and is financially
24 responsible for managing health care costs of its patients, or a hybrid of the two. The term of
25 any such contracts shall terminate no later than December 31, ~~2020~~ 2025 and shall be subject
to the review and approval of the Controller for consistency with the terms of this Section

1 21A.3. The DPH annual budget shall show the revenues from the contracts as capitation rates
2 or patient fees (collectively, "Rates of Reimbursement").

3 * * * *

4 (e) The Director of Health shall provide quarterly reports between September 1,
5 2015 and December 1, ~~2020~~ 2025 to the Health Commission of the contracts approved under
6 this Section 21A.3, and the aggregate amount of reimbursement and revenue generated. The
7 Director of Health shall provide annual reports, no later than September 1, 2015, September
8 1, 2016, September 1, 2017, September 1, 2018, September 1, 2019, September 1, 2020,
9 September 1, 2021, September 1, 2022, September 1, 2023, September 1, 2024, September 1, 2025,
10 and September 1, 2026, to the Mayor and the Board of Supervisors, identifying the contracts
11 approved and the aggregate amount of reimbursement and revenue generated.

12
13 Section 2. Effective Date. This ordinance shall become effective 30 days after
14 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the
15 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board
16 of Supervisors overrides the Mayor's veto of the ordinance.

17
18 Section 3. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors
19 intends to amend only those words, phrases, paragraphs, subsections, sections, articles,
20 numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal
21 Code that are explicitly shown in this ordinance as additions, deletions, Board amendment

22 ///

23 ///

24 ///

25 ///

1 additions, and Board amendment deletions in accordance with the "Note" that appears under.
2 the official title of the ordinance.

3
4 APPROVED AS TO FORM:
5 DENNIS J. HERRERA, City Attorney

6
7 By: 
8 VIRGINIA DARIO ELIZONDO
9 Deputy City Attorney

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LEGISLATIVE DIGEST

[Administrative Code - Extension of Termination Date - Department of Public Health Managed Care Contracts]

Ordinance amending the Administrative Code to extend the termination date of managed care contracts approved under Section 21A.3 from December 31, 2020, to December 31, 2025

Existing Law

In 2014, the Board of Supervisors delegated authority under Charter Section 9.118, to the Director of Health to enter into managed care contracts where the City will be reimbursed for health care services provided at Department of Public Health (DPH) facilities by insurance companies and other health care providers. It is anticipated that these reimbursements will exceed one million dollars.

The rates of reimbursement will be equal to or higher than either:

(1) Fee for Service: the California Department Health Care Services (DHCS) published Medi-Cal fee for service rates, which are updated monthly and posted at <http://files.medical.ca.gov/pubsdoco/rates/rateshome.asp>; or

(2) Capitated Rates: the average of per-member-per month rates for Medi-Cal managed care for Aid Codes Family and Medi-Cal Expansion, or successor provisions, set by DHCS as authorized by federal and state law and posted at <http://www.dhcs.ca.gov/dataandstats/reports/Pages/MMCDFinancialReports.aspx>.

The Controller and DPH conduct analyses of health care services payment rates to ensure that the rates in the DPH contracts are within a reasonable range of the industry standard or that of comparable health systems, and identify opportunities to improve contract terms.

The Director of Health provides quarterly reports to the Health Commission regarding the contracts approved under this ordinance and the aggregate amount of reimbursement and revenue generated, and an annual report to the Mayor and the Board of Supervisors, identifying the contracts approved and the aggregate amount of reimbursement and revenue generated.

In 2016, based on the findings of the DPH and Controller reports; Section 21A.3 was amended to extend the termination date of contracts approved under this section to December 31, 2020, add more accurate language regarding the process and means of comparison, allowing for some flexibility as the industry methods for rate setting evolve due to market forces, and revise the reporting dates by the Controller (from January to February) and Director of Health (July to September) to allow better coordination with the availability of the necessary data, through 2021.

Amendments to Current Law

The termination date of managed care contracts approved under this section is extended to 2025, and revise the corresponding reporting dates to 2026.

Background Information

The federal and state governments continue to increase the proportion of safety net health care services provided under a managed care model. The DPH mission includes providing high-quality health care to all San Franciscans, including the uninsured and low-income individuals who access health care through federal and state-subsidized programs. Historically, DPH fulfilled this mission by providing services through a fee-for-service structure or in partnership with the San Francisco Health Authority, also known as the San Francisco Health Plan, a separate governmental entity.

Under the shift to a managed care-focused system for the delivery of health care services, in order to participate as a provider in certain programs, DPH needs to contract with insurers. Otherwise, current and prospective DPH clients will not have the option of selecting DPH as a provider. If DPH cannot offer itself as a contracted provider, continuity of care will be disrupted for those who have long histories with DPH health care providers, and DPH will lose revenue due to reduced patient care.

As the federal and state governments reduce previous forms of health care reimbursement to counties, counties must replace those revenues by the increasing enrollment of persons newly eligible for managed care insurance programs.

To participate in the new health care markets, DPH needs flexibility to enter into and modify managed care contractual arrangements. Most insurers operate with an annual open enrollment period. Time between these open enrollment periods is limited and health care contracts are often negotiated and executed in a relatively short time period. DPH must be able to meet the timelines expected in the industry in order to retain patients and revenue.

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San Francisco Department of Public Health

Greg Wagner
Acting Director of Health

City and County of San Francisco
London N. Breed
Mayor

September 24, 2018

Angela Calvillo, Clerk of the Board
Board of Supervisors
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102

Dear Ms. Calvillo:

Attached please find an original single-sided and two single-sided, black and white copies of the proposed ordinance for the Board of Supervisors approval, which amends the Administrative Code to extend the termination date of managed care contracts approved under Section 21A.3 from December 31, 2020 to December 31, 2025.

The following is a list of accompanying documents

- Proposed Managed Care Ordinance
- Legislative Digest
- Memo – Office of the City Attorney

The following person may be contacted regarding this matter:

Stella Cao, Director of Managed Care
(415)595-5378
stella.cao@sfdph.org

Thank you for your time and consideration.

Sincerely,

Greg Wagner
Acting Director of Health

RECEIVED
BOARD OF SUPERVISORS
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BY [Signature]

