



**AUDIT COMMITTEE  
MEETING AGENDA**

**May 9, 2022  
9:00 A.M.  
50 Water Street  
VIRTUAL**

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**CALL TO ORDER**

**Ms. Sally Hernandez-Piñero**

- **Adoption of Minutes March 22, 2022**

**Ms. Sally Hernandez-Piñero**

**INFORMATION ITEMS**

- **Grant Thornton, LLP: 2022 Annual Audit Planning Presentation** **Ms. Tami Radinsky, Partner**
- **Internal Audits Update** **Ms. Catherine Patsos**
- **Compliance Update** **Ms. Catherine Patsos**

**OLD BUSINESS**

**NEW BUSINESS**

**ADJOURNMENT**



## MINUTES

**AUDIT COMMITTEE**

**MEETING DATE: March 22, 2022**  
**TIME: 9:00 A.M.**

### **COMMITTEE MEMBERS**

Sally Hernandez-Piñero

José Pagán, PhD

Freda Wang

Anita Kawatra

Matthew Siegler representing Dr. Mitchell Katz

### **STAFF ATTENDEES**

Colicia Hercules, Chief of Staff, Chairman's Office

Janny Jose, Executive Secretary, Chairman's Office

Carlotta Duran, Assistant Director, Chairman's Office

Andrea Cohen, General Counsel

Jay Weinman, Corporate Comptroller

James Linhart, Deputy Corporate Comptroller

Catherine Patsos, Chief Corporate Compliance Officer

Devon Wilson, Senior Director, Office of Internal Audits



VIRTUAL AUDIT COMMITTEE MINUTES  
MARCH 22, 2022

**Call to Order**

**Committee Members Present:** Sally Hernandez-Piñero, José Pagán, Freda Wang, Anita Kawatra, joined at 9:07, and Matthew Siegler representing Dr. Mitchell Katz

The meeting was called to order by Ms. Sally Hernandez-Piñero, Committee Chair at 9:03 am and noted for the record that Matthew Siegler will be representing Dr. Mitchell Katz in a voting capacity.

Ms. Sally Hernandez-Piñero requested a motion to adopt the minutes of the Audit Committee meeting held on December 7, 2021. A motion was made and seconded with all in favor to adopt the minutes.

Action Item for consideration, James Linhart read the resolution into the record.

Resolution:

**Authorizing the New York City Health and Hospitals Corporation to execute a two-year and two-month best interest contract extension with Grant Thornton, LLP, for audit services for an amount not to exceed \$2,019,500 inclusive of a 5% contingency bond insurance. With the base amount of \$1,931,500. At the moment we have an \$88,000 dollars contingency included in that amount that brings the total not to exceed \$2,019,500.**

Mr. James Linhart, Deputy Corporate Comptroller, explained that the two-year two-month extension contract is due to the fact that the current contract will expire on April 30, 2022, and is requesting a best-interest contract extension until April 30, 2024, to align with the City contract RFP. Every year we issue financial statements, which must be audited by an independent accounting firm, as mandated by our corporate Bylaws and our bond issuance policy and procedure. Our current contract was procured through an RFP that was issued in 2018.

The current annual spend is \$924,100 with Grant Thornton for the external auditing services. This two-year two-month extension is for the sole purpose of joining the City's RFP so there will be one city contract and one audit firm. The City currently uses Grant Thornton.

The process and benefits were explained. The process will remain the same. H+H will retain autonomy and have a separate audit team. The Audit Committee will still review and approve the financial statements. Grant Thornton will continue to pay for Continuing Professional Education (CPE) for our staff.

Grant Thornton has received an excellent performance evaluation.

The MWBE percentage in the original RFP was 30%, and Grant Thornton received a total of 16% MWBE the first year. They expected that the MWBE would be 12% in year two because they could not find a firm to provide services. Year three was the COVID year, and due to COVID they could not meet with the MWBE. In year four, the MWBE was 26%. Their current MWBE goal is 25%.

In response to questions, Mr. Weinman clarified that NYC Health + Hospitals will have a subcontract under a master City contract with its own scope, and can also decide to select another vendor to meet its needs. If the selected vendor is the same as the City's vendor, NYC Health + Hospitals will have its own partner separate from the City that specialize in health care. Mr. Linhart clarified that the decrease in rates compared to the historical contract, and clarified that, per the City Comptroller, no Auditor should serve more than eight years.

After discussion, on motion made and duly seconded, the Committee voted in favor of the resolution for consideration by the Board.

Catherine Patsos, Chief Corporate Compliance Officer presented the Internal Audits and Office of Corporate Compliance reports.

### **Internal Audits Report:**

The New York City Comptroller's office has been conducting an audit of controls over the System's Nursing Homes. The Comptroller's Office provided preliminary findings related to the inventory of personal protective equipment (PPE) in use at our nursing homes. Ms. Patsos, Internal Audits, and Supply Chain met with the Comptroller's Office on March 8, 2022 to discuss the preliminary findings. We were not able to get through all the findings on that day, so a subsequent meeting was held on March 18, 2022.

Many of the findings related to inventory processes and procedures, especially during the pandemic when the inventory was influx due to receiving a lot of donations. They asked about what supplies were purchased and donated, and how we used them. They found discrepancies in the inventory counts that they were concerned about. We have addressed those issues and they will issue a preliminary Draft Audit Report before the final Draft Audit Report, to which we will have an opportunity to respond.

Their main concerns are having policies and procedure in place if and when a pandemic happens again so that we can account for our inventory. We did ask them if they felt the supplies were being misappropriated, and they said no.

Internal Audits is conducting a System-wide review of nurse hiring. The objectives are to evaluate the on-boarding of direct hire, agency, and travel nurses, making sure that they all have their appropriate background checks in place, that their Annual Performance evaluations are conducted, and that all documents are being maintained and reviewed as appropriate.

Ms. Piñero asked how this become a subject for an audit.

Ms. Patsos responded that this issue was previously audited by the Comptroller's Office with our prior nurse staffing agency. We have a new agency now, RightSourcing, and we want to make sure that the previous gaps are not continuing.

For the hospital Auxiliaries, eighteen of the twenty-two final reports for calendar year 2020 have been completed by our CPA firm. There were fifteen compilations, two were reviews, and one was an audit, all of which were based on the total amount of annual revenues. There are four that remain for 2020. For Queens Center Hospital Auxiliary, we have outstanding reports for 2018 and 2019. As of October 1, 2021, Queens Hospital Center Auxiliary's 501(c)(3) status was reinstated, and we are waiting to see if that will be retroactive.

**Office of Corporate Compliance Report:**

**Monthly Excluded Providers:** For the monthly exclusion monitoring during the reporting period of November 17, 2022 through February 22, 2022, there were two workforce members who appeared on the exclusion lists. The first was excluded by the Office of the Medicaid and Inspector General and the Office of Inspector General (OIG), as well as appearing on the General Services Administration of Award Management (SAM) exclusion list. That person did not pass the background check as was never hired. The second individual was an agency person who worked at Elmhurst from December 13, 2021 to January 12, 2022. This person was only training as a discharge planner when we learned of the exclusion. We are currently investigating if this will result in an overpayment.

**HIPAA Violations and Breaches:** During the past reporting period sixty-seven (67) HIPAA incidents were entered into our Case Management System. Twenty-three (23) were found to be violations of our HIPAA Privacy and Security Operating Procedures; eleven (11) were not violations, and thirty-three (33) are still being investigated. Of the twenty-three (23) that were violations, nine (9) were found to be breaches. Of the nine (9) breaches, three (3) resulted from registration errors, one involved a workforce member posting PHI to social media, one involved a provider disclosing a patient's HIV status to their family member, one involved a provider leaving PHI in a NYU Langone facility, one resulted from a photo of a patient's PHI being added to another patient's MyChart account, one involved using patients' PHI for training, and one was the result of a workforce member disclosing PHI to their personal attorney.

Ms. Piñero asked what happens to the staff who are found guilty of the breaches.

Ms. Patsos responded that we report them to Human Resources or Labor Relations as appropriate depending on the type of employee they are. We ask that documentation of the breach be placed in their personnel file. Some violations require more severe disciplinary action. The Office of Corporate Compliance does not impose disciplinary action; we refer the cases to Human Resources or Labor Relations for disciplinary action.

**Office for Civil Rights ("OCR") Reports:** We received five (5) letters from the Office for Civil Rights. Four (4) of them are related to reports from 2015 and 2017 regarding breaches during those periods. These are breaches that the OCR has been investigating for several years. Based on the corrective action and our submission to the OCR of our enterprise-wide HIPAA Risk Analysis, these investigations were closed by the OCR.

Ms. Wang asked if it is typical for the OCR's investigations to take so long.

Ms. Patsos responded that they can take this long. In part, the OCR was waiting for us to provide evidence that we are conducting an enterprise-wide HIPAA Risk Analysis.

**Compliance report updates:** Since the last Committee meeting there were eighty-seven compliance reports, two of which were categorized as red, thirty-six were yellow, and forty-nine were green.

**Billing and Auditing services:** The Office of Corporate Compliance, in collaboration with Revenue Cycle, drafted a RFP, which was approved by the Contract Review Committee. The qualified vendor(s) would be conducting pre-billing and auditing services for all service areas. They will be doing an analysis to identify areas of risk. They will then conduct training where deficiencies are noted. The RFP seeks a three-year contract with a total cost of \$3.5 million.

**Patient Privacy Monitoring System:** The OCC has implemented a Patient Privacy Monitoring (PPM) system through a vendor Maize. HIPAA regulations require us to implement software and/or procedural mechanisms that record and examine activity and information systems that contain or use ePHI and regularly review logs and reports and security tracking reports. The PPM will enhance our ability to detect unauthorized access to and disclosures of ePHI by workforce members. This will be used for Epic and other applications that handle ePHI. This is also a three-year contract.

**System Risk Assessment:** As we do every year, we are in the process of developing a Risk Assessment, which includes risks to the organization from a reputational, financial or legal perspective. Risk Assessment will be presented to the Enterprise Compliance Committee on March 24, 2022.

**HIPAA Risk Analysis and Security Assessment:** We are also starting our 2022 HIPAA Risk Analysis and Security Assessment. We have engaged Coalfire through the RFP process to conduct this analysis, and they have begun their 2022 process. Coalfire conducts remote and onsite interviews with key personnel. They also review applications that create, receive, maintain or transmit ePHI, and conduct penetration tests of our systems and applications. Coalfire conducted interviews with the skilled nursing facilities during February. In March they will conduct reviews of the acute care facilities. Report Concluded.

There being no other business, the meeting was adjourned at 9:50 am.



PRESENTATION TO THE AUDIT COMMITTEE

# 2022 Annual Audit Planning Presentation

New York City Health and Hospitals Corporation

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**May 9, 2022**

This communication is intended solely for the information and use of management and the audit committee of New York City Health and Hospitals Corporation and is not intended to be and should not be used by anyone other than these specified parties.



# Our Responsibilities

## We are responsible for:

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- Performing 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“ or “H+H”) for the fiscal year ending June 30, 2022
  - NYC Health + Hospitals Accountable Care Organization Inc. annual financial statements for the fiscal year ending June 30, 2022
  - Metro Plus Health Plan’s annual statutory financial statements for the fiscal year ending December 31, 2022
  - NYC Health + Hospitals Insurance Company’s annual statutory financial statements for the fiscal year ending December 31, 2022
- Forming and expressing an opinion about whether the financial statements are presented fairly, in all material respects in accordance with US GAAP
- Communicating fraud and abuse associated with the financial statements
- Performing the following audits, as applicable, of cost reports for the year ending June 30, 2022 and issuance of certifications and attestation reports:
  - Annual Reports of Ambulatory Health Care Facilities (AHCF-1)
  - Annual Reports of Residential Health Care Facilities (RHCF-4)
- Communicating material weaknesses and/or significant deficiencies in internal control over financial reporting in a timely fashion; however, the audit is not designed for this purpose

An audit provides reasonable, not absolute, assurance that the financial statements are free of material misstatements due to fraud or error. It does not relieve you or management of your responsibilities. Our respective responsibilities are described further in our engagement letter

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# Those Charged With Governance Responsibilities

## Those Charged with Governance are responsible for:

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- Overseeing the financial reporting process
  - Setting a positive tone at the top and challenging NYC Health + Hospital'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 the audit, such as:
    - Strategies and related business risks that may result in heightened risks of material misstatement
    - Matters warranting particular audit attention
    - Significant communications from/with regulators
    - Matters related to the effectiveness of internal control and your oversight responsibilities
    - Your views relating to our current communications and your actions in connection with previous communications
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# Management Responsibilities

## Management is responsible for:

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- Preparing and fairly presenting all of the respective financial statements in accordance with US GAAP
  - Designing, implementing, evaluating, and maintaining effective internal control over financial reporting and compliance with federal award requirements
  - 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 written representations
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# Audit timeline & scope

<b>May 2022</b>	Client continuance	<ul style="list-style-type: none"><li>• Client continuance</li><li>• Issue engagement letter</li><li>• Conduct internal client service planning meeting, including coordination with audit support teams (IT, tax, valuation)</li></ul>
<b>May 2022</b>	Planning	<ul style="list-style-type: none"><li>• Meet with management to confirm expectations and discuss business risks</li><li>• Discuss scope of work and timetable as well as identify current year audit issues</li><li>• Initial Audit Committee communications (e.g., discuss recently issued accounting pronouncements of relevance)</li></ul>
<b>May/June 2022</b>	Preliminary risk assessment procedures	<ul style="list-style-type: none"><li>• Develop an audit plan that addresses risk areas</li><li>• Update understanding of internal control environment</li><li>• Coordinate planning with management and develop work calendar</li></ul>
<b>June 2022</b>	Interim fieldwork	<ul style="list-style-type: none"><li>• Perform walkthroughs of business processes and controls</li><li>• Perform selective substantive testing on interim balances</li></ul>
<b>September/ October 2022</b>	Final fieldwork	<ul style="list-style-type: none"><li>• Perform final phase of audit and year-end fieldwork procedures</li><li>• Meet with management to discuss results, including review of draft financial statements, misstatements (if any) and completeness/accuracy of disclosures</li><li>• Present results to the Audit Committee</li></ul>
<b>October 2022</b>	Deliverables	<ul style="list-style-type: none"><li>• Financial Statements</li><li>• Listing of unrecorded misstatements and omitted disclosures (if any)</li></ul>

# Audit timeline & scope - continued

<b>December 2022/January 2023</b>	MetroPlus Health Plan	<ul style="list-style-type: none"><li>• Perform walk-throughs of business processes and controls</li><li>• Perform control testing over significant business processes</li><li>• Perform selective substantive testing on interim balances</li></ul>
<b>February 2023/ March 2023</b>	MetroPlus Health Plan	<ul style="list-style-type: none"><li>• Perform final phase audit and year-end fieldwork procedures</li><li>• Meet with management to discuss results, draft financial statements and other required communications</li><li>• Issue the final audit report and other deliverables</li></ul>
<b>April 2023 - August 2023</b>	Cost Report Certification and H+H Insurance Company	<ul style="list-style-type: none"><li>• Perform applicable audit procedures and issue auditor's reports on cost reports for the skilled nursing facilities (RHCF-4) and diagnostic and treatment centers (AHCF)</li><li>• Perform H+H Insurance Company audit and issuance of audit report</li></ul>
<b>Timing to be determined</b>	H+H ACO, Inc.	<ul style="list-style-type: none"><li>• Perform H+H ACO, Inc. audit and issuance of audit report</li></ul>

# Significant risks and other areas of focus

The following provides an overview of the areas of significant audit focus based on our risk assessments.

Area of focus	Procedures
Patient accounts receivable, related contractual and uncollectable allowances and net patient service revenue	<ul style="list-style-type: none"><li>• Review account reconciliations including completeness and accuracy testing of the aged patient trial balances</li><li>• Perform analytical procedures over key indicators such as days in accounts receivable, account write offs and aging of balances</li><li>• Perform cut-off testing</li><li>• Review management’s methodology for estimating allowances</li><li>• Perform medical record testing for existence (no confirmation procedures) and detail test of subsequent cash receipts</li><li>• Perform a hindsight analysis of the prior year accounts receivable balance by reviewing cash collections on prior year balances</li><li>• Perform cash to revenue proof to assist in the validation of the revenue balance</li></ul>
Estimated settlements due to third-party payers and net patient service revenue	<ul style="list-style-type: none"><li>• Review account reconciliations and roll-forwards and agree significant reconciling items to supporting schedules and documentation.</li><li>• Perform detailed account balance testing</li><li>• Review management’s methodology for estimating amounts</li><li>• Review the financial statement presentation and disclosures</li></ul>

# Significant risks and other areas of focus (continued)

The following provides an overview of the areas of significant audit focus based on our risk assessments.

Area of focus	Procedures
Net pension liability, expense and OPEB liabilities	<ul style="list-style-type: none"><li>• Review management's analysis of pension and accrued postretirement benefit obligations</li><li>• Assess the reasonableness of actuarial assumptions, including discount factor, trend rates and cash flows, amongst others</li><li>• Select a sample and test participant census data</li></ul>
Expenditures	<ul style="list-style-type: none"><li>• Select a sample of expenditures and trace to supporting documentation to assess propriety and categorization/functionalization of balances</li><li>• Analytically review and perform predictive tests of payroll and other operating expenses for reasonableness</li></ul>
Accounts Payable and Accrued liabilities, including malpractice reserves and contingencies	<ul style="list-style-type: none"><li>• Perform detail testing of management's calculations, including underlying inputs and data provided to specialists used in actuarial calculations for medical malpractice, workers compensation, pension and self-insurance health liabilities</li><li>• Obtain and review outside actuarial reports used to determine pension and malpractice liabilities</li><li>• Assess for reasonableness the assumptions used in developing estimates</li><li>• Perform a search for unrecorded liabilities</li><li>• Test the completeness and accuracy of accounts payable aged trial balance</li><li>• Review payroll accruals for reasonableness</li></ul>

# Significant risks and other areas of focus (continued)

The following provides an overview of the areas of significant audit focus based on our risk assessments.

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## Significant risk

Management override of controls –  
(presumed fraud risk and therefore significant risk in all audits)

## Procedures

- Consider the design and implementation of entity-level controls, including information technology controls, designed to prevent/detect fraud.
  - Assess the ability of the NYC Health + Hospitals to segregate duties in its financial reporting, information technology, and at the activity-level.
  - Conduct interviews of individuals involved in the financial reporting process to understand (1) whether they were requested to make unusual entries during the period and (2) whether they are aware of the possibility of accounting misstatements resulting from adjusting or other entries made during the period.
  - Perform risk assessment for journal entries and detail test a sample of journal entries based on our risk assessments to ensure propriety of the entries.
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# Significant risks and other areas of focus (continued)

The following provides an overview of the areas of significant audit focus based on our risk assessments.

Area of focus	Procedures
Accounting estimates	The preparation of NYC Health + Hospital's financial statements requires management to make multiple estimates and assumptions that affect the reported amounts of assets and liabilities as well as the amounts presented in certain required disclosures in the notes to those financial statements. The most significant estimates relate to contractual allowances, the allowance for doubtful accounts, third-party liabilities, malpractice liabilities and actuarial estimates for the pension plan. Our procedures have been designed in part, to review these estimates and evaluate their reasonableness.
Financial statement disclosures	Our procedures will also include an assessment as to the adequacy of NYC Health + Hospital's financial statement disclosures to ensure they are complete, accurate and appropriately describe the significant accounting policies employed in the preparation of the financial statements and provide a detail of all significant commitments, estimates and concentrations of risk, amongst other relevant disclosures required by accounting standards and industry practice.



# Significant risks and other areas of focus (continued)

The following provides an overview of the areas of significant audit focus based on our risk assessments.

## Other Areas of focus:

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Perform substantive testing on key account balances as of June 30, 2022, as follows:

- Confirmation of cash and cash equivalents.
  - Test significant fixed asset additions and disposals, as applicable.
  - Test deferred revenue, as applicable.
  - Obtain debt rollforward and test payments throughout the year and compliance with debt covenants
  - Perform an analytical review of revenues and expenses.
  - Identify and test non-routine transactions to ensure appropriate accounting treatment.
  - Independently confirm with internal and external legal counsel the potential exposure associated with outstanding claims, as applicable. Identify contingent liabilities or assets requiring accounting treatment or footnote disclosure.
  - Perform fraud procedures
    - Journal entry testing
    - Review inter-company accounts
    - Vendor testing
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# Technology support as part of the audit process



An important component of our audit approach is to understand how IT is used and deployed in supporting business operations and producing financial reports. Our technology specialists place particular emphasis on the risks relating to the use of technology and its associated controls, processes and practices. Our general controls review evaluates the design of controls that mitigate risk in areas such as organization and operations, protection of physical assets, application systems development and maintenance, access controls and computer operations.

# COVID-19 pandemic

## Accounting considerations



- 1. Asset impairment** - Material assets subject to possible impairment or devaluation. Health Care Systems need to carefully identify the appropriate impairment model and consider whether the pandemic effects whether an impairment should be recognized and, if so, to extent. This could impact fixed assets, investments, and other assets.
- 2. Insurance recoveries** - Health Care Systems may be entitled to reimbursement for losses under various types of insurance policies as a result of the pandemic.
- 3. Contingent losses** - A Health Care System is required to recognize a contingent loss if: (a) it is probable that the liability has been incurred as of the balance-sheet date; and (b) the amount of the loss is reasonably estimable (as either a point estimate or a range of loss).
- 4. Going concern evaluations** - Health Care Systems will need to evaluate their ability to continue as a going concern within one year after the financial statements are either issued or made available to be issued. A Health Care System that concludes that there is substantial doubt about its ability to continue as a going concern, or that its plans alleviate such doubt, must provide disclosures to that effect.
- 5. Impact of various federal relief programs** - Health Care Systems continue to be eligible to participate in certain federal government relief programs to mitigate the financial impacts of the pandemic. The appropriate accounting and financial reporting (presentation) of the various relief programs such as PPP loans, Provider Relief Funds, etc. continues to be a consideration.
- 6. Uniform Guidance compliance** – Health Care Systems should evaluate nature and amounts of funding received under Federal COVID-19 awards that may trigger the need for presentation on the SEFA as well as new Federal programs subject to audit.
- 7. Reserves for uncollectible accounts** - Because of the significant economic impact of the pandemic, Health Care Systems may need to re-evaluate the basis for reserves on certain accounts such as student accounts, contributions and loans receivable, as well as other reserves.
- 8. Disclosures of risks and uncertainties** - Disclosure of risks and uncertainties related to operations/activities, accounting estimates, and vulnerabilities, among others specified in ASC 275, should be considered when preparing the financial statement footnotes.

# Commitment to promote ethical and professional excellence

We are committed to promoting ethical and professional excellence. To advance this commitment, we have put in place a phone and internet-based hotline system.

The Ethics Hotline (1.866.739.4134) provides individuals a means to call and report ethical concerns.

The EthicsPoint URL link can be accessed from our external website or through this link:

[https://secure.ethicspoint.com/domain/en/report\\_custom.asp?clientid=15191](https://secure.ethicspoint.com/domain/en/report_custom.asp?clientid=15191)

Disclaimer: EthicsPoint is not intended to act as a substitute for a company's "whistleblower" obligations.





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## Technical updates - GASB

# Pronouncements enacted for the year ended June 30, 2022 - GASB

Title	Effective date
GASB 87– Leases	Periods beginning after June 15, 2021**
GASB 89 – Accounting for Interest Cost Incurred before the end of a Construction Period	Periods beginning after December 15, 2020**
GASB 91 – Conduit Debt Obligations	Periods beginning after December 15, 2021**
GASB 92 – Omnibus 2020	Periods beginning after June 15, 2021*

\* Effective dates vary by topic.

\*\* Reflective of effective date deferrals under GASB 95.

# Selected pronouncements effective for the year ending June 30, 2022 or subsequent periods – GASB – continued

Title	Effective date
GASB 93 – Replacement of Interbank Offered Rates	Periods beginning after June 15, 2022
GASB 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements	Periods beginning after June 15, 2022
GASB 96 – Subscription-Based Information Technology Arrangements	Periods beginning after June 15, 2022
GASB 97 – Certain Component Unit Criteria, and Accounting and Financial Reporting for IRC Section 457 Deferred Compensation Plans – an amendment of GASB Statements 14 and 84 (Supersedes GASB Statement 32)	Periods beginning after June 15, 2021*
GASB 98 – The Annual Comprehensive Financial Report	Period ending after December 15, 2021

\* Effective dates vary by topic.

# GASB Statement 87, Leases

## Summary

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- The GASB issued guidance which resembles the FASB guidance on leases
  - To determine whether a lease exists, a government should assess whether it has both:
    - 1) The right to obtain the present service capacity from use of the underlying asset as specified in the contract, and
    - 2) The right to determine the nature and manner of use of the underlying asset as specified in the contract
  - For Lessees:
    - In general, all leases will be reported on the statement of net position (the distinction between operating and capital leases is no longer relevant) as a "right of use" intangible asset and a corresponding lease liability within long term debt
    - On the statement of changes, rent expense will be replaced by amortization expense of the right-of-use asset as well as interest expense on the lease liability (thus accelerating expenses in the beginning years of the lease term)
    - There is an exemption for short term leases (those with a term of 12 months or less, including extension options) as well as leases that transfer ownership at the end of the term
    - Disclosures regarding matters such as total leased assets by major class of underlying assets and related accumulated amortization (in total), principal and interest payments for each of the five subsequent fiscal years and in five year increments thereafter and commitments under leases before a lease commencement period, among other items
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# GASB Statement 87, Leases (continued)

## Summary, continued

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- For Lessors:
  - Record a lease receivable and a deferred inflow of resources equal to the present value of future lease payments (which should generally equal the amount recorded as a liability by the lessee), and also continue to report the leased asset
  - The receivable will be reduce as cash is received, the asset will be depreciated (generally) and the deferred inflow will be recognized over the lease term
  - Disclosures include matters such as general description of leasing arrangements, total amount of inflows of resources, and those related to variable payments, residual guarantees, etc., and the existence, terms and conditions of options by the lessee to terminate the lease or abate payments in certain circumstances, among other disclosures
- Effective for periods beginning after June 15, 2021, with early adoption encouraged. Existing leases will be adjusted based on the remaining lease payments as of the beginning of the period of adoption or beginning of any earlier periods restated (for example, for June 30 year ends, adoption is June 15, 2022 so the beginning period is July 1, 2021).

## Potential Impact

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- For those Health Care Systems which use operating leases to finance certain capital activities, this standard could have a significant impact on the financial statements of the Health Care System upon adoption. Management should consider the impact on financial covenants, as well as ensuring a complete inventory of existing leases that will be subject to the new accounting and disclosures.

# GASB Statement 89, *Accounting for Interest Cost Incurred before the end of a Construction Period*

## Summary

- This Statement improves financial reporting by providing users with more relevant information about capital assets and the cost of borrowing and enhancing comparability of information for both governmental activities and business-type activities.
- Financial statements prepared using the economic resources measurement focus:
  - Interest cost should be recognized as an expense in the period incurred.
- Financial statements prepared using the current financial resources measurement focus:
  - Interest cost should be recognized as an expenditure consistent with governmental fund accounting principles.
- Effective for periods beginning after December 15, 2020, with early adoption encouraged. Changes to adopt this standard should be applied prospectively at adoption.

## Potential Impact

- Health Care Systems may have varying amounts of interest incurred during periods of significant construction. With the implementation of this new guidance, complex calculations of interest to be capitalized will no longer be required, thus simplifying accounting requirements. The new accounting accelerates the expense impact for the construction period, which should be considered when preparing budgets for future periods.

# GASB Statement 91, *Conduit Debt Obligations*

## Summary

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- Eliminates the existing option for issuers to report conduit debt obligations as their own liabilities, thereby ending significant diversity in practice.
- Defines conduit debt obligations as a debt instrument issued in the name of a state or local government (the issuer) that is for the benefit of a third party primarily liable for the repayment of the debt instrument (the third-party obligor), that includes specific characteristics.
- An issuer should not recognize a conduit debt obligation as a liability.
- To the extent the issuer has made a limited commitment with respect to the conduit debt obligation, the issuer should recognize a liability associate with the additional commitment if qualitative factors indicate it is more likely than not that the issuer will support one or more debt service payments.
- The issuer of conduit debt obligations should not report arrangements as leases, regardless of whether the arrangement is labeled or otherwise referred to as a lease. If the arrangement meets the definition of a Service Concession Arrangement, however, the SCA should be reported in accordance with the relevant guidance.
- Effective for periods beginning after December 15, 2021, with early adoption encouraged. Changes to adopt this standard should be applied retroactively.

## Potential Impact

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- Health Care Systems should inventory outstanding conduit debt obligations, including related commitments and arrangements, and compare the associated terms against the new definitions within this Standard.

# GASB Statement 92, Omnibus 2020

## Summary

- Addresses practice issues that have been identified during implementation and application of certain GASB Statements
  - Effective date of GASB 87 and Implementation Guide 2019-3 clarified as fiscal years beginning after December 15, 2019, and all reporting periods thereafter (subsequently updated to periods beginning after June 15, 2021 with GASB 95)
  - Presentation of transfers of capital or financial assets under GASB 48 updated to be consistent with the provisions of GASB 67 and 74, as applicable
  - Modifies the requirements of Statements 73 and 74 to remove the liability recognition provisions
  - Provides exception to the use of acquisition value for AROs in a government acquisition
  - Clarifies that recoveries from reinsurers may, but are not required to be, reported as a reduction of expenses
  - The terms derivative and derivatives in National Council on Government Accounting and GASB pronouncements are replaced with derivative instrument and derivative instruments, respectively
- Effective upon issuance for requirements related to the effective date of GASB 87 and reinsurance recoveries.
- Effective for periods beginning after June 15, 2021 for all other topics, with early adoption encouraged and permitted by topic.

## Potential Impact

- The practice issues addressed within this Omnibus are very narrow. Health Care Systems should review the clarifications provided for applicability, and update presentation and disclosures, as needed.

# GASB Statement 93, *Replacement of Interbank Offered Rates*

## Summary

- Addresses accounting and financial reporting implications that result from the replacement of LIBOR
  - Provides exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment
  - Clarifies the hedge accounting termination provisions when a hedged item is amended to replace the reference rate
  - Clarifies that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable
  - Removes LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap
  - Identifies a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap
  - Provides an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contractions that are amended solely to replace an IBOR as the rate upon which variable rates depend
- The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021.
- All other requirements are effective for periods beginning after June 15, 2021, with early adoption encouraged.

## Potential Impact

- LIBOR has historically been a common benchmark for debt, hedging and other agreements with some fashion of variable rate. Health Care Systems should inventory agreements to identify which, if any, include current references to LIBOR
- For agreements with current LIBOR references, Health Care Systems should coordinate with lenders and other counterparties to identify a replacement benchmark interest rate, and update agreements and footnote disclosures as needed

# GASB Statement 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*

## Summary

- Defines a PPP as an arrangement in which a government (the transferor)
  - contracts with an operator (a governmental or nongovernmental entity) to provide public services
  - by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time
  - in an exchange or exchange-like transaction.
- Transferor records the underlying PPP asset and/or a receivable for installment payments to be received from operator, with a related deferred inflow of resources.
- Defines an APA as an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.
  - In an APA with multiple components, each component shall be recognized as a separate arrangement.
- Effective for fiscal years beginning after June 15, 2022, with early adoption encouraged.

## Potential Impact

- Health Care Systems often engage in these type of arrangements to expand student housing, parking, retail space, or some combination of these types of revenue-generating spaces. This new guidance clarifies the accounting for these types of arrangements, as compared to service concession arrangements, lease agreements or other types of transfers. Management should identify which agreements are currently in place for which accounting may need to be restated. Management should also consider these updated definitions for any new transactions that may be in process, to ensure those arrangements are structured and reported in accordance with these new provisions

# GASB Statement 96, *Subscription-Based Information Technology Arrangements*

## Summary

- Defines subscription-based information technology arrangements (SBITA) as a contract that conveys control of the right to use another party's IT software,
  - alone or with underlying tangible IT assets,
  - For a period of time (noncancelable period, plus options to extend),
  - In an exchange or exchange-like transaction.
- Government should recognize a right-to-use subscription asset and a corresponding subscription liability
  - Measured as the present value of expected subscription payments
  - Discounted using the rate the SBITA vendor charges, or the incremental borrowing rate
- Subscription asset to be amortized over the subscription term
- Activities associated with a SBITA, other than subscription payments, should be grouped into the following three stages and costs accounted for accordingly:
  - Preliminary project stage – expensed as incurred
  - Initial implementation stage – capitalized as an addition to the subscription asset
  - Operation and additional implementation stage – expensed as incurred, unless they meet specific capitalization criteria
- Effective for fiscal years beginning after June 15, 2022, with early adoption encouraged.

## Potential Impact

- For those Health Care Systems using subscription-based IT arrangements, this standard could have a significant impact on the financial statements of the Health Care System upon adoption. As with the new lease standard, management should consider the impact on financial covenants, as well as ensuring a complete inventory of existing agreements that will be subject to the new accounting and disclosures.

# GASB Statement 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for IRC Section 457 Deferred Compensation Plans

## Summary

- Clarifies, for purposes of determining whether a primary government is financially accountable for a potential component unit, if the primary government performs the duties that a governing board would typically perform, the absence of a governing board should be treated the same as the appointment of a voting majority
  - Exceptions for defined contribution pension and OPEB plans, or certain other employee benefit plans.
- Modifies the applicability of financial burden criteria to be limited to defined benefit pension and OPEB plans administered through trusts.
- Calls for Section 457 Plans to be classified as a pension plan if it meets the definition of a pension plan in paragraph 51 of Statement No. 67 or paragraph 128 of Statement No. 73 for accounting and financial reporting purposes.
  - Otherwise, classified as other employee benefit plan.
  - GASB 84 should be applied to determine whether a 457 Plan should be reported as a fiduciary activity in a government's fiduciary fund financial statements.
- Effective immediately for provisions related to component unit evaluation criteria.
- Effective for fiscal years beginning after June 15, 2021 for provisions related to Section 457 Plans.

## Potential Impact

- Health Care Systems typically provide a variety of employee benefit plans for faculty and administrative personnel to elect to participate in. These plans vary in types of benefits provided, method and timing of contributions, and in plan structure. Health Care Systems should revisit the determination made for each of these plans regarding component unit and fiduciary activity accounting and presentation. Depending on the organizational structure and other criteria, Health Care Systems may find themselves reporting as a fiduciary activity benefit plans which were not previously included in the Health Care System financial statements.



# GASB Statement 98, The Annual Comprehensive Financial Report

## Summary

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- This Statement establishes the term *annual comprehensive financial report* and its acronym *ACFR*. That new term and acronym replace instances of *comprehensive annual financial report* and its acronym in generally accepted accounting principles for state and local governments.
  - This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur. This Statement's introduction of the new term is founded on a commitment to promoting inclusiveness.
  - Effective for fiscal years ending after December 15, 2021, with early application encouraged.
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## Potential Impact

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- Health care systems that prepare an annual report or make reference to being a component unit of another governmental entity that prepares such an annual report, should update language to include the new term and, if applicable, the related acronym.

# GASB projects

Project	Timing
Compensated absences – reexamination of Statement 16	Final Statement expected June 2022
Financial Reporting Model - Reexamination of Statements 34, 35, 37, 41 and 46, and Interpretation 6	Final Statement expected 2023
Recognition (conceptual framework)	Final Concepts Statement expected 2023
Prior-period adjustments, accounting changes, and error corrections – a reexamination of Statement 62	Final Statement expected June 2022
Disclosure framework (conceptual framework)	Final Concepts Statement expected June 2022
Omnibus	Final Statement expected April 2022
Risks and Uncertainties Disclosures	Exposure Draft expected June 2022
Revenue and Expense Recognition	Currently in redeliberation. Exposure Draft expected 2025
Going concern uncertainties and severe financial stress	Preliminary Views expected December 2023
Classification of nonfinancial assets	Exposure Draft expected May 2023

# GASB major project – Financial Reporting Model

## Summary

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- GASB is revisiting its reporting model established in GASB 34 and 35, as well as other GASB standards, following the FASB project to revisit the reporting model of NFP entities.
  - Although there is general consensus that most of the components of the financial reporting model are effective, the Board determined that there is a need to update guidance related to several categories, focusing on the following:
    - MD&A
    - Government-wide financial statements
    - Major funds
    - Governmental fund financial statements
    - Proprietary fund and business-type activity financial statements
    - Fiduciary fund financial statements
    - Budgetary comparisons
  - Exposure Draft elements of note for and Health Care Systems (Preliminary Views was issued in June 2020):
    - Definition of non-operating activities includes i) subsidies received and provided, ii) revenues and expenses of financing, iii) resources from the disposal of capital assets and inventory and iv) investment income and expenses
    - A subtotal for "operating income/(loss) and noncapital subsidies"
-

# GASB major project – Financial Reporting Model, continued

## Potential impact

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- Proposed guidance could have sweeping effects on the reporting and disclosures by Health Care Systems.
  - There could be an increase in comparability between the two types of entities that currently use very different reporting models.
  - Three of the business type activities issues that the GASB is considering that are particularly relevant to Health Care Systems are:
    - Guidance on the operating indicator
    - MD&A
    - Extraordinary and special items
  - Depending on the ultimate guidance, Health Care Systems may want to think about how the reporting of these expenses will be captured to be accurately reported in the financial statements.
-

# GASB major project – Revenue and Expense Recognition

## Summary

- Three primary areas of focus of the project are as follows:
  1. Common exchange transactions not specifically addressed in existing GASB guidance
    - Project plans to develop guidance or improve existing guidance regarding
      1. Exchange and exchange-like transactions having single elements
      2. Exchange and exchange-like transactions having multiple elements
      3. The differentiation between exchange-like and non-exchange transactions
  2. Post-implementation review of GASB 33 and 36
    - Areas to be considered include:
      1. Distinguishing between eligibility requirements and purpose restrictions
      2. Determining when a transaction is an exchange or a non-exchange transaction
      3. Using the availability period concept consistently across governments
      4. Applying time and contingency requirements
  3. Development of GASB conceptual framework
    - GASB 33 and 36 were developed prior to key parts of the conceptual framework, such as defining deferred inflows and outflows
    - An evaluation of the recognition of non-exchange transactions against the conceptual framework is necessary
- Currently in public hearings and redeliberations, with Exposure Draft expected in June 2023.

## Potential Impact

- As it relates to recognition of exchange and non-exchange transactions such as grants vs gifts vs contracts, there continues to be an element of judgment and interpretation of existing GASB and FASB guidance. This project could impact the current practices of Health Care institutions as it relates to revenue recognition.

# GASB pre-agenda research

## Topics

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- Going concern disclosures
  - Capital assets
  - Interim financial reporting
  - Investment fees
  - Nonfinancial assets
-



**AUDIT COMMITTEE OF THE  
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**Audit Committee Meeting**

**Office of Corporate Compliance  
Internal Audits**

**May 9, 2022**

**Catherine G. Patsos, Esq., CHC  
Chief Corporate Compliance Officer**

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**A. EXTERNAL AUDITS**

**1. *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: Summary of Issues Received – January 21, 2022

On March 18, 2022, meeting was held with the NYC Comptroller’s Office to continue discussing the its summary of findings from this audit. The Comptroller’s Office sent an updated summary of findings for Carter on April 19, 2022, based on this meeting. Supply Chain reviewed the updated findings, and another meeting was held on May 3, 2022, to respond to those findings before the preliminary draft report is issued.

**B. INTERNAL AUDIT ACTIVITIES**

**1. *System-Wide Review of Nurse Hiring***

Entrance Conference (Nursing and Human Resources) – November 29, 2021  
Fieldwork Start Date and Document Request – November 30, 2021  
Final Report Date – To be Determined (TBD)

Objective of the audit:

- To evaluate the onboarding of nurses including direct hire nurses, agency nurses and travel nurses;
- To verify proper background check such as fingerprints, employment eligibility, verification of New York State licenses;
- To ensure that annual performance evaluations of direct hire and agency nurses are completed; and
- To ensure that proper documentation is maintained and reviewed by relevant parties.

A meeting was held on February 23, 2022, with Nursing Administration to discuss the nurse hiring and onboarding processes. Internal Audits subsequently received a list of approximately 7,300 agency nurses, including travel nurses, hired from September 20, 2020 to December 31, 2021. Internal Audits has requested a list of direct hire nurses for the same time period. Once received, the Office of Corporate Compliance will draw a random sample of nurses from each list, and Internal Audits will review the documentation regarding the onboarding of the samples of nurses.

**2. *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 annual revenue of the Auxiliary.

Twenty-two (22) final reports for Calendar Year (CY) 2021 have been completed by the outside CPA firm, The Bonadio Group. Internal Audits has reviewed and finalized ten (10) of the twenty-two (22) reports. Nine (9) reports were Compilations as the Auxiliaries' revenues were below \$250,000 and, one (1) was a Review as the Auxiliary's revenues were between \$250,000 and \$750,000.

Three (3) reports remain outstanding for CY2020: Friends of North Central Bronx Hospital, Elmhurst Hospital Center, and Queens Hospital Center.

One draft report has been completed for each of CYs 2018 and 2019 for Queens Hospital Center Auxiliary Inc. The final reports have been pending a determination from the IRS of the Auxiliary's retroactive 501(c)(3) status. On April 28, 2022, Internal Audits was informed that the IRS approved the Auxiliary's retroactive reinstatement. (*See the list on the following page.*)

<b>AUXILIARY</b>	<b>CALENDAR YEARS REVIEWED</b>	<b>2018 REVENUES</b>	<b>2019 REVENUES</b>	<b>2020 REVENUES</b>	<b>2021 REVENUES</b>
East New York Diagnostic & Treatment Center	2019/2020	NA	\$5,522	\$4,650	\$4,950
Coney Island Hospital	2019/2020	NA	\$5,906	\$5,003	\$5,233
Jacobi Medical Center	2018/2019/2020	\$537,664	\$457,149	\$232,607	\$70,021
Renaissance Health Care	2018/2019/2020	\$16,788	\$20,666	\$12,184	\$11,828
Coler Hospital	2018/2019/2020	\$187,498	\$229,285	\$91,790	\$97,923
Carter Hospital Center	2018/2019/2020	\$226,599	\$29,893	\$12,309	\$8,329
Cumberland Diagnostic & Treatment Center	2018/2019/2020	\$104,367	\$76,782	\$31,683	\$30,240
Gouverneur Hospital	2018/2019/2020	-\$146,562	\$997,683	\$751,055	\$658,222
Metropolitan Hospital Center	2018/2019/2020	\$1,538,040	\$744,114	\$147,938	\$203,738
Lincoln Hospital Center	2019/2020	NA	\$99,403	\$17,339	\$4,717
Bellevue Association	2019/2020	NA	\$243,272	\$83,823	Pending
Woodhull Medical Center	2019/2020	NA	\$234,293	\$19,925	Pending
Friends of Harlem Hospital Center	2018/2019	\$133,487	\$215,341	\$276,382.00	Pending
Kings County Hospital Center	2018/2019/2020	\$58,804	\$21,142	\$43,407	Pending
Sea View Hospital and Home	2018/2019/2020	\$110,468	\$42,748	\$21,600	Pending
Dr. Susan Smith McKinney Nursing & Rehabilitation Center	2018/2019/2020	\$80,714	\$77,547	\$12,102	Pending
Harlem Hospital Center	2018/2019/2020	\$9,946	\$12,201	\$5,334	Pending
Bellevue Hospital Center	2018/2019/2020	\$151,939	\$938,114	\$543,122	Pending
Children of Bellevue	2018/2019	\$1,112,221	\$1,154,967	\$986,097	Pending
Friends of North Central Bronx Hospital	2018/2019	\$131,555	\$74,525	Pending	Pending
Elmhurst Hospital Center	2018/2019	\$422,419	\$335,651	Pending	Pending
Queens Hospital Center	2018/2019	Pending	Pending	Pending	Pending



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**Audit Committee Report**

**Office of Corporate Compliance Report**

**May 9, 2022**



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**I. Monitoring Excluded Individuals and Vendors**

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 agency staff.
- 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 agency staff against the databases of the United States Department of Treasury Office of Foreign Asset Control (“OFAC”).

Exclusion and Sanction Screening Report for February 23, 2022 through April 19, 2022

- 3) During the period February 23, 2022 through April 19, 2022, there were no workforce members or vendors that appeared on the exclusion lists.

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 (“NPPES”), respectively.
- 5) No providers were identified on the DMF or NPPES during the period February 23, 2022 through April 19, 2022.

**II. Privacy Incidents and Related Reports**

Breach Defined



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- 6) A breach is an impermissible use, access, acquisition or disclosure under the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”) 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.

Reported Breaches for the Period of February 23, 2022 through April 19, 2022

- 8) During the Reporting Period, sixty-three (63) incidents were entered in the case management system. Of the sixty-three (63) incidents, eleven (11) were found, after investigation, to be violations of NYC Health + Hospitals’ HIPAA Privacy and Security Operating Procedures; nine (9) were found not to be a violation of NYC Health + Hospitals’ HIPAA Privacy and Security Operating Procedures; and forty-three (43) are still under investigation.
- 9) Of the eleven (11) incidents confirmed as violations, nine (9) were determined to be breaches. Five (5) resulted from registration errors (*e.g.* selecting the wrong patient upon registration or patient providing incorrect information); two (2) involved giving a patient the wrong after visit summary or discharge papers, one (1) involved a workforce member inappropriately accessing the PHI of a patient not under their care, and one (1) involved a workforce member posting PHI to social media. All workforce members involved in these breaches were counseled on the requirement to protect the confidentiality of patients’ PHI, including using multiple identifiers at registration where appropriate, and were required to take HIPAA Remedial training. In addition, the OCC recommended that Human Resources place documentation of the breaches in their personnel files.

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

- 10) The OCC did not receive any letters from the OCR between February 23, 2022 through April 19, 2022.



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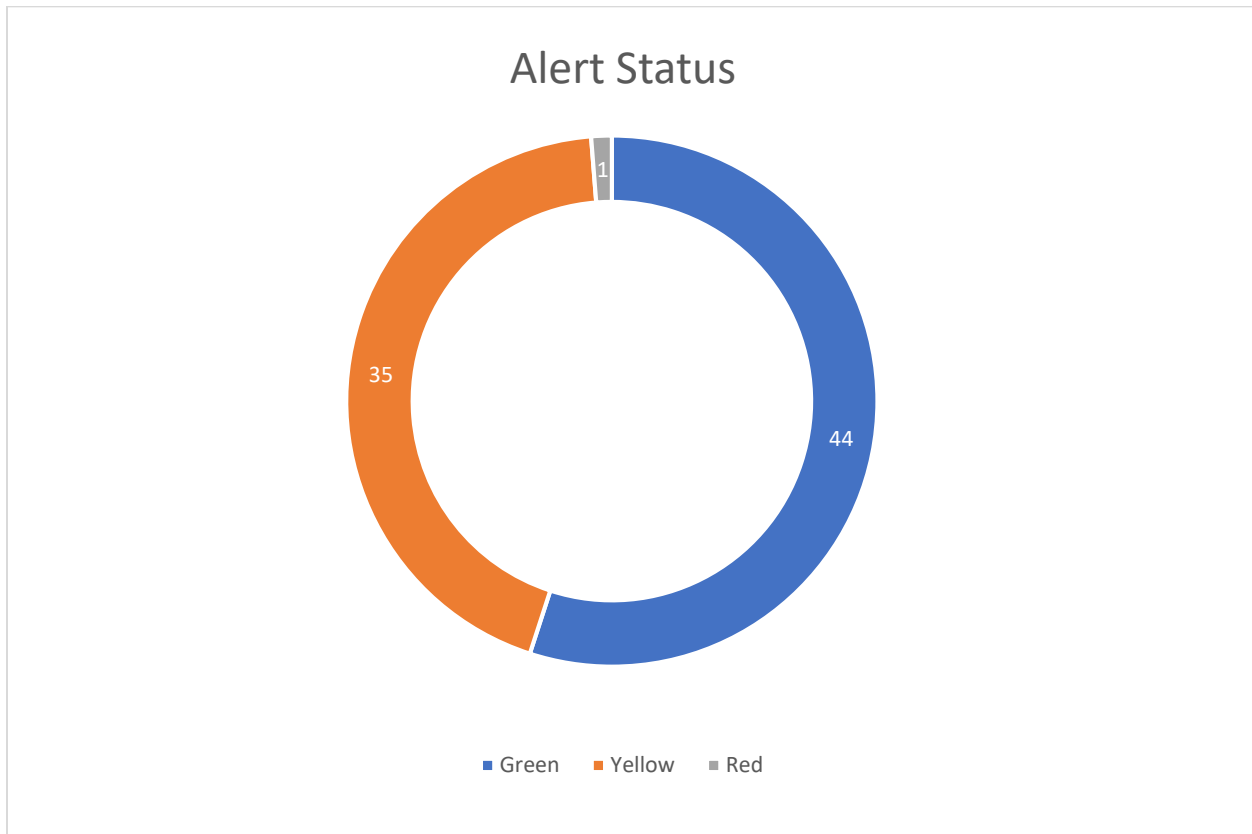
**III. Compliance Reports**

Summary of Reports for the Period of February 23, 2022 through April 19, 2022

- 11) During the period February 23, 2022 through April 19, 2022, there were a total of eighty (80) compliance reports entered into the OCC’s tracking database.
  
- 12) The tracking database utilizes colored flags (red, yellow, and green) to represent the severity of the reports. During the reporting period, there was one (1) red report, thirty-five (35) yellow reports, and forty-four (44) green reports. An anonymous reporter began filing a concern regarding patient abuse, but did not continue the reporting process. As a result, there was insufficient information to investigate the report.

<b>Alert Status</b>	
Green	44
Yellow	35
Red	1
Total	80

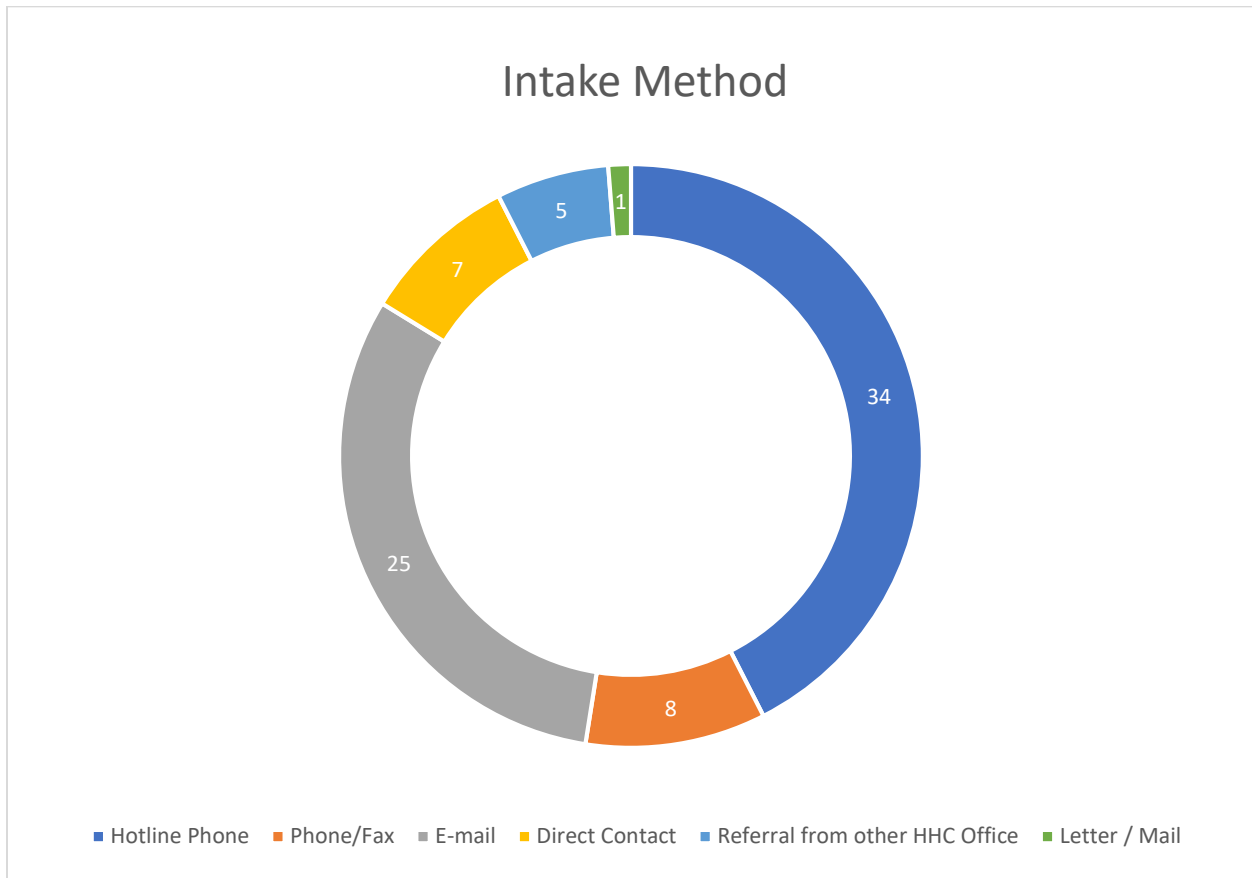




13) In addition, the database tracks reports by intake and issue type.

Intake method:

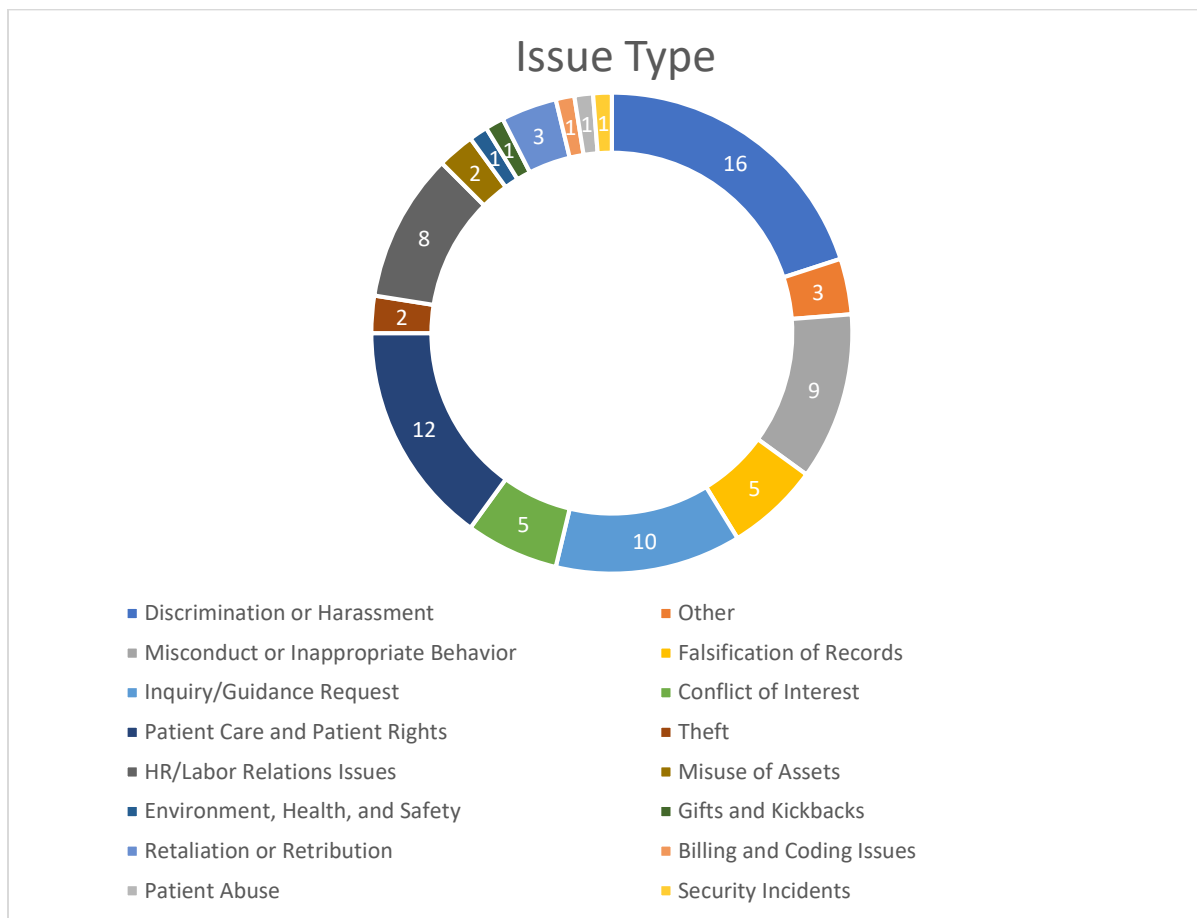
<b>Intake Method</b>	
Hotline Phone	34
Phone/Fax	8
E-mail	25
Direct Contact	7
Referral from other HHC Office	5
Letter / Mail	1
<b>Total</b>	<b>80</b>



Issue type:

Issue Type	
Discrimination or Harassment	16
Other	3
Misconduct or Inappropriate Behavior	9
Falsification of Records	5
Inquiry/Guidance Request	10
Conflict of Interest	5
Patient Care and Patient Rights	12
Theft	2

HR/Labor Relations Issues	8
Misuse of Assets	2
Environment, Health, and Safety	1
Gifts and Kickbacks	1
Retaliation or Retribution	3
Billing and Coding Issues	1
Patient Abuse	1
Security Incidents	1
<b>Total</b>	<b>80</b>





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**IV. Billing and Coding Auditing Services RFP**

- 14) The OCC, in collaboration with the Office of Revenue Cycle, drafted a Request for Proposals (“RFP”) for a vendor(s) to provide billing and coding auditing services. On February 8, 2022, the Contract Review Committee approved the RFP, which was posted to the City Record by March 4, 2022, and then sent to selected vendors. The RFP seeks a qualified vendor(s) to conduct pre-submission billing and coding auditing services for inpatient, outpatient, diagnostic and treatment centers, home health, health home, and skilled nursing facility accounts. The selected vendor(s) will provide data analysis to identify areas of risk, conduct prioritized chart reviews as determined by the analysis, work with operating areas to develop and monitor corrective action plans if needed, conduct or coordinate training where deficiencies are noted, train staff on billing and coding auditing, and prepare ongoing reporting and analysis for management review. In addition, the qualified vendor(s) will conduct periodic risk assessments to determine areas of risks, threats, and opportunities related to documentation, coding, and billing of services provided, prepare a multi-year audit plan based on the risk assessments, and conduct or assist in conducting audits of risk areas identified in the risk assessments.
- 15) Proposals were due on April 5, 2022, and we received proposals from six vendors. The Evaluation Committee has scored the proposals and will invite the highest scoring vendors to make presentations of their proposals.

**V. FY2023 Risk Assessment**

- 16) The OCC developed the Draft FY2023 Risk Assessment, which the Chief Corporate Compliance Officer (“CCO”) presented to the Enterprise Compliance Committee (“ECC”) on March 24, 2022 for review. Based on the ECC’s comments and prioritizations of the risks, the CCO revised the Draft FY2023 Risk Assessment, and presented the revised FY2023 Risk Assessment to the ECC on May 5, 2022, for further discussion. Based on the ECC members’ discussion of the risks in the Risk Assessment, the CCO will revise the FY2023 Risk Assessment to incorporate their comments, and redistribute it for their approval. Once the FY2023 Risk Assessment is approved, the CCO will prepared and distribute the Draft FY2023 Corporate Compliance Work Plan, based on the FY2023 Risk Assessment,



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for the ECC's review and approval. The approved FY2023 Corporate Compliance Work Plan will then be presented to the Audit Committee for approval.

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

- 17) To ensure the System's compliance with the requirements of HIPAA and HIPAA regulations, the System has again engaged Coalfire Systems, Inc. ("Coalfire") to conduct its annual HIPAA enterprise-wide Risk Analyses and Security Assessments for a three-year period. Coalfire's Risk Analyses involve on-site and remote interviews of key facility and Central Office personnel, in-person and virtual walk-throughs of the System's facilities and clinics, and risk and compliance reviews of a sample of applications that create, receive, maintain or transmit ePHI. 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.
- 18) Coalfire began its 2022 HIPAA Risk Analysis, and interviews with skilled nursing facility personnel were conducted during the week of February 14, 2022. In April, Coalfire conducted reviews of the acute care facilities, and is conducting onsite reviews of select facilities in May.