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Hospital Supplier Diversity Commission (HSDC) Draft Meeting Minutes August 7, 2024

Members Attending: Lupe Alonzo-Diaz, Physicians for a Healthy California; Chico Manning, PIH Health; Ruksana Azhu Valappil, NEEV, Inc.; Theresa A. Martinez, Community Connections, LLC; Tara Lynn Gray, California Office of the Small Business Advocate; Cameron M. Stewart, Alcam Medical; Cecil Plummer, mojohire.ai; Lilly Rocha, Latino Restaurant Association; Baljeet Sangha, San Francisco Health Network, San Francisco Department of Public Health; Tracy Stanhoff, AD PRO, American Indian Chamber of Commerce of California.

Members not in attendance: Jackson Dalton, Black Box Safety, Inc.

Presenters: Lupe Alonzo Diaz, President/CEO, Physicians for a Healthy California, HSDC Chair; Michael Valle, Deputy Director, HCAI; Alma Lopez, Manager, Hospital Disclosures and Compliance Unit, HCAI; Doug Johnson, System Vice President, Supply Chain Management, Alameda Health System (AHS); Gus Escutia, CEO/Founder, Quality Environmental Inc.; David Ricciardi, President and CEO/Founder, Proximo.

Public Attendance: 54

Agenda Item # 1 Welcome and Meeting Minutes

Lupe Alonzo-Diaz, Commission Chair, welcomed commissioners and members of the public to the HSDC meeting. She reviewed the meeting ground rules, agenda, provided a Bagley Keene Open Meeting Act overview, and acknowledged the completion of May 1, 2024, meeting minutes. She also led a vote to approve the meeting minutes.

Vote passed with a vote with six Ayes and zero Nays.

The May 1, 2024, meeting minutes were approved. The minutes for this meeting will be reopened at the meeting on November 6, 2024, to allow an accurate vote count, as some of the commissioners appearing virtually at the meeting on August 7, 2024, experienced technical issues.

No public comment.

Agenda Item # 2 Department Updates



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Michael Valle, Chief Information Officer, HCAI, provided an update on the department's Hospital Equity Measures Reporting Program and Community Benefits Data Transparency Program. He also provided an overview of Assembly Bill 1392 (2023).

No public comment.

Agenda Item # 3 Hospital Supplier Diversity Reporting Program Update

Michael Valle, Chief Information Officer, provided a summary on Assembly Bill (AB) 1392. AB 1392 authorizes HCAI to undertake outreach and assistance, directs HCAI to collaborate with the HSDC to develop voluntary guidelines for hospitals when conducting procurement, authorizes HCAI to establish and operate a supplier clearinghouse pending legislative appropriation, and adds two commission members to the HSDC. Shaleta Dunn-Vick accepted the representative of a Group Purchasing Organization (GPO) position and swore an oath at the May 1, 2024, HSDC meeting.

Alma Lopez, Manager, Hospital Disclosures and Compliance Unit, presented on the AB 1392 Reporting Impact. AB 1392 expands the report to include short and long-term goals/timetables, methods to resolve issues that an enterprise may face as a diverse supplier, information for procurement teams and description of the procurement process, and details of planned and past implementation of the recommendations from the HSDC. The new data reporting requirements will not take effect until the 2024 reporting year, which is due July 1, 2025.

Questions/Comments from the Commission:

Commissioners suggested developing an economic impact report for the public to gain a better understanding of the work being done by the HSDC. HCAI responded by taking this into consideration, while the chair noted it may be beyond the authority that HCAI has and suggested raising it with the HCAI director for recommendation. The commissioners noted that the recommendations are aspirational, with best practice to use the information available to increase HSDC's good work. The commission members asked what "voluntary submission" means in the context of hospital supplier diversity reports. HCAI clarified that voluntary submissions are reports from hospitals that do not meet the mandatory operational expenditure threshold to be required to submit a supplier diversity report for that reporting year. The commission discussed the amount of reports that were pending at the time of the meeting, and how ongoing communications with hospitals help to ensure smooth submission processes.

No public comment.



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Agenda Item # 4 Commission Recommendations

The Chair provided a summary of the May 1 commission discussion which included reviewing the recommendations made to the hospitals and other entities in the procurement ecosystem, and reviewed recommendations made to support diverse suppliers.

The Chair facilitated a conversation around Recommendations 13 – 19 on the overall effectiveness of the recommendations. Commission members were invited to use this time to suggest removals, updates, and additions to the list of the recommendations made for the HCAI director.

Questions/Comments from the Commission:

The commission provided suggested updates for the HSDC to consider moving forward to the current recommendations, including suggesting the development of an economic impact report on supplier diversity and adopting a rating system that provides a diversity study of hospitals and suppliers. Commission members highlighted the resource, [Facilitating Growth for Minority-Owned Businesses](#), that was shared following the May 2024 meeting.

Commission members highlighted the importance of diversifying and supplying education on the supplier side, which could help promote an increase of procurement for diverse suppliers. When discussing outreach potential, it was noted there was a lack of outreach focus in the recommendations, and the members suggested collaborating with Hospital Association of Southern California (HASC), and other entities involved in the hospital procurement and supplier diversity space. Commission members made note that the Hospital En Banc's goal should be to tell the stories of hospitals and diverse suppliers. Members noted that there will be a need to develop metrics to report outreach activities, a framework, and guidelines. Commission members noted that most small and medium suppliers are pushed to be innovative business owners, but there is a need to address the necessity of building another channel for suppliers that do not fit the traditional procurement categories.

As the commission members discussed data reporting, it was suggested to define which region each hospital would fall into when defined by region, and to define region by county at the minimum.

Questions/Comments from the Public:



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Public commenters noted that having a clearinghouse would be helpful and that a supplier diversity calendar would be productive.

Agenda Item # 5 Hospital Presentation

Doug Johnson, System Vice President, Supply Chain Management, Alameda Health System shared the history, mission and vision, patient demographics, and some of the supplier diversity initiatives that AHS has initiated to increase supplier diversity.

The AHS has various types of hospitals all over the San Francisco Bay Area, including acute care hospitals, psychiatric hospitals, wellness centers, post-acute/skilled nursing facilities, and specialty clinics. These acute care facilities range in number of acute beds, skilled nursing beds, and emergency department visits.

Doug Johnson shared the payor mix from AHS, which was largely led by Medi-Cal and Medicare, followed by various additional payors.

AHS established Health Equity, Diversity, Inclusion & Belonging (HEDI-B) to embed all these components into AHS's operational structure. The three focus areas include patient level, organizational level, and the community level. The AHS is currently evaluating the establishment of a supplier diversity system to identify upcoming procurement opportunities and facilitate business relationships between AHS and these vendors.

Doug Johnson shared some of the data reports on AHS Tier 1 and Tier 2 spending. The Supplier Gateway Program operated by AHS allows diverse vendors to register with AHS online portal system to create access to sourcing teams.

Doug Johnson shared the next steps AHS is looking to take, some of which includes focusing on food as medicine, establishing diversity spend targets, and more.

Questions/Comments from the Commission:

Commission members recognized that Alameda Health System (AHS) has proven to be a success story as a non-profit disproportionate share hospital that serves low-income patients with a small number of beds and funds per bed. AHS was also recognized for continuing to do well in supplier diversity. Commission members noted it can be difficult for diverse suppliers to break into contracting with the AHS.

No public comment.



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Agenda Item # 6 Diverse Business Presentation

Quality Environmental presented and noted the various licenses and certifications that the company holds. Gus Escontiva, CEO/President, Quality Environmental Inc., presented some of their previous projects including the Pomona Valley Hospital Project in 2007 where the company provided containment and abatement services, and more. This project established an ongoing relationship with Pomona Valley Hospital for seventeen years. Quality Environmental also conducted the PIH Good Samaritan Hospital Lucas Building Project, which was a two-year project of relocating medical equipment and waste, the project salvaged over 5,000 items of medical equipment.

Quality Environmental vision prioritizes the combination of safety and productivity to produce the highest caliber of environmental services.

Questions/Comments from the Commission:

Commission members noted the impressive success of Quality Environmental Inc. and how the work of the firm and of hospital buyers can serve as a model example for expanding hospital supplier diversity in the state.

No public comment.

Agenda Item # 7 Hospital Diverse Supplier Database Presentation

David Ricciardi, President/CEO/Founder, Proximo, presented on the business concept overview and the benefits of this business structure. Proximo designed this structure based on the necessity for a database of diverse suppliers within the healthcare industry in California, with the intention of keeping the resource user friendly/time efficient and cost effective. The database is intended to support future and existing mandates on state supplier diversity reporting.

The business model would allow hospitals to create an account while contributing their diverse vendors anonymously and uses a “crowdsourcing” model. The crowdsourcing model only pulls data of diverse vendors that have previously had contracts from the hospitals utilizing the database. The goal for suppliers would be exposure to prospective clients, the potential for diverse businesses to be invited by clients or the Hospital Association of Southern California (HASC). The service would be provided by HASC and free to access for sourcing searches. Hospitals would have the opportunity to have Proximo prepare their AB 962 reports for a fee.



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Questions/Comments from the Commission:

Commission members commented that that the model used by Proximo leaves out suppliers without an existing relationship with these hospitals, as it relies on hospitals' existing supplier networks. Members noted that the approach does not fully support the goals of the HSDC without including diverse suppliers without such existing relationships.

No public comment.

Agenda Item # 8 Next Meeting Topics

The Chair, reviewed the topics discussed at the May 2024 and August 2024 meeting, and shared the goals of the November 2024 meeting. The November 2024 meeting is expected to host a review of the 2023 reporting year reports, conduct a finalization of the updates to the recommendation language to prepare for voting in May, and an oath for the vacant position at the director's discretion.

No public comment.

Agenda Item # 9 Public Comment

No public comment.

Agenda Item # 10 Adjournment

Meeting was adjourned at 12:36 p.m.