

FINANCE COMMITTEE AGENDA

Date: October 15, 2018
Time: 11:30 am
Location: 125 Worth Street, Board Room

Call to Order

Bernard Rosen

Adoption of the September 13, 2018 Minutes

I. Senior Vice President's Report

John Ulberg

II. Information Items

- Short Term Financing Update

John Ulberg,
Paulene Lok

III. Action Items

Authorizing the President of the New York City Health and Hospitals Corporation (the "System") to negotiate and execute a contract with Hawkins Delafield & Wood LLP ("Hawkins") to provide bond counsel services related to the structuring and continuing implementation of the System's tax-exempt financing program for the period beginning December 1, 2018 through November 30, 2021, with two one-year renewal options solely exercisable by the System all at hourly rates set forth - Partners, \$465 per hour; Senior Associates, \$415 per hour; Associates, \$390 per hour; Junior Associates, \$245 per hour; and paraprofessionals, \$160 per hour.

John Ulberg,
Paulene Lok

Authorizing New York City Health and Hospitals Corporation (the "System") to execute an agreement with six vendors for the provision of accounts receivable ("AR") services, in four specialized AR areas, as requested by the System. The six vendors are Betz Mitchell Associates, Inc., JZanus Ltd., MedMetrix LLC, nThrive Inc., PhyCare Solutions, Inc., and Sutherland Healthcare Solutions, Inc. Each agreement shall be for an initial term of three years with two one-year options to renew solely exercisable by the System and with a total amount over the combined five-year term not to exceed \$46,381,321.00 to the six vendors.

Marji Karlin,
Bob Melican

Old Business
New Business
Adjournment

Bernard Rosen

MINUTES

Finance Committee

Meeting Date: September 13, 2018

Board of Directors

The meeting of the Finance Committee of the Board of Directors was held on September 13, 2018 in the 5th floor Board Room with Bernard Rosen presiding as Chairperson.

ATTENDEES

COMMITTEE MEMBERS

Bernard Rosen
Dr. Mitchell Katz
Emily Youssouf

OTHER MEMBER

Josephine Bolus

OTHER ATTENDEES

C. Chen, Analyst, OMB
J. DeGeorge, Office of the State Comptroller
M. Elias, Analyst, IBO
M. Dolan, DC 37
J. Merrill, Analyst, City Council
A. Mirdita, CFO, PAGNY

HHC STAFF

P. Albertson, Vice President, Supply Chain
M. Allen, Senior Vice President/Chief Medical Officer
E. Barlis, CFO, Jacobi/NCB
J. Bozian, CFO, At Home
E. Coleman, CFO, Metropolitan
F. Covino, Senior Assistant Vice President, Corporate Budget
L. DeHart, Assistant Vice President, Corporate Reimbursement Services
B. deLuna, Press Secretary
M. Farag, Corporate Budget Director, Corporate Budget
M. Figueroa, CFO, Harlem
R. Fischer, CFO, Bellevue
B. Foley, Senior Vice President, Acute Care
C. Hercules, Chief of Staff, Board Office
B. Ingraham-Roberts, Assistant Vice President, Central Office
N. Laurie, Analyst, Central Office
S. Loville, Senior Management Consultant, Budget
R. Malone, CFO, Queens

A. Marengo, Senior Vice President
M. Marra, Interim Chief Nursing Officer
K. Mendez, Senior Vice President/Chief Nursing Officer, Central Office
K. Olson, Assistant Vice President, Corporate Budget
A. Pai, Central Finance
K. Park, CFO, Coney Island
L. Saravia, Senior Executive Secretary, Board Office
B. Schultz, Senior Assistant Vice President, Finance
M. Siegler, Senior Vice President
B. Stacey, CFO, Lincoln
J. Ulberg, Senior Vice President/CFO, Corporate Finance
J. Weinman, Corporate Comptroller, Corporate Finance
D. Wilson, Senior Director, OIA

CALL TO ORDER**BERNARD ROSEN**

Mr. Bernard Rosen called the meeting to order at 11:14 am. The minutes of the July 19, 2018 meeting were approved as submitted.

SENIOR VICE PRESIDENT'S REPORT**JOHN ULBERG**

Mr. John Ulberg began his report noting that at the end of August, the cash balance was about \$564 million or about 28 days. Mr. Ulberg reported that the weekly calls with State counterparts and OMB continue to focus on the streamlining of timely payments of supplemental Medicaid funds which are about 15% of the budget. In July, Health + Hospitals received about \$64 million for Indigent Care Adjustments for July through September 2018 and, in August, through the prospective payment systems (PPS) work, about a \$418 million delivery system reform incentive payment (DSRIP) was received. Health + Hospitals made a \$189.5 million payment for intergovernmental transfers towards the non-Federal share of DSRIP and Medicaid Redesign Team (MRT) initiatives and an \$84 million pension payment which brings those payments up to date. The June Headcount holds steady from the last report at about 44,379 FTEs. There has been an increase beginning in July, reflecting clinical hires of nurses and revenue cycle hires. The data is being looked at closely, and has been discussed at CEO and CFO meetings. Dr. Mitchell Katz noted that spending on clinical and non-clinical staff is needed to generate revenue; fix the holes that prohibit billing correctly. The Board will have to monitor results – if correct bills are sent and if there is no discernible increase in revenues. There have been staff increases to prevent safety issues or to meet appropriate staffing levels for service delivery. Mr. Ulberg added that there is an investment phase and the follow-up will focus on the return on investment phase, particularly as it relates to how the budget is executed. Ms. Emily Youssouf asked if the financial plan is being tracked, and Dr. Katz confirmed it was. Mr. Ulberg noted that a workplan process is being implemented with approved business plans that reflect elements of the budget, and that those plans have been assigned across the enterprise. On a monthly basis, Mr. Ulberg and Mr. Bill Foley will chair a group to review the progress of those plans. With no further questions, the report was concluded.

KEY INDICATORS REPORT**KRISTA OLSON**

Ms. Krista Olson began the utilization report with data through June 2018. Starting with acute care hospitals, ambulatory care visits are down by 1.6% against last year, compared to 1.1% from the July meeting; last year, the decrease was about 5%. The decline in utilization is flattening. Acute Inpatient discharges are down by 2.8%, the same as the last report and similar to last year, with the largest decline at Metropolitan. However, Metropolitan has seen a large increase in observation stays which are counted as outpatient that offsets a significant portion of the decline from a workload perspective. Ms. Youssouf asked what observations were. Ms. Olson noted that it was a different level of care, the patient is not admitted into the hospital but is still at the hospital being observed. Ms. Youssouf noted that observations data was not on the indicators report. Ms. Olson answered that the observations data was tracked separately to provide context for reporting out for the inpatient discharge indicator. Dr. Katz noted that observations are a healthcare trend, related to the two midnight rule in terms of whether hospitalizations are necessary, and whether a patient is discharged or admitted from the emergency data. Ms. Youssouf asked if the observations data should be added into the report. Ms. Olson noted that it is part of the outpatient visits data on the report, but that the volume of observations is dwarfed by the volume of ambulatory visits. Dr. Katz requested that observations be broken out in the report. Dr. Katz also noted that he and Dr. Allen have discussed the different ways that the acute facilities do observations, and are looking into standardizing that across the facilities. Ms. Youssouf noted that

even with the observations stay framework for Metropolitan that the Metropolitan data generally does not look that good.

Ms. Olson continued her report on the average length of stay which is a half-day greater at Health + Hospitals overall, compared to the city-wide average, when adjusting for case mix. The reasons for the higher length of stay are likely a combination of differences, in the patients served, documentation and coding differences, and discharge planning processes. The case mix index increased by 3.8% due to coding and documentation efforts throughout the system. Diagnostic and Treatment Center visits continue to decline, down by 5.6% compared to this time last year and similar to the last report. Ms. Youssouf asked for more information on the Cumberland increase. Ms. Olson noted that, for the DTCs, the change in providers aligns with increases and decreases in visits. Dr. Katz noted that there is a lag in hiring and the impact on numbers in that it does take some time to build up a practice. Mr. Bernard Rosen noted that Gouverneur has had a large decrease. Ms. Olson noted that satellite clinics moved from acutes to DTCs. For post-acute care, long-term care days are down by 2.2% compared with last year, primarily at Coler and Henry J. Carter. Mr. Fred Covino noted that Queens hospital lead the system in visits and discharges. 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 1,035 GFTEs since the start of FY18 through June, for a total of 44,379. For FY18 through June budget numbers, receipts came in \$166.7 million better than budgeted, and disbursements are \$54.8 million better than projected.

Ms. Farag continued her report discussing the comparison of FY18 actuals to FY17 actuals through June. For direct patient care receipts, Health + Hospitals is doing better through June compared to last fiscal year. Inpatient receipts are up \$76.8 million, and outpatient receipts are \$43.5 million higher. Total All Other Receipts, which includes pools and grants, are up \$178.1 million. Overall receipts in FY18 through June are \$322.3 million higher than last year. This is due to increased patient care revenue and Disproportionate Share Hospital/Upper Payment Limit (DSH/UPL) payment which is \$298 million higher than last fiscal year, offset by the Value Based Payment/Quality Improvement Program (VBP/QIP) payment in FY17 in the Grants line. It is anticipated that a FY18 payment will come in FY19. In terms of total cash disbursements, Health + Hospitals is \$513.5 million higher than last fiscal year, of which \$422.4 million are City Payments including \$233M medical malpractice for FY17 and FY18 and \$183.7 million EMS for FY17. Mr. Covino noted that catching up on payments is a reflection of how well Health + Hospitals is doing, paying for this year and prior years. Ms. Youssouf noted that the increase in revenue for both inpatient and outpatient care are reflected here, and Mr. Rosen noted that these numbers were good.

Ms. Farag continued her report for FY18 through June actual receipts and disbursements against budget. Receipts are \$166.7 million better than budgeted, the majority of which is in patient care receipts - \$145.5 million better in patient care receipts of which \$94 million is inpatient receipts. For cash disbursements, Health + Hospitals is \$54.8 million less than budgeted due to PS and associated fringe. With no further questions, the report was concluded.

PAYOR MIX REPORT

KRISTA OLSON

Ms. Olson reported on the payor mix for the fourth 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 (ytd). The outpatient reports for adults and pediatrics now include a separate line on emergency department (ED) data per the Board's request at the last meeting. The ED rates are higher than in the clinics. The improvements in the payor mix reports are because of the efforts of the facilities and Central Office Revenue Management, including improved financial counseling workflows, increased referrals, and the creation of discharge offices in select EDs to screen patients. The higher rates of the uninsured in the ED data may offer additional areas for improvement. With no further questions, the report was concluded.

PROJECT STREAM UPDATE

JOHN ULBERG, MARJI KARLIN

Mr. Ulberg noted that an update on the revenue cycle work at facilities would be provided. He introduced Marji Karlin, the Chief Revenue Officer, who came to Health + Hospitals from Montefiore. Ms. Karlin and Bob Melican from Revenue Management presented an update on the revenue work at facilities, joined by Julie Ingraham from Huron Consulting.

Ms. Ingraham provided an overview of the Huron work at the acute facilities. Huron responded to a Request for Proposal in May 2017 which led to an assessment of the revenue processes at acute facilities. The Huron focus was to create a best practice, standardized revenue cycle operating model and to design an operating model to prepare for the upcoming conversion to Epic. Ms. Youssouf asked for a brief explanation of what revenue cycle work was. Ms. Ingraham noted that it entailed front end work in terms of insurance information, including enrollment in Medicaid or other insurance options, accurate and complete billing in a timely manner, and collecting the revenue dollars from that billing. The revenue cycle work incorporates a lot of administrative components. Health + Hospitals revenue cycle was created for a Fee-for-Service model, including Medicare and Medicaid, and that the reimbursement framework has changed to a managed care environment. The managed care environment has different requirements and the revenue cycle work within Health + Hospitals had not evolved as fully to reflect the changing payor mix. When Huron did its initial assessment, the financial benefit opportunity was estimated to be from \$130 million to \$290 million. The benefit builds up over the engagement, and the projections are coming to be realized. Mr. Rosen asked about the one-time cash flow benefit in the chart, and whether that work entailed going through old files or cases. Ms. Ingraham answered that it was reflective of getting paid at 60 days versus 100 days. Ms. Bolus asked if the work was mostly due to coding, and Ms. Ingraham noted that it was some coding work in the ED and inpatient.

Ms. Ingraham provided an overview of the implementation timeline of the Huron work, beginning with the design phase which included stakeholders across the facilities, implementation of a standardized operating model beginning with Bellevue in December 2017 and continuing through the acute facilities until Metropolitan in June 2018. Ms. Youssouf asked how the Huron work fit into the EPIC and PeopleSoft systems. Ms. Ingraham noted that the Huron revenue cycle standardization anticipates the changes that are needed at the acute facilities for EPIC implementation. The prior work drivers were paper, and there were eleven different revenue cycle processes at the eleven acute facilities, and different ones within each facility for inpatient and outpatient services. All those processes have been redesigned to one standardized revenue cycle process. Ms. Bolus asked how far back the cases go in terms of review. Ms. Ingraham answered that for unbilled cases, there are rules on how far back a payor allows for billing, generally a year or two. Dr. Katz noted that it was unfair because there are no requirements about when the payor has to pay versus the requirements hospitals have on when to bill. Ms. Karlin noted that a bill could be on-time but there may have

be an administrative error which leads to a payment denial, and it will then need to be appealed in a certain timeframe. Therefore, Health + Hospitals is working on a global settlement strategy versus appealing on a case-by-case basis. Dr. Katz noted that by focusing on taking care of people, Health + Hospitals got hurt; but, we can do both – take care of patients and bill accurately and timely.

Ms. Youssouf asked if cash goes through the Huron system. Mr. Ulberg noted that the Huron standardized revenue cycle model is a process, and a reporting tool that is an analytic platform that sits on top of IT systems. Ms. Ingraham noted that it can sit on top of different systems. Mr. Ulberg noted that when EPIC comes in, this will sit on top of EPIC. Ms. Youssouf asked if this was implemented in the different clinics. Ms. Ingraham answered that the work is in the acute facilities, and it is being assessed whether the work will be at Gotham sites and post-acute sites. The Huron work at the acute facilities is now focused on sustainability and accountability. Ms. Ingraham concluded her report noting that the engagement and partnership Huron has had with the facilities and the Central Office have been great.

Mr. Melican provided an overview of the project results. Inpatient volumes have decreased by 1.6%, while cash is up 2.2% in FY '18 compared to FY '17. On average, there is an additional \$457 being collected per inpatient admission (3.8%) in FY'18 compared to FY'17 adjusted for environmental factors. The CDI program is generating more than \$3 million per month through improved clinical documentation leading to appropriate diagnosis related group (DRG) capture. There is an improved rate for securing authorizations for inpatient admissions by 31 percentage points on average per facility, from 63% to 94%. There is improved sponsorship, such as Medicaid, screening by 16 percentage points for inpatients while in-house, from 74% to 90%.

Outpatient financial results include capturing additional charges in the emergency department, generating \$1.5 million net revenue per month. There is an improved rate for securing authorizations for elective services by 13 percentage points, from 81% to 94%. Additional opportunity has been identified for accounts receivable follow-up in terms of resource allocation. Mr. Rosen noted that all things being equal, that the \$104 million has been captured in FY'18 due to all the inpatient and outpatient efforts.

Mr. Melican continued his reporting on key metric improvements. There has been a \$57 million reduction in billing backlog from \$220 million to \$160 million; bills are out the door faster. Mr. Melican continued the reporting on the \$160 million reduction in the backlog of high value accounts receivable follow-up from \$160 million to essentially \$0. Dr. Katz noted that billing more rapidly improves the cash position. Health + Hospitals can pay its vendors in a more timely fashion, and as that happens it may lead to better positioning in terms of negotiating better pricing as vendors realize that bills are being paid in a timely manner. Mr. Melican continued his reporting that there also has been a 31% average increase to almost 90% across the acute facilities for the inpatient verification/authorization rate.

The key project activities includes the implementation of a standardized revenue cycle model at the eleven acute facilities. Over 1200 users have been trained on the Huron Revenue Cycle technology. Over 275 revenue cycle staff have been hired, including Clinical Documentation Improvement (CDI) specialists, Hospital Care Investigator (HCI) and Senior HCIs, clerks, and temporary HCI staff. Long-term sustainability has been promoted through implementation of an accountability structure and performance management goals at the facilities and with central office Revenue Management.

The objective of the CDI initiative is to achieve accurate, complete, compliant, and appropriate documentation. Last year, there were 28 CDI specialists across all the acute facilities. There have been another

37 positions added which contributed to the additional monthly \$3 million increase previously discussed. The CDI Specialists have completed class room training and over 750 hours of mentoring to improve identification of query opportunities. Work has been prioritized in the Huron CDI tool to focus effort on highest opportunity accounts first. The focus will continue on ramping-up new staff to improve review rate. Physician Advisors have been identified at all facilities and leveraged their sponsorship to improve physician engagement and begin physician education. Ms. Bolus asked if Health + Hospitals or Huron was hiring of new staff. Mr. Melican confirmed that it was Health + Hospitals staff. Ms. Bolus asked about the hiring in the midst of layoffs. Dr. Katz noted that hiring was occurring in the clinical areas and the billing and revenue cycle work.

The ED Charge Capture initiative focus is to improve clinical documentation and charge capture processes to support accurate, timely, and complete reimbursement for ED services performed. HIM education has been provided covering ED coding best practices to all 11 acute facility health information management (HIM) teams and supplemental coding vendors. ED nursing education on clinical documentation components related to bedside procedures, E&M criteria, and infusion stop times has been conducted. Post-education account reviews have been completed, and re-education sessions have been held for both HIM and nursing staff. Two ED Charge Capture champions per facility have been identified to assist with the newly implemented accountability structure. This work has resulted in an \$8 million net revenue increase among the acute facilities in a six-month period. Mr. Rosen asked if the \$8 million was part of the previously discussed \$104 million, and Mr. Melican confirmed it was. Ms. Bolus asked if the coding education included doctors, and Mr. Melican noted it was nurses and coders. Ms. Bolus inquired if doctors did coding directly as well. Dr. Katz answered that doctors are choosing codes in Quadramed, and Ms. Ingraham noted that coders previously had access to doctor codes but not the nursing codes which required a technical change in the systems. Ms. Bolus noted that doctors sometimes choose codes that they may be most comfortable with versus those that are the most revenue generating. Mr. Melican noted that coders do review some cases to see if all the appropriate codes have been selected. Dr. Katz also discussed that doctors can be prompted. For example, a patient may have high glucose and diabetes but it has not been document, because the patient came in for asthma. The patient has both, and the complexity of the case goes up.

Mr. Ulberg continued the presentation on revenue cycle reporting. For the first time, revenue management activities are being managed and tracked from the entry in the front door to getting the claim out the door. Automated reporting for the acute facilities provides visibility into revenue cycle performance, and the facilities are essentially seeing it in real time. The metrics and reports provide facility performance comparisons and enterprise wide management tools such as A/R day, cash collections, 91+ DFD agings, insurance verification rates, financial counseling screening, billing backlogs, and A/R follow-up backlogs.

Ms. Karlin concluded the revenue cycle presentation with an overview of revenue management priorities moving forward. These include sustainability and accountability, ensuring that staff are doing what they are supposed to be doing, identifying problems and course correction as needed. A revenue cycle training program will be developed, similar to an academy. With EPIC implementation and other tools, enhanced automation will continue for enhancements of end-use experiences. Standardized policies and procedures will be developed across facilities to create predictability in the revenue cycle flow. Ongoing communication between the facilities and central office will continue as revenue cycle work is a team sport. With no further questions, the report was concluded.

ADJOURNMENT

BERNARD ROSEN

There being no further business to discuss, Mr. Rosen adjourned the meeting at 12:08 pm.

Short Term Capital Financing

Quarterly Status Report to the Finance Committee

October 15, 2018



Short Term Financing Program

- Through resolutions approved in July 2013, April 2015 and September 2015, the NYC Health + Hospitals Board authorized equipment and other short term financing of up to \$120 million, with the goal of allowing the system to establish a flexible short term financing program with “as needed” access to capital funds from one or more banks over multiple years.
- This short-term financing program is secured by a secondary lien on the Health Care Reimbursement Revenue (i.e. after the Bondholders lien).
- Under this program, there are two borrowings currently outstanding:
 - \$60 million with **JPMorgan Chase** to finance medical equipment purchases
 - **2.0880%** fixed rate
 - matures on 7/1/22
 - \$60 million with **Citibank** to finance routine renovation and IT projects
 - Two components
 - fixed rate loan – borrowed \$30 million at **2.17%** fixed rate, matures on 11/1/22
 - variable rate loan – (available to be borrowed)
 - Up to \$30 million
 - 1 year availability period, expires 10/31/18
 - 5 year maturity from date of drawdown
 - 2.16% indicative rate as of 9/26/18 (*tied to weekly SIFMA index*)



2015 JP Morgan Chase Loan (\$ millions)

Date	Activity/Action	Remaining Loan Capacity	Borrowed Funds
07/09/2015	Issuance	60.000	0.000
07/09/2015	Initial Drawdown: Borrowed Amount	(10.000)	10.000
07/31/2017	Final Drawdown: Borrowed Amount	(50.000)	50.000
08/01/2017	Converted to Fixed Rate @ 2.0880%		
Total		0.000	60.000
Vouched Capital Expenses as of September 30, 2018			(58.935)
Cost of Issuance			(0.128)
Vouched Funds			(59.063)
Encumbrances as of September 30, 2018			59.780
Outstanding Loan as of September 30, 2018			48.410

- Terms:** \$60 million outstanding loan converted to fixed rate @ 2.0880% with final maturity date of July 1, 2022
- Interest Rates:** Avg. variable rate during drawdown period (to 8/1/17): 1.1687%. Final variable rate was set at 1.6270% prior to fixed rate conversion



2017 Citibank Loan (\$millions)

Date	Activity/Action	Remaining Loan Capacity	Borrowed Funds
11/01/2017	Issuance	60.000	0.000
11/01/2017	Initial Fixed Rate Loan Drawdown	(30.000)	30.000
Total		30.000	30.000
Vouched Capital Expenses as of September 30, 2018			(42.927)
Cost of Issuance			(0.250)
Vouched Funds			(43.177)
Encumbrances as of September 30, 2018			46.710
Outstanding Loan as of September 30, 2018			30.000

- Terms: 5-year fixed rate loan, matures on Nov 1, 2022
- Interest Rate: 2.17%



RESOLUTION

Authorizing the President of the New York City Health and Hospitals Corporation (the “System”) to negotiate and execute a contract with Hawkins Delafield & Wood LLP (“Hawkins”) to provide bond counsel services related to the structuring and continuing implementation of the System’s tax-exempt financing program for the period beginning December 1, 2018 through November 30, 2021, with two one-year renewal options solely exercisable by the System all at hourly rates set forth - Partners, \$465 per hour; Senior Associates, \$415 per hour; Associates, \$390 per hour; Junior Associates, \$245 per hour; and paraprofessionals, \$160 per hour.

WHEREAS, the System currently finances major capital projects, ongoing capital improvements and major movable equipment through funds received from the proceeds of tax-exempt bonds and/or leases issued by the System or by other issuers on behalf of the System; and

WHEREAS, the specialized services of experienced bond counsel are needed to prepare and review documents, to issue formal independent legal opinions relating to security and tax law, and other areas, and to provide related legal advice; and

WHEREAS, Hawkins has served as bond counsel to the System since 1995; and

WHEREAS, Hawkins’ extensive health care experience and outstanding reputation among the credit rating agencies and the investment banking community has served the System very well in the past; and

WHEREAS, through a Request for Proposals (“RFP”) process for bond counsel services, a selection committee determined that Hawkins Delafield & Wood LLP is best qualified to provide the bond counsel services required; and

WHEREAS, the overall management of this contract will be under the direction of the Senior Vice President, Finance/Chief Financial Officer and Senior Assistant Vice President, Debt Finance/Corporate Reimbursement Services.

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 Hawkins Delafield & Wood LLP to provide bond counsel services related to the structuring and continuing implementation of the System tax-exempt financing program for the period beginning December 1, 2018 through November 30, 2021, with two one-year renewal options solely exercisable by the System all at hourly rates set forth - Partners, \$465 per hour; Senior Associates, \$415 per hour; Associates, \$390 per hour; Junior Associates, \$245 per hour; and paraprofessionals, \$160 per hour.

EXECUTIVE SUMMARY

Hawkins Delafield & Wood LLP

Bond Counsel Services

NEED: The System funds a vast majority of its major capital expenditures with the proceeds of bonds, notes, leases, or other publicly traded securities issued either by the System or by a third-party on the System's behalf. This activity has become increasingly diverse as various financial products were introduced in response to market changes. Currently, the System's debt portfolio encompassed various fixed and variable rate bond issues, equipment leases, and lease-leaseback financings. The System cannot issue tax-exempt debt without obtaining formal bond counsel opinion, nor can it prepare the required security, disclosure and ancillary documents.

SCOPE: Due to the diversity of the System's financing program, Hawkins' services will necessarily range over a broad set of issues. These include, but are not limited to:

- Providing legal counsel in matters related to the structuring and ongoing implementation of the System's financing programs;
- Preparing and/or reviewing legal documents (i.e., disclosure, security and ancillary documents) of lease and bond issue transactions, and assisting the System in negotiating such transactions;
- Rendering bond counsel opinions with regard to the System's authority to issue debt, the adequacy of disclosure, the legal validity of such transactions under State law securities, tax-related issues and other pertinent legal matters;
- Informing rating agencies, credit enhancers and the System's personnel of legal issues as it pertains to proposed future System bond transactions; and
- Preparing arbitrage rebate compliance reports for all of the System's tax-exempt obligations.

PROCUREMENT: Hawkins was selected from 1995 to 2018 through a RFP process, with the exception of 2001 and 2004, where the System's Board of Directors approved Hawkins as its bond counsel for a three-year sole source contract primarily due to the wealth and depth of Hawkins' health care experience, and its thorough working knowledge of the System's legal and business components gained over the years.

Hawkins' knowledge had proven to be extremely beneficial to the System. Due to its past experience with the System, Hawkins has an intimate understanding of the System's credit, its legal structure and its relationship with the City of New York, resulting in effective advocacy on the System's behalf. This can be demonstrated by Hawkins' successful interpretation of the System's lockbox security structure to credit rating agencies, which resulted in a Moody's upgrade from Baa3 to A3 in 2001. In 2015, Hawkins was instrumental in the creation of the secondary lien security structure that afforded the System's the ability to borrow short-term capital funds from the commercial banking community to finance medical and IT equipment purchases as well as small scale renovation projects. Hawkins' extensive health care experience and outstanding reputation

among the credit rating agencies and the investment banking community has served the System very well in the past.

The two firms that responded to the 2018 RFP were both invited to make on-site presentations to the Selection Committee. Selection criteria included: overall firm and individual team members' experience in health care, New York City, tax-exempt/taxable debt; taxation experience in arbitrage rebate, legislative and/or regulatory issues; firm's reputation and cost proposal. The Selection Committee comprised of representatives from the New York City Office of Management and Budget, New York City Office of the Comptroller, senior staff from Coney Island Hospital, the Corporation's Finance and Legal Affairs staff.

HOURLY RATES: Partners, \$465 per hour; Senior Associates, \$415 per hour; Associates, \$390 per hour; Junior Associates, \$245 per hour; and paraprofessionals, \$160 per hour.

Bond Counsel Services

Application to Enter into a Bond Counsel Contract

October 15, 2018

John Ulberg
Paulene Lok
Finance



Bond Counsel Services

- H+H currently finances major capital projects, ongoing capital improvements and major movable equipment through funds received from the proceeds of tax-exempt bonds and/or leases issued by the System or by other issuers on behalf of the System
- Experienced bond counsel is needed to prepare and review documents, to issue formal independent legal opinions relating to security and tax law, and other areas, and to provide related legal advice
- OP 40-58 (Debt Finance & Treasury) requires Board approval



NYC
HEALTH+
HOSPITALS **Timeline and Response**

- Released RFP on May 21. The RFP requested 30% MWBE participation.
- 2 firms submitted proposals on June 25
- Both proposers were invited to present to the selection committee on August 6
- Committee scored and selected the firm on August 6



Selected Vendor

- Selected Vendor: Hawkins Delafield & Wood LLP
- Contract Term: Three year term, with two 1-year renewal options:
 - December 1, 2018 through November 30, 2021 (Three year term)
 - Hourly rates by level



Request of the Finance Committee

- Authorization to negotiate and execute a contract with Hawkins Delafield & Wood LLP (“Hawkins”) to provide bond counsel services related to the structuring and continuing implementation of the System’s tax-exempt financing program for the period beginning December 1, 2018 through November 30, 2021, with two one-year renewal options solely exercisable by the System all at hourly rates (Partners, \$465 per hour; Senior Associates, \$415 per hour; Associates, \$390 per hour; Junior Associates, \$245 per hour; and paraprofessionals, \$160 per hour)



RESOLUTION

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WHEREAS, an application to issue a request for proposals was presented before the Contract Review Committee at its July 24, 2018 meeting and was approved by its approval letter dated July 24, 2018; and

WHEREAS, after the Office of Supply Chain Services issued a request for proposals, twenty-nine proposals were received, the ten highest-rated proposers presented before the Selection Committee and upon final evaluation by the Selection Committee, Betz Mitchell Associates, Inc., JZanus Ltd., MedMetrix LLC, nThrive Inc., PhyCare Solutions, Inc., and Sutherland Healthcare Solutions, Inc. were selected; and

WHEREAS, during each evaluation process each vendor was evaluated based on each response to any or all four specialized AR areas: (1) low dollar, high volume insured, (2) self-pay early out, (3) workers compensation, and (4) out-of-state Medicaid; and

WHEREAS, as a result of the evaluations the proposed vendors for each specialized area include: (1) low dollar, high volume: MedMetrix LLC., nThrive Inc., and Sutherland Healthcare Solutions, Inc., (2) self-pay early out: Betz Mitchell Associates, Inc., JZanus Ltd., and Sutherland Healthcare Solutions, Inc. (3) workers compensation: Betz Mitchell Associates, Inc. and (4) out-of-state Medicaid: PhyCare Solutions, Inc.; and

WHEREAS, under the proposed agreements the System will partner with vendors to resolve accounts receivable claims in their area of expertise. Vendors will be responsible for resolving account issues including: resolving edits, rebilling claims, providing medical records, completing requests for information, appealing denials and requesting payments;

WHEREAS, the proposed agreement for these services will be managed by the Senior Vice President for Revenue Management.

NOW THEREFORE BE IT:

RESOLVED, that New York City Health and Hospitals Corporation be and hereby is authorized to execute an agreement with six vendors for the provision of accounts receivable (“AR”) services, in four specialized AR areas, as requested by the System. The six vendors are Betz Mitchell Associates, Inc., JZanus LTD, MedMetrix LLC., nThrive Inc., PhyCare Solutions, Inc., and Sutherland Healthcare Solutions, Inc. Each agreement shall be for an initial term of three years with two one-year options to renew solely exercisable by the System and with total amount over the combined five-year term not to exceed \$46,381,321.00 to the six vendors.

**EXECUTIVE SUMMARY
RESOLUTION TO AUTHORIZE CONTRACT
WITH SIX VENDORS
FOR THE PROVISION OF ACCOUNTS RECEIVABLES SERVICES**

BACKGROUND: The purpose of the proposed agreement is for selected vendors to conduct follow-up actions on four populations of accounts receivable that will result in payment to the System for the medical services provided by the System. Vendors will be responsible for resolving account issues including: resolving edits, rebilling claims, providing medical records, completing requests for information, appealing denials and requesting payments;

PROCUREMENT: The System issued a Request for Proposals on August 9, 2018. A mandatory pre-proposers conference was held on August 20, 2018, which forty-four prospective vendors attended. Twenty-nine proposals were received, evaluated and scored. The ten highest rated proposers were invited to present before the Selection Committee. Vendor presentations were held on September 17th-18th, 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 fees, proven results collecting on the specified population, clearly defined work protocols, and technology and reporting capabilities. Betz Mitchell Associates, Inc., JZanus LTD, MedMetrix LLC., nThrive Inc., PhyCare Solutions, Inc., and Sutherland Healthcare Solutions, Inc. was selected on these criteria based on the following specialized Accounts Receivable areas:

- (1) Low dollar, high volume - MedMetrix LLC., nThrive Inc., and Sutherland Healthcare Solutions, Inc.
- (2) Self-pay early out - Betz Mitchell Associates, Inc., JZanus Ltd., and Sutherland Healthcare Solutions, Inc.
- (3) Workers compensation - Betz Mitchell Associates, Inc.,
- (4) Out of state Medicaid - PhyCare Solutions, Inc.

BUDGET: The cost of the proposed agreement will not exceed \$46,381,321.00 over the full five year term. The total amount has been budgeted and signed off by Central Finance.

TERM: The term of the proposed agreement is three years with two one-year options to renew solely exercisable by the System.

Revenue Management Accounts Receivable Partnerships

Application to Enter into New AR Partnership Agreements

October 15, 2018

Marji Karlin

Robert Melican

Robert Sargenti

Revenue Management



Accounts Receivable Partnerships

- The Office of Revenue Management received approval on July 24 to release an RFP for long-term Accounts Receivable (AR) vendors across 4 categories:
 - Insured Low Dollar & High Volume
 - Self Pay Early Out
 - ❖ Of note, this is **not** a traditional collection agency; vendors will provide due diligence on patient balances, prior to collection agency referral. All vendors have financial aid counselors to help patients apply for Medicaid and/or H+H Options.
 - Workers Compensation
 - Out of State Medicaid
- Contingency based reimbursement
- Contract Term: 3 years starting in October 2018 with two renewals each of one year



NYC
HEALTH+
HOSPITALS **Timeline and Response**

- Released RFP on August 9
- 54 firms participated in pre-proposal conference
- Received over 300 questions and responded on August 27
- 29 firms submitted proposals on August 31
- First round of scoring selected 10 firms for on-site presentations on September 17 & 18
- Committee scored and selected from the 10 presenting firms on September 20



Selected Vendors

- H+H is partnering with vendors to supplement existing staff
- Vendors will receive referrals of accounts receivable that H+H is unable address
- Over 5-year term of contract:
 - Projected expenses not to exceed of \$46,381,000
 - Annual Contract Value \$9.4 Million over 4 categories
 - Projected net revenue of \$441,961,000.
 - Annual projections by category (in millions)

	Revenue	Expense
Insured Low Dollar & High Volume	\$64.7	\$6.1
Self Pay Early Out	\$29.3	\$2.6
Workers Compensation	\$2.2	\$0.6
Out of State Medicaid	\$1.3	\$0.1
Total	\$97.5	\$9.4

- All vendors agree to participate in the Minority and Women Business Enterprises (MWBE) process. Four vendors have identified MWBE partners.
- Office of Legal Affairs will work with remaining 2 vendors to ensure compliance with the MWBE program



Selected Vendors

- Six vendors selected across the 4 populations
- The low dollar, high volume and the self-pay early out categories will have three vendors each to allow for comparison of efficiency
- Better performing vendors will receive more referrals

Low Dollar, High Volume	Self-Pay Early Out	Workers Compensation	Out-of-State Medicaid
MedMetrix	Betz Mitchell	Betz Mitchell	PhyCare
nThrive	JZanus		
Sutherland	Sutherland		



Request of the Finance Committee

- Authorization to contract with the selected vendors to:
 - Partner with H+H to work accounts receivable in the four identified populations
 - Over 5 year term of contract projected expenses not to exceed of \$46,381,000

