Date: May 8, 2023
Time: 12:00 P.M.
Location: 50 Water Street, 17th Floor, Boardroom – In Person

I. Call to Order
Adoption of the March 13, 2023 Minutes

Freda Wang

II. Action Item: Laundry and Linen Services
Authorizing the New York City Health and Hospitals Corporation (the “System”) to execute an agreement with Sodexo Inc. (“Sodexo”) for laundry processing and linen distribution services for an initial term of five years with one one-year option solely exercisable by the System in an amount not to exceed $145,548,888 for the entire contract term.
VENDEX AND EEO APPROVED:
Sodexo, Inc.

Paul Albertson

III. Action Item: DRG Downgrade Denials Process
Authorizing the New York City Health and Hospitals Corporation (the “System”) to execute a five-year contract with Health Resources Optimization, Inc. (“Health ROI”) for coding denials management services for an amount not to exceed $6,820,780.
VENDEX PENDING:
Health Resources Optimization, Inc.

EEO APPROVED:
Health Resources Optimization, Inc.

Lisa Perez

IV. Financial Update

John Ulberg

V. Old Business

Freda Wang

VI. New Business

VII. Adjournment
Finance Committee MEETING – March 13, 2023

As Reported By: Freda Wang

Committee Members Present: Freda Wang, Mitchell Katz, MD, José Pagán, Jackie Roe Adams representing Sally Hernandez-Piñero in a voting capacity, Sally Hernandez-Piñero (virtual)

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 noted for the record that according to the By-Laws - Section 14. Committee Attendance. If any member of a standing or special committee of the Board will not be present at a scheduled committee meeting, the member may ask the Chair of the Board to request that another Board member, not a member of that committee, attend the scheduled meeting and be counted as a member for purposes of quorum and voting:

Sally Hernandez-Piñero has requested that Jackie Rowe Adams be counted for the purposes of quorum and voting on her behalf. The request was approved.

Ms. Wang also noted for the record Sally Hernandez-Piñero is in a listening capacity virtually.

Ms. Wang called for a motion to approve the January 9, 2023 minutes of the Finance Committee meeting.

Upon motion made and duly seconded the minutes of the Finance Committee meeting held on January 9, 2023 were adopted.

ACTION ITEM: BASE Tactical Best Interest Renewal

Ms. Michline Farag – Senior Assistant Vice President – Central Office Finance read the resolution into the record and proceeded with the presented:

Authorizing New York City Health and Hospitals Corporation (the “System”) to enter into a 5-year best-interest contract extension with BASE Tactical Disaster Recovery, Inc. (“BASE Tactical”) to provide project management and consulting services for the repair, restoration and hazard mitigation of System facilities damaged by Hurricane Sandy with the System holding two 1-year renewal options for an amount not to exceed $6,800,000 over the potential seven-year term. Additionally – to extend the current 2016 contract terms ending June 30, 2023 to December 30, 2023 to allow for the expenditure of the balance of $1,407,641.37 for Superstorm Sandy.
Ms. Michline Farag - Senior Assistant Vice President, began by providing the background information on BASE Tactical and their work with Health + Hospital in providing expert emergency management services including FEMA Public Assistance grants and construction management. Ms. Farag also discussed the need NYC H+H have for disaster consulting services to meet FEMA compliance in the superstorm sandy project and COVID response.

Ms. Farag continued by providing an overview of the Pricing Due Diligence and Best Interest Rationale for the best interest extension. In order for FEMA Consulting fees to be reimbursable by FEMA, they must meet FEMA’s price reasonableness guidelines. These guidelines include fees by resource type, by task, and time billed for task by the appropriate resource. BASE Tactical was one the early consulting firms specializing in FEMA reimbursement. Other traditional consultants entering this growing market, lack their level of expertise entering the field. BASE Tactical rates charged meet the price reasonableness guidelines currently applied by FEMA across the industry. NYC H+H FEMA Grants Unit, reviews all invoices to ensure all work indicated is validated.

Ms. Michline Farag provided an overview of the MWBE goal, RFP challenges and Vendor Due Diligence – Best Interest Rationale. In terms of MWBE goals, BASE Tactical has a 30% MWBE goal on their contract and has achieved 61% to date with CJE Services LLC for services relating to damage site assessment. All contracts values, spent to date and remaining funds were noted. The challenge with onboarding a new vendor mid-project is that a new vendor would accept no liability to claims that are currently submitted. In addition, any new vendor would require significant re-work of the documentation and supporting due diligence of the claims, which would be cost prohibitive. BASE Tactical provides strategic advisory services in regards to how NYC H+H should approach the rebuild, mitigation of all facilities, while maintaining reimbursement compliance with FEMA.

Further, BASE Tactical was procured in 2016 via public RFP. The existing contract expires on June 30, 2023. OFD/Finance is requesting to extend the term of the current 2016 contract to December 2023 to allow for the spend of the remaining $1,407,641.37 for Superstorm Sandy FEMA work; and a “best-interest” extension for an additional seven-years (5-years with two 1-year extensions) at $6,800,000 in additional dollars. This extension is specific to the work around Hurricane Sandy Projects for Bellevue, South Brooklyn Health, Coler and Metropolitan Hospital, which may go beyond city fiscal year 2030 as well as any Hurricane Ida needs.

Ms. Wang polled the committee for questions.

Mr. Pagán asked regarding the Direct Administrative Costs. Are these costs that have already been charged and are currently active or is that money we have now and we have not spent? Is it money that we can use that is not connected to any reimbursement from FEMA, therefore we can spend it in the next 6 months? Trying to understand where the money left over comes from.
Ms. Farag explained that FEMA projects have a percent of that project that is allowed under the DAC, 4-percent is applied to the cost of the whole project and that is the amount that you are allowed to spend on the administrative fees, which are basically services that qualify and can be internal or external. Mr. Pagán ask if these are our expenses plus any of our consultants’ expenses. Ms. Farag responded, yes, any of our costs is included.

Mr. Pagan inquired regarding the $1.4M for the next 6 month and then $6.8M for 7-years, why does the amount go down over time? Do they get paid for the work they do or by some retainer?

Ms. Farag responded, payment is based on the scale and the number of hours that remain for the next 7-years.

Mr. Pagan added, is it reasonable to assume that they have more work over the next 6 months and less work in the 7 years after that?

Ms. Farag responded that the $1.4M is for extending the term of existing work in order to continue to draw down the rest of the $1.4M. It allows funds to be used for that 6-months term and wrap up any work related to that 2016 contract. The $6.8M is the new work and new hours that they will be spending in the next 7-years.

Ms. Adams inquired about the dollars left. Where do they go and what do they do?

Mr. Farag clarified if these is referring to the COVID piece. Ms. Adams agreed. The dollars spent to date, what is left is what was previously authorized for COVID services. What has been drawn from that is $2M out of the $4.6M, what remains that we can spend in the fiscal year is the $2.5M for the remaining COVID work and the contract ends in June 30, 2023.

Ms. Wang added the $1.4M of the additional extension, is in addition to the $2.5M we have left here?

Ms. Farag added the $2.5M is related specifically to the COVID-19 emergency work order. The $1.4M is specific to Superstorm Sandy which is original 2016 contract that was RFP.

Ms. Wang added the COVID-19 dollars we anticipate that are spent by June 30th. What is the cutoff date for COVID-19 issued by FEMA?

Ms. Farag responded May 11th.

Ms. Wang asked do all reimbursement request have to be in by May 11th?

Dr. Katz added we can only reimburse money spent up to the May 11th date. We can submit reimbursement requests after that but will only be reimbursed up to this date. For instance, if we spend money on May 12th it would not be reimbursable.

Ms. Wang asked on behalf of Sally, for all DAC BASE Tactical expenses, do we pay first and then wait for reimbursement from FEMA?
Ms. Farag responded for the DAC. We will get back to you as it works different than the rest of the reimbursement.

Ms. Wang asked on behalf of Sally, do we expect all the work to be completed by 2030?

Ms. Farag responded that it may potentially go past that date. Specific to this contract extension of 7-years we expect most of the work to be completed by then. Ms. Wang added the dollar amounts are for the full period.

Ms. Wang asked to clarify what BASE Tactical will do.

Mr. Gonzalez responded that they are essentially our FEMA experts and help us get our reimbursement through FEMA. There is a lot of paperwork that is involved to be able to access those funds. Any other contracting architects, engineers’ contractors, we process all of that inhouse.

Ms. Farag added that they work side by side with our architects and provide their expertise on eligibility, reimbursement, structural work and applying for different areas of reimbursement under FEMA.

Ms. Gonzalez added, Base Tactical client list spread across the country and that vast experience knowledge about FEMA have been beneficial to Health + Hospital.

Ms. Farag added, they have large catastrophic events that they are handling.

Ms. Wang added the importance of the continuity and maintaining their expertise so if there are problems with a claim and it has been a long wait, they can help us and we cannot lose that continuity and experience. Ensuring the claims are right.

Ms. Wang thanked the team for their work and the diligence done to request the extension.

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

**ACTION ITEM: Housing Location and Placement Services**

Ms. Leora Jontef – Assistant Vice President – Housing and Real estate read the resolution into the record and proceeded with the presented:

Authorizing New York City Health and Hospitals Corporation (the “System”) to contract with Coordinated Behavioral Care, Inc. (“CBC”) to provide housing location and placement services (“HLPS”) for a term of three years with one 1-year renewal option exercisable only by the System for an amount not to exceed $14,054,014 over the potential four-year term.
Ms. Leora Jontef - Assistant Vice President, began by providing the background and strategy of Housing for Health. H+H Housing for Health facilitates housing opportunities and supports for patients experiencing homelessness. About 50,000 H+H patients are experiencing homelessness and about 22,000 H+H patients are also DHS clients. On average, patients experiencing homelessness visited the emergency department three times more often than non-homeless patients. To date, nearly 500 H+H patients have been permanently housed and over 800 H+H patients utilized medical respite with 25 percent stably housed post stay. Lastly, H+H Housing for Health efforts, including this proposal, were included in the Mayor’s Housing Blueprint released in June 2022. H+H Patient Success stories on the programs impact on the lives of the patients were also presented.

Ms. Leora Jontef continued by presenting the Health Indicators for Patients Housed by Housing for Health (HfH). National data indicates that permanent housing assistance reduces the use of costly acute care services for patients experiencing homelessness.

Ms. Fionnuala Seiferth presented the Current State of Housing Coordination at H+H. Currently, H+H patient care teams refer patients, complete housing profile/assessment, complete housing applications, collect vital and income documentation, outreach to shelter for housing updates and confirm HfH facilitated housing interviews and viewing with patient. Ms. Fionnuala Seiferth continued by providing the scope of work for Housing location and Placement services, which reflects best practices as modeled in Health Services of Los Angeles county, as well as discussions with internal stakeholders to understand staff and patient needs, and first-hand experience facilitating housing placements. The vendor will employ a “whatever it takes” approach to get our patients housed. Finding permanent housing opportunities and recruiting additional housing opportunities, including supportive, affordable and private market housing through CBC and partners’ housing vacancies and relationships, to match patients to housing opportunities. Further, support by completing housing packets which include housing applications, vitals, income documentation and collecting all supporting materials. Additionally, assisting patients by facilitating rent-ups including escorting patients to apartment viewings, working with management to complete rent-up process, submitting applicable move-in funds and coordinate with stakeholders on housing progression including shelter and H+H care teams. Lastly, the vendor will monitor, track, and report housing progression of H+H patients and support the successful transition to permanent housing by being responsive to tenants and owners and providing tenant move-in packages to ensure patients have what they need to succeed in their new housing.

The Future HLPS State of Housing Coordination at H+H was presented by Ms. Fionnuala Seiferth, H+H foresees to be able to allow the referrals sources and facilities to identify and engage homeless patients, and focus on their
expertise, clinical and social services, and the vendor will take on these three levels of work.

Ms. Seiferth continued by providing an overview of the procurement process and RFP criteria. Provided an overview of the vendor’s background and historical partnership with Health+Hospitals.

In terms of contract terms and expectations, NYC H+H will sign a 3-year contract with Coordinated Behavioral Care (CBC) with one-year option for renewal. The estimated average annual case load is 600 patients served, for a goal of 400 housing placements per year. This is an average cost of approximately $5,000 per patient served. The plan is for CBC and partner agencies to recruit hundreds of additional housing opportunities including supportive, affordable and private market housing. The annual budget includes funding for personnel, operations, tenant stability and a small amount in contingency funds for flexibility, innovation, and program improvement.

Dr. Katz added a testimonial of a similar experience he encountered in LA for this scope of work and why it is necessary to take it to the next step.

Ms. Rowe Adams thanked Dr. Katz and inquired on the age criteria. Do you need to be single, families or where do the age start, do you start at 16 or 18?

Ms. Seiferth responded that H+H does not have an age restriction on this program. This is for any patients who are receiving care at H+H and is experiencing homeless would be eligible for this service.

Ms. Rowe Adams asked if this includes permanent housing.

Ms. Seiferth responded that this is just for permanent housing.

Ms. Rowe Adams inquired on the permanent housing term.

Ms. Jontef responded that H+H is interested in getting everyone a rent stabilized housing, this is permanent housing and they have rights to their apartments and it would be at least in their names for one year or two years depending on negotiations with the owner and what is available.

Ms. Rowe Adams asked if H+H will be negotiating these leases with landlords.

Ms. Jontef added that we are not going to be dealing with all landlords. To date we have been successful at getting people housed but there are limitations for the staff and that is one of the reasons that we are adding a vendor who can help talk to owners. Having someone on-board who can talk to owners and understand what patients need. Some people may need supportive housing, some people do not need supportive housing, and some people can live in non-supportive housing but if they have other outside support they will thrive. We want to understand what is good for the patient and where they will thrive and place them into the right category. The goal is for
everyone to have a permanent lease and everyone will come with a rental subsidy as Dr. Katz alluded to, they are all experiencing homelessness.

Mr. Pagan asked on the current experience with CBC, is the scope the same and whether the same hand holding type of work is in the current contract or is it different?

Ms. Seiferth responded that the current contract with the Office of Behavioral Health is slightly different. There is not an overlapping scope of work here. They are not under both contracts doing the same work as it is slightly different.

Mr. Pagan asked for clarification on how would we be able to determine the vendor would perform according to our expectations.

Ms. Jontef added that we had an RFP and we scored them based on their staffing plan and their budget. They showed a model that for us is a different model than the one for Pathway Home. The goal is to find housing and get people placed in housing and negotiate all those steps in the process.

Mr. Pagan asked if they have done this work for other clients.

Ms. Jontef responded that the way CBC works with a cohort of other non-profits and they have proven that they met the threshold and that they have placed people in permanent housing before. The answer is yes.

Mr. Pagan mentioned that he wanted to ensure that CBC is not getting into a new line of business with limited experience on that.

Ms. Jontef added that they have experience with the population and they have experience placing this population into housing. We are bringing a more focused vision and coordinated effort to do it. For us, we continue to drive this mission forward and they presented to us that they can deliver for our vision.

Mr. Pagan asked if the goal is the 600 per year. Trying to understand the huge need.

Ms. Jontef responded that many of our patients receive services from a lot of different places and as shown in one of the slides, we are working with a couple key referral points within our System such as the safety net clinic, MetroPlus, the Office of Behavioral Health, Health Homes and a variety of CHWs to get referrals in. We acknowledged it is too challenging to help every single person but we know we want to meet patients where they are at. If they are with hospice care and have expressed this need, and they wish for this to be an option of a service they receive, we can supply it. We will see what the scale looks like and take it from there. There are other people that receive similar services at other points and other places in the city, but we are not here to duplicate work. We can refer them to a
vendor who can say, you are qualified for this housing type, what are the documents that need? And we can figure out a throughput.

Mr. Pagan added this sounds like a great idea. Very impressive.

Ms. Wang agreed and added there are some questions from Sally, do we have any sense of how many clients CBC has done actual placement into housing for?

Ms. Jontef responded that CBC is sort of a consortium and they are bringing their partner agencies and they all serves different niches in the market. Some groups in their consortium work better with market rate owners of housing, so the goal is to create a breath of options. Together the full partners have placed over 2,000 people into the last year.

Ms. Wang added, presumably having a vendor like this will help. The way you have been doing it your way, but they have access to networks for more potential.

Ms. Jontef added, they also have their own housing. That is what makes them a good fit. They are a mix of supportive housing developers, supportive housing providers and in some cases, they have a network of landlords they have worked with.

Ms. Wang asked if we know how many units we expect to be available over the next four-year contract.

Ms. Jontef responded that we expect them to meet our goal which is 1200. 400 per year and hopefully they will exceed them.

Ms. Wang added how is the pricing of the contract working.

Ms. Jontef responded, this is very staff intensive. 70% of the annual contract is going to be staffing and 30% Is going to be overhead and providing the move in people will get to transition. It costs about $500 per month and about 9 months to get someone housed. As we get our system in place perhaps we will pick up the pace.

Dr. Katz clarified that Freda’s question is more of how we are going to be invoiced.

Ms. Jontef responded that we will get invoiced on a monthly or quarterly bases we are still working on the mechanics with the lawyers and we have a lot of rights in the contract to set expectations and if we are unhappy with the service we would cancel it but we do not expect that to happen. Dr. Katz added that we will be reimbursing based on expenses with the expectation of an anticipated outcome. We would have a problem if we have many expenses with no outcome.

Ms. Wang added, if we are not getting on track for 400 patients to get housed we would have to reconsider the contract.
Dr. Katz added, sometimes with someone who has a special need per say they have a 24-hr caretaker for their disability, you would have to subsidize their subsidy a great amount in order to make it work. Is this an example of this? Ms. Jontef agreed and added that is a great example.

Dr. Katz continued, we had this frequently in LA where the person had $1,200, but we could house them for $1,300. Before the instance of this contract they could not be housed. The $1,200 gets wasted as it is coming from federal government, and they are homeless. We use the contract to supplement the additional $100 and we are now at the $1,300 and suddenly they are housed. These are the things a good provider figures out; instead of the typical way of “I am sorry, you are not eligible”. A good provider figures out how to leverage what you have.

Ms. Wang inquired upon H+Hs flexibility and monitoring what the vendor will be doing. If we will be getting the goals we are hoping to get, and if we will be on top of them. Ms. Jontef agreed.

Ms. Wang asked on behalf of Sally, why is there a payment for rent?

Ms. Seiferth responded that is for their rental space for operating out. Rental subsidy for their actual physical space.

Ms. Wang thanked the team for the great information presented in the data slide and how it will be tracked moving forward. Glad there is a system to keep track of that.

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

**ACTION ITEM: Mental Hygiene Legal Services**

Ms. Preethi Swamy – Senior Counsel, read the resolution into the record and proceeded with the presented:

*Authorizing the New York City Health and Hospitals Corporation (the “System”) to execute agreements with each of the five law firms Abrams Fensterman, LLP, McAloon & Friedman, P.C., Vigorito, Barker, Patterson, Nichols & Porter LLP, Law Office of Barbara J. Berwitz, and Law Offices of David Smoren, PLLC (the “Firms”) for the provision of legal representation in matters under the New York State Mental Hygiene Law (Behavioral Health and/or Guardianship) on behalf of the System on an as needed basis for an initial period of three years with two one-year options to renew for an amount not to exceed $12,000,000 over the entire potential five year term.*

Ms. Preethi Swamy began by providing the background and current state of our legal services. NYC H+H requires expertise in Behavioral Health and Guardianship matters is mandated under NYS Mental Hygiene Law. Behavioral
Health matters include involuntary commitment and involuntary treatment. Guardianship matters include appointment of guardians. In a typical month, NYC H+H handles approximately 300 appearances for Behavioral Health matters. Over the last 3-year contract cycle, outside counsel usage was roughly $2M per year. It is estimated that the average annual spend for outside counsel will increase by about 20 percent based on legal fee inflation, 5-year term of agreement, and an anticipated increase in case volume due to city initiatives increasing behavioral health service utilization. It is anticipated that the majority of the spend will arise from Behavioral Health matters.

Ms. Preethi Swamy presented the historical and current contract values as well as current state of the panel and assignment. Current contracts were awarded after a 2019 RFP.

There are different assignments of firms for Behavioral Health and Guardianship matters. For Behavioral Health matters, generally one firm is assigned to handle matters arising for all hospitals within a borough. For Guardianship matters the firms are selected to represent a facility on a case by case basis considering attorney availability and the issues to be addressed in the case. The current contract expires on March 31, 2023.

Ms. Preethi Swamy continued by providing an overview of the RFP Criteria. The minimum criteria to provide services under Behavioral Health and Guardianship were noted. Applicants for both Behavioral Health and Guardianship matters must meet the qualifications and minimum criteria stated by H+H. They must employ at least two attorneys with 5-years of experience and expertise in handling these matters, and must be 5-years in business.

The Vendor Diversity Efforts were presented by Ms. Preethi Swamy. The vendor diversity team identified three potential MWBEs. One is currently providing services. The team outreached to the other two and of those two, one did not have expertise in this area and the other expressed no interest in the RFP. There was no Diversity Vendor Component Percentage initially set on this solicitation as each vendor was expected to self-perform all work. The team performed its routine due diligence in reviewing the proposals and identified a subcontracting opportunity for MWBEs which was courier services. All firms have agreed to utilize MWBEs firms for their courier services. The Diversity Vendor Component Percentage has been revised and all vendors have agreed to a 10 percent Diversity Vendor Component Percentage. In addition, the selected firms are currently performing services under the prior agreements and the panel will remain the same.

Ms. Cohen added that no firm is guaranteed any work even if contracted.

Ms. Wang polled the committee for questions.

Ms. Rowe Adams asked if the vendor will bring their own security.
Ms. Cohen noted it is a great question and responded that most hearings now are handled remotely and the patients are at the bedside or often in the clinical setting that is secured inside our Hospitals for the hearings. Ms. Swamy continued, when they are not, the court officers would provide the security. Pre-COVID there was a behavioral health aid with the patient when we were required to bring the patient to the facility for the hearing, depending by hospital there may have been HP involvement. Post-COVID there was success in virtual hearing which was great for the system as it ensured the patient could remain in the hospital, receive care and services throughout the day and not be in an unknown environment with potential stressors. Also, the physicians were able to remain in the facility so they can provide treatment services and testify when needed virtually. We are hoping to maintain that virtual system.

Dr. Katz added, it was a huge issue before when doctors had to spend a whole day at a court and then we lose the doctor at the facility. It is very important to us that this practice remains specially as we have some shortages in psychiatrists.

Ms. Wang asked on behalf of Sally, the minimum criteria is very modest can you elaborate on the number of attorneys and experience of each of the firms.

Ms. Swamy responded, generally the way a firm is set up is that usually there is one main partner who understand the behavioral health work and under that partner there are usually two to three senior attorneys doing the work and below that level there is an associate as well. In addition, there are paralegals, who have a different rate of cost that does the administrative role. For Guardianships the firms are smaller. We are looking at solo practitioner or a two-attorney shop. In those cases, is the attorney’s handling all the work for the one case. However, for firms providing Guardianship services, we are looking at firms who have done this for 20+ years and they are known in the courts as these are the types of proceedings.

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 opened the presentation with the FY-23 Quarter 2 highlights. He conveyed that we closed Q2 with $500M (21 days cash-on-hand). The budget underperformed at 1% and closed Q2 with a negative Net Budget Variance of $89.1M.

Mr. Ulberg continued, stating that direct patient care receipts came in $42.6M higher than the same period in FY-22 continuing the pace of positive performance that we experienced during FY-22. Patient care volume in FY-23
has returned to pre-COVID levels, and is 3% ahead of FY-20 in OP visits. Revenue base remains strong and resilient primarily driven by returning volume and higher average collectability rate. Overall, our strategic financial initiatives remain on track with, generating over $397M thru Quarter 2 of FY-23 with a line of sight that meets our FY-23 target of $675.6M. Several areas of strong net performance were noted.

Mr. Ulberg presented the cash projections for FY-23. The System closed January with approximately $500 million (21 days cash-on-hand) and expects to close February with approximately $650 million (26 days cash-on-hand). In addition, 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 patient volume and COVID-19.

Mr. Ulberg provided an overview of the State Budget. There were positive and negative highlights from the SFY23-24 Executive Budget. Several positive highlights included the 5% Medicaid Rate increase for Inpatient and Nursing homes, Essential Plan rates increases for hospital statewide, $1B Capital transformation funds which we are seeking a set aside for safety net funding statewide, Extension of UPL Conversion authorization, and coverage and reimbursement expansions. Some of the negative highlights included the Implementation of the pharmacy carve-out (340B Pharmacy cut), elimination of the Quality Pools, Continuation of Capital Rate Cut, and Safety Net needs were not addressed.

Ms. Tyler presented the financial performance highlights for FY-23 thru December Net Budget Variance. She noted that December ended with a net budget variance of -$89.1M (-1%). Receipts exceeded budget by $189M Primarily driven by Patient Care Risk Revenue. Risk is higher due to MetroPlus payment on behalf of prior year and improved PMPM. Disbursement exceeded budget by $278M, which includes expenses associated with COVID, and Temp coverage costs.

Ms. Tyler continued providing FY-23 thru December performance drivers updates. Cash receipts are 5% ahead of budget. Majority of the overage can be attributed to Risk revenue exceeding target due to prior year earnings, and higher than anticipated PMPM. FY-23 thru December, cash disbursements are over budget by 7% primarily resulting from unbudgeted COVID and Temp spending and Agency costs exceeding target.

Dr. Katz added that this part is improving. We have been pushing down the rate of temporary staffing as it so expensive to us. We run trauma centers and have the need of staffing and paying what is available. We are hopeful that the City gets into an agreement with NYSNA and in the new contract we can push down our reliance on temporary staffing and hire up permanent staffing and clear up this deficit.

The revenue performance for FY-23 thru December was presented by Ms. Tyler. FY-23 direct patient care revenue is $42.6M higher than FY-22 actuals. Patient revenue improvement year-over-year can be attributed to a
combination of higher volume, solid performance and continued improvement in revenue cycle and other strategic initiatives.

Ms. Hartmann presented an overview of the Medicaid Recertification Strategy. NYSOH/HRA automatically extended Medicaid Coverage for members enrolled on or after March 18, 2020 due to the ongoing Public Health Emergency (PHE). NYC H+Hs MetroPlus Health and Healthfirst memberships have grown by 100k and over 14k, respectively, since April 2020. SDOH recently issued guidance on NY unwind timelines with Medicaid applications returning to normal rules on March 31, 2023 and the first group of discontinuances on July 1, 2023. As recertification requirement is phased back in, we want to ensure we assist members with maintaining coverage. NYC H+H is implementing standalone strategies and strategies with our MCO partners, including communications to patients via several engines, proactive outreach to patients who may need recertification assistance, coordination between centralized telephonic and local Financial Counseling teams, leverage interactions with patients to direct recertification resources, consistent approach for patients with Medicaid coverage regardless of plan, and continuing to monitor our success. Several MetroPlus Health highlights from their strategy were noted.

Dr. Katz added on this presentation that some people may be not reachable and some people who will be reachable may no longer be eligible. If we are checking eligibility then everybody stays eligible but if you start asking about eligibility it may turn out some people are no longer eligible due to income or other factors. This means the number will drop and is just a question of how much will it drop and how successful we are at maintaining those people who are still eligible in the program.

Ms. Wang inquired on behalf of Sally, 57K Medicaid members are expected to be recertified each month. In our financial projections, how much revenue and how many patients do we project losing with Medicaid Recertification?

Mr. Siegler responded on the 57k Medicaid members that is across all of MetroPlus’s memberships, our patients and other patients.

Mr. Ulberg added that in our financial plan for next year we are assuming that we will turn back to our pre-COVID state and we forecasted that there will be a drop in the risk pool and we are using the intelligence of Healthfirst and MetroPlus to help inform our estimates.

Ms. Tyler added for FY-24 we assumed things will flatten out as we get paid on a six-month lag. We will not necessarily see an impact

Ms. Wang added that it may not be a pure loss.

Dr. Katz inquired on State issue of undocumented persons over the age of 65?

Mr. Ulberg responded that the State is still working on that. In last year’s budget they reserved about $230M to take care of the undocumented. The
proposal for this year this program goes away, but they are trying to access and use the essential as a means to ensure the undocumented.

Dr. Katz added if they succeeded all undocumented not only the ones over 65 would be able to enroll in the essential plan?

Mr. Ulberg added that he believes they are starting with the 65 and it is just a switch over.

Dr. Katz asked if there is a proposal to include everyone?

Mr. Siegler added that we believe Senator Rivera and others have a proposal.

Dr. Katz added that what is in the State budget is offering those over 65 to join the essential plan and would the premiums be sufficiently affordable that people would be able to do it?

Mr. Ulberg agreed and added that they have a big reserve of Federal dollars. We believe that they are trying to use those dollars appropriately and try to cover those that are over 65.

Mr. Siegler added that there are different tiers of the essential plans and some have very low premiums per month.

Ms. Rowe Adams expressed her concern on this as mentioned earlier that some will not be reachable. For the ones that are not reachable what do we do?

Mr. Ulberg responded that we are fortunate to receive the disproportionate share dollars. H+H enjoys a $1B of the risk dollars and those are our safety net of the safety net dollars. When people are being not insured, we have to cover the cost of care. We use the DSH program to reimburse for that care. I understand it is very powerful for someone to have an insurance card that they call their own, and able to seek services when they need it. The State is trying to do this by accessing the essential.

Ms. Rowe Adams added that this is very serious that the message goes out. It will take all of us to get the message out on Medicaid.

Mr. Siegler provided a walkthrough the NYC H+H members at Financial Risk as of February 2023. Since the beginning of the COVID pandemic, NYC H+H has seen significant membership growth, specifically for members with Medicaid Managed Care. For the past three years we have seen a percentage change of 25%.

Mr. Siegler continued by providing the Financial Goals for VBP Membership. The risk surplus focus for 2023 is to have accurate premium revenue and to shrink unnecessary utilization. Enrollment growth is the major driver of the risk surplus. The key strategies for accurate premium revenue include improving documentation accuracy on claims billed so that risk scores reflect patient complexity, likely increasing premium dollars into our risk pools. The key strategies for shrinking unnecessary utilization is to link members to supportive services and to improve internal data tools for
analyzing real-time financial performance. Some of the risk surplus highlights are that H+H’s risk pool savings continue to increase and earnings for the most recent quarter totaled $129M. There is a lot more opportunity on patient’s social needs that have not been historically captured in their medical records as well as with Asthma, that is a common fall off condition. There are additional possibilities for improvement by doing more outreach and engaging, for those not-utilizing members, and lastly improving patient satisfaction scores.

Mr. Siegler continued by providing an update on the VBP Quality Program performance. MetroPlus Final 2021 VBP Program results were noted. Some of MetroPlus program highlights include H+H earnings of $8.9M in performance incentives which accounts for 74% of the maximum opportunity; H+H earned bonus points for performance by reaching stretch targets on both non-HEDIS, CRG measures; and H+H attributed membership results outperformed community membership for almost all measures. Some of the Healthfirst highlights included H+H performance is a quarter star better than at this time last year for Medicaid and half a star better for Medicare; and results are now

A walkthrough the 2023 VBP Goals was presented by Mr. Siegler. Two of the main goals include membership retention and access to quality care. The first goal is to retain members who will require recertification after a three-year hiatus during COVID. Mostly impacts Medicaid members, but some Medicaid members will no longer be eligible for Medicaid and newly qualify for Essential Plan or Qualifies Health Plan coverage. We anticipate 50k MetroPlus members will require recertification each month starting in June 2023. The second goal is to drive up scores on patient surveys of perception of care (HCAHPS) through better alignment of provider/member panels, enhanced scheduling options, and timely/targeted outreach for care interventions.

Mr. Pagán added it is great to get a sense of the magnitude of the resources we get from focusing on the quality measures. What are we talking about when looking at 2023?

Mr. Siegler responded that is difficult to project because it becomes factored into an overall formula. It is easily tens of millions of dollars a year for us and that scale of opportunity is very meaningful. One of the hardest to drive and change. Completing documentation and supplemental chart review is relatively easy compare to opening up ambulatory care access in a way and improving patient’s perception of their quality of care. However, that is the goal and it is interesting to learn more.

Mr. Pagán asked what drives those perceptions? Is it from internal data that we have or do other systems experience this?

Mr. Siegler responded, that the challenge is that everybody complaints about the absences of the sample size they are not accurate and sample size is too small so it is difficult. The best research that we have seen is really end to end, is the window washers at the hospitals being one of the most
important people for example, are they greeted in a friendly manner by any of the hospital staff? And the ultimate one is that do you have any type of personal connection with you physician? Is that level of personal engagement at any point in your journey? Those are two most relevant we have seen and there will be more research on this.

**INFORMATIONAL ITEM: OVERVIEW OF JANUARY 24 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 $144M in FY-23 due in large part to increased costs associated with temporary staffing and the delay in the receipt of Federal revenues. The System projects a continued negative operating margin in FY-24 of $110M, as we continue to project delays in the receipt of Federal revenues. By FY-25, the System projects a positive operating margin of $78M as we anticipate timeliness in Federal revenues being received. Over each of the three years, the System anticipates stable and relatively consistent ending cash balances between $453M and $563M, respectively. The plan includes strategic initiatives totaling $1.1B in FY-23, growing to $2B by FY-27 in order to partially offset the negative impact of DSH cuts, slated to begin on 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 look well-balanced over the next five-year and assumes H+H will break even.

Ms. Wang polled the committee for questions.

Ms. Wang thanked the team.

**ADJOURNMENT**

There being no further business before this committee, the meeting adjourned at 12:32 PM.
RESOLUTION

Authorizing the New York City Health and Hospitals Corporation (the “System”) to execute an agreement with Sodexo Inc. (“Sodexo”) for laundry processing and linen distribution services for an initial term of five years with one one-year option solely exercisable by the System in an amount not to exceed $145,548,888 for the entire contract term.

WHEREAS, the System conducted a request for proposals solicitation to select a vendor to provide laundry processing and linen distribution services in conformance with its procurement operating procedure and received and evaluated proposals from multiple vendors and evaluated such proposals among a diverse evaluation committee; and

WHEREAS, the evaluation committee recommended award be made to Sodexo as having the proposal that best meets the interest of the System and such recommendation was approved by the System’s Contract Review Committee; and

WHEREAS, the Vice President of Management Services will be responsible for the administration of the proposed amended agreement.

NOW THEREFORE, be it

RESOLVED, that the New York City Health and Hospitals Corporation (the “System”) be and hereby is authorized to execute an agreement with Sodexo Inc. (“Sodexo”) for laundry processing and linen distribution services for an initial term of five years with one one-year option solely exercisable by the System in an amount not to exceed $145,548,888 for the entire contract term.
EXECUTIVE SUMMARY
RESOLUTION TO AUTHORIZE CONTRACT
WITH SODEXO INC.

OVERVIEW: The purpose of this agreement is to provide for laundry processing and linen distribution services, which cannot be performed efficiently by the System itself.

PROCUREMENT: The System undertook an RFP to procure the services. After evaluation, Sodexo was selected as the vendor that best met the needs of the System.

NEED: Most healthcare systems use vendors to provide laundry processing and linen distribution services as the scale of such services cannot efficiently or cost-effectively be performed by hospitals themselves.

TERM: An initial term of five years with one one-year option solely exercisable by the System.

COSTS: The total not-to-exceed cost for the entire term is $145,548,888.

MWBE: This RFP had a Vendor Diversity Component Percentage of 17% assigned and Sodexo has agreed to a utilization plan of 24%.
To: Colicia Hercules  
Chief of Staff, Office of the Chair

From: Keith Tallbe  
Senior Counsel  
Office of Legal Affairs

Re: Vendor Responsibility, EEO and MWBE status for Board review of contract

Vendor: Sodexo Inc.

Date: April 17, 2023

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

<table>
<thead>
<tr>
<th>Vendor Responsibility</th>
<th>EEO</th>
<th>MWBE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approved</td>
<td>Approved</td>
<td>24% Utilization Plan</td>
</tr>
</tbody>
</table>

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.
Laundry & Linen Services

Application to Award Contract
Finance Committee
May 8, 2023

Paul A. Albertson, Vice President
Mercedes Redwood, MS, RD, Asst. Vice President
Management Services
For Committee Consideration

- Authorizing the New York City Health and Hospitals Corporation (the “System”) to execute an agreement with Sodexo Inc. (“Sodexo”) for laundry processing and linen distribution services for an initial term of five years with one one-year option solely exercisable by the System in an amount not to exceed $145,548,888 for the entire contract term.
This is a request to enter into a contract for end-to-end Laundry and Linen services for NYC Health + Hospitals Acute Care and Post Acute Care facilities.

Current Laundry/Linen services are provided through Sodexo, with partnerships with Unitex for laundry/linen, and Nexera for data management.

Sodexo was selected as NYC Health + Hospitals’ partner as an outcome of an RFP
  - Contract since July 1, 2011
  - Facilitated closure of Brooklyn Laundry plant/transition to union labor linen plant
  - 5 year contract with two 2-year extensions, through June 30, 2020

Due to the COVID-19 pandemic, it became impossible to finalize the on-site operational assessment for vendor walkthroughs needed to conduct a solicitation in 2020. Accordingly, a two year agreement with a one year renewal option was approved in May 2020 as a Best Interest Renewal, which ends June 30, 2023.

Sodexo developed a proposal to improve Linen/Laundry services with enhanced management and staffing, end-to-end process management, technology and savings.

The NTE on the existing contract is $50,438,922. The expected total contract spend is $51,338,922 (additional linen/laundry related costs for increased volumes and processing). There is also additional related spend related to Covid of $8,161,078 authorized by emergency deviation (for additional locations, increased infection prevention measures, and increased volumes).
During these past three years Sodexo has built on their existing strengths:

- Strong Linen/Laundry Vendor with detailed contingency plans, provide end-to-end supply and management of all linen for patient care areas in all acute and post-acute facilities
- Organized Linen Distribution Program
- 98% Daily Linen Fill Rate
- Enhanced Policies/Protocols

Accomplished the following, as promised:

- Added two Regional Directors
- Upgraded site Supervisors to Managers
- Added staff to manage soiled linen, for end-to-end linen ownership/management
- Reduced ED linen utilization by 52%+ through implementation of aLex machines for linen management; annual savings of $1M
- Reduced utilization cost/pound from $0.69 to $0.67
- Implemented Linen Committees at each site to establish standardized protocols
- Implemented Linen Helper Software /mobile units for determining needed daily linen by unit
RFP Criteria

Minimum Criteria:
- 5 years experience managing linen/laundry in a multi-hospital setting
- Maintains a local linen distribution plant within 200 miles of NYC
- Annual revenue in excess of $50,000,000

Substantive Criteria:
- Management Plan / Experience: 30%
- Implementation / Technology: 25%
- Cost: 25%
- References: 10%
- MWBE: 10%

Evaluation Committee
- 2 Facility Chief Operating Officers served as Co-Chairs
- Facility Administrator
- Corporate Director, Infection Prevention
- Facility Nursing Representative
- Facilities Management representative
- Post-Acute Care representative
- Management Services representative
Overview of Procurement

- 10/18/22: Application to solicit request for proposals approved by CRC
- 12/02/22: RFP Posted on City Record, sent directly to 6 vendors
- 12/13/22: First pre-proposal conference held, five vendors attended
- 12/14/22 - 12/15/22: Facility site walkthroughs held for vendors
- 12/19/22: Second pre-proposal conference held, four vendors attended
- 01/18/23: Proposal deadline, three proposals received
- 02/09/23: Firms conducted in-person presentations to the evaluation committee at Jacobi Medical Center
- 02/22/23 - 02/24/23: Firms were provided follow-up questions and further interviewed via Webex by the evaluation committee
- 04/05/23: Evaluation process completed, Sodexo was the selected vendor
- 04/11/23: Application to award contract approved by the Contract Review Committee
Sodexo was selected by the Committee to continue to be the NYC Health + Hospitals partner for laundry and linen management.

Sodexo will provide a ‘cap’ on linen-loss expense; reduced loss from $3M in FY20 to $450K annually, despite year-over-year increase in patient days and emergency department (ED) utilization, which has increased linen use and laundry costs.

Sodexo will enhance on-site staffing at facilities for longer daily staff access and better linen management at several facilities due to increased utilization and opening of additional patient care units.

Sodexo will continue provision of Scrub sets/dispensing systems for all perioperative personnel and labor/delivery personnel; staff satisfier; quality of life and safety/infection prevention enhancement.

Sodexo will expand linen management system, (aLex machines), currently in all ED’s, to the new South Brooklyn Health tower.

Sodexo will implement new linen/laundry software system for unit-specific automated tracking.
# Vendor Performance

**Department of Supply Chain**  
**Vendor Performance Evaluation**  
**Sodexo**

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>ANSWER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Did the vendor meet its budgetary goals, exercising reasonable efforts to contain costs, including change order pricing?</td>
<td>Yes</td>
</tr>
<tr>
<td>Has the vendor met any/all of the minority, women and emerging business enterprise participation goals and/or Local Business enterprise requirements, to the extend applicable?</td>
<td>Yes</td>
</tr>
<tr>
<td>Did the vendor and any/all subcontractors comply with applicable Prevailing Wage requirements?</td>
<td>Yes</td>
</tr>
<tr>
<td>Did the vendor maintain adequate records and logs, and did it submit accurate, complete and timely payment requisitions, fiscal reports and invoices, change order proposals, timesheets and other required daily and periodic record submissions (as applicable)?</td>
<td>Yes</td>
</tr>
<tr>
<td>Did the vendor submit its proposed subcontractors for approval in advance of all work by such subcontractors?</td>
<td>Yes</td>
</tr>
<tr>
<td>Did the vendor pay its suppliers and subcontractors, if any, promptly?</td>
<td>Yes</td>
</tr>
<tr>
<td>Did the vendor and its subcontractors perform the contract with the requisite technical skill and expertise?</td>
<td>Yes</td>
</tr>
<tr>
<td>Did the vendor adequately supervise the contract and its personnel, and did its supervisors demonstrate the requisite technical skill and expertise to advance the work</td>
<td>Yes</td>
</tr>
<tr>
<td>Did the vendor adequately staff the contract?</td>
<td>Yes</td>
</tr>
<tr>
<td>Did the vendor fully comply with all applicable safety standards and maintain the site in an appropriate and safe condition?</td>
<td>Yes</td>
</tr>
<tr>
<td>Did the vendor fully cooperate with the agency, e.g., by participating in necessary meetings, responding to agency orders and assisting the agency in addressing complaints from the community during the construction as applicable?</td>
<td>Yes</td>
</tr>
<tr>
<td>Did the vendor adequately identify and promptly notify the agency of any issues or conditions that could affect the quality of work or result in delays, and did it adequately and promptly assist the agency in resolving problems?</td>
<td>Yes</td>
</tr>
</tbody>
</table>

**Performance and Overall Quality Rating** Satisfactory
### MWBE Utilization Plan

**Assigned Diverse Vendor Percentage Component: 17%**

**Sodexo’s Utilization Plan**

<table>
<thead>
<tr>
<th>Subcontractor</th>
<th>Scope of work</th>
<th>Certification Type</th>
<th>Total %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infinitex LLC</td>
<td>Linen Supply</td>
<td>NYC</td>
<td>15%</td>
</tr>
<tr>
<td>Sigmatex, Inc</td>
<td>Linen Supply</td>
<td>NYC/NYS</td>
<td>3%</td>
</tr>
<tr>
<td>Magnus Textiles</td>
<td>Linen Supply</td>
<td>NYC</td>
<td>5%</td>
</tr>
<tr>
<td>Harquin Graphics, Inc</td>
<td>Graphics and PR services</td>
<td>NYC/NYS</td>
<td>1%</td>
</tr>
<tr>
<td><strong>Total Diverse Vendor Percentage Component</strong></td>
<td></td>
<td></td>
<td><strong>24%</strong></td>
</tr>
</tbody>
</table>

- Sodexo plans to utilize several MWBE linen providers to exceed the requested 17% goal
- Sodexo has achieved at least 24% in annual MWBE utilization since FY21
Management Services is seeking approval to award a contract to Sodexo to provide Laundry & Linen Services for the System at a not-to-exceed amount of: $145,548,888

Requested contract terms: Five years with one one-year renewal option at the discretion of NYC Health + Hospitals

Contract start date July 1, 2023
Appendix – Key Performance Indicators

- KPIs displayed on following two slides
Executive Summary Linen Distribution
KPI – Quarterly FY 22

*Cost Per Pound

FY 22: $0.671

<table>
<thead>
<tr>
<th></th>
<th>FY 22</th>
<th>Actual</th>
<th>Baseline</th>
</tr>
</thead>
<tbody>
<tr>
<td>CPP Q1</td>
<td>0.617</td>
<td>0.680</td>
<td></td>
</tr>
<tr>
<td>CPP Q2</td>
<td>0.708</td>
<td>0.690</td>
<td></td>
</tr>
<tr>
<td>CPP Q3</td>
<td>0.682</td>
<td>0.690</td>
<td></td>
</tr>
<tr>
<td>CPP Q4</td>
<td>0.680</td>
<td>0.690</td>
<td></td>
</tr>
</tbody>
</table>

*Linen Daily Fill Rate

FY 22: 99%

<table>
<thead>
<tr>
<th></th>
<th>FY 22</th>
<th>Actual</th>
<th>Baseline</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>98%</td>
<td>98%</td>
<td></td>
</tr>
<tr>
<td>Q2</td>
<td>95%</td>
<td>98%</td>
<td></td>
</tr>
<tr>
<td>Q3</td>
<td>99%</td>
<td>98%</td>
<td></td>
</tr>
<tr>
<td>Q4</td>
<td>98%</td>
<td>98%</td>
<td></td>
</tr>
</tbody>
</table>

Overtime Percentage

FY 22: 4.6%

<table>
<thead>
<tr>
<th></th>
<th>FY 22</th>
<th>Actual</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>3.6%</td>
<td>5.0%</td>
<td></td>
</tr>
<tr>
<td>Q2</td>
<td>3.6%</td>
<td>5.0%</td>
<td></td>
</tr>
<tr>
<td>Q3</td>
<td>6.3%</td>
<td>5.0%</td>
<td></td>
</tr>
<tr>
<td>Q4</td>
<td>5.3%</td>
<td>5.0%</td>
<td></td>
</tr>
</tbody>
</table>

Cost per lb: measured using total operating expense divided by total lbs of linen; Q2 higher cost/lb as winter months trend higher; in 12/21 new units opened due to Omicron

Linen Daily Fill Rate: measures the percentage of linen that was successfully delivered compared to hospital par levels; Q2 winter months have greater demand and new units opened for Omicron

Overtime percentage: measures the % of overtime hours used; Q3 increase due to attrition and increased coverage for Jacobi and Bellevue, began leveling Q4

*Baseline Stats are from 2019 Year
# Executive Summary Linen Distribution KPI – Quarterly FY 22

## Linen Committees

**FY 22: 100% Compliance**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Actual</th>
<th>Baseline</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 22</td>
<td>90.0%</td>
<td>N/A</td>
</tr>
<tr>
<td>Q1</td>
<td>95.0%</td>
<td>N/A</td>
</tr>
<tr>
<td>Q2</td>
<td>100.0%</td>
<td>N/A</td>
</tr>
<tr>
<td>Q3</td>
<td>100.0%</td>
<td>N/A</td>
</tr>
<tr>
<td>Q4</td>
<td>100.0%</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Linen Committees: meet on quarterly basis at each facility to review all metrics —utilization, cost/lb, bed change policies, staff education; by Q3 all facilities were meeting quarterly

## Soil Ratio

**FY 22: 6.0%**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Actual</th>
<th>Industry Avg.</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 22</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q1</td>
<td>7.0%</td>
<td>6%</td>
</tr>
<tr>
<td>Q2</td>
<td>5.0%</td>
<td>6%</td>
</tr>
<tr>
<td>Q3</td>
<td>6.0%</td>
<td>6%</td>
</tr>
<tr>
<td>Q4</td>
<td>6.0%</td>
<td>6%</td>
</tr>
</tbody>
</table>

Soil Ratio: measures how much soiled linen is returned compared to the amount of clean linen delivered; the difference is calculated as the percentage of soiled linen

## Pounds Per ED Visit

**FY 22: 2.46 lbs.**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Actual</th>
<th>Baseline</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 22</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q1</td>
<td>2.51</td>
<td>4.41</td>
</tr>
<tr>
<td>Q2</td>
<td>2.53</td>
<td>4.41</td>
</tr>
<tr>
<td>Q3</td>
<td>2.39</td>
<td>4.41</td>
</tr>
<tr>
<td>Q4</td>
<td>2.39</td>
<td>4.41</td>
</tr>
</tbody>
</table>

Lbs. per ED Visit: measures how many lbs. of linen are utilized per patient in the ED; the baseline is 2019; there has been an overall 52% reduction of lbs. of linen used in the ED

*Baseline Stats are from 2019 Year*
RESOLUTION

Authorizing the New York City Health and Hospitals Corporation (the “System”) to execute a five-year contract with Health Resources Optimization, Inc. (“Health ROI”) for coding denials management services for an amount not to exceed $6,820,780

WHEREAS, the System receives an average of 420 cases of DRG denials with an estimated yearly loss of $22,700,000 and DRGs are assigned to each inpatient encounter based on the principal reason for admission, conditions, and procedures performed during admission; and

WHEREAS, DRG downgrade denials are based on denial of one or more comorbid or chronic conditions that is influencing the severity of illness, increasing the level of reimbursement; and

WHEREAS, removing the reporting diagnosis results in the claim being paid at a lower rate; and the capture and reporting of these diagnoses may support services and resources rendered as well as justification of length of stay; and

WHEREAS, the previous contract with Accuity expired on June 30, 2022, and a new vendor, Cloudmed, has been providing these services on a month to month basis.

WHEREAS, the System conducted an RFP process under the supervision, and with the assistance, of Supply Chain and had six firms attend a pre-proposal conference of which four submitted proposals; and

WHEREAS, of the four proposals submitted and based on demonstrations of the functionalities of the programs proposed, Health ROI was given the highest ratings both for experience and qualifications, and cost; and

WHEREAS, the System’s Director of Fiscal Affairs will be responsible for the management of the agreement

NOW THEREFORE, be it

RESOLVED, that the New York City Health and Hospitals Corporation (the “System”) be and hereby is authorized to execute a five-year contract with Health Resources Optimization, Inc. (“Health ROI”) for DRG downgrade denials services for an amount not to exceed $6,820,780
EXECUTIVE SUMMARY
DRG DOWNGRADE DENIALS SERVICES CONTRACT
WITH HEALTH RESOURCES OPTIMIZATION, INC.

OVERVIEW: The System receives an average of 420 cases of DRG denials with an estimated yearly loss of $22,700,000. DRGs are assigned to each inpatient encounter based on the principal reason for admission, conditions, and procedures performed during admission. Reimbursement for DRG denials is based on one comorbid or chronic condition that is influencing the severity of the illness, thus increasing the level of reimbursement. While these claims are paid, removing the reporting of the diagnosis results in the claim being paid at a lower rate. The capture and reporting of these diagnoses may support services and resources rendered as well as justification of length of stay. The System’s facilities require assistance to appeal DRG denials in a timely fashion.

PROCUREMENT: The Request for Proposals for DRG Downgrade Denials Appeals was released to the public on October 6, 2022 through the System’s Supply Chain Services Unit, under the supervision of the Contract Review Committee, leading to the selection of Health ROI to handle the System’s DRG downgrade denials on an as-needed, contingency fee basis.

COSTS: Total not-to-exceed cost for the five-year contract will not exceed $6,820,780.

MWBE: Health ROI will subcontract to Betz-Mitchell Associates, an MWBE, a portion of its appeal follow-up and documentation work. The result will be a 30% MWBE subcontracting goal.
To: Colicia Hercules  
Chief of Staff, Office of the Chair

From: Tiffany Reid-Perez  
Associate Counsel  
Office of Legal Affairs

Re: Vendor Responsibility, EEO and MWBE status for Board review of contract

Vendor: Health Resources Optimization, Inc.

Date: April 18, 2023

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

<table>
<thead>
<tr>
<th>Vendor Responsibility</th>
<th>EEO</th>
<th>MWBE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pending</td>
<td>Approved</td>
<td>30% Utilization Plan</td>
</tr>
</tbody>
</table>

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.
Diagnostic Related Group
Downgrade Denials Process

Request to Award Contract
Finance Committee
May 8, 2023

Lisa Perez
AVP
Revenue Cycle Services
For Committee Consideration

- Authorizing the New York City Health and Hospitals Corporation (the “System”) to execute a five-year contract with Health Resources Optimization, Inc. (“Health ROI”) for coding denials management services for an amount not to exceed $6,820,780
Background / Current State

- New York City Health and Hospitals Corporation receives an average of 420 cases of DRG denials with an estimated yearly loss of $22.7 M
  - DRGs are assigned to each inpatient encounter. The assignment is based on the principal reason for admission, comorbid and chronic conditions and procedures performed during that admission. There is a reimbursement associated with each DRG. DRG downgrade denials are based on 1 comorbid or chronic condition that is influencing the severity of illness increasing the level of reimbursement. Although, the claim is paid, by removing the reporting of the diagnosis (conditions) the claim is paid at lower rate.
  - The capture and reporting of these diagnoses may support services and resources rendered as well as justification of length of stay.

- The contract with Acuity expired on June 30, 2022. A new vendor (Cloudmed) is providing support services on a month to month basis.

- The facilities need assistance to appeal denials in a timely fashion.

- New York City Health + Hospitals is seeking a consulting firm or contractor that has extensive experience in successfully appealing DRG downgrade denials at acute care hospitals. The firm must have expertise in documentation, coding guidelines and reimbursement rules. The firm will work under the supervision of the NYC Health + Hospitals’ Central Office of Revenue Cycle Services / Health Information Management.

- It is anticipated that the selected firm will be called upon to provide the eleven NYC Health + Hospitals acute care sites with assistance on appealing DRG downgrade denials and follow up. The selected firm is also expected to give feedback on trends in facilities and identify steps to take to reduce denials.
Average yearly potential loss due to DRG denials is $22.7 Million.

Estimating that the denial vendor is able to recover =>30% and is paid on a contingency basis with a 20% the estimated yearly budget would be $1,364,156.

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2024</td>
<td>$1,364,156</td>
</tr>
<tr>
<td>FY2025</td>
<td>$1,364,156</td>
</tr>
<tr>
<td>FY2026</td>
<td>$1,364,156</td>
</tr>
<tr>
<td>FY2027</td>
<td>$1,364,156</td>
</tr>
<tr>
<td>FY2028</td>
<td>$1,364,156</td>
</tr>
<tr>
<td></td>
<td>$6,820,780</td>
</tr>
</tbody>
</table>
## Budget Planning

- Net Revenue Impact per year = $6.8M
- Net Cost of Contract per year = $1.3M

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average monthly loss due to DRG denials</td>
<td>$ 1,894,661</td>
</tr>
<tr>
<td>Yearly loss</td>
<td>$ 22,735,932</td>
</tr>
<tr>
<td>Recovery of 30%</td>
<td>$ 6,820,780</td>
</tr>
<tr>
<td>Yearly Payment to vendor (20%)</td>
<td>$ 1,364,156</td>
</tr>
<tr>
<td>Recovery of 30% over 5 years</td>
<td>$ 34,103,898</td>
</tr>
<tr>
<td>Cost of 5 year contract</td>
<td>$ 6,820,780</td>
</tr>
<tr>
<td>Net Revenue</td>
<td>$ 27,283,118</td>
</tr>
</tbody>
</table>
RFP Criteria

Minimum criteria:
- 5 years experience in appeal process
- Experience with clients of similar size
- MWBE Utilization Plan, Waiver, or Certification

Substantive Criteria
- 45% Cost
- 45% Experience
- 10% MWBE

Evaluation Committee:
- CO Director
- HIM Director, Woodhull
- Director EPIC H20
- Director in Revenue Integrity
- Director CDI/Coding Quality
- CFO of Jacobi Medical Center
Overview of Procurement

- 10/06/22: RFP posted on City Record, sent directly to 8 vendors

- 10/13/22: Pre-Proposal conference held, 6 vendors attended

- 11/10/22: Proposal deadline, four proposals received

- 12/06/22 – 12/12/22: All four vendors presented proposal solution to Evaluation Committee

- 12/13/22: Evaluation committee debriefed on vendor presentations

- 02/16/23: Vendors submitted best and final pricing

- 02/24/23: Evaluation Committee submitted final scoring. Health ROI was the highest rated proposer. Reference checks with new vendor successfully cleared
### MWBE Analysis

<table>
<thead>
<tr>
<th>MWBE Status</th>
<th># Invited</th>
<th># Responded</th>
<th># Meeting Goal</th>
<th># Requesting Waiver</th>
</tr>
</thead>
<tbody>
<tr>
<td>MWBE</td>
<td>4</td>
<td>1</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Non-MWBE</td>
<td>4</td>
<td>3</td>
<td>3</td>
<td>0</td>
</tr>
</tbody>
</table>

Assigned Diverse Vendor Component Percentage: **30%**

### Health ROI’s Utilization Plan

<table>
<thead>
<tr>
<th>Subcontractor</th>
<th>Scope of work</th>
<th>Certification Type</th>
<th>Total %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Betz-Mitchell Associates</td>
<td>Appeal follow-up and documentation</td>
<td>NYC</td>
<td>30%</td>
</tr>
<tr>
<td>Total Diverse Vendor Component Percentage</td>
<td></td>
<td></td>
<td><strong>30%</strong></td>
</tr>
</tbody>
</table>


Revenue Cycle Services is seeking approval to award a contract to Health ROI at a not-to-exceed amount of $6,820,780 for DRG downgrade denials.

Three year contract with two one-year renewal options at the discretion of NYC Health + Hospitals.
NYC Health + Hospitals
Finance Committee Meeting
May 8, 2023
FY23 Quarter 3 Highlights

- The system closed March with approximately $925 Million (37 days cash-on-hand).
- Closed Q3 with a Negative Net Budget Variance of -$118.3M (-1%)
- Direct Patient Care Receipts (I/P and O/P) came in $46.5M higher than the same period in FY22 continuing the pace of positive performance that we experienced during FY22.
- Patient care volume in FY23 has returned to pre-COVID levels, and is 8% ahead of FY20 in OP visits. Revenue base remains strong and resilient primarily driven by returning volume and higher average collectability rate over the base.
- Overall, our strategic Financial Initiatives remain on track with, generating over $580M thru Quarter 3 of FY23 with a line of sight that meets our FY23 target of $675.6M. Areas of strongest net performance as of the quarter include:
  - Value-Based Payment Initiatives and Managed Care Initiatives ($245M)
  - Revenue Cycle Improvement ($184M)
  - Growth & Service Line Improvements ($129M)
FY23 Cash Projection

- The system is estimated to close April with approximately $650 Million (26 days cash-on-hand).

- The system also expects to close May with approximately $600 Million (24 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 patient volume and COVID-19.
Executive 24 Financial Plan – PEG


- As part of the Plan, H+H along with other City agencies, was given a City Tax Levy (CTL) budget savings target also known as a Program to Eliminate the Gap of 4% in FY24+.

- H+H met its PEG target through a subsidy reduction that will be met through multiple internal initiatives related to revenue enhancement and expenditure savings.

<table>
<thead>
<tr>
<th>Total PEG Savings</th>
<th>FY24</th>
<th>FY25</th>
<th>FY26</th>
<th>FY27</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$16.6</td>
<td>$16.5</td>
<td>$15.1</td>
<td>$15.1</td>
</tr>
</tbody>
</table>

($ in millions)
Financial Performance
FY 2023 Quarter 3
Ended March with a net budget variance of -$118.3M -1% where

- Receipts exceed budget by $338M Primarily driven by Patient Care Risk Revenue. Risk is higher due to improved PMPM and MetroPlus payment on behalf of prior year.

- Disbursements exceed budget by $456M, which includes expenses associated with Temp coverage costs, and OTPS discretionary spend in medical/surgical supplies, pharmaceuticals.

Notes:
1. Test and Trace not included in the Net Budget Variance.
Cash receipts are 5% ahead of budget. Majority of the overage can be attributed to Risk revenue exceeding target due to higher than anticipated PMPM.

- **IP/OP rates, volume, and cash performance ($79M)** - IP discharges are 1% below budget target, losses offset by improved cash collections. PACS cash higher than target due to delay in prior year billing hitting in current year and retro rate adjustments for higher CMI. OP volume ahead of target by 5% and rates ahead of target by 8%.

- **MetroPlus PY Overpayment (-$28M)** – One time takeback as a result of PY overpayment in Q4 of FY22.

- **Risk Pool Performance and Timing ($188M)** - ahead of budgeted target by 80% primarily due to CY22 Risk PMPM performance coming in better than planned. 22% of the variance due to unbudgeted reconciliations being collected this year.

- **Other variance mostly driven unbudgeted Medicare/Medicaid appeals and settlements ($85M)**

### Summary Receipts Performance

<table>
<thead>
<tr>
<th>Summary Receipts Performance</th>
<th>YTD Variance against Budget ($M)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>(FY23 thru Mar)</strong></td>
<td></td>
</tr>
<tr>
<td>IP/OP Volume, Rates, and Cash Performance</td>
<td>$79.2</td>
</tr>
<tr>
<td>Metroplus One time takeback</td>
<td>($28.1)</td>
</tr>
<tr>
<td>Risk Pool</td>
<td>$188</td>
</tr>
<tr>
<td>Other</td>
<td>$99</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td><strong>$338.1[+5%]</strong></td>
</tr>
</tbody>
</table>

*excludes testing*
Cash disbursements are over budget by 7% primarily from Temp spending and Agency costs exceeding target as well as other discretionary spending.

- 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 (-$285M)
  - Other Discretionary Spend (-$171.2M) - overspending driven by medical & non medical supplies, and pharmaceuticals

<table>
<thead>
<tr>
<th>Summary Disbursements Performance (FY23 thru Mar)</th>
<th>YTD Variance against Budget ($M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agency Patient Care Temp Staffing Coverage</td>
<td>($285.2)</td>
</tr>
<tr>
<td>Other Discretionary Spend</td>
<td>($171.2)</td>
</tr>
<tr>
<td>Grand Total</td>
<td>(-$456.4) [-7%]</td>
</tr>
</tbody>
</table>
FY23 thru March
Revenue Performance

- FY23 direct patient care revenue (I/P & O/P) is $46.5M higher than FY22 actuals.
- Patient revenue improvements year-over-year can be attributed to a combination of higher volume, solid performance and continued improvement in revenue cycle and other strategic initiatives, as well as increased average rates.
- Compared to same time last year, discharges are slightly lower by -.2%, visits are up 8% (excluding testing), and Case Mix Index (CMI) is slightly lower by -2%.
Revenue Cycle
H+H Total AR Days
Performance Lags Epic Peers

- Total AR days higher than peers
- Trending down from 58 days last December to 50 as of March 31.
- H+H benchmarks well in producing the claims

### PERFORMANCE

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>H+H</th>
<th>EPIC MEDIAN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discharged Not Billed</td>
<td>8.2</td>
<td>6.6</td>
</tr>
<tr>
<td>Candidate For Billing</td>
<td>3.5</td>
<td>3.6</td>
</tr>
<tr>
<td>Coding</td>
<td>1.4</td>
<td>0.8</td>
</tr>
<tr>
<td>Claims Errors</td>
<td>0.4</td>
<td>0.4</td>
</tr>
<tr>
<td>Self-pay AR</td>
<td>8.5</td>
<td>2.9</td>
</tr>
<tr>
<td>Outstanding Insurance AR</td>
<td>28.1</td>
<td>12.2</td>
</tr>
</tbody>
</table>

**Outstanding insurance AR presents greatest opportunity for revenue improvement**
Opportunity: In-house Outstanding AR

Outstanding Claims 18.6 Days
- Claims Greater than 45 Days
  - Priority work with facilities on best practice, standardized processes; Similar approach and discipline as denials work
  - Piloting automation (RPA) tools to remove repetitive work, allowing staff to be more efficient
- Variances: Streamlining process to identify and appeal true underpayments
- High Cost Outliers - Continue to work with payers, standardize and optimize workflow to follow up on these accounts
- UPL Add-on – Collaboration with NYS, Managed Care colleagues and payers to finalize payments
- Claims with Open Denials – Ongoing effort to prevent and address denials

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>AR DAYS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Claims &lt; 45 Days</td>
<td>6.0</td>
</tr>
<tr>
<td>Outlier</td>
<td>2.9</td>
</tr>
<tr>
<td>Variances</td>
<td>1.9</td>
</tr>
<tr>
<td>UPL</td>
<td>2.0</td>
</tr>
<tr>
<td>Follow-up &gt; 45 Days</td>
<td>5.8</td>
</tr>
<tr>
<td></td>
<td><strong>18.6</strong></td>
</tr>
</tbody>
</table>

Outsourced Insurance 5.9 Days
- Vendors help address Medical Necessity denials, low dollar denials, closed accounts to validate payments.
FY23 Highlights

VBP Update – Q2 2023
MetroPlus and Healthfirst Combined Risk Surplus

**Continued Growth in Membership**
- Largely attributable to stays in Medicaid recertification during the COVID Emergency period.
- Membership recertification to be tracked closely when reactivated later this Spring

**Risk Surplus Highlights**
- H+H’s risk pool savings remain higher than past quarters
- Earnings for the most recent quarter (Q4 2022) totaled $124M
### New VBP Budget Tools

At monthly facility budget meetings, Hospital leadership newly able to assess how hospital's risk pool is performing compared to it's historical performance and the current performance of their fellow NYC H+H hospitals.

Dashboard was warmly received. Intent to drive targeted interventions to prioritize panel growth and outreach to at-risk members.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Overall Performance</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Premium</td>
<td>$275,933,249</td>
<td>$307,969,517</td>
<td>$32,036,268</td>
<td>$248,736,636</td>
<td>7</td>
</tr>
<tr>
<td>Premium per member</td>
<td>$437.87</td>
<td>$460.23</td>
<td>$22</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Medical Expense</td>
<td>$240,796,256</td>
<td>$258,755,295</td>
<td>$17,959,039</td>
<td>$220,162,940</td>
<td>4</td>
</tr>
<tr>
<td>Medical Expense per member</td>
<td>$382.11</td>
<td>$386.68</td>
<td>$5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Surplus/Deficit</td>
<td>$35,136,993</td>
<td>$49,214,222</td>
<td>$14,077,229</td>
<td>$28,573,696</td>
<td>2</td>
</tr>
<tr>
<td>Surplus/Deficit per member</td>
<td>$55.76</td>
<td>$73.55</td>
<td>$18</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td><strong>Select Premium Drivers</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total member months</td>
<td>630,169</td>
<td>669,168</td>
<td>38,999</td>
<td>552,784</td>
<td>4</td>
</tr>
<tr>
<td>Estimated Premium gained/lost due to CRG score</td>
<td>($2,034,280)</td>
<td>$3,480,707</td>
<td>$5,514,987</td>
<td>$2,015,479</td>
<td>4</td>
</tr>
<tr>
<td>Estimated, H+H adjusted CRG score</td>
<td>0.9875</td>
<td>1.0252</td>
<td>0.0377</td>
<td>1.0300</td>
<td>4</td>
</tr>
<tr>
<td><strong>Select Medical Expense Drivers</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total IP spend incurred outside of H+H</td>
<td>$21,024,078</td>
<td>$24,059,962</td>
<td>$3,035,884</td>
<td>$22,062,416</td>
<td>8</td>
</tr>
<tr>
<td>Total external IP spend per member</td>
<td>$33.36</td>
<td>$35.96</td>
<td>$3</td>
<td>$43</td>
<td>2</td>
</tr>
<tr>
<td>Total SNF spend incurred outside of H+H</td>
<td>$3,912,975</td>
<td>$4,419,518</td>
<td>$506,543</td>
<td>$3,419,727</td>
<td>9</td>
</tr>
<tr>
<td>Total external SNF spend per member</td>
<td>$6.21</td>
<td>$6.60</td>
<td>$0.40</td>
<td>$7</td>
<td>6</td>
</tr>
</tbody>
</table>
Coding Social Determinant Diagnoses on Claims: Managed Care, Population Health and Revenue Cycle Services are partnering to prioritize focus that SDoH screenings administered at point of care yield appropriate diagnosis code capture on billed claims. Representing these codes on claims should yield additional CRG revenue opportunity by accurately reflect risk of our patient population.

New HEDIS measure in 2023 Quality Program: “SDoH Screening and Intervention” Managed Care team is partnering with MetroPlus to set up a supplemental data workflow to capture SDoH screenings and After Visit Summaries demonstrating the interventions provided.

CBO Partnerships: NYC H+H also is exploring new partnerships with MetroPlus, Healthfirst and Fidelis around targeted outreach for patients getting medically tailored meals, care management for patients recently housed via Housing for Health, and telemedicine for medically frail, homebound members.
VBP Quality Program Performance Update

**Healthfirst 2022 VBP Program Results to Date**

YTD Healthfirst Overall Quality Rating (OQR)

<table>
<thead>
<tr>
<th>YTD Overall Quality Rating</th>
<th>Medicaid OQR</th>
<th>Medicare OQR</th>
</tr>
</thead>
<tbody>
<tr>
<td>YTD2019</td>
<td>2.29</td>
<td>2.65</td>
</tr>
<tr>
<td>YTD2020</td>
<td>2.36</td>
<td>2.87</td>
</tr>
<tr>
<td>YTD2021</td>
<td>2.72</td>
<td>2.90</td>
</tr>
<tr>
<td>YTD2022</td>
<td>3.20</td>
<td>3.60</td>
</tr>
</tbody>
</table>

**Healthfirst Program Highlights**

- H+H performance is a ½ star better than at this time last year for Medicaid and > 2/3 star better for Medicare.
- CY2022 results are not final and are expected to improve further.

* Healthfirst results at Year to Date (YTD) as of “Preview 2” reporting. Results shown are the average OQRs for H+H facilities.
Awaiting State Budget finalization that will hopefully: 1) restore quality pool dollars to fund VBP programs under the Medicaid program; 2) bring additional premium revenue for Essential Plan members

Awaiting reinstatement of the Medicaid Recertification process that could disrupt our VBP population’s access to timely care (all members must renew coverage at their anniversary date to avoid losing their insurance)

Awaiting approval of the State Medicaid 1115 Waiver which looks to better fund and coordinate social service supports critical for adequately caring for many Medicaid beneficiaries.
City Initiatives:

Test and Treat
Test and Treat Financial Update

- T2 has committed approximately $54.2 million in expenses for Q3 in FY23
- OMB has provided H+H with sufficient revenue through the T2 MOU to cover expenses to date

<table>
<thead>
<tr>
<th>Program Area</th>
<th>Total FY23 Projected Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Testing</td>
<td>$ 218.5M</td>
</tr>
<tr>
<td>Tracing</td>
<td>$ -</td>
</tr>
<tr>
<td>Take Care</td>
<td>$ 14.8M</td>
</tr>
<tr>
<td>Vaccine</td>
<td>$ -</td>
</tr>
<tr>
<td>Data Analytics, Program Management, and Public Awareness</td>
<td>$ 25.8M</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td><strong>$ 259.1M</strong></td>
</tr>
</tbody>
</table>
Test and Treat Ramp Down

- Federal Public Health Emergency and FEMA Funding ends May 11, 2023
- Test and Treat programming will end in advance of the emergency and new programmatic expenses will not be incurred
- COVID-19 testing, treatment, and vaccination will continue to be available at NYC Health + Hospitals locations
- H+H will continue to operate the 212-COVID19 hotline to connect New Yorkers to:
  - COVID-19 treatment
  - Long COVID resources
  - COVID-19 Centers of Excellence