FINANCE COMMITTEE AGENDA

Date: January 09, 2020
Time: 10:00 am
Location: 125 Worth Street, Board Room

I.	**Call to Order** Adoption of the October 10, 2019 Minutes	Freda Wang
II.	**Senior Vice President's Report**	John Ulberg
III.	**Financial Report**	Krista Olson Michline Farag Marji Karlin
IV.	**Supplemental Staffing Services Action Item** Authorizing the New York City Health and Hospitals Corporation (the "System") to execu RightSourcing Inc. (the "Contractor") to provide supplemental staffing to the System by ma of temporary staffing companies over a three year term with two one-year options exerc System, for an amount not to exceed $700,000,000.	Natalia Cineas
V.	**Old Business**	Freda Wang
VI.	**New Business**	
VII.	**Adjournment**	

MINUTES

Finance Committee **Meeting Date: October 10, 2019**

Board of Directors

The meeting of the Finance Committee of the Board of Directors was held on October 10, 2019 in the 5th floor Board Room with Freda Wang presiding as Chairperson.

ATTENDEES

COMMITTEE MEMBERS

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

OTHER ATTENDEES

J. DeGeorge, OSDC
M. Ehan, IBO
J. Cuda, MetroPlus

H+H STAFF

P. Albertson, Vice President Supply Chain, Central Office
A. Cohen, Senior Vice President/General Counsel, Legal
E. Coleman, Chief Financial Officer, Metropolitan Hospital
F. Covino, Vice President, Corporate Budget
L. Dehart, Senior Assistant Vice President, Corporate Reimbursement Services
M. Farag, Assistant Vice President, Corporate Budget
A. Hartmann, Senior Director, Revenue Cycle Services
C. Hercules, Chief of Staff, Board Office
B. Ingraham, Assistant Vice President, Legislative Affairs
M. Karlin, Chief Revenue Officer, Revenue Cycle Services
M. Meagher, Assistant Vice President, Managed Care
R. Melican, Senior Director, Revenue Cycle Services
D. Mihaltses, Chief Operating Officer, Queens Hospital
A. Marengo, Senior Vice President, Communications
K. Olson, Senior Assistant Vice President, Corporate Budget
J. Ryan, Director, Revenue Cycle Services
R. Sargenti, Assistant Director, Revenue Cycle Services
M. Siegler, Senior Vice President, Managed Care and Growth
A. Smith, Director, Revenue Cycle Services
J. Stec, Deputy Budget Director, Corporate Budget
M. Thompson, Associate Director, Central Finance
J. Ulberg, Senior Vice President/CFO, Central Finance
J. Weinman, Corporate Comptroller, Central Finance

CALL TO ORDER **FREDA WANG**

Ms. Freda Wang called the meeting to order at 10:33am. The minutes of the June 13, 2019 meeting were approved as submitted.

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

Mr. John Ulberg began his report by reviewing the close out of Fiscal Year (FY) 2019. He reported that the closing cash balance was $776M, which is $51M greater than 2018 and the highest closing cash balance in five years. He reported that H+H achieved a $36M net positive margin with receipts exceeding disbursements and beating the budget by more than one percent. He further reported that patient care receipts came in $30M higher than 2018. He stated that the overall transformation plan was on track and that H+H has closed 65% of the original $1.8B structural gap due to revenue cycle initiatives, expenditure reductions, managed care negotiations, and enrolling the uninsured. Mr. Ulberg outlined the key investments made in nursing positions and revenue cycle operations.

Mr. Ulberg continued his report by discussing the FY20 budget. He emphasized the importance of the new budget process establishing facility-based ownership of budget planning. Central Office established a two-phase budget approach to accomplish this: Phase 1 established a base-level budget and phase 2 layered in new opportunities and policy development. Key features of the budget include increasing the plan's transformation targets related to growth initiatives, contract negotiations, and continued expenditure savings and efficiencies.

Ms. Sally Hernandez-Piñero asked if the facility solutions include capital solutions.

Mr. Ulberg confirmed.

Mr. Ulberg reported on how H+H is managing financial risks and opportunities. He outlined the risks as policy changes from the State and Federal governments as well as fulfilling critical staffing needs. Opportunities exist from Medicare Disproportionate Share Hospital (DSH) payments, safety net hospital funding, and restoration of Medicaid DSH.

Ms. Freda Wang asked if some of the payments are for FY20.

Ms. Linda Dehart confirmed the payments are from prior years but roll into FY20.

FINANCIAL REPORT

Ms. Michline Farag began her report on the overall financial performance. She reported on the overall $36M net positive impact, which is receipts outpacing the disbursements for FY19 close. She continued her report nothing overall receipts came in at $65M greater than planned and disbursements closed at $24M better than budgeted. She emphasized that this was largely because facilities started implementing gap-closing plans in FY19 Quarter 4 (Q4) and that those plans will continue in FY20.

Ms. Farag continued by reporting on Global Full Time Equivalents (GFTEs) closing FY19 year at 45,031, which is slightly higher than reported in Q3.

Dr. Mitchell Katz said H+H is not seeking to drop staffing levels or increase them, that 45K is approximately the right place for H+H staffing to be.

Ms. Farag reported on corporate-wide revenue performance, stating FY19 revenue is $365M higher than FY18 actuals, and $62M above FY19 target.

Ms. Krista Olson reported on inpatient volume decline of four percent. Over one-half of the decline in discharges vs. FY18 are associated with H+H risk-based health plans, MetroPlus and Healthfirst, which help to drive improved risk pool revenue. Ms. Olson reported that the previous uptick in self-pay was converted to insurance.

Ms. Wang asked why self-pay was converted into insurance.

Ms. Olson said it was an increase in the efforts to enroll the uninsured and increase the amount of applications for insurance.

Ms. Olson continued by reporting on increased case mix index (CMI) following revenue cycle improvements, 8.7 percent increases from FY18 and that length of stay is moving closer to what we expect it to be.

Ms. Olson reported that revenue cycle targets have increased over time in accordance with the transformation plan and that actuals ($216M) have exceeded targets ($190M).

Ms. Marji Karlin reported on the impact of the Epic implementation (H2O) is showing positive results, especially related to higher CMI and higher payments per case. The average change in CMI pre and post H2O ranges from 12 percent to 21 percent and the change payment per paid discharge has increased by 8%.

Ms. Wang asked if this was attributed to more accurate CMI.

Ms. Karlin confirmed.

Ms. Karlin continued her report on H2O payments exceeding baseline performance. Wave 1 sites collected $28.6M more than baseline through June 30. Wave 2 sites that were in the negative through June 30 are now positive. H+H exceeds other Epic clients at one-year of implementation.

Ms. Karlin continued to report on H2O work focusing on process improvement, especially related to denial reduction. The approach had three prongs: 1. Prevent denials from occurring, 2. create a denial task force, and 3. resolve denials received. Medicaid managed care has the highest denial rate and even though commercial is a small amount of our business it is a disproportionate share of denials. Information Technology, managed care, and revenue cycle services are working together to figure out what the root causes of denials are and are working to implement solutions.

Ms. Hernandez-Piñero asked if this is a percentage of claims or if they are percentage of dollars.

Dr. Katz said it is the percentage of claims.

Mr. Ulberg said it is a goal to attach dollars to this. Mr. Ulberg also noted that part of this work is changing the relationships with payers.

Mr. Pagán noted that documentation is important to convey a patient’s complexity that translates into paid claims.

Dr. Katz said he is not aware of existing literature that says better coding leads to better care but he believes it does. Documentation is not just about money.

Dr. Katz reviewed the overall corporate-wide revenue again to emphasize the impressive growth year-over-year.

Ms. Olson reported on progress on the transformation plan. She began by reporting that revenue-generating initiatives ended close to target, with some missing targets related to timing of VBP-QIP, FQHC, and managed care settlements. Revenue cycle improvement exceeded target by $26M. Expense reducing initiatives also finished higher than target, with personnel initiatives on target, which included strategic investments in nursing, revenue cycle, and clinical growth strategies. The 340b contract pharmacy initiative is forecasted to exceed target by $10M.

MANAGED CARE REVENUE CONSULTING GROUP ACTION ITEM **ROBERT MELICAN**

Ms. Marji Karlin, Chief Revenue Officer, presented a resolution:

> **Authorizing New York City Health and Hospitals Corporation (the “System”) to execute a three year renewal agreement with two one-year options to renew with Managed Care Revenue Consulting Group LLC (“MCRC”) to provide claims review and collection services on managed care contracts not to exceed $23 million dollars to be payable contingent on the amounts recovered for the System.**

Ms. Karlin introduced the action item by outlining why health plans systematically underpay claims for services provided because of adjudication errors, incorrect contract terms, billing errors, and contract misinterpretations. MCRC reviews $0 balance and denied claims against H+H contract terms to identify underpayments and then negotiates on H+H's behalf to resolve underpayments and inappropriate technical and administrative denials. Claims review began October 2017 with a net earnings of $26M to date.

Ms. Karlin continued by providing an overview of the current state. MCRC has identified numerous issues related to incorrect payer loaded rates, incorrect values to services, incorrect denials due to authorization, identification of outlier payments, and reconsideration of claims denied for untimely filing. Ms. Karlin continued that MCRC is negotiating with five large contracted payers where there is a high volume of claims denied for similar reasons. The potential settlement value of these claims is $30M.

Ms. Hernandez-Piñero asked if it is a net payment.

Ms. Karlin said it is a gross payment.

Ms. Karlin outlined the current claims workflows for three categories of claims: high dollar claims, high-volume low-dollar claims, and specialty claims and where MCRC fits into the process.

Ms. Wang asked if the paid claims go to review.

Ms. Karlin said most claims go to review, but one of the findings from paid claims is that they are underpayments.

Ms. Hernandez-Piñero asked if they are insurance companies.

Ms. Karlin said they are all insurance claims.

Ms. Karlin reported that H+H implemented a claims process workflow in 2019 with a new set of vendors and that MCRC is now the last stop in the claims review process for contracted payers. H+H revenue cycle is building a payment variance team and settlement team to identify reasons for over-and-under-payments on claims.

Mr. Robert Melican, Senior Director, Revenue Cycle Services, reported on the history of procurement. MCRC responded to the request for proposals (RFP) in December 2016 for the Mayor's transformation plan. MCRC won the selection in the operational efficiency area of service category resulting in a contingency fee agreement to review claim opportunities for all managed care contracts.

Mr. Melican outlined that this is a best interest renewal. MCRC is performing well, earning $26M in the last two years for H+H. He also outlined that it is difficult to switch vendors due to H+H having three legacy systems that require extensive set-up to allow systems to exchange data. He further outlined that there are significant work efforts currently underway with MCRC that another vendor would not readily assume the work.

Mr. Melican reported that MCRC submitted a MWBE application to NYC Small Business Services on September 12, 2019 and the application is currently pending.

Ms. Wang asked how long the MWBE time would take.

Ms. Andrea Cohen said usually a couple of weeks.

Dr. Katz requested that the Board have the MWBE application.

Ms. Cohen said she would try to get a copy of the application.

Ms. Colicia Hercules suggested if not approved by the board approval date, there could be a rider requiring MCRC to subcontract with a percentage of minority-owned businesses.

Ms. Wang asked if they could also submit a backup plan or contingency plan.

Ms. Cohen said she would work to get it by the full Board meeting.

Mr. Melican outlined the Finance Committee approval request, which asks for an increase to the contract term from $5M to either a NTE of $23M or 5 years, whichever comes first.

Ms. Wang brought the resolution for motion, seconded, and the motion carried.

SELF-PAY COLLECTION VENDORS ACTION ITEM **ROBERT MELICAN**

Ms. Karlin, presented a resolution:

> **Authorizing New York City Health and Hospitals Corporation (the "System") to execute agreements with RTR Financial Services Inc., ARStrat, Nationwide Credit and Collections Inc. and USCB America (the "Vendors") to provide collection services with respect to self-pay accounts with the System for terms of three years with two one-year options to renew at a total cost not to exceed $6 million dollars to be payable contingent on the amounts recovered by the System.**

Ms. Karlin reviewed H+H's self-pay patient liability regulations. H+H treats all patients regardless of their ability to pay. H+H prioritizes billing and revenue from insurance companies, but also has to collect balances due from patients who can afford to pay to sustain operations. Ms. Karlin continued by defining self-pay patient liability as a combination of patient balances after insurance, financial assistance balances, and self-pay charge amounts for patients who are not eligible for financial assistance.

Ms. Karlin continued by outlining the background and current state of self-pay collections. She provided an overview of the pre-service, point of service, and post services processes. During pre-service financial counseling is used to figure out if a patient is eligible for insurance or H+H Options. If H+H is unable to do the financial counseling pre-service, during the point of service H+H refers patients to onsite financial counselors. Post-service outreach is done via messaging on patient statements and flyers that outline the options.

Ms. Karlin continued that H+H has historically utilized the services of vendors for a limited scope of patient balances due and that currently H+H has contracts with four vendors for inpatient self-pay collection services that were selected in 2013. The current agreement only covers inpatient accounts. She continued by reporting that annually vendors generate $6M to $8M.

Ms. Wang asked if the dollars were in aggregate.

Ms. Karlin confirmed.

Dr. Katz asked if this is really more about high-dollar claims. He asked what types of claims the vendors are working on.

Ms. Karlin said dollars generated come from two places: a collection agency that works on claims after a patient has not responded to H+H efforts and the other category are other large liability claims.

Dr. Katz asked how a car accident claim works in court vs. collection agencies.

Ms. Cohen said the claim could be pending for years.

Ms. Karlin said New York is a no-fault State and that H+H bills insurance companies directly. If H+H has a lien for future judgements those claims would be included here.

Ms. Cohen said the vendor follows H+H policy – they do not control the process.

Mr. Melican detailed the request for proposal criteria. The new vendors will follow H+H's mission. H+H will only permit liens and lawsuits on a claim in extraordinary circumstances and with the review and approval of H+H's Office of Legal Affairs. The proposed agreements will expand the scope of services to include coverage for outpatient accounts, Gotham Health's FQHCs, and Home Care. Mr. Melican continued to describe that H+H's billing department and vendors will engage patients for payment and pursue insurance for a 30-120 day period, and the vendors will make the final effort to realize payment after 120 days. The current contract expires November 30, 2019.

Mr. Melican continued by detailing the evaluation committee, evaluation criteria, and minimum criteria.

Dr. Katz asked if the MWBE percentage is standard for all of H+H.

Mr. Melican confirmed.

Dr. Katz asked Ms. Cohen if we are trying to incentivize MWBE then we should consider a higher percentage than 10%.

Ms. Cohen said she could review the policy.

Mr. Melican provided an overview of the procurement process. Seventeen vendors submitted proposals and the evaluation committee picked four finalists after a series of interviews and reference checks. The four vendors include RTR Financial Services Inc, ARStrat LLC, Nationwide Credit and Collection, and USCB America.

Ms. Hernandez-Piñero asked about the references for the four vendors selected and wondered how they do with debt collecting.

Mr. Robert Sargenti stated that he conducted the reference check and had no complaints from the references.

Mr. Melican provided an overview of how the vendors will be meeting MWBE requirements through sub-contractors. All four vendors committed to 30% of the contract value to MWBE qualified firms.

Mr. Melican continued by outlining the financial summary. The contingency rate on the expiring contracts averages 17.8 percent. Proposed contingency rates, pre-negotiation, are substantially lower than the current. The rates range from 8.4 percent to 12.75 percent. Each vendor has a different contingency rate that is constant across all lines of business.

Ms. Wang asked if the rates are different for each vendor and asked how bills will be assigned to different vendors.

Mr. Melican said it would be patient name alphabet split.

Ms. Wang asked if H+H would track net return.

Mr. Melican said yes.

Mr. Melican outlined the financial committee approval request, which asks to enter into contract with the four self-pay collection vendors. The contract term is 3 years with two 1-year extensions. Based on the contingency rates supplied by the proposed vendors, the estimated expense is $5.9M for a recovery of $53M. H+H expects to earn a net recovery of $47.7M over 5 years. The target start date is December 1, 2019.

Ms. Wang asked if it was a not-to-exceed.

Dr. Katz said it is a contingency.

Ms. Wang brought the resolution for motion, seconded, and the motion carried.

MEDICAL NECESSITIES DENIALS MANAGEMENT ACTION ITEM BRYCE JENKINS

Ms. Freda Wang introduced this contract action item and stated that per her understanding there was a request to withdraw this action item from consideration. Mr. Ulberg confirmed it should be removed from the agenda.

Ms. Wang agreed to remove and proceeded to the next contract action.

340B THIRD PARTY ADMINISTRATOR ACTION ITEM DANIELLE SESTITO

Mr. Paul Albertson, Senior Vice President of Supply Chain Services, presented a resolution:

> **Authorizing New York City Health and Hospitals Corporation (the "System") to sign an agreement with RxStrategies ("Vendor") for 340B third party administration services for contracted pharmacies except Walgreens and CVS for a term of three years with two one-year options to renew with the total cost not to exceed $16,075,500 with all payments to be withheld from funds collected by the Vendor.**

Mr. Dean Mihaltses outlined the federal 340B drug program history, which was created by Congress in 1992 to enable covered entities to stretch scarce Federal resources as far as possible. Manufacturers participating in Medicaid agreed to provide outpatient drugs to covered entities at significantly lower prices.

Ms. Hernandez-Piñero asked if outpatient meant drugs purchased.

Mr. Mihaltses said its retail pharmacy, outpatient pharmacy, and independent pharmacies.

Ms. Hernandez-Piñero asked if the insurance company pays the actual price, and the patient get charged the discount.

Mr. Mihaltses confirmed that this is how the 340b pricing works. That the patient would pay their copay.

Mr. Mihaltses continued by outlining how 340B prices are calculated. By statute, 340B ceiling price for a covered drug is equivalent to the drug's average manufacturer price (AMP) in the preceding calendar quarter reduced by a rebate percentage. 340B pricing is generally 25-50 percent less than AWP pricing.

Mr. Mihaltses provided an overview of the current vendor, Capture Rx. Historical spend per year is $3.8M and the current contract expires December 31, 2019. These contracts have allowed H+H to recoup $29M per year. This excludes Walgreens and CVS because H+H has separate agreements with them, which has come in around $10M per year. In total, these contracts amount to $40M.

Mr. Mihaltses provided an overview of the RFP criteria, including the minimum criteria, evaluation committee members, and evaluation criteria.

Ms. Wang asked if the $40M is expected to be a growing number.

Mr. Mihaltses said yes.

Mr. Mihaltses continued to overview the procurement process, which included an RFP that resulted in six proposals submitted. After selecting vendors for in-person interviews, RxStrategies was selected as the vendor to enter into contract with.

Mr. Mihaltses outlined RxStrategies highlights, including that they were technologically advanced with dynamic dashboards and analytics. They have the ability to carve-in managed Medicaid at point-of-sale. They also will support marketing and education efforts. Finally, they negotiated new feed structure which will result in cost savings, moving away from percentage-based fee per approved claim to flat-fee model.

Mr. Mihaltses outlined the cost structure. After extensive cost modeling and price negotiations, both parties agreed to a hybrid-pricing model whereby $3,000 annual and $4.75 per 340B approved claim was decided-upon.

Ms. Hernandez-Piñero asked if this was outpatient only.

Dr. Katz confirmed, stating that there is no 340B inpatient.

Mr. Mihaltses continued to report that the current state has 500 contract pharmacy relationships and 102,000 340B approved claims per year. The new relationship with RxStrategies has the potential to grow to an approval rate of 12% due to the ability to carve-in Managed Medicaid claims.

Dr. Katz asked what the current contract has as the rate per claim.

Mr. Joe Wilson replied that it is 14% of the recovery.

Dr. Katz said $4.75 is not a trivial amount to be paying per prescription.

Mr. Wilson said this is approved claims.

Mr. Albertson said they receive upwards of one million scripts but only 102,000 will pass through the filters. The filters include ensuring that H+H will actually make money on the transaction. In the future, the hope with this vendor is to have 400,000 claims pass through the filters because H+H will be able to include the Managed Medicaid claims.

Dr. Katz stated that the only reason one would look at a generic prescription is if there is instances in which the 340B discount for the medication is cheaper than the generic. Dr. Katz stated if this is true, the vendor would not need to process the generic claims. He raised a question related to the value-add of the vendor filtering through prescriptions that have more obvious outcomes of whether they are 340b eligible or not since they are recouping $4.75 for each prescription which can add up to a lot of money.

Mr. Albertson replied that a value-add to using them is that they ensure that we are compliant with 340B regulations.

Dr. Katz asked how the $4.75 assessed for it being a good price or not.

Mr. Wilson replied that each vendor submitted proposals and most asked for percentages of a prescription so this has been an effort to standardize a dollar value across all prescriptions and not inappropriately incentivizing ourselves to work towards larger dollar prescription.

Dr. Katz agrees with this methodology.

Ms. Wang asked if there is an incentive to go after higher-dollar prescriptions.

Dr. Katz said no and the vendor's work is the same whether it is an expensive prescription or not, which is why it makes sense to charge per prescription instead of percentage of total cost. Dr. Katz asked how they know if $4.75 is a good price or not?

Mr. Mihaltses said not for cheaper generic drugs but for more expensive drugs it makes it a reasonable number.

Ms. Wang asked if there is an average price.

Mr. Mihaltses said yes and that the vendor has strong analytics.

Ms. Wang asked if we know what the average price was before.

Mr. Wilson replied that it is based on prescribing patterns.

Ms. Wang asked if we are still paying less in aggregate than before.

Mr. Mihaltses said yes.

Mr. Ulberg asked if we could have baseline math done to know what the guidepost should be.

Mr. Mihaltses said yes they can go back and do that math and reassured that this vendor has strong analytics.

Dr. Katz wants to be able to justify the $4.75 to know whether it is a good price or not.

Ms. Olson raised what H+H paid before for $3.8M divided by 100,000 claims equals $37.00 and this is not just the dispensing fee or management fee but includes in total what H+H paid per claim. The $3.2M divided by the 361,000 equals $8.90. In total H+H gets a better deal with this contract. This is an average.

Mr. Mihaltses stated that during 5-year contract, expectation is to collect $156.8M on fees of $16.1M.

Ms. Wang asked for the comparison and math to be demonstrated for the full board. Ms. Wang asked if H+H would roughly get $30M per year.

Ms. Olson said this is a conservative estimate and the expectation is that it will likely be greater.

Dr. Katz said that in other cities the CVS and Walgreens have pushed out the independent pharmacies and is curious to see what happens in NYC.

Mr. Wilson said CVS and Walgreens are always percentage based which are double-digit percentages.

Dr. Katz said this reiterates the need for having our own retail pharmacies.

Mr. Mihaltses requested the Finance Committee approval to enter into contract with RxStrategies for 340B third party administrator services for a 3-year contract with two 1-year renewals at the discretion of H+H. The go-live is slated for January 1, 2020 and the lifetime cost of the agreement is $16.1M.

Ms. Wang requested that for the full-board presentation the presentation include a MWBE utilization plan.

Mr. Wilson said there are four firms they will be using to satisfy MWBE requirements and will include this in the revised plan for the full board meeting.

Ms. Wang brought the resolution for motion, seconded, and the motion carried.

ADJOURNMENT **FREDA WANG**

There being no further business to discuss, Ms. Wang adjourned the meeting at 12:14pm.

NYC Health + Hospitals

Finance Committee – January 09, 2020

Finance Status Update

Fiscal Year 2020

FY20 Quarter 1 Highlights

- Cash balance of $221M to close December 2019 with $150M in payments expected in early CY2020.

- Closed FY20 Q1 $13M ahead of budget.

- Patient Care receipts closed Q1 $87M stronger than the same period last year, which is attributed to:
  - Epic implementation,
  - Revenue cycle efforts, and
  - Improved/increased Managed Care rates.

- Strategic investments in workforce continue through FY20 Q1:
  - RNs (+67) and other Nursing Support hires (+110) for improved patient care;
  - Temp reduction (-138) and targeted temp conversions to full time staff (+100) for a more stable service delivery.

- NYSNA Contract
  - Staffing ratios included in the agreement, precedent set by NYC Voluntary Hospitals
  - Targeted recruitment and retention bonuses included in contract – paid outside of City Collective Bargaining Patterns
  - City Collective Bargaining Pattern applied to base compensation

- Transformation strategic investments including
  - Launch of NYC CARE (10,000 new enrollees)
  - Launch of ExpressCare
    - Lincoln – August 2018
    - Elmhurst – September 2018
    - Queens – November 2019
    - Woodhull – December 2019
  - Clinical projects generating ROI such as stroke initiative, OR expansion and transportation contract to reduce leakage.

Managing Risk + Opportunity

Risks

- Medicaid DSH *(expires 5/20/20)*
- Medicaid Global Cap *(SFY19-20 - $2.2B delay, $1.8B savings plan)*
  - *1% across the board cut as of 1/1/20*
- Critical Staffing Needs

Opportunities

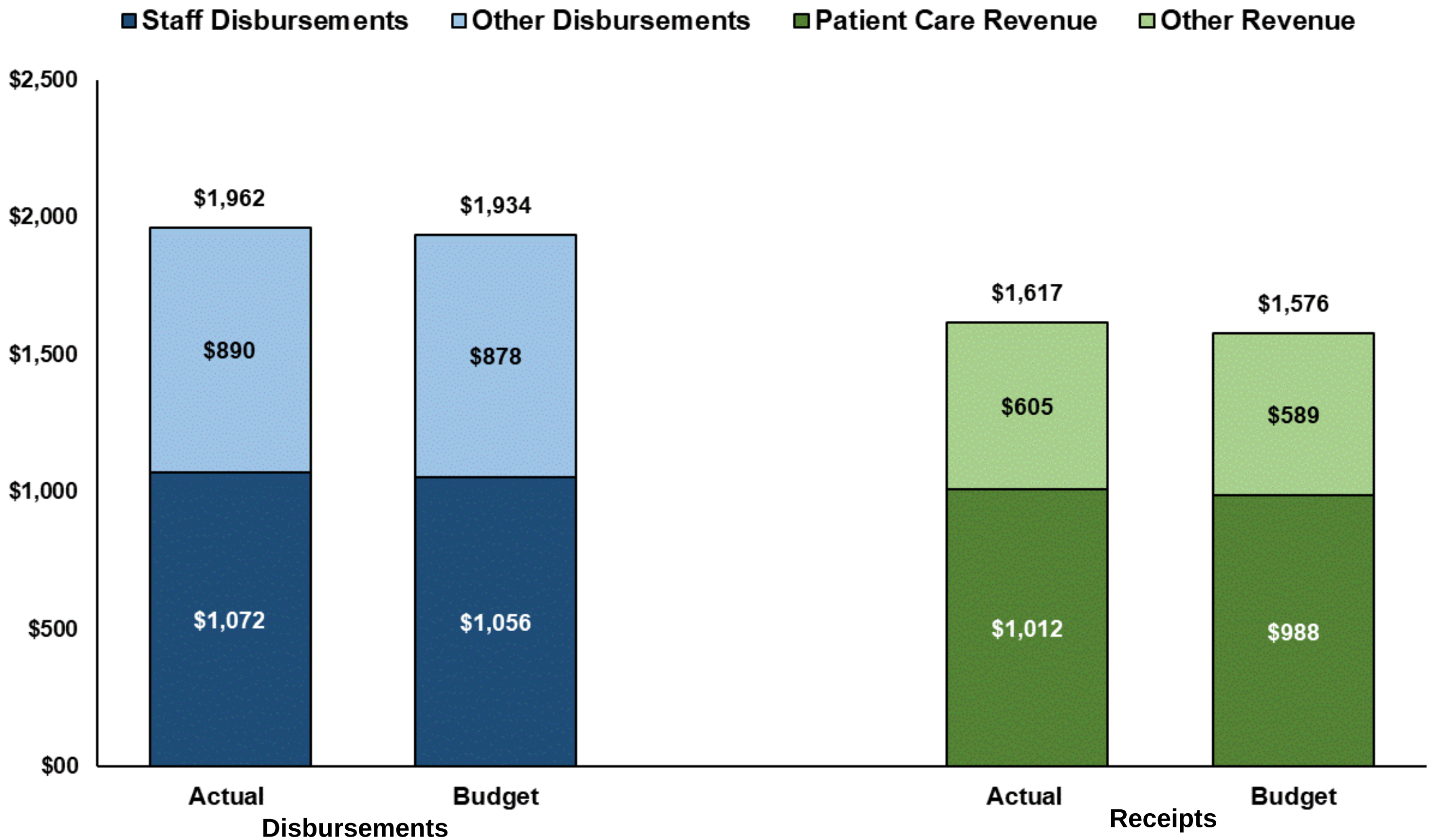
- Safety Net Hospital Funding
- Restoration of Medicaid DSH
- UPL Conversion

Financial Performance

Quarter 1, Fiscal Year 2020

FY20 Q1 Results: Disbursements within 1% of Budget; Receipts Exceed Budget by 3%

- Overall receipts came in $41M greater than planned, $24M of which are in patient care revenue. Patient care revenue closed at $87M higher than prior year.
- Disbursements are $28M over the budget projection for Q1, of which $16M are related to staffing and the remaining $12M with other disbursements.



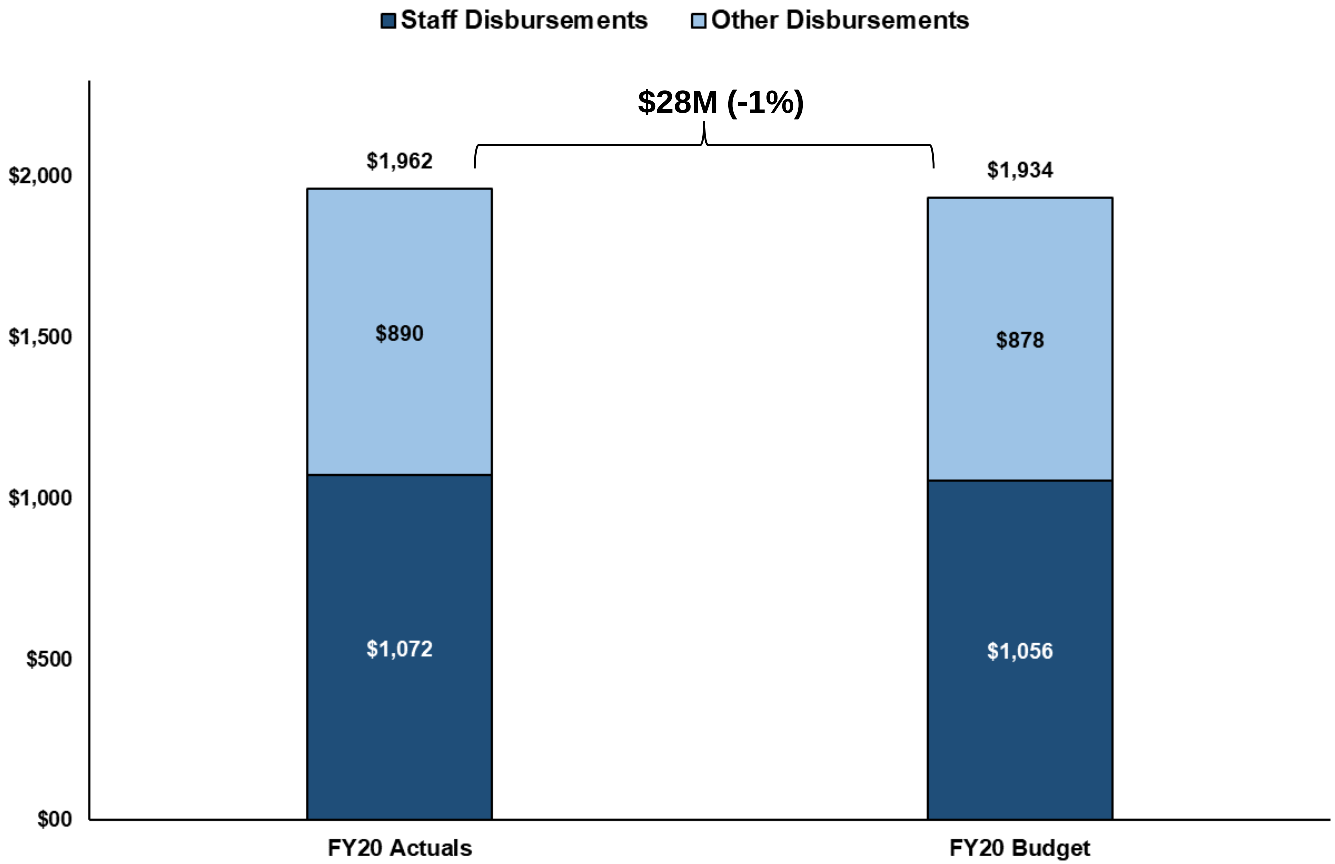
**The revenue budget is less than the expense budget due to projected timing of anticipated receipts.*

Expense Performance

Quarter 1, Fiscal Year 2020

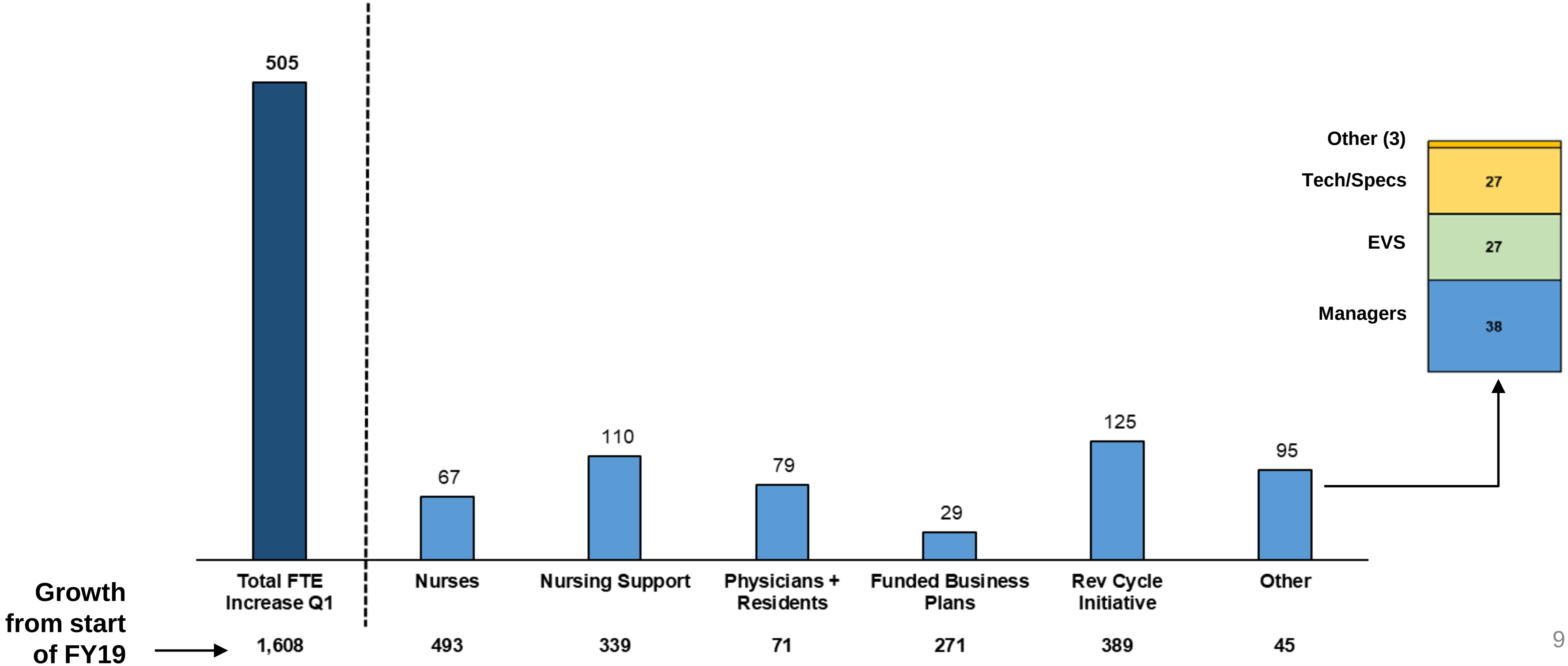
FY20 Quarter 1 Expenses Exceed Budget: $28M

- Overall H+H came in $28M over budget primarily due to:
  - Overtime ($12M) in nursing support positions, housekeeping, and facility maintenance needs. This overtime is in line with facility plans to enhance patient care and stabilize targeted hires.
  - OTPS disbursements ($13M) due to timing of payments primarily in the area of pharmacy made in an effort to get us current with our invoices.



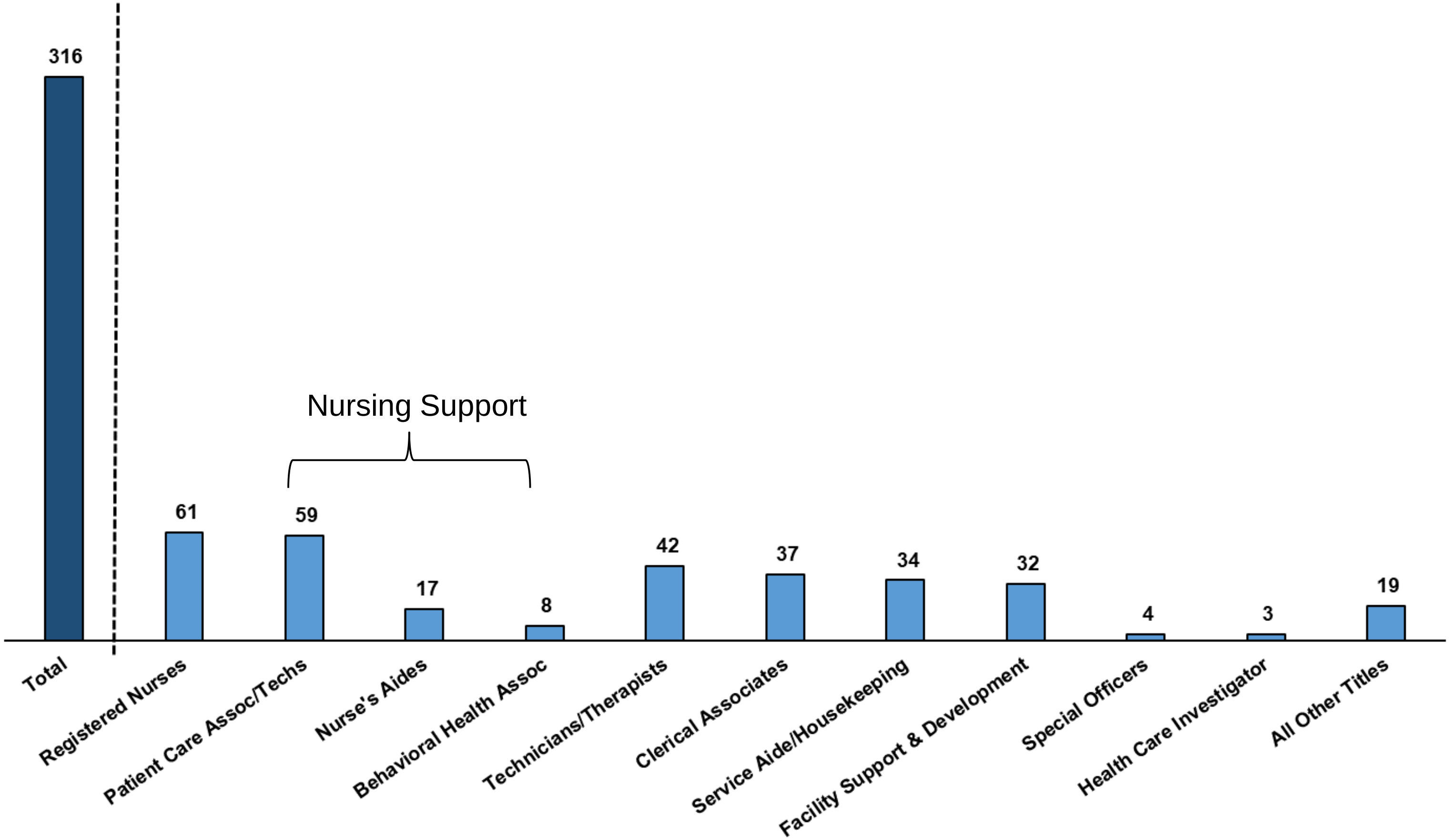
H+H Recalibrating Staffing Mix to Support Clinical and Revenue Generating Investments

- H+H staff growth for Q1 is in line with NYC H+H strategic direction, with significant investments in clinical and revenue cycle staff.
- Temp staff decreased by 138 positions in Q1, for an overall Temp reduction of 680 since the start of FY19, of which 235 were converted to full time staff.
- Increase in **Full Time Equivalents (FTEs)** for Q1 includes 100 converted Temp staff, of which 45 are associated with Rev Cycle.
- Current **Global Full Time Equivalents (GFTEs)** of 45,646 still significantly below peak Historical GFTEs of 49,410 in Nov ’15.



H+H Overtime Breakdown

- Overtime ($12M) in nursing support positions, housekeeping, and facility maintenance needs. This overtime is in line with facility plans to enhance patient care and stabilize targeted hires.



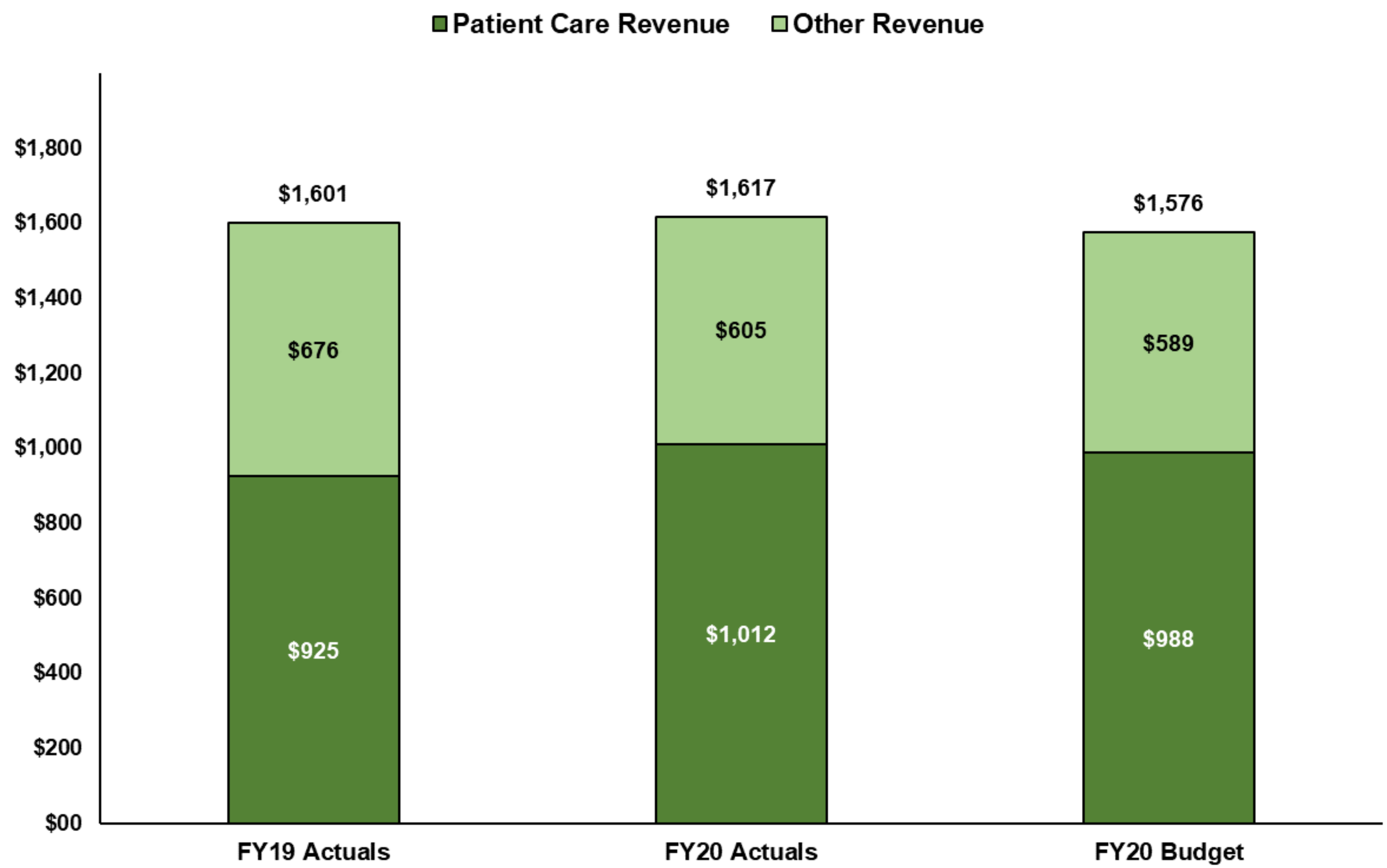
*Values based on hours converted to FTEs

Revenue Performance

Quarter 1, Fiscal Year 2020

Corporate-Wide Revenue

- FY20 revenue actuals are **$41M above FY20** target.
- Total patient care revenue is up **$87M vs FY19 actuals** due to enhanced performance on revenue initiatives including Epic, revenue cycle, and Managed Care contracts.



**Variance in "other revenue" primarily due to timing of tax levy.*

Inpatient Volume Declined 1% from FY19 Q1

- IP discharges continue to trend down, but the pace of volume loss has slowed. FY19's Q1 volume loss from FY18 was 4%. This year, Q1 discharges are down 1% from FY19.
- Over one-half of the decline in discharges vs. FY19 is associated with our risk-based health plans, MetroPlus and Healthfirst.
- A large share of the uptick in self-pay will be converted to insurance.
- Areas that have experienced increased volume are Heart and Vascular services (primarily Elmhurst, Harlem, Kings, and Queens) and Digestive Health (Bellevue, Elmhurst, and Queens).

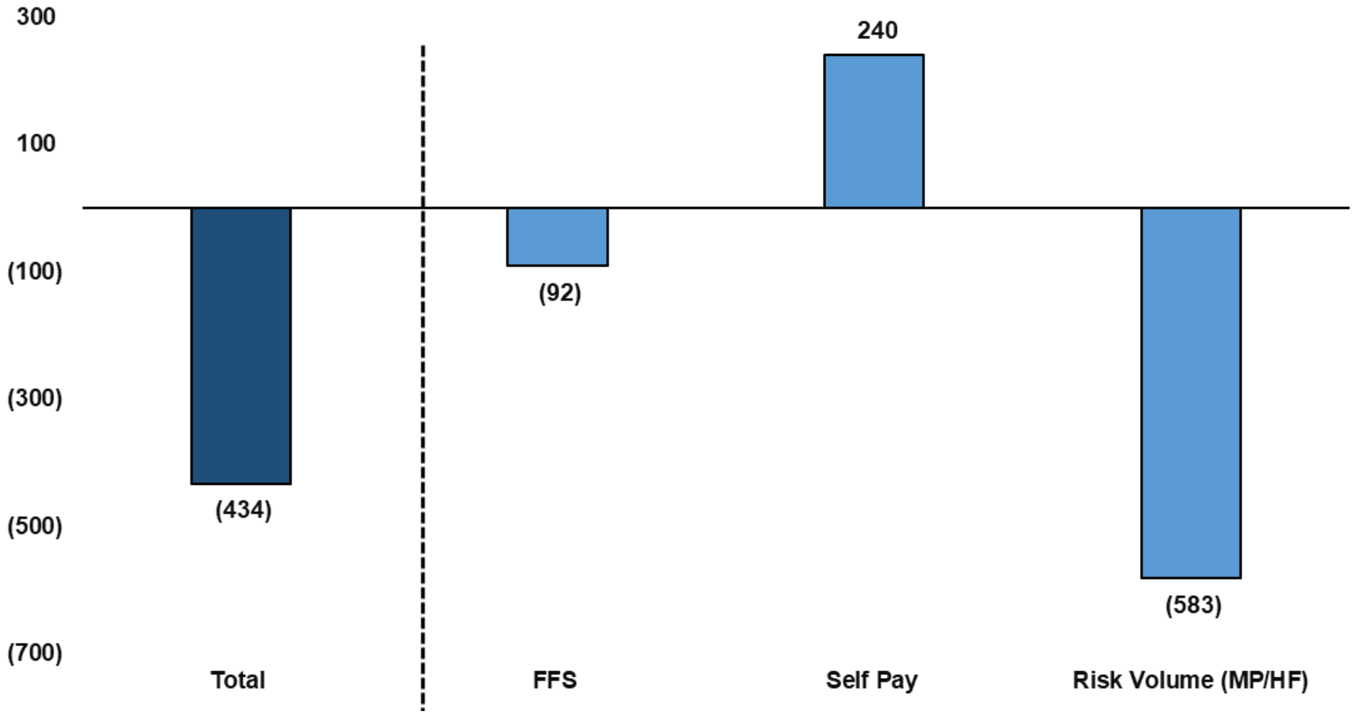
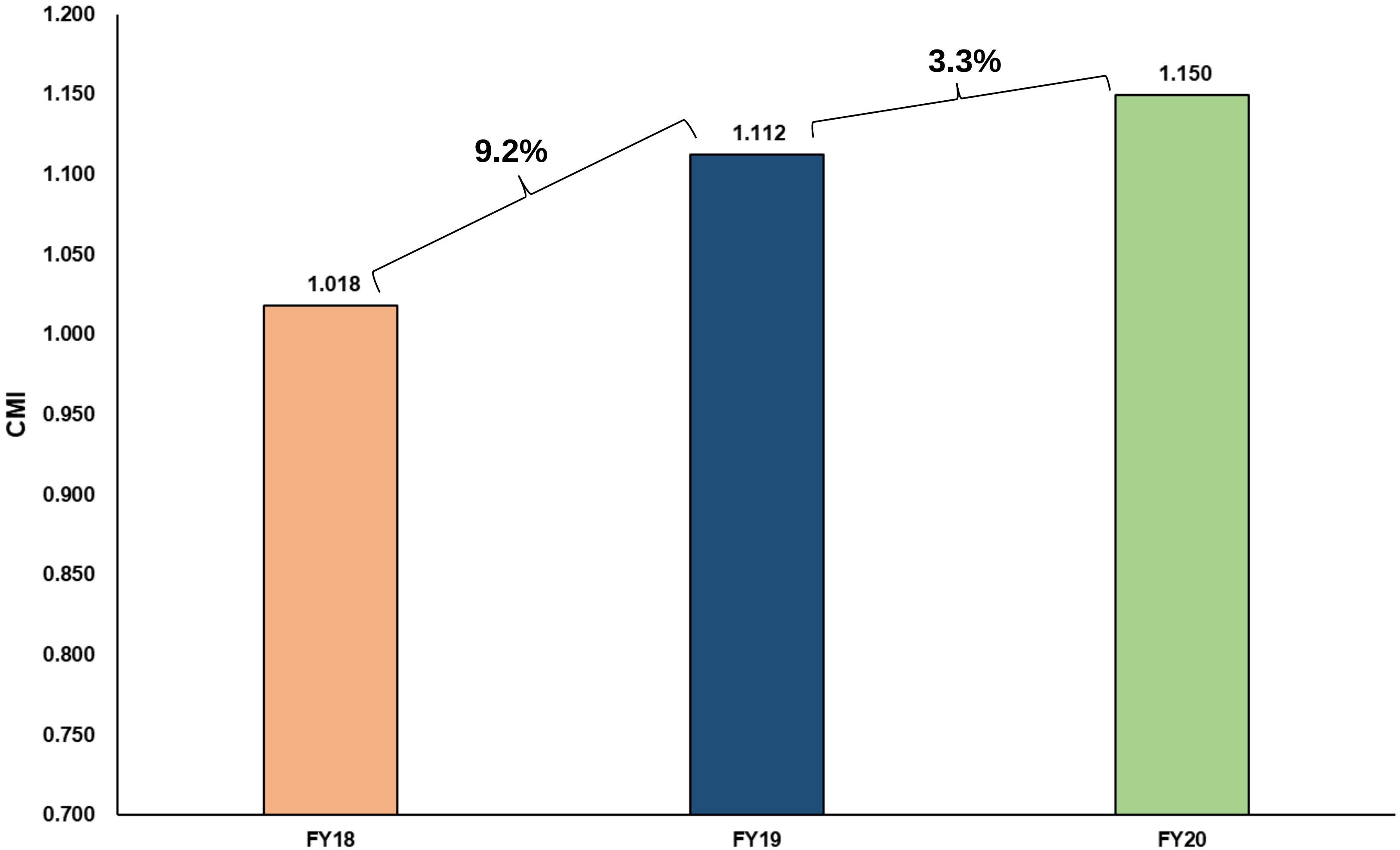


Chart includes psych and rehab.

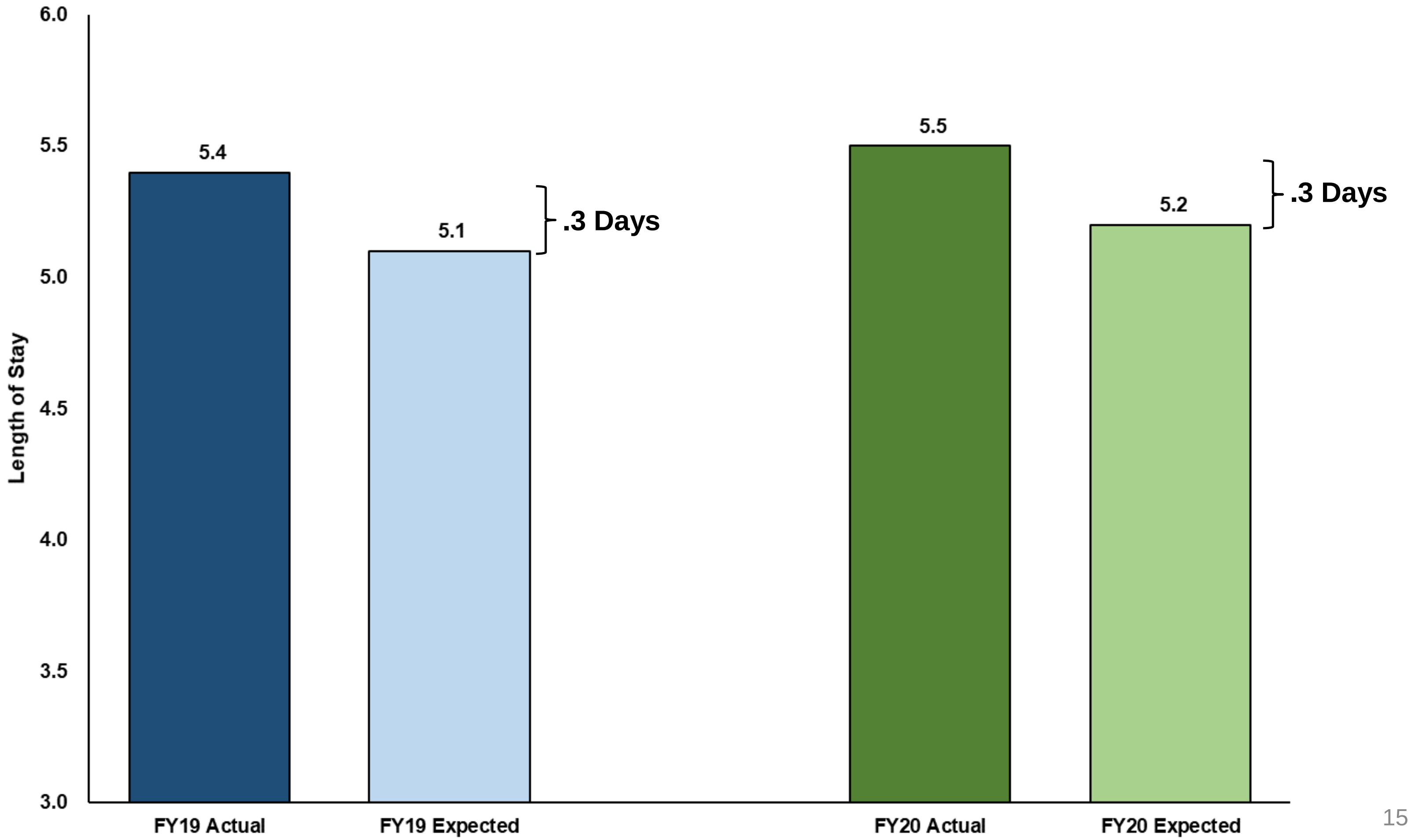
Increased Case Mix Index (CMI) Follows Revenue Cycle Improvements

- Case Mix Index has increased 3.3% year-to-date over FY19, primarily the result of increased case complexity and a continued focus on clinical documentation improvement.



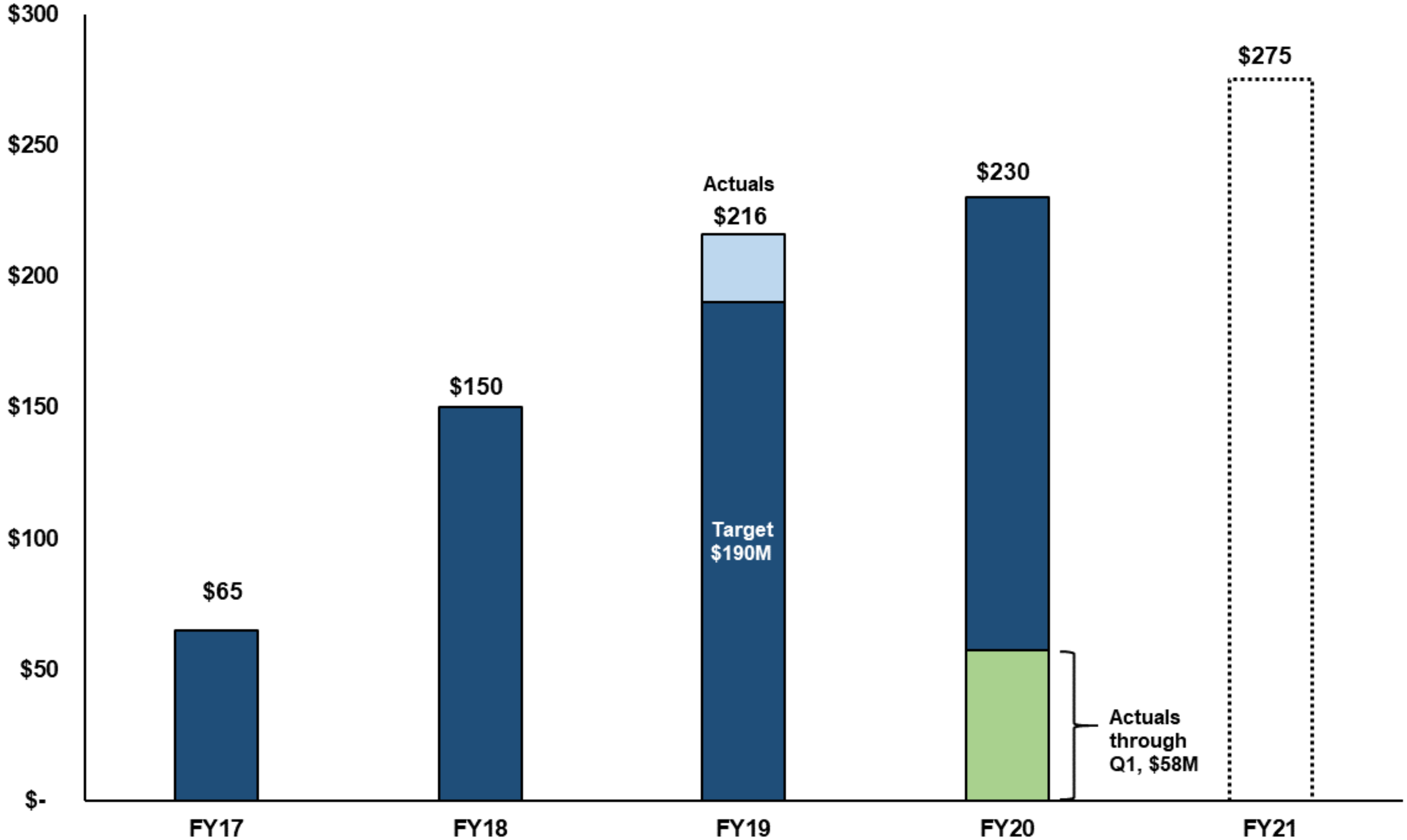
Length of Stay Consistent with Prior FY

- The gap between Length of Stay (LOS) actual vs. expected stayed the same this year compared to year-to-date FY19.
- Expected LOS is adjusted for case mix index (CMI).



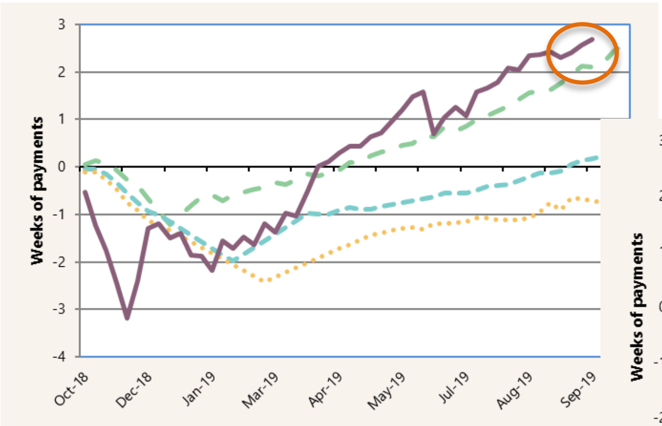
Revenue Cycle Growth Trajectory

- Revenue cycle targets have increased over time in accordance with the transformation plan.
- We are currently forecasted to meet the target for FY20.



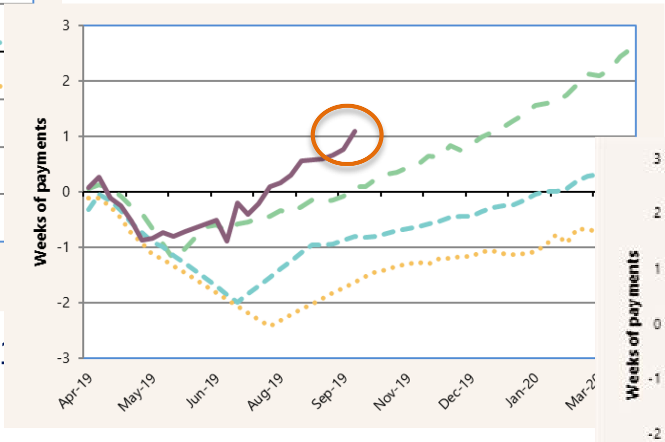
H2O Showing Positive Results – Payments Exceed Baseline Performance

Coney Island, Elmhurst, Queens and Woodhull Week # 49

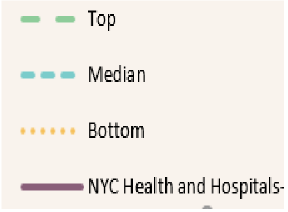


+$22.8 million vs. baseline in Q1

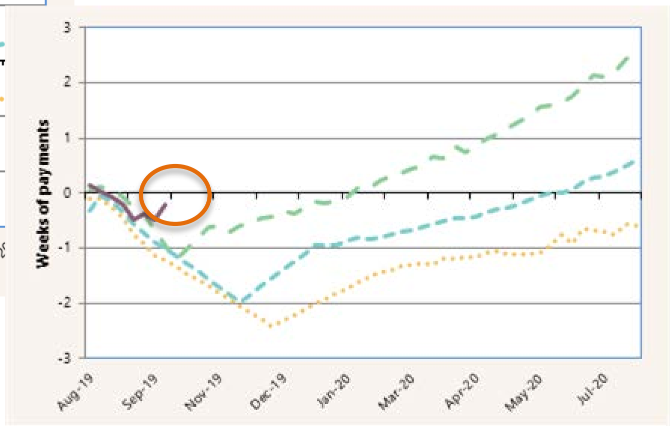
Bellevue and Harlem Week # 26



+$14.7 million vs. baseline in Q1

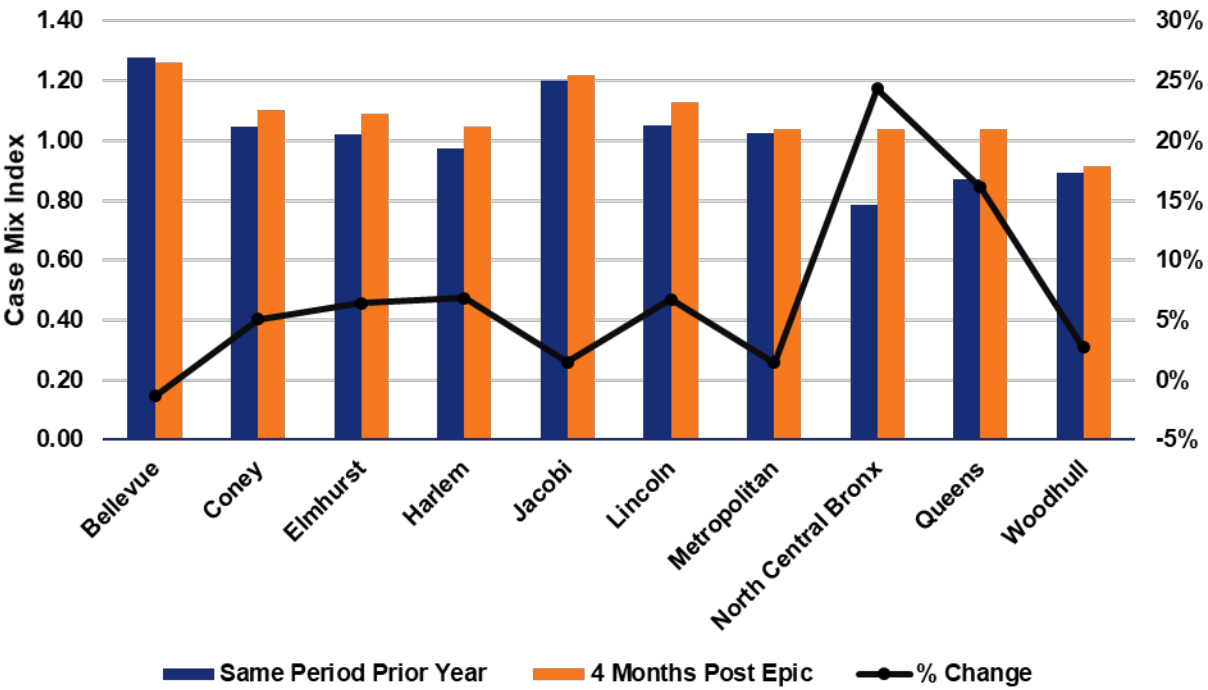


Jacobi, Lincoln, Metropolitan, NCB Week # 8



-$8.8 million vs. baseline in Q1

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



Payment Per Paid Discharge		
FYE 19	FY20 Q1	% Change
$ 14,060	$ 14,876	6%

Denials by Payer

- Wide variation in denial rates by payers
- Fully expected need to optimize Epic claims processing to payers requirements
  - Significant improvement in denial reporting in Epic over legacy financial systems
- Challenge is significant with some of H+H's top payers
  - Medical necessity, claim configuration, and pre-authorization denials are areas of concentration
- Working with payers to provide greater clarity into their denial reasons and remark codes
- Building appropriate workflow and edits in Epic for H+H to prevent denials and appeal timely

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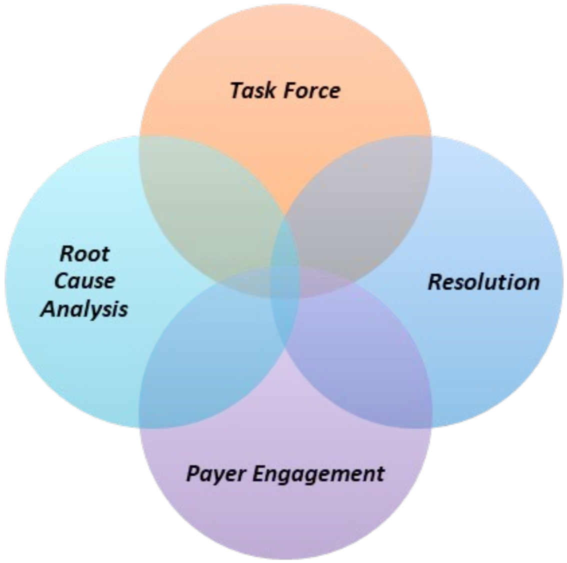
Denials Approach



- Analytical approach
- Work with facilities to prioritize, educate and resolve at source
- Understand underlying cause – address process, system build, technology, training
- Re-engage with payers to collaboratively address issues

Recent Actions to Address Root Cause

- Working with NYS DOH to lift late filing for Medicaid claims delayed during go-lives
- Adjusting claim logic to address payer-specific requirements
  - Emblem requires a new claim for late charges
  - Empire requires different Revenue Code for Methadone Claims
- Enrolling physicians into Medicaid - 111 physicians in last month

Transformation Update

Quarter 1, Fiscal Year 2020

Revenue Generating Initiatives

- Actuals are projected to be within 3% of the FY20 revenue target of nearly $900M.
- Revenue cycle continues to be successful due to the implementation of Epic and continued enrollment of individuals in insurance.
- Additional opportunities are being explored to make up for slight delays in managed care settlements and the rollout of retail pharmacy.

Initiative ($M)	Status	FY20 Target
Medicaid Waiver Programs	**On Track**	**$ 284.00**
VBP- QIP	*On Track*	*$ 240.00*
CREPs (Additional Waiver Funds)	*On Track*	*$ 44.00*
Health Insurance Initiatives	**On Track**	**$ 530.00**
Revenue Cycle Improvements	*On Track*	*$ 230.00*
Managed Care Contracting Improvements	*At Risk*	*$ 120.00*
FQHC	*On Track*	*$ 20.00*
Metro Plus Engagement and Growth	*On Track*	*$ 100.00*
Coverage for Eligible Uninsured	*On Track*	*$ 60.00*
Growth Strategies	**At Risk**	**$ 75.40**
Retail Pharmacy	*At Risk*	*$ 25.00*
Primary Care Expansion	*On Track*	*$ 16.00*
Inpatient Capture/ Ambulatory Surgery/ Transportation	*On Track*	*$ 34.40*
Revenue Generating Initiatives Subtotal	**On Track**	**$ 889.40**

Expense Reducing Initiatives

- Progress continues to be made on supply chain initiatives and remains on track.
- 340b contract pharmacy is projected to exceed the FY20 target.
- The system is working on a gap-closing plan to manage overtime and monitor strategic hiring investments.
  - The DSH cut delay will also obviate the need for a large portion of additional FTE savings.

Initiative ($M)	Status	FY20 Target
Procurement Efficiency	**On Track**	**$ 145.00**
Supply Chain	*On Track*	*$ 115.00*
340b Contract Pharmacy	*On Track*	*$ 30.00*
Restructuring and Personnel Initiatives	**At Risk**	**$ 385.00**
Prior-Year achieved	*On Track*	*$ 265.00*
Additional savings	*At Risk*	*$ 120.00*
Expense Reducing Initiatives Subtotal	**At Risk**	**$ 530.00**

RESOLUTION

Authorizing the New York City Health and Hospitals Corporation (the "System") to execute a contract with RightSourcing Inc. (the "Contractor") to provide supplemental staffing to the System by managing the services of temporary staffing companies over a three year term with two one-year options exercisable solely by the System, for an amount not to exceed $700,000,000.

WHEREAS, the System has a long history of using temporary agency personnel to supplement its staffing; and

WHEREAS, ten years ago the System awarded a contract to the company now known as Vizient to manage the many temporary staffing agencies the System was using to provide the System with a single bill to pay and a single vendor responsible for coordinating all temporary staffing solutions; and

WHEREAS, the Vizient contract will expire June 30, 2020; and

WHEREAS, over the life of the Vizient contract the Corporation reduced its reliance on temporary staffing such that its annual expenditure for such staffing has come down from about $210M in FY15 to about $140M in FY19 with the anticipated annual cost going forward to be about $140M; and

WHEREAS, the System selected the Contractor through a request for proposals (an "RFP") process for temporary staffing management that was approved by the Contract Review Committee; and

WHEREAS, under the proposed contract, the Contractor will make agreements with many staffing agencies and will draw upon those agencies to meet the System's needs pursuant to orders placed by the System with the Contractor; and

WHEREAS, the proposed contract will be administered by the Vice President for Supply Chain Services and the Chief Nursing Officer.

NOW, THEREFORE, be it

RESOLVED, the New York City Health and Hospitals Corporation be and hereby is authorized to execute a contract with a contract with RightSourcing Inc. to provide supplemental staffing to the System by managing the services of temporary staffing companies over a three year term with two one-year options exercisable solely by the System, for an amount not to exceed $700,000,000.

EXECUTIVE SUMMARY

TEMPORARY STAFF MANAGEMENT SERVICES

RIGHTSOURCING INC.

OVERVIEW: The New York City Health and Hospitals Corporation (the "System") seeks to execute a contract with RightSourcing Inc. (the "Contractor") for a term of three years, with System options for two one-year renewals for amount not-to-exceed $700 Million to provide the management of the System's use of temporary staffing agencies. The Contractor is not a temporary staffing agency but it will secure the services of many staffing agencies, take all of the System's requests for temporary staffing, route those requests to its contracted agencies, manage the onboarding of temporary staff, track all of the System's orders and their fulfillment, provide the System with a single monthly bill and then ensure the payment of the agencies whom it manages.

NEED: The System has long made extensive use of temporary staffing. Previously, the System used many staffing agencies and had no centralized way to manage, pay for or track such use. Over the ten year term of the Vizient agreement, the System made huge strides in centralizing and managing its use of temporary staff. Although the System has greatly reduced its need for temporary staffing as evidenced by its reducing its expenditure for such services from about $210M in FY15 to about $140M in FY19, it continues to forecast the need for such services at a projected cost of about $140M per year.

TERMS: The Contractor will provide the System with a qualified staffing where and when necessary, efficient and auditable timekeeping and invoicing with adaptable workflow processes, effective executive management tools and dash-boarding for stakeholder business units such as human resources, nursing, medical and professional affairs, finance and supply chain. The System will have a single platform from which to order temporary staff, manage interviews and credentialing, track utilization and spend and pay for such services.

COSTS: Not-to-exceed $700 Million over three years and two one year options solely exercisable by the System.

FINANCING: Operating budget of the System.

MWBE: Contractor submitted a plan for not less than 30% MWBE utilization.

NYC HEALTH + HOSPITALS

Keith Tallbe
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646-458-2034

To: Colicia Hercules
Chief of Staff, Office of the Chair

From: Keith Tallbe
Senior Counsel
Office of Legal Affairs

Re: Vendor Responsibility, EEO and MWBE status for Board review of contract

Vendor: Rightsourcing, Inc.

Date: December 12, 2019

The below chart indicates the vendor's status as to vendor responsibility, EEO and MWBE:

Vendor Responsibility	**EEO**	**MWBE**
Approved	Approved	30% MWBE Plan

The above status is consistent and appropriate with the applicable laws, regulations, and operating procedures to allow the Board of Directors to approve this contract.

Supplemental Staffing Services

Finance Committee
January 9, 2020

Natalia Cineas, System Chief Nurse Executive
Fred Covino, VP Finance
Yvette Villanueva, VP Human Resources

Overview

- NYC Health + Hospitals has issued an RFP to identify a Master Services Provider (“MSP”) to provide and manage its contingent labor force through a vendor management system that provides
  - Qualified staffing where and when necessary
  - Efficient and auditable timekeeping and invoicing with adaptable workflow processes
  - Effective executive management tools and dash-boarding for stakeholder business units (human resources, nursing, medical and professional affairs, finance, supply chain)

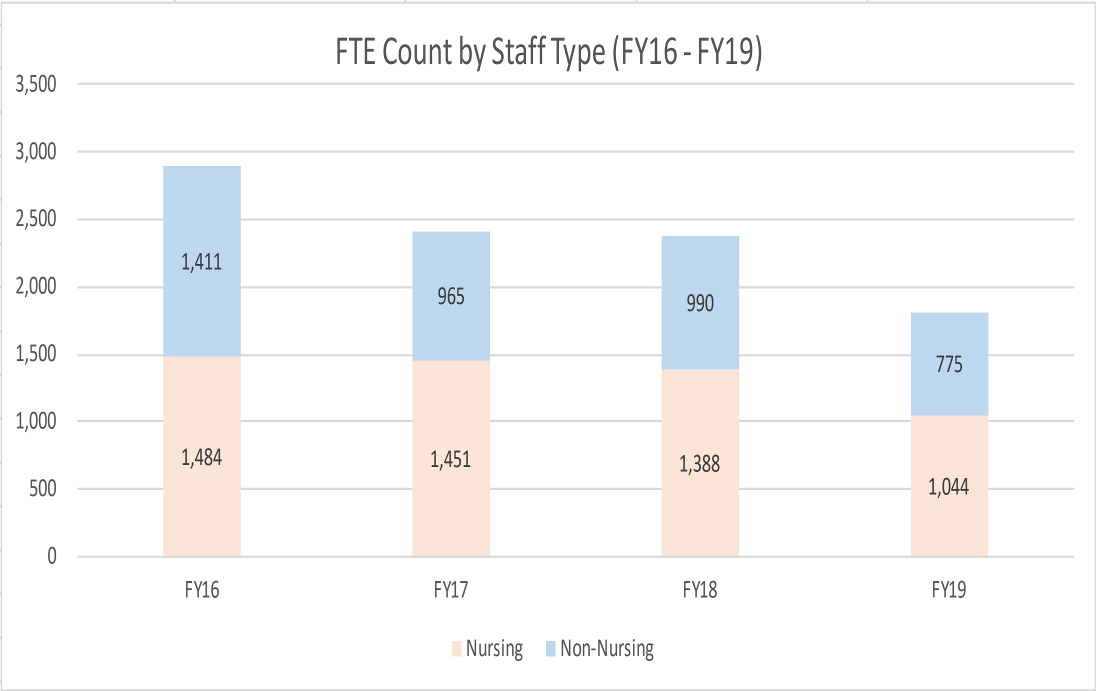
- The MSP will provide the following staff types
  - Nursing (RN, LPN, para-professionals)
  - Allied health
  - Finance/revenue management
  - Non-clinical support staff
  - Information Services/Technologist staff

Background

- NYC Health + Hospitals has a long history of utilizing temporary agency personnel to supplement its staffing
- Approximately 10 years ago, NYC Health + Hospitals developed a RFP to solicit for a Master Services Provider to act as an umbrella agency for the 30-40 staffing agency services each Network had previously contracted with individually
- The agreement was awarded to Broadlane, which was subsequently purchased by MedAssets, and in turn was purchased by Vizient, with whom the contract currently sits
- In 2017 the System consolidated all invoicing and payments for each of the staffing agencies through Vizient to streamline invoice tracking and payments
- The current Vizient contract expires 06/30/20
- As more permanent staff are hired the annual spend has reduced from about $210M in FY15 to about $140M in FY19
- The annual spend going forward is expected not-to-exceed $150M with the goal to reduce

Annual Trends

- FTE utilization has decreased 37% between FY16 and FY19.
- Thru October of FY20, Temporary FTEs are down 8.9% compared to FY19
- Monthly spending has been below the proposed NTE threshold ($11.7M/month) for the last 7 months (April – October).
- We continue to work with union partners to reduce reliance on supplemental staff
- Proposed rates from RightSourcing are effectively the same as the current state
- Proposed contract NTE maintains the FY19 annual spend of $140M



	FY16	FY17	FY18	FY19
Nursing	1,484	1,451	1,388	1,044
Non-Nursing	1,411	965	990	775
Total	**2,895**	**2,416**	**2,378**	**1,819**

Procurement

- Minimum criteria:
  - Work with 10 multi-site hospital systems
  - MWBE Utilization Plan, Waiver, or MWBE Certification
- Evaluation criteria:
  - 60% Substance of proposal, fulfillment approach, and project team structure
  - 20% Cost
  - 10% Experience
  - 10% MWBE Utilization Plan or MWBE Status
- Evaluation Committee:

  Core business owners and key leaders representing the System: Nursing, Human Resources, Enterprise IT Services, Finance, and a CEO

Overview of Procurement

- 06/25/19: CRC approved an application to issue solicitation.
- 07/19/19: RFP sent directly to 9 vendors (including 5 MWBEs) and posted to City Record.
- 08/06/19: mandatory pre-proposal conference, 8 vendors attended
- 08/27/19: proposal deadline, 7 responsive proposals received
- 08/30/19: evaluation committee reviewed proposals and conducted proposal-only scoring. Based on the natural break of the scoring, 3 vendors were invited in.
- 09/03/19: Vendor presentations and evaluation committee scoring occurred
- 11/13/19 and 11/15/19: Vendor presentations and evaluation committee scoring occurred

MWBE Utilization Plan

- RightSourcing has provided a list of 60 vendors who will be leveraged for contingent staffing who are certified in NYS or NYC.
- RightSourcing has provided a utilization plan that commits to 30%. The allocation is 15% to WBE, and 15% to MBE.
- RightSourcing has provided the following statement: “Our intention is to exceed NYCHHC MWBE thirty percent goal…We have successfully achieved this percentage for multiple clients.”

SAMPLE MWBE Spend Report

Rank	Supplier Name	NYS Certified	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Year-to-Date Spend	% of MWBE Spend
1	Integrated Resources Inc.	MBE	521,323	469,191	443,124	547,389	573,455	625,587	500,470	458,243	594,308	536,963	542,176	443,124	6,255,353	11.1%
2	Link Tech LLC	WBE	328,762	295,886	279,448	345,200	361,638	394,515	315,612	288,982	374,789	338,625	341,913	279,448	3,944,817	7.0%
3	MMC Group, L.P.	WBE	291,189	262,070	247,511	305,749	320,308	349,427	279,542	255,955	331,956	299,925	302,837	247,511	3,493,981	6.2%
4	Selective Staffing Solutions LLC	WBE	239,527	215,574	203,598	251,503	263,479	287,432	229,946	210,544	273,060	246,713	249,108	203,598	2,874,081	5.1%
5	Babylon Consulting LLC	MBE, WBE	239,527	215,574	203,598	251,503	263,479	287,432	229,946	210,544	273,060	246,713	249,108	203,598	2,874,081	5.1%
6	C.R. Fletcher Temps	WBE	201,954	181,759	171,661	212,052	222,149	242,345	193,876	177,517	230,227	208,013	210,032	171,661	2,423,245	4.3%
7	Staff Icons Associates	MBE, WBE	197,257	177,532	167,669	207,120	216,983	236,709	189,367	173,389	224,873	203,175	205,148	167,669	2,366,890	4.2%
8	Techlink Systems Inc.	MBE, WBE	173,774	156,397	147,708	182,463	191,152	208,529	166,823	152,748	198,103	178,988	180,725	147,708	2,085,118	3.7%
9	Intertrauma Consulting, Inc.	MBE	169,078	152,170	143,716	177,532	185,985	202,893	162,315	148,619	192,749	174,150	175,841	143,716	2,028,763	3.6%
10	Ardent Technologies, Inc.	MBE	164,381	147,943	139,724	172,600	180,819	197,257	157,806	144,491	187,394	169,313	170,956	139,724	1,972,409	3.5%

	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Year-to-Date Spend	% of MWBE Spend
Top 10 MWBE Suppliers	2,526,772	2,274,095	2,147,756	2,653,111	2,779,449	3,032,126	2,425,701	2,221,033	2,880,520	2,602,575	2,627,843	2,147,756	30,318,738	53.9%
All Others (46)	2,158,089	1,942,280	1,834,375	2,265,993	2,373,898	2,589,707	2,071,765	1,896,960	2,460,221	2,222,831	2,244,412	1,834,375	25,894,907	46.1%
Total MWBE Spend	**4,684,861**	**4,216,375**	**3,982,132**	**4,919,104**	**5,153,347**	**5,621,833**	**4,497,466**	**4,117,993**	**5,340,741**	**4,825,407**	**4,872,255**	**3,982,132**	**56,213,645**	
Total Staffing Spend (All Suppliers)	**11,875,990**	**10,463,372**	**11,688,474**	**12,338,528**	**14,576,215**	**13,351,113**	**12,481,040**	**11,427,952**	**14,764,230**	**12,361,030**	**12,026,002**	**12,646,054**	**150,000,000**	
MWBE % of Staffing Spend	**39.4%**	**40.3%**	**34.1%**	**39.9%**	**35.4%**	**42.1%**	**36.0%**	**36.0%**	**36.2%**	**39.0%**	**40.5%**	**31.5%**	**37.5%**	

Vendor Highlights

- RightSourcing is an international firm with both a healthcare and non-healthcare footprint ($7.2B in contingent spend; half in healthcare).

- RightSourcing is vendor neutral
  - RightSourcing is not a staffing company, does not own a staffing company, nor is it owned by a staffing company
  - The evaluation committee determined this model is likely to reduce conflicts of interest and promote the placement of the best candidates at the best rates in the most timely manner

- Existing clients include
  - Sutter Health
  - Mayo Clinic
  - Universal Health Services
  - Mt. Sinai Health System (NYC)

- Gartner ranked RightSourcing's software platform (Wand) as the #1 VMS in the industry for "Contingent Workforce Management" and "Reporting & Analytics, Mobile and Innovation" (Source: Gartner 2017 VMS Critical Capabilities Report).

References

- Sutter Health
  - 25 acute care hospitals, 200+ clinics, 8,500 contingent workers per year
  - Chief Nurse Officer, Office of Patient Experience, very favorable reference, described ability to meet system needs and adapt to dynamic environment with reporting and rate adjustments. Also credentialing experience has been a big asset.
- Mayo Clinic
  - Annual program volume of $200+ million
  - Chief Nurse Officer, RightSourcing has been a great partner, in particular has done a great job with timely agency staff and IT placement.
- Universal Health Services
  - Annual program volume of $150+ million
  - System Director, Human Resources, RightSourcing has brought impressive experience in processes ‘know-how’, reporting development, and credentialing.
- Mt. Sinai Health System
  - Chief Nurse Officer, very favorable experience with RightSourcing, fantastic job with provider credentialing process.

Implementation

- NYC H+H leaders have clarified the front-end process they desired for a standardized selection/on-boarding
  - thru the System's CNO's office for nursing personnel
  - thru the facility Human Resources offices for non-nursing personnel, utilizing a standardized process
  - PeopleSoft entry for staff control and EPIC and other software access, as appropriate, including the provision of key unique staff identifiers
  - invoicing/payment processes, and future electronic scheduling/timekeeping processes

- The vendor has agreed with meeting our process needs.

- Planning a phased-in transition with nursing personnel first; then rest of staffing.

Finance Committee Request

- We are seeking approval to enter into contract with RightSourcing for temporary staffing services:
  - 3 years with two 1-year extensions
  - Not-to-exceed cost of $140,000,000 per year
  - Targeting effective date of April 1, 2020
  - 30% MWBE plan has been submitted