

BOARD OF DIRECTORS MEETING
THURSDAY, NOVEMBER 21, 2013
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<p>Call to Order - 4 pm</p>	<p>Dr. Stocker</p>
<p>1. Adoption of Minutes: October 31, 2013</p>	
<p><u>Chairman's Report</u></p>	<p>Dr. Stocker</p>
<p><u>President's Report</u></p>	<p>Mr. Aviles</p>
<p>>>Action Items<<</p>	
<p><u>Corporate</u></p>	
<p>2. RESOLUTION authorizing the President of the New York City Health and Hospitals Corporation to seek trauma center designation for Jacobi Medical Center, Kings County Hospital Center, Bellevue Hospital Center, Elmhurst Hospital Center, Harlem Hospital Center, and Lincoln Medical and Mental Health Center through the national trauma program of the American College of Surgeons. <i>(Med & Professional Affairs/IT Committee – 11/07/2013: Committee informed that Item would be calendared for Board consideration)</i></p>	<p>Dr. Stocker</p>
<p>3. RESOLUTION authorizing the President of the New York City Health and Hospitals Corporation to execute contracts with Katten Muchin Rosenman LLP; Moses & Singer, LLP; Garfunkel Wild, PC; Nixon Peabody LLP; and Epstein Becker & Green, PC to provide specialized legal counsel and representation to the Corporation on such legal matters as may be requested by the Corporation. The retention shall be for a term of three years with two one-year options to renew. Fees shall not exceed \$465 per hour for partners and from \$265 to \$415 per hour for associates, depending on experience, and \$160 per hour for paralegals, with a five percent increase in the option years of the contracts. <i>(Finance Committee – 11/12/2013)</i> EEO: Pending / VENDEX: Pending</p>	<p>Ms. Youssouf</p>
<p><u>North/Central Brooklyn Health Network</u></p>	
<p>4. RESOLUTION authorizing the President of the New York City Health and Hospitals Corporation to proceed with the procurement and installation of a second Linear Accelerator and to renovate the suite required to house this new unit at Kings County Hospital Center in an amount not to exceed \$5,551,879. <i>(Capital Committee – 11/07/2013)</i></p>	<p>Ms. Youssouf</p>
<p><u>South Manhattan Health Network</u></p>	
<p>5. RESOLUTION authorizing the President of the New York City Health and Hospitals Corporation to execute a revocable license agreement with New York College of Podiatric Medicine for the use of forty parking spaces on a lot under the MetroNorth tracks between 122nd and 123rd Streets close to the Henry J. Carter Specialty Hospital and Nursing Center at no cost to the Corporation in exchange for certain security to be provided by the Facility. <i>(Capital Committee – 11/07/2013)</i></p>	<p>Ms. Youssouf</p>
<p><u>MetroPlus Health Plan, Inc.</u></p>	
<p>6. RESOLUTION authorizing the President of the New York City Health and Hospitals or the President of MetroPlus Health Plan, Inc. to execute a lease between either the Corporation or MetroPlus and 1776 Eastchester Operating LLC for approximately 17,414 square feet of space located on the second floor at 1776 Eastchester Road, Borough of the Bronx to house the disaster recovery facilities of MetroPlus for a term of ten years with a five year option at a base rent of \$34.50 which shall increase at 6% every other year over the lease term and which shall include the cost of building out the space to the building standard but that will leave to the Corporation or MetroPlus a cost of approximately \$2.1 million for the installation of furniture and IT equipment, supplemental HVAC and an emergency generator. <i>(Capital Committee – 11/07/2013)</i></p>	<p>Ms. Youssouf</p>

(over)



BOARD OF DIRECTORS MEETING
THURSDAY, NOVEMBER 21, 2013 ~ AGENDA ~ PAGE 2

<u>Committee Reports</u>	Ms. Youssouf Ms. Youssouf Mrs. Bolus Mr. Rosen Dr. Stocker Mrs. Bolus
➤ Audit (October 2013) ➤ Capital ➤ Community Relations ➤ Finance ➤ Medical & Professional Affairs / Information Technology ➤ Strategic Planning	
<u>Subsidiary Board Report</u>	Mr. Aviles
➤ HHC Accountable Care Organization (HHC ACO)	
<u>Facility Governing Body / Executive Session</u>	
➤ Harlem	
Semi-Annual Report (Written Submission Only)	
➤ Metropolitan	
>>Old Business<<	
>>New Business<<	
Adjournment	Dr. Stocker

NEW YORK CITY HEALTH AND HOSPITALS CORPORATION

A meeting of the Board of Directors of the New York City Health and Hospitals Corporation (the "Corporation") was held in Room 532 at 125 Worth Street, New York, New York 10013 on the 31st of October 2013 at 4:00 P.M. pursuant to a notice which was sent to all of the Directors of the Corporation and which was provided to the public by the Secretary. The following Directors were present in person:

Dr. Michael A. Stocker
Mr. Alan D. Aviles
Josephine Bolus, R.N.
Dr. Jo Ivey Boufford
Dr. Vincent Calamia
Dr. Herbert F. Gretz, III
Rev. Diane E. Lacey
Mr. Robert F. Nolan
Mr. Bernard Rosen
Ms. Emily A. Youssouf

Ian Hartman-O'Connell was in attendance representing Deputy Mayor Linda Gibbs, Dr. Gerald Cohen was in attendance representing Dr. Adam Karpati, and Linda Hacker was in attendance representing Commissioner Robert Doar, each in a voting capacity. Dr. Stocker chaired the meeting and Mr. Salvatore J. Russo, Secretary to the Board, kept the minutes thereof.

ADOPTION OF MINUTES

The minutes of the meeting of the Board of Directors held on September 25, 2013 were presented to the Board. Then, on motion made by Dr. Stocker and duly seconded, the Board unanimously adopted the minutes.

1. RESOLVED, that the minutes of the meeting of the Board of Directors held on September 25, 2013, copies of which have been presented to this meeting, be and hereby are adopted.

CHAIRPERSON' S REPORT

Dr. Stocker received the Board's approval to convene an Executive Session to discuss matters of quality assurance.

Dr. Stocker updated the Board on approved and pending Vendex and will report on the status of pending Vendex at the next Board meeting.

Dr. Stocker announced the schedule of the FY2014 annual public meetings as follows: November 7, 2013, Sea View Hospital Rehabilitation Center and Home; November 18, 2013, Lincoln Medical and Mental Health Center; November 25, 2013, Elmhurst Hospital Center; November 26, 2013, Woodhull Medical and Mental Health Center; December 9, 2013, Bellevue Hospital Center.

Dr. Stocker informed the Board that an evaluation of work performance of the Board is required by the Public Authorities Accountability Act and that Board members will receive an envelope containing the forms to complete their evaluations.

PRESIDENT' S REPORT

Mr. Aviles' remarks were in the Board package and made available on HHC's internet site. A copy is attached hereto and incorporated by reference.

Marlene Zurack, Senior Vice President, Chief Financial Officer reported on HHC's finances and how the Corporation is addressing budget gaps resulting from Medicaid cuts and increases in pension costs. A copy of the report discussed by Ms. Zurack is attached hereto and incorporated by reference.

ACTION ITEMS

RESOLUTIONS

2. Authorizing the President of the New York City Health and Hospitals Corporation to negotiate and execute **requirements contracts** with **seven (7) architecture and engineering (AE) firms**: ARRAY Arch., PC; Ewing Cole architects, PC; Francis Cauffman, LLP; Hellmuth, Obata, Kassabaum, PC; MJCL Architects, LLP; Perkins Eastman Architects, PC; Stonehill & Taylor Architects, PC, to provide professional AE/MEP design services; **seven (7) mechanical, electrical & plumbing (MEP) firms**: Greenman-Pedersen, Inc.; Jacob Feinberg Katz & Michaeli Consulting Group; Kallen & Lemelson Consulting Engineers, LLP; Lizardos Engineering Associates, PC; Parsons Brinkerhoff, Inc., RG Vanderweil Engineers, LLP and WSP USA Corporation, to provide professional MEP design services; and **four (4) Local Law 11 Inspection & AE firms**: Superstructures Engineering + Architect, PLLC; Desman Associates; Raman and Oundjian Eng. + Insp. Services, PC; and Thorton Tomasetti, to provide professional Local Law 11 inspection and filing services and AE services in connection with Local Law 11 compliance on an as-needed basis at various facilities throughout the Corporation. The contracts shall be for a term of one year with two (2) one-year options for renewal, solely exercisable by the Corporation, for a cumulative amount not to exceed \$15,000,000 for services provided by these consultants.

- and -

3. Authorizing the President of the New York City Health and Hospitals Corporation to negotiate and execute **requirements contracts** with **three (3) Special Inspections & Material Testing firms**: MT Group; HAKS; and Universal Testing + Inspection, to provide professional services on an as-needed basis at various

facilities throughout the Corporation. The contracts shall be for a term of one year with two (2) one-year options for renewal, solely exercisable by the Corporation, for a cumulative amount not to exceed \$3,000,000 for services provided by these consultants.

Ms. Youssouf moved the adoption of the resolutions which were duly seconded and unanimously adopted by the Board.

RESOLUTION

4. Authorizing the President of the New York City Health and Hospitals Corporation to negotiate and execute a framework contract with **LVI Demolition Services, Inc.**, to provide Emergency Response Services designed to support HHC in the event of an emergency or catastrophic occurrence that causes damage to the Corporation's facilities. The Emergency Preparedness and Recovery Contract will be for a term of three (3) years with an option to renew for an additional two (2) year period solely exercisable by the Corporation. Cost incurred due to an emergency responded to by this vendor shall be reported to the Board of Directors subsequent to the emergency preparedness and restoration.

Mr. Rosen moved the adoption of the resolution which was duly seconded and unanimously adopted by the Board.

RESOLUTION

5. Authorizing the President of the New York City Health and Hospitals Corporation to negotiate and execute contracts on behalf of HHC facilities with **Betz Mitchell Associates, Inc.**, **Jzanus LTD.**, **MBI Associates, Inc.**, **MCS Claims Services, Inc.** and **NCO Financial Systems, Inc.** for the collection of delinquent inpatient accounts. These contracts are for a period of three (3) years with an option to extend to two (2) additional one-year periods solely exercisable by the Corporation.

Mr. Rosen moved the adoption of the resolution, which was duly seconded and unanimously adopted by the Board.

RESOLUTION

6. Authorizing the President of the New York City Health and Hospitals Corporation to negotiate and execute a contract with **Simpler North America, LP** on a sole source basis in order to continue and expand the implementation of Breakthrough throughout the Corporation. Funding for this contract shall not exceed \$4,416,500 for the period from November 1, 2013 through October 31, 2014.

Joanna Omi, Senior Vice President, Operational and Innovative Effectiveness provided the Board with an overview of the services provided by Simpler North America to continue to expand Breakthrough activity.

Mrs. Bolus moved the adoption of the resolution, which was duly seconded and unanimously adopted by the Board.

RESOLUTION

7. Authorizing the President of the New York City Health and Hospitals Corporation to negotiate and execute a management contract with **Crothall Healthcare, Inc.** to manage the Corporation's biomedical equipment services operations for each facility. The contract will be for a term of nine (9) years. The contract shall be for an amount not to exceed \$252,884,799 over the nine year term of the contract.

Joseph Quinones, Assistant Vice President, Contract Administration and Control provided the Board with an overview of the services being provided by Crothall Healthcare that will enable the Corporation to standardize, repair and maintain biomedical equipment. Mr. Quinones also discussed the savings the Corporation will yield over the nine-year term of the contract.

Mr. Rosen moved the adoption of the resolution which was duly seconded and adopted by the Board by a vote of 12 in favor with Rev. Lacey opposing.

RESOLUTION

8. Authorizing the President of the New York City Health and Hospitals Corporation to negotiate and execute a management contract with **Dyntek Services, Inc.**, McAfee's authorized reseller and maintenance provider for security hardware, software licenses, related maintenance and professional services through a NYS Office of General Services contract, for a term of two (2) years and nine (9) months, in an amount not to exceed \$11,360,499.

Dr. Stocker moved the adoption of the resolution which was duly seconded and unanimously adopted by the Board.

RESOLUTION

9. **Revising the resolution** adopted September 27, 2012 that authorized the President of the New York City Health and Hospitals Corporation to execute a **sublease agreement with Meals on Wheels of Staten Island, Inc.** for the development and operation of a facility housing kitchen, office and storage functions on the campus of Sea View Hospital Rehabilitation Center and Home such that the area rented be increased from 65,340 square feet, approximately 1.5 acres, to 75,855 square feet, approximately 1.74 acres, including land for a 22,400 square foot facility as had previously been authorized.

Ms. Youssouf moved the adoption of the resolution which was duly seconded and unanimously adopted by the Board.

RESOLUTION

10. **Appointing George M. Proctor** as a member of the **Board of Directors of MetroPlus Health Plan, Inc.**, a public benefit corporation formed pursuant to Section 7385(20) of the Unconsolidated Laws of New York, to serve in such capacity until his successor has been duly elected and qualified, or as otherwise provided in the Bylaws of MetroPlus.

Mr. Rosen moved the adoption of the resolution, which was duly seconded and unanimously adopted by the Board.

BOARD COMMITTEE AND SUBSIDIARY BOARD REPORTS

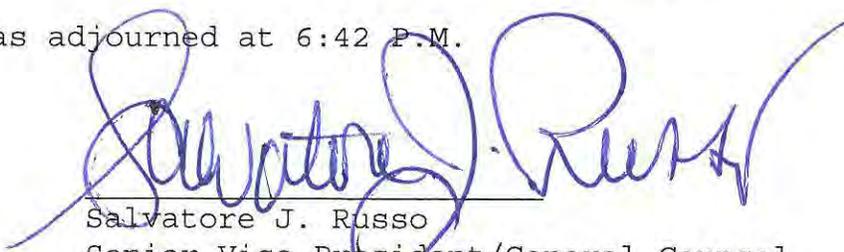
Attached hereto is a compilation of reports of the HHC Board Committees and Subsidiary Boards that have been convened since the last meeting of the Board of Directors. The reports were received by the Chairman at the Board meeting.

FACILITY GOVERNING BODY/EXECUTIVE SESSION

The Board convened in Executive Session. When it reconvened in open session, Dr. Stocker reported that the Board of Directors as the governing body of Coney Island Hospital and Sea View Hospital Rehabilitation Center and Home reviewed, discussed and adopted the facilities written reports presented; and reviewed and accepted the semi-annual written reports for Coler Nursing Facility, Goldwater Specialty Hospital and Goldwater Nursing Facility.

ADJOURNMENT

Thereupon, there being no further business before the Board, the meeting was adjourned at 6:42 P.M.



Salvatore J. Russo
Senior Vice President/General Counsel
and Secretary to the Board of Directors

COMMITTEE REPORTS

Audit Committee – September 12, 2013

As reported by Ms. Emily Youssouf

Ms. Youssouf introduced the next information item regarding the Fiscal Year 2013 Draft Financial Statements and Related Notes.

Mr. Jay Weinman, Corporate Comptroller stated that he will present the Committee with a brief overview of the Corporation's financial performance for the Fiscal Year ended June 30, 2013.

Mr. Weinman began by stating that the financial statements reflect a new presentation based on GASB 61 and shows MetroPlus as a discrete component of HHC. Additionally, GASB 63 establishes a new reference to "net position", which was formally called "net assets". In previous years, the financial statements were presented on a consolidated basis. These statements present HHC and MetroPlus separately and as consolidated, with any related intercompany eliminations:

- KPMG has completed its audit of the Corporation's 2011 financial statement and has issued an unqualified opinion. An unqualified opinion states that the financial statements, present fairly, in all material respects, the financial position of the organization. KPMG has also determined that at this point the Corporation has no "going concern" issue.
- Overall the Corporation's net deficit position increased by \$399 million in 2013. For 2012, net deficit position increased by \$342 Million.

Super Storm Sandy (the Storm) which caused significant damage to several facilities and the temporary closing of two hospitals had a major impact on the 2013 financial statements. This resulted in decreased patient revenue, additional capital and expense for restoration of facilities and recognized revenue from FEMA and the Community Block Grant (CDBG) for eligible expenses

Mr. Weinman then proceeded to review the financial statements, which are summarized as follows:

Balance Sheet (Statement of Net Position)

Assets

- Cash and cash equivalents – increased \$135 million from 2011 to 2012. This was due to reduced cash receipts from temporary hospital closures due to the storm.
- Patient accounts receivable, net – increased \$81 million and 2 days due to an increase in the MetroPlus risk pool receivable of \$104 million.
- Estimated third party-payor settlements – increased \$266 million due to the receipt of \$434 million of State Fiscal Year 2012 inpatient UPL during 2012 and no cash received during 2013.
- Estimated pools receivable – decreased \$530 million and changed from a receivable to a payable from 2012 to 2013. The decrease is primarily due to the receipt of State Fiscal Year 2014 DSH and DSH Max and the remainder of the SFY 2013 receivable.
- Grants receivable – increased \$193 million due to the accrual of \$194 million in FEMA and CDBG revenue accrued at year-end.
- Assets restricted as to use - decreased \$107 million as \$85 million of the Construction Fund was used for various capital projects and the Capital Reserve Fund decreased as a result of the 2013 bond refunding.
- Other current assets – decreased \$74 million as HHC received medical resident FICA refunds.
- Capital assets, net - increased \$363 million due to the following:
 - Gouverneur Healthcare Services major modernization project (\$51 million)
 - Harlem Hospital Center major modernization project (\$40 million)
 - Henry J. Carter major modernization project (\$143 million)
 - Restoration and reconstruction, as a result of damage sustained from the Storm (\$153 million)

Mr. Weinman continued on with the liabilities section.

Liabilities

- Accounts payable and accrued expenses – increased \$42 million due to the increase in accrued expenses related to the Storm.
- Due to City of New York – increased \$265 million as the Corporation and the City agreed to delay payments to maintain adequate cash flows.
- Long-term debt – decreased \$62 million due to the payment of current debt obligations and the current refunding of debt.
- Postemployment benefits obligation, other than pension (OPEB) – increased \$197 million related to the New York City Office of the Actuary revised assumptions for OPEB costs. The actuarial cost method has changed resulting in a decrease to the liability and amortized over 10 years.
- Other Current liabilities – decreased \$14 million as FICA refunds received were paid out to medical resident.

Mr. Weinman moved on to the Income Statement.

Income Statement

(Statement of Revenues, Expenses and Changes in Net Position)

Operating Revenue

- Net patient service revenue – decreased \$382 million due to:
 - Temporary closing of Bellevue - \$154 million
 - Temporary closing of Coney Island - \$111 million
 - Other facility decreases in patient volume - \$153 million
- Appropriations from the City of New York – increased \$9 million as debt service payable to the City increased by \$6 million and interest paid by the City increased by \$18 million.
- Grants revenue – increased \$317 million due to the following:
 - \$194 million in FEMA and CDBG revenue for expected storm related expense reimbursement
 - \$62 million of FEMA funds received through June 30, 2013
 - \$57 million on federal and state incentive payments for meaningful use of certified electronic health record technology
- Other revenue – decreased \$25 million due to the non-recurrence of interest earned on the medical resident FICA refunds recorded in 2012.

Operating Expenses

- Personal services – increased \$23 million or .1% due to adjustments made in 2012 to decrease prior year's unpaid collective bargaining estimates and offset by a reduction in 2013 of 932 or 2.6% employee full-time equivalents (FTE's).
- Other than personal services – increased \$34 million primarily due to the costs related to restoration services after the Storm.
- Fringe benefits and employer payroll taxes – increased \$53 million primarily due to the non-recurrence of \$31 million of medical resident FICA refunds and health benefit increases of \$37 million or 7.4%.
- Postemployment benefits, other than pension (OPEB) – decreased \$6 million as the New York City Office of the Actuary has adjusted assumptions in the OPEB costs.
- Affiliation contracted services – increased \$31 million or 3.5% for market adjustments and enhanced services and is consistent with the prior year's growth.

Operating Loss

- Operating loss is \$668 million and decreased by \$239 million from a loss of \$429 million in 2012.

Non-operating revenue

- Investment income – decreased \$9 million from 2012 to 2013 as the Corporation recognized a market value increase during 2012 and a decline during 2013 in the 2003 bond's capital reserve fund.

Other changes in net assets

- Capital contributions funded by City of New York – increased \$218 million due to continue major modernization projects (see capital assets for explanation for major projects).

MetroPlus

- Cash and cash equivalents – increased \$210 million due to positive operating results and additional claims from increased membership and rates not yet paid.
- Assets restricted as to use – increased \$18 million for statutory reserve requirements based on increased benefits costs and enrollment increases.
- Accounts payable and accrued expenses – increased \$95 million due to growth in member months, Medicare premiums and the impact of expanded services and rates.
- Premium revenue – increased \$294 million. Based on the recommendation from the Medicaid Redesign Team, the State began to add pharmacy benefits effective October 2011 to the Medicaid managed care plan contracts resulting in \$75 million additional pharmacy revenue in 2013. Other benefits such as dental began July 1, 2012 and increased revenue by \$150 million. In addition, MetroPlus increased membership by 4%.
- Other Services - increased \$256 million for medical expenses related to increased services and growth in enrollment.

Mr. Weinman stated that this concluded the summary of the financial statements, unless there were any questions.

Ms. Youssef turned the meeting over to KPMG for their year-end presentation.

Mr. James Martell stated that he will talk a little about what Mr. Weinman has just done and weave into their presentation. Ms. Camille Fremont will go through a high level of the actual presentation. Everything that Mr. Weinman just went through in detail is embedded in the financial statement of the first 12 and 13 pages and the first 12 to 13 pages is an exact or pretty detailed explanation of the changes from year to year. It also shows some changes as it relates to the totality and focuses on the Corporation, not necessarily MetroPlus. As the financial statements illustrates, MetroPlus is broken out and we do mention that change in our opinion. There will be a separate paragraph that states that GASB 61 has been implemented. From an operational perspective, the impact of Sandy went throughout the whole organization, and trying to identify every dollar and cent is extremely

difficult. There was excess loss related to it. However, as the Organization moves forward, unless something changes in strategic views in terms of the vision of the organization, he's always talked about going concern and say we've never gotten there yet, but we're bridging there. We're bridging there because of the deterioration of the balance sheet; it used to be a little healthier.

Dr. Michael Stocker, Board Chairman, asked what he meant by bridging. Mr. Martel responded that we're getting very close to the evaluation that we will need to sit down and have a hard discussion with not only management but the City as to whether or not this organization, from a financial statement presentation perspective, is a going concern. In the past, we always said we were never there, but we were getting closer and closer.

Dr. Stocker said that he is not surprised, but is there any timing on that?

Mr. Martell responded that we will look at the first quarter, second quarter, and when we come back in 2014 that will be the year that we will have our discussion with where the Organization is – because what is going to happen is that by then the organization will have a full year under their belt in terms of where part of the health care transformation is going. You are going to have the evaluation of FEMA behind you and at least you have the total dollar impact. Also, eventually you will have to pay back this money to the City. All of these are part of the evaluation for the upcoming year.

Mr. Martell continued by stating that the organization is talking about a reduction of OTPS, a centralization process and so forth. One would hope that that program relating to OTPS and the purchasing aspect and centralizing would provide value and a reduction going forward, but until you evaluate it and see what type of road you encounter, we can't say, but I would think it would. MetroPlus, obviously, had a positive bottom line, a positive impact to the overall financial statement. There have been a lot of changes in the organization and the reaction associated with those major environmental issues that occurred. It has changed and it identifies now management's responsibility and the external auditors' but overall it's basically the same change, same opinion, except it is no longer called unqualified – it's called unmodified. We are not 100 percent done, our review partner came in and reviewed the drafts, and there are still some questions.

Mr. Martell said that the numbers will not change, but the City needed to get the numbers. As of last night, there was one audit adjustment, which Ms. Fremont will go through with the Committee. Besides that, the organization is in a change of transition, and Ms. Zurack was right on board when she stated that you need to sit back and have a vision as to where this organization is going to be down the road, and is it the healthcare transformation aspect and MetroPlus's; time to take the lead? Is risk involved in terms of accepting more risk as an organization? He believes that inpatient volume will continue to go down and that he does not discount the issue of what you hear about in Brooklyn whether the three hospitals are going to close and so forth. We're over-bedded, that's the reality of New York State, according to the Department of Health. You can't say if they close, we're going to get all the business for argument's sake. Maybe there will be ambulatory care centers opened up by other organizations, which will satisfy the budget, creating the vision, and bringing the bottom line. Coming up from a bottom line on the budget will be extremely difficult. There is a lot of work to be done going forward.

Ms. Youssef said that she thinks they have some questions.

Committee Member, Josephine Bolus, RN asked how will the retroactive money with the contracts affect us? To which Ms. Zurack answered that neither of us knows what that would be. Rather than assess the probability of it happening, just to tell you the value or the cost of it – we absolutely could not afford it. The cost of retroactivity for the nurses and 1199 is approximately \$200 million that we do not have, which would result in our personnel cost of increasing our run rate basis going forward about \$80 million which we do not have. So how those deliberations and through what process and through what conclusions is very problematic for the Corporation, as it is for the City.

Ms. Youssef asked about the Management Letter. Mr. Martell responded that the management letter is not done, and we will have it within the next two to three weeks.

Corporate Chief Financial Officer Ms. Marlene Zurack stated that we need to first make the statement that we are meeting two weeks earlier than we normally meet because the New York City comptroller's office advanced the deadline for their receipt of our financial statement, which is a component of their financial statements. So we had to change the schedule, the activities we need to get the numbers done took away the resource from the activities that we would have had to do the Management Letter. We are planning to have it by the October meeting, which normally would be when you would get it.

Dr. Stocker stated that just to take this opportunity to point out that in the material the Committee got today is a discussion of the activities of Internal Audit for the past three or four years, and it's just coincidental that we are presenting it at the time you are working on the management letter.

Ms. Youssef said yes, and then asked if KPMG had a copy of it.

Mr. Martell said that they have a copy. Then he turned the presentation over to Ms. Fremont to go through what their requirements are as it relates to the external audits.

Ms. Fremont began the presentation by stating that she is going to talk globally through the presentation and not point to specific slides. Within the financial statements there are significant internal policies embedded within footnote one, and as previously discussed, there were three new accounting policies adopted in the current year. Mr. Martell alluded to the fact that there was one corrected misstatement within the financial statement, it relates to \$16 million of construction in-progress that was not previously recorded in the financial statements. As we were going through

the process of typing out the footnotes and making sure all the numbers were appropriately reported, there was a discrepancy between a report that was to reconcile to the general ledger – the May report was used instead of the June report.

Ms. Youssouf said that you stated there were three big changes; there were GASB 61, 62 and 63. To which Ms. Fremont said that three new accounting announcements; that GASB 62 had no impact on the Corporation, but we needed to adopt it. That 62 was just taking all the GASB literature, putting it in one place and calling it the codification of Generally Accepted Accounting Standards and then GASB 63 was the statement that changed the name of net assets to that of position.

Dr. Stocker asked that the \$16 million on construction be discussed. Ms. Fremont said that in the process that management has, when they go through reconciling their various reports, there is a fixed assets sub-ledger and then there's the construction in-progress. When that reconciliation for the construction in-progress was done, the finance department gets a report from another department, however, the report that the finance department got was not the up-to-date report. As a result, there was a change in the amount of construction in-progress by approximately \$16 million.

Dr. Stocker asked if this is spread across the Corporation. Ms. Zurack responded no, that what Ms. Fremont is saying is that Mr. Weinman and his department prepared the initial financial statements and KPMG reviewed it they found the error, which is recorded in what you have received today. There was a lag in the information Finance got from the Office of Community Development and they found it and corrected the statements here before the committee. Therefore, it changed from our original first draft by \$16 million. That happens, it's a normal process and that's the value of KPMG.

Ms. Fremont continued with the presentation by stating that also reported within the financial statements are various significant accounting estimates done by management. The two new ones in the current year had to do with the evaluation of the impact of capital assets. (1) There is a \$12 million impairment loss that was reported. That is the result of the impact of Super Storm Sandy on two facilities and the decline in their service utility. Management went through a calculation, and determined the impact to be \$12 million and KPMG felt it was reasonable. (2) FEMA and the revenues recorded as a result to those grants approximately \$193 million made up of funding from FEMA as well as the funding for the CDBG or Community Development Block Grant.

Mr. Martell added that he expects the receivable and the evaluation of FEMA to go on for several years. There will be several discussions by management with the Federal Government and there will probably be changes to the estimated receivables that have been recorded and perhaps some of the estimated expenses.

Ms. Fremont said that additionally, within the financial statements of the current year, the organization had a bond offering for the 2013 series A bonds. This is disclosed in the long-term debt footnote. A portion of the 2008 Series A along with the full reduction of the 2003 Series A bonds was redeemed.

Ms. Fremont stated that at the planning meeting, KPMG spoke about their requirements to consider the potential of fraud throughout the audit. On slide 12, we list some of the ways that we identified potential fraud risks and how we respond to those fraud risks, and one way to do that is to have selected interviews with members of the Committee as well as management, and those individuals are listed on slide 12. As we look at the 2013 audit year, we issued various reports to the Committee and management. Those include the auditor's report on the basic financial statements of the Corporation; the draft is what you have in front of you. We will also be issuing a management letter and various other reports.

Ms. Fremont continued with slide 14 – in terms of where we stand, we are finalizing the audit. We have made movement on some of the open items that were there on the version you received. We are working through the finalization of the financial statements. We need to check the debt covenant calculations, which we anticipate getting shortly from management, and also finalizing our search for unrecorded liabilities.

Mr. Martell added that these items are more documentation in nature – its audit issue driven. The biggest issue is the debt covenant, because that is a public document.

Ms. Fremont then said that that ends our formal presentation, unless there are questions from the Committee, there were none.

Ms. Zurack then asked the Committee to accept the financial statements.

Ms. Youssouf asked for a motion to accept – it was seconded.

Ms. Youssouf then said that they're going to move onto an audit of eCommerce update. But prior to that, Chris Telano is going to set the background for this and asked Mr. Robles to come up to the table.

Mr. Telano thanked the Committee and stated that at the last meeting in June, an audit that we performed in May of 2013 of the eCommerce area was discussed at that time. We had three primary findings; the first one was that there were unlimited login attempts permitted within the application; the second one was that the application does not disable user accounts automatically when there's inactivity for an excessive period of time and the third one was we found two generic user account IDs. At the June meeting, the Committee requested that representatives from IT come to this meeting in September to update their progress and address those findings.

Mr. Robles saluted the Committee and then introduced Enrick Ramlakhan as the AVP for business applications who has done work, with a variety of folks to resolve the three issues identified. In short, they have been corrected and there is a summary in your packets describing the remedies. Mr. Robles offered to give a brief summary on each one.

Ms. Youssouf responded that she thinks it is pretty succinct and thanked Mr. Robles.

Ms. Youssouf then turned to Chris Telano for the audit update.

Mr. Telano began his presentation by stating that he will go right to page three of his briefing, the overview of the audits being conducted by the New York City Office of the Comptroller. There are three audits currently being performed, and I will just go through them real quick in order of their notification date. The first one is of HHC's efforts to reduce emergency room wait time. The Comptroller's Office has obtained information and they visited three emergency departments, at Kings County, Elmhurst and Lincoln. They met with Dr. Capponi, the Chief Medical Informatics Officer to obtain background on Quadra med. As a result of their visits, they were informed that there was a rapid improvement event that occurred to improve the wait time. They requested information regarding a rapid improvement event, but we pushed back because we felt there was confidential information, and they did compromise. We were able to provide them with the data they wanted, but we went through it and redacted information we thought was sensitive.

The second one is an audit of Navigant Consulting billing contract with HHC. That was the initial notification letter. We informed the Comptroller's Office that there is no contract with Navigant and HHC, so the audit became an audit of PAGNY's contracts with Navigant and they're going forward on this. They asked for all PAGNY internal audit reports, which we felt were out of scope, and they agreed. They are obtaining information through PAGNY and so far we have not heard anything more current. The third one is an audit of the Lincoln Hospital Affiliation agreement with PAGNY. This one just began; the entrance conference was in July. They had preliminary meetings in August with the Lincoln affiliation liaison and as of right now they are trying to meet with the appropriate PAGNY personnel and that one is ongoing also.

Mr. Telano continued with page four; there was an audit that was concluded by the New York State Office of the Comptroller, and that was a follow-up audit of non-emergency patient transportation. The original audit was performed in 2010 and of the recommendations, they found that only one was not implemented and they will finalize their report in September.

Mr. Telano with the next section of his briefing, on page five, started the audit reports that were issued since the last meeting. The first one is audit of the Mt Sinai and Queens Network affiliation.

Mr. Telano asked if he should bring representatives to the table. To which Ms. Youssouf responded sure.

Mr. Telano asked the representatives of Mt Sinai and Queens to come to the table. They introduced themselves as follows: Lisa Stager, Deputy CFO, Queens Health Network; Brian Stacey, CFO, Queens Health Network; Cary Pannone, Director, Mt. Sinai; Mr. Ken Pfeifer, Associate Dean, Elmhurst Queens Program.

Mr. Telano continued by stating that we had two findings. The first one had to do with the Faculty Practice Group, the record keeping relating to receipts and the untimely deposits of cash were inadequate. During the course of the audit, the FPG management took the necessary steps to resolve everything. The other issue, which we find in almost every audit that we conduct, has to do with system access and we found affiliate employees were not being removed from various systems, especially Quadramed and their security systems. Mr. Telano mentioned that there is a corporate initiative in progress right now to address system access corporate-wide, and he knows Mr. Martin could probably speak more to this since he initiated it.

Mr. Martin stated that actually it was a follow-up to this meeting, because this has been an ongoing problem. We wanted to be able to track employees as they exit from service. We have a computer fix so that when an employee is actually leaving our employment, whether it be through affiliate or through HHC, we will be able to track that, and deactivate them from all systems within a point in time. There is a policy and procedure that has been promulgated, and people have signed off on it for the most part, so we are looking at implementation of this within another couple of weeks at the latest.

Ms. Youssouf asked if this means that they can deactivate one and it will hit all the systems. Mr. Martin responded yes.

Dr. Stocked asked Mr. Pfeifer that it's been a long-standing relationship and for how long does it go back to? Mr. Pfeifer answered 1964 at Elmhurst and 1952 in Queens.

Dr. Stocker asked if he has any comments about the overall relationship in general. Mr. Pfeifer stated that he thinks it's a very good relationship. At the hospitals, we work seamlessly with the administration; there is not a firewall between Mount Sinai and HHC. If there's an operational problem, we work together and solve the problems. We've actually been visited over the years to represent how to do business together as a good model. We continue to have that partnership and are proud of it and we enjoy it.

Mr. Telano continued with his presentation and stated that the next audits on pages six and seven are the NYU affiliations. The first one is regarding the contract with Bellevue and Gouverneur. He asked the representatives to approach the table and introduce themselves. They did as follows: Aaron Cohen, CFO, Bellevue; Eli Levy, Network CIO; Wade Crow, NYU.

Mr. Telano stated that once again there were two primary issues. The first one had to do with the recalculation report. At the end of our fieldwork it had not been submitted to the Office of Professional Services and Affiliations. However, approximately two and half weeks after our fieldwork, it was submitted, so that was resolved. Again, the other issue is related to access, which was already discussed.

Ms. Youssouf asked if there's a process in place to get the badges back. To which Mr. Telano responded that they were in the process of drafting a policy before the storm, which has not been rolled out yet.

Dr. Stocker asked Mr. Crowe for his comments on the relationship between NYU and HHC. To Mr. Crowe responded that he thinks NYU is very happy with their relationship with Bellevue and it started way before anyone was born here.

Mr. Telano said that the last audit to discuss is the NYU affiliation of Woodhull, Cumberland and Coler-Goldwater and asked if there were any representatives from these facilities to please come up to the table. They introduced themselves as follows: Rick Walker, CFO, Central/North Brooklyn Network; Manuela Brito, CFO, Coler-Goldwater.

Mr. Telano continued – two issues again that we found. The first one has to do with the record keeping of subcontractor agreements. There was one we could not locate and others in which signatures were missing and not to be redundant, the other finding has to do with access again. We believe that this will be taken care of.

Mr. Telano then mentioned that we are not going to bring anyone up to the table, but on page eight there was affiliation audit at Kings County, SUNY Downstate, an immaterial issue regarding the record keeping of reporting background checks. That has been completely resolved; I received an email earlier today documenting that. One other comment, we did do a review of the Sea View/Staten Island University affiliation and that as in previous years, there were no findings.

Mr. Telano then concluded his presentation.

Ms. Youssouf said great – I will say that you did do a report for the Board called the Re-Engineering of the Internal Audit Function and I thought it was very well done, and I want to commend you on all your hard work that made all of this actually come to fruition.

Mr. Telano said thank you. Ms. Youssouf added that from the Committee, I would like to say we are very happy with it and thank you so much.

Mrs. Bolus said that she's very happy also and added that you are very particular about documents, which is great.

Ms. Youssouf directed the meeting to the Compliance update.

Mr. McNulty saluted the Committee and stated that he will start on page three of his report. He then continued by reviewing item number one of his report - compliance training. He informed the Committee that the Compliance training period started on January 1, 2012 and ended on June 30, 2013. Mr. McNulty further informed the Committee that all HHC healthcare professionals, physicians, and group 11 employees were designated to undergo compliance training. He stated that, to date, the Office of Corporate Compliance ("OCC") trained over 17,500 employees and affiliates. He added that the compliance testing grace period was extended until September 16, 2013. He stated that greater training numbers were expected by the time the Audit Committee convened in October. Mr. McNulty advised the Committee that all Board of Directors members would be enrolled the following day into the PeopleSoft system. He told the Committee that Board members would be able to take the training from the PeopleSoft system. He added that CDs were available for those Board members who would prefer to take the training remotely. He informed the Committee that, despite efforts, training could not be provided through smart tablets because of technological difficulties.

Mr. McNulty continued with item number two - HHC self-identification of corporate-wide risks. He started stating that the OCC made significant progress in identifying and prioritizing corporate-wide risks. Mr. McNulty told the Committee that in early July the Executive Compliance Workgroup ("ECW") identified and scored potential corporate risks. He added that on September 11, 2013, the ECW met again and narrowed down specific items that it believed the Corporation should address. He stated that the ECW would use their findings to develop an interim Corporate Compliance Work Plan for fiscal year ("FY") 2014, which he commented would be shared with the Board of Directors during its October meeting. Mr. McNulty closed the discussion on this topic by advising the Committee that items two and three on the agenda were just covered.

Mr. McNulty moved onto item number four - the compliance index, which is a summary of compliance-based reports. He told the Committee that for the second quarter of calendar year 2013, there were 120 compliance-based reports of which 7 were classified as a Priority A reports, 38 were classified as Priority B reports, and 75 are Priority C reports. He explained to the Committee that Priority A reports are matters that require immediate review and action due to an allegation of immediate threat to a person, property or environment, where Priority B reports are matters of a time-sensitive nature that may require prompt review, and Priority C do not require immediate review.

Mr. McNulty continued by reviewing the privacy compliance index, which is a summary of privacy-based reports. He stated that in the second quarter calendar year 2013 the OCC received 25 compliance complaints related to privacy related matters. He explained that twelve of these reports were found, after an investigation, to be actual violations of the HHC HIPAA privacy operating procedures ("OPs"). He further explained that seven of these reports were found not to be in violation of the HIPAA OPs. He stated that six of the reports were still under determination. He told the Committee that two of the 12 violations were determined to be a data breach - - that is the information disclosed could represent a significant risk of financial, reputational, or other harm to the affected individuals. He informed the Committee that the OCC would have more details with respect to the two breaches in Executive Session during the October Audit Committee meeting.

Mr. McNulty then moved onto the staffing update for the OCC. He informed the Committee that the OCC had two vacant positions - one in the North Bronx Healthcare Network and one in the Queens Healthcare Network. He stated that the recruitment process for both Networks were in place, adding that the Queens position was expected to be filled within the next couple of weeks.

Mr. McNulty continued his report by discussing excluded providers - informing the Committee that no disclosures were made to regulatory bodies with regard to excluded providers since the Audit Committee meeting in June 2013. He informed the Committee that the OCC learned earlier in the week that a HHC doctor was excluded, stating that a resulting report regarding the same would be made to regulatory bodies. He added that the details of the excluded provider would be reported during the October Audit Committee meeting.

Mr. McNulty then concluded his report and asked the Committee if there were any questions prior to closing.

Mrs. Bolus asked if the Board compliance training was mandatory. Mr. McNulty responded in the affirmative, stating that in order for the corporation to receive Medicaid funds, the Corporation must have an effective compliance program. Mr. McNulty explained that one of the key elements of an effective compliance program is that all Board members receive compliance training.

Capital Committee – October 10, 2013

As reported by Ms. Emily Youssouf

Assistant Vice President's Report

Roslyn Weinstein, Senior Assistant Vice President, Office of the President, provided an overview of the meeting agenda. She noted that the rather short agenda would include two resolutions for requirements contracts; one for Local Law (LL) 11 and Architectural and Engineering (AE)/Mechanical Electrical Plumbing (MEP) services, and another for Special Inspections and Materials testing. She advised that a third resolution for Meals-on-Wheels would be presented, addressing their desire to expand space occupied on the Sea View campus. Ms. Weinstein stated that information items would include the annual heating readiness report, and project status reports for the South Manhattan and South Brooklyn/Staten Island Health Networks.

That concluded her report.

Action Items:

Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") to negotiate and execute requirements contracts with three (3) Special Inspections & Material Testing firms; MT Group, HAKS and Universal Testing + Inspection to provide professional services on an as-needed basis at various facilities throughout the Corporation. The contracts shall be for a term of one year with two (2) one-year options for renewal, solely exercisable by the Corporation, for a cumulative amount not to exceed \$3,000,000 for services provided by these consultants.

Marsha Powell read the resolution into the record.

Ms. Youssouf asked for explanation of the types of services that would be provided, and the need for those services. Ms. Powell said that the contracts would be utilized mainly for Special Inspections, requirements for which the Department of Buildings (DOB) had made recent changes. Previously called "controlled inspections", Ms. Powell explained that third party firms, who have been approved by the Department of Buildings, are now required to inspect various project components; concrete installation, fire-stopping installation, flood-plain elevation certification, among others. She added that the firms can also provide materials testing if needed. Ms. Youssouf asked if these were all new requirements. Ms. Powell stated that the requirements had been around for long time but the way they were to be performed had changed. Previously contractors were permitted to hire whomever they like to perform the tasks but now the DOB has a list of approved and more specialized firms that are to be hired by the project owner as an independent, third party.

Mrs. Bolus noted that there are approximately 50 types of inspections that could be needed and asked if there were 50 different firms being hired or if individual companies provided multiple services. Ms. Powell advised that each firm could perform multiple types of inspections and testing.

Mrs. Bolus asked whether all the firms were DOB approved. Ms. Powell said yes.

There being no questions or comments, the Committee Chair offered the matter for a Committee vote.

On motion by the Chair, the Committee approved the resolution for the full Board's consideration.

Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") to negotiate and execute requirements contracts with seven AE firms; ARRAY Arch., PC, Ewing Cole Architects, PC, Francis Cauffman, LLP, Hellmuth, Obata, Kassabaum, P.C. (HOK), MJCL Architects, LLP, Perkins Eastman Architects, PC, Stonehill & Taylor Architects, PC, to provide profession AE/MEP design services; seven MEP firms, Greenman-Pedersen Inc, Jacob Feinberg Katz & Michaeli Consulting Group (JFK & M), Kallen & Lemelson Consulting Engineers, LLP, LIZARDOS Engineering Associates, PC, Parsons Brinckerhoff, Inc., R.G. Vanderweil Engineers, LLP and WSP USA, Corporation to provide professional MEP design services; and four Local Law Inspection & AE firms, Superstructures Engineering + Architecture, PLLC, Desman Associates, Roman and Oundjian Eng. + Insp. Services, PC and Thornton Tomasetti to provide professional Local Law 11 inspection and filing services and AE services in connection with Local Law 11 compliance on an as-needed basis at various facilities throughout the Corporation. The contracts shall be for a term of one year with two (2) one-year options for renewal, solely exercisable by the Corporation, for a cumulative amount not to exceed \$15,000,000 for services provided by these consultants.

Marsha Powell read the resolution into the record.

Mrs. Bolus noted that this was the seventh cycle of requirements contracts and asked if there had been any issues throughout the previous cycles. Ms. Powell said that the Office of Facilities Development had not been collecting that data. Peter Lynch, Senior Director, Office of Facilities Development, explained that each facility was responsible for their own filing and the consultants would help with filings and with design for repairs. Much of the funding for repairs is through expense dollars because they are smaller pieces of work. These services will help facilities stay in touch with requirements.

Mrs. Bolus asked again whether over the past seven (7) cycles anything had been deemed unsafe. Mr. Lynch said that there had been recent discussion at the monthly Facilities Managers meeting hosted by the Office of Facilities Development (OFD), and it was requested that all facilities supply a list of any LL 11 violations and/or shortfalls. Mrs. Bolus asked if this type of exercise had been completed before. Mr. Lynch said he was unsure when the last time was but OFD was making an effort to catch up. Mrs. Bolus asked if this would help. Mr. Lynch said yes.

Ms. Youssouf asked if the Committee could be advised annually of Local Law 11 issues, and whether the Office of Facilities Development could keep track of those. Mr. Lynch said absolutely.

Mrs. Bolus asked for an explanation of a statement in the executive summary mentioning filing dates being based on block and lot numbers. Ms. Powell explained that each building in the City has a block and lot number, and the DOB would now be using those numbers to determine when submissions would be accepted. She noted that the DOB had recently instituted this as a way of spreading out filings so that they did not all come in at once. Mrs. Bolus asked that that information be included in reports provided to the Committee.

There being no further questions or comments, the Committee Chair offered the matter for a Committee vote.

On motion by the Chair, the Committee approved the resolution for the full Board's consideration.

Revising the resolution adopted September 27, 2012 that authorized the President of the New York City Health and Hospitals Corporation (the "Corporation") to execute a sublease agreement with Meals On Wheels of Staten Island, Inc. ("Meals On Wheels"), for the development and operation of a facility housing kitchen, office, and storage functions on the campus of Sea View Hospital Rehabilitation Center and Home (the "Facility") such that the area rented be increased from 65,340 square feet (approximately 1.5 acres) to 75,855 square feet (approximately 1.74 acres) including land for a 22,400-square-foot facility as had previously been authorized.

Angelo Mascia, Executive Director, Sea View Hospital Rehabilitation Center and Home, read the resolution into the record. Mr. Mascia was joined by Joseph Tornello, Meals-on-Wheels of Staten Island.

Ms. Youssouf asked if the need to increase space was due to an increase in demand. Mr. Tornello explained that re-configuration of original plans resulted in the need to add a quarter acre for vehicle accommodation.

Ms. Youssouf asked who was paying for the construction. Mr. Tornello said that Corporate Donors, elected officials, and a Capital campaign, would all be utilized.

Ms. Youssouf said she had great respect for the Meals-on-Wheels program and that sentiment was echoed by the other Committee members.

There being no further questions or comments, the Committee Chair offered the matter for a Committee vote.

On motion by the Chair, the Committee approved the resolution for the full Board's consideration.

Information Items:

Heating Readiness Report

Peter Lynch, Senior Director, Office of Facilities Development provided overview of the annual Heating Readiness Report, prepared in collaboration with Johnson Controls. Mr. Lynch noted that, with the exception of Cumberland Diagnostic and Treatment Center, and the Draper Hall building at Metropolitan, all facilities were rated to be in a good state of preparedness for the upcoming heating season. He stated that the Draper Hall building at Metropolitan, which was rated to be in a poor state of preparedness, was vacant, secured, and out of service. Mr. Lynch then explained that the Cumberland facility, rated as conditional, still functioned with their original boilers, dating back to 1962, and issues with a deaerator tank were being monitored closely by Johnson Controls. He advised that OFD had initiated a study with the New York Power Authority (NYPA) to do a complete boiler replacement in the building.

Mrs. Bolus asked if the facility had a back-up plan if heat went out. Mr. Lynch explained that the conditional rating was based specifically on an aerator tank, which could be bypassed if needed and the boilers would keep functioning, so losing heat should not be a concern.

Ms. Youssouf asked if the planned NYPA project would include financing arrangements similar to NYPA energy projects that were in process. Mr. Lynch said that the hope was that they will reach the same level of funding as the other projects but that determination will be a result of the energy study. When that is completed NYPA would come back with a package and an estimated number. Ms. Youssouf asked when that would be complete. Mr. Lynch said he believed it would be five to six months but he would confirm and report back.

Project Status Reports

Peter Lynch, Senior Director, Office of Facilities Development provided brief delay reports for two facilities with project in delay.

Bellevue Hospital Center – Expansion of Inpatient Psychiatric Unit

Mr. Lynch said that the facility had advised that they were in process of completing punch-list items and the project was to be completed by the end of the month. Ms. Weinstein noted that the facility was under inspections and that is why representation was not present.

Coney Island Hospital – Boiler Replacement, Room Conversion, Cardiology Unit

Mr. Lynch explained that all three projects in delay had experienced original delays as a result of Hurricane Sandy. He noted that the Boiler Replacement project and the Conversion of 6-bedded rooms to 4-bedded rooms were due to be completed by December and October, respectively. With regard to the new Non-Invasive Cardiology Unit, Mr. Lynch advised that the facility was determining whether or not to proceed with that project.

That concluded the delay reports.

Mrs. Bolus thanked the Office of Facilities Development for providing such thorough information in the executive summaries that were presented, noting that she found them to be very informative. Ms. Weinstein stated that Ms. Youssouf had in fact requested some additional information be added so it was a collaborative effort.

Equal Employment Opportunity Committee – October 15, 2013

As reported by Rev. Diane Lacey

Assistant Vice President's Report

Manasses C. Williams, Assistant Vice President, Affirmative Action/EEO briefed the Committee on the 20th Annual Competitive Edge Conference which was held on July 25, 2013 at Bank of New York Mellon, Corporate Trust Operations Center, 101 Barclay Street, New York, NY 10007. He noted that the event was attended by Board and EEO Committee member Mrs. Josephine Bolus. In addition, he informed the Committee that on October 3-4 2013 staff from the Office of Affirmative Action/EEO and the represent HHC at an M/WBE forum in Albany, New York hosted by the office of Governor Andrew M. Cuomo. He also introduced to the Committee the eight current EEO Officers and the Networks to which they are assigned. Finally, He introduced to the Committee the Sullivan-Hernandez Agency, Inc., a M/WBE who are prequalified by HHC as a subcontractor on a HHC FEMA flood insurance contract and the positive effects the potential contract was having on the subcontractor.

2012 Conditionally Approved Contractors

Paola Torres, Sr. Management Consultant, Affirmative Action/EEO reported on five conditionally approved contractors, Sungard Availability Services, LP which has one minority underutilization in the Clericals job group 5 and one female underutilization in Professionals Job Group 3. Cablevision Lightpath, Inc., which had seven underutilizations, two for minorities in Clericals job group 5 and Technicians job group 3, one for females in Professionals job group 3 and two for minorities and females in Managers job group 1 and Sales job group 4. Microsoft Corporation had one underutilization for females in Professionals job group 1. Hunter Roberts Construction Group, Inc. had five minority underutilizations in Clericals job group 1, Managers job group 2, Managers job group 3, Professionals job group 1 and Senior Managers job group 1. One scheduled contractor, Arcadis US., Inc. was schedule to appear, but did not show and instead will be asked to attend the January 2014 Committee meeting.

2012-2013 Corporate and Facility Affirmative Action Plan Update

Gail Proto, Senior Director, Affirmative Action/EEO stated that this was the ninth review of the Corporation's workforce since the Office of Affirmative Action/EEO converted to the 2000 census data. She further stated that the Corporation's level of representation of minorities and women have remained at a high level of 82.9% minorities and 68.5% women. The total number of job groups with an underutilization has decreased from 13 same as 2012. There were 44 job groups analyzed this year, the same as last year. She further stated that there were 19 underutilizations in 2013 as compared to 18 in 2012. The new underutilization was for Hispanics in the Management job group 1 (Senior Staff).

Finance Committee – October 15, 2013
As reported by Mr. Bernard Rosen

Senior Vice President Report

Ms. Marlene Zurack stated that her report would be brief given the lengthy agenda that would include an update of the Corporation's cash balance. As of September 27, 2013, the cash balance was \$357 million or 22 days of cash on hand (COH) which is a major improvement over last month which was at nine days of COH. The increase is due to the receipt of \$183 million in Community Development Block Grant (CDBG) funding and the receipt of additional DSH maximization payments. Corporate Finance is currently in the process of revising the cash flow projections. The status of some expected cash items has improved while other items may require an adjustment in the cash flow that would move those items to next FY 15. Consequently, there is no final year-end cash projection.

Ms. Youssouf asked if the \$183 million was the total amount requested by HHC.

Ms. Zurack stated that based on the process, HHC was asked to apply based on the City's inclusion of HHC in its plan and HHC was asked to apply for expense that were incurred to ensure that the two closed facilities, Bellevue and Coney Island could be reopened. Based on the total cost of those expenses, HHC was able to claim \$183 million. The initial claim was for \$230 million for expenses and in order to claim the difference between those two numbers, \$47 million, HHC would need more room in the City's allocation which the City is considering for the next submission.

Key Indicators/Cash Receipts & Disbursements Reports

Mr. Fred Covino stated that the reports would be presented by him and Krista Olson, Assistant Vice President, Budget. The reports are based on data through August 2013. Additionally, also included is a supplemental budget report which is the allocation of the FY 14 budget by facility with the various revenue and expense categories. Ms. Olson would present the utilization data but that it was important to note that given the size of the data, there may be some very large variance that are very common at the beginning of the year.

Ms. Olson stated that the report had been changed to include outpatient visits for the acute hospitals. Overall, the visits are posted as reimbursable visits as opposed to the date of service and include all clinics, emergency room and ambulatory surgery visits for the acute care facilities. Overall visits have declined by 1.5% acute visits are up by 4.4% due largely to an increase at Harlem Hospital due to the posting of mental health day treatment visits from several years prior. Excluding Harlem visits are down slightly.

Ms. Youssouf asked if the visits at Harlem were based on cumulative data for a number of years. Ms. Olson stated that the visits were posted this FY 14 but the visits are for several years prior.

Ms. Youssouf asked what caused the problem. Ms. Olson deferred to Ms. Katz who in response stated that Harlem's day treatment program was moved from one location to the other and there were delays in getting information on the State files. Therefore, in order to allow the facility to bill for those visits once the problem is resolved, those visits were held open pending the resolution of the issues that included getting a waiver which is still being addressed in resolving incorrect addresses on the files.

Dr. Stocker commented that this is based on what is billed. Ms. Youssouf asked if the problem has been resolved. Ms. Katz stated that her office, revenue management has been working with the Office of Mental Health as well as HHC's internal behavior health to resolve the issue.

Ms. Zurack stated that the "glitch" was resolved but due to that issue the visits are late to the State. The State was aware of the problem and was a part of the problem and HHC is working with the State on getting this payment issue resolved.

Ms. Olson continuing with the reporting stated that the D&TC visits are down by 2.5%. Acute discharges are down by 4.1% or 1,310 discharges excluding Coney Island that has a few units closed, the decline is 1.85%. Nursing home days are down by 15% due to the transition underway at Coler/Goldwater and construction at Gouverneur. Two facilities are above the corporate average for the expected LOS, Kings was at 9/10 and Queens at .5 day above. Three facilities were below, NCB at .5 less; Lincoln and Metropolitan were at 7/10 day less. Corporate wide the CMI is up by 1.1% compared to last year at .9677.

Mr. Rosen asked if reimbursement is based on discharges as opposed to visits. Ms. Zurack stated that it is both.

Mr. Rosen stated that given the reporting has been on discharges, visits are not usually presented. However, a few footnotes should be added to explain the data.

Ms. Zurack stated that the footnotes would be added.

Ms. Youssouf asked if the decline in discharges is also reflective of a decrease in the number of patients.

Ms. Zurack stated that it is not always the case. It could be that the patient population is the same but the utilization is down. In a healthcare reform environment this is usually what should happen, given that there are some assumptions that there is an over utilization of services and patients are being admitted and re-admitted.

Ms. Youssouf stated that the question was raised to get a better understanding of the purpose of the discharges.

Ms. Zurack stated that discharges in terms of the Key Indicators report, apologizing to the Committee for not briefing them before distributing the data as part of the routine process. Essentially there are the elements that are included in HHC's monthly payments from 3rd Party payors. The payments are based on discharges, visits and the CMI. Expenses are a function of the LOS. Those are the reasons for tracking that data in addition to the actual receipts and disbursements.

Mr. Rosen added that the inclusion of the visits is an important component of the reporting.

Ms. Zurack stated that as part of the process, corporate finance is looking to simplify the payor mix reports that have gotten very busy over the years. The intent was to include more fresh data monthly on the outpatient side. Since the payor mix reports provided that data there are declines in the visits at the D&TCs which has been reported monthly and to have that compared to the acute care facilities. A number of the corporate strategic initiatives are designed to improve access to outpatient services in general and particularly to primary care. By providing the outpatient data the Committee would have a sense of the progress in that area.

Ms. Youssouf asked the status of the utilization comparison to other healthcare facilities. Ms. Zurack stated that corporate finance is working on the data. Ms. Youssouf stated that it is a big project and the status is important.

Mr. Covino stated that page 2 of the Key Indicators report; the FTEs are up by 75 compared to last year for the same period. The increase is due to an increase of 55 residents and 50 nursing positions and the remainder is offset by a reduction in clericals and aides and orderlies.

Ms. Youssouf asked if the increase in FTEs is consistent with the plan. Mr. Covino stated that it is in that an increase in FTEs was anticipated this year as Patient Centered Medical Home (PCMH) positions are added and some key positions are backfilled. Through August 2013 receipts are \$59 million worse than budget while disbursements were \$23 million worse than budget for a net deficit of \$82 million. Page 3, a comparison of cash receipts against prior year actuals, receipts were \$60 million better than last year due to the timing of the MetroPlus risk pool payment of \$100 million which is reflected on the outpatient side under Medicaid managed care. Expenses were \$18.3 million better than last FY 13 due to a PS collective bargaining settlement of \$20 million that occurred in FY 13 on behalf of laborers. Those savings were also offset by an increase in spending of \$22 million compared to last year due to \$10 million in expenses for clean-up relative to the storm and an additional \$7 million in increased spending in IT.

Ms. Youssouf asked if the data on pages 2 and 3 was for the same period. Mr. Covino stated that it was not the reports are based on different factors. Page is similar to page 4.

Ms. Zurack interjected that the data is for the same period. One is a comparison to budget and the other is a comparison to the prior year for the same reporting period.

Mr. Covino added that it is a different comparison. Continuing with the reporting, page 4, inpatient receipts were down by \$45 million primarily due to Medicaid fee-for-service that is down 416 paid cases as well as 12,000 SNF days. Outpatient receipts are down by \$16 million and all other receipts are up by \$1.9 million. Expenses are on budget with the exception of OTPS which is up due to the previous stated reason relative to the clean-up at Bellevue and Coney Island due to the storm. Additionally there is a \$14 million OTPS gap at Coler due to the transition.

Ms. Youssouf asked if those facilities are still incurring costs due to the storm. Mr. Covino stated that were expenses at those facilities that were not recognized pending a review of those expenses.

Ms. Zurack explained that as part of the FEMA process, Mr. Weinman has established a group that reviews all of the expenses related to the storm and the process entails a very detailed review of those expenses by vendors and invoices that must be supported with the appropriate documentation requirements. Some of those vendors have been late in submitting the required documentation which delayed the payments for last year.

Ms. Youssouf asked for clarification of the services at Coney Island that are not yet restored.

Mr. Pandolfini stated that the services that are yet to be restored included, rehab, detox, 26-bed medical surgical unit, and pediatrics services. Although those units are closed the beds are being utilized by adult medical surgical patients but are not restored on the inpatient side.

Mr. Covino stated that the report following the Key Indicators/Cash Receipts & Disbursements (CR&DR) reports was a four page report that showed the breakdown of the budget allocation by facility for FY 14 and the detail of that budget is reflected in the reporting on pages 3 and 4 of the CR&DR.

Mr. Rosen asked how did the FY 14 DSH funding of \$1.104 billion compared to the FY 13 DSH funding.

Mr. Covino stated that it is similar in that there was a large catch-up last year. Mr. Rosen added that there is no catch-up in the FY 14 funding. Mr. Covino stated that the FY 14 is at higher baseline and does not include a catch-up.

Ms. Youssouf asked if the reason for the operating deficits at the facilities was due to the DSH payment for FY 14 that has not been allocated to the facilities. Mr. Covino stated that a large portion of those funds go into a reserve so that HHC can maintain a positive fiscal balance by year-end.

Ms. Youssouf asked if those funds were allocated to the facilities, the variances would have reflected different outcome and whether there is a report that can be shared with the Committee that would show the actual status of the facilities with the inclusion of the allocation of the DSH funding by facility.

Ms. Zurack stated that due to the nature of how the supplemental Medicaid payments are made, it would reflect a number of adjustments and explanations. Therefore, a tremendous amount of HHC's DSH funding goes to two facilities, Coney Island and Coler which is one of the problems with the methodology which automatically distorts the data. An artificial adjustment can be made for that but that would not be accurate.

Ms. Youssouf asked if the request was clear.

Ms. Zurack stated that it is very clear in that the request is to see which facilities' bottom-line are actually losing or making money. The way the budget is established is to ensure that HHC comes in on budget and by achieving that it would preserve its cash per the financial plan. As a corporate-wide initiative there is no risk of running out of cash by having that reserve. If the request is the comparison of one facility against another it is much more complicated than that. However, the issue will be discussed with the CFOs at the scheduled meeting to determine whether there is a proxy to provide the Committee with the requested data as a bottom-line status. The reserves if taken out would be even. The central office reserves have an \$850 million positive which is required in order for HHC to make its financial plan and to ensure that HHC does not run out of cash. The negative variances are related to each facility's performances. A report could be generated based on some assumptions and what the impact would be if the reserve was reduced to a certain amount, from \$850 million to \$200 million which would not be the correct approach; however, in applying that assumption how would the facilities variance change. A report can be done to reflect the Committee's request.

Ms. Youssouf stated that it is important to see that information given that some of the facilities have significant variances and there has not been a corresponding uptick to know exactly what the actual status of each of the facilities has been over the years.

Mr. Rosen returning to the budget report asked if the difference between the overall receipts and disbursements of \$248 million would be the expected year-end cash balance.

Ms. Zurack stated that it would be. Mr. Rosen asked if the \$248 million included a rollover from FY 13 or is it only FY 14 based on the projected receipts and disbursements, etc.

Ms. Zurack stated that the FY 13 cash balance was rolled into FY 14 so it does include the FY 13 cash that was rolled into FY 14.

Mr. Rosen asked for confirmation that the \$248 million would be the expected year-end cash balance for FY 14, to which Mr. Covino stated that compared to FY 13 the cash balance is expected to decrease. Ms. Zurack interjected that the opening cash balance was \$323 million for FY 14.

Ms. Youssouf asked if the \$375 million Ms. Zurack referenced earlier in her report included the \$248 million.

Ms. Zurack stated that the \$248 million is a budget projection that is not reflected in the actual balance. The report is based on today's snapshot of the budget reality.

Mr. Rosen added that the decrease in the cash balance from FY 13 to FY 14 of \$63 million is a major decline.

The reporting was concluded.

Action Items:

Authorizing the President of the New York City Health and Hospitals Corporation to negotiate and execute contracts on behalf of HHC facilities with Betz Mitchell Associates, Inc., Jzanus LTD., MBI Associates Inc., MCS Claim Services, Inc., and NCO Financial Systems, Inc. for the collection of

delinquent inpatient accounts. These contracts are for a period of three years with an option to extend for two additional one-year periods solely exercisable by the Corporation.

Ms. Katz introduced Yvonne Cummings, Senior Director, Revenue Management who was directly involved in the solicitation process. Ms. Katz stated that HHC has utilized the services of collections agencies for inpatient accounts since 1974. This is a continuation of the referrals for inpatient bad debt accounts. In FY 12 inpatient collection agencies collected \$26.2 million with commission fees totaling \$4.7 million resulting in a net benefit to HHC of \$21.5 million. Of the five agencies selected, three were included in the prior contract. There is one new agency and another has done work for HHC under previous contracts. These agencies are paid on a contingency fee and only get paid if actual collections are made. The agencies are required to adhere to HHC policies and procedures and must follow HHC's Options policy. Although the account is referred to bad debt the patient will be given the option of having the bill reduced as part of HHC Options.

Ms. Zurack stated that out of the \$26 million 92% was from Medicaid and other insurers with very little from patients directly.

Ms. Katz stated that the agencies also complete Medicaid applications on behalf of HHC that are obtained through the letters sent out to 3rd party coverage.

Ms. Bolus asked why the number of agencies increased from three to five. Ms. Katz stated that HHC has always contracted with five agencies and that three of the five agencies selected for this contract were also included in the prior year contract. The agencies were selected through a Request for Proposals (RFP) process and a selection committee.

Ms. Youssouf asked what was the total amount referred to the agencies that resulted in the collection of the \$26.2 million in FY 12.

Ms. Katz stated that the total amount of the referrals was not readily available. Mr. Weinman stated that the amount of the write off to bad debt is approximately \$85 million.

Ms. Youssouf asked if out of the \$85 million, \$26.2 million was collected. Ms. Katz stated that the \$85 million would have been the balance on the account, whereas the \$26.2 million is largely from 3rd party coverage.

Ms. Youssouf pointed out that the question was in relation to the total amount referred to the net amount collected by the agencies.

Ms. Zurack stated that approximately \$85 million is in the bad debt file and as Ms. Katz pointed out it is priced at charges or a mark-up. The \$26.2 million is at the contract rate or Medicaid rate.

Ms. Youssouf asked what the contingency fees for the agencies are. Ms. Zurack stated that the fees range from 12 – 19 percent.

Ms. Youssouf asked why HHC did not go with a standard fee of 12%. Ms. Zurack stated that the 12% was the new firm's fee compared to the remainder of the agencies at 18 to 19%. HHC wanted to see if the new firm can perform at the 12% and if over a period of time, the 12% agency performs well, more of the business will go to that agency.

Ms. Katz stated that each agency gets initially 20% of the referred accounts. However, through close monitoring of performance, HHC has the right to shift the referrals up or down from one agency to another.

Ms. Youssouf added that as an incentive, the agency with the 12% fee has a lot to gain if it performs well.

Ms. Zurack stated that there is a value to keeping a few of the experienced agencies and there is a value for doing it in-house which has been trending at some of the hospitals that have used agencies less over time than in the past.

Ms. Katz added that the inpatient referrals have been declining over the years to avoid the fees.

Ms. Cohen asked how the ACA would affect the process in terms of the retroactive MAGI.

Ms. Katz stated that included in the contract is language regarding the requirement of the agencies to have knowledge of the healthcare exchanges. However the effect of the ACA is yet to be determined.

Ms. Cohen stated that the rules are not substantially changing so that individuals who become eligible for Medicaid in any of the new options/plans can also get retroactivity. Ms. Zurack agreed that would apply to the hospital stay.

Mr. Rosen asked if the bad debt in the 2013 financial would become the base from which the agencies can collect.

Mr. Weinman stated that the bad debt is an expense and is not the actual write-offs but is a provision for the write-offs in 2013 that included an adjustment which would make it difficult to equate one against the other but the \$85 million has been consistent throughout the years.

Ms. Zurack stated that in the financial statement the write off is booked net of collections.

Mr. Aviles added that going forward as HHC begins to see enrollment on the Exchanges there will be a more significant challenge around bad debt. Even though patients are subsidized there will be some significant co-pays. HHC deals monthly with Medicaid and the Medicare dual eligible population; there has not been a lot of bad debt going against the individual as opposed to trying to get them coverage.

Ms. Youssouf asked if HHC has ever received any complaints about the agencies practices.

Ms. Katz stated that HHC has not. Ms. Zurack added that some complaints were made on behalf of the patients from various community group/organizations.

Ms. Youssouf asked what the nature of the complaints was.

Ms. Zurack stated that several years ago HHC had to strictly enforce with the agencies the adherence to HHC Options. That was a major issue. If a patient was self-pay the agencies would go after the charges; however, agencies must work with HHC's patient population. That was a major concern of a number of the consumer advocates.

Ms. Cohen asked if HHC Option would be with or without the patient's cooperation. Ms. Zurack stated that it would be with their cooperation and must provide the required documentation in order for the HHC Options process to move forward. HHC is unique in that the charity care offered is not based on a time limit compared to other hospitals.

Ms. Youssouf asked if HHC has ever reached a point where it has given up on a case. Ms. Katz stated that HHC has done so.

Ms. Cummings added that within the contract it is nine months if there is no activity on the case, it is returned to HHC.

The resolution was approved for the full Board's consideration.

Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") to negotiate and execute a contract with LVI Demolition Services, Inc., to provide Emergency Response Services designed to support HHC in the event of an emergency or catastrophic occurrence that causes damage to the Corporation's facilities. The Emergency Preparedness and Recovery Contract will be for a term of three years with an option to renew for an additional two year period solely exercisable by the Corporation. Cost incurred due to an emergency responded to by this vendor shall be reported to the Board of Directors subsequent to the emergency preparedness and restoration.

Mr. Joseph Quinones informed the Committee that there were three representatives from LVI Demolition Services, Inc., John Leonard, Chief Operating Officer, Frank Aiello, Senior Vice President, and Peter Demeropoulos, Vice President. Mr. Quinones stated that in determining the need for these services, the question of why an emergency preparedness contract is need was addressed throughout the process. First, LVI will do an assessment of all HHC facilities that will entail what each facility would need in the event of a major occurrence, hurricane, windstorm, flood, power surge, etc. A rate card has been established for the cost of the equipment, labor that would be fixed in the contract. It is basically a playbook that would be put in place for any emergency that may arise that could be anticipated. HHC would be able to track these events a week in advance in conjunction with LVI where possible so that HHC is as prepared as possible for any event that is anticipated. The most important piece is that if all of HHC preparedness fails and the facilities are damaged, LVI would restore the facilities as soon as possible. Based on the most recent experience with Hurricane Sandy, HHC has seen the outcome of delays.

Ms. Youssouf pointed out that there is no dollar amount included in the resolution.

Mr. Quinones stated that there were numerous discussions regarding that issue and it was concluded that it would be extremely difficult to quantify those emergencies. The way the contract would be triggered would be through an emergency declared by the President of the Corporation that would be presented to the Board. However with this contract there would be an anticipated cost.

Ms. Youssouf asked if a dollar range could be included in the resolution that would state that if the cost goes above that amount, the President would seek the Board's approval before moving forward. The concern is that without having an amount, the Committee would be approving a blank check that could total hundreds of millions of dollars.

Mr. Aviles stated that it is possible for HHC to anticipate some of the costs based on recent experience with the latest storm, Sandy. Although through a declaration of an emergency and providing a deviation so that whatever work would be required could begin immediately and reported to Board so that the Board could receive ongoing reports on the extent of the work that would be done in the context of whatever emergency HHC would be facing. This is largely to take the experience from Sandy in what HHC had to do which was after the declaration of the emergency through deviations authorize the expenditures for a large sum of monies to address the immediate aftermath in a context that HHC did not have a process for competitive bid proposals, whereas with this contract HHC could go to FEMA for funding without any hesitation that it would be fully reimbursable. Given the circumstances, HHC is facing with FEMA which is not uncommon given disaster scenario for that to occur. This contract would give HHC the opportunity to scope out vendors/contractors that have the capability to provide those services at any time in the future. HHC can substitute other contractors for this work once the immediate emergency has been addressed.

Ms. Zurack added that the intent of the contract was to lock-in a price for rates that would not put HHC in a position of being competitively disadvantaged due to an emergency. The Corporation will still have the opportunity to set the limit. This contract is essentially creating an emergency process that delegates it to the President which is in essence the current process as part of the emergency procurement rules. Therefore, the main purpose for this contract is to get the initial assessment and lock-in rates that would not be driven by the emergency that HHC would be facing.

Ms. Youssouf stated that the resolution would be locking in rates for services defined as oppose to the way the resolution is currently structured which is not very clear.

Dr. Stocker stated that this is a new concept which raises some concerns in that while HHC knows the difficulty in projecting the nature of the disaster and each being different but the demand for services will be and if LVI will have enough resources to meet all of its clients' needs without compromising its obligation to each one who would be demanding services during a disaster. Based on the list of LVI clients which include Sears, AIG, and there is one healthcare center, Robert Wood Johnson Hospital Center. Given that the nature of the event is unpredictable, will there be a time whereby the resources of LVI might be exhausted due to the number of clients demanding services and the number of clients could increase. The value of having this contract is to avoiding having to search for services in the event of a disaster; therefore, how can HHC know that LVI will be able to meet HHC's needs during an emergency or disaster.

Mr. Levy stated that was a factor that the Committee took into account as part of the selection process. This is a framework contract that would be in place in the event of an emergency or disaster that provides HHC with a go-to plan. HHC was extremely fortunate a year ago that through its contract with Crothall, the contractors was able to find Signal Restorations to perform the work that was needed which included stabilizing the hospitals within a ninety to hundred day period. Without those services HHC might have gone a few months before finding a restoration firm that was big enough to complete the work. The second issue is that whatever the disaster maybe it could be potentially reimbursable again under the federal guidelines and HHC would be through this contract properly procuring these services through a contract that does as per Mr. Aviles noted make it incrementally easier to get reimbursement which has been a major problem with FEMA.

Ms. Youssouf stated that on that point if FEMA changes its rules and regulations, who would be responsible for monitoring this issue to ensure that those new guidelines are adhered to by the contractor so as not to jeopardize reimbursement.

Mr. Levy stated that in terms of FEMA there may be some policy changes that might occur due to the disaster but essentially the baseline is the Stafford Act and it has not changed since its formation. Base Tactical is planning to report back to the Committee an update on how this will affect HHC going forward. FEMA has a requirement under the federal guidelines that every dollar received HHC would be required to purchase flood insurance.

Mr. Rosen interjected that it is a requirement for the City of NY.

Mr. Levy continued stating that any entity that receives funding from FEMA for flood damages must obtain flood insurance. The cost of those premiums for the flood insurance could be extremely costly. There are relief positions that can be resolved with the insurance Commissioner of NYS with support from the federal government. Those actions are currently in place as part of the process. An example of what would be required is that if Bellevue had a \$50 million loss and FEMA reimbursed the facility for that loss, HHC would be required to ensure itself for the 1st \$50 million. If there was another loss of \$100 million, HHC would have \$50 million for the first insurance and FEMA would cover anything over the \$50 million. The purpose of putting this contract in place is whether HHC can save on buying the first \$50 million. It is important whether FEMA would be in for the first or second \$50 million. In the example given HHC would have a firm that would stand behind the procurement process. If there is another major disaster there should be a procured contract in place and this contract would be availability that would be guaranteed to show up.

Dr. Stocker asked for a representative from LVI to address the firm's commitment on having the available resources for HHC in the event of disaster or emergency.

Mr. Leonard stated that in response to questions from the Committee, LVI has been working in NY for over twenty five years and that he has worked with the firm for twenty six years out of the NY office and is now currently overseeing all operations. In terms of resources, LVI is the largest company in terms of labor in NYC. LVI employs over 500 staff per day in NYC and worked 5 million man-hours annually across the country. If there was an event in NY, the reason LVI believes it will not fail and guarantee that LVI will provide the services to HHC is due primarily to LVI resources throughout the country from every union, from every open shop to bring the appropriate staff in where and when needed. Additionally, LVI has a strategic alliance with United Rentals, the largest provider of pumps, generators and other major equipment. United Rentals only provides equipment to LVI in the restoration field. As part of the preplanning, LVI will survey each facility to identify key elements of exposure. Identifying the location for various key equipment such elevators, elevators rooms, mechanical room, etc.

Dr. Stocker asked if when LVI adds a new account if additional resources are added as well and how that process works.

Mr. Leonard stated that LVI currently has a process for expediting resources. LVI has 500 FTEs, salaried managers, 150 part time project managers and superintendents. These employees are deployed throughout the country on an hourly basis and 1,000 hours each baseline workers, and general construction. LVI has renovated Madison Square Garden (MSG), and demolished 130 Liberty in NY.

Dr. Stocker asked how LVI addresses capacity when a new client is added.

Mr. Leonard stated that the supervision ratio is about 10 to 20 workers per supervisors depending upon what is in the field and the staff that is under contract and based on those resources, LVI would make a determination on whether there are enough resources management or project management during a disaster to meet the needs of its clients.

Ms. Youssouf asked LVI for clarification of the 500 managers whether regional or nation-wide.

Mr. Leonard stated that those 500 managers are nation-wide.

Ms. Youssouf as follow-up to Dr. Stocker's question regarding LVI's capacity asked if LVI would make a decision to not add additional clients due to a capacity issue.

Mr. Leonard stated that it is not likely that day will ever come. LVI increases its planned MSAs which is what LVI bid on as part of the RFP process. If there is a need for additional resources based on the nature of the emergency or disaster, LVI would do so which would mostly be equipment and labor. There are three pieces involved in addressing an event, management, labor to get the job done and the required equipment and LVI has the resources to get the job done.

Mr. Aviles asked how LVI mobilizes and deploys labor in that the 500 managers are a sizable staffing component and whether staff is redeployed during a disaster given that each event would present a different staffing need in terms of labor which could be more intense on the ground.

Mr. Leonard stated that LVI employ approximately 2,500 workers per day across the country. During the recent storm, Sandy, labor was not that large. However, during Hurricane Katrina, LVI went from 2,500 workers to over 10,000 workers in the field in a span of seven days. That process includes 25 office of labor and supervision of the core group given that LVI employed 3,000 workers per day and brought in over 2,000 workers, labor union, whereby LVI has an environmental partner agreement with the international unions that oversees all of the local labor unions of North America. LVI was able to obtain 7,000 workers through that resource pool and in addition to the organic communication, LVI went out and obtained workers. After obtaining the resources those workers went through a workforce orientation and medical surveillance program which is not done by other companies when additional workers are contracted. Without having that process in place, it could expose the clients on the 3rd party liability side for workers who are exposed to various infectious diseases, mold and asbestos.

Mr. Quinones stated that one of the things that the selection Committee took into account was the financial depth of LVI. LVI services gross revenues total \$400 million per year. LVI Demolition Services annual revenues total \$50 million. That particular financial depth provided the Committee with a level of comfort that LVI would be able to mobilize the resources as needed.

Mr. Levy stated that although LVI is located locally with warehouses in New Jersey, all of the remediation firms are located usually elsewhere outside of the eastern seaboard. Most companies deploy when there is a major storm, disaster or emergency. The key question asked by Dr. Stocker was at what point LVI would stop signing east coast clients so that it knows what their maximum level is or should be. It is important to note that LVI is different from other companies in that their work is with MSA standing contracts. HHC has requested two primary field people to be assigned to this contract. One is out of the west coast and the other is out of South Carolina. These individuals would be deployed in advance typically seven days before an event to assist HHC in identifying its needs such as labor in order to put the required equipment together.

Ms. Youssouf asked if an event should occur, whether HHC would have the resources for the installation of any equipment such as flood walls, etc.

Mr. Levy stated that currently HHC has a standby contract with Signal Restoration that was approved by the Board pending the execution of the LVI contract. HHC has coverage through December 31, 2013 should an event occur to deploy the entire workforce needed.

Mr. Aviles stated that Signal Restoration did compete for the contract but HHC got a better deal from LVI.

Mr. Rosen stated that there is an important element in that even if everything was perfect and the weather was fine, LVI would still be out there inspecting HHC facilities. However, this contract would formulate the basis for when an event occurs.

Mr. Levy stated that LVI has agreed to do an assessment of all of the facilities without a cost in order to get a handle on the status of each hospital in order to prepare to meet HHC needs in the event of an occurrence.

Mrs. Bolus asked if HHC would pay before an emergency occurred.

Mr. Leonard stated that there is no fee for the assessments LVI's intent is to get an inventory of each of the facilities major equipment such as generators, boiler rooms and mechanical rooms, etc. LVI stands by its reputation and if something can be mitigated by putting up tiger walls to avoid a major problem and if there is a major disaster LVI would be prepared to restore the facilities and bring them back up and running as quickly as possible. LVI's reputation is based on the way to expedite whatever is needed and the way to ensure that happens it is important to get to know as much as possible about each facility through the assessment.

Ms. Cohen asked what company is contracted for HHC's centralized maintenance services.

Ms. Zurack stated that it is JCI. Mr. Levy added that Crothall does the supervision environmentally and JCI does the mechanical.

Ms. Cohen stated that at some point LVI would need to interact with those two contractors and asked whether LVI has other engagements that involve those two contractors.

Mr. Covino stated that LVI subcontracted during Sandy for some of the work done at the facilities through those two contractors.

Mr. Leonard stated that LVI was there 24/7 and is the largest asbestos company in the country and has done millions of asbestos removal. LVI workforce is trained for demolition and hazardous material, lead, mold, etc. LVI's medical surveillance oversees all of those areas. The labor is cross trained to ensure that the workers do not expose the public or themselves that could result in a 3rd party liability.

Ms. Youssouf asked if HHC has other companies that are doing all of those assessments and what is the different between this contract and those that were previously approved by the Board.

Mr. Levy stated that the other companies doing assessments are the engineering firms that are reviewing the two damaged facilities and perhaps a few other facilities to determine what can be done to protect those facilities from future flooding. Two of the firms, Arcadis and Parsons Brinckerhoff both are engineering and architectural firms. The purpose of those two firms is to secure additional funding from FEMA under the 406 or 404 mitigation program. While the solutions are being identified walls and barriers and potentially new buildings are being completed and once completed will remain in place at those sites. The assessments are being done on how to protect the facilities. The LVI contract would cover all of the facilities in protecting the facilities in the event of a major event/emergency. Basically, LVI will identify vulnerability at the facilities. Coney Island is in a very vulnerable position regardless of what steps are taken.

Mr. Quinones added that the purpose of the LVI contract is to have HHC as prepared in conjunction with all of the contractors, JCI and Crothall, OEM and HHC's emergency preparedness plan. Layers of preparedness that will be coordinated to give HHC the opportunity to ensure that HHC's vulnerabilities are at least exposed as much as possible. If all fails and HHC needs to restore its facilities, HHC would the resources through LVI to do so.

Mr. Leonard stated that the rates were competitively bided and the equipment rates are competitive in a non-catastrophic situation which would be an important factor for the hospitals to lock-in.

Ms. Youssouf stated that the resolution was not clear in terms of what the Committee would be asked to approval and asked if the wording could be changed to clarify that concern.

Mr. Aviles stated that the executive summary is a part of the resolution so to the extent the detail of what the contract entails are included there should be sufficient as opposed to adding language in the resolution.

After extensive discussions by the Committee regarding the amendment to the resolution to resolve the Committee's concerns regarding clarity in what the Committee would be asked to approve for submission to the full Board, Ms. Youssouf asked if the resolution could reflect language that would specifically state the purpose of the contract in that it would be authorizing "framework" contract.

Dr. Stocker asked if there is language in the contract that address LVI's assurance in having adequate capacity in address HHC's need in the event of a disaster or emergency.

Mr. Quinones stated that there are no penalties in the contract if the vendor fails to show up during an emergency or disaster. The reputation of LVI is HHC's guarantee in addition to the depth of LVI's financial capacity to meet HHC's needs and that it will protect its reputation.

Dr. Stocker stated that the rationale is understandable but asked if LVI would agree to notify HHC if new clients are added to which Mr. Leonard agreed.

Dr. Stocker asked if that language could be added to the resolution. Mr. Aviles stated that HHC would agree to include it in the contract.

Mr. Russo in summarizing the requested changes to the resolution and in the contract stated that the resolution would be revised to include that the President would be authorized to negotiate and execute a "framework contract" and that the contract would include language that would state that LVI will notify HHC on a quarterly basis of any new clients.

Ms. Youssouf asked if after the assessment is completed, the Board could get a copy of that master listing.

Mr. Leonard stated that HHC would own the document and that a copy would be provided to the Board.

Mrs. Bolus asked if HHC has a fall back plan in the event LVI does not show up.

Mr. Levy stated that there is no exclusivity with this contract. HHC will do what it did during the recent storm employ the resources necessary to meet HHC needs during a major event.

Mr. Leonard added that LVI stands by its reputation and that this contract provides HHC with fixed rates and playbook that would go into effect in the event of an occurrence.

Ms. Cohen asked if LVI has any contracts with penalties for not showing up and whether LVI has ever not shown up to which Mr. Leonard responded that there are no contracts with penalties and LVI has never failed to show up.

The resolution was approved with the amendment for the full Board's consideration.

Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") to negotiate and execute a management contract with Crothall Healthcare, Inc. ("Crothall"). Crothall will manage the Corporation's biomedical equipment services operations for each facility. The contract will be for a term of nine (9) years. The contract shall be for an amount not to exceed \$252,884,799 over the nine (9) year term of the contract.

Representatives from Crothall included: Bobby Kutteh, Chief Executive Officer, Steve Carpenter, President, Bill Rothgery, Northeast Regional Vice President, CES, Bobby Cockrell, Northeast Regional Manager, CES, Frank Sharer Regional Vice President Gene Bettencourt, Director of Business Development.

Mr. Quinones stated that the reasons for HHC's need for a vendor to manage biomedical equipment were determined by the following: HHC's restructuring leadership committee identified biomedical equipment as one of the thirty-nine projects to achieve corporate savings objectives. A management contract is needed to standardize repair and maintenance services of medical equipment and lower costs throughout the Corporation. HHC is currently experiencing a lack of effective management of equipment inventory. HHC is currently experiencing a lack of effective technology to track equipment within the facilities. If HHC does not control rising costs by deploying the skills and experience of a vendor, HHC will need to allocate limited resources from patient care to cover increased costs for the repair and maintenance of medical equipment. The vendor selection process included the issuance of a request for proposals (RFP) in accordance with HHC operating procedures. The RFP selection committee chose Crothall Facilities Management, Inc. as the highest rated proposer for both cost and quality. HHC's proposed contract with Crothall will include a savings guarantee of \$168.5 million over the nine year term of the contract. HHC currently contracts with Crothall Healthcare, Inc. for environmental services management. The contract is in its second year. Crothall provides biomedical equipment services to other 200 healthcare clients, including: CHRISTUS Health, a contract for four years, a 27 facility account in Texas and Louisiana; Louisiana State University Health Sciences Center, contract for seven years, a 650 bed facility. Crothall has been providing biomedical equipment services for over thirty years. Crothall's contractual responsibilities include overseeing HHC's biomedical services. Crothall will hire qualified HHC manager to oversee the biomedical services staff. Crothall will provide specialized diagnostic imaging staff; train staff to improve performance; oversee repair and maintenance of over 66,000 HHC assets; deploy best methods across the Corporation to improve cost effectiveness in the repair and maintenance of medical equipment; control personnel services costs and overtime costs; Crothall's staffing plan will include sixteen managers and fifty-two HHC staff. The biomedical cumulative savings and costs over the term of the contract, nine years include savings totaling \$168.5 million with a reduction of the projected current cost of \$466.61 million to \$298.11 million. The total contract costs as reflected in the resolution total \$252,844,799. The costs that will remain with HHC include Group 12 PS costs, benefits, overtime and salaries totaling \$45,223,251. The annual savings targets include: \$12.5 million in Year 1; \$14.36 million in Year 2; Year 3, \$16.18 million; Year 4, \$17.66 million; Year 5, \$18.86 million; Year 6, \$20.31 million; Year 7, \$21.55 million; Year 8, \$22.86 million; Year 9, \$24.22 million, for a grand total of \$168.50 million. These savings will be tracked yearly.

Mr. Quinones stated that there are additional benefits to HHC above the savings guarantee of \$168.5 million. Those additional benefits include inventory monitoring that would include real time monitoring and control over inventory and the utilization. Identifying the number of assets HHC has and determining if all of those assets are needed. Through utilization analysis, determine if some of those assets can be taken out of the system. Those savings are not included in the projected guaranteed savings. No union employees will be terminated as a result of outsourcing biomedical equipment services and management. Current management employees shall have the opportunity to become employees of Crothall Facilities Managements, Inc. Inventory will be monitored by Crothall and assessments made by facility as to utilization of equipment and review downsizing and right sizing of HHC assets.

Mrs. Bolus commented that this would represent another outsourcing and asked how many outsourcing management contracts does HHC have and what are the remaining services under consideration.

Mr. Aviles stated that the services that have been outsourced include: dietary, plant maintenance, environmental, laundry, and dialysis. HHC has tried to be very thoughtful in where it targeted outsourcing on those areas where the analysis demonstrates that there are substantial savings to be achieved while still providing a level of service. As required, HHC starting to downsize the scope and capacity of services across the system in order to save an equivalent amount of money. This is not something HHC would be returning to in the absence of fiscal pressures that are still being addressed and even with this as previously reported HHC has a structural deficit that must be addressed.

Ms. Youssouf asked for clarification of the assets and whether it means that HHC does not know where those assets are located and how they are being used.

Mr. Quinones stated that the assets include all of HHC diagnostic equipment and biomedical equipment. HHC currently does not have data on many of those assets.

Mr. Rosen asked how biomedical is defined. Mr. Quinones stated that it is based on a line item analysis that includes beds, biomedical equipment, monitors, and biomedical diagnostic imaging equipment.

Mr. Carpenter stated that it would include infusion devices, pumps, dialysis equipment, basically any equipment that touches the patient.

Ms. Youssouf asked it that would include scalpels. Mr. Carpenter stated that it does not include instruments and that would be an instrument but more touching the patient to diagnose.

Ms. Youssouf stated that it is of concern that HHC does not know how many or whether the equipment is being used which is a lack of inventory control.

Mr. Aviles stated that a system as large as HHC with 66,000 piece of equipment there are issues relative to the replacement of equipment over time. Such as infusion pumps and how many are needed; the level of inventory needed for pieces of equipment. A decision that may have been made at some point but based on experience that number is three times the number needed for reserve. This would represent the first analysis of all that equipment and determining what HHC really needs in the aggregate for all of those categories of assets. To the extent HHC can eliminate some of those assets there are maintenance contracts associated with keeping those assets in the inventory.

Dr. Stocker stated that this is central to getting control over the purchasing and procurement of all of the things purchased by HHC. There are equipment changes in critical care areas that require changes, updates and modernization. Being able to control this and determine what is needed will go a long way in moving back and forth from one hospital to another.

Ms. Youssouf asked where will the central database be located and who will be responsible for the overall management of the data.

Mr. Quinones stated that the inventory is core to this contract in terms of the cost for HHC to repair and maintain. It is expected that HHC will be able to diminish assets after the first year. After that it will be a value analysis that will take place through the clinicians of the Corporation and the services that are needed for HHC's patients' population and that will be determined. What is procured is totally different from this contract. This contract is only for the repair and maintenance of what the clinicians and value analysis committee decides should be procured and an inventory of those assets, a baseline of those assets that will go up and down.

Ms. Youssouf asked who would do the inventory of those assets. Ms. Quinones stated that it would be under the contract.

Ms. Youssouf added that the problem has been that HHC has been working on addressing inventory ordering and purchasing controls. The concern is that when HHC outsources that piece if it doesn't interface with HHC's system will be a problem.

Mr. Quinones stated that there is a clear answer in that this contract has nothing to do with the purchasing of equipment. Ms. Youssouf stated that it does involve the inventory.

Ms. Zurack stated that there is information on HHC's inventory control system that could be presented to the Committee in the future at the Audit Committee meeting. HHC's internal controls of fixed assets which include the tagging of equipment and the audited equipment can be present by Mr. Weinman at that committee. This contract is for the maintenance and monitoring of biomedical equipment and evaluating HHC's equipment needs and strategies but is not replacing HHC's responsibility to track and tag all equipment.

Mr. Carpenter stated that when Mr. Quinones mentioned the inventory control the reference is to multiple systems keeping track of the inventory with multiple levels of data involved on the equipment as it relates to maintenance and utilization. Crothall will be seeking to standardize that process and improve that level so that better information can be provided for purchasing decisions and to keep better track of inventory.

Ms. Zurack stated that in HHC's fixed asset system the level of detail that will be maintained by Crothall is not available. Crothall's system would provide some type of diagnostic tool for repairing and replacing equipment.

Crothall Representative stated that most of the equipment is moveable and who purchased it but not necessarily where it is located.

Ms. Zurack stated that the hospitals are required to track and update the fixed asset system.

Mr. Kutteh stated that typically a piece of nursing equipment may move from a nursing unit to another which Crothall would track as part of its preventive maintenance.

Mrs. Bolus stated that all of the companies that have been outsourced have all committed to do certain things that are being tracked by those contractors so where is the overage.

Ms. Zurack stated that some of those contracts are different in that the equipment does not belong to HHC.

Mrs. Bolus added that if it is anything that touches the patient.

Ms. Zurack stated that in the dialysis contract the services are no longer HHC services. In the surgical solutions contract, the contractors own the equipment and HHC is only using that equipment. This contract would provide assistance to HHC in maintaining and monitoring the biomedical equipment. The data will be more detailed than HHC is currently tracking.

Mr. Rosen asked who was involved in identifying the savings of \$168.5 million. Mr. Quinones stated that it was done in conjunction with Finance. Mr. Covino and Ms. Olson reviewed the data and agreed to the numbers.

Ms. Cohen stated that to address Mrs. Bolus' concern this approach of outsourcing management is a really thoughtful approach and far superior in terms of other actions HHC might need to take. However, it is important for the Committee to a report from Mr. Martin on how the contracts are working; what are the challenges and whether HHC is learning from each of these outsourcing initiatives given that each contract is different. It is an important piece and would be helpful for the Board to hear.

Mr. Martin agreeing that it is an important piece and that a presentation was done at the Strategic Planning Committee on all of the various outsourcing initiatives and the performances of each of those contracts and the dollars savings. The same type of presentation can be done for the full Board as opposed to the Finance Committee.

Ms. Youssouf asked for the company's background. Mr. Kutteh stated that Crothall is a Philadelphia based company. The company started in 1990 and is a \$3 billion division of a \$27 billion company. The \$3 billion company employees 45,000 employees across the country. This is one of five services offered by the company. This service is offered in approximately over 200 hospitals in the US.

Ms. Youssouf asked who the parent company is. Mr. Kutteh stated that it is the Compass Group.

Dr. Stocker stated that HHC has had a contract with Crothall for two years for the environmental services and based on what has been reported by Mr. Martin, the company has done a good job.

The resolution was approved for the full Board's consideration.

Information Item

Mr. Rosen informed the Committee that the Year-End Statement of Revenues and Expenses as of 6/30/2013 and 2012 would be rescheduled due to the overrun of the meeting but note that this was the first time the financial had been done on time.

Medical & Professional Affairs / Information Technology Committee **– September 12, 2013 and October 17, 2013 – As reported by Dr. Michael Stocker**

September 12, 2013

Chief Medical Officer Report

Ross Wilson, MD, Senior Vice President/Corporate Chief Medical Officer reported on the following initiatives:

HHC's Transfer Center

HHC is establishing a uniform process with a standard work with which patients are transferred from one hospital to another. The goals are to enhance patient care, improve the transfer process for the clinicians, and reduce leakage of patients outside the HHC. We are contracting with a vendor, DirectCall, who is experienced in communication, coordination, logistics and data tracking for individual hospitals and large systems.

DirectCall will provide the following support:

- One number for all transfers
- Based on protocols we provide the operator will
 - Locate the attending on call at either the specified transfer site or will assist in locating an accepting MD
 - An attending to attending call is initiated and recorded
 - Access existing ambulance services, also have an option to contract for an all-inclusive service for specialty care (eg, neonatal)
- Call is coordinated post-transfer to provide follow-up on the patient status
- Data will be provided regarding transfer process including destination, accepting service, MD and facility, timeliness of acceptance and actual transfer

- The service operates on algorithms provided by HHC, so leakage will initially be tracked, then prevented unless there is an acceptable reason for transfer outside of HHC (service not provided, patient request, possibly insurance requirement)

HHC will provide an Implementation Committee with representation from clinical and administrative stakeholders at sending and receiving facilities. Consistent messaging will be developed to encourage the use of the call center for all transfers within and into our acute facilities.

We anticipate a fall 2013 implementation. Please contact Lauren Johnston at 212-442-4065 or Lauren.Johnston@nychhc.org.

Nursing Excellence Awards

The 2013 Nursing Excellence awards will be held on October 28th. Six awards will be given to nurses from HHC in the following categories: Advancing and Leading the Profession; Home, Community or Ambulatory Care; Education and Mentorship; Inpatient Clinical Nursing; Management; or Volunteerism and Service. There will be one winner in each category for the entire Corporation. We are looking forward to the opportunity to recognize some of our many nursing stars!

Emergency Preparedness

On October 3rd there will be a Corporate-wide functional exercise. This is a Training Exercise whose purpose is to test new equipment and systems that were purchased as part of a grant funded project to improve HHC's EM Program. Post Hurricane Sandy we are looking to improve inter-facility coordination, communication and cooperation. The systems to be tested are Send Word Now, an emergency alert notification system and N-C4 ETeam, an Incident Command Software system. These systems will allow for real time communication with sharing and collecting of data during emergency or planned events. As this is the first time we will be utilizing this system across the Corporation, we expect to find areas for improvement which we can build on to be ready for future events. The HHC Office of Emergency Management in conjunction with a Core Team of facility Emergency Preparedness Coordinators and Yale New Haven Center (YNH) for Emergency Preparedness and Response (YNH) developed this functional exercise.

Flu

The HHC policy for employee flu vaccination, in response to the New York state regulations, has been promulgated. Vaccination has commenced at many sites and vaccine supply has improved to a level that all sites are now able to commence. Vaccination is recorded in a system-wide registry for management and reporting purposes; and a sticker is affixed to the ID card of employees who have been vaccinated. For those not vaccinated at the date that the Commissioner determines that the flu season has commenced, the wearing of a surgical mask is mandatory and will continue until the Commissioner determines that the season has ended in 2014. In order to achieve the protection afforded by "herd immunity" more than 90% of our employees, affiliates, contractors and volunteers will need to be vaccinated. In order to maximize the protection of our patients, as well as vaccination the other key strategies are hand hygiene, covering your cough and staying home if you are sick.

MetroPlus Health Plan, Inc.

Arnold Saperstein, MD, Executive Director presented to the Committee. Dr. Saperstein informed the Committee that the total plan enrollment as of August 26, 2013 was 424,789. Breakdown of plan enrollment by line of business is as follows:

Medicaid	362,841
Child Health Plus	12,396
Family Health Plus	33,510
MetroPlus Gold	3,269
Partnership in Care(HIV/SNP)	5,447
Medicare	7,044
MLTC	282

Dr. Saperstein provided the Committee with reports of members disenrolled from MetroPlus due to transfer to other health plans, as well as a report of new members transferred to MetroPlus from other plans.

Dr. Saperstein informed the Committee that MetroPlus' membership experienced a decline of nearly 4,000 since his last report to the Committee. This month, MetroPlus lost members because of a State correction which removed approximately 1,500 MetroPlus members with presumed Third Party Health insurance coverage. MetroPlus also experienced a lower than usual new member enrollment for August. On the good news side, enrollment improved during August and recertification's improved as well. The preliminary membership numbers for September finally show much lower losses, a change from what MetroPlus has seen over the past five months.

MetroPlus continues to prepare for our participation on the New York State (NYS) Exchange. The rates for products on the Exchange were released in July and MetroPlus offered the lowest cost products for three out of four metal levels. MetroPlus is continually assessing the risks and potential benefits of this pricing level. This month, NYS released the name for the Health Benefit Exchange. The Exchange is now called NYS of Health: The Official Health Plan Marketplace. In order to facilitate the enrollment process, NYS will begin training for Certified Application Counselors (CACs) in

September. Exchange CACs will provide the same core application assistance services available through the Exchange, Navigators, and licensed agents or brokers and must be able to provide information on the full range of Qualified Health Plan (QHP) options for which applicants are eligible. MetroPlus will train some of their current Facilitated Enrollers to dually serve as CACs that can aid eligible members with enrollment into the Exchange, as well as hiring a small staff of dedicated CACs.

This month, MetroPlus calculated HHC Quality Rankings based on 2012 Quality Assurance Reporting Requirements (QARR) scores. To determine the rankings, MetroPlus used 17 QARR measures and three member satisfaction Consumer Assessment of Healthcare Providers and Systems (CAHPS) measures. The overall ranking was determined by how a facility placed for each measure selected. In 2012, Gouverneur Health was ranked in first place and Kings County earned the "most improved" designation, from the prior year.

The Department of Health (DOH) has significantly revised the policy and timetable for the Nursing Home population and benefit to be carved into Medicaid managed care for both non-duals and dual eligible individuals. Medicaid recipients permanently placed in a nursing home before the transition date for their region will not be required to enroll in a managed care plan for the duration of their nursing home placement. In New York City, Westchester and Long Island, after January 1, 2014, adults requiring a permanent nursing home stay will be mandatorily enrolled in a plan: mainstream Medicaid managed care for non-duals or Managed Long Term Care (MLTC) for duals. Upstate counties will begin implementation April 1, 2014. Children under age 21 will not transition until April 1, 2015. Given the new policy, DOH is estimating approximately 20,600 managed care enrollments of individuals requiring permanent nursing home care statewide in the first year of implementation. Approximately 19,000 of those will be dual-eligibles, and 1,600 Medicaid-only.

This month, DOH and Centers for Medicare & Medicaid Services (CMS) announced the Fully Integrated Duals Advantage (FIDA) Memorandum of Understanding. FIDA is a State of New York partnership with CMS to test a new model for providing Medicare-Medicaid enrollees with a more coordinated, person-centered care experience. Enrollment will be phased in over several months. Beneficiaries receiving community-based long-term services and supports will be able to opt in to the demonstration beginning on July 1, 2014. On September 1, 2014, eligible beneficiaries who have not made a choice to opt in or out will be assigned to a Medicare-Medicaid Plan through a process that will match beneficiaries with the most appropriate plan. Beneficiaries receiving facility-based long-term services and supports will be able to opt into the demonstration beginning October 1, 2014. Those who have not made a choice to opt in or out will be assigned to a Medicare-Medicaid Plan beginning no earlier than January 1, 2015. Beneficiaries will be able to opt out of the demonstration or select an alternative Medicare-Medicaid Plan at any time. MetroPlus has been approved to participate in the FIDA demonstration project and will be prepared to provide services in 2014.

Finally, OASAS, OMH, and DOH have announced a revised time line for implementing the transition of Behavioral Health services to Medicaid managed care. Implementation target dates have been delayed and are now: January 1, 2015, for adults in New York City, July 1, 2015, for adults in the rest of the State, and January 1, 2016, for children Statewide.

Action Item:

Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") to negotiate and execute a contract with The Nash Group ("Nash") for enterprise-wide nursing optimization. The contract shall be for a period of three years with one, three-year option to renew exercisable solely by the Corporation, in an amount not to exceed \$7 million for the entire term of the contract, including the initial and optional renewal terms.

The resolution was moved for the full Board of Directors consideration.

Information Items:

Windows 7 and Office 2010 Deployment Update

Presenting to the Committee was Sal Guido, Assistant Vice President, Infrastructure Services. Mr. Guido informed the Committee that EITS has created a Desktop Taskforce team comprising members all the hospital networks' IT departments. The taskforce was charged with standardizing the desktops in the Corporation as follows: upgrade all desktops that were 4 years and older; standardize desktop base image; desktop look and feel; hardware standardization; security (virus protection and disk encryption); and roles and responsibilities.

Project rationale was that most of the equipment currently in the infrastructure was at "end of life" both from a hardware and software standpoint, nor the proper encryption or virus software. Provided was a table that outlined the migration results Corporate-wide. To date, 32,511 PCs (including the virus protection and encryption) across the Corporation have been deployed since this project began. Migration fell slightly behind at several sites, especially Bellevue Hospital Center due to Super Storm Sandy. However, both Bellevue and the full program will be completed by mid-October 2013.

Next steps include: Complete testing of Windows 8 for desktop deployment and evaluate Virtual Desktop Infrastructure (VDI) which means that all PCs and software updates will be centralized in one location.

ICIS Electronic Health Record Implementation Update

Presenting to the Committee was Louis Capponi, MD, Chief Medical Informatics Officer. The program charter of the ICIS Program is to implement an integrated clinical information system that will meet HHC's need for an agile and dependable EHR. ICIS must be capable of supporting HHC's strategic and operational needs over the coming decades. Prime among these is the transformation of HHC into a "top notch" Accountable Care Organization (ACO) with the capacity to manage quality, improve care, and control cost.

ICIS will be implemented at every HHC hospital, Skilled Nursing Facility, Diagnostic and Treatment Center, and community-based clinic. More than 8,000 physicians, 2,500 residents, 9,000 nurses, Health and Home Care, and many other clinical and non-clinical professionals will be impacted by ICIS. The solution will be scalable and highly-available with full disaster recovery capabilities to minimize downtime. It will integrate with existing HHC clinical and enterprise applications and will support extensive business intelligence and reporting functionality.

Accomplishments to date include: Epic Foundation Database has been loaded on HHC servers and is operational and accessible for HHC EITS staff members; 95 EITS Staff have been Epic Certified in their respective modules; and three of four work flow preview session weeks have been completed to review the Epic Foundation functionality by subject matter experts from all disciplines. Evaluation results from the 203 work flow preview sessions showed that 83.74% felt the sessions met the objectives.

Sequencing for EPIC roll out per site/facility is important for successful implementation. Criteria for selection of sites are: 1) readiness assessment (staff readiness; major construction projects; and major surveys such as The Joint Commission); 2) complexity (lab; referral Network; and existing QD footprint); and technology infrastructure. In the current project plan the Queens Health Network will go live first followed by Jacobi Medical Center and North Central Bronx Hospital.

Action items for the next 90 days are: complete final round of Work Flow Preview Sessions; complete initial round of EPIC training and certification; define and operationalize business work groups for in-depth content and workflow design; and begin activation planning for first sites (Elmhurst and Queens). High complexity areas of focus over the next several months include: determining laboratory restructuring project impact on both business operations and software design; collaborating with Soarian team for Registration and Scheduling touch points to ensure Soarian is stabilized prior to Epic activation at Elmhurst and Queens; and coordinating the Enterprise Medical Person Index (eMPI): one patient- one record implementation with the Epic roll out schedule.

Meaningful Use Update

Presenting to the Committee was Louis Capponi, MD, Chief Medical Informatics Officer. Medicare EHR Incentive Program important milestone dates are: October 1, 2013 Stage 2 begins for eligible hospitals; eligible hospitals and critical access hospitals (CAHs) attest for a three-month reporting period; payments decrease for hospitals that start receiving payments in 2014 and later (attestation dates are October 1, January 1, April 1, and July 1 being the last day for eligible hospitals to begin their attestation); September 30, 2014 reporting year ends for eligible hospitals and CAHS; October 1, 2014 entire year for subsequent years of participation -eligible hospitals and CAHs that do not successfully demonstrate meaningful use of certified EHR technology will be subject to Medicare payment adjustments beginning in FY 2015.

Eligible hospitals and CAHs must meet 16 core objectives and 3 menu objectives. Thresholds have been raised and use of the electronic health record (EHR) for a larger portion of the patient population is required. Some new/complex objectives were introduced such as: automatically track medications from order to administration using assistive technologies (barcoding) in conjunction with an electronic medication administration record (eMAR/BCMA); requirement of patients to use health information technology; and requirement of providers who transition or refer a patient to another setting of care or provider of care to provide a summary of care record electronically.

Dr. Capponi discussed the following core objective timeline.

+ CPR 5.4	153 days	Tue 1/1/13	Thu 8/1/13
+ CPR 6.0	143 days	Fri 6/14/13	Tue 12/31/13
- MU Stage 2 Core Objectives	148 days	Fri 6/7/13	Tue 12/31/13
+ CPOE	97 days	Mon 8/19/13	Tue 12/31/13
+ Demographics	97 days	Mon 8/19/13	Tue 12/31/13
+ Vital Signs	97 days	Mon 8/19/13	Tue 12/31/13
+ Smoking Status	97 days	Mon 8/19/13	Tue 12/31/13
+ Clinical Decision Support	82 days	Mon 9/9/13	Tue 12/31/13
+ Patient Portal	148 days	Fri 6/7/13	Tue 12/31/13
+ Protect PHI/Risk Assessment	196 days	Tue 1/1/13	Tue 10/1/13
+ Clinical Lab Test Results	240 days	Mon 10/1/12	Fri 8/30/13
+ Generate Patient Lists	87 days	Mon 9/2/13	Tue 12/31/13
+ Patient-Specific Education Resources/Krames	87 days	Mon 9/2/13	Tue 12/31/13
+ Medication Reconciliation	148 days	Fri 6/7/13	Tue 12/31/13
+ Summary of Care	87 days	Mon 9/2/13	Tue 12/31/13
+ Immunization Registries	92 days	Mon 8/26/13	Tue 12/31/13
+ Reportable Lab Results	92 days	Mon 8/26/13	Tue 12/31/13
+ Syndromic Surveillance Data	92 days	Mon 8/26/13	Tue 12/31/13
+ eMAR/BCMA	195 days	Mon 12/3/12	Fri 8/30/13

Dr. Capponi discussed the following table that outlines HHC status by Meaningful Use Phase 2 (MU2) objectives.

Core #1 CPOE	Complete	Core #11 Medication Reconciliation	Caution
Core #2 Demographics	On Target	Core #12 Summary of Care	Caution
Core #3 Vital Signs	On Target	Core #13 Immunization	Complete
Core #4 Smoking	On Target	Core #14 ECLRS	Caution
Core #5 CDS	On Target	Core #15 Syndromic Surveillance	Caution
Core #6 Pt Portal	Caution	Core #16 eMAR	Date at Risk
Core #7 Protect EHI	On Target		
Core #8 Lab Structured Data	On Target	Menu #1 Advanced Directive	On Target
Core #9 Pt Lists	On Target	Menu #2 Electronic Notes	On Target
Core #10 Pt Education	On Target	Menu #3 Imaging Results	On Target

Dr. Capponi then discussed the QuadraMed QCPR upgrade timeline: North Bronx Health Network is currently beta testing QCPR v6.0 with upgrade scheduled to begin mid-November through April 2014 which is the first quarter required to begin MU2 attestation. All other Networks will begin beta testing QCPR v6.0 the remainder of 2013 with full upgrade beginning December 2013 through June 2014 in which all facilities will be ready for MU2 attestation.

October 17, 2013

Chief Medical Officer Report

Ross Wilson, MD, Senior Vice President/Corporate Chief Medical Officer reported on the following initiatives:

Touro College Physician Assistant Program/HHC Agreement

HHC has signed an agreement with Touro College to develop and promote a behavioral health track within the Touro Physician Assistant Program. This behavioral health track will prepare master's level PAs to practice at HHC and other clinical sites. This is a no-cost agreement between HHC and Touro. HHC has a role in curriculum development for the Psychiatric Physician Assistant (PPA) track and facilities will serve as training sites.

National Depression Screening Day (NDS) 2013

Held annually in October during Mental Illness Awareness Week, National Depression Screening Day (NDS) raises awareness and screens people for depression and related mood and anxiety disorders. HHC has participated annually for the last decade and this year held screenings at 12 sites on October 10, 2013. This event allowed our Departments of Psychiatry to provide vital community outreach in the forms of distribution of educational material and resources, screening's and referral. 886 people were provided educational materials with 578 screened and 85 were linked to treatment. This work is in addition to the routine depression screening that is occurring in primary care clinics at HHC all year around.

Patient Centered Medical Home (PCMH)

In FY 2013, HHC received an additional \$18.2 million in enhanced reimbursements under New York Medicaid's Statewide Patient-Centered Medical Home Incentive Program. We have already received notification that two facilities (Gouverneur D&TC and Harlem Hospital) both achieved Level III recognition. We are on track to be eligible for PCMH recognition with the newer 2011 standards by the end of December 2013 at all our primary care clinics at our 11 acute care hospitals and six Diagnostic and Treatment HHC facilities.

NYS Health Home

The HHC Health Home Program operates in Brooklyn, Queens, Manhattan and the Bronx, and enrollments continue to grow steadily. An additional 230 patients were enrolled during the past quarter so that HHC Health Home now has 1,588 active patients. Seventy percent of Health Home patients have transitioned from legacy case management programs; the balance of enrolled Health Home patients was either recruited from NYSDOH roster of eligible patients or has been referred to the program.

Improving Access to Primary Care

The access improvement work continues to make solid progress across six pilot facilities: Harlem, Kings County, Gouverneur, Lincoln, Jacobi and Metropolitan hospitals. We will accelerate our rollout plan and engage with our remaining eleven facilities by this coming December, in order to better prepare for Exchange-related new patient volumes. Within primary care, the key focus area of this work, we continue to identify significant patient capacity with existing resources, through the implementation of a few key strategies.

Nursing

The Mosby Skills project is going live across the corporation this month, to provide an on-line resource of standardized, evidence-based protocols for all nursing staff. This valuable initiative will eventually be interfaced with People Soft and EPIC.

As part of our efforts to promote clinical leadership jointly from Medical Directors and Chief Nurse Executives, a very effective retreat/learning session was held. One of the key learning components was led by a symphony orchestra conductor, and was very well received. We are planning more work on the modeling of leadership teamwork between the physician and nursing leads.

Credentialing

The HHC Centralized Clinical Credentialing Project is proceeding according to schedule. Key benefits of the new system will be:

1. Greater efficiency: - standardized, automated processes will speed up credentialing and re-credentialing. In addition it will facilitate credentialing of providers at more than one site, as we increasingly network services.
2. Emergency Readiness: capability to rapidly credential HHC medical staff at other facilities
3. Far more convenient for providers to use a web interface to manage their applications

The first Go-Live is at the Queens Health Network on December 16. The remainder of HHC will be added one network at a time, with completion by the end of April. Office of Healthcare Improvement will provide training to key personnel as well as on-site support for medical staff offices during their Go-Live weeks

Flu Vaccination for employees and patients

Implementation of the NYS regulations for the wearing of a mask for any health care workers who are not immunized is gathering momentum. We have already vaccinated many more employees than last year and many employees who have not previously chosen to be vaccinated. We were initially slowed by slow delivery of vaccine supplies but all sites currently have sufficient supply for patients and staff.

Leadership Changes in the Division of Medical & Professional Affairs

I have great pleasure in announcing the appointment of Dr. Mabelle Allen as Senior Assistant Vice President and Deputy Corporate Chief Medical Officer. Dr. Allen will commence on or after October 21 and will head the Office of Healthcare Improvement. This office will expand its functions to include Women's Health, Patient Centered Medical Home and Research, with all the current staff involved in those functions being re-aligned to this revised structure.

In addition, Dr. Christina Jenkins becomes the Senior Assistant Vice President heading the new office of QA, Performance and Innovation. This is based on the existing QA office but will now include Clinical Risk, as well as the current innovation projects Dr. Jenkins is leading (access to ambulatory services, physician compensation & productivity and tele-radiology). The focus on performance will be through strengthening our quality data by hoping to harness the benefits of the corporate business intelligence project to provide timely and accurate performance reports to the local level.

In addition, following the retirement of Ms. Susan Meehan after 26 years at HHC and I would like to thank her for her service. Ms. Karen Mattera is acting corporate coordinator of Emergency Preparedness and Ms. Diane Toppin is acting divisional administrator.

I would like to congratulate Drs. Allen and Jenkins and also to thank Karen Mattera and Diane Toppin for "stepping up" so effectively. Finally, I would like to recognize the long service that Susan Meehan has provided to HHC and wish her well in retirement.

Chief Information Officer Report

Bert Robles, Senior Vice President, Information Technology Services provided the following updates:

ICIS Electronic Health Record (EHR) Program Update:

- a. The Epic Foundation Database was loaded on HHC servers and is operational and accessible for HHC EITS staff members.
- b. Full EPIC certification for 102 EITS staff:
 1. 781 scored projects and exams were completed
 2. 43 perfect scores of 100 on first attempts was achieved
 3. 185 Epic certifications for team
 4. 44 people earning more than one certification
 5. 3 or more certification earned by many

- c. The fourth Workflow Preview session was held on September 23 and 24th at 160 Water Street, Bellevue and Harlem Hospital Centers.
 - 1. While there were hundreds of participants at 160 Water Street over the two days,
 - 2. 500 participants attended Bellevue Hospital on Day 1
 - 3. 210 at Harlem Hospital on Day 2.

Included were sessions covering Medication Ordering and Administering, consults in Long Term Care, Nuclear Street Testing and Medication Dispensing.

- d. There is one last set of sessions scheduled for Wednesday, October 16th for the Behavioral Health Emergency Department team. It will include four workflow sessions: Psych ED Provider Workflow/Documentation, Psych ED Nurse and Support Staff, Psych ED Patient Flow and Psych ED to Inpatient and Extended Observation Unit.
- e. To date 250 Workflow Preview sessions have been held with more than 2,000 workflows previewed. Approximately 70% of the workflows have been approved.
- f. An Operations ICIS EHR Kick-Off Meeting for HHC Senior Leadership was held on Tuesday, October 8th at Harlem Hospital Center. The purpose of this event was to provide a high level overview of the Electronic Health Record program as well as delineate the individual and departmental roles for HHC Leadership. The morning session provided a comprehensive review for all attendees with HHC leadership remaining in the afternoon for an in-depth hands-on demonstration by the Epic team on the reporting capabilities of the application.
- g. Facility Sequencing: Elmhurst and Queens Hospital Centers will be the first two HHC sites to convert from Quadramed to Epic. Jacobi Medical Center and North Central Bronx Hospital will be the second go-live sites. The corporation is currently reviewing the sequence for remaining sites and will present a proposed rollout sequence to the leadership later this fall. Sequencing will be dependent upon several key initiatives and dependencies noted below:
- h. There are several key dependencies which can impact HHC's anticipated scheduled November 2014 go-live. They are:
 - 1. Soarian (Scheduling, EMPI, registration, interfaces & billing deployment must be stable at these sites for at least six (6) months after live activation .
 - 2. North Shore-Long Island Jewish lab for rapid response and routine labs must be deployed with Epic.
 - 3. ICD-10 implementation date is October 1, 2014. HHC's overall migration from ICD-9 to the new system must be reasonably stable.

These are all large projects. HHC will migrate to the new Joint Venture lab as the Epic Rollout progresses. Each facility will come up on EPIC and the new Joint Venture lab at the same time since lab results must flow into the core system on day one.

Fire Department of New York and Wireless Access at HHC Facilities:

Sal Guido, AVP for Infrastructure, recently met with the Deputy Commissioner and CIO of the New York City Fire Department to review wireless access at all HHC Facilities.

A plan has been put in place to install wireless access points at all HHC hospital facility emergency rooms over the next 30 days. Bellevue Hospital Center was completed on September 30th and Kings County Hospital underwent testing of its network during the week of October 7th.

The wireless access is being deployed throughout HHC facilities to allow for document transmissions for registration and vital information directly from the ambulance to the hospital facility, emergency room and eventually to HHC electronic medical record system to eliminate paper and increase patient care.

We are targeting completion by the end of October.

A press conference was held with the Mayor, FDNY leadership and HHC at Jacobi Medical Center to announce this initiative last week.

SunGard Safeguards Following Superstorm Sandy:

Superstorm Sandy did not negatively effect HHC's ability to provide computing services from our central data centers at Jacobi, located in the Bronx, or SunGard, located in NJ. HHC conducted a risk analysis on the SunGard facility and found that water levels around the building elevated to approximately 6 feet above normal conditions. SunGard has provided HHC engineering plans that will protect against a 500-year storm as defined by the Army Corps of Engineers. HHC contracted BASE Tactical, an engineering company, to review SunGard's plan to protect against such a storm. We are awaiting the base tactical final report on the viability of SunGuard's plan.

MetroPlus Health Plan, Inc.

Arnold Saperstein, MD, Executive Director presented to the Committee. Dr. Saperstein informed the Committee that the total plan enrollment as of October 2, 2013 was 422,472. Breakdown of plan enrollment by line of business is as follows:

Medicaid	360,019
Child Health Plus	12,217
Family Health Plus	33,813
MetroPlus Gold	3,289
Partnership in Care (HIV/SNP)	5,410
Medicare	7,305
MLTC	419

Attached are reports of members disenrolled from MetroPlus due to transfer to other health plans, as well as a report of new members transferred to MetroPlus from other plans.

This month, we lost approximately 3,700 members. We continue our efforts to address our membership losses and have recently completed a closer look at the application submission and acceptance process to HRA and are seeking to improve this process.

In October, the NY State of Health, the Official Health Plan Marketplace went live, offering health insurance options for consumers. As of October 24th, nearly 174,000 New Yorkers completed the full application process and were determined eligible for health insurance plans. New York State's completed applications make up more than 30 percent of the total applications completed nationwide. Additionally, as of October 24th, 37,030 New Yorkers have fully enrolled for health insurance through the NY State of Health marketplace. By media reports this number includes 23,717 in Medicaid and 13,313 in a Qualified Health Plan. The Medicaid enrollments are being held by the state and will be shared with the plans in December. NYS has started transmitting enrollments to the plan via a '834 Transaction File'. As of the writing of this report, MetroPlus has received 1,200 members that have selected MetroPlus as their plan. The plan has been informed that the processing of the enrollment transactions have been delayed, so we do not know the actual number of individuals that have chosen our plan. Additionally, NYS held a series of train-the-trainer sessions this month to allow state managed care plans and others to train Certified Application Counselors (CACs). The State mandated that training sessions could only commence upon receipt of a state- approved training curriculum. MetroPlus has received its training curriculum from NYS and will immediately begin training our Facilitated Enrollers (FEs) to serve as Certified Application Counselors (CACs).

This month, MetroPlus has entered into an agreement with eleven HHC facilities to offer a grant for MetroPlus Care Managers. This grant funds 17 positions as part of an expansion of the current HHC Emergency Department (ED) Care Case Management Project. The new MetroPlus Care Managers will be on site at each facility and will be a fully integrated and engaged member of the Inpatient Project RED and ED Care Management Interdisciplinary Teams. These care managers will facilitate MetroPlus' patient's progress during their stay in the inpatient or ED setting. The current program is showing encouraging results and we expect that this expansion will continue to positively impact our members as they are admitted and discharged at our HHC facilities.

MetroPlus is preparing for the carve-in of the nursing home population. Beginning in January 2014, Medicaid recipients in New York City newly requiring long term nursing home placement will enroll in, or remain in, a managed care plan. Plans will be required to pay, at minimum, the current nursing home fee-for-service rate, which will include the nursing home capital component and the nursing home quality add-on, for two years. Based on workgroup recommendations, DOH is developing guidance on eligibility determination periods, network adequacy requirements, authorizations, and credentialing. The department recommended close coordination among plans and nursing homes with hospital providers, Health Homes, New York City Human Resources Administration (HRA) and Local Districts of Social Services (LDSS) around discharge planning and care management. MetroPlus' internal preparation to service this population is well underway and we anticipate no issues with this implementation.

Action Item:

Authorizing the President of the New York City Health and Hospitals Corporation ("the Corporation") to negotiate and enter into a contract with Dyntek Services, Inc., McAfee's authorized reseller and maintenance provider for security hardware, software licenses, related maintenance and professional services through a NYS Office of General Services ("NYS OGS") contract, for a term of 2 years and 9 months, in an amount not-to-exceed \$11,360,499.

The resolution was approved for the full Board of Director's consideration.

Strategic Planning Committee – October 15, 2013

As reported by Josephine Bolus, RN

Senior Vice President Remarks

Ms. Brown greeted and informed the Committee that, in the interest of time, she would defer her remarks to allow time for the information item presentation. She added that her remarks would be included in the minutes.

Information Item

Coler-Goldwater: Placement of Skilled Nursing Facility Residents

Dona Green, Senior Assistant Vice President, Office of Corporate Planning Services

Ms. Brown invited Ms. Dona Green, Senior Assistant Vice President of the Office of Corporate Planning Services to present on the status of the placement of Coler-Goldwater skilled nursing facility residents. Ms. Green began her presentation by providing an overview of the modernization plan to right-size Coler-Goldwater facility as described below:

- Replace 70+ year old Goldwater facility
- On the former North General Hospital campus in Harlem:
 - Relocate the Long Term Acute Care Hospital (LTACH)
 - Construct a New Skilled Nursing Facility (SNF)
- Right-size LTACH and SNF consistent with federal and state health care delivery policy and budget changes
 - Reduce by 426 LTACH beds
 - Reduce by 410 SNF beds
- By December 2013, the two campuses' (Roosevelt Island and Harlem) combined capacity will be:
 - 979 SNF beds
 - 201 LTACH beds
- On track for completion Fall 2013
- Goldwater operations will be relocated before December 2013
- Coler
 - 815 SNF beds
- Goldwater (renamed Henry J. Carter Specialty Hospital and Nursing Facility)
 - 164 SNF beds
 - 201 LTACH beds

Ms. Green reported on the challenges in identifying residents/patients appropriate for alternate care level or community placement. She described these challenges as the following:

- In August 2011, conducted new data assessment which identified 413 prospective candidates
- SNF residents with short term needs or homes to which to return were relatively easily discharged
- Residents who had long stays, tenuous ties to the community, were homeless, lacked documentation, had behavioral health diagnoses or experience with the criminal justice system were more difficult to discharge
- On average only three long term/hard to place SNF residents were discharged per month because of actual and perceived obstacles
- If this pattern of discharge had continued, only 80 of the hard to place residents would have been discharged
- The hard to place residents generally need less skilled care than shorter stay, higher acuity residents, and concomitant reimbursement is low
- Minimal reduction of hard to place residents results in:
 - A significant hard to place resident census
 - A total reimbursement significantly weighted towards hard to place residents who could be well served in community settings
 - Lower reimbursement which affects overall fiscal viability

Ms. Green reported on the activities of the Discharge Planning Committee and their efforts to meet the discharge goals and targets:

- Discharge Planning Management Committee meetings started in November 2011
 - Corporate Planning Services (CPS) designated 1 full-time and 3 part-time staff members to implement and chair weekly meetings
 - Comprised of Coler-Goldwater executives, department heads and management designees from social work and psychiatry, as well as specialists from Coler-Goldwater and intra-HHC departments
- Designed to effectively steer this strategic initiative
- CPS provided additional management and technical support with complex cases and challenges
- Meetings resulted in more effective decision-making, metrics-based reporting, assessment reviews, problem solving and corrective action plans

Ms. Green described the Work Plan process as the following:

- **Problem Identification**
 - Based on the SNF census of 1,331 in August 2011, 352 beds needed to be reduced to achieve a target of 979 beds to right-size the facility
 - The facility experienced difficulty discharging hard-to-place residents

- **Data collection, analysis, and interpretation**
 - Identified prospective SNF residents for home and community-based placement through data assessment
 - Conducted focus group interviews with executive administration, social work leadership, and social workers
 - Assessed information technology infrastructure and usage
 - Performed gap analysis to move from actual to target state
- **Identify intervention target group**
 - Focus on discharging medically cleared hard-to-place residents
- **Design intervention strategies to address gaps in process**
 - Enhanced Discharge Process: Utilized industry best practices, benchmarks, right to self-determination and person-centered planning
 - Trained staff on housing, Medicaid waiver programs, Social Security benefits, etc.
 - Created inter-disciplinary case conferences to screen 413 hard to place residents
 - Established self-care training to prepare residents for transition to community
 - Provided legal services to SNF residents to support removing discharge barriers
 - Facilitated external partnerships with government agencies, community-based organizations, and consulting firm with expertise in long-term care and persons with disabilities
 - Coordinated with IT department and administrators to provide computers, infrastructure and customized software enabling social workers to connect to the intranet and internet and complete supportive housing applications
- **Implementation, measurement, and sustainability**
 - Initiated weekly discharge planning committee meetings to support implementation efforts and troubleshoot challenges
 - Determined progress based on discharge metrics productivity reports and revised approach as needed
 - Facilitated training and began implementation of enhanced discharge process
 - Identified steps to ensure that facility can sustain process: enhanced discharge process
 - Conducted regular focused meetings with external agencies regarding specific residents

Ms. Green described the key intervention strategies that were employed to address gaps in the discharge process:

1. Staff Training

- HRA 2010e training facilitated by Human Resources Administration was conducted on 09/08/11, 09/13/11 and 04/02/12. The training included an overview of how to complete applications for supportive housing for individuals with SPMI.
- NHTD/TBI Waiver Programs facilitated by VNA of Staten Island/ NYC Regional Resource Development Center on 10/28/11. The training included an overview of Waiver Programs and the referral process.
- Supportive Housing training facilitated by the Center for Urban Community Services on 11/14/11 and 07/16/12. The training included an overview of supportive housing programs for individuals with SPMI.
- Social Security Benefits facilitated by Social Security Administration on 01/23/12 and 01/30/12. This training included an overview of how to complete disability applications.
- Veteran's benefits and Services facilitated by Veteran Affairs on 09/24/12. The training was an Overview of Veterans benefits and services and how to access them.
- Discharge Planning training facilitated by the Center for Independence of the Disabled, New York on 06/11/12, 06/22/12, 07/30/12, 08/20/12, 09/17/12 and 10/15/12. The training included six distinct training sessions, including: discharge planning overview, housing search process, special populations (ex-offenders, development disability, etc.), housing interview prep, community resources (trusts, long term managed care, meals), and community health benefits.

2. Interdisciplinary Case Conferences

Purpose of the conferences is to integrate assessments of residents by multiple disciplines in order to develop a unified plan of action.

- CG and CPS established a weekly interdisciplinary case conference launched in November 2011.
 - Attended by Medicine, Nursing, Psychiatry, Social Work, Administration, and CPS
 - Assessed the medical, nursing, activities of daily living, psychiatric, behavioral health, psychosocial needs of 10 to 16 residents on a weekly basis
 - Resulted in work plans and placement options, including independent housing with appropriate supports, supportive housing, assisted living, adult homes, etc.
 - Involved resident participation through preparation for and follow-up activities from the case conferences
- Special areas of focus: remedy members, undocumented residents, and patients on alternate level of care.

3. Self-Care Program

The goal of the Self-Care Program was to design and implement a customized self-care program to provide SNF residents with living skills training that would prepare them to successfully transition into community settings.

Overview:

- CPS arranged "field trips" with social work leadership to the city's only shelter for disabled individuals and supportive housing developer, both of which have successful transitional living programs.
- The Social Work Assistant Director and the Occupational Therapy Director jointly designed a sustainable program model
- The 20-day program is tailored to each individual's needs, based on a functional assessment and anticipated community placement, e.g. apartment living
- Workshops are provided by Social Work, Nursing, Nursing Rehab, Occupational Therapy, Dietary, Therapeutic Recreation, Dental and Psychiatry
- Modules include Medication Management, Oral Health, Food and Nutrition, Meal Budget and Prep, Social and Interpersonal Skills
- Program received funding from UHF in 2012.

Ms. Green noted that the program started in July 2012 as pilot and was launched in October 2012. As of August 30, 2013, a total of 92 SNF residents had successfully completed the program.

4. Engaging Consultant to Support Further Acceleration of Discharge Planning

- The prior discharge planning process produced variable results and did not result in an optimal number of hard-to-place discharges
- CPS engaged a consulting firm to assess and design an enhanced discharge process working with all relevant staff
- CG used a pilot model on one interdisciplinary SNF unit team to test the new discharge process and make modifications
 - Outcomes included standard work for determining appropriate placements, navigating complex discharges and contacting residents post-discharge
 - The resulting model relies on interdisciplinary team meetings rather than individual multi-discipline points of contact
 - Standard work integrated into existing Breakthrough processes

5. External Partnerships

Ms. Green reported on external partnerships that had been negotiated by HHC to support the successful discharge of CG residents.

New York City Housing Authority (NYCHA)

NYCHA provides CG residents with highest need-based priority for housing. Corporate Planning Services (CPS) instituted conference calls with NYCHA every two weeks to review status and facilitate the application process for CG residents. CPS, CG managers and NYCHA work together to resolve barriers to discharge and respond to NYCHA requests for information. From January 2012 to present, a total of 57 SNF residents have been placed in NYCHA housing. Currently, an additional 32 CG residents are in the process of finalizing lease agreements for NYCHA apartments.

Nursing Home Transition and Diversion (NHTD) Waiver Program

The NHTD Waiver Program is a program for individuals who need SNF level of care but want to live in the community. It promotes community placement and provides supports that include service coordination, assistive technology, community transition services, and environmental modifications. HHC's Central Office initiated monthly conference calls between CG, NYS Department of Health, and the NHTD Regional Resource Development Center for New York City to review and resolve the status of each SNF resident applying for NHTD assistance.

Center for Independence of the Disabled (CIDNY)

CIDNY's mission is to ensure full integration, independence, and equal opportunity for all people with disabilities by removing barriers to the social, economic, cultural, and civic life of the community. Recognizing that many of HHC's SNF residents are persons with disabilities, CPS contracted with CIDNY to provide six training sessions for the Social Work staff and 24 informational sessions for SNF residents. CIDNY provided in-service training that emphasized self-determination and person-centered planning by focusing on transition to the community, independent living, government and community resources and benefits, legal rights, managed healthcare plan options, and advocacy.

99th Street Housing Development

The 99th Street Housing Development is a partnership between SKA Marin, the developer, HHC, the New York City Department of Housing Preservation and Development, the Housing Development Corporation, New York City Housing Authority, New York State Homes and Community Renewal and Citibank, and Raymond James Financial Inc. It is the first development in the state to receive Medicaid Redesign Team funding for projects focused on high-cost Medicaid populations. The estimated savings in state and federal Medicaid expenditures is \$10 million annually. SKA Marin began construction of 175 accessible apartments (studios and one bedroom) for low-income, disabled, and/or elderly individuals currently at CG SNF and other HHC facilities. This facility is expected to be occupied in summer/fall 2014. The location is at East 99th Street between First and Second Avenues, on HHC's Metropolitan Hospital campus.

Preparing for the 99th Street Housing Development

CPS and CG developed a pre-screening process to identify prospective candidates suited for the development. CG is preparing medically cleared SNF residents for the development by:

- Assessing the medical readiness, finances, and supports necessary for independent living;
- Referring residents to the self-care program to prepare individuals for community placement; and
- Assisting residents to obtain documentation necessary for the rental process: birth certificates, social security cards, proof of income award letters, state issued identification, proof of citizenship, etc.

New York Legal Assistance Group (NYLAG)

NYLAG unites the legal and medical professions by providing legal services to patients in the medical setting and by educating healthcare professionals on the legal issues affecting patients.

NYLAG assists CG residents and patients with non-criminal matters that serve as barriers to discharge. Legal services are provided free to the residents/patients. Since July 2012, NYLAG has worked with residents on issues including:

- Immigration/Naturalization
- Missing birth certificates
- Guardianship
- Government benefits

NYLAG has renewed the Medicaid-eligible immigration status of eight residents and has identified nine new residents for this status, facilitating an average daily reimbursement to the facility of \$300 per day.

Ms. Green reported on four case studies of CG residents with different types of limitations and described their resource needs and efforts made towards their discharge to alternate setting.

Case Study #1

This case study is of a married couple who wished to live and raise a child in the community. Resident A was a victim of a major crime, a quadriplegic, an undocumented immigrant, and the mother of minors. Resident B is a paraplegic with left hemiparesis. He has a criminal background and is a U.S. citizen. Outlined below are the various activities undertaken to address the resource needs and the efforts toward discharge:

Resource Issues	Efforts Toward Discharge
<ul style="list-style-type: none"> • Verification of Medicaid Eligibility 	For Resident A: <ul style="list-style-type: none"> • Verified Medicaid coverage with New York State Victim Services • Mitigated concerns about minor child
<ul style="list-style-type: none"> • Identification of community-based care needs 	For both residents, HHC Health & Home Care & NHTD Office: <ul style="list-style-type: none"> • Determined needs were a minimum 12 hour day / 7 days /week: assistance with ADLs • NHTD contractor prepared individual service plan • HHC Health & Home Care assessed care needs /hours
<ul style="list-style-type: none"> • Eligibility for public housing 	For Resident B: <ul style="list-style-type: none"> • Determined that post-incarceration time was less than the required NYCHA wait time (5 years) for housing • Submitted successful appeal to address mitigating circumstances • Assisted with securing additional rooms for home health aide and for minor child
<ul style="list-style-type: none"> • Ensuring eligibility for public housing 	For both residents: <ul style="list-style-type: none"> • Coordinated submission of documents to the NY State Department of Corrections for a "good conduct" certificate.
<ul style="list-style-type: none"> • Managing community transition expectations 	For both residents: <ul style="list-style-type: none"> • Facilitated their enrollment in 20-day Self Care Program • Requested Psychiatry Department to design and provide a 12-topic parent training program

Ms. Brown acknowledged Mr. Mark Winiarski and Mr. Christopher Wong, Assistant Directors, Corporate Planning Services, for spending a lot of time at Coler-Goldwater to facilitate the discharge of the residents.

Case Study #2

This case study is of Resident C who is interested in living in the community in a less restrictive setting. He is an amputee, wheelchair dependent and independent of ADLs. This resident has a diagnosis of serious mental illness. He has a history of homelessness and was admitted in 2009. Outlined below are the various activities that have been undertaken to address Resident C's resource needs and the efforts that have been made to support his discharge:

Resource Issues	Efforts toward Discharge
<ul style="list-style-type: none"> Identify Housing 	<ul style="list-style-type: none"> Provided psycho/social assessment Completed and submitted HRA 2010e application Followed-up SPOA OMH housing options Conducted HRA/CUCS training on 2010e application submission and supportive housing options
<ul style="list-style-type: none"> Housing Interview Preparedness 	<ul style="list-style-type: none"> Provided social work staff with a Center for Urban Community Service Interview Guide to counsel residents Facilitated intervention by specialty services (i.e. occupational therapy, nursing, etc.)
<ul style="list-style-type: none"> Facilitate Housing NYS DOH Connections 	<ul style="list-style-type: none"> Verified SMI diagnosis and Remedy Member status Engaged NYS DOH contractor Transitional Services for NY Inc. (TSINY) and supportive housing provider Communilife TSI monitored/facilitated OMH housing connection Connected with existing HHC housing partners with available OMH Housing

Ms. Green reported on Coler-Goldwater's SNF census reduction activities. She informed the Committee that as of September 3, 2013, there were 212 hard-to-place priority residents for discharge. She summarized the disposition of the 212 hard-to-place priority residents as the following:

- Independent (NYCHA): 59
- Independent (Home, Senior Housing, etc.): 42
- Nursing Home – Non HHC: 53
- Supportive (Assisted Living, Adult Home, TBI/NHTD Waiver, etc.): 23
- Other Discharges (AMA, AWOL, Arrests, Expired): 35

Ms. Green reported that, at the start of the project, the total census of all SNF residents at Coler-Goldwater Skilled Nursing Facility was 1,331 residents. With a census reduction of 470, there are currently 861 residents. Ms. Green noted that the target census for October 2013 is 979. Ms. Brown added that a similar report was generated every Thursday to monitor the discharge process.

Ms. Brown thanked Coler-Goldwater's leadership, which included Mr. Robert Hughes, Executive Director; Ms. Margaret Rivers, Associate Executive Director; Mr. Floyd Long, Chief Operating Officer; Vasudeva, Raju, M.D., Medical Director, as well as other clinical staff. She stated that because of this project, some processes are put in place that can be sustained.

Reverend Diane Lacey, Board Member, congratulated Ms. Brown and her staff for an impressive report. She inquired about some complaints that had been raised by several of Coler Goldwater's patients at a public hearing. Ms. Brown responded that several of those complaints were concerns of people who were fearful of major change. She added that residents and staff have expressed concern about the change of environment. Ms. Brown emphasized that to allay some of their fear field trips had been organized to the new facility so that staff and residents could gain a better sense of the Central Harlem neighborhood. Ms. Brown stated that there were two specific residents on the NYCHA list who had complained that no one had done anything for them. She informed the Committee that she had personally followed up with their issues. Ms. Brown reported that one of these residents who had made a complaint had already moved. The other resident's discharge was very challenging because the resident had a record of past eviction by NYCHA for not paying her rent and for her involvement in the criminal justice system. Ms. Brown reported that after overcoming all these challenges, the resident was successfully discharged.

Rev. Diane Lacey also asked about the status of Coler-Goldwater's staff. Ms. Brown responded that the Network's Human Resources Department and Caroline Jacobs' team have been working very closely to redeploy the staff. However, a redeployment plan has been put in place or those staff for whom there is no longer a need because of the move from Roosevelt Island to a smaller facility in East Harlem. Ms. Brown reassured the Committee that everyone would be accommodated and that no one would lose their job. She noted that there will be choices, but to a limit, as a certain level of staff is needed to run the facility. Ms. Brown informed the Committee that orientation and on-site training of the staff was conducted in the new facility last week to ensure that the staff can navigate through the new building. Ms. Brown added that there has been a collaborative effort with the unions to ensure that all staff issues have been addressed. Ms. Brown reported that Mr. Hughes and his senior team have met with the unions' representatives; and, as of Friday of last week, there were no major concerns.

Mr. Aviles acknowledged Ms. Brown, Ms. Green and her staff for their ability to galvanize community-based partners and partners at every level of government to collaborate in a way that presented solutions that were not readily apparent at the beginning.

Mr. Rosen, Board Member, asked if the Corporation was responsible for following-up on the 212 residents that had been discharged. Ms. Brown responded that the objective of placing them did not overtake HHC's caring about their well-being. Ms. Green responded that, while New York State required HHC to reach out to an individual within 30 days following discharge, HHC had extended that period to 60 days and in some cases up to 90 days to ensure that residents were making their way in the community and to provide assistance and new interventions if needed.

Ms. Brown stated that MetroPlus Health Plan had worked with some of the long term care patients to become their Managed Long Term Care Plan of choice. In addition, HHC was able to secure a contract with another health plan specifically focused on serving individuals with physical disabilities. Ms. Brown added that, while that health plan is not MetroPlus, it offers some unique programs and supports that are best suited to serve some of HHC's disabled residents in the community.

Ms. Green concluded her presentation by stating that NYCHA had a great relationship with the Corporation and would not hesitate to call upon HHC to assist our former residents.

Mrs. Bolus thanked Ms. Green for her presentation.

Action Item

Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") to negotiate and execute a contract with Simpler North America, LP ("Simpler") on a sole source basis in order to continue and expand the implementation of Breakthrough throughout the Corporation. Funding for this contract shall not exceed \$4,416,500 for the period from November 1, 2013 through October 31, 2014.

Ms. Omi informed the Committee that her presentation would include an overview of the contract history, the scope of the proposed contract and future plans.

Ms. Omi reported on HHC's contract history with Simpler, North America's as described below:

- Breakthrough was initiated at HHC in November 2007
- Simpler was procured via competitive RFP
- Scope: Lean consultation and support services
- Term: 3 years (2007 - 2010 with 2 one-year optional renewals)
- Original budget: \$5 million
- First amendment: Increase total to \$7 million; no change in term (January 2010)
- First option renewal and amendment (October 2010):
 - Exercise first one-year renewal option (Year 4)
 - Add \$3.1m for Year 4
 - Add a third optional renewal year to the contract (for a total potential of 6 years)
- Second option renewal and amendment (October 2011):
 - Exercise second one-year renewal option (Year 5)
 - Added \$4.9 m for year 5
- Third option renewal and amendment (October 2012):
 - Exercise third and final one-year renewal option (Year 6)
 - Added \$5.5m for year 6
 - Contract Total: \$20.5m for 6 years

Ms. Omi reported on the Corporation's active Breakthrough sites. They include:

- South Manhattan: Bellevue Hospital, Metropolitan Hospital, Gouverneur Healthcare Services, Coler-Goldwater Skilled Nursing Facility
- Queens: Elmhurst and Queens Hospitals
- Generations+: Lincoln Hospital, Harlem Hospital, Segundo-Ruiz Belvis, Morrisania and Renaissance Diagnostic and Treatment Centers
- North Bronx: Jacobi and North Central Bronx Hospitals
- North Central Brooklyn: Woodhull Hospital, Cumberland Diagnostic and Treatment Center and Kings County Hospital
- South Manhattan: Coney Island Hospital
- Enterprise: HHC Health and Home Care and Central Office

Ms. Omi noted that there were a total of 19 active sites and 71 active improvement areas throughout the Corporation.

Ms. Omi reported on the financial benefits that have been generated through Breakthrough. To date, Breakthrough has generated new revenues totaling \$348.93 million and cost savings totaling \$28.47M, for an overall financial benefit of \$377.4M. Ms. Omi noted that inpatient documentation and coding accounts represented 57.7% of total overall revenues.

Ms. Omi stated that 90% of cost savings and new revenues were generated in the five major value streams including:

- Inpatient Services: \$63.5M
- Emergency Department: \$19.21M
- Ambulatory Care: \$4.01M
- Behavioral Health: \$6.27M
- Peri-operative Services: \$10.69M

Ms. Omi reported on the strong return on investment (i.e. the financial benefit per \$ consultant cost) for the period of November 1, 2007 through August 31, 2013.

Contract Year	Contract Expense	Cost Savings/ New Revenue	\$Benefit/ \$1 Invested
2007/2008	\$1,718,600	\$5.5 M	\$3.20
2008/2009	\$1,800,100	\$27.1 M	\$15.01
2009/2010	\$3,482,300	\$98.1 M	\$28.19
2010/2011	\$3,112,700	\$87.0 M	\$27.97
2011/2012	\$4,827,770	\$61.1 M*	\$12.65
2012/2013	\$5,500,000	\$98.6 M*	\$17.93
Total	\$20,441,470	\$377.4 M*	\$18.46

*Includes cost savings and revenues reported through August, 2013

Ms. Omi reported that 1,398 RIEs had been completed from November 1, 2007 to August 31, 2013. The number of RIEs completed each year from FY 2008 through FY 2014 are the following FY 08 17; FY09: 165; FY10: 276; FY11: 25; FY12: 316; FY13: 286 and FY14: 43. Ms. Omi noted that, considering the pace of monthly events performed immediately before Hurricane Sandy, an additional 55 events would have been conducted in the period of November through April in FY13.

Ms. Omi reported on the different types of work Simpler, North America had been engaged in throughout the Corporation:

- Elmhurst Hospital Center: Decrease in ALOS for Inpatient Behavioral Health Unit. The average number of days from admission to discharge was decreased from 33 days to 21 days.
- Queens Hospital Center: Increase in Diabetic Care Plans. The percent of outpatient diabetic patients with care plans increased from 0% in 2012 to 93% in 2013.
- Jacobi Medical Center: Increase in on-time starts in operating Rooms. Ms. Omi reported that between April and August 2013, there was approximately a 30% increase in the average percentage of Operating Room cases starting on time.
- North Central Bronx Hospital: Decrease in ALOS for Cardiac Patients: The average length of stay for cardiac patients per month decreased from 4.8 to 2.8.
- Harlem Hospital Center: Decrease Average Turnaround Time in OR. Ms. Omi reported that there was a 14% reduction in the average monthly number of minutes per case.
- Woodhull Medical and Mental Health Center: Percentage Increase of Patients Seeing Their Primary Care Provider. Ms. Omi reported that there was a 50% increase in the percent of patients seeing their primary care physicians.

Ms. Omi reported on HHC's staff engagement in Breakthrough. She noted that staff participation will significantly increase this year. To date, 3,511 employees have participated in training for the following certification courses:

- Green: 2,698
- Bronze: 376
- Silver: 98
- Gold: 37
- Platinum: 3

Ms. Omi added that there were 656 process owners. A total of 217 workshops were conducted.

Ms. Omi stated that Breakthrough training had significantly increased in FY 13 and continued to increase in FY14. Ms. Omi stated that greater access to training had significantly expanded participation. Ms. Omi noted that the on-line Breakthrough awareness (BAW) training course had been

introduced in November 2012. She explained that the peak in BAW completion in June, as indicated on the slide, was created by 'rush' of employees to meet the June 30th target date for completion. Ms. Omi reported on the Green Class completion between July 1, 2012 and August 31, 2013. She noted that the work to increase the number of trainers to include facility staff began in March 2013.

Ms. Omi summarized the Simpler, NA contract provisions as the following:

Period: November 2013 through October 2014

Value: \$4.4m (20% reduction from the current contract amount of \$5.5m)

Scope: Continue to build HHC's capacity for Lean transformation and self-sufficiency

- Increased **site/network sensei focus on advanced tools, executive and steering team** leadership and management, process owner and sponsor **coaching, alignment** with business goals
- Increased enterprise sensei focus on **Hoshin Kanri** deployment and management, **executive coaching, TPOC reviews**
- Expanded support for launch and sustainment of **Daily Management System**
- Continued support of **model value streams and cells**
- Complete transfer of all certification training to HHC
- Create and enable the infrastructure for **spread** of improvements and innovation between sites

Approach: A larger network of internal and external experts with more narrow development focus

- Allocate sensei on a network basis where possible
- Greater alignment between sensei team and Breakthrough Deployment Officers
- Network sensei where possible
- Identify sensei/HHC Breakthrough staff dyads to ensure transfer of knowledge
- Ensure standardized stable core infrastructure (strategies, techniques, comprehension) is in place at all sites

Ms. Omi reported on the steps that the Corporation had undertaken in creating self-sufficiency, i.e. developing internal competencies and capacity:

- HHC has gained expertise and independence in major areas:
 - Dedicated and embedded experts:
 - Training in 5 levels of certification and additional topical courses
 - Breakthrough Development Initiative
 - Personal Development Plans
 - Creation of Platinum Cadre – internal team of experts, cross fertilization between sites, expanded training team
 - Expansion of site-based training offerings
- Spreading Breakthrough Improvements:
 - Monthly internal Gemba walks
 - Semi-monthly external Gemba walks
 - Select external speakers and trainings
 - Monthly BDO meetings, active BDO and sponsor network
 - Standing agenda item at select clinical council meetings
 - Annual Breakthrough conference
 - Membership in Healthcare Value Network
 - Extensive repository of documentation from past events (E-Files)
 - Intranet site with resources, success stories, news, calendar (moving to SharePoint)
 - SharePoint site with shared templates, tools, documents for BDO/trainer use
- Sustaining Breakthrough Change
 - Standard work for executive, value stream and enterprise steering committees
 - Visual management (process control boards) for 30-60-90 day event follow-up
 - Daily Management System for visual management and tiered leader briefs
 - Hoshin Kanri Level 0 and Level 1 metrics, monthly Leadership Meeting review
 - "Yokoten Repository" and standard work in development for 2014
- Site Breakthrough support:
 - Launching new sites
 - Providing monthly and ad hoc event coaching to sites (RIEs, VSA, VVSM, 2P, tools, scoping and problem solving)
- Ongoing Transitional Support from Simpler:

- Hoshin Kanri: Alignment of Lean competencies and business goals, coaching in X matrix and tracker development, monthly management meetings
- Daily Management System: Continued expansion with new site launching and sustainment activities
- Model Value Streams and Cells: Continued support while dedicated HHC staff assume greater support roles
- Leadership Development: Continued development of enterprise, executive (site) and value stream steering committees, leadership training and coaching
- Human Development: Ensuring the sustainability of the human infrastructure needed to support Breakthrough
- TPOC Reviews: Anticipated transfer of select aspects

Mrs. Bolus asked Ms. Omi if one more year would be enough for the Corporation to become self-sufficient. Ms. Omi responded that one year from now HHC would be able to decrease the contract amount again, probably by another 20%. She added that the reason for decreasing the contract amount is that as HHC is getting smarter and smarter, HHC is able to apply the lessons learned and perform much better. However, there is still much more improvements that could be made. Therefore, for a few more years, the Corporation would need ongoing support to be able to continue to learn and develop and to go deeper with the lessons learned. It is anticipated that an external expert would always be needed to ensure that we are not falling back. Ms. Omi explained six years ago, it was anticipated that 10 years of Breakthrough was needed to just get our feet wet and it is proven to be right. Ms. Omi added that, while the external services would continue to decrease, we would want to be kept honest.

Mr. Nolan asked Ms. Omi to clarify the 20% reduction in cost. Ms. Omi explained how the 20% reduction in the contract amount was derived. She stated that a significant and deep assessment of the facilities against fundamental elements of Breakthrough had been conducted in January and February. After looking at the same indicators every month, it was found that some facilities have been doing Breakthrough work long enough that they would be able to survive with less help and still thrive while others would be endangered by pulling out external help. Ms. Omi added that, after level setting where each facility is expected to be and looking at what that resource would be, a 20% reduction was agreed upon.

Mr. Nolan referred to the Breakthrough Training presentation slide and stated that there were about 3,000 employees between the platinum and the green levels. Mr. Nolan asked if there were a certain number of managers at the facilities that were targeted for the different levels of training. Ms. Omi responded that different levels of training were required for different levels of management. She added that healthcare systems and business sectors across the country have proven that every single person in an organization should have enough understanding of Lean or Breakthrough (i.e. Green and Bronze in HHC's training program) to be able to conduct problem solving. Ms. Omi added that others would say that only the managers would be required to be trained and the rest of the staff would become engaged automatically. Ms. Omi noted that at HHC, it is expected that leadership would receive a minimum level of training. Ms. Omi reported that all leaders have now participated in rapid improvement events. In addition, a leadership training program was developed this year to manage and sustain Breakthrough work. Ms. Omi stated that at some point in the future, all new employees will receive at least an introduction to Breakthrough and all employees would participate in a Breakthrough awareness course.

Ms. Omi concluded her presentation by outlining the Corporation's future plans. They are as listed below:

- Continue to embed Breakthrough more deeply and more widely
- Conduct competitive bid process for future years
- Further reduce amount of annual spend in Breakthrough by Year 8
- Continue to reduce external assistance for all but strategic and select needs

Mrs. Bolus thanked Ms. Omi for her presentation.

SUBSIDIARY BOARD REPORTS

MetroPlus Health Plan, Inc. – September 24, 2013 and October 15, 2013

As reported by Mr. Bernard Rosen

September 24, 2013

Chair Rosen welcomed everyone to the MetroPlus Board of Directors meeting of September 24, 2013. Chair Rosen stated that Dr. Saperstein would present the Executive Director's report and Dr. Dunn would report on Medical Management issues.

Mr. Rosen reported that there would be three resolutions presented at the meeting and that the resolutions would be presented before the reports.

Action Items

The first resolution was introduced by Dr. Saperstein.

Approving the appointment of George M. Proctor as a member of the Board of Directors of MetroPlus Health Plan, Inc., a public benefit corporation formed pursuant to Section 7385(20) of the Unconsolidated Laws of New York ("MetroPlus"), to serve in such capacity until his successor has been duly elected and qualified, or as otherwise provided in the Bylaws of MetroPlus.

The resolution was passed unanimously by the MetroPlus Health Plan Board of Directors and will be presented to the HHC Board of Directors in October.

The second resolution was introduced by Dr. Saperstein.

Authorizing the Executive Director of MetroPlus Health Plan, Inc ("MetroPlus" or "the Plan") to negotiate and execute a contract with Newkirk Products, Inc. to provide fulfillment and distribution services for a term of three (3) years with two (2) options to renew for a one (1) year term, at the sole discretion of MetroPlus, for an amount not to exceed \$14,000,000 for the total five (5) years.

Dr. Saperstein advised the Board that Ms. Linda McDonald from Newkirk was present to answer any questions the Board may have for the vendor. Ms. McDonald stated that Newkirk has worked with MetroPlus for over 10 years and this will be the third contract for both. Mr. Rosen asked if the company was based in Albany, NY and Ms. McDonald replied yes. Mr. Antonio Martin asked the vendor to explain what services they provide for MetroPlus. Ms. McDonald stated that they fulfill and distribute member handbooks, ID cards, welcome packets and several other required documents. Mr. Martin stated that the dollar amount seemed high and Ms. McDonald stated that it included postage. Mr. Rosen stated that this like a requirements contract and Newkirk only bills for what MetroPlus asks them to complete.

The resolution was passed unanimously by the MetroPlus Health Plan Board of Directors.

The last resolution was also introduced by Dr. Saperstein.

Authorizing the Executive Director of MetroPlus Health Plan, Inc. ("MetroPlus") to negotiate and execute a contract with Gorman Health Group, to provide Medicare consulting services for a term of one (1) year with two (2) one-year renewal options, solely exercisable by MetroPlus, for an amount not to exceed \$1,700,000 for the total 3 years.

Dr. Saperstein advised the Board that the vendor was present. Mr. Jeff Fox, President and CEO of Gorman Health Group introduced himself to the Board. Mr. Angel Tirado-Morales, Director of Medicare Operations gave the Board a detailed overview of the services that the Plan needs Gorman to perform.

The resolution was passed unanimously by the MetroPlus Health Plan Board of Directors.

Executive Director's Report

Dr. Saperstein reported that total plan enrollment as of September 12th, 2013 was 424,708. Breakdown of plan enrollment by line of business is as follows:

Medicaid	362,294
Child Health Plus	12,283
Family Health Plus	33,843
MetroPlus Gold	3,268
Partnership in Care (HIV/SNP)	5,419
Medicare	7,232
MLTC	369

Attached were reports of members disenrolled from MetroPlus due to transfer to other health plans, as well as a report of new members transferred to MetroPlus from other plans.

Dr. Saperstein stated that MetroPlus membership experienced a decline of approximately 3,000 members since his last report to the Board. This month, the Plan lost members because of a State correction which removed approximately 1,500 MetroPlus members with presumed Third Party Health insurance coverage. The Plan also experienced a lower than usual new member enrollment for August. On the good news side, enrollment improved during August and recertifications improved as well. The preliminary membership numbers for September finally show much lower losses, a change from what the Plan has seen over the past 5 months.

In June, MetroPlus successfully completed its full Article 44 licensing audit by the New York State Department of Health (SDOH). The review, which is normally completed over a 5-day period, was completed after only 3 days. The auditors were congratulatory about all of the Plan's in-house procedures and found no deficiencies in the internal processes. MetroPlus will likely have one area of deficiency concerning letters that CVS Caremark sends on the Plan's behalf for initial pharmacy denials. A corrective action plan was immediately put in place and the appropriate changes have been made. MetroPlus has still not received a formal report from SDOH regarding its audit findings.

The 2014 Medicare audit bids passed all audits, and MetroPlus' Medicare contracts for 2014 have all been approved and signed.

Dr. Saperstein reported that MetroPlus continues to prepare for its participation on the NYS Exchange. The rates for products on the Exchange were released in July and MetroPlus offered the lowest cost products for three out of four metal levels. MetroPlus is continually assessing the risks and

potential benefits of this pricing level. This month, New York State released the name for the Health Benefit Exchange. The Exchange is now called New York State of Health: The Official Health Plan Marketplace. In order to facilitate the enrollment process, NYS will begin training for Certified Application Counselors (CACs) in September. Exchange CACs will provide the same core application assistance services available through the Exchange, Navigators, and licensed agents or brokers and must be able to provide information on the full range of Qualified Health Plan (QHP) options for which applicants are eligible. MetroPlus will train some of its current Facilitated Enrollers to dually serve as CACs that can aid eligible members with enrollment into the Exchange, as well as hiring a small staff of dedicated CACs. Mr. Martin asked if the commercials he has seen aired on television have prompted a lot of calls. Mrs. Gail Smith, MetroPlus' Chief Customer Officer, replied yes they have received a great deal of calls.

Dr. Saperstein stated that SDOH recently released inpatient hospital adjustments, the low birth weight kick payment rates, Medicaid Redesign Team (MRT) population adjustments and pharmacy rates. The impact of the initial rate calculation would have resulted in a 3.1% reduction, valued at approximately \$450 million statewide. Responding to joint association advocacy, SDOH added back approximately \$240 million (\$120 million to inpatient; \$25 million to low birth weight kick payment; \$40 million to the MRT population adjustment; and \$53.4 million to pharmacy), reducing the negative impact to 1.46% from the current rates. At the same time, SDOH said it will use a twelve month trend factor, instead of the original nine month calculation used, which will front load payments in 2013 by approximately \$43 million, but result in a budget neutral lower trend in 2014. The Department will be scheduling a conference call in the coming weeks to discuss final adjusted rate calculations with plans.

Dr. Saperstein informed the Board that this month MetroPlus calculated HHC Quality Rankings based on 2012 Quality Assurance Reporting Requirements (QARR) scores. To determine the rankings, MetroPlus used 17 QARR measures and three member satisfaction Consumer Assessment of Healthcare Providers and Systems (CAHPS) measures. The overall ranking was determined by how a facility placed for each measure selected. In 2012, Gouverneur Health was ranked in first place and Kings County earned the "most improved" designation, from the prior year.

SDOH has significantly revised the policy and timetable for the Nursing Home population and benefit to be carved into Medicaid managed care for both non-duals and dual eligible individuals. Medicaid recipients permanently placed in a nursing home before the transition date for their region will not be required to enroll in a managed care plan for the duration of their nursing home placement. In New York City, Westchester and Long Island, after January 1, 2014, adults requiring a permanent nursing home stay will be mandatorily enrolled in a plan: mainstream Medicaid managed care for non-duals or Managed Long Term Care (MLTC) for duals. Upstate counties will begin implementation April 1, 2014. Children under age 21 will not transition until April 1, 2015. Given the new policy, SDOH is estimating approximately 20,600 managed care enrollments of individuals requiring permanent nursing home care statewide in the first year of implementation. Approximately 19,000 of those will be dual-eligibles, and 1,600 Medicaid-only.

Dr. Saperstein reported that, this month, SDOH and CMS released the Fully Integrated Duals Advantage (FIDA) Memorandum of Understanding. FIDA is a State of New York partnership with CMS to test a new model for providing Medicare-Medicaid enrollees with a more coordinated, person-centered care experience. Enrollment will be phased in over several months. Beneficiaries receiving community-based long-term services and supports will be able to opt in to the demonstration beginning on July 1, 2014. On September 1, 2014, eligible beneficiaries who have not made a choice to opt in or out will be assigned to a Medicare-Medicaid Plan through a process that will match beneficiaries with the most appropriate plan. Beneficiaries receiving facility-based long-term services and supports will be able to opt into the demonstration beginning October 1, 2014. Those who have not made a choice to opt in or out will be assigned to a Medicare-Medicaid Plan beginning no earlier than January 1, 2015. Beneficiaries will be able to opt out of the demonstration or select an alternative Medicare-Medicaid Plan at any time. MetroPlus has been approved to participate in the FIDA demonstration project and will be prepared to provide services in 2014.

Finally, the Office of Alcoholism and Substance Abuse Services, the Office of Mental Health, and SDOH have announced a revised time line for implementing the transition of Behavioral Health services to Medicaid managed care. Implementation target dates have been delayed and are now: January 1, 2015, for adults in New York City, July 1, 2015, for adults in the rest of the state, and January 1, 2015, for children statewide. The Plan has hired a director to lead its program development, and to enhance the care of its current members with behavioral health care needs.

Medical Director's Report

Dr. Dunn stated that last year, in EQARR, when you look at the ranking around quality, MetroPlus received a perfect score. This shows that the facilities are providing quality care. If you look at the categories that the State looks at, MetroPlus scored above State average in 32 of the measures including Flu Shots for Adults and X-rays to Reduce Lower Back Pain. The Plan also scored number one in the area of managing medications. The areas where there is room for improvement are controlling blood pressure, consumer satisfaction and follow up after mental health – 7 days.

Dr. Dunn reported that, over the past month, the Quality Management (QM) Department analyzed the HEDIS/QARR rates and came out with the 2012 HHC rankings. The HHC rankings are based on 17 QARR measures and 3 CAHPS (member satisfaction) measures. A facility's overall ranking is determined by how a facility did on each of the individual measures. The top 3 placements were Gouverneur, Elmhurst and Coney respectively. Kings County was the most improved facility between calendar year 2011 and 2012 jumping from 13th to 4th between the 2 years. As in previous years, a ceremony will take place this fall to celebrate the accomplishments of these facilities.

Dr. Dunn reported that the Plan also received their preliminary Part C and Part D results for the 2014 Star Ratings. The QM department reviewed the results and estimated the overall star rating using the 2013 star rating cut off points. The estimated overall rating is 3.5 stars. It should be noted that this is a projection and subject to change once CMS finalizes all of the 2014 Star Ratings policies. Overall, there was improvement across a broad set

of Part C and Part D measures. Of notable interest is the improvement in Part C appeals, which is managed by the health plan staff. Through the efforts of the Appeal Department at MetroPlus, the appeal measures were rated at 5 stars. There was also improvement across the Part C and Part D foreign language interpreter and TTY/TDD availability measures. The Customer Services Department made changes to its systems in this area which resulted in the Plan receiving 4 and 5 stars on this measure. Finally, there was some notable improvement on the medication adherence measures, although there is still room to improve. Most of the measures came in at 3, 4 and 5 stars. There were 2 measures that improved from 1 star to 2 stars, which include adherence for hypertensive medications and for cholesterol medications; which was positive. To address improvement in these measures, MetroPlus implemented a medication adherence program in early 2013. This program is an outreach campaign aimed at improving member's medication adherence in the areas of anti-hypertensive medications, oral diabetic medications and statins.

Dr. Dunn stated that the one area in which MetroPlus continues to struggle is CAHPS or member satisfaction. Overall, the rates went up slightly but the star ratings remained essentially the same. Most of the CAHPS measures were rated 1 star or 2 stars, which in turn brought the overall rating down a bit. In addition, these measures are weighted a 1.5 versus just a 1.0 which gives them added importance. The questions related to access and availability is the areas that need most improvement. To address this issue, the Plan reviewed best practices in the field and identified high touch campaigns as being a viable exercise to address member satisfaction. Other plans reach out to the members to "check in" on a frequent basis, which in turn catches potential satisfaction issues before they become problems. MetroPlus started this campaign in May 2013. All of the Medicare members were called and asked a short survey of questions aimed at gauging their level of concern with access and availability issues. If an issue was identified, then the call was forwarded to the Customer Services Department, whom would intervene and address the concern. In the end, a great deal of calls were transferred to Customer Service for intervention, which was one of the Plan's goals, i.e. identify the problem and resolve it before it became an issue. MetroPlus is planning on doing a high touch campaign at least two more times before the CAHPS survey is administered to Medicare members in the spring of 2014. The hope is that this will raise MetroPlus' scores in member satisfaction.

The QM staff also mailed out the new pay for performance (P4P) reports to HHC and community providers in August 2013. The feedback has been very positive from the providers. In fact, the Plan has received requests from both HHC facilities and community providers to conduct meetings and provide additional follow-up data. In the case of Metropolitan Hospital, they conducted a RIE to improve their adolescent well child care rates, since that is one of the key pay out measures on the Pay for Performance Report. A QM staff member participated on the RIE which proved to be helpful to the process. Harlem Hospital is also contemplating a RIE for pediatric care in response to the P4P report.

Dr. Dunn reported that there were some mailings that the QM Dept conducted over the past several months. Medication Adherence City Health Bulletin which is to support the Medicare Quality Improvement Project (QIP) and Chronic Care Improvement Project (CCIP), a City Health Bulletin on medication adherence was mailed to all providers. A key component of both the QIP and CCIP is promoting medication adherence for MetroPlus' population. Through increased medication adherence the Plan hopes to see an improvement in its star ratings in these measures as well as a reduction in re-admissions, both of which are goals of the CCIP and QIP respectively. Immunization Reminder is an immunization reminder which was mailed to all parents of children who are between 0 and 2 years. Welcome to Medicare Assessment which, in an effort to educate providers about the importance of an initial Medicare assessment, materials stressing the importance of an annual physical were mailed to network providers. The mailing contained checklists for the initial preventive physician examination also known as the "Welcome to Medicare Visit" and the Annual Wellness Visit. Medication Monitoring Adherence and Beers List which is an effort to educate all Medicare providers about prescription medication adherence and potentially inappropriate medication use in older adults, QM mailed packages which included the American Geriatric Society BEERS criteria as well as a flyer on the importance of providing 90 day supplies of medications to MetroPlus members. A Glaucoma screening reminder flyer was mailed to all Medicare members over the age of 65 about early detection and treatment for glaucoma. And lastly, in an effort to support the Medicare QIP and CCIP, a Non-Compliant Medication Adherence mailing to providers was completed. The mailing identified all members on a provider's panel who were not compliant with their oral diabetics, anti-hypertensive and cholesterol medications between January and March of 2013.

October 15, 2013

Chairperson's Remarks

Chair Rosen welcomed everyone to the MetroPlus Board of Directors meeting of October 15, 2013. Chair Rosen stated that Dr. Saperstein would present the Executive Director's report and Dr. Dunn would report on Medical Management issues.

Mr. Rosen reported that quorum was not achieved for this meeting and the minutes of the Board of Directors held on September 24, 2013 would be presented at the next meeting in December.

Executive Director's Report

Dr. Saperstein reported that Plan membership numbers for this month were relatively stable. Total plan enrollment as of September 2nd, 2013 was 424,708. Breakdown of plan enrollment by line of business was as follows:

Medicaid	362,294
Child Health Plus	12,283
Family Health Plus	33,843
MetroPlus Gold	3,268
Partnership in Care (HIV/SNP)	5,419
Medicare	7,232
MLTC	369

Dr. Saperstein stated that, on October 1st, the New York State Exchange went live, offering health insurance options on the New York State of Health, the Official Health Plan Marketplace. MetroPlus is offering consumers the lowest cost products for three out of four metal levels in the individual market. MetroPlus has been working very closely with HHC to project the potential impact of its Exchange products on both the Plan and HHC; as well as ensuring that MetroPlus properly allocate resources for this new line of business. Also, this month, the Plan is preparing for its Facilitated Enrollers (FE's) to serve as Certified Application Counselors (CACs). MetroPlus staff will play a crucial role in consumer enrollment as many regulations surrounding application submissions are changing. Only In Person Assistors (CACs, Navigators, Insurance Brokers and Agents) can assist potential members in enrollment into the Exchange. After November 20, 2013 all Child Health Plus applications will only be submitted through the Exchange. Beginning January 2014, all new Medicaid applications for Modified Adjusted Gross Income (MAGI) populations will be processed by the Exchange. MAGI populations include pregnant women, children, parents/caretaker relatives and adults under 65 that are not on Medicare. Single and childless adults enrolled in Family Health Plus (FHP), that are eligible for Medicaid will be automatically converted to Medicaid enrollment with the same plan January 1, 2014. The remaining members will be required to choose a Qualified Health Plan (QHP). By 2015, all other FHP enrollees will have been transitioned to Medicaid or a QHP on their date of renewal. There was a brief discussion regarding the Exchange and the challenges that MetroPlus will face.

Dr. Saperstein informed the Board that the Centers for Medicaid and Medicare Services (CMS) have begun readiness reviews of all Fully Integrated Duals Advantage (FIDA) plans. MetroPlus has been preparing for the readiness review and the CMS analysis of Plan policies and procedures. This will begin on October 18th, 2013.

This month, MetroPlus has begun testing NotiFind®, an emergency and incident management system offered by SunGard as part of the Plan's business resumption contract. NotiFind® is business continuity software that will keep MetroPlus team members informed with critical alerts and ongoing updates in the event of an interruption in normal business operations. The Plan anticipates full implementation of the software by the end of this year.

Dr. Saperstein reported that the New York State Department of Health (SDOH) has released the final April 2013 premiums for mainstream Medicaid and FHP. Approximately \$460 million was added to the draft premiums released in July 2013. In effect, these modifications will keep the MetroPlus Medicaid/FHP revenue stable, without cuts. Payment of final rates is contingent upon approval by the Division of Budget and CMS. An additional revised rate for July 2013 program changes will be completed in mid-late November. SDOH and Mercer have already begun calculations for January 2014 rates, and is estimating they will be completed in late December.

Medical Director's Report

Dr. Dunn stated that attached to his report were the most recent copies of the MetroPlus Gold Health News, Medicaid Health Letter, and the Medicare Well Being – The Path to Good Health. The MetroPlus Gold Health News focused on the importance of fiber in your diet, a checklist from the American Diabetes Association to help patients get the most out of their visit to the doctor, three reasons to drink water not soda, health benefits of quitting smoking and the importance of new Moms returning for their postpartum checkup visit. The current issue of the Medicaid Health Letter focused on how diabetes is a risk for heart disease, questions and answers about congestive heart failure, information on the New York Health Benefit Exchange, steps to take to manage your high blood pressure and the importance of getting a skin checkup.

The Medicare Well Being -The Path to Good Health stressed the importance of eating your vegetables, three healthy habits that will make you feel better and medication safety.

Dr. Dunn stated that all MetroPlus providers were sent the summer 2013 MetroMonitor which is the Plan's quarterly provider newsletter. The newsletter reminded all providers about the importance of evaluating pregnant women for the risk of lead exposure, and determining the blood lead level of those at risk. A high blood lead level during pregnancy has risks for both the mother and the fetus. They must assess all pregnant women at their initial prenatal visit and test those at risk; educate all pregnant women about how to prevent lead poisoning; and report blood lead levels greater than 10 mg/dl to SDOH.

The newsletter informed providers that all newly enrolled Medicare members must receive the one-time Initial Preventive Physical Examination within the first 12 months of their enrollment into MetroPlus. The goal of the visit is to promote healthy living and disease detection. The annual preventive wellness visit is aimed at directing members to have certain preventive tests and/or services such as cancer screenings, HIV screening, behavioral counseling interventions in primary care to reduce alcohol misuse, annual immunizations, glaucoma screening, tobacco-use cessation counseling, screening for depression, and osteoporosis screening. All of the Plan's High Risk Medicare members are assigned to a Case Manager. The Case Manager works with the member and the PCP to develop individual member care plans based on the member's assessed needs. MetroPlus will send a copy of the member's Health Care Plan to their PCP.

Dr. Dunn stated that the newsletter encourages MetroPlus PCPs to refer their patients to Plan Care Management Programs. MetroPlus can provide education, support, and resources for people living with asthma and diabetes or who want to quit smoking or manage their weight. The newsletter also informed providers that, as of August 1, 2013, additional benefits were transitioned into Managed Care. This includes Adult Day Health Care, AIDS Adult Day Health Care, and Directly Observed Therapy for Tuberculosis. These services require prior authorization and a physician referral every 6 months. The newsletter included an update on the Recipient Restrictive Programs, Fully Integrates Dual Advantage Demonstration Program (FIDA), and our Managed Long-Term Care Program.

Dr. Dunn announced that, on Saturday, September 28, 2013, MetroPlus was a proud sponsor of the American Diabetes Association New York City Step Out: Walk to Stop Diabetes. MetroPlus had a dedicated team from Case Management and Marketing that represented the Plan well.

Dr. Dunn stated that, on Sunday, October 20, 2013, MetroPlus will be a sponsor and will field the most enthusiastic walkers in the American Cancer Society's *Making Strides Against Breast Cancer* walk. MetroPlus has participated in the Breast Cancer walk as part of HHC who has been a flagship sponsor for 11 years. This year led by Plan champions Sherry Darling and Lillian Hind, MetroPlus will be there in force with its pink MetroPlus T-shirts. The Plan will have the MetroPlus logo on the start line banners, have a MetroPlus tent and on the day of the event the Making Strides emcee will recognize MetroPlus Health Plan as a sponsor.

******* End of Reports *******

**ALAN D. AVILES
HHC PRESIDENT AND CHIEF EXECUTIVE
REPORT TO THE BOARD OF DIRECTORS
OCTOBER 31, 2013**

HHC ACCOMPLISHMENTS ONE YEAR AFTER HURRICANE SANDY

This week New York City observed the one-year anniversary of Hurricane Sandy, the storm which brought so much devastation to our area. We conducted a tour for news media at Bellevue Hospital on Thursday, October 24, where we showed the extensive repairs and discussed future mitigation plans.

As you know, HHC estimates that Hurricane Sandy costs ultimately will exceed \$800 million to cover response, repairs, and the work required to mitigate future flood damage. To date, we have paid \$198 million for Sandy-related repairs. We have received \$61 million in FEMA emergency funds for repair work and another \$181 million in Community Development Block Grants from HUD for expenses incurred while facilities were out of service.

We have engaged the engineering firm Arcadis, which has extensive expertise in disaster – related mitigation design, and are actively examining long-term measures to protect facilities in the event of another storm of Sandy’s magnitude or greater. The alternatives being examined include permanent flood walls to protect facility perimeters, and the repositioning and hardening of internal systems such as generators, chillers, boilers, steam, and plumbing and medical gas delivery systems. Raising parts of facilities above flood level, and a new, elevated building at Coney Island Hospital, are also being examined and will be contingent on FEMA funding. We intend to actively seek funding for these essential long-term items under FEMA’s Section 406 Hazard Mitigation Funding.

To better prepare HHC for managing any future large-scale emergency scenario, we have acquired two new communication tools. One is a new communications system that can send alerts to any number of staff members simultaneously through multiple channels. The other is a new web-based incident command system that connects our central office and hospital-based command centers, and can track and prioritize requests for supplies and other resources.

At Bellevue Hospital, large sections of the basement have been restored, new heating, ventilation and air conditioning equipment has been installed, and electrical switchgear that was destroyed has been replaced and moved to the first floor. To prevent or greatly limit future basement flooding, Bellevue has also installed removable flood barriers at its two loading dock entrances facing the East River. The facility also will complete work to raise its domestic water pumps and the fuel pumps for its eight generators out of the basement and to higher elevations. Bellevue is also completing its review of the best way to protect some of its 32 elevators from future flood damage so that at least limited vertical transportation can be maintained.

At Coney Island Hospital, the emergency department and several other first floor areas have been restored, and repairs and restoration elsewhere are soon to be completed. Damaged electrical switchgear has been replaced on a new elevated platform adjacent to the hospital. MRI and CAT scan imaging services are being provided in temporary trailers until permanent imaging locations are rebuilt. The hospital has also acquired temporary barrier systems that can be erected in advance of a storm around its emergency department, main entrances, and generator facility.

Metropolitan Hospital is currently considering ways to elevate electrical equipment and Con Ed feeders in its basement. At Coler, flooded areas have been cleaned, electrical gear has been raised, fire alarm systems have been repaired and emergency generators are positioned on-site.

We will continue to strongly advocate for the FEMA mitigation funding essential to enable our facilities to ride out future severe storms.

ELMHURST WINS PRAISE DURING JOINT COMMISSION SURVEY

Last week The Joint Commission conducted a five day survey of Elmhurst Hospital Center, the final triennial survey for HHC in 2013. Elmhurst underwent a rigorous survey by a team of seven surveyors - two physicians, two nurses, a specialist Ambulatory Care surveyor, Life Safety Code surveyor and a Behavioral Health surveyor.

We are awaiting the final report, but I am pleased to let you know that there were no significant patient care findings. The surveyors commended both leadership and staff for the excellent care they provide to a diverse and underserved population. They were very impressed with the level of staff and physician engagement as well as leadership's demonstrated commitment to becoming a high reliability organization.

The surveyor team highlighted many examples of good or best practices. Of note was the facility's performance improvement program and plan, which was described as one of the best the surveyors have seen, demonstrating evidence of excellent prioritization, effective integration of Breakthrough, and engagement by all levels of staff.

Congratulations to the leadership of Elmhurst Hospital led by Dr. Ann Sullivan, Network Senior Vice President; Chris Constantino, Senior Vice President; Dr. Jasmine Moshipur, Medical Director; Joann Gull, Chief Nurse Executive; the regulatory team led by Joseph Halbach, MD, and Sharon Behar; and the staff of Elmhurst Hospital Center on a job well done.

In 2014, Bellevue, Coler, Harlem, Henry Carter, NCB, Queens and Woodhull will be surveyed.

HHC FACILITY PROGRESS TOWARD RECERTIFICATION AS PATIENT-CENTERED MEDICAL HOMES

HHC adult, pediatric, and HIV primary care practices are currently in the process of reapplying for recognition as Patient-Centered Medical Homes (PCMH) under more rigorous new standards applied by the National Committee for Quality Assurance (NCQA).

PCMH recognition is a collaborative, team-based approach to primary care that promotes the delivery of integrated care and cultivates long-standing relationships between the providers and their patients. In 2010, HHC practices achieved Level III recognition, the highest of three levels, resulting in \$18-20 million per year in enhanced revenue for Medicaid patients from the NY State Health Department. HHC facilities are now applying for recertification of the three-year recognition program. Applications must provide written processes and standard work and evidence of implementation in the following areas: 1) enhanced access and continuity; 2) patient population management; 3) planning and managing care; 4) support for self-care and use of community resources; 5) tracking and coordinating care; and 6) measuring and improving performance.

As of this week, seven HHC facilities have received an additional three years of recognition as Patient Centered Medical Homes at Level III. The threshold for Level III Recognition is a score of 85, and HHC applications have each scored well above 90. The facilities that have now achieved re-certification are Coney Island Hospital, Elmhurst Hospital Center, Gouverneur Health, Harlem Hospital Center, Belvis Diagnostic & Treatment Center, Morrisania Diagnostic & Treatment Center, Lincoln Medical Center, and Metropolitan Hospital Center.

An additional three applications have been submitted and are under review by NCQA and three applications continue to be under development and will be submitted by the end of year.

GROWING COMPLIANCE RATES FOR STAFF IN FLU IMMUNIZATION CAMPAIGN

As you know, New York State has released a regulation this year that addresses flu vaccination requirements for healthcare personnel. All healthcare personnel who are not vaccinated for any reason will need to wear a mask for the duration of the flu season, starting when the Commissioner announces the season's commencement. HHC fully supports the regulation and has launched a strong campaign to encourage our staff to get vaccinated as soon as possible for the coming flu season.

The vaccination rate so far is just under 60 percent for our staff and rising. We will continue to ensure that all personnel understand the new flu policy and are informed about how and where they can get vaccinated or how they can otherwise comply with the new policy.

**NCB HOSPITAL HOSTS FRENCH MINISTER;
SART PROGRAM CONTINUES TO DRAW INTERNATIONAL ACCOLADES**

On October 14, the staff of North Central Bronx Hospital (NCB) welcomed a special guest, French Minister Najat Vallaud Belkacem, the Minister for Women's Rights for France. She explained that her country is grappling with sexual violence. She came to NCB to learn from the medical team about effective strategies they have developed for caring for patients who have been victims of sexual violence and for preserving evidence. These strategies have become a model for all New York City public hospitals.

It's not the first time NCB has received this level of international attention. Delegations from both Jordan and Japan have come to observe the hospital's Sexual Assault Response Team (SART). SART is an interdisciplinary response by specially trained staff and volunteers that commits exclusive resources to a sexual assault victim within minutes of their arrival at the hospital.

Immediately after a patient is admitted to NCB, a volunteer advocate, who has completed 40 hours of specialized training, is called. Volunteers are at the hospital within 30 minutes. The advocate stays with the patient, serving as a counselor and advisor, as the victim undergoes a minimally invasive forensic examination, remaining at the victim's side throughout their hospital stay. A trained physician conducts the examination, using advanced technology and, with the patient's permission, submits collected evidence to law enforcement agencies. Throughout the process, members of the SART team place great emphasis on the victim's well-being. NCB also offers twelve weeks of counseling to patients during their recovery, with proper referral services as a final step.

The SART program first began at NCB in 1999. The program has received accolades from physicians and law enforcement alike. NCB and all other HHC acute care hospitals are now recognized as centers of excellence for providing specialty trained sexual assault forensic examiners who are available around the clock.

**HHC FACILITIES RECEIVE
PATIENT SAFETY RECOGNITION FROM LEAPFROG GROUP**

HHC hospitals will be receiving two of the three 2013 Leapfrog Awards given by the Northeast Business Group on Health at their annual meeting on November 14th. Jacobi Medical Center will receive this year's award for Outstanding Performance in Patient Safety and Quality. Queens Hospital Center will receive the award for Greatest Leaps in Patient Safety. The awards are given for meeting requirements on Leapfrog patient safety measures as well as significantly improving on many of them. Measures include improved patient outcomes and reduction of the risk of medical errors and hospital-acquired infections. I know the Board joins me in congratulating the winners. These awards are further acknowledgement from the business community that HHC continues to make patient safety and transparency a priority.

TOP PERFORMER REWARD GOES TO NCB FROM JOINT COMMISSION

The Joint Commission Top Performer award for 2012 has gone to North Central Bronx Hospital, the first HHC hospital to receive this recognition. The formal release of the list of 2012 awards took place yesterday, when The Joint Commission published its "Improving America's Hospitals" annual report and announced recognized hospitals to the national and trade media. This year, the top 33 percent of all hospitals accredited by The Joint Commission were recognized, based on accountability performance data for 2012.

CARTER SPECIALTY HOSPITAL TO OPEN IN NOVEMBER

The new Henry J. Carter Specialty Hospital and Nursing Facility will open its doors to patients, residents, and staff next month. Carter, HHC's new facility in Harlem, is designed, equipped, and staffed to provide on-site specialized clinical support around the clock -- a capacity that distinguishes it from other long-term care settings that often require a patient to transfer to another facility when medical needs escalate.

As the Board knows, the move to the new 400,000 square-foot Carter facility will enable HHC to return the Goldwater site to the city for another importance purpose, and to offer state-of-the-art, technologically advanced acute care and skilled nursing services to current Goldwater residents and to the community of Harlem.

Earlier this month, Goldwater held a farewell celebration for the facility, an event attended by a number of HHC supporters and friends. Although Goldwater's residents and patients will move to a new physical building, the comforts of the facility on Roosevelt Island will follow them to Carter, including art and music therapy, a computer lab, a patient-library, a patient-run radio station, and many other activities and special amenities.

The new facility is named in honor of Henry "Hank" J. Carter, HHC's greatest benefactor and close friend, marking the first time HHC has named one of its public healthcare facilities for a living individual. Through the organization he founded, Wheelchair Charities, Inc., Mr. Carter has donated more than \$25 million to HHC for a variety of equipment and programs for patients and residents at Coler-Goldwater.

MAJOR MODERNIZATION PROJECTS PROCEED

At the same time that we are opening the Carter Hospital, progress continues on the Corporation's major modernization projects at Harlem Hospital Center, Gouverneur Healthcare Services, and Lincoln Medical and Mental Health Center.

- At Harlem Hospital Center, the Mural Pavilion is largely complete and the critical care units and operating rooms are occupied. The new Emergency Department is in the very final stage of completion. This project includes a special program to promote and foster community employment within targeted areas around the hospital. To date, 221 people have been employed on the project from the community with many more trained and/or

referred to other programs in the city. It has been a very successful program and a model for other projects at City College and Columbia University. Once the Emergency Department is complete, the Mural Pavilion will represent a new state-of-the-art pavilion on Lenox Avenue and will serve as the centerpiece of the campus-wide modernization. The Emergency Department is scheduled to be occupied in December 2013.

- At Gouverneur Health, the new clinic areas and renovations on eight floors are completed and occupied. Construction is in progress on five additional floors and scheduled for occupancy by early 2014. The lower floors house expanded ambulatory care services, and the upper floors house the long-term care services. When the upper floors are complete, the nursing home capacity will increase from 210 to 295 beds. The entire project, including the first floor and exterior, is scheduled for completion in February 2014.
- At Lincoln Medical and Mental Health Center, a renovation and expansion of the facility's Adult Emergency Department, Pediatric Emergency and Trauma Services should be completed by late December 2013.

HHC FACILITIES REACH OUT TO PATIENTS DURING NATIONAL DEPRESSION SCREENING DAY

Held annually in October during Mental Illness Awareness Week, National Depression Screening day (NDSD) raises awareness and screens people for depression and related mood and anxiety disorders. The Office of Behavioral Health facilitated this screening across 12 sites on October 10th. This event allowed our Departments of Psychiatry to provide vital community outreach by distributing educational material and resources, performing screenings and making referrals to treatment.

The total number of individuals who attended NDSD across all 12 sites was 886. The total number of individuals who completed Depression Screening across all 12 sites was 578. The total number of follow-up appointments scheduled as a result of the screening was 85.

In HHC primary care practices that are recognized as Patient-Centered Medical Homes, depression screenings are completed on a regular basis using the PHQ9, a 9-question survey. For patients with chronic illness such as diabetes, asthma or heart failure, depression can be a formidable barrier to the patient engagement that can enable more effective management of chronic disease. By more effectively identifying and treating depression as part of primary care, we address an important, but sometimes neglected, dimension of our patients' overall health. More recently, across HHC the Collaborative Care Model is used to treat depression. This includes a physician, nurse and care coordinator working with a psychiatrist to advise and coach the team to provide coordinated care within the Primary Care Clinic.

FEDERAL UPDATE

On October 17, the Senate and House passed legislation to fund the Federal government through January 15, which ended the shutdown, and lifted the debt ceiling by allowing the Treasury Department to continue borrowing until February 7.

The two houses also agreed to appoint budget conferees to negotiate a potential agreement on budget parameters by December 13. The House and Senate passed budget resolutions for Federal Fiscal Year 2014, but a conference committee was never formed. There is little common ground in the budget resolutions passed by each house therefore an agreement in the next 6 weeks is unlikely.

While this short-term fix gives Congress some additional time to deal with the debt limit and Federal funding, the debate will return to the forefront in just a few months. Congress may once again target hospital reimbursement rates for cuts, either during deficit reduction talks, or to pay for a Medicare "doc fix" at the end of the year.

If implemented, proposed cuts would generate losses to HHC, over a ten-year period, as follows: Graduate Medical Education - \$215 million, Indirect Medical Education - \$626 million, Hospital Outpatient Departments - \$187 million, and an additional Medicaid Disproportionate Share Hospital cut in 2023 of \$495 million. A cap limiting provider tax to 3.5% (New York's rate currently is 5.25%) would result in an estimated loss to HHC of \$688 million over ten years.

HHC, the Greater New York Hospital Association, the Hospital Association of New York State and the American Hospital Association continue to urge rejection of any additional hospital cuts. HHC participated in an American Hospital Association advocacy day in Washington on October 29th.

A new regulatory concern was the promulgation by the Centers for Medicare and Medicaid Services (CMS) of the "two midnight rule." The rule states that a patient that does not stay in an inpatient setting for at least two midnights would not be considered an inpatient admission for Medicare purposes. The two-midnight policy, which went into effect on October 1st, deems stays of less than two midnights, with some rare exceptions, inappropriate for inpatient admission reimbursement.

The entire hospital industry is united in opposition to this change. HHC's preliminary estimates show losses of between \$23 million and \$38 million a year if the rule is not revised. Indeed, revenue from about 16% of HHC's inpatient admissions is jeopardized as a result of this new policy.

NURSING EXCELLENCE AWARDS HONORS HHC NURSES FOR REMARKABLE SERVICE

Last week, HHC honored six nurses during its second annual Nursing Excellence Awards. The nurses were recognized for providing outstanding service to patients, the community

and their colleagues, while demonstrating excellence in leadership, improvement of patient outcomes, education, teamwork and community service.

These nurses have gone beyond their daily routines to be positive leaders and mentors for other nurses, implement programs and processes to improve patient care, and volunteer their personal time to provide medical services to communities in New York City and abroad.

For the first time this year, HHC also presented the Nursing Champion award to a person who has demonstrated outstanding support for HHC nursing. The recipient of this award is someone we all know very well from her work on our Board, Josephine Bolus, RN, MS, CNP, APRN-BC. As a Board member, Mrs. Bolus is instrumental in advocating for patients and nurses. She challenges nurses to be active both professionally and politically, and insists on using quality resources to deliver exceptional patient care. HHC and nursing could not ask for a more dedicated and inspired champion than Mrs. Bolus and she sets a standard that future winners will be challenged to meet.

I would like to extend my congratulations and thanks to all of the winners for the skill, commitment, and compassion we see from them each day. And to the 8,000 nurses at HHC -- men and women who provide care each day to New Yorkers in our public hospitals, long-term care facilities and health centers across the five boroughs -- thank you for your dedication to excellence.

HHC COMMUNITY MOURNS THE PASSING OF PATIENT ADVOCATE CARRIE THOMAS

Carrie Thomas, a long-time advocate for our patients in the Harlem community, died this month at age 100. For many decades, she was a staunch supporter of Harlem Hospital Center and the Renaissance Diagnostic and Treatment Center. Carrie Thomas has been a constant figure of the Harlem Hospital Auxiliary for decades and was President from 1987-90. She was also a member of the Renaissance Community Advisory Board for decades.

Carrie's personal history continually showed her commitment to the African American community and to fellow New Yorkers. She was a champion and friend to politicians and artists of the Harlem Renaissance. She worked at the NYC Parks Department as the first African American employee, working directly for Robert Moses. She knew and worked with many leaders during the better part of the twentieth century. More recently, she was an important advocate for "saving" the important WPA murals housed at Harlem Hospital, and for mural restoration. She will be greatly missed. A memorial service will be held at Harlem Hospital center auditorium on Saturday, November 9, at 12 noon.

HHC IN THE NEWS HIGHLIGHTS

Broadcast

HHC Shows Sandy Repairs at Bellevue, HHC President Alan D. Aviles, Bellevue Executive Director Steve Alexander, 10/24/13(Also covered by NY1, WABC, FOX, WCBS)

Sandy One Year Later: Hospitals Addressing Problems From Flooding, HHC President Alan D. Aviles, Bellevue Executive Director Steve Alexander, NY1, 10/26/13

HHC supports breast cancer walk, HHC President Aviles, WABC-TV, 10/20/13

Affordable Care Act Workshops Held at North Central Bronx, News 12 Bronx, 09/24/13

Sian Green's Departure, Bellevue Hospital, WABC, 09/26/13

Lincoln Hospital Awards, News 12 Bronx, 09/26/13

Breast Cancer Awareness Month, Dr. Sydney McCalla, Lincoln Hospital, News 12 Bronx, 10/01/13

Patient Navigator, Harlem Hospital, ABC Nightline, 10/02/13

Touring Daniel Dromm's Council District, Elmhurst Hospital, NY1, 10/04/13

Breast cancer survivors at Kings County Hospital receive surprise performance from Brooklyn Symphony Orchestra, News 12 Brooklyn, 10/09/13

Miss USA 2012 Gets Flu Shot, Queens Hospital, Fox 5, 10/10/13

Take Care NY, Bellevue Hospital, WABC, 10/10/13

SART Program, North Central Bronx Hospital, NY1, 10/15/13

Touring Mathieu Eugene's Council District, Kings County Hospital, NY1, 10/11/13

Busca concientizar a la comunidad latina acerca del Alzheimer, Lincoln Hospital, NY1 Noticias, 10/15/13

Latino Community Conference, HHC, News 12 Bronx, 10/15/13

Print

NY hospitals shift focus to preparing facilities for future superstorms, HHC President Alan D. Aviles, Modern Healthcare, 10/26/13 (Also covered in The New York Times, Crain's Health Pulse, Crain's NY Business, Live Science, CBS News)

Before the Next Storm, Bellevue, Senior Vice President, Information Technology, Corporate Chief Information Officer Bert Robles, Robert Wood Johnson Foundation, 10/29/13

Crain's Health Care Symposium asks: 'Can Brooklyn be cured?', HHC President Alan D. Aviles, Brooklyn Daily Eagle, 10/24/13

Time for Staten Islanders to 'Commit to be Fit', HHC, Staten Island Advance, 10/07/13

Letter to the Editor: The Long, Long Wait for Mental Health Care, Dr. Ruth Gerson, Dr. Jennifer Havens, Bellevue Hospital, The New York Times, 10/06/13

Big Boost For Sandy-ravaged Water Street, HHC, New York Post, 09/27/13

Feeling Down? Coney Island Hospital To Offer Free Depression Screening & Counseling Tomorrow, Sheepsheadbites, 10/09/13

New York Federal Court Rules Public Hospitals Are Exempt from State Labor Laws, HHC, Health Law Policy Matters, 10/22/13

New York City's Health Care Budget Burden, HHC, The Epoch Times, 10/09/13

Golden offers free flu shots to senior citizens, Coney Island Hospital, Brooklyn Daily Eagle, 10/16/13

Tips to Prevent and Manage Bullying, Dr. Muhammad Wasseem, Lincoln Hospital Emergency Pediatrician, The Bronx Free Press, 09/25/13

Commit to be Fit!, By Milton Nunez, Executive Director, Lincoln Hospital, The Bronx Free Press, 10/09/13

Harlem icon Carrie McHenry Thomas passes, Harlem Hospital, The New York Amsterdam News, October 24-30, 2013

Financial Challenges Facing the New York City Health and Hospitals Corporation

HHC continues to confront serious financial challenges, despite significant restructuring, cost-containment and revenue optimization efforts over the last several years. Although these issues have been discussed at various meetings of our Board committees and our full Board over time, with the coming transition to a new Mayoral administration we thought it would be helpful to provide a brief – but relatively comprehensive – overview of our current status and the fiscal risks that we face going forward.

Current Status

The safety-net role of our public hospital system has made HHC especially vulnerable to recent deep cuts to Medicaid, the cost of serving a rising tide of uninsured, and the erosion of federal funding to support the mission of public hospitals. Our system served 1.4 million patients last year, and nearly 500,000 were uninsured. Nearly 80% of HHC's patients are either receiving Medicaid, Medicaid Managed Care or are uninsured. HHC provides much of the care received by the uninsured in New York City. In 2010 HHC provided 71% of the clinic visits received by the uninsured in hospitals; 43% of the emergency visits; and 39% of the inpatient care.

Since 2008, repeated cuts to Medicaid reimbursement rates have slashed HHC's revenue base by more than \$540 million a year. At the same time HHC has had to absorb astronomical increases in pension and employee health insurance costs—from FY02 through FY10 up \$500 million, from FY10 through FY13 up another \$180 million. In FY10, facing a projected \$1.2 billion budget gap for FY13, HHC put together a gap closing plan that called for \$600 million in cost containment and restructuring and \$600 million in additional revenue (\$300 City/ \$300 Federal). Achieving the \$600 million in revenue required New York State to enact legislation that directed \$300 million in supplemental Medicaid payments to HHC, and required the City to put up the entire non-Federal match (with literally no new State dollars).

The cost-containment and revenue initiatives that yielded the other \$600 million in gap closing included:

- Workforce reduction of 9% or 3,739 full time equivalent staff
- Management contracts for dietary, housekeeping, plant maintenance
- Outsourcing for laundry and dialysis services
- Lab consolidation
- Supply chain savings
- Improved collections through better documentation and coding

Despite achieving its \$1.2 billion gap-closing plan, HHC is nonetheless projecting continued out-year deficits that approach \$1 billion as early as FY15. This partly reflects that Super storm Sandy made a bad situation worse. HHC lost \$142 million net of federal reimbursements in FY13 from the storm. Also, due to further cuts to Medicaid reimbursement and reduced utilization, HHC lost another \$150 million in revenue in FY13.

Accordingly, HHC ended FY13 with the worst financial performance in recent history. Moreover, projections assume continued declines into the next four years as the Affordable Care Act cuts the Medicaid disproportionate share hospital (DSH) funding that is the lifeblood of safety-net hospitals. Medicaid DSH cuts begin this fiscal year and by FY17 HHC will lose \$265 million per year if New York State passes down its Federal DSH cut proportionately. Also, by 2017 HHC forecasts increased pension and health insurance costs of nearly \$300 million. Beyond these adverse fiscal impacts, HHC has significant risk that negotiations and binding arbitration over outstanding collective bargaining contracts will result in retroactive pay increases (more than \$200 million for nurses alone). The City – stopped paying HHC’s collective bargaining expenses in 1994.

HHC’s Financial Plan

HHC’s financial plan assumes additional cost-containment and restructuring measures as well as a number of new State and Federal revenue initiatives that must be achieved. Even if those are achieved, there are risks to our existing revenue streams related to Federal budget reduction proposals.

New Annual Revenue Assumed

- 1) 1115 Waiver. New York State is in the process of negotiating a new Medicaid waiver with the Federal government. The State has been arguing that through the Medicaid Redesign efforts the Medicaid program will achieve a projected \$18 billion in Federal savings over 5 years. Accordingly, the State is asking the Federal government to reinvest \$10 billion to improve the effectiveness and efficiency of healthcare industry sectors through a variety of programs. The Public Hospitals Innovation program would create a five year grant for public hospitals to be awarded should those hospitals achieve appreciable improvement based on agreed upon performance targets. Targets relate to quality of care, access and efficiency. HHC’s financial plan assumes that it would **\$250 million per year.**
- 2) Metro Plus Enhancement. One of the supplemental Medicaid payments enacted in 2011 as part of the \$600 million package was a special payment to HHC’s managed care plan to be passed directly to HHC. It was originally budgeted at \$200 million per year. Due to changes in managed care rate setting methodologies, this payment has been reduced to \$89 million. HHC has hired its own actuary to work with the State to restore the lost funding. HHC’s financial plan assumes we would thus restore **\$111 million per year.**
- 3) Federally Qualified Health Center Designation (FQHC). HHC is seeking FQHC designation for its Diagnostic and Treatment Centers. All the system changes required have been completed and an application was submitted to HRSA earlier this

year. HHC's financial plan assumes this application will be approved with enhanced rates yielding **\$30 million per year.**

- 4) Medicare DSH reform. One element of the Affordable Care Act requires the redistribution of Medicare Disproportionate Share dollars to hospitals nationwide. The new formula uses a proxy for uncompensated care and distributes payments based on hospitals share of uncompensated care. HHC's financial plan assumes **\$77 million.**

Additional Risks

- 1) Loss of UPL dollars. HHC receives \$600 million per year in Upper Payment Level (UPL) supplemental Medicaid dollars. These dollars are intended to allow states to target high Medicaid hospitals for additional reimbursement by paying those hospitals the difference between their Medicaid fee for service payments and what those payments would have been under more generous Medicare reimbursement rules. As the State moves patients from Medicaid fee-for-service to managed care, the ability to make these payments diminishes dramatically. **Risk is loss of up to \$600 million.**
- 2) In the past several Federal budgets, the President has proposed a variety of cuts to Medicare and Medicaid including:
 - Cuts to Medical Education – **risk is up to \$15 million.**
 - Cuts to Hospital Outpatient Medicare Rates – **risk is up to \$ 20million.**
 - Provider Tax cuts.
 - Cuts to Medicare Bad Debts.

Health Care Reform Nationally and Its impact on HHC

As the Affordable Care Act (ACA) is implemented in New York State, there are opportunities and risks. While some HHC patients will obtain insurance through the subsidized exchange and the Medicaid expansion, there are aspects to the ACA implementation that will or may have a negative effect.

- 1) The ACA does not provide coverage subsidies for undocumented immigrants.
- 2) HHC currently prepares approximately 60,000 Medicaid Applications annually on behalf of its patients. Under the ACA most of those applications will go through a new process. Under the former process, HHC would submit applications to the New York City Human Resources Administration (HRA) and there has been an opportunity for HHC staff to work with at HRA to work through non-routine applications. The new process will go through a New York State contractor—Maximus and will be entirely automated. One major concern is that undocumented immigrants who now apply for emergency Medicaid through a paper process might be intimidated as their applications are run against Federal databases, including Homeland Security, to determine eligibility.

- 3) New York State's existing Family Health Plus (FHP) program offered coverage for the parents of children in households with income up to 150% of the Federal Poverty Level. Under the ACA, former FHP members with household incomes up to 138% of Federal Poverty will qualify for Medicaid. Those between 138% and 150% will be able to purchase insurance from a qualified health plan through the exchanges. New York State will pay the plans for those members expected premium contribution for one year only. There is uncertainty over HHC's ability to retain all of its FHP patients once they select plans on the exchange, most of which do not include HHC in their networks, as well as uncertainty over continued levels of enrolment once the State stops paying the premium contribution.

- 4) To fund the Medicaid expansion in the ACA Congress enacted deep cuts to Medicaid Disproportionate Share Hospital (DSH) Funding. DSH provides Medicaid matching dollars to States to make payments to hospitals that treat a disproportionate share of uninsured and Medicaid patients. DSH funding is the base that enables HHC to care for the uninsured and compensate for Medicaid under-payments. Because of the availability of Federal matching dollars the City has been able to leverage most of its subsidy to our system. (Apart from its match of federal dollars, direct City subsidies now account for less than 1 percent of HHC receipts). DSH dollars are made available through State legislation and current legislation provides that HHC shall receive the lesser of its maximum permitted under federal law or whatever is left in the State's allotment after all other purposes are satisfied. Without any change to State legislation, HHC will be the first to lose DSH funding as the Federal government cuts New York State's DSH allotment. Accordingly, HHC is at grave risk for deep DSH cuts. This is particularly disconcerting as HHC provides the lion share of the care in New York City for which these dollars are intended.

HHC has very serious fiscal challenges despite its successful cost containment and restructuring efforts in recent years. To sustain and manage adequate cash flow, HHC must achieve all the new revenues, must achieve additional cost reductions, and must avoid any new cuts in its Financial Plan. There are substantial dollars in the healthcare system in New York City which are controlled by New York State. Strong and sustained advocacy will be needed in Washington and Albany to achieve our aims of increased federal and state funding or New York City will need to be prepared to provide \$100s of millions in new subsidies or dramatically reduce services.

RESOLUTION

Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") to negotiate and execute requirements contracts with seven AE firms; ARRAY Arch., PC, Ewing Cole Architects, PC, Francis Cauffman, LLP, Hellmuth, Obata, Kassabaum, P.C. (HOK), MJCL Architects, LLP, Perkins Eastman Architects, PC, Stonehill & Taylor Architects, PC, to provide profession AE/MEP design services; seven MEP firms, Greenman-Pedersen Inc, Jacob Feinberg Katz & Michaeli Consulting Group (JFK & M), Kallen & Lemelson Consulting Engineers, LLP, LIZARDOS Engineering Associates, PC, Parsons Brinckerhoff, Inc., R.G. Vanderweil Engineers, LLP and WSP USA, Corporation to provide professional MEP design services; and four Local Law Inspection & AE firms, Superstructures Engineering + Architecture, PLLC, Desman Associates, Raman and Oundjian Eng. + Insp. Services, PC and Thornton Tomasetti to provide professional Local Law 11 inspection and filing services and AE services in connection with Local Law 11 compliance on an as-needed basis at various facilities throughout the Corporation. The contracts shall be for a term of one year with two (2) one-year options for renewal, solely exercisable by the Corporation, for a cumulative amount not to exceed \$15,000,000 for services provided by these consultants.

WHEREAS, the facilities of the Corporation may require professional AE/MEP design services and Local Law 11 inspection and filing services and professional AE design services in connection with Local Law 11 compliance; and

WHEREAS, the Corporation has determined that the needs of the Networks for these services can best be met by utilizing outside firms, on an as-needed basis, through a requirements contract; and

WHEREAS, the Corporation conducted a selection process for such professional services through a Request for Proposals (RFP), and determined that these consultants' proposals best met the Corporation's needs; and

WHEREAS, the overall monitoring of this Contract shall be under the direction of the Senior Assistant Vice President, Facilities Development.

NOW, THEREFORE, be it

RESOLVED, the President of the New York City Health and Hospitals Corporation (the "Corporation") be and hereby is authorized to negotiate and execute requirements contracts with seven AE firms; ARRAY Arch., PC, Ewing Cole Architects, PC, Francis Cauffman, LLP, Hellmuth, Obata, Kassabaum, P.C. (HOK), MJCL Architects, LLP, Perkins Eastman Architects, PC, Stonehill & Taylor Architects, PC, to provide profession AE/MEP design services; seven MEP firms, Greenman-Pedersen Inc, Jacob Feinberg Katz & Michaeli Consulting Group (JFK & M), Kallen & Lemelson Consulting Engineers, LLP, LIZARDOS Engineering Associates, PC, Parsons Brinckerhoff, Inc., R.G. Vanderweil Engineers, LLP and WSP USA, Corporation to provide professional MEP design services; and four Local Law Inspection & AE firms, Superstructures Engineering + Architecture, PLLC, Desman Associates, Raman and Oundjian Eng. + Insp. Services, PC and Thornton Tomasetti to provide professional Local Law 11 inspection and filing services and AE services in connection with Local Law 11 compliance on an as-needed basis at various facilities throughout the Corporation. The contracts shall be for a term of one year with two (2) one-year options for renewal, solely exercisable by the Corporation, for a cumulative amount not to exceed \$15,000,000 for services provided by these consultants.

RESOLUTION

Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") to negotiate and execute requirements contracts with three (3) Special Inspections & Material Testing firms; MT Group, HAKS and Universal Testing + Inspection to provide professional services on an as-needed basis at various facilities throughout the Corporation. The contracts shall be for a term of one year with two (2) one-year options for renewal, solely exercisable by the Corporation, for a cumulative amount not to exceed \$3,000,000 for services provided by these consultants.

WHEREAS, the facilities of the Corporation may require Special Inspections & Material Testing services; and

WHEREAS, the Corporation has determined that the needs of the Networks for these services can best be met by utilizing outside firms, on an as-needed basis, through a requirements contract; and

WHEREAS, the Corporation conducted a selection process for professional design services through a Request for Proposals (RFP), and determined that these consultants' proposals best met the Corporation's needs; and

WHEREAS, the overall monitoring of this Contract shall be under the direction of the Assistant Vice President, Facilities Development.

NOW, THEREFORE, be it

RESOLVED, the President of the New York City Health and Hospitals Corporation (the "Corporation") be and hereby is authorized to negotiate and execute requirements contracts with three (3) Special Inspections & Material Testing firms; MT Group, HAKS and Universal Testing + Inspection to provide professional services on an as-needed basis at various facilities throughout the Corporation. The contracts shall be for a term of one year with two (2) one-year options for renewal, solely exercisable by the Corporation, for a cumulative amount not to exceed \$3,000,000 for services provided by these consultants.

RESOLUTION

Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") to negotiate and execute a framework contract with LVI Demolition Services, Inc., to provide Emergency Response Services designed to support HHC in the event of an emergency or catastrophic occurrence that causes damage to the Corporation's facilities. The Emergency Preparedness and Recovery Contract will be for a term of three years with an option to renew for an additional two year period solely exercisable by the Corporation. Cost incurred due to an emergency responded to by this vendor shall be reported to the Board of Directors subsequent to the emergency preparedness and restoration.

WHEREAS, on October 29, 2012 Hurricane Sandy caused substantial damage to numerous HHC facilities, which required the evacuation of all patients and staff from Bellevue Hospital Center and Coney Island Hospital; and

WHEREAS, the Corporation wishes to assure that all necessary resources are available to provide Emergency Response Services to support the Corporation in the event of a Force Majeure or man-made emergency; and

WHEREAS, a Request for Proposals (RFP) was issued seeking the services of an Emergency Response Services firm expert in responding to catastrophic events such as Fires, Floods, Hurricanes, Biological or Hazardous Materials spill; and

WHEREAS, a selection committee using criteria specified in the RFP determined that LVI Demolition Services, Inc., is the highest rated of all proposers and will best meet the Corporations requirements; and

WHEREAS, the President of the Corporation shall be responsible for the overall management, monitoring and enforcement of the contract.

NOW, THEREFORE, BE IT RESOLVED, that the President of the New York City Health and Hospitals Corporation (the "Corporation") be and hereby is authorized to negotiate and execute a framework contract with LVI Demolition Services, Inc., to provide Emergency Response Services designed to support HHC in the event of an emergency or catastrophic occurrence that causes damage to the Corporation's facilities. The Emergency Preparedness and Recovery Contract will be for a term of three years with an option to renew for an additional two year period solely exercisable by the Corporation. Cost incurred due to an emergency responded to by this vendor shall be reported to the Board of Directors subsequent to the emergency preparedness and restoration.

RESOLUTION

Authorizing the President of the New York City Health and Hospitals Corporation to negotiate and execute contracts on behalf of HHC facilities with Betz Mitchell Associates, Inc., Jzanus LTD., MBI Associates Inc., MCS Claim Services, Inc., and NCO Financial Systems, Inc. for the collection of delinquent inpatient accounts each for a period of three years with an option to extend for up to two additional one-year terms solely exercisable by the Corporation

WHEREAS, optimizing collection of payments for inpatient services rendered to patients at its hospitals is essential for the Corporation to carry out its obligations; and

WHEREAS, the Corporation currently uses the services of five collection firms to assist in the collection of outstanding payments and continues to require the services of several collection firms; and

WHEREAS, the Corporation conducted a competitive selection process for collection services, using a Request for Proposals ("RFP") and, as a result of the Corporation's evaluation process determined which five agencies best meet the requirements of the Corporation and would be most advantageous to the Corporation; and

WHEREAS, the overall monitoring of this contract will be under the direction of the Senior Vice President, Finance and the Senior Assistant Vice President, Revenue Management

NOW, THEREFORE, be it:

RESOLVED, that the President of the New York City Health and Hospitals Corporation be and is hereby authorized to negotiate and execute contracts on behalf of HHC facilities with Betz Mitchell Associates, Inc., Jzanus LTD., MBI Associates Inc., MCS Claim Services, Inc., and NCO Financial Systems, Inc. for the collection of delinquent inpatient accounts. These contracts are for a period of three years with options to extend for up to two additional one-year terms solely exercisable by the Corporation.

RESOLUTION

Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") to negotiate and execute a contract with Simpler North America, LP ("Simpler") on a sole source basis in order to continue and expand the implementation of *Breakthrough* throughout the Corporation. Funding for this contract shall not exceed \$4,416,500 for the period from November 1, 2013 through October 31, 2014.

WHEREAS, in recognition of the breakthrough nature of improvements made using Lean techniques, in November, 2007, the Board authorized the Corporation to enter into a contract with Simpler for Lean consultation and training to launch *Breakthrough*, which contract was later amended with Board approval in October, 2010, for a total term of six years; and

WHEREAS, said contract with Simpler will expire on October 31, 2013; and

WHEREAS, Simpler has provided Lean consultation and training effectively and satisfactorily to staff at nineteen Corporation sites including Central Office, and the Corporation desires to strengthen the infrastructure toward increasing capacity to manage without Simpler and align with strategic goals including selected value streams and implement the Daily Management System at more HHC facilities and services; and

WHEREAS, the Corporation has realized \$28.47 million in cost savings and \$348.93 million in new revenues through over 1,300 Breakthrough improvement events, reaching 8,339 employees; and

WHEREAS, given the significant financial, efficiency and staff engagement benefits generated through Breakthrough activities, including an accumulated return on the value of the Simpler contract of greater than \$18.46 per dollar invested, and given the widespread support among clinical, financial and operational leadership across the Corporation toward a more deep and broad application of Breakthrough, the Corporation seeks to develop significant site-based and central expertise to maintain and continue to grow its Breakthrough capacity through training and consultation; and

WHEREAS, because the unique systems, tools and structure that Simpler has used to assist the Corporation in developing and implementing Breakthrough cannot be replicated by any other vendor, the Corporation wishes to contract with Simpler on a sole source basis for these services; and

WHEREAS, the overall management of this contract will be under the direction of the Senior Vice President for Organizational Innovation and Effectiveness.

NOW THEREFORE, BE IT

RESOLVED, that the President of the New York City Health and Hospitals Corporation be and hereby is authorized to negotiate and execute a contract with Simpler North America, LP on a sole source basis in order to continue and expand the implementation of *Breakthrough* throughout the Corporation. Funding for this contract shall not exceed \$4,416,500 for the period from November 1, 2013 through October 31, 2014.

RESOLUTION

Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") to negotiate and execute a management contract with Crothall Healthcare, Inc. ("Crothall"). Crothall will manage the Corporation's biomedical equipment services operations for each facility. The contract will be for a term of nine (9) years. The contract shall be for an amount not to exceed \$252,884,799 over the nine (9) year term of the contract.

WHEREAS, the Corporation, in FY 2012, spent approximately \$46 million to operate its biomedical equipment services operations; and

WHEREAS, given the projected financial position of the Corporation and the need to close a substantial deficit in the Corporation's budget, biomedical equipment services was a service that was reviewed and identified as a source of savings and cost avoidance in the Corporation's Restructuring Plan; and

WHEREAS, a Request for Proposal was issued on June 17, 2013 seeking to enter into a service and management contract with a biomedical equipment services company to manage the full extent of the Corporation's biomedical equipment services operations; and

WHEREAS, a selection committee reviewed and rated the submitted proposals using criteria specified in the Request for Proposal and gave Crothall the highest rating of any other proposer; and

WHEREAS, the Crothall proposal is estimated to save the Corporation \$168 million over the nine (9) years of the proposed contract; and

WHEREAS, the Corporation wishes to assign its biomedical equipment services managerial functions to Crothall, an entity whose core business is biomedical equipment services and management for the purpose of improving patient care, patient safety, and cost reductions; and

WHEREAS, the Executive Vice President/COO shall be responsible for monitoring and enforcing the contract terms and conditions.

NOW, THEREFORE, BE IT

RESOLVED, that the President of the New York City Health and Hospitals Corporation (the "Corporation") to negotiate and execute a management contract with Crothall Healthcare, Inc. ("Crothall"). Crothall will manage the Corporation's biomedical equipment services operations for each facility. The contract will be for a term of nine (9) years. The contract shall be for an amount not to exceed \$252,884,799 over the nine (9) year term of the contract.

RESOLUTION

Authorizing the President of the New York City Health and Hospitals Corporation (“the Corporation”) to negotiate and enter into a contract with Dyntek Services, Inc., McAfee’s authorized reseller and maintenance provider for security hardware, software licenses, related maintenance and professional services through a NYS Office of General Services (“NYS OGS”) contract, for a term of 2 years and 9 months, in an amount not-to-exceed \$11,360,499.

WHEREAS, the Corporation will be able to better protect its assets including electronic patient health information (ePHI) and raise the level of regulatory compliance including HIPAA; and

WHEREAS, the Corporation requires security solutions and services to safeguard mission critical business and clinical applications used for patient care and allow HHC to prevent and respond to security incidents in an efficient and cost effective manner; and

WHEREAS, the Corporation issued a Solicitation on August 30, 2013 to obtain responses from authorized vendors of McAfee products and services in accordance with the Corporation’s operating procedures for purposes of entering into a consolidated enterprise agreement to effectively and efficiently address the Corporation’s needs; and

WHEREAS, the NYS OGS contract prices for such services and maintenance are discounted from market price; and

WHEREAS, the accountable person for this procurement is the Senior Vice President/Corporate Chief Information Officer.

NOW, THEREFORE, BE IT:

RESOLVED, THAT the President of the New York City Health and Hospitals Corporation be and hereby is authorized to negotiate and enter into a contract with Dyntek Services, Inc., McAfee’s authorized reseller and maintenance provider for security hardware, software licenses, related maintenance and professional services through a NYS Office of General Services (“NYS OGS”) contract, for a term of 2 years and 9 months, in an amount not-to-exceed \$11,360,499.

RESOLUTION

Revising the resolution adopted September 27, 2012 that authorized the President of the New York City Health and Hospitals Corporation (the "Corporation") to execute a sublease agreement with Meals On Wheels of Staten Island, Inc. ("Meals On Wheels"), for the development and operation of a facility housing kitchen, office, and storage functions on the campus of Sea View Hospital Rehabilitation Center and Home (the "Facility") such that the area rented be increased from 65,340 square feet (approximately 1.5 acres) to 75,855 square feet (approximately 1.74 acres) including land for a 22,400-square-foot facility as had previously been authorized.

WHEREAS, on September 27, 2012 the Corporation's Board of Director adopted the attached resolution authorizing a sublease with Meals On Wheels in the form attached; and

WHEREAS, Meals on Wheels now realizes that it did not request from the Corporation enough space at the Facility to allow for all necessary parking, driveway and loading area; and

WHEREAS, Meals on Wheels wishes to correct its error by obtaining approval to sublease an additional 10,515 square feet; and

WHEREAS, a Public Hearing was held on January 18, 2012, in accordance with the requirements of the Corporation's Enabling Act at which the area to be subleased by Meals on Wheels was described as "approximately 2 acres;" and

WHEREAS, prior to lease execution, the proposed sublease is subject to the approval of the City Council and the Office of the Mayor as to the additional 10,515 square feet to be included.

NOW, THEREFORE, be it

RESOLVED, that the resolution adopted September 27, 2012 authorizing the President of the New York City Health and Hospitals Corporation to execute a sublease agreement with Meals On Wheels of Staten Island, Inc., for the development and operation of a facility housing kitchen, office, and storage functions on the campus of Sea View Hospital Rehabilitation Center and Home be revised such that the area rented be increased from 65,340 square feet (approximately 1.5 acres) to 75,855 square feet (approximately 1.74 acres) including land for a 22,400-square-foot facility as had previously been authorized.

RESOLUTION

Appointing George M. Proctor as a member of the Board of Directors of MetroPlus Health Plan, Inc., a public benefit corporation formed pursuant to Section 7385(20) of the Unconsolidated Laws of New York ("MetroPlus"), to serve in such capacity until his successor has been duly elected and qualified, or as otherwise provided in the Bylaws of MetroPlus.

WHEREAS, a resolution approved by the Board of Directors of the New York City Health and Hospitals Corporation ("HHC") on October 29, 1998, authorized the conversion of MetroPlus Health Plan from an operating division to a wholly owned subsidiary of HHC; and

WHEREAS, the Certificate of Incorporation designates HHC as the sole member of MetroPlus and has reserved HHC the sole power with respect to electing members of the Board of Directors of MetroPlus; and

WHEREAS, the Bylaws of MetroPlus authorize the President of HHC to select two directors of the MetroPlus Board subject to election by the Board of Directors of HHC; and

WHEREAS, the President of HHC has selected Mr. Proctor to serve as a member of the Board of Directors of MetroPlus; and

WHEREAS, the Board of Directors of MetroPlus has approved said nomination;

NOW, THEREFORE, be it

RESOLVED, that the HHC Board of Directors hereby appoint George Proctor to the MetroPlus Board of Directors to serve in such capacity until his successor has been duly elected and qualified, or as otherwise provided in its Bylaws.

RESOLUTION

Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") to seek trauma center designation for Bellevue Hospital Center, Elmhurst Hospital Center, Harlem Hospital Center, Jacobi Medical Center, Kings County Hospital Center and Lincoln Medical & Mental Health Center through the national trauma program of the American College of Surgeons.

WHEREAS, the Corporation has played a significant and needed role in the provision of trauma services in New York City; and

WHEREAS, Bellevue Hospital Center, Elmhurst Hospital Center, Harlem Hospital Center, Jacobi Medical Center, Kings County Hospital Center and Lincoln Medical & Mental Health Center have all been designated trauma centers by the New York State Department of Health; and

WHEREAS, in 2014 the American College of Surgeons will become the designating and verifying authority for trauma centers; and

WHEREAS, the Board of Directors of the New York City Health and Hospitals Corporation fully supports the provision of trauma services at the hospitals that are currently designated as trauma centers; and

NOW, THEREFORE, be it

RESOLVED, that the President of the New York City Health and Hospitals Corporation with the full support of the Board of Directors, be, and hereby is, authorized to pursue trauma center designation at Bellevue Hospital Center, Elmhurst Hospital Center, Harlem Hospital Center, Jacobi Medical Center, Kings County Hospital Center and Lincoln Medical & Mental Health Center through the national trauma program of the American College of Surgeons.

Executive Summary

Board of Directors Resolution on Trauma Center Designation
November 21st, 2013

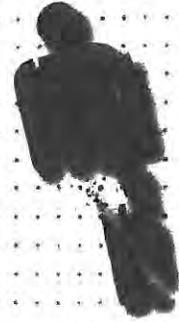
HHC has played a significant and needed role in the provision of trauma services in New York City, and has had trauma center designation at Bellevue, Elmhurst, Harlem, Jacobi, Kings County and Lincoln hospitals.

The New York state Department of Health has been the designating and verifying authority for those trauma centers until this year. From 2014, that function will be delegated by the state to the American College of Surgeons, through its national trauma program.

Given that the standards required to achieve trauma center designation with the American College of Surgeons may be different and more stringent, the College requires a preliminary formally structured site visit to help prepare the readiness of each site for the assessment process. These site visits are currently scheduled over the next few months.

The American College of Surgeons requires a formal board resolution indicating the support of the Board of Directors to pursue this process; hence the resolution before the Board today.

Hospital Organization and the Trauma Program



A decision by a hospital to become a trauma center requires the commitment of the institutional governing body and the medical staff (CD 5-1). The commitment and collaboration of these 2 bodies are necessary to facilitate the allocation of resources and the development of programs designed to improve the care of injured patients. The elements include the following: (1) hospital organization, (2) medical staff support, (3) the trauma program, (4) the trauma medical director, (5) the trauma resuscitation team, (6) the trauma program manager (TPM), (7) the trauma service, (8) the trauma registrar, and (9) the trauma performance improvement and patient safety program.

Hospital Organization

The administrative structure must support the trauma program. Written commitment by the hospital's governing body and the medical staff is necessary (Table 1). This support must be reaffirmed continually (every 3 years) and must be current at the time of verification (CD 5-2). Administrative support of the trauma program helps provide adequate resources for the optimal care of injured patients. The administrative representative works closely with the trauma medical director to establish and maintain the components of the trauma program. Participation of an administrator helps ensure that the written commitment to the trauma program is aligned with optimal multidisciplinary trauma care.

The administrative structure of the hospital should demonstrate institutional support and commitment and must include an administrator, medical director, and TPM. Sufficient authority of the trauma program to achieve all programmatic goals should be reflected in the organizational structure. Administrative support includes human resources, educational activities, and community outreach activities to enable community cooperation and a systematic approach to the care of injured patients (see Chapter 17, Outreach and

Education). Adequate funding of the trauma program is the direct responsibility of the institution.

Medical Staff Support

The medical staff commitment ensures that the members of the medical staff support the trauma program by their professional activities. This support includes a current written commitment acknowledging the medical staff's willingness to provide enough specialty care to support the optimal care of injured patients (Table 1). This support must be reaffirmed continually (every 3 years) and must be current at the time of verification (CD 5-3).

Table 1. Sample Commitment and Support Statements

Hospital Commitment

Resolved, that the XYZ Hospital Board of Directors (or other administrative governing authority) approves the establishment of a Level __ trauma center (or "applies for verification or reverification of a Level __ trauma center"). The Board commits to maintain the high standards needed to provide optimal care of all trauma patients.

Medical Staff Support

Resolved, that the Medical Staff or Executive Committee of XYZ Hospital (or other governing body of the medical staff) supports the establishment of a Level __ trauma center (or "supports verification or reverification of a Level __ trauma center"). This statement acknowledges the commitment to provide specialty care as required to support optimal care of trauma patients.

RESOLUTION

Authorizing the President of the New York City Health and Hospitals Corporation to execute contracts with **Katten Muchin Rosenman LLP; Moses & Singer, LLP; Garfunkel Wild, P.C.; Nixon Peabody LLP; and Epstein Becker & Green, P.C.** to provide specialized legal counsel and representation to the Corporation on such legal matters as may be requested by the Corporation. The retention shall be for a term of three years with two one-year options to renew. Fees shall not exceed \$465 per hour for partners and from \$245 to \$415 per hour for associates, depending on experience, and \$160 per hour for paralegals, with a five percent increase in the option years of the contracts.

WHEREAS, the Corporation relies on specialized legal counsel to represent the Corporation in matters related to health care and the operation of the Corporation including matters relating to billing and reimbursement, corporate restructuring efforts and business ventures, physician compensation arrangements, affiliation contract negotiation and compliance, clinical research, copyright and intellectual property, insurance, fraud and abuse, compliance investigations, taxation, labor and employment, ERISA, real estate, antitrust, managed care regulations and contracting, health information and information exchange, HIPAA, and other matters relevant to the provision of and payment for healthcare services; and

WHEREAS, in 2008, the Board of Directors authorized the retention of Katten Muchin Rosenman LLP and Moses & Singer LLP to prosecute the Corporation's rights and represent and advise it with respect to the legal matters listed above, which contracts are now expiring; and

WHEREAS, the Corporation has determined that having retainer agreements with additional firms will best serve the interests of the Corporation by ensuring access to the legal resources that are needed in all relevant areas and at all times; and

WHEREAS, through a Request for Proposals process for specialized legal counsel, a selection committee determined that the five firms listed in the resolution are best qualified to provide the specialized legal services required by the Corporation; and

WHEREAS, the five firms listed in the resolution have extensive resources, established records and reputations of excellence in this field and are thoroughly qualified to provide highly effective counsel to the Corporation; and

WHEREAS, the responsibility for monitoring this contract shall be vested with the Senior Vice President/General Counsel of the Corporation;

NOW, THEREFORE, be it

RESOLVED, that the President of the New York City Health and Hospitals Corporation be and hereby is authorized to execute contracts with **Katten Muchin Rosenman LLP; Moses & Singer, LLP; Garfunkel Wild, P.C.; Nixon Peabody LLP; and Epstein Becker & Green,**

P.C. to provide specialized legal counsel and representation to the Corporation on such legal matters as may be requested by the Corporation. The retention shall be for a term of three years with two one-year options to renew. Fees shall not exceed \$465 per hour for partners and from \$245 to \$415 per hour for associates, depending on experience, and \$160 per hour for paralegals, with a five percent increase in the option years of the contracts.

EXECUTIVE SUMMARY

Proposed Legal Retainers with Katten Muchin Rosenman LLP;
Moses & Singer, LLP; Garfunkel Wild, P.C.; Nixon Peabody LLP;
and Epstein Becker & Green, P.C.

The objective of the proposed retainer agreements with Katten Muchin Rosenman LLP; Moses & Singer, LLP; Garfunkel Wild, P.C.; Nixon Peabody LLP; and Epstein Becker & Green, P.C. is to provide the Corporation with access to expert knowledge, advice and representation in specialized areas of the law, including third-party reimbursement, corporate restructuring efforts, new corporate business ventures, new physician compensation arrangements, health care regulatory matters, affiliation contract negotiation and compliance and other matters including corporate, tax, labor, ERISA, real estate and antitrust issues. These firms have extensive expertise in these areas.

The legal issues relevant to the operation of the Corporation are vast, ever-growing and highly specialized and access to specialized legal services is required by the Corporation on an on-going basis. Previous contracts have been awarded to the law firms of Katten Muchin Rosenman LLP and Moses & Singer, LLP. This year, as the existing retainers were set to expire, the General Counsel has determined that having retainer agreements with additional firms will best serve the interests of the Corporation.

The five firms selected are extremely well-regarded in the health care community. They have reputations for high quality work and long-standing relationships with a variety of federal and state regulatory agencies with jurisdiction over Medicaid and Medicare programs as well as other statewide and federal health initiatives. They have experience in a broad range of regulatory and transactional issues faced by healthcare entities in New York and in structuring arrangements so as to comply with the Anti-Kickback statute and Stark Law. Their attorneys speak and publish nationally on many healthcare topics, including clinical research, healthcare compliance, health information and information exchange, particularly with respect to federal, state and local privacy and security laws. They have significant expertise in a wide variety of research issues and a thorough understanding of the laws that govern such research. They will be able to assist HHC in developing internal policies and negotiating legal documents pertaining to human subject research, and to advise on relevant transactional and regulatory matters and compliance with applicable laws and regulations.

Having five firms on retainer will ensure that we have access to the legal resources that we need in all relevant areas and at all times. We will be able to look to the strengths of a particular firm or attorney to suit our needs in a particular legal matter, and will be able to assign work in a manner that will ensure the most efficient and expert result.

CONTRACT FACT SHEET

New York City Health and Hospitals Corporation

Contract Title: Specialized Legal Services

Project Title & Number: DCN 2121

Project Location: HHC Central Office

Requesting Dept.: Office of Legal Affairs

Successful Respondents: Katten Muchin Rosenman; Moses & Singer; Epstein Becker & Green; Nixon Peabody; and Garfunkel Wild

Contract Amounts: Up to \$465 per hour for partners; \$245 to \$415 per hour for associates (depending on experience); and \$160 per hour for paraprofessionals, with 5% increase each option year.

Contract Terms: Three years with 2 1-year options to renew exercisable solely by HHC.

Number of Respondents: 13

(If Sole Source, explain in Background section)

Range of Proposals:

	PARTNERS	6+ YEARS EXP	3-6 YRS EXP	<3 YRS EXP	PARALEGALS
RANGE	\$200/hr – \$465/hr	\$175/hr – \$415/hr	\$175/hr – \$390/hr	\$175/hr - \$245/hr	\$85/hr – \$160/hr

Minority Business

Enterprise Invited: Yes

Funding Source: General Care

Method of Payment: Time and Rate

EEO Analysis: Pending

Compliance with HHC's McBride Principles? Certifications to be provided

Vendex Clearance Pending

(Required for contracts in the amount of \$100,000 or more awarded pursuant to an RFP, NA or as a Sole Source, or \$100,000 or more if awarded pursuant to an RFB.)

CONTRACT FACT SHEET(continued)

Background (include description and history of problem; previous attempts, if any, to solve it; and how this contract will solve it):

The objective of the proposed retainer agreements is to provide the Corporation with continued access to expert knowledge, advice and representation in certain specialized areas of the law, including third-party reimbursement, corporate restructuring efforts, new corporate business ventures, new physician compensation arrangements, health care regulatory matters, affiliation contract negotiation and compliance and other matters including corporate, tax, labor, ERISA, real estate and antitrust issues.

The Board of Directors initially agreed to retain KMR (then known as Rosenman & Colin) in 1976 to monitor a class action brought by voluntary hospitals against the State and Federal governments challenging insufficient Medicaid reimbursement. While those hospitals eventually agreed to a settlement of the action, HHC, on the advice of KMR, continued the litigation alone. Had HHC accepted the class settlement, it would have received approximately \$1.7 million. Instead, KMR, by negotiating separately with the State, obtained, in September 1980, a settlement of \$110 million, plus an additional \$7 million "trend factor" adjustment. The Board subsequently authorized KMR to continue representing HHC with respect to obtaining its lawful reimbursement.

HHC has continued to benefit from representation by KMR. HHC has recovered or saved in excess of \$1 billion over the years from administrative appeals and reimbursement litigations involving complex billing, coverage, eligibility and payment issues, and by defending HHC from a variety of threatened reimbursement recoupments and penalties. In addition, KMR's extensive experience in the general reimbursement and affiliation contracting arenas has resulted in millions of dollars in savings for HHC.

The legal issues relevant to the operation of the Corporation are vast, ever-growing and highly specialized and access to specialized legal services is required by the Corporation on an on-going basis. In 2008 the Corporation issued an RFP for these services and contract with Katten Muchin Rosenman as well and Moses & Singer. Moses and Singer had particular expertise in HIPAA and the legal matters related to clinical research. This year we conducted a new RFP and were pleased to receive proposals from several well-regarded health care firms. We have decided to contract with five firms so that have access to the legal resources that we need in all relevant areas and at all times.

CONTRACT FACT SHEET(continued)

Contract Review Committee

Was the proposed contract presented at the Contract Review Committee (CRC)? (include date):

The Contract Review Committee (CRC) reviewed and approved the issuance of a Request for Proposal (RFP) on its July 17, 2013 meeting.

The Contract is being presented for approval on October 23, 2013, 2013.

Has the proposed contract's scope of work, timetable, budget, contract deliverables or accountable person changed since presentation to the CRC? If so, please indicate how the proposed contract differs since presentation to the CRC:

No.

Selection Process *(attach list of selection committee members, list of firms responding to RFP or NA, list of firms considered, describe here the process used to select the proposed contractor, the selection criteria, and the justification for the selection):*

Selection Committee Members:

1. Barbara Keller, Deputy Counsel, OLA, Chair
2. Salvatore J. Russo, SVP and General Counsel
3. Nancy Doyle, AVP, Workforce Planning and Development
4. Nelson Conde, Senior Director, Professional Services and Affiliations
5. Nini Mar, Director, Corporate Reimbursement
6. Maxine Katz, Senior AVP, Revenue Management
7. Kathy Garramone, CFO, North Bronx Healthcare Network

List of firms responding to RFP:

- | | |
|------------------------------|------------------------|
| 1. Katten Muchin Rosenman | 8. Dilworth Paxson |
| 2. Moses & Singer | 9. Hodgson Russ |
| 3. Garfunkel Wild | 10. Catherine Patsos |
| 4. Nixon Peabody | 11. Sokoloff Stern |
| 5. Epstein Becker and Greene | 12. Pillsbury Winthrop |
| 6. Phillips Lytle | 13. LeClair Ryan |
| 7. Harris Beach | |

CONTRACT FACT SHEET (continued)

All of the firms were considered except for Pillsbury Winthrop and Harris Beach as these firms submitted cost proposals in excess of the amount specifically allowed by the RFP. The selection committee considered the reputation and references of the firms; the firms' organization, resources and experience in a number of health law related areas important to HHC; and the staffing and cost efficiency reflected in the firms' proposals. Using these criteria, the firms were scored by the members of the selection committee who met twice to discuss their evaluations. The firms selected were the five highest rated.

Scope of work and timetable:

The firms will provide specialized legal counsel on an as-needed basis throughout the terms of the agreements.

Provide a brief costs/benefits analysis of the services to be purchased.

The total amount of the work performed by the firms will be based upon use, with hours rates not exceeding \$465 per hour for partners; \$245 to \$415 per hour for associates (depending on experience); and \$160 per hour for paraprofessionals. The expertise of these firms make them excellent choices for providing cost-effective services and we anticipate that the services will result in savings for the Corporation. The rates are significantly lower than the rates charged by the firms to their private sector clients.

Provide a brief summary of historical expenditure(s) for this service, if applicable.

Katten Muchin Rosenman

FY11: \$6,780,580

FY12: \$7,197,877

FY13: \$7,262,402

Moses & Singer

FY11: \$880,478

FY12: \$836,322

FY13: \$1,256,628

CONTRACT FACT SHEET (continued)

Provide a brief summary as to why the work or services cannot be performed by the Corporation's staff.

Although internal Corporation staff from the Office of Legal Affairs (as well as Operations, Finance, and other divisions within HHC) work closely with outside counsel, the Corporation staff lacks the personnel, experience and the requisite highly specialized expertise, particularly in the areas of hospital finance and reimbursement. There are often situations in which HHC staff is prevented by potential conflicts of interest in addressing legal matters encountered by the Corporation. To the extent that HHC staff are capable of doing so, they perform all related factual, technical and legal work.

Will the contract produce artistic/creative/intellectual property? Who will own it? Will a copyright be obtained? Will it be marketable? Did the presence of such property and ownership thereof enter into contract price negotiations?

No.

Contract monitoring (include which Senior Vice President is responsible):

Salvatore J. Russo, Senior Vice President and General Counsel

Equal Employment Opportunity Analysis (include outreach efforts to MBE/WBE's, selection process, comparison of vendor/contractor EEO profile to EEO criteria. Indicate areas of under-representation and plan/timetable to address problem areas):

Received By E.E.O. _____
Date

Analysis Completed By E.E.O. _____
Date

Name

RESOLUTION

Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") to proceed with the procurement and installation of a second Linear Accelerator and to renovate the suite required to house this new unit at Kings County Hospital Center (the "Facility") in an amount not-to-exceed \$5,551,879.

WHEREAS, the Facility is a leading health care provider for radiation oncology services in the Central Brooklyn community; and

WHEREAS, the existing Linear Accelerator cannot accommodate the increasing patient volume for this service at the Facility; and

WHEREAS, the New York State Department of Health (NYSDOH) approved a Certificate of Need (CON) application on November 11, 2012, for the Facility to purchase a second Linear Accelerator and to complete the construction required for installation; and

WHEREAS, the Advisory Board Company recommends the purchase of a second Linear Accelerator to address the increasing need for this service within the Central Brooklyn community; and

WHEREAS, the Office of Management and Budget (OMB) has approved a capital expenditure authorization in the amount of \$5,551,879 in Mayoral and City Council funds to be used for the purchase of a second linear accelerator and related construction; and

WHEREAS, the proposed Linear Accelerator equipment will provide the capability to treat additional out-patients per year and accommodate current excess work load; and

WHEREAS, the revision to Operating Procedure 100-5 requires that capital projects with budgets of \$3 million or more shall receive approval of the Board of Directors; and

WHEREAS, the overall management of the construction and installation contracts will be under the direction of the Facility's Executive Director and Sr. Assistant Vice President – Facilities Development.

NOW THEREFORE, be it

RESOLVED, Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") to proceed with the procurement and installation of a second Linear Accelerator and to renovate the suite required to house this new unit at Kings County Hospital Center (the "Facility") in an amount not-to-exceed \$5,551,879.

EXECUTIVE SUMMARY
PROCURE AND INSTALL LINEAR ACCELERATOR AND RENOVATE SUITE
KINGS COUNTY HOSPITAL CENTER

OVERVIEW: Kings County Hospital Center's Radiation Oncology Department (ROD) currently provides radiation therapy services to the Central Brooklyn patient population and also receives referrals from Coney Island Hospital and Woodhull Medical and Mental Health Center. As one of the major radiation therapy providers of Central Brooklyn community and with a recently opened Cancer Care Center at the Facility, it is imperative that the Facility continue to provide precise and conformal radiation treatment modalities in a safe and expedited manner. The proposed new LINAC will be equip to meet these needs, adding new capabilities to the array of services provided at the Facility.

NEED: The Facility's ROD currently utilizes an 8-year old LINAC to provide 3D conformal radiotherapy and intensity modulated radiation therapy (IMRT) to eligible patients. In FY 2013, ROD treated 387 new patients, resulting in 9,121 treatment visits, not including consultations. The existing LINAC is operating near capacity by treating about 50 patients per day, at an average twelve (12) hour workday schedule. This overworked LINAC is experiencing some downtimes due to wear-and-tear issues and required scheduled and unscheduled maintenance, amounting to significant hours per year. According to the American Hospital Association's Estimated Useful Lives of Depreciable Hospital Assets, 2013 Edition, the estimated useful life of a LINAC is 7 years, though may continue to be utilized for as long as 10 to 15 years provided the LINAC functions properly with routine maintenance, and appropriate use and handling. Due the increasing demand by eligible patients to receive radiation therapy, the hindered functionality and utilization of the existing LINAC creates clinical and operational challenges due to backlogs and delays of patient care. Current capacity utilization is estimated to be approximately 120%, meaning patients must enter a wait queue or receive fewer fractions.

With the expected growth in utilization and volumes for IMRT treatment over the next several years, the addition of another LINAC will position the Facility to increase its market share. The new LINAC will equip ROD with the capability of treating more than 200 additional out-patients per year in addition to accommodate our current excess work load.

SCOPE: The scope of work includes the following:

- Renovating a space in the Radiation Oncology Department located in the "S" Building;
- Procure and install One (1) Varian, Trilogy Stereotactic System.

COST: \$5,551,879

FINANCING: New York City General Obligations Bonds (City Council - \$2,644,758; Mayoral - \$2,907,121)

SCHEDULE: Facility expects to complete by September 2014.



The City of New York
Office of Management and Budget
255 Greenwich Street □ New York, New York 10007

SEP 12 2013'

Record Number: 103056
Certificate Number: 58180
Capital Project: 819 29201240

HEALTH AND HOSPITALS CORPORATION

Mr. Alan D. Aviles, Esq., President, New York City Health and Hospitals Corporation
Hon. John C. Liu, Comptroller, City of New York
Hon. Christine C. Quinn, President, City Council
Mr. Alfonso Pistone, Assistant Vice President, Office of Facilities Development, NYCHHC

Section 219 of the New York City Charter and directives of the Mayor authorized thereunder require that prior to the initiation of design or advancement of any Capital Project, a scope defining services to be incorporated in contracts for the services of architects, engineers, landscape architects, etc., or for departmental employees and amounts for structures, works, furnishings and equipment, program of requirements and scope or range of operations shall be submitted for approval of the Director of Management and Budget or his duly authorized representative. Initially, preliminary scope approval and subsequently final scope approval incorporating preliminary plans and cost limitations shall be submitted for approval of the Director of Management and Budget or his duly authorized representative. In addition, the final design incorporating final contract documents must also be submitted for approval of the Director of Management and Budget or his duly authorized representative. Your request for approval pursuant to the above is approved as follows:

DESCRIPTION OF APPROVAL HEREBY GRANTED

Central Brooklyn Family Health Network
Purchase Linear Accelerator for Radiology Oncology and Renovate Suite at Kings County Hospital Center
Project ID: 819 29201240
HO-0398 & HO-D003

The Health and Hospitals Corporation is requesting a capital expenditure authorization in the amount of \$5,551,879 to purchase and install a second Linear Accelerator for Radiation Oncology and renovate the suite at Kings County Hospital Center.

This project will be financed using proceeds from the City's General Obligation Bonds in the amount of \$2,907,121 from Unit of Appropriation 335, Budget Line HO-0398, and a new Budget Code K509, and in the amount of \$2,644,758 from Unit of Appropriations D03, Budget Line HO-D003, and a new Budget Code DP96

Approved,

Sharita Alam,
Assistant Director

FY13 29201240 CP 58180

The Advisory Board Company

2445 M Street, NW Washington, DC 20037 Telephone: (202) 266-5600 FAX: (202) 266-5700

Mr. Dean Moskos
Director, Capital Budget
Office of Facilities Development
New York City Health and Hospitals Corporation
346 Broadway, 12 West
New York, NY 10013

October 10, 2013

Dear Mr. Moskos,

Please find below Technology Insights' assessment of and recommendation for the proposed purchase of the following capital equipment for Kings County Hospital Center.

One (1) Varian Trilogy Stereotactic System \$2,574,851.00

Kings County Hospital Center is requesting \$2,574,851 in capital funding to acquire the proposed linear accelerator (LINAC) from the vendor Varian. The proposed capital project has been included in the organization's capital plan, and the funding source for the proposed equipment acquisition is city capital funds through the City Council Budget line.

The proposed capital equipment investment includes both capital- and non-capital-eligible identified costs. Those costs identified as being non-capital-eligible, such as vendor-sponsored training and disposable items, must be funded through the Kings County Hospital Center's operating budget.

Project	Capital-Eligible Costs	Non-Capital-Eligible Costs
One (1) Varian, Trilogy Stereotactic System	\$2,537,401.00	\$37,450.00

I. Technology Insights' Recommendation

Based upon the strain on the current technology due to high volumes, along with the need for additional capacity to accommodate projected growth and potential for generating revenue by offering stereotactic radiosurgery for an underserved population, Technology Insights' *recommends* the purchase of the following capital equipment for Kings County Hospital Center:

One (1) Varian, Trilogy Stereotactic System Priority Level
High

Kings County Hospital Center currently utilizes a LINAC to provide 3D conformal radiotherapy (3D CRT) and intensity modulated radiotherapy (IMRT). The LINAC is currently operating near capacity by treating about 55 patients per day, with a 10.5 to 11 hour workday schedule on average. The burdened machine is experiencing downtimes during 8 to 10 percent of working days due to various reasons and requiring scheduled and un-scheduled maintenance, amounting to 100 hours per year; given the significant clinical, capacity, and operational challenges associated with the existing single LINAC it is necessary in the immediate term to reduce burden on the Kings County Hospital Center's workhorse LINAC.

As one of the major radiation therapy providers for Central Brooklyn community and with a recently opened Integrated Cancer Treatment Center, it is necessary for Kings County Hospital Center to provide precise and conformal radiation treatment modalities in a safe and expedited manner. The proposed LINAC is equipped to meet

these needs of the center, adding new capabilities to the array of services provided at Kings County Hospital Center such as image-guided radiotherapy, volumetric arc therapy, and stereotactic radiosurgery. Furthermore, the proposed investment may bolster the radiation oncology business by generating revenue from the existing pool of eligible patients within Kings County Hospital Center's catchment area, especially in the case of patients who were previously ineligible for invasive surgical procedure or deemed to gain marginal benefits from conventional radiotherapy. Accordingly, Technology Insights recommends the proposed investment in the second LINAC for Kings County Hospital Center.

II. Relation to Capital Plan

Kings County Hospital Center is requesting \$2,574,851 in capital funding to acquire the proposed linear accelerator (LINAC) from the vendor Varian. The proposed capital project has been included in the organization's capital plan, and the funding source for the proposed equipment acquisition is city capital funds through the City Council Budget line.

The proposed capital equipment investment includes both capital- and non-capital-eligible identified costs. Those costs identified as being non-capital-eligible, such as vendor-sponsored training and disposable items, must be funded through the Kings County Hospital Center's operating budget.

Project	Capital-Eligible Costs	Non-Capital-Eligible Costs
One (1) Varian, Trilogy Stereotactic System	\$2,537,401.00	\$37,450.00

III. Assessing the Investment(s)

One (1) Varian, Trilogy Stereotactic System – Kings County Hospital Center is requesting the purchase of the proposed technology to serve as the second LINAC at the Radiation Oncology Clinic, complementing the existing overburdened LINAC.

Kings County Hospital Center utilizes the existing LINAC, a seven-year old Elekta Synergy, to deliver 3D conformal radiotherapy (3D CRT) and intensity modulated radiation therapy (IMRT) to eligible patients. Kings County Hospital Center treated an average of 55 patients per day in 2012 on the existing LINAC within the Radiation Oncology Clinic. According to Kings County Hospital Center administrators, the burdened LINAC is experiencing periods of downtime of four to seven hours and sometimes up to 24 hours during eight to ten percent of working days. With about 55 patients a day expected to receive radiation therapy, the hindered functionality and utilization of the LINAC creates clinical and operational challenges due to backlogs and delays in patients care. Current capacity utilization is estimated to be approximately 120%, meaning patients must enter a wait queue or receive fewer fractions.

IMRT is increasingly considered to be a standard of care modality at progressive community hospitals. With expected growth in utilization and volumes for IMRT treatment over the next several years, the addition of another platform with IMRT capability would position Kings County Hospital Center to increase its market capture. Further, RapidArc, Varian's branded technology for volumetric-modulated arc therapy (VMAT), refers to the delivery of radiation in a continuous arc around the patient as opposed to across a finite number of gantry angles characteristic of traditional IMRT treatments. Dose rate, MLC shape, and gantry speed are modulated continuously throughout the treatment delivery arc. On the efficiency front, VMAT enables delivery of a dose in five minutes or less in most cases. In addition to increasing throughput and revenue potential, this shortened treatment time may also hold clinical benefits by reducing the amount of time patients are on the treatment table and are subject to movement that can disrupt treatment. On the clinical front with VMAT, the total dose is spread over an infinite number of delivery angles, which may help limit dose deposition to any one area of healthy tissue.

Additionally, stereotactic radiosurgery is increasingly considered to be a standard of care offering for progressive institutions. Stereotactic radiosurgery differs from conventional radiation therapy in that it involves incrementally more accurate delivery of the planned dose to the tumor in one to five treatment sessions, as opposed to across 30 to 40 fractions, which can afford higher tumor response and local control. Stereotactic radiosurgery allows for 3D

coordinate-based delivery of high intensity ionizing radiation to destroy malignant and benign intracranial tumors, and can also be used to treat a number of additional extracranial tumor sites. As a non-invasive approach, it eliminates the risk associated with surgical interventions while essentially achieving a surgical outcome. Numerous clinical studies indicate the opportunity to achieve superior tumor response and local control through placement of a high dose of radiation to the tumor with a minimal dose to surrounding tissues. This treatment modality is not currently offered within the array of radiation oncology services at Kings County Hospital Center. The new LINAC, along with immobilization equipment and treatment planning software (to be purchased separately) would add the capability to offer stereotactic radiosurgery and may provide improved clinical outcomes for a subset of the NYCHHC population which does not currently have access to stereotactic radiosurgery. Kings County Hospital Center would be able to market a more comprehensive radiation oncology service offering at the recently opened Cancer Center with the added capability. Additionally, providing stereotactic radiosurgery would likely generate revenue streams from patients previously deemed ineligible for surgery or 3D CRT. About 40 patients per year, or about 10% of current volumes, would benefit from VMAT, SRS, and SBRT capabilities.

Stereotactic radiosurgery's hypofractionation advantage (i.e., achieving the same or better results in much fewer fractions) is becoming increasingly important as health care shifts from volume to value. Fewer fractions means less physician and staff time as well as better convenience to patients since they need to attend fewer appointments. Furthermore, as cancer incidence is expected to increase with the aging of the U.S. population, capacity for cancer programs could be stretched. Hypofractionation greatly increases the operating capacity of radiation oncology centers, which will help KCHC better meet expected demand.

In sum, in light of the clinical, operational and financial benefits afforded by the proposed LINAC investment, Technology Insights recommends investment in the LINAC for Kings County Hospital Center.

Equipment Life Cycle Estimates

Kings County Hospital Center is currently requesting the purchase of one (1) Varian, Trilogy Stereotactic System to add capacity to the existing radiation therapy program and introduce additional treatment modalities at the Cancer Center through a marketable platform. Presently, Kings County Hospital Center utilizes an 8-year old LINAC that is operating near capacity and is experiencing some consequential wear-and-tear issues. Per the American Hospital Association's Estimated Useful Lives of Depreciable Hospital Assets, 2013 Edition, the estimated useful life of a LINAC is 7 years, though may continue to be utilized for as long as 10 to 15 years provided the LINAC functions properly with routine service, maintenance, and appropriate use and handling. The existing LINAC is aging, and the current degree of utilization of this system suggests the need to add additional LINAC capacity.

Vendor Selection Justification

External beam radiotherapy, including treatment modalities such as 3D CRT, IMRT, and VMAT, can be delivered via use of a linear accelerator. In addition, intra- and extracranial radiosurgery can be delivered via use of a linear accelerator or a dedicated radiosurgery platform, as well. The multifunctional LINAC provides the flexibility of performing conventionally fractionated RT (3D CRT/IMRT/IGRT) or hypo-fractionated RT (SRS/SBRT) in one system.

Clinical and administrative stakeholders at Kings County Hospital Center compared LINAC investment options between two vendors: Elekta and Varian, along with considering add-on stereotactic radiosurgery equipment to the existing or new LINAC. Ultimately, Varian emerged as the preferred vendor based on the stakeholders' assessment of clinical capabilities and anecdotes from other major users of Varian LINACs. Stakeholders prioritized acquiring a platform that is capable of providing conventional and advanced RT services with patient safety and marketing cachet of the platform in mind. Stakeholders felt that from past experience Varian products are more reliable and cutting edge compared to Elekta's. There was also significant reluctance in acquiring an add-on stereotactic radiosurgery solution for the LINAC due to quality control concerns from a physics standpoint. The Trilogy platform is viewed by Kings County Hospital Center stakeholders as a critical piece in marketing the array of advanced services offered at the recently opened Cancer Center.

NEW YORK
state department of
HEALTH

Nirav R. Shah, M.D., M.P.H.
Commissioner

Sue Kelly
Executive Deputy Commissioner

November 15, 2012

Ms. Hope Mason
Deputy Executive Director
Kings County Hospital Center
451 Clarkson Avenue
Brooklyn, New York 11203

Re: 112372 - C
Kings County Hospital Center
(Kings County)
Install a second linear accelerator with
requisite construction
(\$6,376,068)

Dear Ms. Mason:

Project ID 29201240

The Department of Health approves the above application in accordance with the administrative review provisions set forth in 10 NYCRR section 710.1(c)(3).

Approval of this application is subject to the enclosed contingency first being satisfied. Before beginning any aspect of this project, you must:

- Submit three (3) copies of documentation that address the contingency within sixty (60) days of receipt of this letter, to the

Bureau of Project Management
Division of Health Facility Planning
NYS Department of Health
Corning Tower, Room 1842
Empire State Plaza
Albany, New York 12237
(518) 402-0911

Failure to meet the 60-day deadline could result in the project being abandoned as set forth in 10 NYCRR section 710.10 (c)(1).

- Receive written approval from the Division of Health Facility Planning (DHFP) indicating satisfaction of the contingency.

In addition to the contingency, the Department approves this application with the enclosed condition(s).

You are responsible for ensuring that this project complies with all applicable statutes, codes, rules and regulations. Should violations be found when reviewing documents, or at the time of on-site inspections or surveys, you will be required to correct them. Additional costs incurred to address any violations will not be eligible for reimbursement without the prior approval of the Department. Also, in accordance with 10 NYCRR section 710.5, any change in the scope of this project requires prior approval from the Department and may require a new or amended application.

If you have additional questions or need further assistance, please contact the Bureau of Project Management at (518) 402-0911, New York State Department of Health, Division of Health Facility Planning, Corning Tower, Room 1842, Empire State Plaza, Albany, New York 12237.

Sincerely,



Karen Westervelt
Interim Deputy Commissioner
Office of Health Systems Management

Enclosure

RESOLUTION

Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") to execute a revocable license agreement with New York College of Podiatric Medicine ("NYCPM") for the use of forty parking spaces on a lot under the MetroNorth tracks between 122nd and 123rd Streets close to the Henry J. Carter Specialty Hospital and Nursing Center (the "Facility") between 3PM and 6AM daily at no cost to the Corporation in exchange for certain security to be provided by the Facility.

WHEREAS, the Facility will be opening on or about November 17, 2013; and

WHEREAS, the Facility shall require adequate parking to accommodate staff and visitors; and

WHEREAS, the Facility licenses from City of New York's Department of Citywide Administrative Services ("DCAS") two lots underneath the viaduct supporting the MetroNorth tracks, one between 120th and 121st Streets and another between 121st and 122nd Streets, each of which affords forty parking places; and

WHEREAS, forty parking spaces are available to the Facility at Metropolitan Hospital Center; and

WHEREAS, the two lots and the Metropolitan Hospital parking does not provide enough parking to accommodate the Facility's staff and visitors during several hours each day when Facility work shifts overlap; and

WHEREAS, the Corporation has the opportunity to license from DCAS a third lot underneath the viaduct supporting the MetroNorth tracks between 119th and 120th Streets that can hold forty cars but such lot will not be available for several months; and

WHEREAS, NYCPM controls another DCAS lot under the MetroNorth tracks between 122nd and 123rd Streets that also holds about forty parking spaces and NYCPM is willing to allow the Facility's employees to use the forty parking spaces in exchange for certain security services and enhancements.

NOW, THEREFORE, be it

RESOLVED, that the President of the New York City Health and Hospitals Corporation be and hereby is authorized to execute a revocable license agreement with New York College of Podiatric Medicine for the use of forty parking spaces on a lot under the MetroNorth tracks between 122nd and 123rd Streets close to the Henry J. Carter Specialty Hospital and Nursing Center (the "Facility") between 3PM and 6AM daily at no cost to the Corporation in exchange for certain security to be provided by the Facility.

EXECUTIVE SUMMARY

LICENSE AGREEMENT

NEW YORK COLLEGE OF PODIATRIC MEDICINE

The President of the New York City Health and Hospitals Corporation seeks authorization by the Board of Directors of the Corporation to execute a revocable license agreement with New York College of Podiatric Medicine ("NYCPM") for the use of forty parking spaces on a parcel of land located between 122nd and 123rd Streets under the viaduct supporting the MetroNorth tracks and close to Henry J Cater Specialty Hospital and Nursing Center's (the "Facility").

The Corporation will use two parcels of land already licensed to Corporation by the New York City Department of Citywide Administrative Services ("DCAS"): one between 120th and 121st Streets and another between 121st and 122nd Streets, each of which affords forty parking places. The Corporation intends to license a third parcel from DCAS underneath the MetroNorth tracks between 119th and 120th Streets in early 2014 that will provide another forty spaces. Until such third lot becomes available, the Corporation will both utilize parking on the campus of Metropolitan Hospital Center on East 99th Street and also proposes to license from NYCPM the use of forty parking spaces between 3pm and 6am daily, located between 122nd and 123rd Streets under the MetroNorth tracks (the "Licensed Space"). This additional license will bolster the Facility's parking resources during 3:00 PM and 6:00 PM when parking demand is the greatest due to the timing of shift changes at the Facility. In lieu of an occupancy fee, NYCPM will benefit from presence of the parking lot concessionaire who will service the Facility's parking needs. Currently, during the evening NYCPM staff often must wait for a NYCPM staff member to come from within the NYCPM building to open the lot so a car can be retrieved. Instead, the proposal is for the Facility's parking concessionaire will be at the lot and able to give NYCPM staff ready access to their cars. Additionally, HJC's Hospital Police Personnel will add the NYCPM Licensed Space to their daily security rounds. These two security enhancements are accepted as fair and adequate compensation for the partial use of the NYCPM lot to be provided.

The license shall not exceed five years without further authorization from the Board of Directors of the Corporation and shall be revocable by either party upon thirty days' notice.

RESOLUTION

Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") or the President of MetroPlus Health Plan, Inc. ("MetroPlus") to execute a lease between either the Corporation or MetroPlus and 1776 Eastchester Operating LLC for approximately 17,414 square feet of space located on the second floor at 1776 Eastchester Road Borough of the Bronx to house the disaster recovery facilities of MetroPlus for a term of ten years with a five year option at a base rent of \$34.50 which shall increase at 6% every other year over the lease term and which shall include the cost of building out the space to the building standard but that will leave to the Corporation or MetroPlus a cost of approximately \$2.1M for the installation of furniture and IT equipment, supplemental HVAC and an emergency generator.

WHEREAS, MetroPlus, a subsidiary corporation of the Corporation, maintains a Business Resumption Plan which coordinates the response and recovery of its mission critical business processes and IT infrastructure should a disaster render any of the space occupied by MetroPlus unusable; and

WHEREAS, MetroPlus currently has a contract with Sunguard for disaster recovery services including a back-up data center and seating for staff; and

WHEREAS, in the aftermath of Hurricane Sandy, Metroplus used Sunguard facilities to seat up to 280 of its staff, and its experience with this arrangement led it to conclude that the allotted number of seats was inadequate and additional seats needed to be secured in advance of a disaster and dedicated exclusively to MetroPlus use; and

WHEREAS, MetroPlus considered several approaches to improving its Business Resumption Plan capability including use of existing Corporation facilities, contracting with Sunguard for additional seats to be reserved in advance, and leasing space for dedicated disaster recovery use; and

WHEREAS, leasing space for dedicated disaster recovery use, which may also function as training and conference space was deemed the most cost effective means of meeting the requirements of the Disaster Recovery Plan; and

NOW, THEREFORE, be it

RESOLVED, that the President of the New York City Health and Hospitals Corporation (the "Corporation") or the President of MetroPlus Health Plan, Inc. ("MetroPlus") be and they hereby are authorized to execute a lease between either the Corporation or MetroPlus and 1776 Eastchester Operating LLC for approximately 17,414 square feet of space located on the second floor at 1776 Eastchester Road Borough of the Bronx to house the disaster recovery facilities of MetroPlus Health Plan, Inc. for a term of ten years with a five year option at a base rent of \$34.50/sq. ft. which shall increase at 6% every other year over the lease term and which shall include the cost of building out the space to the building standard but that will leave to the Corporation a cost of approximately \$2.1M for the installation of furniture and IT equipment, supplemental HVAC and an emergency generator.

EXECUTIVE SUMMARY

LEASE AGREEMENT 1776 EASTCHESTER ROAD OPERATING LLC METROPLUS

OVERVIEW: The President of the Corporation and the President of MetroPlus each seek authorization from the Board of Directors to execute a lease with 1776 Eastchester Operating LLC (the "Landlord") for space at 1776 Eastchester Road, Borough of the Bronx, to house the disaster recovery facilities of MetroPlus Health Plan, Inc. ("MetroPlus"). The lease may be with either the Corporation or MetroPlus as Tenant.

**NEED/
PROGRAM:** MetroPlus, a subsidiary corporation of the New York City Health and Hospitals Corporation, maintains a Business Resumption Plan which coordinates the response and recovery of its mission critical business processes and IT infrastructure should a disaster render any of the space occupied by MetroPlus unusable. MetroPlus currently has a contract with Sunguard for disaster recovery services including a back-up data center and seating for staff. In the aftermath of Hurricane Sandy, Metroplus used Sunguard facilities to seat up to 280 of its staff, and its experience with this arrangement led it to conclude that the allotted number of seats was inadequate and additional seats needed to be secured in advance of a disaster and dedicated exclusively for MetroPlus use. MetroPlus considered several approaches to improving its Business Resumption Plan capability including using existing Corporation facilities, contracting with Sunguard for additional seats to be reserved in advance, and leasing space for dedicated disaster recovery use. Leasing space for dedicated disaster recovery use, which may also function training and conference space was deemed to be the most cost effective means of meeting the requirements of the Disaster Recovery Plan.

The space that will serve as MetroPlus' disaster recovery site is located in the Bronx, on the 42-acre Hutchinson Metro Center campus. The campus is located off the Hutchinson River Parkway in the Pelham Bay section of the Bronx and is accessible via mass transit and major highways.

TERMS: The Corporation will have use and occupancy of approximately 17,414 square feet of space located on the second floor at 1776 Eastchester Road (the "Demised Premises"). The term of the lease will be ten years. The base rent shall be \$34.50 per square foot, or approximately \$600,783 per year. The rent will be escalated by 6% every other year. The rent will commence upon substantial completion of the Landlord's base building and tenant installation work

The Landlord will supply to the Demised Premises hot and cold water, heating, ventilation and air conditioning. The Landlord will be responsible for building

maintenance and structural repairs, including the roof, utility supply lines, and common areas including curbs and sidewalks.

The electricity provided to the Demised Premises will be supplied directly by the public utility. The Tenant will be entitled to benefit from a discounted electrical rate made available through the New York State Power Authority. The Landlord, at its own expense, will install the power lines and meter. Gas consumption will also be separately metered.

The base rent will be inclusive of water and sewer charges. The Corporation will pay its proportionate share of real estate tax increases above the base year 2014/2015. The Corporation shall also pay its proportionate share of operating expense increases above the 2014 base year.

The Landlord will deliver the Demised Premises complete with building standard materials and finishes in accordance with the Landlord's building standard work letter which includes the installation of partitions, closets, doors, ceilings, electrical lighting, electrical outlets, electrical switches, flooring, interior finishes, heating and air conditioning, windows and sprinklers. The expense associated with the acquisition and installation of furniture and IT equipment will be the responsibility of the Tenant and is estimated to cost approximately \$2.1M.

SUMMARY OF ECONOMIC TERMS

SITE:	1776 Eastchester Road Borough of the Bronx
LANDLORD:	1776 Eastchester Operating LLC
TENANT:	Either HHC or MetroPlus
TERM:	Ten years with a five year tenant's option
RENT:	\$34.50 per square foot escalated at 6% every other year
MAINTENANCE:	The Landlord will be responsible for building maintenance and structural repairs, including the roof, utility supply lines, and common areas including curbs and sidewalks.
UTILITIES:	The Landlord will supply hot and cold water. The Landlord will install and HVAC system but the Tenant will operate the system. The Tenant will also install a supplemental HVAC system to meet additional needs when the space is full. The electricity provided will be directly metered by the public utility. HHC will benefit from a discounted electrical rate made available through the New York State Power Authority. Gas consumption will also be separately metered. The base rent will be inclusive of water and sewer charges.
REAL ESTATE TAXES:	The Tenant will pay its proportionate share of real estate tax increases above the base year 2014/2015.
OPERATING EXPENSES:	The Tenant will pay its proportionate share of operating expense increases above the 2014 base year.
CONSTRUCTION:	The Landlord will deliver the premises complete with building standard materials and finishes in accordance with the Landlord's building standard including the installation of partitions, closets, doors, ceilings, electrical lighting, electrical outlets, electrical switches, flooring, interior finishes, heating and air conditioning, windows and sprinklers. The expense associated with the acquisition and installation of furniture, IT equipment supplemental HVAC and an emergency generator will be the Tenant's responsibility and is estimated to cost about \$2.1M.
ADDITIONAL POSSIBLE USES:	MetroPlus may additionally use the rented space as a conference and meeting facility.

SAVITT PARTNERS

November 1, 2013

Dion Wilson
Jeremy Berman
Office of Facilities Development Real Estate
NYC Health and Hospitals Corporation
346 Broadway, 12 West
New York, NY 10013

Re: Appraisal for a proposed MetroPlus Health Plan office at the proposed Metro Center Atrium (MCA) to be located at 1776 Eastchester Road, Bronx, NY.

Dear Dion and Jeremy,

Pursuant to your request, on Friday, October 25 2013, I visited the referenced area to view the building and tenant's use therein and to canvass and establish the fair market value (FMV) rent for the proposed unit, based on the information that you provided to me and knowledge of the area's rental value. The evaluation is subject to the following assumptions:

- The proposed building will be a multi-tenanted medical, medical related and office facility attached to a hotel.
- The square footage of the unit is approximately 15,000 gross (net rentable) RSF
- General medical and office space in the surrounding community leases at a rent of approximately \$35 per square foot on average.
- The proposed unit will be built and financed by the designated owner/developer.
- The MetroPlus Health Plan is slated to occupy a portion of the 2nd floor

MCA is located off of Eastchester Road near the Hutchinson River Parkway and is readily accessible by car and by public bus routes running along Eastchester Road. These bus routes terminate at the Bruckner Bus Depot and the #6 subway line. There is ample parking at the site and surface parking is limited.

The size of the space should be adequate for general office purposes as well as for large group meetings. I am not privy to the density use but the program directors have determined that the units' size and layout will satisfy those needs. The unit will take advantage of the efficiencies of the building's electric, common areas, cleaning services, IT infrastructure and telephone services brought into the building for tenant distribution. A traditional office space generally suffers a loss factor of 33% or greater on a multi-tenanted floor. The Landlord here is charging a 29% loss but has agreed to reduce that to 22% for the tenant, MetroPlus Health Plan.

Office space in a medical, medical related and office facility like the proposed MCA building typically is in or competes with retail and commercial space in residential buildings. Rents range from approximately \$20/RSF - \$35/RSF. The low end spectrum of the market should typically be in the older, un-renovated or minimally renovated offices or residential buildings. They would typically have been converted into small spaces found on the ground floor of residential buildings and would not provide full building services. Such offices would generally be found on both avenue and side street locations. However, the size of the unit being evaluated for this report is typically not found in these buildings due to size limitations and use. The high end spectrum of the market would be in the larger and recently renovated buildings providing more services or in new construction where developers are seeking larger block uses. These spaces are more limited in this location.

The Landlord has proposed a base rent of \$34.50/sf. To that base rent, you would typically add in approximately \$3.50/sf for utility services and \$2.25/sf for cleaning services. The Landlord will provide a gross lease and will build the space to tenant's specifications. In addition, the landlord will maintain building systems on the tenant's behalf. Cleaning as described above will be provided by landlord and no additional cost. Electric will be provided by a landlord installed submeter and tenant will pay by its consumption. Electric for air conditioning will be off of tenant's meter.

Tenant is eligible to participate in the NYPA electric service program for electricity cost abatement. To participate, Tenant must segregate its service to the premises with power consumption read by a separate and dedicated meter. It will require a separate electric service line from the electric source in either the building feed or the street and then to a separate meter from the public utility. This will not be provided by landlord but the tenant can add this service at its own cost and expense during the term of the lease if it so chooses and will be eligible thereafter to participate in the NYPA program.

Landlord has indicated that it is eligible and will participate in the ICAP program. Landlord also indicates that the property's assessed value will remain flat for 16 years. Accordingly, it would be important that the base tax year in the lease is the same as the tax year in which the tenant begins to pay rent. It would also be important that the base year in the lease indicates the fully assessed value and not a discount or phase-in rate. Assuming that under this program taxes will not increase until year 17 and based on the fully assessed value of the property, Tenant should have no tax payment or obligation under the initial lease term and the 5 year renewal option being proposed.

The landlord has agreed to a 6% escalation every other year. This benefits the tenant in that escalations of base rents are calculated on a compounding basis, which results in a savings of approximately \$100,000.00 over the initial lease term. There is a 5 year option to renew, so this savings could be even greater. In addition to base rent, the tenant will be responsible for their proportional share of building operating expenses. This amount is determined by the square footage occupied by the tenant and is a typical building cost.

The tenant will be given the opportunity to install a backup generator at its own cost and expense in a common area to be determined by the landlord. This will serve as a disaster recovery location should the need for one arise. Backup generator installation is often not an option due to space constraints in most buildings and is therefore a strong feature option for a tenant.

The site features ample on-site parking for employees, staff and visitors. The tenant will receive 30 spaces free of charge (2 spaces for every 1,000sf occupied). This is a cost savings that can either be passed along to employees or clients. In addition, tenants can typically negotiate a discount off of paid visitor (transient) parking and should attempt to do so.

Based on the structure of the lease proposal, an understanding of the market, area comparables, and the landlord's favorable view of the tenant and their use, a proposed rent of \$34.50/sf is appropriate, if not slightly below market conditions for this space and location.

In the event I can be of any further assistance to you, please do not hesitate to call me.

Very truly yours,



Michael Dubin
Partner
Savitt Partners LLC

COMPARABLES

Address	SF	Rent/\$SF	Escalations (%)	Lease Term (yrs)	Notes
Hutchinson Metro Center	17,000	\$39.00	3.0%	15	\$25/sf workletter
Hutchinson Metro Center	3,000	\$32.50	3.0%	10	Building standard build out w/ tenant contribution of approx \$100k for
Hutchinson Metro Center	3,000	\$32.50	3.0%	10	Building standard build out
Hutchinson Metro Center	16,100	\$34.00	3.0%	10	
Hutchinson Metro Center	4,646	\$34.00	3.0%	10	
Hutchinson Metro Center	4,898	\$34.50	3.0%	10	
3250-3270 Westchester Av	10,000 now; +7,000 in 1y.	\$35.00	3.0%	10	Landlord will build. 77,000sf complex w/ onsite parking. Located at the end of the #6 subway line/ Bruckner Bus Depot location.
524 East 180 th Street	4,000-8,000	\$25.00- \$30.00			
4256 Bronx Boulevard	1,500-9,000	\$30.00			
2510 Westchester Av	1,500-10,000	\$28.00- \$30.00			

Lease Agreement

1776 Eastchester Operating, LLC
1776 Eastchester Road

