



AUDIT COMMITTEE
MEETING AGENDA

December 12, 2019

10:00 A.M.

125 Worth Street,
Rm. 532
5th Floor Board Room

CALL TO ORDER

- Adoption of Minutes October 10, 2019 Ms. Helen Arteaga Landaverde

ACTION ITEMS

- Grant Thornton June 30, 2019 Management Letter Ms. Tami Radinsky

INFORMATION ITEMS

- Audits Update Mr. Chris Telano
- Compliance Update Ms. Catherine Patsos

EXECUTIVE SESSION

OLD BUSINESS

NEW BUSINESS

ADJOURNMENT



MINUTES

AUDIT COMMITTEE

MEETING DATE: October 10, 2019
TIME: 9:00 A.M.

COMMITTEE MEMBERS

Jose Pagán, PhD
Mitchell Katz, MD
Helen Arteaga Landaverde, MPH

OTHER MEMBERS OF THE BOARD

Sally Hernandez-Piñero
Freda Wang
Feniosky Peña-Mora

STAFF ATTENDEES

Colicia Hercules, Chief of Staff, Chairman's Office
John Ulberg, Chief Financial Officer
Ana Marengo, Senior Vice President, Press Secretary
Jay Weinman, Corporate Comptroller
James Linhart, Deputy Corporate Comptroller
Christopher A. Telano, Chief Internal Auditor
Catherine Patsos, Chief Compliance Officer
Paul Albertson, Vice President, Materials Management
Yvette Villanueva, Vice President, Human Resources
Devon Wilson, Senior Director, Office of Internal Audits
Carlotta Duran, Assistant Director, Office of Internal Audits
John Cuda, Chief Financial Officer, MetroPlus
Jose Santiago, Controller, MetroPlus
Beverly P. Addai, Senior Associate Accountant, H+H/Metropolitan

OTHER ATTENDEES

Grant Thornton: Tami Radinsky, Lead Engagement Partner; Lou Feuerstein, Relationship Partner;
Dana Wilson, Insurance Partner; Steven Dioguardi, Lead Audit Senior Manager



AUDIT COMMITTEE MINUTES
OCTOBER 10, 2019

Call to Order

The meeting was called to order at 9:08 A.M. by Ms. Helen Arteaga Landaverde, Audit Committee Chair. Ms. Arteaga Landaverde asked for a motion to adopt the minutes of the Audit Committee meeting held on June 13, 2019. A motion was made and seconded with all in favor to adopt the minutes.

Fiscal Year 2019 Draft Financial Statements

Ms. Arteaga Landaverde introduced the information item regarding the Fiscal Year 2019 Draft Financial Statements and Related Notes. Mr. Weinman, Corporate Comptroller, reported on the result of the 2019 financial statement.

Net deficit position improved by \$138 Million.

Revenue – Increased \$136 million

- A. Net patient service revenue decreased by \$177 million mostly as a result of lower DSH/UPL allocations of \$196 million
- B. Appropriations increased \$277 million primarily to fund collective bargaining increases
- C. Grant revenue overall remained constant from year to year (decrease of \$2M)
- D. Other revenue increased \$39 million due to increased 340b revenue and the St. George's agreement

Expenses – Increased \$168 million

- E. Personal services decreased \$223 million as the prior year contained \$356 million increase for multi-year collectively bargained structured payments offset by increases to FTE's and vacation and sick liabilities
- F. Other than personal services increased \$64 million or 4.1% for \$26 million in pharmaceutical expenses and other expense increases of about 2%
- G. Fringe benefits increased \$65 million or 7.8% due to health benefits increased \$87 million or 17%
- H. Pension increased \$119 million as published by the NYC Office of the Actuary. Pension costs are impacted by differences between the current year's portion of projected and actual investment earnings
- I. Postemployment benefits, other than pension (ie: Retiree Health Benefits) increased \$38 million as calculated by the NYC Office of the Actuary
- J. Affiliation contracted services increased \$85 million or 8% for additional services and estimates for prior year settlements

Other changes in net position – Increased \$165 million

- K. Capital contributions funded by The City increased \$165 million

Significant Financial Ratios Comparison

						2018	
						State-Wide Avg*	NYC Avg*
				2019	2018		
Current ratio				1.04	1.02	2.03	2.25
Days cash on hand				37.16	36.16	57.00	56.00
Net days revenue in patient receivables				72.78	65.16	67.00	67.00
* Source: 2018 Institutional Cost Reports as compiled by Greater New York Hospital Association (latest data available)							

Current Ratio: measures the ability to pay short-term obligations. (Current Assets / Current Liabilities).

Days cash on hand: the number of days that an organization can continue to pay its operating expenses, given the amount of cash available.

Net days revenue in patient receivables: length of time it takes to clear Patient Receivables (collection).

Grant Thornton has completed its audit of the Corporation's 2019 financial statement and will be issuing an unmodified opinion. An unmodified opinion states that the financial statements are presented fairly, in all material respects.

Grant Thornton Audit Report

Tami Radinsky, Lead Engagement Partner introduced herself and the team introduced themselves as follows: Dana Wilson, Insurance Audit Partner; Lou Feuerstein, Relationship Partner; Steven Dioguardi, Lead Audit Senior Manager.

Ms. Radinsky presented by outlining the audit process and its various stakeholders.

Our Responsibilities

- Performing an audit under US GAAS and *Government Auditing Standards* of the financial statements prepared by management, with your oversight
- Forming and expressing an opinion about whether the financial statements are presented fairly, in all material respects in conformity with US GAAP
- Forming and expressing an opinion about whether certain supplementary information is fairly stated in relation to the financial statements as a whole
- Communicating specific matters to you on a timely basis; we do not design our audit for this purpose

Management

- Preparing and fairly presenting the financial statements in conformity with US GAAP
- Designing, implementing, evaluating, and maintaining effective internal control over financial reporting
- Communicating significant accounting and internal control matters to those charged with governance
- Providing us with unrestricted access to all persons and all information relevant to our audit
- Informing us about fraud, illegal acts, significant deficiencies, and material weaknesses
- Adjusting the financial statements, including disclosures, to correct material misstatements
- Informing us of subsequent events
- Providing us with certain written representations

Those Charged with Governance

Those charged with governance are responsible for:

- Overseeing the financial reporting process
- Setting a positive tone at the top and challenging the company's activities in the financial arena
- Discussing significant accounting and internal control matters with management
- Informing us about fraud or suspected fraud, including its views about fraud risks
- Informing us about other matters that are relevant to our audit, such as:
- Objectives and strategies and related business risks that may result in material misstatement
- Matters warranting particular audit attention
- Significant communications with regulators
- Matters related to the effectiveness of internal control and your related oversight responsibilities
- Your views regarding our current communications and your actions regarding previous communications

Audit Scope

Perform the following audits of financial statements as prepared by management, with your oversight, conducted under US Generally Accepted Auditing Standards (GAAS) and, where applicable, under *Government Auditing Standards*:

- New York City Health + Hospitals Corporation ("NYC Health + Hospitals") for the fiscal year ended June 30, 2019
- HHC Accountable Care Organization Inc. annual financial statements for the fiscal year ended June 30, 2018 and June 30, 2019
- Metro Plus Health Plan's annual financial statements under GAAP for the fiscal year ended June 30, 2019
- Metro Plus Health Plan's annual statutory financial statements for the fiscal year ending December 31, 2019
- HHC Insurance Company's annual statutory financial statements for the fiscal year ending December 31, 2019

Perform the following audits, as applicable, of cost reports for the year ended June 30, 2019 and issuance of certifications and attestation reports:

- Annual Report of Ambulatory Health Care Facility (AHCF-1)
- Annual Report of residential Health Care Facility (RHCF-4)

Internal control communications:

- Issue management letter describing significant deficiencies and material weaknesses identified during the audit

Summary of Audit Process (A five step process)

Planning	Reviewing our understanding of your operations, internal controls, accounting procedures and information systems.
Risk Assessment	Using our understanding of your internal controls and operations to identify the inherent risks and strengths of your business and information systems. After assessing risks, our approach will be customized to focus on your key cycles.
Testing & Evaluation of Controls	Evaluate the operations and controls of each significant internal control system. Based on the results of this evaluation, the extent of substantive testing will be determined.

Substantive Testing	Perform year-end procedures, when appropriate audit software will be used to perform substantive testing. This software will enable us to retrieve information from your data files without affecting the integrity of the data.
Concluding & Reporting	Concluding your audit promptly. The drafts of the financial statements and management advisory comments were reviewed with those charged with governance and management prior to final issuance.

Fraud Considerations and Risk of Management Override

As auditors, we are responsible for planning and performing the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error or by fraud (SAS No. 99, *Consideration of Fraud in a Financial Statement Audit*). We consider, among other things:

- Code of conduct policy/ethics
- Effective and independent oversight by those charged with Governance
- Process for dealing with whistle-blower allegations
- Internal audit/corporate compliance activities
- Entity's risk assessment processes

Role and oversight responsibilities of Those Charged with Governance:

- Management's assessment of the risks of fraud
- Programs and controls to mitigate the risk of fraud
- Process for monitoring multiple locations for fraud
- Management communication to employees on its views on business practices and ethical behavior

Internal Control Matters

- Obtain reasonable assurance about whether the financial statements are free of material misstatement
- Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate, in the circumstances, for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of NYC Health + Hospitals' internal control
- We express no opinion on the effectiveness of internal control
- Control deficiencies that are of a lesser magnitude than a significant deficiency were communicated to management
- Control deficiencies are defined in three levels: **control deficiency**, **significant deficiency** and the most severe **material weakness**. We are happy to report that they are no material weakness at NYC H+H.

Ms. Radinsky stated that during this year's audit, they identified one significant deficiency in the area of grants revenue that was recorded in 2019 but relates to 2018. While the accrual method was being applied consistently in Central Office, it was not being applied consistently across the facilities. Therefore subsequently it was not being reported to Central Office for complete recording in the financial statements. Our recommendation is that significant deficiency relates to revenue recognition to be applied consistently across the facilities and also reported accurately and in a timely way to Central Office as well as enhancing the communication between the facilities and Central Office. This is an \$8 million error that was not recorded in the financial statements, it was not materially significant to impact the financial statements, but it warrants the attention of a control finding.

Areas of Emphasis

Mr. Dioguardi address the accounts receivable from patients, net patient service revenues. This is one of the most significant line items on the financial statements of the organization. It is also an area that has a significant component that is a management estimate. Anytime there is a management estimate, it requires additional high sensitivity from an audit perspective through viewing the assumptions that goes into these estimates and also additional testing to ensure that those assumptions are reasonable in coming up with ending balances. As part of the audit procedures, we review management's calculations, their assumptions and do a substantial amount of testing over those assumptions, ultimately coming to the conclusion that we are in agreement with management assumptions, their methodology for determining their receivables, net patient service and revenue balances. In addition, as part of our detail testing of the assumptions and the information going into it, we reviewed detailed transactions at the patient level. We selected a pretty sizable sample of patient records, we reviewed the patients' records from initiation (in-take) all the way through billing and ultimately collection. As result of the testing, we agree with management's assumptions and there are no significant exemptions or material findings related to the accounts receivables and the underlining testing.

As it relates to estimated amounts to and from third-party payors. This is another area that relies heavily on management's estimates. As part of our procedures, we obtained management's calculations and, their underline assumptions that we use for the calculations. In this area, in particular, we bring in specialists who specialized in this area of third-party payer settlements that deal heavily with Medicaid, Medicare issues and various hosts of third-party payors issues. They took a deep detail look at management's assumption calculations and again we agree with management's estimates and had no significant exemptions or material findings.

Long-term debt, compliance with debt covenants, and debt transaction. We confirmed all material long-term balances, reviewed debt compliance calculations prepared by management and reviewed the financial statement presentation and disclosure.

Other post-employment benefit ("OPEB") liabilities. Performed detailed testing of underlying data provided to the Actuary for OPEB liability. Documented our reliance on the Actuary in accordance with SAS 73.

Net Pension Liability - obtained the actuarial valuation report. Performed procedures to ensure that the amounts in the actuarial valuation report of pension amounts agree to amounts reported in the NYC Health + Hospitals' financial statements. Performed detailed testing of underlying data provided to the Actuary for pension liability and actuarial assumptions used in the actuarial reports were reviewed by subject matter professional for reasonableness.

Mr. Wilson reported on MetroPlus and stated that there are three primary areas of significant risk:

Claims Payables Reserve (IBNR)

A higher estimation uncertainty, a critical area that we focus large amount of efforts. In this specific case we outsourced to an actuarial firm. A review of the actuarial firm found their credentials as well as the assumptions used are satisfactory for Health + Hospitals processes and us. The actuary evaluation, is an opinion that states that the numbers they projected and determined are fair and accurate if the data they received from management is complete and accurate. As the auditor, we have to close that gap in order to use their work so we issue a disclaimer.

The process we go through is making sure that the data they received is complete and we do that by tying it to different sources within the organization both from the cash side and the process side and in a large part to the general ledger. Once we determined that is complete, we have a homogeneous and full population, we then select a sample of 30 medical claims covering the current fiscal year and performed substantive test of details over the selection. In this case we found no exemption both on the completeness and accuracy testing and determined that assumption used and methodology used were fair and concluded that the IBNR section is fairly stated.

Risk Transfer Adjustment

It has a very similar process as it relates to completeness and accuracy. Considered the experience, objectivity and capability/competence of the external actuarial specialist, Wakely. Tested the inputs related to the Risk Transfer calculations along with getting support from third party actuaries and industry data. Tested, with internal actuary, the methodologies and assumptions used by Wakely in the calculation for reasonableness. Completed a look back analysis to compare the prior year estimates to what was settled in 2019 related to the prior year reserves. We concluded that the amount Wakely determined is a fair amount.

Premium Revenue Recognition

High risk area, mainly because of its susceptible to fraud. We have tested numerous new transactions throughout the year and have concluded that they are fairly stated as well.

Ms. Radinsky addressed additional key required communications:

Subsequent Events - Held discussions with Management and reviewed subsequent to year end documents to determine if Management had disclosed all significant subsequent events. Reviewed available financial information subsequent to June 30, 2019 to identify any significant subsequent events. Included representation from Management regarding the completeness of the subsequent event information provided in the annual representation letter.

Financial reporting and Financial Statement Presentation - Reviewed consolidating and eliminating entries and ensured they were accurate and properly determined by Management. Reviewed the applicability of new accounting pronouncements and their potential impact to NYC Health + Hospitals.

Fraud procedures - Reviewed estimates made by Management for reasonableness and consistency. Made fraud inquires with the audit committee chair, key members of the executive management team, and key members of the finance management team. Performed existence testing for a sample of material fixed asset additions through physical observation during site visits.

Auditor's responsibility under Generally Accepted Auditing Standards (GAAS) - These items have been communicated to you in our engagement letter. We are prepared to issue an unmodified opinion on the financial statements of NYC Health + Hospitals.

Significant accounting policies, alternative treatments within generally accepted accounting principles (GAAP), and the auditor's judgment about the quality of accounting policies including modifications to the auditor's report - We are not aware of any significant alternative accounting treatments, policies, and unusual transactions, controversial or emerging areas for which there is a lack of authoritative guidance that NYC Health + Hospitals has recorded or used.

Materiality - Financial statement items greater than materiality are within our audit scope. Other accounts or classes of transactions less than materiality may be in our scope if qualitative risk factors are present (for example, related party relationships or significant unusual transactions).

Use of the Work of Others - Grant Thornton Valuation Services Group (“VSG”). Utilized to review the assumptions used in the valuation of NYC Health + Hospitals’ Health and Postretirement Benefit Plans.

Management’s consultation with other accountants - None of which we are aware.

Other material written communications - Engagement letter and Representation letter.

Lou Feuerstein reported on the selected pronouncements effective for the year ending June 30, 2019 or subsequent periods – GASB. The three that became effective for this year did not have any impact on the financial statements.

- GASB 87 – Leases, effective year ending June 30, 2021
- GASB 89 - Accounting for Interest Cost Incurred before the end of a Construction Period, effective year ending June 30, 2021.

Ms. Arteaga Landaverde asked if there were questions and asked for motion to accept the financial statements and it was seconded and duly approved.

Internal Audits Update

Mr. Telano reported on external audits by outside regulatory agencies. The first one is Compliance with Federal Tax Requirements – Internal Revenue Service. The objective of the audit was to ensure compliance with federal tax requirements as an exempt organization, the audit found no exceptions. On June 24, 2019 we received a letter from the IRS stating that NYC Health + Hospitals continued “to qualify for exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

The second is the Children of Bellevue Auxiliary – NYC Comptroller’s Office. This audit is already 6 months old. The audit objectives are to determine whether CoB:

- Has adequate controls over and accurately reports its revenues and expenses.
- Is complying with applicable rules, regulations, policies and procedures.
- Has computerized systems controls to ascertain the integrity, validity and reliability of its data.

Mr. Telano moved onto an audit conducted by Internal Audits, Terminal Leave Payments – System-wide (Final Report Issued 05/30/19). This audit was of payments issued to employees upon their separation from the System for unused accrued Annual, Sick, Vested and/or Holiday hours. The Vice President of Human Resources has revised the policy for Payroll to use so they can consistently and accurately calculate terminal leave payments.

Other activities within Internal Audits - Four anonymous letters, received from the President’s Office, are currently being or have been investigated since the last meeting. The first letter was about NYC Health + Hospitals/Gouverneur and two accusation letters were regarding MetroPlus.

One other anonymous letter is still being investigated at NYC Health + Hospitals/Elmhurst.

CORPORATE COMPLIANCE UPDATE

Ms. Patsos began her update with Monitoring Excluded Providers – As required by the Federal and state regulations, and consistent with the recommendations of the NYS Office of the Medicaid Inspector General (“OMIG”)¹ and the U.S. Department of Health and Human Services Office of Inspector General (“OIG”), each month the Office of Corporate Compliance (“OCC”) reviews the exclusion status of the System’s workforce members, vendors, and New York State Department of Health (“DOH”) Delivery System Reform Incentive Payment (“DSRIP”) Program Partners.

We only had a few individuals/entities that were excluded and have been assured that they will no longer provide any services to H+H.

Privacy Incidents and Related Reports

During the period of June 1, 2019 through September 20, 2019, forty-one (41) incidents were entered in the System’s RADAR Incident Tracking System. Of the forty-one (41) incidents entered in the tracking system, seventeen (17) were found after investigation, to be violations of NYC Health + Hospitals’ HIPAA Privacy and Security Operating Procedures (“OPs”), specifically OP 240-15 HIPAA Privacy Safeguards Policy, and OP 240-28 HIPAA Policy on Uses and Disclosures for Treatment, Payment and Healthcare Operations; nineteen (19) were found not to be a violation of NYC Health + Hospitals’ HIPAA Privacy and Security OPs; and five (5) are still under investigation.

Of the seventeen (17) incidents confirmed as violations, twelve (12) were determined to be breaches. Those breaches resulted from incidents where providers inappropriately accessed patients’ medical records not under their care; discharge summaries or billing information were provided to the wrong patient; medical records were sent by the System’s medical record retrieval vendor to the wrong patient or an incorrect address; medical records were uploaded to the wrong MyChart account; and PHI was uploaded to the internet.

In response to breaches caused by the System’s medical record retrieval vendor, the System published a request for proposals to solicit other vendors. Three vendors, including the current vendor responded, and the selection committee has chosen a new vendor, with which it is negotiating the terms of service.

Office for Civil Rights (“OCR”) Reports Regarding HIPAA Incidents

The first inquiry, dated July 12, 2019, concerned a complaint by an attorney who stated that Bellevue failed to provide the medical records of his client, who was allegedly a patient of Bellevue. The OCC investigated and found no record of the patient ever having been treated at Bellevue. On September 6, 2019, the OCC responded to the OCR explaining the actions taken by the OCC to investigate the complaint, and that the individual was never a patient at Bellevue.

The second inquiry, dated July 18, 2019, concerned a patient’s complaint that Bellevue failed to provide the patient’s complete medical records. The OCC investigated the matter and concluded that, due to a misunderstanding on the part of a staff member of the System’s medical records retrieval vendor, only part of the records were sent to the patient. Upon discovery of the error, the complete medical record was sent to the patient. On September 6, 2019, the OCC sent a response to the OCR explaining the circumstances of the complaint and the actions taken to remediate the issue.

In addition, as previously reported, on February 22, 2019, the OCR met with the OCC and Enterprise Information Technology Services (“EITS”) leadership, along with in-house and outside counsel, to discuss NYC Health +

Hospitals' compliance with HIPAA. The OCR called this meeting to discuss NYC Health + Hospitals' ability to comply with HIPAA, and in particular, to safeguard its ePHI from inappropriate use or disclosure. During this meeting, we were able to explain to the OCR that the System has many controls in place to safeguard its ePHI, in compliance with HIPAA requirements. The OCR requested that the System document such current controls, as well as additional planned controls, in a Commitment Letter to the OCR. The OCC submitted a Commitment Letter to the OCR on March 4, 2019, with follow-up documentation on March 18, 2019, April 30, 2019, and June 7, 2019. On July 2, 2019, we had a conference call with the OCR to follow up on the Commitment Letter and the follow-up documentation. Based on the discussion during that call, the OCC sent the OCR further explanation of the previously submitted documents, and provided additional information requested by the OCR.

Compliance Reports

For the period June 1, 2019 through September 20, 2019, there were one hundred two (102) compliance reports, one (1) (1%) of which was classified as Priority "A," 28 (27.5%) were classified as Priority "B," and seventy-three (73) (71.6%) were classified as Priority "C" reports. For purposes here, the term "reports" means compliance-based inquiries and compliance-based complaints. The one priority "A" report did not come from a NYC Health + Hospitals facility; but was a misdirected complaint from an unaffiliated hospital.

Of note, there were two reports concerning the use and attempted use of physicians' NPI and DEA numbers to prescribe controlled substances from several pharmacies for individuals who were not patients of the physicians. Only one of the pharmacies filled a prescription, and it was filled as an emergency prescription. The OCC referred both reports to NYC Health + Hospitals' Office of Inspector General.

Status Update on OneCity Health

In September, Agio, a third-party auditor, completed an assessment to validate that the security controls to which the OneCity Health had attested to the State, were correctly implemented and operating as intended. The assessment findings were shared with and accepted by the State's Security and Privacy Bureau. The resulting outcome is that OneCity Health is authorized to access the State's Medicaid Confidential Data to perform population health management activities tied to the goals of the DSRIP program. OneCity Health will send quarterly updates to the State on the implementation of a subset of the controls. This represents a large step in validating that the System's data storage environment meets the State's security requirements for both current and future data sharing needs.

Status Update - HHC ACO, Inc.

As previously reported, HHC ACO, Inc. ("HHC ACO") submitted its application to renew its contract with CMS for the 2019-2024 agreement period. HHC ACO applied to participate in the Enhanced Track of the Medicare Shared Savings Program ("MSSP"), beginning July 1, 2019. The Enhanced Track is a two-sided track, which will involve shared savings as well as potential shared losses. The shared savings could be as much as 75% of the savings to the Medicare program, adjusted by HHC ACO's quality score, and capped at 20% of total benchmark expenditure. Although the Enhanced Track provides for the most allowed shared savings, it also carries the most risk – amounting to 40% to 75% of the losses to the Medicare program. The losses, however, are also adjusted by HHC ACO's quality scores, and capped at 15% of the total benchmark expenditure imposed by CMS. On June 20, 2019, HHC ACO's application as an Enhanced Track MSSP received final approval from CMS.

As previously reported, HHC ACO has been awarded status by the state as an All Payor Accountable Care Organization (“APACO”). On August 28, 2019, during a Value Based Care (“VBC”) meeting, HHC ACO shared a draft strategic plan that delineated the next steps for its APACO, which included contracting with HealthFirst and Metroplus Medicare Advantage (“MA”) plans, and exploring new arrangements with other MA plans. In addition, its APACO will assess the best timeline to engage managed care organizations for management of Medicaid beneficiaries.

HIPAA Risk Analysis and Security Assessment

To ensure the System’s compliance with the requirements of HIPAA and HIPAA regulations, the System has engaged a third party vendor to conduct a HIPAA enterprise-wide Risk Analysis and Security Assessment. The vendor conducted its corporate review in April 2019, and began conducting facility on-site reviews in May 2019. It conducted on-site reviews at all of the System’s acute care facilities, skilled nursing facilities, and Diagnostic and Treatment Centers, and a sample of the Gotham clinics. It also conducted virtual reviews of fourteen (14) other Gotham clinics.

FY2019 Risk Assessment and FY2020 Corporate Compliance Work Plan

The OCC then finalized the Risk Assessment by identifying the impact, vulnerability, and current controls associated with the identified risks, and assigning a severity rating to each risk on a scale of 1 – 5, with 5 being the risks having the greatest impact. The OCC utilized a *Table of Risk Assessment Scoring Parameters*, adopted and derived, in pertinent part, from the Health Care Compliance Association, to score and prioritize the risks.

Once all the risks were prioritized, the OCC developed a Draft FY2020 Corporate Compliance Work Plan (“Draft FY2020 Work Plan”), which included the risks from the Risk Assessment with the highest risk prioritization scores. On September 20, 2019, the ECW met to discuss Draft FY2020 Work Plan, and finalize the FY2020 Corporate Compliance Work Plan.

EXECUTIVE SESSION:

At this point the Chair requested a motion to convene an executive session to discuss confidential and privileged matters that may be related to anticipated or actual litigation, as well as certain personnel matters.

Second, opposed, the motion is carried

Thank you everyone and asked that only those specifically invited remain in the Boardroom.

OPEN SESSION:

The Committee re-convened in open session.

There being no other business, the meeting was adjourned at 10:20 A.M.



Grant Thornton

November 27, 2019

Management and Board of Directors
New York City Health and Hospitals Corporation
New York, New York

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Ladies and Gentlemen:

In connection with our audit of New York City Health and Hospitals Corporation's ("NYC Health + Hospitals" or the "System") financial statements as of June 30, 2019, and for the year then ended, auditing standards generally accepted in the United States of America ("US GAAS") require that we advise management and the Board of Directors (hereinafter referred to as "those charged with governance") of the following internal control matters identified during our audit.

Our responsibilities

Our responsibility, as prescribed by US GAAS, is to plan and perform our audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to fraud or error. An audit includes consideration of internal control over financial reporting (hereinafter referred to as "internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, we express no such opinion on internal control effectiveness.

Identified deficiencies in internal control

We identified the following internal control matters that are of sufficient importance to merit your attention.

Significant deficiencies

Our consideration of internal control was not designed to identify all deficiencies in internal control that, individually or in combination, might be material weaknesses or significant deficiencies; therefore, material weaknesses or significant deficiencies may exist that were not identified.

A deficiency in internal control ("control deficiency") exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material

weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the System's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

We identified the following significant deficiency:

Grants Revenue Not Properly Recognized

Observation

We noted that the Grants Department was not consistently applying the accrual basis of accounting relating to grant revenue recognition. As a result, we proposed an audit adjustment reducing grant revenue by approximately \$8 million which is not reflected in the June 30, 2019 financial statements since the amount was not considered material to the financial statements

Recommendation

We recommend that management, on a periodic basis and at year end, review all expenses related to expense reimbursement contracts to ensure that the revenue and accounts receivable related to these expenses are properly recognized in the same period that the expenses are recorded. In addition, communications should be enhanced between the Grants Department and the Corporate Comptroller's Office to ensure timely, proper and complete accounting for grant revenue.

Management's Response

The Comptroller's office will work with the Grants department to establish a reconciling process of expenses for revenue recognition purposes. Periodic reviews by the Comptroller's Office will ensure that grant reports have appropriate supporting detail to properly report grant receivables and related revenue.

Control deficiencies

A deficiency in internal control ("control deficiency") exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

Information Technology – Unidentifiable Users— *a similar finding was noted last year*

Observation

Upon reviewing the Soarian active account listing, we were unable to locate one employee that had an active Soarian administrator account.

Recommendation

We recommend that all user accounts should be reviewed and accounted for to ensure only appropriate and active users have access.

Management's Response

Soarian Application support team has verified that the one employee identified works out of the Elmhurst facility and reports to the finance team at Elmhurst, but also has the responsibility of provisioning users in Soarian.

The use of Soarian for multiple facilities is diminishing as all transactions for new service takes place in the EPIC environment. Soarian and Unity user's access are removed when staff are terminated or separated from their duties. Reviews currently are done as requested by the managerial or supervisors for users appropriate roles and responsibilities access.

Segregation of Duties – *a similar finding was noted last year*

Observation

We noted that seven PeopleSoft users with direct data access also maintain security administrator privileges.

Recommendation

We recommend limiting program maintenance access to IT personnel who do not have security administrator privileges. If segregation of duties is not feasible, management should consider implementing mitigating controls (e.g., an activity log report of the administrators' actions reviewed by an independent party on a regular basis) to compensate for the lack of segregation around operating and security related functions.

Management's Response

For the PeopleSoft application, security and system administration are managed by the same team. However, as recommended by Grant Thornton, NYC Health + Hospitals already has a process through which all migrations occur using a version control and migration tool called PHIRE. This tool maintains all the activity logs and every migration has an audit trail of who had performed a migration and what objects were migrated. It was expected that during the fiscal year 2019 that NYC Health + Hospitals was going to implement audits of these pre-existing logs going forward, however, this process was delayed due to critical work on other projects. In fiscal year 2020, the Enterprise Resource Planning ("ERP") Functional Team will begin these audits and review the activity reports of Administrator's actions.

Information Technology - User Access Review – *a similar finding was noted last year*

Observation

We noted that the Organization does not perform a formal periodic review of Network, PeopleSoft, Unity, Soarian, and EPIC user entitlements to ensure access changes were conducted in accordance with management's expectations.

Recommendation

We recommend management perform a comprehensive review of user access entitlements on a regular basis (i.e., at least once per fiscal year). The review should be performed by department

heads and/or business owners independent of security administration functions, based on system reports provided by system administrators and include the following:

- Review Network, PeopleSoft, Unity, Soarian, and EPIC account listings to ensure generic/group IDs are appropriate (use of such is strongly discouraged and should be minimized to the extent possible)
- Review Network, PeopleSoft, Unity, Soarian, and EPIC account listings to ensure accounts for terminated employees have been disabled or removed
- Review individual user access to ensure access is restricted to appropriate functions based on current job responsibilities
- Review access to powerful privileges, system resources and administrative access to ensure access is restricted to a very limited number of authorized personnel

The access review should be formally documented by the department head and evidence retained. Any identified conflicts in access rights should be followed up and resolved in a timely manner.

Management's Response

NYC Health + Hospitals is in the process of implementing the compliance module of SailPoint IdentityIQ. The first re-certification processes to be configured are EPIC users, non-employee, PeopleSoft HR roles, and PeopleSoft ERP roles. All re-certifications will be performed on a quarterly basis and will be functional during fiscal year 2019 (this will not cover Unity or Soarian at this time). The result of the re-certification process will be to either revoke or extend access to the network/application.

All privileged accounts (administrative access) are tied to the end user account within SailPoint IdentityIQ. When a user is terminated, their privileged account is also terminated.

As part of the periodic review, the contingent worker testing was completed in October 2019, and the launch of the re-certification process began during November 2019. Certifications for ERP and Payroll systems' access are still underway. The recertification process is being deployed during December 2019 following testing that was completed in November 2019. This process will cover contingent workers. All other certifications will be worked on during fiscal year 2020.

Information Technology - User Administration– *a similar finding was noted last year*

Observation

New Hires

Although a ticketing system is in place, management was unable to provide adequate documentation for all of the new hire sample we selected for testing. We recommend that IT maintain complete documentation regarding all newly hired personnel. In the event that application access was added post hire, any changes to user access rights should be documented and approved by appropriate stakeholders.

Terminations

Although a ticketing system is in place, management was unable to provide adequate documentation for all of the termination sample we selected for testing.

Recommendation

We recommend that the business units and/or Human Resources notify IT of terminated employees in a timely manner (e.g., within 24 hours) so that IT may disable/remove the terminated users' access as soon as possible to prevent unauthorized access into the Organization's systems.

Management's Response

The ticketing interface between ServiceNow and SailPoint IdentityIQ started at the end of fiscal year 2018; however, purchase of additional required software was delayed. In November 2019 the purchase of the required software was completed and the ServiceNow ticketing interface has begun. The necessary integration/tie-in between the HR hiring and the termination processes will be completed in the latter part of fiscal year 2020.

Status of Prior Years Comments

Accounts Payable

Observation

During fiscal year 2018, NYC Health + Hospitals transitioned to PeopleSoft ERP for the general ledger function, including Vendor Accounts Payable. We noted that while the new PeopleSoft accounts payable system maintains adequate reports and reconciles to the general ledger, the previous 30-year old system, did not.

Recommendation

We recommend that management maintains controls at an appropriate level of precision to prevent misstatement of the accounts payable balance and continues to work to find ways to reconcile balances for the old system for the remaining time it is in use. Any unusual reconciling items should be investigated and addressed in a timely manner.

Management's Response 2018

In fiscal year 2018, NYC Health + Hospitals implemented a new accounting system that, in part, contains the transactions related to accounts payable. This new system, PeopleSoft ERP, has allowed NYC Health + Hospitals to more accurately track and reconcile accounts payable which has increased the precision of the amounts reported on the financial statements while it transitions away from using the old system. Additionally, the new system provides NYC Health + Hospitals reports generated to perform detailed analysis on a multitude of financial reporting areas. Also, controls were built into the system that increase oversight and approvals to help mitigate discrepancies in transactional reporting that were present with the old system.

Grant Thornton Update 2019

Management has implemented PeopleSoft ERP and the proper controls in order to maintain a detailed accounts payable sub-ledger which reconciles to the accounts payable general ledger accounts at year end 2019. This finding has been closed.

Patient Accounts Receivable and Net Patient Service Revenue - Credit balances in patient accounts receivable*Observation*

During our audit of Patient Accounts Receivable as of June 30, 2018, we noted that credit balances in patient accounts receivable totaled approximately \$80 million, similar to that reported in prior years' audits. Through audit procedures performed, we determined that the portion of the credit balances that represented liabilities due to patients and payors was immaterial. The credit balances primarily appear to be a result of billing adjustments. However, we noted that management does not have a formal policy in place to accumulate and analyze the credit balances at the patient level in order to determine the proper accounting treatment for the credit balances.

Recommendation

We recommend that management develop a process to analyze the nature of the credit balances within patient accounts receivable and on a monthly basis, record adjustments in the accounting records to reflect their proper disposition. In addition, management should investigate and determine the root cause for the credit balances in order to develop solutions to address systematic issues that result in credit balances within accounts receivable.

Management's Response 2018

Through the implementation of our new billing system, EPIC, credit balances are electronically queued and routed to employee workflows for follow up. This process will greatly increase our ability to track and correct incorrect postings and reduce overall credit balances. Additionally, NYC Health + Hospitals is enrolling more payors into electronic remittances so that payments are properly recorded to the correct patient account, thus reducing credit balances

Grant Thornton Update 2019

In 2019, we noted that the total credit balances continue to increase. Through the audit procedures we performed, we determined that the portion of the credit balances that represented liabilities due to patients and payors was again immaterial. The credit balances primarily appear to be a result of billing adjustments. However, management has not completely reviewed and determined proper accounting treatment for the credit balances. In addition, the root cause of the increase in the credit balances should be determined in order to ensure that the credit balances are reduced each year rather than increasing each year.

Management's Response 2019

Implementation of EPIC continued during FY 2019 and Revenue Cycle Services and hospital patient accounting focused on claims submission and resolution of denials to protect NYC Health +Hospital's cash flow. Credit balance resolution has been delayed due to the creation of

a new contract module in EPIC. A significant amount of fine tuning is needed to get expected reimbursement amounts correct. This is the reason for the change in credit balances between fiscal years. EPIC has not solved the credit balance issue, though it will make its resolution easier as we address the problem in coming months.

A new Variance Unit was established to review both underpayments and credit creation, which will also assist in the credit balance review process. Once the unit is fully staffed during fiscal year 2020, a formalized policy will be created. Additionally, NYC Health + Hospitals is moving forward with a centralized cash posting unit which will help in the identification and processing of any refunds or adjustments and reduce the level of credit balances.

Although NYC Health + Hospitals has moved to more electronically posted remittances and reducing errors, the newly implemented contract module along with the assistance of the two units mentioned will help in evaluating credit balances.

Patient Accounts Receivable and Net Patient Service Revenue - Patient revenue recorded after fiscal year end for services provided prior to fiscal year-end

Observation

We noted that patient service revenue is recognized for services based on the date those services are entered into the patient accounting system rather than as of the date the service was provided. As a result, the recording of revenue can occur up to several days subsequent to the date the service was provided. We noted that in fiscal 2017, revenue was recorded in a similar manner. Through the audit procedures we performed, we determined that the net impact of the improper cutoff of revenue between fiscal year 2017 to fiscal year 2018 was immaterial. However, we noted that management does not have a procedure in place to determine the magnitude of the current year revenue captured in the subsequent year in order to assess the net impact of the improper revenue cutoff.

Recommendation

We recommend that management develop a process to determine the amount of revenue recorded in the month subsequent to the month that the service was provided and assess the net impact in order to determine if an adjustment to revenue is necessary.

Management's Response 2018

Management developed a report to measure the impact of subsequent postings on the reported accounts receivable and revenue. The report will be used during fiscal year 2019 to ensure that the financial statements are reasonably stated.

Grant Thornton Update 2019

Through the audit and through a review of management's subsequent posting schedule, we determined that net impact to the financial statements related to cut off is immaterial.

Patient Accounts Receivable and Net Patient Service Revenue – Controls over manual data entry into the patient accounting system

Observation

As part of our testing of patient service revenue and the accounts receivable sub-ledger, we noted two high dollar manual adjustments to patient account balances that were made in error and not identified and corrected as part of NYC Health + Hospitals' existing controls and procedures. Upon further review we determined that NYC Health + Hospitals does not have a consistent policy in place across all facilities to periodically review high dollar manual adjustments to patient account balances and high dollar patient account balances.

Recommendation

We recommended that NYC Health + Hospitals develop and formalize a policy consistent across all facilities, which requires periodic review of high dollar manual adjustments to patient account balances and high dollar patient account balances to ensure the accuracy of patient service revenue and accounts receivable.

Management's Response 2018

NYC Health + Hospitals is building reports in Unity and Soarian to identify accounts with high dollar charges which will allow the facilities' Directors of Revenue Management to identify abnormal charges. Additionally, the transition to EPIC and the related charge review workflow implementation makes the identification and ownership of these accounts much easier. We are building reports that are expected to be available by the end of the third quarter of fiscal year 2019.

Grant Thornton Update 2019

Management has implemented a review of large or unusual charges. We noted no similar issues within our testing's as of June 30, 2019. This comment has been closed.

System response

The System's written response to the internal control matters identified herein has not been subjected to our audit procedures and, accordingly, we express no opinion on it.

* * *

The purpose of this communication is solely to describe the scope of our testing of internal control and the result of that testing, and not to provide an opinion on the effectiveness of the System's internal control. This communication is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control. Accordingly, this communication is not suitable for any other purpose.

Very truly yours,





**OFFICE OF INTERNAL
AUDITS
AUDIT COMMITTEE BRIEFING
DECEMBER 2019**

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A. EXTERNAL AUDITS

1. Children of Bellevue Auxiliary – NYC Comptroller’s Office

Audit Notification Letter Received – March 21, 2019
Preliminary Entrance Conference – April 4, 2019
Audit Status – On-going

The Audit Engagement Letter stated that the audit was of Children of Bellevue’s (CoB) financial and operating practices. For Calendar Year 2017, the Balance Sheet for this Auxiliary shows Cash and Investments totaling over \$1.25 million.

The twenty-two Auxiliaries that exist within the various facilities of NYC Health + Hospitals are separate 501c3 not-for-profit corporations whose primary function is to enhance the quality of patient care. They do this by receiving and administering funds received from fund raising activities, gifts, and donations and distributing those funds for activities or projects which enhance the quality of patient care and for selected amenities not otherwise available to patients.

The audit objectives are to determine whether CoB:

- Has adequate controls over and accurately reports its revenues and expenses.
- Is complying with applicable rules, regulations, policies and procedures.
- Has computerized systems controls to ascertain the integrity, validity and reliability of its data.

Many financial documents and operating procedures related to the day-to-day activities of the Auxiliary have been being requested and reviewed. A meeting with various members of the Auxiliaries’ Board of Directors was held to ascertain their duties and responsibilities. The Comptroller’s Office is waiting for the audited financial statements for Calendar Year 2018 before completing their review.

2. Follow-up Review of Nurse Hiring and Retention – NYS Comptroller’s Office

Original Report Date – July 16, 2018
Audit Notification Letter Received – October 8, 2019
Entrance Conference – October 22, 2019
Audit Status – On-going

The objective of this audit is to determine that the responses to the recommendations from the original audit were being acted upon. The audit included reviewing both direct hire and temporary nurses.

Prior to the entrance conference, the Auditors requested the following information:

- Status of the (original) recommendations
- List of all direct hire and temporary nurses for the 5 facilities (Bellevue, Kings County, Lincoln, Gouverneur & Community Care) visited during the original audit
- Copy of the agreement between the temporary agency (Vizient) and NYC Health + Hospitals
- Vizient agreement to self-report criminal records of temporary agency nurses
- Record retention policy
- Internal monitoring reviews conducted by the Human Resources (HR) departments of NYC Health + Hospitals regarding employment eligibility (I-9 forms, background checks)
- Training meeting agendas and sign-in sheets

All of the above information was provided to the Auditors. They are in the process of reviewing the documents and visiting facilities to ensure that the HR files of both direct hire and temporary nurses are complete. Thus far, the Auditors have visited Community Care, Gouverneur and Kings County.

The Office of Internal Audits acts as the liaison between the NYS Comptroller’s Office and the areas being audited within NYC Health + Hospitals. Our role is to arrange and attend all relevant meetings, ensure all audit requests are adhered to in a complete and timely manner, and review all documents prior to them being sent to the Auditors.

B. OTHER AUDIT ACTIVITIES

1. Auxiliary Audits

The Office of Internal Audits has had the responsibility to hire an outside CPA firm to certify the financial statements of all 22 Auxiliaries. Loeb & Troper was hired 4 years ago to undertake these audits. Since their merger with BKD in late 2018, their performance has declined to the point that only one (1) audit has been completed for the Calendar Year 2018 financial statements.

As a result of this poor performance, it has been decided that the 5th year option on the contract would not be exercised. It has also been determined that only 11 of the 22 Auxiliaries require a review or audit of their financial statements by a CPA firm. Prior to the new RFP being rolled out, a determination has to be made whether 11 or 22 reviews/audits will be conducted.

Ultimately, the firm selected will require approval by the Audit Committee.

2. Anonymous Letters

An anonymous letter was received from the President's Office, regarding improper payroll procedures in the Nursing Department at NYC Health + Hospitals/Elmhurst. An Audit Memorandum was issued to the President/CEO discussing the results of the investigation.

Two other anonymous letters were received but the investigations were already being done by the Inspector General and an external consulting firm.



**AUDIT COMMITTEE OF THE
NYC HEALTH + HOSPITALS
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Audit Committee Report

Corporate Compliance Report

December 12, 2019



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BOARD OF DIRECTORS**
Corporate Compliance Report
125 Worth Street, Room 532
New York, NY 10013
December 12, 2019 @ 10:00 AM

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I. Monitoring Excluded Providers

Responsibilities of the System for Sanction List Screening

- 1) To comply with Federal and state regulations, and consistent with the recommendations of the NYS Office of the Medicaid Inspector General (“OMIG”) and the U.S. Department of Health and Human Services Office of Inspector General (“OIG”), each month the Office of Corporate Compliance (“OCC”) reviews the exclusion status of the System’s workforce members, vendors, and New York State Department of Health (“DOH”) Delivery System Reform Incentive Payment (“DSRIP”) program Partners.
- 2) To ensure that NYC Health + Hospitals (the “System”) does not conduct business with individuals or entities that are a threat to the security, economy or foreign policy of the United States, the OCC also screens all NYC Health + Hospitals workforce members, vendors, and DSRIP Partners against the databases of the United States Department of Treasury Office of Foreign Asset Control (“OFAC”).

Exclusion and Sanction Screening Report Sept. 21, 2019 through Nov. 22, 2019

- 3) During the period from September 21, 2019 through November 22, 2019, there was one excluded vendor. On September 24, 2019, the OCC was notified that a vendor providing hospice services was terminated from participating in the Medicare program, effective May 31, 2019. There were no payments to this vendor after this date; therefore, no overpayment or disclosure is required. Supply Chain Services has inactivated this vendor in their database.

Death Master File and National Plan and Provider Enumeration System Screening

- 4) The Centers for Medicaid and Medicare Services’ (“CMS”) regulations and the contractual provisions found in managed care organization provider agreements require screening of the System’s workforce members, certain business partners, and agents to ensure that none of these individuals are using the social security number (“SSN”) or National Provider Identifier (“NPI”) number of a deceased person. This screening may be accomplished by vetting the SSNs and NPIs of such individuals through the Social Security Administration Death Master File (“DMF”) and the National Plan and Provider Enumeration System (“NPES”), respectively.

- 5) No providers were identified on the DMF or NPPEs during the period September 21, 2019 through November 22, 2019.

II. Privacy Incidents and Related Reports

Breach Defined

- 6) A breach is an impermissible use, access, acquisition or disclosure (collectively referred to as “use and/or disclosure”) under the Health Insurance Portability and Accountability Act (“HIPAA”) of 1996 Privacy Rule that compromises the security and privacy of protected health information (“PHI”) maintained by the System or one of its business associates.
- 7) Pursuant to 45 CFR § 164.402(2), unless an exception applies, the unauthorized use and/or disclosure of PHI is presumed to be a breach unless the System can demonstrate, through a thorough, good faith risk assessment of key risk factors, that there is a low probability that the PHI has been compromised.¹

Reported Breaches for the Period of Sept. 21, 2019 through Nov. 22, 2019

- 8) During the period of September 21, 2019 through November 22, 2019, twenty-one (21) incidents were entered in the System’s RADAR Incident Tracking System. Of the twenty-one (21) incidents entered in the tracking system, eighteen (18) were found after investigation, to be violations of NYC Health + Hospitals HIPAA Privacy and Security Operating Procedures (“OPs”); one (1) was found not to be a violation of NYC Health + Hospitals HIPAA Privacy and Security OPs; and two (2) are still under investigation.
- 9) Of the eighteen (18) incidents confirmed as violations, eight (8) were determined to be breaches. These breaches involved giving a prescription to the wrong patient, sending medical records to the wrong law firm, disclosure of a patient’s medical condition in the presence of another individual not authorized to receive this information, and giving After Visit Summaries to the wrong patients.
- 10) In addition, on October 3, 2019, the NYC Health + Hospitals Office of the Inspector General (“IG”) was informed that, between 2016 and November 2019, an employee

¹ See 45 CFR § 164.402(2); see also 78 Fed. Reg. 5565, 5643 & 5695 (Jan. 25, 2013).



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at NYC Health + Hospitals/Jacobi disclosed the PHI of an unknown number of NYC Health + Hospitals’ patients. The IG informed NYC Health + Hospitals of this incident on November 7, 2019. Specifically, the information that was disclosed included patients’ names, telephone numbers, and the fact that they had been in motor vehicle accidents.

- 11) The OCC was able to obtain the names and telephone numbers of approximately 300 affected individuals, approximately 200 of which the OCC was able to match with addresses. These affected individuals were notified of this breach on December 2, 2019. In addition, a substitute notice has been placed on NYC Health + Hospitals’ public website, which includes the circumstances of the breach and a toll free number to call for additional information. An internal investigation is ongoing, and appropriate disciplinary action will be taken.

Office for Civil Rights (“OCR”) Reports Regarding HIPAA Incidents

- 12) Since the last Audit Committee meeting, the OCC received one report from the OCR regarding a HIPAA incident at NYC Health + Hospitals/Bellevue (“Bellevue”). The report, dated September 17, 2019, concerned a patient’s complaint that Bellevue failed to provide access to the patient’s medical records. Although the OCR closed this matter, the OCC investigated it and learned that the patient did in fact receive some of his electronic records on August 29, 2019, and Bellevue has provided him with his remaining medical records. The OCC will send a response to the OCR explaining the circumstances of the complaint and the actions taken to remediate the issue.

III. Compliance Reports

Summary of Reports for the Period of Sept. 21, 2019 through Nov. 22, 2019

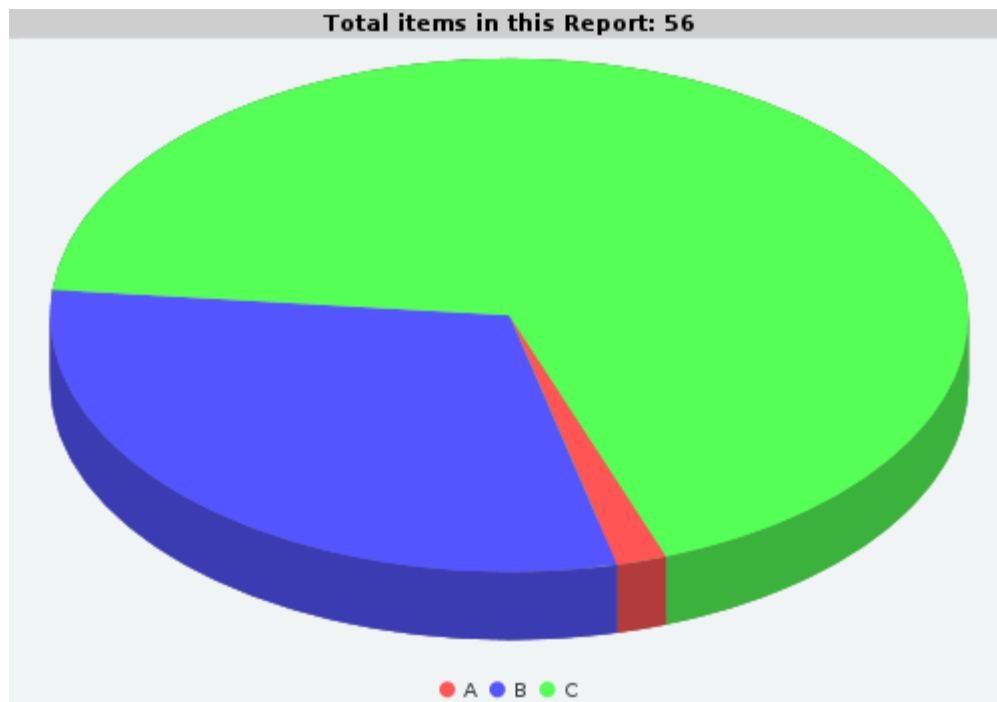
- 13) For the period of September 21, 2019 through November 22, 2019, there were fifty-six (56) compliance reports, one (1) (2%) of which was classified as Priority “A,”²

² There are three (3) different report categories: (i) Priority “A” reports are matters that require immediate review and/or action due to an allegation of an immediate threat to a person, property or environment; (ii) Priority “B” reports are matters of a time-sensitive nature that may require prompt review and/or action; and (iii) Priority “C” reports are matters that do not require immediate action.

seventeen (17) (30%) were classified as Priority “B,” and thirty-eight (38) (68%) were classified as Priority “C” reports. For purposes here, the term “reports” means compliance-based inquiries and compliance-based complaints.

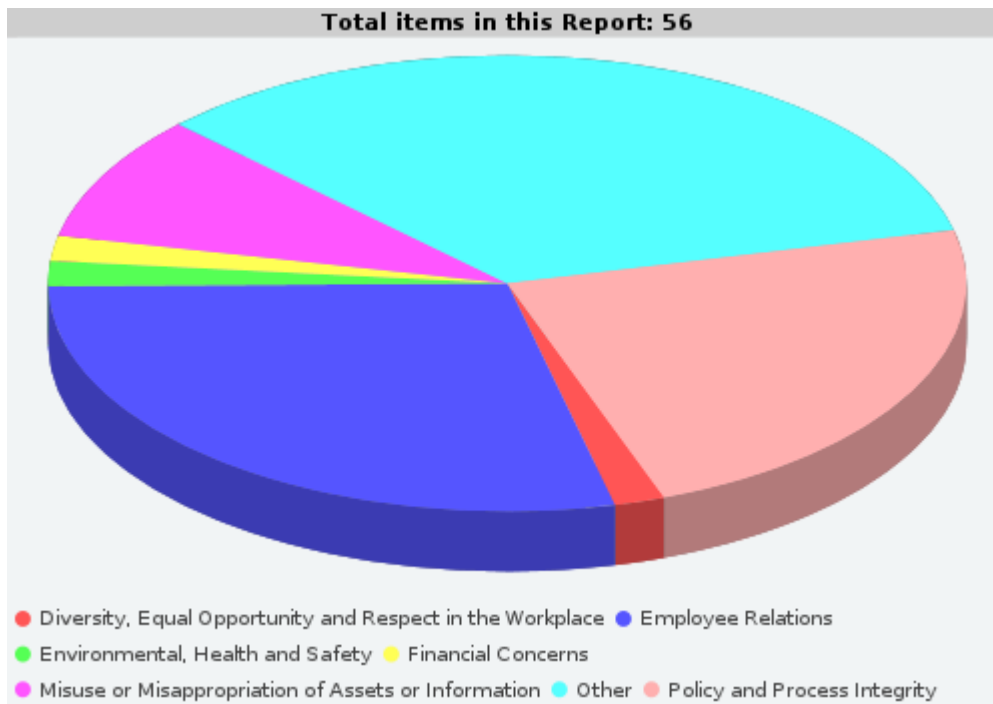
a. PRIORITY CLASSIFICATION

	Frequency (Percentage)
A	1.0 (1.8 %)
B	17.0 (30.3 %)
C	38.0 (67.9 %)
Totals	56.0 (100 %)



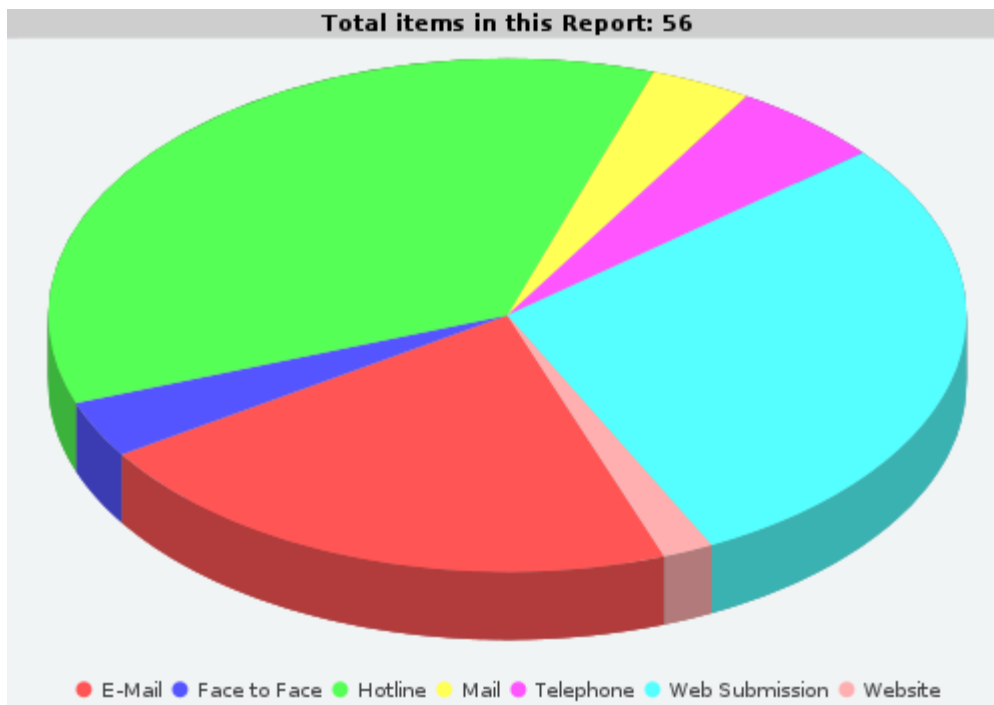
b. PRIMARY ALLEGATION CLASS

PRIMARY ALLEGATION CLASS - CHART DATA	Frequency (Percentage)
Diversity, Equal Opportunity and Respect in the Workplace	1.0 (1.8%)
Employee Relations	16.0 (28.6 %)
Environmental, Health and Safety	1.0 (1.8 %)
Financial Concerns	1.0 (1.8 %)
Misuse or Misappropriation of Assets or Information	5.0 (8.9 %)
Other	19.0 (33.9 %)
Policy and Process Integrity	13.0 (23.2 %)
Totals	56.0 (100%)



c. PRIMARY ALLEGATION SOURCE

SOURCE - CHART DATA	
	Frequency (Percentage)
E-Mail	12.0 (21.4 %)
Face to Face	2.0 (3.6 %)
Hotline	20.0 (35.7 %)
Mail	2.0 (3.6 %)
Telephone	3.0 (5.4 %)
Web Submission	16.0 (28.6 %)
Website	1.0 (1.8 %)
Totals	56.0 (100%)

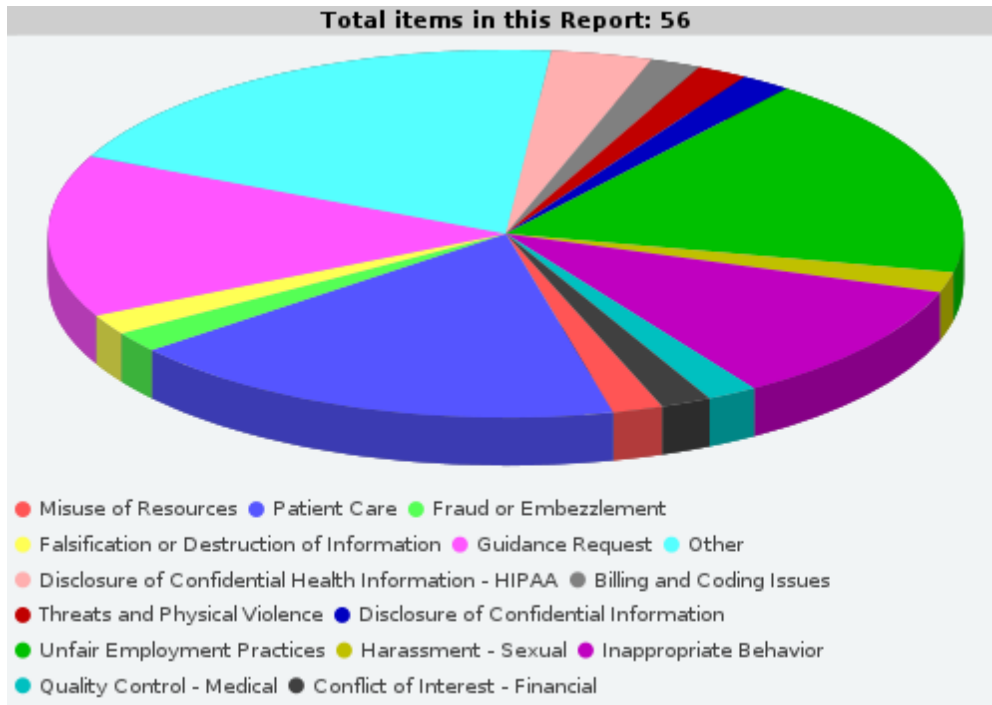




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d. PRIMARY ALLEGATION TYPE

PRIMARY ALLEGATION TYPE - CHART DATA	Frequency (Percentage)
Billing and Coding Issues	1.0 (1.8 %)
Conflict of Interest - Financial	1.0 (1.8 %)
Disclosure of Confidential Health Information - HIPAA	2.0 (3.6 %)
Disclosure of Confidential Information	1.0 (1.8 %)
Falsification or Destruction of Information	1.0 (1.8 %)
Fraud or Embezzlement	1.0 (1.8 %)
Guidance Request	8.0 (14.3 %)
Harassment - Sexual	1.0 (1.8 %)
Inappropriate Behavior	6.0 (10.7 %)
Misuse of Resources	1.0 (1.8 %)
Other	11.0 (19.6 %)
Patient Care	10.0 (17.9 %)
Quality Control - Medical	1.0 (1.8 %)
Threats and Physical Violence	1.0 (1.8 %)
Unfair Employment Practices	10.0 (17.9 %)
Totals	56.0 (100%)



IV. Status Update – OneCity Health

Independent Assessor Audit of OneCity Health

- 14) On December 3, 2019, the DSRIP Independent Assessor (“IA”) began conducting its Year 4 Onsite Audit to determine whether OneCity Health correctly received DSRIP funds. To accomplish this objective, the IA will review OneCity Health’s documentation to: (i) substantiate that it adequately supports DSRIP required activities and funding; (ii) determine that OneCity Health is in compliance with published DSRIP Program goals, requirements, and guidance; and (iii) determine the adequacy of OneCity Health’s documentation previously submitted with the Quarterly Reports Review process. The areas under review will include, but not be limited to, (a) workforces spend; (b) DSRIP Partner funds flow distribution; and (c) patient engagement.



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OneCity Health’s Partner Compliance Attestation

- 15) OneCity Health, as a PPS Lead in the DSRIP Program, is responsible for taking reasonable steps to ensure that Medicaid funds distributed as part of the DSRIP program are not connected with fraud, waste, and abuse. To satisfy its compliance obligations as a PPS Lead, and to fulfill the requirements of the OMIG DSRIP compliance guidance, OneCity Health has developed a compliance attestation form, which is designed to assess its Partners’ compliance with the program requirements.
- 16) OneCity Health Partners must certify annually to OneCity Health that they have met their DSRIP compliance training obligations and certain other compliance-related obligations. Accordingly, the OCC, on behalf of OneCity Health, will distribute a Memorandum to OneCity Health Partners early next year, with a link to a *Compliance Attestation of OneCity Health Partners* (“Attestation”). The Attestation, which provides OneCity Health and the OCC with a critical snapshot of the compliance foundation of its DSRIP Partners, is required to be completed by all OneCity Health Partners.

V. Status Update - HHC ACO, Inc.

- 17) On September 30, 2019, HHC ACO, Inc. (“HHC ACO”) received its PY2018 performance report, indicating that it had successfully earned shared savings for six years in a row. In PY2018, HHC ACO reduced costs for its Medicare beneficiaries by \$7.26 million, of which it earned \$2.97 million in shared savings (this compares to \$2.18 million in PY2017). In addition, HHC ACO is the only ACO based in New York State to earn shared savings over six consecutive years, and one of the only 18 ACOs around the country to have earned that distinction.
- 18) On October 1, 2019, HHC ACO submitted its quality measures to NYS Department of Health (“DOH”) to satisfy DOH’s Quality Assurance Reporting Requirements (QARR) for the following measures:
 - a. Breast Cancer Screening;
 - b. Colorectal Cancer Screening;
 - c. Controlling High Blood Pressure; and
 - d. Diabetes: Hemoglobin A1c Poor Control.



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VI. HIPAA Risk Analysis and Security Assessment

- 19) To ensure the System's compliance with the requirements of HIPAA and HIPAA regulations, the System has engaged a third party vendor, Coalfire Systems, Inc. ("Coalfire"), to conduct a HIPAA enterprise-wide Risk Analysis and Security Assessment. Coalfire conducted on-site reviews at all of the System's acute care facilities, skilled nursing facilities, and Diagnostic and Treatment Centers, and a sample of the Gotham Health clinics. It also conducted virtual reviews of fourteen (14) other Gotham Health clinics.
- 20) In addition, Coalfire has performed penetration tests of the System's systems and applications to determine their vulnerability to unauthorized access. It is also assessing a sample of the System's vendors to determine their compliance with HIPAA and the security of the System's PHI that they maintain.
- 21) Coalfire has been submitting draft reports of its findings, and expects to submit final reports by the end of this year.

VII. National Corporate Compliance and Ethics Week 2019

- 22) The OCC commemorated National Corporate Compliance & Ethics Week from November 4th to 8th. This year's Corporate Compliance and Ethics Week theme, *Awareness, Recognition, Reinforcement*, embodied key elements of the OCC's work towards increasing the prominence of compliance concerns, acknowledging the duty to report them, and emphasizing the importance of professional and ethical conduct in carrying out our duties and responsibilities.
- 23) National Corporate Compliance and Ethics Week was an opportunity for workforce members across the System to learn more about compliance and ethics at NYC Health + Hospitals, thus fostering their support for and commitment to the culture of compliance and ethics. In addition, the week provided an opportunity for workforce members to "meet and greet" their local Compliance Officers.