

**STRATEGIC PLANNING COMMITTEE MEETING
OF THE BOARD OF DIRECTORS**

**DECEMBER 11, 2012
10:00 A.M.
HHC BOARD ROOM
125 WORTH STREET**

AGENDA

I. CALL TO ORDER **JOSEPHINE BOLUS, RN**

**II. ADOPTION OF OCTOBER 16, 2012
STRATEGIC PLANNING COMMITTEE MEETING MINUTES** **JOSEPHINE BOLUS, RN**

III. SENIOR VICE PRESIDENT'S REPORT **JOHN JURENKO**

IV. INFORMATION ITEM

i. 2012 ELECTIONS UPDATE

LEONARD GUTTMAN
ASSISTANT VICE PRESIDENT, OFFICE OF INTERGOVERNMENTAL RELATIONS

WENDY SAUNDERS
ASSISTANT VICE PRESIDENT, OFFICE OF INTERGOVERNMENTAL RELATIONS

V. OLD BUSINESS

VI. NEW BUSINESS

VII. ADJOURNMENT **JOSEPHINE BOLUS, RN**

MINUTES

STRATEGIC PLANNING COMMITTEE MEETING OF THE BOARD OF DIRECTORS

OCTOBER 16, 2012

The meeting of the Strategic Planning Committee of the Board of Directors was held on October 16, 2012, in HHC's Board Room located at 125 Worth Street with Josephine Bolus, RN presiding as Chairperson.

ATTENDEES

COMMITTEE MEMBERS

Josephine Bolus, RN, Chairperson of the Committee
Alan Aviles
Robert F. Nolan
Bernard Rosen
Michael A. Stocker, M.D., Chairman of the Board
Andrea Cohen, representing Deputy Mayor Linda Gibbs in a voting capacity

OTHER ATTENDEES

B. Clohessy, Account Manager, Simplr, LLC.
M. David, Committee of Interns and Residents
M. Dubowski, Analyst, Office of Management and Budget
C. Fiorentini, Analyst, New York City Independent Budget Office
M. Meagher, Budget Analyst, Office of Management and Budget
J. Wessler, Commission on the Public's Health System
T. Whitmore, Vice President, Simplr, LLC.

HHC STAFF

M. Belizaire, Assistant Director of Community Affairs, Intergovernmental Relations
L. Brown, Senior Vice President, Corporate Planning, Community Health
and Intergovernmental Relations
D. Cates, Chief of Staff, Office of the Chairman
E. Casey, Assistant Director, Corporate Planning and HIV Services
H. Celebi, Student Intern Office of Special Projects
B. DeIorio, Senior Director, Office of Special Projects
L. Guttman, Assistant Vice President, Office of Intergovernmental Relations

L. Hansley, Director, Organizational Innovation, and Effectiveness
J. Jurenko, Senior Assistant Vice President, Office of Intergovernmental Relations
Z. Liu, Senior Management Consultant, Corporate Planning Services
P. Lockhart, Secretary to the Corporation, Office of the Chairman
T. Mammo, Deputy Chief of Staff, Office of the President
A. Marengo, Senior Vice President, Communications, and Marketing
A. Martin, Executive Vice President and Chief Operating Officer, President's Office
K. McGrath, Senior Director, Communications and Marketing
I. Michaels, Director, Media Relations, Communications and Marketing
T. Miles, Executive Director, World Trade Center Environmental Health Center
I. Munarova, Assistant Director, Organizational Innovation, and Effectiveness
J. Omi, Senior Vice President, Organizational Innovation, and Effectiveness
K. Park, Associate Executive Director, Finance, Queens Health Network
D. Powell, Assistant Director, Marketing, Gouverneur Healthcare Services
S. Penn, Deputy Director, World Trade Center Environmental Health Center
E. Russo, Assistant Director, Corporate Planning Services
S. Russo, Senior Vice President and General Counsel, Office of Legal Affairs
W. Saunders, Assistant Vice President, Office of Intergovernmental Relations
P. Slesarchik, Assistant Vice President, Labor Relations
D. Thornhill, Associate Executive Director, Strategic Planning, Harlem Hospital Center
J. Wale, Senior Assistant Vice President, Behavioral Health
R. Wilson, M.D., Senior Vice President, Corporate Chief Medical Officer, Office of Medical and Professional Affairs

CALL TO ORDER

The meeting of the Strategic Planning Committee was called to order at 10:15 a.m. by the Strategic Planning Committee Chairperson, Mrs. Josephine Bolus, RN. The Minutes of the September 11, 2012, meeting of the Strategic Planning Committee were adopted.

SENIOR VICE PRESIDENT REMARKS

Ms. Brown greeted and informed the Committee that her remarks would include brief updates on federal and city issues and key HHC initiatives.

FEDERAL UPDATE

Ms. Brown reported that, over the past year, HHC had been working to assure that any proposed legislation that would narrow the definition of which hospitals across the country would qualify as long term acute care hospitals (LTCHs) would not inadvertently have a negative effect on Coler-Goldwater, but specifically Goldwater. Ms. Brown explained that, as part of the federal government's review of health care costs and health care delivery, focused attention had been placed on the proliferation of inpatient units within acute care hospitals that have extended stays and designated long term acute care units in public/governmental, voluntary, and for-profit hospitals.

As background, long term acute care hospitals (LTCH) are required by the Medicare program to have an average length of stay of greater than 25 days. In 2004 and 2011, MedPAC made a recommendation for the Centers for Medicare and Medicaid Services (CMS) to establish additional patient and facility criteria to better define an LTCH. In 2007, Congress called for more comprehensive criteria recommendations from CMS to assure that LTCHs focus on treating medically complex patients and patients requiring extended stays.

Ms. Brown explained that, over the last year, CMS had been working to reduce the number of LTCHs by narrowing the criteria and by defining what services would receive a higher reimbursement. HHC's concern, as well as that of the American Hospital Association (AHA), of which HHC is a member, is a legislative solution that would be fair to most LTCHs. Ms. Brown reported that AHA had in fact written proposed legislation, with the assumption that its members would fare better through a political rather than a regulatory process. Ms. Brown noted that AHA had previously proposed legislation that was introduced in the Senate. AHA is now working on a different version of that legislation for the House of Representatives.

Ms. Brown reported that AHA's earlier proposal that had been introduced in the Senate would require screening to be overseen by a physician prior to admission using a standardized process to assess whether LTCH-level care is reasonable and necessary. This proposal also called for weekly exams to validate the continued need for hospital-level care. She explained that LTCHs would need to also demonstrate the following:

- Year one: 50% of patients meet the full criteria
- Year two: 60% of patients meet the full criteria
- Year three: 65% of patients meet the full criteria
- Year four: 70% of patients meet the full criteria

Ms. Brown explained that AHA's new proposal, which may be introduced in the House, would impose new criteria, such as a requirement that an LTCH facility would have to provide ventilator services. She added that AHA's proposal would also impose a timeline on public/government administered LTCHs

that would begin six months after enactment. Based on this proposal, public/government administered LTCHs would need to demonstrate the following:

- Year one: 60% of patients meet the criteria
- Year two: 65% of patients meet the criteria
- Year three: 70% of patients meet the criteria

Ms. Brown emphasized that, when AHA proposed the Senate language, HHC had been very clear about its position regarding the need for there to be some consideration of what HHC is currently doing in terms of Coler-Goldwater and its transition to Henry J. Carter Specialty Hospital and Nursing Facility. Ms. Brown informed the Committee that HHC had planned to reduce the number of its LTCH beds because HHC was aware that change was on the horizon at both the federal and state levels to hone in on the various levels of care provided by certain designated types of hospitals and units. Ms. Brown explained that the legislation that AHA had pushed to be taken up in the legislative process had created a problem regarding the timeline. She explained that there may be look-backs, which may include looking at HHC's census for both 2011 and 2012, a time when HHC may have a moving target in terms of its census. One of the considerations that came out of HHC's discussions/comments to AHA was the recommendation of three years for public/governmental entities to meet the strictest criteria. As such, it would be 60, 65, and then 70 percent of all patients meeting the full criteria respectively over a three year transition period. Ms. Brown stated that, if in fact, the proposed bill gets legislated in Fiscal Year 2013, and CMS does a look-back at a traditional period for Goldwater, it is most likely that Goldwater would meet that threshold. HHC's focus is to remain persistent with its message to Senate staff, specifically Senator Schumer's staff and with the AHA that given Goldwater's transition, an accommodation must be made to ensure that Goldwater does not lose its LTCH status.

Ms. Brown added that HHC could be the poster child for LTCHs, given HHC's efforts to downsize and its focus on patients with multiple morbidities. Ms. Brown emphasized that HHC does not want to be adversely affected by doing the right thing. She added that AHA in its proposed bill had explicitly stated that patients with a principal psychiatric or rehabilitation diagnosis would be excluded from being eligible to be cared for in an LTCH unit. Ms. Brown noted that this was yet another concern for HHC, given HHC's patient population. Ms. Brown reminded the Committee that HHC is in the midst of restructuring Coler-Goldwater.

Ms. Brown explained that she was emphasizing Coler Goldwater because it is the HHC long term care facility that essentially became 50% LTCH. Today, both Coler and Goldwater are licensed as both hospital LTCHs and skilled nursing facilities. She explained that, when Goldwater is relocated to the Henry J. Carter facility, not only would HHC be reducing its total LTCH complement; it would also eliminate LTCH beds at Coler. She commented that this issue is being brought to the attention of the Committee at this time because there may be momentum on AHA's proposed bill, possibly in the Lame Duck session. Accordingly, HHC would have to make sure that this bill would not adversely affect HHC. She added that key HHC staff had already spoken to Tom Nickels, AHA's chief lobbyist. AHA is committed to working this out and has also acknowledged that HHC should not be punished for being ahead of the curve in doing the right thing by reducing LTCH beds, for using that level of care strictly for patients who need that intensive level of care, and for not playing a reimbursement game.

World Trade Center Health Center Program Update

Ms. Brown reported that last month, the Committee was provided with an update concerning the World Trade Center Health Program's Annual Subway Campaign, which was augmented this year to provide greater outreach to immigrant communities throughout the City. Ms. Brown reported that the National Institute of Occupational Safety and Health (NIOSH), the Center's funder, had immediately received a significant increase in calls following the launch of the subway campaign, particularly from individuals

who spoke Chinese, Spanish, and Polish. She explained that the ad campaign targeted these specific populations because of the documented decrease in the enrollment of persons who spoke languages other than English. This decrease is attributable to the change in the intake process that resulted from the implementation of the Zadroga Act. She reported that these are the populations that are more likely to be in need of the services being offered by HHC's World Trade Center Health Program because HHC's program serves community residents, day laborers, workers, students, and passersby. Ms. Brown added that, when the most recent demographics showed a diminishing number of enrollees who spoke other languages and from different ethnicities, HHC fought to do this outreach. She informed the Committee that this special outreach effort had been funded by NIOSH. Ms. Brown noted that the ad campaign lasted through the entire month of September and generated nearly double the number of calls that had been generated by past subway campaigns. The call volume increased from an average of 1,000 to nearly 2,000 calls. It is not yet known how many of those callers would become enrollees; notwithstanding, the outreach was successful.

Ms. Brown reported that, on September 12, 2012, the Health and Human Services (HHS) had published a final rule in the Federal Register adding certain types of cancer to the list of World Trade Center related health conditions. The effective date for providing treatment for those conditions is October 12, 2012, which provides only 30 days from the time of the announcement to implement the delivery of those mandated services. Accordingly, HHC's World Trade Center Program staff immediately began preparing for this significant change. Ms. Brown explained that this new rule is not only significant because of the range of cancer conditions that will be covered, but that patients will be allowed to have a choice of where they would prefer to receive that care. Ms. Brown explained that patients would not have to remain in the HHC family or within HHC's system to receive that care. Notwithstanding, HHC's World Trade Center Health Program will have the responsibility to oversee that care which entails providing claims authorization no matter where that care is rendered. Ms. Brown emphasized that this is a very new role for HHC's World Trade Center Health Program. World Trade Center Health Program staff has consulted with HHC's finance and legal offices and have reached out to the responder programs to learn how these programs are planning to deliver/manage cancer treatment and related services. Based on the intelligence gathered, it was determined that HHC's World Trade Center Health Program should contract with the third party administrator that currently provides claims authorization for Mount Sinai's Responder programs. This arrangement would eliminate the need for HHC to create a new infrastructure to support this new set of responsibilities. Ms. Brown stated that, it is anticipated that NIOSH will approve HHC's plan. Inasmuch as NIOSH has mandated these services, NIOSH will fully reimburse HHC for the contract related expenses for the engagement of a third party administrator.

CITY UPDATE

Council to Hold Hearing On Access to Care by Women with Disabilities

Ms. Brown reported that, later this month, the City Council Health and Women's Issues Committees will hold a joint hearing on access to women's health care services particularly for women with disabilities. HHC has been invited to testify along with other health care providers and advocates who represent patients with disabilities. This hearing is scheduled to occur on October 24, 2012, at 10:00am in the Council's 16th floor hearing room. Ms. Brown commented that the reason for this hearing stemmed from the imminent release of a report by the New York Lawyers for the Public's Interest on the health care access challenges of women with a range of disabilities. HHC has been informed that HHC is not the subject or target of this report.

HHC INITIATIVES

Medicare 101 Workshops

Ms. Brown reported that HHC in collaboration with the Centers for Medicare and Medicaid Services (CMS) had been hosting free Medicare 101 workshops at all eleven HHC hospitals and two HHC diagnostic and treatment centers, just in time for the Medicare open enrollment period which starts on October 15th and ends on December 7, 2012. Ms. Brown explained that these workshops are led by health insurance specialists from CMS. The workshops provide Medicare information and materials that are current, accurate and consistent for beneficiaries, health care professionals who provide guidance for Medicare beneficiaries, including coming-of-agers (people approaching age 65, when they become eligible for Medicare), and those who want a refresher course. These workshops also provide updates brought about by the Affordable Care Act, the health care reform law that was passed by the U.S. Congress in 2010 and upheld by the U.S. Supreme Court in June 2012.

Ms. Brown informed the Committee that, to date, a total of five Medicare 101 sessions had been held thus far at North Central Bronx Hospital, Lincoln Medical and Mental Health Center, Kings County and Elmhurst Hospitals, which attracted more than 250 participants. Ms. Brown announced that Medicare 101 workshops were scheduled to be held at Harlem Hospital Center on October 17, 2012, and on October 18, 2012 at Woodhull Medical and Mental Health Center. Ms. Brown added that these workshops are important because seniors are a significant and growing part of HHC's patient population. HHC is providing this important information to assist seniors in making informed decisions about their health care coverage and their health care.

Ms. Brown also reported that her office was also working with CMS, and specifically with the National Government Services (a vendor for CMS), to provide onsite training of staff focused on reducing Medicare claim error rates. As background, since the year 2000, CMS began an initiative to identify dominant error payments and claims submitted by hospitals and individual care providers. This initiative included the NGS, or the National Government Services, actually providing on site educational services by presenting examples specifically of hospital errors. These onsite educational sessions are scheduled at all HHC hospitals through the end of November 2012. To date, a total of six educational sessions were held with more than 220 staff member participants. The content of these onsite training sessions focus solely on "short stay hospital services" and covered the leading Medicare Part A claim error, which is incorrect payments for one and two day inpatient claims; and the leading Medicare Part B claim error, which is up-coding of evaluation and management services. The target audiences for the onsite educational sessions include lead physicians from medicine, emergency medicine, and anesthesia; attending and resident physicians; utilization review and billing/coding staff; compliance officers and financial officers associated with revenue management.

Voter Registration and Education Drives at HHC facilities

Ms. Brown reported that HHC had successfully partnered with the New York City Votes (led by the New York City Campaign Finance Board) and the American Hospital Association's We Care We Vote campaigns. She informed the Committee that, in response to these campaigns, a total of 47 voter education and registration drives were held at 21 HHC facilities across the City. These facilities included HHC hospitals, diagnostic and treatment centers, and long term care facilities. These voter awareness events were led by HHC's Community Advisory Boards with support provided by HHC staff, auxiliary members, and volunteer departments. The New York City Campaign Finance Board staff led

training sessions for HHC's volunteers; and equipped the various sites with essential outreach and registration resources including voter registration forms, tally sheets and pledge cards.

Ms. Brown reported that, through this effort, more than 75 HHC CAB and auxiliary board members and volunteers manned tables which were situated in high traffic areas at HHC facilities to provide voter education and registration assistance to patients and community residents throughout the month of September and early October. Their collective efforts yielded the distribution of more than 1,100 voter registration forms, of which, a total of 739 forms were completed, collected, and mailed to the Board of Election, before the October 12, 2012, registration deadline.

ACTION ITEM:

SIMPLER CONTRACT RENEWAL AND AMENDMENT

JOANNA OMI
SENIOR VICE PRESIDENT, ORGANIZATIONAL INNOVATION, AND EFFECTIVENESS

Ms. Omi presented an action item to the Committee seeking approval of an extension of HHC's contractual relationship with Simpler, LLC. (Simpler). She informed the Committee that this request was being made to allow HHC to gain further benefits from the vendor and to escalate ongoing efforts to develop HHC's Breakthrough infrastructure, in particular, HHC's leadership, and management staff. Ms. Omi explained that these efforts would ultimately lead to the development of HHC's internal capacity to implement and sustain improvements without significant ongoing external support. She stated that, through this action item request, HHC proposes to execute the third of three existing, one-year renewal options in the contract at an amount not to exceed \$5,500,000 (this amount includes a 10% contingency to be exercised at the sole discretion of HHC's CEO). The contract period will commence on November 1, 2012, and will expire October 31, 2013.

Ms. Omi introduced the two Simpler representatives who were present at the meeting. They included Mr. Tim Whitmore, Simpler's vice president and Mr. Bill Clohessy, HHC's account manager. Ms. Omi informed the Committee that her presentation would entail a brief background of the contract; Breakthrough progress, and results achieved to date; and Breakthrough work to be done in the new contract year and beyond.

As background, Ms. Omi reminded the Committee that Breakthrough had been initiated at HHC since November 2007, which was the time when HHC's contractual relationship with Simpler began. HHC procured Simpler's services through a competitive request for proposal (RFP) process in 2007. Ms. Omi described the scope of the initial contract was for LEAN consultation and support services for an initial term of three years, with two one-year optional renewals at an original cost of \$5 million. She reminded the Committee that the Simpler contract had been amended three times. The first amendment was to increase the original contract amount to \$7 million with no change in the term. The second amendment and renewal occurred in 2010, which allowed HHC to exercise the first one year optional renewal option, add \$3.1 million for the fourth year, and to also add a third optional renewal year. Ms. Omi explained that this was done to ensure that HHC had a period of six potential years with Simpler. She stated that HHC will be entering that sixth year as of November 1, 2012. The third amendment occurred last year when HHC exercised the second one year renewal option, and added \$4.9 million to fund that year. Ms. Omi noted that, at that point, the Board had been informed that HHC would seek approval from the Board every year for the dollar allocation. She explained that this was the reason why this request is made to the Board every year, even though the contract does

allow HHC to exercise those options. She stated that, as of the end of this month, the total contract cost through the fifth year would be \$14.9 million.

Ms. Omi reported that there are 19 active Breakthrough sites across the Corporation. Breakthrough was launched, in this current contract year, at HHC facilities including Harlem Hospital Center, Renaissance Diagnostic and Treatment Center, Segundo-Belvis Ruiz and Morrisania Diagnostic and Treatment Centers, and Coler Goldwater Specialty Hospital and Skilled Nursing Facility. She added that East New York Diagnostic and Treatment Center and Dr. Susan McKinney Skilled Nursing Facility would be added or become active Breakthrough sites in the new contract year. The remaining two HHC sites that would follow include MetroPlus Health Plan and Sea View Specialty Hospital and Home. With the addition of these two latter sites, Breakthrough would be launched at a total of 23 sites across the Corporation, which would include all major HHC hospitals, long term care facilities, and the two HHC sponsored entities including MetroPlus Health Plan and Health and Home Care.

Ms. Omi informed the Committee that the focus of this last year and the upcoming year is to develop HHC's self-sufficiency from Simplr. To date, there are 54 HHC staff members who are able to run rapid improvement events (RIEs), which are weeklong improvement events that are conducted at the facilities where big change is expected. She described a rapid improvement event as bringing a group of staff members together for a week. During that week, staff members go through a process of identifying problems, developing and testing solutions, and then implementing those solutions in that actual week. Ms. Omi reported that, to date, more than 1,110 RIEs had been conducted across the Corporation. She added that HHC had 38 full-time facilitators and 16 staff members who are embedded or serve as part-time facilitators. These embedded facilitators are working as resident Breakthrough experts within their areas. They also serve as deployment officers covering the existing 19 sites.

Ms. Omi reported that there had been an increase in the number of staff members who have received Green level Breakthrough training, particularly in this last year. She added that HHC's push towards self-sufficiency goes beyond the training of staff members who will be dedicated to Breakthrough RIEs and daily improvement efforts. It would go beyond that to include managers, leaders, clinicians and others. Mr. Michael Stocker, MD, Chairman of HHC's Board asked, at what color, be it Green or Bronze, would a staff member be certified to run RIEs. Ms. Omi explained that, this would depend on the particular staff member. One would have learned what the elements of an RIE event are at Bronze level and would be able to lead RIEs with some support following Bronze training. She noted that Silver level is the real test. It is a two weeks long training program. One week is focused on classroom training and the other week is focused fully on running events. To date, more than 2,000 HHC staff members have participated in some type of Breakthrough training. Ms. Omi stated that there are five types of certification training opportunities that are offered to staff. They include Green, Bronze, Silver, Gold, and Platinum. Ms. Omi explained that there are three different tracks. One track is for certification to become a facilitator, or a Breakthrough deployment officer, or a resident expert. Another track focuses on process training for managers. This track includes workshops for managers and focuses on problem solving. Ms. Omi noted that a leadership workshop series was developed last year and is included as part of that track.

Ms. Bolus, Committee Chairperson asked if Green level training included certification or was a prerequisite. She also asked how one gets the certification needed for further certification. Ms. Omi explained that this was done by having each course serve as a prerequisite for the subsequent course in the categories of certification. For example, a staff member would have to complete Green level to get to Bronze level certification. To obtain Silver level certification, one would have to graduate from Bronze. For Gold level certification, the Silver level certification is a prerequisite and so forth. Ms. Omi further clarified that, some of the Breakthrough activities that are being conducted also serve to embed Breakthrough throughout the Corporation; they are not just only to create a cadre of experts. She

explained that Breakthrough is being utilized as a career path. In the last year, more than nine HHC staff members have been promoted based on their acquired Breakthrough expertise. Ms. Omi highlighted that there are staff who had served in the role of Breakthrough deployment officers who had been promoted to chief operating officers. Additionally, there have been Breakthrough facilitators who have been promoted to service line managers and associate executive directors. These are high level managers within an HHC site/facility. Other staff members have become Breakthrough deployment officers and senior level managers throughout the Corporation. Ms. Omi added that Breakthrough had many clinical champions including chiefs of surgery, anesthesiology, emergency medicine, psychiatry, and medicine throughout the facilities in addition to very engaged cabinet members. She noted that these are the staff members who report to senior vice presidents and executive directors. With the cascading of the Breakthrough strategic planning process, called Hoshin Kanri, this strategic planning process has cascaded down from President Aviles through all of his direct reports and to their respective direct reports.

Dr. Stocker commented that the goal is to have managers sufficiently trained that would allow HHC to operate independently. He added that the vendor had done a great job. He stated that, if Breakthrough is not made part of the Corporation, and if it is not understood and utilized by everyone, it is going to be inevitably temporary. He further commented that it would be a shame to lose what had been accomplished and instituted thus far. He inquired if a target percentage of managers who should receive Breakthrough training had been established. Ms. Omi responded that the goal is for 100% of managers to have received Breakthrough training. She explained that, if Breakthrough is not embedded deeply enough within the infrastructure of the Corporation, it would become a passing thing. She commented that the organizations that had been successful with LEAN over time (i.e., those organizations that have been working on LEAN for about a decade or two longer) are organizations that really do have a culture change. This is reflected by every single person in that organization understanding and contributing to that organization's overall success. Ms. Omi added that Breakthrough training empowers people to become problem solvers in the work place.

Mr. Aviles informed the Committee that, one thing that had been learned is that it had taken longer than it was originally thought and hoped it would. The organization is large and complex which makes it challenging to build the critical mass of managers that are needed who are sufficiently proficient. Mr. Aviles explained that, it is one thing to have individuals who have participated in RIEs and who have been exposed to significant training. However, it is another thing to reach the point where one can actually be proficient at the level of facilitation and coaching that is needed to have a more complex event. He noted that progress had been made. HHC facilities and senior leadership are operating on the charge that going forward Breakthrough competency should be a weighted factor in terms of promotions to leadership roles. There are individuals who have demonstrated their proficiency and commitment to Breakthrough process improvement who have assumed very senior positions in the organization. He added that it would still take time to build the critical mass across the breadth of HHC.

Dr. Stocker asked if managers were evaluated on their ability to get the people who work for them to build their Breakthrough competency and if the managers were themselves competent. Mr. Aviles responded that this had just begun at the senior most level. He added that Mrs. Carolyn Jacobs, HHC's Senior Vice President for Patient Safety and Human Development is working on revamping HHC's standard performance evaluation forms in order to incorporate the Breakthrough competencies on that form. He explained that it is recognized that, at many different levels, Breakthrough needs to be embedded into the processes for evaluating individuals, both from the standpoint of performance, but also from the standpoint of their readiness to take on more significant management and leadership positions.

Ms. Omi added that there are current discussions among leadership to consider requiring a basic Breakthrough awareness module for all employees. It is anticipated that a 90-minute on line module, which would be available on November 1, 2012, will be required for all employees. The next question is what else might be required or strongly recommended. Ms. Omi informed the Committee that the Breakthrough Green level course had been modified. She explained that Green level training had been modified to encompass some of the critical thinking aspects of Breakthrough that is essential for all staff. This training is now focused on atrium thinking, and will be tested beginning this month and over the next couple of months to allow for a full rollout in January 2013. Ms. Omi noted that there were other types of workshops and courses that are also provided which include problem solving. A key task for the next year will be to take the three day problem solving workshop and break it up into more manageable chunks for a wider audience.

Ms. Bolus asked how many individuals from Simpler are serving in the role of consultants. Ms. Omi responded that there are 12 to 13 individuals. Ms. Bolus commented that HHC is faced with a huge decrease in staff. Notwithstanding, HHC is still choosing to invest lots more money in this contract while decreasing the number of regular staff. Ms. Bolus added that, it is going to be difficult to rationalize the retention of so many individuals as consultants. Mr. Aviles responded by stating that, it is also important to look at the return on investment. The reality is that, as a result of Breakthrough activities, HHC is seeing some significant gap closing that is occurring through either the generation of additional revenue or the actual increase in efficiency that reduces costs. He explained that, if HHC wasn't achieving cost savings in that way, then the alternative way of achieving those cost savings would be to further reduce the work force. Ms. Bolus responded by asking if those cost savings could not be achieved with less Simpler staff. Mr. Aviles explained that the goal going forward is to have enough Simpler resources to optimize HHC's ability, going forward, to begin to wean away from Simpler.

Ms. Bolus stated that the contract began with a certain amount of years, and now HHC is in its fifth year. Mr. Aviles noted that HHC is now moving into its sixth year with Simpler. Ms. Bolus commented that the contract had increased little by little, but it is increasing on that side. Mr. Aviles responded by affirming Mrs. Bolus' statement. He stated that the full scope of investment that was required to launch and sustain Breakthrough at the start of this work was unknown. He stated that the complexity of this work was also not fully appreciated or understood. Notwithstanding, the aggregate new revenue and cost savings over the course of the last five years, which is nearly \$250 million is a huge return on that investment. Mr. Aviles explained that, without that body of work, HHC would have to think about what else it would have to do in order to close the gap for that amount. He noted that, if asked, HHC's senior leadership across the system, would all affirm that HHC had been able to take an attrition target of 3,200 fewer staff across the whole organization in part because of the increased efficiencies in operations that had resulted from more than 1,100 RIEs. Notwithstanding, HHC could tolerate that attrition because of those particular RIEs. He noted that he is confident that HHC's executive directors and senior vice presidents would say that Breakthrough had played a critical role. It is a significant investment, but it is an investment to accomplish something that HHC is not yet ready to accomplish on its own. It is an investment, without which, HHC would not have achieved the level of return that it had gotten in the past.

Mr. Nolan, Committee Member asked about staff turnover. He asked if staff longevity or the percentage of staff that had been trained for a couple of years and have left the program/HHC is being tracked. Ms. Omi responded affirmatively. She stated that two individuals had left the program. One of those individuals left HHC after completing Gold level certification. The other individual achieved up to Bronze level certification. Both individuals were facilitators and left HHC for more money. Ms. Omi further explained that, one individual left to go outside of process improvement completely and the other individual left to set up a process improvement unit in the manufacturing sector. Mr. Nolan

inquired about the total number of Breakthrough facilitators. Ms. Omi responded that the total number is 15.

Dr. Stocker reminded the Committee that representatives of the vendor were present at the meeting. He invited Simpler's representatives to join the discussion. Ms. Omi added that, it was expected that HHC's trained staff would be heavily recruited because this is the direction that health care is going. HHC is at the leading or bleeding edge of LEAN in health care. At other organizations that are a few years ahead of HHC, there have been great temptations placed in front of people who have been trained in LEAN process improvement methodologies. Ms. Omi commented that HHC is very concerned about that and that is the reason why the Breakthrough career path at HHC is very important. This career path evolved quite naturally because of the strength of the individuals who go through the program. She added that HHC continues to seek ways to assure that it is demonstrating the value that it believes and its commitment to the people that are providing that value.

President Aviles affirmed Ms. Omi's comments. He added that, it is uncertain that this issue can be addressed solely by trying to target compensation levels with increased competency, in an effort to block the market forces that would be pulling at the shirtsleeves of individuals who become more and more adept with LEAN/Breakthrough. He added that, what is also important is making it clear to individuals who take on these responsibilities that Breakthrough is viewed as a pathway to senior leadership positions, where they can apply what they have learned, and really have a broad sphere of influence in terms of their ability to impact the organization and its mission. Mr. Aviles commented that, HHC does attempt to recruit individuals who are attracted to its mission, not just to the technical proficiency aspects of Breakthrough. Notwithstanding, it is a serious concern. Mr. Bill Clohessy, HHC's Simpler Account Manager, added that, it should be that the Breakthrough structure would allow for turnover; but it should be turnover back into the organization as a progression, not allowing for staff to be lost to external entities. He explained that, this speaks to the strengthening of the organization and the culture as a whole. This is done by bringing in people already embedded with the knowledge and the way of doing business through Breakthrough. This is how the spread to everyone in the organization would occur instead of just the select few within the Breakthrough structure. He added that turnover is desirable but it should be done in a controlled and organized fashion. Mr. Clohessy commented that he was in agreement with compensation. He stated that a longer term gratification is to know that one would progress upward through the organization based on these skills.

Dr. Stocker commented that, most people involved in this work are mostly altruistic about the mission of the organization and have worked on change management that a lot of people care about. He asked Mr. Clohessy to comment on independence versus non-independence, the long term future for HHC, and what success in terms of managers would look like going forward. Mr. Clohessy explained that the size of the organization played into that equation. In the early years, a lot of the emphasis was placed on training the structure itself, the mechanics of running the events to engage those large numbers of people, and to get something as a result from it. The shift comes with the focus on having the management side and the leadership side embedded. At this point, there are a significant number of people who can run events, who can run workshops and training sessions. Now the shift, the focus and the road to independence comes with knowing how to use and where to use Breakthrough, and how to solve business issues from a management perspective using Breakthrough. He informed the Committee that, in his mind, there is always a need for some outside eyes. However, the key lies really with the leadership. He noted that Mr. Tim Whitmore was present at the Committee meeting. He explained that Mr. Whitmore's sole purpose is executive coaching, and to align HHC's business needs through the process called Hoshin Kanri. He added that independence comes from embedding.

Ms. Omi informed the Committee that the cost savings that had resulted from Breakthrough efforts are actually closer to \$273 million at this point. She stated that Breakthrough efforts had produced a

steady increase in new revenues, and that revenue achievement continues to grow each year. She reported that the rate of return for HHC's investment is \$17 for every dollar spent on the contract.

Ms. Omi stated that the contract proposal for next year seeks the authorization of an additional \$5.5 million, inclusive of the 10 percent contingency (resulting in a \$20.5 million toll over six years) to exercise the third optional renewal year to continue and escalate the development of HHC's internal capacity for maintaining and growing Breakthrough. Ms. Omi stated that the strategy for next year is to ensure that Breakthrough improvement work is well aligned with HHC's business strategy and to support and enable the achievements of the current year's strategic goals. Ms. Omi reported that 25 RIEs are now being conducted on a monthly basis.

Ms. Omi informed the Committee that some changes are being made to training to be able to bring more staff up to speed. A broader, applicable manager training is being further developed and will be rolled out this year. This manager training program will allow for the creation of a management system for individuals which would allow HHC's enterprise level and business goals to be cascaded down to the level of the unit or the clinic. This will help all staff to understand how their daily work contributes to the achievement of those goals. Ms. Omi stated that, the spread of ideas from one place to another, from one clinic in a site to another clinic and so forth had been the focus of discussion of this Committee. This transfer of intelligence/best practices will be emphasized significantly this year, building on what have already been done over the last year. This work has included the development of a model value stream focused on perioperative services at Jacobi Medical Center. This work is important to assure that the same improvement events are not being repeated everywhere, but that learning from past improvement events are being transferred from one site to the next and that such learning is spread sequentially. Ms. Omi emphasized that monitoring the progress of HHC's improvement system so that HHC is constantly moving forward and improving will also be a focus in this new year.

Ms. Omi reported that she had been in communication with and had observed many health care organizations across the country that had been using LEAN. She stated that Virginia Mason Medical Center is an organization that had invested the greatest length of time on LEAN. She informed the Committee that Virginia Mason still sends all of their managers to Japan every year for training. Ms. Omi noted that Virginia Mason is a high performing and well regarded system. They still use external consultants, on an ongoing basis, with nowhere near the level of time that HHC does right now. She added that, it is anticipated that, at some point, HHC would be also using some outside expertise to evaluate if HHC is continuing to move forward, and if HHC is maximizing what LEAN can bring to HHC.

Ms. Omi reported that, it is also anticipated that next year, HHC would be able to begin the weaning process. She outlined the plan for next year and beyond as the following:

1. Reduce annual contact spend:
 - By 25% in Year 7
 - By an additional 25% in Year 8
 - Review ongoing needs

2. Enable this spending reduction through:
 - Intensive training of leaders, managers and staff
 - Implementation of managers improvement system
 - Continued development of model cells and value streams
 - Active engagement of enterprise steering committee
 - Alignment between enterprise transformation plan (TPOC) and business priorities (Hoshin Kanri)

Mr. Rosen, Committee Member asked for clarification regarding the contract being brought to the Committee. He inquired if the contract would be \$5.5 million for Year 6. Ms. Omi responded affirmatively. Mr. Rosen stated that would get HHC to about \$20 million. He asked Ms. Omi if she would return to the Board at some point for Year 7. Ms. Omi responded that a new contract would have to be established, which would have to be presented to the Board. Mr. Rosen asked if Ms. Omi envisioned preparing a new contract and what would be the estimated cost of that contract if HHC's current cost is \$25 million over 7 years. Ms. Omi stated that it would be for 25% of the \$5.5 million, which would reduce the annual spend by 25%.

Ms. Omi informed the Committee that Vendex approval for the Simpler contract was in progress. Mr. Rosen further inquired about the cost. He asked if a contract is pursued for yet another year, would the cost be another 25% off of the reduced \$5.5 million. Ms. Omi responded affirmatively but added that the contract wouldn't necessarily have to be with Simpler.

Ms. Bolus called the Committee to a vote on the Simpler LLC., contract. The motion was approved by the Committee for Board review.

ADJOURNMENT

There being no further business, the meeting was adjourned at 11:12a.m.

2012 Elections



Leonard Guttman, Assistant Vice President
John Jurenko, Senior Assistant Vice President
Wendy Saunders, Assistant Vice President

Strategic Planning Committee
December 11, 2012

Federal Elections: President

- President's Hand Strengthened
- ACA Here to Stay
- Increased Likelihood for Action on Fiscal Cliff
 - Cuts to Medicare and Medicaid Likely
 - Entitlement Reform?



Federal Elections U.S. Senate

Pre-Election Balance of Power

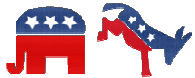
51 D's – 47 GOP – 2 Independents

Post -Election:

53 D's – 45 GOP – 2 Independents

New York State

Kirsten Gillibrand (D) defeats Wendy Long (R)

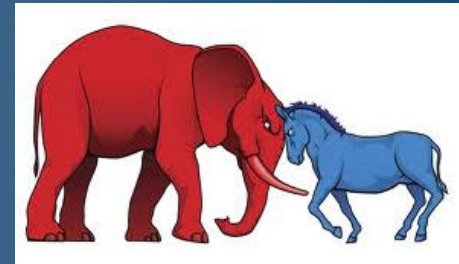


House of Representatives

Pre-Election Balance of Power

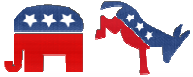
241 GOP – 191 D's

- 218 Needed for Majority Control



Post-Election Balance

- GOP Maintains Control But At Least 8 Seat Loss
- 7 Undecided Races



House: Key NYC Races

Brooklyn

Hakeem Jeffries (D) vs Allan Bellone (R)



Queens

Grace Meng (D) vs Dan Halloran (R)



Staten Island

Michael Grimm (R) vs Mark Murphy (D)



House: Key NYS Races

New York is a “Battleground State”

Races with Less than 5% Margin:

- Bishop (D) vs Altschuler (R)
- Hayworth (R) vs Maloney (D)
- Buerkle (R) vs Maffei (D)
- Hochul (D) vs Collins (R)
- Owens (D) vs Doheny (R)
- Shingawa (D) vs Reed (R)



New York State Elections



Assembly



Senate



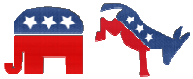
Pre-Election Balance of Power

NYS Senate – 62 members (63 post-election)

- 33 R's – 29 D's (26 from NYC: 23 D's & 3 R's)
- Independent Democratic Conference: 4

NYS Assembly – 150 members

- 101 Democrats – 47 Republicans, 2 Open
- 65 from New York City (63 D's & 2 R's)



NYS Senate: NYC Races

Brooklyn

- David Storobin (R) – Simcha Felder (D,C)

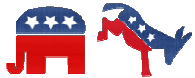
Manhattan

- Brad Holyman (D) (no opponent)



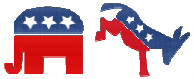
Queens

- Joseph Addabbo (D) – Eric Ulrich (R)
- James Sanders (D) (no opponent)



Post-Election Balance of Power

- NYS Senate Now: 31 D's*, 30 R's, 2 TBD
 - 5 IDC Members Maintain Own Caucus
 - Klein, Savino, Valesky, Carlucci & Smith
 - *Simcha Felder (D) sides with Republicans
 - Reduces Democrat Caucus Members to 25
- 2 Undecided Races in Hudson Valley and Capital District (Guess is Split 1D -1R)
- Republicans & IDC Form Coalition Gov't.



NYS Assembly

Democrats Retain Control: 107 D's – 43 R's

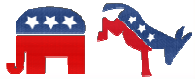
Bronx Races

- Mark Gjonaj (D)
- Luis Sepulveda (D)



Brooklyn Races

- Walter Mosley (D)



NYS Assembly

Manhattan Races

- Gabriella Rosa (D)



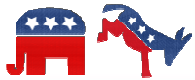
Staten Island Races

- Tony Mascolo (D) – Joseph Borelli (R)



Queens Races

- Nily Rozic (D)
- Ron Kim (D)



Assembly Leadership

Sheldon Silver Will Be Speaker

At Least 20 New Members & Vacancies in Key Leadership Posts:

- Majority Leader, Speaker Pro Tem, Majority Steering Committee
- Committees: Corrections*, Insurance*, Housing, Labor*, Libraries, Reapportionment

(* Leadership Changes May Affect These Committees)

New York City Council

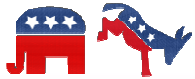
Queens

- James Sanders Heading to Albany
- Will Open Council Seat



Bronx

- Andy King Wins Special Election
for Vacancy Resulting From
Larry Seabrook Conviction



Questions?

