



**AUDIT COMMITTEE  
MEETING AGENDA**

**July 11, 2022  
12:00 P.M.  
50 Water Street  
VIRTUAL**

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**CALL TO ORDER**

**Ms. Sally Hernandez-Piñero**

- Adoption of Minutes May 9, 2022

**Ms. Sally Hernandez-Piñero**

**INFORMATION ITEMS**

- Internal Audits Update
- Compliance Update

**Ms. Catherine Patsos**

**Ms. Catherine Patsos**

**EXECUTIVE SESSION**

**OLD BUSINESS**

**NEW BUSINESS**

**ADJOURNMENT**



**AUDIT COMMITTEE VIRTUAL MEETING – May 9, 2022**

**As Reported by: Sally Hernandez-Piñero**

**Committee Members Present:** Sally Hernandez-Piñero, José Pagán, Feniosky Peña-Mora, Dr. Mitchell Katz, Anita Kawatra.

The meeting was called to order by Ms. Sally Hernandez-Piñero, Committee Chair at 9:03 am.

Ms. Piñero requested a motion to adopt the minutes of the Audit Committee meeting held on March 22, 2022. A motion was made, duly seconded, and unanimously approve.

Mr. Weinman introduced the Grant Thornton partner Tami Radinsky and Steven Dioguardi to discuss the 2022 Annual Audit Plan.

Presentation:

Ms. Radinsky outlined the responsibilities of Grant Thornton as it related to the deliverables to the committee. The overall task it performs is an audit on the New York City Health and Hospitals Financial Statements for June 30<sup>th</sup>, 2022. The annual report for Ambulatory Health Care and Residential Health Care Facilities, and will also be audited for June 30<sup>th</sup> or year end.

Ms. Radinsky explained the responsibilities of those charged with Governance Responsibilities. She asked the committee if there were any relevant issues in regard to the Audit, such as fraud, that the committee believe should be added to the annual Audit plan. Jay Weinman and James Linhart are responsible for preparing the financial statements communicating any significant accounting matters that are applicable to this year. At the end of the Audit they will provide us with written representation.

The Audit timeline & scope were presented to demonstrate the prior years. Ms. Radinsky stated that most of the process starts in May, then moving into the summer around June, which is when we preform the risk assessment procedures. Starting today, I am having meetings with management to discuss anything new that we should incorporate the Audit procedures. The deliverable would be ready around the 2<sup>nd</sup> week of October. In December/January, we provide our Management Letter.

Mr. Dioguardi from Grant Thornton presented the Significant Risks and other areas of focus. He stated that the majority of the financial statements remain unchanged in terms of the types of transactions and accounts that we encounter each year. He highlighted patients accounts and patient service revenue, which is one of the largest line items on the financial statements.

He stated that liabilities carry from year to year. Management of these are reviewed and we estimate any changes in the liabilities from prior years as well as looking at new estimates. Pension liabilities are also very significant items that we review. Finally, we review the financial statements for accuracy.

Ms. Radinsky presented the Technology Support Audit process, in which controls are tested for certain systems in the organization in order to rely on the reports that come out of the systems and perform detailed testing. She stated that Grant Thornton has a technology team that focuses on health care, and they look at those financial dependent information technology systems for us to test as part of our audit procedures.

Mr. Pena-Mora asked Ms. Radinsky what would be the net impact of the accounting changes.

Ms. Radinsky, responded that that the operating leases, which in the past have been more footnote disclosures, are now going to reflect on your balance sheet, which you have to calculate a right of use asset and liability. So the impact will be if you have financial debt covenants that you know that may be looked at asset to liability ratio. Ms. Radinsky did not know the dollar impact on it, but stated that management can address that at a later time.

Mr. Weinman stated that the impact is on the balance sheet; if we had a typical lease that was \$100,000 per year for five years, all of a sudden, we have this asset for \$500,000 that is new. The expense which we used for incur every year around \$100,000 (for example) is going to be pretty much the asset.

Mr. Pena-Mora asked if this will apply only to the leases of properties that we currently hold, or will it apply to the new leases as well?

Mr. Weinman stated that it will include all of our leases

### **Internal Audits Report**

Ms. Patsos informed the Committee that the NYC Comptroller's Office follow-up on the meeting that took place on March 18, 2022 regarding the Nursing Home Equipment audit. She stated that, on April 19, the Comptroller's Office sent an updated summary of their findings with regard to Carter. Supply Chain, Internal Audits and she met with the Comptroller's Office to respond to those issues before they drafted a preliminary draft audit report. They reminded the Comptroller's Office that the audit took place during the pandemic, which is why some of the normal procedures might not have been followed regarding of documenting inventory and distribution. They also stressed that the urgency was to supply the Nursing Homes with PPE. The Comptroller's Office stated that they understood, and indicated that they would acknowledge that in their report.

Ms. Patsos reported that Internal Audits was conducting an audit to evaluate the onboarding processes of direct higher nurses, agency nurses, and travel nurses to ensure that all onboarding documentation is kept. Internal Audits had a meeting on February 23, 2022 with Nursing Administration to discuss their processes for hiring and onboarding. Nursing provided a list of approximately 7,300 agency nurses, including travel nurses, who were hired from September 2020 to December 31, 2021. Internal Audits also requested a list of direct hire nurses for the same time period. The Office of Corporate Compliance will use RATSTATS to draw a random sample of nurses from each list so Internal Audits can conduct their review.

Internal Audits moving along with the outside CPA group, The Bonadino Group, which has provided 22 reports for calendar year 2021. Internal Audits has reviewed and finalized 10 of those. There are nine calculations and one review based on the Auxiliaries' revenues. There are three reports still outstanding for calendar year 2020, for North Central Bronx, Elmhurst and Queens Hospitals. There has been a delay for the Queens Hospital Auxiliary for 2018 and 2019 because Internal Audits is waiting for determination by the IRS regarding its retroactive 501(c)(3) status. April 28<sup>th</sup>, Internal Audits learned that their retroactive status was approved.

Ms. Piñero: Pulled the member for questions.

None at this time.

### **Catherine Patsos provided the Office of Corporate Compliance Report**

#### **Monthly Exclusions February 23-April 19, 2022:**

Ms. Patsos reported that no workforce members or vendors appeared on any exclusion list during the period February 23, 2022 through April 19, 2022.

#### **Breaches February 23-April 19, 2022:**

Ms. Patsos reported that there were 63 incidents that were entered into the case management system. Of those incidents, 11 were found to be violations of our privacy and security Operating Procedures. Of those 11, nine were determined to be breaches. Five of those breaches resulted from registration errors, including selecting the wrong patient for registration, and providing a patient with the wrong after visit summary. One breach involved a workforce member who inappropriately accessed a patient's record who was not under their care; and one involved posting patient information on Social Media. All individuals were counseled and required to take HIPAA remedial training, and the OCC asked Human Resources to place documentation of these incidents in each of their personnel files.

Ms. Piñero asked whether there are ever any breaches that, due to the degree of severity, more severe penalties are taken into consideration.

Ms. Patsos stated that they would recommend a more egregious discipline, but the final determination would be with Human Resources and Labor Relations.

Mr. Pena-Mora asked how this number of breaches compares to prior years.

Ms. Patsos stated that the OCC is working on preventing contact moves, which occur when a patient's information is entered into the wrong chart. We are also training staff on how to use more patient identifiers when registering patients to decrease these incidents.

**Mr. Pena-Mora asked if in future meetings Compliance can get a report on how these breaches compare to other years.**

**Ms. Patsos responded that she would include that information in future meetings.**

**Compliance report updates:**

Ms. Patsos reported that the Office of Corporate Compliance received 80 compliance reports through its Help Line or directly reported to the OCC. There was one red report, 35 yellow reports, and 44 green reports. The red report was filed by an anonymous reporter concerning patient abuse, but the reporter did not continue the reporting process. Therefore, there was insufficient information to substantiate the complaint.

**Billing and Auditing services:**

Ms. Patsos stated that we solicited vendors for Billing Auditing Services. Proposals were due April 5<sup>th</sup> and we received proposals from six vendors. The evaluation committee has scored those proposals and they will invite back the highest scoring vendors to make presentations.

**System Risk Assessment:**

The Office of Corporate Compliance developed the Draft FY-2023 risk assessment, which was presented to the Enterprise Compliance Committee on March 24<sup>th</sup>. The ECC reviewed and discussed the risks identified in the Risk Assessment, and based on their discussion, the Risk Assessment was revised and presented to the ECC on May 5<sup>th</sup> for further discussion. The ECC had some additional comments to the revised draft, Ms. Patsos stated that she will revise the Risk Assessment again based on those comments. Once it has been approved, it will be submitted to the Audit Committee for approval.

**HIPAA Risk Analysis and Security Assessment:**

Ms. Patsos reported that the vendor, Coalfire Systems, Inc. is currently conducting our annual HIPAA risk analysis. They are currently conducting on site reviews of our facilities.

Ms. Piñero polled any questions.

There were none.

No new or old business.

Meeting adjourned at 9:40am



**AUDIT COMMITTEE OF THE  
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**Audit Committee Report**

**Office of Corporate Compliance  
Internal Audits**

**July 11, 2022**

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

**Table of Contents**

**A. External Audits .....3**  
    1. Controls Over Nursing Homes – NYC Comptroller’s Office.....3

**B. Internal Audit Activities.....3**  
    1. System-Wide Review of Nurse Hiring .....3  
    2. Auxiliary Audits.....4



**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

Draft Audit Report Received – June 7, 2022

Final Audit Report Received – Jun 29, 2022

On July 7, 2022 NYC Health + Hospitals received the Draft Audit Report from the NYC Comptroller’s Office, to which NYC Health + Hospitals submitted its response. NYC Health + Hospitals agreed with all of the recommendations, but in its response to the Draft Audit Report, it also clarified some of the findings stated in the Draft Audit Report, and emphasized that the audit was conducted during the height of the COVID-19 public health emergency when alternative inventory processes were required.

On June 29, 2022, NYC Health + Hospitals received the NYC Comptroller’s Office’s Final Audit Report, which incorporated many elements of NYC Health + Hospitals’ response to the Draft Audit Report, and recognized that the audit was conducted during the height of the pandemic when the System’s facilities were significantly impacted by the public health emergency, and acknowledged the difficult circumstances under which the System was operating at various points during the audit period.

The Final Audit Report made the following recommendations:

1. H+H should ensure that cycle counts and fiscal year-end counts are conducted in accordance with agency protocols, that discrepancies identified during counts are investigated, that all inventory items are recorded and tracked in inventory records (whether PeopleSoft or in manual records) and securely stored.
2. If staffing levels permit, H+H should segregate the responsibilities for handling and issuing items, recording the issuance of items, and conducting the periodic counts among different staff. If such segregation of duties is not feasible, H+H should implement compensating controls, such as increased reviews of inventory-related transactions at the managerial or supervisory level.
3. H+H should ensure that access controls in PeopleSoft align with the duties and responsibilities of its users.
4. H+H should ensure that the reasons for all inventory balance adjustments are documented (either in or outside of PeopleSoft) and that the adjustments are authorized by an individual who does not have physical custody of the inventory.

**INTERNAL AUDIT ACTIVITIES**

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

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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)

Objectives 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.

In May 2022, Internal Audits received data regarding the universe of agency, travel, and direct hire nurses for the audit period. The Office of Corporate Compliance used RAT-STATS to draw randomized samples of agency, travel, and direct hire nurses from Lincoln, Elmhurst, Harlem, Kings County, Jacobi and Bellevue, which had the most nurses. Internal Audits will use these samples to perform its field work.

On June 13, 2022, Internal Audits met with Nursing Administration to discuss the documentation needed to perform the field work on the samples.

### **3. *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. We are awaiting a response from the Partner on the account.

One draft report has been completed for each of CYs 2018 and 2019 for Queens Hospital Center Auxiliary Inc. These final reports are expected to be completed this month.

(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**

**Corporate Compliance Report**

**July 11, 2022**



**AUDIT COMMITTEE OF THE  
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BOARD OF DIRECTORS**  
Corporate Compliance Report  
50 Water Street, 15<sup>th</sup> Floor  
New York, NY 10004  
July 11, 2022 @ 12:00 PM

**TABLE OF CONTENTS**

I.	Monitoring Excluded Individuals and Vendors .....	2
II.	Privacy Incidents and Related Reports.....	3
III.	Compliance Reports .....	4
IV.	Billing and Coding Auditing Services RFP .....	7
V.	FY2023 Risk Assessment & FY2023 Corporate Compliance Work Plan.....	8
VI.	HIPAA Risk Analysis and Security Assessment .....	8



**AUDIT COMMITTEE OF THE  
NYC HEALTH + HOSPITALS  
BOARD OF DIRECTORS**  
Corporate Compliance Report  
50 Water Street, 15<sup>th</sup> Floor  
New York, NY 10004  
July 11, 2022 @ 12:00 PM

## **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 April 20, 2022 through June 15, 2022

- 3) During the period April 20, 2022 through June 15, 2022, there were two (2) community physicians who were excluded by OMIG. A review is underway to determine whether any repayment is required.

### 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 April 20, 2022 through June 15, 2022.



**AUDIT COMMITTEE OF THE  
NYC HEALTH + HOSPITALS  
BOARD OF DIRECTORS**  
Corporate Compliance Report  
50 Water Street, 15<sup>th</sup> Floor  
New York, NY 10004  
July 11, 2022 @ 12:00 PM

## **II. Privacy Incidents and Related Reports**

### Breach Defined

- 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 April 20, 2022 through June 15, 2022

- 8) During the Reporting Period, forty-three (43) incidents were entered in the case management system. Of the forty-three (43) incidents, twelve (12) were found after investigation to be violations of NYC Health + Hospitals’ HIPAA Privacy and Security Operating Procedures; six (6) were found not to be a violation of NYC Health + Hospitals’ HIPAA Privacy and Security Operating Procedures; and twenty-five (25) are still under investigation.
- 9) Of the twelve (12) incidents confirmed as violations, three (3) were determined to be breaches. Two (2) resulted from registration errors (*e.g.* selecting the wrong patient upon registration or patient providing incorrect information); and one (1) involved giving a patient the wrong after visit summary.

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

- 10) The OCC received one letter from the OCR between April 20, 2022 and June 15, 2022. On May 31, 2022, the OCC received a letter from the OCR regarding a complaint it received from a NYC Health + Hospitals/Harlem former employee patient who claimed that “several staff members who were not involved in her care impermissibly accessed her medical records from her hospitalization in July 2019, discussed her protected health information (PHI) and caused an uncomfortable working environment which led to her resignation.” The OCC received the original



**AUDIT COMMITTEE OF THE  
NYC HEALTH + HOSPITALS  
BOARD OF DIRECTORS**  
Corporate Compliance Report  
50 Water Street, 15<sup>th</sup> Floor  
New York, NY 10004  
July 11, 2022 @ 12:00 PM

letter from the OCR regarding this complaint on February 23, 2021, which also requested data from the OCC. The OCC responded to that letter on March 30, 2021 with the requested data which demonstrated that the patient’s claim was unsubstantiated. In its May 31, 2022 letter, the OCR also concluded that there was “insufficient evidence to substantiate the claim that the covered entity violated the Privacy Rule.”

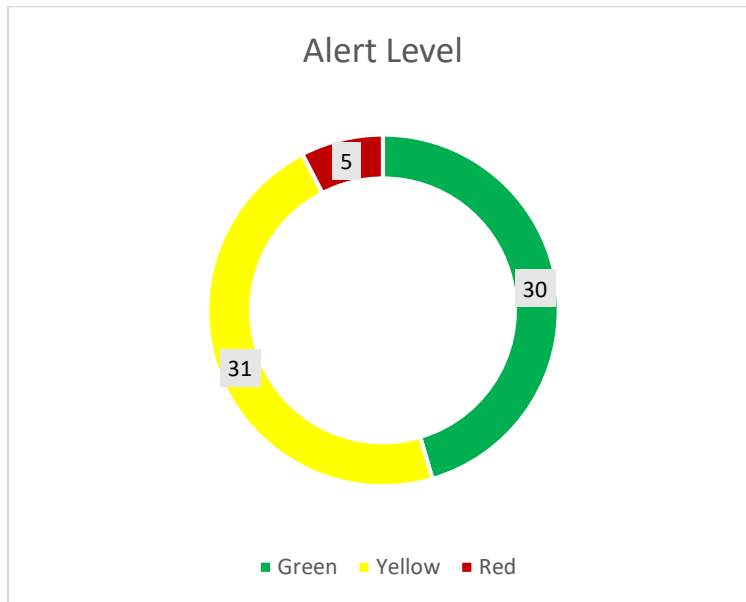
**III. Compliance Reports**

Summary of Reports for the Period of April 20, 2022 through June 15, 2022

- 11) During the period April 20, 2022 through June 15, 2022, there were a total of sixty-six (66) 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 were five (5) red reports, thirty-one (31) yellow reports, and thirty (30) green reports. The five red reports were allegations of patient abuse, three of which were referred to the respective facility for investigation, and two were not substantiated.

<b>Alert Status</b>	
Green	30
Yellow	31
Red	5
<b>Total</b>	<b>66</b>



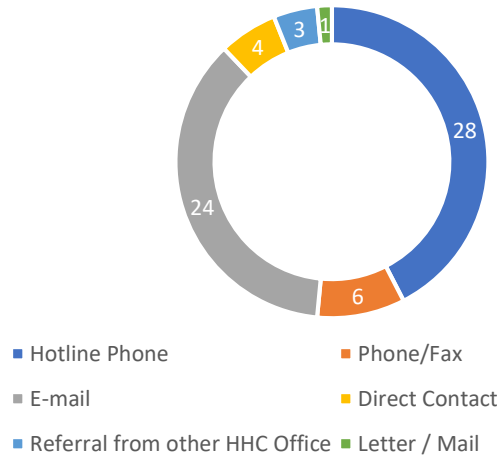


- 13) In addition, the database tracks reports by intake and issue type.

Intake method:

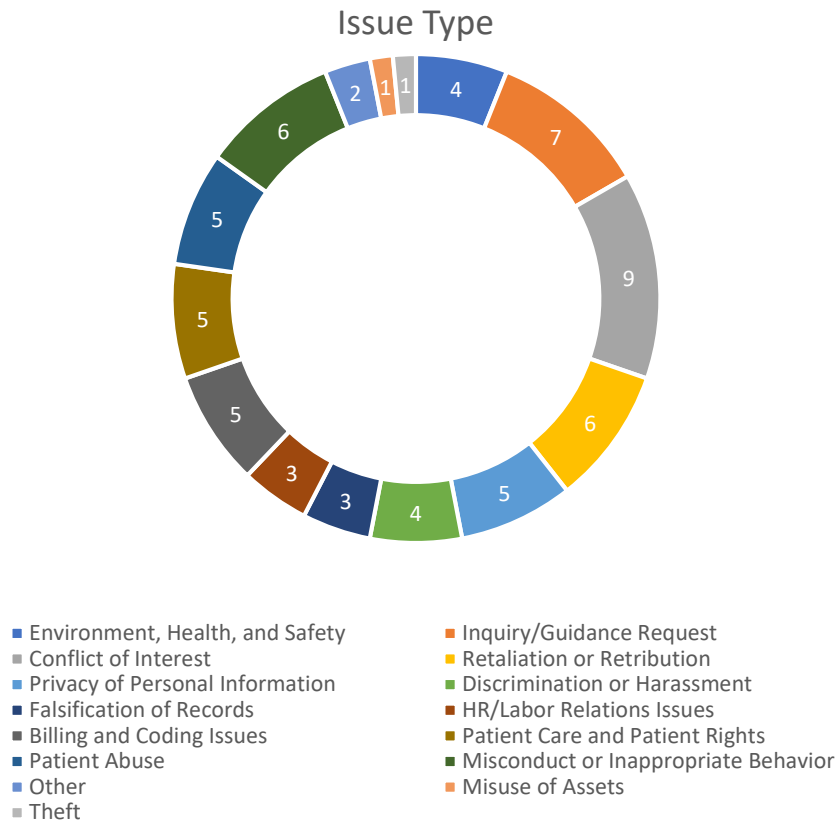
Intake Method	
Hotline Phone	28
Phone/Fax	6
E-mail	24
Direct Contact	4
Referral from other HHC Office	3
Letter / Mail	1
<b>Total</b>	<b>66</b>

Intake Method



Issue type:

Issue Type	
Environment, Health, and Safety	4
Inquiry/Guidance Request	7
Conflict of Interest	9
Retaliation or Retribution	6
Privacy of Personal Information	5
Discrimination or Harassment	4
Falsification of Records	3
HR/Labor Relations Issues	3
Billing and Coding Issues	5
Patient Care and Patient Rights	5
Patient Abuse	5
Misconduct or Inappropriate Behavior	6
Other	2
Misuse of Assets	1
Theft	1
<b>Total</b>	<b>66</b>



**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



**AUDIT COMMITTEE OF THE  
NYC HEALTH + HOSPITALS  
BOARD OF DIRECTORS**  
Corporate Compliance Report  
50 Water Street, 15<sup>th</sup> Floor  
New York, NY 10004  
July 11, 2022 @ 12:00 PM

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) The Evaluation Committee scored the proposals and invited the two highest scoring vendors to make presentations of their proposals. Following the presentations, the Evaluation Committee will score these two vendors again. The OCC hopes to have a vendor selected by the middle of July.

**V. FY2023 Risk Assessment & FY2023 Corporate Compliance Work Plan**

- 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 OCC revised the Draft FY2023 Risk Assessment, and presented it to the ECC on May 5, 2022, to discuss it further. The CCO also prepared the Draft FY2023 Corporate Compliance Work Plan (“FY2023 Work Plan”), based on the FY2023 Risk Assessment, for the ECC’s review and approval. The approved FY2023 Work Plan will 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.



**AUDIT COMMITTEE OF THE  
NYC HEALTH + HOSPITALS  
BOARD OF DIRECTORS**  
Corporate Compliance Report  
50 Water Street, 15<sup>th</sup> Floor  
New York, NY 10004  
July 11, 2022 @ 12:00 PM

- 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 conducted onsite reviews of select facilities in May. Coalfire will review the D&TCs and clinics in June and July.
- 19) In addition to the compliance and security reviews of the facilities, Coalfire conducts compliance security reviews of the System as a whole. Due to the remediation of previous high and very high risks on the System level, which eliminated many of those risks, in 2022, Coalfire will review moderate risks as well.