FINANCE COMMITTEE AGENDA

Date: May 09, 2022
Time: 12:30 P.M.
Location: 50 Water Street, 17th Floor,
Boardroom - VIRTUAL

I. Call to Order *Freda Wang*
Adoption of the March 22, 2022 Minutes

II. Action Item: Legal Defense Services Pool *David Cheung*
Authorizing the New York City Health and Hospitals Corporation (the "**System**") to execute three-year agreements with each of the 17 law firms listed in Annex A attached (the "**Med Mal Firms**") for defending the System in medical malpractice cases on as as-needed basis with the System holding two 1-year options to renew for an amount not to exceed $86,000,000 over the entire potential five-year term.
VENDEX APPROVED:
Harris Beach PLLC, Lewis Brisbois Bisgaard & Smith LLP, Wilson Elser Moskowitz Edelman & Dicker LLP, Schiavetti, Corgan, DiEdwards, Weinberg & Nicholson, LLP

VENDEX PENDING:
Aaronson Rappaport Feinstein & Deutsch, LLP, Amabile & Erman, P.C., Fullerton Beck LLP, Kaufman Borgeest & Ryan LLP, Lewis Johs Avallone Aviles, LLP, Martin Clearwater & Bell LLP, Rubin Paterniti Gonzalez Rizzo Kaufman, LLP, Vaslas Lepowsky Hauss & Danke LLP, Vigorito, Barker, Patterson, Nichols & Porter, LLP, Dopf, P.C., Garson & Jakub LLP, McAloon & Friedman P.C.

EEO APPROVED:
Amabile & Erman, P.C., Garson & Jakub LLP

EEO PENDING:
Aaronson Rappaport Feinstein & Deutsch, LLP, Fullerton Beck LLP, Furman Kornfeld & Brennan LLP, Harris Beach PLLC, Kaufman Borgeest & Ryan LLP, Lewis Brisbois Bisgaard & Smith LLP, Lewis Johs Avallone Aviles, LLP, Martin Clearwater & Bell LLP, Rubin Paterniti Gonzalez Rizzo Kaufman, LLP, Vaslas Lepowsky Hauss & Danke LLP, Vigorito, Barker, Patterson, Nichols & Porter, LLP, Wilson Elser Moskowitz Edelman & Dicker LLP, Dopf, P.C., McAloon & Friedman P.C., Schiavetti, Corgan, DiEdwards, Weinberg & Nicholson, LLP

III. Updated information from March 22, 2022 Finance Committee Meeting *Michline Farag*

IV. Financial Update *John Ulberg*

V. Old Business Freda Wang

VI. New Business

VII. Adjournment

Finance Committee VIRTUAL MEETING – March 22, 2022

As Reported By: Freda Wang

Committee Members Present: Freda Wang, Mitchell Katz, MD left at 12;05, Sally Hernandez-Piñero, José Pagán, Patricia Marthone, MD

CALL TO ORDER

Ms. Wang called the meeting of the New York City Health + Hospitals Board of Directors Finance Committee Meeting to order at 11:02 a.m.

Ms. Wang called for a motion to approve the January 10, 2022 minutes of the Finance Committee meeting.

Upon motion passed and duly seconded the minutes of the Finance Committee meeting held on January 10, 2022 were adopted.

ACTION ITEM: TEMPORARY SECURITY STAFFING, VENDORS

Dr. Wei, SVP Quality and Safety, presented a resolution:

Authorizing the New York City Health and Hospitals Corporation (the "System") to execute three-year standby or requirements contracts with each of Universal Protection Service LLC, d/b/a Allied Universal, Johnson Security Bureau, Inc. Maxxi Building Security and Management Corporation and Aron Security (the "Contractors")for temporary security services with the System holding two, one-year options an amount for all the Contractors across the entire potential five-year term not to exceed $11,600,000.

Dr. Wei began by providing an overview of the major challenges faced today at our hospitals with the demand for security and police staffing.

Dr. Natsui provided an overview of the background and current state of supplemental security staffing needs, in addition to our core hospital police staffing. NYC Health and Hospitals has used supplemental security staffing firms to augment staffing needs at acute, post-acute, Gotham, and Test and Trace facilities. The services have been provided by Universal Protection Service LLC, and Johnson Security Bureau, Inc., and include unarmed security guards, security guard supervisors, fire watch personnel, and fire safety director services.

Dr. Natsui continued by providing an overview of the procurement process, vendor references and RFP criteria. All vendors considered were closely evaluated, provided appropriate references, and have a strong experience with similarly large health care systems. In terms of M/WBE, two of the vendors selected are already listed and the other two have a 30% utilization plan or diversity status.

Dr. Natsui requested the Finance Committee's approval to award contracts to Universal Protection Service LLC, Johnson Security Bureau, Inc., Maxxi Building Security and Management Corporation and Aaron security Inc., for consideration by the Board of Directors.

Ms. Wang polled the committee for questions.

Mr. Pagán asked on the hospital security protocols that are used to deploy, when looking at a number of vendors that provide the same services? Are they armed for example? What are the criteria used?

Dr. Natsui responded, generally most of the supplemental staffing beyond hospital police has been placed at facilities other than acutes and these are unarmed security presence. In the acutes, their role is as a watch person or front entrance additional security presence in situations where we are short staff and used temporarily in these facilities. For Testing and Trace facilities, a larger presence of this supplemental security is needed due to the nature of that expansion.

Mr. Pagán asked, have there been any issues connected to language? For example, do they have the ability to connect in different languages?

Dr. Natsui responded, as security are the front-end presence in the acutes/facilities, just as with any other patient that would normally come in that may need assistance with patient navigation; they are able to use the facilities language services and/or a translator in person or a translation device to assist patients just as any other staff trying to help patients out at the facilities.

Ms. Hernandez-Piñero asked for the reasoning behind increasing the number of vendors as we had two vendors in the last contract and we have four vendors with this contract.

Dr. Natsui answered, the reason we landed on four vendors was based on scoring. There was a clear delineation between the top four and the rest. Having four instead of two vendors, is to allow for flexibility to meet the demand for supplemental security with the ability to find the people that we need.

Ms. Hernandez-Piñero asked, how many security personnel did H+H have under the last contract. And if it projects having the same as the last one. If not, then how many are projected under this new contract?

Dr. Wei responded that the data presented is broken out by cost rather than number of staff. Pre-COVID, the cost was under $2M per year and due to T2 sites, Health and Hospitals expects the number to be $1.9M baseline and over the year as we close the gap, the number is expected to come down even further.

Ms. Hernandez-Piñero asked if these include measures recommended by central working group, metal detector, additional NYPD detail, etc.

Dr. Wei responded, that is separate and distinct from this. Due to the feedback received from the briefing, wanted to give an overview on the hospital security but that is not included in this.

Ms. Hernandez-Piñero asked whether there will be another contract coming forward with some of this or if it is too early to tell.

Dr. Wei responded it is too early to tell. He added, we have a pilot going on at Jacobi in the ED waiting room right now in collaboration with City Hall and the Mayor, this may be part of a citywide initiative. If it becomes more of an H+H initiative, then yes, we will need to bring another RFP to the Board.

Ms. Hernandez-Piñero asked for the number of hospital police we have.

Dr. Natsui responded, we have 543.

Dr. Katz added that in any 24-hour service to divide by five, as it takes 5 to cover 24 hours, seven days a week.

Following the discussion and upon motion made and duly seconded, the Committee unanimously approved the resolution for consideration by the Board.

ACTION ITEM: UKG, INC.

Ms. Seta presented a resolution:

> Authorizing the New York City Health and Hospitals Corporation (the "System") to execute a five-year contract with UKG, Inc. ("UKG") for managed payroll services with an advanced scheduling application for an amount not to exceed $33,421,438 including a contingency of ten percent or $3,000,000.

Mr. Weinman provided the background and current state of our legacy system. The payroll service has been performed in-house historically except garnishments and tax compliance, which was procured through RFP and awarded to ADP, while advanced scheduling is currently handled by Clairvia. Mr. Weinman provided the history of the services in place and mentioned this is a significant investment to help assist with current problems and challenges with the forty-year old legacy system. Payroll currently relies on IBM Mainframe (a legacy system that is no longer supported) and PeopleSoft which requires manual processes.

Mr. Weinman continued by providing the future state of the system with the new proposal in place. Payroll services will be managed by UKG and advanced scheduling will be managed by H+H internally using the UKG product. The upgraded solutions include Time and Attendance, Managed Payroll, Advance Scheduling and Workload Manager, and Data and Analytics. Mr. Weinman provided an overview of the procurement.

Ms. Seta presented a detailed Cost Analysis, RFP Criteria, UKG background and MWBE.

UKG's MWBE utilization plan includes subcontracting a portion of the implementation cost to UCI, Inc. UKG's proposed deliverables can be divided into three general categories for the purpose of MWBE analysis

Ms. Seta discussed H+H's commitment to supporting impacted payroll staff and ensuring they are redeployed to alternate positions within H+H after system implementation is completed. All impacted payroll staff and their respective unions have been notified of the transition.

Ms. Wang polled for questions.

Dr. Katz commented to the Committee that we have received a huge amount of concerns in recent times regarding payroll from employees. Our current system is not adequate in dealing with the complexity of a modern payroll and any mistakes have to be tracked by hand, which is extremely time consuming and causes employees' frustration regarding being paid correctly and timely.

Ms. Hernandez asked to elaborate on the current contract, what will happen after the five-year contract period, do we have to decide if to continue using their program or consider something else.

Mr. Weinman responded, it is a SAS program, it's a cloud-based service therefore, H+H has the option to renew the contract if the service is satisfactory.

Ms. Hernandez commented on H+H having one of the oldest systems and asked on the number of affected payroll employees to be redeployed with this change.

Ms. Seta responded that there are a little more than 60 payroll employees.

Ms. Hernandez asked for MWBE clarification on the implementation and consultancy being 30%.

Mr. Weinman answered on the implementation having two parts. One is the client side, the data conversion and change management process of reengineering. This piece UKG contracted out and accounts for 30% of total implementation. The second part is provided by UKG's staff to operate and manage H+H's payroll as part of their system. This portion is proprietary and therefore, UKG does not subcontract it.

Ms. Wang thanked the team for the presentation and approach taken. Ms. Wang commented on the integrated solution with a single vendor who can provide efficiency. She asked if the goal is to have more functionality beyond scheduling as well within this timeframe and, are these the next steps.

Mr. Weinman answered the next step is planning for the implementation for scheduling. However, this has not been decided, as we need to go through the requirements and see what is involved before a decision is made.

Ms. Wang asked if the contract only cover nursing.

Ms. Seta responded the contract covers everything. It is up to H+H us how many deployments we it needs to have and the order of these deployments will be decided by the respective departments.

Ms. Wang commented on the subscription costs and asked what needs to occur for the contingency to require the additional $3 million dollars.

Mr. Weinman responded on the contingency covering any types of configuration that were unplanned but could occur throughout the period of the contract, such as union bargaining units that have different rules or needing more staff with a special title such as the period of COVID that we needed to set up new codes.

Ms. Wang commented on the cost reduction being dramatic and this initiative being terrific. Our efforts to finding a good solution to meet the MWBE goals and staying focused with our partners.

Following the discussion and upon motion made and duly seconded, the Committee unanimously approved the resolution for consideration by the Board.

ACTION ITEM: PHYCARE SOLUTIONS, INC.

Mr. Melican presented a resolution:

> Authorizing the New York City Health and Hospitals Corporation (the "System") to execute three-year contract with PhyCARE Solutions, Inc. (the "Contractor") for outpatient coding and billing services with the System holding two, 1-year options for an amount across all potential five years of the proposed agreement not to exceed $12,491,383.

Mr. Melican commenced by providing a background of Revenue Cycle Coding and Billing Services. NYC H+H generates separate claims for Hospital (Facility) and Professional components.

Mr. Melican provided an overview of the procurement process and Mr. Emumwen presented the RFP criteria and MWBE requirements. PhyCARE will adhere to the 30% MWBE contract allocation. PhyCARE's MWBE is also applying for diversity certification with the NYC Department of Small Business Services (SBS). Request to expedite certification confirmed by SBS in March 2022. Additionally, if the application is unsuccessful, PhyCARE identified subcontracting partners with two MWBE firms that meet our requirements. Due diligence was done by the team to verify subcontracted vendors were both NYS official MWBE vendors. PhyCARE obtained a waiver for the previous contract signed in 2016, which was granted.

Ms. Wang polled for questions.

Dr. Katz complimented Marji Karlin and her Revenue Cycle team for their hard work and commitment. The team were primarily involved in eliminating a huge deficit that was threatening the future of NYC Health and Hospitals, and the potential closing of facilities. The Revenue Cycle team has been very successful and deserve a huge amount of credit.

Ms. Wang agreed with Dr. Katz and added their hard work and commitment is very well noticed.

Ms. Karlin thanked everyone and added that the work could not have not been done without the facilities' partnership, Central Office and facilities' executive teams' support, and the Board.

Ms. Hernandez-Piñero asked if this is the first time we are using and doing an RFP for PhyCARE services.

Mr. Melican responded they are a current vendor right now. An RFP was done with PhyCare Solutions winning the bid.

Ms. Hernandez-Piñero asked if the audit committee will be auditing PhyCARE's work.

Ms. Karlin answered that PhyCARE does our professional billing work which is a very small function of the overall work that we do. They also help us with our outpatient coding, although high volume, it is relatively small in the scheme of things of the entire revenue cycle process. The RFP in front of the audit committee was really for perspective on the entire revenue cycle process and to ensure compliance. However, the Audit committee may choose to look at what PhyCARE is doing as well but it is relatively small.

Ms. Hernandez-Piñero commented on noticing that the weighted score for MWBE was 20% and it is usually 10%.

Ms. Karlin responded they chose to do that because they had the room in the other criteria.

Ms. Hernandez-Piñero asked if it was 10% would it have affected the outcome.

Mr. Melican responded no.

Following the discussion and upon motion made and duly seconded, the Committee unanimously approved the resolution for consideration by the Board.

ACTION ITEM: AMERICAN MEDICAL RESPONSE OF NEW YORK, LLC NTE INCREASE

Mr. Siegler presented the resolution:

> Authorizing the New York City Health and Hospitals Corporation (the "System") to increase the funding cap on the contract executed with Hunter Ambulance, which contract was assigned to American Medical Response of New York LLC as part of a corporate acquisition (the "Contractor") for a single-vendor patient transportation system such that the original spending cap of $12,070,896 be increased to an amount not to exceed $21,837,906.

Ms. Prieskorn presented an overview of the background and current state of the agreement with Hunter Ambulance. In April 2019, NYC H+H entered into a five-year agreement with Hunter Ambulance (three years with two-year renewal options at the discretion of NYC H+H) for a new single-vendor patient transportation system for a not-to-exceed amount of $12,070,896. In 2020, a request to increase the NTE amount was brought to the M&PA Committee for approval, but was tabled for review of further MWBE opportunities. In January 2021, NYC and State experienced a dramatic decrease in private ambulance staffing correlated with the opening of COVID-19 vaccine pods. This led to a period of decreased performance and intense focus on QA/PI activities and increasing core staffing. In September 2021, Hunter was purchased by American Medical Response of New York, LLC ("AMR") and the contract assigned. Currently in FY2022, payor mix, scope changes, and unanticipated expenditures have led to the exhaustion of the original NTE. A pattern shows substantial increase in inter-facility transfers year over year and as contract expenses exceed initial projections, original NTE will soon be depleted. Current projection of $9.7M in expenses is above prior estimates to cover current spend and fund one additional year of operation and evaluate options under a new RFP.

Ms. Prieskorn elaborated on the interfacility transfer volume. Compared to the one-year period pre-contract; inter-facility transfers increased by thirty percent (1,400 more transfers) in 2021. This attributed to an estimated $26M new revenue in 2021 alone. Revenue estimate is based on average revenue received per transfer, but subject to a number of uncertainties, including the impact of COVID-19 on reimbursement and changes in annual Medicare reimbursement rates.

Ms. Prieskorn provided an overview of the quality improvement efforts and MWBE analysis. The Office of Patient Growth partnered with the Office of Quality & Safety and AMR to improve the emergent inter-facility transfer process across the system, highlighting the significance of the single-vendor contract. In terms of the MWBE analysis, there are two main scopes of work under this agreement: ambulance and ambulette services. At the time of contracting, AMR was granted a waiver of all MWBE goals due to a lack of availability and capacity of MWBEs to perform the services under the contract. The remaining work is self-performed by AMR's W-2 employees. Ambulance work represent 98% of contract spend. There are no licensed MWBE ambulance service providers in the NYC metropolitan region able to perform under this agreement. Ambulette work represents two percent of contract spend (a maximum of $436,750 over contract life). AMR is currently contracted with Cathay, one of the four certified MWBE ambulette vendors. Spend with Cathay represents 11% of ambulette spend. There is an opportunity to contract with Leon's Ambulette (MWBE certified). The other two certified MWBE have not responded to our request for information and contracting.

Ms. Prieskorn reported that due to the limited availability and capacity of ambulette MWBEs, there will be collaboration between the Vendor Diversity Team and AMR to develop the capacity of Cathay and Leon ambulette companies through a structured program with measurable outcomes, which will include KPIs and financial growth metrics. H+H will also connect the MWBEs with resources offered by the City of New York, such as low-cost financing opportunities. With this capacity building program and strong commitments from AMR leadership, AMR has committed to increasing the MWBE percentage of ambulette contract spend to 20% by the end of 2022.

The next steps are to develop and release new transportation RFP in spring 2022 during contract extension period with an updated statement of work based on lessons learned.

Ms. Wang polled for questions.

Ms. Hernandez asked if this committee approved a contract last year to raise rates from Medicaid to Medicare. Mr. Siegler replied that this committee did not, but that the contract was finalized at Medicare rates which is part of the higher rates than initially projected, hence the reason for the not to exceed.

Ms. Hernandez asked if $500,000 is the maximum amount that can be allocated at 30% and be set aside for minority ambulette services. Ms. Prieskorn responded that is correct. H+H is estimating that by the end of 2022, 20% of $436,000, will go to the MWBE ambulette vendor - Cathay, the current contractor spending 11% of the ambulette spend as well as what is anticipated to grow with AMR within the next nine months.

Ms. Hernandez asked how much can the two MWBE vendors listed handle now.

Ms. Prieskorn answered currently Cathay is working with Elmhurst in handling all its volume reflecting, from Medicaid which is held separately than this and are handling well. Our goal is to increase that ability to another location in Queens and increase the number of drivers hired to manage the additional volume.

Ms. Hernandez requested further clarification as to whether or not the twenty percent designated for MWBE vendors from the $436,000, is about $90,000.

Mr. Siegler responded that is the goal by the end of 2022. Currently it is about 11% of ambulette spend, about $40-$50,000 right now.

Ms. Hernandez questioned if the transportation new program launch with livery, is MWBE as well.

Ms. Prieskorn responded that the goal is to look at MWBE vendors as part of that. Ms. Wang thanked the team as this contract has been very valuable in getting us through COVID Ms. Wang questioned if the interfacility transfer volume in reference to $26M dollars in new revenue due to our ability. Was that because we were able to keep the patients within the H+H system. Ms. Prieskorn replied yes, that is the case.

Following the discussion and upon motion made and duly seconded, the Committee unanimously approved the resolution for consideration by the Board.

FINANCIAL UPDATE

Mr. Ulberg began by stating that Dr. Katz's presentation to the City Council Finance Committee went very well. Although there is still tremendous volatility within the reported numbers, it is driven by COVID and our attempt to re-stabilize the System post COVID.

He conveyed that preplanning has placed Health + Hospitals in a good position half way through the year. Health + Hospitals closed January with an all-time high of $1B, driven by FEMA and DSH funds received.

However, we missed the budget by $142 million, which is partially due to not receiving FEMA relief funding. Mr. Ulberg stating that direct patient care receipts came in $242.5M higher than the same period in FY-21, continuing the pace of positive performance that we experienced during FY-21.

Patient care volume is returning to pre-COVID levels in Q2 of FY-22, but is still 4% below Q2 FY-20 in discharges. Overall, our strategic financial initiatives remain on track with our post-COVID strategies, generating over $395.9M in Q2 with a line of sight of $679.3M. Several areas of strong net performance were noted.

Mr. Ulberg presented the cash projections for Second Quarter FY-22. The System expects to close February with approximately $650 million. It continues to work closely with the City on its remaining liabilities and continues to closely monitor its cash position in relation to uncertainty around COVID-19.

Mr. Ulberg provided an overview of the external risks. H+H hopes to receive an additional FEMA payment of $161M by the end of FY22. Current inflationary costs and wage pressures present a challenge to recruitment and staffing. Health and Hospitals is diligently working to address this and continues to develop its staffing models to meet industry standard.

Ms. Farag presented the financial performance highlights with a walk-through of the quarter two performance. She noted that the second quarter ended with a net budget variance of -$141.6M. However, the plan shows the System with a negative operating margin of -$80M in FY-22 and a positive operating margin of $22M in FY-23, coupled with strong cash balances of $658M and $680M, respectively. However, the plan shows the System with a positive operating margin. Patient revenue improvements year-over-year can be attributed to a combination of solid performance and continued improvement in revenue cycle and service line initiatives as well as returning patient volume.

Ms. Farag provided mid-year performance drivers updates. Mid-year cash receipts are 10% ahead of budget as patient volume returns at a higher percentage than anticipated, and as H+H meets and exceeds planned strategic service line improvement, managed care contract performance, and revenue cycle initiatives. Risk performance is better than planned. Mid-year cash disbursement is over budget by 14% primarily resulting from unbudgeted COVID and vaccine mandate related expenses. Spend on staffing and temporary costs for addressing COVID coverage needs and the vaccine mandate will be materialized and reported in the next quarter of the fiscal year.

An update on system-wide initiatives was presented by Ms. Farag. Positive gains were made in growth and other service line improvements, Revenue Cycle and Value Based Payment/Managed Care initiatives, which are on track to meet targets for the year. For system efficiencies, these are smaller initiatives and although no positive gains, there are no concerns there as it is a timing matter.

Mr. Cassidy presented the highlights of our COVID-19 Federal relief efforts, including expenses, funds received and expected. Health and Hospitals received $620M in FEMA advances to-date and hopes to receive additional reimbursement associated with our PPE submission. In addition, H+H is working on submitting the required reporting for our PRF expenses through 12/31/21.

Mr. Melican provided an update on Denials performance as previously requested by the Board. The H+H denial rate was historically higher than industry average. In FY-22, Revenue Cycle Services' goal to achieve denial rates better than the Epic benchmarked median was achieved in December 2021. The biggest reduction in claims denial is the claims configuration to ensure we are sending the payer the proper format and obtaining that communication and response from the vendor.

Ms. Smith reported on the timely filing denials of claims. They were reduced by 68% due to process improvements. The Revenue Cycle Service team implemented solutions in efforts to reduce late filings and claim denials. Teams were created to investigate each area to identify and prioritize solutions such as system modifications, training, payer collaboration and process. Test solutions were put in place to ensure the intended results were achieved. H+H is doing well in accounts receivable and across all areas of denials. Dr. Katz commended Revenue Cycle Services for its outstanding work.

The presentation continued with Ms. Lum presenting the status on the Test and Trace Corp and the expenses related to the Omicron surge. H+H projects $1.7 billion of expenses in FY-22 for the Test and Trace Corps. She added, these projected expenses have been updated to include spending for T2's Omicron response. T2 has committed to $386M in expenses for the second quarter in FY-22. She concluded in noting that OMB has provided H+H with sufficient revenue through the T2 MOU to cover expenses to date.

Dr. Long provided highlighted Test and Trace programmatic changes and next steps after the end of contact tracing in April per CDC guidelines. Contact tracers have helped over 1 million cases, reaching nearly 90% of cases prior to Omicron and identified 1.7 million close contacts throughout the pandemic. Moving forward, cases will be contacted via SMS and provided links to access resources necessary to break chains of transmission and support isolation. This will go into effect before April 30th. He noted, H+H's 212-COVID19 hotline will continue to serve as the one-stop shop for all COVID-19 resources. Other online tools will be built as well. He concluded emphasizing that case investigations and contact tracing for high risk setting will continue through DOHMH.

Ms. Wang polled the committee for questions.

Mr. Pagán thanked Dr. Long for all the hard work.

Ms. Hernandez also congratulated Dr. Long and team for all the hard work they continue to do. She commented on the relationships built with the non-profits through T2 and if there is a way to memorialize them as available resources to avoid searching de novo since we know we can count on them as they have delivered under the most stringent circumstances. The same question was asked regarding the educational System in NYC.

Dr. Long responded that H+H will continue funding over 30 community-based organizations for the rest of the fiscal year thanks to OMB. Those relationships were also transitioning to the Department of Health for more longitudinal, addressing COVID and the disparity brought out across the City. In addition to that, home tests will be very important moving forward as it will help the population to learn to live with COVID and immediately know their status.

INFORMATIONAL ITEM: OVERVIEW OF JANUARY 23 FINANCIAL PLAN

Mr. Cassidy provided an overview of the five-year financial plan, which is done in conjunction with the City of New York and counts as the basis of H+H's submission to the Public Authority Accountability Board. The plan projects the System with a negative operating margin of $80M in FY-22 due in large part to the expected timing of the receipt of additional FEMA funds. The System projects positive operating margins of $22M and $91M in FY-23 and FY-24, respectively, as it awaits receipt of FEMA funds. Over each of the three years, the System anticipates consistent and stable ending cash balances between $658M and $771M, respectively. The plan includes strategic initiatives totaling $1.5B in FY-23, growing to $2B by FY-26 due to the anticipated DSH cuts beginning as of October 1, 2023 (resulting in $600M in cuts annually). H+H is optimistic that the DSH cuts will continue to be delayed, but as a manner of prudent financial management, the cuts are shown here. The plan continues to assume that H+H will be made whole for its expenses associated with COVID through a combination of patient care revenue, Provider Relief Funds (PRF), and FEMA.

Ms. Wang polled the committee for questions.

Ms. Hernandez questioned the OTPS expenses drop by almost 50% between projected FY-22 and projected FY-23.

Mr. Cassidy replied yes; the vast majority of that is due to COVID and T2 spend largely existing in FY-22. We have some rollover from FY-21 expenses into FY-22. H+H does expect some additional costs to be incurred in FY-23. Then in FY-24, H+H would establish its normal, non-COVID baseline.

Ms. Wang asked if the gap between the current FEMA commitments at $3.2B and the $2.6B spent to date will be filled either from FEMA or other federal dollars.

Mr. Cassidy responded, yes that is the expectation. H+H will continue to track its spending and what it submits to FEMA. It is hopeful that everything spent to date as well as additional costs will be covered, assuming there is no other source of revenue to do so.

ADJOURNMENT

There being no further business before this committee, the meeting adjourned at 12:34 PM.

RESOLUTION

Authorizing the New York City Health and Hospitals Corporation (the "**System**") to execute three-year agreements with each of the 17 law firms listed in Annex A attached (the "**Med Mal Firms**") for defending the System in medical malpractice cases on as as-needed basis with the System holding two 1-year options to renew for an amount not to exceed $86,000,000 over the entire potential five-year term.

WHEREAS, the System does not purchase medical malpractice insurance but defends its own medical malpractice claims having taken over that function from the New York City Law Department in 2007; and

WHEREAS, the System defends such cases using a combination of in-house and outside law firms; and

WHEREAS, the System has been successful in such program in that medical malpractice payouts have been reduced from their annual high of $195M in 2003 to be between $108 - $135 annually from 2012 – 2020 with 2021 being only $87M due to special Covid factors; and

WHEREAS, in 2017, following an RFP, the System selected 12 law firms to handle its more complex cases; and

WHEREAS, during the Winter and early Spring 2022, the System conducted another RFP through its Supply Chain Services unit and under the supervision of the Contract Review Committee leading to the selection of the Med Mal Firms to handle the System's more complex cases on an as-needed basis; and

WHEREAS, the Senior Vice President and General Counsel will be responsible for the management of the proposed agreements.

NOW THEREFORE, be it

RESOLVED, that the New York City Health and Hospitals Corporation (the "**System**") be and hereby is authorized to execute three-year agreements with each of the 17 law firms listed in Annex A attached (the "**Med Mal Firms**") for defending the System in medical malpractice cases on as as-needed basis with the System holding two 1-year options to renew for an amount not to exceed $86,000,000 over the entire potential five-year term.

ANNEX A

LIST OF MED MAL LAW FIRMS
TO BE AWARDED CONTRACTS

(* denotes an incumbent)

*Aaronson Rappaport Feinstein & Deutsch, LLP
*Dopf. P.C.
*Furman Kornfeld & Brennan LLP
*Kaufman Borgeest & Ryan LLP
*McAloon & Friedman P.C
*Schiavetti, Corgan, DiEdwards, Weinberg & Nicholson, LLP.
*Vigorito, Barker, Patterson, Nichols & Porter, LLP
*Wilson, Elser, Moskowitz, Edelman & Dicker, LLP.

Amabile & Erman, P.C.
Fullerton Beck LLP
Garson & Jakub LLP
Harris Beach PLLC
Lewis Johs
Lewis Brisbois Bisgaard & Smith LLP
Martin Clearwater & Bell LLP
Rubin Paterniti Gonzalez Rizzo Kaufman LLP
Vaslas Lepowsky

EXECUTIVE SUMMARY
MEDICAL MALPRACTICE LAW FIRMS

OVERVIEW: Unlike most hospital systems the System does not purchase medical malpractice insurance but defends its own medical malpractice claims. The System took over this function from the New York City Law Department in 2007. The System defends such cases using a combination of in-house and outside law firms. The in-house staff manage the outside lawyers and handle directly the less complex cases. The System's malpractice defense program has been successful as measured by the way it reduced medical malpractice payouts from their annual high of $195M in 2003 to be between $108 - $135 annually from 2012 – 2020. 2021 was not a representative year due to Covid with payouts totaling only $87M.

PROCUREMENT A competitive RFP was conducted through Supply Chain and under the review of the Contract Review Committee. The RFP was published and was issued directly to 28 firms. 24 submitted proposals. The Evaluation Committee selected the 17 Med Mal Firms to receive awards.

COSTS: Total not-to-exceed cost for the potential five-year contract will not exceed $86,000,000.

MWBE: The Medical Malpractice Legal Defense Services RFP falls under the Personal Services exemption of the System's vendor diversity policy, OP 100-10, because these services must be performed by the personnel contracted with, and cannot be subcontracted based on the nature of the services. To determine whether there were any M/WBE vendors with which the System could directly contract, the Vendor Diversity Team analyzed the availability of M/WBEs to perform such specialized scope of work and their capacity to perform at the scale of such deliverables using the NYC & NYS databases to ensure a diverse vendor pool if possible. The review and analysis confirmed that there are no M/WBE law firms meeting the criteria for participation in this RFP due to the following reasons: (i) lack of sufficient medical malpractice experience; (ii) lack of scalability for capacity and resources. Accordingly, the contract will not have subcontracting goals.

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2017 List
*Aaronson Rappaport Feinstein & Deutsch
*DOPF, P.C.
*Furman Kornfeld & Brennan
*Kaufman Borgeest & Ryan
*McAloon & Friedman
*Schiavetti Corgan DiEdwards, Weinberg & Nicholson
*Vigorito Barker Porter & Patterson
*Wilson Elser Moskowitz Edelman & Dicker

Heidell Pittoni Murphy & Bach
Decorato Cohen Sheehan & Federico
Ekbloom & Partners
Gordon & Silber (but ceased operations during the Pandemic)

2022 List
*Aaronson Rappaport Feinstein & Deutsch, LLP
*Dopf, PC
*Furman Kornfeld & Brennan LLP
*Kaufman Borgeest & Ryan LLP
*McAloon & Friedman P.C
*Schiavetti, Corgan, DiEdwards, Weinberg & Nicholson, LLP
*Vigorito, Barker, Patterson, Nichols & Porter, LLP
*Wilson Elser, Moskowitz, Edelman & Dicker, LLP

Martin Clearwater & Bell LLP
Lewis Brisbois Bisgaard & Smith LLP
Rubin Paterniti Gonzalez Rizzo Kaufman LLP
Lewis Johs
Vaslas Lepowsky
Fullerton Beck LLP
Amabile & Erman, P.C.
Harris Beach PLLC
Garson & Jakub LLP

To: Colicia Hercules
Chief of Staff, Office of the Chair

From: Keith Tallbe
Senior Counsel Tallbe, Keith Digitally signed by Tallbe, Keith Date: 2022.04.27 11:04:52 -04'00'
Office of Legal Affairs

Re: Vendor responsibility, EEO, and MWBE status

Vendor: Legal Defense Services Pool

Date: April 27, 2022

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

Legal Name	Vendex	EEO	MWBE
Aaronson Rappaport Feinstein & Deutsch, LLP	Pending	Pending	Exempt
Amabile & Erman, P.C.	Pending	Approved	Exempt
Fullerton Beck LLP	Pending	Pending	Exempt
Furman Kornfeld & Brennan LLP	Pending	Pending	Exempt
Harris Beach PLLC	Approved	Pending	Exempt
Kaufman Borgeest & Ryan LLP	Pending	Pending	Exempt
Lewis Brisbois Bisgaard & Smith LLP	Approved	Pending	Exempt
Lewis Johs Avallone Aviles, LLP	Pending	Pending	Exempt
Martin Clearwater & Bell LLP	Pending	Pending	Exempt
Rubin Paterniti Gonzalez Rizzo Kaufman, LLP	Pending	Pending	Exempt
Vaslas Lepowsky Hauss & Danke LLP	Pending	Pending	Exempt
Vigorito, Barker, Patterson, Nichols & Porter, LLP	Pending	Pending	Exempt
Wilson Elser Moskowitz Edelman & Dicker LLP	Approved	Pending	Exempt
Dopf, P.C.	Pending	Pending	Exempt
Garson & Jakub LLP	Pending	Approved	Exempt
McAloon & Friedman P.C.	Pending	Pending	Exempt
Schiavetti, Corgan, DiEdwards, Weinberg & Nicholson, LLP	Approved	Pending	Exempt

The above status is consistent and appropriate with the applicable laws, regulations, and operating procedures to allow the Board of Directors to approve this contract.

Medical Malpractice Claims Legal Defense Services

Application to Award Contracts
Finance Committee
May 9, 2022

Andrea G. Cohen
Senior Vice President & General Counsel
David C. Y. Cheung
Deputy Counsel, Claims and Litigation Division

Background / Current State

- The Office of Legal Affairs (OLA) relies upon a mix of in-house and outside counsel to defend the System against 1600 medical malpractice claims that are ongoing at any given time.

- Use of outside counsel is common practice for most hospital systems. NYC Health + Hospitals is unique in that it also uses in-house attorneys in defending medical malpractice suits
    - OLA typically relies on outside firms for defending the most complex, highly specialized or highest dollar exposure cases

- Despite rising jury awards and plaintiff favorable changes in the law, we have been able to keep medical malpractice liability costs from rising through effective use of outside counsel
    - Medical malpractice payouts totaled $195 million in FY 2003 (highest in any FY).
    - Medical malpractice payouts totaled $151 million in FY 2007.
    - Payouts ranged between $108-$135 million between FY 2012- FY2020 (excludes FY 21, which was $87 million but low amount due to various issues related to COVID-19).

Background / Current State

- The historical expenses associated with hiring outside counsel is roughly $14,000,000 per year. These expenses have been completely funded by the City.

- Outside law firm contracts were awarded after an RFP in 2017. The initial three year contract period expired on 2/28/21. OLA then exercised its rights to extend the contracts through 2/28/23.

- Law firms awarded contracts based on the 2017 RFP include: Kaufman Borgeest & Ryan, Wilson Elser Moskowitz Edelman & Dicker, Furman Kornfeld & Brennan, Heidell Pittoni Murphy & Bach, Aaronson Rappaport Feinstein & Deutsch, McAloon & Friedman, Vigorito Barker Porter & Patterson, Schiavetti Corgan DiEdwards Weinberg & Nicholson, Dopf PC, Decorato Cohen Sheehan & Federico, Ekbloom & Partners.
  - The law firm of Gordon & Silber was also awarded a contract in 2017 but the firm ceased operations during the Pandemic.

- A RFP was released early because it was challenging to obtain the same quality of representation under the existing contractual rates, which were substantially below market, resulting in firms substituting less experienced partners and associates to NYC Health + Hospitals cases and/or declining assignments.

- Hourly rates proposed under the new RFP were, as expected, higher than the prior rates.

- It is estimated that the annual spend for outside counsel could increase by about 20% based on negotiated rates with the firms in the new RFP. Non-negotiable rates were unilaterally set by H+H in the 2017 RFP.

Overview of Procurement

- 02/08/22: RFP published on City Record, sent directly to 28 vendors. Firms had the option of being considered “Full Service” if they proposed a full array of medical malpractice defense services or “Specialty” based on the firm’s proposed area of expertise.

- 02/17/22: Pre-proposal conference held, 24 vendors attended

- 03/04/22: Proposal deadline, 24 proposals received

- 03/28/22 – 03/29/22: Evaluation committee conducted select vendor interviews

- 03/11/22 – 04/05/22: Evaluation committee debriefed weekly on proposals

- 04/06/22: Evaluation committee completed scoring of proposals and the 17 highest rated firms were selected: 13 ‘Full Service’ firms and 4 ‘Specialty firms’

Scoring Criteria

- Minimum criteria for participation included:
  (1) appropriate licensing
  (2) in business for 3 years
  (3) office in New York State
  (4) agreement to not represent plaintiffs in medical malpractice actions against NYC H+H or the City of New York for the duration of the contract
  (5) $5 million in professional liability insurance naming H+H and City of New York as additional insureds
  (6) 15 years of verifiable medical malpractice defense experience

- Scoring categories included;
  (1) subject matter expertise and best practices approach
  (2) law firm's experience, organization and resources
  (3) technical qualifications and previous client references (previous performance of existing firms included)
  (4) costs

- The 17 highest rated firms were selected (8 existing firms and 9 new firms).

M/WBE

- Legal services are exempt from the M/WBE program under OP 100-10 as “personal services”, services that are to be performed by uniquely qualified individuals.

- However, to ensure that M/WBE opportunities were not missed the Vendor Diversity team analyzed the availability and capacity of any M/WBE law firms able to perform under this RFP.
  - Review and analysis confirmed that there are no M/WBE law firms providing the services requested under this RFP.

- In sum, there are no M/WBEs able to perform under this RFP.

Finance Committee Request

- Office of Legal Affairs is seeking approval to award contracts to 17 law firms to represent NYC Health + Hospitals and its staff in complex and high exposure medical malpractice cases.
  - Martin Clearwater & Bell LLP
  - Lewis Brisbois Bisgaard & Smith LLP
  - Aaronson Rappaport Feinstein & Deutsch, LLP
  - Furman Kornfeld & Brennan LLP
  - Rubin Paterniti Gonzalez Rizzo Kaufman LLP
  - Lewis Johs
  - Vigorito, Barker, Patterson, Nichols & Porter, LLP
  - Vaslas Lepowsky
  - Fullerton Beck LLP
  - Wilson Elser
  - Kaufman Borgeest & Ryan LLP
  - Amabile & Erman, P.C.
  - Harris Beach PLLC
  - Garson & Jakub LLP
  - McAloon & Friedman P.C
  - Schiavetti, Corgan, DiEdwards, Weinberg & Nicholson, LLP
  - DOPF, P.C.

- Approval is sought for outside legal services at a not to exceed amount of $86,000,000.

- Anticipated start date of contract is 7/1/2022 for a period of 3 years, with an option to renew for an additional 2 years.

- Termination for convenience; no guarantee of any work assignments

Financial Performance

Quarter 2, FY 2022 - UPDATED

Updated information from March 22, 2022 Finance Committee Meeting

Mid-year Update - Drivers of Revenue

H+H exceeded the revenue target due to outperformance of revenue cycle and service line initiatives as well as returning patient volume

Correction to Q2 slide 7 – year-over-year revenue bullet: The slide quoted $376M increase. The actual revenue increase from prior year when properly adjusting for the FY21 Testing revenue exclusion, is $296.5M, which is up 10% (as opposed to 15% mentioned below.)

Year over Year our direct patient care receipts (excludes risk) are up 15% or $376M*.

Mid-year cash receipts are 10% ahead of budget as patient volume returns at a higher percentage than anticipated, and as H+H meets and exceeds planned strategic service line improvement, managed care contract performance and revenue cycle initiatives. Risk pool performance exceeding target and pool timing are also contributing factors.

- Increased Volume ($151.7M) - IP discharges are 9% ahead of the budget target, yielding over $109M in YTD cash. OP volume 7% ahead of the budget target, yielding over $20M in YTD cash receipts.
- Higher Collected Rates ($112.2M) - Increases are mainly attributable to better than expected Revenue Cycle and other strategic initiatives performance.
- Risk Pool Performance and Timing ($84.5M) - Medicaid Risk performance is coming in $27.8M better than planned. Also, Prior Year unbudgeted reconciliations of $56.7M are hitting in FY 22.
- Other Revenue ($61.9M) - 340B pharmacy exceeding target and unbudgeted PRF phase IV COVID Federal Relief

Summary Receipts Performance (FY22 thru Dec)	YTD Variance against Budget ($M)
Increased Volume (IP/OP)	$151.7
Increased Rates (primarily due to Rev Cycle and other initiative improvements)	$112.2
Risk Pool	$84.5
Other Revenue (340B pharmacy & $15M in Federal Relief funds)	$61.9
Grand Total	**$410 [+10%]**

**excludes testing*

NYC HEALTH + HOSPITALS

NYC Health + Hospitals
Finance Committee Meeting
May 9, 2022

FY22 YTD Highlights

- March Close Cash Balance of **$550 Million (24 days cash-on-hand).**

- Closed February with a **positive Net Budget Variance of $149.8M with revenue performance exceeding target.**

- Direct Patient Care Receipts (I/P and O/P) came in **$271.6M higher than the same period in FY21** continuing the pace of positive performance that we experienced during FY21.

- Patient care **volume is returning to pre-COVID levels** in FY22, but still 4% below FY20 in discharges. Revenue base remains strong and resilient primarily driven by higher average collectability rate and returning volume.

- Overall, our strategic Financial Initiatives remain on track with our post-COVID strategies, generating over **$595.8M thru February of FY22** with a line of sight of $679.3M. Areas of strongest net performance as of February include:
  - Revenue Cycle Improvement ($268M)
  - Growth & Service Line Improvements ($147M)
  - Value-Based Payment Initiatives and Managed Care Initiatives ($133.2M)

FY22 Cash Projection

- The system closed March with approximately $550 million (24 days cash-on-hand).

- The system also expects to close April with approximately $500 million (22 days cash-on-hand).

- We continue to work closely with the City on our remaining liabilities due to them as we continue to closely monitor our cash position in relation to any ongoing uncertainty around COVID-19.

NYC HEALTH+ HOSPITALS

Managing Risks

Risk	Status
Future FEMA/Federal Reimbursement (FEMA reimbursement to-date totals $620M with a subsequent reimbursement package for PPE under review. We anticipate an additional $161M in FEMA receipts by the end of FY22. The Uninsured Program administered by HRSA stopped accepting claims for COVID testing and treatment (3/22/22) and vaccine administration (4/5/22) due to a lack of funding.)	
Wage Pressures/Inflationary Costs (Wage pressures and competing for a shrinking workforce is presenting challenges to recruitment and retention of staff, which we are working on addressing.)	
Staffing Models Development & Implementation (Rightsizing the number and complement of staff through continued work on staff models. Industry standard models under development include Nursing, Behavioral Health, Radiology, and Hospital Police.)	

City’s Executive Budget Includes Funding for the System’s Expense Priorities

- **Street Health Outreach and Wellness (SHOW)**
  - Provides funding for eight vans, including two announced in the Subway Safety Plan
- **B-HEARD (EMS Mental Health Teams)**
  - Expands the existing program to high-need neighborhoods in Central Brooklyn, Eastern Queens, and the South Bronx
- **Plant-Based Lifestyle Medicine Expansion**
  - Expands the existing program at Bellevue to six additional facilities (Jacobi, Lincoln, Woodhull, Kings County, Elmhurst, and Vanderbilt)
- **Public Health Corps**
  - Continues funding for existing program in outpatient clinics through FY25

City's Executive Budget Includes Capital Funding for Critical Projects

Mayoral Funding:

- **Far Rockaway Primary Care Center**: Capital Funding Transfer of **$30M** from EDC to H+H.

Borough President Funding:

- **$37.3M in FY23 Borough President Capital Funding** was awarded to H+H including funding for Women and Family Birth centers in Brooklyn as well as infrastructure renovations and medical equipment at various H+H facilities.
- **Note**: City Council awards are issued after the Adopted budget is released in June.

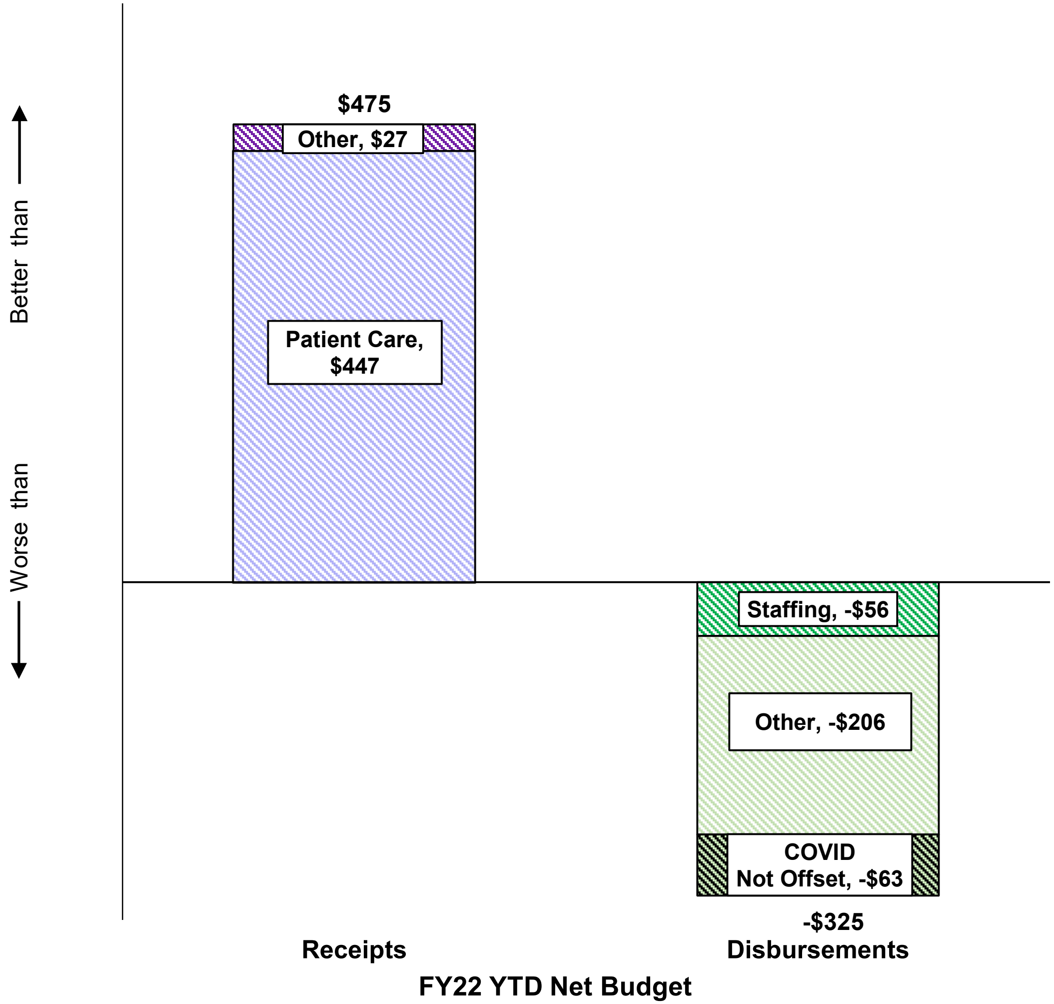
FY 2023 Enacted State Budget

The enacted budget made significant investments in health care in alignment with our H+H priorities

- **Fair access to operating and capital funding**
  - Increased Medicaid rates by 1% and restored the 1.5% cut enacted by the MRT II
  - Provided new funding for nursing homes through the NH quality pool and VAPAP
  - Established a new $1.6B capital infrastructure pool
  - Restored the MMC/MLTC quality pools for 1 year
  - Added $800M in NEW funding for safety net hospitals. H+H previously not eligible for this funding, but we were successfully added through advocacy efforts.
- **Telehealth Parity**
  - Requires health plans, including Medicaid, to reimburse providers for services delivered through telehealth on the same basis, and at the same rate, as services delivered in person for 2 years.
- **Behavioral Health**
  - New funding allocated for IP psych beds, a loan forgiveness program for psychiatrists and NPs, a 5.4% COLA for the BH workforce, and made changes to Kendra's Law.
- **Workforce Issues**
  - Created a one-time workforce bonus of up to $3,000 and the Nurses Across NY program.
- **Coverage Expansion**
  - Essential Plan (EP) expanded for undocumented individuals 65+ and EP coverage for 1 year postpartum with federal approval.

Financial Performance
FY 2022 February YTD

FY22 thru February
Net Budget Variance



Highlights

Ended February with a net budget variance of $149.8M 1%

- Receipts exceeded budget by $475M driven by, $447M in Patient Care. I/P and O/P volume and average rates are higher than budgeted. Risk is higher due to MetroPlus payment on behalf of prior year.
- Disbursements exceeded budget by $325M, which includes $63M spend associated with COVID, and $58.7M in vaccine mandate related spending. The balance is OTPS overspending on Temps and supplies

Notes:

1. 85% of the COVID spend has been offset
2. Test and Trace not included in the Net Budget Variance.
3. Vaccine Mandate costs included

NYC HEALTH+ HOSPITALS

Drivers of Budget Variance

H+H exceeded the revenue target due to outperformance of revenue cycle and service line initiatives as well as returning patient volume

Cash receipts are 8% ahead of budget as patient volume returns at a higher percentage than anticipated, and as H+H meets and exceeds planned strategic service line improvement, managed care contract performance and revenue cycle initiatives. Risk pool performance exceeding target is also a contributing factor.

- Increased Volume ($193.8M) - IP discharges are 8% ahead of the budget target, yielding over $161M in YTD cash. OP volume 6% ahead of the budget target, yielding over $32M in YTD cash receipts.

- Higher Collected Rates ($160.8M) - Increases are mainly attributable to better than budgeted Revenue Cycle and other strategic initiatives performance.

- Risk Pool Performance and Timing ($84.6M) - Medicaid Risk performance is coming in $27.8M better than planned. Also, Prior Year unbudgeted reconciliations of $56.7M are hitting in FY 22.

- Other Revenue ($35.5M) – 340B pharmacy, and Direct Medical Education exceeding target

Summary Receipts Performance (FY22 thru Feb)	YTD Variance against Budget ($M)
Increased Volume (IP/OP)	$193.8
Increased Rates (primarily due to Rev Cycle and other initiative improvements)	$160.8
Risk Pool	$84.6
Other Revenue (340B pharmacy, DME, Grants)	$35.5
Grand Total	**$475 [+8%]**

**excludes testing*

Drivers of Budget Variance

Higher needs due to COVID and staff vaccine mandate coupled with increasing non-COVID patient volume

Cash disbursements are over budget by 6% primarily from unbudgeted COVID and vaccine mandate related expenses, and Temp rates.

- COVID Emergency Spend ($63.3M) – 63% of the spend is on staffing and temp costs particularly in the areas of Nursing and Credentialed Providers addressing COVID coverage needs. Remaining spend is on non-staffing costs including PPE, medical supplies, labs and other COVID support needs.

- Vaccine Mandate Staffing preparedness and coverage ($58.7M)

- Non-COVID Spend attributable to volume increasing to pre-COVID levels with associated need for immediate patient care coverage as the system rebounds from the COVID emergency impact and redirects its attention to full time staff recruitment in alignment with established staffing models.
  - Agency Patient Care Temp Staffing ($136.1M)
  - Other Discretionary Spend ($66.6M) [mainly associated with prior year payment catch up and some vendor transition to EFT]

Summary Disbursements Performance (FY22 thru Feb)	YTD Variance against Budget ($M)
COVID Emergency Coverage (Staffing and Non-Staffing OTPS)	($63.3)
Vaccine Mandate Agency & Emergency OT Staffing Preparedness and Coverage	($58.7)
Agency Patient Care Temp Staffing Coverage	($136.1)
Other Discretionary Spend	($66.6)
Grand Total	**($325) (6%)**

NYC HEALTH + HOSPITALS

System-wide Revenue and Savings Initiative

FY22 Q3 (YTD Feb)

NYC HEALTH+ HOSPITALS

FY23 Budget Development Strategy: Looking Ahead

- **Continued Progress on Budgeting Process**
  - Implementing Workforce Plans
  - Implementing Staffing Models
- **Value Based Payment and Ambulatory Care 2.0**
  - Advancing Special Populations proposal and necessary value based care infrastructure
  - Focus on access, continuity, and panel management in ambulatory care
- **Core Infrastructure and Re-building for the Future**
  - Staff Core Services (e.g.: BH, Radiology, Anesthesia)
  - Capital Projects, Pharmacy, and other key operational areas
  - Cross facility/cross department initiatives
  - Continued revenue cycle improvements moving from median to top 25% performance on claim denials

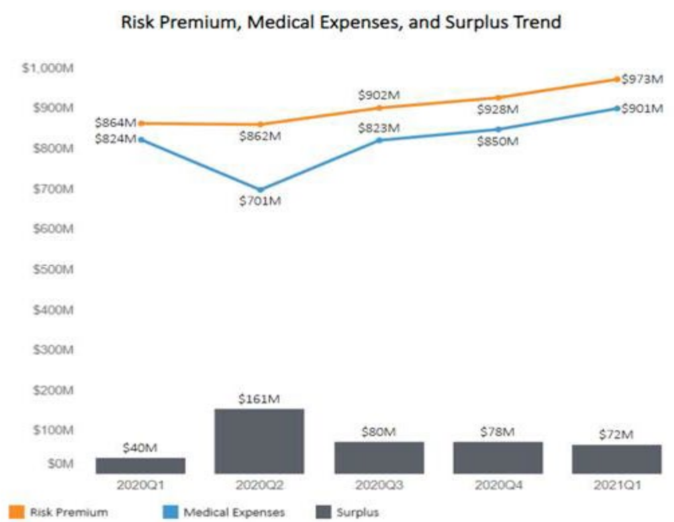
VBP Performance – Key Drivers

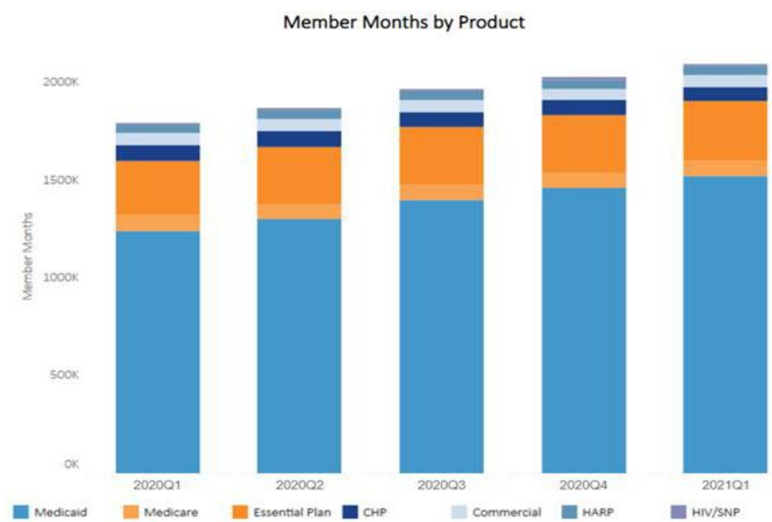
H+H drives success in Value Based Payment via three key strategies

- Growing attributed membership
  - Overall membership growth and growth in key specialized programs (HIV SNP and HARP)
- Growing Risk surplus
  - Improving the productivity and efficiency of our services – reducing unnecessary external referrals, better care coordination, high value care
  - Accurately capturing the health conditions and risk of our patients
    - Opening up access to address gaps in care, promote longitudinal care and help non users get care
    - Implementing outpatient risk adjustment coding tool to support physicians in helping to improve CRG and HCC scores
- Improve quality of care and boost quality bonus payments
  - E.g.: closing gaps in care, successful chronic disease programs, readmission reduction programs

H+H is making progress in all three domains

- Risk surplus is steady since the start of the pandemic and has remained high compared to prior years
- Membership is up over 110K since January 2020 in part due to pause in Medicaid redeterminations
- H+H continues to improve quality scores in key areas





Federal Relief

NYC HEALTH+ HOSPITALS

COVID-19 Federal Relief

- H+H has paid out approximately $2.7B on direct COVID-19 expenses through March 2022. Current commitments remain at $3.2B.

- We have received $620M in FEMA reimbursement to-date and hope to receive additional reimbursement associated with our PPE submission.

- To date, H+H has received $1.2B thus far, largely from the High Impact ($754M), Safety-Net ($359M), and General Allocation Provider Relief Fund ($90M)

- We have submitted the required reporting for our PRF expenses through 12/31/21.

Test and Trace

Test and Trace Financial Update

- H+H projects expenses of $1.4 billion in FY22 and $197 million in FY23 for Test and Trace Corps.
- T2 has committed approximately $550 million in expenses for Q3 in FY22.
- OMB has provided H+H with sufficient revenue through the T2 MOU to cover expenses to date.

Projected Expenses		
	FY22	FY23
Testing	$ 955M	$ 143M
Tracing	$ 208M	$ -
Take Care	$ 89M	$ 32M
Vaccine	$ 66M	$ -
Data Analytics, Program Management, and Public Awareness	$ 111M	$ 22M
Total Projected Expenses	**$ 1,429M**	**$ 197M**

FY22 Test and Trace Programmatic Changes

- As of the end of April, and in accordance with CDC guidance, Test and Trace has ended contact tracing. H+H's 212-COVID19 hotline will continue to serve as the one-stop shopping for all COVID-19 resources.
  - Since the launch of Test and Trace, contact tracers have helped over 1 million cases, reaching nearly 90% of cases prior to Omicron; contact tracers have also identified 1.8 million contacts throughout the pandemic.
- Due to low volume, Test and Trace closed all isolation hotels in April.
  - These hotels provided safe isolation/quarantine to over 33k people since inception of program.
- Given the very high adult vaccination rate in NYC, Test and Trace's vaccine canvassing program has concluded.
  - Through this program, 1.7m doors were knocked on, over 40m masks were distributed, over 10m conversations held, and over half a million vaccination appointments were scheduled.
- In March, Test and Trace closed the City's original 24-hour vaccine mega-sites: Citifield, Brooklyn Army Terminal, and Bathgate Postal Station.
  - These three sites administered 580k vaccines since opening in winter 2021.

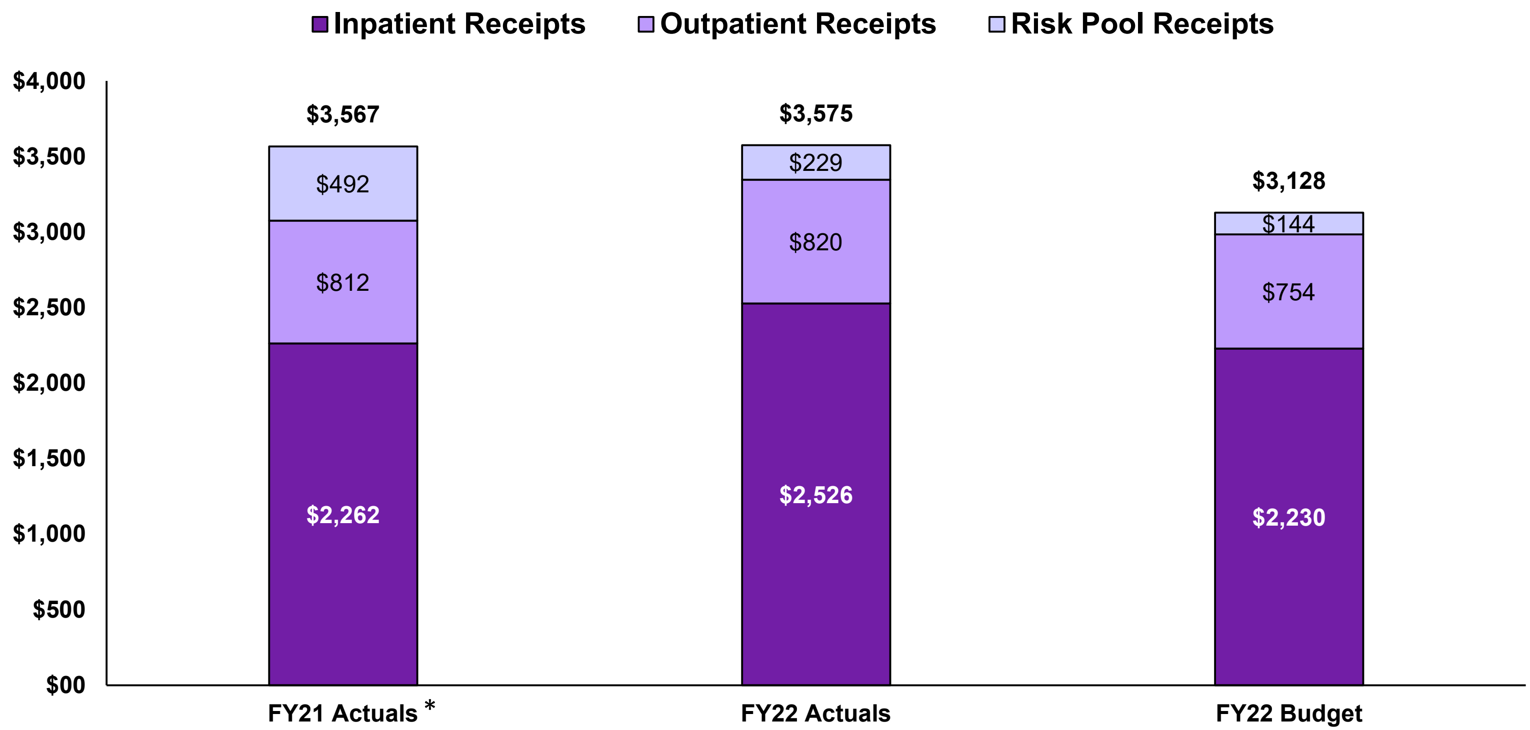
FY23 Test and Trace Programming

- Test and Trace plans to reduce its programming to provide a leaner model for baseline COVID response and support in New York City.
- Current FY23 projections (~$197M) do not account for any future surges. The budget is subject to change based on City public health needs and response strategies.
- **Testing**: As we move into the next phase of the pandemic, we continue to prepare for any need we may have for surge testing through our extensive mobile network and transition our existing brick & mortar infrastructure.
  - Test and Trace will continue to manage school testing through summer 2022. As the Fall 2022 school year approaches, we will assess whether the program should undergo changes.
  - Additionally, we continue to provide millions of at-home test kits to libraries, cultural institutions, and community groups throughout the City for public distribution.
- **COVID Navigation:** Test and Trace plans to continue supporting New Yorkers experiencing long-COVID through a continuum of care.
- All FY23 planned programs will be covered by the OMB MOU.

Appendix

FY22 thru February
Revenue Performance

- FY22 direct patient care revenue (I/P & O/P) is $271.6M higher than FY21 actuals*.
- Patient revenue improvements year-over-year can be attributed mainly to a higher volume, maintenance of our revenue cycle performance efforts and success at other strategic initiatives.
- Compared to same time last year, discharges are up 16.4%, visits are up 6.5%** and Case Mix Index (CMI) is slightly lower by -1.5%.



* *FY21 YTD includes $128.1 testing receipts.*
** *Includes FY21 testing. 13.2% without testing.*

Strategic Initiatives Financial Update – FY22 Q3 (YTD Feb)

Summary Initiative Category	FY22 Net Target*	*FY22 YTD Feb Performance*	FY22 Line Of Sight	Initiative highlights
Growth and Other Service Line Improvements	$181.2	*$147.0*	$180.8	• 340B Contract Pharmacy ($66M) • Medical Necessity Denials Reduction ($32M) • Service Line Improvements ($20M) • Growth/Retention Strategies (63M)
Revenue Cycle	$242.6	*$267.9*	$313.4	• Administrative Denials Reduction ($101M) • Coverage for Eligible Uninsured ($90M) • Accounts Receivables Initiatives ($59M) • CDI Process Improvement ($54M) • Medicaid HCO ($6M) • Misc. Revenue Initiatives ($4M)
System Efficiencies	$34.1	*$17.7*	$23.5	• EITS Initiatives ($16.2M) • Labs Services ($4M) • Restructuring and PS ($2.2M) • Supply Chain Initiatives ($1.1M)
Value-Based Payment Initiatives and Managed Care Initiatives	$156.3	*$133.2*	$161.6	• HARP/SNP Conversions ($43.5M) • Amb Care Initiatives & Panel Size Alignment ($5M) • Improve CRG & Close Care Gaps ($8M) • Managed Care High Cost Outliers and Contract Negotiations ($95M) • Additional one-time settlements ($10M)
Grand Total	**$614.2**	***$565.8***	**$679.3**	