

Memorandum

DATE: March 11, 2021

TO: Dan Bernal, President, San Francisco Health Commission and
Members of the Health Commission

THROUGH: Naveena Bobba, Deputy Director of Health
Sneha Patil, Director, Office of Policy and Planning

FROM: Claire Lindsay, Senior Health Program Planner

RE: Proposition Q - Sutter Bay Hospitals

In accordance with the Community Health Care Planning Ordinance (Proposition Q, 1988), Warren Browner, M.D., CEO of CPMC and Administrator, Mission Bernal Adult and Pediatric Clinics, notified the Secretary of the Health Commission, in a letter dated December 9, 2020 and revised December 10, 2020, of Sutter Bay Hospitals' (Sutter's) intent to 1) close the Mission Bernal Adult Clinic and 2) close the Mission Bernal Pediatric Clinic (including afterhours services), with the assets of both being donated, in connection with an operating grant of support, to Mission Neighborhood Health Center (MNHC).

On March 2, 2021, the Health Commission held one of two planned Proposition Q hearings regarding Sutter's proposed changes. During the March 2nd hearing, the Health Commission requested additional information from the Department of Public Health (DPH), Sutter and MNHC. Specifically, the Health Commission requested information pertaining to the following items:

- I. Sutter's Decision to Close the Mission Bernal Adult Clinic and Mission Bernal Pediatric Clinic
- II. Formal Relationship between Sutter and Mission Neighborhood Health Center
- III. Details of the financial model and pro-forma
- IV. Mission Neighborhood Health Center and Private Insurance Contract Negotiations
- V. Tertiary and Quaternary Care for the Patient Population of the Mission Bernal Pediatric Clinic
- VI. Additional Demographic and Payor Data for the Mission Bernal Clinics
- VII. Demographic data collected by Mission Neighborhood Health Center

DPH has also provided a revision to the original memo presented to the Health Commission, dated February 25, 2021.

- VIII. Hours of operation for the Mission Bernal Adult Clinic and Mission Bernal Pediatric Clinic

I. Sutter's Decision to Close the Mission Bernal Adult Clinic and Mission Bernal Pediatric Clinic

During the Proposition Q hearing on March 2, 2021, Sutter indicated that as an organization they primarily deliver secondary and tertiary care, and that the Mission Bernal Adult and Mission Bernal Pediatric Clinic are anomalies within Sutter's system of care. Sutter stated that the transition is based on the fact that MNHC excels at providing comprehensive primary care and is optimally positioned to do so in a way that Sutter is not.

Following the hearing on March 2, 2021, Sutter Health provided DPH with the following statement:

“At CPMC and across the Sutter Health network, we are always working to deliver quality, affordable healthcare and best meet the needs of the communities we serve. Often, those goals are achieved by partnering with community-based organizations optimally positioned to support our commitment to providing culturally competent, quality care. We have partnered with MNHC because they excel at providing community-based primary care to adult and pediatric patients, and have a long-standing presence in the Mission Bernal neighborhood. The transition of the adult and pediatric clinics to MNHC will give patients access to high quality care and a cohesive medical home that provides additional services.

Sutter had been in discussion about this transition with MNHC for some time, and this timing worked best for both organizations considering the lead time necessary for MNHC to assume operation of the clinics and to meet all regulatory requirements.”

II. Formal Relationship between Sutter and Mission Neighborhood Health Center

The following response was provided to DPH by Sutter Health:

“Sutter and MNHC have a lease agreement and grant agreement. The grant agreement provides funding from Sutter to MNHC to cover 5 years of decreasing operational losses incurred from getting the clinics up and running. This is based on financial analysis completed by MNHC [summarized below]. Sutter and MNHC are long-time partners, and we expect to continue the relationship after 5 years. Sutter will continue to be the hospital partner for the Mission Bernal Clinics, and we will work together to ensure patients receive high quality, comprehensive care. Sutter is willing to continue the lease after five years. [Regarding the details of the asset donation] Sutter transferred all assets including office supplies, furniture, and IT equipment.”

III. Details of the Financial Model and Pro-Forma

The following information was provided in a MNHC memo dated March 8, 2021 (attached):

“In absorbing these two clinics into MNHC’s clinical operations, the pro forma financial statement was designed for a period of five years with Sutter’s support based on the analysis of the third-party payer structure and the fact that MNHC will be able to obtain a cost-effective Prospective Payment System¹ (PPS) rate in the third year of operations. The projections were carefully analyzed: on the revenue side based on the clinics’ payer mix² and MNHC’s over fifty (50) years’ experience as a FQHC, and on the expense side based upon the current staffing and other operating structure aligned with MNHC’s program model. A model that has proven successful for over half a century.

As a contingency plan and to ensure successful transition, Sutter’s grant support was intentionally tiered to maximize in the first three years prior to MNHC obtaining the PPS rate for the site. Sutter has also committed to supporting the facility upgrades in the third year that will help license the clinics as OSHPD compliant. The grant support in the last two (2) years was deliberate to buffer the new rates

¹ A Prospective Payment System (PPS) is a method of reimbursement in which Medicare payment is made based on a predetermined, fixed amount. The payment amount for a particular service is derived based on the classification system of that service. Once the clinics are independently licensed in the third year, contingent upon facility alterations in order to be OSHPD compliant, the clinics will receive their own PPS rate.

² MNHC provided the following supplemental information, “[MNHC] looked at the payer mix for the Mission Bernal clinics and made the projections based on this. To be conservative, we did project a percentage loss of privately insured patients.”

and any delays from the State Department of Health Care Services (DHCS) in releasing the full new PPS rate. Annually on the pro forma, there is a positive net result as contingency to cover any overages in the operating expense category.

MNHC is confident that the clinics will be self-reliant beyond the fifth year; surviving on third party revenues that will be garnered from the projected visits. A key strategic goal of MNHC for all its operations is the continuous investment in program outreach efforts to grow its patient base and community presence.”

MNHC has indicated that there could be multiple scenarios if the demand for services were to decrease or if MNHC lost all private patients; the clinics could be consolidated, and Medi-Cal and Medicare patients could be served through MNHC’s other clinics. MNHC is confident that the clinics will be self-reliant beyond the fifth year.

Chief Financial Officer of MNHC, Sade Salako will be present at the Health Commission meeting of March 16, 2021 if there are remaining questions about the financial analysis.

IV. Mission Neighborhood Health Center and Private Insurance Contract Negotiations

MNHC has stated that they are planning to retain the existing privately insured patients of the two clinics. According to both Sutter and MNHC, as a part of the transition plan, MNHC was connected to Sutter’s health plan liaisons in order to set up contracts with private health plans that don’t already contract with MNHC. MNHC’s negotiations with Health Plans are ongoing. MNHC will be prepared to provide a verbal update to their contract negotiations at the March 16, 2021 Health Commission meeting.

V. Tertiary and Quaternary Care for the Patient Population of the Mission Bernal Pediatric Clinic

Current patients of the Mission Bernal Pediatric Clinic who are a part of Sutter’s system of care receive their inpatient pediatric services at the CPMC Van Ness campus. The CPMC Mission Bernal campus offers care for newborns that are delivered at the Mission Bernal campus, but does not have pediatric inpatient services.

As described in the memo to the Health Commission dated February 25, 2021, Sutter and MNHC have worked closely together to ensure that current patients may continue to receive their care at the clinics once they have fully transitioned to MNHC. This includes patients who are in Sutter’s network. Sutter patients who continue to receive services at the Mission Bernal Pediatric Clinic, once it has transitioned to MNHC, will continue to be referred to the CPMC Van Ness campus for any inpatient pediatric services. There will be no change in accessibility for these patients who remain in Sutter’s network.

However, upon the transition to MNHC, some patients, specifically patients with Medi-Cal managed care, may choose to be a part of MNHC’s medical home. MNHC, as a member of the San Francisco Community Clinic Consortium, is an affiliated partner of the San Francisco Health Network (SFHN). As such, patients in MNHC’s medical home receive hospital care at Zuckerberg San Francisco General Hospital (ZSFG), including pediatric patients. Therefore, any pediatric patients of the Mission Bernal Pediatric Clinic, who choose to be a part of MNHC’s medical home, will receive inpatient pediatric services at ZSFG. DPH has confirmed with ZSFG

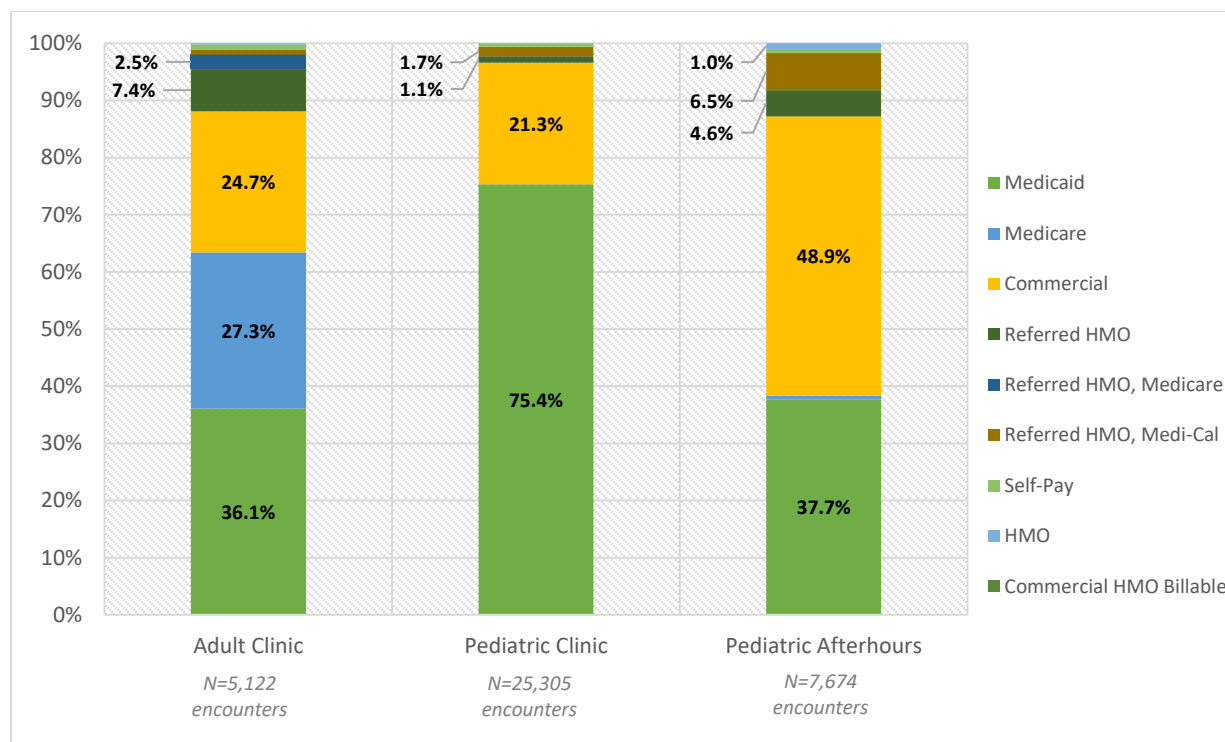
leadership that inpatient pediatric capacity is not a concern, and based on the average number of pediatric patients seen at the Mission Bernal Pediatric Clinic, ZSFG would be able to take on these patients.

VI. Additional Demographic and Payor Data for the Mission Bernal Clinics

The following data on patient composition for the Mission Bernal Clinics was provided by Sutter Health.

Figure one shows the charge payor mix by patient encounter for the Mission Bernal Adult Clinic, Mission Bernal Pediatric Clinic, and for Pediatric Afterhours care in 2020. Of note, approximately 75% of the Pediatric Clinic encounters were Medi-Cal, while almost half of the encounters for Pediatric Afterhours services were commercially insured patients.

FIGURE 1. CHARGE PAYOR MIX BY ENCOUNTER, MISSION BERNAL CLINICS, 2020



Notes: (1) Data is based on original billed payor financial class; (2) Labels for categories representing < 1.0% are not shown; (3) the categories “referred HMO - Medicare” and “referred HMO - Medi-Cal” refer to managed Medi-Cal and Medicare plans, or private HMO plans that are managing Medicare and Medi-Cal on behalf of the government. These encounters should be included as Medi-Cal and Medicare patients, but Sutter’s data system separates them out.

Figure two shows race information for the patients of the Mission Bernal Adult Clinic, Mission Bernal Pediatric Clinic, and Pediatric Afterhours care. Nearly half of the Adult Clinic Patients, and more than half of the Pediatric Clinic patients’ race information is categorized as unknown or other.

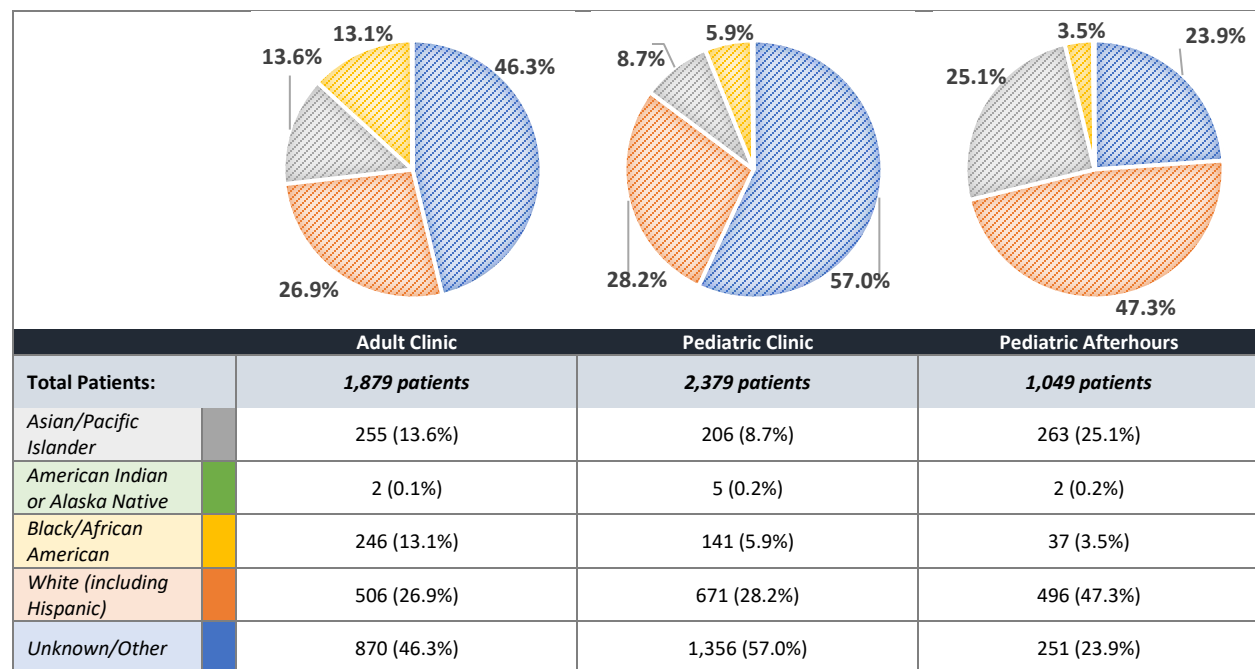
FIGURE 2. PATIENTS BY RACE, MISSION BERNAL CLINICS, 2020


Figure three shows the ethnicity information for the patients of the clinics. As evidenced by the figure, the ethnic makeup of the patient population utilizing pediatric afterhours services is dissimilar to the patient populations of the Mission Bernal Adult Clinic and Mission Bernal Pediatric Clinic.

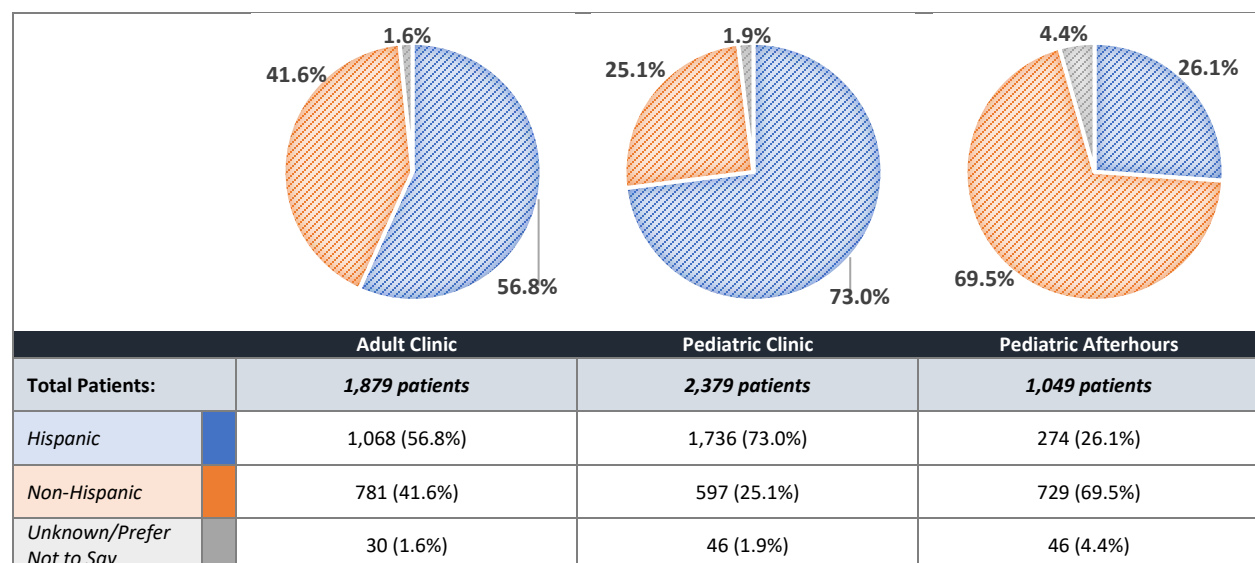
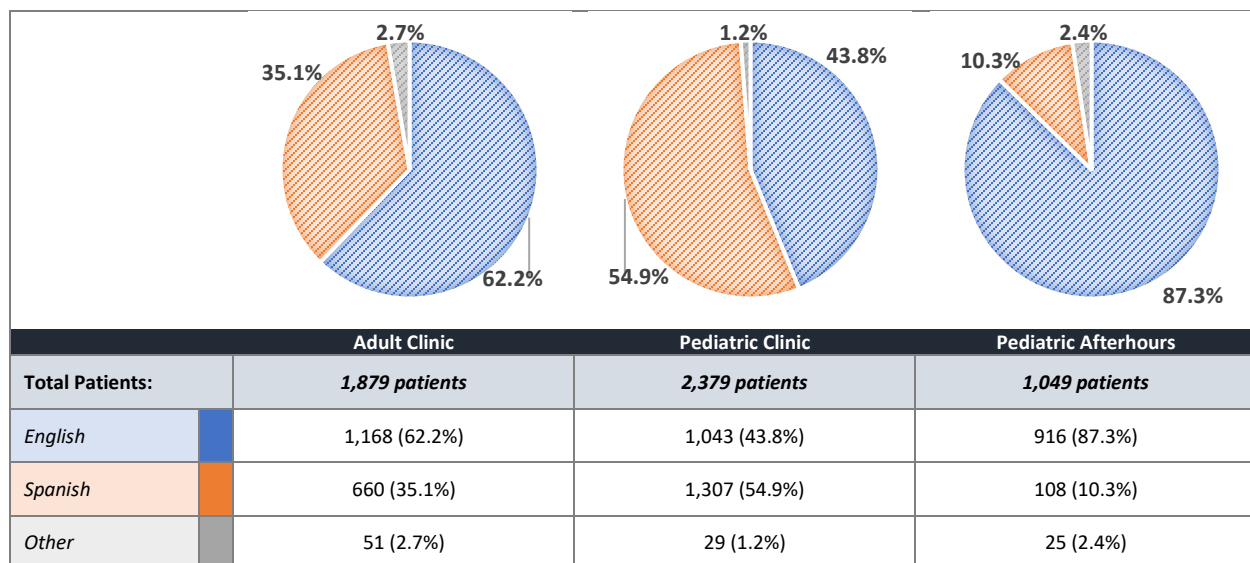
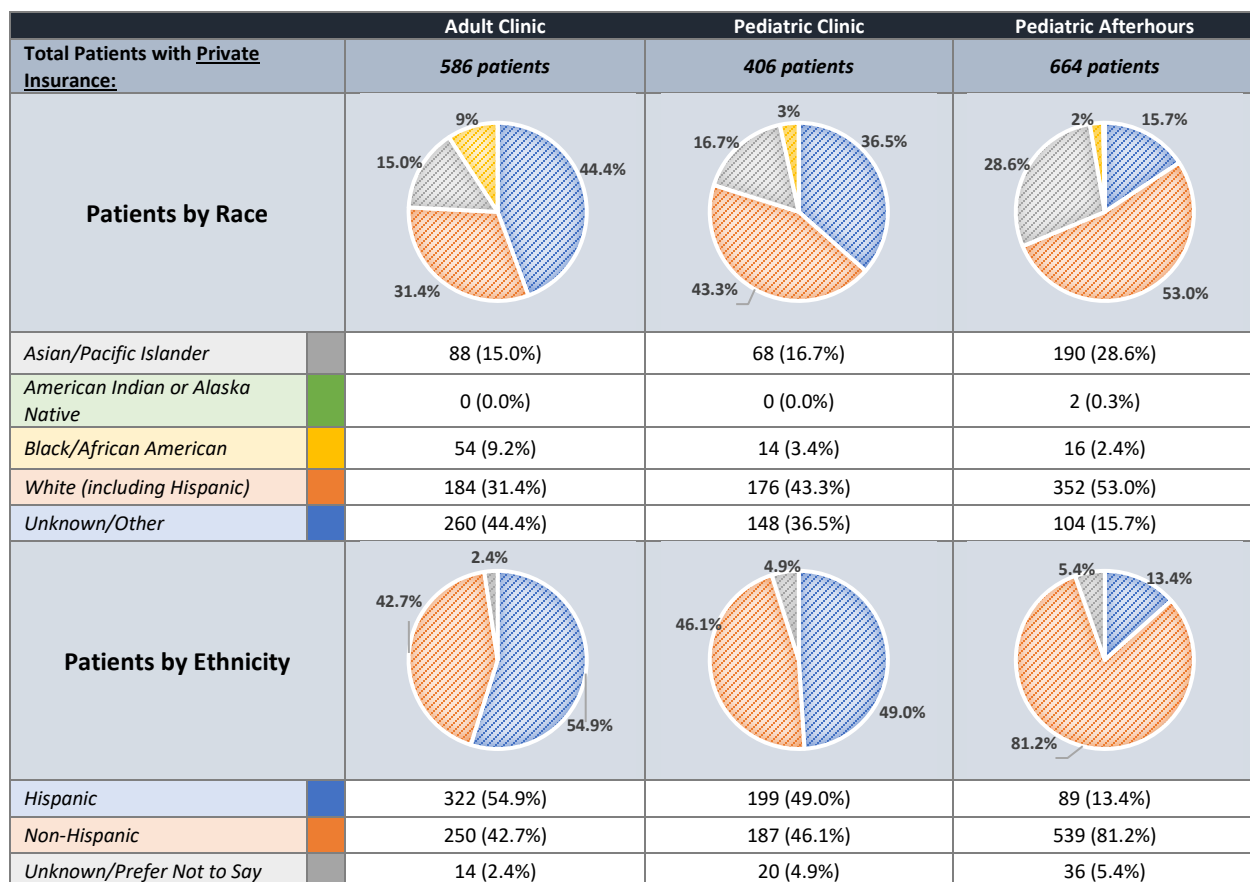
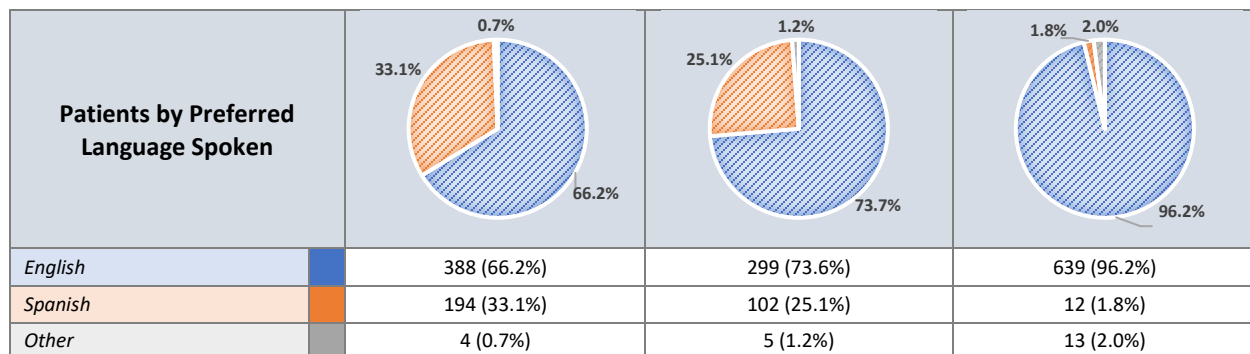
FIGURE 3. PATIENTS BY ETHNICITY, MISSION BERNAL CLINICS, 2020


Figure four shows the preferred language spoken by patients of each of the Mission Bernal clinics. At the Mission Bernal Pediatric Clinic, Spanish is the preferred language of more than half of the patient population.

FIGURE 4. PATIENTS BY PREFERRED LANGUAGE, MISSION BERNAL CLINICS, 2020

FIGURE 5. DEMOGRAPHIC INDICATORS FOR PRIVATELY INSURED PATIENTS OF THE MISSION BERNAL CLINICS, 2020




VII. Demographic Data Collected by Mission Neighborhood Health Center

Mission Neighborhood Health Center (MNHC) collects the following demographic information from their patients:

- Age - date of birth
- Race-Ethnicity
- Sexual Orientation
- Gender Identity
- Income
- Insurance Status

VIII. Hours of Operation for the Mission Bernal Adult Clinic and Mission Bernal Pediatric Afterhours Clinic

The hours of operation for both the Mission Bernal Adult Clinic and Mission Bernal Pediatric Afterhours Clinic are listed on page two of the memo to the Health Commission dated February 25, 2021. These hours were incorrectly listed in the memo. The correct hours are listed below:

- Mission Bernal Adult Clinic: Monday through Friday 8:45 AM to 5:00 PM
- Mission Bernal Pediatric Afterhours Clinic:
 - *Pre-Pandemic Hours*: Monday through Friday 5:00 PM to 10:00 PM; Saturday & Sunday 8:30 AM to 10:00 PM
 - *Current Hours*: Monday through Friday 5:00 PM to 8:00 PM; Saturday & Sunday 9:00 AM to 6:00 PM

**HEALTH COMMISSION
CITY AND COUNTY OF SAN FRANCISCO
Resolution No. 21-4**

DETERMINING THAT THE CLOSURE OF THE MISSION BERNAL ADULT AND MISSION BERNAL PEDIATRIC CLINICS WILL/WILL NOT HAVE A DETRIMENTAL IMPACT ON HEALTH CARE SERVICES IN THE COMMUNITY.

WHEREAS, Sutter Health is a not-for-profit integrated health care delivery system operating throughout northern California and Hawaii, and in the Bay Area, Sutter Bay Hospitals operates a number of clinics and hospitals, one of which is California Pacific Medical Center (CPMC) in San Francisco; and

WHEREAS, The Mission Bernal Adult Clinic and Mission Bernal Pediatric Clinic are operated by CPMC and located on the CPMC Mission Bernal Campus; and

WHEREAS, On December 9, 2020, Sutter Bay Hospitals notified the Health Commission of its proposal to 1) close the Mission Bernal Adult Clinic and 2) close the Mission Bernal Pediatric Clinic (including afterhours pediatric services), effective April 1, 2021; and

WHEREAS, To be in compliance with the Community Health Care Planning Ordinance (Proposition Q), private hospitals in San Francisco are required to notify the Health Commission 90 days prior to service reductions or lease, sales or transfers of management; and

WHEREAS, The Mission Bernal Adult Clinic, formerly known as the St. Luke's Health Center Adult Clinic, offers adult primary care and health counseling for teenagers and adults; and

WHEREAS, The Mission Bernal Pediatric Clinic, formerly known as the St. Luke's Health Center Pediatric Clinic, offers primary care services for infants and children of all ages; and

WHEREAS, The Mission Bernal Pediatric Clinic also provides after hours pediatric care on weekday evenings and weekends for conditions that require immediate medical attention; and

WHEREAS, Primary care includes health promotion, disease prevention, health maintenance, counseling, patient education, diagnosis and treatment of acute and chronic illnesses, and is delivered in a variety of settings from offices, to clinics, to home care; and

WHEREAS, Timely access to primary care can support overall wellness and assist in the detection and management of chronic diseases, resulting in lower overall health care costs; and

WHEREAS, Sutter Bay Hospitals intends to close both clinics and donate the assets, in connection with an operating grant of support for five years, to Mission Neighborhood Health Center; and

WHEREAS, Mission Neighborhood Health Center is a Federally Qualified Health Center (FQHC) that was established in 1967 to care for families and individuals, with a focus on the immigrant, Spanish speaking population of the Mission District and surrounding areas; and

WHEREAS, Mission Neighborhood Health Center provides full spectrum primary care and preventive services to approximately 13,000 people each year from two clinics in the Mission District and a third clinic in the Excelsior District; and

WHEREAS, Mission Neighborhood Health Center is a well-respected provider, close partner of the Department of Public Health and the San Francisco Health Network, and a key part of the San Francisco health care community; and

WHEREAS, Mission Neighborhood Health Center intends to reopen both the adult clinic and pediatric clinic on April 5, 2021; and

WHEREAS, Mission Neighborhood Health Center intends to maintain the same level of primary care services including afterhours services at the pediatric clinic; and

WHEREAS, All employees of the Adult Clinic and Pediatric Clinic were invited to apply for positions with Mission Neighborhood Health Center to remain at the clinic; and

WHEREAS, Sutter has otherwise stated that they will find similar positions within Sutter Bay Hospitals for employees who do not retain their position with Mission Neighborhood Health Center; and

WHEREAS, In accordance with Proposition Q, the San Francisco Health Commission held public hearings on March 2, 2021 and March 16, 2021; and

NOW, THEREFORE, BE IT RESOLVED, That with the closure of the Mission Bernal Adult Clinic and Mission Bernal Pediatric Clinics and donation to Mission Neighborhood Health Center, the availability of primary care services and afterhours pediatric care in San Francisco will not be reduced; and

FURTHER RESOLVED, That Sutter Bay Hospitals and Mission Neighborhood Health Center have worked closely together to ensure that existing patients of the clinic will be able to continue to receive care at the clinics; and

FURTHER RESOLVED, That Sutter Bay Hospitals has minimized staff impact and avoided layoffs; and

FURTHER RESOLVED, The closure of the Mission Bernal Adult Clinic and Mission Bernal Pediatric Clinic **will/will not** have a detrimental impact on the health care services in the community; and

I hereby certify that the San Francisco Health Commission at its meeting of March 16, 2021 adopted the foregoing resolution.

Mark Morewitz
Executive Secretary to the Health Commission