



# Certificate of Compliance

January 15, 2016

CITY AND  
COUNTY OF  
SAN FRANCISCO

Edwin M. Lee  
*Mayor*

Dr. Warren S. Browner, MD, MPH, CEO  
California Pacific Medical Center  
633 Folsom Street, 1<sup>st</sup> Floor  
San Francisco, CA 94107

**Re: 2014 Annual Compliance Findings for the CPMC Development Agreement (Planning Case No. 2012.0403W; Ordinance No. 138-13)**



**San Francisco  
Planning  
Department**

**John Rahaim**  
*Director of Planning*

1650 MISSION ST  
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Dear Dr. Browner:

The San Francisco Planning Director and Director of Health find California Pacific Medical Center (“CPMC”) in compliance with the obligations described in the Development Agreement for calendar year 2014 (Case No. 2012.0403; Ordinance No. 138-13). However, please note that while CPMC is found to be in compliance with the Development Agreement for the 2014 reporting period, a number of issues of concern remain with respect to CPMC’s performance of its obligations. The directors’ compliance findings, along with a discussion of areas that need improvement, are detailed below.

## BACKGROUND

CPMC’s Development Agreement became effective on August 10, 2013. This Compliance Statement, their second, covers the period of time from January to December 2014.

Consistent with the schedule outlined in Section 8.2.1 of the Development Agreement, CPMC submitted their second of ten annual Compliance Statements to the Planning Department on June 1, 2015 (reporting on 2014 obligations), in accordance with Section 8.2.1 of the Development Agreement. Public comments on CPMC’s 2014 Compliance Statement were accepted from June 25, 2015 through July 25, 2015. After reviewing CPMC’s Compliance Statement, the Planning Director published a report (the “City Report”) regarding CPMC’s compliance with the Development Agreement on November 3, 2015. On December 3, 2015, the Planning Commission and Health Commission held a joint public hearing on CPMC’s 2014 Compliance Statement.

Concurrent with the mailing of this Certificate of Compliance to CPMC, the Planning Director will forward the City Report and his Compliance Findings to an independent third party monitor. The Third Party Monitor will review the Findings, and send a letter to the Board of Supervisors within thirty (30) days, stating whether he or she concurs with the findings.

**San Francisco  
Department  
of Public Health**

**Barbara A. Garcia,**  
**MPA**  
*Director of Health*

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## **Compliance Findings on Healthcare Obligations**

The Director of Health finds CPMC to be in material compliance with the 2014 Healthcare Obligations of the Development Agreement, as detailed in the City Report. CPMC has met, and in some cases exceeded, its Healthcare Obligations. However, though CPMC is in compliance with the terms of the agreement, significant concerns remain regarding the quality of CPMC's current and future performance on several obligations. These issues are discussed below, along with the specific actions that the Director of Health and CPMC are undertaking to address these concerns.

### **2014 BASELINE CHARITY CARE SHORTFALL**

CPMC served a total of 28,596 unduplicated patients between 1/1/14 and 12/31/14. This number falls 1,849 short of the 2014 obligation. However, the two-year rolling average provision in the Development Agreement allows CPMC to make up this shortfall in 2015. Thus, to remain in compliance, CPMC must serve 32,294 unduplicated patients in 2015.

CPMC reached out to the Department of Public Health (DPH) when it became aware of the potential shortfall. CPMC and DPH met to discuss ways to increase services for Medi-Cal and charity care patients, including increasing partnerships with their existing Medi-Cal managed care provider and other partners, and exploring the possibility of CPMC providing certain services to DPH's San Francisco Health Network patients.

As a result of these conversations, CPMC partnered with DPH to provide diagnostic services for San Francisco Health Network patients currently on a waiting list for these tests. This arrangement has the double benefit of providing a way for CPMC to make up its 2014 unduplicated lives shortfall and also reducing the wait list for these services for San Francisco Health Network patients. CPMC agreed to perform 1,000 Echocardiograms and 400 Pulmonary Function Tests for San Francisco Health Network patients in 2015, by providing the facility component free of charge and directly compensating contracted physicians for reading/interpreting the diagnostic tests. Despite a high no-show rate of approximately 40 percent, as of October 2015, CPMC had served 402 San Francisco Health Network patients, providing 317 echocardiograms and 85 pulmonary function tests. DPH and CPMC staff have been working together to reduce the no-show rate and continue to work on reducing the San Francisco Health Network's waiting list for these tests.

As of November 2015, CPMC reported that it is on track to meet its baseline charity care commitment for 2015, including the additional 1,849 to satisfy the 2014 shortfall under the two-year rolling average provision. Despite this, CPMC has committed to continuing its partnership with DPH to reach the original goals of 1,000 Echocardiograms and 400 Pulmonary Function Tests. This continued partnership will significantly improve access to critical services for DPH patients as well as contribute to CPMC's baseline charity care commitment.

### **1,500 MEDI-CAL MANAGED CARE BENEFICIARIES IN THE TENDERLOIN**

Among its Healthcare Obligations, CPMC is required to provide care to 1,500 Medi-Cal beneficiaries coming from a new partnership with a Tenderloin-based management services organization (MSO) or independent physician association (IPA) that has the ability to contract with Medi-Cal managed care. In the absence of a new Tenderloin-based MSO or IPA, the obligation requires partnership with a new Tenderloin-serving MSO or IPA to meet the 1,500 beneficiary obligation. As of the end of the 2014 reporting period, no MSO or IPA had been identified to meet this obligation. However, on August 1, 2015, CPMC initiated a new partnership with North East Medical Services (NEMS) and St. Anthony's

Medical Clinic that provides a pathway for CPMC to meet this commitment. Specifically, NEMS added St. Anthony's Medical Clinic's Tenderloin-based clinic to its existing Medi-Cal managed care network for which CPMC is the hospital partner. The creation of this partnership prior to December 31, 2015, prevents the expiration of this obligation and ensures that Medi-Cal managed care beneficiaries have access to a Tenderloin-based primary care provider and access to CPMC for needed acute care services.

As of January 11, 2016, 22 beneficiaries were enrolled in this new partnership. CPMC is obligated to remain open to this partnership for the remainder of the Development Agreement or until it reaches 1,500 participants, whichever is sooner. The partnership provides beneficiaries with a new choice when they choose or change their primary care provider. Beneficiaries may not be transferred to the new partnership without their consent. Thus, increased enrollment will be reliant on outreach and education.

The CPMC Innovation Fund has provided funding to St. Anthony's to support outreach and education to promote this new Medi-Cal partnership. In addition, the fund will support infrastructure enhancements at St. Anthony's to enable them to be a strong partner to NEMS and CPMC to serve Medi-Cal beneficiaries in the Tenderloin. As a provider that has not participated in Medi-Cal managed care previously, St. Anthony's will have to build its billing and patient tracking infrastructure to comply with Medi-Cal requirements.

#### **CULTURALLY AND LINGUISTICALLY APPROPRIATE SERVICES (CLAS) STANDARDS**

The CLAS standards are intended to advance health equity, improve quality, and help eliminate health care disparities by providing a blueprint for health care organizations to implement culturally and linguistically appropriate services. To demonstrate its compliance with the CLAS standards, CPMC provided a copy of hospital policy adopting the standards and also provided a list of the metrics by which it measures its compliance and performance against these standards. Although CPMC is in compliance with national standards, the Health and Planning Commissions expressed as part of both the 2013 and 2014 Annual Compliance Report review that they continued to have questions as to the cultural and linguistic appropriateness of CPMC services.

In response to these concerns, CPMC formed an internal task force to review their current compliance status and opportunities for improvement, and secured an outside expert to advise them. On September 30, 2015, CPMC shared with DPH their CLAS Standards Assessment. DPH's subject-matter experts reviewed this assessment. As a result of their findings, the Director of Health sent a follow-up letter to CPMC on November 17, 2015, requesting additional information for future annual reports and indicating her desire to proceed with the peer review of the St. Luke's Diabetes Clinic, as previously proposed. On December 15, 2015 CPMC provided additional information responsive to DPH's request and this month DPH has commenced its peer review process. Per the Health Commission's request, the results of DPH's peer review will be presented to the Health Commission once the review is complete, likely by March 2016.

#### **POST-ACUTE CARE AND SKILLED NURSING FACILITY BEDS**

On May 1, 2014, CPMC notified DPH of its intention to realign its skilled nursing facility (SNF) services across its San Francisco campuses by eliminating 95 licensed SNF beds in the coming months. To partially offset an elimination of SNF services at the California campus, CPMC increased SNF services at St. Luke's and Davies. CPMC accomplished this by utilizing existing licensed beds at St. Luke's and Davies that had not been staffed for use, resulting in an overall reduction of 95 licensed beds and 24 staffed beds. After the rebuild of its two new hospitals, CPMC expects to operate 38 licensed SNF beds to

be located at its Davies Campus, for a total reduction of 174 licensed SNF beds. On June 17, 2014, in accordance with the Community Healthcare Planning Ordinance (San Francisco Proposition Q), the Health Commission held a hearing on the proposed service reduction and subsequently passed a resolution that this reduction would have a detrimental impact on healthcare services in the community.

In August 2015, DPH, CPMC and Dignity Health launched the Post-Acute Care Project to address the Health Commission's concerns regarding the availability of SNF care in San Francisco and fulfill CPMC's obligation to develop proposals related to sub-acute care (which is a subset of SNF care). The scope of the Post-Acute Care Project was defined as: 1) subacute care; and 2) short- and long-term skilled nursing care for San Francisco patients discharged from acute care hospitals to the community. CPMC contributed resources to support the design, research, analysis, facilitation, and community engagement for this project.

The project identified three primary goals: 1) summarize relevant skilled nursing facility data—current need, current utilization, future demand—and other data, including key informant interview findings; 2) identify community-based post-acute care alternatives; and, 3) develop recommendations for the Health Commission addressing subacute, skilled nursing, and community options to improve and expand post-acute care in San Francisco, especially for residents with unmet needs. The work of the Post-Acute Care Project is currently wrapping up and a final project report is currently calendared for Health Commission hearing on February 16, 2016.

## **Compliance Findings on Non-Healthcare Obligations**

The Planning Director finds CPMC to be in compliance with the 2014 Non-Healthcare Obligations of the Development Agreement, as detailed in the City Report. CPMC has met its Non-Healthcare Obligations. However, some concerns remain regarding CPMC's ongoing performance on certain Workforce Hiring Obligations. These issues bear highlighting to ensure CPMC's continued compliance in future years. These issues are discussed below.

The Workforce Agreement between the City and CPMC establishes hiring goals for CPMC in both construction and operations. It also outlines "good faith efforts" that CPMC must make to meet these hiring goals.

### **HIRING GOALS**

In the second hiring year, CPMC met its obligation for local workforce hiring for construction activities based on the overall 30 percent hour requirement. CPMC did not meet its hiring goal for 50 percent new entry-level apprentice referrals through the system due to shortages in available local apprentice iron workers. In addition, while CPMC met its hiring goal for its operations activities in 2014, hiring was not sufficient to overcome a hiring deficiency of 13 entry-level positions that was rolled over from the 2013 annual hiring target. However, it should be noted that as of November 2015, after the closing date of the 2014 reporting period, CPMC has overcome and erased the operational hiring deficit.

### **GOOD FAITH EFFORTS**

The Workforce Agreement requires CPMC to make good faith efforts to meet its construction and operations hiring obligations. For operations hiring, these obligations include, but are not limited to:

1. Prompt delivery to OEWD of job notifications for all entry-level positions as soon as they become available;
2. Exclusive consideration of system referral candidates during the ten business day period following delivery of the job notification;
3. Written notice to OEWD of any “urgent need” hires, as defined in Section 4(a)(iii) of the Workforce Agreement, that preclude CPMC from following the two obligations listed above;
4. Completion and submittal of a Non-Construction First Source Employer’s Projection of Entry Level Positions, attached to the Workforce Agreement, as soon as reasonably practical after the Agreement’s effective date of August 10, 2013.

The City has determined that CPMC was in compliance for the second hiring year and has largely overcome the initial issues with its operations activities noted in the City Report and Certificate of Compliance for the 2013 reporting period. CPMC’s actions to comply with hiring requirements include daily submittals of entry-level job notices, monthly reporting, weekly meetings/conference calls with OEWD staff, CPMC hiring manager trainings, and participation in hiring events and applications workshops in priority neighborhoods. The City will continue to closely monitor CPMC’s adherence to the good faith requirements outlined in the Development Agreement.

### **Conclusion and Summary**

CPMC is in material compliance with their 2014 Obligations. CPMC has met and, in some instances, exceeded its obligations. However, significant concerns remain with CPMC’s future performance in some areas, specifically the baseline charity care commitment and compliance with the CLAS standards, as detailed above. Further, the Health and Planning Commissions have, in each of their joint hearings, stressed the need for CPMC to establish regular opportunities for community dialogue and to develop long-term community relationships. In recent conversations between the Director of Health and CPMC, CPMC committed to holding quarterly meetings with community to continue to build these relationships. The Director of Health and the Planning Director are encouraged by this commitment and look forward to working with CPMC to ensure CPMC’s continued compliance with its obligations under the Development Agreement.

Sincerely,

John Rahaim  
Planning Director

Barbara Garcia  
Director of Health

cc: Lou Giraudo  
Supervisor Farrell  
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