FINANCE COMMITTEE AGENDA

Date: June 13, 2019
Time: 12:00 pm
Location: 125 Worth Street, Board Room

I. Call to Order — Freda Wang
Adoption of the March 19, 2019 Minutes

II. Senior Vice President's Report — John Ulberg

III. Financial Report — Krista Olson, Michline Farag, Marji Karlin

IV. Outside Services Action Item — Andrea Cohen
Authorizing New York City Health and Hospitals Corporation (the "System") to execute an agreement with seven vendors for the provision of Legal Services as requested by the System. The seven vendors are Crowell & Moring, LLP, Epstein Becker & Green, P.C, Fox Rothschild, LLP, Garfunkel Wild, PC, Katten Muchin Rosenman, LLP, Moses & Singer, LLP, and Shepard, Mullin, Richter & Hampton, LLP. 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 $65,620,919.00 to the seven vendors.

V. Emergency Incident Recovery Services Action Item — Nicholas Cagliuso
Authorizing New York City Health and Hospitals Corporation (the "System") to execute an agreement with Belfor Property Restoration ("Belfor") to provide as needed emergency incident recovery services to the System over a three-year term with two one-year renewal options exercisable solely by the System.

VI. Old Business — Freda Wang
VII. New Business
VIII. Adjournment

MINUTES

Finance Committee **Meeting Date: March 19, 2019**

Board of Directors

The meeting of the Finance Committee of the Board of Directors was held on March 19, 2019 in the 5th floor Board Room with Freda Wang presiding as Chairperson.

ATTENDEES

COMMITTEE MEMBERS

Freda Wang
Sally Hernandez-Piñero
Dr. Mitchell Katz
Barbara A. Lowe
José Pagán

OTHER ATTENDEES

D. Collington, AED, CIH
M. Elias, IBO Analyst, IBO
J. DeGeorge, State Comptroller
J. Gohn, OMB
A. Mirdita, Chief Financial Officer, PAGNY

HHC STAFF

P. Albertson, Vice President Supply Chain, Central Office
M. Allen, Chief Medical Officer, Central Office
E. Barlis, Chief Financial Officer, Jacobi/NCB
E. Coleman, Chief Financial Officer, Metropolitan Hospital
E. Cosme, Chief Financial Officer, Gotham Health
F. Covino, Senior Assistant Vice President, Corporate Budget
L. Dehart, Assistant Vice President, Corporate Reimbursement Services
M. Farag, Corporate Budget Director, Corporate Budget
E. Guzman, Assistance Vice President, Corporate Comptroller
C. Hercules, Chief of Staff, Board Office
B. Ingraham-Roberts, Assistant Vice President, Central Office
M. Karlin, Chief Revenue Officer, Central Finance
P. Lok, Senior Director, Corporate Finance
A. Marengo, Senior Vice President
K. Olson, Assistant Vice President, Corporate Budget
B. Schultz, Senior Assistant Vice President, Corporate Reimbursement Services
M. Siegler, Senior Vice President, Managed Care and Growth
A. Soul, Chief Financial Officer, Kings
J. Stec, Deputy Budget Director, Corporate Budget
M. Thompson, Associate Director Operations, Corporate Finance
J. Ulberg, Senior Vice President/CFO, Corporate Finance
S. Van Orden, Assistant Vice President, Central Finance

CALL TO ORDER **FREDA WANG**

Ms. Freda Wang called the meeting to order at 9:53 am. The minutes of the December 13, 2018 meeting were approved as submitted.

SENIOR VICE PRESIDENT'S REPORT — JOHN ULBERG

Mr. John Ulberg began his report stating that the major topic for today's meeting is to review the financial plan results through the Quarter 2 (Q2) – a period that covers June 1, 2018 through December 31, 2018. Mr. Ulberg reported that Health + Hospitals (H+H) finished Q2 1% below the net margin target. This includes expenditures, which are higher than budgeted by $25M strategic investments in hiring nursing staff and investments in revenue cycle improvements. Facilities reset their budgets to close the gap on the $25M. On the revenue side H+H is missing the target by net $10M, with patient care revenue $40M below target largely due to Epic rollout. This was offset by MetroPlus receipts and volume decline. There are internal and external risks that could potentially impact H+H which, are being monitored closely for changes. Mr. Ulberg requested reserving five minutes at the end of the meeting to discuss a letter of credit that is needed for the operations of the Accountable Care Organization (ACO).

Mr. Ulberg reported on overall revenue and expenditures. On the expenditure side, H+H is over budget by $25M mainly due to staff disbursements in nursing and revenue cycle. On the revenue side, H+H is $10M under the target, with patient care revenue currently $40M below budget. H+H is on track to recover those funds through the end of this fiscal year (FY) and the early part of the next FY.

Dr. Mitchell Katz commented that although H+H has not made the targets yet, he is optimistic about the progress H+H has made in the transformation plan considering how close to the ambitious targets H+H has come. Dr. Katz further noted that if H+H had not made strategic investments in nursing staff that H+H would have met the expense targets.

KEY INDICATORS; CASH RECEIPTS & DISBURSEMENTS REPORTS — KRISTA OLSON, MICHLINE FARAG, MARJI KARLIN

Ms. Michline Farag reported that Q2 expenses are less than $25M away from our expense target. This is largely due to staffing investments in clinical models including the nursing model, key business initiatives, and revenue cycle improvements. In addition, a hiring pause was put in place to allow H+H to reset its' budgets.

Ms. Freda Wang asked if the hiring pause had been lifted, and Ms. Farag confirmed that it had been after facilities submitted plans.

Ms. Sally Hernandez-Piñero asked if the expense reductions were allocated by facility, and Mr. Fred Covino confirmed that it was done by facility.

Mr. Katz commented that historically budgeting facility-to-facility has not been something that H+H has done due to the differences in budgets by facility.

Mr. Ulberg commented that when H+H took the pause and implemented the nurse staffing model, H+H set objective benchmarks to measure the number of nurses needed by the number of patients.

Ms. Farag continued her report discussing the drop in staffing numbers from 49,410 in November 2015 to 44,279 in April 2018. In FY17 H+H implemented the transformation plan that imposed controls on Global Full Time Equivalents (GFTE). GFTE describes the full complement of H+H overall staffing resources, including full-time employees, part-time, hourlies, temporary workers, affiliations, and over time, which, are all converted into "global" full-time equivalents. In November 2015, H+H implemented staffing controls such as vacancy review to prepare for the transformation plan that came in FY17. Overall H+H has decreased GFTEs by around 5100 since November 2015. In FY19 GFTEs has a slight increase due to the investment in strategic hires.

Ms. Farag reported H+H's recalibration of the staffing mix to support clinical and revenue generating investments. Of the total full-time staff hired this year, the largest increase was in nurses, revenue cycle initiatives, and funded business plans.

Mr. José Pagán asked what type of staff we did not hire during the reduction.

Ms. Farag reported reductions to temporary workers, hourlies, non-clinical titles, and implementing controls on backfilling and management hiring. Dr. Katz noted the hiring freeze was system-wide.

Mr. Pagán raised a question about year-to-year changes in nursing staffing and Ms. Farag noted that in the past H+H did not have a staffing model for nursing to benchmark against and now those controls are in place.

Ms. Barbara A. Lowe asked if there is a way to look at the nursing model in a dynamic way since nursing is a large part of the Human Resource (HR) budget.

Dr. Katz replied that the goal is to get ahead of vacancies in nursing by proactively training new nurses.

Ms. Krista Olson noted that H+H is implementing an integrated staffing model for nursing now.

Ms. Wang asked if nurses in different fields are compensated the same throughout H+H. Mr. Covino replied that most nurses are paid the same across H+H. Dr. Katz noted there is some variation in salary based on nurse credentials but overall they earn the same. Dr. Katz further noted that H+H is working with New York State Nurses Association (NYSNA) about providing differential payments to be more competitive with the rest of the industry.

Ms. Farag continued her report by providing an overview of H+H staff growth that has shifted away from temporary workers to full-time employees. This enables a more stable workforce. Temporary workers and hourlies have declined and H+H full- and part-time staff has increased. Over time (OT) has also increased but is anticipated to go down. Some of the OT is due to nurse training and as they transition to full-time their OT will decrease.

Ms. Hernandez-Piñero asked if part-time staff is heavily concentrated on nurses, and Mr. Covino said it is not concentrated in nursing. Mr. Pagán asked how H+H adjusts pay for the OT staff, and Mr. Katz replied that OT at H+H is complicated because it does not cost us more than an increased hourly rate based on how the City benefits work. He noted that H+H does not want staff to burnout on OT and he does not want H+H to make OT mandatory but he acknowledged that some staff want to work OT.

Ms. Wang asked for confirmation that OT will not continue to grow over time. Mr. Covino noted that H+H is keeping pace with the rest of the industry on OT.

Ms. Hernandez-Piñero asked what the average nurse salary is for registered nurses and Mr. Covino, off the top of his head, said an average of $94,000.

Ms. Wang asked if the new staffing model for hiring has stabilized or if there is more work to do, and Ms. Farag replied stating it varies by facility.

Mr. Ulberg reported on the facility gap closing plans H+H is implementing to recoup the $25M. The four major categories of savings are in staff attrition, OT reduction, non-staffing cost reduction, and revenue offset of expense. The finance team has monthly meetings with facilities to understand where they need help and the barriers that are in their way.

Ms. Lowe asked if we have Chief Medical Officers (CMOs) in facilities that help to manage this piece of the budget, and Mr. Ulberg said that we work closely with them to monitor progress on how they are doing.

Ms. Farag reported on corporate-wide revenue. FY19 revenue is $65M higher than FY18 actuals and close to FY19 target. Total patient care revenue is up $80M vs. FY18 actuals driven by stronger risk contract performance.

Ms. Olson reported on the connection between revenue and discharges. Two-thirds of the decline in discharges vs. FY18 are associated with our risk-based health plans. Although there is an uptick in self-pay, it is expected to convert to insurance. Although there is a decline in discharges in the risk base, we can make it up later in risk pool revenue with MetroPlus and HealthFirst. Dr. Katz commented that having fewer discharges is a good thing. Ms. Olson noted that although volume has dropped, attribution levels have increased by 8,095 covered lives.

Ms. Olson continued her report by describing that although discharges are down by 3.8%, by the end of 2020 we expect to offset this by achieving improvements in coding and documentation, recoupment of delays in accounts receivable (AR) related to Epic implementation, and anticipated risk pool revenue. There is a negative impact on cash, but over time we will make most of that up in discharges to date.

Ms. Wang asked for clarification on the end of FY20 date, and Ms. Olson replied stating that the risk pool revenue takes time to get because of the lag in processing claims with the payer. Mr. Pagán asked if there are opportunities that we are missing to make sure we capture patients insured by MetroPlus and Ms. Olson noted that there are transformation plan initiatives that seek to address retention and reduce leakage. Mr. Matt Siegler added that if MetroPlus and HealthFirst members are assigned a Primary Care Physician (PCP) at H+H, then the members are attributed to us and therefore we can capture the risk. The next step after PCP assignments is to look at leakage to other systems and assessing whether we invest in that service in a facility or implement a transportation plan to a facility that does have that service.

Ms. Hernandez-Piñero asked if patients can switch PCPs within a year, and Mr. Siegler responded that patients could switch at any time. Ms. Hernandez-Piñero asked if research is being done on retention tracking and Mr. Siegler, responded saying yes and that patients are assigned or they select a PCP and the auto-assigned MetroPlus members are 90% assigned to H+H.

Ms. Lowe asked if H+H looks at performance levels of PCPs to make decisions about retention and assignments and Mr. Siegler said this is not currently part of the process because the issue tends to be the churn on and off insurance rather than switching providers.

Ms. Marji Karlin reported on the components of revenue variance as it relates to revenue cycle. Candidate for billing (CFB) is an area we saw revenue cycle performance drop. CFB is a term that refers to all claims that should be ready for billing and have been coded out to a coding vendor for review. Once claims have passed five days available for coding H+H should be able to send the bill to the patient. We have increased by 4.4 days between July and December. Largely this is because of Epic go live. There have been edits to workflows related to coding, charge capture, system billed issues, issues about alternate level of care billed, etc. There is expected fine-tuning after an Epic go-live so CFB was at an all-time high in December but the issue has been mitigated since.

Ms. Karlin continued her report on revenue variance mitigation. The board authorized vendor partnerships to help work areas of the receivable that have not historically been addressed by facilities, for example high volume low dollar insured claims. In addition, H+H has not done proactive outreach on self-pay charges or to patients who do not respond to statements. To follow-up on those balances, H+H is working to assist patients in getting insurance coverage or if they cannot get coverage help patients apply for H+H Options. Revenue for these vendor partnerships will start to roll-in at the end of FY19 and beginning of FY20. CFB has reduced and is being managed by the facilities. H+H has more in receivables than is typical but it is being addressed now that the claims backlog has been addressed. Epic, revenue management, and facilities are working to address this backlog.

Ms. Hernandez-Piñero asked how much money the backlog is and Ms. Karlin replied that claims follow-up for CFB is about $27M.

Ms. Karlin continued her report on self-pay AR. There is a delay in sending statements in association with Epic go-live – the first group of statements went out this week. The residual balance notices sent out for self-pay patients will include a flyer to help them understand how they can apply for insurance or help them apply for H+H Options.

Ms. Hernandez-Piñero asked if the balances have a wide spectrum, and Ms. Karlin noted there is a wide variation in balances and for the very high balances staff do phone outreach in addition to the letters. Ms. Karlin further noted that there are focused efforts in all of the facilities with Epic to do a better job at catching insurance at or before the appointment.

Ms. Karlin continued her report on revenue cycle growth trajectory demonstrating that it is on track to exceed FY19 target by $10M.

Ms. Olson presented on the increase in case mix index (CMI). CMI is a measure of the complexity of inpatient stays. H+H has increased by over 10% year-to-date (YTD) since last year which is aligned with all the clinical documentation improvement efforts over the last year. Some changes are to the patient population but H+H also implemented specific measures to capture diagnostic codes and are more accurately reflecting the complexity of the patients H+H serves. Mr. Katz noted that this is important for billing because value-based payment (VBP) arrangements must be risk adjusted. It is also good for quality measures because they are also risk adjusted.

Ms. Olson reported on actual length of stay (LOS) compared to expected LOS, which is adjusted for CMI using citywide data. Last year H+H actuals were more than a 0.5 days greater than city average. This year H+H actual remained the same but the expected went up. By capturing the complexity of H+H patients, H+H can see that compared to city benchmarks H+H is improving.

Mr. Pagán asked if the increase in CMI is across the board and Ms. Olson noted that yes and to reference the appendix detail if interested in facility-level data. Dr. Katz noted that the coding academy has been very successful.

Mr. Ulberg reported on the internal and external risks for H+H. Notable risks include the Governor's initial budget and the major changes in nursing home CMI; the Governor's 30-day Amendment repealing 2% hospital increases; federal public charge rule changes; the President's budget, which proposed cuts across the board to Medicaid and Medicare and raised enough concern with the NY State legislature to create a protection fund; Federal DSH cuts in October that would require H+H to absorb up to $700M. Mr. Ulberg noted that H+H is working to get those cuts restored and lobby the State on proportionately spreading the cuts across all hospitals if they do happen. On the avails side, MetroPlus managed patient care costs has reserves and H+H is working on a Medicaid admin grant for admin costs.

Mr. Ulberg introduced an Accountable Care Organization (ACO) action item that will be introduced to the full board in April. The HHC ACO, a subsidiary nonprofit organization of H+H, is a high performer and is the only NYS ACO to achieve positive results in Medicare Shared Savings Program (MSSP) for five years in a row. As it currently stands, the ACO has upside risk only and Centers for Medicare and Medicaid Services (CMS) is requesting that ACOs go into an upside-downside arrangement which means that ACOs will take on risk. To protect the ACO in the event of downside risk, the ACO must establish a reserve and have a letter of credit. Ms. Linda DeHart elaborated that the ACO's best option is the upside-downside risk agreement and because of this CMS requires a guaranteed payment mechanism if there is liability. The letter of credit is the best option for the ACO. Approval from the Board is needed to get this letter of credit for the ACO. The estimated cost is $4-$7M.

Dr. Katz noted that taking on downside risk is a good option because it can increase the upside risk.

Ms. Wang asked for clarification on whether the ACO needs H+H to assume the risk.

Ms. DeHart replied that the ACO will enter the agreement with the larger upside potential, but the downside is that if they do not achieve the expected performance they will be liable to pay CMS. The ACO will set aside some earnings to build up a reserve so that in the event of liability, H+H will assume minimal risk. Ms. DeHart noted that CMS has yet to tell us the exact amount that is required.

ADJOURNMENT **FREDA WANG**

There being no further business to discuss, Ms. Wang adjourned the meeting at 10:59 am.

NYC Health + Hospitals

Finance Committee – June 13, 2019

Financial Performance

Quarter 3, Fiscal Year 2019

Executive Plan FY19 Changes

$35M in Expense Target Reductions

- $25M Reduction in FTE
- $10M in Supply Chain Savings

$45M Revenue Target Reduction

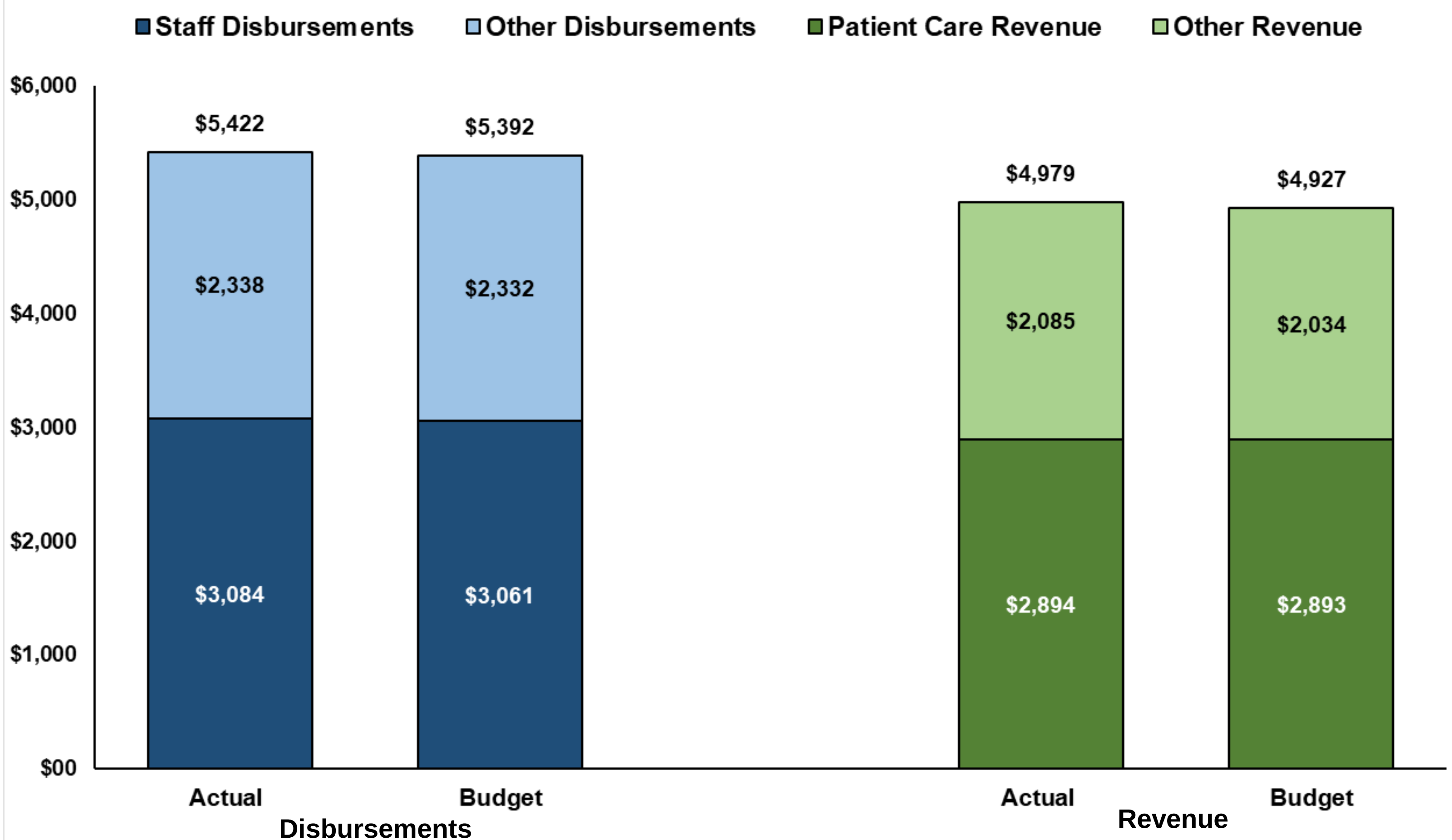
- $30M in growth (Retail Pharm/Transportation)
- $15M in Managed Care Contract Improvements

$50M Additional Revenue

- Grants/Medicaid Admin

Overall Revenue and Expense Track Close to Budget; Net Margin at (1%)

- Overall revenue continues to grow year-over-year in line with transformation plan. Through Quarter 3, revenue is above target ($52M; 1%), with patient care revenue currently on budget.
- Disbursements outpaced budget by $30M (0.6%) mainly due to nursing and revenue cycle hires.



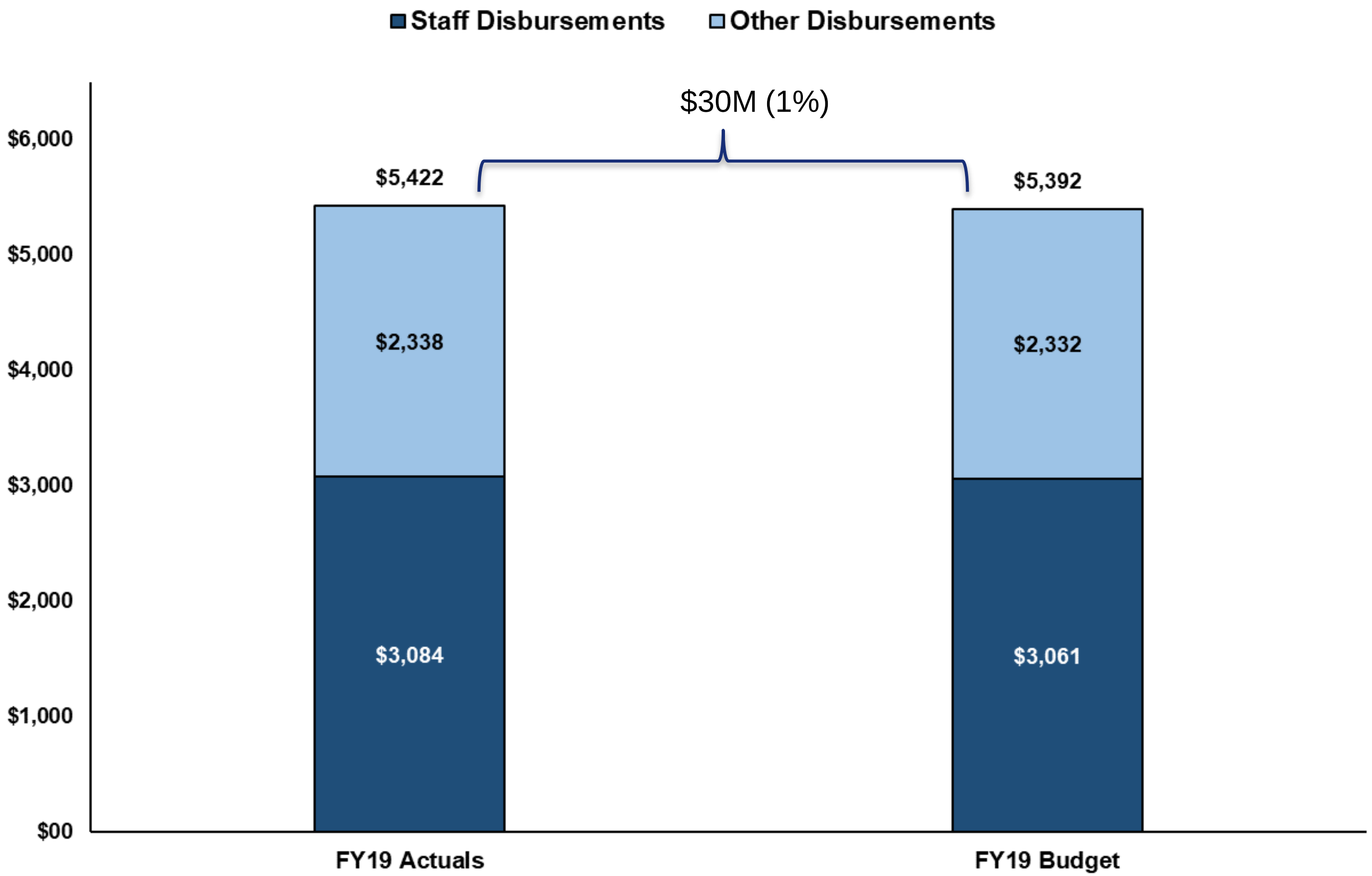
**The revenue budget is less than the expense budget due to cash flow and timing of anticipated receipts including FY19 City pre-payment made in FY18, and collective bargaining in FY19.*

Expense Performance

Quarter 3, Fiscal Year 2019

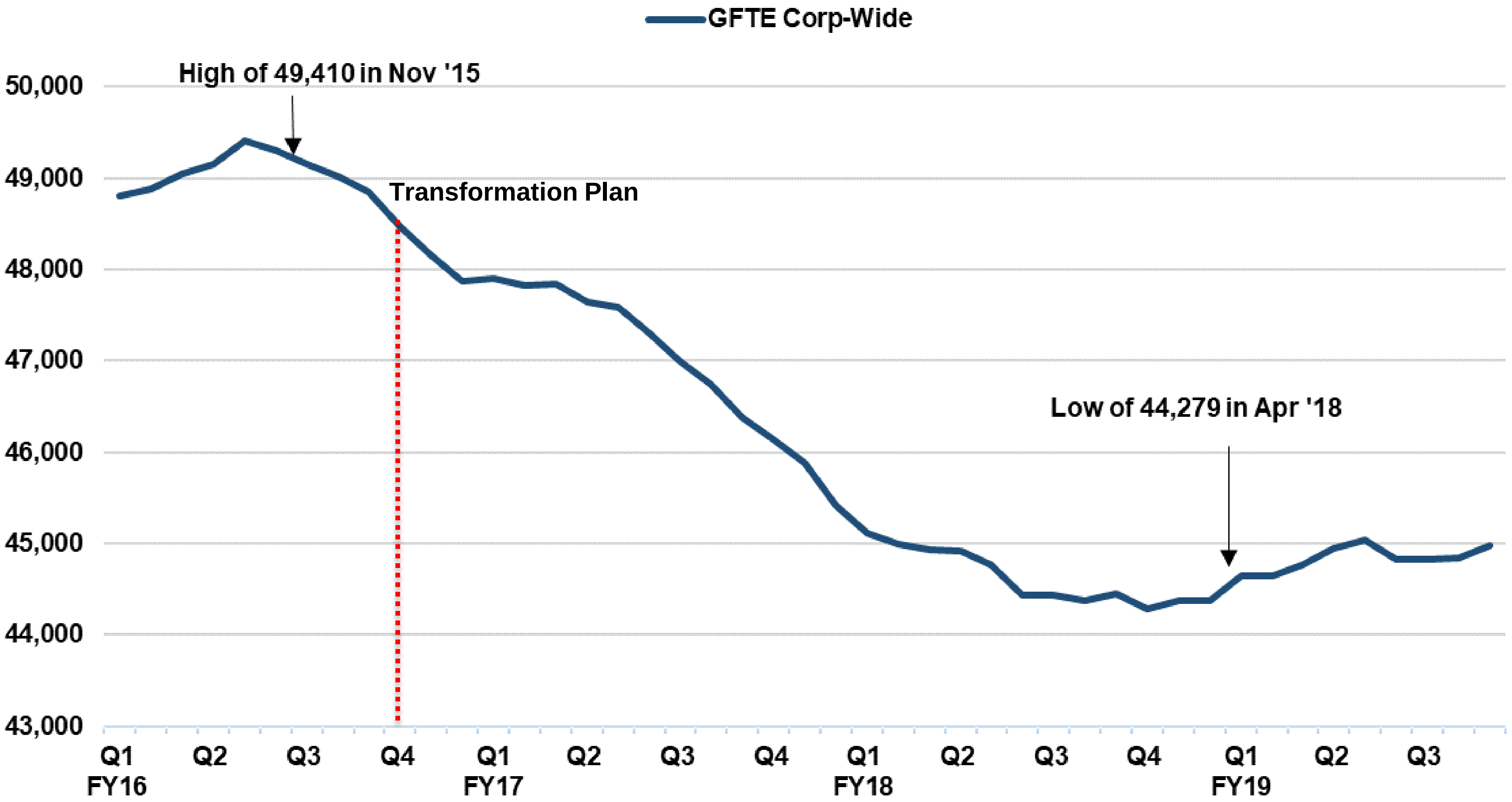
Quarter 3 Expense at (1%) From Budget

- Overall, H+H is less than 1% ($30M) away from the expense target mainly due to staffing investments in clinical models including our nursing model, key business initiatives, and revenue cycle in anticipation of better patient care and higher return on investment (ROI).
- A hiring pause was put in place to allow facilities to reset their budgets.



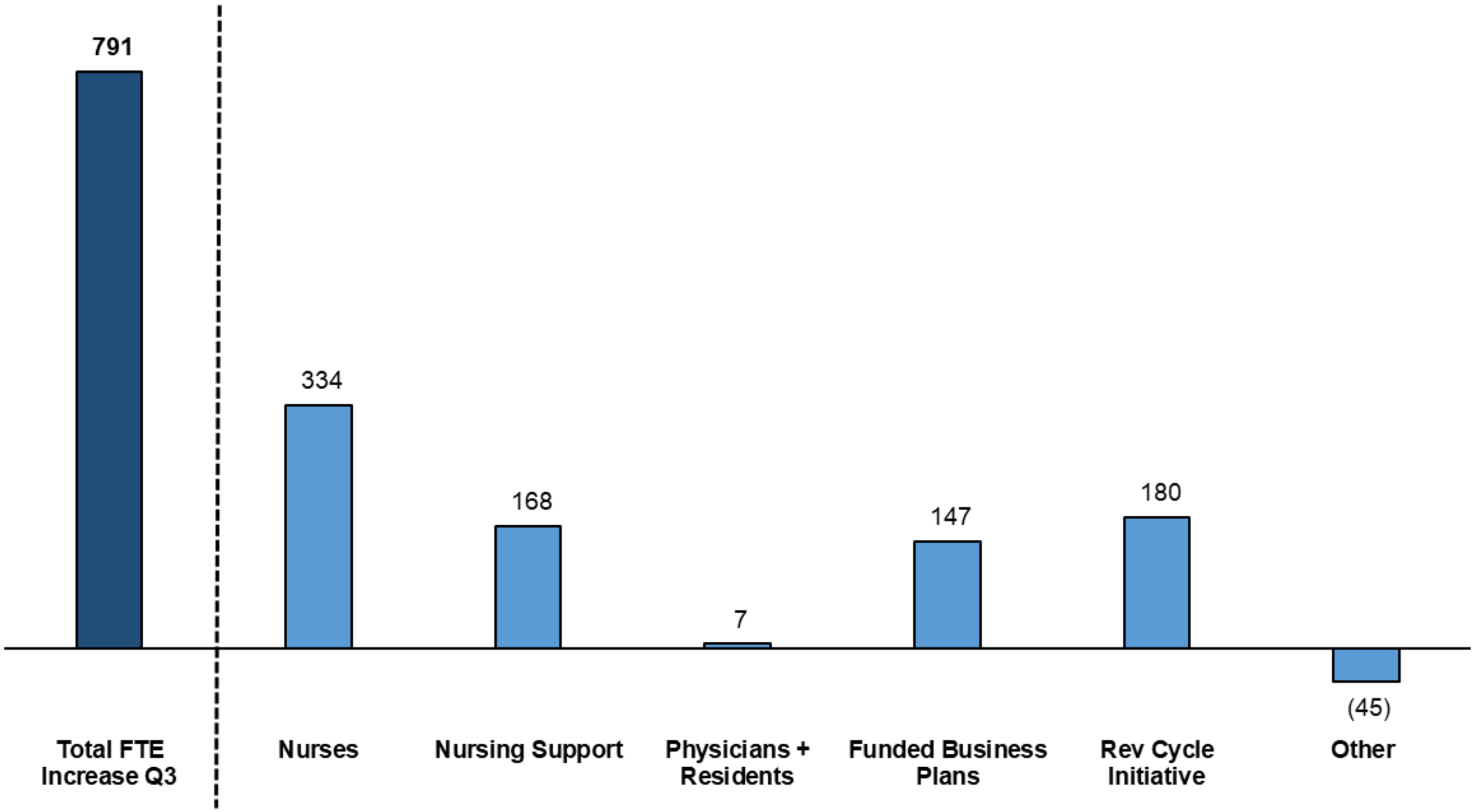
Historic Staffing Numbers Have Dropped Significantly

- Historical Global Full Time Equivalents (GFTEs) hit a high of 49,410 in Nov ’15, and decreased to a low of 44,279 in April ’18. After targeted investments, H+H has inched up to 44,976 in FY19 Quarter 3.



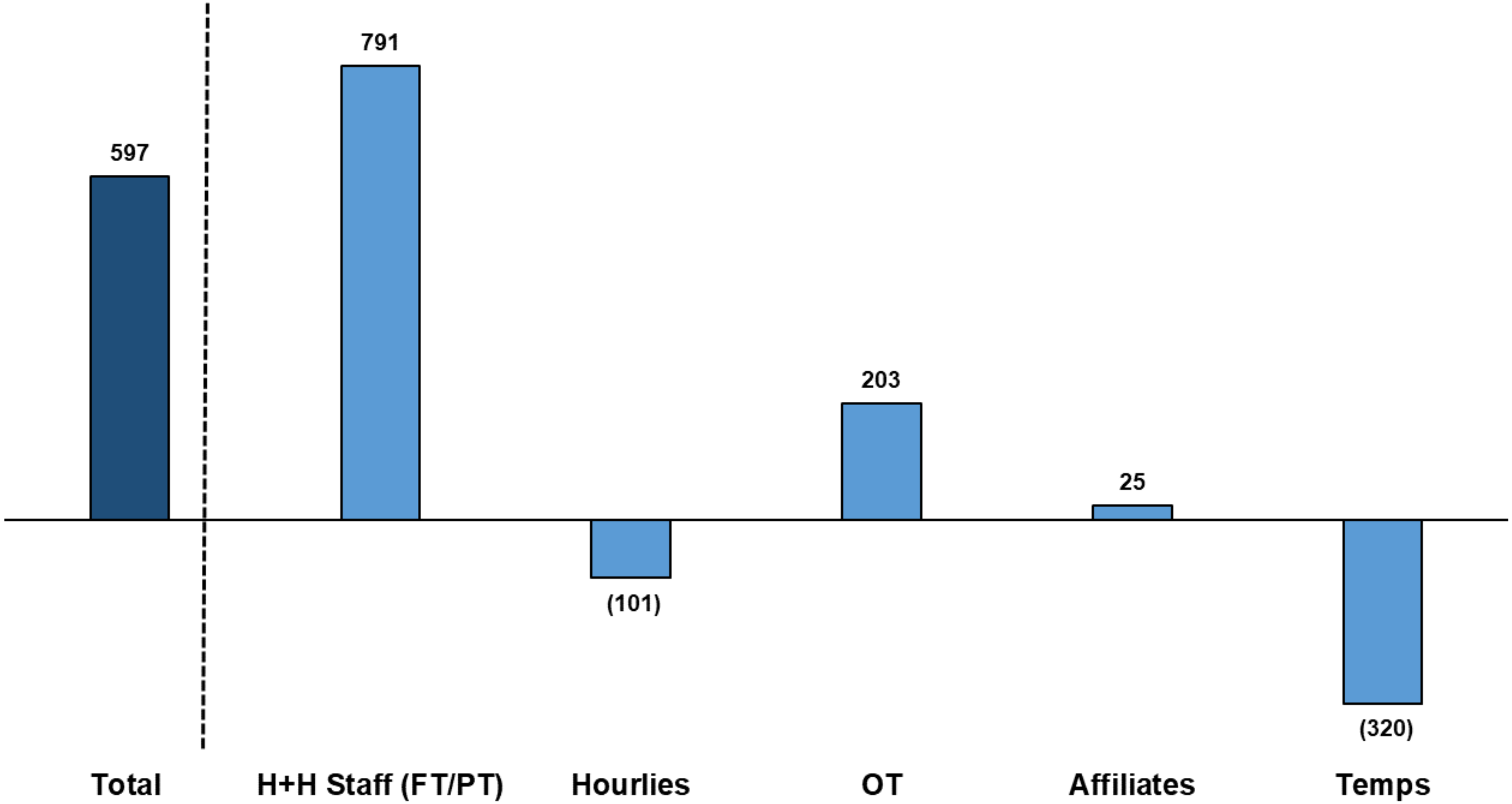
H+H Recalibrating Staffing Mix to Support Clinical and Revenue Generating Investments

- H+H staff growth for Quarter 3 is in line with NYC H+H Strategic Direction, with significant investments in clinical and revenue cycle staff.



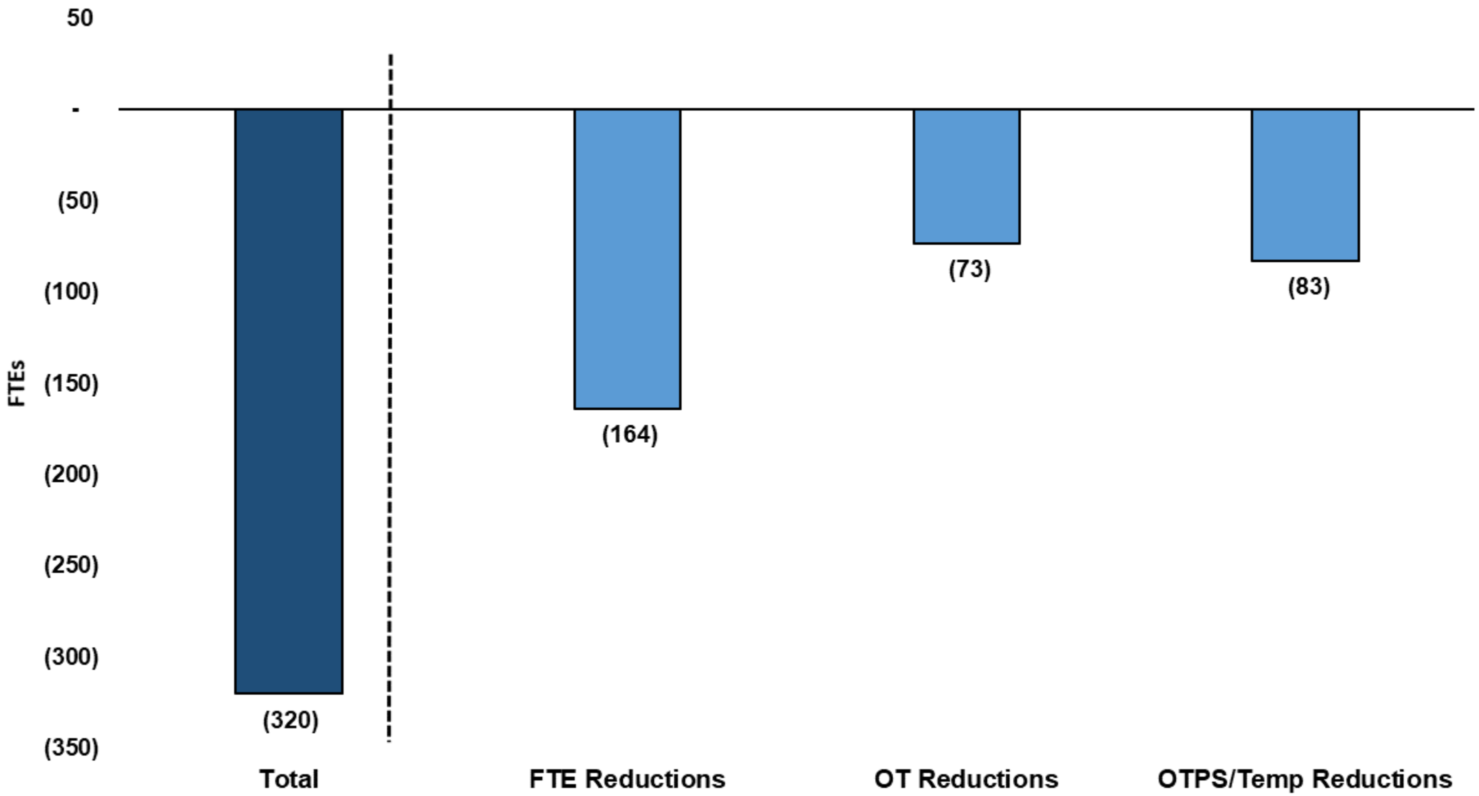
H+H Staff Growth Has Shifted From Temps to Full-Time

- Global Full Time Equivalents (GFTEs) grew by **597 through Quarter 3**, moving away from temp hires and toward full time staffing.
- Growth in staffing is in line with NYC H+H Strategic Direction with significant investments in clinical staff (including nursing) and revenue cycle positions.



H+H has a Glide Path to Right Size Facility Reinvestment

- Facilities are implementing $25M gap closing plans that put them on a glide path over the next few months to offset their targeted clinical and revenue cycle staffing investments.
- Plans include attrition of non-clinical titles, reduction of overtime (OT) as an offset to clinical hire costs, and revenue generation to offset revenue cycle staffing.

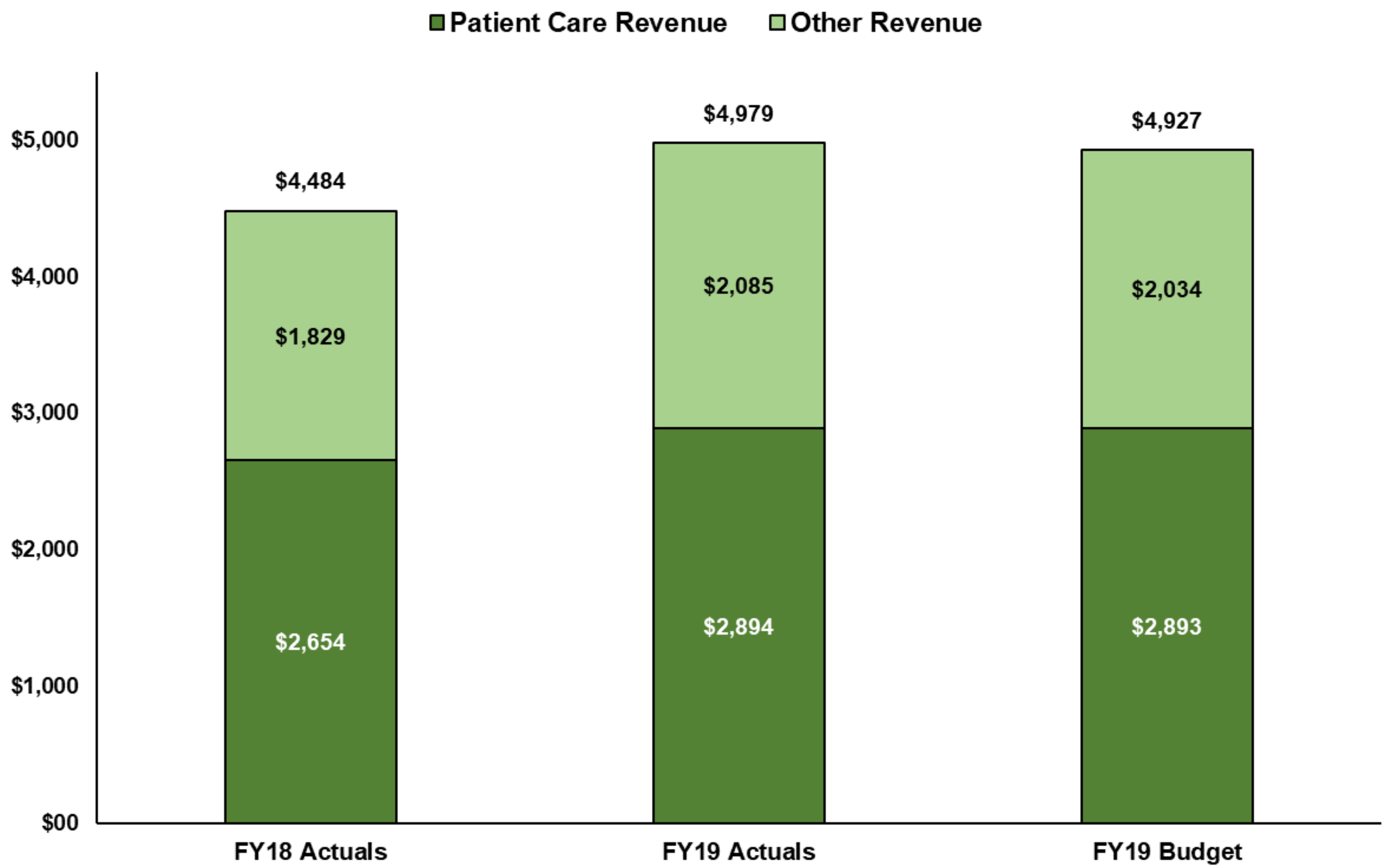


Revenue Performance

Quarter 3, Fiscal Year 2019

Corporate-wide Revenue is on Track

- FY19 revenue is **$495M higher than** FY18 actuals*, and **$52M above FY19** target.
- Total patient care revenue is up $239M vs FY18 actuals driven by stronger risk contract performance.



**Variance year over year primarily due to full MetroPlus risk payment for FY19 received by Q3, Medicaid Admin received in FY19, and timing of VBP-QIP received on FY18's behalf.*

Key Revenue Variances

Overall Revenue:

$52M Higher Than Budget

- **Patient Care Revenue Meets Budget (0%)**
  - Direct Patient Care below budget by **$38.3M** (due to FFS volume)
  - Managed Care Risk pool received above budget by **$38.8M**
- **Non Patient Care Revenue above budget by $51.0M**
  - Driven by Appeals and Settlements and Misc. Revenue

Inpatient Volume Declined 4.6%, Only One-Half is Fee For Service (FFS) Impacting Revenue

- Approximately one-half of the decline in discharges vs. FY18 are associated with our risk-based health plans, MetroPlus and HealthFirst, helping drive improved risk pool revenue.
- Although there is an uptick in self-pay, it is expected to convert to insurance.

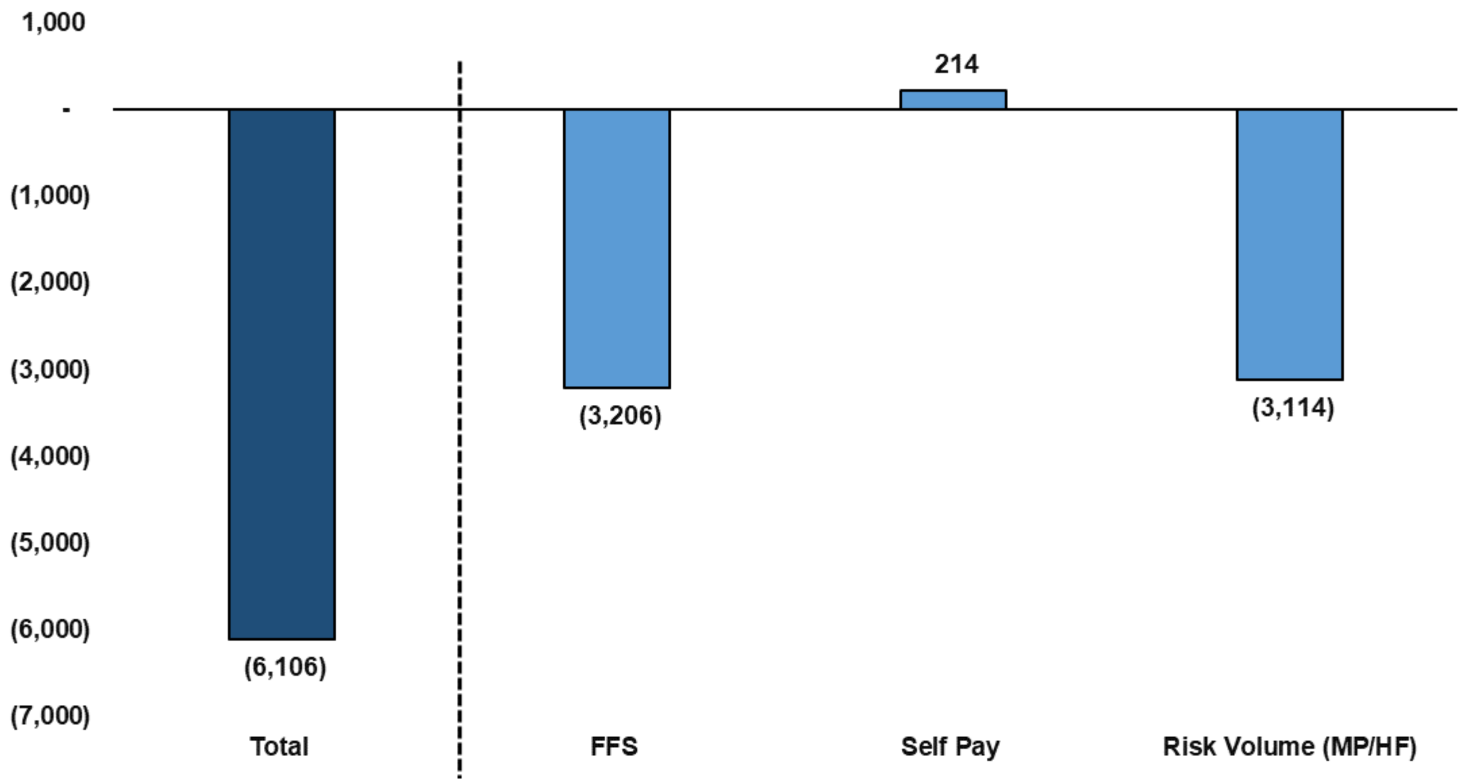
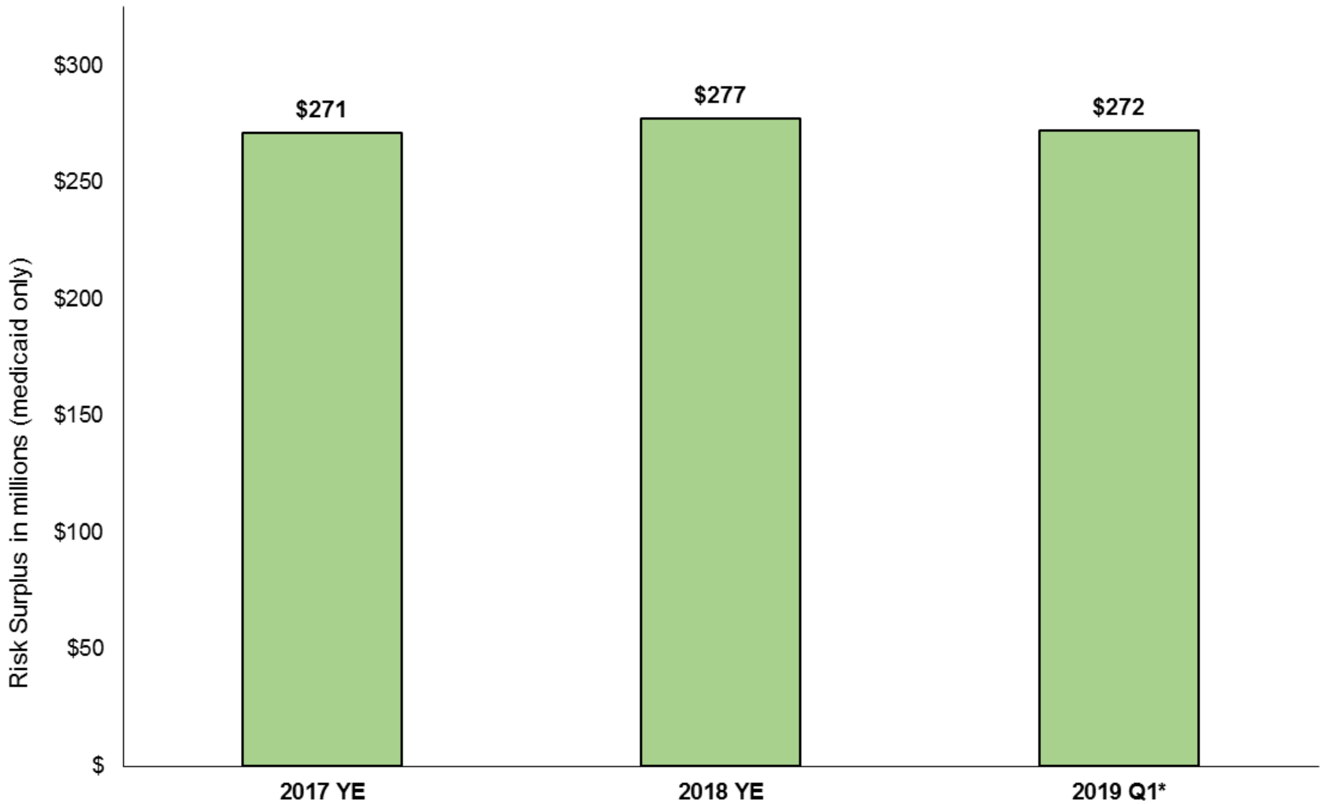


*Chart includes psych and rehab.

Better Patient Care is Helping H+H's Bottom Line

- In calendar years 2017 and 2018 H+H received a margin of 11% as risk surplus, approximately $270M per year.

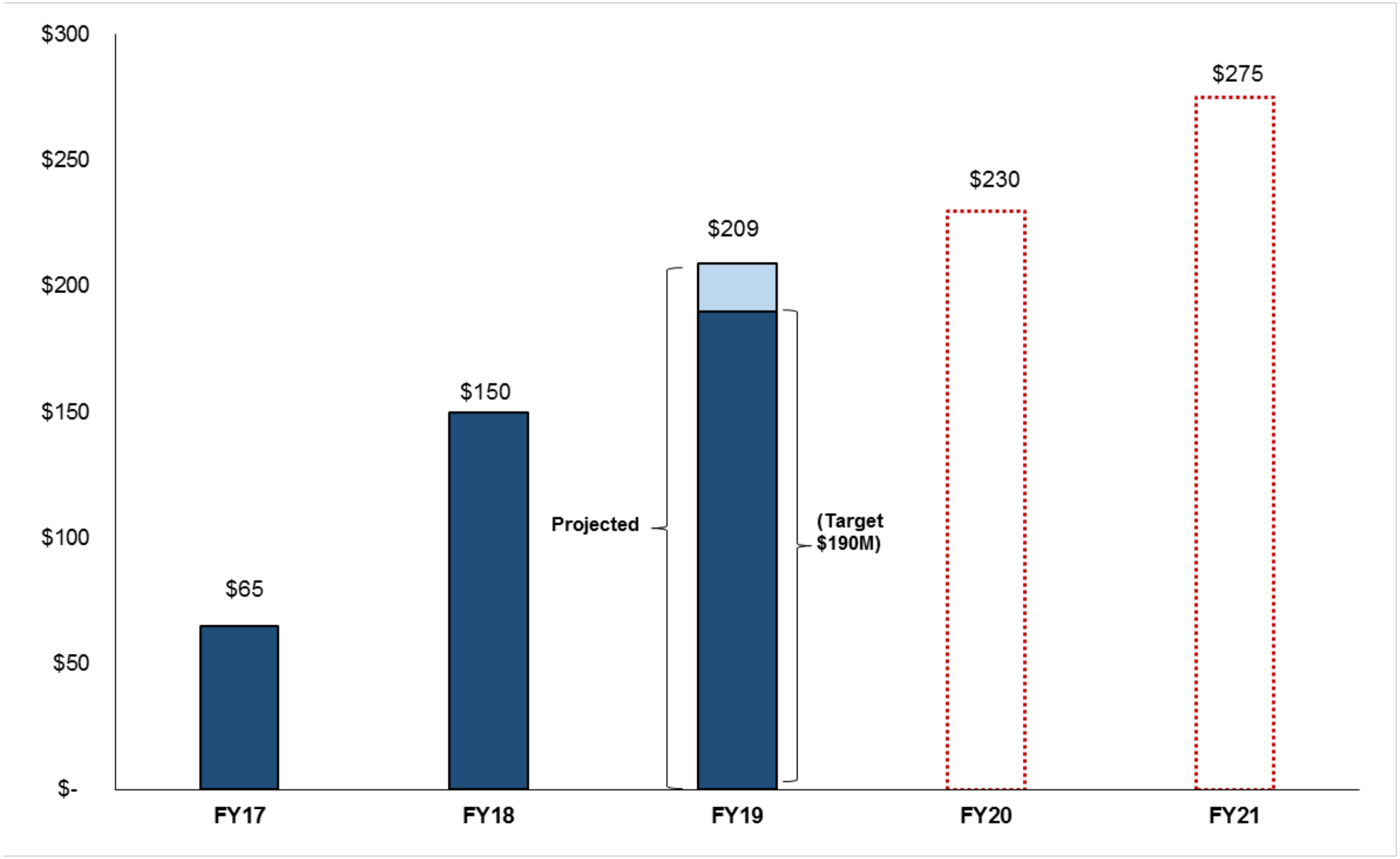


Attributed Lives	470,768	467,689	474,313
Margin	11.2%	11.1%	11.0%

**2019 value annualized based on Q1 and adjusted to include inpatient rate shift.*
*** MetroPlus maintains an administrative fee of 7.6% as of Q1 2019.*

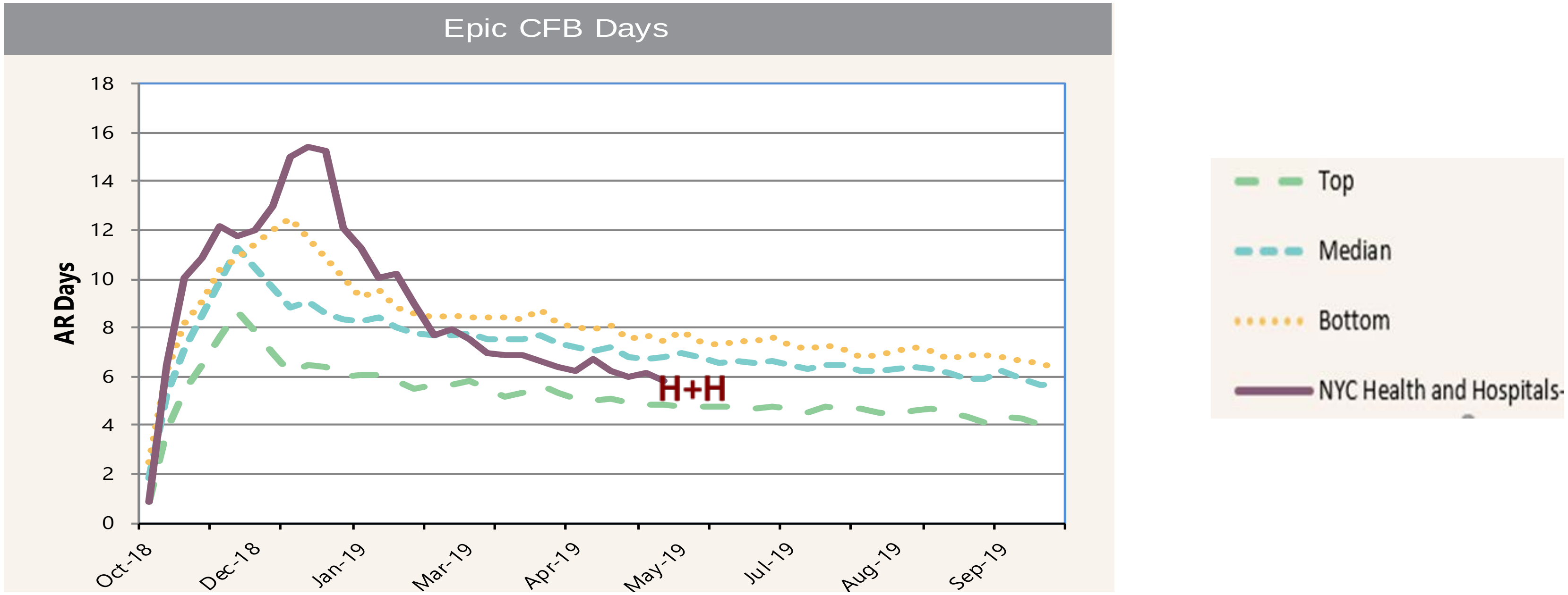
Revenue Cycle Growth Trajectory

- Revenue cycle targets have increased over time in accordance with the transformation plan.



H2O Showing Positive Results – Candidate for Billing close to Epic Top Performers

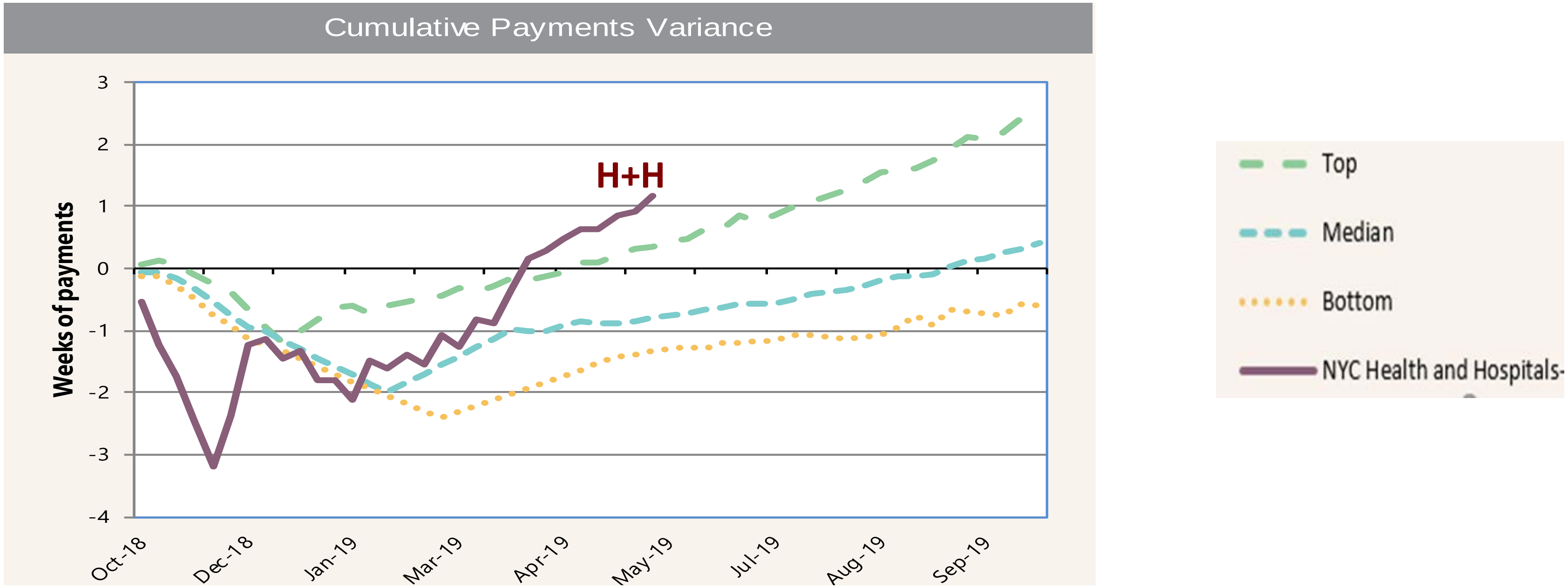
October H2O go-live – Coney Island, Elmhurst, Queens, and Woodhull



- Candidate for Billing (CFB) = Total of all discharged balances, but not yet billed due to deficiencies, errors or missing information. H+H Target is 5 days.

** AR: Accounts Receivable*

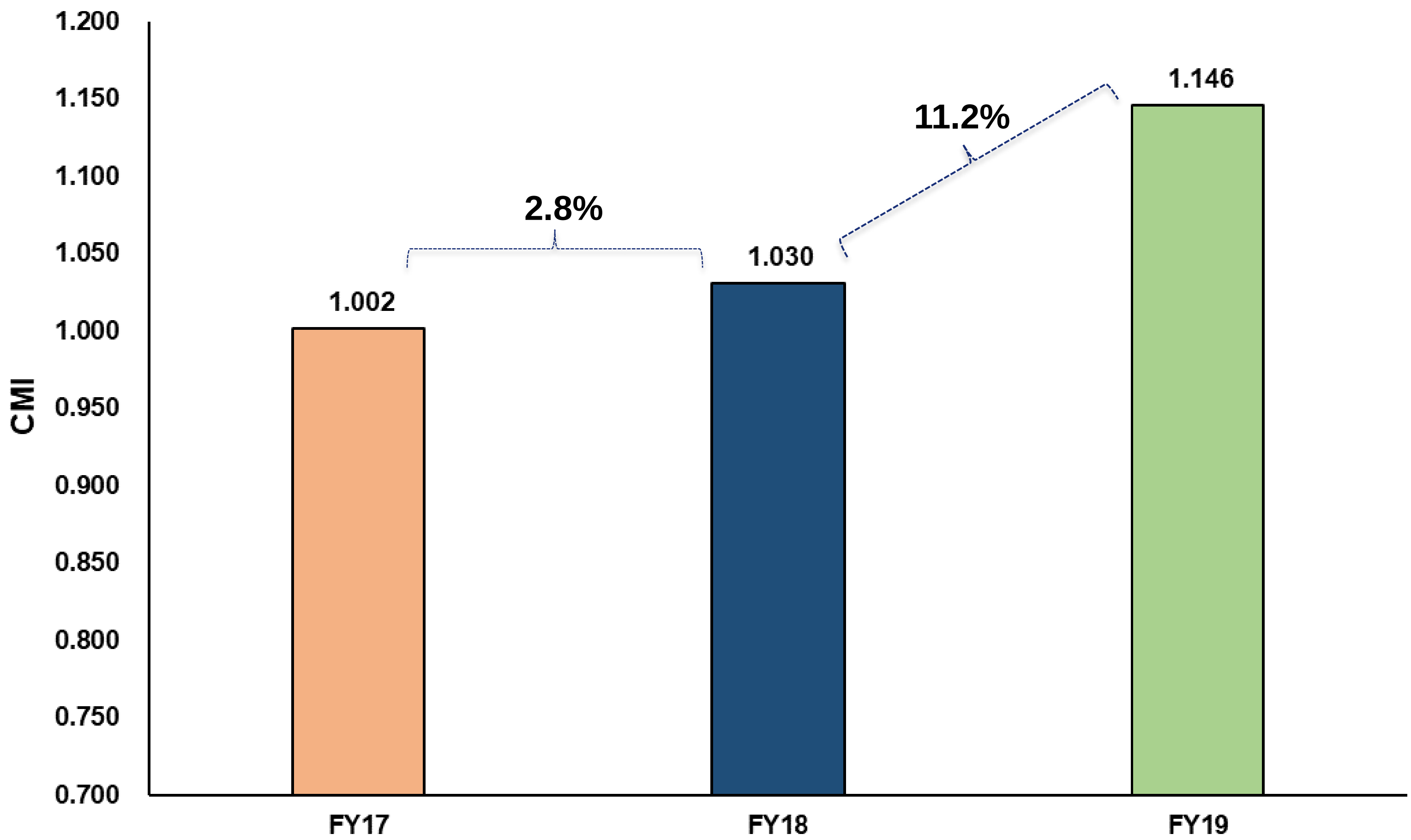
H2O Showing Positive Results – Payments Exceed Baseline Performance by 4.0%



- October go-live achieved cumulative positive payments at 24 weeks post-live, sooner than the top Epic customers.
- *Performance exceeds baseline by $11m but is slightly over-stated in chart due to technical issues.*

Increased Case Mix Index (CMI) Follows Revenue Cycle Improvements

- Case Mix Index has increased 11.2% year-to-date over FY18, primarily the result of clinical documentation improvement and coding initiatives.



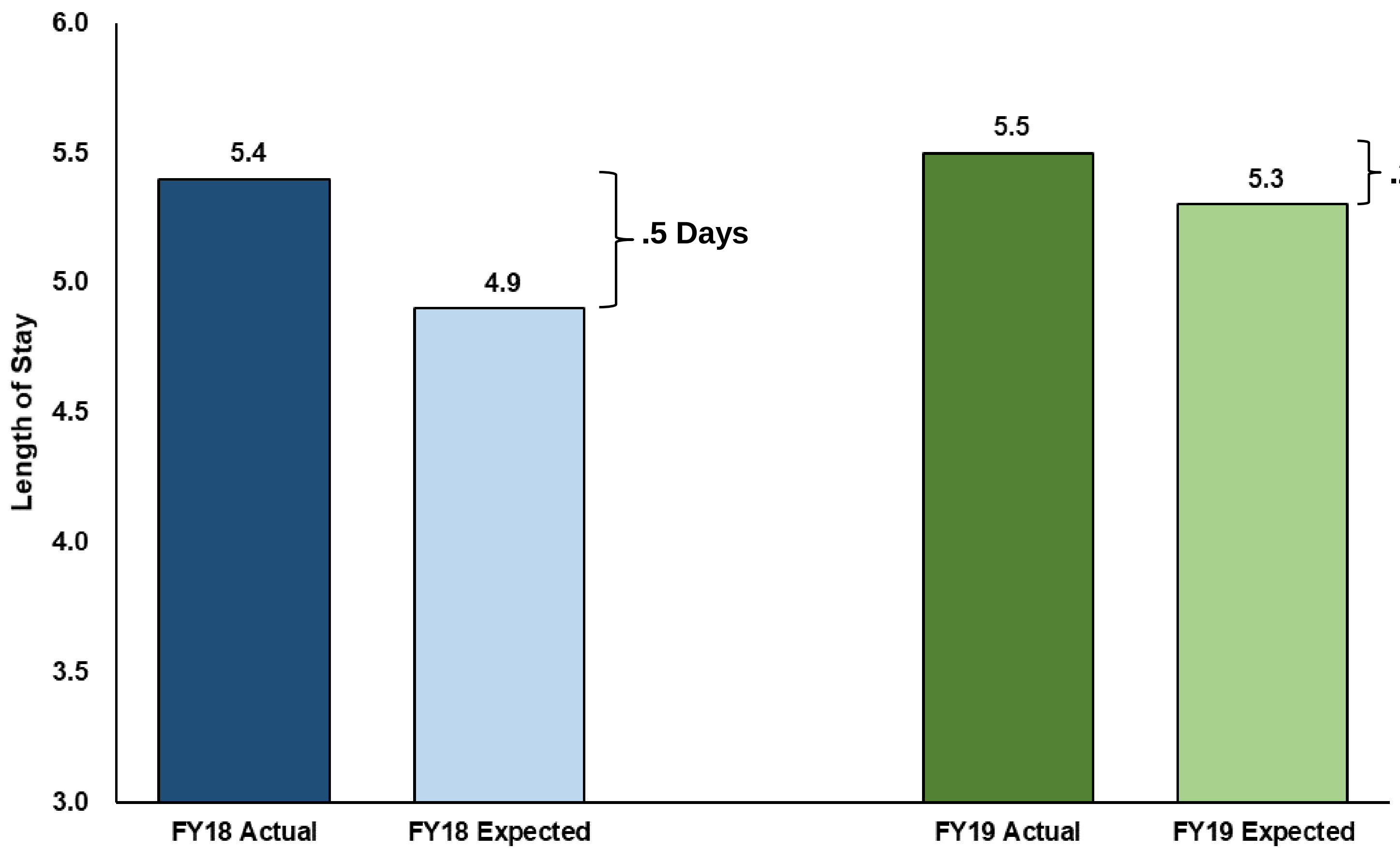
H2O Showing Positive Results – Higher CMI and Higher Payment per Case

Average CMI Pre and Post H20			
	11/17-3/18	11/18-3/19	% Change
Coney	1.03	1.19	15.8%
Elmhurst	1.02	1.15	12.8%
Queens	0.89	1.10	23.5%
Woodhull	0.90	1.02	13.7%

Payment Per Paid Discharge		
Pre H20 Average	Post H20 Average	% Change
$ 12,826	$ 14,838	16%

Length of Stay Closer to Expected

- The gap between Length of Stay (LOS) actual vs. expected decreased this year compared to year-to-date FY18.
- Expected LOS is adjusted for case mix index (CMI); the reduction year-over-year is aligned with the improved CMI seen on the previous slide.



Transformation Update

Quarter 3, Fiscal Year 2019

Revenue Generating Initiatives ($M)

Initiative ($M)	Status	FY19 Revised Target	FY19 Original Target
Medicaid Waiver Programs	**On Track**	**$ 346.6**	**$ 346.6**
DSRIP	Achieved	$ 39.0	$ 39.0
VBP- QIP	Delay	$ 248.4	$ 248.4
CREP (Additional Waiver Funds)	On Track	$ 59.2	$ 59.2
Health Insurance Initiatives	**On Track**	**$ 355.0**	**$ 370.0**
A. Revenue Cycle Improvements	On Track	$ 190.0	$ 190.0
B. Managed Care Contracting Improvements	On Track	$ 45.0	$ 60.0
C. FQHC	On Track	$ 20.0	$ 20.0
D. Metro Plus Engagement and Growth	On Track	$ 60.0	$ 60.0
E. Coverage for Eligible Uninsured	On Track	$ 40.0	$ 40.0
Growth Strategies	**Delay**	**$ 10.0**	**$ 40.0**
Implementation of Retail Pharmacy		$ -	$ 12.0
Primary Care Expansion	Delay	$ 8.0	$ 8.0
Inpatient Capture/Transportation Contract		$ -	$ 18.0
Ambulatory Surgery Expansion	Delay	$ 2.0	$ 2.0
Revenue Generating Initiatives Subtotal	**On Track**	**$ 711.6**	**$ 756.6**

- Overall, FY19 Revenue Generating Initiatives are expected to achieve the FY19 target, with some risk related to timing of VBP QIP, FQHC, and managed care settlements.
- Revenue cycle improvement efforts are forecasted to exceed the $190 million target in FY19.
- Managed care contracting efforts and several of the patient care growth strategies have taken time to ramp up - targets reduced (one time only) by $45 millions executive plan.

Expense Reducing Initiatives ($M)

Initiative ($M)	Status	FY19 Revised Target	FY19 Original Target
Procurement Efficiency	On Track	**$ 124.7**	**$ 134.7**
Supply Chain	On Track	$ 94.7	$ 104.7
340b Contract Pharmacy	On Track	$ 30.0	$ 30.0
Restructuring and Personnel Initiatives	On Track	**$ 269.4**	**$ 295.0**
Expense Reducing Initiatives Subtotal	On Track	**$ 394.1**	**$ 429.7**

- Personnel initiatives are over target by $25M due to strategic investments in nursing, revenue cycle, and clinical growth strategies.
  - Facilities are implementing gap closing plans to offset this growth.
- Supply chain target was reduced by $10 million.
- The 340b contract pharmacy initiative is forecasted to exceed the target in anticipated revenues this year.

RESOLUTION

Authorizing New York City Health and Hospitals Corporation (the "System") to execute an agreement with seven vendors for the provision of Legal Services as requested by the System. The seven vendors are Crowell & Moring, LLP, Epstein Becker & Green, P.C, Fox Rothschild, LLP, Garfunkel Wild, PC, Katten Muchin Rosenman, LLP, Moses & Singer, LLP, and Shepard, Mullin, Richter & Hampton, LLP. 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 $65,620,919.00 to the seven vendors.

WHEREAS, an application to issue a request for proposals was presented before the Contract Review Committee at its January 8, 2019 meeting and was approved by its approval letter dated January 8, 2019; and

WHEREAS, after the Office of Supply Chain Services issued a request for proposals, ten proposals were received, the seven highest-rated proposers presented before the Selection Committee and upon final evaluation by the Selection Committee, Crowell & Moring, LLP, Epstein Becker & Green, P.C, Fox Rothschild, LLP, Garfunkel Wild, PC, Katten Muchin Rosenman, LLP, Moses & Singer, LLP, and Shepard, Mullin, Richter & Hampton, LLP were selected; and

WHEREAS, during each evaluation process each vendor was evaluated based on each response to two areas: (1) General Legal services, and (2) False Claims Act services; and

WHEREAS, under the proposed agreements the System will partner with vendors to provide legal services in their areas of relative strength and where the System can realize the greatest financial benefits through alternative fee structures; and

WHEREAS, the proposed agreement for these services will be managed by the General Counsel of the Office of Legal Affairs.

NOW THEREFORE BE IT:

RESOLVED, that New York City Health and Hospitals Corporation be and hereby is authorized to execute agreements with seven vendors for the provision of Legal Services as requested by the System. The seven vendors are Crowell & Moring, LLP, Epstein Becker & Green, P.C, Fox Rothschild, LLP, Garfunkel Wild, PC, Katten Muchin Rosenman, LLP, Moses & Singer, LLP, and Shepard, Mullin, Richter & Hampton, LLP. 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 $65,620,919.00 to the seven vendors.

EXECUTIVE SUMMARY
RESOLUTION TO AUTHORIZE CONTRACT
WITH SEVEN VENDORS
FOR THE PROVISION OF LEGAL SERVICES

BACKGROUND: The purpose of the proposed agreements is for selected vendors to provide Legal Services in conjunction with the Office of Legal Affairs on topics such as investigations, audits and complaints, medical affiliations, False Claims Act claims, research and clinical trials, health information privacy and security, managed care contracting and disputes, DSH/UPL and 340B, on behalf of the System. Vendors will be assigned work by the General Counsel and managed by the Office of Legal Affairs.

Past spending on outside legal representation was approximately $9.4M, $10.3M, and $11.9M in FY16, FY17, and FY18, respectively.

PROCUREMENT: The System issued a Request for Proposals on January 16, 2019. A mandatory pre-proposers conference was held on January 29, 2019, which fifteen prospective vendors attended. Ten proposals were received, evaluated and scored. The seven highest rated proposers were invited to present before the Selection Committee. Vendor presentations were held between March 27, 2019 and April 17, 2019, followed by a final evaluation and scoring. Through this process the Selection Committee evaluated the proposals and presentations on the basis of experience of attorneys, cost and billing and managerial practices, staff development & diversity, and "value-plus" services. Crowell & Moring, LLP, Epstein Becker & Green, P.C, Fox Rothschild, LLP, Garfunkel Wild, PC, Katten Muchin Rosenman, LLP, Moses & Singer, LLP, and Shepard, Mullin, Richter & Hampton, LLP were selected on these criteria.

BUDGET: The cost of the proposed agreements will not exceed $65,620,919.00 over the full five year term.

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

CONTRACT TERMS: The proposed contracts will not commit the System to give any defined amount of work to any individual vendor and some vendors may not get any work at all..

Outside Legal Services

Application to Enter into Contract

June 13, 2019

Andrea Cohen
General Counsel & SVP Legal Affairs and Labor Relations

Office of Legal Affairs

Overview

- NYC H+H utilizes outside firms with highly specialized legal expertise that would not be feasible or cost-effective to develop and maintain in-house

- Contract model is like a requirements contract – firms are pre-approved for work but work is assigned on as-needed basis with no guarantees of work to any firm

- Firms sought in this RFP have expertise primarily in health care related areas, such as
  - EMTALA
  - Medical affiliations
  - False Claims Act claims
  - Research agreements and clinical trials
  - Health information privacy and security
  - Managed care contracting and disputes
  - DSH/UPL

- Current vendors are
  - Epstein Becker & Green PC
  - Garfunkel Wild PC
  - Katten Muchin Rosenman LLP
  - Moses & Singer LLP.

- Fiscal Year 2018 spend was ~$11.95M for combined services

NYC HEALTH+ HOSPITALS

Procurement Overview

- RFP issued in 2013 resulted in contract with these 4 firms which ended 12/31/18. CRC approved request to extend for 6 months to 6/30/19
- RFP was posted to the City Record 1/16/19
- Proposals due 2/15/19 (10 proposals received; None were MWBE)
- Evaluation committee convened on 2/27/19 to assess written submissions
- 7 firms were invited in to present based on natural break of proposal-only scoring
  - Presentations occurred between 3/27/19 – 4/17/19
  - Presentations included in-depth overviews of firm capabilities, experience, management processes, value-added services

Evaluation

- Evaluation Criteria
  - Experience [50%]
  - Cost and Billing & Managerial Practices [30%]
  - Staff Development & Diversity [10%]
  - Value-Plus Services [10%]

- Evaluation Committee included Office of Legal Affairs attorneys and operations staff as well as key business “clients” from Compliance, Finance, and Medical and Professional Affairs

Contract Highlights

- 7 firms were selected because of their relative strengths in key subject areas
  - Work is assigned within the discretion of General Counsel - we select the firm used based on fit for project and cost-effectiveness
- All firms agreed to cap hourly rates at RFP-defined levels that represent, in most cases, very steep discounts off "rack rates" (e.g., $540/hour for partners)
  - Higher defined rates were permitted for the highest-risk matters involving claims or potential claims under the False Claims Act (e.g., $650/hour for partners)
- Contract facilitates improved utilization management
  - Internal staffing model being optimized to handle more legal work inhouse
  - All firms will submit bills into a bill management system that allows transparency, tracking, and error identification in bills
- Contract encourages use of alternative fee structures for certain kinds of matters
- Proposers offered new value-add services such as Document repositories, free Continuing Legal Education (CLE) courses on our request, inexpensive rates for large discovery projects

Finance Committee Approval Request

- We are seeking approval to enter into contracts for legal services with
  - Crowell & Moring, LLP
  - Epstein Becker & Green, P.C
  - Fox Rothschild, LLP
  - Garfunkel Wild, PC
  - Katten Muchin Rosenman, LLP
  - Moses & Singer, LLP
  - Sheppard, Mullin, Richter & Hampton, LLP

- Contract term for
  - 3 years with two 1-year renewals effective 7/1/19
  - Collective contract value not-to-exceed $65,620,919 based on $12M/year with annual inflator
  - This is a conservative contract value (i.e., upper range estimate) because a significant amount of the expense is driven by strategic business needs of various departments over time and by events that cannot be anticipated, like major litigation.

RESOLUTION

Authorizing New York City Health and Hospitals Corporation (the "System") to execute an agreement with Belfor Property Restoration ("Belfor") to provide as needed emergency incident recovery services to the System's facilities over a three-year term with two one-year renewal options exercisable solely by the System.

WHEREAS, disasters such as Superstorm Sandy require immediate disaster recovery services; and

WHEREAS, in the immediate aftermath of a major disaster there is not enough time to properly procure such recovery services and there is a risk that the services that can be engaged at the time will be overpriced; and

WHEREAS, it is better practice to competitively procure in advance standby disaster recovery services that will be available to the System if there is a major disaster at pre-determined rates; and

WHEREAS, after approvals by the Contract Review Committee, the System issued a request for proposals, evaluated three proposals and determined to award a contract to the highest-rated proposer; and

WHEREAS, no funds are allocated to the proposed contract because the amount of money needed cannot be predicted and will have to be provided based on the circumstances upon a declaration of emergency by the President of the System; and.

WHEREAS, the contract can be utilized only following a declaration of emergency by the President of the System; and

WHEREAS, the proposed agreement will be managed by the Senior Assistant Vice President for Emergency Management on behalf of the President of the System.

NOW THEREFORE BE IT:

RESOLVED, that New York City Health and Hospitals Corporation be and hereby is authorized to execute an agreement with Belfor Property Restoration to provide as needed emergency incident recovery services to the System's facilities over a three-year term with two one-year renewal options exercisable solely by the System.

EXECUTIVE SUMMARY
RESOLUTION TO AUTHORIZE CONTRACT
WITH BELFOR PROPERTY RESTORATION
FOR AS NEEDED DISASTER RECOVERY SERVICES

BACKGROUND: Superstorm Sandy necessitated the System to retain a vendor to provide immediate disaster recovery services such as pumping out water, providing emergency generators, making emergency electrical repairs, etc. Under the pressure of the disaster, it was impossible to conduct a proper competitive procurement for such services. Signal Restoration, engaged as a subcontractor through Crothall for immediate service following Superstorm Sandy, was paid $131.4M between October 2012 and November 2013. FEMA ultimately accepted the appropriateness of such arrangement but, from Sandy, the System learned the potential benefits of procuring such services in advance to be available if and as needed. Accordingly, in December 2013 the System awarded a 3 year contract with one 2-year renewals to LVI Services as a result of an RFP. LVI changed its name to Northstar Recovery Services following a merger. The current contract expired November 30, 2018 and was extended to August 30, 2019.

PROCUREMENT: The System issued a Request for Proposals on March 08, 2019. Walk-throughs of six facilities were conducted on March 25, 2019 and March 26, 2019. Three proposals were received, evaluated and scored. Through this process the Selection Committee evaluated the proposals on the basis of (1) resource mobilization and response time, (2) experience, (3) cost, (4) preventative recommendations and (5) MWBE utilization plan. Belfor Property Restoration was selected on these criteria.

BUDGET: Budget authorization is contingent on a declaration of emergency by the President of the System. The amount of money that would be needed to respond to an emergency cannot be estimated in advance and will have to be evaluated at the time.

MWBE: Belfor has committed to 20% utilization of MWBE services

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

CONTRACT TERMS: As part of the RFP process, Belfor committed to prices for an extensive list of goods and services that might reasonably be expected to be needed following a disaster. In awarding the contract to Belfor, the cost component was based on these committed prices. The proposed contract does not commit the System to use Belfor but the firm is available to provide services if and when needed. The services to be provided would be defined in a work order issued following a Declaration of Emergency issued by the System's President. The proposed agreement with Belfor requires adherence to System policies for the procurement of any goods or services not already priced by the vendor in the contract and adherence to FEMA policies such that FEMA reimbursement is assured to the extent possible.

Emergency Incident Recovery Services

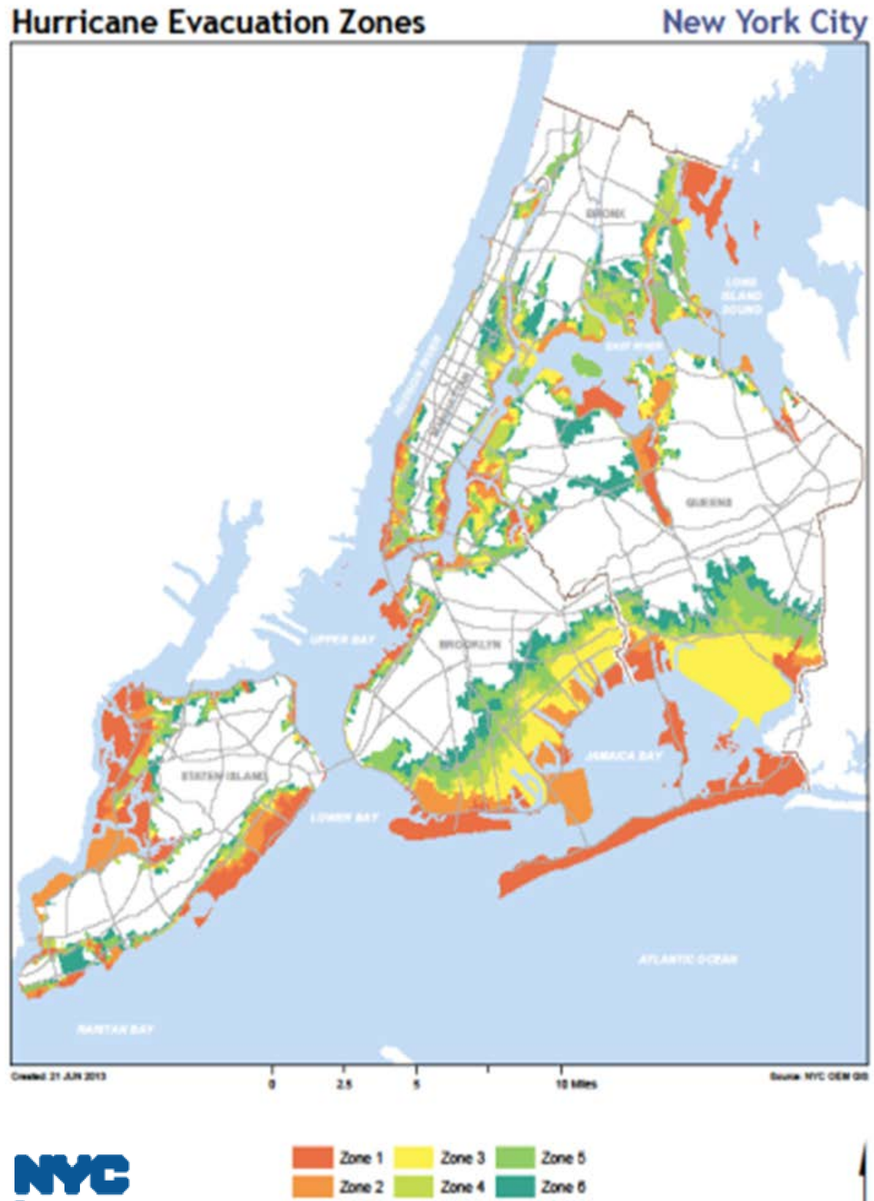
Application to
Enter into Contract
June 13, 2019

Nicholas V. Cagliuso, Sr., PhD, MPH
Senior AVP for Emergency Management

Background

- Central Office Emergency Management's (COEM) mission-centric goal:
  - To ensure the provision of safe, effective care to all, 24/7/365, without fail, via an all-hazards (natural, technological and intentional incidents) mitigation, preparedness, response and recovery approach.
- October 2012's Superstorm Sandy necessitated H+H to retain a vendor to recover from its severe impacts.
- Signal Restoration Services was engaged as a subcontractor, through Crothall, for immediate services following Superstorm Sandy and was paid $131.4M between October 2012 and November 2013.
- In December 2013, LVI Services was awarded a 3-year contract with one, 2-year renewal via an RFP.
- LVI changed its name to Northstar Recovery Services following a merger.
- Cost of Northstar for 5 years (12/1/13 – 11/30/18) was $2,501,061.
- Current contract expires 8/31/19.
- Application to issue RFP approved by CRC 3/5/19.

Evacuation Zone	Facility
1	Bellevue
1	50 Water Street
1	55 Water Street
1	160 Water Street
2	Metropolitan
2	Coney Island
2	Coler
3	None
4	Lincoln
4	Harlem
4	125 Worth Street
5	Woodhull
5	Gouverneur
5	Cumberland
6	Belvis
6	Carter



NYC Emergency Management

RFP Criteria

- Minimum criteria:
  - Minimum of 10 years in business
  - Must have minimum of 1 response or distribution center in the New York City tri-state area
  - Must have completed a minimum of $50,000,000 in emergency restoration projects within the past five years
  - Must have a minimum net equity level of $10,000,000

- Substantive Criteria:

Resource Mobilization/Response Time	30%
Experience	30%
Cost	20%
Preventative Recommendations	10%
MWBE Utilization Plan, or MWBE Status	10%

- Evaluation Committee:

Cagliuso, Nick (chair)	Senior Asst Vice President	Office of the President
Wilson, Joe	Senior Asst Vice President	Supply Chain Services
Weinstein, Roslyn	Vice President	Office of Facilities Development
Marcellino, Joe	Associate Director	Emergency Management (Coney)
Meisels, Dan	Senior Associate Director	Safety, Security & Emergency Management (Gouverneur)
Rawlings, Michael	COO	Executive Administration (Bellevue)
Scott-McKenzie, Lisa	Deputy Executive Director	Executive Administration (Woodhull)

Procurement Overview

- RFP issued 3/8/19 and published to City Record.
- Facility walk-throughs conducted 3/25 & 26/19; focused on evacuation zones 1-4:
  - Bellevue
  - Coler
  - Coney
  - Gouverneur
  - Lincoln
  - Metropolitan
- 4 vendors participated:
  - Led by facility Directors of Emergency Management and Engineering
- Proposals due 4/5/19; 3 responsive proposals received.
- Belfor Property Restoration was Evaluation Committee's highest scoring vendor.

Contract Highlights

- Received favorable references from:
  - Scott Strauss, Assistant Vice President, Northwell Health
  - Richard Cohen, Vice President of Operations, NYU Langone Medical Center
- Largest disaster recovery company in the world:
  - Founded 1946; >300 offices in 26 countries
  - ~2,700 U.S.-based staff
  - Not franchised; manager-owned
- Largest remediation equipment fleet in North America; over $1B in assets:
  - 24/7/365 single-source recovery solutions (labor, tools, equipment (generators, pumps, dehumidifiers), material, permits & insurance to complete all tasks.)
  - 5 NY locations: Albany, Maspeth, Hudson Valley, Ronkonkoma, Westchester
  - 2 NJ Locations: Piscataway (North), Moorestown (South)
  - 1 Connecticut location: Wallingford
- Agreed to conduct Annual Readiness Assessments at no cost across H + H:
  - Supports CMS and TJC regulatory & accreditation requirements
- Significant cost savings compared to other proposals.
- MWBE utilization plan of 20% received; submitted waiver for 10%; approved.
  - 10% to 192 Branch Interior Services, Inc., MBE.
  - 10% to Coventina Construction Corp., WBE.

Contract Operations Overview

- Who: Contract can only be activated following a Declaration of Emergency by NYC Health + Hospitals' President & CEO
  - Managed by Central Office Emergency Management via established Incident Assessment & Activation Matrix
  - Assumes incident impacts have exhausted all internal and third party resources (e.g., current vendor contracts)
  - Contract does not commit System to use Belfor, but assures firm's availability on an as-needed basis
- When:
  - Forecasted Emergency Incident (e.g., weather event)
    - Belfor will provide pre-planning details to COEM at least 72 hours before forecasted incident onset & coordinate immediate pre-arrival and pre-positioning of resources.
  - Acute Emergency Incident (e.g., fire)
    - Within 1 hour of notification by COEM, Belfor will confirm receipt and provide on-site ETA.
    - Belfor will arrive at impacted sites within 12 hours of initial communication; average response time is <2hours.
  - Within 24 hours of initial response, COEM will provide Belfor with initial Task Order.
  - Exploring "Red Alert Premium Plus" prioritization service.
- Why: "Overpreparedness" fallacy
  - Mitigation and preparedness costs (life, property and reputation) are always significantly less than recovery costs.
  - Negotiating and securing competitive procurements during "blue skies" always more cost-effective.
  - Ensures, to extent possible, FEMA-compliant reimbursement documentation.

NYC HEALTH+ HOSPITALS | EMERGENCY MANAGEMENT

Central Office Emergency Management Incident Assessment & EOC Activation Matrix

Severe

Incident Scope: > 1 Site
Duration: >24 hours
Severe Patient Surge
Impact/Intensity:
Staffing: Severe impact
Supplies: Severe shortage of essential items
Evacuation: >1 patient unit, ambulatory care site, or Central Office location
Infrastructure: Failure of >1 application or system for >2 hours

Full

Moderate

Incident Scope: 1 site
Duration: 12 -24 hours
Moderate Patient Surge
Impact/Intensity:
Staffing: Moderate impact
Supplies: Moderate shortage of essential items
Evacuation: 1 patient unit, ambulatory care site, or Central Office location
Infrastructure: Failure of 1 application or system for <1 hour

Partial

Minor

Incident Scope: 1 site
Duration: < 12 hours
Minor Patient Surge
Impact/Intensity:
Staffing: Minor impact
Supplies: Minor shortage of essential items
Evacuation: None anticipated
Infrastructure: Failure of 1 application or system for <1 hour

Virtual

CO EM Notified of Incident

Normal Operations

Ongoing surveillance and monitoring activities for comprehensive situational awareness
Ongoing Training, Testing, & Exercising of protocols, equipment, applications, & systems

Minimum CO EOC Activation Level

NYC HEALTH+ HOSPITALS

Approval Request

- We are seeking approval to enter into contract with Belfor Property Restoration for Emergency Incident Recovery Services:
  - 3-year contract with two, 1-year options to renew
  - $0 cost