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Hospital Supplier Diversity Commission (HSDC)

Draft Meeting Minutes

May 3, 2022

Members Attending: Lupe Alonzo-Diaz, Physicians for a Healthy California; Jennie E. Kim, Providence St. Joseph's; Baljeet Sangha, San Francisco Health Network, San Francisco Department of Public Health; Cameron M. Stewart, Alcam Medical; Jackson Dalton, Black box Safety, Inc.; Cecil Plummer, Western Regional Minority Supplier Development Council; Tara Lynn Gray, CA Office of Small Business Advocate; Lilly Rocha, Latino Restaurant Association

Members not in attendance: Tracy Stanhoff, AD PRO, American Indian Chamber of Commerce of CA; Ruksana Azhu Valappil, NEEV, Inc.; Theresa A. Martinez, Community Connections, LLC

Presenters: Elizabeth Landsberg, HCAI Director; Michael Valle, HCAI Chief Information Officer & Deputy Director; Sharon Takhar, HCAI Hospital Disclosures Unit Manager

Public Attendance: 17

Agenda Item # 1 Welcome and Meeting Minutes

Lupe Alonzo-Diaz, Commission Chair, welcomed everyone to the Hospital Supplier Diversity Commission meeting. She reviewed the meeting ground rules, agenda and May 3 meeting minutes. She also led a vote to approve the meeting minutes:

Motion made by: Commissioner Cecil Plummer

Motion seconded by: Commissioner Tara Lynn Gray

Final recommendation vote passed with a vote with 7 Ayes and 0 Nays.

The meeting minutes were approved with no edits. There were no comments from commission members or members of the public.

Chairwoman Alonzo-Diaz led a second vote to discard the meeting recording for the day's May 3 meeting once the minutes are approved by the Commission:

Motion made by: Commissioner Tara Lynn Gray

Motion seconded by: Commissioner Jackson Dalton



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Final recommendation vote passed with a vote with 7 Ayes and 0 Nays.

The vote to discard the meeting recording once the minutes have been approved by the Commission was approved. No comments from the Commission or members of the public.

Questions/Comments from the Commission:

There were no questions or comments from the Commission.

There were no comments from members of the public.

Agenda Item # 2 Director Update

Elizabeth Landsberg, HCAI Director, provided an overview of recent updates relating to the Department including the introduction of two new Deputy Directors, Mayra Vega, and Elia Gallardo, followed by the Racial Equity Core Team and HCAI's participation in the California Capitol Collaborative on Race and Equity (CCORE) learning cohort. She also highlighted bills within the current legislative cycle that could impact HCAI; impacted areas include HCAI's Workforce Development programs, specifically increased funding for reproductive health service providers, new hospital seismic safety requirements, and the proposal to establish the Office of Health Care Affordability (OHCA). Director Landsberg concluded by announcing the reappoint of members serving one-year terms including: Teresa Martinez, Jackson Dalton, Baljeet Sangha, Ruksana Azhu Valappil, and Lilly Rocha.

Questions/Comments from the Commission:

There were no questions or comments from the Commission.

There were no comments from members of the public.

Agenda Item # 3 Deputy Director Update

Michael Valle, HCAI Chief Information Officer and Deputy Director, expressed excitement for the first-year hospital supplier diversity recommendations, introduced the new HCAI attorney staffing the Hospital Supplier Diversity (HSD) Program, and provided an overview of Assembly Bill 1204, the new Hospital Equity Measures Advisory Committee, highlighting that recommendations under development by a public committee advising HCAI about the implementation of Assembly Bill 1204 will directly inform the Hospital Equity Reporting Program launching in 2025.



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Questions/Comments from the Commission:

There were no questions or comments from the Commission.

There were no comments from members of the public.

Agenda Item # 4 HSD Reporting Program Update

Sharon Takhar, HCAI Hospital Disclosures Unit Manager, provided a presentation on the progress to date and next steps for HSD Program implementation, including the HSD regulations and deployment of the Hospital Disclosures and Compliance Online Reporting System.

Questions/Comments from the Commission:

Commission members inquired about common themes regarding hospitals that did not submit a 2020 Supplier Diversity Report as well as clarity on the requirements for contact information to be provided by hospital in the reports; they also inquired if the reporting program is collecting dollar amounts for Tier I and Tier II suppliers, and if there are any sub-tiers under Tier II that are reported on directly or if they are embedded into Tier II reporting. They noted that there are many diverse businesses that are represented in the sub-tiers. HCAI clarified that the submission requirements currently include Tier I and Tier II suppliers, and that the department will investigate whether sub-tier reporting is captured within Tier II reporting. Commission members also confirmed that dollar amounts reported by hospitals are related to actual spend, rather than contracted amounts. Lastly, they suggest that for hospital contact information, there be a “backup contact” included. HCAI confirmed that the new reporting system does allow for secondary contacts to be included; however, providing a secondary contact is not a requirement for hospitals.

Public comment: Members of the public asked for clarification on when the 2022 reports were due and the process for submission and registration with the newly updated system. The second public comment stated that health care entities are not currently setup to track diversity in spending. They noted that hospitals need to rely on their Group Purchasing Organizations and on their primary distributors to track diverse suppliers, that these systems have not yet been setup to collect this information, and it is a process that takes time. The third public comment clarified the reporting schedule for 2022 reporting.



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Agenda Item # 5 Recommendations Development Process

Chairwoman Alonzo-Diaz provided a high-level review of the recommendation's development process including preliminary discussions and the draft of recommendations coordinated by HCAI program staff and the Chair. She also reviewed the voting process and the use of Robert's Rules of Order.

Questions/Comments from the Commission:

There were no questions or comments from the Commission.

There were no comments from members of the public.

Agenda Item # 6 Finalize Recommendations

Chairwoman Alonzo-Diaz facilitated the discussion to vote and finalize recommendations pertaining to the hospital industry. She noted that the process to develop the proposed draft regulations included HCAI staff summarizing committee member recommendations that were made in prior meetings and working with the chair to craft draft recommendations that were presented to commission members. Commission members had an opportunity to review the draft recommendations and provide suggested amendments, which were captured on the slides presented at the meeting. Each recommendation was reviewed separately, and Robert's Rules of Order were followed for the vote on each recommendation.

In the minutes, the "track changes" capture the updates based on commission discussion which led to the final approved recommendation. Red text represents changes, with "strikethrough" representing deletions.

R1 Proposed Recommendation: Create a supplier diversity policy statement that promotes the use of small and diverse suppliers.

Summary of Commission Discussion: Members discussed the definition and removal of the term "small," noting that though the definition of "small" is not outlined in statute, members highlighted that the California Office of Small Business Advocate's definition of the term could be referenced and used in future recommendations once there has been further discussion, but voted to remove the term "small" in this iteration given that it is not included in the statute. The Commission also explored the option of including



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the word “California” in the recommendation to replace the term “local,” but ultimately voted not to do so.

R1 Final Recommendation: Create a supplier diversity policy statement that promotes the use of **small and** diverse suppliers.

Motion: Commissioner Cecil Plummer
Second: Commissioner Jackson Dalton

Final recommendation vote passed with a vote with 7 Ayes and 1 Nay.

R2 Proposed Recommendation: Consider performance goals to encourage outreach and reporting efforts that support contracting with small and diverse suppliers.

Summary of Commission Discussion: The commission discussed identifying and naming the target audience to be held accountable to the performance goals as well as the inclusion of more actionable language such as “develop and implement.” The commission sought clarification around the term “performance goals”, suggesting it be changed to “metrics.” They also discussed the different intent of this recommendation versus the first recommendation, noting that Recommendation 2 is focused on encouraging hospital outreach to diverse suppliers rather than promoting the usage of diverse suppliers for purchasing, which is the focus of Recommendation 1.

R2 Final Recommendation: ~~Consider Executive leadership to develop and implement outreach and reporting metrics performance goals to encourage outreach and reporting efforts~~ that support contracting with **small and** diverse suppliers.

Motion: Commissioner Cecil Plummer
Second: Commissioner Baljeet Sangha

Final recommendation vote passed with a vote with 8 Ayes and 0 Nays.

R3 Proposed Recommendation: Implement hospital supplier diversity goals for procurement that are supported by leadership.

Summary of Commission Discussion: The Commission added in updates discussed and voted on in previous recommendations, including the use of stronger action verbs



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updating “implement” to “develop” as well as identifying identify who in leadership should be held accountable, adding in the term “executive”. The commission also discussed replacing the term “goals” with the term “metrics”.

R3 Final Recommendation: ~~Develop and~~ implement hospital supplier diversity ~~procurement metrics goals for procurement~~ that are ~~supported~~ owned by executive leadership.

Motion: Commissioner Jackson Dalton
Second: Commissioner Tara Lynn Gray

Final recommendation vote passed with a vote with 8 Ayes and 0 Nays.

R4 Proposed Recommendation: Establish an accountability system to meet specified goals.

Summary of Commission Discussion: The Commission added previously identified updated language, including the addition of “executive leadership” for accountability, as well as the terms “develop”, “implement,” and “metrics” to provide stronger action verbs. The commission also discussed adding the term “fund” to address concerns around hospitals allocating enough budget resources to implement an accountability system.

R4 Final Recommendation: ~~Executive leadership to develop, implement and fund~~ establish an ~~internal hospital~~ accountability system to meet specified ~~goals metrics~~ related to outreach, diverse business usage and provision of technical support for implementation.

Motion: Commissioner Tara Lynn Gray
Second: Commissioner Cecil Plummer

Final recommendation vote passed with a vote with 8 Ayes and 0 Nays.

R5 Proposed Recommendation: Establish a policy for hospitals to identify and track diverse business enterprises (E.g., MBE, WBE, DVBE, LGBTQBE).

Summary of Commission Discussion: The Commission added previously identified updated language, including the addition of “executive leadership” for accountability, as well as the terms “develop” and “implement” to provide stronger action verbs. The



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Commission also discussed adding the term “inclusion” and “spend with” to highlight inclusive action that hospitals can take to capture spend with diverse businesses. The commission also discussed hospitals’ financial issues following the COVID-19 pandemic that may affect their ability to implement this recommendation.

Public Comment: Members of the public commented that they would like to see the Commission sponsor or implement a database that can track diverse suppliers within the healthcare industry, similar to efforts implemented by California’s Public Utilities Commission and their supplier clearinghouse.

R5 Final Recommendation: ~~Establish~~ Executive leadership to develop and implement an inclusion policy for hospitals to identify and track spend with diverse business enterprises (E.g., MBE, WBE, DVBE, LGBTQBE).

Motion: Commissioner Tara Lynn Gray
Second: Commissioner Jackson Dalton

Final recommendation vote passed with a vote with 8 Ayes and 0 Nays.

R6 Proposed Recommendation: Evaluate procurement processes and policies to assess criteria that may limit or impede small and diverse suppliers’ ability to competitively respond to bids.

Summary of Commission Discussion: The Commission added updates identified in the previous recommendations, including the addition of “executive leadership” for accountability, as well as the terms “develop” and “implement” to provide stronger action verbs. The Commission also emphasized that hospitals should review their internal processes and policies to ensure that there are no internal barriers that will impact or limit diverse suppliers’ ability to compete to bid while acknowledging that there will be minimum qualifications hospital’s must abide by to ensure patient safety; the commission noted that it would be helpful to hear from hospital staff who review and manage hospital bids and contracts. The Commission discussed introducing a walk on related recommendation, R-19, directed at associations and chambers doing a study to further identify barriers in procurements for diverse businesses, discussed further below.

R6 Final Recommendation: Executive leadership to develop and implement Evaluate procurement processes and policies to ~~assess document and mitigate internal~~ criteria



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that may limit or impede ~~small and~~ diverse suppliers' ability to competitively respond to bids.

Motion: Commissioner Cecil Plummer
Second: Commissioner Tara Lynn Gray

Final recommendation vote passed with a vote with 7 Ayes and 1 Abstention.

R7 Proposed Recommendation: Establish supplier diversity webpage to inform diverse suppliers on the hospital's contracting process including hospital contact information and bidding process.

Summary of Commission Discussion: The Commission added updates identified in the previous recommendations, including the addition of "executive leadership" for accountability, as well as the terms "develop" and "implement" for stronger action verbs. The Commission discussed how to make the recommendation more actionable and decided to add the type of contact information that should be included on the hospital's webpage.

R7 Final Recommendation: ~~Executive leadership to develop and implement a evaluate~~ supplier diversity webpage to inform diverse suppliers on the hospital's ~~contract procurement process~~ including hospital contact information ~~including the contact information of a diverse business outreach liaison. and bidding process.~~

Motion: Commissioner Cecil Plummer
Second: Commissioner Tara Lynn Gray

Final recommendation vote passed with a vote with 8 Ayes and 0 Nays.

R8 Proposed Recommendation: Encourage contractors to purchase from local, diverse suppliers.

Summary of Commission Discussion: The Commission suggested more actionable language such as "require" rather than "encourage." They also had a discussion around Tier I vs Tier II spend and the ability for hospitals to operationalize the recommendation. Commission members were reminded that these are recommendations for the hospital industry; however, hospitals are not mandated to implement all recommendations voted on and approved by the Commission.



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R8 Final Recommendation: ~~Encourage~~ ~~Require~~ ~~contractors'~~ ~~prime~~ ~~suppliers~~ to ~~purchase~~ ~~measure~~ ~~and~~ ~~report~~ ~~on~~ ~~spend~~ from ~~local~~; diverse suppliers.

Motion: Commissioner Tara Lynn Gray
Second: Commissioner Cecil Plummer

Final recommendation vote passed with a vote with 7 Ayes and 0 Nays.

Public Comment: Members of the public asked the Commission to consider adding Group Purchasing Organizations (GPOs) to the recommendation, in addition to prime suppliers, and highlighted that GPOs have developed programs to charge hospitals for identifying diverse suppliers; they also highlighted that hospital spend with prime suppliers and GPOs is only a portion of the health care industry's total spend.

R9 Proposed Recommendation: Review contract language for primary contracts to encourage supplier diversity goals for any relevant sub-contracts.

Summary of Commission Discussion: The Commission added updates discussed in previous recommendations including the addition of more actionable language such as "require" and "metrics" as well as "executive leadership" for accountability. Members discussed the importance of sub-contract language with suppliers while noting that executive leadership may not be aware of the language used in all contracts, as contract review is typically a function performed by the hospital's legal office.

Public comment: Members of the public inquired around the intent to require executive leadership to review of contract, as that is not typical practice, or if this recommendation was just ensuring that contract language was reviewed to ensure supplier diversity was considered. There was a second public comment as well as how the Commission will define the term "relevant" in the recommendation.

R9 Final Recommendation: ~~Executive~~ ~~leadership~~ ~~to~~ ~~require~~ ~~the~~ ~~review~~ ~~of~~ ~~contract~~ ~~language~~ ~~for~~ ~~with~~ ~~primary~~ ~~prime~~ ~~suppliers~~ ~~contracts~~ to ~~encourage~~ ~~require~~ ~~supplier~~ ~~diversity~~ ~~goals~~ ~~metrics~~ for any relevant sub-contracts.

Motion: Commissioner Cecil Plummer
Second: Commissioner Tara Lynn Gray



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Final recommendation vote passed with a vote with 6 Ayes and 1 Abstention.

R19 Proposed and Final Recommendation: Identify and document the barriers and impediments to accessing procurement opportunities and including diverse suppliers in health care spend.

Summary of Commission Discussion: The Commission emphasized the importance of highlighting barriers and impediments that hospitals face with including diverse suppliers in the bidding processes.

Motion: Commissioner Tara Lynn Gray
Second: Commissioner Baljeet Sangha

Final recommendation vote passed with a vote with 7 Ayes and 1 Abstention.

Agenda Item # 7 Next Steps

Michael Valle, HCAI Chief Information Officer and Deputy Director, provided a brief presentation on the next steps and the next meeting topics. He proposed for the next meeting to be scheduled for the summer and described the process to develop the meeting agenda. He also recounted the topics of interest raised by commission members at the meeting, including follow up discussions on the definition of “small” and “local” as well as how hospitals can fund supplier diversity programs. Michael proposed that such topics would be tracked and may be scheduled for discussion, or for external presenters to join and present on, at a future commission meeting.

Questions/Comments from the Commission:

There were no questions or comments from the Commission.

There were no comments from members of the public.

Agenda Item # 8 Public Comment

Public Comment: Members of the public asked the Commission to support or create a supplier database that captures all diverse healthcare vendors as it would provide a resource that would make it easier for hospitals to use as a reference; they also asked when and where the meeting materials were published.



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Agenda Item # 9 Adjournment

Chairwoman Alonzo-Diaz adjourned the meeting.