

EXECUTIVE COMMITTEE

TUESDAY, JUNE 12, 2012

A~G~E~N~D~A

Call to Order - 10:00 am

Dr. Stocker

Chairman's Report

Dr. Stocker

>>Action Item<<

Corporate

- RESOLUTION authorizing the **creation of a wholly-owned subsidiary public benefit corporation** by the President of the New York City Health and Hospitals Corporation by the means deemed appropriate by the President, including without limitation the filing of a Certificate of Incorporation of **HHC ACO Inc.** with the New York State Secretary of State, for the purpose of **establishing an Accountable Care Organization** whose purposes include meeting the purposes and goals of the Medicare Shared Savings Program; AND authorizing the negotiation and execution, by the President, of ACO participation agreements among the Corporation, the ACO Subsidiary and individually, or collectively, the Mount Sinai School of Medicine, New York University School of Medicine, Physician Affiliate Group of New York, PC, Staten Island University Hospital and other entities identified by the President, in order to function as ACO participants in the ACO Subsidiary; AND authorizing the filing, by the President, on behalf of the Corporation, of a Notice of Intent and Application to Participate in the Medicare Shared Savings Program.

Ross Wilson, M.D.,
Senior VP / Chief Medical
Officer – Medical &
Professional Affairs

>>Old Business<<

>>New Business<<

Adjournment

Dr. Stocker

RESOLUTION

Authorizing the creation of a wholly owned subsidiary public benefit corporation by the President of the New York City Health and Hospitals Corporation (“the Corporation”) by the means deemed appropriate by the President, including without limitation the filing of a Certificate of Incorporation of HHC ACO Inc. (“the ACO Subsidiary”) with the New York State Secretary of State, for the purpose of establishing an Accountable Care Organization (“ACO”) whose purposes include meeting the purposes and goals of the Medicare Shared Savings Program;

AND

Authorizing the negotiation and execution, by the President, of ACO participation agreements among the Corporation, the ACO Subsidiary and individually, or collectively, the Mount Sinai School of Medicine, New York University School of Medicine, Physician Affiliate Group of New York, P.C., Staten Island University Hospital and other entities identified by the President, in order to function as ACO participants in the ACO Subsidiary;

AND

Authorizing the filing, by the President, on behalf of the Corporation, of a Notice of Intent and Application to Participate in the Medicare Shared Savings Program.

WHEREAS, the Corporation has for some years entered into affiliation agreements pursuant to which various medical schools, voluntary hospitals and professional corporations (“the Affiliates”) provide General Care and Behavioral Health Services at Corporation facilities; and

WHEREAS, the services provided by these Affiliates include the clinical and ancillary services of physicians and non-physician staff sufficient to meet promptly the needs of all patients seeking inpatient and outpatient services, as well as all necessary teaching, administration, quality assurance and supervisory services as may be required; and

WHEREAS, contract payments are made by the Corporation to reimburse the Affiliates for the salaries and fringe benefits of their employed providers and associated overhead expenses, and may include, in addition, compensation earned through satisfaction of certain benchmarks (examples of which are set forth in Attachment A, annexed hereto), which are intended to improve quality of care, eliminate inefficiencies and reduce costs – goals that further the purposes and goals of the ACO Subsidiary and the Medicare Shared Savings Program; and

WHEREAS, the Corporation, in the exercise of its powers and fulfillment of its corporate purposes, desires to use the ACO Subsidiary to function as an ACO, with the Corporation and any Affiliates that have negotiated and executed ACO participation agreements with the Corporation and

the ACO Subsidiary, in order to further the purposes including, but not limited to, meeting the purposes and goals of the Medicare Shared Savings Program.

NOW, THEREFORE, BE IT

RESOLVED, that the creation of a wholly owned subsidiary public benefit corporation by the President of the Corporation, by the means deemed appropriate by the President, including without limitation the filing of a Certificate of Incorporation of the ACO Subsidiary with the New York State Secretary of State, is authorized for the purpose of establishing an ACO, whose purposes include, but are not limited to, meeting the purposes and goals of the Medicare Shared Savings Program; and

BE IT FURTHER RESOLVED, that the President is authorized to negotiate and execute ACO participation agreements among the Corporation, the ACO Subsidiary and individually, or collectively, the Mount Sinai School of Medicine, New York University School of Medicine, Physician Affiliate Group of New York, P.C., Staten Island University Hospital and other entities identified by the President, in order to function as ACO participants in the ACO Subsidiary; and

BE IT FURTHER RESOLVED, that the President is authorized to file, on behalf of the Corporation, a Notice of Intent and Application to Participate in the Medicare Shared Savings Program.

ATTACHMENT A
SAMPLE PERFORMANCE INDICATORS
(from North Brooklyn Health Network-NYU Agreement, Fiscal Years 2012-2014*)

No.	Category	Performance Indicator	Description
1.	Utilization	Acute Average Length of Stay	Reduction of the composite average length of stay for inpatients in Medicine, Obstetrics/Gynecology, Pediatrics and Surgery Departments.
2.	Utilization	ED Average Length of Stay	Reduction of the average length of stay in the Emergency Department.
3.	Utilization	Avoidable Admissions (Did not meet admitting criteria)	Reduction of ER admissions for patients who do not meet admitting criteria to the Medicine and Surgical inpatient units and ICU.
4.	Utilization	Average Number of Visits Per Patient	Reduction of re-visit rates to the Emergency Department and connecting patients to Medical and Pediatrics Ambulatory Care Pavilions.
5.	Utilization	Metroplus out-of-network Medical and Surgical Inpatient Admissions	Reduction of number of inpatient admissions to non-HHC facilities for patients whose Primary Care Physician is an Affiliate Physician, per Metroplus utilization reports for Medicine and Surgery Departments.
6.	Documentation	APR-Case Mix Index ("CMI")	Increase CMI for Medicine, Pediatrics and Surgery inpatient.
7.	Medical Management	OPD Physician Review Queue	Increase rate of clearance of lab results from the OPD physician review queue within 72 hours of patient visit.
8.	CMS	30 day All-Cause Readmission Rates from CHF	Reduction of any second admission within 30 days of a discharge of a patient with Heart Failure (APR DRG 194)
9.	CMS	Pneumonia: PN3b	Blood cultures performed in the ED prior to the initial antibiotic received in hospital.
10.	CMS	Surgical Care Improvement Project: SCIP-Inf-3a	Prophylactic antibiotics discontinued within 24 hours after inpatient surgery end time.
11.	HCAHPS	Communication about New Medicines	Communication about New Medicines: Composite HCAHPS Survey Score for Medicine and Surgery Departments.
12.	HCAHPS	Communication between Physicians and Patients	Communication with Doctors: Composite HCAHPS Survey Score for Medicine and Surgery Departments.
13.	PCMH	Patient-Centered Medical Home	Sustaining Level 3 Recognition designation from National Center for Quality Assurance

* Note that the sample chart above includes only those Performance Indicators that continue throughout the term of the Agreement.

**Executive Summary of Proposed Board Resolution
Authorizing the Creation of a Subsidiary Corporation
To Establish an Accountable Care Organization and
Participate in the Medicare Shared Savings Program**

Senior HHC management has determined that it is in the best interests of HHC and its patients for HHC to form, along with its Affiliates, an Accountable Care Organization (“ACO”) that would apply to the federal Centers for Medicare and Medicaid Services (“CMS”) to participate in the Medicare Shared Savings Program (“MSSP”). CMS Regulations require that a separate legal entity be formed when two or more otherwise independent entities participate together in an ACO under the MSSP. The proposed Board Resolution accordingly authorizes the creation of an HHC subsidiary corporation (HHC ACO Inc.) for the purpose of establishing an ACO through which HHC and Affiliates can participate in the MSSP and similar programs.

Briefly, ACOs are a health care reform model authorized in the Patient Protection and Affordable Care Act of 2010, involving groups of doctors, hospitals, and other health care providers who come together voluntarily to give coordinated high quality care to the patients they serve. When an ACO succeeds in delivering high-quality care at lower cost, it will share in the savings it achieves for the Medicare program, which savings are then distributed among the ACO participants. The MSSP (also authorized by the Patient Protection and Affordable Care Act) is a three-year program in which ACOs will be responsible for the care of a defined group of Medicare Fee-For-Service beneficiaries.

A principal advantage of participating in the MSSP is that HHC would be allowed to implement certain otherwise prohibited performance incentive payments to its Affiliates, so long as those payments were aligned with the goals of the MSSP (*i.e.*, improving quality of care, eliminating inefficiencies, and reducing cost). (Sample performance indicators are set forth in Attachment A to the proposed Resolution.) CMS has authorized waivers of certain fraud and abuse statutes for ACO participants, including federal laws prohibiting “gain-sharing” payments to physicians to reduce services (*e.g.*, by reducing lengths of stay). Such waivers may protect ACO startup arrangements that are consistent with the goals of the MSSP for up to a year prior to an ACO participant’s submission of an MSSP application. To participate in an ACO by January 1, 2013, the next available start date, the ACO must submit to CMS, *by June 15, 2012*, a Notice of Intent, and, *by August 30, 2012*, an MSSP application.

Five HHC officers have been identified as the initial Board of Directors of HHC ACO Inc. CMS regulations, however, require that “meaningful participation” in the composition and control of an ACO governing body be afforded to all ACO participants (and a Medicare beneficiary); HHC management therefore contemplates that a minority of seats on the ACO governing body would be awarded to HHC Affiliates or other ACO participants, with HHC retaining majority control.