FINANCE COMMITTEE AGENDA

Date: May 6, 2024
Time: 11:00 A.M.
Location: 50 Water Street, 17th Floor,
Boardroom – In Person

I. **Call to Order** *Freda Wang*
Adoption of the March 11, 2024 Minutes

II. **Financial Update** *John Ulberg*

III. **Old Business** Freda Wang

IV. **New Business**

V. **Adjournment**

Finance Committee MEETING – March 11, 2024

As Reported By: Freda Wang

Committee Members Present: Mitchell Katz, MD, Freda Wang, José Pagán, Sally Hernandez-Piñero (virtual)

CALL TO ORDER

Ms. Wang called the meeting of the New York City Health + Hospitals Board of Directors Finance Committee Meeting to order at 11:04 a.m.

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

Ms. Wang called for a motion to approve the January 8, 2024 minutes of the Finance Committee meeting.

Upon motion made and duly seconded the minutes of the Finance Committee meeting held on January 8, 2024 were adopted.

Overview of HERRC Financial Update

Dr. Ted Long commenced the presentation with an overview of the HERRC program and a financial update. H+H currently oversees 15 H+H HERRC sites serving approximately 24,000 daily guests. At the 24/7 Arrival Center, over 115,000 asylum seekers have been served to date. H+H committed $465M of HERRC expenses on behalf of the City in Q2 of FY-24. In January, H+H participated in a Citywide asylum seeker PEG, which achieved $1.7B Citywide across FY-24 and FY-25. These savings were derived from operational efficiencies at HERRCs, reduced service costs, transfers of costlier shelters to non-profit operators, and revisions to the asylum seeker census forecast. In the City’s January Plan, H+H budget for the HERRC program is $1.7B in FY-24 and $1.8B in FY-25. OMB has provided H+H with revenue through the HERRC MOU with the Mayor’s Office and remains committed to continue covering all HERRC expenses moving forward in FY-24 and FY-25.

Ms. Wang polled the Committee for questions.

Mr. Pagán commended the team for all their hard work. He added, that seeing the operation over the last few months and a couple of years, it is just very impressive.

Dr. Long thanked Mr. Pagán and added, that it makes him proud to be on H+H's mission to provide care in a variety of ways now to all those in need coming to our city.

Ms. Wang clarified that H+H's HERRC January Plan funding summary presented for the FY-24 $1.7B and FY-25 $1.8B, represent H+H's portion of the budget for the HERRCs, the team agreed.

ACTION ITEM: HERRC Site Administrative Staffing Services
Mr. Chris Keeley – Senior Assistant Vice President – Office of Ambulatory Care, read the resolution into the record and proceeded with the presented:

> **Authorizing New York City Health and Hospitals Corporation (the "System") to execute contracts with Rapid Reliable Testing NY LLC dba DocGo Inc., Medrite LLC dba Medrite Urgent Care, Cherokee Nation Management and Consulting, LLC, and Essey Group LLC dba The TempPosition Group of Companies for HERRC site administration staffing services at a not to exceed amount of $192,000,000 for a contract term of one year and two six-month renewal options exercisable at the discretion of the System.**

Mr. Chris Keeley began by providing the background and current state of NYC H+H's existing and newly contracted site administration staffing services for all HERRC sites operated by NYC H+H. Site administrative staffing currently provides 24/7 robust operational services across all HERRC sites and the Arrival Center. Some of the specific tasks include badge in and badge out management, line management, mailroom operations, bed assignments, managing lost and found, and short-term initiative supports such as federal work authorization clinics. The vendors hire and manage staff, ultimately reporting to the H+H manager on site, same as other vendors that report to H+H, such as laundry, food, and security.

The System currently holds contracts with two of the proposed HERRC vendors; DocGo and Medrite. The vendors' historical spend at NYC H+H was presented. HERRC has split site administrative staffing and clinical staffing into two contracts to identify additional vendors and improve each vertical's future state scopes of service. An RFP was done to competitively bid for these services and identify additional vendors that may be well-suited to this work. NYC H+H expenses will be covered by HERRC MOU with the Mayor's Office.

The NTE Cost Analysis, the MWBE analysis for each proposed vendor was presented, the performance evaluation for Rapid Reliable Testing dba DocGo and Medrite was also presented.

Mr. Keeley continued by presenting the vendor background and assignment for the two new vendors. Cherokee Nation Management and Consulting, LLC is a federally licensed Minority Business Enterprise with experience completing over 115 emergency preparedness and response projects. Experienced providing direct site administrative staffing for asylum seekers in the short-term, rapid construction transient settings. Cherokee have active recruitment pipelines across a variety of specialties and the agility to rapidly scale up or down in response to changing needs.

Essey Group LLC dba The TempPosition Group of Companies is highly experienced with HERRC work through their contract with NYC DHS, where they provide site administrative staffing for a cumulative 53 DHC HERRC sites. Essey Group LLC has working experience with NYC H+H's Arrival Center model and workflows including cot/room assignments and centralized intake.

Work will be assigned based on operational need, vendor capacity, and financial competitiveness. The contract terms allow contracts to be sunset at any time with less than 90-day notice, and work can be reassigned from a vendor with 30-day notice. No work is guaranteed under this contract. Lastly, when vendors are introduced to a site, the on-site H+H manager is responsible for operational integration and program leadership ensures strategic alignment. NYC site administrative staffing expenses will be covered by HERRC MOU with the Mayor's Office.

Ms. Wang polled the committee for questions.

Ms. Wang commented on the cost analysis. It was mentioned that we are seeing cost savings measures, or no net increases, which is a testament to our ability during the emergency to secure services competitively.

Mr. Keeley agreed and added that the previously emergency contracts were built off previously competitively bid contracts. When doing the emergency contracts, the team looks to and leans on prior competitively bid contracts, not that it was precisely the same work, but it was comparable types of administrative services. We were able to look at those and bring competitive bid pricing into those emergency contracts; that is why we are not seeing a big spike or drop in these, that those original ones had relatively competitive pricing.

Ms. Wang added, that getting a new diversified vendor that can help and be more specialized in the specific work breaking these contracts apart, it's terrific. But also goes to show that what we were doing before was also very well managed, which we appreciate. Another point to highlight, which came up a couple of times in your presentation, is having the H+H managers on site and then being able to manage the different needs at different sites and having the variety of contractors and having the flexibility to move them around and change them, that is all very well thought out.

Mr. Keeley added that also leads to one of the cost saving measures that Dr. Long was talking about, by having those managers on site we can help to drive changes in headcount, changes in footprint, efficiencies on how the sites are managed, and that’s where we have been able to gain a lot of the measures where we have our folks on site 24/7 so we can identify sort of when there is downtime and how to better gain efficiencies in reducing headcount at certain sites.

Dr. Long added that another example of that too is with food services. With had previously discussed this in great length, but a cost zero strategy of doing surveys to see what types of meals people would want and be able to bring meals that not only people would enjoy, but actually eat, we have reached a 98% food consumption rate. Almost every piece of food that is given out is nutritional and enjoyed eating by all of our guests.

Ms. Wang added that this is terrific and 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: Clinical Staffing Services
Mr. Chris Keeley – Senior Assistant Vice President – Office of Ambulatory Care, read the resolution into the record and proceeded with the presented:

> **Authorizing New York City Health and Hospitals Corporation (the “System”) to execute contracts with Medrite LLC dba Medrite Urgent Care, Rapid Reliable Testing NY LLC dba DocGo Inc., Acuity International, LLC (legacy: Comprehensive Health Services, LLC), and RCM Technologies (USA) Inc. dba RCM Health Care Services for HERRC clinical staffing services at a not to exceed amount of $211,300,000 for a contract term of one year and two six-month renewal options exercisable at the discretion of the System.**

Dr. Ted Long began by providing the clinical services scope for HERRC clinical staffing services. H+H currently operates 15 HERRCs as well as the City’s Arrival Center. All clients coming into the Arrival Center receive medical triage and assessments for short and long-term physical and behavioral health needs. Medical teams at the Arrival Center utilize a trauma-focused approach for both physical and behavioral health, provide vaccinations, and set up referrals for clients to the hospital system, when needed. At HERRC sites, H+H provides on-site social workers and medical resources as needed, particularly regarding infectious disease.

Mr. Keeley continued by providing the background and current state of NYC H+H’s existing and newly contracted HERRC clinical staffing services. The breadth of scope includes seeking vendors to continue providing these clinical services at the Arrival Center and on an ad hoc basis at HERRC facilities. The System currently holds contracts with two of the proposed HERRC vendors; DocGo and Medrite. The vendors historical spend at NYC H+H was presented. There are no ancillary costs for this contract. An RFP was done to competitively bid for these services and identify additional vendors that may be well-suited to this work. NYC H+H expenses will be covered by HERRC MOU with the Mayor's Office.

The performance evaluation for Medrite, Rapid Reliable Testing dba DocGo, Acuity International, LLC (legacy: Comprehensive Health Services, LLC) were presented.

The NTE Cost Analysis and the MWBE analysis for each proposed vendor were presented.

Mr. Keeley continued by presenting the vendor background and assignment for the two new vendors. Acuity International, LLC (legacy: Comprehensive Health Services, LLC) has 47 years of experience providing clinical staffing services, including significant experience working with the population and in shelter and transient settings. As was highlighted with their work during the early days of COVID, Acuity can scale at significant rates to meet any reasonable clinical demands.

RCM Technologies (USA) Inc. dba RCM Health Care Services has 45 years of experience providing on-site clinical staffing, including experience providing clinical staffing for NYC H+H. The vendor has experienced with City government, where they provide behavioral health clinical staff to the NYC Department of Education and NYC Administration for Children's Services.

As with other HERRC contracts, these vendors' work will be assigned based on operational need, vendor capacity, and financial competitiveness. The contract terms allow contracts to be sunset at any time with less than 90-day notice, and work can be reassigned from a vendor with 30-day notice. No work is guaranteed under this contract. Lastly, when new vendors are introduced to a site, the on-site H+H manager is responsible for operational integration and program leadership ensures strategic alignment. NYC site administrative staffing expenses will be covered by HERRC MOU with the Mayor's Office.

Ms. Wang polled the committee for questions.

Ms. Wang inquired regarding the historical spend section for the existing vendors, it was stated that we committed a certain amount to the existing contract, and to clarify and just to make sure that what is not used under that commitment ends with the new contract starting. The team agreed.

Ms. Wang 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: Medical Malpractice Claims Management Services

Mr. David C. Y. Cheung – Deputy Counsel – Office of Legal Affairs, 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 Gallagher Bassett Services, Inc. for the provision of Medical Malpractice Claims Management Services on behalf of the System for an initial period of three-years with two one-year renewal options, exercisable at the discretion of the System. The not-to-exceed amount for the anticipated five-year term is $35,850,000.**

Mr. Cheung began by providing the background and current state of the Medical Malpractice Claims Management Services at NYC H+H. The Office of Legal Affairs, Claims and Litigation Unit, manages all the medical malpractice claims against the System. Between 1500-1600 matters at any given time are handled in-house and by outside counsel. Claims Management Services by a Third-Party Administrator (TPA) are needed to manage the volume of claims and Medical Malpractice costs. The largest components of Medical Malpractice costs include settlements and payouts, and outside counsel legal fees. H+H receives funding from the City for costs related to Medical Malpractice defense as part of a longstanding agreement. TPA contributes to management of outside counsel and settlement costs. The Cost of Outside Counsel and Settlement Payouts as well as the TPA annual costs for FY-15 through FY-23 were presented.

Mr. Cheung continued by providing an overview of the scope of services. H+H has been using the same TPA since 2002. The annual contract cost is $6.14M with a contract expiration date of August 30, 2024. In April 2023, a Request For Information (RFI) was published in the City Register to determine whether other vendors had capacity to provide requested services. Five TPA vendors submitted responses and based on those responses H+H proceeded with an RFP. The scope of services from the RFP included early investigation, outside counsel supervision, tracking, monitoring, and reporting, electronic database management, regulatory compliance and reporting and maintaining indemnity and expense reserves.

An overview of the new vendor background and assignment was presented. The RFP selection committee chose Gallager Bassett out of a pool of 4 vendors that submitted proposals. The annual cost is projected to increase by roughly 15% from the current rate, which remained flat for the last 10 years, at approximately $7M per year. Several significant advantages of the new vendor were presented. Gallagher Bassett will be staffed with experienced medical malpractice lawyers. The vendor will have a dedicated IT/Technology team to migrate legacy data to the new System. In addition, the vendor will integrate a modern data system which will allow for data analysis and more insights to emerge from our claims data. Lastly, vendor reference checks were completed, and the vendor performed exceptionally well with other Systems.

The vendor diversity team analyzed the availability of MWBEs to perform the scopes of work identified for subcontracting and their capacity to perform at the scale of such scopes of work. The services under this contract will be self-performed by the winning vendors. The only identified subcontracting potential is related to the captive insurance program, which amounts to a very small portion of the overall contract value, approximately 5%. The winning vendor and H+H diversity team were unable to identify any MWBE vendors to provide these services. Accordingly, without any MWBEs available to perform any of the subcontracted work, no goal was set on this solicitation.

Ms. Wang polled the committee for questions.

Mr. Pagán asked if Gallagher Bassett is the current vendor. Mr. Cheung responded that Gallagher is the new vendor.

Mr. Pagán continued, for the current vendor in place since the number of settlement payouts has gone down a lot. When giving out these contracts, do we have a sense of what that would look like with a new vendor.

Mr. Cheung responded that we are hoping to continue the path towards reducing our medical malpractice payouts. The team that is being proposed would lead with providing enhanced services, because it will be a team of medical malpractice defense attorneys who have worked in law firms which is kind of unique to the other vendors including our incumbent. We are hoping to continue that path.

Ms. Cohen added, to clarify and address the question, they are not actually doing the medical malpractice legal work, they are doing a few upfront investigative services, for instance if an event happens that we hear about and they are helping rebill, they review and do some of the administrative kinds of services and they monitor what is happening with the clients. They are all carefully monitored by David’s team and underneath the legal work is done by some people on David’s team, or outside law firms, they are not the lawyers representing us in this.

Mr. Cheung responded, the in-house legal team determines what the most optimal resolutions would be, and the claims management team is more of the day to day, whether there is a past work done or completed on-time and whether they were done within what would be a reasonable budget for those tasks.

Ms. Wang added that this TPA may enhance the ability of the redline (annual settlement costs) to keep getting better.

Ms. Cohen agreed and added that there are many factors, but probably they will as they have the body of work even better than what we've had.

Ms. Wang added, it is providing the data that we couldn't have before and then they are attorneys. Ms. Cohen agreed and added that they are attorneys doing the monitoring with the higher level of stuff.

Ms. Wang polled the Committee for questions. There being no further questions, Ms. Wang 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-24 Quarter 2 Highlights. He conveyed that January closed with $468M (17 days cash-on-hand). The budget overperformed by 1% and closed Q2 with a positive Net Budget Variance of $63.9M.

Mr. Ulberg continued that direct patient care receipts came in $171M higher than the same period in FY-23 due to continued increases in IP and OP services in FY-24, and overall improved cash performance. IP Patient care volume in FY-24 has surpassed pre-COVID levels (1.3%) and OP visits are 9.8% ahead of FY-20 pre-COVID levels. Revenue base remains strong and resilient primarily driven by returning volume and higher average collectability rate over the base. Overall, our strategic Financial Initiatives are ongoing. YTD Q2 performance generated $573M against an annual target of $1.08B. Financial updates through this period are still in progress within areas of Revenue Cycle, Growth and System Efficiencies. Several areas of strong Q2 performance were noted.

Mr. Ulberg presented the cash projections for FY-24. The System is estimated to close February with approximately $450 million (16 days cash-on-hand) and expects to close March with approximately $600 million (21 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.

Mr. Ulberg continued presenting the external risks. Several areas of focus are Staffing Glidepath, temp services and sessional costs which continue to present a financial challenge. Full-time RN hiring is well ahead of target by 405 RNs, beating the glidepath, and temps will go down to target as soon as orientation is complete which ranges from 3 to 6 months, and potentially beating the 18-months glidepath target. A sessional and locum expense reducing glide path has been implemented and is assumed to start in FY-24 Q3, reaching target by the end of FY-25.

Dr. Katz commended Natalia for the great job in terms of hiring and making sure we do not have a temp nurse once we do not need them.

H+H is diligently working to address inflationary pressures which continue to present a strain on and risk to our cost reduction plans as we experience pharmacy and medical/surgical supplies inflationary challenges, pricing increases, higher volume and meeting higher acuity patient needs.

City and State budget challenges remain, and H+H has released its January Plan. H+H is working with OMB on the upcoming Executive Plan and has been informed there will be no PEGs in this plan. H+H has been reviewing the Governor’s Executive Budget and 30-day amendments and preparing for the Legislature’s one-house budgets.

Medicaid Recertification is currently meeting our budgeted recertification targets and continues to optimize our overall strategies to ensure that we stay on track.

Lastly, Change Healthcare (CHC) Cyberattack presents a new financial challenge to H+H. The incident has national impacts, primarily on health care provider ORGS, retail pharmacies, and payors, which use CHC technologies/services. The expected duration based on similar prior events is weeks to over a month. H+H will await guidance, likely to come from the FBI, on when it is safe to resume connections to CHC.

An overview of H+H’s CHC Migration Efforts Underway was presented by Ms. Karlin. In terms of Cash Flow management, H+H is closely working with our City, State, and federal partners to expedite approved funding to H+H and prioritize review and approval of pending initiatives and current year reimbursements. H+H is seeking Federal and State directives to direct insurance plans to provide advances to preserve cash flow, waive prior authorization requirements, waive timely filing requirements, and extend time frames for appeal. Revenue Cycle is accelerating implementation of previously approved Experian clearinghouse for eligibility and claims. Implementing alternative vendor for printing and mailing patient statements. Moved up the planned implementation of paperless billing for those MyChart accounts and addressing the increase in eligibility and self-pay work queues in priority order. Retail Pharmacy impacts roughly 10% of prescriptions; limiting dispensation to 14-day supply, and currently tracking all medication dispensed at risk, to rebill when systems are back online.

Ms. Wang asked if we will not continue with CHC moving forward as we transition to Experian?

Ms. Karlin responded that we are still a little unclear as CHC still has a lot of our remit files. Also, those that have come in since the outage on February 21st, we do need to get those from CHC, so we will need to reassess this connection with them. Enrolling with payers for remittances is a little bit more complicated and we will likely turn CHC back on for all our remittance files until we are sure that we can comfortably and completely change over to Experian for that. As of Thursday/Friday of last week, United was indicating that CHC will be back live for claims and for remits starting to test this Friday and claims next week or vice versa, and we have a decision to make, and we are getting together with the IT team to decide what we want to do about that and how to approach that. We can turn back to CHC if IT and security is fully comfortable with that and move back to plan A which was take our time with our Experian implementation or we have started the work with Experian to continue.

Ms. Wang asked that for the gap between February 21st until April 15th, we will have to still reconcile that part with CHC or can Experian step in.

Ms. Karlin responded that for claims we can just change it to Experian even if CHC had it in the queue. We do not know if they are going to be able to reconcile what they did or did not send for the period the outage started. We expect that they are not going to be able to fully reconcile. Similarly, with our statements to patients which also run through CHC. We have been in communication with them and there is a little window that they may never be able to know for a small segment. However, any data we are unsure about we will resend. NYS published a directive which is called the circular letter, the Department of Financial Services, for those providers impacted or interrupted due to CHC which we are certainly one of the most impacted, and we had to certify our insurance, we had already sent letters to them. Now we are filing a certification that they are to waive things like eligibility requirements, prior authorization, notice of admission, timing filing requirements and tolling requirements on appeals so that buys us some time. The cash flow mitigation the team has been working on is about us, the time to do this thoughtfully.

Ms. Wang added that we have about 12 weeks to start billing.

Ms. Karlin added we are not planning to wait this long before taking the next steps to start billing, we spoke with other vendors to try to expedite work who may be able to do this faster other than Experian as it was not our choice to go to a third vendor, but this is our best plan to get us live and running in the most comprehensive way.

Ms. Wang inquired regarding CMS potentially advancing any funds.

Mr. Ulberg responded that CMS and DFS, CMS laid out their framework of their expectations signaling to the insured, this would be the preferred behavior, and DFS took that guidance and now has operationalize it, which we received on Friday where there is an attestation process that we would have to go through all the different waivers. Timely filing again.

Ms. Wang added we are moving to a new vendor which is great and how can we protect against these things. We are certainly not alone in this.

Mr. Ulberg added that the capitation relation with Healthfirst and MetroPlus has helped us a lot.

Ms. Wang asked if Healthfirst is direct or just MetroPlus.

Ms. Karlin added MetroPlus is a direct relation.

Ms. Wang thanked the team for the update.

Ms. Tyler presented the financial performance highlights for FY-24 thru December Net Budget Variance. She noted that December ended with a net budget variance of $63.9M (1%). Receipts exceeded budget by $263M primarily driven by Patient Care Risk Revenue. Risk is higher due to improved PMPM and other PY reconciliations. Disbursement exceeded budget by $199M, which includes expenses associated with Temp coverage, affiliation, and PS/Overtime costs.

Ms. Tyler continued providing FY-24 thru December performance drivers updates. Cash receipts are 6% ahead of budget. Much of the overage can be attributed to Risk revenue exceeding target due to higher than anticipated PMPM and PY reconciliations. FY-24 thru December, cash disbursements are over budget by 4% primarily resulting from Temp spending and Agency costs exceeding target.

The revenue performance for FY-24 thru December was presented by Ms. Tyler. FY-24 direct patient care revenue (IP and OP) is $170.9M higher than FY-23 actuals. Patient revenue increases year-over-year can be attributed to Health Care Worker (HCW) Bonus, approved State Medicaid increases, Federal approved Billing UPL, overall increased volume and cash performance on revenue improvement initiatives.

Ms. Wang inquired on the Health Care Worker bonus.

Ms. Tyler responded that is a Medicaid bonus that came in to pay health care workers and there was an expense on one side and revenue on the other side, but we did not receive it last year. Mr. Ulberg added that it is a State initiative post-COVID.

INFORMATIONAL ITEM: OVERVIEW OF JANUARY 25 FINANCIAL PLAN

Mr. Cassidy provided an overview of the five-year financial plan, which is done in conjunction with the City of New York and counts as the basis of H+H’s submission to the Public Authority Accountability Board. The plan projects the System have a positive operating margin of $69M in FY-24 due in large part to anticipated Outpatient UPL Conversion revenue, favorable SFY23-24 State Budget changes, and Risk Pool performance.

The System projects a negative operating margin in FY-25 and FY-26 of $51M and $49M, respectively, driven by reduced COVID FEMA revenue assumptions and NYSNA Collective Bargaining Costs. Over each of the three years, the System anticipates stable and relatively consistent ending cash balances between $715M and $815M, approximately 25-30 days cash-on-hand. The plan includes strategic initiatives totaling $2.2B in FY-24, growing to $2.3B by FY-28 in order to partially offset the negative impact of DSH cuts, slated to begin during FFY-2024. Growth in Strategic Initiatives is expected to protect the System in the event that the cuts are not further delayed. Finally, this plan includes expenses and partially offsetting funding from the City associated with the NYSNA Collective Bargaining agreement. H+H will continue to advocate for additional City support to fund the bulk of the agreement.

Ms. Wang polled the Committee for questions. There being no further questions, Ms. Wang thanked the team.

ADJOURNMENT

There being no further business before this committee, the meeting adjourned at 12:02 PM.

NYC Health + Hospitals
Finance Committee Meeting
May 6, 2024

FY24 Quarter 3 Highlights

- The system closed March with **$708 Million (26 days cash-on-hand).**

- Closed YTD Feb with a **positive Net Budget Variance of $155.7M (1%).**

- Direct Patient Care Receipts (I/P and O/P) came in **$325M higher than the same period in FY23 due to** continued increases in IP and OP services in FY24, UPL Conversion, and overall improved cash performance.

- IP Patient care volume in FY24 has surpassed pre-COVID levels (1.5%), and OP visits are 9.3% ahead of FY20 pre-COVID levels. Revenue base remains strong and resilient primarily driven by returning volume and higher average collectability rate over the base.

- Strategic Financial Initiatives are ongoing. YTD Q3 performance generated $824.7M against an annual target of $1.08B. Financial updates through this period are still in progress as some initiatives have been impacted by the interruption of Change Healthcare. Initiatives with strong Q3 performance remain as follows:
  - Managed Care Initiatives High Cost Outliers ($167M);
  - Completed Managed Care Contract Negotiations ($71M);
  - and Financial Counseling Enhancements ($66M)

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FY24 Cash Projections

- The system is estimated to close April with approximately $600 Million (21 days cash-on-hand).

- The system expects to close May with approximately $600 Million (21 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.

Managing Risks

Risk	Status
Staffing Glidepath (Temp and Sessional Costs) ○ Full time RN hiring is well ahead of target by 575 RNS, beating the glidepath, and temps are meeting the glidepath reduction targets as orientation is completed (orientation can range from 3 to 6 months). Temp reduction may potentially beat the 18 months glidepath target. (See Appendix #1) ○ A sessional and locum expense reducing glide path has been implemented and is assumed to start in FY24 Q3, reaching target by the end of FY25.	
Inflationary Pressures ○ Facilities submitted gap closing plans to reduce spend and generate revenue. Timing to achieve the spend reductions is at risk due to increased pharmacy and Medsurge Supply costs driven by inflationary challenges, increased patients, and higher acuity patients that require more expensive drugs and services. ○ Medsurge spending is projected to increase 46% since FY19, driven by inflation and increased volume.	
City/State Budget ○ The City's Executive Plan was released on April 24th. There were no additional PEGs in this plan. ○ SFY24-25 Enacted State budget passed on April 20th. H+H continues to review the impacts, summary of major provisions detailed on the next slide.	
Medicaid Recertification ○ We are currently meeting our budgeted recertification targets and continue to optimize our overall strategies to ensure that we stay on track.	
Change Healthcare (CHC) Cyberattack ○ The incident has national impacts, primarily on health care provider orgs, retail pharmacies, and payors, which use CHC technologies/services. H+H has reconnected with CHC for pharmacy and has connected to Experian for claims processing and eligibility transactions. We continue to wait for responses from some health plans regarding waivers as outlined by Department of Financial Services Circular Letter.	

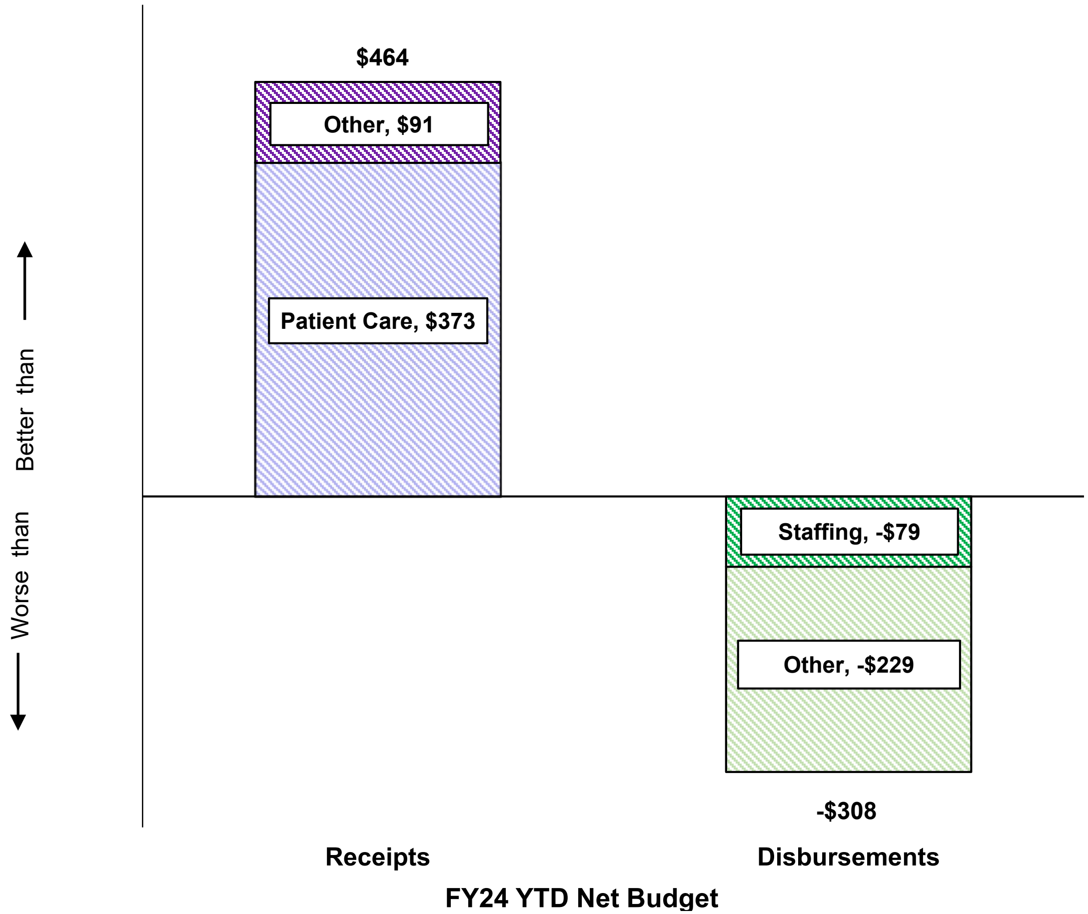
SFY24-25 Enacted Budget Highlights

Positive	Negative

▪ Hospital and NH Medicaid Rate increases
▪ Expands Access to Primary Care
▪ Essential Plan and Medicaid Coverage Provisions
▪ Safety Net Transformation Program
▪ Behavioral Health Investments include:
  ▪ Increased OMH COLA, new loan forgiveness for Mental Health Clinicians, and continued funding for BH Recruitment and Retention
▪ Workforce Proposals
  ▪ Extends authorization for Pharmacists, NP Modernization Act and certain NPSO Services
  ▪ Maternal Health – 20 hours paid prenatal leave and postnatal 30-min paid leave to express breast milk
▪ Health Care Stability Fund/HMO Tax
	▪ Partial Reduction in Managed Care Quality Pools
	▪ 10% Capital Reimbursement Cuts on top of existing 10% Cut for Hospitals and 5% Nursing Homes
	▪ 1% Across The Board Cuts to Health Plans

Financial Performance
FY 2024 YTD Feb

FY24 thru Feb
Net Budget Variance



Highlights

Ended Feb with a net budget variance of $155.7M 1% where

- Receipts exceed budget by $464M Primarily driven by Patient Care, and Risk Revenue. Risk is higher due to improved PMPM and other PY reconciliations.
- Disbursements exceed budget by $308M, which includes expenses associated with Temp coverage, Affiliation, Discretionary OTPS, and Overtime costs.

Notes:

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

Drivers of Revenue Budget Variance

Cash receipts are 9% ahead of budget. Much of the overage can be attributed to Risk revenue exceeding target due to higher than anticipated PMPM and PY reconciliations

- IP/OP rates, volume, and cash performance **($137.2M)** - IP discharges are 2% ahead of budget. OP cash ahead of target largely due to Acute site volume, rates, professional billing, PY appeals & settlements, and cash performance exceeding target.

- Risk Pool Performance and Timing **($263.4M)** - ahead of budgeted target by 79% primarily due to CY23 Risk PMPM performance coming in better than planned. 26% of the variance due to unbudgeted reconciliations being collected this year.

- Other revenue exceeding target **($63.2M) –** Miscellaneous revenue primarily Retail Pharmacy, interest payments, and other administrative collections.

Summary Receipts Performance (FY24 thru Feb)	YTD Variance against Budget ($M)
IP/OP Volume, Rates, and Cash Performance	$137.2
Risk Pool	$263.4
Other	$63.2
Grand Total	**$463.73[+9%]**

Cash disbursements are over budget by 5% primarily from Temp spending and Agency costs exceeding target

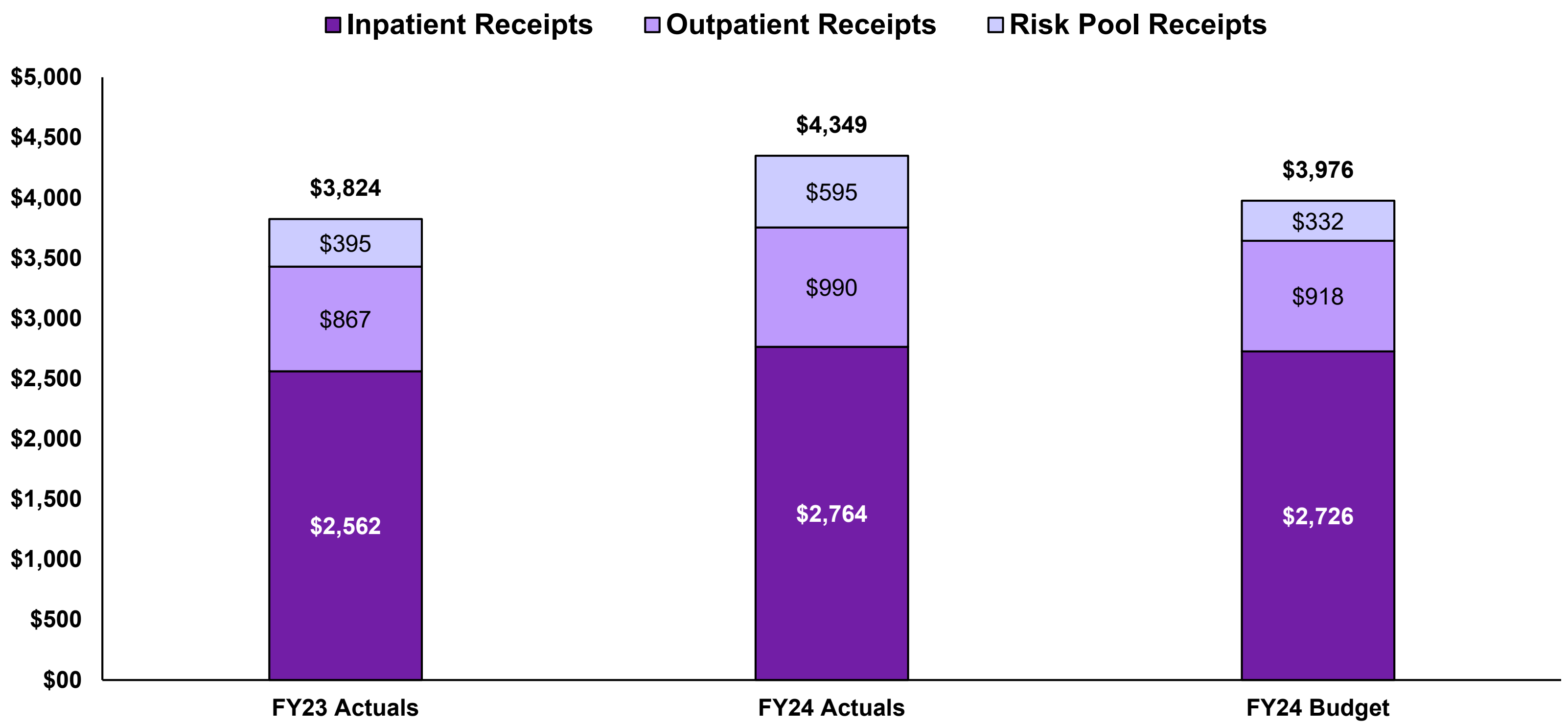
- The System has redirected its attention to full time recruitment & retention of H+H and Affiliate patient care staff in alignment with established staffing models to support our clinal services and overall volume increases. As the hiring ramps up, excess temp expenses should start to decrease as outlined in the System's glide path. **(-$174.7M)**
  - Temps **(-$130.3M)** – Primarily RN
  - Affiliations **(-$44.3M) -** Sessional and locum usage

- Personnel Services including Overtime **(-$34.3M)**
- Other Discretionary spend (**-$99.1M)** – Pharmaceuticals and med surge supplies

Summary Disbursements Performance (FY24 thru Feb)	YTD Variance against Budget ($M)
Agency Patient Care Temp Staffing Coverage	($130.3)
Affiliations	($44.3)
PS/OT	($34.3)
Other Discretionary Spend	($99.1)
Grand Total	**(-$308.04) [-5%]**

FY24 thru Feb
Revenue Performance

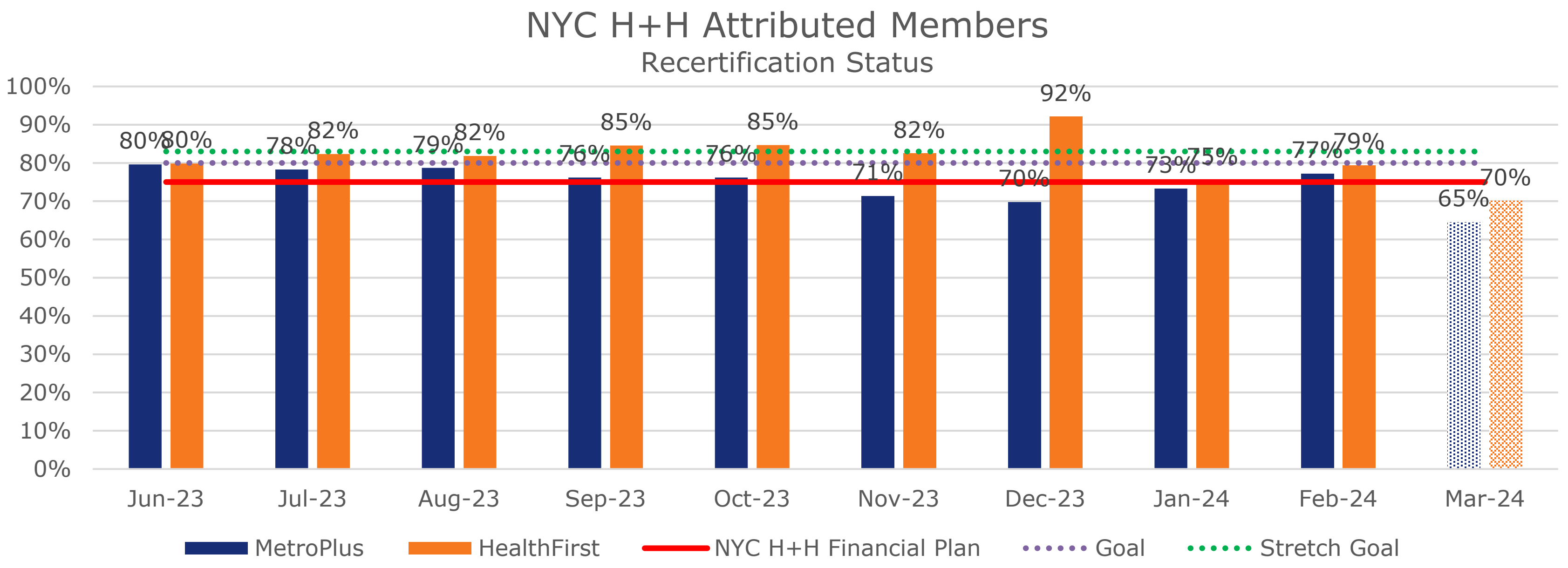
- FY24 direct patient care revenue (I/P & O/P) is $325.2M higher than FY23 actuals.
- Patient revenue increases year over year can be attributed to approved State Medicaid increases, Federal approved Billing UPL, overall increased volume and cash performance on revenue improvement initiatives.
- Compared to same time last year, discharges are up 2.7%, visits are up 4.8% (excluding testing), and Case Mix Index (CMI) is slightly higher by 0.5%.



Revenue Cycle

Recertification Results Remain in Line with NYC H+H Financial Plan 2/3rds of the Way Through Unwind

- NYC H+H averaging 79% of June 2023 – February 2024 cohorts recertified for biggest health plan partners
  - Recertification % for MetroPlusHealth members has trended down slightly during the fall/winter
  - Recertification %s for MetroPlusHealth and HealthFirst members dipped over winter holidays but are showing signs of recovery in February and March 2024, which is not complete
  - Atypically high recertification % for Healthfirst for December 2023 cohort is primarily driven by automatic extension of coverage for large cohort of aged, blind and disabled members with coverage through LDSS-HRA who were due for recert in that month



Data from MetroPlus as of 4/29/24 and HealthFirst as of 4/18/24. 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).

REVENUE CYCLE SERVICES

NYC H+H CONTINUING TO MAKE PROGRESS IN RECOVERING FROM CHANGE HEALTHCARE CYBERATTACK

Change Healthcare, NYC H+H Vendor for Claims Clearinghouse, experienced a Cyberattack on 2/21/24

CASH MITIGATION

- Continuing to work with our City, State, and federal partners to expedite approved funding to H+H and prioritize review and approval of pending initiatives and current-year reimbursements.
- Notified National Government Services (NGS) about the interruption in order to avoid PIP timeliness reviews; Medicare payments have been steady.
- Insurance payments are starting to come in based on recent claims submissions.
- Ongoing conversations with managed care partners to afford leniency related to timely filing and appeals deadlines.

REVENUE CYCLE OPERATIONS

- **STATEMENTS**: Accelerated planned implementation of paperless billing – ***Live 2/28*** ✓
- **CLEARINGHOUSE**: Expedited planned 7/1/24 implementation of Experian for eligibility, authorization, claims and remits

  ELIGIBILITY
  - Manual eligibility portal for end users – ***Live 3/18*** ✓
  - Batch Eligibility – ***Live 4/1*** ✓
  - Real Time Eligibility – Estimated go-live 6/1

  CLAIMS
  - Claim submission - ***Live 4/1; up-to date 4/17/24*** ✓
  - Dental Claims outstanding

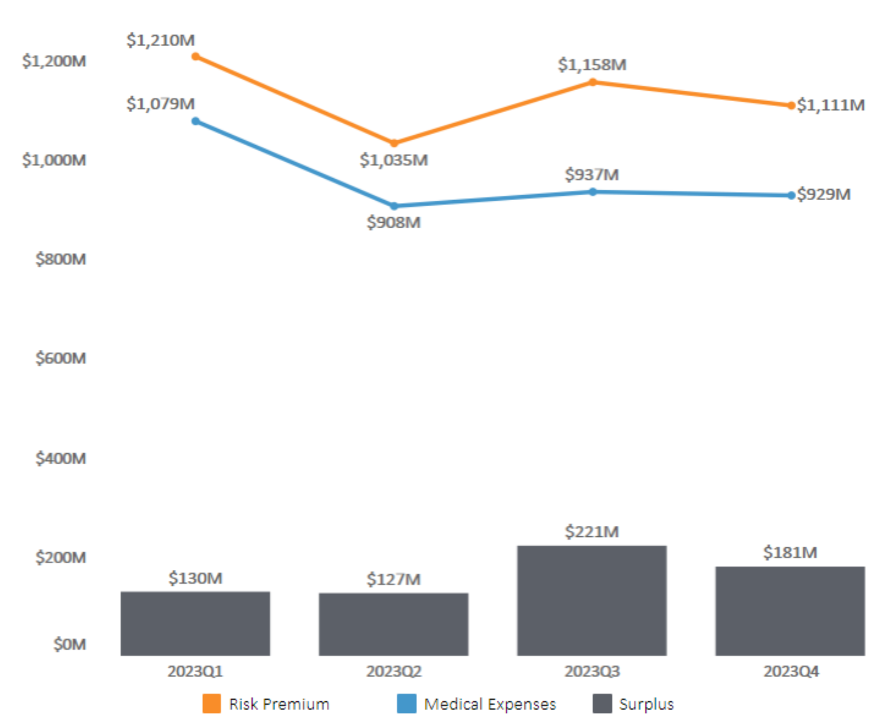
  REMITS
  - Reconnected with Change Healthcare for some payers
  - Estimated go-live with Experian 6/1
- Continue to optimize Experian implementation in the weeks and months ahead.
- Working with facilities to address backlogs in eligibility and claims/denial follow-up

FY24

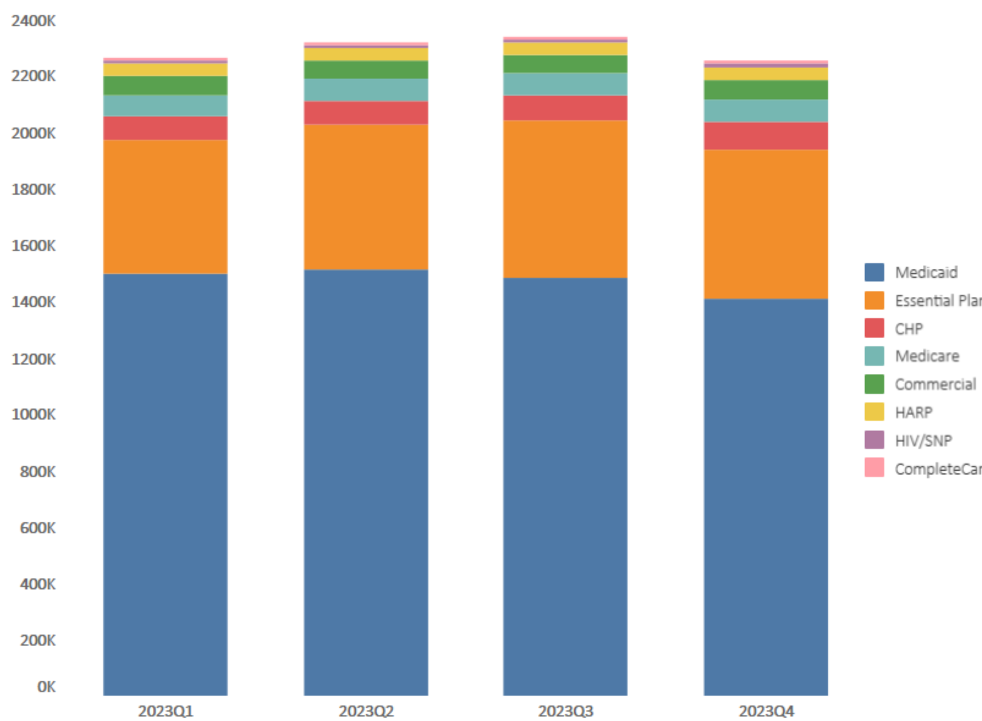
VBP Update

Risk Surplus Update – YE 2023

Risk Premium, Medical Expenses, and Surplus Trend



Member Months by Product



- Significant surplus payments achieved in 2023, but expecting much less surplus in 2024 due to NYS Medicaid and Healthfirst Medicare premium rate cuts against consistent medical spend.
- Membership remaining mostly flat due to strong Essential Plan performance and high Medicaid recertification rates.

Recent Changes in NYC Insurance Market

Starting July 2023, Medicaid Recerts contributing to growth in Essential Plan membership*

Starting 1/1/24, Medicaid Managed Care coverage for undocumented seniors

Starting 4/1/24, Essential Plan 200-250 providing new, better coverage for individuals struggling to afford QHP coverage from HIE.

*Essential Plan Provider reimbursement rates now set to 225% of Medicaid since 1/1/2023

City Initiatives:

Humanitarian Emergency Response and Relief Centers (HERRC)

HERRC Financial Overview

- H+H currently oversees 14 H+H HERRC sites serving ~24,000 daily guests
  - A reduction of one HERRC site since Q2 close.
- Over 131,000 asylum seekers have been served at the 24/7 Arrival Center
- H+H committed $1.2B of HERRC expenses on behalf of the City through Q3 of FY24
- H+H's HERRC Executive funding summary is:

Fiscal Year	FY24	FY25
Total	$1.6B	$1.7B

- OMB has provided H+H with revenue to cover committed expenses to date through the HERRC MOU with the Mayor's Office.

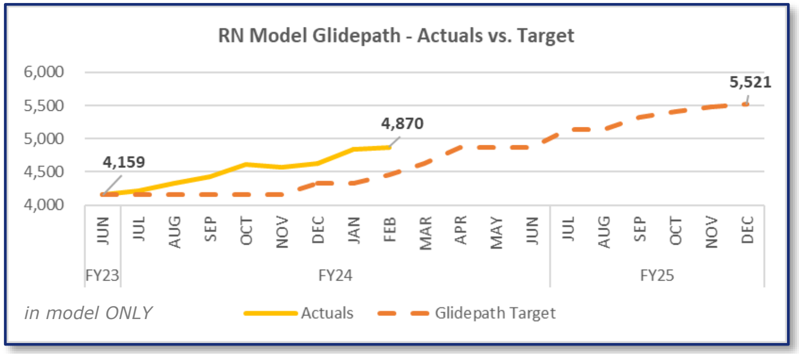
Appendix

Appendix 1

FY24/25 RN & Allied/Non-Clinical Glidepaths Update*

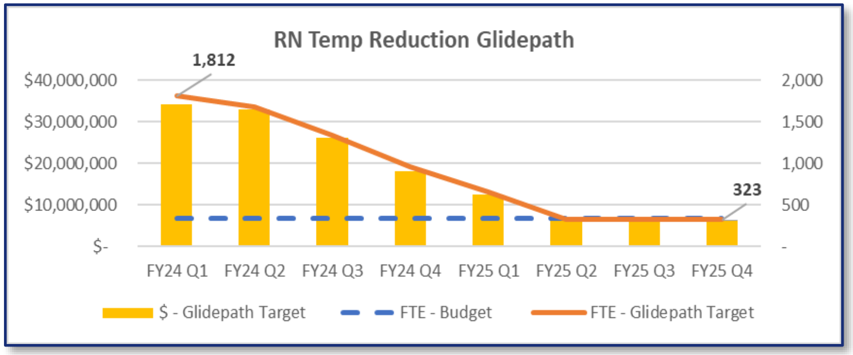
RN Glidepath Update

H+H FTEs



- Net increase of over **1,100 RNs s**ystem wide.
- **711 RNs** hired in the IP and ED nursing models since June 2023.
- H+H is **ahead of the YTD Glidepath target by over 575 RNs**.

TEMP FTEs



- Since June 2023, there has been a net reduction of **596 RN temps** systemwide (65% reduction within the IP and ED Models).
- H+H is **on track** to reducing a total of **1,489 RN temps** by the second half of FY25.

Allied & Non-Clinical Glidepath Update

- Since June 2023, there has been a decrease of **54 allied temp FTEs** and **127 non-clinical temp FTEs.**
- With successful execution of the allied and non-clinical temp glidepath, **315 excess temp FTEs** will be shed by the beginning of FY25.

**data as of February 2024*