



**AUDIT COMMITTEE
MEETING AGENDA**

**January 11, 2021
10:00 A.M.
125 Worth Street
VIRTUAL**

CALL TO ORDER

- Adoption of Minutes October 8, 2020

Ms. Helen Arteaga Landaverde

ACTION ITEMS

- Grant Thornton June 30, 2020 Management Letter

Ms. Tami Radinsky

INFORMATION ITEMS

- Audits Update
- Compliance Update

**Mr. Chris Telano
Ms. Catherine Patsos**

OLD BUSINESS

NEW BUSINESS

EXECUTIVE SESSION

ADJOURNMENT



MINUTES

AUDIT COMMITTEE

MEETING DATE: October 8, 2020

TIME: 9:00 A.M.

COMMITTEE MEMBERS

Helen Arteaga Landaverde
Jose Pagán, PhD
Mitchell Katz, MD
Feniosky Peña-Mora
Freda Wang

OTHER MEMBERS OF THE BOARD

Sally Hernandez-Piñero

STAFF ATTENDEES

Colicia Hercules, Chief of Staff, Chairman's Office
Janny Jose, Executive Secretary, Chairman's Office
Jay Weinman, Corporate Comptroller
James Linhart, Deputy Comptroller
Catherine Patsos, Chief Compliance Officer
Christopher A. Telano, Chief Internal Auditor
Devon Wilson, Senior Director, Office of Internal Audits
Erica Nairne-Hamilton, Audit Manager, Office of Internal Audits
Carlotta Duran, Assistant Director, Office of Internal Audits

OTHER ATTENDEES

Grant Thornton: Tami Radinsky, Lead Engagement Partner; Dana Wilson, Insurance Partner; Sandy Pabla, Manager IT



VIRTUAL AUDIT COMMITTEE MINUTES
OCTOBER 8, 2020

Call to Order

Committee Members Present: Helen Arteaga-Landaverde, Mitchell Katz, José Pagán, Feniosky Peña-Mora, Sally Hernandez-Piñero.

The meeting was called to order by Ms. Helen Arteaga-Landaverde, Board Chair at 9:17 A.M.

Ms. Arteaga-Landaverde asked for a motion to adopt the minutes of the Audit Committee meeting held on June 11, 2020. A motion was made and seconded with all in favor to adopt the minutes.

Ms. Arteaga-Landaverde introduced the information item regarding Corporate Compliance.

Ms. Catherine Patsos, Chief Corporate Compliance Officer began with an update on the exclusion sanctions from May 27th to September 23rd. There were two agency nurses excluded from the Federal Health Care Program. They were both immediately terminated. One of them required disclosure to the National Government Services, which is the Medicare intermediary. The other required disclosure to the Office of Medicaid Inspector General. The Office of Corporate Compliance is working with National Government Services (NGS) for the overpayment amount. For the other excluded individual, the OMIG determined there was an overpayment in the amount of \$3,315.15, which was paid.

There were no providers that were identified on the death master file for the National Plan and Provider Enumeration System.

Regarding the privacy incidents and related reports, there were 39 incidents that were entered into our tracking system, and of those 39 incidents, 27 found to be violations of our Privacy and Security Operating Procedures. 9 were found not to be violations. 3 are still under investigation. Of the 27 that were violations, 6 were determined to be breaches, and they involved breaches or incidents where medical record retrievers sent the patient records to the wrong recipient. One incidence where a patient grabbed discharge papers of other patients before leaving the facility; one case where a letter containing PHI was mailed to another patient's employer; and an incident where a detailed bill for one patient was sent to a different patient.

Office for Civil Rights report - we received 3 in the last reporting period. One is in July about Elmhurst, alleging that Elmhurst didn't provide the patient with a copy of his medical records. The OCC investigated and discovered that the dates of service for which the records were requested were back in 1982. Elmhurst had responded to each request by indicating that those records had been destroyed in accordance with our record retention policy. In August, the OCC responded to the OCR explaining the results of its investigation.

Also, in July, the OCC received a letter regarding a complaint by a record retrieval company alleging that Lincoln failed to provide a patient with access to the medical record. Although the OCR stated it was closing the case, we did investigate the matter to determine the cause. We determined that the complainant was not the patient's personal

representative, and therefore, was not allowed to request the medical records on the patient's behalf, and the request was processed as a third-party request

In August, we received a letter from the OCR alleging that Elmhurst might not be in compliance with the HIPAA privacy rule. We are preparing a response to this letter as of now.

Summary of compliance reports - There were 122 compliance reports. None of them were classified as priority A. 28 were priority B. 94 were priority C reports.

OneCity Health - as previously reported, an independent assessor had conducted a Year 4 on-site audit of OneCity Health to determine whether it correctly received district funds. They issued a preliminary scorecard in early March, which requested additional documentation to support the patient engagement activities and justification for the workforce spend. The OneCity Health submitted its response in May, and based on the final payment scorecard that it received from New York State Department of Health in September, there were no significant findings. In addition, OneCity Health had exceeded its projection by hitting several high-performance metrics. The State announced there will be no Year 5 on-site audit by the Independent Assessor.

The OneCity Health Partner Compliance Attestation. OneCity Health distributes a memorandum attaching attestation to all of its partners requesting that they are complying with the training obligations and other compliance obligations. It was sent out to all 156 partners and 112 attestations have been received.

HHC ACO – in June, Dr. David Stevens was appointed as Chief Medical Officer of HHC ACO. Also in June, the Board of Directors of Health and Hospitals passed a resolution designating Matthew Siegler to serve on the Board of Directors of the HHC ACO.

In September, CMS released the 2019 performance year results of the Medicare Shared Savings Program, and according to that, those results, the HHC ACO earned a performance payment of over \$4,621,337, compared to nearly \$3 million in performance year 2018, and they exceeded their quality score from 83.39 in 2018 to 92.7. They are currently working with the Comptroller's Office for Health and Hospitals to finalize the final financial audit.

Risk Analysis and Security Assessment - Health and Hospitals has engaged a third-party vendor, Coalfire, to conduct its enterprise-wide risk analysis and security assessment. They did on-site reviews in 2019, as well as some virtual reviews of Gotham Clinics, and they also did a penetration test to determine our vulnerability and unauthorized access of our systems applications.

At the end of 2019, they issued a risk management plan that identified high and very high security risks to Health and Hospitals based on its risk analysis. That was shared with senior leadership to determine what treatment should be given; accept, mitigate, transfer, or share. Risks to be mitigated are assigned to appropriate individuals for the mitigation plans, which are being drafted. Coalfire is currently wrapping up its year-two risk analysis engagement and reviewing the status of remediation plans and initial reviews of some clinics and the nursing facilities, and we will have final reports at the end of this year.

The Deficit Reduction Act requires Health and Hospitals to have written policies and procedures that inform its workforce members about our policies covering fraud, waste, and abuse, and the False Claims Act and whistleblower protection. In order to comply with this, the Office of Corporate Compliance distributed our operating procedure 50-2, a policy on fraud waste and abuse and false claims, and it also contains a review of the relevant laws.

Draft Risk Assessment - this is required as part of the compliance program, that Health and Hospitals have a draft risk assessment periodically. The Office of Corporate Compliance developed the draft risk assessment for fiscal year 2021, which was derived from risk identified by the OMIG and by OIG Work Plans, and some that were initially identified internally. As part of this risk assessment process, the compliance officers within the Office of Corporate

Compliance met with the compliance committees at the facilities to review the draft risk assessment and asked them what risks are a greatest concern to them. On September 10, 2020, the Chief Corporate Compliance Officer presented the draft risk assessment to the Executive Compliance Work Group to get its input. The Executive Compliance Work Group determined which risks in the draft risk assessment should be included in the fiscal year 2021 Corporate Compliance Work Plan, which will be presented to the Audit Committee for review and approval later this year.

Dr. Pagan stated that he looks forward to learning more about the process and recommendations on the HIPAA risk analysis and how it has been conducted from 2019 and 2020.

Ms. Arteaga-Landaverde introduced the information item regarding Internal Audits.

Mr. Chris Telano, Chief Internal Auditor of New York City Health + Hospitals began his update by summarizing the audits being done by external regulatory agencies. The first is an audit of the Oversight of Auxiliaries being done by the New York City Comptroller's Office. They stated that the purpose of the audit was to determine whether Health and Hospitals implemented sufficient control procedures to effectively monitor the performance and fiscal activities of its auxiliaries. The scope of the audit is January 1st, 2018 to the present.

The audit began with the meeting that was held on June 23, 2020 with the Senior Vice President of External and Regulatory Affairs to discuss her department's involvement with the auxiliaries. Numerous documents were then requested by the Comptroller's Office. More recently, the Comptroller's Office met with representatives from the auxiliaries and facilities from New York City Health + Hospitals/Woodhull, Metropolitan, and Queens to understand the day-to-day interaction between the hospitals and auxiliaries. This audit is ongoing.

The committee should also be advised that the Inspector General from New York City Health + Hospitals is conducting an investigation of the auxiliaries. I only know this because the CFO from East New York was contacted by the IG's office. They were requesting the tax returns from the East New York auxiliary, and he just wanted to ensure that he could do that. They have also contacted me to obtain the name of the new CPA firm that was hired earlier this year to conduct the auxiliary audits.

The second audit is of the Health + Hospitals Controls over Nursing Homes. The purpose of this audit was to review compliance with rules and guidelines. The scope of the audit is June 2017 to the present. The entrance conference was held on August 19th with the Senior Vice President of Post-Acute Care, the Senior Vice President of External and Regulatory Affairs, the General Counsel, the Post-Acute Care Chief Medical Officer and the Internal Audit Staff. Various documents were then requested during the meeting. On September 17, the auditors held an individual meeting with the Senior Vice President of Post-Acute Care for the purpose of learning about the process and controls set up by a nursing home, as well as methods used to oversee and carry out those controls on a day-to-day basis. This audit is ongoing.

Other Audit Activities - during the course of the year, Internal Audits received four letters from the President's Office with negative allegations regarding various functions within the system. After some research and inquiry, two letters were deferred to other departments for review. Internal Audits investigated two of the letters.

The first one was of Hospital Police at New York City Health + Hospitals/Harlem. The primary allegation in this letter was about the personal usage of a system-owned vehicle by Hospital Police. Overall, we concluded that all of the allegations in the letter could not be substantiated. We did recommend, however, that a mileage log be used by Hospital Police for the vehicle used exclusively by them. The CEO of Harlem Hospital advised us that the mileage log is in place for the vehicle and that it is used now by both transport and Hospital Police.

The second letter we reviewed was of the claims department of MetroPlus, and there were numerous allegations asserted in this letter. About half of them were investigated by Internal Audits. Most of the accusations involved critical time sheet recording errors and favoritism by management within the Claims Department. We concluded that ten of

the thirteen accusations that we reviewed could not be substantiated. The review of the other three allegations revealed timesheet versus swipe report discrepancies in two instances. Subsequent to our investigation, MetroPlus management provided us with a report that gave explanations for the discrepancies of one employee.

As to the reports that account for the discrepancies for the second employee, more recent research done by the MetroPlus Human Resources Department revealed that they were a result of recording errors. Hence, no action needed to be done per the CEO from MetroPlus. The other issue was regarding employee favoritism and bad optics in one case. Upon becoming the Interim Director of Claims in November 2019, two direct reports were promoted in December. Although both employees may be deserving of the promotion, this action gave the appearance that favoritism may have existed, as all three employees worked at Emblem Health during the same period of time and knew each other. The CEO believed that no action was needed, as both individuals were qualified for the promotions.

Ms. Arteaga-Landaverde stated that Ebony Carrington, CEO of Harlem is on the line and Dr. Schwartz from MetroPlus is also on the line if you have any questions.

Ms. Arteaga-Landaverde stated that she thanks and appreciates Chris Telano and the team for their support to the auxiliary team. As you know, these are retired individuals in volunteer positions, trying to do all of this extra work when you are getting audited for things that you have passion for it is caused for anxiety.

Mr. Telano commented that we interacted with the auxiliary members, the presidents of the three sites that they visited or they had meetings with, and they were very concerned because this had never occurred in the past for them, and we did try to prep them before and after.

Ms. Arteaga-Landaverde introduced the next item on the agenda. A presentation on the Fiscal Year 2020 Draft Financial Statement and Related Notes.

Mr. Jay Weinman, Corporate Comptroller, reported that the 2020 audit is near completion, essentially complete, by our auditors Grant Thornton. They are presented as Draft Financial Statements because the audit goes on until the actual sign-off, which doesn't happen until after this committee meeting. There may be some minor changes in grammatical, or some of the numbers may immaterially change. We don't really expect any changes, but if they do, they should be immaterial. If it is material, we would notify the board before they are finalized.

The statements are consolidated with MetroPlus. They aren't listed as a discreet unit, separate column, within the financial statement numbers, but for the purposes of our discussion today, we will concentrate on the business type entity, which is the remaining of Health + Hospitals.

Overall, operating income was improved this year. It is a \$48.5 million positive, compared to last year, at \$90 million negative. A lot of this has to do with COVID-19 activities, both in revenues and expenses. Overall, we had \$666 million in the bank at the end of the year, which is about twenty-eight days of cash, and our financial ratios are relatively healthy, consistent to prior years.

Mr. James Linhart, Deputy Comptroller reported on following details of the variances.

Net deficit position improved by \$247 Million

					(In thousands)			
					2020	2019	Difference	
Operating Revenue					9,053,337	7,896,762	1,156,575	
Operating Expenses					8,991,521	7,986,761	1,004,760	
Operating Income/(Loss)					61,816	(89,999)	151,815	
Nonoperating revenue/(expense)					(85,413)	(108,584)	23,171	
Capital contributions					460,460	375,336	85,124	
Net increase in net position					436,863	176,753	260,110	

Revenue – Increased \$1.157 million

- Net patient service revenue decreased by \$638 million mainly due to increased Case Mix Index (CMI)/increase utilization; related to COVID.
- Appropriations decreased by \$391 million due to decrease in cash received from the City for collective bargaining and other subsidies.
- Grant revenue increased by \$850 million mainly due to the CARES act pandemic funding of \$1.0B and offset by a decrease in DSRIP funds.
- Other revenue increased \$60 million largely due to increases in 340B pharmaceutical revenue.

Expenses – Increased \$1.005 million

- Personal services increased \$132 million due to FTE increases of 2,400+ and increases in the use of overtime.
- Other than personal services increased \$1.048 billion primarily related to COVID expenditures
- Pension decreased \$147 million as calculated by the NYC Office of the Actuary.
- Postemployment benefits, other than pension decreased \$139 million as calculated by the NYC Office of the Actuary
- Affiliation contracted services increased \$71 million or 6% for new programs and COLA increases
- Depreciation increased \$56 million due to mainly due to EPIC and related COVID (RIMC) facility purchases

Other changes in net position – Increased \$85.1 million

- Capital contributions funded by The City remained relatively constant from year to year
- Capital contributions funded by grantors and donors increased by \$85 million mainly due to Sec.428 FEMA mitigation at Coney Island

Significant Financial Ratios Comparison

							2018	
					2020	2019	State-Wide Avg*	NYC Avg*
Current ratio					0.98	1.05	1.48	1.35
Days cash on hand					28.26	37.47	60.00	57.00
Net days revenue in patient receivables					78.69	72.78	65.00	61.00
* Source: 2018 Institutional Cost Reports as compiled by Greater New York Hospital Association (latest data available)								

Ms. Arteaga-Landaverde asked that if we get a second wave, what would grants look like in the coming year?

Mr. Weinman answered that there are no projections within these statements. We know, and it is noted within the financial statement notes, that we did get subsequent funding both for FEMA and for the CARES Act, roughly a little less than 400 million dollars between the two. That is noted at the end of our reports in the footnote section.

Mr. Weinman added that we have a presentation by Grant Thornton as part of their required communications to the committee.

Grant Thornton Audit Report

Tami Radinsky, Lead Engagement Partner; Dana Wilson, Insurance Partner; Sandy Pabla, Manager IT.

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

Our Responsibilities:

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

Management's Responsibilities:

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

Those Charged with Governance

Those charged with governance are responsible for:

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

- Your views regarding our current communications and your actions regarding previous communications

Deliverables - Audit Scope

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

- New York City Health + Hospitals Corporation ("NYC Health + Hospitals") for the fiscal year ended June 30, 2020
- HHC Accountable Care Organization Inc. annual financial statements for the fiscal year ended June 30, 2020
- Metro Plus Health Plan's annual financial statements under GAAP for the fiscal year ended June 30, 2020
- Metro Plus Health Plan's annual statutory financial statements for the fiscal year ending December 31, 2020
- HHC Insurance Company's annual statutory financial statements for the fiscal year ending December 31, 2020

Perform the following audits, as applicable, of cost reports for the year ended June 30, 2020 and issuance of certifications and attestation reports:

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

Internal control communications:

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

Everyone is well aware, the COVID-19 pandemic has obviously impacted all of us, and there are various audit procedures that we had to focus us on this year different from other years. As Mr. Jay Weinman and James Linhart clearly eluded to, the organization received a significant amount of CARES Act funding, and as a result, we focused and we are actually in the midst of completing that testing on the related funding that was received, as well as various other disclosures and risks and uncertainties that you might see throughout the financial statements as you go through some of the details.

Fraud Considerations and Risk of Management Override

Our audit is not to detect fraud, but if we are made aware of anything we would let the committee know. So we are going to pause for a minute. Is any of the committee members – we have already spoken with management.

Ms. Radinsky asked is any of the committee members aware of fraud that you should be alerting us to at this moment in time? The committee members responded no.

Technology Support

Sandy Pabla, provided an IT audit update and reiterate the scope. In support of the financial statement audit, we reviewed the system and automated controls in place which help support, maintain, and generate the financials. Consistent with our scope of IT controls review from last year, we performed a design review for our four end-scope applications, Unity, Sorion (phonetic), PeopleSoft, as well as Epic.

We looked at three main control sets:

1. The first being module security, for which we reviewed related policies, user access reviews, provisioning, user access rights, and IT segregation of duties.
2. Second being change management, for which we ensure that any and all changes are conducted in accordance with management expectations.

3. Third, operations, for which we reviewed data redundancy, back-ups, monitoring, systemic interfaces, cyber security, and the like.

As a result of a review, no significant matters were identified, and I guess this is a testament to the team for having great controls in place.

Ms. Radinsky stated that when we met with you in June, we set aside the approach, and the approach is very similar. Nothing has really changed from the significant audit areas, although from Grant's perspective, there was, as you know, additional funding that we said that we focused on. I am just going to touch on two areas, the two areas of the most significant risk, and if there are questions later on about any of the other areas, I am happy to address them. The first is the accounts receivable, the patient accounts receivable and related revenue.

As James Linhart and Jay Weinman explained, those balances increased really as a result of the case index, the CMI, and the risk pool receivables. As it relates to our testing, from a revenue perspective both at interim and year end, we do detailed revenue testing. It means that we take it down to the level of the medical records. So we select medical records, and we look through those medical records. We don't do confirmations, but we perform various detailed procedures relating to the patients selected.

We also perform cut-off testing, and we review management's methodology. And then, to ensure the reasonableness of the receivable at year end, we do a year-over-year comparison. We look at subsequent cash receipts received in '21 over '20 and compare it to receipts received in '20 over '19, as well as, since Epic has gone live and any new systems, we perform procedures over Epic's implementation of those new sites.

On the receivable side, which is not necessarily discussed here -- the grants receivables is a significant area we spent a lot of time in and that was really divided into two sections this year; the normal, I would say, course of action grants that you received, and we will talk about that a little bit later on, as well as the COVID -- the CARES Act related grants.

We spent a significant amount of time making sure that the moneys received from the various grants were used in accordance to meet the criteria and the restrictions as stated in those grants.

The next area, the estimated settlements with third-party payors, we have a specialist as part of our team, and in this area what we do is we evaluate, we look at the estimation process that management has to support both the receivable and the liability on the books, and we look at the assumptions and reasonableness to make sure that it makes sense and that we agree with management's assumptions and that the liability and the receivable were properly stated in the financial statements, and we ultimately agree with management. Now, I am just going to turn

The other areas we have spent time on, and the most significant areas that the committee is interested in. Mr. Dana Wilson will walk you through.

Mr. Wilson is working with MetroPlus and worked very closely with John Cuda, Jose Santiago, and Willie Stanton, and I would like to thank them for being ready and having all of the books and records ready for our audit and also coordinating it virtually with us.

Our audit unit function is to support the June 30th audit, but also, we do a regulatory audit on a calendar year basis for the Department of Insurance, as well, and we will be doing that later in the year. Our audit is focused on the critical accounts of MetroPlus, but the two largest ones are claims payable and premiums revenue, and to a lesser degree investment, because they are lower risk. We work very closely with your team, your actuaries, our actuaries who are in-house, led by Albert Lee.

Our testing over claims payable and premium revenue, while substantive and takes quite a bit of time, went very well, and I can conclude that the testing was fairly stated.

Ms. Radinsky continued the presentation with Required Communications.

Matters to be communicated
Auditor's responsibility under Generally Accepted Auditing Standards (GAAS) The auditor is responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management with the oversight of those charged with governance are presented fairly, in all material respects, in conformity with generally accepted accounting principles. The auditor is responsible for conducting an audit in accordance with GAAS. Those standards require that the auditor obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement. Accordingly, a material misstatement may remain undetected. An audit includes obtaining an understanding of internal controls sufficient to plan the audit and to determine the nature, timing, and extent of audit procedures to be performed. An audit is not designed to provide assurance on internal controls or to identify material weaknesses.

We plan to issue an unmodified opinion on the financial statements. We are not aware of any significant or alternative treatments or methods that management has used.

In the financial statements, we have discussed with you some of those areas of higher risk, the areas of estimate, and we agree with management's calculations and assumptions of those estimates. There were no new adopted accounting pronouncements this year.

Fraud and illegal acts - No irregularities, frauds or illegal acts involving senior management or that would cause a material misstatement to the financial statements, came to our attention as a result of our audit procedures.

As part of our audit process, one of the most significant areas is the area of grants. As I mentioned earlier, the grant population this year is divided into two sections. One is the CARES Act funding, which we are completing our testing, and the other is the routine grant dollars that you receive every year.

Last year, we came to management, and we noted one significant deficiency, so as you think about control deficiencies, there are three levels. There is a regular control deficiency, a significant deficiency, and the most severe is the material weakness. The organization does not have any material weaknesses. Last year, we had a significant deficiency in the areas of grants as it relates to the revenue recognition and following the rule basis of accounting.

We have this finding again this year. Management is working to correct this. I don't know if management wants to comment here or later on in a later meeting, but this will be needed as a significant deficiency in 2020.

Mr. Weinman stated that this issue does not pertain to loss revenues or missed opportunities. This is an accounting treatment of the receivable for grants and the calculation of debt and, therefore, the presentation within the financial statement.

There are some issues with getting some of the receivables correct. We are working with the grant's team, and there has been some changes of management that we are dealing with to correct. We expect that this year we will be able to fix this and, again, it is considered a significant deficiency because, you know, some of the numbers can't be relied upon when we calculate the receivable. It doesn't have a material impact on the financial statement, and I just wanted noted that. This is a control issue, an internal control issue, and something that we are dedicated to correct.

Ms. Radinsky reported that future GASB Pronouncements do not need to be emphasize or speak about them right now because they do affect the system until next year.

Dr. Pagan thanked Grant Thornton for all of the work that is has gone into this and the time spent with us.

Dr. Pagan asked that what are the steps being taken to correct the deficiency you mentioned?

Mr. Ulberg responded that this is something that we are going to continue to work on with Grant Thornton. They will provide us a management letter and they can spell out some recommendations for use. We are going to start today planning out the steps that we will take for us to fix the problem. First, I think we need to have a deeper understand of what the problem is, and we are pretty good there. Then we need to execute how to improve the accounting methods.

Ms. Hernandez Pinero asked what is the grant amount involved?

Mr. Weinman answered \$400 million. We are talking about in the deficiency is a small, small amount on the receivable side and the recognition of revenues. It is not that we are not recognizing revenues. We are just not recognizing it in the right period. This an important distinction, which is why this is a control deficiency, something that needs to be looked at. But it would be, in the magnitude of less than \$10 million dollars in terms of picking the right revenue.

Ms. Arteaga-Landaverde asked for motion to accept the financial statements, it was seconded and duly approved.

EXECUTIVE SESSION:

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

Motion was seconded and carried.

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

OPEN SESSION:

The Committee re-convened in open session.

There being no other business, the meeting was adjourned at 10:03 A.M.

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November 25, 2020

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

Ladies and Gentlemen:

In connection with our audit of New York City Health and Hospitals Corporation's ("NYC Health + Hospitals" or the "System") financial statements as of June 30, 2020, and for the year then ended, auditing standards generally accepted in the United States of America ("US GAAS") require that we advise management and the Board of Directors (hereinafter referred to as "those charged with governance") of the following internal control matters identified during our audit.

Our responsibilities

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

Identified deficiencies in internal control

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

Significant deficiencies

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

A deficiency in internal control ("control deficiency") exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the System's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in

internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

We identified the following significant deficiency:

Grants Revenue Not Properly Recognized – a similar finding was noted in prior year

Observation

We noted that the Grants Department was not consistently applying the accrual basis of accounting relating to grant revenue recognition.

Recommendation

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

Management's Response 2019

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

Grant Thornton Update 2020

In 2020, we noted the Grants Department continued to not consistently apply the accrual basis of accounting relating to grant revenue recognition. As the amount was not considered to be material to the financial statements, no proposed audit adjustment was made. We recommend that communications be enhanced between the Grants Department and the Central Office to ensure timely, proper and complete accounting for grant revenue.

Management's Response 2020

The Comptroller's Office continues to work with the Grants Department to establish a reconciling process of expenses for revenue recognition purposes. Additionally, establishing periodic reviews by the Comptroller's Office of accruals will ensure that appropriate supporting detail exists to properly report grant receivables and related revenue.

Control deficiencies

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

Status of Prior Years Comments

Information Technology - User Access Review

Observation

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

Recommendation

We recommend management perform a comprehensive review of user access entitlements on a regular basis (i.e., at least once per fiscal year). The review should be performed by department heads and/or business owners independent of security administration functions, based on system reports provided by system administrators and include the following:

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

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

Management's Response 2019

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

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

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

Grant Thornton Update 2020

Consistent with FY19, we noted that the Organization did not perform a formal periodic review of Network, PeopleSoft, Unity, Soarian, and Epic user entitlements to ensure access changes were conducted in accordance with management's expectations. However, it is important to note that the Unity was decommissioned in June, 2020.

Management's Response 2020

In concert with current monthly system review and de-activation of access control processes, within CY 2021, NYC H + H EITS will develop an additional standard process to audit and track user access entitlements as outlined in the finding.

Information Technology – Unidentifiable Users

Observation

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

Recommendation

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

Management's Response 2019

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

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

Grant Thornton Update 2020

Management was able to provide sufficient evidence regarding all users, as needed. As such, this control deficiency has been remediated for FY2020. No further action required.

Segregation of Duties

Observation

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

Recommendation

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

Management's Response 2019

For the PeopleSoft application, security and system administration are managed by the same team. However, as recommended by Grant Thornton, NYC Health + Hospitals already has a process through which all migrations occur using a version control and migration tool called PHIRE. This tool maintains all the activity logs and every migration has an audit trail of who had performed a migration and what objects were migrated. It was expected that during the fiscal year 2019 that NYC Health + Hospitals was going to

implement audits of these pre-existing logs going forward, however, this process was delayed due to critical work on other projects. In fiscal year 2020, the Enterprise Resource Planning ("ERP") Functional Team will begin these audits and review the activity reports of Administrator's actions.

Grant Thornton Update 2020

In response to this control deficiency, management implemented a mitigating control whereby, management performs a review of a sample of changes that have been migrated to production. The selected change requests are reviewed in Phire for compliance with workflow approval. This review occurs on a quarterly basis. The review process noted is adequate and mitigates the associated risk. As such, this control deficiency has been remediated for FY2020.

Information Technology - User Administration

Observation

New Hires

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

Terminations

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

Recommendation

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

Management's Response 2019

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

Grant Thornton Update 2020

For FY2020, management provided adequate documentation for the new hire sample selected for testing. As such, this control deficiency has been remediated for FY2020.

Grants Revenue Not Properly Recognized

Refer to comment above.

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

Observation

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

Recommendation

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

Management's Response 2018

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

Grant Thornton Update 2019

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

Management's Response 2019

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

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

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

identification and processing of any refunds or adjustments and reduce the level of credit balances.

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

Grant Thornton Update 2020

In 2020, we noted that the total credit balances continued to increase. Through the audit procedures performed, we determined that the portion of the credit balances that represented liabilities due to patients and payors was again immaterial. The credit balances primarily appear to be a result of billing adjustments. However, management has not completely reviewed and determined the proper accounting treatment for the credit balances. In addition, the root cause of the increase in the credit balances should be determined in order to ensure that the credit balances are reduced each year rather than increasing each year.

Management's Response 2020

We are continuing to develop processes to review and correct improper posting causing these credit balances.

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

Observation

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

Recommendation 2018

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

Management's Response 2018

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

Grant Thornton Update 2019

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

Management's Response 2019

Management developed a report to measure the impact of subsequent postings on the reported accounts receivable and revenue. The report will be used during fiscal year 2020 to ensure that the financial statements are reasonably stated.

Grant Thornton Update 2020

Based on our audit and our review of management's subsequent posting report, we determined that the net impact to the financial statements related to revenue cut-off was immaterial and is being appropriately monitored by management. Therefore, we consider this comment to be resolved.

System response

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

* * *

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

Very truly yours,

Grant Thornton LLP



OFFICE OF INTERNAL AUDITS

**AUDIT COMMITTEE BRIEFING
JANUARY 2021**

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A. EXTERNAL AUDITS

1. NYC Health + Hospitals Oversight of Auxiliaries – NYC Comptroller’s Office

Audit Notification Letter Received – March 13, 2020

Preliminary Entrance Conference – June 23, 2020

Status – Ongoing

The Audit Engagement Letter stated that the purpose of the audit was to “determine whether Health + Hospitals implemented sufficient control procedures to effectively monitor the performance and fiscal activities of its auxiliaries.” The scope of the audit is January 1, 2018 to the present.

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

Thus far, the Comptroller’s Office has met with the following individuals to obtain information regarding the day-to-day interaction between NYC Health + Hospitals and the Auxiliaries:

1. Sr. Vice President of External & Regulatory Affairs
2. Deputy Corporate Comptroller
3. Health + Hospitals and Auxiliary representatives from NYC Health + Hospitals/Woodhull, Metropolitan and Queens

Documents were requested from the Sr. Vice President of External & Regulatory Affairs and the representatives from the three facilities they met with. Audit reports completed by the external CPA firm, for calendar years 2018 and 2019, were sent to the Auditors upon completion.

The Office of Internal Audits assisted with the scheduling of all meetings, reviewed the documents requested by the Comptroller’s Office prior to submission and participated in all meetings.

2. NYC Health + Hospitals Controls Over Nursing Homes – NYC Comptroller’s Office

Audit Notification Letter Received – August 13, 2020

Preliminary Entrance Conference – August 19, 2020

Status – Ongoing

The Audit Engagement Letter stated that the purpose of the audit was to review “Health + Hospitals controls over nursing homes compliance with rules and guidelines.” The scope of the audit is June 2017 to the present.

The participants of the entrance conference were the SVP of Post-Acute Care, the SVP of External & Regulatory Affairs, the SVP & General Counsel, the Post-Acute Care Chief Medical Officer and the Internal Audit staff.

The Comptroller’s Office has also met with the following individuals for the purpose of learning about the process and controls set up by a nursing home, as well as methods used to oversee and carry out those controls on a day-to-day basis:

1. Sr. Vice President of Post-Acute Care
2. CEO from NYC Health + Hospitals/Coler
3. CEO from NYC Health + Hospitals/McKinney
4. CEO from NYC Health + Hospitals/Carter
5. CEO from NYC Health + Hospitals/Gouverneur
6. CEO from NYC Health + Hospitals/Sea View

Documents were requested from the Sr. Vice President of Post-Acute Care.

The Office of Internal Audits assisted with the scheduling of all meetings, reviewed the documents requested by the Comptroller’s Office prior to submission and participated in all meetings.

B. OTHER AUDIT ACTIVITIES***1. Review of Year-end Inventory***

In adherence to mandates issued by New York State requiring that all hospitals have a 90-day supply of personal protective equipment (PPE), NYC Health + Hospitals has stockpiled medical supplies at the warehouses of different vendors. This inventory was in addition to the items stored at the warehouses in the hospitals and skilled nursing facilities which had limited space.

As of June 30, 2020, the medical supplies at all of these sites totaled over \$100 million, of which \$80 million was held by the outside vendors. Internal Audits visited some of the vendor warehouses to verify the existence of the inventory and to evaluate the controls and security provided.

The existence of the inventory was confirmed as random counts revealed only minor discrepancies. Controls and security appeared to be adequate. However, we did note that the inventory maintained at the vendor warehouses as of June 30, 2020 differed from the General Ledger (GL) balance due to calculation errors and the non-recording of items upon receipt. It should be noted that, because this inventory was not captured on Health + Hospitals perpetual inventory system, Finance recorded the inventory at the warehouses as an asset and decreased expenses upon receipt of the total inventory value from Corporate Supply Chain Services.

A summary of our observations at the warehouses visited is as follows:

Crothall

As of June 30, 2020, the system-wide inventory figure included \$16,088,314 of ventilators and other equipment stored at a warehouse owned by Crothall. The inventory consisted of 10 purchased items and 3 donated items.

We visited the warehouse on 9/3/2020 to verify the existence and amounts of the inventory. The warehouse was well maintained and organized. Access appeared to be limited.

An updated inventory listing, that was provided to us by the Sr. AVP of Strategic Sourcing, as of 9/2/2020, was used to conduct our physical counts. This listing consisted of 19 pieces of equipment; 6 more than the 6/30/2020 list.

During our visit we counted 15 of the 19 items from the 9/2/2020 list. We noted the following observations:

1. The 6/30/2020 inventory calculation was understated by \$328,000 due to formula errors within the spreadsheet. The Sr. AVP of Materials Management advised us that Finance would be asked to increase the Crothall inventory by the understated amount.

2. Three count errors resulted in two inventory value decreases and one increase. Specifically:

- a) 500 Ohio Medical Oxygen Hoses received by Crothall from Elmhurst Hospital on 4/30/2020 were not included in the year-end totals. We were informed that the hoses were originally purchased by Crothall who were to be reimbursed by NYC Health + Hospitals. The Director of Fiscal Affairs advised us that the hoses should have been recognized as an asset upon receipt in Elmhurst. If the year-end inventory included the hoses (unit price of almost \$40) the total would have been almost \$20,000 higher.
- b) The year-end inventory included 402 B. Braun Outlook 400 ES IV Pumps. Our review revealed that while 402 were purchased, 2 pumps failed inspection and were returned to the manufacturer on 4/17/2020. Hence, the year-end count should have been 400, which we verified, or \$6,400 less (\$3,200 each).



- c) The year-end inventory included 1,555 donated Resmed Aircurve 10 CPAP's. Our review revealed that 1,631 CPAP's were received on 4/4/2020, with 80 items sent to various sites during the month. Hence, 1,551 items were on hand as of year-end, not the 1,555 indicated on the 6/30 inventory list, or \$6,000 less (\$1,500 each).



Iron Mountain

On September 10th and 23rd, we visited the Iron Mountain warehouses at West Side Avenue and Harbor Drive, respectively. Each facility was clean and organized. We made a management decision not to visit Iron Mountain's Albany location because of the minimal size of their inventory. All the inventory is not stored at one location because of the possibility of a natural disaster.

As of June 30, 2020, the total value of the PPE inventory on hand at the warehouse totaled \$55,445,510. The count also included donated items from the Department of Health. The inventory was comprised of shoe covers, isolation gowns, caps, hand sanitizers and gloves.

The inventory quantities stored at each location was as follows:

Warehouse Location	Quantity as of 6/30/2020	Number of Pallets	Quantity as of 9/10/2020	Number of Pallets	Quantity as of 9/23/2020	Number of Pallets
West Side Ave, Jersey City, NJ	45,030	254	67,710	308	N/A	N/A
Harbor Drive, Jersey City, NJ	37,125	95	N/A	N/A	56,088	127
Albany, NY	17,011	11	N/A	N/A	28,008	15

Because of the volume of the inventory, it was not feasible to conduct a physical count of all the inventory on hand. From our sample, we surveyed those items with high count totals and performed counts of other selected items.



During our physical counts, we noted a discrepancy between an item description on the inventory list and the actual item being stored. The inventory list showed a description for cases containing 240 N-95 masks; however, the cases actually contained 250 disposable protective face masks. The Regional Director of Central Office Supply Chain informed us that the discrepancy was due to an input error into the Iron Mountain system.

We also observed minor discrepancies where items and labels were not in the right place. This was corrected immediately by the warehouse personnel.

2. Auxiliary Audits

A review, compilation or audit report must accompany the CHAR500 New York State tax form per NYS Charities Bureau regulations. The level of service is based on the total revenue of the Auxiliary:

Compilation: Revenues below \$250k

Review: Revenues between \$250k and \$750k

Audit: Revenues above \$750k

The reports are prepared by an outside CPA firm. The Office of Internal Audits coordinates the audits between the CPA firm and the Auxiliaries, reviews the draft reports and issues the final reports. Reports have been completed for the following Auxiliaries:

AUXILIARY	CALENDAR YEARS REVIEWED	DATE REPORT ISSUED	TYPE OF REPORT
Lincoln Hospital Center	2019	10/20/2020	Compilation
Bellevue Association	2019	11/04/2020	Review
Cumberland Diagnostic & Treatment Center	2018/2019	11/05/2020	Compilation
Metropolitan Hospital Center	2018/2019	11/13/2020	Audit
East New York Diagnostic & Treatment Center	2019	11/13/2020	Compilation
Coney Island Hospital	2019	11/13/2020	Compilation
Jacobi Medical Center	2018/2019	11/19/2020	Review
Renaissance Health Care	2018/2019	11/25/2020	Compilation
Bellevue Hospital Center	2018/2019	12/09/2020	Review
Woodhull Medical Center	2019	12/18/2020	Review
Coler Hospital	2018/2019	12/23/2020	Compilation
Carter Hospital Center	2018/2019	12/23/2020	Compilation
Kings County Hospital Center	2018/2019	01/04/2021	Compilation

No management letter comments were noted within the above reports.



**AUDIT COMMITTEE OF THE
NYC HEALTH + HOSPITALS
BOARD OF DIRECTORS**

Audit Committee Report

Corporate Compliance Report

January 11, 2021



**AUDIT COMMITTEE OF THE
NYC HEALTH + HOSPITALS
BOARD OF DIRECTORS**
Corporate Compliance Report
125 Worth Street, Room 532
New York, NY 10013
January 11, 2021 @ 10:00 AM

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NYC HEALTH + HOSPITALS
BOARD OF DIRECTORS**
Corporate Compliance Report
125 Worth Street, Room 532
New York, NY 10013
January 11, 2021 @ 10:00 AM

I. Monitoring Excluded Providers

Responsibilities of the System for Sanction List Screening

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

Exclusion and Sanction Screening Report Sept. 24, 2020 through Dec. 22, 2020

- 3) During the period from September 24, 2020 through December 22, 2020, there no workforce members, vendors or vendor agency nurses who were excluded from a federal health care program. There was one community physician who was excluded on the OIG, SAM, and NY OMIG lists. Community physicians make referrals to Community Care, and have access to Epic. This physician did not have an active certification order with Community Care and was removed from being chosen as a provider in Epic.

Death Master File and National Plan and Provider Enumeration System Screening

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

- 5) No providers were identified on the DMF or NPPES during the period September 24, 2020 through December 22, 2020.

II. Privacy Incidents and Related Reports

Breach Defined

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

Reported Breaches for the Period of Sept. 24, 2020 through Dec. 22, 2020

- 8) During the period of September 24, 2020 through December 22, 2020, thirty-two (32) incidents were entered in the System’s RADAR Incident Tracking System. Of the thirty-two (32) incidents entered in the tracking system, twenty-two (22) were found after investigation to be violations of NYC Health + Hospitals’ HIPAA Privacy and Security Operating Procedures (“OPs”); five (5) were found not to be a violation of NYC Health + Hospitals HIPAA Privacy and Security OPs; and five (5) are still under investigation.
- 9) Of the twenty-two (22) incidents confirmed as violations, nine (9) were determined to be breaches. These breaches included three incidents where patient After Visit Summaries were given to the wrong patients; two incidents involving information mailed to patients with PHI included on the envelope; an incident where a provider disclosed a patient’s HIV status while the patient’s father was in the room; an incident involving an employee who accessed an employee patient’s medical record without justification; an incident where one patient’s information was entered into

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



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another patient's MyChart account, and an incident involving an employee accessing a patient's messaging application and engaging in a conversation about the patient with an unauthorized individual. All individuals whose conduct resulted in a breach were counseled and received HIPAA remediation training, except for the individual who entered information into the wrong MyChart account; that individual was a temporary employee and is no longer with NYC Health + Hospitals.

Office for Civil Rights ("OCR") Reports Regarding HIPAA Incidents

- 10) The OCC did not receive any reports from the OCR between September 24, 2020 and December 22, 2020.

III. Compliance Reports

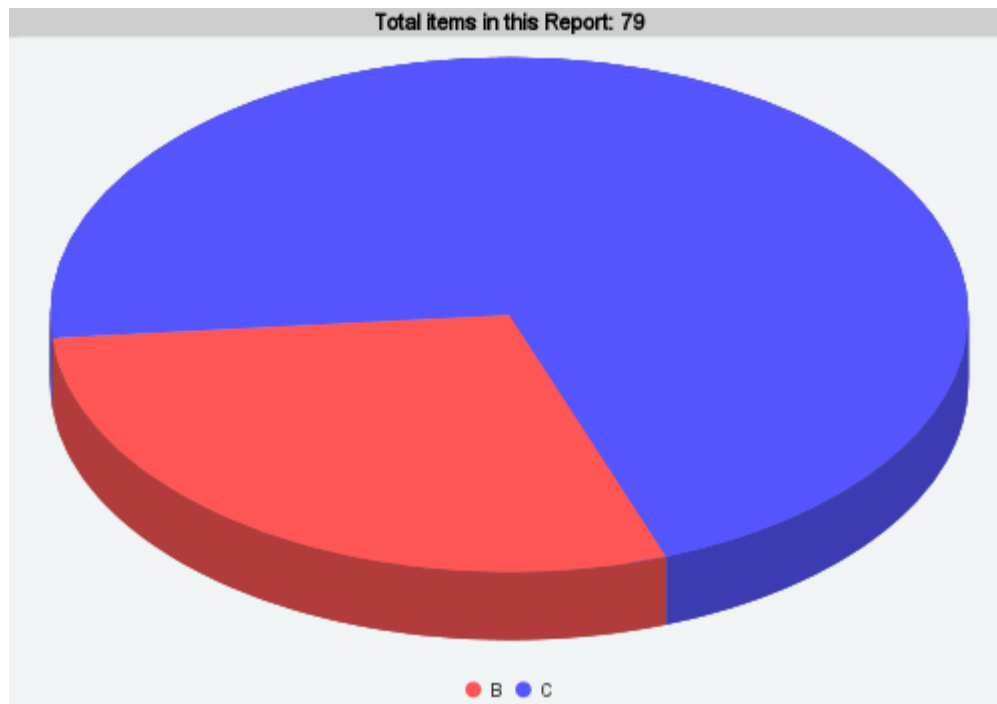
Summary of Reports for the Period of Sept. 24, 2020 through Dec. 22, 2020

- 11) For the period of September 24, 2020 through December 22, 2020, there were seventy-nine (79) compliance reports, none of which were classified as Priority "A,"² twenty-three (23) (29%) were classified as Priority "B," and fifty-six (56) (71%) were classified as Priority "C" reports. For purposes here, the term "reports" means compliance-based inquiries and compliance-based complaints.

a. PRIORITY CLASSIFICATION

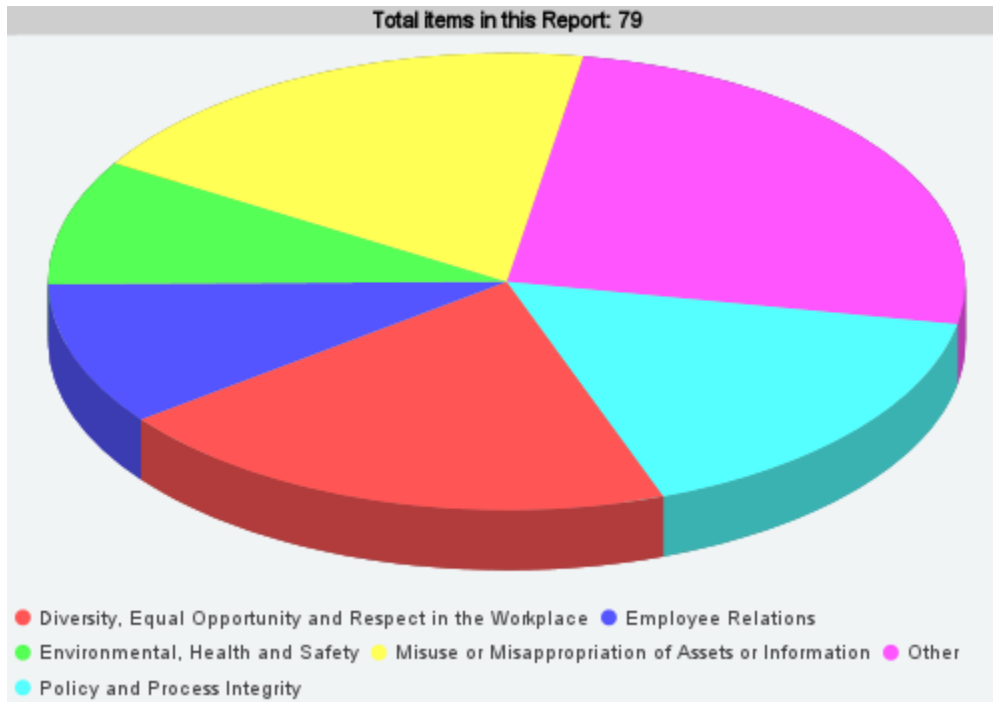
PRIORITY - CHART DATA	
	Frequency (Percentage)
B	23.0 (29.1 %)
C	56.0 (70.9 %)
Totals	79.0 (100%)

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



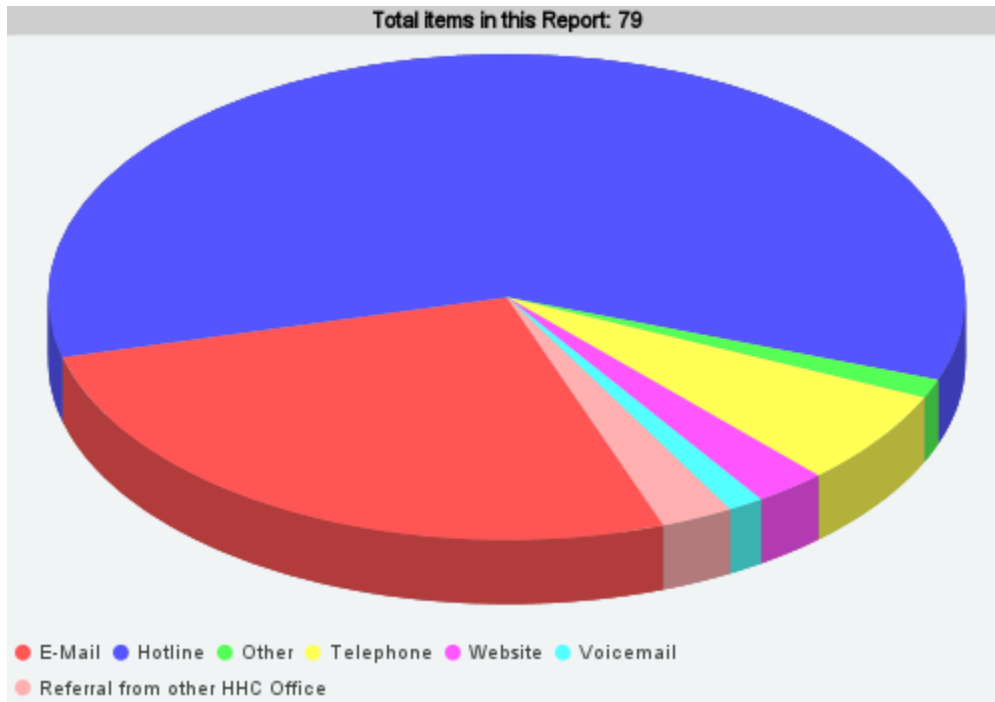
b. PRIMARY ALLEGATION CLASS

PRIMARY ALLEGATION CLASS - CHART DATA	
	Frequency (Percentage)
Diversity, Equal Opportunity and Respect in the Workplace	16.0 (20.3 %)
Employee Relations	8.0 (10.1 %)
Environmental, Health and Safety	7.0 (8.9 %)
Misuse or Misappropriation of Assets or Information	15.0 (19 %)
Other	20.0 (25.3 %)
Policy and Process Integrity	13.0 (16.5 %)
Totals	79.0 (100%)



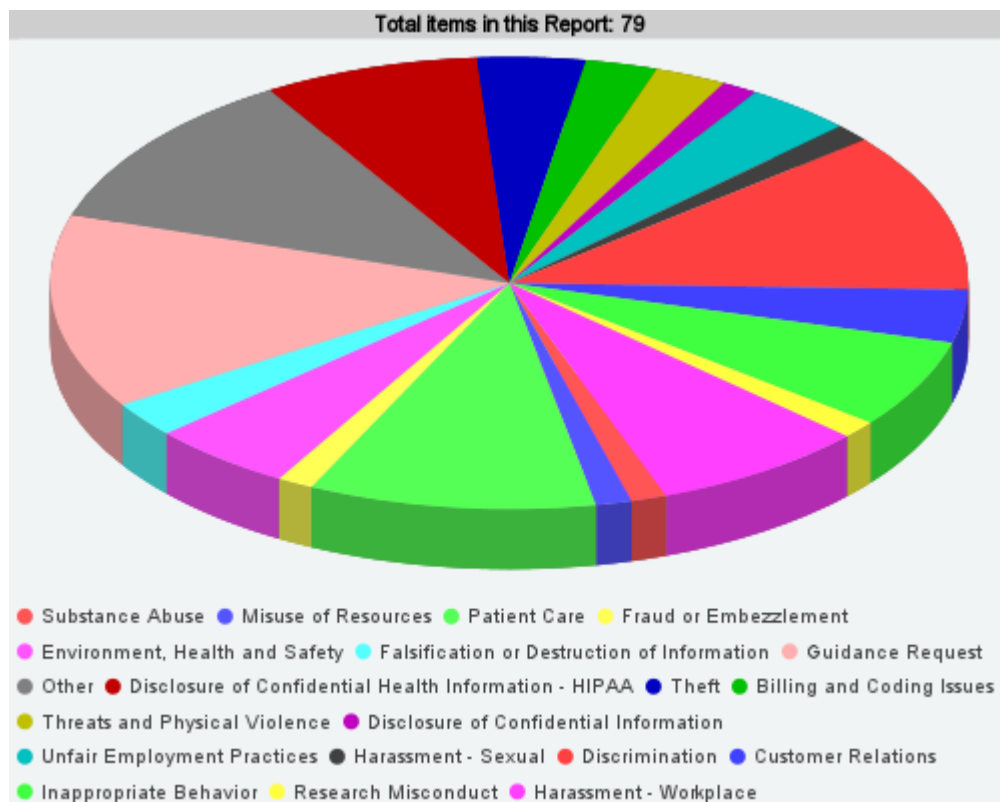
c. PRIMARY ALLEGATION SOURCE

SOURCE - CHART DATA	
	Frequency (Percentage)
E-Mail	21.0 (26.6 %)
Hotline	47.0 (59.5 %)
Other	1.0 (1.3 %)
Referral from other HHC Office	2.0 (2.5 %)
Telephone	5.0 (6.3 %)
Voicemail	1.0 (1.3 %)
Website	2.0 (2.5 %)
Totals	79.0 (100%)



d. PRIMARY ALLEGATION TYPE

PRIMARY ALLEGATION TYPE - CHART DATA	
	Frequency (Percentage)
Billing and Coding Issues	2.0 (2.5 %)
Customer Relations	3.0 (3.8 %)
Disclosure of Confidential Health Information - HIPAA	6.0 (7.6 %)
Disclosure of Confidential Information	1.0 (1.3 %)
Discrimination	9.0 (11.4 %)
Environment, Health and Safety	4.0 (5.1 %)
Falsification or Destruction of Information	2.0 (2.5 %)
Fraud or Embezzlement	1.0 (1.3 %)
Guidance Request	11.0 (13.9 %)
Harassment - Sexual	1.0 (1.3 %)
Harassment - Workplace	6.0 (7.6 %)
Inappropriate Behavior	5.0 (6.3 %)
Misuse of Resources	1.0 (1.3 %)
Other	9.0 (11.4 %)
Patient Care	8.0 (10.1 %)
Research Misconduct	1.0 (1.3 %)
Substance Abuse	1.0 (1.3 %)
Theft	3.0 (3.8 %)
Threats and Physical Violence	2.0 (2.5 %)
Unfair Employment Practices	3.0 (3.8 %)
Totals	79.0 (100%)



IV. Status Update – HHC ACO, Inc.

- 12) On October 8, 2020, HHC ACO, Inc. (“HHC ACO”) completed gathering input from the Geriatrics Council on the clinical content that will be contained in the proposed Annual Wellness Visit Epic Express Lane template.
- 13) On October 15, 2020, HHC ACO presented the Annual Wellness Visit Epic Express Lane template to NYC Health + Hospitals’ Ambulatory Care Leadership, which endorsed its activation by EITS in order to start building out its content. The Express Lane template in Epic is a specific documentation and ordering template that allows a provider to quickly complete a patient encounter because all the necessary components of the visit can be found in one screen or Epic tab. The contents of this template (e.g. order sets, provider notes, diagnosis codes,

health maintenance, etc.) can be fully customized to the needs of the users and patients.

- 14) HHC ACO plans to use this template specifically for Medicare's Annual Wellness Visits, which are annual comprehensive visits for Medicare patients that focus on patient safety, risk prevention, and healthcare goal setting. Currently, this template exists in Epic with generic/out-of-the box content. HHC ACO plans to build out the content (order sets, documentation requirements, billing codes, risk screening questionnaires, etc.) of this template to better align with NYC Health + Hospitals' Ambulatory Care Leadership goals, and to better serve the System's geriatric patient population. HHC ACO has also worked with the Geriatrics Council (a council created by the System's Ambulatory Care Leadership Committee that has representative geriatricians from each NYC Health + Hospitals site, including Gotham sites, to guide clinical standards for the System's geriatric population) to create the clinical standards of the Annual Wellness Visit Express Lane template.
- 15) On December 15, 2020, HHC ACO held the first part of its two-part Annual Quality Review Process webinar training sessions for the payment year 2020 reporting period. HHC ACO is required to manually report chart review data for ten of its CMS Medicare Shared Savings Program ("MSSP") quality metrics. The quality review webinar trains the chart auditors representing each of the NYC Health + Hospitals facilities and Gotham Federally Qualified Health Clinics, and HHC ACO's external partners on how to perform the quality review process and the documentation requirements of each of the CMS MSSP quality metrics. The chart audit representatives are typically personnel from the facilities quality departments or primary care who already perform this process for other value-based payment arrangements. The second part of this webinar training was conducted on December 29, 2020.

V. HIPAA Risk Analysis and Security Assessment

- 16) To ensure the System's compliance with the requirements of HIPAA and HIPAA regulations, the System has engaged a third party vendor, Coalfire Systems, Inc. ("Coalfire"), to conduct a HIPAA enterprise-wide Risk Analysis

and Security Assessment. In 2019, Coalfire conducted on-site reviews at all of the System's acute care facilities, skilled nursing facilities, and Diagnostic and Treatment Centers, and a sample of the Gotham clinics. It also conducted virtual reviews of fourteen (14) other Gotham clinics.

- 17) In addition, Coalfire performed penetration tests of NYC Health + Hospitals' systems and applications to determine their vulnerability to unauthorized access. It also assessed a sample of the System's vendors to determine their compliance with HIPAA and the security of the System's PHI that they maintain.
- 18) At the end of 2019, Coalfire provided NYC Health + Hospitals with Compliance and Security workbooks and reports, and a Risk Management Plan, which identifies the high and very high security risks to NYC Health + Hospitals based in its risk analysis. The Risk Management Plan was shared with senior leadership to determine what treatment to give each of the risks (*e.g.* accept, mitigate, transfer, or share). The risks to be mitigated were assigned to the appropriate individuals to implement the mitigation plans, which are being tracked in NYC Health + Hospitals' governance, risk, and compliance tool.
- 19) Coalfire has completed its year two (2020) risk analysis engagement. Year two consisted of revalidating the findings from 2019, reviewing the status of the remediation plans from the 2019 Risk Management Plan, and conducting initial reviews of twenty (20) Gotham Health clinics and all five (5) skilled nursing facilities. Final Compliance and Security analysis workbooks and reports were completed in November 2020, and the final 2020 Risk Management Plan is going through final review.
- 20) On December 2, 2020, the OCC distributed Coalfire's Security Risk Analysis and Compliance Reports for the facilities to the leadership of each facility. In addition, Coalfire will meet with System leadership in January to discuss the results of the enterprise and facility-specific Security Risk Analyses and Compliance Reports, as well as the 2020 Risk Management Plan.



**AUDIT COMMITTEE OF THE
NYC HEALTH + HOSPITALS
BOARD OF DIRECTORS**
Corporate Compliance Report
125 Worth Street, Room 532
New York, NY 10013
January 11, 2021 @ 10:00 AM

VI. Fiscal Year 2021 Corporate Compliance Work Plan

- 21) As part of NYC Health + Hospitals' compliance program, and as required by the Social Services Law and regulation, the OCC developed a draft Risk Assessment for fiscal year 2021 ("FY2021 Draft Risk Assessment"). The risks described in the FY2021 Draft Risk Assessment are derived from risks identified by the OMIG in its FY2020 Work Plan, and the OIG Work Plans and updates thereto, both of which identify risks that these agencies have determined to be areas of concern for overpayment and/or noncompliance. Other risks in the FY2021 Draft Risk Assessment were identified internally.
- 22) On September 10, 2020, the Chief Corporate Compliance Officer ("CCO") presented the FY2021 Draft Risk Assessment to the Executive Compliance Workgroup ("ECW") for its analysis and input. Based on this analysis and input, the ECW determined which of the risks in the FY2021 Draft Risk Assessment should be included in the FY2021 Corporate Compliance Work Plan.
- 23) On November 30, 2020, the ECW met to finalize the FY2021 Corporate Compliance Work Plan, which is being presented to the Audit Committee on January 11, 2021 for approval.

VII. General Compliance/HIPAA Annual Training

- 24) As part of NYC Health + Hospitals' compliance program, all workforce members, including contingent workers, are required to complete the System's annual General Compliance/HIPAA training course. So far, the overall completion rate of this training for NYC Health + Hospitals employees for calendar year 2020 is 87%, with most facilities and departments at more than 90%, and 69% for non-employees; however, the OCC is still waiting on confirmation of training attendance by many non-employees. Completion rate for non-employees in most facilities and departments is more than 80%.