FINANCE COMMITTEE AGENDA

Date: March 12, 2020
Time: 11:00 am
Location: 125 Worth Street, Board Room

I. Call to Order — Freda Wang
Adoption of the January 09, 2020 Minutes

II. Senior Vice President's Report — John Ulberg

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

IV. Informational Item: Overview of January Financial Plan — James Cassidy

V. Action Item: Verisma Release of Information Services — Marji Karlin, Lisa Perez

Authorizing New York City Health and Hospitals Corporation (the "System") to execute an agreement with Verisma Systems, Inc. ("Verisma") to provide release of information services for the System over an initial term of three years with two one-year options to renew solely exercisable by the System and with an expense over the combined five-year term, not to exceed $5,229,920 net of fees collected from patients and others to process their record requests.

Vendex: Pending EEO: Approved

VI. Action Item: Underwriting Agreement — Linda Dehart

Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") to approve and appoint Citigroup, JP Morgan and Morgan Stanley & Co. to provide investment banking services and serve as senior managing underwriters, and to approve and appoint BNY Mellon Capital Markets, Blaylock Beal Van LLC, Drexel Hamilton LLC, Fidelity Capital Markets, FTN Capital Markets, Hilltop Securities (formerly First Southwest), Janney Montgomery Scott, Jefferies LLC, Loop Capital Markets LLC, Mischler Financial Group, Ramirez & Company, RBC Capital Markets, Rockfleet Financial Services, Roosevelt & Cross Inc., Stern Brothers, TD Securities and Wells Fargo Securities to serve as co-managing underwriters for the Corporation's debt issuances from August 2020 through July 2021 (a 12-month extension to the 2015 Resolution), to support its capital finance program. Such authorization in respect to the entities mentioned above shall extend to the successors of any such entities which assume the business of such entities through merger, reorganization, consolidation or acquisition.

Further authorizing the President to negotiate and execute a contract with one of the three senior underwriters in the event of a Board authorized issuance.

VII. Old Business Freda Wang

VIII. New Business

IX. Adjournment

MINUTES

Finance Committee **Meeting Date: January 09, 2020**

Board of Directors

The meeting of the Finance Committee of the Board of Directors was held on January 09, 2020 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
Barbara Lowe

OTHER ATTENDEES

C. Chen, OMB
J. DeGeorge, OSDC
F. Leonard, OMB
S. Shrier OMB

H+H STAFF

P. Albertson, Vice President Supply Chain, Central Office
M. Allen, Chief Medical Officer, Central Office
J. Cassidy, Director, Central Finance
N. Cineas, Chief Nursing Executive, Central Office
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
M. Fay, Senior Assistant Vice President, Central Finance
C. Hercules, Chief of Staff, Board Office
M. Karlin, Chief Revenue Officer, Revenue Cycle Services
A. Marengo, Senior Vice President, Communications
N. Moscoso, Chief Financial Officer, Queens Hospital
K. Olson, Senior Assistant Vice President, Corporate Budget
M. Siegler, Senior Vice President, Central Office
M. Thompson, Associate Director, Central Finance
J. Ulberg, Senior Vice President/CFO, Central Finance
Y. Villanueva, Vice President Human Resources, Central Office
J. Weinman, Corporate Comptroller, Central Finance

CALL TO ORDER **FREDA WANG**

Ms. Freda Wang called the meeting to order at 10:07am. The minutes of the October 10, 2019 meeting were approved as submitted.

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

Mr. John Ulberg began his report by stating that as of December 2019, the cash balance was $221M with $150M in expected payments in early CY2020. Mr. Ulberg stated patient care receipts closed at $87M stronger than the same period last year, largely due to Epic implementation, revenue cycle efforts, and improved Managed Care rates. Mr. Ulberg summarized that there has been continued strategic investments in workforce through FY20 Q1, especially related to temp staff conversions, RNs, and nursing support. Mr. Ulberg praised the NYSNA Contract, highlighting efforts to improve staffing rations, recruitment and retention bonuses, and collective bargaining patterns.

In response to questions from the Committee, staff explained that the City collective bargaining in the long-term is an investment that will be offset by retention, since the trend has been that it takes 8-12 months to train a new nurse and that many leave after training. While other systems hire new nurse, H+H is the leader in the industry in New York.

Mr. Ulberg continued providing an overview of the transformation strategic investments, emphasizing successes with NYC CARE, Express Care, and other strategic clinical projects.

Mr. Ulberg continue his report by outlining the external risks and opportunities. Key risks include Medicaid DSH, which Congress delayed until May. Another is the State's Medicaid Global Cap payment delays.

Dr. Katz asked if the growth that lead to the deficit is the home care program.

Mr. Ulberg agreed that it is the home care program, the minimum wage increase, and the growth of the Managed Long Term Care (MLTC) program at 12-15%. The Governor mentioned a second phase of the Medicaid Redesign Team (MRT) in his State of the State address.

Dr. Katz discussed his experience in California with managing the growth of personal care services.

Ms. Hernandez-Piñero wondered how to monitor abuse in that program.

Dr. Katz mentioned how the PACE program in California does not enable hiring of family members so therefore enrollment in the program is not as robust.

Mr. Ulberg continued his report identifying a 1% cut across the board cut in the Medicaid program. There is a law that enables the State to make cuts if the Global Cap is exceeded. This cut will hit when the State implements the rates.

Ms. Hernandez-Piñero asked how the rolling payments will look going forward.

Mr. Ulberg replied that it is supposed to provide a two-year period overview to enable better planning. However, there is an annual cap and a formula that allows for growth.

Mr. Ulberg continued by outlining that critical staffing needs are a new cost.

Mr. Ulberg outlined opportunities related to Safety Net Hospital Funding, restoration of Medicaid Disproportionate Share Hospital (DSH), and Upper Payment Limit (UPL) conversion.

Ms. Wang asked how much the UPL amount could be.

Mr. Ulberg estimated that the amount could be over $100M.

Mr. Ulberg also reported there was good news out yesterday on public charge.

FINANCIAL REPORT

Ms. Michline Farag began her report providing an update that overall receipts came in $41M greater than planned, $24M of which is 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 relate to staffing and the remaining $12M with other disbursements.

Ms. Farag reported that overall expenses came in $28M over budget primarily due to overtime ($12M) in nursing support positions, housekeeping, and facility maintenance needs and in OTPS disbursements ($13M) due to timing of pharmacy payments made in an effort to get H+H current with invoices.

Ms. Hernandez-Piñero asked if this includes agency nurses.

Ms. Farag replied no, this is H+H only. And that this overtime is expected and in line with facility plans.

Ms. Farag reported on staffing growth for Q1, which is up 505 from the start of the fiscal year, primarily from the nursing and nursing support titles in addition to temporary staff conversions. Temporary staff decreased by 138 positions in Q1, for an overall 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 Temporary staff, of which 45 are associated with Rev Cycle.

Ms. Hernandez-Piñero asked if there is a plan to control the nursing and nursing-support hires after a certain point.

Mr. Covino replied that H+H is implementing a nurse-staffing model.

Ms. Farag replied that the changes we are seeing in temporary workers, overtime, and FTEs are to meet the nurse-staffing model.

Ms. Lowe replied that if you look at this year-over-year the model demonstrates the benefit of these investments.

Mr. Ulberg commented that there is a glide path for each facility on how to grow nursing and reduce overtime.

Ms. Lowe emphasized the need for an appropriate nurse-staffing ratio, especially on the inpatient side and to do better on preventative primary care.

Ms. Farag continued her stating overtime is up in nursing and nursing support, but there are also increases in technicians/therapists, clerical associates, housekeeping, and other areas in line with facility plans to enhance patient care and stabilize targeted hires.

Ms. Wang asked if the chart is translating the $12M in overtime spend into FTEs. She further asked if there is a plan to reduce overtime.

Ms. Farag said yes.

Ms. Farag continued by reporting on corporate-wide revenue performance, which is $41M above FY20 target. Overall, patient care revenue is up by $87M vs. FY19 actuals due to enhanced performance on revenue initiatives.

Ms. Krista Olson reported that inpatient volume decline, which is at 1% from FY19 Q1. In-patient discharges continue to trend down, but the pace of volume loss has slowed. FY19's Q1 volume loss from FY18 was 4%. Over one-half of the decline in discharges vs. FY19 is associated with H+H 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).

Ms. Hernandez-Piñero repeated that of the 1% decline in inpatient volume, one-half the discharges are in risk volume. She asked if when discharges were down by 4%, if one-half of that was also risk volume.

Ms. Olson said she would have to check.

Ms. Olson continued stating case mix index (CMI) increased by 3.3% year-to-date over FY19.

Ms. Olson reported length of stay, has stayed the same this year compared to last year and revenue cycle growth is on track to exceed the FY20 targets.

Ms. Marji Karlin reported on the positive trajectory of the H2O implementation, outlining that all sites after go-live have increased cash collections significantly compared to their baseline. H+H has exceeded other Epic customers in cash collections after implementation.

Ms. Karlin continued stated that CMI has increased for each facility at varying rates, resulting in an increase between 2-6% in payment per paid discharge.

Ms. Karlin reported that H2O implementation has enabled a closer look into denials by payer. The majority of denials are related to medical necessity, claim configuration, and pre-authorization.

Ms. Hernandez-Piñero asked what the loss figure is or if H+H expects to be made whole.

Ms. Karlin replied that roughly 20% are denied at first pass.

Ms. Lowe asked where we stand with Medicare Advantage plans.

Ms. Karlin replied that she would have to look at data to see how Medicare vs. Medicaid denials tally.

Mr. Ulberg replied that H+H is looking at denials as an opportunity to have a new relationship with payers. In addition, there might be administrative simplification at the State to the denials process.

Ms. Karlin's team is working to better understand the denials data and how to strengthen processes across the System going forward.

Ms. Olson reported on transformation initiatives. Revenue generating initiatives 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.

Ms. Olson continued to report on expense reducing initiatives. Progress continues to be made on supply chain initiatives and remains on track. 340-B 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.

SUPPLEMENTAL STAFFING SERVICES ACTION ITEM **PAUL ALBERTSON**

Mr. Paul Albertson, Vice President of Supply Chain, presented a 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.**

Mr. Albertson provided an overview of the RFP to identify a Master Services Provider ("MSP") to provide and manage its contingent labor force through a vendor management system that provides: 1. Qualified staffing where and when necessary; 2. Efficient and auditable timekeeping and invoicing with adaptable workflow processes; 3. Effective executive management tools and dash-boarding for stakeholder business units. The MSP will provide the following staff types: nursing, allied health, finance/revenue management, non-clinical support staff, and information services/technologist staff.

Ms. Natalia Cineas emphasized the need to use supplemental staffing to reduce overtime and help aid in progress in our nurse-staffing glide path.

Mr. Albertson provided background on the contract action. 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.

Ms. Wang asked what percent of the contract is for nursing.

Mr. Covino replied that it used to be 50/50, and now it is a little bit more than half in nursing.

Mr. Albertson continued to report on 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.

Mr. Albertson continued to report on the procurement process, outlining vendor minimum criteria, evaluation criteria, and stakeholders on the evaluation committee. He continued to report on the procurement timeline. In June the CRC approved an application to issue solicitation and the RFP was sent to nine vendors. Seven proposals were received, three vendors were invited for interview. The committee scored and evaluated vendors in November.

Mr. Albertson reported on the 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.

Mr. Covino stated that MWBE for them is different than other vendors because they have automated reports that can track MWBE spend. Mr. Albertson reviewed the sample MWBE spend report.

Ms. Lowe asked a question about credentialing tracking and if the vendor provides reports.

Ms. Cineas mentioned this was something that the references said the vendor does well.

Ms. Hernandez-Piñero asked how we evaluate temporary personnel performance.

Ms. Yvette Villanueva said that temporary agency personnel are evaluated and assessed just like H+H employees are and if they are not performing how we would like them to be corrective actions are taken.

Ms. Cineas said we have the ability to flag temporary workers in their system if we have had previous issues with that person so other facilities know not to hire.

Ms. Wang asked if the rates are consistent across vendors.

Mr. Albertson confirmed the rates are consistent across vendors because RightSourcing is vendor neutral.

Mr. Albertson continued to report on the vendor's references. Ms. Cineas said that Sutter Health mentioned that RightSourcing has dynamic reporting and rate adjustments. Mayo Clinic and Universal Health Services further emphasized RightSourcing's reporting abilities were excellent and praised their timeliness with placements. Mount Sinai also praised their credentialing process. Mr. Albertson said Sutter Health praised RightSourcing for helping to move temporary workers to full time staff where desired.

Mr. Albertson continued by stating that the vendor agreed to meet H+H process needs, including a phased-in transition with nursing personnel first.

Mr. Albertson reviewed the finance committee request, stating that H+H seeks approval to enter into contract with RightSourcing for temporary staffing services. The contract would be 3 years with two 1-year extensions, a not-to-exceed cost of $140,000,000 per year, a target effective date of April 1, 2020, and a 30% MWBE commitment plan.

Mr. Jose Pagan asked if RightSourcing is the largest player in the market.

Mr. Albertson said this is one of a handful.

Ms. Wang asked how big their contract was with Mount Sinai.

Ms. Cineas said she knows they are at three locations.

The resolution was brought for motion, seconded, and the motion carried.

ADJOURNMENT **FREDA WANG**

There being no further business to discuss, Ms. Wang adjourned the meeting at 11:20am.

NYC Health + Hospitals

Finance Committee – March 12, 2020

Finance Status Update

Fiscal Year 2020

FY20 Quarter 2 Highlights

- Cash balance of approximately $614M as of end of February.
- We received two settlements Q2, the first from Healthfirst in October and the second in December from EmblemHealth.
- Closed FY20 Q2 at 0.2% -$8.5M against the budget.
- Patient Care receipts closed Q2 $225M 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 Q2:
  - RNs (+171) and other Nursing Support hires (+151) for improved patient care;
  - Temp reduction (-162) and targeted temp conversions to full time staff (+239) for a more stable service delivery.
- Transformation strategic investments including
  - Launch of NYC CARE (13,000 new enrollees)
    - Bronx – August 2019
    - Brooklyn and Staten Island – January 2020
  - Launch of ExpressCare
    - Lincoln – August 2018
    - Elmhurst – September 2018
    - Queens – November 2019
    - Woodhull – December 2019
    - Metropolitan – January 2020
    - Harlem – February 2020
  - 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/MRT II
  - *State has announced $599M in cuts for SFY19-20, growing to $851M in SFY20-21*
  - *Impact on H+H/MetroPlus of about $75M in SFY19-20, $100M in SFY20-21*

Opportunities

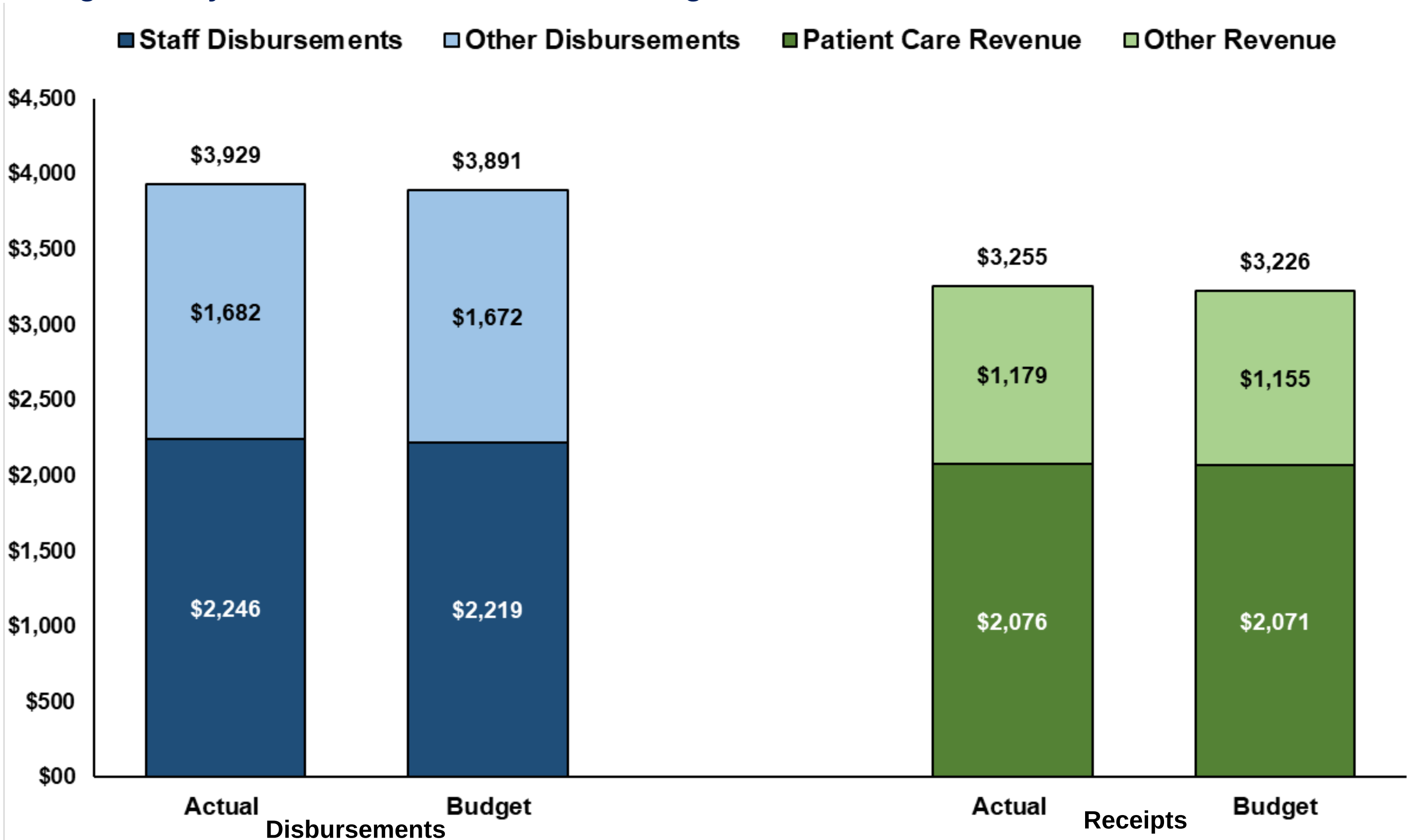
- Restoration of Medicaid DSH
- MRT Submission *(Special Populations Care Management, Behavioral Health Centers of Excellence, ICP Reform, Regulatory Relief)*

Financial Performance

Quarter 2, Fiscal Year 2020

FY20 Q2 Results: Disbursements within 1% of Budget; Receipts Exceed Budget by 1%

- Overall receipts came in $29.1M greater than planned, $4.4M of which are in patient care revenue. Patient care revenue closed at $225.4M higher than prior year.
- Disbursements are $37.6M over the budget projection for Q2, of which $27.2M are related to staffing, mainly overtime, and the remaining $10.5M are in other disbursements.



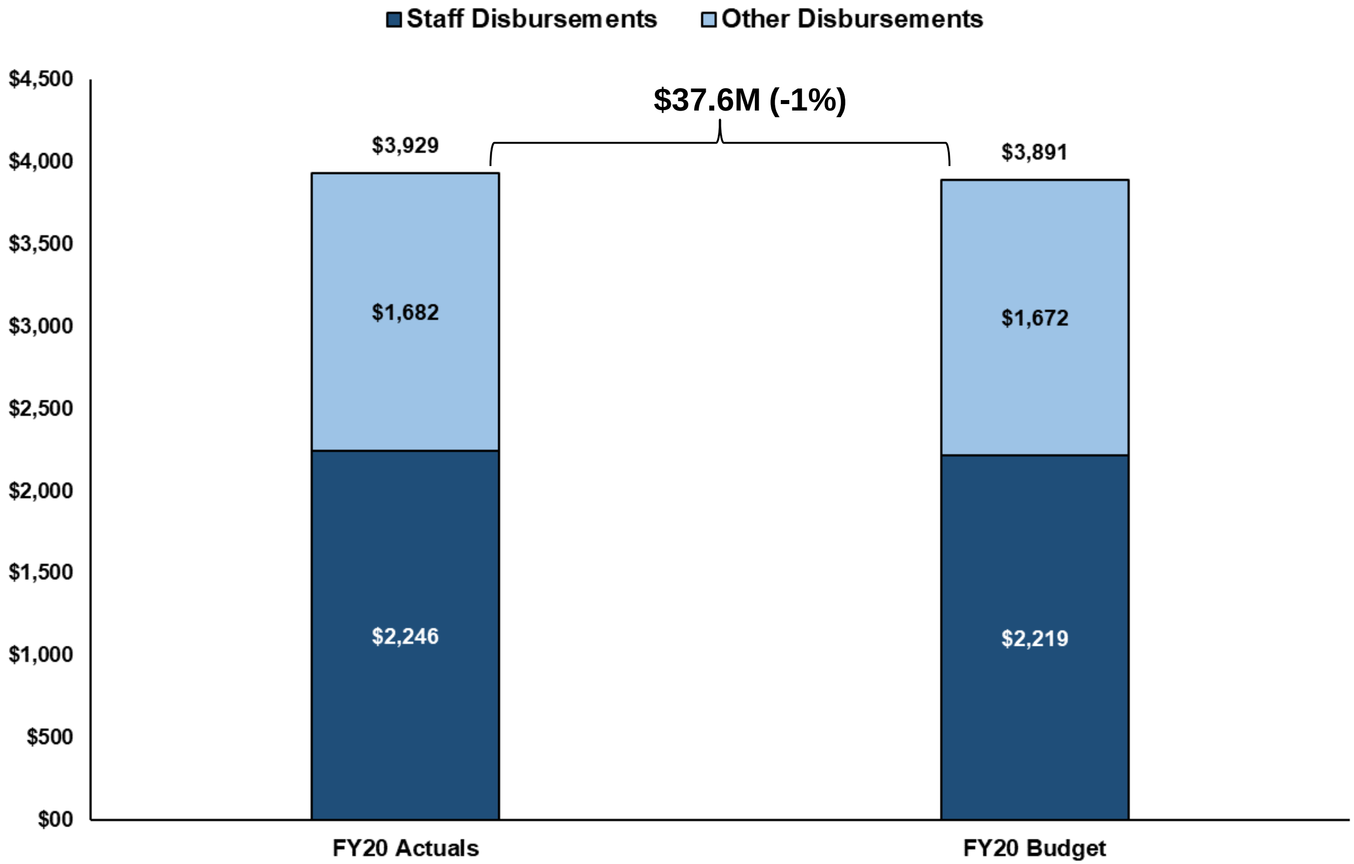
The revenue budget is less than the expense budget due to projected timing of anticipated receipts.

Expense Performance

Quarter 2, Fiscal Year 2020

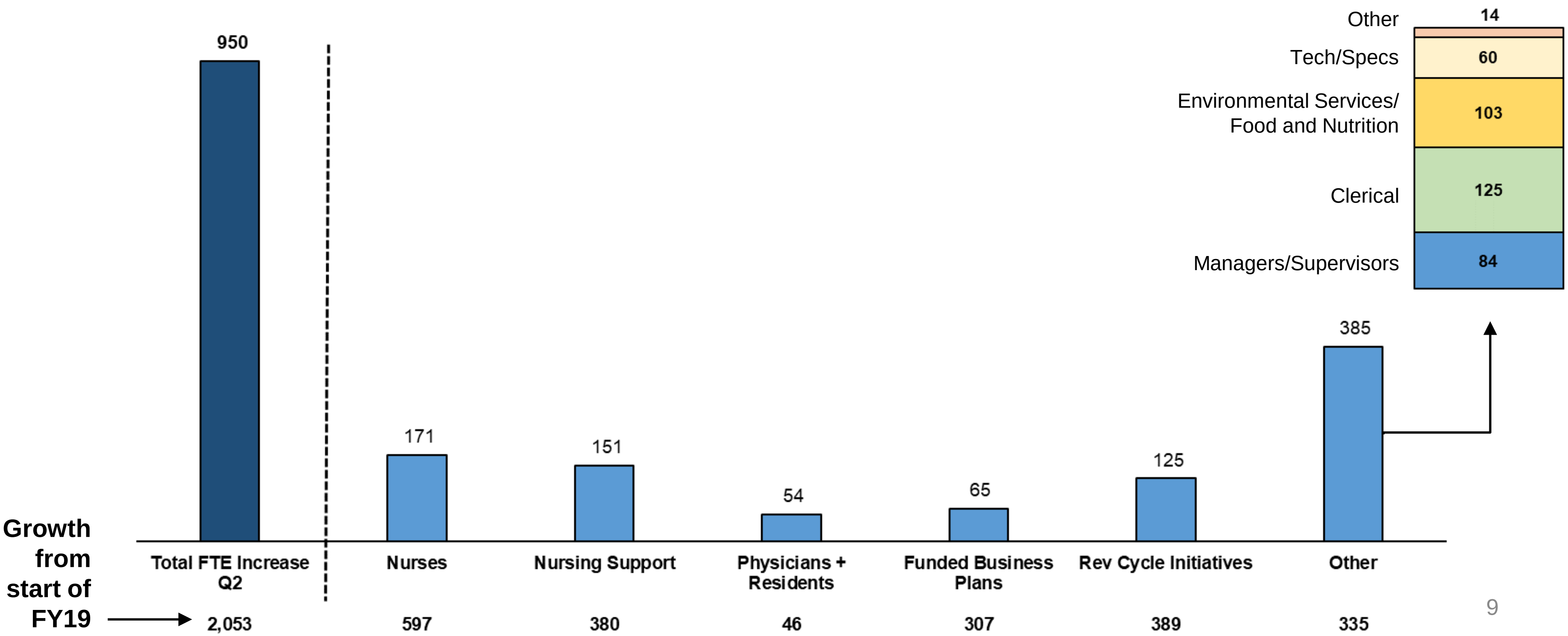
FY20 Quarter 2 Expenses within 1% of Budget: $37.6M

- Overall H+H came in $37.6M over budget primarily due to:
  - Overtime ($22.7M) in nursing support positions, housekeeping, facility maintenance, and hospital police. This overtime is in line with facility plans to enhance patient care and stabilize targeted hires.
  - OTPS disbursements ($9.3M) primarily in the area of pharmacy.



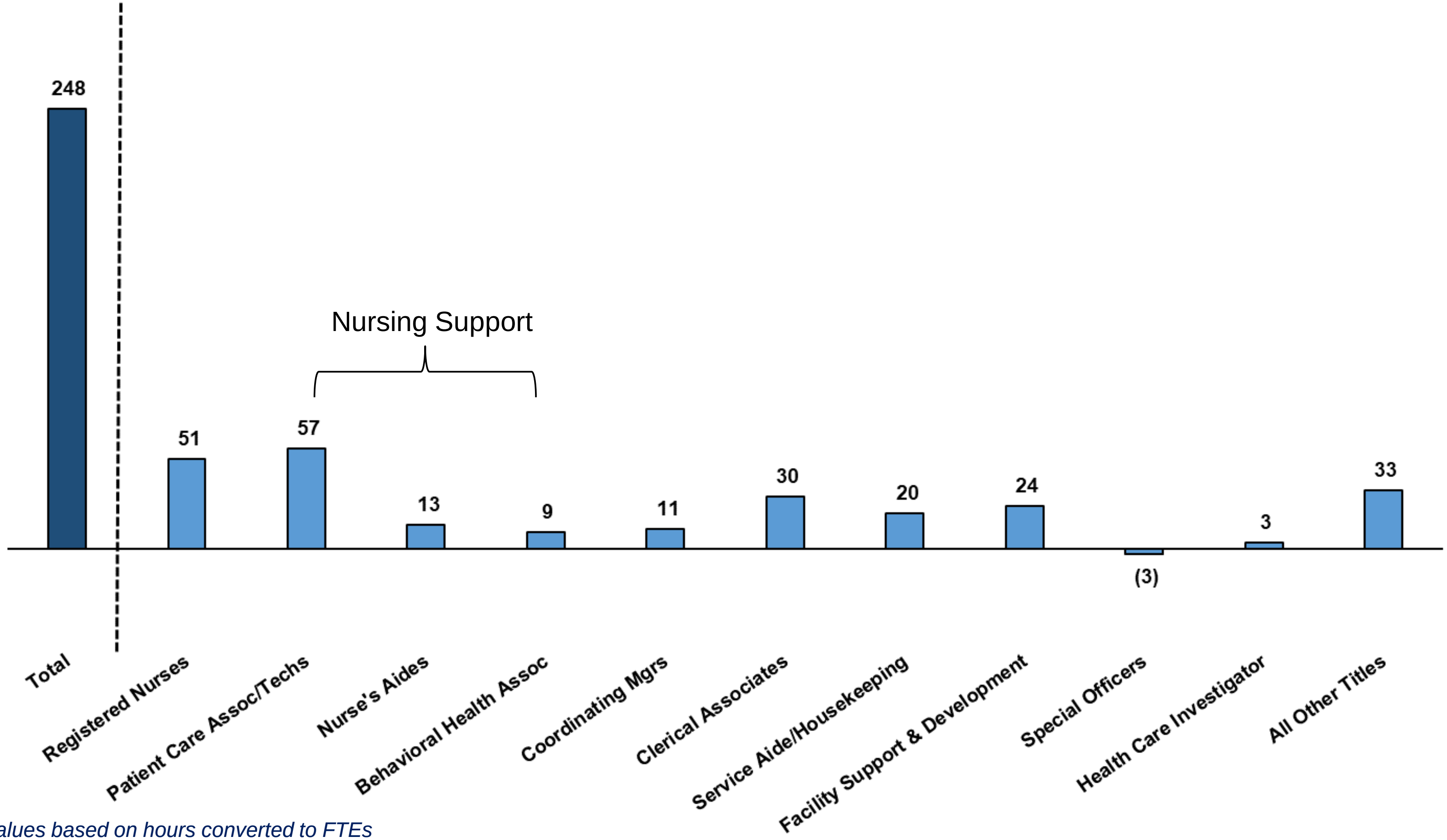
H+H Recalibrating Staffing Mix to Support Clinical and Revenue Generating Investments

- H+H staff growth for Q2 is in line with NYC H+H strategic direction, with significant investments in clinical and revenue cycle staff.
- Temp staff decreased by 162 positions in Q2, for an overall Temp reduction of 704 since the start of FY19.
- Increase in **Full Time Equivalents (FTEs)** through Q2 includes 239 converted Temp staff.
- Current **Global Full Time Equivalents (GFTEs)** of 46,034 still significantly below peak Historical GFTEs of 49,410 in Nov ’15.



H+H Overtime Breakdown

- Overtime ($22.7M) overage in nursing support positions, housekeeping, facility maintenance, and hospital police. This overtime is in line with facility plans to enhance patient care and stabilize targeted hires.



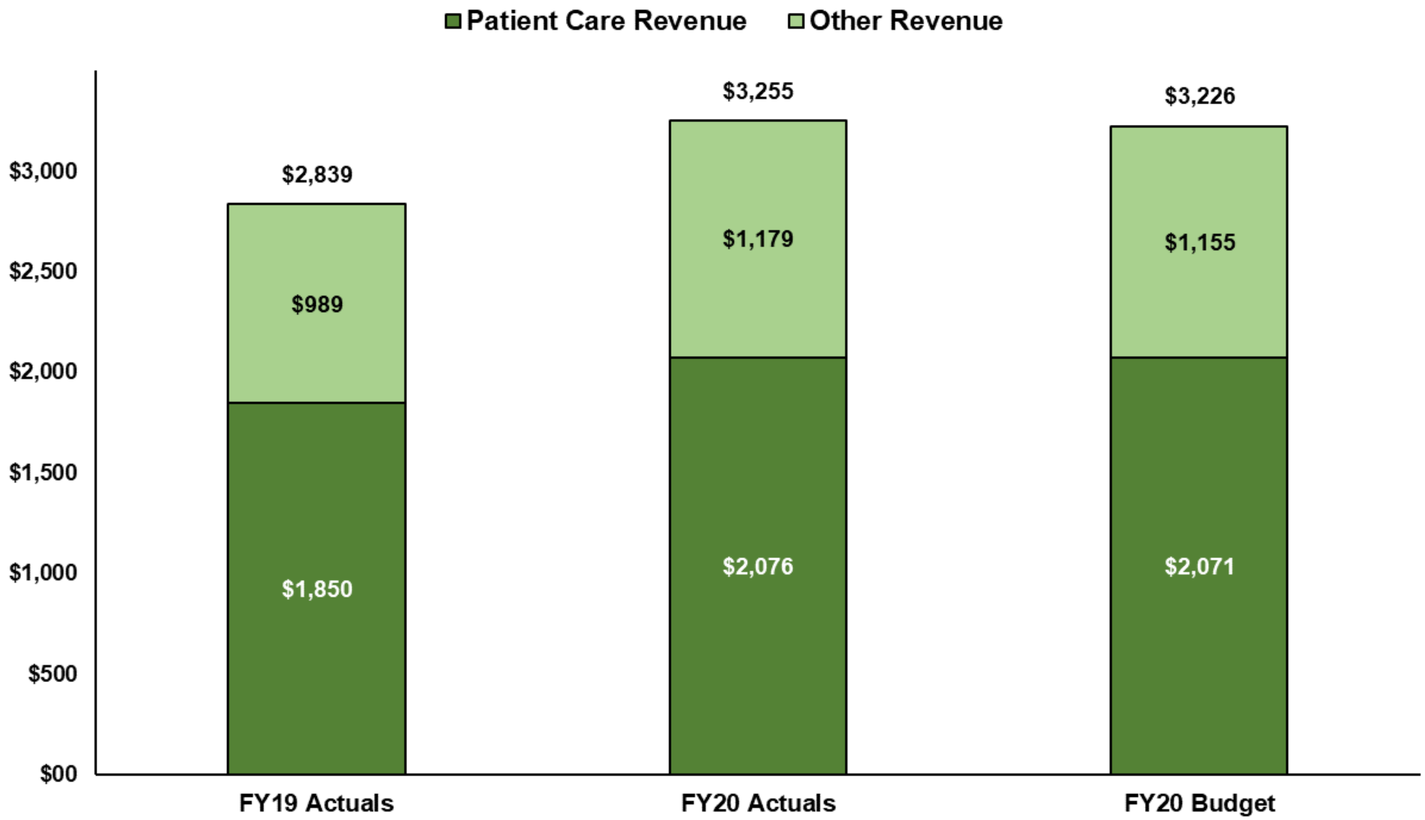
Values based on hours converted to FTEs

Revenue Performance

Quarter 2, Fiscal Year 2020

Corporate-Wide Revenue: $225M Higher than FY19 Actuals

- FY20 revenue actuals are **$29M above FY20** target $25M of which is related to higher than expected 340B revenue.
- Total patient care revenue is up **$225M 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 Q2

- IP discharges continue to trend down, but the pace of volume loss has slowed. FY19's Q2 volume loss from FY18 was 4%. This year, Q2 discharges are down 1% from FY19.
- Risk volume is down primarily in MetroPlus/Beacon and is related to behavioral health.
- 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 Bellevue, Elmhurst, Harlem, Kings, and Queens) and Digestive Health (Bellevue, Elmhurst, and Queens).

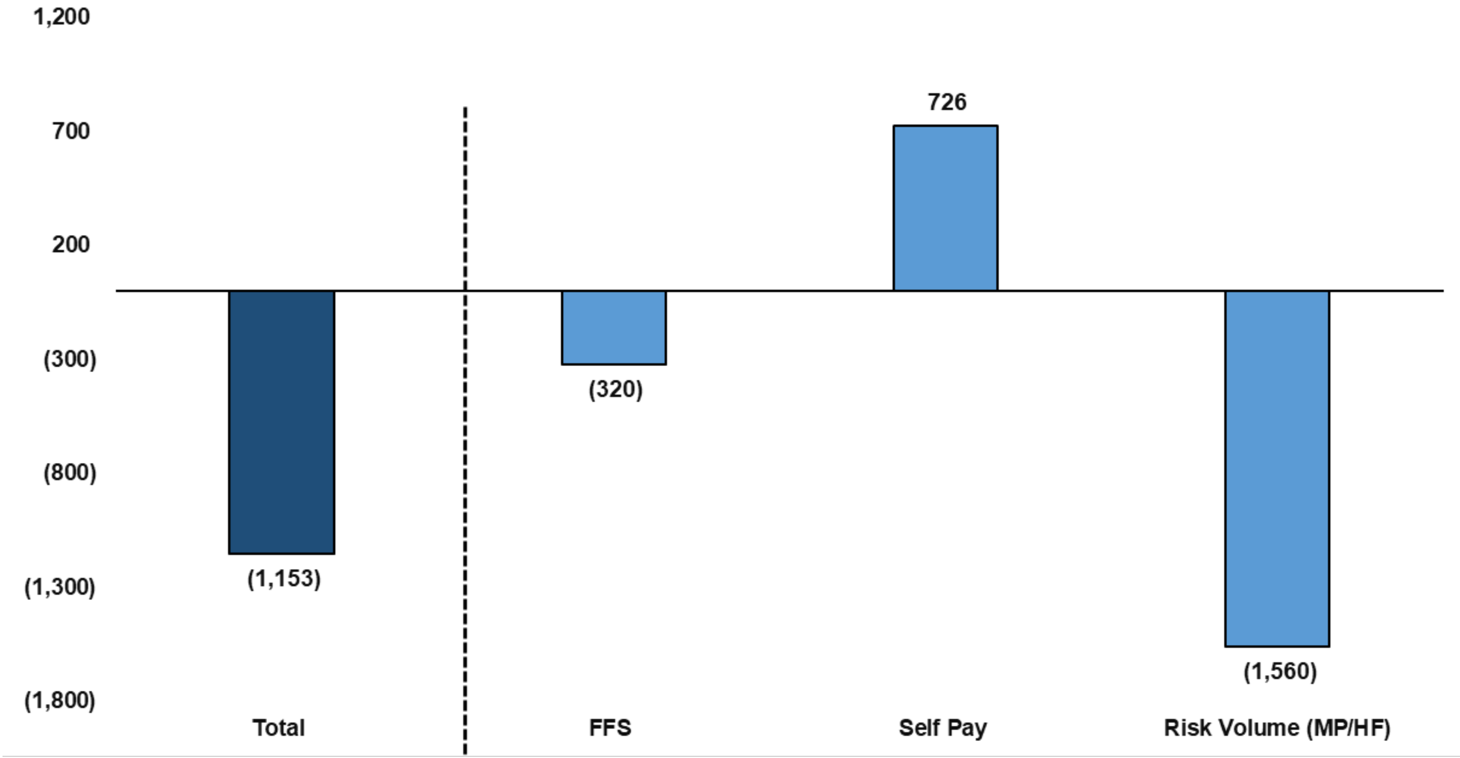
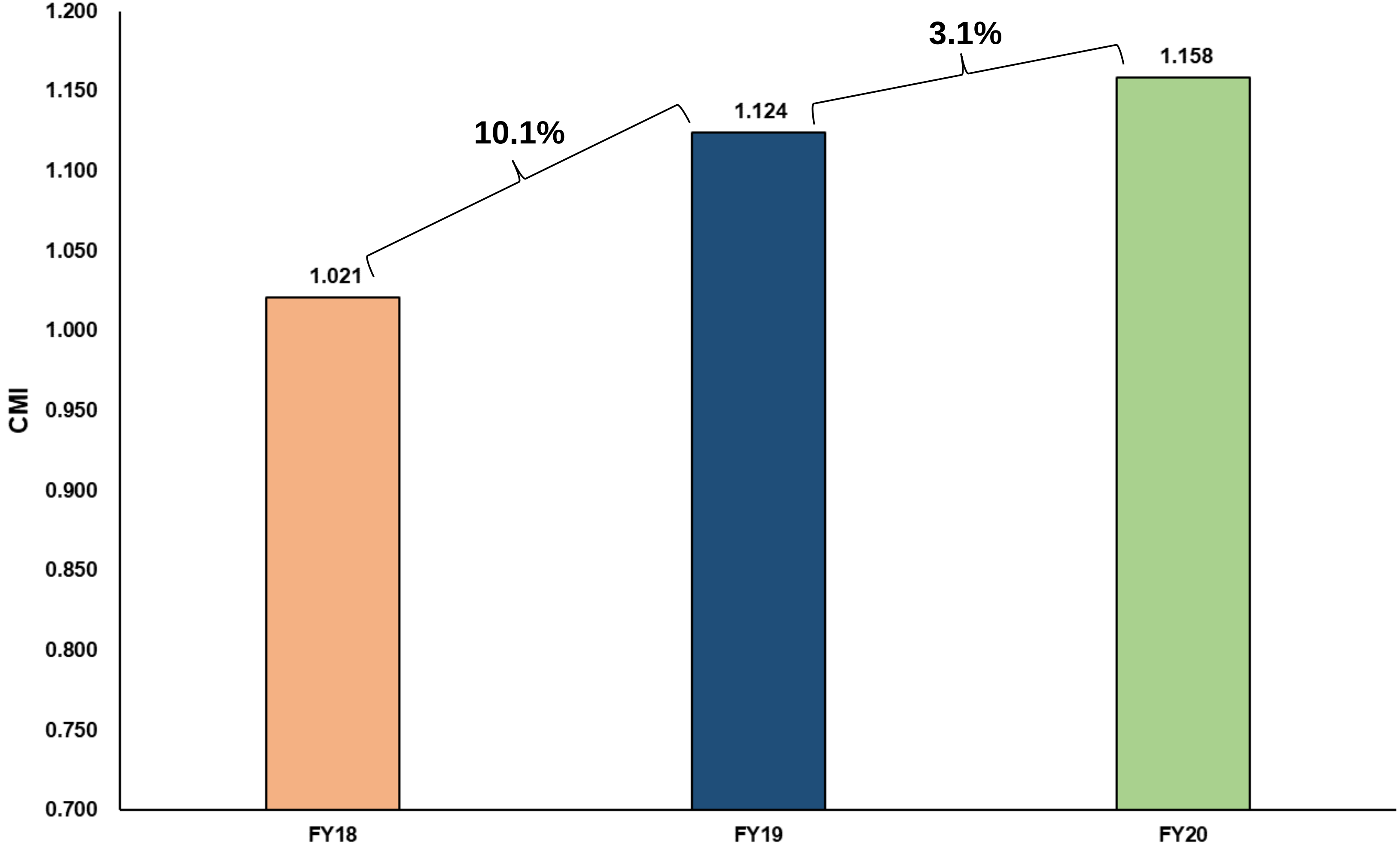


**Chart includes psych and rehab.*

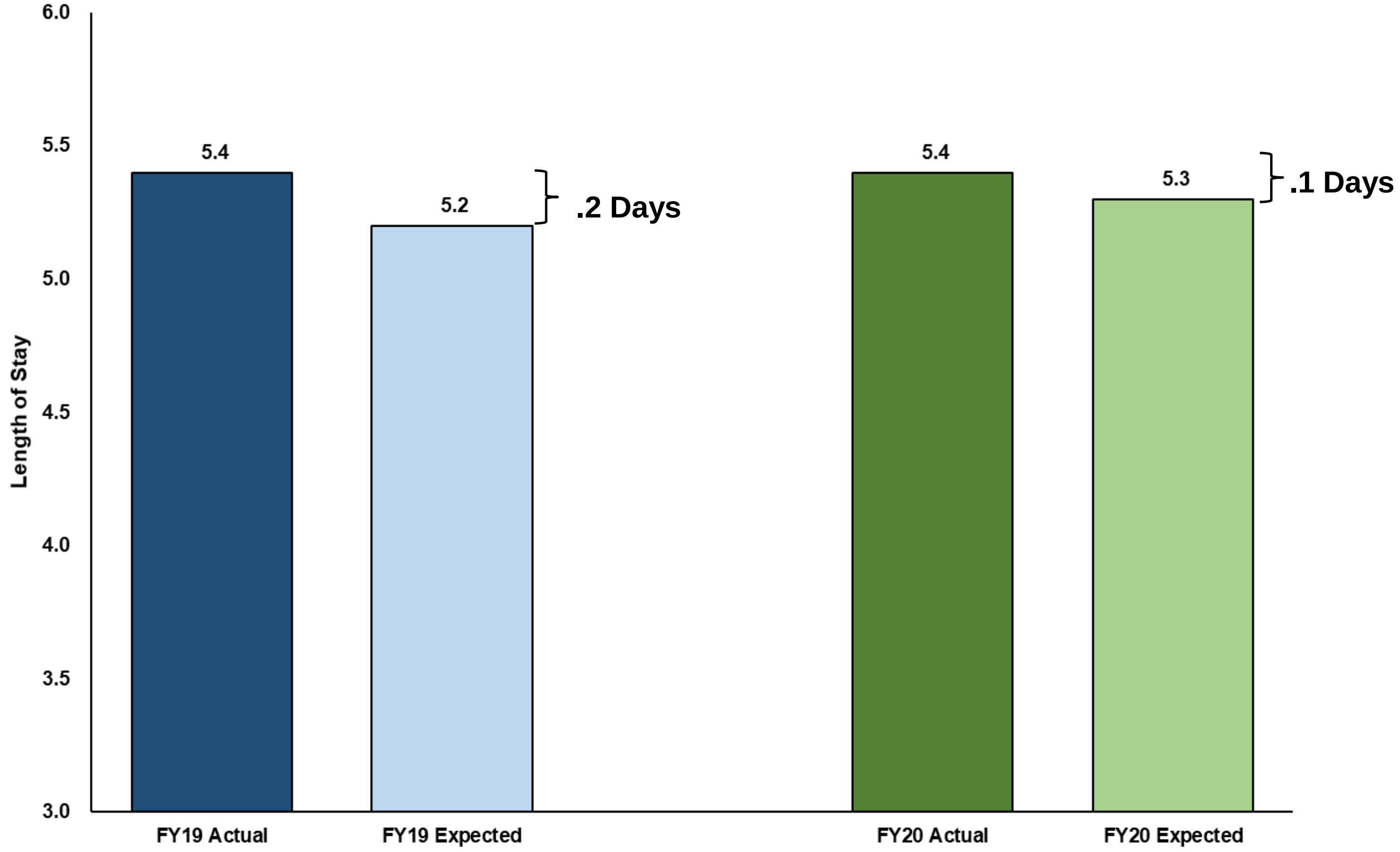
Increased Case Mix Index (CMI) Follows Revenue Cycle Improvements

- Case Mix Index has increased 3.1% year-to-date over FY19, primarily the result of increased case complexity and a continued focus on clinical documentation improvement.



Length of Stay Closer to Expected

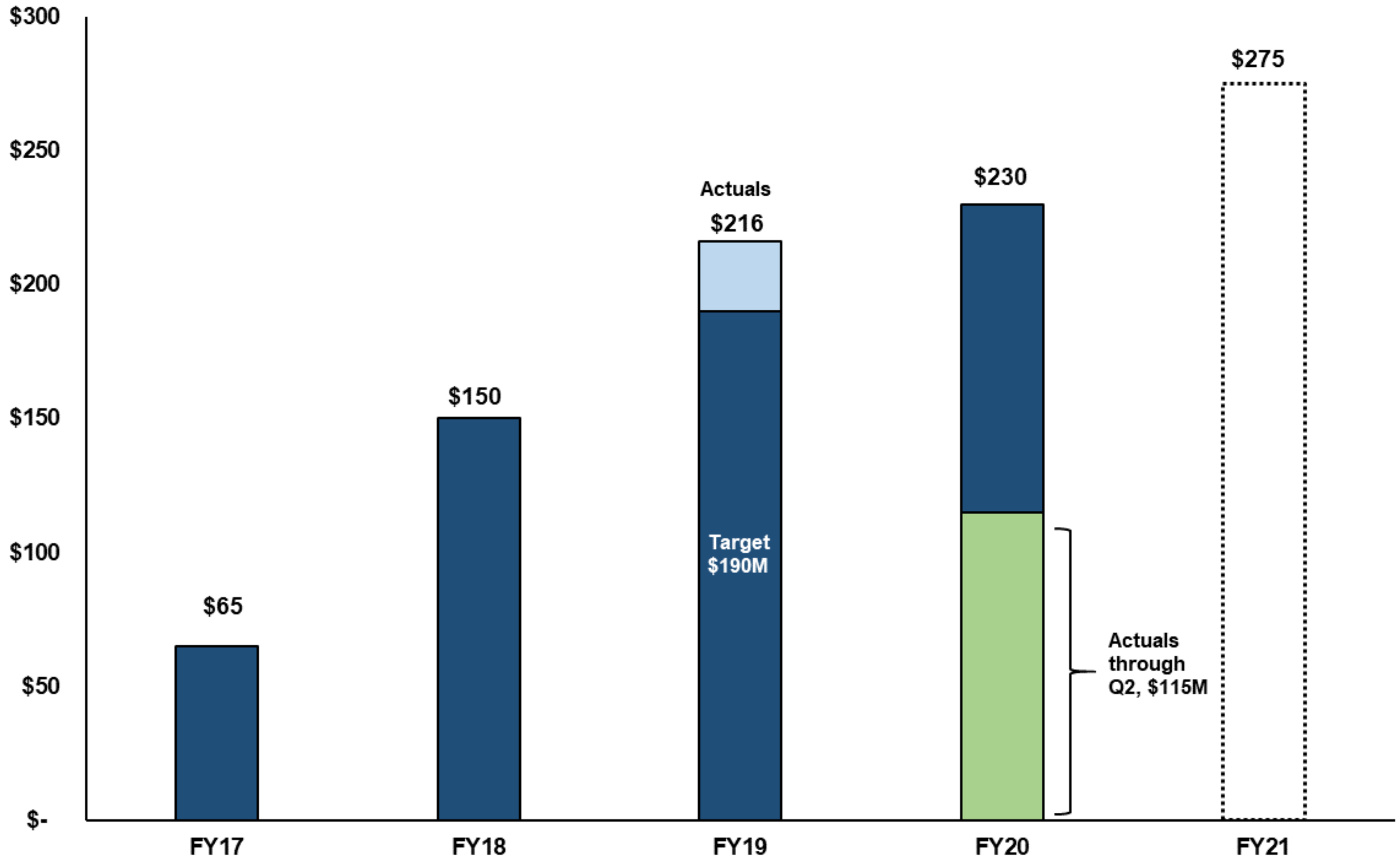
- The gap between Length of Stay (LOS) actual vs. expected decreased this year compared to year-to-date FY19.
- Expected LOS is adjusted for case mix index (CMI).



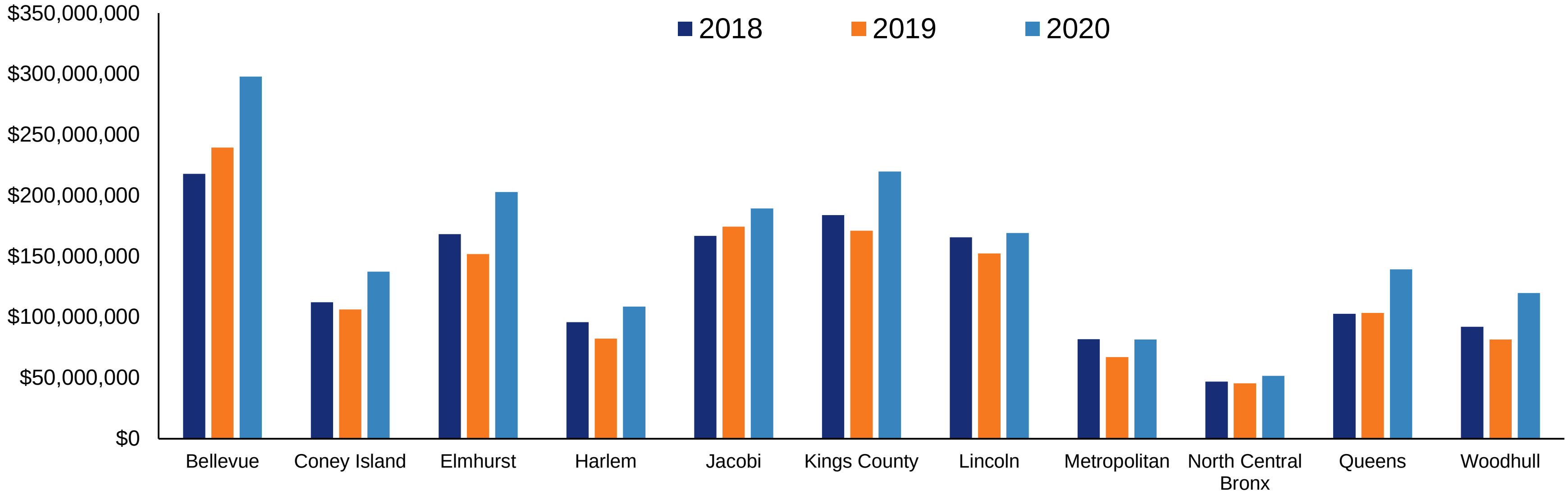
Excludes psych and rehab.

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.



Positive Results – Fiscal Year-to-Date Payments



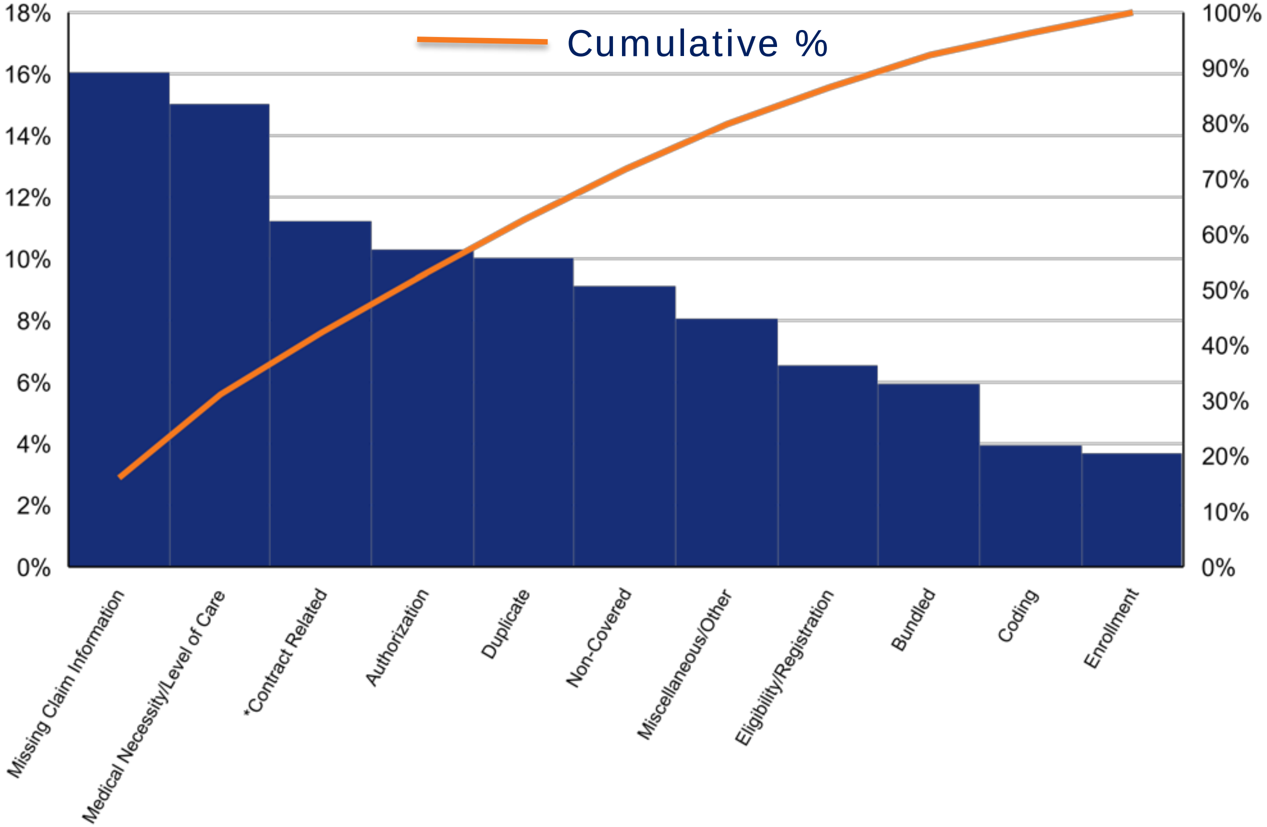
- Year over year collection improvements at all facilities

- Epic implementation
  - Improved charge capture
  - Cleaner claims
  - Enhanced electronic posting capabilities

- Improved payment posting operations

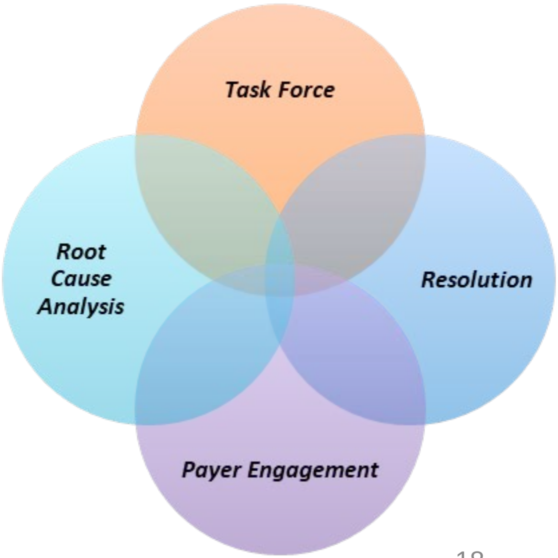
Denials Approach

Epic Inpatient Denials by Reason (by $)



*Largely Healthfirst generic reason code

- Joint Operating Committee (JOC) Meetings with Payers
- Focus on Medical Necessity/Utilization Management with Quality and Managed Care



Transformation Update

Quarter 2, 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 FQHC and the rollout of retail pharmacy.

Initiative ($M)	Status	FY20 Target
Medicaid Waiver Programs	**On Track**	**$ 249.00**
DSRIP	*On Track*	*($ 36.00)*
VBP- QIP	*On Track*	*$ 240.00*
CREPs (Additional Waiver Funds)	*On Track*	*$ 45.00*
Health Insurance Initiatives	**On Track**	**$ 552.00**
Revenue Cycle Improvements	*On Track*	*$ 230.00*
Managed Care Contracting Improvements	*On Track*	*$ 142.00*
FQHC	*At Risk*	*$ 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**	**$ 876.40**

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 allowed the system to reduce its Restructuring and Personnel Initiatives by $90M.

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**	**$ 295.00**
Prior-Year achieved	*On Track*	*$ 265.00*
Additional savings	*At Risk*	*$ 30.00*
Expense Reducing Initiatives Subtotal	**At Risk**	**$ 440.00**

FY2021 January Financial Plan Overview

Finance Committee Meeting

March 12, 2020

NYC Health + Hospitals
FY 2021 January Financial Plan
Cash Basis
($ in millions)

	Projected 2020	Projected 2021	Projected 2022	Projected 2023	Projected 2024
OPERATING REVENUES					
Third Party Revenue					
Medicaid	2,242.9	2,216.9	2,216.9	2,216.9	2,239.1
Medicare	1,121.6	1,344.5	1,305.4	1,328.6	1,341.9
Other Managed Care	359.0	359.0	362.3	365.6	369.3
Supplemental Medicaid	2,537.7	1,518.0	1,372.7	1,384.1	1,384.1
Disproportionate Share Hospital (DSH)	1,751.4	823.1	787.2	793.7	793.7
Other Supplemental Payments	786.3	694.9	585.5	590.5	590.5
Subtotal: Third Party Revenue	**6,261.2**	**5,438.5**	**5,257.3**	**5,295.3**	**5,334.4**
Other Revenue					
City Services	899.1	1,057.6	1,107.6	1,109.5	1,109.5
Grants and Other	559.0	578.4	612.8	624.7	624.7
Subtotal: Other Revenue	**1,458.1**	**1,636.0**	**1,720.4**	**1,734.2**	**1,734.2**
Revenue-Generating Initiatives					
Medicaid Waiver Program	248.6	120.0	120.0	120.0	120.0
Federal & State Charity Care	-	85.0	62.0	62.0	62.0
Health Insurance Initiatives	552.3	685.0	710.0	710.0	710.0
Growth Initiatives	75.4	125.0	135.0	135.0	135.0
Subtotal: Revenue-Generating Initiatives	**876.3**	**1,015.0**	**1,027.0**	**1,027.0**	**1,027.0**
TOTAL REVENUES	**8,595.6**	**8,089.5**	**8,004.7**	**8,056.6**	**8,095.7**
EXPENSES					
Personal Services	3,332.6	3,320.9	3,400.4	3,437.7	3,437.7
Fringe Benefits	1,686.8	1,646.9	1,727.6	1,764.5	1,764.5
Affiliations	1,170.1	1,179.6	1,194.1	1,201.7	1,201.7
Other Than Personal Services	2,832.2	2,449.0	2,503.7	2,552.1	2,552.1
Subtotal: Expenses	**9,021.7**	**8,596.4**	**8,825.8**	**8,956.1**	**8,956.1**
Expense-Reducing Initiatives					
Procurement Efficiencies	145.0	155.0	155.0	155.0	155.0
Restructuring and Personnel Initiatives	295.0	430.0	430.0	430.0	430.0
Subtotal: Expense-Reducing Initiatives	**440.0**	**585.0**	**585.0**	**585.0**	**585.0**
TOTAL EXPENSES	**8,581.7**	**8,011.4**	**8,240.8**	**8,371.1**	**8,371.1**
INCOME/(LOSS)	**14.0**	**78.1**	**(236.1)**	**(314.5)**	**(275.4)**
OPENING CASH BALANCE	**776.4**	**790.4**	**868.5**	**632.4**	**317.9**
CLOSING CASH BALANCE	**790.4**	**868.5**	**632.4**	**317.9**	**42.5**

RESOLUTION

Authorizing New York City Health and Hospitals Corporation (the "System") to execute an agreement with Verisma Systems, Inc. ("Verisma") to provide release of information services for the System over an initial term of three years with two one-year options to renew solely exercisable by the System and with an expense over the combined five-year term, not to exceed $5,229,920 net of fees collected from patients and others to process their record requests.

WHEREAS, patients and/or their legal representatives have substantial recognized interests in the information contained in their physical and/or electronic medical record including the right under HIPAA to access their health information; and

WHEREAS, the System currently uses a vendor, Ciox, to supply copies of patients' medical records at the System's acute care hospitals under an agreement that expires June 30, 2020; and

WHEREAS, the System, in accordance with applicable law and consistent with industry practice, charges modest fees for the retrieval of patients' records; and

WHEREAS, the Contract Review Committee approved a request for proposals which was issued in June 2019 to which three firms responded; and

WHEREAS, a Selection Committee, with representation from the acute care, post-acute care, information technology, and compliance units of the System, considered the proposals received, chose three finalists to make presentations and then selected Verisma based on cost, experience, MWBE plan, technical qualifications and security processes; and

WHEREAS, the Contract Review Committee approved selection of Verisma; and

WHEREAS, the proposed agreement will be managed by the Chief Revenue 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 Verisma Systems, Inc. to provide release of information services to the System over a three year term with two one-year options exercisable solely by the System, for an expense not to exceed $5,229,920 net of fees collected from patients and others to process their record requests.

EXECUTIVE SUMMARY

RELEASE OF INFORMATION SERVICES

VERISMA SYSTEMS, INC.

OVERVIEW: The New York City Health and Hospitals Corporation (the "System") seeks to execute a contract with Verisma Systems, Inc. ("Verisma"). Verisma will provide release of information services by on-site staffing and through remote services. Verisma will collect the fees charged for processing medical records release requests to patients and 3rd parties (such as insurance companies, government agencies, and legal firms).

NEED: The System has historically utilized a contractor to supplement release of information services at its acute care hospitals. The current vendor handles only paper requests and only those that are billable. Verisma was chosen, in part, to standardize the processing of requests for medical records, to implement measures to keep and report operating and financial statistics. Under the proposed agreement, Verisma will expand services to encompass all of the System's facilities, will handle paper and electronic requests, billable and non-billable requests, will handle the backlog of existing requests, and will standardize policies and procedures across the System.

TERMS: The term of the proposed agreement will be three years, with System options for two one-year renewals. Verisma's projected expenses will exceed the estimated revenue by $5,229,920 over the term of the contract.

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

Keith Tallbe
Senior Counsel, Office of Legal Affairs
160 Water Street, 13th Floor
New York, NY 10038
Keith.Tallbe@nychhc.org
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: Verisma Systems, Inc.

Date: February 26, 2020

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

Vendor Responsibility	EEO	MWBE
Pending	Approved	30% Utilization 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.

Release of Information Services Contract Consideration Finance Committee Meeting March 12, 2020

Marji Karlin, Chief Revenue Officer
Lisa Perez, AVP, Revenue Cycle

March 12, 2020

Overview – Release of Information

- April, 1977 - US Congress states Standard III, Medical Records Shall Be Confidential, Secure, Current, Authenticated, Legible and Complete.

- August, 1996 - HIPAA Regulation guarantees patient access to health information, including a copy of their record.
  - The physical chart and the electronic patient data are the property of the facility but the patient and/or legal representative may have a substantial recognized interest in the information contained in the physical and/or electronic medical record.
  - **This provision in Health Information Management (HIM) is referred to as the "Release of Information" (ROI).**

- February, 2009 - Health Information Technology for Economic and Clinical Health (HITECH) Act …to strengthen the privacy and security protections for health information established under the Health Insurance Portability and Accountability Act of 1996 (HIPAA) by the U.S. Department of Health and Human Services (HHS) Office for Civil Rights.

- September, 2019 – first monetary penalty for non-compliance by the OCR

NYC HEALTH+ HOSPITALS | REVENUE CYCLE SERVICES

Current State

- The current vendor, Ciox Health, performs ROI services on-site at NYC Health + Hospitals acute care hospitals for health information releases primarily to 3rd parties (insurance companies, government agencies, law firms)
- NYC Health + Hospital - vendor processed 135,000 request Release of Information (ROI) in 2019
- Revenue is generated by fees that Ciox Health collects from requestors (patients, lawyers, etc.) for billable requests
- The majority of unbillable and patient requests are handled by the H+H staff (continue care, stats, etc)
- NYC Health + Hospitals pays fees to Ciox Health for any non-billable requests processed by them.
- Current contract expires on June 30, 2020

NYC HEALTH+ HOSPITALS | REVENUE CYCLE SERVICES

Overview of Procurement

- 05/28/19: CRC approved an application to issue solicitation.
- 06/07/19: RFP sent directly to 7 vendors and posted to City Record. No MWBEs were identified for direct distribution.
- 06/18/19: mandatory pre-proposal conference, 4 vendors attended
- 07/12/19: proposal deadline, 3 proposals received
- 08/13/19: Vendor presentations proposal scoring occurred

NYC HEALTH+ HOSPITALS | REVENUE CYCLE SERVICES

RFP Criteria

- Minimum criteria:
  - 5 years minimum in healthcare settings
  - 3 multi-facility system experience
  - Epic Integration Compatibility

- Evaluation Criteria
  - (30%) Technical qualifications and security processes
  - (30%) Cost
  - (30%) Appropriateness and quality of firms experience
  - (10%) MWBE Utilization

- Evaluation Committee:
  - AVP, Central Office (chair)
  - Chief Compliance Officer
  - Sr. Associate Director at Bellevue
  - Director of Medical Records at Queens
  - Supervisor of Medical Records at Queens
  - Director of Medical Records at Elmhurst
  - Director of Medical Records at Jacobi
  - Director of Information Services EITS
  - Sr. Management consultant at Coler

MWBE Plan

- At the time of presentation and review, no information was provided.
- All 3 proposers submitted a Waiver
- Verisma returned with submission and has agreed to meet the 30% MWBE utilization plan
  - Existing partner, CPS Recruitment, will provide staffing which will exceed 30% of overall contract.
  - CPS Recruitment is a NYS certified WBE

Current vs. Future State

Current	Future
Acute care only	Acute Care/Gotham/Post-acute Care
Paper requests only limited to specific site (Onsite paper request/mail)	Ability to accept online electronic requests for multiple sites. 24 hours a day on public website or patient portal
Onsite vendor and H+H staff	Remote vendor and onsite H+H staff
Handling billable requests only	90% of all Billable/non-billable requests
Lack of standardization and implementation	Standardize services by facility type
Individual policies and procedures per facility	Centralized Policies and Procedures
Incomplete tracking	One repository for ROI monitoring/tracking

Contracting for ROI Services

- To ensure compliance
  - HIPAA compliance built into the electronic system
  - Established IT infrastructure with transparency of data
  - Staffing resources efficiency
  - Improve the patient experience through easy access

NYC HEALTH+ HOSPITALS | REVENUE CYCLE SERVICES

Volume

TYPE OF REQUEST	2019 Vendor Actuals	Future State Estimate Acute Care	Gotham	Long Term Care	Total Requests
3rd Party (Attorney, Insurance)	86,000	92,000	6,900	N/A*	98,900
Audits	49,000	72,000	5,750	N/A*	77,750
Other (patient, continue care)	N/A*	128,000	10,350	10,000	148,350
Total	135,000	292,000	23,000	10,000	325,000
Total revenue	$4,921,749				$10,769,523

N/A* not available as not currently tracked

Vendor Highlights

- Only company with HIPAA compliance built into the electronic system
- Electronic release Manager
- Cloud based technology platform

References

Northwell Health is a nonprofit integrated healthcare network that is New York State's largest healthcare provider and private employer, with more than 68,000 employees in 2019.

In 2019 Northwell was home to 23 hospitals and more than 750 outpatient facilities.

The NewYork–Presbyterian Hospital is a nonprofit academic medical center in New York City affiliated with two Ivy League medical schools:

Columbia University Vagelos College of Physicians and Surgeons and Weill Cornell Medical College. It is composed of two distinct medical centers, Columbia University Medical Center and Weill Cornell Medical Center.

Implementation Plan

- Contract executed April 2020
  - Phased roll-out
    - April 2020: Outpatient facilities
    - May 2020: LTC facilities
    - June 2020: Ciox backlog
    - July 2020: Acute care facilities

Finance Committee Approval Request

- We are seeking approval for Release of Information Services:
  - 3 year agreement with two 1-year options to renew
  - Contract effective 4/1/20
  - 30% MWBE utilization plan for the full contract value
  - Seeking Finance Committee approval - not to exceed $5,229,920
    - Expense for ROI operations and courtesy transactions estimate: $59,047,535
      - Request fulfillment, delivery costs, software, compliance review & monitoring, customer service
    - Offset by revenue collected from billable transactions estimate: $53,817,615
    - Amount due to Verisma: $5,229,920
      - Can be impacted by state regulated rate changes; percentage of non-billable requests

RESOLUTION

Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") to approve and appoint Citigroup, JP Morgan and Morgan Stanley & Co. to provide investment banking services and serve as senior managing underwriters, and to approve and appoint BNY Mellon Capital Markets, Blaylock Beal Van LLC, Drexel Hamilton LLC, Fidelity Capital Markets, FTN Capital Markets, Hilltop Securities (formerly First Southwest), Janney Montgomery Scott, Jefferies LLC, Loop Capital Markets LLC, Mischler Financial Group, Ramirez & Company, RBC Capital Markets, Rockfleet Financial Services, Roosevelt & Cross Inc., Stern Brothers, TD Securities and Wells Fargo Securities to serve as co-managing underwriters for the Corporation's debt issuances from August 2020 through July 2021 (a 12-month extension to the 2015 Resolution), to support its capital finance program. Such authorization in respect to the entities mentioned above shall extend to the successors of any such entities which assume the business of such entities through merger, reorganization, consolidation or acquisition.

Further authorizing the President to negotiate and execute a contract with one of the three senior underwriters in the event of a Board authorized issuance.

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

WHEREAS, the 2015 Underwriters Selection Committee, consisting of representatives from the Corporation, the New York City Office of Management and Budget, and the New York City Office of the Comptroller, has reviewed and determined from proposals submitted in response to a Request for Proposals ("RFP") that the 20 responding firms are qualified to provide the investment banking services that are required for the restructuring, marketing, and underwriting of the Corporation's debt issuances; and

WHEREAS, the 2015 Underwriters Resolution (see attached) authorizing a pool of selected underwriters to serve as senior managing underwriters and as co-managing underwriters will expires in July 2020, and due to a potential bond issuance within a twelve months period, a 12-month extension is needed; and

WHEREAS, the 2015 list of selected underwriters was reviewed and verified by PFM (see attached PFM Verification Letter), H+H's Financial Advisor, that all the firms are still in good standing; and

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

NOW THEREFORE, be it

RESOLVED, that the President of the New York City Health and Hospitals Corporation be and hereby is authorized to approve and appoint **Citigroup, JP Morgan and Morgan Stanley & Co. to provide investment banking services and serve as senior managing underwriters, and to approve and appoint BNY Mellon Capital Markets, Blaylock Beal Van LLC, Drexel Hamilton LLC, Fidelity Capital Markets, FTN Capital Markets, Hilltop Securities (formerly First Southwest), Janney Montgomery Scott, Jefferies LLC, Loop Capital Markets LLC, Mischler Financial Group, Ramirez & Company, RBC Capital Markets, Rockfleet Financial Services, Roosevelt & Cross Inc., Stern Brothers, TD Securities and Wells Fargo Securities** to serve as co-managing underwriters for the Corporation's debt issuances from August 2020 through July 2021 (a 12-month extension to the 2015 Resolution) to support its capital finance program. Such authorization in respect to the entities mentioned above shall extend to the successors of any such entities which assume the business of such entities through merger, reorganization, consolidation or acquisition. Further authorizing the President to negotiate and execute a contract with one of the three senior underwriters in the event of a Board authorized issuance.

EXECUTIVE SUMMARY

12-Month Extension - Underwriting Services

The Corporation funds the majority of its major capital expenditures with the proceeds of bonds, notes, leases, or other publicly traded securities issued either by the Corporation, the City of New York, or by a third-party (such as Dormitory Authority of the State of New York) on the Corporation's behalf. This activity has become increasingly diverse, encompassing HHC revenue fixed and variable rate bonds, New York City General Obligation Bonds and NYC Transitional Finance Authority Bonds issued on behalf of the Corporation, equipment leases, and lease-leaseback financings. The knowledge, expertise and capital base necessary to structure, price, market, distribute, and underwrite debt can only be provided by investment banking firms whose services the Corporation has procured since 1992.

Major responsibilities for the senior managers include, but are not limited to:

- Identifying financing vehicles that are the most effective and receive the greatest market acceptability;
- Determining financing alternatives that would not restrict the Corporation's ability to implement other programs;
- Reviewing outstanding debt to identify and recommend refunding opportunities for debt service savings;
- Assisting with credit rating agency presentations;
- Initiating discussions with credit enhancement organizations;
- Making available all resources to accommodate the Corporation's inquiries and needs
- Structuring financing plans for the Corporation's capital and cash flow funding requirements; and
- Determining the optimum marketing strategy for debt issuances that have been mutually agreed upon.

The firms listed below were qualified through a 2015 Request for Proposal process and the review of proposals by a Selection Committee comprised of representatives from the New York City Office of Management and Budget, the New York City Office of the Comptroller, Bellevue Hospital and the Corporation's Offices of Facilities Development and Finance.

The firms listed below were further reviewed and verified by PFM (H+H's Financial Advisor) that they are still qualified and in good standing (see attached PFM Verification Letter).

<u>Senior Manager</u>

1. Citigroup
2. J.P. Morgan
3. Morgan Stanley

<u>Co-Manager</u>

4. BNY Capital Markets
5. Blaylock Beal Van LLC
6. Drexel Hamilton LLC
7. Fidelity Capital Markets
8. FTN Capital Markets
9. Hilltop Securities (formerly First Southwest)
10. Janney Montgomery Scott
11. Jefferies LLC
12. Loop Capital Markets LLC
13. Mischler Financial Group
14. Ramirez & Co.
15. RBC Capital Markets
16. Rockfleet Financial Services
17. Roosevelt & Cross
18. Stern Brothers
19. TD Securities
20. Wells Fargo Securities

Qualification criteria included: overall quality of written proposals and oral presentations; financing and marketing strategies and recommendations, capital strength and breadth of technical, marketing and distribution capabilities.

The Corporation has not yet entered into a contract with the underwriting team. The Bond Purchase Agreement and other bond related documents will be presented to the Board before a bond issuance date - after general terms, bond size and structure have been negotiated and mutually agreed upon.

2015 RESOLUTION

Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") to approve and appoint Citigroup, JP Morgan and Morgan Stanley & Co. to provide investment banking services and serve as senior managing underwriters, and to approve and appoint BNY Mellon Capital Markets, Blaylock Beal Van LLC, Drexel Hamilton LLC, Fidelity Capital Markets, FTN Capital Markets, First Southwest, Janney Montgomery Scott, Jefferies LLC, Loop Capital Markets LLC, Mischler Financial Group, Ramirez & Company, RBC Capital Markets, Rockfleet Financial Services, Roosevelt & Cross Inc., Stern Brothers, TD Securities and Wells Fargo Securities to serve as co-managing underwriters for the Corporation's debt issuances from August 2015 through July 2020 to support its capital finance program. Such authorization in respect to the entities mentioned above shall extend to the successors of any such entities which assume the business of such entities through merger, reorganization, consolidation or acquisition.

Further authorizing the President to negotiate and execute a contract with one of the three senior underwriters in the event of a Board authorized issuance.

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

WHEREAS, the Selection Committee, consisting of representatives from the Corporation, the New York City Office of Management and Budget, and the New York City Office of the Comptroller, has reviewed and determined from proposals submitted in response to a Request for Proposals ("RFP") that the 20 responding firms are qualified to provide the investment banking services that are required for the restructuring, marketing, and underwriting of the Corporation's debt issuances; and

WHEREAS, the Corporation wishes to maintain a team of three firms to act as senior managing underwriter for maximum flexibility, in the event that one or more of the three senior managing firms indicated above is no longer a separate entity or no longer provides municipal underwriting services, the Corporation reserves the right to appoint one or more of the selected co-managing underwriter firms to act as senior manager based on the Selection Committee rankings, and

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

NOW THEREFORE, be it

RESOLVED, that the President of the New York City Health and Hospitals Corporation be and hereby is authorized to approve and appoint **Citigroup, JP Morgan and Morgan Stanley & Co. to provide investment banking services and serve as senior managing underwriters, and to approve and appoint BNY Mellon Capital Markets, Blaylock Beal Van LLC, Drexel Hamilton LLC, Fidelity Capital Markets, FTN Capital Markets, First Southwest, Janney Montgomery Scott, Jefferies LLC, Loop Capital Markets LLC, Mischler Financial Group, Ramirez & Company, RBC Capital Markets, Rockfleet Financial Services, Roosevelt & Cross Inc., Stern Brothers, TD Securities and Wells Fargo Securities** to serve as co-managing underwriters for the Corporation's debt issuances from August 2015 through July 2020 to support its capital finance program. Such authorization in respect to the entities mentioned above shall extend to the successors of any such entities which assume the business of such entities through merger, reorganization, consolidation or acquisition. Further authorizing the President to negotiate and execute a contract with one of the three senior underwriters in the event of a Board authorized issuance.

EXECUTIVE SUMMARY

Underwriting Services

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- Determining financing alternatives that would not restrict the Corporation's ability to implement other programs;
- Reviewing outstanding debt to identify and recommend refunding opportunities for debt service savings;
- Assisting with credit rating agency presentations;
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- Structuring financing plans for the Corporation's capital and cash flow funding requirements; and
- Determining the optimum marketing strategy for debt issuances that have been mutually agreed upon.

The firms listed below were qualified through a Request for Proposal process and the review of proposals by a Selection Committee comprised of representatives from the New York City Office of Management and Budget, the New York City Office of the Comptroller, Bellevue Hospital and the Corporation's Offices of Facilities Development and Finance.

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20. Wells Fargo Securities

Qualification criteria included: overall quality of written proposals and oral presentations; financing and marketing strategies and recommendations, capital strength and breadth of technical, marketing and distribution capabilities.

The Corporation has not yet entered into a contract with the underwriting team. The Bond Purchase Agreement and other bond related documents will be presented to the Board before a bond issuance date - after general terms, bond size and structure have been negotiated and mutually agreed upon.