

# State of California Diversity Regulation Panel CAHPMM

## Agenda:

- Introduction.....Charlie Kirkpatrick, CMRP, AVP-Enterprise Client Executive, Vizient
- Supplier Diversity Report.....Edward Mabini, MBA, Sr. Sourcing Project Manager, City of Hope
- Diversity Program.....Michael Herrera, Manager, Supplier Diversity, Cedars-Sinai

# Supplier Diversity Reporting

- **Supplier Diversity Reporting requirement based on AB96**

- No established quotes required
- Program to be administered by OSHPD

- **1<sup>st</sup> Round of reporting was due July 1, 2021**

- 323 Individual hospitals reported
  - .07% to 3.4%
- 17 Systems reported
  - 0% to 10.1%

• <https://hcai.ca.gov/data-and-reports/cost-transparency/hospital-supplier-diversity/>

• Some organizations are incorporating this into their fuller diversity and community benefits programs

# California's History of Diversity Reporting

- **California Public Utilities Commission**

- Diversity reporting for 25 years
- Volunteer thresholds are established

- **Insurance Diversity Initiative**

- Established 2011

# City of Hope National Medical Center

## About

- **City of Hope**, a California non-profit public benefit corporation—with its affiliates, City of Hope National Medical Center, City of Hope Medical Foundation, the Beckman Research Institute of the City of Hope is a clinical and research enterprise focused on cancer, diabetes and other life-threatening diseases.
  - Main campus is located in Duarte, CA, approximately 20 miles northeast of Downtown LA.
  - 39 clinics and community practice sites in Los Angeles, Mission Hills, Riverside, San Bernardino and Ventura Counties.
  - Expanding to Irvine, CA in 2022, with a cancer center and additional 8 clinics throughout Orange County.
  - Designated as a Comprehensive Cancer Center—the highest honor bestowed by the National Cancer Institute—and a founding member of the National Comprehensive Cancer Network
  - We were one of the first institutions to conduct bone marrow transplants for patients with blood cancers.
  - Four of the top cancer drugs—Herceptin, Erbitux, Rituxan and Avastin—are based on technology pioneered by City of Hope.
  - Synthetic human insulin, essential to millions of diabetics worldwide, was developed through our research.
- **Our Diversity**
  - *Our mission, “to infuse DEI into the DNA at City of Hope,” will serve as our north star and help ensure the tenets of diversity, equity and inclusion are an integral part of our day-to-day engagement with each other, our patients, their families and caregivers, and our broader community.*

# Supplier Diversity Report

## Background and Purpose

- **Assembly Bill 962**
- **Published October 14, 2019**
- **Submitted beginning July 1, 2021, updated annually thereafter.**
- **Summary:**
  - This bill would require a licensed hospital with operating expenses of \$50,000,000 or more, and a licensed hospital with operating expenses of \$25,000,000 or more that is part of a hospital system, to annually submit a report to the office on its minority, women, LGBT, and disabled veteran business enterprise procurement efforts, as specified.

 STATE OF CALIFORNIA  
AUTHENTICATED  
ELECTRONIC LEGAL MATERIAL

**Assembly Bill No. 962**

CHAPTER 815

An act to add Chapter 2.17 (commencing with Section 1339.85) to Division 2 of the Health and Safety Code, relating to hospitals.

[Approved by Governor October 12, 2019. Filed with Secretary of State October 12, 2019.]

LEGISLATIVE COUNSEL'S DIGEST

AB 962, Burke. Hospitals: procurement contracts.

Existing law requires the State Department of Public Health to license and regulate health care facilities, including hospitals. Existing law establishes the Office of Statewide Health Planning and Development, which is vested with all the duties, powers, purposes, responsibilities, and jurisdiction of the State Department of Public Health relating to health planning and research development.

This bill would require a licensed hospital with operating expenses of \$50,000,000 or more, and a licensed hospital with operating expenses of \$25,000,000 or more that is part of a hospital system, to annually submit a report to the office on its minority, women, LGBT, and disabled veteran business enterprise procurement efforts, as specified. The bill would require the reports to be submitted by July 1, 2021, and then updated annually thereafter. The bill would impose specified civil penalties for a failure to submit a report. The bill would require the office to maintain a link on the office's internet website that provides public access to the content of those reports, as specified.

The bill would require the office to convene a hospital diversity commission comprised of a member of the public and health care, diversity, and procurement stakeholders who are appointed by the Director of Statewide Health Planning and Development for specified terms of office. The bill would require the commission, on or before July 1, 2020, to hold an initial meeting with all commissioners. The bill would require the commission, among other things, to promote and provide outreach to hospitals that are actively engaged in supplier diversity issues. The bill would prohibit the commissioners from receiving compensation for their services, but authorize the office to reimburse them for their actual and necessary expenses incurred in connection with attending a meeting of the commission. The bill would require the office to review and revise, if necessary, the office's conflicts of interest regulations to ensure that each commissioner is required to disclose conflicts of interest to the public.

# Supplier Diversity Report

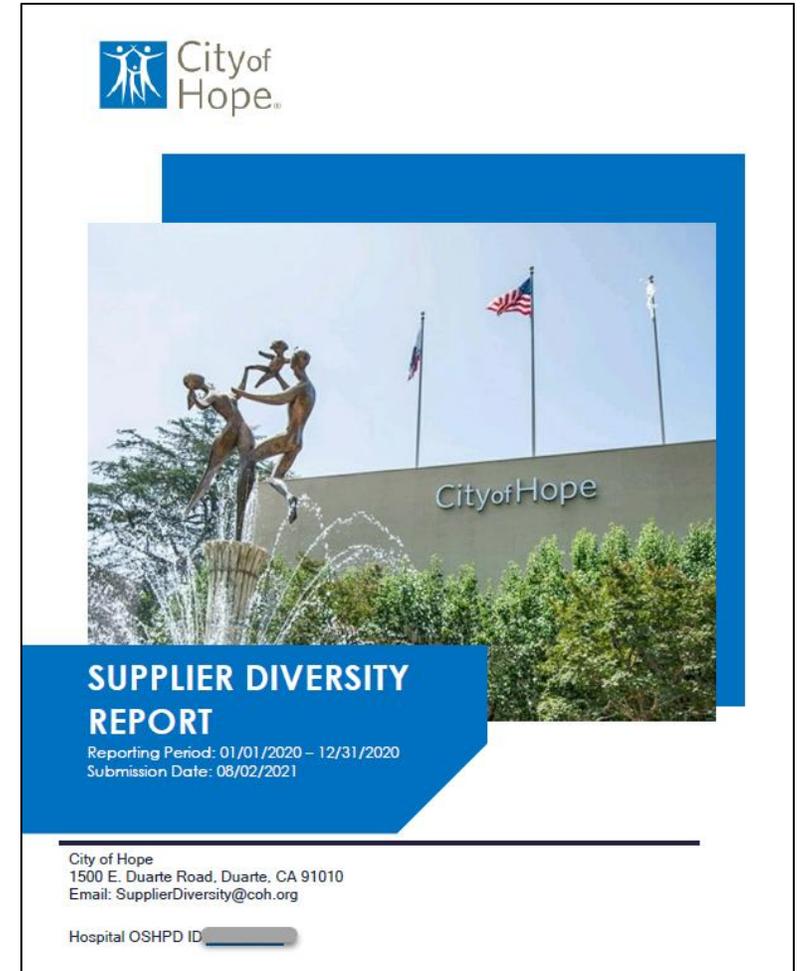
## Background and Purpose

- **Purpose:**
  - **It is in the state's interest to encourage competitive business opportunities for all of its people.** Hospitals are uniquely positioned to build relationships within the communities they serve through the development, inclusion, and utilization of certified minority, women, lesbian, gay, bisexual, transgender (LGBT), and disabled veteran business enterprises whenever possible. National companies are able to leverage buying power to save costs to the benefit of patients.
  - **By providing that each major hospital submit to the Office of Statewide Health Planning and Development a report explaining the hospital's supplier diversity statement and expressing its goals regarding certified minority, women, LGBT, and disabled veteran business enterprises, and the office placing that information on the office's internet website, that online resource will help facilitate these supplier relationships.**

# Supplier Diversity Report

## City of Hope – Sample Report

- **Table of Contents**
  - **Supplier Diversity Reporting Details**
    - Hospital Name, Hospital OSHPD ID, Hospital System or Regional Network Reporting, Report Period Start/End Date
  - **Supplier Diversity Policy Statement**
    - “Supplier Diversity Program is committed to promoting, engaging and providing equal access to business opportunities with diverse suppliers. To support this commitment, Procurement actively collaborates with internal business partners and diverse suppliers to foster healthy and fair business relations.”
  - **Diverse Supplier Outreach**
    - Outlines outreach efforts to support this initiative. External outreach includes, (1)engaging and collaborating with supplier diversity organizations (i.e. minority, women, LGBTQ+, disabled, veteran businesses, etc.), and (2) collaborating & partnering with the Southern California Minority Supplier Development Council (SCMSDC) to increase minority business participation. Internal outreach includes, (1) diverse supplier referral lists, and (2) collaborative focus/initiatives on diversity, equity and inclusion to further the outreach across the enterprise.
  - **Financial Supplier Diversity Reporting**
    - The meat of the report, total diversity spend, and % of total spend.
  - **Diverse Supplier & Small Business Certifications**
    - Information on Supplier Certifications



# Supplier Diversity Report

## City of Hope – Sample Report

- **Additional information**

- **Certification Categories**

*(While not limited to the provided list below, COH recognizes and accepts the following certification categories:*

- Minority Owned Business
- Women Owned Business
- LGBTQ+ Owned Business
- Disabled Veteran Business
- Small Business
- Veteran Owned Business
- 8 (a) Business Development
- HUBZone

- **Supplier Certification Agencies**

- **Challenges and Opportunities**

- Data availability (ERP, Simfoni, etc.)
- Audit and accuracy of the data
- Aligning Supplier Diversity to the bigger COH Enterprise Diversity, Equity and Inclusion program

AGENCY	AVAILABLE CERTIFICATIONS
<a href="#">California Department of General Services Cal eProcure</a>	Small Business Disabled Veteran Business Enterprise
<a href="#">California Public Utilities Commission</a>	Women-owned Minority-owned LGBT-owned Service-Disabled Veteran Owned Businesses
<a href="#">certify.SBA.gov</a>	Woman Owned Business HUBZone 8(a) Business Development
<a href="#">Historically Underutilized Business Zone</a>	HUBZone
<a href="#">National Gay and Lesbian Chamber of Commerce</a>	LGBT Business Enterprise
<a href="#">National Women's Business Council</a>	Woman-Owned Small Business Economically Disadvantage Woman-Owned Small Business
<a href="#">National Minority Supplier Development Council</a>	Minority Business Enterprises
<a href="#">National Veteran Owned Business Association Certified Veteran's Business Enterprise</a>	Veteran Business Enterprise
<a href="#">System for Award Management</a>	Small Business Small Disadvantaged Business Woman Owned Small Business Economically Disadvantaged Woman Owned Business 8 (a) Business Development HUBZone Service Disabled Veteran Owned Small Business
<a href="#">U.S. Small Business Administration</a>	Woman Owned Business HUBZone 8(a) Business Development
<a href="#">Vets First Verification Program</a>	Veteran-Owned Small Business Service-Disabled Veteran Owned Small Business



# Supplier Diversity

## Building Wealth & Income; Improving Health Equity

### Cedars-Sinai Health System

- Nonprofit, independent healthcare system
- Leader in provider of high-quality healthcare, specialized medicine, and research
- Meeting the needs of one of the most diverse regions in the nation since 1902
- Dedicated to improving the health status of our community
- Licensed Beds: >1,000
- Physicians: >2,700
- Nurses: >3,300
- Employees: >15,000
- 200 languages available in person



# Supplier Diversity Program Formulation

## Proposed Plan of Action

- Familiarize yourself with the legislative history of supplier diversity
- Analyze spend data and create baseline of spend
- Align with key stakeholders & develop foundation
  - Policy Statement, Focus Areas, Guiding Principles, Policies, Procedures etc.
  - Update external website to include registration portal
  - Establish Tier II/subcontractor process
- Conduct internal communication
- Solidify partnerships with external business organizations
- Identify sourcing opportunities for diverse owned businesses
- Create Internal Supplier Diversity Goals
- Allow for continued enhancements



# Cedars External Business Partners

## ➤ Local Business Partners

- ❖ African American
  - Greater LA African American Chamber of Commerce
- ❖ Asian American
  - Asian Business Association, OC & LA
- ❖ Hispanic American
  - LA Latino Chamber of Commerce
- ❖ LGBT
  - BuildOUT California
  - Los Angeles Gay & Lesbian Chamber of Commerce
- ❖ Native American
  - American Indian Chamber of Commerce
- ❖ Veterans
  - Veterans in Business
- ❖ Women
  - National Association of Women Business Owners - LA
  - Women's Business Enterprise Council - West

## ➤ National Business Partners

- ❖ National Veteran Business Development Council
- ❖ Women's Business Enterprise National Council



# Cedars Sinai Guidance & Suggestions

## Proposed Plan of Action

- Incorporate Supplier Diversity into your sourcing process
- Manage to Budget Constraints
  - Partnership with other departments
  - Volunteers: Supplier Diversity Ambassadors/Champions
- Leverage Network of Community Hospitals
  - Hospital Association of Southern California
- Develop a Tier II/Subcontractor Reporting Process
- Provide annual refresher training
- Incentivize supplier diversity goals for supply chain personnel
- Have department leaders report out on their supplier diversity progress to encourage friendly competition
- Publish Supplier Diversity Economic Impact Report



Thank you!