

**Date:** October 16, 2023  
**Time:** 11:00 A.M.  
**Location:** 50 Water Street, 17<sup>th</sup> Floor,  
Boardroom – In Person

**I. Call to Order**

*Freda Wang*

Adoption of the July 10, 2023 Minutes

**II. Action Item: HERRC Security Services**

*Dr. Ted Long & Chris Keeley*

Authorizing the New York City Health and Hospitals Corporation (the “System”) to execute contracts with Aron Security Inc. DBA Arrow Security, GardaWorld Security Corporation DBA GardaWorld Security Services, Mulligan Security LLC, and SLSCO Ltd. for security services at a not to exceed amount of \$323,700,000 for a contract term of one year and two six-month renewal options exercisable at the discretion of the System.

VENDEX APPROVED:

Aron Security Inc., GardaWorld Security Corporation, Mulligan Security LLC, SLSCO Ltd.

EEO PENDING:

Aron Security Inc., GardaWorld Security Corporation, Mulligan Security LLC, SLSCO Ltd.

**III. Financial Update**

*John Ulberg*

**IV. Old Business**

*Freda Wang*

**V. New Business**

**VI. Adjournment**

**Finance Committee MEETING - July 10, 2023**

**As Reported By: Freda Wang**

**Committee Members Present:** Mitchell Katz, MD, Freda Wang, Sally Hernandez-Piñero, Jackie Rowe Adams representing José Pagán in a voting capacity

**CALL TO ORDER**

Ms. Wang called the meeting of the New York City Health + Hospitals Board of Directors Finance Committee Meeting to order at 11:05 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:

For the record, José Pagán delegated Jackie Rowe Adams as a member to be counted for the purposes of quorum and voting on his behalf. The request was approved.

Ms. Wang called for a motion to approve the May 8, 2023 minutes of the Finance Committee meeting.

Upon motion made and duly seconded the minutes of the Finance Committee meeting held on May 8, 2023 were adopted.

**ACTION ITEM: Ambulatory Care Contact Center Services**

Mr. Karl Anderson - Senior Director - Contact Center 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 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.**

Mr. Karl Anderson began by providing the background and current state of H+H Ambulatory Care Contact Center Services. 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. The indicating factor that tends to dictate the most efficient and cost-effective approach is call volume. With the System call volume increasing to 2.6M calls in 2022, and an 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 the overflow of calls is critical to serving the System's patients, practices and facilities. In 2015, NYC Health and Hospitals activated a GPO agreement with Change Healthcare. The contract terms, fee structure, historical as well as projected annual costs were presented.

The scope of the project is to secure a partnership with a vendor that is experienced and knowledgeable with a successful footprint in healthcare. A vendor that utilize industry leading technologies, has a robust operational support system, a cost-effective fee structure and a proven track record. NYC Health and Hospitals is seeking 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 the previous contract.

An overview of the RFP development and goals was presented by Mr. Anderson. The scope was developed based on use cases across the System and using current internal, vendor operational performance and current industry standards. The key scope issues and desired outcome of RFP were noted. Vendors typically performing in this space are Optum, Change Health, TTEC and Teleperformance. There is no anticipated labor impact or role change to NYC Health and Hospital internal contact center staff as a result of this RFP. The System anticipates that 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, the goal is to lessen the dependence on the vendor partner and use the System technologies for both our internal and outsourced vendor staff. Several areas of patient experience, security controls and technological improvement goals were presented.

Mr. Anderson provided an overview of procurement process and RFP Criteria. The minimum criteria to provide services for Contact Center Services were noted. All vendors considered were closely evaluated and have strong experience with similarly large health care systems. OptumInsight, Inc. was the highest rated proposer.

Mr. Anderson presented an overview of OptumInsight ("Optum") background. Optum has been in business for over 30 years with a focus in technology and staffing. Serving over 127 Million consumers across the country and an average of 300 Million support calls annually in healthcare. Some of the clients they serve were noted. Optum had a recent two-year partnership with NYC Health and 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% plus rate of reaching intended party. Optum consistently met the call quality metrics ensuring a positive experience with the 2 plus million New Yorkers the team engaged with. Implementation with Optum carries less risk than another vendor. Their acquisition of H+H 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. Additional EITS resources for Optum migration/integration will not be needed from the system.

Optum will enhance services provided by current staff by bringing additional expertise, structure and rigor to training, quality, workforce management and operational oversight to drive a higher level of overall performance. The contact center will be upgraded to a more advanced, omnichannel technological platform as well as offer Customer Satisfaction (CSAT) survey and Customer Effort Score (CES) immediately following the patient's interaction with the contact center. Artificial Intelligence will be incorporated in services during life of contract, reducing agent call volume and handle time. 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. 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). Examples of some of the KPIs were presented. Optum will deploy the use of language interpretation services for the System's contact center team in addition to setting bilingual hiring and staffing targets. Optum's cost structure will be based on a combination of FTE rates and per-minute rates of proposed staff and AI Call deflection.

In terms of MWBE analysis, OptumInsight, Inc. met the MWBE requirement with subcontracting services for recruiting and staffing, information system/automated messaging and implementation with a total vendor diversity component percentage of 30%. A summary of the MWBE Utilization plan and subcontractor scope of work was presented. As a result, the current awarded vendor MWBE utilization plan goal of 36%.

The Office of Ambulatory Care and Population Health is seeking approval to enter into contract with OptumInsight, Inc. to provide Contact Center Services with an anticipated start date of October 1<sup>st</sup>, 2023.

Dr. Katz commented on his full support on this contract and the value of having a contact center. He inquired about plans to assess the progress in transitioning those functions internally.

Mr. Anderson responded that over the past couple of years, the focus has been on building and updating a more robust technological support system,

training team, quality team and supporting staff scripting to use internally.

Dr. Katz suggested to perform a long-term sketch of where we want to be in two to three years to better envision the progress we will make. Also, with the use of technology.

Ms. Wang asked if we envision that it is done with our current staff?

Dr. Katz added that it is his own belief that most of the functions are done by NYC Health + Hospitals staff during the work hours and the rest of the calls can be done by the call center during the off hours. With technology, some of the things are done in the web although not everyone does it. Overtime, the goal is for patient to move to technology and self-serve. Twenty percent of the calls are related to appointments and hours of operation. The use of technology would be helpful for these type of calls with automated/drop down menus.

Ms. Hernandez-Piñero shared questions and concerns regarding the inhouse call handling. It would be helpful to have a review of how the call center has changed, how it operates now and where the gaps are. Also, the key performance indicators for internal staff to ensure the System has same level of efficiency as we do with an external operator. Ms. Hernandez-Piñero asked about the metrics on answered/unanswered calls during the day and after-hours.

Mr. Anderson responded that the internal staff answers the calls first and then it transfers to an operator after that. After-hours and on the weekends, the call centers are answering the calls and will continue to be part of this. Prior to 9am, after 5pm and on the weekends Change Health, now acquired by Optum, has been answering the calls and will continue to be part of this. The System will retain the tribal knowledge, the knowledge of our operating structure. Optum will take a much heavier hand and add some structure and more technological support that has not been there previously.

Dr. Katz added that called left unanswered by local staff may be for a variety of reasons. The calls then need to roll to someone or it will not get answered.

Hernandez-Piñero asked if there is a breakdown of the types of calls that come in. - Ms. Rowe-Adams added, it is helpful to know and what percentage of those come in and how quickly are they answered. How much of these are answer by staff versus external staff? The more data we have, the better we will be able to assess the efficiency of the service.

Mr. Anderson responded that over the last year or two has worked to improve the level of data available. These metrics are discussed with vendor to

discuss these during weekly meetings. One feature with Optum is the post-call survey with the patient to ascertain patient satisfaction.

Hernandez-Piñero added that she is mainly concerned about our own goals and staff. She is curious about learning more about the data.

Dr. Katz added that this conversation can be scheduled further at an MPA meeting.

Hernandez-Piñero added a suggestion of what their pitfalls were and update on how they are doing would be helpful for that meeting.

Ms. Wang asked about Optum's technology capabilities, KPIs and the survey process.

Mr. Anderson responded that the level of detail is not yet finalized.

Ms. Wang added if we would be able to track the data using that contract for our internal staff at the end of each call. Mr. Anderson added that we can ask to see if that is available.

After questions, Mr. Anderson responded that Optum was not the lowest cost but scored the highest in every other category. They were the most secure which weighted very heavily for the System as was the retention of tribal knowledge from the previous vendor and having the robust structure.

Mr. Anderson explained additional costs for implementation. Transitioning to a new vendor requires technology changes and additional resources. With Optum retaining a lot of the same technological resources, there will be some changes, but the net internal resources needed for EITS will be much less compared to other vendors.

Ms. Wang asked if there are anticipated contract cost reductions with the enhanced AI and technology capabilities.

Mr. Anderson responded any cost that can deflect using AI will significantly reduce the permanent cost because that AI cost is cheaper per minute and the calls will be shorter. Any exploration we can do around self-service options, will help reduce cost.

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 YTD highlights. He conveyed that May closed with \$679M (27 days cash-on-hand). The budget

underperformed at 1.4% and closed April with a negative Net Budget Variance of \$200M.

Mr. Ulberg continued, direct patient care receipts came in \$3M lower than the same period in FY-22 largely due to lower IP UPL conversion in FY-23. Patient care volume in FY-23 has returned to pre-COVID levels, and is 8% ahead of FY-20 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, generating over \$655M thru April 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 and FY-24. The System closed June with approximately \$700 million (28 days cash-on-hand) and expects to close July with approximately \$650 million (26 days cash-on-hand).

Ms. Tyler presented the financial performance highlights for FY-23 thru April Net Budget Variance. She noted that April ended with a net budget variance of -\$200.2M (-1.4%). Receipts exceeded budget by \$350M Primarily driven by Patient Care Risk Revenue. Risk is higher due to improved PMPM and other PY reconciliations. Disbursement exceed budget by \$550M, 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 April performance drivers updates. Cash receipts are 5% ahead of budget. The overage can be attributed to Risk revenue exceeding target due to higher than anticipated PMPM. FY-23 thru April, cash disbursements are over budget by 8% primarily resulting from Temp spending and Agency costs exceeding target as well as other discretionary spending.

The revenue performance for FY-23 thru April was presented by Ms. Tyler. FY-23 direct patient care revenue excluding T2 Testing and T2 Vaccines is \$3.0M lower than FY-22 actuals. Patient revenue improvement year-over-year can be attributed to IP UPL Conversion coming in \$44M lower than FY-22. This decrease is offset by higher OP revenue.

Ms. Karlin presented an update on Medicaid Recertification. As recertification has started, the plans have now been activated, and their success will have significant budget improvement implications for overall performance. NYC Health + Hospitals is implementing many outreach strategies to connect with patients in these efforts.

A walkthrough on Medicaid Recertification process tracker and how NYC Health + Hospitals monitors the efficacies of all the strategies that have now

been implemented was presented by Ms. Hartmann. NYC Health + Hospitals and MetroPlusHealth developed trackers for initiative monitoring and are closely watching early results. MetroPlusHealth recertification rate for June cohort currently greater than 62% as we continue to make progress in the future months.

NYC Health + Hospitals Financial Plan assumes that MetroPlusHealth NYC Health + Hospitals Attributed membership in impacted Line of businesses declines by 24% by the end of FY-24.

In response to questions, Ms. Hartmann confirmed that the System is trying to maintain consistent outreach regardless of the plan.

Recertification is an ongoing process and it faulted during the pandemic.

In terms of lost dollars, Ms. Karlin agreed with Dr. Katz that the biggest risk and significant financial implications for MetroPlus, Healthfirst, NYC Health + Hospitals and the State, are people who do not recertify because they do not need the services.

Hernandez-Piñero asked regarding the financial performance, the unbudgeted Medicare and Medicaid Appeals.

Ms. Tyler responded that the System does not budget for Appeals. The System aligns with what is in the financial plan.

Hernandez-Piñero inquired regarding the \$325M in Temp staffing and the \$195M discretionary spend and pharmaceutical spend. Ms. Tyler responded the biggest category in discretionary spend is pharmaceuticals followed by med surg supplies. Pharmaceutical costs are largely driven by inflation and increased volume.

In response to Hernandez-Piñero's questions, Ms. Tyler explained that we assume a loss in FY-24 NYC Health + Hospitals budget for MetroPlus of \$100M loss and \$8M for Healthfirst.

In response to Ms. Wang's questions regarding recertification, Mr. Ulberg confirmed that 62% is the starting point. The state will try to do whatever they can to try promote. Ms. Tyler added that the full impact of the loss will not be seen as there is a 6-month lag. In FY-24 the System will be receiving calendar year 23 and will have solid revenue for that.

Ms. Meagher provided a walkthrough the VBP priorities for FY-24. There are three value-based payment priorities for FY-24. Ensuring members grow and retain VBP membership by prioritizing recertification of Medicaid coverage and working to optimize Managed Care enrollment of primary care physicians to pair members with providers with best schedule access. Growing premium revenue base in VBP contracts by expanding outreach to disengaged patients in our value-based contracts to actively close gaps in case, Collaborate



with Revenue Cycle Services to assess accurate diagnosis capture on polychronic attributed members and members with social needs and enhance scheduling to improve access and patient satisfaction (CAHPS) scores. Lastly, improving quality and efficiency of care delivery by engaging clinical teams to scale best care practices for patients with asthma and congestive heart failure, assess quantitative and qualitative impact of ongoing NYC Health + Hospitals care management programs on members of the VBP contracts and engage post-acute care teams in VBP program opportunities.

Ms. Meagher continued by providing an update on the VBP Quality Program performance. For Healthfirst average facility improvement by measure for CY-22 versus CY-21, all but 1 measure improved over CY-21. NYC H+H Facilities account for 50% or more if the top 10 facilities in the Healthfirst network for both Medicaid and Medicare programs. NYC Health + Hospitals incentive earnings increased by 93% in CY-22.

The System is monitoring the positives, negatives and unknown actions. Some of the positives include awaiting implementation of State Budget actions that should increase Essential Plan premiums and the restoration of quality pool dollars to fund VBP programs under the Medicaid program. 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 the negative financial pressures, the biggest Medicare VBP contract is with Healthfirst and for 2024 premium revenues will decline due to their loss in Medicare Stars. 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 NYC Health + Hospitals receives in its Medicare VBP contracts - predominantly Healthfirst. It is still unknown how the NYS Medicaid program is faring under reinstatement of recertification, and enrollment counts. The unknown is really how the Medicaid recertification will fare this fiscal year and hopefully we are outperforming our target and retaining some more premium revenue.

that the impact of the loss of star for Healthfirst was \$200M and tenths of millions of dollars for NYC Health + Hospitals.

Mr. Ulberg added that the System went up half a star, while Healthfirst lost a star. Healthfirst is very committed to getting the 4-star status back.

Ms. Wang inquired about the ICD-10 coding changes and its effect on the System.

Ms. Meagher responded that it is implemented for CY-24. The focus is on how are being as accurate as possible in the diagnosis, how encounters are documented, to enhance risk premium.

NYC Health and Hospitals Doctors are fully salaried, where people are not earning based on what they are coding.

Ms. Wang asked but this is in a value-based system.

Dr. Katz responded that the idea of a true value-based payment is that assumption about what would be a good cost based on the underlying characteristics, everyone cannot be the same cost. Value based still requires fairly sophisticated coding and that is why the System has been pushing that the social determinants needs to be part of coding because whether or not somebody is homeless is going to greatly determine a higher cost in caring for them. Traditionally, it's always been ICD-10 codes, which are all diagnostic codes and all diseased based codes as opposed with social state codes.

Ms. Hernandez-Piñero asked about the coding contracts.

Ms. Karlin responded the coding are on the first round of reviews, data is not yet available. There will be reporting over the actual reviews.

Mr. Cassidy presented the FY-24 Financial Plan. The system's latest cash financial plan projects a loss of \$184M for FY-24. This projected loss is largely due to continued need to temporary staffing and affiliate costs required to continue operating our facilities, above our previous 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. As of FY-23, 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.

Ms. Wang asked about the FY-24 DSH cut amount.

Mr. Cassidy responded that FY-24 Federal DSH cut amount \$8 Billion dollars and an estimated \$600 Million dollars to the System.

Dr. Katz added Majority Schumer said it will not happen, he would repel. He said he would succeed in getting it delayed.

Mr. Cassidy continued that the assumptions are in the plan.

Dr. Katz commented that ultimately, the System will be balanced. There will be necessary adjustments to ensure the System is will not be in deficit.

Mr. Ulberg added that facilities were provided targets to close the Gap and encourage revenue growth opportunities.

Rightsizing the FY-24 Budget and Closing the Spending Gap was presented by Mr. Ulberg. Several areas of opportunities to improve quality and financial performance in value-based care were noted. The System Continues to work on setting targets to reduce dependencies on outside temp and locums' staff over the next 12-18 months. Finding efficiencies and approaches to better maximize utilization of resources including "systemness" approach to care and services. Review prioritization of capital needs, including potential impact on operating budget performance. Implementing a multi-year strategy to better manage increased pharmacy and supply costs. Position the System to leverage the 1115 Waiver and implement new models of care including Special Pops, BH COE and Maternal Health. Lastly, implement Medicaid UPL strategy and find alternative uses of DSH funding.

Dr. Katz his commitment in the success of public service healthcare and ensuring that NYC Health and Hospitals will not delivery of great quality services.

Mr. Ulberg added that the goal throughout FY-24 is to expand staffing analysis where we have more ratios for varying different types of employees. Dr. Katz has always been very clear that there will not be reductions to the resources needed to provide good quality of care.

Ms. Hernandez-Piñero asked regarding the affiliate increases.

Mr. Ulberg responded that is one of the fastest growing line items. There is an increase in the number of locums, the cost of locums and big increases in sessional usage. The Facilities will develop their budget targets using data. This workforce plan allows for a look at the entire affiliate budget needs at the facility. It allows for a discussion with the affiliate about appropriate mix of providers and accountability.

Dr. Katz explained the problem is that as so many physicians have left the workforce, there have been a lot of inflationary pressures and increase use of locums or sessional. Salary is a challenge in attracting physicians to the System. Once true shortages are in place, it will be challenging to avoid the inflationary pressures.

Ms. Jones commenced a presentation providing the financial update on Test and Treat. T2 has committed approximately \$10.1M in expenses for Q4 in FY-23. OMB has provided NYC Health + Hospitals with sufficient revenue through the T2 MOU to cover expenses to date. All T2 programming ended on May 11<sup>th</sup> 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.

Ms. Jones continued the presentation providing a Financial update on HERRC. On 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. Mayor Adams issued an Emergency Executive Order 224 which ordered the opening of Humanitarian Emergency Relief and Recovery Centers (HERRC) and tasked H+H with oversight. The services provided by the HERRC sites were noted. There are currently 12 H+H HERRC sites open. OMB has provided H+H with sufficient revenue through the HERRC MOU with the Mayor's Office to cover expenses to date. H+H HERRC Executive Budget funding summary for FY-23 through FY-25 were presented.

Mr. Wang thanked the team for the excellent report.

Ms. Wang asked Dr. Long regarding the 12 HERRC sites that are now open.

Dr. Long responded that the System developed the models for all the HERRC sites. The HERRC sites offers the types of services that are unique to asylum seekers. Different types of models were developed based the needs of families with children, or single adults, etc. HPD whom we work very closely with will use our model and have offered to expand the overall city-wide capacity.

Following questions from the Board Dr. Long explained the hotel is divided into two different parts. The hotel itself has 1,000 beds and 90% of them are exclusively families with children. The other part of the hotel, has the arrival center and there is a demarcation.

For families with children, the child must be under 18.

There is a designated NYC Health + Hospitals person charge of that site. There are vendors that solve different front-staffing needs such as security, food, bilingual. 24/7 Medical care is provided as they arrive at all hours of the day and they get screened. These are all new staff hired for HERRC.

Ms. Wang asked about NYC Health + Hospitals budget on medical care for the HERRC.

Ms. Jones responded that all expenses are covered by the MOU.

Ms. Rowe Adams asked if all asylum seekers have the same medical insurance?

Dr. Long explained that asylum seekers crossing the border into our country all receive documentation putting them predominantly on parole status that makes them eligible in NY for plans like Essential Plan based on their status that defines their eligibility.

**ADJOURNMENT**

There being no further business before this committee, the meeting adjourned at 12:51 P.M.

## **RESOLUTION**

Authorizing the New York City Health and Hospitals Corporation (the “**System**”) to execute contracts with Aron Security Inc. DBA Arrow Security, GardaWorld Security Corporation DBA GardaWorld Security Services, Mulligan Security LLC, and SLSCO Ltd. for security services at a not to exceed amount of \$323,700,000 for a contract term of one year and two six-month renewal options exercisable at the discretion of the System.

**WHEREAS**, the System began operating its Humanitarian Emergency Response and Relief Centers (“**HERRCs**”) in October 2022 as a response to the mass influx of asylum seekers arriving in New York City (“the City”); and

**WHEREAS**, **HERRCs** provide a range of holistic services to asylum seekers including a place to stay, food, medical care, reconnection services, and connection to social services; and

**WHEREAS**, the System currently operates multiple **HERRCs** throughout the City, with dedicated facilities serving families with minor children, single adult women, and adult families, or single adult men; and

**WHEREAS**, additional security personnel are needed in order to ensure that each **HERRC** is a welcoming, safe space for every guest, client, and staff member; and

**WHEREAS**, the System has long used temporary security services to augment its own forces to perform unarmed security services, the supervision of such services, fire watch services and fire safety director services; and

**WHEREAS**, currently the System has been using Aron Security Inc. DBA Arrow Security and Mulligan Security LLC. to provide such services; and

**WHEREAS**, the System conducted an open and competitive RFP process under the supervision, and with the assistance, of Supply Chain, in which 22 firms attended a pre-proposal conference of which twelve submitted proposals; and

**WHEREAS**, of the twelve proposals submitted, the four Contractors were given the highest ratings; and

**WHEREAS**, the awarded firms will be used on an as-needed basis without a minimum usage requirement; and

**WHEREAS**, the System’s Office of Quality and Safety through its Hospital Police and Security Department will be responsible for the management of the proposed contracts.

**NOW THEREFORE, be it**

**RESOLVED**, that New York City Health and Hospitals Corporation be and hereby is authorized to execute contracts with Arrow Security, GardaWorld Security Services, Mulligan Security LLC, and SLSCO Ltd. for security services at a not to exceed amount of \$323,700,000 for a contract term of one year and two six-month renewal options exercisable at the discretion of the System.

**EXECUTIVE SUMMARY  
HERRC SECURITY SERVICES  
AGREEMENTS WITH**

**Aron Security Inc. DBA Arrow Security, Mulligan Security LLC., GardaWorld Security Corporation DBA GardaWorld Security Services, Mulligan Security LLC, and SLSCO ltd.  
VENDORS**

**OVERVIEW:** The System began operating its Humanitarian Emergency Response and Relief Centers (“HERRCs”) in October 2022 as a response to the mass influx of asylum seekers arriving in New York City (“the City”). The System currently operates multiple HERRCs throughout the City for the provision of a range of holistic services to asylum seekers. Additional security services are required in order to ensure that each HERRC is a welcoming, safe space for every guest, client, and staff member. The System has long used temporary security services to augment its own forces to perform unarmed security services, the supervision of such services, fire watch services and fire safety director services. The proposed contracts will allow the System to utilize temporary security services on an as-needed basis to ensure the safety and well-being of every guest, client and staff member at each HERRC.

**PROCUREMENT** The System conducted an open and competitive Request for Proposals (“RFP”) to establish a pool of vendors to provide security services to the System on an as-needed basis. The RFP was sent directly to 7 prospective vendors, and 22 prospective vendors attended a pre-proposal conference. A total of 12 firms submitted proposals and, of the proposals submitted, the Evaluation Committee selected the top 4 rated proposers to provide security services to the System.

**COSTS; TERMS:** The total not-to-exceed cost for the proposed contract over its full, potential two-year term is not to exceed \$323,700,000.


Funding for these agreements will be covered by the City through an MOU with the New York City Mayor’s Office.

All security staff are required by law to be paid at the prevailing wage rate as set by the City Comptroller. As labor is the bulk of the cost for these services, price variation by vendor is not at issue as such variation exists based on variable management costs.

**MWBE:** An overall MWBE utilization goal of 30% has been established and accepted by the firms. Mulligan Security LLC has committed to a 35% utilization plan. GardaWorld Security Corporation DBA GardaWorld Security Services has committed to a 31% utilization plan. The other two firms, Aron Security Inc. DBA Arrow Security and SLSCO, Ltd. have committed to a 30% utilization plan.



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

Solicitation: RFP No. 2720 HERRC Security Services

Date: October 2, 2023

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

<u>Vendor</u>	<u>Vendor Responsibility</u>	<u>EEO</u>	<u>MWBE</u>
Aron Security Inc.	Approved	Pending	30%
Garda World Security Corporation	Approved	Pending	30%
Mulligan Security LLC	Approved	Pending	30%
SLSCO Ltd.	Approved	Pending	30%

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.



# **Humanitarian Emergency Response and Relief Centers (HERRCs) Security Services**

**Application to  
Award Contract  
Finance Committee  
October 16, 2023**

**Dr Ted Long and Chris Keeley  
Office of Ambulatory Care**

## For Committee Consideration

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- Authorizing the New York City Health and Hospitals Corporation (the “System”) to execute contracts with Aron Security Inc. DBA Arrow Security, GardaWorld Security Corporation DBA GardaWorld Security Services, Mulligan Security LLC, and SLSCO Ltd. for security services at a not to exceed amount of \$323,700,000 for a contract term of one year and two six-month renewal options exercisable at the discretion of the System.

## Background / Current State

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- Provide 24/7 security at HERRC sites operated by NYC Health + Hospitals
- Security is needed to ensure the safety of all guests, clients, and staff
- Two existing contracts
  - Aron/Arrow: Existing system-level contract
  - Mulligan Security: Emergency authorization contract
- Historical spend
  - Aron/Arrow: NYC Health + Hospitals has paid out \$28 million through August 2023
  - Mulligan: NYC Health + Hospitals has paid out \$1.8 million through August 2023
  - Both contracts price staff on hourly basis plus limited expenses for line items such as radios and cars
- No ancillary costs
- RFP was done to competitively bid for these services and identify additional vendors that may be well-suited to this work
- Multiple reference checks for both GardaWorld and SLSCO have been conducted to ensure reliable service provision and capacity to meet contract service needs
- NYC Health + Hospitals expenses will be covered by HERRC MOU with the Mayor's Office

# RFP Criteria

- Minimum criteria:
    - Three years in business performing similar services for a multi hospital system
    - M/WBE status, Utilization Plan, or Waiver Request
    - \$5 Million in annual revenue for each of the last three years
  - Substantive Criteria
    - 30% Relevant experience
    - 25% Readiness to deploy
    - 25% Cost
    - 10% Cultural competency
    - 10% MWBE
  - While “similar services for a multi hospital system” is a minimum criteria to submit a proposal, to ensure the selection of the strongest vendors the largest share of the scoring rubric was allotted to a vendor's relevant experience.
  - For this scoring tranche, vendors scored highest when they had experience providing security services in homeless shelters, transient settings, or working with the asylum seeker population.
- Evaluation Committee:
    - COO, Ambulatory Care
    - Deputy COO, Ambulatory Care
    - Program Director, HERRC
    - Assistant Director of Fiscal Affairs, HERRC
    - Chief Security Officer
    - Chief of Hospital Police

# Overview of Procurement

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- 06/27/23: Application to issue request for proposals approved by CRC
- 07/07/23: RFP Posted on City Record, sent directly to seven vendors
- 07/13/23: Pre-proposal conference held, 22 vendors attended
- 07/28/23: Proposals due, 12 proposals received
- 8/10/23: Evaluation committee debriefed and submitted final scores. Below are the highest rated proposers:
  - Aron Security Inc. DBA Arrow Security
  - GardaWorld Security Services
  - Mulligan Security
  - SLSCO Ltd.

# NTE Cost Analysis

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- Projected spend was calculated based on the need for security services at 19 HERRC sites (15 current sites + buffer sites.)
  - Monthly estimates are based on existing staffing models at each HERRC site.
  - Each site has staffing models based on site type, facility layout, and fire safety requirements.
  - Hourly rates for security staff are largely dictated by Local Labor Law, which sets minimum hourly wages for security staff working for City agencies. All aspects of hourly rates were competitively evaluated as part of the RFP that selected the vendors and are in line with current market conditions.




# Vendor Diversity

Vendor Name	MWBE Vendor	Subcontracted SOW	NYC/NYS	UP Goal %
<b>GardaWorld Security</b>	Overwatch Services LLP	Staffing	M/WBE	<b>31%</b>
	Asia Trading International	Uniforms	WBE	
<b>Mulligan Security</b>	McKenzie Associates	Staffing	M/WBE	<b>35%</b>
	Steadfast Security	Staffing	MBE	
<b>Arrow Security</b>	Explorer Security	Staffing	MBE	<b>30%</b>
	Doyle Security Services	Staffing	M/WBE	
<b>SLSCO Ltd.</b>	Allied Risk Management, Inc.	Staffing	WBE	<b>30%</b>

- The Vendor Diversity Team established a 30% goal on this contract and had extensive conversations with each vendor.
- GardaWorld increased utilization by outsourcing uniforms.
- The Vendor Diversity team worked with Mulligan’s primary subcontractor and NYC SBS to expedite an MWBE certification, which was confirmed on 9/25/23. Additionally, McKenzie Associates is a smaller black woman-owned security firm that Mulligan is working with in a capacity building framework.
- Arrow engaged an MWBE consultant to support their utilization plan. They have reached out to 8 MWBE security vendors and are in the process of undergoing a robust RFP process to select partners. Arrow has also committed to providing capacity building assistance such as training and back office support.
- SLSCO explored the potential to add uniforms and supplies, however, their MWBE staffing vendor provides uniforms and supplies as part of their service package.


# Vendor Performance History

 <b>Department of Supply Chain</b> <b>Vendor Performance Evaluation</b> <b>Aron Security (DBA Arrow Security)</b>	
<b>DESCRIPTION</b>	<b>ANSWER</b>
Did the vendor meet its budgetary goals, exercising reasonable efforts to contain costs, including change order pricing?	Satisfactory
Has the vendor met any/all of the minority, women and emerging business enterprise participation goals and/or Local Business enterprise requirements, to the extent applicable?	No
Did the vendor and any/all subcontractors comply with applicable Prevailing Wage requirements?	N/A
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)?	Satisfactory
Did the vendor submit its proposed subcontractors for approval in advance of all work by such subcontractors?	Yes
Did the vendor pay its suppliers and subcontractors, if any, promptly?	N/A
Did the vendor and its subcontractors perform the contract with the requisite technical skill and expertise?	Satisfactory
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	Satisfactory
Did the vendor adequately staff the contract?	Needs Improvement - some security staff will leave their post upon shift end regardless of whether their replacement has arrived or not
Did the vendor fully comply with all applicable safety standards and maintain the site in an appropriate and safe condition?	Satisfactory
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?	Satisfactory
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?	Satisfactory
Performance and Overall Quality Rating Satisfactory	Satisfactory

Improvements made - certain staff had left their post prior to relief arriving. Corrections have been made and consistently followed.



# Vendor Performance History

 Department of Supply Chain Vendor Performance Evaluation Mulligan Security	
DESCRIPTION	ANSWER
Did the vendor meet its budgetary goals, exercising reasonable efforts to contain costs, including change order pricing?	Satisfactory
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?	Yes
Did the vendor and any/all subcontractors comply with applicable Prevailing Wage requirements?	N/A
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)?	Satisfactory
Did the vendor submit its proposed subcontractors for approval in advance of all work by such subcontractors?	Yes
Did the vendor pay its suppliers and subcontractors, if any, promptly?	Yes
Did the vendor and its subcontractors perform the contract with the requisite technical skill and expertise?	Satisfactory
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	Satisfactory
Did the vendor adequately staff the contract?	Satisfactory
Did the vendor fully comply with all applicable safety standards and maintain the site in an appropriate and safe condition?	Satisfactory
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?	Satisfactory
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?	Satisfactory
Performance and Overall Quality Rating Satisfactory	Satisfactory

# Finance Committee Request

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- Office of Ambulatory Care is seeking approval to enter into contract with Aron Security Inc. DBA Arrow Security, GardaWorld Security Corporation DBA GardaWorld Security Services, Mulligan Security and SLSCO Ltd. to provide security services at a not to exceed amount of \$323,700,000
- Contract start date: November 1st, 2023 with a term of one year with two six-month renewal options
- NYC Health + Hospitals security expenses will be covered by HERRC MOU with the Mayor's Office



**NYC Health + Hospitals**  
**Finance Committee Meeting**  
**October 16, 2023**



# FY23 Year-End Highlights

- The system closed June with **\$746 Million (29 days cash-on-hand)**.
- Closed June with a **Negative Net Budget Variance of -\$47.7M (0%)**
- Direct Patient Care Receipts (I/P and O/P) came in **\$4.8M higher than the same period in FY22** largely due to return of OP services in FY23, offsetting losses in IP services.
- Patient care **volume** in FY23 **has returned to pre-COVID levels**, and is 8% ahead of FY20 pre-COVID 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 surpassed our FY23 target of \$675.6M, generating over \$830M. Areas of strongest net performance include:
  - **Value-Based Payment Initiatives and Managed Care Initiatives (\$352M)**; driven by Managed Care High Cost Outliers
  - **Revenue Cycle Improvement (\$269M)**; driven by Financial Counseling Enhancements and CDI Improvement
  - **Growth & Service Line Improvements (\$201M)**; driven by 340B and IP Business Plans

- The system is estimated to close September with approximately \$950 Million (35 days cash-on-hand).
- The system also expects to close October with approximately \$700 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**

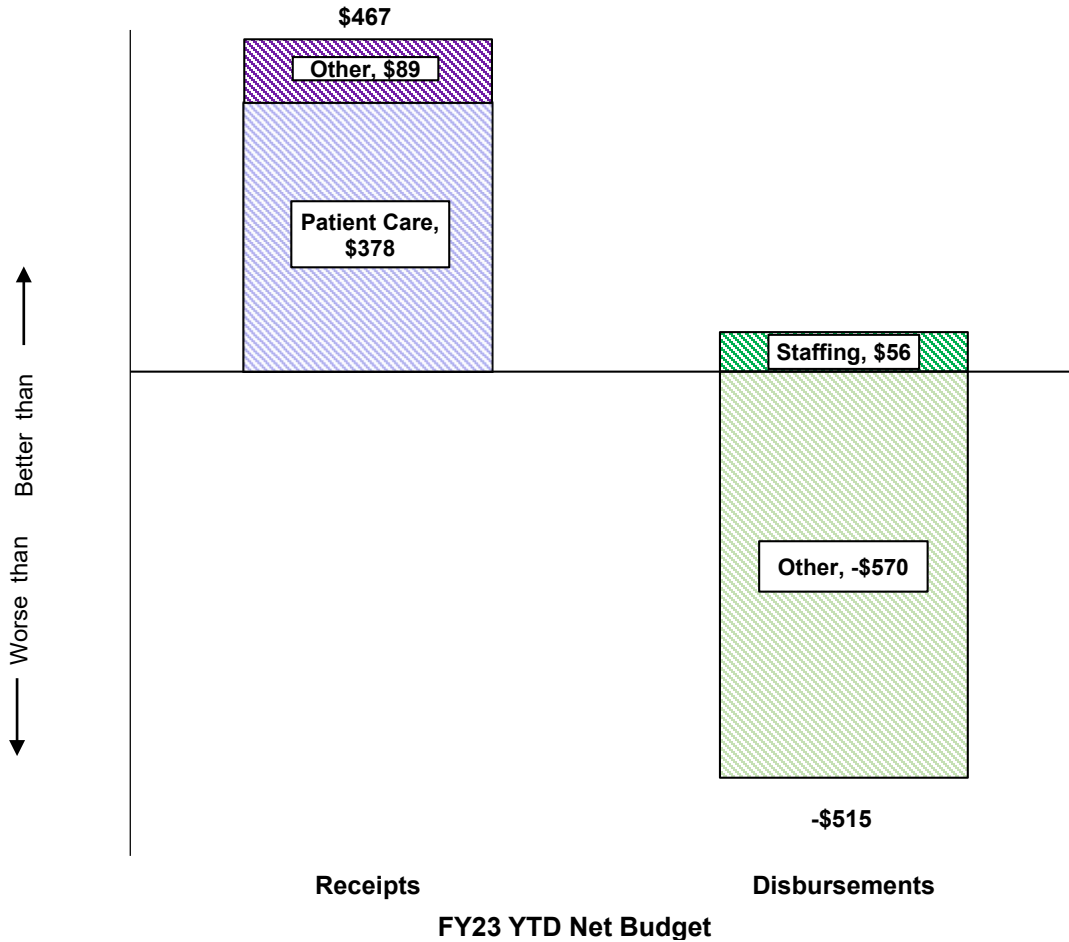
## **FY 2023 June YTD**



### Highlights

Ended June with a net budget variance of **-\$47.7M 0%** where

- Receipts exceed budget by \$467M Primarily driven by Patient Care Risk Revenue. Risk is higher due to improved PMPM and other PY reconciliations.
- Disbursements exceed budget by \$515M, which includes expenses associated with Temp coverage costs, and OTPS discretionary spend in medical/surgical supplies, pharmaceuticals.



**Notes:**

1. Test and Treat not included in the Net Budget Variance.

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

- IP/OP rates, volume, and cash performance (**\$194M**) - 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 4% and rates ahead of target by 4%. Unbudgeted Medicare and Medicaid appeals are also driving a positive variance (+\$90M).
- Risk Pool Performance and Timing (**\$273M**) - ahead of budgeted target by 88% primarily due to CY22 Risk PMPM performance coming in better than planned. 18% of the variance due to unbudgeted reconciliations being collected this year.

Summary Receipts Performance (FY23 thru Jun)	YTD Variance against Budget (\$M)
IP/OP Volume, Rates, and Cash Performance	\$193.9
Risk Pool	\$273.0
<b>Grand Total</b>	<b>\$466.9[+5%]</b>

*\*excludes testing*

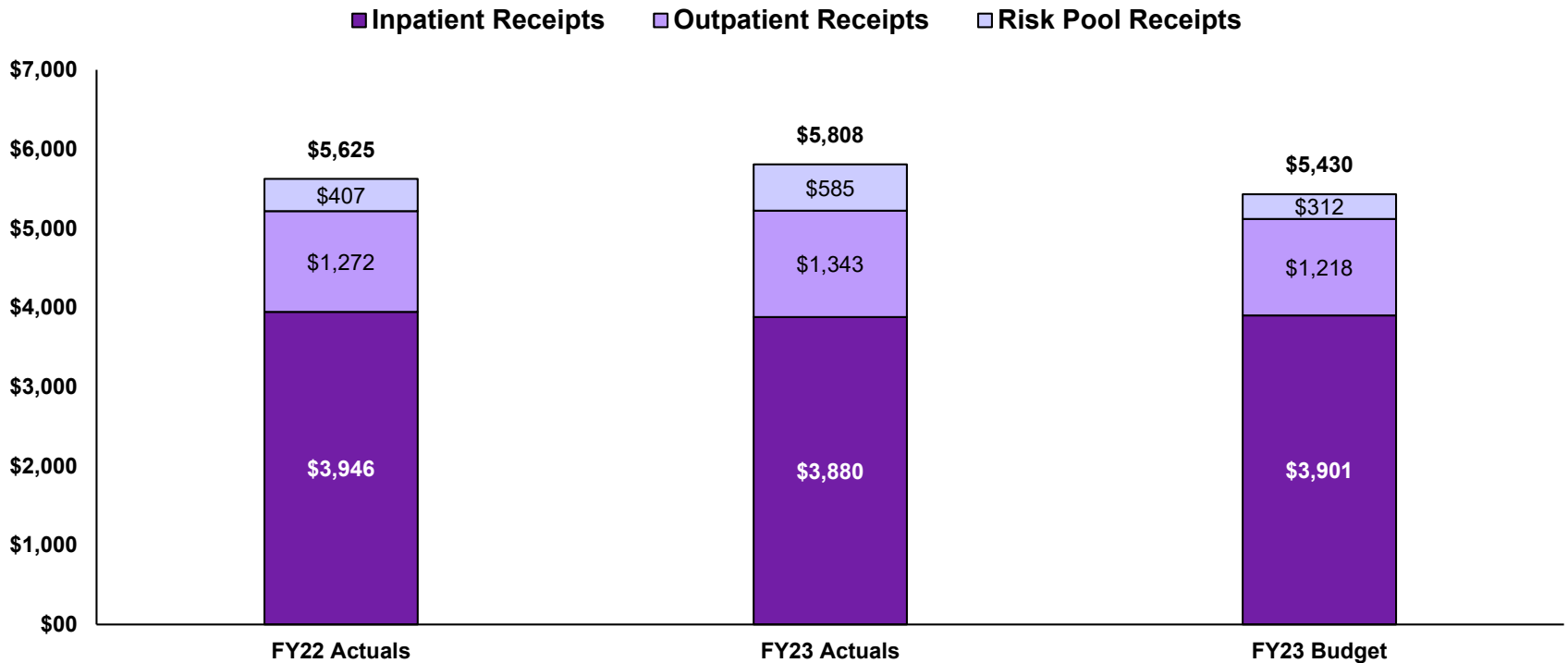


Cash disbursements are over budget by 6% primarily from Temp spending and Agency costs exceeding target as well as other discretionary spending.

- 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 **(-\$272M)**
  - Other Discretionary Spend **(-\$242M)** - overspending driven by medical & non medical supplies, and pharmaceuticals

Summary Disbursements Performance (FY23 thru Jun)	YTD Variance against Budget (\$M)
Agency Patient Care Temp Staffing Coverage	(\$272.2)
Other Discretionary Spend	(\$242.4)
<b>Grand Total</b>	<b>(-\$514.6) [-6%]</b>

- FY23 direct patient care revenue (I/P & O/P) is \$4.8M higher than FY22 actuals.
- Patient revenue decreases year-over-year can be partially attributed to Managed Care UPL coming in \$84M lower than FY22. This decrease is offset by higher OP revenue netting to \$4.8M.
- Compared to same time last year, discharges are up 2.9%, visits are up 5.1% (excluding testing), and Case Mix Index (CMI) is slightly lower by -1.2%.



# Revenue Cycle



## AR Days Declined by >13% Since January

- Worked toward 45 day target in FY '23
- Re-set goal for FY '24
  - 42 days for larger facilities
  - 38 days for smaller facilities
- Defining challenges, identifying opportunities, resolving collaboratively across NYC H+H



## Several Initiatives Identified

- AR Day Summits held with CFOs, Patient Account Directors and Revenue Cycle Services
- Identified Themes and translating to workplan

### Team Structure

- Continue training beyond the on-boarding processes/identify cross-training opportunities
- Establish specialty teams for targeted work
- Eliminate variation in workflow across facilities

### Optimization

- Enhance collaboration with clinicians
- Establish clear escalation pathways
- Identify issues not addressed in current staffing structure and develop workflows

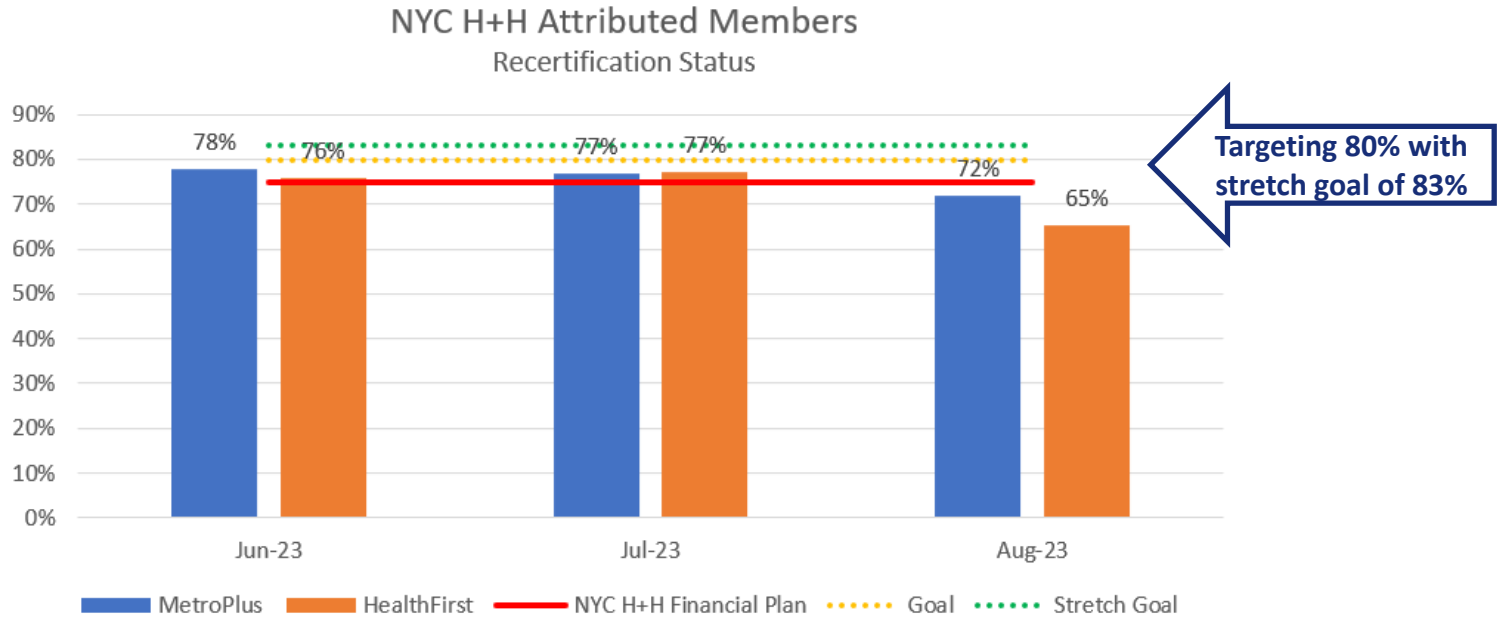
### Metrics

- Publish goals and reinforce metrics with teams on an ongoing basis
- Focus on “clean claim” production
- Develop new metrics quickly to track progress of new initiatives



# Medicaid Recertification results are in line with NYC H+H Financial Plan

- Tracking well against NYC H+H Financial Plan (FP)
  - FP assumes attributed membership will decline by about 25% by June 2024
  - NYC H+H facility-attributed membership actually *increased slightly* from June to August 2023
- NY Statewide 83% of June Cohort, 82% of July and 78% of August cohort have renewed, with NYC lagging slightly behind the rest of the state (as of 8/31/23)
- Renewal rates include transitions between lines of business, with 10% and 6% of Medicaid recipients who recertified statewide transitioning to EP and CHP, respectively
- Ongoing analysis of outcomes for those that didn't renew, but early indications that includes those with other coverage, no longer eligible, switching plans or not completing process



Data from MetroPlus as of 9/25/23 and HealthFirst as of 9/7/23. Please note that members due for recertification can recertify through the end of the following month with no break in coverage if they remain enrolled with the same plan in the same line of business (and selected members with coverage through LDSS/HRA can recertify for an additional 4 months).

- Staff Recruitment/Retention
- Temp Services Costs
- Supply Chain/Inflationary Pressures
- City/State Budget Challenges
- Federal Budget/Regulatory Impacts
- Medicaid Recertification

**FY24**

**VBP Update**





# VBP Priorities for FY24

<b>Grow and retain VBP membership</b>	
Prioritize recertification of Medicaid coverage	Green
Work to optimize Managed Care enrollment of our primary care physicians to pair members with providers with best schedule access	Yellow
<b>Grow premium revenue base in VBP contracts</b>	
Expand outreach to disengaged patients in our value based contracts to actively close gaps in care	Green
Collaborate with Revenue Cycle Services to assess accurate diagnosis capture on polychronic attributed members and members with social needs	Green
Enhance scheduling to improve access and patient satisfaction (CAHPS) scores	Yellow
<b>Improve quality and efficiency of care delivery</b>	
Engage clinical teams to scale best care practices for patients with asthma and congestive heart failure	Green
Assess quantitative and qualitative impact of ongoing H+H care management programs on members of our VBP contracts	Yellow
Engage post-acute care teams in VBP program opportunities	Yellow

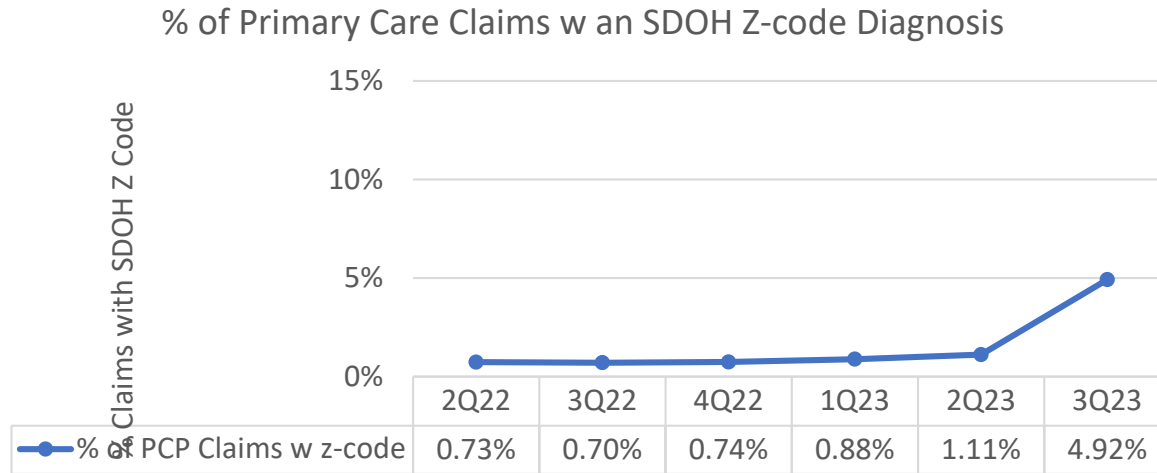


# VBP Priorities for FY24:

## Grow premium revenue base in VBP contracts

- **Better documentation of Medicaid CRGs**

- August 23: Implemented Epic functionality to translate Social Determinant of Health screenings administered to patients in primary care clinics into z codes valued on claims billed to payers. Claims now better capture these diagnoses and the data will be used by NYS to adjust premium revenue distributed to Medicaid payers (that can be earned by NYC H+H in our VBP contracts)



## **VBP Priorities for FY24:** **Grow premium revenue base in VBP contracts**

- **Better documentation of Medicare HCCs**
  - From December 22 – July 23, NYC H+H risk acuity for attributed Healthfirst Medicare members increased from 1.175 to 1.189 (*1% increase*); Healthfirst's network average is 1.167.
  - One way that NYC H+H is working to improve our scores is through our 3M vendor, who now can create physician alerts WITHIN EPIC to flag diagnosis gaps while a physician is reviewing a patient's chart. NYC H+H is currently working with 3M to create reporting to help us monitor how well our providers are responding to these Epic alerts.

## ACO Performance Year 2022 Results 10 Consecutive Years of Success

### Performance Results for the Current Contract:

	PY 2019	PY 2020	PY 2021	PY 2022	Total (2019-2022)
Savings to Medicare (\$)	\$7,799,972	\$15,712,618	\$5,451,716	\$10,907,994	\$39,872,300
Quality Score (%)	92.17%	96.87%	79.54%*	74.65%*	
Earned Performance Payment (\$)	\$4,621,337	\$11,415,300	\$4,007,011	<b>\$8,017,376</b>	\$28,061,024

### Total Savings and Earned Performance Payment (2013-2022):

- Total Savings to Medicare: \$83,671,901
- Total Earned Performance Payment: \$47,134,253

\* New ACO Quality Scoring Methodology

# City Initiatives:

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

# Test and Treat Final Financial Update

From FY21 through FY23, H+H has incurred \$2.94B in T2 expenses

Program Area	Total FY23 Committed Expenses
Testing	\$ 169.3M
Tracing	\$ -
Take Care	\$ 16.0M
Vaccine	\$ -
Data Analytics, Program Management, and Public Awareness	\$ 58.9M
<b>Total Expenses</b>	<b>\$ 244.2M</b>

# HERRC Financial Update

- H+H incurred \$468.8M of HERRC expenses in FY23
- OMB has provided H+H with revenue through the HERRC MOU with the Mayor’s Office to cover committed expenses to date

HERRC Expense Category	Total FY23 Committed Expenses
Contracted Staff & Program Administration*	\$ 218.5M
Rent, cleaning	\$ 177.0M
Food	\$ 34.7M
Supplies	\$ 14.9M
Miscellaneous Costs	\$ 23.7M
<b>Total Expenses</b>	<b>\$ 468.8M</b>

\* Includes H+H staff expenses

# Appendix

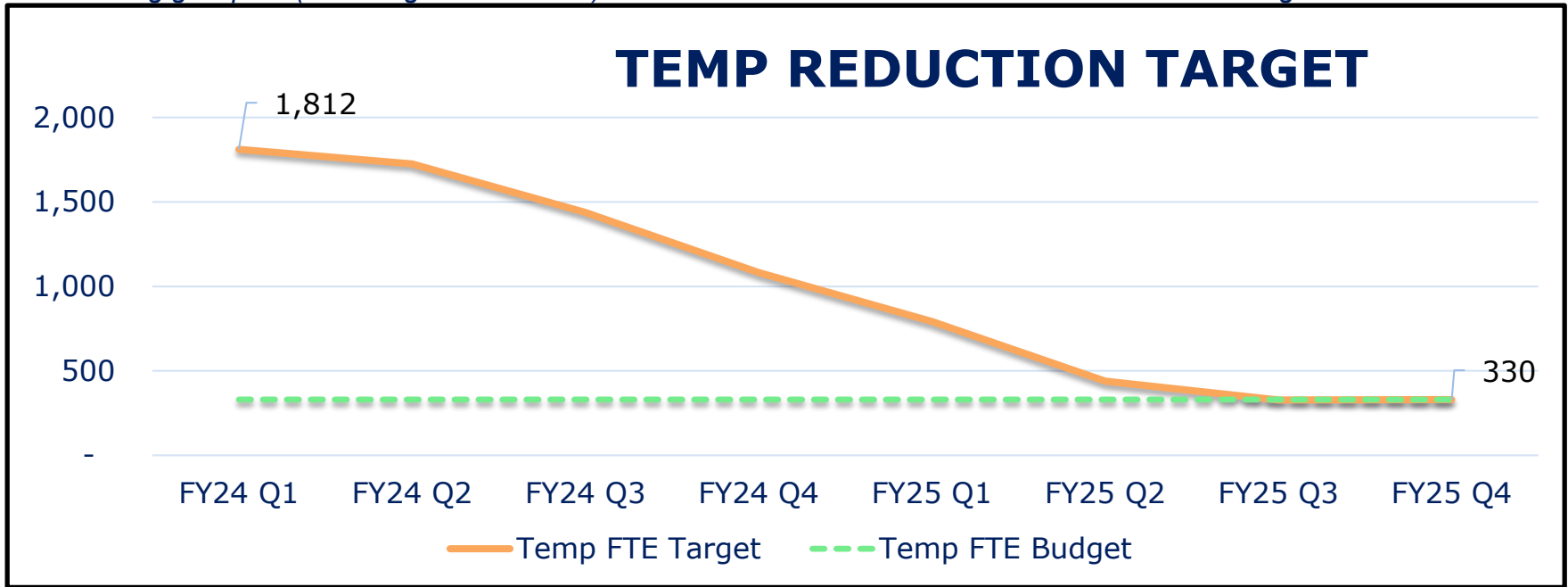




# Over the next 18 months:

Glidepath to budget assumes that H+H will reduce 1,480 contract RN's by the second half of FY25

*The nursing glidepath (shedding contract RNs) is critical to the successful execution of the FY24 budget*



- Temp RN ramp down assumed to start in FY24 Q2, reaching target by the second half of FY25.
- By the end of FY24, **58%** of excess temps are expected to be shed.
- As of September, Temp RN rates have decreased 3%.

