



**AUDIT COMMITTEE  
MEETING AGENDA**

**March 15, 2021  
10:00 A.M.  
125 Worth Street  
VIRTUAL**

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**CALL TO ORDER**

**Ms. Sally Hernandez-Piñero**

- Adoption of Minutes January 11, 2021

**Ms. Sally Hernandez-Piñero**

**INFORMATION ITEMS**

- Audits Update
- Compliance Update

**Mr. Chris A. Telano**

**Ms. Catherine Patsos**

**OLD BUSINESS**

**NEW BUSINESS**

**ADJOURNMENT**



## MINUTES

**VIRTUAL  
AUDIT COMMITTEE**

**MEETING DATE: January 11, 2021  
TIME: 10:00 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  
Marji Karlin, Chief Revenue Officer  
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; Lou Feuerstein, Relationship Partner; Steven Dioguardi, Lead Audit Senior Manager; Sandy Pabla, Manager IT



## VIRTUAL - AUDIT COMMITTEE MINUTES

January 11, 2021

### CALL TO ORDER

Committee Members Present: Helen Arteaga-Landaverde, Mitchell Katz – left at 10:43, José Pagán, Feniosky Peña-Mora, Sally Hernandez-Piñero, Freda Wang – joined at 10:20.

The meeting was called to order by Ms. Helen Arteaga-Landaverde, Board Chair at 10:04 A.M.

Ms. Arteaga-Landaverde asked for a motion to adopt the revised minutes of the Audit Committee meeting held on October 8, 2020 due to Ms. Freda Wang being reported as present, although she was not present. A motion was made and seconded with all in favor to adopt the minutes.

Ms. Arteaga Landaverde introduced the information item regarding the Fiscal Year 2020 Management Letter.

### GRANT THORNTON MANAGEMENT LETTER

Ms. Radinsky began by addressing both the grants revenue and the accounts receivable comments. There are three types of control findings; there is the most significant, which is the material weakness, which NYC Health + Hospitals does not have; so thankfully, the control environment is in a very good position.

The next level, significant deficiencies in control findings. Most of these in the letter today are control findings with the exception of one, which is the level significant deficiency. This is a reoccurring finding from the past. As an overall comment as it relates to these financial findings, if you just want to categorize them, they're not an opportunity loss for NYC Health + Hospitals, but rather, it's more of accounting findings and areas of improvement and ways that we can help the institution going forward. It is not that your financial statements were materially misstated, this is more of an accounting finding that management is in the process of addressing.

We are happy to report that there are no Material Weakness. We identified the following significant deficiency:

**Grants Revenue Finding** - this is a repeat finding from last year, and it has to do with the grants department not properly applying the accrual method of accounting; so, this is more of a timing issue of recognizing revenue in the proper period. The total amount was not material, approximately four million dollars. We recommend, as your external auditors, that the communication is enhanced between the accounting department, the finance team, and the grants management team, so that the grants can be properly recorded in the appropriate period.

**Accounts Receivable Findings** - The good news is that in the past, as your external auditors, we had a couple of findings in this area, and they have been closed out over time. This is the one that remains open, this is a control finding, so it is not to the level of significant deficiency, but it warrants attention of management and the committee. This has to do with accounts receivable credit balances. There are two types of credit balances that we are addressing. The first is liabilities to payers, which is clearly immaterial, that is very important for the committee to know. The other one is billing adjustments, this is an issue within the patient accounting system to work these balances timely. From a financial statement perspective, management should work with reporting from a perspective to look at revenue and adjust monthly to make sure to take those credit balances back into income. The credit

balances mentioned before are refunds to payers. This is the one that usually brings the most concern to management and committee, it is not material or, if it is material, management has already reclassified it to a liability or, in the event it becomes material, management works through those. Management has a process for estimating the credit balances to take back into income versus those that are overpayments to payers, but there's just this credit balance in general.

This bucket of credit balances continues to rise, and we continue to recommend that management look at these on an annual basis or actually more throughout the year and take the proper methods and proper points going forward in terms of addressing these in a timely manner.

Mr. Weinman commented that to reiterate what Ms. Radinsky said, these are not material for the financial statements. In fact, the credit balances have no impact on the financial statements, but there are control areas that we are working on trying to strengthen. These are very good recommendations. We take it to heart, and we will fix those going forward, and we won't have a repeat finding.

Mr. Pena-Mora asked if there is a way or recommendations you have on how to avoid this? I know you're trying to recommend how to process them faster, but are there any recommendations on how to avoid this type of balances, particularly through patients?

Ms. Marji Karlin responded that there are a number of reasons, as Ms. Radinsky indicated, why these occurred. We're looking within both our ledger accounting systems and EPIC to look at using more automation and internal flagging to address them more on an ongoing basis. Recently in conjunction with our management care team, we set up a real contract and payment review process to understand and systematize how we look at these credit balances and address them on an ongoing basis. I don't know if Grant Thornton has very specific recommendations for us, but we are really looking at industry standard practices and implementing them across the board, both in the managed care and revenue cycle side.

Mr. Pena-Mora commented that I think this is very important. I know that it may be a small amount in the budget for us, but you can imagine for a patient, it could be significant if they have overpaid. I think it is good that you are taking a practice to try to process these credits as quickly as possible to the patients.

### **Information Technology**

Ms. Pabla stated that as a result of our review this year, one minor control deficiency related to user access reviews was identified to help enhance the overall IT environment. We worked with the IT team and will continue to do so in order to ensure this is addressed in a timely manner. The good news is that the remaining items previously summarized, which formulated fiscal year '19, have been addressed and subsequently remediated for fiscal year '20.

Ms. Radinsky thanked Health + Hospitals finance team for their work and cooperation.

**Follow-up** – the Committee requested that an update be provided at the May Audit meeting on the progress on addressing the deficiencies noted in the management letter.

### **INTERNAL AUDIT UPDATE**

#### **Audit conducted by the NYC Comptrollers Office of the Oversight of Auxiliaries**

The notification letter for this audit was received in March 2020. However, due to the pandemic the audit did not begin until June. It is being done remotely. Thus far, the audit has consisted of meeting with relevant Corporate personnel and individuals from three hospitals and requesting documents related to the operations of the Auxiliaries. While the audit is on-going, we have not heard from the auditors since early November. Our only interaction since then has been Internal Audits sending them the Auxiliary reports listed on Page 9 of this document that were completed by the external CPA firm.

### **Audit of Controls Over Nursing Homes also being conducted by the NYC Comptrollers Office**

The audit began in August 2020 and is also being done remotely. The auditors have had meetings with the Sr. Vice President of Post-Acute Care and the CEO's of the five nursing homes within the System. Documents have also been requested from the SVP of Post-Acute Care. Internal Audits has assisted with the scheduling and participated in all meetings, and reviewed the documents requested by the Comptroller's Office prior to submission.

### **Summary of Internal Audits review of Year-End Inventory**

The objective of this review was to verify the existence of the 90-day supply of personnel protective equipment (*PPE*) that was required to be held per New York State mandates. Verifying existence, is an accounting assertion that should be tested to ensure financial records are accurate.

as of June 30, 2020, General Ledger inventory balances showed that more than \$80 million in medical supplies, primarily PPE, was being held by outside vendors. The entire Internal Audit staff visited the warehouses of these vendors to not only confirm existence but also to evaluate the controls and security provided by the vendors.

It should be noted that the General Ledger balances were a result of Corporate Finance recording the inventory at the vendor sites as an asset upon receipt of the total inventory value from Corporate Supply Chain Services. This was done because the inventory was not captured on the Health + Hospitals perpetual inventory system at year end.

Two of the vendors we visited were Crothall Healthcare located on Long Island and two Iron Mountain warehouses located in Jersey City, New Jersey. Crothall held for Health + Hospitals over \$16 million of ventilators and other equipment at their warehouse. The warehouse was well organized and secured. Our count of 15 of the 19 items held revealed only nominal discrepancies. We also noted an error totaling \$328k in the spreadsheet provided to Finance of the inventory held at this site. Our visit to two of the three Iron Mountain warehouses found the warehouses clean and organized. Minimal discrepancies were noted during our counts. As of June 30, 2020, Iron Mountain was holding over \$55 million in medical supplies for Health + Hospitals. The inventory being held had increased upon our review in September.

The CPA firm, Bonadio, hired in June 2020 to evaluate the financial statements of the Auxiliaries, has been issuing many reports in accordance with NYS Charities Bureau regulations. The type of reports being issued is based on the revenue of the Auxiliary. Revenues under \$250k require a compilation, over \$750k require a complete audit and between \$250k and \$750k requires a review. Thus far, reports for 13 of the 22 Auxiliaries have been issued. 8 of the 13 reports required evaluations of two years. Overall, 8 compilations, 4 reviews and 1 audit have been completed. No internal control weaknesses or management letter comments have been found. Internal Audits coordinates the audits between the Auxiliaries and Bonadio, reviews the draft reports and issues the final reports.

Ms. Wang asked to explain what is the perpetual inventory system and the ramification of that, that there was a discrepancy there?

Mr. Weinman answered that the inventory systems are set up at the facilities. They are not set up in the Central Office, so when these were purchased, the only way they could record it is as an expense. It is not like they did something wrong, in order to purchase it, they record it as an expense. My office goes through this routinely and re-classes the inventory, which is the proper use of this. It is an asset that has not been used. That is how we get it on the general ledger and, therefore, the financial statements. This year was unique because of COVID. Usually, my staff will estimate counts, and they didn't this year; so, we did rely on the counts in order to record them in the general ledger. That's where the difference was between what was placed in inventory and what the actual counts were.

Ms. Wang stated that that is very helpful.

Ms. Wang then asked if there are typically other mistakes, what kinds of checks and balances and best practices are there to try to ensure there is not an error in what we think we have?

Mr. Telano responded that there are periodic counts to make sure that what is on hand does agree to the inventory records at the warehouses and at the hospitals. The warehouses we visited, were also doing periodic counts to ensure the records were updated and provided to corporate supply chain services.

Mr. Pena-Mora said thank you for telling us the information about the audit. My questions are related to the COVID equipment supplies where they are either donated or bought. I read some newspaper articles looking at these donations and looking at the audit of how those were managed. Did we do any special audit for those types of equipment and materials or are these being lumped within this annual audit that we regularly do?

Mr. Telano asked what type of equipment are you referring to?

Mr. Pena-Mora answered Ventilators, equipment that was deployed during the height of COVID and were either donated or provided by the state or different organizations, as well as PPE materials. Was there any special audit to track those types of equipment and materials, whether they were donated or bought.

Mr. Telano responded that no audit was done at time of the surge. We decided to look at just the excess inventory held. In this particular case, it was by Crothall. They were holding the ventilators. We went there and saw that everything was very well secured and controlled. Their records were immaculate. We were very impressed that the equipment being put aside for the current surge or even future surges is well controlled.

Mr. Pena-Mora stated that that is helpful, but maybe, since people always like to go back and guess how people should have done things during a crisis and is never accurate. We have our recommendation of inventory for a second surge and managing the vaccination, so if at any time we have the resources to ensure, if anyone was to ask any questions, we can respond easily. I think that may be something that could be explored.

Ms. Arteaga Landaverde asked if there a process in place that if anyone requests any of the PPE items from the warehouse.

Mr. Telano responded yes. The usual procedure is that requisition forms are completed and sent down to the warehouses at the facilities, and then it's delivered, signed off, and removed from the perpetual inventory system held by the Central Stores. Then it's expensed to the department that it is distributed to; so, yes, there is paperwork and there are controls.

## **CORPORATE COMPLIANCE UPDATE**

Monitoring Excluded Providers – As required by federal regulations and corporate compliance, there's a monthly screening of sanctions lists from the federal and state level.

From September 24th to December 22nd, there were no workforce members, vendors, or agency nurses who were excluded from any federal health care program. We had one community physician who was excluded from several lists, however, that physician did not have any active orders with Community Care and was removed as a provider in EPIC. We also checked the Death Master File and the National Plan of Provider Enumeration System, and as stated in paragraph five, there were no providers identified in either of those lists.

## **Privacy Incidents and Related Reports**

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.

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 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**

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

### **Compliance Reports**

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”, 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.

### **Status Update – HHC ACO, Inc.**

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.

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.

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 Epic Express Lane template.

On December 15th, HHC ACO held the first of its two-part annual quality review process Webinar training sessions for payment year 2020. They are required to manually report chart review data for ten of the Medicare Shared Savings 7 Program quality metrics. This Webinar trains chart auditors that are representing each of our facilities and the Gotham facilities and the external partners on how to perform the quality review process and documentation for each of these metrics. The second part of this Webinar training was conducted on December 29th.

## **HIPAA Risk Analysis and Security Assessment**

As previously reported, New York City Health and Hospitals engages a vendor, Coalfire, to conduct our enterprise-wide risk analysis of all of our facilities. At the end of 2019, Coalfire provided us with compliance and security workbooks and a risk management plan, which identifies the high and very high risks that are based on the risk analysis. These risks are being mitigated and being assigned to appropriate individuals to implement the mitigation plan. Those are tracked by our governance risk compliance tool to get their progress and monitor how they're coming to completion.

I've completed a second year, 2020 risk analysis engagement, and they completed the workbooks and reports in November. The final risk management plan is going through final review. On December 2nd, the Office of Corporate Compliance distributed Coalfire's risk analysis and compliance reports for the facilities to the leadership of each facility for their review and to know what the risks that were identified are. Coalfire will meet with system leadership this month to discuss the results of the enterprise and facility specific risk analyses and compliance reports as well as the risk management plan.

As part of our compliance program and required by social services law, the Office of Corporate Compliance developed a risk assessment for fiscal year 2021 that identifies risk that pose a legal, financial, or reputational risk to the organization. On September 12th, this risk assessment was presented to the Executive Compliance Work Group to analyze and provide their input; and based on the input, they determined which of the risks in that draft risk assessment should be included in FY2021 corporate compliance work plan. On November 30th, ACW met to finalize the corporate compliance work plan for fiscal year 2021, and that will be presented to the audit committee today for approval.

## **General Compliance/HIPAA Annual Training**

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%.

**Follow Up:** the Committee requested that a historical comparison analysis of the reported breaches be provided so the Committee can have a better understanding how the System is doing overall.

Ms. Arteaga Landaverde 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. A motion was made and seconded with all in favor.

## **Public Session:**

Ms. Arteaga Landaverde reported that during the executive session the Committee reviewed and approved the fiscal year 2021 Corporate Compliance Workplan.

There being no other business, the meeting was adjourned at 11:15 A.M.





# **OFFICE OF INTERNAL AUDITS**

**AUDIT COMMITTEE BRIEFING  
MARCH 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

As previously reported, the NYC Comptroller’s Office is conducting an audit of the Oversight of the Auxiliaries by NYC Health + Hospitals. The purpose of the audit is 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. Representatives from NYC Health + Hospitals/Woodhull, Metropolitan and Queens and their corresponding Auxiliaries.

Documents were requested from the Sr. Vice President of External & Regulatory Affairs and the representatives from the three facilities they met with.

The Office of Internal Audits (OIA) assisted with the scheduling of all meetings and reviewed the documents requested by the Comptroller’s Office prior to submission. In addition, OIA is sending the Comptroller’s Office the reports completed by the external CPA firm, for calendar years 2018 and 2019, upon their completion.

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

The Comptroller’s Office also met with Chief Executive Officers (CEO’s) of the five (5) nursing homes within the System 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.

Most recently, they discussed the processes involved regarding the ordering, receiving, storing and using of medical surgical inventory, including Personal Protective Equipment, with the Corporate Supply Chain Services Sr. Vice President and nursing home CEO’s.

Upon receipt of the engagement letter, the Office of Internal Audits determined the appropriate individuals within NYC Health + Hospitals that could address the concerns of the Comptroller’s Office. Internal Audits then assisted with the scheduling and participated in most meetings, and reviewed the documents requested by the Comptroller’s Office prior to submission.

**B. OTHER AUDIT ACTIVITIES**

*1. Auxiliary Audits*

The New York State Charities Bureau requires that a review, compilation or audit report accompany the CHAR500 New York State tax form submitted by the Auxiliaries. The type of report required is based on the total revenue of the entity.

The reports are prepared by an outside CPA firm (The Bonadio Group) selected by NYC Health + Hospitals. The level of service that Bonadio will provide is as follows:

- Audit (revenues over \$750,000) – the accounts and disclosures of the Auxiliary are corroborated. Assurance is given that the financial statements are fairly presented.
- Review (revenues between \$250,000 and \$750,000) – analytical procedures and inquiries are conducted to ascertain that the information contained within the financial statements is correct.
- Compilation (revenues below \$250,000) – the financial statements are presented based on representations made by Auxiliary management with no effort to verify the information.

The Office of Internal Audits coordinates the audits between Bonadio and the Auxiliaries, reviews the draft reports and issues the final reports. Overall, reports for 17 of the 22 Auxiliaries have been issued. 12 of the 17 reports required evaluations of both 2018 and 2019. 10 compilation, 6 review, and 1 audit report have been completed (see listing on the next page of this presentation).

No management letter comments were noted within the above reports. The audits of the Auxiliaries for Calendar Year 2020 are expected to begin in March 2021.

AUXILIARY	CALENDAR YEARS REVIEWED	DATE REPORT ISSUED	TYPE OF REPORT	2018 REVENUES	2019 REVENUES
Lincoln Hospital Center	2019	10/20/2020	Compilation	NA	\$99,403
Bellevue Association	2019	11/04/2020	Review	NA	\$243,272 <sup>i</sup>
Cumberland Diagnostic & Treatment Center	2018/2019	11/05/2020	Compilation	\$104,367	\$76,782
Metropolitan Hospital Center	2018/2019	11/13/2020	Audit	\$1,538,040	\$744,114 <sup>ii</sup>
East New York Diagnostic & Treatment Center	2019	11/13/2020	Compilation	NA	\$5,522
Coney Island Hospital	2019	11/13/2020	Compilation	NA	\$5,906
Jacobi Medical Center	2018/2019	11/19/2020	Review	\$537,664	\$457,149
Renaissance Health Care	2018/2019	11/25/2020	Compilation	\$16,788	\$20,666
Bellevue Hospital Center	2018/2019	12/09/2020	Review	\$151,939	\$938,114 <sup>iii</sup>
Woodhull Medical Center	2019	12/18/2020	Review	NA	\$234,293 <sup>iv</sup>
Coler Hospital	2018/2019	12/23/2020	Compilation	\$187,498	\$229,285
Carter Hospital Center	2018/2019	12/23/2020	Compilation	\$226,599	\$29,893
Kings County Hospital Center	2018/2019	01/04/2021	Compilation	\$58,804	\$21,142
Sea View Hospital and Home	2018/2019	01/13/2021	Compilation	\$110,468	\$42,748
Dr. Susan Smith McKinney Nursing & Rehabilitation Center	2018/2019	01/21/2021	Compilation	\$80,714	\$77,547
Auxiliary of Gouverneur Hospital	2018/2019	01/26/2021	Review	\$997,683	-\$146,562 <sup>v</sup>
The Auxiliary of Elmhurst Hospital Center	2018/2019	02/08/2021	Review	\$422,419	\$335,651
Children of Bellevue	2018/2019	Pending	Pending	Pending	Pending
Harlem Hospital Center	2018/2019	Pending	Pending	Pending	Pending
Friends of Harlem Hospital Center	2018/2019	Pending	Pending	Pending	Pending
Friends of North Central Bronx Hospital	2018/2019	Pending	Pending	Pending	Pending
The Queens Hospital Center	2018/2019	Pending	Pending	Pending	Pending

<sup>i</sup> The 2019 revenue that is shown is reduced by the direct costs of special events in the amount of \$77,025. Hence, the gross revenue exceeded \$250,000.

<sup>ii</sup> It was determined that an audit should be conducted for 2019 in order to get a comparative view of both years and because the revenue was close to \$750,000.

<sup>iii</sup> 2019 revenues include over \$700,000 of unrealized gains, which are not reported as revenues on the 990 form.

<sup>iv</sup> The 2019 revenue that is shown is reduced by the direct costs of special events in the amount of \$40,420. Hence, the gross revenue exceeded \$250,000.

<sup>v</sup> 2019 revenues were a negative due to a loss of \$352,000 in investments. A review was done for both years in order to provide a fair comparison.



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

**Audit Committee Report**

**Office of Corporate Compliance**

**March 15, 2021**





**AUDIT COMMITTEE OF THE  
NYC HEALTH + HOSPITALS  
BOARD OF DIRECTORS**  
Corporate Compliance Report  
125 Worth Street, Room 532  
New York, NY 10013  
March 15, 2021 @ 10:00 AM

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**AUDIT COMMITTEE OF THE  
NYC HEALTH + HOSPITALS  
BOARD OF DIRECTORS**  
Corporate Compliance Report  
125 Worth Street, Room 532  
New York, NY 10013  
March 15, 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 Dec. 23, 2020 through Feb. 28, 2021

- 3) During the period from December 23, 2020 through February 28, 2021, there was one workforce member and two agency staff who were either excluded from a federal health care program, or had a suspended license.
- 4) On January 14, 2021 the OCC learned that an agency nurse at NYC Health + Hospitals/Bellevue (“Bellevue”) from the Caliburn Employment Agency (“Caliburn”) appeared on the Texas Medicaid excluded provider list due to a suspension of her Texas nursing license. The nurse worked from December 24, 2020 through January 18, 2021, as a night nurse at Bellevue. The nurse was removed from duty until her license was reinstated and she was removed from the Texas Medicaid exclusion list. The OCC is reviewing this matter to determine if there is any overpayment that would need to be disclosed and repaid.
- 5) On February 22, 2021, the OCC learned that a Clerical Associate, also from the Caliburn, appeared on the OMIG, OIG, and SAM exclusion lists. The Clerical Associate worked at the Bathgate vaccination site on February 11, 2021 and February 12, 2021, assisting with patient navigation and registration. She was



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removed from duty upon learning of her exclusion. The OCC is determining whether, and the extent to which, the Clerical Associate’s exclusion while furnishing services for the System will result in an overpayment. In addition, the OCC will look into the sufficiency of Caliburn’s screening procedures.

- 6) On February 24, 2021, the OCC learned that a nurse at Correctional Health Services had her license suspended effective January 11, 2021. The nurse worked at Correctional Health Services from January 6, 2021 to January 26, 2021. The OCC is looking into whether this will result in an overpayment.

Death Master File and National Plan and Provider Enumeration System Screening

- 7) 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 (“NPPES”), respectively.
- 8) No providers were identified on the DMF or NPPES during the period December 23, 2020 through February 28, 2021.

**II. Privacy Incidents and Related Reports**

Breach Defined

- 9) 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.
- 10) 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.<sup>1</sup>

Reported Breaches for the Period of Dec. 23, 2020 through Feb. 28, 2021

- 11) During the period December 23, 2020 through February 28, 2021, thirty-four (34) incidents were entered in the HIPAA Tracking System. Of the thirty-four (34) incidents entered in the system, eighteen (18) were found after investigation, to be violations of NYC Health + Hospitals HIPAA Privacy and Security Operating Procedures; ten (10) were found NOT to be a violation of NYC Health + Hospitals HIPAA Privacy and Security Operating Procedures; and six (6) are still under investigation.
  
- 12) Of the eighteen (18) incidents confirmed as violations, seven (7) were determined to be breaches. These breaches included incidents where:
  - a. A patient's information was inadvertently emailed to another patient who had the same first name as the intended recipient;
  - b. A patient's paper medical record was sent to the wrong patient by the System's medical record retrieval vendor;
  - c. A bank vendor that inadvertently processed a remittance item intended for NYC Health + Hospitals into the lockbox account of another of the bank's customer;
  - d. A bank vendor that misprocessed a payment and inadvertently sent checks with patient information to an unauthorized recipient;
  - e. A bag containing a behavioral health inpatient census report for February 22, 2021, was inadvertently left on a subway train;
  - f. A clerical associate accessed the electronic medical record of a patient without justification; and
  - g. A physician sent an email containing patient information for a minor patient to all of the System's Group 12 employees.
  
- 13) Remediation for these breaches included:
  - a. Counseling and HIPAA remediation training;

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

- b. Confirmation that the patient information was deleted, and that none of it was copied, used or further disclosed; and
- c. Having a written warning placed in the individual’s personnel file.

Year-End Summary

- 14) There was a total of thirty (30) HIPAA breaches in 2020, which were reported to the OCR during the week of February 22, 2021. This is down from thirty-five (35) HIPAA breaches in 2019.

Office for Civil Rights (“OCR”) Reports Regarding HIPAA Incidents

- 15) The OCC received one email and two letter reports from the OCR between December 23, 2020 and February 28, 2021.

*February 22, 2021 Email:*

- 16) On February 22, 2021, the OCC received an email from the OCR requesting a phone call to discuss a complaint filed with the OCR concerning a parent’s denial of the right to access his minor child’s medical record. On February 23, 2021, the Chief Corporate Compliance Officer (“CCO”) and Senior Executive Privacy and Security Officer (“SEPSO”) spoke with an investigator at the OCR regarding this matter. The investigator explained that the OCR wanted to provide some technical assistance regarding patients’ right of access to their medical records. In this case, the complainant received a letter from NYC Health + Hospitals/Coney denying his request for a copy of his child’s medical record on the grounds that the hospital was “not authorized to release this information,” and instructed the requestor how to submit a complaint regarding this decision.
- 17) The investigator advised the CCO and the SEPSO that denials of requests for access to medical records must contain one of the enumerated reasons for the denial in the HIPAA regulations, and that NYC Health + Hospitals should issue the patient another letter that includes such a reason. The CCO and SEPSO informed the investigator that they would look into this matter and follow up as needed. Upon investigation, however, the CCO and SEPSO realized that another denial letter had been sent to the patient’s father on September 14, 2020, which did contain one of the acceptable reasons for the denial of access to the medical records. The OCC



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emailed that letter to the OCR on February 24, 2021; and on February 26, 2021, the OCC received a letter from the OCR stating that it was closing out the case.

*February 23, 2021 Letter – Harlem:*

- 18) On February 23, 2021, the OCC received a letter from the OCR regarding a complaint it received on July 28, 2020, alleging that “several staff members who were not involved in her care impermissibly accessed her medical records”. The letter also requests several documents and information regarding the incident. The OCC is working on a response to this document request.

*February 23, 2021 Letter – Test & Trace Corp:*

- 19) Also on February 23, 2021, the OCC received a letter from the OCR regarding a complaint from the Test & Trace Corps program. The complainant alleged that a Tracer for Test & Trace Corps, impermissibly disclosed the complainant’s and his family’s COVID-19 test results in front of individuals who were not authorized to know this information. As stated in the letter, however, the OCR determined to resolve this matter through the provision of technical assistance, and provided materials on the HIPAA Privacy Rule provisions related to using reasonable safeguards to protect private information.
- 20) On March 3, 2021, the CCO, SEPSO, and a representative from the Office of Legal Affairs spoke with an investigator from the OCR, and explained to her the structure of the Test & Trace Corps program, and which of its activities are HIPAA-covered activities and which are not.

**III. Compliance Reports**

Summary of Reports for the Period of Dec. 23, 2020 through Feb. 28, 2021

- 21) For the period of December 23, 2020 through February 28, 2021, there were forty-four (44) compliance reports, one (2.3%) of which was classified as Priority “A,”<sup>2</sup>

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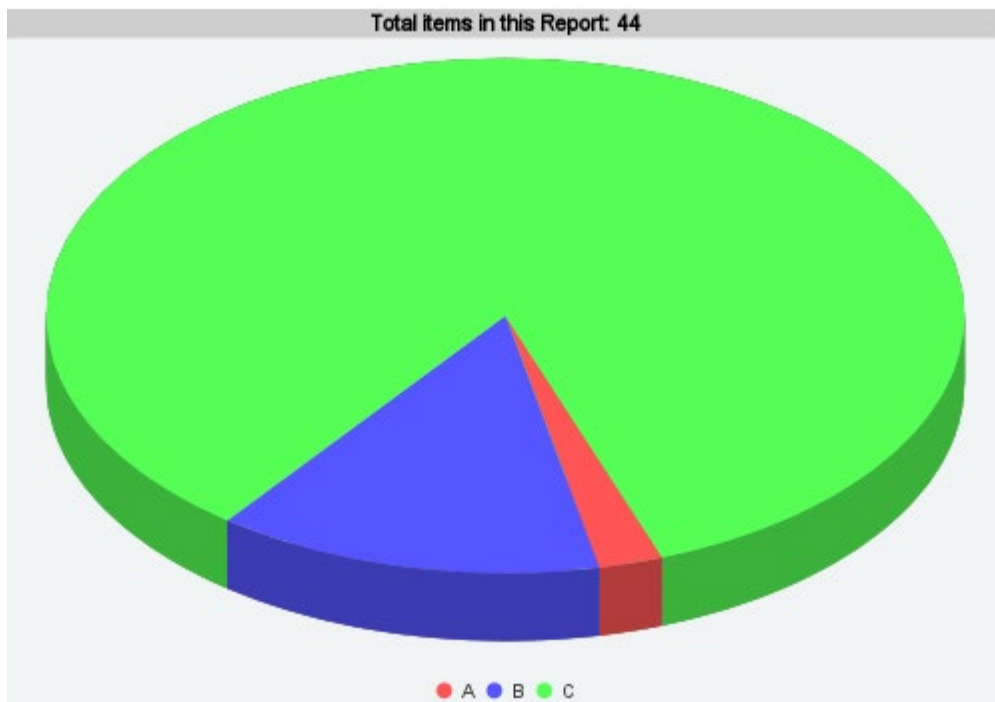
<sup>2</sup> There are three (3) different report categories: (i) Priority “A” reports are matters that require immediate review and/or action due to an allegation of an immediate threat to a person, property or environment; (ii) Priority “B” reports are matters of a time-sensitive nature that may require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

six (6) (13.6%) were classified as Priority “B,” and thirty-seven (37) (84.1%) were classified as Priority “C” reports. For purposes here, the term “reports” means compliance-based inquiries and compliance-based complaints.

- 22) The Priority “A” report is currently being investigated by the OCC. The investigation is ongoing, and the OCC will update the Committee at a later date.

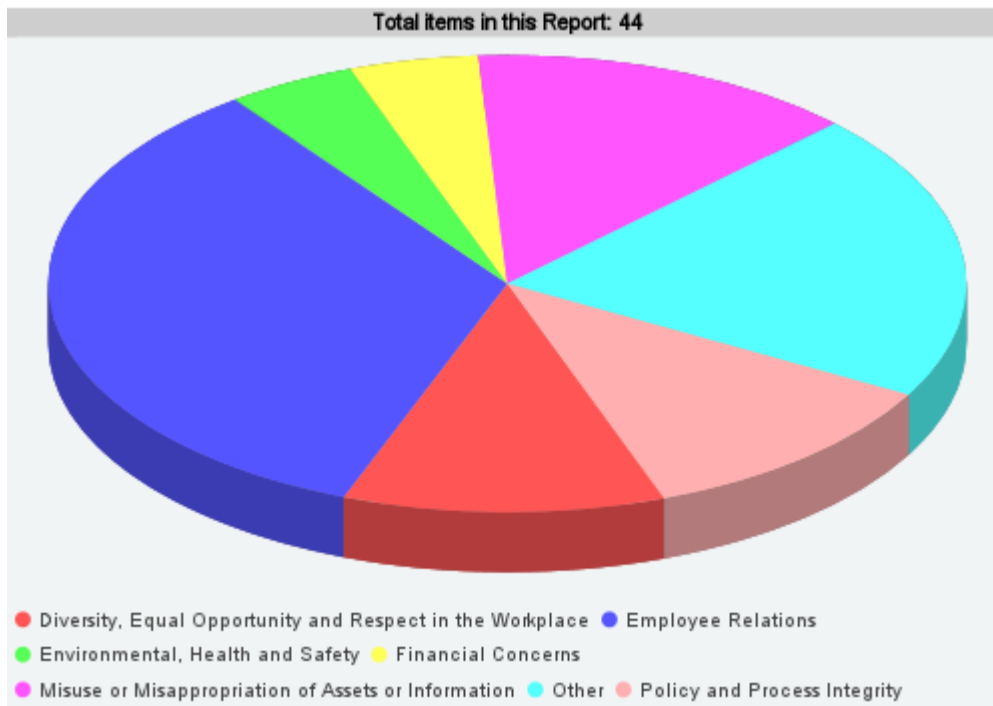
**a. PRIORITY CLASSIFICATION**

PRIORITY CLASSIFICATION		
	Number	Percentage
A	1	2.3
B	6	13.6
C	37	84.1
Total	44	100



**b. PRIMARY ALLEGATION CLASS**

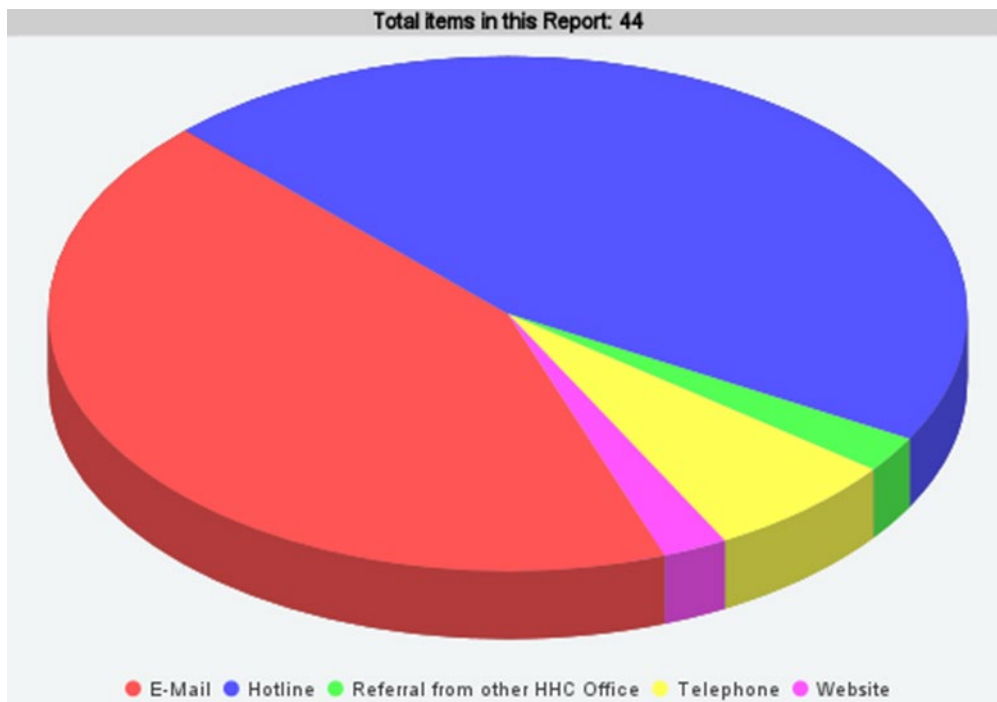
PRIMARY ALLEGATION CLASS		
	Number	Frequency (Percentage)
Diversity, Equal Opportunity and Respect in the Workplace	5	11.4
Employee Relations	15	34.1
Environmental, Health and Safety	2	4.5
Financial Concerns	2	4.5
Misuse or Misappropriation of Assets or Information	6	13.6
Other	9	20.5
Policy and Process Integrity	5	11.4
Total	44	100





c. **PRIMARY ALLEGATION SOURCE**

SOURCE	Number	Frequency (Percentage)
E-Mail	19	43.2
Hotline	20	45.5
Referral from other HHC Office	1	2.3
Telephone	3	6.8
Website	1	2.3
Total	44	100

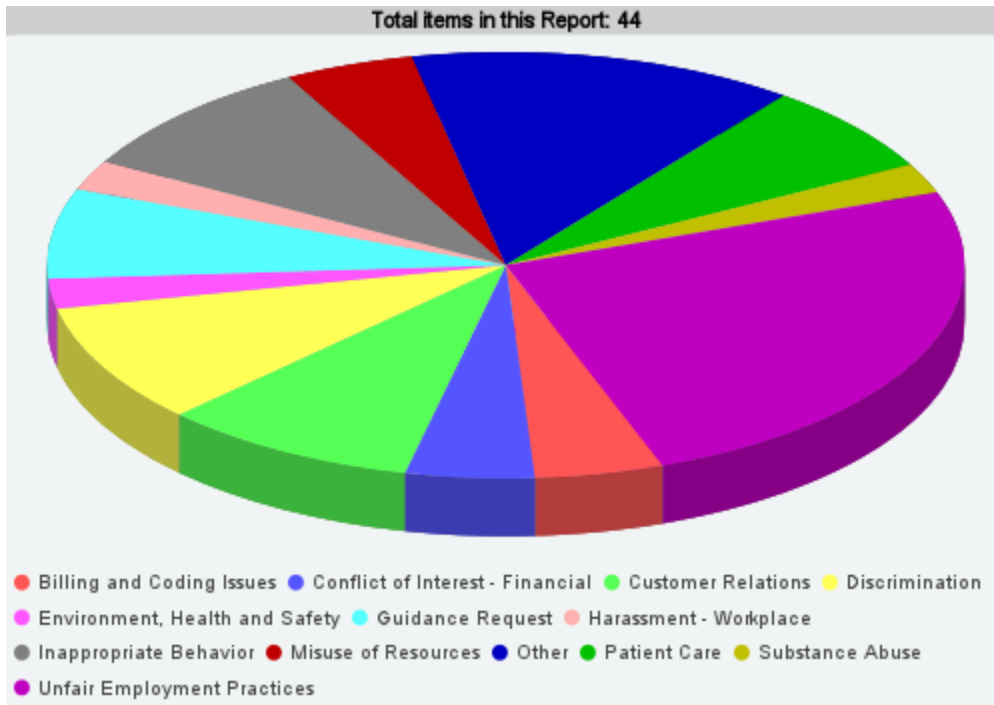




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**d. PRIMARY ALLEGATION TYPE**

PRIMARY ALLEGATION TYPE		
	Number	Frequency (Percentage)
Billing and Coding Issues	2	4.5
Conflict of Interest - Financial	2	4.5
Customer Relations	4	9.1
Discrimination	4	9.1
Environment, Health and Safety	1	2.3
Guidance Request	3	6.8
Harassment - Workplace	1	2.3
Inappropriate Behavior	4	9.1
Misuse of Resources	2	4.5
Other	6	13.6
Patient Care	3	6.8
Substance Abuse	1	2.3
Unfair Employment Practices	11	25
Total	44	100



**IV. New Operating Procedures**

23) The OCC is working on two new Operating Procedures (“OPs”) for the System.

- i. *Gift Giving and Receiving OP:* Historically, NYC Health + Hospitals has had a “no gift policy” when it comes to accepting gifts from patients and vendors. This policy is more restrictive than the requirements of Chapter 68 of the New York City Charter, and prohibits workforce members from receiving non-monetary gifts of low or no monetary value from patients or their families.

During the holiday season late last year, the OCC distributed a compliance alert, approved by the President, to all NYC Health + Hospitals workforce members regarding gift giving and receiving. The alert advised that “Workforce members are permitted to accept non-monetary gifts of low or no monetary value from patients or their families, such as holiday cookies



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or hand-made holiday decorations.” The purpose of the Gift Giving and Receiving OP is to revise and formalize the System’s gift policy to better align with the City’s policy.

In addition, because NYC Health + Hospitals’ gift policy is imbedded in its Principles of Professional Conduct (“POPC”), the POPC, which requires Board approval, will also have to be revised.

- ii. *Policy on Information Blocking.* The 21<sup>st</sup> Century Cures Act (“Act”) requires to release patient information through a patient portal, like MyChart and prohibits actions that would interfere with sharing such information, also known as “Information Blocking”. The regulations promulgated under the Act provide exceptions to the Information Blocking prohibition, including prevention of harm. Providers are also required to have policies in effect that detail how the exceptions are implemented. The Policy on Information Blocking will fulfill this requirement. Compliance with the Information Blocking Regulations is due on April 4, 2021, so this policy will also be due then.

**V. Status Update – HHC ACO, Inc.**

- 24) On January 6, 2021, HHC ACO held a Clinical Leadership Webinar with leads from all facilities, including its external partners, at which they discussed high risk self-management coaching and the 2020 HHC ACO annual quality review process. On February 10, 2021, HHC ACO held another Clinical Leadership Webinar, at which it discussed the Asthma COPD CHW program, Healthfirst/Landmark, and annual wellness visits.
- 25) HHC ACO continues to work with EITS and the Office of Ambulatory Care to build out the Epic Annual Wellness Visit provider template called the “Express Lane”. 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.

- 26) As previously reported, 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. HHC ACO is building out and customizing the content of the template to better serve the System's geriatric patient population.
- 27) HHC ACO has worked with the Office of Manage Care, EITS, and the OCC to grant Landmark Health NY IPA, LLC ("Landmark") providers read-only access Epic. Healthfirst has engaged Landmark to:(1) provide interdisciplinary and in-home concierge level care for complex, chronically ill Medicare Advantage patients who are Healthfirst members; and (2) make both regularly scheduled and urgent visits to patients to understand and address a Healthfirst member's medical needs and allow such members to stay in their home. Landmark providers will have read-only access to Epic, and the ability to in-basket messages to primary care providers in Epic. Landmark employees must sign an Authorized User Agreement before being allowed Epic access, and measures have been implemented to ensure that such access is terminated upon their separation from Landmark.

## **VI. HIPAA Risk Analysis and Security Assessment**

- 28) 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 annual HIPAA enterprise-wide Risk Analyses and Security Assessments. Coalfire's Risk Analyses involves on-site and remote interviews of key facility and Central Office personnel, and in-person and virtual walk-throughs of the System's acute care facilities, skilled nursing facilities, and Diagnostic and Treatment Centers, and a sample of the Gotham Health clinics. In addition, Coalfire performs penetration tests of NYC Health + Hospitals' systems and applications to determine their vulnerability to unauthorized access. It also assesses a sample of the System's vendors to determine their compliance with HIPAA and the security of the System's PHI that they maintain.
- 29) Coalfire completed its year two (2020) Risk Analysis engagement at the end of 2020. Year two consisted of revalidating the findings from 2019, reviewing the status of the remediation plans from the 2019 Risk Management Plan, and



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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 was completed in January 2020.

- 30) 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 met with System leadership on February 3, 2021 and February 4, 2021, to discuss the results of the enterprise and facility-specific Security Risk Analyses and Compliance Reports, and led a discussion on how the System can mature its cyber risk management program.
- 31) Coalfire has begun its year three Risk Analysis engagement, and interviews with Diagnostic and Treatment Center and skilled nursing facility personnel will be conducted during the weeks of March 8, 2021 and March 15, 2021, respectively. It is also preparing for the external systems and applications penetration testing, and is collecting vendor profiles for the vendor risk management analysis.

**VII. General Compliance/HIPAA Annual Training**

- 32) As part of NYC Health + Hospitals’ compliance program, and in accordance with NYS Social Services Law and regulation, all workforce members, including contingent workers, are required to complete the System’s annual General Compliance/HIPAA training course. The overall completion rate of this training for 2020 was 87% for NYC Health + Hospitals employees, and 81% for non-employees.