

FINANCE COMMITTEE AGENDA

Date: June 11, 2020
Time: 12:00 pm
Location: Virtual Meeting

- I. **Call to Order** Freda Wang
Adoption of the May 14, 2020 Minutes

- II. **Financial Report** John Ulberg
James Cassidy
Michline Farag
Matt Siegler
Marji Karlin
Krista Olson

- III. **Old Business** Freda Wang
- IV. **New Business**
- V. **Adjournment**

MINUTES

Finance Committee

Meeting Date: May 14, 2020

Board of Directors

The meeting of the Finance Committee of the Board of Directors was held on May 14, 2020 virtually with Freda Wang presiding as Chairperson.

ATTENDEES

COMMITTEE MEMBERS

Freda Wang, José Pagán, Sally Hernandez-Piñero, Feniosky Pena-Mora, Barbara Lowe

OTHER ATTENDEES

S. Bartels
C. Chen, OMB
J. Cuda, MetroPlus
J. DeGeorge, OSDC
M. Dolan, DC37
K. Griffith
F. Leonard, OMB
A. Mirdita, PAGNY
S. Shrier, OMB
D. Wilson

H+H STAFF

P. Albertson, Vice President, Supply Chain
J. Cassidy, Director, Central Finance
M. Chan, Senior Management Consultant, Corporate Budget
F. Covino, Vice President, Corporate Budget
L. DeHart, Senior Assistant Vice President, Corporate Reimbursement Services
D. Dibari, Senior Vice President, Supply Chain
M. Farag, Assistant Vice President, Corporate Budget
G. Fouks, Assistant Director, Corporate Budget
C. Hercules, Chief of Staff, Board of Directors
M. Karlin, Chief Revenue Officer, Revenue Cycle Services
A. Marengo, Vice President, Communications
K. Mendez, Senior Vice President, EITS
K. Olson, Senior Assistant Vice President, Corporate Budget
K. Tallbe, Senior Counsel, Legal
M. Thompson, Associate Director, Central Finance
J. Ulberg, Senior Vice President, Central Finance
E. Wei, Vice President, Quality
J. Weinman, Corporate Comptroller, Central Finance
J. Wilson, Senior Assistant Vice President, Supply Chain

CALL TO ORDER

FREDA WANG

Ms. Freda Wang called the meeting to of the New York City Health + Hospitals Board of Directors Finance Committee Meeting to order at 10:42 a.m.

Upon motion passed and duly seconded the minutes of Finance Committee meeting held on March 12, 2020 was adopted.

Ms. Wang then deferred to the Chief Financial Officer Mr. John Ulberg to provide a financial update discussing the impact of COVID-19 on finances of New York City Health + Hospitals.

SENIOR VICE PRESIDENT'S REPORT

JOHN ULBERG

Mr. John Ulberg commenced his presentation by thanking the staff for their extraordinary work and commitment during the last two months.

The System took many steps throughout COVID-19 ramp up and during COVID to strengthen the revenue cycle system. We also fast-tracked MyChart and the use of technological connection to our patients to help clinically. Marji Karlin will provide further update on that process. James Cassidy and Linda DeHart will present an update on the FEMA and Federal Relief funding process.

Mr. Ulberg continued to explain the use of Capital Funds to implement and standup ICU beds, which required a tremendous amount of additions resources, which managing the cash-flow very closely.

We relied on our partners, the Federal and State government owes us a considerable amount of money. We continue to work with the Health Plans, Department of Financial Services to facilitate cash advances.

New York City Health + Hospitals activated the COVID-19 emergency command center on January 21, 2020 with the first positive case in March. During the time-period between Mid-March to April 17 Health + Hospitals comprised almost 21 percent of the total New York City ICU COVID positive capacity, which required a tremendous ramp up of ICU capacity. We double and in some cases tripled at certain of our facilities the capacity, and we were 17 percent of the non-ICU COVID patients' admissions. Meeting the CMS definition, we reported the total COVID patients at 8,000 throughout the System in April. A snapshot on April 27 indicated there was 153,000 individuals across the City, 18,000 positive tests were taken at Health + Hospitals and approximately 1,800 admissions, and 550 ICU beds, our normal operations is around 350 ICU beds.

During the period of March 15 – March 21 the pre-COVID prep period there was an in-patient admission of 3,400. We then saw a 12 percent reduction in admissions, with the Governor indicating the suspension of all elective surgeries. Outpatient visit had a reduction of 42 percent. Overall ED volume dropped by 9 percent and there was an 18 percent decrease in treat and release.

During the COVID period of March 22 through April 11, inpatient admissions increased by 12 percent, with a surge of COVID patients. Patients discharged during this period have an average Case Mix Index (CMI) of 1.8 which is 45% higher than the baseline CMI of 1.2. COVID patients discharged to date have an average CMI of 2.01 (65% higher than average baseline). Medicare payer mix went up by 6 percent compared to the baseline, commercial insurance by 2 percent, and self-pay by 7 percent.

Mr. Ulberg further reported that in the lead up to COVID we lost almost 13 percent or \$8.2 million. With the surge of in-patient COVID, patients the volume and case mix increase and reflects a \$6.9 million increase, reflecting a substantial swing from pre-COVID to COVID period. Our volume was down 12 percent in the pre-COVID period, during the COVID period our revenue increase by 11 percent.

April 12 through April 25 the post-COVID period, reflect a lull. In-patient admissions are down 14 percent, outpatient visits still down, ED visits down 69 percent and combined this means a \$13.8 million weekly loss for Health + Hospitals.

Ms. Barbara Lowe asked if considerations are being given to the staff well-being and the need to have time-off now that we are in a lull? Mr. Ulberg, responded that the System is looking at this “lull” period as a period to heal, take perspective and what Health + Hospitals would look like in the post-COVID period. Dr. Katz is aware that front-line workers need to rest and we encourage them too. The Department of Defense Staff is still available to Health + Hospitals.

Telemedicine is an area, which on the lead up to COVID we were working aggressively to increase utilization, which is going to be a big part of our future.

Ms. Marji Karlin reported that during the pre-COVID period there was a lot of work to prepare the facilities and protect the revenue during the COVID period by monitoring regulatory changes to authorization, certification, and notifications requirements – many of which were relaxed. It was important that the facilities were aware of these changes in order to manage the workflow, using staff differently and helping EITS update the systematic changes in a timely manner. By the end of April there were close to 500 revenue cycle staff working remotely. With our registration staff affected with COVID, we trained supplemental staff in real time to fill the gap. Central Office Staff was also redeployed to the facilities to fill gaps in finance and registration.

Ms. Karlin reported that we are actively reaching out to self-pay patients who have MyChart accounts, and have sent about 6,000 messages requesting insurance information. We are also actively working on text messaging capability implementation to our self-pay patients offering help with insurance application and financial counselling.

The System prioritize charge capture and coding in EPIC on the new diagnosis and procedure codes associated with COVID. We have submitted approximately two thirds of our claims with another third holding for a second review for accuracy. We have been working with post-acute care to strengthen the movement of patients to the most appropriate level of care. Televisits, expanding and improving the telehealth operations and then a huge collaboration with ambulatory care, managed care and the Epic team to make sure telehealth visits are available for the providers to be able to document and capture the information appropriately, register the patients. We captured about 33,000-telehealth visits in March and 80,000 in April. We continue to work closely with managed care with the insurance carriers to facilitate the older account receivables to the cash flowing into the System.

Mr. James Cassidy reported that we have been working with FEMA, and have submitted an initial claim for \$650 million on March 27, for staffing, special contracted staffing, nurses, infrastructure, equipment to build out the surge space in North Central Bronx and other facilities, ventilators, hotels, PPEs, masks, and gloves. Initial estimate of spent was \$650 million; however, that revised estimate is now close to \$1.1 billion, mainly due to staffing, infrastructure and equipment. FEMA has approved \$532 million of the \$650 million initial submission, and we have spent over \$200 million through the end of April. The State has been actively working with the Federal government to make sure we are able to draw down 100 percent of these funds.

Ms. Linda DeHart reported that there are several bills passed at the Federal level to address relief needed related to the pandemic in terms of direct funding for providers. The CARES Act and the Stimulus 3.5 bills largely supplemented the funding mechanisms and created a \$107 billion provider relief fund. To date HHS has allocated \$72.4 billion and has indicated additional amounts will be set aside for payment of claims for treatment of uninsured COVID patients. Health + Hospitals have received allocation from the high impact provider relief fund of \$699 million, in total we have received \$524 million from the Federal funding. We are expecting future stimulus packages and have worked with the democratic house members to strongly state Health + Hospitals position with particular emphasize on providing fund to States with providers prioritizing high Medicaid providers.

Ms. DeHart further explained the State budget was adopted, the Governor was provided additional super powers within the State budget that would allow him to make adjustments based on the State’s financial condition over the course of the year. The State reported a deficit of \$13.3 billion. If the deficit is spread across all program this would reflect a 20 percent reduction including Medicaid funding. This would mean a \$100 million reduction to Health + Hospitals.

MRTII panel did accept Health + Hospitals proposal for to convert a supplemental payment on fee for service funds and a lump sum payment to a rate increase that would enable us to receive funds on a timely basis and to expand enhanced payment to managed care so that substantial upside we are working with the State to implement. MRT also approved our coordinated care for special population proposal to provide specialized care to the vulnerable population to expand our coverage of care and coordinate with other City agencies to improve care and outcomes. In addition, the budget improved equity in terms of distribution of the instant care pool. Another positive budget adoption, was that several managed care plans administrative burdens including medical necessity denial, allowing some easing of credentialing processes and reducing down coding as well as other administrative simplifications. On the downside, there was an accumulate 1.5 percent across the board payment reduction, which began in January.

There were also reductions to some quality pools for managed care and hospitals as well as reductions for capital reimbursement to both hospitals and nursing homes. Notably again, the state eliminated funding for enhanced safety net providers which was a definition established in state law a few years ago to direct funds to those states who have providers most impacted by having high portions of uninsured and Medicaid patients.

Outstanding items in the budget includes a proposal related to long-term care containing costs and limit growth in the program including capping growth in managed long-terms care, restricting the use of personal care, personal assistance programs, and placing moratorium on expanding managed long-term care program. There also would be a working group looking at 340B pharmacy benefits carving out managed care which has implication for our contract pharmacy programs. Also of note, the failure to include a provision requiring timely payments.

Mr. Cassidy noted that we closed in April with about \$400 million cash on hand, which is 18 days that did not take into account of the influx of the Federal funds from the CARES Act. We are also seeking \$800 million additional UPL dollars from the State for payments that were owed for prior periods.

Mr. José Pagán asked how much outpatient care, primary care is going to change or increase over times and the impact to the revenue flow?

Mr. Ulberg responded that is something currently being evaluated by Dr. Ted Long, Dr. Andrew Wallach and Matt Siegler. Getting primary and ambulatory care back online is the focus, by reaching out to patients and evaluating the use of telemedicine. We are also focusing on T2 the testing and tracing initiative post-COVID.

Ms. Sally Piñero requested information on what is being done to reassure patients that it is safe to return to hospitals and whether the \$100 million is a net number.

Mr. Ulberg responded that the \$100 million is a negative budget action, which include across the board managed care cuts, hospital quality pool and safety net funding.

Ms. Piñero requested further clarification of the difference between the FEMA funding, and special Federal budgetary supplemental funding lines and whether there are any crossover.

Mr. Ulberg responded that for the time being they are separate. Ms. DeHart further clarify that FEMA is the payer of last resort. Expenses not eligible for FEMA funding is apply to other funding sources to help offset the revenue losses.

Ms. Piñero asked if MetroPlus has been working with you on getting the uninsured patients insured. Mr. Ulberg responded yes.

Mr. Feniosky Peña-Mora asked for clarification on the FEMA funding numbers. Mr. Ulberg responded that the Federal relief numbers is about \$820 million from the CARES Act. He further clarified that this number is already allocated to Health + Hospitals.

Ms. Lowe asked about the implementation of the tracing and testing and the cultural sensitivity around the communities most affected by COVID. Mr. Ulberg responded that he believed Dr. Katz is presenting tomorrow and the details would be included in his presentation.

Mr. Peña-Mora had an additional question regarding the number of the outpatients, inpatients breakdown with respect to neighborhood clinics and the return to normal operations and the impact to the patients concerns regarding being infected at the hospitals vs the clinics. Mr. Ulberg responded that the data is not currently available, however we recognized that there needs to be efforts around assuring patients regarding the safety of our facilities.

Ms. Piñero asked what does the \$400 million cash-on-hand mean in regards to the comfort level of our finances. Mr. Ulberg assured Ms. Piñero while it is not a large number, it is okay and we are constantly projecting forwarding the managing the budget very closely.

Ms. Wang asked about the 75 percent match and if there is an inability to get that match to be 100 percent, does that mean we are not eligible to get any money? Mr. Ulberg responded that there is a high expectation to receive the match and there may be a potential to use dollars from the CARES Act for the match.

Ms. Wang stated that with the Governor announcement of a budget deficit or potential hole of \$13.3 billion would that be in addition to any of the provisions that are on the chart that you already presented; is that right? Mr. Ulberg responded that would be in addition.

ACTION ITEM: SODEXO LAUNDRY AND LINEN

PAUL ALBERTSON

Mr. Paul Albertson, Vice President – Supply Chain, presented a resolution:

Authorizing New York City Health and Hospitals Corporation (the “System”) to execute an extension to its agreement effective July 1, 2011 (the “Agreement”) with Sodexo, Inc. & Associates (the “Vendor”) to provide laundry processing and linen distribution services the “Laundry Services”) that will extend the term of the agreement for an additional two-years with an option exercisable solely by the System to extend for one additional year at a total additional cost not to exceed \$52,687,808.

Mr. Albertson amended the not to exceed amount to reflect \$50,438,922. He presented the background, contract overview, contract highlights, key performance indicators, and MWBE plan.

Following discussion and questions, the amended resolution reflecting the not to exceed amount of \$50,438,922 was approved for consideration by the Board of Directors.

ACTION ITEM: CARDINAL HEALTH MEDICAL AND SURGICAL DISTRIBUTION SERVICES

PAUL ALBERTSON

Mr. Paul Albertson, Vice President – Supply Chain, presented a resolution:

Authorizing New York City Health and Hospitals Corporation (the “System”) to execute an extension to the agreement dated March 3, 2008 extended by renewal made August 1, 2017 by (the “Agreement”) with Cardinal Health, Inc. (the “Vendor”) to provide medical and surgical distribution services (the “Med Surg Distribution Services”) that will extend the term of the Agreement for an additional year at a total additional cost not to exceed \$130,000,000.

Mr. Albertson presented a background analysis and current state of the Cardinal Health providing services to Health + Hospitals, a justification for the extension request, and the vendor diversity program.

Following discussion and questions and a recommendation for a statement from the vendor committing to a partnership with MWBE subcontracting, the resolution was approved for consideration by the Board of Directors.

ADJOURNMENT

FREDA WANG

There being no further business the meeting was adjourn at 12:40 p.m.



NYC Health + Hospitals
Finance Committee – June 11, 2020



Revenue Continues to Decline in Post COVID Period

- During the COVID preparation and COVID surge period, revenue losses were offset with increased admissions of COVID patients - which resulted in a slight gain in weekly revenue
- In the current Post COVID period, the estimated weekly revenue loss is projected to be \$23M as COVID admissions have declined and baseline IP and OP services have not rebounded yet.

Post COVID Weekly Average <i>April 19th – May 23rd</i>	OP	IP	+/-
Revenue Loss	(\$7,701,499)	(\$15,212,392)	(\$22,913,892)
Volume Loss	(47,895)	(955)	(48,850)

** Revenue projected based on estimated COVID and telehealth rates.*

- Volume is slowly creeping back up in the most recent week of May 17th. OP visits are up 4% and IP admissions are up 2% from the week prior.

COVID Expenditures/FEMA

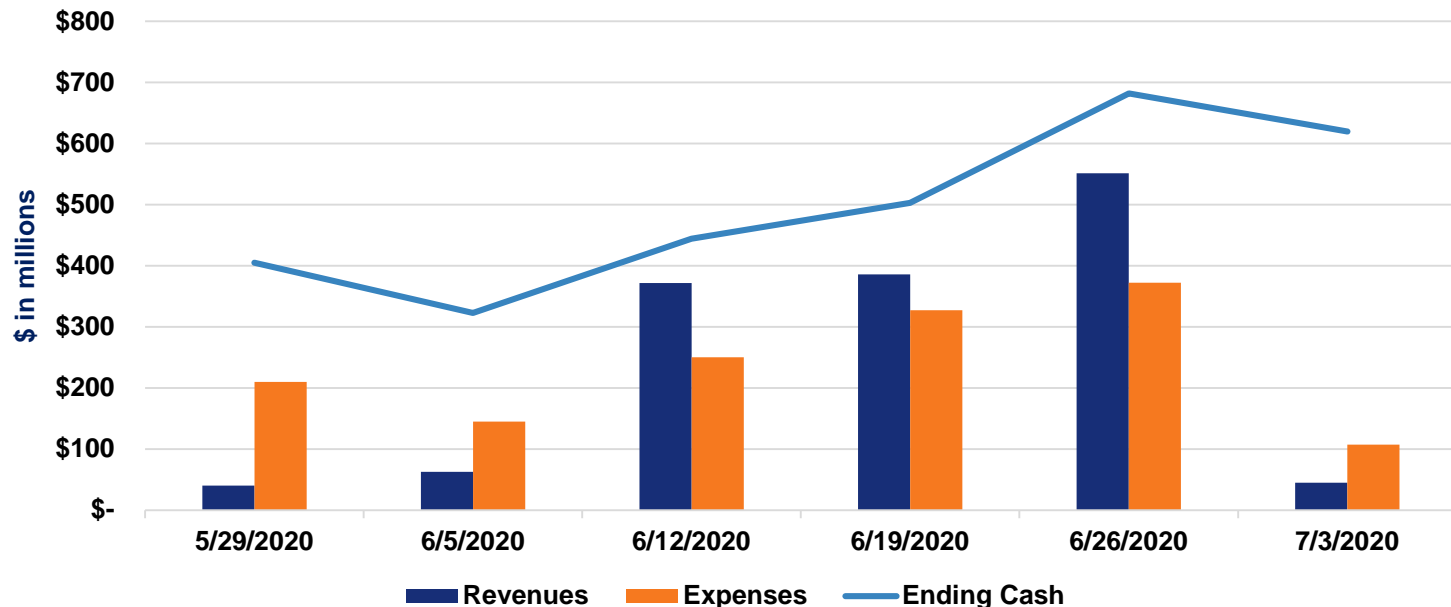
- On March 27th H+H filed an initial request for \$650M in FEMA relief. FEMA conceptually approved \$532M of this package.
- The system has subsequently updated its estimates to \$1.1B given the additional scope that the system was required to undertake related to surge space and staffing.
 - **Staffing** (\$500M estimated, \$337M to-date)
 - **Infrastructure and Equipment** (\$300M estimated, \$62M to-date)
 - **Personal Protective Equipment (PPE)** (\$200M estimated, \$61M to-date)
 - **Non-T2 Testing and Lab Costs** (\$100M estimated, \$10M to-date)
- Through May, the system has spent more than \$500M. The system has not yet received a FEMA reimbursement advance.

Federal Relief: CARES Act and Other Funding Opportunities

- To help combat the pandemic, Congress has passed multiple “stimulus” bills. The most direct financial support for healthcare providers was included in the Coronavirus Aid, Relief, and Economic Security Act (CARES) Act and the fourth bill referred to as Stimulus 3.5.
- In total, the bills created a \$175B Provider Relief Fund. To date, \$72.4B has been allocated with an additional portion that will be set aside for treatment of the uninsured. The remainder is still to be allocated.
- H+H has received \$824M thus far, largely from the High-Impact (Hot Zone) and General Allocation Provider Relief Fund.
 - Up to \$32M is expected from the Uninsured Pool.
- Another relief bill, which would be referred to as Stimulus 4, is expected in June. H+H believes that existing, unallocated funds and any new funds should prioritize high-Medicaid and safety-net hospitals

FY20 Cash Projection

- The system has approximately \$400M cash on hand at the end of May (18 days cash-on-hand).
- To stabilize and ensure ongoing financial health, the system is seeking the following funding streams. With these funds, the system expects to close the year with approximately \$300-\$600M cash-on-hand (13-27 days)
 - Regular Patient Revenue: \$400M
 - Supplemental Medicaid: \$800M (\$500M guaranteed)
 - FEMA Reimbursement: \$200M (minimum)
 - CARES Act/Stimulus Funds: \$TBD



Phase I
(Mid May)

- **Pre-COVID Base-level – FY20 Budget plus FY21 Value of :**
 - Re-occurring FY21 Budget Modifications;
 - Technical Adjustments (annual value);
 - Central Contracts & Other Non-Disc Spend.

Phase II
(June)

- **COVID Financial Impact & Other Externalities (City/State/Fed)**
 - Systemwide Assessment
 - Assess Cost Impact due to COVID Response
 - Forecast Revenue Loss due to COVID
 - Projected Impact as Known to Central Business Owners
 - Federal Relief and State Budget Impact

Phase III
(June/Post June)

- **Post-COVID Recovery and New Service Opportunities**
 - System-wide Clinical Business Decisions and NYC H+H Strategy
 - Facility Plans – Phase-in of Services under the New Norm
 - New Opportunities like Telemedicine and Partnering of Services Across Facilities
 - Federal, State and /or City Actions & Budget Impact

NYC H+H System-wide Strategy

- Improve surgical efficiency and margin; grow surgical volume
- Design Ambulatory Care Model to account for telehealth and volume trends
- Create service partnerships across facilities and be great at the basics
- Succeed in Value Based Payment
 - Grow primary care patients (panel management, attribution/membership)
 - Keep specialty business in the system (e.g. cardiac surgery to Bellevue; SNF/LTACH partnership)
 - Hit managed care quality measures (patient experience, access, CRG, care gaps)
- Other Opportunities MRTII and special populations; new contracts and settlements with major payers; use of Test & Trace Corps as an opportunity to expand My Chart, reduce self-pay volume, and boost referrals

Medicaid and Essential Plan Attribution Increased During the COVID Period

- The current pandemic has led to increased unemployment, resulting in more of the population qualifying for Medicaid
- April 1 the State suspended auto-disenrollment for members timing out of coverage
- Phone enrollment has significantly increased for each plan
- Members are not required to send proof of their documentation before eligibility determination

Line of Business	Jan	Feb	Mar	Apr	May	Jan-May Increase
MetroPlus <i>(data as of 5/24)</i>						
Medicaid	333,966	332,880	332,881	342,421	353,039	+19,073
Essential Plan	78,220	78,306	79,136	80,021	81,755	+3,535
Healthfirst <i>(data as of 5/27)</i>						
Medicaid	82,701	82,539	82,508	82,985	83,727	+1,026
Essential Plan	14,295	14,346	14,414	14,241	TBD	TBD



Insurance Settlement Approach

On April 22, 2020 DFS issued Supplement 1 to DFS Circular Letter No. 8 (“Supplement 1”). This Supplement 1 directed plans to expedite payment of hospital claims and work with hospitals to provide cash flow liquidity.

- Established dialogue with major payers
- Goal to infuse quick cash into the system
 - Finalize historical accounts receivable
 - Facilitate quick resolution of historical outstanding issues
- Assigned lead contact for each payer – drawing from facility staff

GUIDING PRINCIPLES

- Patient Friendly
- Efficient
- Standardized
- Leverage Automation
- Clear Lines of Accountability

GETTING STARTED

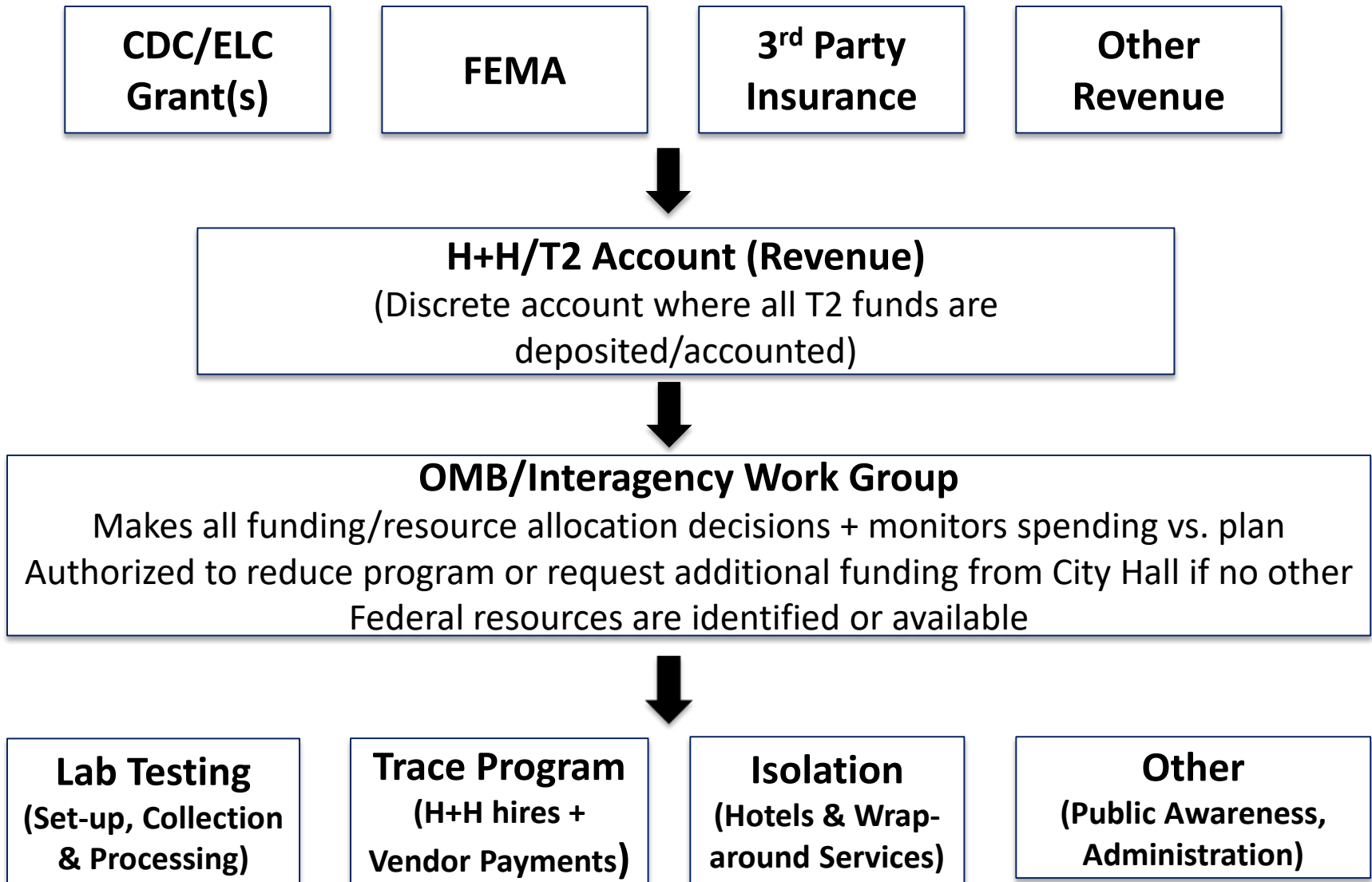
- Telephonic Financial Counseling Unit
- Surgical Financial Clearance
- Ambulatory Care Pre-registration



T2: Test and Trace



T2 MOU Funds Flow



T2: Test and Trace

Program Overview

The goal of T2 is to safely re-open NYC by reducing the spread of COVID-19 and ensuring that those with confirmed COVID-19 disease are both medically monitored and able to safely separate.

- **Testing:** Increased COVID-19 testing will be made available to New Yorkers with a goal of testing 50,000 New Yorkers per day by August 2020, and increasing beyond that number if needed.
- **Tracing:** A multipronged contact tracing approach will allow for prompt identification, notification, and monitoring of people with COVID-19.
- **Isolation:** Confirmed COVID-19 case-patients will be instructed to isolate at home as long as their illness does not worsen to the point that they require hospitalization. If a patient cannot safely self-isolate at home, alternate housing will be provided (e.g. medical hotels).

T2: Test and Trace

MOU and Interagency Working Group

- The Memorandum of Understanding between the City and H+H establishes an Interagency Working Group and budgetary framework that will oversee T2.
 - An interagency working group will be led by OMB and include H+H, DOHMH and other participating City agencies, as appropriate.
 - The working group will set and approve a consensus budget consistent with T2 objectives and available resources.
 - The program will rely on identified Federal resources. The working group will make recommendations to adjust the budget and workplan accordingly so that H+H is not left with unmet expenses.
 - Federal funds related to the program will be pulled into one account to provide the expense authority to operate the program.

T2: Test and Trace

Available Resources

- The Test and Trace Program could reach over \$1 billion in new expenses.
 - NYC H+H, DOHMH and OMB will all cooperate in securing any grants, funds through third-party billing and any other funding necessary to support the Program.
 - Current and potential reimbursement that is available to fund these services includes a CDC/Epidemiology and Laboratory Capacity Grant of \$800 million, Federal Emergency Management Agency (FEMA) funds, and additional federal relief.