

**HHC ACO INC.  
MINUTES OF THE  
BOARD OF DIRECTORS MEETING  
September 5, 2019  
125 Worth Street, 5<sup>th</sup> Floor  
Board Room  
New York City**

**ATTENDEES**

**BOARD MEMBERS**

Dave Chokshi, M.D. – Acting as Chair for Meeting  
Gary Kalkut, M.D.  
John Ulberg  
Israel Rocha, Jr.  
Andrea Cohen  
David Gross  
Luis Marcos, M.D.  
Warren Seigel, M.D.  
Jasmin Moshirpur M.D.

**HHC STAFF**

Adam Aponte, M.D.  
Shunsuke Ito  
Michael Levitin  
Stanislav Seleznyov  
Jacob Gustaveson  
Joanna Weiner  
Catherine Patsos  
Jay Weinman  
Nicole Fleming  
James Linhart  
Jozef Dubroja

**KPMG – Independent Audit Team**

Michael Breen  
Laura Stakey  
Maria Tiso

**CALL TO ORDER**

The meeting of the Board of Directors of HHC ACO Inc. (the “Board”) was called to order by Dr. Dave Chokshi, CEO of HHC ACO, at 3:03 PM. Dr. Chokshi was given authorization by Dr. Mitchell Katz to preside over the Board Meeting as Chair.

## **OLD BUSINESS**

The Board unanimously voted to approve the minutes of the April 15, 2019 meeting without correction or modification.

## **NEW BUSINESS**

Dr. Chokshi announced that the ACO received the embargoed results of Performance Year 2018, which, while not final, indicate that the ACO has achieved shared savings for the sixth consecutive year.

Dr. Chokshi reminded the Board that the ACO has been participating in the Enhanced Track of the Medicare Shared Savings Program (MSSP) as of July 1, 2019, and reviewed the following details:

- The ACO can earn shared savings at the highest possible sharing rate of 75%, but is also liable for shared losses up to 75% if it fails to meet the benchmark. Shared losses would be paid by drawing on a letter of credit for which New York City Health and Hospitals is the guarantor.
- The ACO qualifies as an Advanced Alternative Payment Model (APM), leading to an automatic 5% Medicare Part B revenue adjustment for all of its participants.
- Qualified clinicians of the ACO Participants are relieved from Merit-based Incentive Payment System (MIPS) reporting.

Dr. Jasmin Moshirpur asked about risks of not being able to earn shared savings. Dr. Chokshi reminded the Board that the decision to participate in the Enhanced Track was announced at the previous board meeting and strong modelling guidance indicating that the ACO would continue achieving shared savings. Dr. Warren Siegel reminded the Board that the current 2019 Performance Year is comprised from two half-years under different ACO Tracks. Dr. Chokshi clarified that CMS plans to aggregate 2019 performance in a single report and will disperse earned shared savings from the 2019 Performance Year in a lump sum.

The Board discussed whether more frequent and focused monitoring of ACO performance by the Board was appropriate. Mr. David Gross asked if the Board should more closely monitor ACO performance given that the ACO is taking on a downside risk. Dr. Chokshi responded that changes made to the ACO Dashboard keep track of performances at a more granular level on a rolling basis and this is shared directly with the clinical leadership.

Dr. Gary Kalkut asked if there is a lag for Medicare claims data. Mr. Shunsuke Ito responded that there is generally a 90 day lag for full processing of claims data. Dr. Luis Marcos asked if there is a finance committee that can review ACO performance more regularly. Dr. Chokshi responded that there is currently no finance committee, but there is a treasurer.

Dr. Kalkut suggested that the Board hold quarterly meetings. Dr. Chokshi agreed that the Board should begin meeting quarterly and decide later on if there is a need for a finance committee.

Dr. Chokshi introduced Dr. Adam Aponte as the Interim Chief Medical Officer of the ACO who is also serving as the Chief Medical Officer of New York City Health and Hospitals Community Care. Dr. Aponte shared his clinical and leadership experience.

Dr. Chokshi turned the meeting over to the Comptroller's office and KPMG team to present on the audit for the fiscal years ending June 30, 2017 and June 30, 2016, respectively. Mr. Jay Weinman, the New York City Health and Hospitals Corporate Comptroller, and Mr. Michael Breen from KPMG confirmed that there were no misstatements identified in the audit. Mr. Weinman walked through the financial statements produced via the audit and the timeframe for recognition of revenues. Mr. Weinman stated that because there is a lag between the close of fiscal year and when the revenue for that fiscal year is earned, there will always be a deficit listed on the balance sheet. Mr. Weinman explained that the ACO's revenue, if rolled over, will exceed overall expenses. Dr. Moshirpur asked why the amount under expenses from fiscal years 2016 to 2017 had nearly doubled. Mr. Weinman explained that distributions are logged as expenses and this increase in expense was due to an increase in distribution, but clarified that the expenses from ACO team salaries and other regular expenses are comparable year to year.

Dr. Marcos asked how future income is recorded in financial statements. Mr. Weinman responded that future income, despite the ACO's history of generating revenue, cannot be estimated and placed on financial statements. Dr. Kalkut asked Mr. Weinman if the timeframes were controlled and placed together, if revenue would match expenses. Mr. Weinman confirmed that it would.

Dr. Kalkut asked about how the reserve fund, made to uphold the future repayment mechanism, will be represented in financial statements moving forward. Mr. Weinman responded that the reserve amount will appear on the balance sheet moving forward.

Mr. Weinman introduced Mr. Breen who then introduced his team from KPMG. Mr. Breen explained that KPMG had submitted four deliverables: the financial statements, a report on internal controls, a management representation letter that the audit was performed under US Generally Accepted Accounting Principles, and required communications as auditors. Mr. Breen made the following points about the audit communications:

- Audit deliverables contain the clean and unmodified opinions as independent auditors that were previously presented to the ACO Board's Audit Committee
- No internal weaknesses were identified during the audit
- Accounting policies applied for this audit for fiscal years 2016 and 2017 were consistent with the prior audit conducted for fiscal years 2014 and 2015
- No unusual transactions occurred in fiscal years 2016 or 2017
- The ACO's revenue is recognized on a cash basis and expenses are logged on an accrual basis
- There were no audit misstatements or disagreements on audit findings with management
- KPMG is an independent auditor; one that is independent of management and the ACO in accordance with accounting standards and regulations

Dr. Chokshi asked Mr. Breen to comment on his coordination with the KPMG National Office to ensure that the ACO's accounting practices align with that of ACOs around the country. Mr. Breen confirmed that he coordinated with the KPMG National Office when conducting the 2014 and 2015 fiscal years audit. Mr. Breen explained that the KPMG National Office was familiar with savings-based contracts similar to the ACO's and their accounting guidance confirmed the accounting practices used under this audit was appropriate.

Hearing no further questions or comments, Dr. Chokshi put forth **Resolution #201909-1** to accept the audit report which was duly seconded.

**Resolution #201909-1 – Acceptance by the Board of Directors of HHC ACO Inc. (the “ACO”) of the report prepared by KPMG LLC, the ACO’s independent auditors, regarding the audited financial statements of the ACO for the fiscal years ended June 30, 2017 and June 30, 2016, respectively.**

The Board voted to unanimously approve the resolution.

Dr. Aponte then introduced Hyacinth Peart, a Medicare beneficiary, who is being recommended to replace Jeromane Berger-Gaskin, R.N., as the Medicare Beneficiary Director on the ACO Board.

Dr. Chokshi put forth **Resolution #201909-2**. A motion for discussion was duly made and seconded.

The Board discussed the election of Ms. Peart and at the end of the discussion, Dr. Chokshi called for a vote on **Resolution #201909-2**.

**Resolution #201909-2 - Recommending that the ACO’s sole Member, the New York City Health and Hospitals Corporation (the “Member”) elect Hyacinth Peart to serve as Medicare Beneficiary Director of HHC ACO Inc. (the “ACO”), until her resignation or removal in accordance with the ACO’s By-Laws.**

The Board voted to unanimously approve the resolution.

Dr. Aponte explained the process and timeline of shared savings distribution. Dr. Aponte reported that the ACO is currently in the process of reconciling physician rosters with the HR departments of the employers participating in the ACO. The ACO is aiming to distribute shared savings by February 2020. Dr. Chokshi added that the shared savings distribution for Performance Year 2018 will be presented to the Board for a vote in November.

Dr. Moshirpur asked about the anticipated amount of the shared savings distribution. Dr. Chokshi replied that it is harder every year to achieve shared savings because the ACO is competing against historical benchmarks. Dr. Aponte added that ACO has opportunities to increase shared savings through improving quality measures, primarily in the second domain. Dr. Chokshi reminded the Board that:

- HHC ACO was the only ACO in New York State and was one of 21 nationally to have achieved five consecutive years of earned shared savings; and
- If the ACO's results are as expected in Performance Year 2018, it will have generated shared savings for six consecutive years, the only ACO in the state of New York and one of a handful nationally to have achieved this.

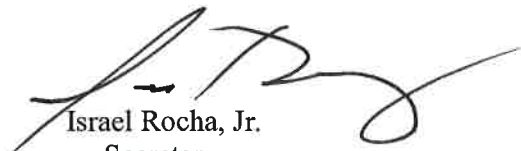
The Board discussed the possibility of making necessary adjustments to the distribution model prior to the actual distribution of shared savings. Dr. Aponte added that there may be modifications for distributions with potential redesign of the ACO.

The Board discussed scheduling the next meeting. Dr. Chokshi indicated that the next meeting will take place in November and that future Board meetings will take place quarterly.

#### **ADJOURNMENT**

There being no further business, Dr. Chokshi adjourned the meeting at approximately 3:45 PM.

Respectfully submitted,



Israel Rocha, Jr.  
Secretary

