NYC HEALTH+ HOSPITALS

# FINANCE COMMITTEE AGENDA

**Date:** July 10, 2023
**Time:** 11:00 A.M.
**Location:** 50 Water Street, 17th Floor, Boardroom – In Person

**I. Call to Order** *Freda Wang*

Adoption of the May 8, 2023 Minutes

**II. Action Item: Ambulatory Care Contact Center Services** *Lisa Hendricks*

Authorizing the New York City Health and Hospitals Corporation (the "**System**") to execute an agreement with OptumInsight, Inc. ("**Optum**") for contact center services for an initial term of three years with two one-year options solely exercisable by the System in an amount not to exceed$145,593,595 for the entire contract term of five years.

VENDEX AND EEO PENDING:
OptumInsight, Inc.

**III. Financial Update** *John Ulberg*

**IV. Old Business** Freda Wang

**V. New Business**

**VI. Adjournment**

**Finance Committee MEETING – May 8, 2023**

**As Reported By: Jose Pagán**

**Committee Members Present:** Mitchell Katz, MD, José Pagán, Sally Hernandez-Piñero, Erin Kelly representing Feniosky Peña-Mora in a voting capacity, Freda Wang (virtual)

**CALL TO ORDER**

Mr. Pagán called the meeting of the New York City Health + Hospitals Board of Directors Finance Committee Meeting to order at 12:09 p.m.

Mr. Pagán 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:

Feniosky Peña-Mora has requested that Erin Kelly representing Anne Williams Isom be counted for the purposes of quorum and voting on his behalf. The request was approved.

Mr. Pagán called for a motion to approve the March 13, 2023 minutes of the Finance Committee meeting.

Upon motion made and duly seconded the minutes of the Finance Committee meeting held on March 13, 2023 were adopted.

**ACTION ITEM: Laundry and Linen Services**

Mr. Paul Albertson – Vice President – Management Services read the resolution into the record and proceeded with the presented:

**Authorizing 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.**

Mr. Paul Albertson began by providing the background information on Laundry and Linen services. The request is to enter into a contract for end-to-end Laundry and Linen Services for NYC Health + Hospitals Acute Care and Post-Acute Care facilities. Currently, Laundry and Linen Services are provided through Sodexo, with partnerships with Unitex for laundry/linen and Nexera for data management. Sodexo was selected as a NYC Health + Hospital partner as an outcome of an RFP in 2011 with the closure of the Brooklyn Laundry plant and entered into a 9-year agreement which ended in 2020. Due to COVID-19 pandemic, it became impossible to finalize the on-site operational assessment for vendor walkthroughs needed to conduct solicitation in 2020. Accordingly, a two-year agreement with one-year renewal option was approved in May 2020 as a Best Interest Renewal, which ends June 30, 2023. The NTE on the existing contract is $50,438,922 and the expected total contract spend is $51,338,922 due to additional linen/laundry related costs for increased volumes and processing. Further, there is additional related spend related to COVID of $8,161,078 authorized by emergency deviation.

Mr. Albertson continued by providing an overview of the background and current state of Sodexo. During these past three years Sodexo has built on their existing Strengths and several areas of improvements were noted.

Mr. Albertson provided the RFP Criteria, an overview of procurement and the vendor selection, agreement benefits and services. Sodexo will provide a 'cap' on linen-loss expense; reduced loss from $3M in FY20 to $450k annually. Sodexo will enhance on-site staffing at facilities for longer daily staff access and better linen management Sodexo will continue provision of scrubs sets/dispensing system for all perioperative personnel and labor/delivery personnel; staff satisfier; quality of life and safety/infection prevention enhancement. In addition, Sodexo will implement new linen/laundry software system for unit-specific automated tracking. Lastly, the vendor performance evaluation and overall quality rating for Sodexo resulted satisfactory.

An overview of the MWBE Utilization plan was presented. In terms of MWBE goals, Sodexo has 17% on their contract and has achieved at least 24% in annual MWBE utilization since FY21. All subcontractors, scope of work, and utilization percentages were noted.

Mr. Pagán polled the committee for questions.

Mr. Pagán thanked the team.

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

**ACTION ITEM: DRG Downgrade Denials Process**

Ms. Lisa Perez – Assistant Vice President – Revenue Cycle Services read the resolution into the record and proceeded with the presented:

> **Authorizing 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.**

Ms. Lisa Perez began by providing the background and current state of Diagnostic Related Group downgrade denials process. NYC Health + Hospitals receives an average of 420 cases of DRG Denials with an estimated yearly loss of $22.7M. DRGs patient assignation, reimbursement, and claims status and process were noted. The contract with Acuity expired on June 30, 2022 and a new vendor "Cloudmed" is providing support services on a month to month basis. NYC Health + Hospital 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 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.

An overview of the budget planning was presented by Ms. Perez. The average yearly potential loss due to DRG denials is $22.7M. The estimated recovery is equal or greater to 30% and is paid on a contingency basis with a 20% that would be an estimated yearly budget of $1,364,156. A breakdown of the five-year plan was presented. The Net Revenue impact per year is $6.8M and the Net Cost of contract per year is $1.3M. Lastly, a breakdown of the monthly and annual loss, revenue, payment to vendor, and recovery over the five-years was presented.

Ms. Perez continued by providing the RFP Criteria and an overview of the procurement process. The minimum criteria to provide services for DRG downgrade denials were noted as was the reference check process. In terms of MWBE analysis, Health ROI met the MWBE requirement with subcontracting services for appeal follow up and documentation with a total diverse vendor component percentage of 30%.

Mr. Pagán Thanked the team and polled the committee for questions.

Mr. Pagán inquired on the 30% recovery rate and the 20% charge. Did each vendor who submit a proposal provide different rates or different proposals when it comes to what they can recover and what they charge?

Ms. Perez responded that over a certain amount of money, they will give the System a discount. They will make a contingency on what they keep. It is the difference of what was denied and a percentage of that potential denial amount that is being taken back so they make the 20% off of that denial.

Mr. Pagán asked if they all presented different proposals when it comes to the fee they charge.

Ms. Karlin responded that although she was not on the selection committee, the committee went for best and final to see if that would help decide in terms of the overturn rate. That is an estimate of how many of these would be overturned in order to create a budget for this.

Mr. Pagán inquired on the vendors assumed risk, vendor performance and expectations.

Ms. Karlin responded that we can choose to not refer cases to them. We do not have any threshold in contract that states that they must have 100 cases a month but their incentive is in fact a contingency rate.

Ms. Karlin added that we sometimes it is best to give a higher case load as these are not a huge number of cases. For any one vendor, to split the cases felt like they might not have enough vested in the System if they did not have a lot of cases.

Mr. Pagán thanked the team.

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 3 highlights. He conveyed that we closed Q3 with $925M (37 days cash-on-hand). The budget underperformed at 1% and closed Q3 with a negative Net Budget Variance of $118.3M.

Mr. Ulberg continued, direct patient care receipts came in $46.5M higher than the same period in FY-22. Patient care volume in FY-23 has returned to pre-COVID levels, and is 8% ahead of FY-20 in OP visits. Overall, our strategic financial initiatives remain on track, generating over $580M thru Quarter 3 of FY-23 with a line of sight that meets the 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 April with approximately $650 million (26 days cash-on-hand) and expects to close May with approximately $600 million (24 days cash-on-hand).

Mr. Cassidy presented the Executive 24 Financial Plan – PEG. As part of the plan, NYC Health + Hospitals 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 and out years. NYC Health + Hospitals met its PEG target through a subsidy reduction that will be met through multiple internal initiatives related to revenue enhancement and expenditure savings.

Mr. Ulberg provided an overview of the State Budget. There were positive and negative highlights from the SFY23-24 Enacted Budget. Several positive highlights included the 7.5% Medicaid Rate increase for Inpatient and 6.5% for Nursing homes, Essential Plan rates increases for hospital statewide, $1B Capital transformation funds, $1B Behavioral Health Investment, Extension of UPL Conversion authorization, New reimbursement opportunities for certain services, 4% COLA for Human Services and Behavioral Health workforce, and restoration of quality pools. Some of the negative highlights included the Implementation of the pharmacy carve-out (340B Pharmacy cut), Continuation of Capital Rate Cut, Safety Net needs not adequately addressed, and no new coverage expansion.

Ms. Tyler presented the financial performance highlights for FY-23 thru March Net Budget Variance. She noted that March ended with a net budget variance of -$118.3M (-1%). Receipts exceeded 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. Disbursement exceed budget by $456M, which includes expenses associated with Temp coverage costs, and OTPS discretionary spend in medical/surgical supplies, and pharmaceuticals.

Ms. Tyler continued providing FY-23 thru March performance drivers updates. 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. FY-23 thru March, cash disbursements are over budget by 7% primarily resulting from Temp spending and Agency costs exceeding target as well as other discretionary spending.

The revenue performance for FY-23 thru March was presented by Ms. Tyler. FY-23 direct patient care revenue is $46.5M 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, as well as increased average rates.

Ms. Hernandez-Piñero inquired on disbursement performance. In regards to other discretionary spending it is $170M, is that consistent with past performance or is that usually this high?

Ms. Tyler responded that it is a bit higher than we saw the front half of the year and that can be for multiple reasons. When we were fixing technical issues that delayed some payments going through and we started paying down outstanding AP. However, we typically do run a slight deficit on the discretionary but it is a bit inflated on the second half of the year versus what we saw in the last slides.

Mr. Melican presented an update on revenue cycle and NYC Health + Hospitals total AR Days performance lags epic peers. Mr. Melican defined a day in AR as a measure of the healthcare industry, a KPI on how we can and allows for a comparison of our accounts receivable to other peer hospitals. A day, in this context, is our total accounts receivable divided by our total charges. NYC Health + Hospitals averages the daily charges over a 90-day period. The methodology calculation on obtaining the AR number of days were presented. Mr. Melican continued by providing a snapshot of our 50 days in AR from the Epic dashboard that allows for a comparison of key performance metrics in several different areas including denials, automation, financial performance, account receivables, among others. A comparison table of six different categories comparing NYC Health + Hospitals with the epic median performance in the country was presented. The first four categories presented were discharged not billed, candidate for billing, coding and claims errors. An overview of the terminology definition for each category was noted. Compared to Epic medium, NYC Health + Hospitals is performing very well in these four categories. The average daily NYC Health + Hospitals total AR days are higher than peers. Trending down from 58 days last December to 50, as of March 31. NYC Health + Hospitals benchmarks well in producing the claims. Outstanding insurance AR presents greatest opportunity for revenue improvement.

Mr. Dryden provided an overview of the In-house outstanding AR opportunities. A snapshot of the outstanding claims summary by category was presented. The total AR days for outstanding claims equals 18.6 days and several efforts being done to reduce the outstanding claims were noted. For claims greater than 45 days, priority work with facilities on best practice, standardized processes; similar approach and discipline as denials work. Further, piloting (RPA) tools to remove repetitive work, allowing staff to be more efficient. For variance reduction, NYC Health + Hospitals is streamlining process to identify and appeal true underpayments. There is continued work with payers, standardize and optimize workflow to follow up on these accounts for the high cost outliers. Continued collaboration with NYS, managed care colleagues and payers to finalize payments on the UPL Add-on. There is ongoing effort to prevent and address denials on claims with open denials. For outsourced insurance totaling 5.9 days, current efforts include vendors helping address medical necessity denials, low dollar denials and closed accounts to validate payments. NYC HEALTH + HOSPITALS has improved denial claims and has come down from having a denial rate of 25% to a rate of 10.2% as of today. NYC HEALTH + HOSPITALS is currently in the top 25% of Epic users and continue exploring additional improvement opportunities.

Mr. Pagán asked how did we get up to the top 25% and lower denial rate.

Mr. Dryden responded that is has been a collaborative effort with all the facilities, with the patients accounts departments, the payors and making sure that we are billing the claims as they want them to be billed.

Ms. Karlin added that we have taken on a QA process improvement and went through the cyclical plan of do, check, act process, bringing all of the stakeholders together on a weekly basis for two years and continue to this. Many processes have been implemented to achieve this. We received a bronze trophy today electronically and they put it on a leader board. The system as a whole is bronze and South Brooklyn Health is gold.

Mr. Pagán thanked the team and added that this is very impressive work.

Ms. Meagher provided a walkthrough the VBP Financial Performance. A chart tracking our performance surplus for MetroPlus and Healthfirst combined risk surplus was presented. It was noted that continued membership growth is largely attributable to stays in Medicaid recertification during the COVID emergency period. Membership recertification is to be tracked closely when reactivated later this spring. Lastly, some of the risk surplus highlights include NYC Health + Hospitals risk pool savings remain higher than past quarters and earnings for the most recent quarter (Q4 2022) totaled $124M.

Ms. Meagher continued by providing a snapshot of the new VBP Budget Tools. The snapshot presented an annual comparison of years 2021 and 2022, and was created to assist hospital leadership in understanding the ranking on different metrics and the rationale behind surplus performance and areas of improvement. The dashboard is being used at monthly facility budget meetings, and hospital leadership newly able to assess how hospital's risk pool is performing compared to its historical performance and the current performance of their fellow NYC Health + Hospitals.

Ms. Meagher continued providing an overview of the Social Determinants of Health (SDoH). 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. The new HEDIS measure in 2023 Quality program called SDoH screening and intervention for which Managed care team partnering with MetroPlus to set up a supplemental data workflow to capture SDoH screenings and after visit summaries demonstrating the interventions provided. NYC Health + Hospitals 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.

Ms. Hernandez-Piñero inquired about the coding of social determinants of health.

Ms. Meagher responded that the coding is intended to help provide more transparency on the acuity of the population and if the health plan is receiving that information through claims, or through data feeds that are coming in, and identifying different screenings that were done. We are not sure we are identifying the patients that are in most need and the hope is that through more diligent coding, we will be able to find them and outreach.

Dr. Katz added that we hope someday the insurance will risk-adjust for people with intense social needs and complex health needs. Therefore, provides the dollars so that we can do these things like food services and housing services.

Ms. Hernandez-Piñero asked about the housing services mentioned and the level of responsibility of the System to provide this, along other services as required by the federal government.

Ms. Meagher responded that it is a very controversial topic. There is a lot of discussion at the state level in terms of having a universal screener of these social determinants of health. Our population health team has a screener that we have been using for a long time and there are many questions, policy questions of what does it take to have a screener be certified as legitimate or specific enough. That will be an evolving area.

Mr. Siegler added that the number of people we code with a social need will be greater than the number that we can directly intervene. the scale of investment is different, as there are other city agencies are focused on addressing the same issues.

Ms. Meagher continued by providing an update on the VBP Quality Program performance. Healthfirst 2022 VBP Program results to date were noted. Some of Healthfirst program highlights include NYC Health + Hospitals performance is a ½ star better than at this time last year for Medicaid and more than 2/3 star better for Medicare. In addition, CY2022 results are not final and are expected to improve further.

A walkthrough the VBP timeline - what to watch was presented by Ms. Meagher. Currently awaiting State Budget finalization that will hopefully restore quality pool dollars to fund VBP programs under the Medicaid program and 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.

Mr. Pagán thanked the team for the excellent report, great progress and focus.

Ms. Jones commenced a presentation providing the financial update on Test and Treat. T2 has committed approximately $54.2M in expenses for Q3 in FY23. OMB has provided NYC Health + Hospitals with sufficient revenue through the T2 MOU to cover expenses to date. 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. NYC Health + Hospitals will continue to operate the 212-COVID19 hotline to connect New Yorkers to COVID-19 treatment, long COVID resources and COVID-19 Centers of Excellence.

Mr. Pagán polled the committee for questions.

**ADJOURNMENT**

There being no further business before this committee, the meeting adjourned at 1:03 PM.

July 2023

# RESOLUTION

Authorizing the New York City Health and Hospitals Corporation (the "**System**") to execute an agreement with OptumInsight, Inc. ("**Optum**") for contact center services for an initial term of three years with two one-year options solely exercisable by the System in an amount not to exceed $145,593,595 for the entire contract term of five years.

**WHEREAS**, the System conducted a request for proposals solicitation to select a contact center vendor for operation of the NYC Health + Hospitals' contact center in conformance with its procurement operating procedure and received and evaluated proposals from nine vendors and evaluated such proposals among a diverse evaluation committee; and

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

**WHEREAS**, the Sr. Vice President of Ambulatory Care 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 OptumInsight, Inc. ("Optum") for contact center services for an initial term of three years with two one-year options solely exercisable by the System in an amount not to exceed $145,593,595.

July 2023

**EXECUTIVE SUMMARY**
**RESOLUTION TO AUTHORIZE CONTRACT**
**WITH OPTUM INSIGHT, INC.**

| | |
|---|---|
| **OVERVIEW** | The purpose of this agreement is to provide services of contact center operations as it is common practice for health systems to fully outsource or have a combination of outsource and internal staff to operate a centralized patient contact center. Call volume tends to dictate the most efficient and cost effective approach. |
| **PROCUREMENT** | The System undertook an RFP to procure contact center operational services. Nine vendors provided proposals and after evaluation, Optum was selected as the vendor that best met the needs of the System. |
| **NEED** | All healthcare systems use a combination of external and internal staff to operate a centralized patient contact center. The procurement opportunity allowed the System to add more structure and rigor regarding the vendor's operational performance and quality targets, incorporate technologies that improve patient experience and incorporate a fee structure that is more cost effective than the previous contract. |
| **TERM** | An initial term of three years with two one-year options solely exercisable by the System. |
| **COSTS** | The total not-to-exceed cost for the entire term is $145,593,595. |
| **MWBE** | This contract meets the 30% MWBE component percentage utilizing three subcontractors for staffing services |

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

From: Keith Tallbe
Chief Procurement Counsel

Keith Tallbe Digitally signed by Keith Tallbe
Date: 2023.06.28 10:57:04 -04'00'

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

Vendor: OptumInsight, Inc.

Contract: Contact Center

Date: June 28, 2023

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

| **Vendor Responsibility** | **EEO** | **MWBE** |
|---|---|---|
| Pending | Pending | 30% Utilization Plan |

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.

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# Ambulatory Care Contact Center Services Application to Award Contract - OptumInsight, Inc.

## Finance Committee Meeting
## July 10, 2023

**Lisa Hendricks**
**Sr Assistant Vice President**
**Ambulatory Care & Population Health**

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# For Committee Consideration

- Authorizing the New York City Health and Hospitals Corporation (the "System") to execute an agreement with OptumInsight, Inc. ("Optum") for contact center services for an initial term of three years with two one-year options solely exercisable by the System in an amount not to exceed $145,593,595 for the entire contract term of five years.



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# Background/Current State

- It is common practice for health systems to fully outsource, have a combination of outsource and internal staff or use internal staff only for a centralized patient contact center. Call volume tends to dictate the most efficient and cost effective approach.
- With inbound call volume increasing to 2.6M calls in 2022 and expected annual year over year growth as well as more practices requesting appointment scheduling by the contact center, having a cost effective and operationally efficient vendor partner to handle overflow calls is critical to serving our patients, practices and facilities.
- In January 2015, H+H activated a GPO agreement with Change Healthcare.
    - 7 year contract term with authority through September 2023
    - Current fee structure is per minute of agent talk time and transferred calls plus monthly service fee for all services lines and/or services
    - 2020-2023 historically, average annual cost for services across the system was ~$21 million
    - Projected average annual costs, with all services remaining the same, including Dental expansion and 3% YoY increase is ~$26.3 million
- The scope of the project is to secure a partnership with a vendor that is experienced and knowledgeable with a successful footprint in healthcare. They are using industry leading technologies, has a robust operational support system, a cost effective fee structure and a proven track record.
- With this RFP, we are looking to add more structure and rigor regarding the vendor’s operational performance, meeting performance and quality targets, incorporate technologies that improve patient experience and a fee structure that is more cost effective than what we have with our previous contract.
- An RFP allows us a view to current vendors in the marketplace, as well as new technologies and innovations that are being implemented in the contact center/BPO industry and the opportunity to understand and explore improved cost and fee structure.

# RFP Development & Goals

- The scope was developed based on use cases across the system and using current internal and vendor operational performance, current industry standards and 20+ years of our contact center's senior leadership experience in this space serving as both client and vendor.
- Key scope issues: on time deliverables, service level agreements (SLAs) and key performance indicators (KPIS), reporting, technology platforms, offerings and integration, compatibility, security, robust operational support in place.
- Desired outcome of RFP:
  - Service Level Agreements that meet responsible budget requirements
  - Performance target penalties
  - Inclusive cost effective fee structure of per minute or FTE
  - Robust operational support; contact center forecasting and real time, training delivery and instructional design, quality man
  - Organize all contact center services provided by the vendor under the Contact Center organization
- Vendors typically performing in this space are; Optum, Change Health, TTEC and Teleperformance
- There are no anticipated labor impacts or role changes to our internal contact center staff a result of this RFP.
- We anticipate additional EITS staff support may be needed should we transition to a new vendor in 2023. Over the course of the next one-two years, our goal is to lessen our dependence on the vendor partner and use our H+H technologies; Cisco platform, Calabrio, etc... for both our internal and outsourced vendor staff.
  - Create a singular experience for the patient and the agent as they leverage one system for answer, tracking and managing calls
  - Allow for better control of onboarding and offboarding vendor resources
  - Ensure that vendor's access and systems leverage H+H security controls and align with our standards
  - Allows the contact center to stay current on technology and leverage new features without having to be reliant on the vendor's technology

# RFP Criteria

- Minimum Criteria
  - 10 years in business
  - Footprint in Healthcare with proven ability to scale a high volume contact center
  - Annual revenue of $100 million. For MWBE firms, there is no revenue requirement
- Substantive Criteria
  - 15% Cost
  - 10% M/WBE
  - 20% Technology
  - 25% Operational Support
  - 30% Staffing & Scalability

- Evaluation Committee
  - SAVP
  - Sr Director
  - Sr Director
  - Sr Director
  - Chief Information Officer
  - Deputy Corp Compliance Officer
  - Director Unified Comms/VOIP
  - AVP Patient Access & Revenue Cycle
  - AED Gotham Health Center Operations
  - AED Bellevue
  - SAVP

# Overview of Procurement

- 05/02/23: Application to issue request for proposals approved by CRC
- 05/10/23: RFP Posted on City Record, sent directly to 6 vendors including an MWBE prime candidate
- 05/16/23: Pre-proposal conference held, 25 vendors attended
- 06/08/23: Proposals due, 9 competitive proposals received
- 06/15/23: Evaluation committee conducted first round of scoring on proposals submitted which included an MWBE vendor, top three firms were shortlisted
- 06/20/23 and 06/23/23: All three firms conducted virtual presentations and were interviewed by the evaluation committee
- 06/26/23: Evaluation committee debriefed and submitted final scores. OptumInsight, Inc. was the highest rated proposer

# Optum Background

- Optum has been in business for over 30 years with a focus in technology and staffing. They have served over 127 million consumers across the country and average 300 million support calls annually in healthcare. Some of their clients include:
  - AARP
  - NYU Langone Health
  - Arkansas Department of Human Services
  - Georgia Department of Community Health
  - Indiana Family and Social Services Administration
  - Tennessee Healthcare, Finance and Administrations - TennCare

- Optum had a recent two year partnership with NYC Health + Hospitals providing services and staff for the NYC Test and Trace Contact Center. With the exception of the surge events, the Optum team consistently met the monthly targeted Trace performance metrics of 95% contact rate of positive cases and close contacts within 24 hours with a 90%+ rate of reaching the intended party. They also consistently met the call quality metrics ensuring a positive experience with the 2+ million New Yorkers the team engaged with.

- Implementation with Optum carries less risk than another vendor. Their acquisition of our incumbent vendor, Change Healthcare, allows for the retention of tenured, high performing staff and the historical knowledge and familiarity with our technological infrastructure and business lines. The system will not need additional EITS resources for Optum migration/integration.

- Optum will enhance services provided by current staff by bring additional expertise, structure and rigor to training, quality, workforce management and operational oversight to drive a higher level of overall performance. They will upgrade the contact center to a more advanced, omnichannel technological platform as well as offer Customer Satisfaction (CSAT) survey and Customer Effort Score (CES) immediately following the patients interaction with the contact center.

- Artificial intelligence will be incorporated in services during life of contract, reducing agent call volume and handle time. To begin, patients with general questions will be able to 'self serve' quickly receiving the information needed without speaking with a contact center agent.

- Optum has a strong partnership with EPIC giving us the ability to explore additional options/integration to improve the patient experience and additional cost saving measures.

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# Optum Background

- Optum will commit to a monthly penalty percentage, to be determined during contract negotiation, for failure to meet the contact center's monthly Key Performance Indicators (KPIs). An example of some of the KPI's include;
  - Abandon rate, average speed of answer, overall service level
  - Bilingual hiring - minimum 30% of staff to be certified bilingual Spanish speaking and writing
  - AI Call deflection - minimum percentage to be determined of initial call types that do not include caller authentication or EPIC integration
  - Omnichannel statistics - service level requirements for web chat and email

- Meeting the language needs of our patients, in addition to bilingual hiring and staffing targets, Optum will deploy the use of language interpretation services for our contact center team to be able to effectively assist all languages.

- Cost structure to be based on a combination of FTE rates and per-minute rates of proposed staff and AI Call deflection:
  - Call deflection, where applicable with Artificial Intelligence, will be billed at a significant lower per minute rate.
  - We anticipate an initial conservative goal of 30% call deflection (Industry standard call deflection rates can be as high as 50-60%)

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# MWBE Component Percentage

| Subcontracting Scope | Sufficient Availability? | Total % |
|---|---|---|
| Recruiting & Staffing | Yes | 20% |
| Information Systems/Automated Messaging | Yes | 5% |
| Implementation | Yes | 5% |
| **Vendor Diversity Component Percentage to be applied** | | **30%** |

- Staffing is likely to represent the majority of diverse vendor opportunity under this solicitation, however, depending upon the proposers' business models and capabilities, there could be additional potential for smaller scopes of work such as technology applications and implementation services.
- After such review and analysis, and consistent with the data reflected in the table above, it has been determined that an MWBE component percentage of 30% is appropriate for this solicitation.

# Vendor Diversity

## Awarded Vendor MWBE Utilization Plan Summary

| Vendor Name | MWBE Vendor | Subcontractor SOW | UP Goal % |
|---|---|---|---|
| **OptumInsight** | Pride Technologies, LLC | Call center agents and supervisory staff | **36%** |
| | Unique Comp, Inc. | Call center agents and supervisory staff | |
| | IT Resource Solutions | Call center agents and supervisory staff | |

# Finance Committee Request

The Office of Ambulatory Care and Population Health is seeking approval to enter into contract with OptumInsight Inc. to provide contact center services at a not to exceed amount of $145,593,595.

- Anticipated Contract Start Date: October 1, 2023
- Terms of Contract: Three year term with two one year renewal options for a total of five years

NYC HEALTH + HOSPITALS

# NYC Health + Hospitals
# Finance Committee Meeting
# July 10, 2023

# FY23 YTD Highlights

- The system closed May with approximately **$679 Million (27 days cash-on-hand).**

- Closed April with a **Negative Net Budget Variance of -$200M (-1.4%)**

- Direct Patient Care Receipts (I/P and O/P) came in **$3M lower than the same period in FY22** largely due to lower IP UPL conversion in FY23.

- 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 $655M thru April of FY23 with a line of sight that meets our FY23 target of $675.6M. Areas of strongest net performance as of April include:
  - Value-Based Payment Initiatives and Managed Care Initiatives ($281M)
  - Revenue Cycle Improvement ($207M)
  - Growth & Service Line Improvements ($145M)

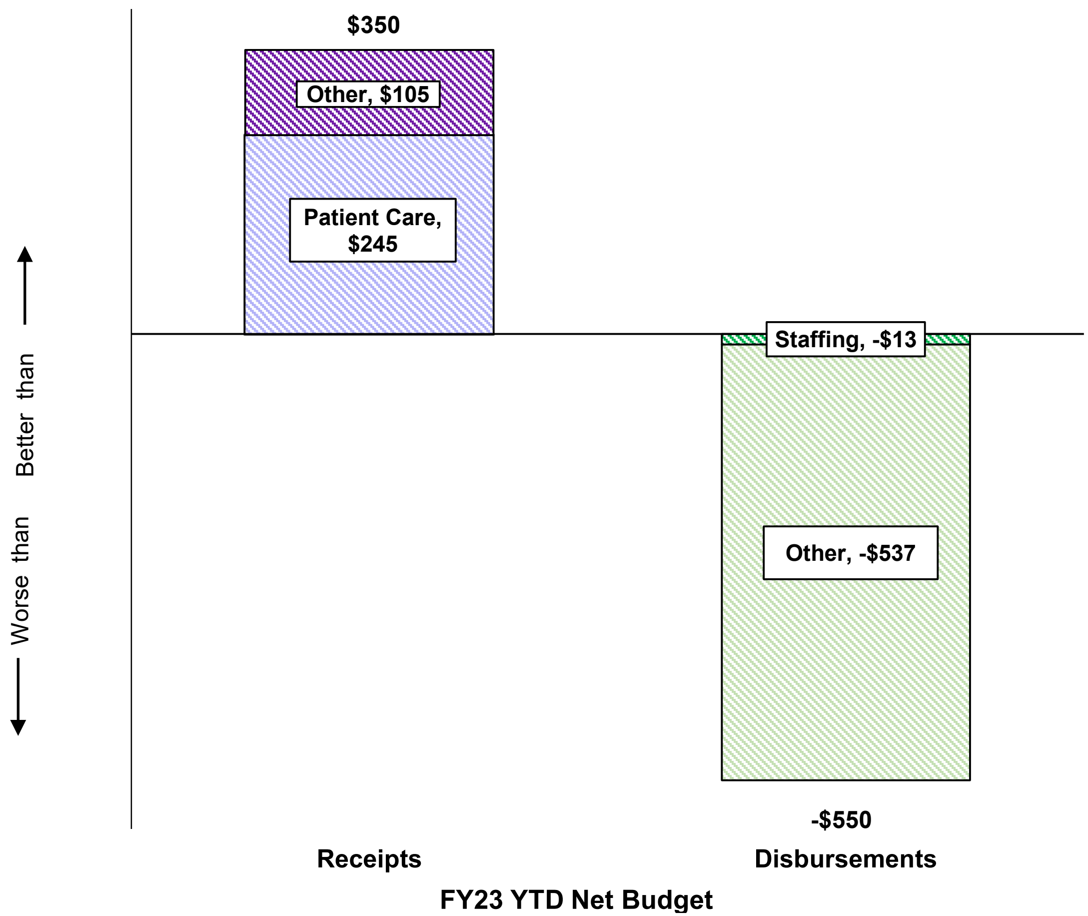
# FY23 and FY24 Cash Projections

- The system is estimated to close June with approximately $700 Million (28 days cash-on-hand).
- The system also expects to close July with approximately $650 Million (26 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.

# Financial Performance

## FY 2023 YTD

# FY23 thru April
## Net Budget Variance




### Highlights

**Ended April with a net budget variance of -$200.2M -1.4% where**

- Receipts exceed budget by $350M Primarily driven by Patient Care Risk Revenue. Risk is higher due to improved PMPM and other PY reconciliations.
- Disbursements exceed budget by $550M, which includes expenses associated with Temp coverage costs, and OTPS discretionary spend in medical/surgical supplies, and pharmaceuticals.

***Notes:***
1. Test and Trace not included in the Net Budget Variance.

Cash receipts are 5% ahead of budget. The overage can be attributed to Risk revenue exceeding target due to higher than anticipated PMPM

- IP/OP rates, volume, and cash performance **($144M)** - 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 6%. Unbudgeted Medicare and Medicaid appeals are also driving a positive variance (+$87M).

- 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 **($19M)** variance mostly driven by miscellaneous revenue and timing of grants

| Summary Receipts Performance (FY23 thru Apr) | YTD Variance against Budget ($M) |
|---|---|
| **IP/OP Volume, Rates, and Cash Performance** | $143.7 |
| **Risk Pool** | $187.7 |
| **Other** | $18.5 |
| **Grand Total** | **$349.8[+5%]** |

**excludes testing*

# Drivers of Expense Budget Variance

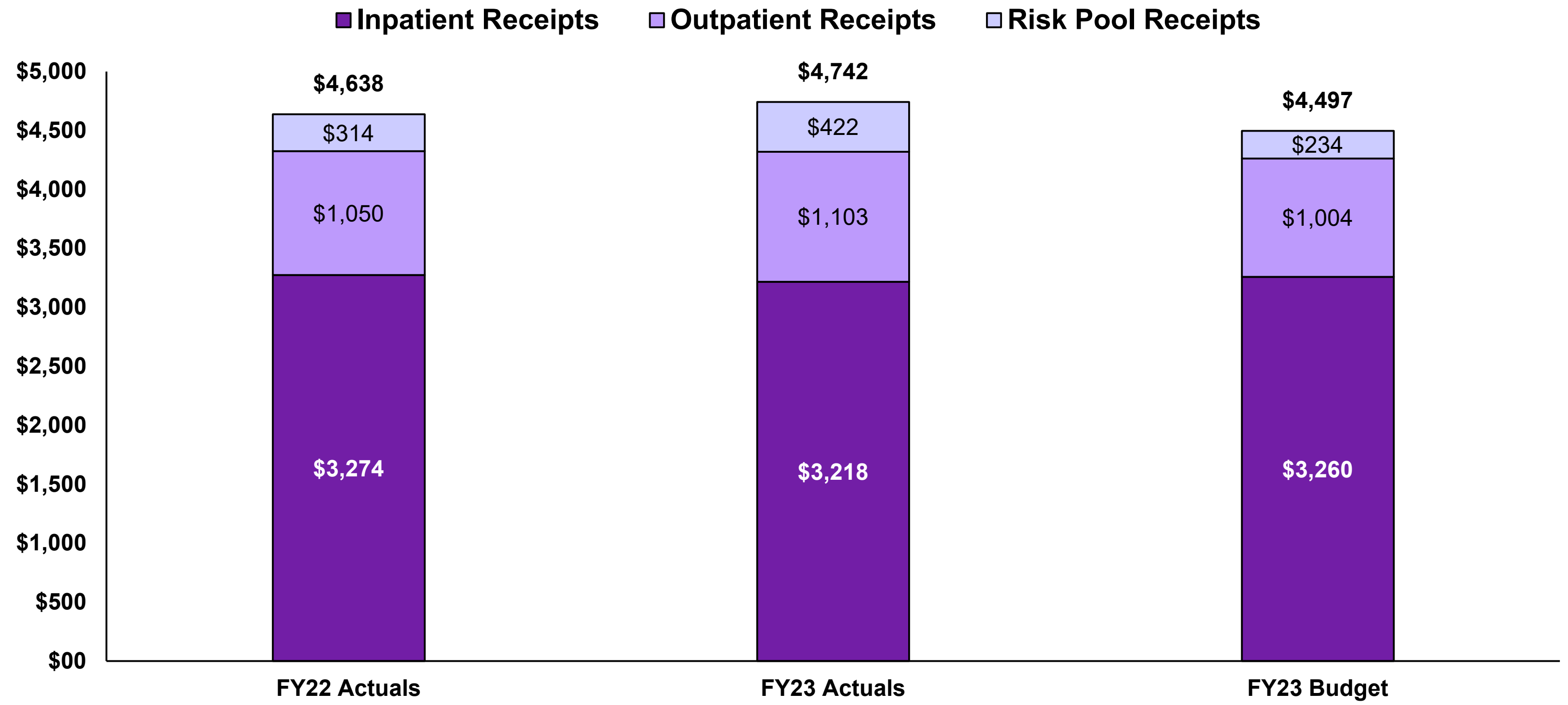
Cash disbursements are over budget by 8% primarily from Temp spending and Agency costs exceeding target as well as other discretionary spending.

- 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 **(-$326M)**
  - Other Discretionary Spend **(-$196M)** - overspending driven by medical & non medical supplies, and pharmaceuticals
  - Affiliate Spending **(-$29M)**

| Summary Disbursements Performance (FY23 thru Apr) | YTD Variance against Budget ($M) |
|---|---|
| **Agency Patient Care Temp Staffing Coverage** | ($325.5) |
| **Other  Discretionary Spend** | ($195.9) |
| **Affiliations** | ($28.6) |
| **Grand Total** | **(-$550.0) [-8%]** |

# FY23 thru April
## Revenue Performance

- FY23 direct patient care revenue (I/P & O/P) excluding T2 Testing and T2 Vaccine is $3.0M (-0.1%) lower than FY22 actuals.
- Patient revenue decrease year-over-year can be attributed to IP UPL Conversion coming in $44M lower than FY22. This decrease is offset by higher OP revenue.
- Compared to same time last year, discharges are up 3.2%, visits are up 5% (excluding testing), and Case Mix Index (CMI) is slightly lower by -2%.



# FY23 Highlights

# VBP Update – Q2 2023

NYC HEALTH+ HOSPITALS | REVENUE CYCLE SERVICES

# Medicaid Recertification

## ✓ Plans Activated

- ✓ NYC H+H implementing standalone strategies and strategies with our MCO partners
- ✓ **Communications** to Patients (e.g. flyer, email, MyChart, website)
- ✓ Proactive **outreach** to patients who may need recertification assistance
- ✓ **Coordination** between Centralized Telephonic and local Financial Counseling teams
- ✓ **Leverage interactions with patients** to direct to recertification resources (e.g. scheduling, registration, CHWs, Care Gap outreach)
- ✓ **Engaging providers and care team members** to encourage and refer their patients for recertification assistance
- ✓ **Consistent approach** for patients with Medicaid coverage regardless of plan

✓MetroPlus**Health**

- ✓ Provider Townhalls (In-Person & Virtual)
- ✓ Concierge Program onsite at NYC H+H Facilities
- ✓ Recertification Communication Campaign
- ✓ Proactive member outreach in coordination with NYC H+H to reduce duplication and improve member/patient experience

NYC HEALTH+ HOSPITALS | REVENUE CYCLE SERVICES

# Medicaid Recertification

| MPH Overall Recertification Rate | |
|---|---|
| Recertified | 28,016 |
| Total | 44,975 |
| Recert % | 62.29% |

| | | |
|---|---|---|
| With CAC ID | Recertified | 22,444 |
| | Total | 33,020 |
| | Recert % | 67.97% |
| Without CAC ID | Recertified | 5,572 |
| | Total | 11,955 |
| | Recert % | 46.61% |

| | | |
|---|---|---|
| HRA | Recertified | 1,417 |
| | Total | 3,998 |
| | Recert % | 35.44% |
| NYSOH | Recertified | 26,599 |
| | Total | 40,977 |
| | Recert % | 64.91% |

## Recertification by Line of Business

| | Medicaid | Child Health Plus | Essential Plan | HARP | PIC-SNP |
|---|---|---|---|---|---|
| Recertified | 20,952 | 806 | 6,013 | 185 | 60 |
| Total | 33,987 | 1,270 | 9,235 | 332 | 151 |
| Recert % | 61.65% | 63.46% | 65.11% | 55.72% | 39.74% |

- NYC H+H and MetroPlusHealth developed trackers for initiative monitoring and are **closely watching early results**
- MetroPlusHealth recertification rate for June cohort currently > 62%*

*MA, CHP and EP members can renew through the end of the month AFTER coverage end date with no gaps in coverage if re-enrollment is in same product with same plan so June stats won't be final until 8/1/23

# Medicaid Recertification

- NYC H+H tracking **process and outcome metrics** including H+H Attributed Members against assumptions in the Financial Plan
  - H+H Financial Plan assumes that MetroPlusHealth H+H Attributed Membership in impacted LOBs declines by 24% by the end of FY24

**Medicaid Recertification Initiative Tracker**

Example

| **Metric** | **Jun-23** |
|---|---|
| **Process** | |
| Recertification Trackers Created | 1,536 |
| Approved | 928 |
| In Progress | 400 |
| Denied | 208 |
| **Outcomes** | |
| MetroPlus Recertification Rate | 62% |
| HealthFirst Recertification Rate | TBD |
| H+H Attributed Members - MetroPlus | 291,685 |
| Churn % | TBD |
| H+H Attributed Members - HealthFirst | 73,029 |
| Churn % | TBD |
| Medicaid & Medicaid MC OP Payor Mix % | 48% |

# VBP Priorities for FY24

- **Grow and retain VBP membership**
  - Prioritize recertification of Medicaid coverage
  - Work to optimize Managed Care enrollment of our primary care physicians to pair members with providers with best schedule access

- **Grow premium revenue base in VBP contracts**
  - Expand outreach to disengaged patients in our value based contracts to actively close gaps in care
  - Collaborate with Revenue Cycle Services to assess accurate diagnosis capture on polychronic attributed members and members with social needs
  - Enhance scheduling to improve access and patient satisfaction (CAHPS) scores

- **Improve quality and efficiency of care delivery**
  - Engage clinical teams to scale best care practices for patients with asthma and congestive heart failure
  - Assess quantitative and qualitative impact of ongoing H+H care management programs on members of our VBP contracts
  - Engage post-acute care teams in VBP program opportunities

# CY2022 Healthfirst VBP Quality Program Results

## Average Facility Improvement by Measure (CY22 vs CY21)

| Medicaid | Avg Impr*: Medicaid | Avg Impr*: Medicare |
|---|---|---|
| 90-day Med Supply Rate | NA | 6.7% |
| Breast Cancer Screen | 4.9% | 1.9% |
| Cervical Cancer Screen | 1.9% | NA |
| Child Immuniz Status | 0.2% | NA |
| Chlamydia Screen | 1.5% | NA |
| Cholesterol Med Adh | NA | 1.7% |
| COA Med Review | NA | -1.7% |
| Colorectal Cancer Screen | 1.7% | 0.3% |
| Controlling BP | 2.3% | 5.1% |
| Diabetes Med Adh | NA | 0.9% |
| Followup ED MH | 14.2% | NA |
| Followup ED SA | 8.1% | NA |
| HbA1c Ctrl | 8.8% | 11.8% |
| HTN Med Adh | NA | 3.2% |
| Med Rec Post Discharge | NA | 12.8% |
| Well Child Visits | 2.6% | NA |
| Well Visits 30M | 7.9% | NA |

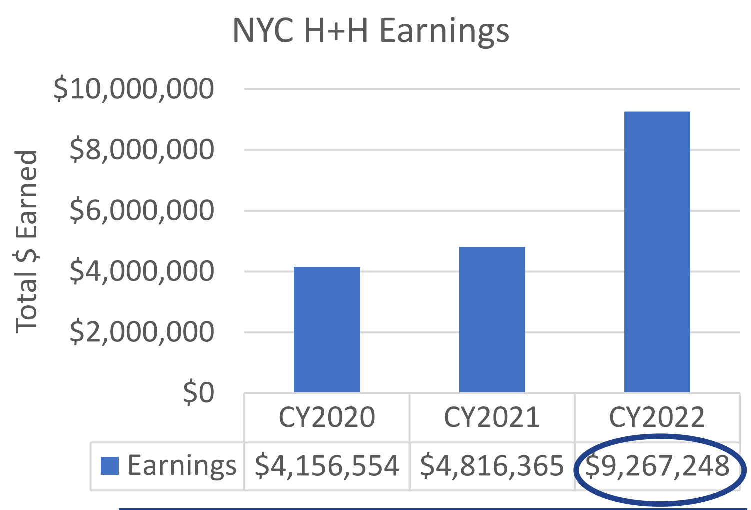
All but 1 measure improved over CY2021

## Best Performers in Healthfirst Network

| NYC H+H Facilities in Top 10 of Healthfirst's Network for Overall Quality Rating | | | |
|---|---|---|---|
| Medicaid | | Medicare | |
| Rank | H+H Facility | Rank | H+H Facility |
| 1 | Gouverneur | 2 | Elmhurst |
| 5 | Cumberland | 3 | Metropolitan |
| 6 | Morrisania | 4 | Belvis |
| 7 | Lincoln | 8 | Queens |
| 8 | Belvis | 10 | S Brooklyn |
| 10 | Elmhurst | | |

- NYC H+H Facilities account for 50% or more of the top 10 facilities in the Healthfirst network for both Medicaid & Medicare programs
- Gouv was #1 for Medicaid
- H+H has 3 of top 4 Medicare facilities

## Incentive Earnings




NYC H+H increased earnings by 93% ($9.267M)

*Avg Improvement = percentage point change in average facility measure score from CY2021 to CY2022; NA = Measure not applicable for that line of business

# VBP Timeline: What to Watch

| Positives | Negatives | Unknown |
|---|---|---|
| Awaiting implementation of SFY23-24 State budget actions that should increase Essential Plan premiums; managed care quality pools were restored. | Our biggest Medicare VBP contract is with Healthfirst and we know that 2024 premium revenues will decline due to their loss in Medicare Stars. | How is NYS Medicaid program faring under reinstatement of recertification? Are enrollment counts staying up or shrinking fast? |
| 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. | In 2024 Medicare will be upgrading its risk adjustment methodology to better leverage ICD-10 coding specificity; the new model will eliminate over 2,000 diagnosis codes that disproportionately impact vascular disease, major depression and angina conditions. These changes are expected to reduce the per member premium amounts that H+H receives in its Medicare VBP contracts (predominantly Healthfirst). | |

# FY24 Budget Development

# FY24 Financial Plan

- The system's latest cash financial plan projects a loss of $184M for FY24.
- This projected loss is largely due to continued need for temporary staffing and Affiliate costs required to continue operating our facilities, above our previously anticipated baseline, even with an anticipated glide path.
- The system is also facing challenges due to inflation and a rise in pharmaceutical costs.
- The plan reflects the start of federal DSH cuts as of October 1, 2023. However, the system, along with others across the industry, continues to advocate for delay or elimination of these harmful cuts.
  - H.R. 3561, which includes a two-year delay, was advanced by the House Energy and Commerce Committee in May.
- As with FY23, the system hopes to eliminate this gap during the course of the fiscal year through a variety of additional revenues, including via the implementation of positive actions included in the State budget, improved risk pool collections, and the execution of additional Strategic Initiatives.

# Rightsizing the FY24 Budget & Closing the Spending Gap

- Opportunities to Improve Quality and Financial Performance in Value Based Care
  - Medicaid Recertification - implementing standalone strategies and strategies with our MCO partners
  - Set targets and strategies for improving risk pool performance
  - Achieve CRG/HCC high priority milestones – SDOH metrics, external claims, provider training, expand Epic alerts
  - Work with providers/affiliates to identify targets to improve CAHPS scores and improve overall quality pool performance

- Continue to Get Better at the Basics:
  - Further reduce denials and set benchmarks to improve AR performance to industry standard
  - Starting with outpatient and pharmacy, set higher targets for ensuring that every patient receiving services at H+H is successfully financially counseled

- Set Targets to Reduce H+Hs Dependencies on Outside Temp and Locums Staff Over Next 12-18 Months

- Find Efficiencies and Approaches to Better Maximize Utilization of Resources Including "Systemness" Approach to Care and Services
  - Set value limits and ordering protocols on all lab services
  - High-cost specialty procedures and surgeries will be provided at designated facilities

# Rightsizing the FY24 Budget & Closing the Spending Gap (Cont'd)

- Review Prioritization of Capital Needs, Including Potential Impact on Operating Budget Performance
- Implement Multi-Year Strategy to Better Manage Increased Pharmacy and Supply Costs
- Position H+H to Leverage the 1115 Waiver and Implement New Models of Care Including Special Pops, BH COE and Maternal Health
- Implement Medicaid UPL Strategy and find Alternative Uses of DSH Funding

NYC HEALTH+ HOSPITALS

# City Initiatives:

## Test and Treat
## &
## Humanitarian Emergency Relief and Recovery Centers (HERRC)

# Test and Treat Financial Update

- T2 has committed approximately $10.1 million in expenses for Q4 in FY23
- OMB has provided H+H with sufficient revenue through the T2 MOU to cover expenses to date
- All T2 programming ended on May 11th with the end of the COVID Federal Public Health Emergency
- COVID-19 testing, treatment, and vaccination continues to be available at NYC Health + Hospitals locations

| Program Area | Total FY23 Projected Expenses |
| --- | --- |
| Testing | $ 218.5M |
| Tracing | $ - |
| Take Care | $ 14.8M |
| Vaccine | $ - |
| Data Analytics, Program Management, and Public Awareness | $ 25.8M |
| **Total Expenses** | **$ 259.1M** |

# HERRC Financial Update

- October 7, 2022 Mayor Eric Adams announced a State of Emergency based on the arrival of thousands of individuals and families seeking asylum in NYC
  - *Emergency Executive Order 224 tasked H+H with oversight of HERRC*
- HERRC sites provide the following services:
  - *Basic human necessities such as food, clothing and shelter*
  - *Resettle with and transport to friends or family in and beyond NYC*
  - *Medical and social services*
- There are currently 12 H+H HERRC sites open

# HERRC Financial Update

- OMB has provided H+H with sufficient revenue through the HERRC MOU with the Mayor’s Office to cover expenses to date
- Executive Budget H+H HERRC funding summary:

| Fiscal Year | FY23 | FY24 | FY25 |
|---|---|---|---|
| Total | $500M | $748M | $258M |