

AGENDA

FINANCE COMMITTEE

MEETING DATE: OCTOBER 15, 2013
TIME: 9:00 A.M.
LOCATION: 125 WORTH STREET
BOARD ROOM

BOARD OF DIRECTORS

CALL TO ORDER

BERNARD ROSEN

ADOPTION OF THE SEPTEMBER 17, 2013 MINUTES

SENIOR VICE PRESIDENT'S REPORT

MARLENE ZURACK

KEY INDICATORS & CASH RECEIPTS/DISBURSEMENTS REPORTS

FRED COVINO
KRISTA OLSON

ACTION ITEMS

1. Authorizing the President of the New York City Health and Hospitals Corporation to negotiate and execute contracts on behalf of HHC facilities with Betz Mitchell Associates, Inc., Jzanus LTD., MBI Associates Inc., MCS Claim Services, Inc., and NCO Financial Systems, Inc. for the collection of delinquent inpatient accounts. These contracts are for a period of three years with an option to extend for two additional one-year periods solely exercisable by the Corporation.

MAXINE KATZ

2. Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") to negotiate and execute a contract with LVI Demolition Services, Inc., to provide Emergency Response Services designed to support HHC in the event of an emergency or catastrophic occurrence that causes damage to the Corporation's facilities. The Emergency Preparedness and Recovery Contract will be for a term of three years with an option to renew for an additional two year period solely exercisable by the Corporation. Cost incurred due to an emergency responded to by this vendor shall be reported to the Board of Directors subsequent to the emergency preparedness and restoration.

JOSEPH QUINONES/JOHN LEVY

3. Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") to negotiate and execute a management contract with Crothall Healthcare, Inc. ("Crothall"). Crothall will manage the Corporation's biomedical equipment services operations for each facility. The contract will be for a term of nine (9) years. The contract shall be for an amount not to exceed \$252,884,799 over the nine (9) year term of the contract.

JOSEPH QUINONES

INFORMATION ITEM

STATEMENT OF REVENUES & EXPENSES AS OF 6/30/2013 & 2012

JAY WEINMAN

OLD BUSINESS
NEW BUSINESS
ADJOURNMENT

BERNARD ROSEN

MINUTES

MEETING DATE: SEPTEMBER 17, 2013

FINANCE COMMITTEE

BOARD OF DIRECTORS

The meeting of the Finance Committee of the Board of Directors was held on September 17, 2013 in the 5th floor Board Room with Bernard Rosen presiding as Chairperson.

ATTENDEES

COMMITTEE MEMBERS

Bernard Rosen
Alan D. Aviles, Esq
Michael A. Stocker, MD
Josephine Bolus, RN
Emily A. Youssouf
Karen Lane, (representing Commissioner Robert Doar)
Andrea Cohen, (representing Deputy Mayor Linda Gibbs in a voting capacity)

OTHER ATTENDEES

J. DeGeorge, Analyst, Office of the State Comptroller
M. Dolan, Senior Assistant Director, DC 37
C. Fiorentini, Analyst, NYC Independent Budget Office (IBO)
J. Levy, President, Base Tactical
R. McIntrye, Account Executive, Siemens
M. Meagher, Unit Head, OMB
K. Raffaella, Analyst, OMB
J. Wessler

HHC STAFF

B. Ancona, Chief Financial Officer, Gouverneur Healthcare Services

Minutes of the September 17, 2013 Finance Committee

V. Bekker, Chief Financial Officer (CFO), Generations+ Northern Manhattan Health Network
T. Carlisle, Associate Executive Director, Corporate Planning Services
D. Cates, Chief of Staff, Board Affairs
A. Cohen, Chief Financial Officer, South Manhattan Health Network
D. Collington, Assistant Director, Coney Island Hospital
F. Covino, Corporate Budget Director, Corporate Budget
K. Garramone, Chief Financial Officer, North Bronx Healthcare Network
M. Genee, Deputy Corporate Comptroller, Corporate Comptroller's Office
G. Guilford, Assistant Vice President, Office of the Senior Vice President/Finance/Managed Care
D. Guzman, Deputy Chief Financial Officer, Metropolitan Hospital Center
L. Haynes, Assistant Systems Analyst, Office of the President
W. Hanus, Controller, MetroPlus, Health Plan, Inc
C. Jacobs, Senior Vice President, Patient Safety, Accreditation & Regulatory Services
M. Katz, Senior Assistant Vice President, Corporate Revenue Management
Z. Kelley, Assistant Director, Office of Internal Audits
P. Lockhart, Secretary to the Corporation, Office of the Chairman
N. Mar, Director, Corporate Finance
A. Marengo, Senior Vice President, Communications/Marketing
T. Mammo, Chief of Staff, Office of the President
K. McGrath, Senior Director, Corporate Communications/Marketing
A. Moran, Chief Financial Officer, Elmhurst Hospital Center
P. Pandolfini, Chief Financial Officer, Southern Brooklyn/Staten Island Health Network
G. Proto, Senior Director, Affirmative Action/EEO
S. Russo, General Counsel, Office of Legal Affairs
A. Saul, Senior Associate Director, Kings County Hospital Center
L. Schomp, Senior Consultant, EITS, Clinical Information Services
B. Schultz, Senior Director, EITS, Information Services
B. Stacey, Chief Information Officer, Queens Health Network
R. Tulloch, Chief Financial Officer (Acting), Harlem Hospital Center
L. Villalon, Deputy Chief Financial Officer, Coler/Goldwater Specialty Hospital & Nursing Facility
J. Wale, Senior Assistant Vice President, Office of Behavioral Health
R. Walker, Chief Financial Officer, North Brooklyn Health Network
J. Weinman, Corporate Comptroller, Corporate Comptroller's Office
R. Wilson, Senior Vice President/ Chief Medical Officer, Medical & Professional Affairs
M. Zurack, Senior Vice President, Corporate Finance/Managed Care

Minutes of the September 17, 2013 Finance Committee Meeting

CALL TO ORDER

BERNARD ROSEN

The meeting of the Finance Committee was called to order at 9:08 a.m. The minutes of the July 9, 2013 Finance Committee meeting were adopted as submitted.

CHAIR'S REPORT

BERNARD ROSEN

SENIOR VICE PRESIDENT'S REPORT

MARLENE ZURACK

Before beginning her report, Ms. Zurack introduced to the Committee, Brian Ancona, newly appointed Chief Financial Officer (CFO) of Gouverneur Healthcare Services. The reporting would include two items, cash flow and Healthcare Exchange. As of September 13, 2013, HHC's cash balance was \$149 million or nine days of cash on hand (COH). As the Committee was informed throughout last fiscal year, this fiscal year, FY 14 will be much tighter than in previous years. Some of the Committee members were at last week's Audit Committee where the FY 13 year-end financial statement was presented by Mr. Weinman, Corporate Comptroller that is reflective of the current cash trend. The overall trend towards reduced reimbursements has impacted HHC significantly. Additionally, the storm has had two significant impacts that will be discussed in more detail by Mr. Covino. One being the difference between the actual costs of keeping the staff on board at Coney Island and Bellevue hospitals during the time those facilities were closed and there were revenue losses. The total cost for those expenses is estimated at \$250 million. While HHC is fortunate to get Community Development Block Grant (CDBG) monies of \$183 million there is a net loss of \$67 million. In addition, pursuant to the accountants, HHC is unable to record all of the FEMA revenue related to the storm for incurred expenses due to the accounting practice that the revenue has to be obligated or approved by FEMA to the extent of the expenses and FEMA has yet to approve those grants. It is important to note that this year, cash will be extremely tight and the reimbursement system for high Medicaid safety net hospitals in NYS has become critical and HHC is feeling the brunt of it. However, it is anticipated that HHC will end the year with a positive cash balance which is contingent upon several large funding payments from the federal government in order to remain solvent. One is the 1115 Waiver and the State Supplemental Medicaid payments. This week, HHC is at nine days of COH but the year-end projection is to end the year at the same level as last year FY 13 at \$132 million and 19 days of COH if all of those items are received.

Ms. Youssouf asked Ms. Zurack if she would share with the Committee one of the recommendations from HHC's outside auditing firm, KPMG that was discussed at the Audit Committee last week relative to the utilization.

Ms. Zurack stated that one of the things that was discussed at that Committee was that HHC had a decline of approximately \$400 million in revenue from FY 12 to FY 13. \$250 million that is related to

Minutes of the September 17, 2013 Finance Committee Meeting

the storm; however, \$150 million is related to declines in utilization that has been constant over the last few years and as per KPMG is also a factor at other hospitals in the healthcare industry. To address this issue corporate finance and corporate planning will be working together on reviewing the utilization trends compared to the industry in an effort to identify some of the causes for the decline.

Ms. Cohen asked if the reduction in utilization is across the system or services; up or down.

Ms. Zurack stated that Mr. Covino would be covering that trend as part of the Key Indicators report. It is both in and out but geographically different. Some of the facilities were up and some were down in utilization which is shown on the reports that will be presented by Mr. Covino.

Ms. Cohen asked if it is geographically across services such as nursing homes versus outpatient services.

Ms. Zurack stated that the services are consistent and geographically inconsistent. Mr. Covino stated that included in the year to year expenses, the decline is apparent, excluding Bellevue and Coney Island due to the storm.

Ms. Youssouf added that in addition to the joint planning review it was also suggested that HHC should also look at the various geographic.

Ms. Zurack agreed adding that it would be in terms of the market share such as the hospital closures in Brooklyn. Some of HHC Brooklyn facilities have declines in utilization.

Mr. Rosen added that the analysis of the \$400 million shortfall, \$250 million related to the storm and \$150 million due to the decline in utilization is extremely helpful in terms of the Committee understanding of the problem. It is important to note that the \$150 million can be recovered so there is some opportunity for HHC to recover.

Ms. Zurack stated that in addition to utilization the reduction in the rates should also be included as part of that decline. The rate cuts played a significant role in the reduction in reimbursement.

Healthcare Exchanges

Ms. Zurack stated that as part of HHC's approach in addressing the Healthcare Exchange issues, Mr. Bekker, CFO, Generation +/Northern Manhattan Network has been appointed the chair of a workgroup for the healthcare exchanges to address the impact on HHC's Medicaid application processing and HHC Options programs. HHC has been working to improve the flow of the Medicaid application processing and starting January 1, 2014 those efforts will become moot due to the proposed change in the process that will be dramatic. The workgroup is comprised of some of the staff involved in the revenue cycle, HHC Options and Medicaid applications. There is also representation from the President's office, MetroPlus, Communications/Marketing, internal and external given the magnitude of the change for

Minutes of the September 17, 2013 Finance Committee Meeting

HHC's patient population and staff. Therefore, all of those elements are essential. The initial meeting was held in August 2013 from which subgroups were developed. One of which Ms. Zurack will head the incentive group that will review how the new insurance options will affect HHC Options program and how HHC can assist and urge individuals to sign-up for insurance. Another group headed by Mr. Bekker will review the training requirement for HHC staff involved in the process and the change role of the staff given that the new process will be completely different from the existing one. The third group will review the process flows and automation requirements for the new process that will be very different. The Exchanges are opened to the uninsured and to those who want to sign-up for the qualified health plans beginning October 1, 2013. To some extent that October 1 date will affect HHC as well. Medicaid applications will flow through the Exchange starting in January 1, 2014. Mr. Bekker will be asked to report back to the Committee next month after the workgroup has formalized a plan to present to the group. MetroPlus has its own activities in addition to others.

Ms. Cohen cautioned that given that it is a brand new process and the State has yet to finalize its plan, whatever is developed by HHC should be considered as a draft given that the Exchange is a moving target.

Ms. Zurack agreeing with Ms. Cohen added that given the circumstances, HHC does not have a final plan due to the lack of key data points needed for the plan that are not completed by the State. Ms. Zurack concluded her report.

Mr. Rosen stated that the reports that would be presented were the year-end final reports for the prior FY 13.

KEY INDICATORS/CASH RECEIPT & DISBURSEMENT REPORT

FRED COVINO

Mr. Covino before beginning the reporting thanked key staff for their efforts in the CDBG funding process that included, Krista Olsen, Senior Director, Finance, Rebecca Fischer, Associate Executive Director, Bellevue Hospital, Darren Collington, Assistant Director and staff at Coney Island Hospital and OMB staff, Megan Meagher and Krista Rafella. The CDBG funding for HHC totals \$183 million and is in process for payment by OMB. This payment is the largest single draw in CDBG history which is a major accomplishment for HHC. Mr. Covino brought to the attention of the Committee that a page had been added to the Key Indicators report to provide an overview of the differentiation of the year-to-year receipts for Bellevue and Coney Island and the remaining facilities. Throughout last year the reporting included the impact on those two facilities due to the storm and that page was reflective of that reporting. Starting with page 1, utilization for acute discharges was down by 8.7% or 16,000 discharges, excluding Bellevue and Coney Island, the decrease is less than 1% or .84%, 1,250 discharges. The D&TCs were down by 11.4% or 80,000 visits compared to last year and nursing home days were down by 14.3% or 126,000 days due to the transitioning at Coler/Goldwater and construction at Gouverneur.

Minutes of the September 17, 2013 Finance Committee Meeting

Ms. Cohen asked if the data included the facilities outpatient departments' workload. Mr. Covino stated that it was not included. Continuing with the reporting, the ALOS, all of the facilities with the exception of Lincoln were 1/3 day of the corporate average. Lincoln was 6/10 day less than the corporate average. The CMI was up by 1.64% compared to last year and is the highest it has been all year and is the second consecutive year that an increase has occurred. FTES were down by 931 versus the FY. The details of the decrease would be presented as part of the PS Quarterly Report. In summarizing the year-end facilities/network performance for FY 13, Mr. Covino reported that the North Bronx ended the year with a \$21 million surplus for the fourth consecutive year; Generations+/Northern Manhattan Health Network ended the year with a \$11 million deficit which ended that network's run of consecutive years of a budget surpluses; South Manhattan ended the year with a \$294 million deficit primarily due to the impact of the storm; North Central Brooklyn ended with a \$78 million deficit due primarily to a \$48 million reduction in Medicaid fee-for-service receipts; Southern Brooklyn/Staten Island Network ended with a \$280 million deficit primarily due to the storm and ending their four consecutive years of surpluses; Queens Health Network ended with a \$14 million deficit despite the surplus at Elmhurst.

Ms. Youssouf asked what the hospitals with large surpluses attributable to.

Mr. Covino stated that the hospitals with the surpluses are due to the continuation of the roll of surpluses year after year such North Bronx and Elmhurst.

Ms. Youssouf added that it includes the prior year.

Ms. Zurack stated that it would include the prior year roll if a network ended the year with a surplus the surplus monies are rolled into the next year's budget. Some facilities keep it as a cushion and let it last for long time which is what happened in the North Bronx while others have started to erode their surplus which is what has happened at Generations+/Northern Manhattan Network.

Ms. Youssouf asked what the surpluses represent. Ms. Zurack stated that it is only a budget performance. In terms of turnaround there has been some improvements due to both increased revenues and cost containment reductions that have contributed to the improvement while Gouverneur was largely on the cost side.

Mr. Covino continuing with the reporting stated that receipts were \$118 million worse than last year due largely to the closure of Bellevue and Coney Island hospitals due to the storm. Expenses were \$134 million better than last FY due to the delay in City payments of \$242 million offset by an increase of \$87 million in OTPS which included an additional \$147 million in OTPS expenses related to the storm as part of the clean-up at Bellevue, Coney Island and Coler. Page 4 the additional page that included the breakout of the receipts to show the impact of the storm at Bellevue, Coney Island and Coler and all the other facilities. On a cash basis the \$240 million shown is close to the reference Ms. Zurack

Minutes of the September 17, 2013 Finance Committee Meeting

made in terms of the \$250 million. There was a significant reduction in Medicaid fee-for-service in both the inpatient and outpatient, exclusive of the storm. Medicaid fee-for-service inpatient was down by 12,000 cases, 63,000 psych days.

Ms. Youssouf asked how much of the reduction in revenue is related to the reimbursement changes and utilization.

Ms. Zurack stated that utilization is down by 1% inpatient $\frac{3}{4}$ rates and $\frac{1}{4}$ rates based on Mr. Weinman's analysis. Included in the utilization are beds that are not in service due to construction at Gouverneur and the Coler/Goldwater reconstruction. Out of the \$150 million, \$20 million was at the nursing home and the remainder was at the acute hospital, \$60 million outpatient and \$80 million inpatient.

Mr. Rosen commented that the bulk of the deficit is related to rate reductions. Ms. Zurack replied that is sectors, nursing homes, outpatient, due to the beds, due to construction of the acute hospitals and D&TCs, in addition to a combination of the rates.

Dr. Stocker asked if the Exchange would make up for the difference in utilization in the hospitals based on the utilization projections for MetroPlus.

Mr. Covino stated that in the FY 14 budget there is not a large increase in membership projected.

Ms. Zurack stated that in the budget MetroPlus was very conservative in its projections. In response to Dr. Stocker's question, this is part of the preparation for the Exchanges on the MetroPlus side. As part of HHC's workgroup which also includes HRA, the group will review all of the options in terms of opportunities. Some individuals who are singles or couples without children must earn less than 100% of the federal poverty level (FPL) to be eligible for Medicaid compared to 138% as part of the new Exchanges. This is the new population that HHC will be working with. In addition those individuals who are now Medicaid eligible and do not sign-up will need to pay a tax penalty. For one year NYS is going to cross-subsidize what was once family health plus (FHP), 138%-150% FPL who will be required to go into the Exchange. The cohort of the FHP population must sign up for the qualified health plan that will get a subsidy that will make the premiums and co-pays the same as the FHP. However, that subsidy is most strongly achieved for people who sign-up for a plan that is below the second lowest premium of plans in the State. In other words, if a plan which is the most expense, the payment would be the difference between the second lowest. HIP, United and MetroPlus were the lowest. MetroPlus would be free for that group. Those individuals who are in all of the plans will either pay more money or switch to Fedelis, HIP or MetroPlus which are the opportunities Dr. Stocker may have been referring to. There may be other opportunities among the populations that were not Medicaid eligible but were eligible but did not have an incentive to join. There is a very conservative forecast included in the FY 14 budget given the lack of data points needed to do a more in-depth projection.

Minutes of the September 17, 2013 Finance Committee Meeting

Ms. Youssouf asked what percentage of HHC's patient population is the 100-130% of FPL and how many do not have insurances.

Ms. Zurack stated that HHC does not have that data.

Ms. Lane stated that data was not readily available but that as an estimate, it would not be a small one but the number would be a significant one from 100-138% of FPL for singles and childless couples would not be insignificant.

Ms. Youssouf asked if those individuals would have coverage. Ms. Lane stated that they would be uninsured.

Ms. Youssouf asked if the charity and undocumented would be covered.

Ms. Zurack stated that they will not get any subsidy or tax penalties and would be completely unaffected by the Exchange.

Mrs. Bolus asked if those patients would fit into the HHC Options program. Ms. Zurack stated that they would but as part of the incentives, HHC is reviewing as part of the subcommittee is to ensure that the Options program does not create a disincentive for those who are eligible to sign-up. There is a need to continue to protect those patients who are not eligible. It is a very complicated process.

Ms. Lane stated that the expectation is after the first year more will be known about the process. The tax penalty is \$150.00 for people who do not make a lot of money and is a taxpayer at the end of 2014. It will either be \$150.00 or 1% of the annual earnings. There will be a learning curve during the first year and the impact will be more significant in the following year.

Mr. Rosen asked what the marketing strategies are to assist individuals in signing up.

Ms. Zurack stated that there will a navigator program that will assist individuals in the process. NYS has allocated \$13 million which is not a lot of money in grants for the not-for-profit hospitals to assist individuals in this process.

Ms. Cohen stated that there will be an organized system that will allow individuals to review all of the plans and compare them to the standard benefits.

Ms. Youssouf asked if that would be on the internet.

Ms. Lane stated that HRA is working closely with HHC to ensure that the system currently in place that helps get people onto Medicaid starting in January 2014, there will still be a way for people to continue to get onto Medicaid either through the Exchange if eligible or the disable and blind population and certain other programs that get their benefits through other programs such as cash assistance, and

Minutes of the September 17, 2013 Finance Committee Meeting

foster care will remain with HRA. That is an expense population and 20% of the volume but much more significant in terms of cost.

Ms. Zurack stated that one of the things that Mr. Bekker will report on next month is HHC's efforts in reviewing the training of its staff so that HHC can assist its patients and getting HHC staff certified appropriately given that this process will raise numerous questions.

Mrs. Bolus asked how does HealthFirst rank in terms of the rates.

Ms. Zurack stated that HealthFirst premiums are much higher at \$450.00 compared to MetroPlus at \$360.00. So far the FHP, the \$90.00 payment would be required to stay in HealthFirst. The premium costs are significant for any of those plans at any of the levels. HHC is working diligently to get to a plan that will work best for its patient population.

Mrs. Bolus asked how the Exchange will affect the dual eligible.

Ms. Lane stated that there is a group called the modified adjusted group income (MAGI) and non-MAGI. If an individual goes through the MAGI category those patients will continue to receive their benefits and will not be affected by the Affordable Care Act (ACA) rule and continue to go through HRA. The problem for HHC and other hospitals is that the staff will need to determine if a patient is MAGI.

After a lengthy discussion by the Committee regarding the complexities of the Exchange and how it will impact HHC's patient population and finances, it was concluded that between October 1, 2013 and January 1, 2014, HHC will be extremely active in reviewing and understanding the process involved in getting individuals signed-up for the Exchanges and minimizing the impact to its patients where possible. Additionally, HHC will continue its close relationship with HRA to ensure that the flow of the application process continues without impacting HHC's revenue stream.

Mr. Covino continuing with the cash receipts and disbursement report stated that inpatient receipts were down by \$400 million of which \$244 million was due to the impact of the storm at Bellevue and Coney Island. Additionally, \$291 million is due to the decline in Medicaid fee for service which represented 12,000 in paid Medicaid cases. Outpatient receipts were down \$97 million of which \$43 million was due to the impact of the storm at Bellevue and Coney Island and a decline in Medicaid fee-for-service. All other was up by \$195 million due to the DSH/UPL payments and the receipt of \$105 million that was not anticipated due to the DSH spend-up of \$523 million against the \$400 million anticipated funds which have been delayed until December 2013. Grants increased by \$69 million of which \$62 million was related to the FEMA grant. Expenses were over budget by \$6 million primarily due to an increase in overtime expenses that will be covered in more detail as part of the PS quarterly report. Fringe benefits were \$21 million better due to the \$23 million FICA recovery for residents.

Minutes of the September 17, 2013 Finance Committee Meeting

OTPS expenses were \$79 million worse than budget due to \$147 million in expenses related to the restoration as a result of the storm at Bellevue, Coney Island and Coler.

Ms. Youssouf noted that the FTE reduction was not covered in the reporting. Mr. Covino stated that it would be covered as part of the PS quarterly report that would be presented later on the agenda. The report was concluded.

ACTION ITEMS

MARLENE ZURACK/JOHN LEVY

1. Ratifying the contract amendment executed by the President of the New York City Health and Hospitals Corporation (the "Corporation") with Crothall Healthcare, Inc. ("Crothall") for an amount not to exceed \$129,795,066 in connection with a Declaration of Emergency to restore the Corporation's facilities that sustained damage due to Hurricane Sandy.
2. Ratifying the contract amendment executed by the President of the New York City Health and Hospitals Corporation (the "Corporation") with Johnson Controls, Inc. ("JCI") for an amount not to exceed \$102,190,077 in connection with a Declaration of Emergency to restore the Corporation's facilities that sustained damage due to Hurricane Sandy.

Ms. Zurack before reading the resolution stated that the Committee had been informed a few months ago of the need to increase the contracts for JCI and Crothall due to the work performed by various subcontractors in getting Bellevue and Coney Island up and running after the storm in addition to the work done at Coler. Mr. Levy, Consultant, Base Tactical would present the details of the recovery process as it relates to the expenses for both JCI and Crothall as part of the contract terms that allowed HHC to use the services of those two major firms in the restoration process at those facilities. Given that the only difference in the two resolutions is the dollar amount, both resolutions were read up front.

Mr. Levy stated that last November 2012 the impact of the storm was not just limited to Bellevue and Coney Island but all of the facilities, outpatient clinics and D&TCs that precipitated an immediate need to restore those facilities and clinics operationally in order to mitigate the loss in revenue as a result of closures and expenses. HHC had two contractors, Crothall and JCI who were in place to provide cleaning services in the facilities while JCI provided mechanical repairs to the systems throughout all of the hospitals. Those two contractors were procured for the emergency services by Mr. Aviles. The type of services provided by each contractor as reflected on the slide showed that Crothall provided for the actual remediation firms Signals Restorations that was involved in a series of services that included pumping the water out the affected areas, cleaning up all of the debris and sanitizing the facilities and the restoration of the architectural aspects of the building that included replacing the walls, floors and ceilings, lighting fixtures and plumbing. While that was taking place, JCI was working on all of the

Minutes of the September 17, 2013 Finance Committee Meeting

mechanical systems and in many cases providing temporary electrical and other types of services to the hospitals while designing and installing permanent services. Through those efforts, Bellevue opened in February 2013 and Coler lost all of its services and patients in the facilities were without electricity but was subsequently restored. Coney Island opened in various stages over the period of last winter and all of that help to mitigate the exposure of a \$15 million loss in revenue weekly. The timeline for the period Crothall and Signal did complete all of their services at the end of July 2013. JCI is approximately 95% completed with some continuing work ongoing at Bellevue. There are other aspects that can only be repaired one way and those repairs are ongoing. Elevators in general are difficult to restore quickly due to the parts and electrical equipment and the mechanics involved and the inspection certification process. Once the two contracts provided the emergency services that Mr. Aviles declared in December 2012, the goal was to restore services to those two facilities so that services and patients could return to those facilities. In some cases there are some temporary repairs and in other instances the electrical systems have been moved from the basement to higher levels at Coler and Bellevue permanent electrical systems have been replaced on the 1st floor. At Coney Island there is a temporary electrical switch gear that is at a higher level until the permanent work is completed. Crothall and Signal did permanent work to the basement at Bellevue and construction work on the 1st floor at Coney Island to allow the emergency department and other required services to open. At Coney Island there are some very continuous and tentative services being provided. The MRI, CAT scans and other imaging equipment were lost permanently due to the water and a temporary MRI and CAT scan are in place in trailers and temporary areas for x-ray imaging services in various parts of the hospital while the permanent work is ongoing and the project worksheets for FEMA are completed. The resolutions total \$231 million authorized by HHC and FEMA agreed to allow HHC to create expedited worksheets back in December 2012 for \$137 million. FEMA has initially paid \$83 million of the \$137 million. Some of the work done by the contractors was on a permanent basis does not get paid as part of the \$137 million project worksheet known as emergency services Category B and permanent work goes into Category E and cannot be drawn down against the \$137 million.

Ms. Cohen asked if those funds flow through HHC or FEMA pays those contractors directly.

Ms. Zurack stated that the monies flow from the federal to the state government to the City to HHC as a sub-applicant to NYC application.

Ms. Cohen asked if those funds were reflected in the budget.

Ms. Zurack stated that the \$83 million is included in the budget. However, HHC spent \$159 million in FY 13 thru August 2013 \$109 million was spent. However, HHC could only book \$83 million as cash received. The auditors would not accept the \$137 million to book as revenue.

Mr. Levy stated that the \$83 million is out of the \$137 million in response to Ms. Youssouf's question. The primary contractors JCI and Crothall have subcontracted services to a number of contractors with

Minutes of the September 17, 2013 Finance Committee Meeting

no experience and were not aware of the type of documentation that is required by FEMA. HHC's Comptroller's office audited all of the invoices before submission to FEMA and there were numerous subcontractors that had to be contacted and informed of the documentation requirements. Initially, the primary contractors were asked to do that process but were unable to appropriately perform that function. JCI who has many subcontractors mechanical have been very slow in producing the invoices and documentation as required. Invoices are submitted weekly from JCI and Crothall to HHC's finance department for auditing purposes before submission to FEMA who also does their own audit. When there is an agreement by both FEMA and HHC the documentation must be sent to FEMA and NYS in a format approved by FEMA. When that submission is approved by FEMA, HHC can begin to drawdown against those funds.

Ms. Yousouf asked if FEMA is only obligated for the \$137 million.

Ms. Zurack stated that they are not only for those two contractors, JCI and Crothall. There is another \$4 to \$5 million for internal expenses for generators, etc.

Ms. Yousouf asked if the CDBG monies were included in those numbers. Ms. Zurack stated that those funds totaling \$183 million are separate. Mr. Levy will be responsible for the completion process for the permanent work. Given the emergency FEMA had a very expedited process for what HHC has received to-date. This is the traditional process for the permanent work.

Mr. Rosen asked for clarification of the obligated requirement by FEMA.

Mr. Levy stated that obligation applies to whether the reference is to Category B or permanent work. HHC has submitted a document to FEMA and NYS that includes the narrative and scope of what happened. The scope of work that needs to be repaired, an estimate of what those costs will be and FEMA must agree to that scope and if agreed will commit it to their system in Washington which is called an obligation.

Mr. Rosen added that the expectation is that the process will be completed and approved by FEMA.

Mr. Levy stated that the money that was spent \$231 million is a combination of emergency work which total \$137 million and \$121 million is for permanent work that those contractors have expended. In order for HHC to recover those funds, individual permanent project worksheets by hospital must be completed. Bellevue and Coney Island and Coler will have individual worksheets for submission to FEMA. The engineering firms are providing the damage estimated required for the completion of those worksheets.

Ms. Zurack stated that FEMA is reviewing the details of the invoices and may disallow some of those expenses based on their review of some of those expenses and charges. Mr. Levy and his team have

Minutes of the September 17, 2013 Finance Committee Meeting

been invaluable in that process and without their expertise; HHC would have been harmed significantly.

Mr. Levy stated that it is unfortunate but not unique to HHC. NYC is also undergoing the same level of scrutiny by FEMA as part of the process which is typical in the resolution of the project worksheets.

Dr. Stocker asked Mr. Levy how HHC is doing compared to others based on his expertise in this process.

Mr. Levy stated that based on conversations with others in the industry, HHC appear to be leading the pack. Based on conversations with the engineering firms who report on how the FEMA teams are responding in New Jersey. There are regular meeting with OMB and their staff who also attend HHC meetings. The general consensus is that from a documentation standpoint, HHC is moving along well. Through all of the efforts, HHC has had a very successful outcome. There were some disputes by FEMA but HHC has been successful in convincing FEMA of the legitimacy of those claims. In another month, Base Tactical will be prepared to report back to the Committee on the outcome of those issues. Additionally, Ms. Zurack has developed a relationship with the federal coordinating officer who is second in charge of this disaster recovery and that relationship appears to allow HHC to have a better relationship with FEMA. In terms of the calendar of what to expect, the expectation are drawn out due to the project work obligation into next year. While that is occurring the engineering contractors are producing the cost analyses which is required in order for HHC to tap additional funding streams.

Ms. Youssouf asked for further clarification of the damage estimates and permanent work obligation.

Mr. Levy explained that the project worksheets in terms of needing a claim, first a damage assessment must be completed for each hospital for both the mechanical and architectural sides which then is put onto a project worksheet or claim. There is a claim at Bellevue for the building and another for all of the contents in the basement that were damaged by the storm. There are claims for Coney Island, Coler, and Metropolitan. There will be approximately forty project worksheets that will be submitted to FEMA before completion. All of the project worksheets will be submitted within the next ninety to one hundred twenty days and obligated by January 1, 2014. A benefit cost analysis (BCA) is done and completed for all of the projects. There are two types of hazard mitigation that are allowed by FEMA. As previously mentioned the 406 mitigation is directly provided to HHC to harden the facilities based on the damages at the facilities. The 404 mitigation is a large sum of money provided by two buckets of money that flow through NYS who makes that pool of money available to almost anyone who has had damages from the last three storms, Lee, Irene and Sandy. Base Tactical is attempting to solicit some of the grants from 404. In order to make a request from any one of those mitigation program 404 or 406 an enormous amount of documentation is required. The most complicated piece is the cost benefit analysis that would document the need for the request for protecting the facilities against future harm. The cost benefit analysis is in process and the first draft for Bellevue from the engineering firm is expected within the week.

Minutes of the September 17, 2013 Finance Committee Meeting

Ms. Cohen asked when would HHC need to pay for various projects as compared to when HHC expects FEMA reimbursement or will HHC prepay and wait to get the funds from FEMA for that activity going forward.

Ms. Zurack stated that NYC has put in the capital plan for NYC capital appropriations that 90% federal and 10% general obligation (GO) debt. When this process is completed by Mr. Levy in parallel to the certificate to precede process which is part of the City budget and HHC will then be able to register the work orders for the permanent work against those City categories. The invoices flow will be to NYC so it is a slight cash flow that the City created so that HHC could move forward with the work. HHC is working very closely with OMB on this project to ensure that the flow is maintained with the FEMA requirements.

Mr. Levy stated that by early 2014, HHC will be in the design stages of its permanent work and hardening of the facilities and some of the work could start by the end of this year. Some things have been done already such as the flood gates at Bellevue in order to protect the facility this year. There has been temporary implementation of dams and other elements at Coney Island so that there is some short term protection. Essentially by the fourth quarter it is anticipated that the design and bidding processes to start the permanent reconstruction and hardening of the facilities that will continue for the next two years.

Ms. Youssouf asked if the flood gates and dams are in place at those facilities.

Mr. Levy stated that the flood gates are scheduled for completion by the end of September 2013 similar to what is being used at 55 Water Street to block or hold back the amount of water that would go into the facility. Other temporary devices are on site at Coney Island that can be implemented in the event of a storm. There are portable dams that are filled with water and air. The Corporation has undertaken two processes to sign Crothall to an emergency contract in the event of another disaster. HHC is in the process of securing a long term contractor for these services on an immediate notice prior to a storm.

Ms. Youssouf asked if that would include back-up generators. Mr. Levy replied that it would as part of the emergency contract requirement.

The resolutions were approved for the full Board's consideration.

INFORMATION ITEMS

PS QUARTERLY KEY INDICATORS REPORT FY 13

FRED COVINO

Mr. Covino reported that expenses were \$6 million over budget primarily due to overtime increased spending. There was a significant reduction in FTEs during the year, a total of 931 against the target of

Minutes of the September 17, 2013 Finance Committee Meeting

702 for the year, exceeding the target by 229 FTEs. The bulk of the FTE reduction was in environmental services, clericals and aides and orderlies. Since the implementation of the freeze in 2009, FTEs are down by 3,737 and the bulk of that reduction was in environmental services a total of 1,331; 930 in clericals; 799 aides and orderlies; 443 tech/specs; managers 22 and 47 physicians. Nurses increased by 18 and residents by 110. Overtime was over budget by \$4.5 million year over year. It is important to note that the overtime budget for the year was not increased but included a reduction in the previous year. At Coler the overtime budget was reduced; however, FTEs decreased at a faster rate thereby increasing the need for overtime.

Ms. Youssouf asked how much of the overtime expenses was related to the storm.

Mr. Covino stated that initially there was a \$6.5 million. Ms. Zurack interjected that based on the claim to FEMA it was \$6.5 million.

Mr. Covino stated that the point was that in the detailed analysis there were some reductions at some of facilities in overtime that on a net basis overtime only increased by \$2.5 to \$3 million.

Ms. Youssouf stated that as per the report, overtime increased by \$12 million and if \$6.5 million was related to the storm that would be a net increase of \$5.5 million; therefore, it is not clear how the net became \$2.5 million.

Mr. Covino stated that the majority of the increase occurred at the end of the year. Ms. Youssouf pointed out the report was for the year-end and the total increase was \$12 million.

Ms. Zurack stated that during the first quarter it was only up by \$2.5 million but increased by year-end.

Mr. Covino stated that there was a surplus in overtime during the year and the bulk of the increase in overtime spending was in nurses, service aides, patient care tech/associates and behavioral health associates.

Ms. Youssouf asked if HHC has done any types of studies or analyses to identify potential savings by converting the overtime expenses to full time positions such as nurses where the bulk of the overtime was spent.

Mr. Covino stated that the nurse registry is down by \$12 million which would indicate a shift in expenses from nurse registry to overtime. The savings are primarily due to closures at Bellevue and Coney Island due to the storm.

Ms. Youssef stated that the question was whether there have been any analyses done to see if there would be savings. Mr. Covino stated that there is a lot of variability in the cost of overtime versus nurse registry given the different specialties in certain areas.

Minutes of the September 17, 2013 Finance Committee Meeting

Ms. Zurack stated that HHC will be reviewing this in more detail as part of a nursing optimization project this is being undertaken by Dr. Wilson.

Dr. Wilson added that a resolution would be forthcoming for the Board's approval to engage the services of NASH to optimize nursing costs that includes overtime, per diem costs and registry. The analysis will be based on a side by side, ward by ward analysis which is a very detailed process that is expected to result in savings.

Mr. Covino continuing with the report stated that allowances decreased by \$3.5 million during the year. As an overview, the reduction in FTEs of 931 on an annualized basis would equate to \$55.5 million with fringes it would increase to \$85 million and the net of the overtime and nurse registry and allowances the baseline for the year was reduced by \$96 million.

Mr. Rosen asked if the average salary was \$50K. Mr. Covino stated that it was \$59K. The report was concluded.

INFORMATION ITEM PAYOR MIX REPORTS

KRISTA OLSEN

Ms. Zurack informed the Committee that Krista Olsen, Senior Director, Finance would present the payor mix reports as part of the change in linking the workload to the expenses and revenue budget reporting in response to the Committee's request.

Ms. Olsen stated that in the inpatient discharges there were two things to note in comparing last year to this year. There is a timing issue; the FY 12 data was run using the Soarian data base at a later point and time during the year so the shift from self-pay to Medicaid is further along in FY12 compared to FY 13. The Bellevue and Coney Island impact if excluded was a 1,500 decrease in discharges.

Ms. Youssouf asked if that decrease in discharges also represented the same in patients. Ms. Olsen stated that it did and about 1/3 of that was in Medicaid self-pay population and 2/3 in commercial managed care after excluding Bellevue and Coney Island.

Ms. Cohen commented that the 2/3 reduction in the commercial appears rather larger given that it is a small portion of the payor mix.

Ms. Olsen stated that it is not exactly 2/3. Continuing with the reporting, Ms. Olsen stated that the adult payor mix comparison did not show any major changes in the acute facilities, however, the D&TCs improved in the payor mix from the prior year to last year. Patients insured was at 83% in FY 12 compared to 85% in FY 13 and visits ensured at 93% compared to 95%. The same trend was in the pediatrics payor mix report. There were no major changes except in the D&TCs increased from 88% to 90%; patients insured for both years was at 92%.

Minutes of the September 17, 2013 Finance Committee Meeting

Mr. Rosen asked if the reimbursement is based on visits as opposed to patients. Ms. Olsen stated that is based on visits.

Ms. Zurack added that it was initially on visits but MetroPlus has an added incentive for HHC that would allow for additional risk pool monies if HHC treats its patients with fewer visits which means that it is on both as opposed to only one. In the new healthcare reform model, the incentive is to have patients cared for outside of the facilities via, e-mail, phone, etc. Therefore, the traditional discharges and visits must be adapted to the new reality.

Ms. Olsen noted that the reduction in visits to patients is a reflection of fewer patients at HHC. The report was concluded.

MEDICAID ELIGIBILITY REPORT

MAXINE KATZ

Ms. Katz stated the Medicaid eligibility report showed that there is an upward and downward trend not only in Medicaid submissions for FY 13 year-end. Compared to last year there was an upward trend in the percentage of decisions to applications submitted but toward the later part of the year there was a decline. The decline began in the second quarter and continued throughout the year. There is some speculation that the decrease may be attributable to the storm but it is not clear whether that was the primary factor. There was a decrease in the approval rate as well.

Dr. Stocker stated that the Medicaid percent of approvals to submissions showed a decline particularly at Coney Island in the 4th quarter. It is not clear how the decline would be attributable to the storm since it occurred in the 4th quarter.

Ms. Katz stated that it started to decline in the second quarter so it is difficult to determine whether it was related to the storm. The month decline began in November 2012 and continued through the 4th quarter. The comparison to last year is reflective of that decline.

Ms. Lane stated that there has been a trend in the Medicaid program across the board and there are 3.2 million NYC residents currently on Medicaid. The speculation is that basically the majority of those who were eligible for Medicaid are already covered and those individuals who are now applying are not eligible. There have not been any changes in the Medicaid eligibility determinations during the storm or that period of time that would cause a decrease. Perhaps during that time around the storm people were strapped financially and panicked and put in applications for Medicaid but were not eligible.

Ms. Zurack asked Ms. Lane if that trend was city-wide as opposed to just HHC.

Minutes of the September 17, 2013 Finance Committee Meeting

Ms. Lane stated that it has been seen slightly at other hospitals. However, HHC numbers are not that different from the other hospitals. There has been a trend over the years in terms of people being concerned about getting health insurance and therefore submitting applications.

Mr. Rosen asked what will be the impact of the 3.1 million individuals on Medicaid. Ms. Lange stated that 70% will go to the Exchange and 30% will remain with HRA.

Dr. Stocker added that Coney Island in 2012 was at 92% and dropped to 72% in FY 13 which is a significant decrease months after the storm.

Ms. Katz agreed adding that there is also a lag in the decisions to submissions. Coney Island inpatient unit was close so there were no applications submitted.

Mr. Aviles stated there is a possibility that the restrictions on ambulance runs to those hospitals affected by the storm were on diversions and to the extent Medicaid turned out to be fully emergency Medicaid, patient services may have affected the mix of those cases in terms of acuity due to those diversions.

Dr. Stocker asked what percentage of HHC's population is related to emergency Medicaid.

Ms. Zurack stated that typically HHC does not track that data but did get some data from NYS based on historical trends and it is about 50%.

Ms. Youssouf added that this has been an issue that has been discussed repeatedly over the years and as noted in the footnote the applications do not match the decisions during that period.

Dr. Stocker stated that would explain the percentage exceeding 100%.

Ms. Zurack stated that the hospital care investigators were working in the patients rooms; therefore, the lag may be due to the displacement of the staff during that period. Mr. Pandolfini, CFO, Coney Island Hospital was asked to address the issue.

Mr. Pandolfini stated that the staff is still not housed in regular offices but have been moved to a more accommodating area that occurred in April 2013. Also there is no longer any MAP on-site at the facility for the application processing by HRA. Additionally the low patient volume from January 2013 to March 2013 is also a factor in the lag.

Ms. Lane stated that the processing time did not change during the storm. There were a few days lost at 180 Water Street and 260 11th Avenue that resulted in a slight slowdown but not a major factor in the processing particularly with HHC there was no major change.

Ms. Zurack stated that there may have been a delay in the processing at Coney Island due to the relocation of the staff.

Minutes of the September 17, 2013 Finance Committee Meeting

Ms. Lane stated that should not have been a factor in terms of HHC's cash flow given that the billing can be retroactive up to 90 days for coverage; therefore, regardless of when the application was submitted the stay would have been covered.

Ms. Youssouf added that the issue is that the Medicaid application submitted is the actual FY number but not the decision; therefore it makes it difficult to determine what the data represents and how it should be interpreted.

Ms. Lane stated that another factor could have been that there were multiple applications submitted. HRA had a very large presence in the region trying to get patients signed up. There were restorations centers and perhaps through all of those efforts of getting people signed up there were multiple applications submitted. Consequently, when a duplicate application is received HRA suspends the status.

Ms. Zurack asked that Coney Island review the data in more detail in an effort to pinpoint the reason for the decline.

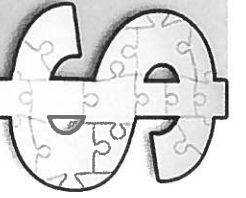
Dr. Stocker stated that the variation by facility was approximately a 20% variance and does not appear to be a timing issue; however the reason for the variation is not clear.

Ms. Katz agreed and concluded the report.

ADJOURNMENT

BERNARD ROSEN

There being no further business to discuss, the meeting was adjourned at 10:52 a.m.



**KEY INDICATORS & CASH
RECEIPTS/DISBURSEMENTS REPORTS**

KEY INDICATORS
FISCAL YEAR 2014 UTILIZATION

Year to Date
August 2013

NETWORKS	UTILIZATION						AVERAGE LENGTH OF STAY		ALL PAYOR CASE MIX INDEX	
	VISITS			DISCHARGES/DAYS			ACTUAL	EXPECTED	FY 14	FY 13
	FY 14	FY 13	VAR %	FY 14	FY 13	VAR %				
<u>North Bronx</u>										
Jacobi	70,295	73,512	-4.4%	3,380	3,184	6.2%	6.1	6.3	1.0788	1.2112
North Central Bronx	34,306	39,250	-12.6%	1,051	1,299	-19.1%	4.7	5.2	0.8266	0.7374
<u>Generations +</u>										
Harlem	64,584	48,948	31.9%	1,902	1,916	-0.7%	6.1	6.2	1.0024	0.9736
Lincoln	94,866	90,985	4.3%	3,996	3,798	5.2%	4.7	5.4	0.8564	0.9429
Belvis DTC	9,648	10,256	-5.9%							
Morrisania DTC	13,217	14,115	-6.4%							
Renaissance	7,852	9,572	-18.0%							
<u>South Manhattan</u>										
Bellevue	94,044	98,245	-4.3%	4,085	4,119	-0.8%	6.3	6.3	1.1470	1.1390
Metropolitan	66,827	70,068	-4.6%	1,966	1,941	1.3%	4.5	5.2	0.7940	0.7758
Coler				44,919	41,991	7.0%				
Goldwater				25,840	48,299	-46.5%				
Gouverneur - NF				7,488	8,867	-15.6%				
Gouverneur - DTC	46,233	42,945	7.7%							
HJ Carter										
<u>North Central Brooklyn</u>										
Kings County	114,289	121,326	-5.8%	3,874	4,214	-8.1%	7.3	6.4	1.0925	0.9384
Woodhull	82,730	79,412	4.2%	2,285	2,343	-2.5%	4.9	5.0	0.8040	0.8498
McKinney				19,468	19,255	1.1%				
Cumberland DTC	14,503	15,936	-9.0%							
East New York	11,837	13,093	-9.6%							
<u>Southern Brooklyn / S I</u>										
Coney Island	56,034	57,338	-2.3%	2,178	2,948	-26.1%	6.6	6.4	1.0632	1.0344
Seaview				18,565	18,371	1.1%				
<u>Queens</u>										
Elmhurst	106,960	115,912	-7.7%	3,911	4,235	-7.7%	5.4	5.3	0.8732	0.9260
Queens	68,555	70,189	-2.3%	2,207	2,148	2.7%	5.9	5.4	0.8986	0.9118
Discharges/CMI-- All Acutes				30,835	32,145	-4.1%			0.9677	0.9648
Visits-- All D&TCs & Acutes	956,780	971,102	-1.5%							
Days-- All SNFs				116,280	136,783	-15.0%				

Notes:

Utilization

Acute: discharges excl. psych and rehab; reimbursable visits include clinics, emergency department and ambulatory surgery

D&TC: reimbursable visits

LTC: SNF and Acute days

All Payor CMI

Acute discharges are grouped using the 2012 New York State APR-DRGs

FY 13 reflects the impact of the temporary closures and suspension of operations at Bellevue and Coney Island hospitals as a result of Hurricane Sandy (Oct 2012)

As of August 2013, all services at Coney Island have not been fully restored.

Average Length of Stay

Actual: discharges divided by days; excludes one day stays

Expected: weighted average of DRG specific corporate average length of stay using APR-DRGs

KEY INDICATORS

FISCAL YEAR 2014 BUDGET PERFORMANCE (\$s in 000s)

Year to Date

August 2013

NETWORKS	FTE's VS 6/15/13	RECEIPTS		DISBURSEMENTS		BUDGET VARIANCE	
		actual	better / (worse)	actual	better / (worse)	better / (worse)	
North Bronx							
Jacobi	33.5	\$ 84,731	\$ (4,082)	\$ 86,408	\$ (3,405)	\$ (7,487)	-4.4%
North Central Bronx	<u>(1.5)</u>	<u>29,634</u>	<u>(2,342)</u>	<u>27,834</u>	<u>4,322</u>	<u>1,981</u>	<u>3.1%</u>
	32.0	\$ 114,365	\$ (6,424)	\$ 114,242	\$ 917	\$ (5,507)	-2.3%
Generations +							
Harlem	(17.0)	\$ 49,429	\$ (4,052)	\$ 53,268	\$ (1,349)	\$ (5,401)	-5.1%
Lincoln	3.0	79,756	(3,070)	75,403	(1,064)	(4,135)	-2.6%
Belvis DTC	0.0	5,650	289	2,340	368	657	8.1%
Morrisania DTC	(2.5)	5,842	307	4,029	429	736	7.4%
Renaissance	<u>(1.0)</u>	<u>1,972</u>	<u>(114)</u>	<u>3,331</u>	<u>(101)</u>	<u>(216)</u>	<u>-4.1%</u>
	(17.5)	\$ 142,651	\$ (6,641)	\$ 138,371	\$ (1,717)	\$ (8,358)	-2.9%
South Manhattan							
Bellevue	38.5	\$ 91,802	\$ (17,465)	\$ 123,275	\$ (13,147)	\$ (30,611)	-14.0%
Metropolitan	6.5	45,788	(3,198)	47,514	1,977	(1,222)	-1.2%
Coler	(7.0)	8,253	(3,466)	23,342	(6,311)	(9,778)	-34.0%
Goldwater	(76.5)	14,159	(3,679)	26,299	(10,598)	(14,277)	-42.6%
Gouverneur	(6.5)	14,783	(63)	13,925	(229)	(293)	-1.0%
HJ Carter	<u>0.0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0%</u>
	(45.0)	\$ 174,785	\$ (27,871)	\$ 234,356	\$ (28,309)	\$ (56,180)	-13.7%
North Central Brooklyn							
Kings County	29.5	\$ 104,547	\$ (2,456)	\$ 107,144	\$ 4,255	\$ 1,799	0.8%
Woodhull	36.5	54,679	(6,224)	62,625	(1,481)	(7,706)	-6.3%
McKinney	1.5	6,382	817	7,033	(282)	534	4.3%
Cumberland DTC	(1.0)	4,067	(271)	4,752	528	257	2.7%
East New York	<u>5.0</u>	<u>4,346</u>	<u>(418)</u>	<u>3,625</u>	<u>12</u>	<u>(406)</u>	<u>-4.8%</u>
	71.5	\$ 174,020	\$ (8,553)	\$ 185,178	\$ 3,031	\$ (5,522)	-1.5%
Southern Brooklyn/SI							
Coney Island	18.0	\$ 46,119	\$ (1,501)	\$ 56,401	\$ (911)	\$ (2,411)	-2.3%
Seaview	<u>(7.0)</u>	<u>6,547</u>	<u>1,000</u>	<u>8,202</u>	<u>(619)</u>	<u>381</u>	<u>2.9%</u>
	11.0	\$ 52,667	\$ (501)	\$ 64,603	\$ (1,529)	\$ (2,030)	-1.7%
Queens							
Elmhurst	0.5	\$ 95,558	\$ (1,171)	\$ 85,898	\$ 1,199	\$ 29	0.0%
Queens	<u>(7.0)</u>	<u>57,225</u>	<u>(3,447)</u>	<u>56,358</u>	<u>(2,001)</u>	<u>(5,448)</u>	<u>-4.7%</u>
	(6.5)	\$ 152,782	\$ (4,618)	\$ 142,256	\$ (802)	\$ (5,419)	-1.8%
NETWORKS TOTAL	<u>45.5</u>	<u>\$ 811,270</u>	<u>\$ (54,608)</u>	<u>\$ 879,006</u>	<u>\$ (28,409)</u>	<u>\$ (83,016)</u>	<u>-4.8%</u>
Other Services							
Central Office	13.5	4,439	(330)	47,216	6,052	5,721	9.9%
HHC Health & Home Care	0.0	2,449	(2,553)	5,935	(1,151)	(3,704)	-37.8%
Enterprise IT	<u>16.0</u>	<u>0</u>	<u>(1,038)</u>	<u>38,008</u>	<u>92</u>	<u>(946)</u>	<u>-2.4%</u>
GRAND TOTAL	<u>75.0</u>	<u>\$ 818,157</u>	<u>\$ (58,530)</u>	<u>\$ 970,165</u>	<u>\$ (23,415)</u>	<u>\$ (81,945)</u>	<u>-4.5%</u>

Notes:

FY 13 reflects the impact of the temporary closures and suspension of operations at Bellevue and Coney Island hospitals as a result of Hurricane Sandy (Oct 2012)

As of August 2013, all services at Coney Island have not been fully restored.

Residents and Grants are included in the reported FTEs. Reported FTEs are compared to 6/15/13.

New York City Health & Hospitals Corporation
Cash Receipts and Disbursements (CRD)
Fiscal Year 2014 vs Fiscal Year 2013 (in 000's)
TOTAL CORPORATION

	Month of August 2013			Fiscal Year To Date August 2013		
	actual 2014	actual 2013	better / (worse)	actual 2014	actual 2013	better / (worse)
Cash Receipts						
Inpatient						
Medicaid Fee for Service	\$ 78,711	\$ 92,829	\$ (14,118)	\$ 146,818	\$ 164,716	\$ (17,898)
Medicaid Managed Care	55,092	58,493	(3,400)	107,662	115,039	(7,378)
Medicare	36,995	64,167	(27,172)	94,165	102,694	(8,529)
Medicare Managed Care	16,747	18,958	(2,211)	36,935	39,049	(2,114)
Other	<u>16,550</u>	<u>20,063</u>	<u>(3,513)</u>	<u>38,757</u>	<u>40,265</u>	<u>(1,507)</u>
Total Inpatient	\$ 204,096	\$ 254,509	\$ (50,413)	\$ 424,337	\$ 461,763	\$ (37,426)
Outpatient						
Medicaid Fee for Service	\$ 15,162	\$ 18,413	\$ (3,251)	\$ 27,039	\$ 33,449	\$ (6,410)
Medicaid Managed Care	27,508	32,397	(4,889)	146,902	61,668	85,234
Medicare	3,183	5,806	(2,623)	8,550	10,664	(2,115)
Medicare Managed Care	6,207	7,934	(1,726)	15,635	14,325	1,311
Other	<u>12,567</u>	<u>10,670</u>	<u>1,897</u>	<u>40,201</u>	<u>24,770</u>	<u>15,432</u>
Total Outpatient	\$ 64,628	\$ 75,220	\$ (10,592)	\$ 238,328	\$ 144,876	\$ 93,452
All Other						
Pools	\$ 103,046	\$ 14,003	\$ 89,043	\$ 101,248	\$ 101,300	\$ (52)
DSH / UPL	-	-	0	-	-	0
Grants, Intracity, Tax Levy	32,060	34,483	(2,423)	44,287	44,894	(607)
Appeals & Settlements	732	(2,443)	3,175	25	(4,316)	4,340
Misc / Capital Reimb	<u>3,588</u>	<u>5,008</u>	<u>(1,420)</u>	<u>9,933</u>	<u>9,340</u>	<u>594</u>
Total All Other	\$ 139,427	\$ 51,051	\$ 88,375	\$ 155,493	\$ 151,218	\$ 4,275
Total Cash Receipts	\$ 408,150	\$ 380,781	\$ 27,370	\$ 818,157	\$ 757,857	\$ 60,300
Cash Disbursements						
PS	\$ 272,408	\$ 279,664	\$ 7,256	\$ 455,259	\$ 477,675	\$ 22,416
Fringe Benefits	72,634	53,657	(18,978)	125,752	127,655	1,903
OTPS	127,306	110,803	(16,504)	223,569	200,778	(22,791)
City Payments	-	13,896	13,896	-	13,896	13,896
Affiliation	76,122	74,977	(1,145)	153,446	152,247	(1,199)
HHC Bonds Debt	<u>5,710</u>	<u>7,949</u>	<u>2,239</u>	<u>12,139</u>	<u>16,209</u>	<u>4,070</u>
Total Cash Disbursements	\$ 554,180	\$ 540,945	\$ (13,235)	\$ 970,165	\$ 988,460	\$ 18,295
Receipts over/(under) Disbursements	\$ (146,030)	\$ (160,165)	\$ 14,135	\$ (152,008)	\$ (230,604)	\$ 78,596

Notes:

FY 13 reflects the impact of the temporary closures and suspension of operations at Bellevue and Coney Island hospitals as a result of Hurricane Sandy (Oct 2012)

As of August 2013, all services at Coney Island have not been fully restored.

New York City Health & Hospitals Corporation

Actual vs. Budget Report

Fiscal Year 2014 (in 000's)

TOTAL CORPORATION

	Month of August 2013			Fiscal Year To Date August 2013		
	actual 2014	budget 2014	better / (worse)	actual 2014	budget 2014	better / (worse)
Cash Receipts						
Inpatient						
Medicaid Fee for Service	\$ 78,711	\$ 90,870	\$ (12,159)	\$ 146,818	\$ 161,753	\$ (14,935)
Medicaid Managed Care	55,092	66,047	(10,954)	107,662	123,620	(15,958)
Medicare	36,995	41,366	(4,371)	94,165	97,657	(3,492)
Medicare Managed Care	16,747	23,487	(6,740)	36,935	44,898	(7,963)
Other	<u>16,550</u>	<u>22,327</u>	<u>(5,777)</u>	<u>38,757</u>	<u>40,906</u>	<u>(2,148)</u>
Total Inpatient	\$ 204,096	\$ 244,097	\$ (40,001)	\$ 424,337	\$ 468,833	\$ (44,496)
Outpatient						
Medicaid Fee for Service	\$ 15,162	\$ 18,923	\$ (3,761)	\$ 27,039	\$ 33,742	\$ (6,702)
Medicaid Managed Care	27,508	34,139	(6,631)	146,902	150,810	(3,908)
Medicare	3,183	6,627	(3,444)	8,550	13,933	(5,383)
Medicare Managed Care	6,207	7,489	(1,282)	15,635	14,327	1,309
Other	<u>12,567</u>	<u>14,651</u>	<u>(2,084)</u>	<u>40,201</u>	<u>41,471</u>	<u>(1,269)</u>
Total Outpatient	\$ 64,628	\$ 81,830	\$ (17,202)	\$ 238,328	\$ 254,282	\$ (15,954)
All Other						
Pools	\$ 103,046	\$ 95,195	\$ 7,851	\$ 101,248	\$ 101,631	\$ (384)
DSH / UPL	-	-	0	-	-	0
Grants, Intracity, Tax Levy	32,060	31,458	602	44,287	40,570	3,718
Appeals & Settlements	732	(86)	818	25	(86)	111
Misc / Capital Reimb	<u>3,588</u>	<u>6,365</u>	<u>(2,777)</u>	<u>9,933</u>	<u>11,457</u>	<u>(1,524)</u>
Total All Other	\$ 139,427	\$ 132,932	\$ 6,494	\$ 155,493	\$ 153,572	\$ 1,921
Total Cash Receipts	\$ 408,150	\$ 458,859	\$ (50,709)	\$ 818,157	\$ 876,687	\$ (58,530)
Cash Disbursements						
PS	\$ 272,408	\$ 270,762	\$ (1,646)	\$ 455,259	\$ 455,345	\$ 87
Fringe Benefits	72,634	72,631	(3)	125,752	127,141	1,388
OTPS	127,306	98,052	(29,254)	223,569	197,942	(25,627)
City Payments	-	-	0	-	-	0
Affiliation	76,122	76,232	110	153,446	153,650	204
HHC Bonds Debt	<u>5,710</u>	<u>5,711</u>	<u>1</u>	<u>12,139</u>	<u>12,672</u>	<u>533</u>
Total Cash Disbursements	\$ 554,180	\$ 523,388	\$ (30,792)	\$ 970,165	\$ 946,750	\$ (23,415)
Receipts over/(under) Disbursements	\$ (146,030)	\$ (64,529)	\$ (81,501)	\$ (152,008)	\$ (70,063)	\$ (81,945)

Notes:

FY 13 reflects the impact of the temporary closures and suspension of operations at Bellevue and Coney Island hospitals as a result of Hurricane Sandy (Oct 2012)

As of August 2013, all services at Coney Island have not been fully restored.

**FY2014
Budget (in \$000's)**

	Corporate Totals	Jacobi	North Central Bronx	Harlem	Lincoln	Morrisania DTC	Renaissance	Belvis DTC
Cash Receipts								
Inpatient								
Medicaid Fee for Service	\$ 1,075,110	\$ 87,195	\$ 24,320	\$ 43,140	\$ 68,304	\$ -	\$ -	\$ -
Medicaid Managed Care	703,536	87,488	29,884	53,166	85,726	-	-	-
Medicare	539,231	63,585	15,799	30,578	43,551	-	-	-
Medicare Managed Care	251,823	27,496	6,399	19,860	38,129	-	-	-
Other	234,410	30,029	5,201	13,808	21,159	-	-	-
Total Inpatient	\$ 2,804,110	\$ 295,792	\$ 81,603	\$ 160,551	\$ 256,868	\$ -	\$ -	\$ -
Outpatient								
Medicaid Fee for Service	\$ 238,597	\$ 19,077	\$ 7,573	\$ 10,222	\$ 19,546	\$ 666	\$ 891	\$ 476
Medicaid Managed Care	503,831	51,958	23,778	25,595	49,644	11,949	6,872	10,049
Medicare	76,365	8,164	3,077	2,600	4,306	272	34	155
Medicare Managed Care	101,649	7,152	2,053	5,209	11,410	1,592	2,049	1,331
Other	168,325	14,064	4,768	7,156	12,272	1,535	1,532	1,050
Total Outpatient	\$ 1,088,767	\$ 100,414	\$ 41,249	\$ 50,782	\$ 97,179	\$ 16,015	\$ 11,377	\$ 13,062
All Other								
Pools	\$ 447,928	\$ 29,666	\$ 28,138	\$ 56,473	\$ 46,019	\$ 1,347	\$ 1,885	\$ 828
DSH / UPL	1,887,000	83,336	31,890	55,730	76,079	1,469	1,182	896
Grants, Intracity, Tax Levy	287,507	14,347	5,850	14,694	13,690	3,725	2,994	1,314
Appeals & Settlements	(25,848)	675	491	(4,808)	(1,016)	-	-	-
Misc / Capital Reimb	64,651	10,882	420	4,478	5,285	263	173	78
Total All Other	\$ 2,661,239	\$ 138,905	\$ 66,789	\$ 126,566	\$ 140,057	\$ 6,804	\$ 6,234	\$ 3,116
Total Cash Receipts	\$ 6,554,116	\$ 535,112	\$ 189,641	\$ 337,899	\$ 494,104	\$ 22,818	\$ 17,611	\$ 16,178
Cash Disbursements								
PS	\$ 2,395,221	\$ 222,399	\$ 73,304	\$ 128,361	\$ 188,732	\$ 12,176	\$ 8,599	\$ 7,626
Fringes	1,309,268	119,387	40,004	74,333	101,260	7,087	5,094	4,341
OTPS	1,222,066	84,715	55,841	64,210	101,548	7,518	3,747	5,192
City Payments	367,545	46,230	10,586	25,643	32,503	296	177	523
Affiliation	928,424	101,695	35,470	70,770	95,084	444	3,689	1,158
HHC Bonds Debt	83,529	-	-	-	-	-	-	-
Total Cash Disbursements	\$ 6,306,053	\$ 574,426	\$ 215,205	\$ 363,317	\$ 519,128	\$ 27,521	\$ 21,306	\$ 18,840
Receipts over/ (under) Disbursements	\$ 248,063	\$ (39,314)	\$ (25,564)	\$ (25,417)	\$ (25,024)	\$ (4,702)	\$ (3,695)	\$ (2,662)

**FY2014
Budget (in \$000's)**

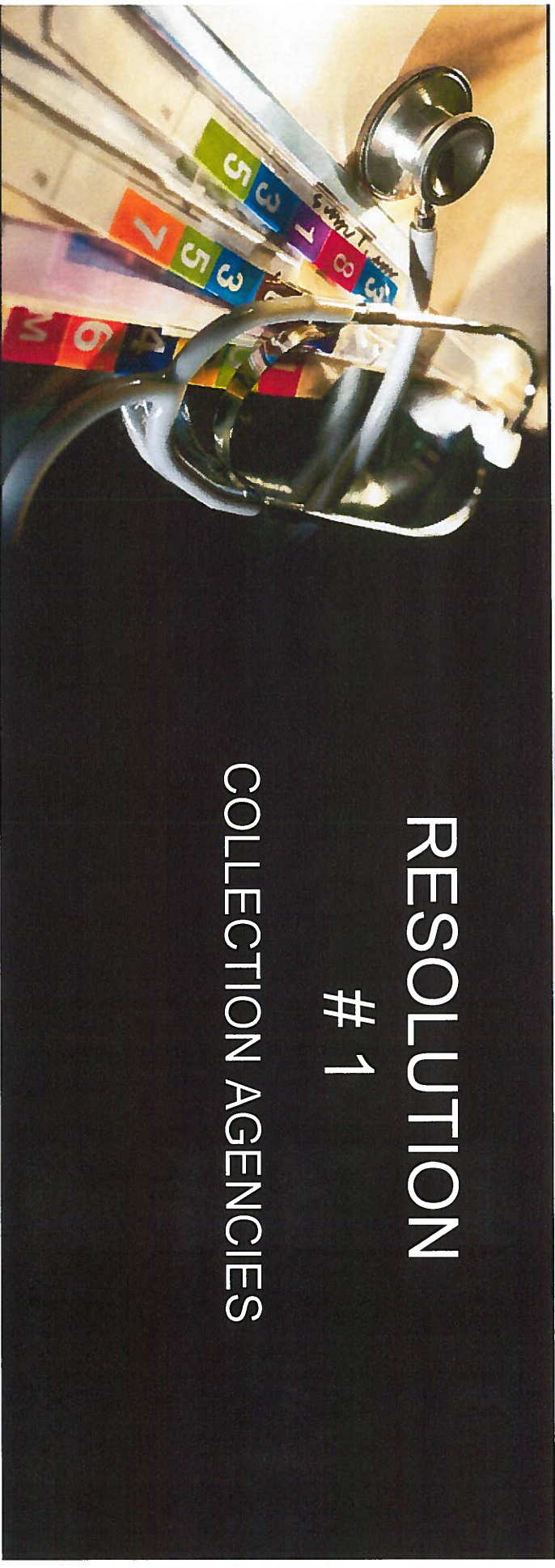
	Bellevue	Metropolitan	Coler	Goldwater	Gouverneur	HJ Carter
Cash Receipts						
Inpatient						
Medicaid Fee for Service	\$ 167,933	\$ 54,293	\$ 66,219	\$ 38,735	\$ 12,365	\$ 35,044
Medicaid Managed Care	88,252	46,314	1,065	(128)	814	447
Medicare	82,584	32,123	1,084	1,320	3,014	2,437
Medicare Managed Care	33,945	16,789	252	1,309	2,634	470
Other	46,065	8,225	2,896	764	2,052	825
Total Inpatient	\$ 418,779	\$ 157,744	\$ 71,515	\$ 42,000	\$ 20,879	\$ 39,222
Outpatient						
Medicaid Fee for Service	\$ 20,355	\$ 16,152	\$ -	\$ -	\$ 5,663	\$ -
Medicaid Managed Care	34,682	30,569	-	-	17,761	-
Medicare	6,209	5,621	-	-	1,578	-
Medicare Managed Care	9,773	6,796	-	-	8,137	-
Other	16,897	5,600	-	-	3,465	-
Total Outpatient	\$ 87,916	\$ 64,738	\$ -	\$ -	\$ 36,605	\$ -
All Other						
Pools	\$ 35,135	\$ 28,311	\$ 2,143	\$ 2,761	\$ 6,794	\$ -
DSH / UPL	103,249	48,016	19,924	16,685	9,449	-
Grants, Intracity, Tax Levy	65,030	6,015	1,174	-	8,291	-
Appeals & Settlements	(25,012)	3,860	(536)	(3,373)	(1,563)	-
Misc / Capital Reimb	15,201	5,602	1,282	1,134	1,111	-
Total All Other	\$ 193,603	\$ 91,804	\$ 23,987	\$ 17,207	\$ 24,083	\$ -
Total Cash Receipts	\$ 700,298	\$ 314,287	\$ 95,503	\$ 59,207	\$ 81,567	\$ 39,222
Cash Disbursements						
PS	\$ 280,726	\$ 123,806	\$ 63,125	\$ 22,276	\$ 43,149	\$ 29,991
Fringes	149,952	70,578	38,994	18,038	25,254	24,650
OTPS	136,785	71,606	5,453	363	14,664	(406)
City Payments	27,938	10,342	3,094	3,409	13,701	481
Affiliation	140,529	48,296	9,062	7,419	8,948	7,419
HHC Bonds Debt	-	-	-	-	-	-
Total Cash Disbursements	\$ 735,931	\$ 324,628	\$ 119,728	\$ 51,504	\$ 105,716	\$ 62,135
Receipts over/ (under) Disbursements	\$ (35,632)	\$ (10,342)	\$ (24,225)	\$ 7,703	\$ (24,149)	\$ (22,912)

**FY2014
Budget (in \$000's)**

Cash Receipts	Woodhull	Cumberland DTC	Kings County	McKinney	East New York	Coney Island	Seaview
Inpatient							
Medicaid Fee for Service	\$ 54,895	\$ -	\$ 131,941	\$ 22,164	\$ -	\$ 57,056	\$ 24,370
Medicaid Managed Care	56,798	-	106,745	1,882	-	33,006	91
Medicare	26,236	-	53,415	2,663	-	83,405	1,994
Medicare Managed Care	18,971	-	29,472	1,795	-	18,446	-
Other	12,679	-	30,839	3,358	-	14,588	5,526
Total Inpatient	\$ 169,580	\$ -	\$ 352,413	\$ 31,862	\$ -	\$ 206,502	\$ 31,981
Outpatient							
Medicaid Fee for Service	\$ 16,847	\$ 2,819	\$ 28,216	\$ 2,494	\$ 1,469	\$ 9,816	\$ 1,057
Medicaid Managed Care	49,614	7,291	47,013	-	10,672	21,780	-
Medicare	9,702	220	8,696	-	224	4,310	-
Medicare Managed Care	10,806	2,330	9,440	-	1,337	3,408	-
Other	13,049	3,512	21,932	206	1,394	13,247	743
Total Outpatient	\$ 100,017	\$ 16,172	\$ 115,296	\$ 2,700	\$ 15,097	\$ 52,561	\$ 1,801
All Other							
Pools	\$ 36,609	\$ 2,420	\$ 79,567	\$ -	\$ 1,420	\$ 2,188	\$ -
DSH / UPL	71,341	1,505	125,393	8,825	1,151	50,653	8,913
Grants, Intracity, Tax Levy	12,923	11,662	21,987	71	4,182	6,795	361
Appeals & Settlements	(4,971)	-	(5,850)	(317)	(213)	1,946	(89)
Misc / Capital Reimb	2,693	151	5,127	136	78	2,928	466
Total All Other	\$ 118,595	\$ 15,738	\$ 226,224	\$ 8,715	\$ 6,618	\$ 64,509	\$ 9,651
Total Cash Receipts	\$ 388,193	\$ 31,909	\$ 693,933	\$ 43,278	\$ 21,714	\$ 323,571	\$ 43,432
Cash Disbursements							
PS	\$ 148,196	\$ 13,778	\$ 353,726	\$ 19,655	\$ 13,255	\$ 150,851	\$ 25,864
Fringes	84,188	9,094	176,648	12,540	6,503	87,208	17,666
OTPS	51,403	8,568	139,938	13,262	3,967	57,192	8,847
City Payments	18,735	960	69,124	571	1,408	26,230	610
Affiliation	101,242	3,794	23,830	-	-	62,827	276
HHC Bonds Debt	-	-	-	-	-	-	-
Total Cash Disbursements	\$ 403,764	\$ 36,194	\$ 763,265	\$ 46,027	\$ 25,133	\$ 384,308	\$ 53,263
Receipts over/ (under) Disbursements	\$ (15,570)	\$ (4,284)	\$ (69,333)	\$ (2,749)	\$ (3,419)	\$ (60,737)	\$ (9,831)

**FY2014
Budget (in \$000's)**

	Elmhurst	Queens	Central Office & Reserves	Enterprise IT	HHC Health & Home Care
Cash Receipts					
Inpatient					
Medicaid Fee for Service	\$ 96,267	\$ 56,041	\$ -	\$ 34,829	\$ -
Medicaid Managed Care	72,891	39,096	-	-	-
Medicare	55,572	27,627	-	12,244	-
Medicare Managed Care	23,594	12,263	-	-	-
Other	25,333	11,062	-	-	-
Total Inpatient	\$ 273,657	\$ 146,088	\$ -	\$ 47,073	\$ -
Outpatient					
Medicaid Fee for Service	\$ 22,542	\$ 21,037	\$ 21,000	\$ 6,000	\$ 4,679
Medicaid Managed Care	60,477	44,125	-	-	-
Medicare	4,452	8,808	-	-	7,938
Medicare Managed Care	10,430	8,397	-	-	-
Other	15,118	14,524	-	-	16,260
Total Outpatient	\$ 113,019	\$ 96,891	\$ 21,000	\$ 6,000	\$ 28,877
All Other					
Pools	\$ 50,386	\$ 35,840	\$ -	\$ -	\$ -
DSH / UPL	78,737	62,577	1,030,000	-	-
Grants, Intracity, Tax Levy	28,180	9,907	54,114	-	202
Appeals & Settlements	11,845	3,082	-	-	-
Misc / Capital Reimb	3,644	2,013	1,500	-	6
Total All Other	\$ 172,793	\$ 113,418	\$ 1,085,614	\$ -	\$ 208
Total Cash Receipts	\$ 559,468	\$ 356,397	\$ 1,106,614	\$ 53,073	\$ 29,085
Cash Disbursements					
PS	\$ 208,849	\$ 127,839	\$ 56,680	\$ 58,180	\$ 14,078
Fringes	117,474	72,395	19,385	20,116	7,079
OTPS	109,608	64,831	95,357	108,538	9,322
City Payments	32,122	40,287	1,722	653	198
Affiliation	118,559	87,915	-	-	-
HHC Bonds Debt	-	-	83,529	-	-
Total Cash Disbursements	\$ 586,612	\$ 393,267	\$ 256,673	\$ 187,487	\$ 30,676
Receipts over/ (under) Disbursements	\$ (27,144)	\$ (36,869)	\$ 849,940	\$ (134,415)	\$ (1,591)



RESOLUTION
1
COLLECTION AGENCIES

RESOLUTION

Authorizing the President of the New York City Health and Hospitals Corporation to negotiate and execute contracts on behalf of HHC facilities with Betz Mitchell Associates, Inc., Jzanus LTD., MBI Associates Inc., MCS Claim Services, Inc., and NCO Financial Systems, Inc. for the collection of delinquent inpatient accounts each for a period of three years with an option to extend for up to two additional one-year terms solely exercisable by the Corporation

WHEREAS, optimizing collection of payments for inpatient services rendered to patients at its hospitals is essential for the Corporation to carry out its obligations; and

WHEREAS, the Corporation currently uses the services of five collection firms to assist in the collection of outstanding payments and continues to require the services of several collection firms; and

WHEREAS, the Corporation conducted a competitive selection process for collection services, using a Request for Proposals (“RFP”) and, as a result of the Corporation’s evaluation process determined which five agencies best meet the requirements of the Corporation and would be most advantageous to the Corporation; and

WHEREAS, the overall monitoring of this contract will be under the direction of the Senior Vice President, Finance and the Senior Assistant Vice President, Revenue Management

NOW, THEREFORE, be it:

RESOLVED, that the President of the New York City Health and Hospitals Corporation be and is hereby authorized to negotiate and execute contracts on behalf of HHC facilities with Betz Mitchell Associates, Inc., Jzanus LTD., MBI Associates Inc., MCS Claim Services, Inc., and NCO Financial Systems, Inc. for the collection of delinquent inpatient accounts. These contracts are for a period of three years with options to extend for up to two additional one-year terms solely exercisable by the Corporation.

EXECUTIVE SUMMARY

The Corporation has utilized the services of collection agencies for inpatient accounts since 1974.

The Corporation has undertaken many initiatives over the years in an attempt to increase collections through its own efforts. Some of these initiatives include establishing Medicaid Office on-site, setting up a direct connection to Medicaid's EMEDNY eligibility system, searching for information through HHS Worker Connect the city-wide agency information data base, obtaining access to Social Security information, preparing pre-natal Medicaid applications (PCAP) prior to admission, thereby having an active number at time of admission, and instituting a pre-collection inpatient letter.

HHC staff determines a patient's ability to pay by verifying third party eligibility or by completing a Medicaid application on behalf of those patients who are uninsured. HHC completed approximately 42,922 such Medicaid applications during FY 2013. For those uninsured patients who do not become enrolled in Medicaid, the HHC Options program offers a reduction of hospital bills. However, HHC can collect from third party payers, prepare Medicaid applications or offer a reduction of bills when patients are able to provide the necessary information. Although bad debt referrals have steadily declined from prior contract years, the Corporation still requires the services of inpatient collection agencies. In Fiscal Year 2012, inpatient collection agencies collected \$26.2 million with commission fees of \$4.7 million paid resulting in a net benefit to HHC of \$21.5 million. The five (5) contracts, resulting from the Corporation's Request for Proposals (RFP) and the Collection Agency Selection Committee's review and evaluation process, will enable the Corporation to continue to optimize its collection effort through the use of collection agencies.

Agencies were evaluated on their ability to perform collection services in accordance with the requirements specified in the RFP and included: collection techniques, knowledge of third party billing procedures and Medicaid eligibility rules, experience in the health care debt collection environment, electronic media and report generation capability, and staff resources. Commission fees were considered amongst all other

factors. The agencies selected were the highest scoring firms in relationship to their compliance with the necessary areas stipulated in the RFP.

Five (5) contracts will be awarded and each agency will receive approximately 20% of the referred accounts. Each hospital will be assigned two (2) or three (3) agencies. The five (5) collection agencies that best met the requirements of the Corporation are: Betz Mitchell Associates, Inc. at 18%, JZanus Ltd. At 19%, MBI Associates Inc. at 12%. MCS Claim Services Inc. at 16%, and NCO Financial Systems, Inc. at 17%. Contracts are to be awarded for a three (3) year period with two (2) possible one (1) year extensions, at the Corporation's option, for a maximum period of five (5) years.

CONTRACT FACT SHEET

New York City Health and Hospitals Corporation

Contract Title: INPATIENT DEBT COLLECTION SERVICES

Project Title & Number: INPATIENT DEBT COLLECTION SERVICES
Project location: ALL HHC ACUTE AND SKILLED NURSING FACILITIES
Requesting Dept.: FINANCE

Successful Respondent: Betz Mitchell Associates, Inc., JZanusLtd., MBI Associates Inc., MCSClaim Services, Inc., NCO Financial Systems, Inc.

Contract Amount: Contingency

Contract Term: 3 Years Renewable Thereafter For 2 Additional 1-year Periods

Number of Respondents: 14
(If sole source, explain in Background section)

Range of Proposals: 6.95% to 30%

Minority Business Enterprise Invited: Yes If no, please explain:

Funding Source: General Care Capital
Grant: explain
Other: explain REVENUE OFFSET

Method of Payment: Lump Sum Per Diem Time and Rate
Other: explain CONTINGENCY FEE

EEO Analysis: Completed

Compliance with HHC's McBride Principles? Yes No Pending for all contracts

Vendex Clearance Yes No Pending for all contracts

(required for contracts in the amount of \$50,000 or more awarded pursuant to an RFP or as a sole source, or \$100,000 or more if awarded pursuant to an RFB.)

CONTRACT FACT SHEET (continued)

Background (include description and history of problem; previous attempts, if any, to solve it, and how this contract will solve it):

Since 1974, the Corporation has found it necessary to use collection agency services to supplement its in-house collection efforts.

The Corporation determines patient's ability to pay their hospital bills by verifying insurance coverage or by completing Medicaid applications on behalf of those patients who are uninsured and under-insured.

HHC completed 42,922 applications during FY'13. HHC Options, our charity care program is available to reduce hospital bills for uninsured and under-insured patients who do not obtain Medicaid coverage. However, HHC can only collect from insurance plans, prepare Medicaid applications or offer a reduction of bills when patients provide the required information. The collection agencies can assist debtor patients with applying for Medicaid, appealing Medicaid eligibility denials or obtaining insurance coverage denied during the hospitalization. The collection agencies are mandated to follow HHC policy for advising patients about the availability of HHC's charity care program, HHC Options to reduce their hospital bills.

Over the years, the Corporation has undertaken many initiatives to increase collections. Some of the initiatives include: establishing Medicaid offices on-site; setting up direct connection to Medicaid's EMEDNY eligibility system; obtaining access to Social Security and Medicare information; preparing pre-natal Medicaid applications for expectant mothers with incomes up to 200% FPL to obtain active Medicaid prior to delivery; and sending out pre-collection letters. HHC staff determines patients' ability to pay their hospital bills by finding third party eligibility or by completing Medicaid applications on behalf of those patients who are uninsured. Although referrals are declining, the Corporation referred \$78 million in bad debt inpatient accounts in FY'12 to collection agencies.

The purpose of the RFP is to continue utilizing inpatient debt collection services. An extensive outreach was undertaken by mailing individual notices to all firms that contacted HHC, has done business with HHC in the past and by advertising in the City Record. The RFP requires agencies have at least two years health care experience.

Assignment of inpatient bad debt accounts will be divided into approximately five (5) equal grouping based upon FY'13 hospital volumes. Each hospital will be assigned to two (2) or three (3) collection agencies.

Therefore, the execution of these contracts will enable the Corporation to continue to optimize its collection efforts through the use of collection agencies.

CONTRACT FACT SHEET (continued)

Contract Review Committee

Was the proposed contract presented at the Contract Review Committee (CRC)? (include date):

The proposed contract was presented to the Contract Review Committee on June 5, 2013

Has the proposed contract's scope of work, timetable, budget, contract deliverables or accountable person changed since presentation to the CRC? If so, please indicate how the proposed contract differs since presentation to the CRCs:

NO

CONTRACT FACT SHEET (continued)

Selection Process (attach list of selection committee members, list of firms responding to RFP, list of firms considered, describe here the process used to select the proposed contractor, the selection criteria, and the justification for the selection):

The selection process consisted of evaluating proposals received in response to the Corporation's Request for Proposals (RFP). The responding agencies (Betz Mitchell Associates Inc., Century financial Services, Inc., Collection Bureau Hudson Valley, Inc, FHS Financial Services, Inc., JZanus Ltd., L J Ross Associates, MBI Associates, Inc., MCS Claim Services, Inc., M&M Recovery Services LLC, NCO Healthcare Services, POM Recoveries, RTR Financial Services, Inc., Ruben & Raine, and UCB (Intelligent Solutions). were evaluated on their ability to perform collection services in accordance with the following RFP requirements: collection techniques, knowledge of third party billing procedures, NY Medicaid application requirements, health care debt collection and billing experience, electronic file data and reporting capabilities and staff resources. Commission fees, which were one component of the evaluation process, were taken into account. Evaluation forms were completed by selection committee members (Tanya Blanchette, North Bronx Network; Melvin Bobea, Central Office Revenue Management -IT; Dick Cheng, Woodhull Hospital; Lourdes Colon, Generations Plus Network; Yvonne Cummings, Central Office Revenue Management; Michelle Figueroa, South Manhattan Network; Richard Gallo, Queens Network; Michael Shanker, Coney Island Hospital; William Swensen, Kings County Hospital; Jay Weinman, Corporate Comptroller) based on the reading of the Proposals and following discussion of each proposal at committee meetings.

Agencies that were determined to best meet the needs of the Corporation were selected for contracts.

Scope of work and timetable:

The contractor shall provide the Corporation with services for the collection of payment for delinquent patient bills for inpatient services rendered at Corporation hospitals when insurance coverage is absent, unknown or insufficient or when patients fail to furnish sufficient information to determine if insurance coverage is in effect for the admission period.

These services will encompass all collection activities including, but not limited to: preparation of Medicaid applications; assisting patient with applying for insurance through the Health Exchange (New York State of Health); preparing and submitting, if appropriate, insurance claims; informing patients of bill reduction opportunities through HHC Options; sending dunning statements; performing skip tracing for bad addresses/ phone numbers; and litigating cases. Bad debt cases will be referred for three years with the possibility of two one-year extensions.

CONTRACT FACT SHEET (continued)

Costs/Benefits:

\$26.2 million were collected based upon the activities of the collection agencies in FY' 12 at a cost of \$4.7 million for a benefit of \$21.5 million

Why can't the work be performed by Corporation staff:

Hospital staff follow sound and prudent business practices, i.e. timely patient interviews and follow up to determine patients' ability to pay the hospital bill. Accounts of patients that do not provide insurance coverage information, or cooperate in the Medicaid enrollment process and do not make payments within 120 days from the date of the 1st bill generated are referred to collection agencies. Collection agency success with non-cooperative patients is related directly to their ability to initiate legal action.

Will the contract produce artistic/creative/intellectual property? Who will own It? Will a copyright be obtained? Will it be marketable? Did the presence of such property and ownership thereof enter into contract price negotiations?

This contract will not produce artistic/ creative/ intellectual property.

Contract monitoring (include which Senior Vice President is responsible):

The Senior Vice President for Finance and the Senior Assistant Vice President of Revenue Management is responsible for overall monitoring of these contracts.

CONTRACT FACT SHEET(continued)

Equal Employment Opportunity Analysis (include outreach efforts to MBE/WBE's, selection process, comparison of vendor/contractor EEO profile to EEO criteria. Indicate areas of under-representation and plan/timetable to address problem areas):

Received By E.E.O. -----
Date

Analysis Completed By E.E.O. _____
Date Name

Manasses C. Williams
Assistant Vice President
Affirmative Action/EEO
manasses.williams@nychhc.org

TO: Yvonne I. Cummings
Senior Director
Central Office – Revenue Management/Operations

FROM: Manasses C. Williams

DATE: September 9, 2013

SUBJECT: EEO CONTRACT COMPLIANCE

The proposed contractor/consultant, Betz-Mitchell Associates, Inc., has submitted to the Affirmative Action Office a completed Contract Compliance Questionnaire and the appropriate EEO documents.

This company is a:

Minority Business Enterprise Woman Business Enterprise Non-M/WBE

Project Location(s): HHC Corporate-Wide.

Contract Number: _____ Project: Provide: Inpatient Debt Collection Services

Submitted by: Revenue Management/Operations.

EEO STATUS:

1. Approved
2. Conditionally approved with follow-up review and monitoring-No EEO Committee Review
3. Not approved
4. Conditionally approved subject to EEO Committee Review

COMMENTS:

c:

Manasses C. Williams
Assistant Vice President
Affirmative Action/EEO

manasses.williams@nychhc.org

TO: Yvonne I. Cummings
Senior Director
Central Office – Revenue Management/Operations

FROM: Manasses C. Williams 

DATE: September 9, 2013

SUBJECT: EEO CONTRACT COMPLIANCE

The proposed contractor/consultant, MCS Claim Services, Inc., has submitted to the Affirmative Action Office a completed Contract Compliance Questionnaire and the appropriate EEO documents.

This company is a:

Minority Business Enterprise Woman Business Enterprise Non-M/WBE

Project Location(s): HHC Corporate-Wide.

Contract Number: _____ Project: Provide: Inpatient Debt Collection Services

Submitted by: Revenue Management/Operations.

EEO STATUS:

1. Approved
2. Conditionally approved with follow-up review and monitoring-No EEO Committee Review
3. Not approved
4. Conditionally approved subject to EEO Committee Review

COMMENTS:

c:

Manasses C. Williams
Assistant Vice President
Affirmative Action/EEO

manasses.williams@nychhc.org

TO: Yvonne I. Cummings
Senior Director
Central Office – Revenue Management/Operations

FROM: Manasses C. Williams

DATE: September 9, 2013

SUBJECT: EEO CONTRACT COMPLIANCE

The proposed contractor/consultant, Jzanus Ltd., has submitted to the Affirmative Action Office a completed Contract Compliance Questionnaire and the appropriate EEO documents. This company is a:

Minority Business Enterprise Woman Business Enterprise Non-M/WBE

Project Location(s): HHC Corporate-Wide.

Contract Number: _____ Project: Provide: Inpatient Debt Collection Services

Submitted by: Revenue Management/Operations.

EEO STATUS:

1. Approved
2. Conditionally approved with follow-up review and monitoring-No EEO Committee Review
3. Not approved
4. Conditionally approved subject to EEO Committee Review

COMMENTS:

c:

Manasses C. Williams
Assistant Vice President
Affirmative Action/EEO
manasses.williams@nychhc.org

TO: Yvonne I. Cummings
Senior Director
Central Office – Revenue Management/Operations

FROM: Manasses C. Williams 

DATE: September 9, 2013

SUBJECT: EEO CONTRACT COMPLIANCE

The proposed contractor/consultant, MBI Associates, Inc., has submitted to the Affirmative Action Office a completed Contract Compliance Questionnaire and the appropriate EEO documents.

This company is a:

Minority Business Enterprise Woman Business Enterprise Non-M/WBE

Project Location(s): HHC Corporate-Wide.

Contract Number: _____

Project: Provide: Inpatient Debt Collection Services

Submitted by: Revenue Management/Operations.

EEO STATUS:

1. Approved
2. Conditionally approved with follow-up review and monitoring-No EEO Committee Review
3. Not approved
4. Conditionally approved subject to EEO Committee Review

COMMENTS:

c:

Manasses C. Williams
Assistant Vice President
Affirmative Action/EEO
manasses.williams@nychhc.org

TO: Yvonne I. Cummings
Senior Director
Central Office – Revenue Management/Operations

FROM: Manasses C. Williams 

DATE: September 18, 2013

SUBJECT: EEO CONTRACT COMPLIANCE

The proposed contractor/consultant, NCO Financial Systems, Inc., has submitted to the Affirmative Action Office a completed Contract Compliance Questionnaire and the appropriate EEO documents.

This company is a:

Minority Business Enterprise Woman Business Enterprise Non-M/WBE

Project Location(s): HHC Corporate-Wide.

Contract Number: _____ Project: Provide: Inpatient Debt Collection Services

Submitted by: Revenue Management/Operations.

EEO STATUS:

1. Approved
2. Conditionally approved with follow-up review and monitoring-No EEO Committee Review
3. Not approved
4. Conditionally approved subject to EEO Committee Review

COMMENTS:

c:

A person in a green jacket and brown pants is walking on a thin wire (tightrope) that stretches across the frame. The background is a vibrant purple and blue gradient. Large, stylized dollar signs in various colors (gold, blue, brown) are scattered throughout the scene, some appearing to be on the wire or floating in the air. The overall theme is financial stability and recovery.

RESOLUTION

#2

EMERGENCY PREPAREDNESS

&

RECOVERY

RESOLUTION

Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") to negotiate and execute a contract with LVI Demolition Services, Inc., to provide Emergency Response Services designed to support HHC in the event of an emergency or catastrophic occurrence that causes damage to the Corporation's facilities. The Emergency Preparedness and Recovery Contract will be for a term of three years with an option to renew for an additional two year period solely exercisable by the Corporation. Cost incurred due to an emergency responded to by this vendor shall be reported to the Board of Directors subsequent to the emergency preparedness and restoration.

WHEREAS, on October 29, 2012 Hurricane Sandy caused substantial damage to numerous HHC facilities, which required the evacuation of all patients and staff from Bellevue Hospital Center and Coney Island Hospital; and

WHEREAS, the Corporation wishes to assure that all necessary resources are available to provide Emergency Response Services to support the Corporation in the event of a Force Majeure or man-made emergency; and

WHEREAS, a Request for Proposals (RFP) was issued seeking the services of an Emergency Response Services firm expert in responding to catastrophic events such as Fires, Floods, Hurricanes, Biological or Hazardous Materials spill; and

WHEREAS, a selection committee using criteria specified in the RFP determined that LVI Demolition Services, Inc., is the highest rated of all proposers and will best meet the Corporations requirements; and

WHEREAS, the President of the Corporation shall be responsible for the overall management, monitoring and enforcement of the contract.

NOW, THEREFORE, BE IT RESOLVED, that the President of the New York City Health and Hospitals Corporation (the "Corporation") be and hereby is authorized to negotiate and execute a contract with LVI Demolition Services, Inc., to provide Emergency Response Services designed to support HHC in the event of an emergency or catastrophic occurrence that causes damage to the Corporation's facilities. The Emergency Preparedness and Recovery Contract will be for a term of three years with an option to renew for an additional two year period solely exercisable by the Corporation. Cost incurred due to an emergency responded to by this vendor shall be reported to the Board of Directors subsequent to the emergency preparedness and restoration.

EXECUTIVE SUMMARY

LVI's experience spans 27 years of providing emergency preparedness and remediation services in acute care hospital environments.

LVI's core services are hazardous material abatement, interior and structural demolition, mold remediation, fire/smoke/water restoration, biological and chemical decontamination, and decommissioning.

The purpose of this Contract is to have an Emergency Preparedness and Remediation Contractor to provide preparedness plans, remediation and stabilization services on an as needed basis if property damage from an emergency event were to occur at any of the New York City Health and Hospitals Corporation ("HHC") facilities. LVI will be required to assess certain vulnerable HHC facilities to determine its readiness to withstand a catastrophic storm and make recommendations on areas for improvement and assist the Corporation in its Emergency Preparedness Plan. The firm shall also be expected to provide advance temporary staging of equipment, including but not limited to pumps, generators and boilers to protect against service interruptions due to utility failures, and/or mitigation measure such as sandbags or portable flood barriers designed to protect facilities from damage. In the event HHC's facilities are damaged the LVI will be assigned remediation and restoration projects which will range in costs.

The President of the Corporation or his designee shall authorize LVI to implement the approved emergency plan as required in response to an emergency or catastrophic event and establish a not to exceed cap on the agreed upon plan. The President shall report to the Board of Directors all expenditures related to the emergency as a notice item in the Board of Directors' agenda.

CONTRACT FACT SHEET

New York City Health and Hospitals Corporation

Contract Title: Emergency Preparedness and Remediation
Project Title & Number: Emergency Preparedness and Remediation
Project Location: HHC Corporate and Facilities
Requesting Dept.: Central Office Operations

Successful Respondent: LVI Demolition Services, Inc.

Contract Amount: In the event HHC's facilities are damaged LVI will be assigned remediation and restoration projects which will range in costs.

Contract Term: Three years with one (1), two (2) year option to renew, solely exercisable at the discretion of HHC.

Number of Respondents: 5

Range of Proposals: Consulting - \$175.00 to \$249.00
Project Director - \$85.00 to \$150.00
Restoration Project Mgr. - \$85.00 to \$90.00

Minority Business Enterprise Invited: Yes

Funding Source: Capital

Method of Payment: Time and Rate
Other: explain

EEO Analysis: Approved

Compliance with HHC's McBride Principles? Yes

Vendex Clearance Approved

(Required for contracts in the amount of \$100,000 or more awarded pursuant to an RFP, NA or as a Sole Source, or \$100,000 or more if awarded pursuant to an RFB.)

CONTRACT FACT SHEET(continued)

Background (include description and history of problem; previous attempts, if any, to solve it; and how this contract will solve it):

The purpose of this Contract is to have an Emergency Preparedness and Remediation Contractor to provide preparedness plans, remediation and stabilization services on an as needed basis if property damage from an emergency event were to occur at any of the New York City Health and Hospitals Corporation ("HHC") facilities. LVI will be required to assess certain vulnerable HHC facilities to determine its readiness to withstand a catastrophic storm and make recommendations on areas for improvement and assist the Corporation in its Emergency Preparedness Plan. The firm shall also be expected to provide advance temporary staging of equipment, including but not limited to pumps, generators and boilers to protect against service interruptions due to utility failures, and/or mitigation measure such as sandbags or portable flood barriers designed to protect facilities from damage. In the event HHC's facilities are damaged LVI will be assigned remediation and restoration projects which will range in costs.

CONTRACT FACT SHEET (continued)

Contract Review Committee

Was the proposed contract presented at the Contract Review Committee (CRC)?

The Contract Review Committee (CRC) reviewed and approved the issuance of a Request for Proposal (RFP) on its July 17, 2013 meeting.

Has the proposed contract's scope of work, timetable, budget, contract deliverables or accountable person changed since presentation to the CRC? If so, please indicate how the proposed contract differs since presentation to the CRC:

No.

CONTRACT FACT SHEET (continued)

Selection Process:

Selection Committee Members:

1. Joseph Quinones, SAVP, Operations, Chairman
2. Dan Collins, Director, Coney Island
3. Mike Buchholz, SAED, Coler
4. Edie Coleman, SAD, Metropolitan
5. Frederick Corvino, AVP, Budget
6. Michael Rawlings, Director, Bellevue

List of firms responding to RFP:

1. BMS CAT, Inc.
2. Interstate Restoration, LLC
3. LVI Demolition Services, Inc.
4. Polygon AB
5. Signal Restoration Services

The RFP process was utilized to test the market. Through advertisement and sending the RFP to a broad range of firms we received interest at the "bidders' conference" from eight firms and five firms submitted proposals. The Evaluation Committee selected LVI cost effective plan to assist HHC in its Emergency Preparedness Plan and ability to fund and utilize all necessary resources to remediate and restore damaged facilities.

The selection criteria was:

1. Ability to assist HHC in its Emergency Preparedness plan.
2. Ability to bring all necessary equipment and resources to protect the facilities from damage.
3. Ability to fund and utilize all necessary resources to remediate and restore damaged facilities.
4. Plans to integrate with HHC's CMMC applications.
5. Cost effectiveness of plan.

The justification for the selection of LVI was its cost effective plan to assist HHC in its Emergency Preparedness Plan and ability to fund and utilize all necessary resources to remediate and restore damaged facilities.

Response Time (if event occurs without lead time)

- a. LVI is expected to be available to perform all services identified in the Agreement 24 hours a day, 7 days a week, and 365 days a year.
- b. Response time to a project once contracted by HHC shall be as follows:
 - A return call confirming receipt and Expected Time of Arrival at site within 2 hours of initial call from an HHC representative.
 - Arrival at site within 12 hours of initial call from an HHC representative. Arrival at site within 36 hours of initial call if extenuating emergency or weather conditions have closed airports and entranceways into New York City.
 - In any case, time is of the essence and LVI understands that they are under Agreement with HHC and HHC is to be serviced on a priority basis, and any delay in responding shall be held to the minimum possible.

Task Order

Within 24 hours of the initial response to an emergency LVI and HHC's Corporate Representative will develop the milestone schedule of task completion and this will be incorporated into the Task Order issued to the Supplier/Contractor. HHC's Corporate Representative will provide the Task Order to LVI within 24 hours of the initial response.

General Requirements

The terms of HHC as represented by HHC's Corporate Representative are defined herein.

- a. LVI shall provide all labor, tools, equipment, material, permits, insurance and means necessary to complete the task called for.
- b. LVI is required to have ALL underground utilities located before performing any work when applicable
- c. LVI will comply with requirements of local, state, and federal laws and regulations governing construction, permits, and industry standards including but not limited to the following:
 - Applicable codes including but not limited to Building, Mechanical, Plumbing, Electrical, and Life Safety Codes including local requirements for permits and inspection.
 - Health and safety regulations (OSHA).
 - Environmental protection regulations (EPA – local, State and Federal)
 - Health Department regulations
 - Local Fire Department and Fire Marshall's regulations and requirements
 - All Prevailing Wage laws governing Public Works projects in the City of New York and State of New York
- d. LVI, subcontractors and their workers are required to wear branded attire at all times while working on site.
- e. LVI is required to use their own power generators to supply electrical power needed to perform the work, unless approved in writing by HHC's Corporate Representative. Such approval must be granted on an individual project by project basis based on specific requirements; approval for one project or location does not grant approval at a different project or location. LVI to provide their own portable toilet, location to be approved by HHC's Corporate Representative.
- f. HHC's Corporate Representative shall be required to authorize emergency response and material/tools and personnel needed. In emergency situations, a designee of a Corporate Representative can provide emergency authorization provided via email or other written/nonverbal documentation authorizing the delegation of authority is

- provided from the Corporate Representative.
- g. LVI shall keep full and detailed accounts and exercise such controls as may be necessary for proper financial management under this contract. HHC and their accountants shall be afforded access to, and shall be permitted to audit and copy, the financial records and other data relating to this Contract.
 - h. Access to the Property, parking, equipment storage and staging and any and other miscellaneous items related to use and occupancy of the Site during the Work shall be coordinated with HHC's Corporate Representative.
 - i. Unless authorized by HHC, works hours are limited to 7 AM to 6 PM Monday through Saturday.
 - j. LVI shall be responsible for receiving, storage, and security of all materials supplied by Supplier/Vendor.
 - k. LVI must submit Material Safety Data Sheets of all hazardous chemicals that they will be using, at or in possession of, while on the property before material delivery or work.
 - l. LVI should designate a job foreman/project manager who will be familiar with the entire scope of work, schedule, daily progress, and shall be available to HHC's Corporate Representative for field communications. The foreman/project manager will keep a daily log of job activities, itemized work, and labor/staffing levels.
 - m. Within 24 hours of initial response, LVI to provide the HHC's Corporate Representative phone numbers where key personnel such as foreman and/or project managers can be reached 24 hours a day inclusive of any or all of the following: Home phone numbers, pager numbers, and cell phone numbers. LVI to respond immediately after contact. Three copies of the list shall be provided.
 - n. LVI shall keep the on-site management staff informed of the current schedule and any changes. LVI shall provide regular status updates for any ongoing project.
 - o. LVI to coordinate and manage schedule between any Sub Contractors to the Supplier/Contractor, HHC and any other HHC Contractors or Sub Contractors.
 - p. LVI shall familiarize himself with the local weather conditions and forecast as may from time to time change, and shall schedule the work during fair weather conditions, and shall protect the work and the building interiors from inclement weather at all times. VLI is to keep all buildings weather tight or have suitable materials on hand, At the conclusion of daily work, during lunch, breaks, etc., provisions will be made to cover unfinished work, tight against wind and water damaged. All work to be completed under weather conditions suitable for the work.
 - q. LVI shall take the required measures to maintain safety in the work area. LVI will be required to cordon off a construction zone on a per building basis in order to restrict the presence of pedestrian and vehicular traffic, and will provide clearly marked and protected lanes for residents to access the building and individual units.
 - r. LVI shall take all appropriate measures to protect the landscaping, irrigation system, utility wiring and piping, air conditioning equipment, doors, windows, automobiles, and other items located within the general construction area from the damage, and shall promptly repair, and/or replace any damaged item at the sole expense of the Supplier/Contractor. Only workers skilled in the appropriate trade shall perform such repairs and/or replacements.
 - s. LVI is responsible for cleanup on a daily basis, and shall keep the job site neat and orderly during the workday.
 - t. LVI is responsible for the lawful storage, handling and disposal of all debris. LVI shall not use any of the dumpsters provided for the use of the facilities or those of other contractors.
 - u. LVI shall coordinate effort with others who may from time to time also be working in the area.
 - v. All materials shall be new and as specified, and LVI shall warranty all materials and labor for a period of ONE (1) YEAR from the day of substantial completion. LVI shall also honor any other applicable warranties, whether expressed or implied and shall honor all warrantee and/or serviceability statutes per venue or jurisdiction.

- w. LVI shall comply with inspection process as required by the permitting agency, and shall furnish HHC with the original permit card indicating final acceptance, and a certificate of completion, if appropriate, as issued by said permitting agency.
- x. LVI shall perform all Work in strict accordance with the terms of the Contract.

Provide a brief costs/benefits analysis of the services to be purchased.

The impact of Hurricane Sandy on the New York City public hospital system will exceed \$800 million to cover response, repairs, revenue loss and the permanent reconstruction work needed to prevent flood damage in the future. Therefore, in order to determine its readiness to withstand a catastrophic storm if they were to occur and make recommendations on areas for improvement and assist the Corporation in its Emergency Preparedness Plan.

Provide a brief summary of historical expenditure(s) for this service, if applicable.

NONE

Provide a brief summary as to why the work or services cannot be performed by the Corporation's staff.

Corporate staff does not have the requisite experience, resources or expertise in such matters

Will the contract produce artistic/creative/intellectual property? Who will own it? Will a copyright be obtained? Will it be marketable? Did the presence of such property and ownership thereof enter into contract price negotiations?

NONE

CONTRACT FACT SHEET (continued)

Contract monitoring (include which Senior Vice President is responsible):

Antonio Martin – Executive Vice-President/Chief Operating Officer

Equal Employment Opportunity Analysis (include outreach efforts to MBE/WBE's, selection process, comparison of vendor/contractor EEO profile to EEO criteria. Indicate areas of under-representation and plan/timetable to address problem areas):

Received By E.E.O.: September 16, 2013
Date

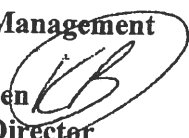
Analysis Completed By E.E.O.: September 18, 2013
Date

Manasses Williams
Name

Office of Legal Affairs

MEMORANDUM

To: David Larish
Materials Management

From: Karen Rosen 
Assistant Director

Date: October 1, 2013

Subject: VENDEX Approval

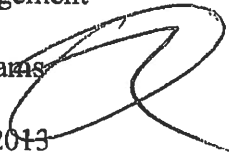
For your information, on October 1, 2013 VENDEX approval was granted by the Office of Legal Affairs for the following company:

LVI Demolition Services, Inc.

cc: Norman M. Dion, Esq.

Manasses C. Williams
Assistant Vice President
Affirmative Action/EEO
manasses.williams@nychhc.org

TO: David Larish
Director Procurement Systems and Operations
Materials Management

FROM: Manasses Williams 

DATE: September 18, 2013

SUBJECT: EEO CONTRACT COMPLIANCE REVIEW AND EVALUATION

The proposed contractor/consultant, **LVI Demolition Services, Inc.** has submitted to the Affirmative Action Office a completed Contract Compliance Questionnaire and the appropriate EEO documents.

This company is a:

Minority Business Enterprise Woman Business Enterprise Non-M/WBE

Project Location(s): HHC's Corporate wide

Contract Number: _____ Project: Emergency Preparedness/Emergency Response Services

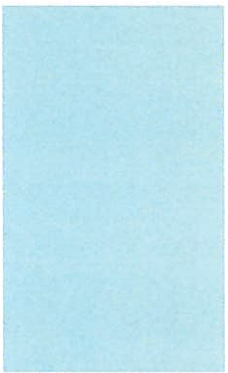
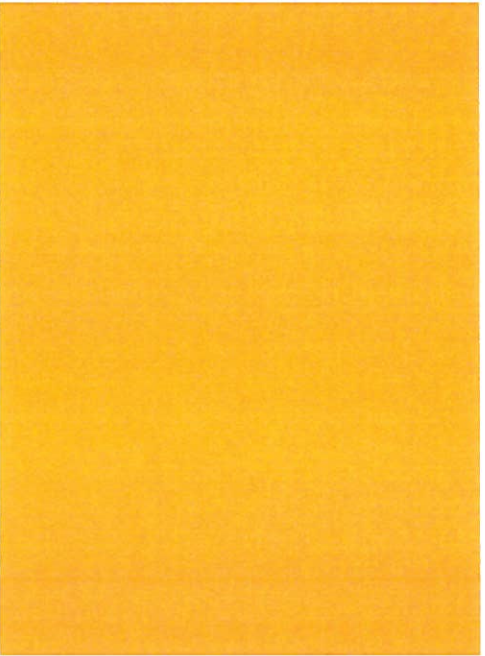
Submitted by: Procurement Systems and Operation

EEO STATUS:

1. Approved
2. Conditionally approved with follow-up review and monitoring-No EEO Committee Review
3. Not approved
4. Conditionally approved subject to EEO Committee Review

COMMENTS:

c: pt



RESOLUTION
#3

BIO-MEDICAL EQUIPMENT SERVICES

RESOLUTION

Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") to negotiate and execute a management contract with Crothall Healthcare, Inc. ("Crothall"). Crothall will manage the Corporation's biomedical equipment services operations for each facility. The contract will be for a term of nine (9) years. The contract shall be for an amount not to exceed \$252,884,799 over the nine (9) year term of the contract.

WHEREAS, the Corporation, in FY 2012, spent approximately \$46 million to operate its biomedical equipment services operations; and

WHEREAS, given the projected financial position of the Corporation and the need to close a substantial deficit in the Corporation's budget, biomedical equipment services was a service that was reviewed and identified as a source of savings and cost avoidance in the Corporation's Restructuring Plan; and

WHEREAS, a Request for Proposal was issued on June 17, 2013 seeking to enter into a service and management contract with a biomedical equipment services company to manage the full extent of the Corporation's biomedical equipment services operations; and

WHEREAS, a selection committee reviewed and rated the submitted proposals using criteria specified in the Request for Proposal and gave Crothall the highest rating of any other proposer; and

WHEREAS, the Crothall proposal is estimated to save the Corporation \$168 million over the nine (9) years of the proposed contract; and

WHEREAS, the Corporation wishes to assign its biomedical equipment services managerial functions to Crothall, an entity whose core business is biomedical equipment services and management for the purpose of improving patient care, patient safety, and cost reductions; and

WHEREAS, the Executive Vice President/COO shall be responsible for monitoring and enforcing the contract terms and conditions.

NOW, THEREFORE, BE IT

RESOLVED, that the President of the New York City Health and Hospitals Corporation (the "Corporation") to negotiate and execute a management contract with Crothall Healthcare, Inc. ("Crothall"). Crothall will manage the Corporation's biomedical equipment services operations for each facility. The contract will be for a term of nine (9) years. The contract shall be for an amount not to exceed \$252,884,799 over the nine (9) year term of the contract.

EXECUTIVE SUMMARY

The Current Situation:

The Corporation's total cost for biomedical equipment services, personnel services, and OTPS expenses related to biomedical equipment services in fiscal year 2012 were \$46 million. The Corporation's projected expenditures over the next nine (9) years will total \$467 million if the Corporation does nothing.

The Solution – Competitive Solicitation:

The Corporation, as part of its Restructuring Plan, issued a Request for Proposal on June 17, 2013 with the following objectives: attract the most experienced and largest providers of biomedical equipment management and services; improve patient care; improve patient safety; improve the quality of biomedical equipment services through management controls; reduce HHC's costs; and increase production and quality throughout HHC's biomedical equipment services to achieve maximum efficiencies.

The Results:

As a result of the Request for Proposal, the Corporation wishes to enter into a contract with Crothall Facilities Management, Inc., who has provided a substantial savings guarantee of \$168 million over the nine (9) year term of the contract, a 36% savings from our total costs.

CONTRACT FACT SHEET

New York City Health and Hospitals Corporation

Contract Title: Biomedical Equipment Service and Management
Project Title & Number: Biomedical Equipment Service and Management DCN# 2141
Project Location: Corporate-wide
Requesting Dept.: Central Office Operations

Successful Respondent: Crothall Facilities Management, Inc.
Contract Amount: Not to exceed \$252,884,799 for the full 9 years.
Contract Term: 9 years.

Number of Respondents: 6
(If Sole Source, explain in Background section)

Range of Proposals: \$ 191,249,435 to \$310,895,967

Minority Business Enterprise Invited: Yes If no, please explain:

Funding Source: General Care

Method of Payment: Time and Rate

EEO Analysis: Pending

Compliance with HHC's McBride Principles? Yes

VENDEX Clearance Pending

(Required for contracts in the amount of \$100,000 or more awarded pursuant to an RFP, NA or as a Sole Source, or \$100,000 or more if awarded pursuant to an RFB.)

CONTRACT FACT SHEET (continued)

Background (include description and history of problem; previous attempts, if any, to solve it; and how this contract will solve it):

HHC's total cost for biomedical equipment management, personnel services, and OTPS expenses related to biomedical equipment management in fiscal year 2012 were \$46 million. HHC's projected expenditures over the next 9 years will total \$466.6 million if HHC did nothing.

HHC, as part of its Restructuring Plan, issued a Request for Proposal on June 17, 2013 with the following objectives: attract the most experienced and largest providers of biomedical equipment management and services; improve patient care; improve patient safety; improve the quality of biomedical equipment services through management controls; reduce HHC's costs; and increase production and quality throughout HHC's biomedical equipment services to achieve maximum efficiencies.

As a result of the Request for Proposal, HHC wishes to enter into a contract with Crothall Facilities Management, Inc., who has provided a substantial savings guarantee of \$168 million over the 9 year term of the contract, a 36% savings from our total costs.

CONTRACT FACT SHEET (continued)

Contract Review Committee

***Was the proposed contract presented at the Contract Review Committee (CRC)?
(include date):***

The Contract Review Committee (CRC) reviewed and approved the issuance of a Request for Proposal (RFP) on its June 5, 2013 meeting.

The Contract is being presented for approval on October 7, 2013

Has the proposed contract's scope of work, timetable, budget, contract deliverables or accountable person changed since presentation to the CRC? If so, please indicate how the proposed contract differs since presentation to the CRC:

The scope of work, timetable, budget, contract deliverables, and accountable person have not changed since the presentation to the CRC on June 5, 2013.

CONTRACT FACT SHEET (continued)

Selection Process (attach list of selection committee members, list of firms responding to RFP or NA, list of firms considered, describe here the process used to select the proposed contractor, the selection criteria, and the justification for the selection):

Selection Committee Members:

Neal Agovino, AED Operations, South Manhattan
Louis Capponi, Chief Medical Informatics Officer, EITS
William Hicks, Deputy Executive Director, Generations+
Joanne Lischin, AED Compliance, Kings County
Peter Lucey, AED, Coney Island
John Maharaj, Director, Bio-med Eng., South Manhattan
Dean Mihaltzes, AED, Elmhurst
Joseph Quinones, Sr. A VP, Contract Administration & Control
Enrick Ramlakhan, AVP, Business Applications
Chris Rust, AED Finance, Jacobi/NCB

List of firms responding to RFP:

1. Aramark Healthcare Technologies
2. Crothall Healthcare, Inc.
3. GE Healthcare
4. Modern Medical Systems
5. Philips Healthcare
6. Sodexo, Inc.

The selection criteria:

1. Firm's standards and controls to ensure quality patient care and patient safety.
2. Firm's experience, organization and resources to manage HHC's Biomed Equipment.
3. Firm's staffing plan and qualifications including methodology to manage maintenance and repairs.
4. Firm's plan to integrate with HHC's CMMS Applications.
5. Firm's cost effectiveness of proposal.

Crothall was selected through the RFP process with an evaluation conducted by an evaluation committee. The evaluation committee was comprised of both HHC Central Office and Facility representatives. The vendor selection was conducted in two (2) stages. The first stage was for the committee to evaluate the submitted proposals and initial presentations and narrow the selection down to three (3) vendors. The final three (3) vendors were then asked to meet with the evaluation committee to discuss their proposals in more detail. The committee members used the evaluation criteria outlined in the RFP and stated below to rate each vendor's ability to perform the services requested. Crothall was the highest rated vendor.

CONTRACT FACT SHEET (continued)

Scope of work and timetable:

Scope:

This RFP seeks a vendor to provide all biomedical equipment services, maintenance, inspections and repairs, as well as managing services contracts for the Biomedical Equipment of HHC's facilities. The scope of work includes:

- Standardization of all HHC facilities to one biomedical equipment vendor for maintenance, repair, and contract services.
- Rightsizing of the HHC's biomedical equipment.
- Significantly lower HHC's cost of biomedical equipment management, services, and supplies by improving and simplifying pricing structures, and creating efficiencies.

Timetable:

Based on their review, their knowledge of our business, locations and information provided in the RFP, Crothall's projected timetable for implementing the Biomedical Equipment Service and Management program is 120 days.

Provide a brief costs/benefits analysis of the services to be purchased.

HHC's projected 9 year costs are \$466M. Crothall will provide HHC with an estimated \$168 million in savings over the 9 year life of the contract based on a 9 year projected program cost of \$298M. The program costs consist of \$252M for the Crothall contract and \$46M in PS costs that will remain on HHC payroll.

Provide a brief summary of historical expenditure(s) for this service, if applicable.

Not applicable.

Provide a brief summary as to why the work or services cannot be performed by the Corporation's staff.

The work can be performed by HHC's staff, but it is not a core service of HHC and is inefficient and significantly more costly. HHC can no longer absorb this expense. The savings must be achieved in accordance with HHC's Restructuring Plan.

Will the contract produce artistic/creative/intellectual property? Who will own it? Will a copyright be obtained? Will it be marketable? Did the presence of such property and ownership thereof enter into contract price negotiations?

Not Applicable.

Contract monitoring (include which Senior Vice President is responsible):

Antonio Martin – Executive Vice-President / Chief Operating Officer

CONTRACT FACT SHEET (continued)

Equal Employment Opportunity Analysis (include outreach efforts to MBE/WBE's, selection process, comparison of vendor/contractor EEO profile to EEO criteria. Indicate areas of under-representation and plan/timetable to address problem areas):

Received By E.E.O. _____
Date

Analysis Completed By E.E.O. _____
Date

Name


EEO Analysis is pending.



***Presentation To The Finance Committee
Of The Board Of Directors***

***Biomedical Equipment Services
and Management RFP***

October 15, 2013



Why HHC Needs a Vendor to Manage Biomedical Equipment

- Restructuring Leadership Committee identified Biomedical Equipment as one of the 39 projects to achieve Corporate savings objectives.
- A management contract is needed to standardize repair and maintenance services of medical equipment, and lower costs throughout the Corporation.
- HHC is currently experiencing a lack of effective management of equipment inventory.
- HHC is currently experiencing a lack of effective technology to track equipment within the facilities.
- If HHC does not control rising costs by deploying the skills and experience of a vendor, HHC will need to allocate limited resources from patient care to cover increased costs for the repair and maintenance of medical equipment.



Vendor Selection

- HHC issued an RFP in accordance with HHC operating procedures.
- The RFP Selection Committee chose Crothall Facilities Management, Inc. as the highest rated proposer for both cost and quality. ▽
- HHC's proposed contract with Crothall will include a savings guarantee of \$168.5 million over the nine year term of the contract.



Who is Crothall Healthcare?

- HHC currently contracts with Crothall Healthcare, Inc. for Environmental Services Management. The contract is in its second year.
- Crothall provides Biomedical Equipment services to over 200 Healthcare clients. Including:
 - CHRISTUS Health. Contract for 4 years with CHRISTUS, a 27 facility account in Texas and Louisiana.
 - Louisiana State University Health Sciences Center. Contract for 7 years with LSU, a 650 bed facility.
- Crothall has been providing Biomedical Equipment services for over 30 years.



Crothall Responsibilities

- **Oversee HHC's Biomedical Services.**
 - Crothall is to hire qualified HHC managers to oversee the Biomedical Services staff.
 - Crothall will provide specialized Diagnostic Imaging staff.
- **Train staff to improve performance.**
- **Oversee repair and maintenance of over 66,000 HHC assets.**
- **Deploy best methods across the Corporation to improve cost effectiveness in the repair and maintenance of medical equipment.**
- **Control personnel services costs and overtime costs.**



Biomedical Cumulative Savings and Costs for 9 Years

	<u>Contract Fees</u>	<u>OTPS</u>	<u>Direct Expenses</u>	<u>Start Up Expenses</u>	<u>HHC Mgmt Salary</u>	<u>Crothall Mgmt</u>	<u>PS</u>	<u>Total</u>
9 YR HHC Baseline	\$0	\$399.87M	\$0	\$0	\$11.33M	\$0	\$19.79M	\$466.61M
9 YR Projection using Crothall	\$11.61M	\$198.9M	\$15M	\$1.1M	\$0	\$26.26M	\$16.16M	\$298.11M
Savings / (Loss)	(\$11.61M)	\$184.86M	(\$15M)	(\$1.1M)	\$11.33M	(\$26.26M)	\$3.64M	\$168.5M

Contract Costs Breakdown

OTPS Expenses	\$198,940,212
Crothall Management & Fringe Benefit	\$26,263,829
Direct Expenses (if any)	\$15,008,844
Management Fee	\$11,609,259
Start Up Expenses	\$1,062,654
Subtotal Contract Costs	\$252,884,799
HHC Expenses	
Group 12 Wage Expenses	\$26,141,242
Group 12 Benefit Expenses	\$16,163,214
Group 12 Overtime Expenses	\$2,918,794
Subtotal HHC Expenses	\$45,223,251
Total Expenses	\$298,108,049



Biomedical Annual Savings and Costs

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>	<u>Year 7</u>	<u>Year 8</u>	<u>Year 9</u>	<u>Total</u>
Crothall Fees	-\$1.3M	-\$1.3M	-\$1.3M	-\$1.3M	-\$1.3M	-\$1.3M	-\$1.3M	-\$1.3M	-\$1.3M	-\$11.6M
Crothall OTPS	-\$24.2M	-\$24.3M	-\$24.0M	-\$23.7M	-\$23.8M	-\$23.7M	-\$23.7M	-\$23.8M	-\$23.9M	-\$215.0M
HHC OTPS	\$39.3M	\$40.6M	\$41.8M	\$43.0M	\$44.3M	\$45.6M	\$47.0M	\$48.4M	\$49.9M	\$399.9M
Crothall Mgmt	-\$2.6M	-\$2.7M	-\$2.7M	-\$2.8M	-\$2.9M	-\$3.0M	-\$3.1M	-\$3.2M	-\$3.3M	-\$26.3M
HHC Mgmt	\$1.2M	\$2M	\$2.4M	\$2.5M	\$2.6M	\$2.6M	\$2.7M	\$2.7M	\$2.8M	\$21.5M
Total Savings	\$12.5M	\$14.4M	\$16.2M	\$17.7M	\$18.9M	\$20.3M	\$21.5M	\$22.9M	\$24.2M	\$168.5M



Savings And Additional Benefits

- Savings guarantee by contract with Crothall over the 9 year term of the contract will be \$168.5 million.
 - Continuation with current Biomedical Equipment operations will incur PS, Overtime, and OTPS costs of \$466.6 million.
 - If Crothall manages the operations PS, Overtime, and OTPS, costs will be \$298.1 million.
 - Average annual savings of \$18.7 million.
- **Additional Benefits**
 - Inventory monitoring.
 - Asset utilization monitoring.



Savings And Additional Benefits

Continued

- No union employees will be terminated as a consequence of outsourcing Biomedical Equipment Services and Management.
- Current management employees shall have the opportunity to become employees of Crothall Facilities Management, Inc.
- Inventory will be monitored by Crothall, and assessments made by facility as to utilization of equipment and review down sizing and right sizing of HHC assets.

The background of the page is a dark blue gradient with numerous glowing, curved lines of varying shades of blue, resembling fiber optic cables or data streams. The lines are most prominent in the upper half and fade towards the bottom.

FY 13 FINANCIAL PERFORMANCE

NEW YORK CITY HEALTH & HOSPITALS CORPORATION
STATEMENT OF REVENUES and EXPENSES
PERIODS ENDED JUNE, 2013 and 2012

NEW YORK CITY HEALTH AND HOSPITALS CORPORATION

(A Component Unit of the City of New York)

Statement of Revenue and Expenses

Periods ended June, 2013 and 2012

(in thousands)

	HHC		MetroPlus		Inter-Company Elimination Entries		Totals		Variance
	2013	2012	2013	2012	2013	2012	2013	2012	
Operating revenues:									
Net patient service revenue	\$ 5,233,985	5,615,776	-	-	(742,199) (1)	(705,976) (1)	4,491,786	4,909,800	(418,014)
Appropriations from (remittances to) the City, net	(583)	(9,140)	-	-	-	-	(583)	(9,140)	8,557
Premium revenue	-	-	2,201,790	1,907,877	(17,217) (2)	(15,881) (2)	2,184,573	1,891,996	292,577
Grants revenue	566,019	249,252	-	(25)	-	-	566,019	249,227	316,792
Other revenue	45,915	71,239	5	32	-	-	45,920	71,271	(25,351)
Total operating revenues	5,845,336	5,927,127	2,201,795	1,907,884	(759,416)	(721,857)	7,287,715	7,113,154	174,561
Operating expenses:									
Personal services	2,409,926	2,387,461	53,956	47,920	-	-	2,463,882	2,435,381	28,501
Other than personal services	1,443,697	1,410,017	2,006,799	1,750,837	(742,199) (1)	(705,976) (1)	2,708,297	2,454,878	253,419
Fringe benefits and employer payroll taxes	1,168,041	1,115,256	24,828	22,842	(17,217) (2)	(15,881) (2)	1,175,652	1,122,217	53,435
Postemployment benefits, other than pension	293,745	299,850	6,212	3,315	-	-	299,957	303,165	(3,208)
Affiliation contracted services	915,581	884,436	-	-	-	-	915,581	884,436	31,145
Depreciation	282,345	259,045	2,341	1,862	-	-	284,686	260,907	23,779
Total operating expenses	6,513,335	6,356,065	2,094,136	1,826,776	(759,416)	(721,857)	7,848,055	7,460,984	387,071
Operating income (loss)	(667,999)	(428,938)	107,659	81,108	-	-	(560,340)	(347,830)	(212,510)
Nonoperating revenues (expenses):									
Investment income	1,088	10,502	1,367	1,476	-	-	2,455	11,978	(9,523)
Interest expense	(112,568)	(98,678)	-	-	-	-	(112,568)	(98,678)	(13,890)
Noncapital contributions	2,072	592	-	-	-	-	2,072	592	1,480
Total nonoperating revenues (expenses)	(109,408)	(87,584)	1,367	1,476	-	-	(108,041)	(86,108)	(21,933)
Income (Loss)	\$ (777,407)	(516,522)	109,026	82,584	-	-	(668,381)	(433,938)	(234,443)

Note: The following are revenue losses for Bellevue Hospital Center and Coney Island Hospital attributed to Superstorm Sandy:

Net patient service revenue-Inpatient	\$ 233,126	\$ -
Net patient service revenue-Outpatient	31,505	-
Total Net patient service revenue	\$ 264,631	\$ -

(1) Represents payments by Metroplus to HHC for medical services. Revenue and expenses are eliminated for consolidation purposes.

(2) Represents health benefits paid to Metroplus for HHC employees. Revenue and expenses are eliminated for consolidation purposes.