

HSN Membership Meeting

September 16, 2005

Meeting Minutes

I. Announcements – *Debbi Lerman*

- Merrill Buice will return to HSN's staff in October as the Director of Research and Communications.
- Congratulations and welcome to two new executive directors: Meg Cooch of Planning for Elders in the Central City and Sherilyn Adams of Larkin Street.
- Handouts are available on election issues and voter registration drives in nonprofits.
- The Nonprofit Finance Fund provides capital and advisory services to help nonprofits achieve their missions. (See <http://www.nonprofitfinancefund.org/>.)
- HSN needs member feedback on contract reform. Please describe any problems or progress and send it to Debbi Lerman. We will compile member comments and present them without organization names at upcoming hearings before the Human Services Commission and the Health Commission. There are two important opportunities to testify on the implementation process: September 22 at the Human Services Commission; and October 24 at the Board of Supervisors Government Audits and Oversight Committee.
- HSN's Public Policy Committee meets the last Wednesday of each month at 9:30 am. The meetings are open to all current paid HSN members. The meetings are usually held at Progress Foundation. This month's meeting will be held on 9/28 at Kimochi, 1715 Buchanan. Please RSVP to Debbi, and let us know if you would like to suggest new agenda items.
- HSN's October General Member Meeting on October 21 at LightHouse for the Blind will include a discussion on contracting reform with representatives from the Controller's Office and department contract staff.

II. Propositions 78 and 79, Prescription Drug Discounts – *Liz Foley, Consumers Union*

Consumers Union is part of a coalition of more than 100 organizations supporting Proposition 79 and opposing Proposition 78, competing prescription drug discount measures on the November ballot. The Governor vetoed legislation to provide discounts similar to those established in Prop 79. The drug companies placed Prop 78 on the ballot to try to confuse the public and avoid establishment of a Prop 79-type program.

Prop 78 creates a purely voluntary discount program for the drug companies. There is no need to place it on the ballot; the companies could simply implement the program. The pharmaceutical industry has spent over \$80 million on the campaign for Prop 78, making it the most expensive measure in California's history. The State previously created a similar "Golden Bear" program, and invited 500 companies to participate. Since only 14 companies accepted, the program was terminated. When Ohio implemented a similar program, they could only enroll 25,000 people, and most of the discounts came from the pharmacies, not the drug companies.

Prop 79 would provide benefits for 8 – 10 million people, including those up to 400% of the Federal Poverty Level and seniors with gaps in their coverage -- which is twice the number of beneficiaries covered by Prop 78. Prop 79 contains an enforcement mechanism, unlike Prop

78. The government would negotiate prices with drug companies, similar to the successful Medi-Cal model that has saved the State \$5 million in the last 10 years. Prop 79 would give seniors with Medicare Part D deeper discounts, and provide benefits for drugs that are not covered or not fully covered.

Consumers Union and the coalition supporting Prop 79 are seeking additional supporters and help with their campaign. For additional information and a complete list of supporters, see the website: <http://www.voteyeson79.org/>. HSN members will vote later in this meeting on whether HSN should take a position on these measures.

III. Guest Speaker– Ed Harrington, City Controller

Laguna Honda Hospital and Long-Term Care: In May, the Controller's Office issued a report on Laguna Honda Hospital (LHH). The report states that the costs for the plans to rebuild 1200 beds have increased significantly, and the City needs to find creative financing techniques and/or alternative building proposals. The Controller's report details two options: Option I: Rebuild all 1200 beds. Option II: Rebuild 780 beds for skilled nursing along with some assisted living on campus, and establish a trust fund for 20 years until the bond is finished and tobacco tax money becomes available. The trust would fund additional beds in the community

The Controller hopes the Mayor and Board of Supervisors will begin serious discussions about these options, because the City must decide and move forward by December. Asked about the basis for 1200 beds, he responded that the original 1999 estimate of needs and costs was done on the back of an envelope. The fundamental question is how many people at Laguna Honda really need to be there. Some current patients could be better served in different settings.

The City hired Health Management Associates (HMA) to advise them on the City's continuum of care. In its July 2005 report, HSM said that San Francisco is extraordinarily generous. The City spends an average of \$400/person while the nationwide figure is \$64/person. San Francisco also excels in cultural competence. The report made several recommendations, including: form a working group to determine how to treat everyone as clients of the public health system, rather than identifying them as hospital or home; hire a Chief Operating Officer to manage the health system and leave Mitch Katz to focus on policy issues; and hire a long-term care coordinator.

The Controller is trying to meet with DPH doctors. He doesn't believe the City needs 780 beds at LHH, while 90% of U.S. facilities have 200 beds or fewer. Large facilities are not family friendly. State and Federal regulators care only about the total number of violations, not the violations per bed. Therefore, the City should at least change the plans and build several smaller facilities on the site.

The LHH rebuild plans will also affect the rebuild plans for S.F. General Hospital, and the number of hospital beds and levels of service. The building cost increases at LHH result from the hospital industry's rebuilding rush to comply with the State law timelines. There are a limited number of contractors who build hospitals, and contractors would prefer to work with a private entity than the City's bureaucracy. So contractors will charge the City more.

HSN members thanked the Controller for all his work on LHH and long-term care issues. Members urged the Controller to examine psychiatric issues and the services that will be needed in the future. Community experts should be included in these conversations to develop a community solution.

Members expressed concern about placing a Long-Term Care Coordinator in DPH and questioned whether the position could be within the Mayor's Office. The Controller responded that there is need for coordination within DPH and perhaps outside too, possibly at Aging and Adult Services, although the Commission on Aging is too small. He argued that the Mayor's Office staff is too small to support such a position because the Mayor always tries to keep his budget under the Board of Supervisors' budget. In October, there will be hearings at the Board, and a person needs to be hired shortly.

In response to comments that City departments need to combine databases for client needs, the Controller agreed that improved case management is badly needed.

Contract Reform: The good news: The Controller's staff now appreciates nonprofits' frustration over working with City Departments.

The Controller's Office is working with departments to develop joint fiscal compliance monitoring, making one-day visits to large contractors with a lead agency. Their office will offer training for City staff next week, and training for nonprofits in October. They will distribute their new monitoring tool with the questions they will ask during the visit so both sides will be prepared. They are striving for a reasonable, coordinated process. They are also trying to work with program monitoring, but struggling because one size does not fit all.

He would like to have one central location for all documents. They are trying to determine whether DPH's COOL system will work or whether they need a citywide system. The City will upgrade its accounting system by next summer, which should improve invoice processing. Information on city funding allocations by service or vendor for the past 3 years will be available. It will be a very open system. He hopes that by December, the Controller's Office website will track invoices and checks. A federal ID number will be needed to access the site.

Several HSN members expressed concerns that few of the deadlines established in the Task Force report have been met, and that the Office of Contract Administration hasn't been able to move the process forward. The Controller responded that there is some real movement within the departments, and encouraged HSN members to support Naomi Little at OCA. She is now taking real leadership to make progress. HSN members also credited the Controller's Office staff with being the prime supporter of the appellate process, and requested that the Review / Appellate Panel examine insurance issues.

Other discussion points on contract reform:

- Members noted that contractors are still providing care to clients without being paid. The Controller responded that under Prop C, his office provides oversight and has offered solutions that have not been adopted, so he may have to propose regulations.

- Mr. Harrington suggested inviting Julian Potter (the Mayor's Policy Director) to speak to HSN members about implementation policy.
- A recent Civil Grand Jury report stated that the City's use of grants and contracts is not consistent. The Controller plans to set consistent, transparent and competitive grant rules that will not be as burdensome as contracts. They are trying to categorize types of services as grant or contract.
- HSN members suggested that the Controller focus on outcomes that the City is buying, rather than the means, which should occur within agreed upon standards of care.
- Service audits: The Controllers Office is undertaking a pilot project of seven nonprofit audits. They examined extensive financial and performance measures for two groups. Of the seven, one agency needed help rather than an audit, and the others were fine.
- It is difficult to assess risk. They will audit some low risk organizations to check that their assumptions are correct. Then they will focus on high-risk audits. Size works both ways. Bigger organizations have larger contracts, but more staff to manage the money and the project. Small organizations have fewer dollars, but less staff to manage it.
- HSN members suggested that the Controller publicize their risk criteria and link it to incentives such as faster contract processing.
- HSN members expressed frustration that indirect rates are only discussed when departments want to cut contracts.

IV. November 2005 Ballot Measure Endorsements – *Debbi Lerman*

HSN's Steering Committee recommends that members vote for HSN to take the following positions:

No on F: Neighborhood firehouses

No on 73: Minors and abortion: Waiting period and parental notification

No on 76: State spending and school funding limits

No on 78: Prescription drug discounts

Yes on 79: Prescription drug discounts

Prop 76 affects mid-year budget cuts, not just schools. Prop F, the measure on neighborhood firehouses, concerns mandatory overtime for chief's drivers, arson investigation units, etc. A report by the Controller presents an excellent description of these aspects of the Fire Department's budget and staffing.

One member requested that we also consider taking a position against Prop 75, which affects how labor unions spend dues for political purposes. Members supported adding Prop 75 to HSN's ballot.

Members are asked to vote at this meeting on whether to send these measures to the full membership for an email vote. HSN encourages all of our members to vote promptly so we can reach a quorum. HSN has 87 current paid members, of which 44 must vote, and 2/3 must vote in favor of a position in order for HSN to take the position. No member list is ever distributed with HSN's position on a ballot measure. We encourage individual member agencies to take positions on these measures as well.

HSN members present at the meeting voted to send all six measures to a full vote. Ballots will go out via email to each member agency's designated main contact person.

V. San Francisco Revenue Coalition– Steve Fields

HSN has joined a coalition with Coleman Advocates, SEIU, the S.F. Organizing Project, and others to look at placing a revenue measure on the ballot in November 2006. The City needs additional sources of revenue, or we will continue to face \$100 million deficits for the next several years.

The coalition has established principles of unity that define how we will work together. The proposal must be focused, winnable and progressive. Downtown business interests must pay their fair share. If the proposal fails, the coalition will not be able to propose another measure for several years.

A targeted tax, for health services for example, would need 2/3 of the votes to pass. A general tax only requires 50% +1 to pass, but may not garner sufficient support since the revenue goes into the City's General Fund and is not earmarked. A gross receipts tax or a commercial occupancy tax are the group's current favored options. A commercial occupancy tax would be static in San Francisco, with little growth from year to year.

V. Next Meeting and Adjournment

- HSN's next membership meeting will be held on **Friday, October 21, 9:30 a.m. – 11:30 a.m. at LightHouse for the Blind and Visually Impaired, 214 Van Ness Ave. (between Grove and Hayes).**
- The meeting adjourned at 11:30 a.m.

ATTENDEES AT HSN GENERAL MEMBERSHIP MEETING, SEPTEMBER 17, 2005

Sherilyn Adams, Larkin Street
Brett Andrews, Positive Resource Center
Kavoos Bassiri, RAMS
Amy Beinart, BHNC
Merrill Buice, HSN
Donna Calame, IHSS Public Authority
Dodie Cheney Fernandes, BVHPF
George Clark, LightHouse for the Blind
Meg Cooch, Planning for Elders
Margi Dunlap, International Institute
Laura Ecker, Haight Ashbury Free Clinics
Steve Fields, Progress Foundation
Nick Footracer, Children's Council
Bill Hirsh, AIDS Legal Referral Panel
Patrick Hoctel, SF IHSS Public Authority
Alecia Hopper, Mental Health Association of SF
Jim Illig, Project Open Hand
Marie Jobling, Give Consulting
Debbi Lerman, HSN
Ellen Lord, LightHouse for the Blind
Marc Maisano, PECC
Tom McCaffrey, SAGE Project
John McCown, Goodwill
Eve Meyer, SF Suicide Prevention
Tony Michelini, Catholic Charities CYO
Linda Rapp, Compass Community Services
Ken Reggio, ECS
Diane Rovai, ILRCSF
Judith Stevenson, Baker Places