

FINANCE COMMITTEE AGENDA

Date: July 19, 2018
Time: 10:00 am
Location: 125 Worth Street, Board Room

Call to Order

Bernard Rosen

Adoption of the May 22, 2018 Minutes

I. Senior Vice President's Report

John Ulberg

II. Financial Reports Status

- Key Indicators
- Cash Receipts and Disbursements

Krista Olson
Michline Farag

III. Action Items

Authorizing New York City Health and Hospitals Corporation (the "System") to execute an agreement with Compass Group USA doing business as Canteen ("Canteen") to provide vending services for the System's acute care, post-acute care and corporate facilities with an initial term of five years and two five-year options to renew solely exercisable by the System. Canteen will pay the System a signing bonus of \$250,000 and a commission of 30.8% on annual sales up to \$3,999,999 and commission of 40% on annual sales in excess of \$4,000,000.

Paul Albertson,
Mercedes Redwood

Authorizing the New York City Health and Hospitals Corporation (the "System") to execute an agreement with Accuity Delivery Systems ("Accuity") to provide medical coding optimization services for the System's acute care facilities over a term of approximately two years to expire with the conclusion of FY 2020 with total amount not to exceed \$25,364,000.

Bob Melican,
Patricia Castro

Old Business
New Business
Adjournment

Bernard Rosen

MINUTES

Finance Committee

Meeting Date: May 22, 2018

Board of Directors

The meeting of the Finance Committee of the Board of Directors was held on May 22, 2018 in the 5th floor Board Room with Bernard Rosen presiding as Chairperson.

ATTENDEES

COMMITTEE MEMBERS

Bernard Rosen
Gordon Campbell
Dr. Mitchell Katz
Barbara Lowe
Helen Arteaga Landaverde

OTHER MEMBER

Josephine Bolus

OTHER ATTENDEES

C. Chen, OMB
T. Cosgrave, Cerner
J. DeGeorge, Office of the State Comptroller
L. Garvey, Cerner
F. Leonard, OMB
J. Merrill, City Council Finance

HHC STAFF

P.V. Anantharam, Senior Vice President/CFO, Corporate Finance
P. Albertson, Vice President, Supply Chain
E. Barlis, CFO, Jacobi/NCB
F. Covino, Senior Assistant Vice President, Corporate Budget
D. Daley, Associate Director, Lincoln
L. Dehart, Assistant Vice President, Corporate Reimbursement Services
M. Farag, Corporate Budget Director, Corporate Budget
M. Figueroa, CFO, Harlem
R. Fischer, CFO, Bellevue
B. Foley, Senior Vice President, Acute Care
D. Guzman, CFO, Elmhurst
C. Hercules, Chief of Staff, Chairperson's Office
A. Marengo, Senior Vice President, Communications/Marketing
K. Mendez, Senior Vice President/Chief Nursing Officer, Central Office
K. Olson, Assistant Vice President, Corporate Budget

- A. Pai, Chief of Staff to the SVP Finance/CFO
- C. Pina, OIA
- B. Roberts, AVP, Government/Community Relations
- K. Park, CFO, Coney Island
- A. Saul, CFO, Kings County
- E. Soiman, CFO, Woodhull
- J. Weinman, Corporate Comptroller, Corporate Finance
- D. Wilson, OIA
- R. Zhu, Senior Associate Director, Metropolitan

CALL TO ORDER**BERNARD ROSEN**

Mr. Bernard Rosen called the meeting to order at 2:03 pm. The minutes of the March 14, 2018 meeting were approved as submitted.

SENIOR VICE PRESIDENT'S REPORT**P.V. ANANTHARAM**

Mr. PV Anantharam began his report noting that at the end of April, the cash balance was above \$650 million. In May, a pension payment was made, bringing Health + Hospitals up-to-date on its pension payments through April 2018. The estimated cash at year end is projected to be about \$250 million. In terms of supplemental payments, \$2 billion of the \$3 billion that was to be received has been received. Over the next month, pending issues will hopefully be resolved between Health + Hospitals, the City, and the State to allow remaining payments to flow. Utilization trends are doing a little better, but are still declining at a slower pace. Significant progress continues to be made on revenue collection efforts due to the tremendous efforts of the facility CFOs in implementing the revenue cycle initiatives. Patient care revenue is \$150 million greater than last year through March, even with lower utilization. Headcount is holding steady at 44,450 full time employees, and those numbers may increase as hiring of clinical staff continues to be a focus. Mr. Anantharam asked Ms. Linda Dehart to provide a brief update on the short-term capital borrowing program. Ms. Dehart noted that since the last report to the Committee in January, there has been no new borrowing under the Board authorized Short-Term Capital Financing program. The January report highlighted the closure on a \$60 million loan agreement with Citibank in November 2017, of which \$30 million was borrowed at closing. There has been no new borrowing activity under this program since then. Projected spending against both the \$30 million Citibank loan and the previously borrowed \$60 million JP Morgan loan has been completed. More detail will be discussed at the Capital Corporation semi-annual meeting. With no further questions, the report was concluded.

KEY INDICATORS REPORT**KRISTA OLSON**

Ms. Krista Olson began the utilization report reporting through March 2018. Starting with acute care hospitals, ambulatory care visits are down by 1.5% against last year, compared to 2.4% from the March meeting. Acute Inpatient discharges are down by 2.3%, consistent with the last report. The average length of stay is a half-day greater at Health + Hospitals overall, compared to the city-wide average, when adjusting for case mix. Case mix index is up by 2.6%

Ambulatory care visits continue to decline, down by 6.1 compared to this time last year, which is a slightly lower rate of decline than the previous report. As previously discussed, there are a number of efforts to recruit and hire staff. Long-term care days are down by 2.3% compared with last year, primarily at Coler and Henry J. Carter. For Carter, the decline is in LTAC services. Mr. Gordon Campbell asked about Cumberland's increase. Ms. Olson noted that hiring providers contributed to that, and sometimes hiring one or two providers can make a difference. Dr. Mitchell Katz noted if a doctor leaves or goes on vacation that may contribute to swings in numbers for clinics. Ms. Barbara Lowe noted that things were looking good in terms of stabilizing, and that there should be a continued focus on acute care and primary care facilities in understanding the numbers. With no further questions, the report was concluded.

CASH RECEIPTS & DISBURSEMENTS REPORT

MICHLINE FARAG

Ms. Michline Farag began her reporting on global full-time equivalents (GFTEs). For Global FTEs, Health + Hospitals is down 962 GFTEs since the start of FY18 through March. This is a total decline of 4,957 since the implementation of FTE controls in November 2015. For FY18 through March Budget numbers, receipts came in \$87.3 million better than budgeted, and disbursements are \$12.9 million better than projected.

Ms. Farag continued her report discussing the comparison of FY18 actuals to FY17 actuals through March. For direct patient care receipts, Health + Hospitals is doing better through March compared to last fiscal year. Inpatient receipts are up \$154 million, and outpatient receipts are \$48.3 million higher. Overall receipts in FY18 through March are \$388 million lower than last year. This is due to pools timing. Last fiscal year, Health + Hospitals received \$217.6 million more through March due to a large MetroPlus payment. Mr. Fred Covino noted that pools payments would be coming before the end of the fiscal year, and that Health + Hospitals will have higher risk pool revenue than last fiscal year, including DSH funds. Mr. Campbell asked if these improvements are due to Health + Hospitals efforts, and Mr. Anantharam noted that the patient care receipts of \$154 million was due to the facility revenue cycle efforts. Mr. Fred Covino added that the receipts increased from the prior year even with the declining volume highlighted by Ms. Olson.

In terms of total cash disbursements, Health + Hospitals is \$266.8 million higher than last fiscal year partly due to a payment made to the City in the first quarter of FY18 for FY17 obligations as we all as \$291 million higher in fringe retiree health and pension payments made in FY18. Ms. Farag continued her report for FY18 through March actual receipts and disbursements against budget. Receipts are \$87 million better than budgeted, the majority of which is in patient care receipts - \$64.7 million better in patient care receipts. For cash disbursements, Health + Hospitals is on target at \$12.9 million less than budgeted. With no further questions, the report was concluded.

PAYOR MIX REPORT

KRISTA OLSON

Ms. Olson reported on payor mix data through the third quarter of FY18. All three payor mix reports – Inpatient Discharges, Adult Outpatient Visits and Pediatric Outpatient Visits - continue to show declines in uninsured when compared to the prior year. For inpatient in FY18, it was 4.5% compared to 5.1% in FY17. Mr. Campbell asked if this was due to less uninsured coming through the doors or because of staff efforts on working with the uninsured to become insured. Ms. Olson noted that there were more applications for insurance. Mr. Anantharam added that there has been a lot of front-end work around enrollment, including collaborations with MetroPlus. Dr. Katz also added that in New York State, all children are insurable and that the target should be 0% uninsured for children. The discussion included references to anecdotal evidence that some parents may be reluctant to provide information on their children due to their immigration status.

Mr. Rosen asked if the exclusion of emergency room (ER) visits from the Outpatient Payor mix reports was new. Ms. Olson answered that ER visits had always been excluded for many years. Ms. Lowe suggested looking at ER data, and Mr. Katz affirmed that if the data was available that perhaps it should be included in the report moving forward. Ms. Olson noted that ER data could be included in a separate line. With no further questions, the report was concluded.

Mr. Paul Albertson began the update about SupplySimplify, the supply chain work being conducted throughout Health + Hospitals with Huron assistance. Health + Hospitals Supply Chain and Finance identified the need to find more savings in the supply chain process and reduce Other Than Personnel Spend (OTPS). The corporation currently spends about \$1 billion in OTPS spend, and work had begun to increase savings every fiscal year, including centralization in FY17. The savings achieved were approximately \$23 million in FY15, \$39 million in FY16, \$65 million in FY17, \$90 million in FY18, and a projected \$110 million in FY19. A Request for Proposal (RFP) was issued, and Huron was engaged to help determine additional areas of opportunity and potential initiatives. The contract has an 18 month timeline, ending in March 2019. Mr. Campbell asked if the FY savings figures were one-time or recurring, and Mr. Albertson noted that it was recurring for the most part, reflective of the life of a contract. The target benefit was \$69 million. There are currently thirty-six initiatives that have been launched for over \$70 million in identified benefit.

Mr. Albertson provided an overview of the Health + Hospital teams and leads with benefit values. The Purchase and Support Services team is being led by Mercedes Redwood. The target benefit is \$12.5 million, and the current launched benefit is \$8 million. The services in this category include services such as Food Services, Housekeeping, Laundry/Linen, Waste Management, Office Supplies, and Interpretation Services. For Food Services and Housekeeping Services, the work focuses on corporate-wide contracts that reduce spend but does not decrease services or quantities. For Laundry/Linen, the savings of \$3 million requires a considerable shift on how Health + Hospitals does business such as an agreement of a single process across the system in terms of bed-making. The initiative includes working with Chief Nursing Officer Kim Mendez and the hospital operating staff to develop and implement a single system on bed-making and linen utilization. Ms. Lowe noted that these kinds of initiatives relates to patient experience. Mr. Campbell asked if there currently are multiple vendors for Laundry/Linen, and Mr. Albertson noted one vendor but multiple approaches across the facilities. Mr. Rosen requested that if the benefit chart on page 3 is utilized in further presentations, that a footnote be included about the benefit value against the totals. Mr. Albertson noted that the Huron work initially identified lower values in terms of opportunity for Laboratory, IT, and Pharmacy, so that some of those values have now increased. Mr. Campbell asked if the \$8 million in current launched benefit in Purchases and Support Services could be increased, and Mr. Albertson noted that it likely can be. Dr. Katz asked if the Target Benefit was related to the initial Huron estimate, and Mr. Albertson confirmed it was. Dr. Katz noted it was important that these estimates be identified as Huron estimates. Dr. Katz also noted that it was impressive that Health + Hospitals had exceeded the target estimate in some of the categories.

The Lab team is being led by Kenra Ford. An example of this work is the utilization of blood services, where Ms. Ford is working with Blood Bank leadership. Another example in this area is high cost lab tests, including approvals. The Clinical Supplies work is being led by Joe Wilson, an example of the work is implantables such as spinal implants and screws, and working with Dr. Mabelle Allen as the Chief Medical Officer and Sean Studer on better contract pricing and flattening costs with fewer vendors. The IT work is being led by Sal Guido, and examples include the Canon contract, as well as looking at Microsoft and Quadramed. Roslyn Weinstein is leading the Facilities team work which includes infrastructure, elevators, and maintenance for HVAC and boilers.

Mr. Albertson noted that the Pharmacy work is the sweet spot. The work includes looking into opening the outpatient pharmacy to all patients, not just the uninsured. Dr. Allen and Bill Foley are co-chairing a

governance group that will examine workflow, patient experience, and education of physicians and staff. Ms. Lowe asked about whether this includes pharmacy programs in the hospitals, and Mr. Albertson noted that a meds-to-beds program is being looked at, as well as emergency rooms and ambulatory care centers. Mr. Campbell requested a briefing on this work for the Medical and Professional Affairs committee. Ms. Bolus asked if the pharmacy program would also serve retirees, and Mr. Albertson noted that he would look into this as he was not able to provide an answer immediately. Mr. Albertson provided an overview of the initiatives by type of financial improvement, including a reduction in utilization of a supply, commodity item, or service; reduction in cost of existing product or service by renegotiating pricing/contract; additional or new operating revenue; converting to a lower cost or alternative product; and reimbursed revenue due to changes in charges for supply items. Mr. Campbell noted that the Huron work would end in March 2019, and would Health + Hospitals be able to continue to do the work without them. Mr. Albertson noted that the foundational work would be completed, and Health + Hospitals would be doing the work differently in partnership with Ms. Weinstein and Kevin Lynch.

ADJOURNMENT

BERNARD ROSEN

There being no further business to discuss, Mr. Rosen adjourned the meeting at 2.35 pm.

KEY INDICATORS
FISCAL YEAR 2018 UTILIZATION

Year to Date
May 2018

	UTILIZATION						AVERAGE LENGTH OF STAY		ALL PAYOR CASE MIX INDEX	
	VISITS			DISCHARGES			ACTUAL	EXPECTED	FY 18	FY 17
	FY 18	FY 17	VAR %	FY 18	FY 17	VAR %				
<u>Acute</u>										
Bellevue	514,793	522,855	-1.5%	19,818	20,309	-2.4%	5.8	5.2	1.2915	1.2478
Coney Island	287,279	283,690	1.3%	12,368	12,541	-1.4%	6.5	5.2	1.0403	1.0069
Elmhurst	527,640	518,875	1.7%	16,643	16,434	1.3%	5.9	5.0	1.0420	1.0076
Harlem	274,927	272,951	0.7%	10,015	10,788	-7.2%	5.5	4.6	1.0051	0.9360
Jacobi	364,370	373,849	-2.5%	16,708	16,573	0.8%	5.4	5.4	1.1206	1.1007
Kings County	587,516	602,518	-2.5%	16,498	17,878	-7.7%	6.1	5.0	1.0452	1.0361
Lincoln	467,281	479,999	-2.6%	19,185	19,697	-2.6%	4.4	4.7	1.0111	0.9616
Metropolitan	328,175	337,189	-2.7%	7,117	8,527	-16.5%	4.7	4.8	0.9941	0.9665
North Central Bronx	188,657	186,629	1.1%	6,237	6,116	2.0%	4.0	4.1	0.7151	0.6987
Queens	373,634	354,351	5.4%	11,973	11,655	2.7%	4.3	4.8	0.8881	0.8038
Woodhull	367,661	398,737	-7.8%	9,343	9,645	-3.1%	5.1	4.7	0.9134	0.9325
Acute Total	4,281,933	4,331,643	-1.1%	145,905	150,163	-2.8%	5.4	4.9	1.0412	1.0072
<u>Gotham</u>										
		VISITS								
Belvis DTC	45,599	45,761	-0.4%							
Cumberland DTC	62,094	57,533	7.9%							
East New York	63,969	70,309	-9.0%							
Gouverneur DTC	195,864	212,410	-7.8%							
Morrisania DTC	66,267	73,286	-9.6%							
Renaissance	30,585	31,539	-3.0%							
Gotham Total	464,378	490,838	-5.4%							
<u>Post Acute Care</u>										
					DAYS					
Coler				230,437	247,043	-6.7%				
Gouverneur SNF				82,191	74,652	10.1%				
H.J. Carter				101,218	105,702	-4.2%				
McKinney				104,428	103,244	1.1%				
Seaview				99,422	100,413	-1.0%				
Post Acute Care Total				617,696	631,054	-2.1%				
Discharges/CMI-- All Acutes				145,905	150,163	-2.8%			1.0412	1.0072
Visits -- All DTCs & Acutes	4,746,311	4,822,481	-1.6%							
Days-- All SNFs				617,696	631,054	-2.1%				

Utilization

Discharges: exclude psych and rehab
 Visits: Beginning with the November 2015 Board Report, FY17 and FY18 utilization is now based on date of service, and includes open visits. HIV counseling visits that are no longer billable have been excluded. Visits continue to include Clinics, Emergency Department and Ambulatory Surgery. LTC: SNF and Acute days

Average Length of Stay(LOS)

Previous LOS calculations excluded one-day stays and outliers. Expected length of stay was based on H+H system average adjusted for case-mix. As of September 2017, Actual LOS includes all stays, regardless of length. Calculation is as follows:
 Actual: days divided by discharges; excludes psych and rehab
 Expected: Expected Length of Stay based on New York City SPARCS data, using facility specific case-mix

All Pavor CMI

Acute discharges are grouped using New York State APR-DRGs version 32

KEY INDICATORS

FISCAL YEAR 2018 BUDGET PERFORMANCE (\$s in 000s)

**Year to Date
May 2018**

	GLOBAL FTEs		RECEIPTS		DISBURSEMENTS		BUDGET VARIANCE	
	Jun 17	May 18*	actual	better / (worse)	actual	better / (worse)	better / (worse)	
<u>Acute</u>								
Bellevue	5,497	5,453	\$722,562	\$12,257	\$782,320	(\$14,163)	(\$1,906)	-0.1%
Coney Island	3,038	2,984	310,209	17,657	395,330	229	17,886	2.6%
Elmhurst	4,182	4,128	511,012	40,046	545,517	(3,869)	36,177	3.6%
Harlem	2,914	2,854	323,941	(4,237)	367,808	3,153	(1,084)	-0.2%
Jacobi	3,969	3,816	529,443	19,749	562,227	2,196	21,945	2.0%
Kings County	5,091	4,960	615,946	20,880	682,477	(329)	20,551	1.6%
Lincoln	3,994	3,875	458,910	2,540	483,938	8,162	10,702	1.1%
Metropolitan	2,463	2,362	254,281	(3,970)	304,450	6,378	2,408	0.4%
North Central Bronx	1,351	1,361	159,850	2,912	182,610	(2,859)	53	0.0%
Queens	2,795	2,641	356,429	26,463	352,089	2,478	28,941	4.2%
Woodhull	2,853	2,735	352,495	(17,743)	378,671	10,691	(7,052)	-0.9%
Acute Total	38,146	37,168	\$4,595,078	\$116,554	\$5,037,437	\$12,067	\$128,621	1.3%
<u>Gotham</u>								
Belvis DTC	128	131	\$13,666	(\$1,358)	\$15,565	(\$681)	(\$2,039)	-6.8%
Cumberland DTC	200	190	17,568	(44)	26,085	247	203	0.5%
East New York	207	203	22,514	348	21,640	(28)	320	0.7%
Gouverneur DTC	448	452	47,179	2,931	55,540	(637)	2,294	2.3%
Morrisania DTC	232	210	24,433	(1,889)	25,873	338	(1,551)	-3.0%
Renaissance	166	153	8,376	(1,206)	17,608	648	(558)	-2.0%
Gotham Total	1,381	1,339	\$133,736	(\$1,218)	\$162,311	(\$113)	(\$1,331)	-0.4%
<u>Post Acute Care</u>								
Coler	1,077	982	\$68,084	\$1,994	\$116,657	\$2,324	\$4,318	2.3%
Gouverneur SNF	362	372	32,315	1,448	45,172	(317)	1,131	1.5%
H.J. Carter	900	785	124,125	(4,942)	108,504	2,294	(2,648)	-1.1%
McKinney	439	433	37,395	(789)	43,469	1,703	914	1.1%
Seaview	532	500	36,937	(5,470)	52,244	(623)	(6,093)	-6.5%
Post Acute Care Total	3,310	3,073	\$298,856	(\$7,759)	\$366,046	\$5,381	(\$2,378)	-0.4%
Central Office	1,022	1,114	\$925,490	\$15,879	\$384,007	\$9,822	\$25,701	2.0%
At Home	398	439	\$33,601	(\$10,107)	\$48,835	(\$6,812)	(\$16,919)	-19.7%
Enterprise IT/Epic	1,157	1,242	\$0	(\$7)	\$230,311	\$8,304	\$8,297	3.5%
GRAND TOTAL	<u>45,414</u>	<u>44,374</u>	<u>\$5,986,760</u>	<u>\$113,342</u>	<u>\$6,228,948</u>	<u>\$28,651</u>	<u>\$141,993</u>	<u>1.2%</u>

*Actual Global FTEs have dropped by 5,035 since November 2015.

Global Full-Time Equivalents (FTEs) include HHC staff and overtime, hourly, temporary and affiliate FTEs. Enterprise IT includes consultants. At Home includes HHC Health & Home Care and the Health Home program.

NYC Health + Hospitals
Cash Receipts and Disbursements (CRD)
Fiscal Year 2018 vs Fiscal Year 2017 (in 000's)
TOTAL CORPORATION

	Fiscal Year To Date May 2018		
	actual 2018	actual 2017	better / (worse)
Cash Receipts			
Inpatient			
Medicaid Fee for Service	\$641,191	\$646,312	(5,121)
Medicaid Managed Care	799,354	700,478	98,876
Medicare	457,869	443,222	14,647
Medicare Managed Care	313,854	307,997	5,856
Other	<u>231,632</u>	<u>227,672</u>	<u>3,960</u>
Total Inpatient	2,443,900	2,325,681	118,219
Outpatient			
Medicaid Fee for Service	130,488	113,980	16,508
Medicaid Managed Care	317,415	308,162	9,253
Medicare	75,047	60,594	14,454
Medicare Managed Care	87,960	83,229	4,730
Other	<u>144,716</u>	<u>140,453</u>	<u>4,262</u>
Total Outpatient	755,626	706,418	49,207
Total Direct Patient Care Revenue	3,199,526	3,032,099	167,426
Risk Pools	<u>257,934</u>	<u>299,984</u>	<u>(42,050)</u>
Total Patient Care Revenue	3,457,460	3,332,083	125,377
All Other			
Pools	300,902	286,085	14,816
DSH / UPL	1,747,695	1,625,729	121,966
Grants, Intracity, Tax Levy	348,729	584,780	(236,052)
Appeals & Settlements	40,488	62,680	(22,192)
Misc / Capital Reimb	<u>91,487</u>	<u>67,148</u>	<u>24,339</u>
Total All Other	<u>2,529,300</u>	<u>2,626,422</u>	<u>(97,122)</u>
Total Cash Receipts	<u>\$5,986,760</u>	<u>\$5,958,506</u>	<u>\$28,255</u>
Cash Disbursements			
PS	\$2,332,299	\$2,495,030	\$162,731
Fringe Benefits	1,276,063	944,355	(331,708)
OTPS	1,367,006	1,353,227	(13,779)
City Payments	136,682	-	(136,682)
Affiliation	1,023,967	1,014,604	(9,363)
HHC Bonds Debt	<u>92,930</u>	<u>80,965</u>	<u>(11,965)</u>
Total Cash Disbursements	<u>\$6,228,948</u>	<u>\$5,888,181</u>	<u>(\$340,766)</u>
Receipts over/(under) Disbursements	<u>(\$242,188)</u>	<u>\$70,325</u>	<u>(\$312,513)</u>

**NYC Health + Hospitals
Actual vs Budget Report
Fiscal Year 2018 (in 000's)
TOTAL CORPORATION**

	Fiscal Year To Date May 2018		
	actual 2018	budget 2018	better / (worse)
Cash Receipts			
Inpatient			
Medicaid Fee for Service	\$641,191	\$646,539	(5,349)
Medicaid Managed Care	799,354	710,904	88,450
Medicare	457,869	463,940	(6,071)
Medicare Managed Care	313,854	300,885	12,969
Other	<u>231,632</u>	<u>231,886</u>	<u>(254)</u>
Total Inpatient	2,443,900	2,354,155	89,746
Outpatient			
Medicaid Fee for Service	130,488	121,933	8,555
Medicaid Managed Care	317,415	336,752	(19,337)
Medicare	75,047	76,466	(1,419)
Medicare Managed Care	87,960	91,858	(3,898)
Other	<u>144,716</u>	<u>141,089</u>	<u>3,626</u>
Total Outpatient	755,626	768,099	(12,473)
Total Direct Patient Care Revenue	3,199,526	3,122,254	77,273
Risk Pools	<u>257,934</u>	<u>251,545</u>	<u>6,389</u>
Total Patient Care Revenue	3,457,460	3,373,799	83,662
All Other			
Pools	300,902	297,640	3,262
DSH / UPL	1,747,695	1,747,211	484
Grants, Intracity, Tax Levy	348,729	344,410	4,318
Appeals & Settlements	40,488	29,549	10,939
Misc / Capital Reimb	<u>91,487</u>	<u>80,810</u>	<u>10,677</u>
Total All Other	<u>2,529,300</u>	<u>2,499,620</u>	<u>29,680</u>
Total Cash Receipts	<u>\$5,986,760</u>	<u>\$5,873,418</u>	<u>\$113,342</u>
Cash Disbursements			
PS	\$2,332,299	\$2,367,957	\$35,657
Fringe Benefits	1,276,063	1,290,269	14,206
OTPS	1,367,006	1,346,272	(20,734)
City Payments	136,682	136,682	0
Affiliation	1,023,967	1,023,963	(3)
HHC Bonds Debt	<u>92,930</u>	<u>92,455</u>	<u>(475)</u>
Total Cash Disbursements	<u>\$6,228,948</u>	<u>\$6,257,598</u>	<u>\$28,651</u>
Receipts over/(under) Disbursements	<u>(\$242,188)</u>	<u>(\$384,180)</u>	<u>\$141,992</u>

RESOLUTION

Authorizing New York City Health and Hospitals Corporation (the “System”) to execute an agreement with Compass Group USA doing business as Canteen (“Canteen”) to provide vending services for the System’s acute care, post-acute care and corporate facilities with an initial term of five years and two five-year options to renew solely exercisable by the System. Canteen will pay the System a signing bonus of \$250,000 and a commission of 30.8% on annual sales up to \$3,999,999 and commission of 40% on annual sales in excess of \$4,000,000.

WHEREAS, an application (DCN #2299) to issue a request for proposals was presented to the Contract Review Committee at its February 20, 2018 meeting when it was approved; and

WHEREAS, after the Office of Supply Chain Services issued a request for proposals, five proposals were received, the three highest-rated proposers presented before the Selection Committee and upon final evaluation by the Selection Committee, Canteen was rated the highest; and

WHEREAS, under the proposed agreement Canteen will provide vending machine services for System’s 23 locations in its acute care, post-acute care and corporate facilities with installation to occur in phases over the next four months; and

WHEREAS, Canteen’s services will include the provision of approximately 485 New York City Health + Hospitals branded snack and beverage machines, it will provide a robust online portal for reporting and auditing, accepting multiple payment options; and

WHEREAS, Canteen will adhere to, and comply with, the New York City Healthy Food and Beverage Standards; and

WHEREAS, Canteen will pay the System a signing bonus of \$250,000 and a commission of 30.8% on annual sales up to \$3,999,999 and commission of 40% on annual sales in excess of \$4,000,000; and

WHEREAS, the proposed agreement for Canteen’s services will be managed by the Vice President for Supply Chain Services

NOW THEREFORE BE IT:

RESOLVED, that New York City Health and Hospitals Corporation be and hereby is authorized to execute an agreement with Compass Group USA doing business as Canteen to provide vending services for the System’s acute care, post-acute care and corporate facilities with an initial term of five years and two five-year options to renew solely exercisable by the System.

EXECUTIVE SUMMARY
RESOLUTION TO AUTHORIZE CONTRACT
WITH COMPASS GROUP USA DBA CANTEEN

- BACKGROUND:** The purpose of the proposed agreement is to provide all New York City Health + Hospital facilities with the most technologically advanced vending machines to provide quick and easy healthy beverage and snack options to our patients, physicians and staff. Additionally the proposed vending program will provide increased revenue to the System.
- PROCUREMENT:** The System issued a Request for Proposals on March 9, 2018. A mandatory pre-proposers conference and site visits were held on March 19 and 20, 2018 at which seven prospective vendors attended. Five proposals were received, evaluated and scored. The three highest rated proposers presented before the Selection Committee on May 9th, 2018, followed by a final evaluation and scoring. Through this process the Selection Committee evaluated the proposals and presentations on the basis of the proposed scope of work, previous experience, references and commission structure. Canteen was selected on these criteria.
- BUDGET:** The System will not incur any expenses associated with this agreement. Canteen will pay the System a \$250,000 signing bonus and a two tiered commission structure. Canteen will pay the System commission of 30.8% on annual sales up to \$3,999,999 and commission of 40% on all sales in excess of \$4,000,000. The financial terms have been provided and signed off by the System's Central Finance.
- TERM:** The term of the proposed agreement is five years with two five-year options to renew solely exercisable by the System.

Office of Supply Chain Services Vending Machine Program

July 19, 2018

Paul Albertson, Vice President
Mercedes Redwood, MS, RD
Assistant Vice President
Supply Chain Services



NYC HEALTH+ HOSPITALS Background

- NYC H+H has 485 snack and beverage vending machines
- Current vending arrangement was implemented in 2005
 - This traditional vending machine program lacks:
 - Payment options – cash only
 - Optimal selection of items
 - Commission structure
 - Branding
 - Online Reporting of sales, inventory maintenance, etc



Overview of Procurement

RFP Process

- February 20: Contract Review Committee RFP approval (DCN#2299)
- March 9: RFP posted on City Record and disseminated to 32 known vending companies (9 classified as MWBE Certified)
- March 19 & 20: Pre-proposers conference and site visits of 6 H+H facilities

Selection Process

- Five proposals received
- Three vendors invited to present to the selection committee
- Financial impact of the proposals varied from net revenue of \$1M to \$3.4M
- Canteen scored highest for proposal and presentation
- Canteen is sole vendor to meet our MWBE goals (subcontractor - Gilly)
- Canteen's proposal is highlighted by
 - Financial proposal
 - Exceptional references including CUNY and NYU
 - Service level agreements for preventative maintenance and on call service



Scoring results: Canteen was the highest rated proposer following vendor presentations and a second round scoring.

■ Evaluation Criteria

- Proposed scope of work
- Experience and references
- Commission structure

■ Evaluation Committee

- Mercedes Redwood, R.D. (Chair)
- Rachel Griffith, Finance
- David Baksh, Queens Hospital
- Barbara Castellon, Jacobi
Elizabeth Youngbar, Facilities
- Dimitra Limperopoulos, Elmhurst
- Lisa Scott-McKenzie, Woodhull
- Liny Liu, Lincoln
- Christopher Roberson, Bellevue
- Kevin Congo, Kings County

An application to enter into contract was presented and approved by the Contract Review Committee at its June 26, 2018 meeting.



Approval Request

- We are seeking approval to enter into contract with Canteen for the H+H Vending Machine Program:
 - 5 years with two five year renewal options
 - Installation of all new NYC H+H branded vending machines
 - Compliance with New York City Healthy Food and Beverage Standards
 - Machine location optimization
 - Integrated technology for transparency, reporting and auditing
 - \$250,000 signing bonus
 - 30.8% commission
 - Projected Revenue
 - Total Projected Revenue Initial Term: \$3,432,370
 - Total Revenue 1st Option: \$3,689,239
 - Total Revenue 2nd Option: \$4,276,839
 - **Total Revenue Full Term: \$11,398,447**



CRC Approval Request



RESOLUTION

Authorizing New York City Health and Hospitals Corporation (the “System”) to execute an agreement with Accuity Delivery Systems (“Accuity”) to provide medical coding optimization services for the System’s acute care facilities over a term of approximately two years to expire with the conclusion of FY 2020 with total amount not to exceed \$25,364,000.

WHEREAS, with the approval of the Transformation Approval Committee, the Office of Supply Chain Services issued a request for proposals for coding optimization services, four proposals were submitted of which the Selection Committee rated Accuity the highest and the Transformation Approval Committee approved the award of a contract to Accuity; and

WHEREAS, Accuity’s services consisted of running a pilot program at NYC Health + Hospitals/Queens and NYC Health + Hospitals/Elmhurst to test the success of its program to change coding of existing cases to better to reflect existing treatment documentation, to change coding based on responses obtained from physician queries and efforts to use such changes to educate physicians and coding staff; and

WHEREAS, based on the successful results of the pilot program, the Transformation Approval Committee approved expansion of the pilot to add NYC Health + Hospital/Lincoln, NYC Health + Hospitals/Bellevue and NYC Health + Hospitals/Jacobi on January 5, 2018; and

WHEREAS, the pilot programs did not require the level of expenditure that requires Board approval; and

WHEREAS, based on the successes of the original and the expanded pilot programs, Board approval is expand on such pilots to roll out the Accuity program at all 11 acute care hospitals with a projected return on investment of \$74,732,000; and

WHEREAS, the Acuity contract will be managed by the Senior Vice President for Finance.

NOW THEREFORE BE IT:

RESOLVED, that New York City Health and Hospitals Corporation be and hereby is authorized execute an agreement with Accuity Delivery Systems to provide medical coding optimization services for the System’s acute care facilities over a term of approximately two years to expire with the conclusion of FY 2020 with total amount not to exceed \$25,364,000.

EXECUTIVE SUMMARY
RESOLUTION TO AUTHORIZE CONTRACT
WITH ACCUITY DELIVERY SYSTEMS

BACKGROUND: The System has not maximized collections from third party payors for services it performs. The proposed agreement aims to increase the System's revenues by optimizing coding and clinical documentation across the System's acute care facilities through Accuity's case reviews and its education of H+H staff.

The proposed agreement represents only an interim, short-term solution. The System is currently implementing initiatives to eliminate external dependencies. A robust Clinical Documentation Improvement program is being rolled-out across the enterprise. Coder growth and development is also being targeted to improve coder skills, by, among other things continuing education via the Coder Academy.

PROGRAM: Accuity will increase the System's payment for services performed by performing secondary reviews of inpatient cases to identify opportunities for up-coding where appropriate based on existing clinical documentation, by gathering from medical staff adding missing clinical documentation and by using such operations as opportunities to educate and train System staff.

BUDGET:
PAYMENT: The cost of the proposed agreement will not exceed \$25,364,000 over the approximate two-year term. Accuity will be paid not more than \$140 per case handled and the budget is formulated based on a projection of the number of cases to be worked by Accuity. It is also projected that the net revenue that will be generated from the project will be \$74,732,000. The projected total cost to the System has been budgeted and signed off by System Finance.

PROCUREMENT: The original and the extension of the pilot programs were authorized under the Transformation Sourcing procedure and did not involve enough money to require Board approval. Once the decision was made to expand on the pilot, the System issued a Request for Proposals on April 28, 2018. Four proposals were received, evaluated and scored. Through this process the Selection Committee evaluated the proposals on the basis of (1) proposed plan responsive to the statement of work and timeline, (2) resumes and proposed staffing plan, (3) cost proposal, (4) knowledge and (5) references. Accuity Delivery Systems was selected on these criteria.

TERM: The term of the proposed agreement is approximately two years to expire at the end of FY 2020.



Revenue Management Coding Optimization Services

Application to Negotiate and Enter in to a Best Interest Renewal Agreement

July 19, 2018

Robert Melican
Patricia Castro
Revenue Management



Request For An Internal Coding Optimization Solution

Initiatives for Success

- The future of documentation and coding at H+H will be significantly different than it is today
- Coding and Documentation efforts throughout H+H are in transition
 - Epic and Computer Assisted Coding - changes the process of capturing codes
 - Ongoing physician education to improve the quality of clinical documentation
 - Coder Academy is starting August 6th 2018 – improving coder skills
- Temporary bridge to a unified H+H coding and documentation environment
 - Capture inpatient revenue H+H is not equipped to gather
 - Scalable – as H+H develops expertise, Accuity’s role will diminish
 - This is a large project that offers measurable rates of return
 - Implement these initiatives and conclude use of external partners in 2020
 - No contract extensions requested
- The goal is for H+H to achieve self-sufficiency from Accuity by the contract end in June 2020



NYC HEALTH+ HOSPITALS Pilot Background - RFP Process

RFP

Issued April, 2017

RFP for Coding Optimization services pilot program issue

Four proposals received

Accuity selected June 2017

- Selection part of corporate wide transformation initiative in June of 2017
- Sought a vendor for inpatient documentation and coding improvement
- Four vendors presented
- Scored by a committee of seven
- Accuity Delivery Systems model of case reviews by a physician coder and Clinical Documentation Improvement Specialist (CDIS) was key to the selection



Pilot Results and Projections

- Pilot began on September 2017 at Queens and Elmhurst
- Pilot expanded in March 2018 to Bellevue, Lincoln & Jacobi
 - Pilot phase for 5 hospitals will end August 2018
 - Projected cost \$5M
 - Projected net revenue of \$15 million
- Rollout to the remaining 6 Hospitals in September 2018
 - 8,505 cases per month at full operations
 - FY19 & FY 20 translates to \$75M in net revenue

Best Interest Renewal
Rollout to Remaining Hospitals
Projected Contract Cost \$25,364,000
Projected Net Revenue \$74,732,000

All Hospitals
FY19 & FY20 (excludes pilot)



Accuity's Model

- A team comprised of a physician, coder and Clinical Documentation Improvement Specialist (CDIS) reviews H+H's coding and documentation in the EMR before final billing
- Accuity is only reviewing cases with a revenue opportunity
 - Excluded are cases where an Accuity change will not increase revenue:
 - Low opportunity, a secondary review will not garner additional revenue due to reimbursement methodology
 - Psychiatry, Rehabilitation and simple newborn cases
 - MetroPlus cases – under consideration
 - Severity of illness (SOI) of 4 – already at highest level
- Accuity is reimbursed for each case reviewed, their revenue is not contingent on H+H's increased earnings
 - The coding on 14% of case is changed earning ~\$2,300 gross revenue per case
 - The documentation is changed on 5% of queried cases earning ~ \$4,500 per case



Best Interest Renewal Agreement

- New York City Health + Hospital seeks to negotiate and enter into a new agreement:
 - Streamline reporting process
 - Decrease associated fees
 - Rollout to remaining Hospitals
 - Coney, Harlem, Kings, Metropolitan, Woodhull and NCB
 - Projected not-to-exceed amount of \$25,364,000
 - Projected net revenue \$74,732,000
 - Contract Term: September 1, 2018 through June 30, 2020

