HCAI Department of Health Care Access and Information
2020 West El Camino Avenue, Suite 800
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Hospital Supplier Diversity Commission (HSDC)
Final Meeting Minutes
November 6, 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; Jackson Dalton, Black Box Safety, Inc.; Tara Lynn Gray, California Office of the Small Business Advocate; Cameron M. Stewart, Alcam Medical; Cecil Plummer, fastr.ai; Lilly Rocha, Latino Restaurant Association; Baljeet Sangha, Pain and Rehabilitative Consultants Medical Group; Tracy Stanhoff, AD PRO, American Indian Chamber of Commerce of California

Presenters: Elizabeth Landsberg, Director, Department of Health Care Access and Information (HCAI); Tara Zimonjic, Chief Planning Officer, HCAI; Alma Lopez, Manager, Hospital Disclosures and Compliance Unit, HCAI; Lupe Alonzo-Diaz, President & CEO, Physicians for a Healthy California, HSDC Chair

Public Attendance: 60

Agenda Item # 1 Welcome and Meeting Minutes

Lupe Alonzo-Diaz, Commission Chair, welcomed commission members and members of the public to the HSDC meeting. She reviewed the meeting ground rules and agenda, acknowledged the Bagley Keene Open Meeting Act, and led a vote to approve the meeting minutes from August 7, 2024. She also led a vote for the approval of the May 1, 2024, meeting minutes, which were postponed due to a technical. She acknowledged that Shaleta Dunn-Vick will no longer serve on the HSDC, as she is no longer with Vizient, Inc.

May 1, 2024, Meeting Minutes:

Motion made by: Commissioner Cecil Plummer
Motion seconded by: Commissioner Tara Lynn Gray
The vote passed with eleven Ayes, zero Nays, and one Abstention.

August 7, 2024, Meeting Minutes:

Motion made by: Commissioner Chico Manning
Motion seconded by: Commissioner Cameron Stewart
The vote passed with ten Ayes, zero Nays, and one Abstention.

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The meeting minutes from May 1, 2024, and August 7, 2024, were approved.

No public comment.

Agenda Item # 2 Oath of Office

Director Elizabeth Landsberg, HCAI, acknowledged that HCAI will be looking for a replacement for Shaleta Dunn-Vick to represent Group Purchasing Organizations (GPOs). Director Landsberg noted that Baljeet Sangha is no longer with the San Francisco Health Network and has transitioned to serving in an at-large position on the commission.

Questions/Comments from the Commission:

Members asked about the GPO recruitment process. HCAI said an application would be released soon and shared with interested parties.

No public comment.

Agenda Item # 3 Department Updates

Director Landsberg provided an update on 7.95% state budget cuts impact to HCAI. Staff are implementing reductions and identifying mandated position cuts.

Director Landsberg noted HCAI's role in hospital safety inspections and the 2030 structural compliance requirement. Assembly Bill (AB) 869 (Chapter 801, Statutes of 2024), allows certain hospitals to request a three-year if they submit a compliance plan with milestones approved by HCAI.

She also noted that the Office of Health Care Affordability adopted a primary care benchmark spending target of 15% by 2034. The spending growth targets hospitals, health plans, and medical groups, aiming to create a low-cost healthcare system that delivers high-value care with a focus on primary care expenditures.

Lastly, Director Landsberg shared that the Office of Workforce Development has developed a supply and demand model to address two main workforce issues: 1) California's workforce diversity, ensuring healthcare workers reflect the state's demographics and 2) workforce distribution, addressing the shortages in medically underserved areas. This model enables HCAI to delve deeper into resolving these issues through more direct problem-solving. For example, although California has

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enough nurses, they are not evenly distributed geographically, leaving some areas underserved.

Questions/Comments from the Commission:

Members noted that although many contractors are available to work in hospitals in the Native American community, no outreach has been conducted for these available contractors. They emphasized the need for expedited outreach and engagement from these hospital groups. HCAI stated that this issue is on the agenda for the meeting during the voluntary guidelines discussion.

No public comment.

Agenda Item # 4 Hospital Supplier Diversity (HSD) Reporting Program Update

Alma Lopez, Manager, Hospital Disclosures and Compliance Unit, HCAI, provided an overview of the HSD Reporting Program. She provided an overview of the Fact Sheet that was created to answer frequently asked questions, such as how procurement is defined for the program. Alma noted that there are HSD templates for individual hospitals and hospital systems that submitters can use as a guide when preparing to submit their data.

Alma also then discussed the impact of AB 1392 on reporting requirements. The new rules shift the focus of the reports to forward-looking plans, including strategies for increasing procurement numbers, rather than simply reporting past procurement numbers. New questions included in supplier diversity reporting now include short- and long-term plans, methods for resolving issues, details on the hospital's procurement process, and the hospital's past and future implementation of the HSDC's recommendations.

Questions/Comments from the Commission:

Members inquired why LGBT business enterprise procurement numbers are so low and whether businesses being classified in multiple diverse categories could be affecting this. They expressed concern that businesses may identify with a more prevalent category, such as women-owned, rather than LGBT-owned.

Members expressed concern regarding the self-certification process and discussed the benefits of utilizing organizations such as the Western Regional Minority Supplier Diversity Council and the National Gay and Lesbian Chamber of Commerce for certification. They emphasized the harm self-certification can cause, particularly for

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Native American business owners, who are required to adhere to the federal acquisition regulations for identification of a Native American.

Members inquired about efforts to analyze the “unknown minority” category, given the high number of diverse businesses identifying in this category. HCAI responded that they contacted the report submitters to ensure the accuracy of the data submitted. The “unknown minority” option, within the minority category, is intended for minority businesses not identifying with one of the available minority group categories provided. Members suggested that the statute should be changed to include a more precise definition of “minority” that better defines what the Hospital Supplier Diversity Program is intending to measure.

Questions/Comments from the Public:

Public commenters inquired about whether the presentation materials would be made available online, and HCAI confirmed that they would be.

Agenda Item # 5 Commission Recommendations

Lupe Alonzo Diaz, HSDC Chair, and Tara Zimonjic, Chief Planning Officer, HCAI, facilitated a discussion for members to provide input on the draft voluntary guidelines as required by Assembly Bill (AB) 1392. They provided a brief history of the HSDC and the work completed by the commission thus far, followed by a review of the provisions of AB 1392 and the context for the voluntary guidelines. Finally, they summarized discussions from the last two meetings, including suggestions, challenges, barriers, and actionability, as input that informed the development of the voluntary guidelines.

The draft voluntary guidelines were divided into six categories: organizational strategy, organizational practices, governance, metrics, third party, and outreach and communication. The members reviewed each of the sections and provided detailed feedback.

Questions/Comments from the Commission:

Members agreed that starting with a broad strategic approach is wise. They suggested that hospitals include a percentage goal for improving diverse procurement . HCAI responded by reminding the commission that the statute prohibits mandatory quotas. Members suggested that identifying national benchmarks hospitals can review can be a good way to encourage hospitals to improve procurement numbers, especially as they

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face competing priorities. While HSDC can't set quotas, members emphasized that setting goals could benefit the state.

Members noted that these recommendations aim to strengthen California by supporting hospitals as anchor institutions. They suggested a collaborative process for sharing supplier diversity statements, which would help reduce the burden on hospital employees and alleviate workload. HCAI noted that the published reports include a hospital supplier diversity statement, if applicable, which can be utilized as a resource and accessed by the public.

Members noted that because HCAI is viewed as a regulatory agency, hospitals may be less inclined to partner with HCAI. They emphasized the importance of increased communications and outreach to clarify HCAI's role in helping diverse businesses connect with hospitals.

Members recommended reviewing the approach of the California Department of General Services (DGS) and their spending framework that hospitals could consider as part of the voluntary guidelines. The DGS framework includes non-IT services, non-IT goods, IT services, IT goods, and telecom. Members also noted that inviting DGS to a future meeting would be helpful.

As part of the discussion on the Organizational Strategy section of the voluntary guidelines, members emphasized the opportunities that exists for hospitals to support California's diverse-owned businesses through procurement contracts. Specifically, members highlighted that 49.1% of California's 4.1 million small businesses are diverse-owned, with approximately 98% of the 4.1 million small businesses employing 20 or fewer employees, and 3 million being solopreneurs. This presents a significant opportunity to identify a diverse business that meets a hospital's procurement needs.

Members suggested providing examples when asking hospitals to identify policies that may impede supplier diversity contracts. They also noted that insurance and bonding requirements are obstacles for small and medium-sized businesses.

A member suggested meeting outside of the meetings to develop a list of impediments affecting these diverse businesses to bring to a future discussion. HCAI noted that the Bagley-Keene Open Meeting requirements mandate that such discussions occur in public meetings and encouraged members to consider the possible impediments businesses might be facing and bring suggestions to the next meeting in May for discussion with the commission.

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Members agreed that the four recommendations for organizational practices are well thought out and provide the necessary context to encourage improvements in procurement for diverse businesses.

Members noted that the suggestion for required certification is necessary because it's not enough sufficient for a business to simply own 51% of the entity; they must also control at least 51% of the entity. A suggestion for was made for a future presentation at a commission meeting to be focused on certification versus self-certification. Members pointed out that financial constraints may drive some diverse businesses to self-certify, as the cost of obtaining certification can be burdensome. They also noted that these businesses must obtain several certifications from various organizations, including DGS and the California Public Utilities Commission. Members expressed concern that establishing an HCAI supplier clearinghouse could add further financial burden on diverse businesses, increasing back-office costs. They called for clear justification for certification practices and the benefits that diverse businesses would gain from certification. Members noted that certification provides legitimacy and security for hospitals when purchasing from diverse businesses.

Members suggested that supplying hospitals with resources when initiating these supplier diversity practices would be more effective than starting from scratch. They recommended breaking down the categories further, such as by ethnicity and gender, to better identify which groups require additional outreach. Suggestions included establishing governing boards to report on supplier diversity efforts and ensuring proper communication at the CEO level. Members also proposed using a future meeting to discuss expanding the diverse categories of the hospital supplier diversity program, specifically the ethnic identification guidelines, as the current categories do not fully capture the true diversity within hospitals.

Members stated that GPOs, as prime suppliers, should be required to report in the same manner as other prime suppliers. They emphasized the importance of favorable financial terms in outreach and highlighted prompt payment as a key concern. They also identified small business development as an area for targeted outreach to diverse vendors.

Members shared that the Cedars-Sinai and Huntington Hospital event, *"Building Bridges: Advancing Supplier Diversity in Healthcare,"* hosted by healthcare organizations in the Los Angeles area, drew 125 small businesses and recommended promoting similar events on the website as an example of effective outreach. They also noted that this event was held during California Native American Day and advised that supplier diversity events consider holidays recognized by diverse communities in California to ensure inclusivity.

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Members emphasized the need for a unified approach to regional hospital efforts. For guidelines 21 and 22, they noted that while managing risk is essential, incentives should also be offered to those who would financially benefit, as small and medium-sized businesses often incur significant costs for participating in supplier diversity events. Members suggested addressing any prerequisites or qualification processes that manage risks but may unintentionally create barriers for diverse businesses.

Members noted that diverse companies are at different stages of business development, and that should be considered in outreach efforts. Additionally, members suggested developing voluntary guidelines for hospitals with more advanced supplier diversity programs and creating recommendations for hospitals in the early stages of developing their supplier diversity programs.

Questions/Comments from the Public:

A member of the public asked about the relevance of the hospital supplier diversity database discussed at the August 7 meeting. HCAI explained that the database aims to develop a clearinghouse, connecting diverse suppliers and hospitals seeking contracting opportunities with these diverse businesses, and that it is in the beginning stages of development. A member of the public also inquired whether the hospitals would be required to follow the voluntary guidelines discussed during this meeting. HCAI clarified that these guidelines are not mandatory but are recommended best practices from the commission.

Agenda Item # 5 Next Meeting Topics

Lupe Alonzo Diaz, HSDC Chair provided an update on upcoming 2025 HSDC meetings. One recommendation is to include a presentation on certification and self-certification, which HCAI will explore based speaker's availability. Members are invited to share any additional recommendations for the voluntary guidelines to supplier.diversity@hcai.ca.gov.

No questions or comments from the Commission.

No public comment.

Agenda Item # 6 Public Comment

No public comment.

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Agenda Item # 7 Adjournment

The meeting was adjourned at 12:35 p.m.