

**Hospital Supplier Diversity Commission (HSDC)
Draft Meeting Minutes
November 21, 2023**

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, Mojo Hire; Lilly Rocha, Latino Restaurant Association; Baljeet Sangha, San Francisco Health Network, San Francisco Department of Public Health

Members not in attendance: Tracy Stanhoff, AD PRO, American Indian Chamber of Commerce of California

Presenters: Scott Christman, Chief Deputy Director, HCAI; Michael Valle, Deputy Director, HCAI; Alma Lopez, Manager, Hospital Disclosures and Compliance Unit, HCAI; Morgan Clair, Supervisor, Policy and Governance Group, HCAI; Stephanie Green, Executive Division, California Public Utilities Commission (CPUC); Chandara Phanachone, Director, Insurance Diversity Division, California Department of Insurance (CDI)

Panel Moderator: Tara Zimonjic, Chief Planning Officer, HCAI

Public Attendance: 33

Agenda Item # 1 Welcome and Meeting Minutes

Lupe Alonzo-Diaz, Commission Chair, welcomed everyone to the HSDC meeting. She reviewed the meeting ground rules, agenda, provided Bagley Keene Open Meeting Act updates and acknowledged the completion of March 21, 2023, meeting minutes. She also led a vote to approve the meeting minutes.

Motion made by: Commissioner Theresa Martinez

Motion seconded by: Commissioner Cecil Plummer

Final recommendation vote passed with a vote with eight Ayes, zero Nays, and one Abstain.

The March 21, 2023, meeting minutes were approved with one member abstaining from the vote.

No public comment.

Agenda Item # 2 Oath of Office

Chief Deputy Director Scott Christman, HCAI, administered an oath of office for Chico Manning to the HSDC.

No Questions/Comments from the Commission.

No public comment.

Agenda Item # 3 Department Updates

Scott Christman, Chief Deputy Director, HCAI provided updates on the Governor's proposed state budget for 2024-2025, highlighting the Distressed Hospital Loan Program and initiatives aimed at expanding healthcare workforce training. Legislative updates were also presented on several bills. He also provided an update on the Office of Health Care Affordability and the role of the Alfred E. Alquist Hospital Facilities Seismic Safety Act as a cornerstone for seismic safety.

Michael Valle provided an update on Assembly Bill (AB) 1204, including that the Hospital Equity Measures Advisory Committee (HEMAC) ratified recommendations for over 30 quality measures for HCAI's consideration to adopt for the program. The first reports will be submitted in 2025 and then annually moving forward. HEMAC will review the reports and provide commentary on the health equity issues impacting California communities.

Michael Valle acknowledged that the HSDC first began convening in March 2021, and recognized the 26 recommendations that have been developed by the HSDC for the HCAI Director, hospital industry, and other relevant entities in the hospital industry. Hospital procurement specialists who attend the meeting as members of the public were thanked for their commitment to advancing supplier diversity in the hospital industry.

Questions/Comments from the Commission:

Commission members praised the Distressed Hospital Loan Program and acknowledged the importance behind supporting hospitals in need. Commission members also thanked staff and acknowledged this is the ninth successful meeting of the commission.

No public comment.

Agenda Item # 4 HSD Reporting Program Update

Alma Lopez, Supervisor, Hospital and Disclosures Compliance Unit, HCAI, presented a recap of the authority for the Hospital Supplier Diversity Reporting Program, which collects and publishes supplier diversity reports from hospitals that meet threshold requirements. The presentation summarized the latest on the reporting program data from 2021-2022 and discussed discrepancies seen in the hospital data reports, noting revisions on the Open Data Portal and HCAI website included correction of typos.

HCAI outlined increases seen in total diverse spend as well as spend amounts for each designated business category, with women-owned businesses having the highest spend at \$750 million, and lesbian, gay, bisexual, and transgender (LGBT)-owned businesses reporting the lowest spend at \$23 million.

Comparative data between 2021 and 2022 was also presented, noting that there were no late submission penalties during first year of reporting, but nine hospitals received penalties in 2022 for late report submissions resulting in penalties.

Brief updates on AB 1392 were provided, which further expands the hospital reporting requirements and roles for the HSDC around developing hospital outreach and assistance, development of a clearinghouse database, and the addition of two new members to the HSDC. HCAI will be implementing the new program components in phases. The new reporting requirement will go into effect on July 1, 2025.

Morgan Clair, Supervisor, Policy and Governance Group, HCAI, shared that HCAI met with each commission member to gather insights on the path forward, stating that many suggestions align with the implementation of AB 1392. HCAI requested recommendations from the HSDC on organizations to consider for the two additional HSDC member openings to supplier.diversity@hcai.ca.gov.

Questions/Comments from the Commission:

Commission members inquired if businesses that are certified in multiple diverse categories are differentiated in the data charts presented. HCAI clarified that businesses can be included in multiple categories and are listed as the less duplicate amount.

Commission members also inquired about what process hospitals use to verify certifications, and what the definition is for self-certification. HCAI does not have the specific companies that the hospitals are using to certify since verbiage in the legislation does not ask for these specifics. Self-certification is defined as businesses certifying that they meet the requirements to be categorized with their respective diverse business category. Each hospital uses a different system and/or process for certification, and there is no unified approach to certification that is utilized across the individual hospitals or the hospital systems. Commission members noted that hospitals may be looking to the HSDC for guidance on certification processes and reputable companies that can

complete certification. Chairperson Lupe Alonzo Diaz clarified that recommending specific companies for self-certification may be outside of the HSDC scope, but that it may be useful to consult subject experts on certification, who may be able to create a list of recommended certification companies. Commission members also made note that self-certification methods are not verified and are unvalidated.

Commissioners thanked the data team for the presentation of the data. Commission members inquired how the data errors were identified and what the process is to identify these errors. HCAI clarified that it was able to compare 2021 to 2022 data year reports for any discrepancies and noted that there are resources available to hospital data submitters to address some of the common mistakes and improve the data errors moving forward. HCAI confirmed that the 2021 data has been updated.

Commissioners noted the significant growing disparity in LGBT spend from the 2021 reporting year to 2022. There was a request to incorporate a conversation centered around the implementation of monitoring disparities that grow to a certain percentage accompanied by qualitative explanations. The goal with monitoring these disparities and conducting qualitative analysis is to understand why these trends are moving negatively, and how the HSDC can provide direction to help trends move towards increasing diverse business procurement.

Commission members also discussed the new provisions of AB 1392, including sharing their thoughts on the two commission members who will be added to the HSDC. Commission members recommended organizations with audit experience from both the public and private sector, certification experience, and organizations that have experience with setting standards. Commission members also noted that having a group purchasing organization (GPO) representative on the HSDC may pose a conflict of interest. but did recognize that hospitals rely on GPOs for guidance on diverse spend, and can be a crucial part of the conversation on supplier diversity. Members also noted that HCAI's selection process should keep in mind these various issues and be transparent and competitive.

Questions/Comments from the Public:

Public commenters asked for clarification on the total spend bucket report requirement, noting that while LGBT spend is low, it may be helpful to include the percentage within the total population as a denominator to provide a more meaningful comparison.

Agenda Item # 5 California State Agency Supplier Diversity Panel

Stephanie Green, with the Executive Division of the CPUC, and Chandara Phanachone, Director and lead for the diversity initiative at the CDI, presented on the successes and challenges for their respective organizations.

