FINANCE COMMITTEE AGENDA

Date: September 13, 2017
Time: 11:00 am
Location: 125 Worth Street, Board Room

Call to Order — Bernard Rosen
Adoption of the July 12, 2017 Minutes

I. Senior Vice President's Report — PV Anantharam

II. Financial Reports Status
- Key Indicators — Krista Olson
- Cash Receipts and Disbursements — Michline Farag

III. Information Items
- Payor Mix Reports (Inpatient, Adult, & Pediatrics) — Krista Olson
- Short Term Financing Update — Linda Dehart

IV. Action Item — Paul Albertson
Adopting a Second Revised Statement of Policy for the Review and Authorization of Procurement Matters by the Board of Directors ("Board") of New York City Health and Hospitals Corporation (the "System") and directing the President of the System to prepare a revision of Operating Procedure 100-05 to implement such Statement of Policy.

V. Action Item — Paul Albertson, Graham Gulian
Authorizing New York City Health and Hospitals Corporation (the "System") to execute an agreement with Huron Consulting Group Inc. ("Huron") to provide consulting services regarding the System's supply chain operations and other operations that impact Other than Personal Services ("OTPS") costs over an eighteen-month period which are estimated to yield estimated ongoing and recurrent annual savings in OTPS expenditures ranging from $69 Million to $162 Million, for an estimated total compensation to Huron, not to exceed $11.7 Million.

Old Business — Bernard Rosen
New Business
Adjournment

MINUTES

Finance Committee **Meeting Date: July 12, 2017**

Board of Directors

The meeting of the Finance Committee of the Board of Directors was held on July 12, 2017 in the 5th floor Board Room with Bernard Rosen presiding as Chairperson.

ATTENDEES

COMMITTEE MEMBERS

Bernard Rosen
Gordon Campbell
Stan Brezenoff
Helen Arteaga Landaverde
Barbara Lowe
Mark Page

OTHER BOARD MEMBER

Josephine Bolus

OTHER ATTENDEES

M. Elias, Analyst, IBO
J. DeGeorge, Analyst, Office of the State Comptroller
T. DeRubio, Analyst, OMB
L. Garvey, Cerner Corporation
J. Ingraham, Huron Consulting Group
A. Li, PAGNY
J. Merrill, Analyst, City Council
T. McMahon, St Georges University
J. Watson, Analyst, Office of the State Comptroller
S. Wheeler, Analyst, OMB

HHC STAFF

P. Albertson, Vice President, Supply Chain Services
P.V. Anantharam, Senior Vice President/CFO, Corporate Finance
E. Barlis, CFO, Jacobi
J. Berman, Legal
M. Brito, CFO, Coler/Carter Specialty Hospital & Nursing Facility
R. Colon-Kolacko, Senior Vice President & Chief People Officer
A. Cohen, Vice President, Corporate Office
E. Cosme, CFO, AmbCare/Gotham
F. Covino, Senior Assistant Vice President, Corporate Budget
B. deLuna, Communications
L. Dehart, Assistant Vice President, Corporate Reimbursement Services
M. Dazur, Lincoln
M. Farag, Corporate Budget Director, Corporate Budget
M. Figueroa, CFO, Harlem
R. Fischer, CFO, Bellevue
W. Foley, Senior Vice President, Acute Care

G. Gulian, SAVP, Acute Care
C. Hercules, Chief of Staff, Chairperson's Office
B. Ingraham-Roberst, Government and Community Affairs
P. Lockhart, Secretary to the Corporation, Office of the Chairman
A. Marengo, Senior Vice President, Corporate Communications/Marketing
R. Malone, CFO, Queens
M. McClusky, Senior Vice President, Post-Acute, Central Office
D. Mosk, OFD
K. Olson, Assistant Vice President, Corporate Budget
A. Pai, Chief of Staff to the SVP Finance/CFO, Corporate Finance
K. Park, CFO, Coney Island Hospital
D. Rahman, Central Office, OIA
LR Tulloch, OFD
J. Weinman, Corporate Comptroller, Corporate Finance

CALL TO ORDER **BERNARD ROSEN**

Mr. Rosen called the meeting to order at 11.07am. He started by welcoming two new members – Helen Arteaga Landaverde who is representing Queens and Barbara Lowe who is representing Manhattan. The minutes of the May 9, 2017 meeting were approved as submitted.

SENIOR VICE PRESIDENT'S REPORT **P.V. ANANTHARAM**

Mr. PV Anantharam began his report with the preliminary cash balance, as of June 30, was in the $450 million range, with the final touches of the end of the fiscal year being done. Mr. Rosen asked if this was the ending cash balance in June, and Mr. Anantharam confirmed it was. Mr. Anantharam noted that some of the expected transactions in June have been pushed out to the next couple of months. In terms of utilization, the declines are levelling off. In terms of headcount, global FTEs declined by 262 in May with a total of 2,000 reductions, with more expected in June. The fiscal year to date reduction exceeded the FY17 target by 550 in May. The FY18 personnel efficiency target of $250 million includes a headcount reduction target. With no further questions, the reporting was concluded.

KEY INDICATORS REPORT **KRISTA OLSON**

Ms. Krista Olson began reporting on FY17 Utilization through May. Mr. Rosen asked if this data was through May, with the full year to be reported in September as there is no August meeting. Ms. Olson confirmed yes to both questions. Starting with acute care hospitals, ambulatory care visits are down by 4.9%. This remains a significant decline compared to last year, although slightly improved compared to the last report when a decline of 5.5% was reported. Inpatient discharges are down by 2.5%, similar to where the data was when last reported. The average length of stay shown here is comparing facilities against the system-wide average – 5.9 days which is the same as the last report with variation across the facilities. Finally, case mix index is up by 3.25% against the same time last year. Gotham Diagnostic and Treatment Center visits continue to decline, with visits down 7.4% compared to last year at this time. Continuing their positive trend, Post-Acute Care days is up by 2.8%.

Ms. Lowe asked how the trends compare to local market trends. Ms. Olson answered that discharges are a slightly greater rate than city hospitals and the same is true for ambulatory care visits. Ms. Lowe asked if we want ambulatory care to grow which Ms. Olson confirmed yes. Mr. Anantharam noted that in FY18, Health + Hospitals was engaging more primary care physicians on the front-line to increase the number of patient visits in terms of ambulatory care visits. Ms. Bolus inquired if there was a change in inpatient doctors being charged to do ambulatory care outside. Mr. Anantharam noted that he was not fully versed on that, and that the clinicians could speak to that, but that there was an increase in the availability of primary care doctors to allow earlier response times for patients awaiting appointments. Ms. Bolus asked if doctors were being retrained to do ambulatory care in Health + Hospital sites or outside sites. Mr. Anantharam noted that there was hiring of new doctors, and Mr. Brezenoff noted that it was budgeted. Ms. Bolus asked if the doctors were paid the same in in-patient and out-patient. Mr. Brezenoff noted that there are salary ranges for primary care physicians which was negotiated with the Doctors Council and approved by their membership, and this applies to primary care physicians, ER physicians, and psychiatrists. Ms. Bolus noted that there can be a snowball effect in terms of increases. Mr. Brezenoff responded that this was going on for seven months, with this issue as a target for recruitment and retention as it relates to issues on patient services where Health + Hospitals

sees declines. Ms. Bolus inquired if this was a Board issue, and Mr. Brezenoff noted that setting salaries was a management decision as it relates to recruiting and retaining staff in those categories. Ms. Bolus noted that the retention of nurses was an issues – Health + Hospitals train them, and they leave. Mr. Brezenoff noted that nurses were part of collective bargaining. With no further questions, the reporting was concluded.

CASH RECEIPTS & DISBURSEMENTS REPORT **MICHLINE FARAG**

Ms. Michline Farag provided an overview of the formatting of the report – with columns of data representing the beginning of the fiscal year from July 2016, the current reporting month which is May 2017, and the target column for the end of the fiscal year. Ms. Farag noted that as Mr. Anantharam had reported earlier, global FTEs declined by 262 in May bringing the fiscal year to date reduction of 2,000, exceeding the fiscal year target by 550. Additionally, overtime spend continues to be below budget. Mr. Campbell asked what the FY18 target was for FTEs. Mr. Anantharam answered that the personnel savings target was $250 million. Mr. Page asked how much more headcount needed to decrease in FY18. Mr. Anantharam noted that approximately 1,000 positions equaled $100 million, but that the run rate in FY17 will get Health + Hospitals further along. Mr. Campbell asked if there was a numeric headcount target for FY18, and Mr. Fred Covino noted that there is a budget design for final approval that will be presented later, and Mr. Anantharam noted salary changes may impact the number. Mr. Rosen noted that as the data was through May, there would be further progress achieved in June. Ms. Farag continued reporting on fiscal year to date through May in which receipts were $28.5 million less than budgeted, and disbursements were $4.6 million lower than budget – both an improvement from the last report.

Ms. Farag reported on receipts and disbursements compared to last fiscal year for the same period. The top portion of page 3 of the report compares receipts while the bottom portion compares disbursements for the month by category. Looking at current FY17 results through May compared to the same period in FY16, receipts are $64.5 million higher than last year with the increase is predominately due to higher UPL payments as prior year payments come in. Inpatient receipts are down compared to last year due to a 2.5% decline in discharges while outpatient receipts are up $55 million due to increased risk pool distributions of $83 million which were offset by a 5.2% decline in visits. In terms of disbursements, Health + Hospitals is $288.3 million lower this fiscal year of which $309 million is a payment made to the City in FY16 for FY 14. This was offset by a $19 million increase due to the advanced scheduling of an affiliation payment. Ms. Arteaga Landaverde asked if the DSRIP funds from One City are reported here, and Mr. Anantharam noted that those receipts were included. Ms. Lowe asked if Medicaid funds, including Gotham FQHC dollars, were in this report, and Ms. Arteaga Landaverde inquired whether all the sites were FQHCs. Mr. Covino answered that receipts by facility are noted in the back-up to this report. Ms. Linda Dehart noted that one site is a full FQHC and the others are look-alikes. Ms. Bolus asked how much more funds were received with FQHC rates. Mr. Anantharam answered that the reimbursement is about 20% greater than what Health + Hospitals would have normally received, and Ms. Olson noted that about $15 million in FY17 was received and a projected $25 million in FY18 including retro payments. Ms. Bolus asked if it was paying off, and Mr. Anantharam confirmed it was. Mr. Rosen noted that the $355 million in this report, and the deduction of the city payment of $309 million would leave about $46 million which is still a sizeable amount.

Mr. Farag continued the report on receipts and disbursements for FY17 compared to the budget, with the report comparing the month of May to FY17. Since the last report, the variance in receipts against budget declined from $60 million to $28.5 million, or less than half the deficit reported out at the prior meeting. An

improvement in revenue collection is yielding results as revenue cycle initiatives continue to be implemented and A/R days continue to decline. However, the decline in utilization is still having an impact. On the disbursements side, Health + Hospitals continues to track close the budgeted level with a $4.6 million positive variance and is expected to continue to improve as global FTE reductions annualize. With no further questions, the reporting was concluded.

RESOLUTIONS

There were three resolutions presented to members – St. Georges University, Huron, and OP 100-05.

St. Georges University **DR. MACHELLE ALLEN**

Dr. Machelle Allen, Chief Medical Officer, brought a resolution authorizing the New York City Health and Hospitals Corporation (the "System") to enter into an agreement with St. Georges University ("SGU") effective July 1, 2017 for the System to accept and for SGU to send approximately 380 of its third and fourth year medical students to rotate and receive training at the System's facilities which training is structured, provided and administered by staff of SGU for which SGU will pay the System both an annual fee per System facility where SGU students are placed, and a fee per student for each week he/she rotates through a System facility as detailed in the Executive Summary attached which will generate income to the System of approximately $12,105,600 per year with increases of 3% per year starting in 2019 for a term of three years with two, two-year options exclusive to the System.

Mr. Rosen brought a motion to discuss, which was seconded, and affirmed. Ms. Bolus requested to make a statement around a process issue in which she noted that it was unfair to bring urgent matters to committee with a short notification period, and that this had been brought for discussion about five to six years ago about having contracts brought to committee six months in advance. Ms. Bolus noted that there should have been planning as this contract is set to expire at the end of the month. Ms. Bolus noted that she was not aware of the current status of that committee. Mr. Brezenoff discussed that he could not speak to that particular process piece about a contracts committee that was supposed to review actions six months in advance, but that this particular action was a complex negotiation with some contingents. This is a new contract with advantages over the old contract. A study had been done, and found that the current St. Georges arrangement had payments that were too low and the number of students were too high. The arrangement was drawing from Health + Hospitals operational strengths. This new proposed contract increases funds and decreases students. The negotiations concluded in July, and rather than delay receiving benefits, it was elected to put this before the Board to realize the benefits sooner rather than later. Therefore, procedural steps and milestones may not have been followed to try to capture the new terms.

Mr. Campbell noted that Ms. Bolus' point was well taken, and that Mr. Brezenoff and he had a conversation the prior night about this issue, and it was raised in discussion that this is an exception, not a norm. Mr. Campbell noted that he had a meeting with staff this morning on this issue as well. This was urgent because of the benefits of the new term. Ms. Bolus asked if the contracts committee formed five to six years ago was still in existence. Ms. Pat Lockhart of the Board Office provided clarification that a committee had not been formed, but that staff had been instructed to allow for enough time for these actions, particularly for the Capital Committee. Ms. Lowe noted that this particular resolution was for the Medical and Professional Affairs (MPA) Committee. Mr. Rosen noted that as the MPA Committee was not meeting today, the issue was brought to the Finance Committee. Mr. Page noted that he appreciated the concern that the Board be

included in the decision-making process, but in seeking improvements, the Board should not add months of delay of ongoing management to Health + Hospitals. He discussed the downside of insisting on approving contracts can potentially add six months to the progress of the Corporation to run itself and move forward. A balance needs to be struck, but members cannot lose sight of the potential drag of process issues and the Board on the effective management of the Corporation. Mr. Rosen asked for clarification of the 380 students for a total of two years, and Dr. Allen confirmed it was.

Dr. Allen apologized for the short notice and thanked the members for hearing the resolution. Dr. Allen and Jeremy Berman, Deputy Counsel, proceeded to provide an overview of the St. Georges University (SGU) agreement. SGU is based in Grenada, with more than 7,700 students with most of those students from the United States (65% are US citizens, and 12% are permanent residents). Fifty nine percent of the 2017 class chose family medicine for their residencies. Thirty percent chose Health + Hospitals for their residency in 2017.

The contract with SGU began in 2007 with a five-year term with a five-year renewal option that expires July 30, 2017 based on a one-month extension. The original contract allowed for 600 students and, by 2016, Health + Hospitals was training double the number of students of which 81 had received scholarships in the last ten years.

Health and Hospitals contracted with Manatt to provide an analysis of the clerkship program. Observations included that contracts were inconsistent across medical schools, clerkship contracts in terms of a loss of revenue had a range of $14-23 million, the system was training more students than Health + Hospitals should be based on bed complement, and medical students decrease productivity. The current SGU contract was not covering expenses, and the program was well managed by Health + Hospitals. Clerkships are third year and fourth year rotations. The prior contract had $50,000 flat fee per facility for a total of $350,000 per year for the seven sites - Coney, Kings County, Queens, Woodhull, Elmhurst, Lincoln, and Metropolitan, and a weekly fee depending on whether the student was a third year or fourth year. New financial terms include a $500,000 flat fee annually per facility with 24 or more SGU students. For facilities with 12 to 23 students, the fee will be not less than $250,000 which shall increase by $20,000 per student over 12 and up to 23 students. The facility fees are anticipated to generate $3.2 million annually. A weekly fee of $575 for each student that rotates through facilities will also apply. The rotation fees are anticipated to generate approximately $8.9 million. The fees are anticipated to increase 3% annually. The total anticipated SGU annual revenue will be approximately $12.1 million. In FY16, SGU paid Health + Hospitals about $9.4 million. The new contract terms represent a 28% increase.

Ms. Lowe asked what the difference was between major affiliates (Metropolitan for Psychiatry) and the other hospitals as noted on the SGU website. Mr. Berman noted that Health + Hospitals was not making a distinction even if SGU's website was. Ms. Lowe requested clarity on why there was differentiation between the two categories of affiliations. Mr. Sal Russo asked if the major designation was because there was a lot of training in psychiatry, and that was a major contribution of Metropolitan to psychiatry. Dr. Allen confirmed Metropolitan's role in psychiatry training. Ms. Lowe asked if there was a payment difference by category. Dr. Allen noted that perhaps the major label came from the proportion of patients and the exposure. Ms. Lowe asked maybe it was the intensity of preparation as well. Mr. Russo asked if the SGU representative could explain, and the representative noted that he could not but would be able to find out. Ms. Lowe asked about whether the SGU student impact on indicators in terms of patient experience and other indicators were reviewed. Dr. Allen noted that the indicators do not differentiate whether they were seen by a student or not,

and that students came from a range of medical schools such as Columbia and Yale. Mr. Campbell asked about the sense of the numbers in the resolution in terms of the schools, and Dr. Allen noted that the number of students is not broken down by school. Mr. Brezenoff stated that this changes the status quo – it is an improvement in compensation and reduces the burden on Health + Hospitals, while continuing in the mission aspect. There is a need to revisit the whole issue of students, outside of SGU.

Mr. Rosen asked if these placements were only in acute care facilities, and Dr. Allen confirmed it was the seven facilities cited before. Ms. Bolus inquired if scholarships were still being advertised within neighborhoods as it was part of the initial intent to draw students into the profession. Dr. Allen confirmed that scholarships were marketed. Ms. Bolus asked which neighborhoods, and Ms. Arteaga Landaverde inquired if marketing was part of the contract, and it is not. Dr. Allen stated that the scholarships were historically targeted for children of employees of Health + Hospitals, and agreed to come back to work for a Health + Hospitals facility for their residency. Ms. Bolus asked about the scholarship terms, if it was two years of work for one year of education, and Dr. Allen answered it is year for year. Ms. Bolus asked if the year for year was still good. Dr. Allen answered that Health + Hospitals will follow-up with SGU on that marketing aspect.

Mr. Rosen brought the motion to bring the SGU matter to the full Board, and it was seconded and approved.

Huron Resolution **PV ANANTHARAM, WILLIAM FOLEY**

The second resolution focused on system-wide revenue optimization. Mr. Anantharam and Mr. William Foley, Senior Vice President of Acute and Ambulatory Care, presented a resolution authorizing New York City Health and Hospitals Corporation (the "System") to execute an agreement with Huron Consulting Group Inc. ("Huron") to provide a Revenue Cycle Optimization Program for the entire System over a 2-year period, yielding estimated ongoing enhanced annual revenue range between $130 and $290 million, and a one-time annual revenue recovery range between $30 and $50 million, for an estimated total compensation to Huron, not to exceed $37 million based on the achievement of program milestones. Mr. Rosen brought a motion to discuss, which was seconded, and affirmed.

Mr. Foley noted that as reported out by the finance staff, there has been a focus within the past year on reducing headcount and managing expenses on supply chain, with a reduction of 2,000 in headcount of which approximately 450 were management positions. Mr. Foley noted that there is a huge opportunity on the revenue side which Huron will go through in their presentation. Mr. Anantharam stated that the gap closing targets for FY18 are $1.2 billion, $1.8 billion in FY19, and $1.9 billion in FY20. Mr. Anantharam stated that Health + Hospitals began implementing additional revenue initiatives in November and December that have achieved approximately $100 million in additional revenue in FY17, exceeding the FY17 $55M target, with the work having a back-end focus. The FY18 target is $110 million, with the target increasing in FY19 and FY20. The Huron work is an opportunity to focus on core issues around revenue work at facilities. This includes operational infrastructure and staffing models, as well as the implementation of Epic as a single system.

Mr. Anantharam stated that Mr. Foley and he recognize that the processes in facilities are homegrown, facilities transitioned from a network structure to service lines, and there was quite a pace of change from fee-for-service to managed care with the addition of the Affordable Care Act and engaging in more commercial plans as well. Within that framework, work practices need to be optimized, and the Transformation RFP last December provided a number of vendors that could focus on that piece of the work. A solicitation was sent

out, and after a competitive bid process, Huron Consulting was chosen from among six pre-qualified vendors to perform a four-week assessment of revenue cycle operations at Health + Hospitals.

Ms. Julie Ingraham of Huron proceeded to provide an overview of the assessment findings. The objectives of the assessment are financial performance, Epic readiness, and standardization with an eye toward potential future centralization. The scope included a deep dive at Elmhurst, Lincoln, and Bellevue, and a high level review of key metrics for remaining acute, post-acute, and Gotham facilities. Huron assessed through the lens of people, process, tools, and culture. The highlights of the findings include that Health + Hospitals has a committed team, focused on the mission, and creatively working with the tools at their disposal. Underlying systems and processes have a lot of variation, are very manual, and have significant gaps from the ideal state in an Epic environment. Opportunities exist to better align staffing across the enterprise, focus on upfront insurance capture, and better manage the open A/R through automation.

Huron found that the recurring revenue cycle improvement opportunity is in the range from $130 million to $290 million, which exclude MetroPlus, Disproportionate Share Hospitals, and Upper Payment Limits, with Health First impactability in discussion with Health + Hospitals. There is a one-time benefit of $30 to $50 million. The assessment was done with a qualitative approach which starts with Huron's typical performance improvement ranges as a percentage of net patient revenue and goes up or down based on Health + Hospital's processes, tools, and performance against Huron's internal benchmarking database that is based on their measured financial benefit of their clients for the last three years. The qualitative approach confirms the overall composition of the sources of opportunity build to the low end of the range. Payors have gotten very sophisticated about how to not pay claims. Huron reported that there is a combined pool of opportunity of $1.2 billion in administrative write-offs and bad debt. There is a four to nine percent improvement within that pool. That pool was parsed into buckets, and a percentage was applied – timely filing as high impactability and medical necessity as lower impactability.

Mr. Campbell asked if Huron did this assessment process for other clients, and asked how accurate Huron has been in its assessment ranges and the improvements. Ms. Ingraham answered yes and noted that Mr. Anantharam had asked that same question, and that in the last eighteen months, the low end of the range was hit 94% of the time and the high range was hit 61%. Ms. Arteaga Landaverde asked if this was for organizations of a similar size. Ms. Ingraham noted yes. Ms. Ingraham noted Huron New York clients on the last slide, as well as other clients across the nation.

Ms. Ingraham spoke about building out Insurance capture and verification within the facilities, looking to implement workflow and reporting that is more automated as the system moves to Epic. Implementation will occur at each facility level with a team of about a dozen people. This includes total redesign of the revenue cycle operating model including structure, process, tools, and training. Huron implements a specific methodology that has been built out for the last twenty-five years.

Implementation will occur over twenty-four months with four sub-teams organized by borough. A central design team will work closely with the facility leadership, the revenue cycle team under Finance, and the Epic GO team to ensure consistency in approach. Ms. Arteaga Landaverde asked if the Huron proposed work matches the Epic timeline. Ms. Ingraham noted it preceded it. Mr. Anantharam noted that it put it in the right frame and may potentially help accelerate the Epic install. Typically, when new systems are put in place, revenues can decrease in the first three months, but the Huron work may help address this. Ms. Ingraham

noted that the assessment highlighted the differences across facilities, which is far from the Epic process and this work would help Health + Hospitals get ahead.

Ms. Lowe asked what the executives see – it is real-time data and can it help with decision-making. Mr. Anantharam noted that Huron promised metrics, and that the engagement includes designing workflows. After implementation, Huron will be sitting with staff to visit and see how implementation is going. Ms. Lowe asked if there were enough analytics to make recommendations and confirm best practices, and if the Board would see some of that work. Mr. Anantharam confirmed yes, particularly after the first wave of implementation. Mr. Brezenoff asked to highlight what would happen at the eight-month mark of the Huron engagement. Mr. Foley noted that at eight-months, Health + Hospitals should break even with the $37 million not-to-exceed contract value. Mr. Anantharam noted that the Huron engagement had milestones and cost elements, and that more details would be presented at the Board meeting on July 27.

Ms. Arteaga Landaverde asked about the gaps between the low and the high ranges and whether Huron would be coming back to the Board as to what was achieved and why. Ms. Ingraham answered that Huron would be measuring results, what needed to be done for organizational change, and reporting back. Mr. Campbell asked with engagement of other hospital systems if Huron found that current staff could be retrained and retooled. Ms. Ingraham answered affirmatively. Mr. Foley stated that Huron was an implementation firm in terms of the focus on implementation. He has worked with them before, and when Huron leaves, the improvements implemented are sustainable. Ms. Ingraham noted that during the site visits, Huron observed incredibly motivated and skilled staff who lack the tools, not the efforts. The Huron presentation ended with a summary slide of Huron's clients.

Mr. Rosen asked about the presentation chart that shows that at eight months, Health + Hospitals would have the fees back and recurring revenue thereafter. Mr. Brezenoff noted that this revenue cycle work was critical for the immediate and long terms, there are areas that Health + Hospitals does not control. Revenue cycle is an area of control in that it is Health + Hospitals' own operations versus what Health + Hospitals cannot control. Health + Hospitals has done expense reduction and management reduction. Fledging steps have been taken to improve revenue cycle to capture revenue that belongs to Health + Hospitals, and the Huron work should further the improvements.

Mr. Rosen brought the motion to approve, and it was seconded and approved.

OP 100-05 **PAUL ALBERTSON**

The final resolution was for OP 100-05. Mr. Paul Albertson presented a resolution to adopt a Second Revised Statement of Board Policy for the Review and Authorization of Procurement Matters ("Second Revised Statement") by the Board of Directors (the "Board") of New York City Health and Hospitals Corporation (the "System") in the form attached that shall be effective as of August 1, 2017 shall be binding upon all employees and officers of the System and directing the President of the System to prepare and adopt a revision of Operating Procedure 100-05 to implement such Second Revised Statement. Mr. Rosen brought a motion to discuss, and it was seconded and approved.

Mr. Albertson noted that there had been several conversations about revising the statement as Health + Hospitals has implemented a centralized contract strategy in which corporate-wide agreements have been negotiated, as well a centralized materials management strategy, which has led to saving – the right supplies and services at the right time, while maintaining and improvement quality. Supply Chain met its FY17 $63.5

million savings target, and has a $133 million target for FY18. The numbers are being reviewed with the Finance office to track. Plans for FY18 and FY19 include implementation of the Enterprise Resource Planning (ERP) system with facility stockless requisition, inventory management, and just-in-time delivery and low unit of measure.

Changing the current operating procedure for procurement, OP 100-05, requires changing the Board's Procurement Policy Statement. OP 100-05 was written to reflect the decentralized Health + Hospitals network model. The procedure has processes that are no longer accurate. Normally, the President with Senior Staff implements OP revisions. The difference with the existing operating procedure is that in 2013, the Board adopted a Procurement Policy Statement which essentially contains the entire OP 100-05. To enable the President to adopt a revised operating procedure, the Board is being asked to adopt a revised Policy Statement.

Supply Chain Services has been centralizing and transformation since 2013, moving from smaller contracts to fewer but larger contracts. This includes hiring professional sourcing staff, standardizing work, working with IT and OFD, and assuming affiliations and outsourcing services. Modernizing contracting includes uniform contracting, flexible contracting, and sensible contracting. The recommendation is to raise the Contract Review Committee's threshold from $100,000 to $1 million, and to raise the Board threshold from $3 million to $5 million. This threshold recognizes that there are now twenty-one facilities in contracts.

Increased controls would be implemented with increased thresholds. These controls includes a supply chain manual jointly approved by Supply Chain Services (SCS) and the Office of Legal Affairs (OLA) with detailed procedures, processes, and controls. Another control is a contract control sheet that is an auditable control for every contract detailing its procurement history, and requires SCS and OLA sign-off for each contract; no contract number can be assigned without this control sheet. There would be departmental audits which includes a review of every transaction between $100,000 and $1 million that is not procured by traditional methods by non-sourcing personnel. These audits would be summarized monthly and provided to the Internal Audits Office. Internal audits review would be performed semi-annually and reported to the Audit Committee.

The presentation included an overview of other New York area hospitals with their requirements for Board approval, including NYU for contracts more than $5 million, Northwell with no Board review and a review of contracts for more than $10 million with the President, Presbyterian with Board approval requires dependent on materiality, and Mt. Sinai requiring Board approval for large construction projects. Mr. Albertson concluded the presentation with the proposed revised Board procurement policy statement, "Only include those matters that must be reviewed by Board, Enables President to revise OP 100-05 to meet operational state."

Mr. Rosen noted that he understands the small contracts of $100,000 increasing to $1 million. However, he has concerns on the $3 million increasing to $5 million, as this was public monies and there always has been a greater focus on procurement within the City. Mr. Rosen noted that Supply Chain has done a great job to achieve savings. Mr. Page commented on disposing of specific approvals on small contracts because it takes a lot of time and process, but that the point may be missed that there are now many fewer small contracts. The system is not looking at individual contracts, but now looking at aggregated system purchases compared to facility versus facility purchases. The same principle goes for the $3 million to the $5 million. There is no loss of oversight. This is now about looking at contracting as a whole thing put together; the higher limits are not particularly out of proportion as to what has been in the past in terms of oversight, it is about looking at a mountain versus many hills. The mountain is giving Health + Hospitals the savings to maximize opportunities to buy cheaply.

Mr. Brezenoff asked for the issue to be tabled and to be rethought. Mr. Rosen noted that further discussion will occur. Ms. Bolus asked why there should be rethinking. Mr. Brezenoff answered because of the concerns raised. Mr. Sal Russo brought a motion to table, and it was voted to table.

ADJOURNMENT **BERNARD ROSEN**

There being no further business to discuss the meeting was adjourned at 12:24 p.m.

KEY INDICATORS

FISCAL YEAR 2017 UTILIZATION

Year to Date
June 2017

	UTILIZATION						AVERAGE LENGTH OF STAY		ALL PAYOR CASE MIX INDEX	
	VISITS			DISCHARGES						
	FY 17	FY 16	VAR %	FY 17	FY 16	VAR %	ACTUAL	EXPECTED	FY 17	FY 16
Acute										
Bellevue	573,177	605,882	-5.4%	22,128	23,063	-4.1%	6.4	6.5	1.2508	1.1853
Coney Island	315,516	340,801	-7.4%	13,744	14,235	-3.4%	6.5	6.1	1.0079	1.0208
Elmhurst	590,601	615,899	-4.1%	17,870	18,676	-4.3%	6.5	5.8	1.0107	0.9573
Harlem	298,570	313,663	-4.8%	11,760	12,128	-3.0%	5.6	5.6	0.9365	0.9472
Jacobi	408,507	421,971	-3.2%	18,042	17,759	1.6%	6.3	6.5	1.1037	1.0787
Kings County	659,571	676,444	-2.5%	19,191	20,699	-7.3%	6.7	6.0	1.0371	1.0273
Lincoln	525,662	550,728	-4.6%	21,505	21,969	-2.1%	5.1	5.7	0.9641	0.8728
Metropolitan	367,213	397,853	-7.7%	9,228	9,839	-6.2%	4.8	5.5	0.9675	0.8760
North Central Bronx	204,661	216,122	-5.3%	6,679	6,502	2.7%	4.2	4.7	0.7026	0.7065
Queens	397,553	399,489	-0.5%	12,700	12,221	3.9%	5.0	5.1	0.8128	0.8266
Woodhull	434,325	480,237	-9.6%	10,507	10,602	-0.9%	5.2	5.5	0.9370	0.8964
Acute Total	**4,775,356**	**5,019,089**	**-4.9%**	**163,354**	**167,693**	**-2.6%**	**5.9**	**5.9**	**1.0096**	**0.9765**
Gotham	VISITS									
Belvis DTC	49,887	55,689	-10.4%							
Cumberland DTC	62,999	69,455	-9.3%							
East New York	76,805	82,509	-6.9%							
Gouverneur DTC	231,494	248,700	-6.9%							
Morrisania DTC	80,019	80,933	-1.1%							
Renaissance	34,235	41,652	-17.8%							
Gotham Total	**535,439**	**578,938**	**-7.5%**							
Post Acute Care				DAYS						
Coler				269,118	259,348	3.8%				
Gouverneur SNF				81,378	74,956	8.6%				
H.J. Carter				114,759	112,366	2.1%				
McKinney				112,500	113,037	-0.5%				
Seaview				109,300	108,966	0.3%				
Post Acute Care Total				**687,055**	**668,673**	**2.7%**				
Discharges/CMI-- All Acutes				**163,354**	**167,693**	**-2.6%**			**1.0096**	**0.9765**
Visits -- All DTCs & Acutes	**5,310,795**	**5,598,027**	**-5.1%**							
Days-- All SNFs				**687,055**	**668,673**	**2.7%**				

Utilization

Discharges: exclude psych and rehab

Visits: Beginning with the November 2015 Board Report, FY16 and FY17 utilization is now based on date of service, and includes open visits. HIV counseling visits that are no longer billable have been excluded. Visits continue to include Clinics, Emergency Department and Ambulatory Surgery.
LTC: SNF and Acute days

Average Length of Stay

Actual: days divided by discharges; excludes one day stays

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

All Payor CMI

Acute discharges are grouped using New York State APR-DRGs version 32

KEY INDICATORS

FISCAL YEAR 2017 BUDGET PERFORMANCE ($s in 000s)

Year to Date
June 2017

	GLOBAL FTEs			RECEIPTS		DISBURSEMENTS		BUDGET VARIANCE	
	Jun 16	Jun 17*	Target	actual	better / (worse)	actual	better / (worse)	better / (worse)	
Acute									
Bellevue	5,817	5,497	5,602	$ 749,669	$ (10,570)	$ 858,375	$ (21,489)	$ (32,059)	-2.0%
Coney Island	3,180	3,038	3,048	$ 330,685	19,649	435,980	3,404	23,053	3.1%
Elmhurst	4,493	4,182	4,328	$ 530,026	25,434	600,468	1,915	27,350	2.5%
Harlem	3,086	2,914	2,973	$ 347,018	(7,485)	396,880	5,009	(2,476)	-0.3%
Jacobi	4,141	3,969	4,058	$ 561,726	2,996	612,361	(11,842)	(8,846)	-0.8%
Kings County	5,381	5,091	5,245	$ 703,625	(28,175)	737,374	14,934	(13,242)	-0.9%
Lincoln	4,278	3,994	4,080	$ 533,651	3,685	546,700	534	4,220	0.4%
Metropolitan	2,606	2,463	2,513	$ 278,872	(20,185)	343,076	1,371	(18,815)	-2.9%
North Central Bronx	1,423	1,351	1,388	$ 169,809	(3,627)	198,107	(7,739)	(11,366)	-3.1%
Queens	2,949	2,795	2,854	$ 374,847	18,990	396,799	(155)	18,835	2.5%
Woodhull	3,051	2,853	2,912	$ 377,822	(5,481)	426,289	12,930	7,448	0.9%
Acute Total	40,404	38,146	39,000	$ 4,957,751	$ (4,770)	$ 5,552,409	$ (1,128)	$ (5,898)	-0.1%
Gotham									
Belvis DTC	136	128	132	$ 19,233	$ 1,054	$ 17,222	$ 899	$ 1,953	5.4%
Cumberland DTC	218	200	201	$ 21,694	3,979	31,803	(918)	3,061	6.3%
East New York	237	207	221	$ 26,964	(431)	26,706	2,017	1,586	2.8%
Gouverneur DTC	475	448	454	$ 54,574	(3,530)	60,108	3,017	(513)	-0.4%
Morrisania DTC	257	232	240	$ 28,201	1,000	29,266	619	1,619	2.8%
Renaissance	170	166	162	$ 14,022	1,732	21,781	76	1,808	5.3%
Gotham Total	1,494	1,381	1,411	$ 164,688	$ 3,804	$ 186,886	$ 5,710	$ 9,514	2.7%
Post Acute Care									
Coler	1,161	1,077	1,087	$ 70,461	$ 3,766	$ 138,111	$ 11,452	$ 15,219	7.0%
Gouverneur SNF	389	362	372	$ 28,326	(9,786)	49,179	4,408	(5,379)	-5.9%
H.J. Carter	979	900	933	$ 131,166	5,270	132,038	198	5,468	2.1%
McKinney	455	439	457	$ 30,579	(8,058)	50,823	3,662	(4,395)	-4.7%
Seaview	529	532	539	$ 38,700	(233)	58,924	8,901	8,668	8.1%
Post Acute Care Total	3,514	3,310	3,388	$ 299,232	$ (9,041)	$ 429,075	$ 28,621	$ 19,580	2.6%
Central Office	852	1,022	1,060	$ 1,351,370	11,343	390,004	(24,228)	(12,885)	-0.8%
Care Management	440	398	373	$ 31,362	(13,661)	50,122	(1,920)	(15,580)	-16.7%
Enterprise IT/Epic	1,178	1,157	1,199	$ 7,695	0	210,663	3,138	3,138	1.4%
GRAND TOTAL	**47,881**	**45,414**	**46,431**	**$ 6,812,098**	**$ (12,324)**	**$ 6,819,160**	**$ 10,193**	**$ (2,131)**	**0.0%**

*Actual Global FTEs have dropped by 2,467 since June 2016.
Global Full-Time Equivalents (FTEs) include HHC staff and overtime, hourly, temporary and affiliate FTEs. Enterprise IT includes consultants.
Care Management includes HHC Health & Home Care and the Health Home program.

NYC Health + Hospitals
Cash Receipts and Disbursements (CRD)
Fiscal Year 2017 vs Fiscal Year 2016 (in 000's)
TOTAL CORPORATION

	Month of June 2017			Fiscal Year To Date June 2017		
	actual 2017	actual 2016	better / (worse)	actual 2017	actual 2016	better / (worse)
Cash Receipts						
Inpatient						
Medicaid Fee for Service	$ 66,354	$ 71,061	$ (4,707)	$ 712,666	$ 827,332	$ (114,666)
Medicaid Managed Care	76,024	63,377	12,647	776,502	738,036	38,466
Medicare	51,170	58,245	(7,075)	494,392	536,467	(42,075)
Medicare Managed Care	32,654	29,505	3,149	340,652	322,670	17,982
Other	21,524	18,921	2,603	249,196	216,018	33,178
Total Inpatient	$ 247,727	$ 241,110	$ 6,617	$ 2,573,408	$ 2,640,522	$ (67,115)
Outpatient						
Medicaid Fee for Service	$ 19,813	$ 10,940	$ 8,873	$ 133,793	$ 155,863	$ (22,071)
Medicaid Managed Care	35,933	28,544	7,389	540,776	515,874	24,903
Medicare	7,464	6,674	790	68,058	57,632	10,426
Medicare Managed Care	27,996	6,996	21,000	167,971	125,927	42,044
Other	15,138	13,081	2,058	202,148	162,207	39,941
Total Outpatient	$ 106,344	$ 66,234	$ 40,109	$ 1,112,746	$ 1,017,503	$ 95,243
All Other						
Pools	$ 22,661	$ (85,523)	$ 108,184	$ 308,747	$ 218,825	$ 89,921
DSH / UPL	32,760	187,039	(154,278)	1,658,489	1,654,046	4,443
Grants, Intracity, Tax Levy	430,936	517,574	(86,638)	1,015,716	1,159,395	(143,679)
Appeals & Settlements	13,537	3,010	10,528	76,217	55,184	21,033
Misc / Capital Reimb	(373)	19,384	(19,757)	66,775	97,280	(30,505)
Total All Other	$ 499,522	$ 641,484	$ (141,962)	$ 3,125,944	$ 3,184,731	$ (58,787)
Total Cash Receipts	**$ 853,592**	**$ 948,828**	**$ (95,236)**	**$ 6,812,098**	**$ 6,842,757**	**$ (30,659)**
Cash Disbursements						
PS	$ 297,666	$ 213,607	$ (84,058)	$ 2,792,696	$ 2,713,040	$ (79,656)
Fringe Benefits	378,644	373,510	(5,134)	1,322,999	1,387,185	64,186
OTPS	156,899	160,908	4,009	1,510,126	1,474,938	(35,188)
City Payments	32,022	32,585	563	32,022	341,990	309,968
Affiliation	59,154	89,766	30,613	1,073,757	1,048,013	(25,744)
HHC Bonds Debt	6,595	8,362	1,767	87,560	90,063	2,503
Total Cash Disbursements	**$ 930,979**	**$ 878,739**	**$ (52,240)**	**$ 6,819,160**	**$ 7,055,230**	**$ 236,070**
Receipts over/(under) Disbursements	**$ (77,387)**	**$ 70,089**	**$ (147,476)**	**$ (7,062)**	**$ (212,473)**	**$ 205,411**

NYC Health + Hospitals
Actual vs Budget Report
Fiscal Year 2017 (in 000's)
TOTAL CORPORATION

	Month of June 2017			Fiscal Year To Date June 2017		
	actual 2017	budget 2017	better / (worse)	actual 2017	budget 2017	better / (worse)
Cash Receipts						
Inpatient						
Medicaid Fee for Service	$ 66,354	$ 78,037	$ (11,683)	$ 712,666	$ 784,976	$ (72,310)
Medicaid Managed Care	76,024	65,219	10,805	776,502	791,595	(15,092)
Medicare	51,170	59,299	(8,129)	494,392	496,146	(1,754)
Medicare Managed Care	32,654	29,726	2,928	340,652	333,034	7,618
Other	21,524	19,257	2,268	249,196	217,715	31,480
Total Inpatient	$ 247,727	$ 251,538	$ (3,811)	$ 2,573,408	$ 2,623,465	$ (50,058)
Outpatient						
Medicaid Fee for Service	$ 19,813	$ 24,127	$ (4,314)	$ 133,793	$ 132,899	$ 894
Medicaid Managed Care	35,933	38,858	(2,925)	540,776	592,475	(51,699)
Medicare	7,464	5,889	1,575	68,058	71,518	(3,461)
Medicare Managed Care	27,996	7,614	20,381	167,971	129,010	38,961
Other	15,138	11,586	3,552	202,148	175,637	26,511
Total Outpatient	$ 106,344	$ 88,073	$ 18,270	$ 1,112,746	$ 1,101,539	$ 11,207
All Other						
Pools	$ 22,661	$ 22,477	$ 184	$ 308,747	$ 306,585	$ 2,161
DSH / UPL	32,760	32,760	0	1,658,489	1,658,489	0
Grants, Intracity, Tax Levy	430,936	433,790	(2,855)	1,015,716	1,012,334	3,382
Appeals & Settlements	13,537	-	13,537	76,217	41,676	34,541
Misc / Capital Reimb	(373)	8,723	(9,096)	66,775	80,333	(13,558)
Total All Other	$ 499,522	$ 497,751	$ 1,771	$ 3,125,944	$ 3,099,417	$ 26,527
Total Cash Receipts	**$ 853,592**	**$ 837,362**	**$ 16,230**	**$ 6,812,098**	**$ 6,824,422**	**$ (12,324)**
Cash Disbursements						
PS	$ 297,666	$ 309,667	$ 12,001	$ 2,792,696	$ 2,803,507	$ 10,811
Fringe Benefits	378,644	371,147	(7,497)	1,322,999	1,311,873	(11,126)
OTPS	156,899	152,280	(4,619)	1,510,126	1,510,633	507
City Payments	32,022	32,022	0	32,022	32,022	0
Affiliation	59,154	64,851	5,698	1,073,757	1,075,847	2,090
HHC Bonds Debt	6,595	6,595	(0)	87,560	95,471	7,911
Total Cash Disbursements	**$ 930,979**	**$ 936,563**	**$ 5,583**	**$ 6,819,160**	**$ 6,829,353**	**$ 10,193**
Receipts over/(under) Disbursements	**$ (77,387)**	**$ (99,200)**	**$ 21,813**	**$ (7,062)**	**$ (4,931)**	**$ (2,131)**

NEW YORK CITY HEALTH + HOSPITALS
INPATIENT PAYOR MIX
Fiscal Year 2017 4th Quarter Report

INPATIENT: Percentage of Total Discharges For Each Facility

	Bellevue	Coney	Elmhurst	Harlem	Jacobi	Kings	Lincoln	Metropolitan	NCB	Queens	Woodhull	Corporate Total
Medicaid Total												
2017	**61.0**	**53.8**	**63.8**	**63.4**	**57.3**	**61.0**	**66.5**	**69.2**	**65.2**	**63.2**	**67.9**	**62.5**
2016	**59.5**	**52.1**	**64.2**	**64.3**	**59.4**	**62.0**	**67.2**	**69.0**	**66.2**	**63.8**	**71.3**	**62.9**
Medicaid												
2017	23.8	19.2	22.2	18.0	14.9	20.5	17.0	21.5	15.8	25.0	19.4	**20.0**
2016	26.0	20.0	23.8	20.6	17.4	23.3	18.7	23.7	17.3	25.6	25.3	**22.2**
Medicaid Plans												
2017	37.2	34.6	41.6	45.4	42.4	40.5	49.5	47.7	49.4	38.2	48.5	**42.5**
2016	33.4	32.1	40.5	43.6	42.0	38.7	48.5	45.3	48.9	38.2	46.0	**40.7**
Medicare Total												
2017	**18.4**	**37.1**	**22.9**	**23.8**	**24.2**	**20.3**	**24.0**	**20.4**	**20.3**	**25.6**	**22.2**	**23.2**
2016	**17.8**	**37.0**	**21.3**	**22.7**	**24.1**	**20.2**	**23.2**	**20.6**	**20.3**	**24.2**	**19.4**	**22.5**
Medicare												
2017	9.7	26.5	11.3	10.1	12.5	9.9	7.7	9.2	9.9	11.9	9.5	**11.4**
2016	9.4	26.2	10.8	10.3	12.5	10.2	7.6	9.1	10.4	12.6	8.9	**11.4**
Medicare Plans												
2017	8.7	10.6	11.6	13.7	11.7	10.4	16.3	11.3	10.4	13.7	12.7	**11.8**
2016	8.4	10.8	10.5	12.3	11.6	10.0	15.5	11.5	9.8	11.6	10.5	**11.1**
Commercial Total												
2017	**10.4**	**7.2**	**8.7**	**8.5**	**12.6**	**12.0**	**7.3**	**5.5**	**8.9**	**8.8**	**6.9**	**9.2**
2016	**10.2**	**8.7**	**8.7**	**8.4**	**12.4**	**11.8**	**7.6**	**5.3**	**8.4**	**9.0**	**6.5**	**9.2**
Other												
2017	**3.4**	**0.1**	**1.0**	**0.2**	**0.2**	**0.2**	**0.3**	**0.1**	**0.1**	**0.3**	**0.1**	**0.8**
2016	**6.1**	**0.1**	**1.7**	**0.2**	**0.3**	**0.2**	**0.3**	**0.2**	**0.3**	**0.3**	**0.1**	**1.3**
Uninsured												
2017	**6.7**	**1.8**	**3.5**	**4.2**	**5.7**	**6.5**	**2.0**	**4.8**	**5.5**	**2.2**	**2.9**	**4.4**
2016	**6.5**	**2.2**	**4.1**	**4.5**	**3.8**	**5.8**	**1.7**	**4.9**	**4.8**	**2.8**	**2.7**	**4.1**

FY17 (run date 8/21/17)
FY16 (run date 8/8/16)

Note: All numbers are percentages.

Medicaid Plans: Medicaid Managed Care and Family Health Plus Plans
Medicare Plans: Medicare Advantage Plans
Commercial Plans: Commercial Insurance and Managed Care Plans, Child Health Plus No-Fault, Worker's Comp and Blue Cross
Other: Federal, State, City agencies, Uniformed Services and Prisoners

NEW YORK CITY HEALTH + HOSPITALS
OUTPATIENT ADULT PAYOR MIX
(Excluding Emergency Room Visits)
Fiscal Year 2017 4th Quarter Report

OUTPATIENT ADULT: Percentage of Total Visits For Each Facility

	Bellevue	Coney	Elmhurst	Harlem	Jacobi	Kings	Lincoln	Metropolitan	NCB	Queens	Woodhull	Belvis	Cumberland	East New York	Gouverneur	Morrisania	Renaissance	Corporate Total
Medicaid Total																		
2017	**37.9**	**36.8**	**39.0**	**47.4**	**46.0**	**47.5**	**46.6**	**44.8**	**51.5**	**38.0**	**41.7**	**50.5**	**44.6**	**54.3**	**35.4**	**52.5**	**43.8**	**42.9**
2016	**39.4**	**34.7**	**40.7**	**48.8**	**49.1**	**46.5**	**47.6**	**46.2**	**53.1**	**38.1**	**41.5**	**51.4**	**45.1**	**54.6**	**34.5**	**52.7**	**45.8**	**43.6**
Medicaid																		
2017	5.6	8.8	7.1	7.6	7.2	9.2	7.8	7.5	6.8	8.3	3.9	3.1	4.5	6.9	5.2	4.8	4.9	7.0
2016	8.0	9.6	10.3	10.2	9.0	11.4	8.3	8.7	7.3	8.8	5.7	4.3	6.9	7.0	5.6	5.5	4.6	8.6
Medicaid Plans																		
2017	32.2	28.0	32.0	39.8	38.9	38.3	38.8	37.3	44.7	29.7	37.8	47.4	40.0	47.4	30.2	47.8	38.8	35.9
2016	31.4	25.1	30.4	38.6	40.1	35.1	39.3	37.5	45.8	29.3	35.8	47.1	38.1	47.6	28.9	47.2	41.2	35.0
Medicare Total																		
2016	**19.8**	**21.2**	**15.6**	**22.0**	**21.3**	**16.5**	**21.9**	**20.6**	**17.4**	**20.0**	**20.7**	**15.7**	**14.2**	**17.7**	**25.5**	**15.1**	**18.4**	**19.6**
2015	**19.3**	**19.7**	**14.1**	**21.8**	**21.0**	**16.1**	**21.8**	**20.6**	**16.3**	**19.1**	**19.5**	**14.9**	**13.4**	**16.4**	**25.0**	**14.7**	**18.5**	**19.0**
Medicare																		
2017	8.6	11.4	6.1	9.9	8.3	8.3	6.3	7.3	6.0	6.5	6.5	3.3	5.3	8.0	9.2	4.3	6.9	7.6
2016	8.7	11.6	6.1	10.2	9.6	8.1	6.9	7.9	6.7	7.5	6.6	3.5	5.1	6.9	9.1	4.8	7.0	8.0
Medicare Plans																		
2017	11.2	9.8	9.6	12.0	13.0	8.2	15.6	13.3	11.3	13.5	14.2	12.4	8.9	9.7	16.3	10.8	11.5	11.9
2016	10.6	8.1	8.0	11.7	11.3	8.0	14.9	12.6	9.6	11.6	12.9	11.4	8.3	9.5	15.9	10.0	11.4	11.0
Commercial																		
2017	**13.4**	**8.1**	**5.5**	**11.4**	**10.8**	**14.5**	**14.5**	**7.4**	**9.9**	**6.9**	**9.8**	**9.4**	**13.3**	**14.6**	**12.7**	**12.5**	**13.3**	**10.8**
2016	**12.0**	**8.5**	**6.8**	**10.4**	**13.8**	**13.9**	**12.6**	**7.5**	**13.7**	**8.0**	**9.8**	**9.1**	**13.1**	**12.0**	**12.5**	**10.4**	**12.3**	**10.9**
Other																		
2017	**2.4**	**0.6**	**2.2**	**0.5**	**1.7**	**0.4**	**0.8**	**0.3**	**0.8**	**0.3**	**0.5**	**0.0**	**0.2**	**0.1**	**0.9**	**0.0**	**0.1**	**1.0**
2016	**2.6**	**0.6**	**1.7**	**0.5**	**1.3**	**0.5**	**0.9**	**0.2**	**0.3**	**0.3**	**0.6**	**0.0**	**0.2**	**0.1**	**1.1**	**0.0**	**0.0**	**0.9**
Uninsured Total																		
2017	**26.5**	**33.3**	**37.7**	**18.7**	**20.2**	**21.1**	**16.3**	**26.8**	**20.4**	**34.8**	**27.3**	**24.4**	**27.7**	**13.2**	**25.6**	**19.8**	**24.5**	**25.7**
2016	**26.6**	**36.6**	**36.6**	**18.5**	**14.8**	**23.0**	**17.1**	**25.4**	**16.7**	**34.5**	**28.7**	**24.6**	**28.3**	**16.9**	**26.9**	**22.2**	**23.4**	**25.6**

FY17 (run date 8/21/17)
FY16 (run date 8/8/16)

Note: All numbers are percentages.

Medicaid Plans: Medicaid Managed Care and Family Health Plus Plans
Medicare Plans: Medicare Advantage Plans
Commercial Plans: Commercial Insurance and Managed Care Plans, No-Fault, Worker's Comp and Blue Cross
Other: Federal, State, City agencies, Uniformed Services and Prisoners

NEW YORK CITY HEALTH + HOSPITALS
OUTPATIENT PEDIATRIC PAYOR MIX
(Excluding Emergency Room Visits)
Fiscal Year 2017 4th Quarter Report

OUTPATIENT PEDIATRIC: Percentage of Total Visits For Each Facility

	Bellevue	Coney	Elmhurst	Harlem	Jacobi	Kings	Lincoln	Metropolitan	NCB	Queens	Woodhull	Belvis	Cumberland	East New York	Gouverneur	Morrisania	Renaissance	Corporate Total
Medicaid Total																		
2017	**81.5**	**77.1**	**80.2**	**83.8**	**76.0**	**73.3**	**84.7**	**89.5**	**77.1**	**69.1**	**78.8**	**88.2**	**80.1**	**77.6**	**82.2**	**83.2**	**73.8**	**79.4**
2016	**80.6**	**75.6**	**78.2**	**85.4**	**83.5**	**74.3**	**86.1**	**89.1**	**86.5**	**69.0**	**78.0**	**88.4**	**81.1**	**77.0**	**80.8**	**86.1**	**74.0**	**80.5**
Medicaid																		
2017	4.2	10.2	3.6	4.7	5.5	5.2	3.7	2.5	5.4	7.6	3.5	4.5	4.4	5.5	5.8	3.3	5.4	4.8
2016	5.9	10.3	4.1	7.0	4.4	6.6	5.4	4.4	4.4	5.9	4.8	4.4	4.6	6.0	5.8	4.0	6.0	5.5
Medicaid Plans																		
2017	77.3	66.8	76.6	79.1	70.5	68.2	81.1	87.0	71.7	61.5	75.3	83.7	75.7	72.1	76.3	79.9	68.4	74.6
2016	74.7	65.3	74.1	78.3	79.1	67.7	80.7	84.7	82.1	63.2	73.2	84.0	76.4	71.0	75.0	82.1	68.0	75.0
Commercial Total																		
2017	**13.2**	**16.7**	**10.3**	**11.7**	**17.3**	**17.6**	**12.1**	**6.9**	**17.1**	**17.6**	**12.6**	**8.8**	**10.7**	**13.8**	**14.0**	**9.6**	**12.3**	**13.4**
2016	**13.8**	**13.6**	**9.6**	**10.5**	**11.3**	**16.5**	**9.2**	**7.2**	**8.4**	**16.1**	**13.0**	**6.9**	**10.2**	**14.9**	**13.6**	**7.8**	**13.2**	**11.8**
Child Health Plus																		
2017	4.4	5.4	5.9	3.1	4.0	6.2	6.2	3.7	3.2	6.5	4.8	5.0	4.4	5.2	5.3	4.4	3.2	5.0
2016	4.0	4.7	5.2	2.8	3.8	5.6	5.0	3.9	3.7	5.3	4.8	3.4	4.4	4.9	4.2	3.4	3.5	4.5
Non-CHP Plans																		
2017	8.8	11.3	4.4	8.6	13.3	11.4	5.9	3.2	13.9	11.2	7.8	3.8	6.4	8.7	8.7	5.2	9.1	8.5
2016	9.8	8.9	4.4	7.6	7.5	11.0	4.3	3.3	4.6	10.7	8.2	3.4	5.8	10.0	9.4	4.4	9.7	7.3
Other																		
2017	**0.2**	**0.4**	**0.3**	**0.3**	**0.7**	**0.3**	**0.5**	**0.0**	**0.3**	**0.3**	**0.1**	**0.0**	**0.0**	**0.1**	**0.0**	**0.0**	**0.0**	**0.3**
2016	**0.2**	**0.4**	**0.3**	**0.2**	**0.5**	**0.4**	**0.8**	**0.0**	**0.1**	**0.3**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.3**
Uninsured Total																		
2017	**5.1**	**5.8**	**9.3**	**4.2**	**6.0**	**8.8**	**2.6**	**3.6**	**5.6**	**12.9**	**8.5**	**3.0**	**9.2**	**8.5**	**3.8**	**7.2**	**13.9**	**6.9**
2016	**5.4**	**10.3**	**11.9**	**4.0**	**4.7**	**8.8**	**3.8**	**3.7**	**5.1**	**14.6**	**9.0**	**4.7**	**8.7**	**8.0**	**5.6**	**6.0**	**12.8**	**7.5**

FY17 (run date 8/2117)
FY16 (run date 8/8/16)

Note: All numbers are percentages.

Medicaid Plans: Medicaid Managed Care and Family Health Plus Plans
Commercial Plans: Commercial Insurance and Managed Care Plans, Child Health Plus, No-Fault, Worker's Comp and Blue Cross
Other: Medicare & Medicare Plans, Federal, State, City agencies, Uniformed Services and Prisoners

NYC HEALTH+ HOSPITALS

Short Term Capital Financing

Quarterly Status Report to the Finance Committee

Date: September 13, 2017

Short Term Financing Program

- Through resolutions approved in July 2013, April 2015 and September 2015, the NYC Health + Hospitals Board has authorized equipment and other short term financing up to $120 million, with the goal of allowing the system to establish a flexible short term financing program with as needed access to capital funds from one or more banks over multiple years.

- After development of a secondary Health Care Reimbursement Revenue lien security, a JP Morgan Chase financing for up to $60 million worth of primarily equipment purchases closed on July 9, 2015.

- Citibank financing for up to $60 million worth of mostly routine renovation and IT projects closed on October 14, 2015.

JP Morgan Chase Loan Activity ($millions)

Date	Activity/Action	Remaining Loan Capacity	Borrowed Funds
7/9/2015	Issuance	60.000	0.000
7/9/2015	Initial Drawdown: Borrowed Amount	(10.000)	10.000
07/31/2017	Final Drawdown: Borrowed Amount	(50.000)	50.000
08/01/2017	Converted to Fixed Rate @ **2.0880%**		
Total		**0.000**	**60.000**
Vouched Capital Expenses as of August 14, 2017			**(57.463)**
Cost of Issuance			(0.128)
Vouched Funds			**(57.591)**

Encumbrances as of August 14, 2017	**58.870**

- Terms: $60 million outstanding loan converted to fixed rate @ 2.0880% with final maturity date of July 1, 2022
- Interest Rates: Avg. variable rate during drawdown period (to 8/1/17): 1.1687%. Final variable rate was set at 1.6270% prior to fixed rate conversion

Citibank Loan Activity ($millions)

Date	Activity/Action	Remaining Loan Capacity	Borrowed Funds
10/14/2015	Issuance	60.000	0.000
10/14/2015	Initial Loan Drawdown	(10.000)	10.000
Total		**50.000**	**10.000**
Vouched Capital Expenses as of August 14, 2017			(39.541)
Cost of Issuance			(0.250)
Vouched Funds			**(39.791)**

Encumbrances as of August 14, 2017	**48.241**

- Terms: Variable rate revolving loan indexed to SIFMA, with maturity date of October 14, 2018
- Interest Rate: Average rate during drawdown period (to 8/5/17): 1.2312%; 1.57% rate as of 8/5/17

Citibank Replacement Loan

Terms

- To repay outstanding $10 million loan, finance CRA-eligible capital needs and cover cost of issuance

- Fixed Rate Loan
  - Up to $30 million
  - 5 year maturity
  - 1.89% indicative rate as of 8/23/17 *(tied to 5-yr MMD)*

- Variable Rate Loan
  - Up to $30 million
  - 1 year Availability Period
  - 5 year maturity from Drawdown
  - 1.38% indicative rate as of 8/23/17 *(tied to weekly SIFMA index)*

- Projected closing in October 2017

RESOLUTION

Adopting a Second Revised Statement of Policy for the Review and Authorization of Procurement Matters by the Board of Directors ("Board") of New York City Health and Hospitals Corporation (the "System") and directing the President of the System to prepare a revision of Operating Procedure 100-05 to implement such Statement of Policy.

WHEREAS, at its September 22, 2011 meeting, the Board adopted a Revised Statement of Policy for the Review and Authorization of Procurement Matters by the Board of Directors; and

WHEREAS, the current Revised Statement of Policy and Operating Procedure reflects a decentralized, network model, containing processes and roles that are no longer present in the System; and

WHEREAS, since such September 22, 2011 the functions of procurement have been centralized into the division of Supply Chain Services; and

WHEREAS, the Board wishes to provide for further efficiencies in the System's procurement functions to ensure its financial wellbeing; and

WHEREAS, the Second Revised Statement of Policy maintains the Board's oversight of the System's significant contracting activity, and requires its authorizations for certain procurement transactions before they are concluded; and

WHEREAS, the New York State Public Authorities Accountability Act requires that entities such as the System have in place written policies regulating its procurement activities and the Board intends that the adoption of the Second Revised Statement of Policy and Operating Procedure 100-05 be in satisfaction of such requirement.

NOW THEREFORE, be it

RESOLVED, that the Board hereby adopts the Second Revised Statement of Policy for the Review and Authorization of Procurement Matters by the Board of Directors, in the form attached hereto that shall be binding upon all employees and officers of the System. The Second Revised Statement of Policy shall be effective as of October 1, 2017. The President shall cause a revision of Operating Procedure 100-05 to be adopted.

EXECUTIVE SUMMARY

RESOLUTION TO ADOPT A SECOND REVISED STATEMENT OF POLICY FOR THE REVIEW AND AUTHORIZATION OF PROCUREMENT MATTERS BY THE BOARD OF DIRECTORS

BACKGROUND: New York City Health and Hospitals Corporation as part of its efforts to leverage its purchasing ability and promote standardization, has centralized its functions of procurement into a single office, Supply Chain Services, and implemented modern best practices in supply chain management to achieve costs savings while ensuring quality of goods and services and bettering patient experiences and outcomes, while increasing internal controls, accountability and visibility in the procurement process.

In order to meet current-state organization and to further the System's efforts in achieving these goals the prior Revised Statement of Policy for the Review and Authorization of Procurement Matters by the Board of Directors requires revision to enable further changes in the procurement operating procedure, Operating Procedure 100-05.

NYC HEALTH+ HOSPITALS

Revision of
Board Procurement Policy Statement

September 13, 2017

Supply Chain Initiatives

- Centralized procurement – standardized goods, supplies and equipment
- Goals – decrease costs, improve quality and outcomes
- Implementing PeopleSoft Technology
  - Inventory Management
  - Low Unit of Measure
  - “Just in Case” to “Just in Time” deliveries/quantities
- Continue providing savings

OP 100-05 Current State

- OP 100-05 was written before Supply Chain centralization
- OP 100-05 has processes that are no longer accurate
- Normally the President, in concert with Senior Staff, implements OP revisions
- The difference with this OP: The Board adopted a detailed Procurement Policy Statement in 2013
- To enable the President to adopt a revised OP, the Board is asked to adopt a revised Policy Statement.

OP 100-05: Limitations

- Does not match current state of fewer, larger contracts
  - Dollar value limits need to be increased
- Does not satisfy Comptroller
  - Add pieces from PPB Rules to aid in registering of contracts, e.g. “Minor Rules Violation”
- Requires President’s Deviation for routine matters
- Does not allow for modern sourcing methods
  - For example, electronic RFPs
- Prolongs contracting process

Transforming OP 100-05: Modernized Contracting

Uniform Contracting:

- All procurement falls under Supply Chain Services and Office of Legal Affairs authority

Flexible contracting:

- Allow for combining procurement methods
- Value based purchasing
- Contract extensions and renewals

Sensible Contracting:

- Apply due diligence standard for routine contracting
- Raise CRC threshold from 100K to 1 million
- Raise Board threshold from 3 million to 5 million

Transforming OP 100-05: Increased Controls

Supply Chain Manual: A document jointly approved by Supply Chain Services (SCS) and Office of Legal Affairs (OLA) with detailed procedures, processes, controls.

Contract Control Sheet: An auditable control for every contract detailing its procurement history and requiring SCS and OLA sign off for each contract. No contract number can be assigned without.

Departmental Audits: Review of every transaction between $100K and $1M that is not procured by traditional methods by non-sourcing personnel; summarized monthly; provided to Internal Audits Office.

Internal Audits Review: Performed semi-annual; reported to the Audit Committee.

Board Reports: Monthly reports to the Board of all new contracts, including vendor, contract value, and contract description.

Board Approval at Other NY Area Hospitals

Hospital	Board Approval Requirement
NYU	> $5 million
Northwell	No board review Reviews contracts for service/capital > $10M with President
Presby	Materiality
Mt Sinai	No board approval except for large construction projects

Revising OP 100-05 Requires Revising Board Procurement Policy Statement

September 2013 Statement:

A shortened version of OP 100-05 including all methods and limits

Proposed Statement:

Only include those matters that must be reviewed by Board

Enables President to revise OP 100-05 to meet operational state

STATEMENT OF POLICY
FOR THE REVIEW AND AUTHORIZATION OF PROCUREMENT MATTERS BY THE BOARD OF DIRECTORS OF NEW YORK CITY HEALTH AND HOSPITALS CORPORATION

I. POLICY PURPOSES AND GOALS

This Statement of Policy sets forth the requirements of the Board of Directors (the "Board") of New York City Health and Hospitals Corporation ("NYC Health + Hospitals") for those procurement matters of NYC Health + Hospitals that must receive prior Board authorization. This statement of policy shall be binding upon all officers and employees of NYC Health + Hospitals.

In adopting this Statement of Policy, the Board wishes to preserve NYC Health + Hospitals' financial wellbeing while maintaining its efficient operations. The intent of this Statement of Policy is to ensure that the Board is informed of the Corporation's significant contracting activity and that it reviews and authorizes certain procurement transactions before they are concluded.

II. GENERAL STATEMENT

In general, and subject only to the specific exceptions noted below, any financial commitment by NYC Health + Hospitals in excess of $5 million for the procurement of goods or services, including affiliation contracts under which NYC Health + Hospitals will pay for others to provide clinical services, requires the Board's prior authorization regardless of the procurement method used. Further, the following require the Board's prior approval regardless of the amount of money involved: (a) all leases, licenses and other agreements for the disposition or acquisition of real property rights; and (b) all contracts for the services of auditors engaged to report on any aspect of the conduct of the business of NYC Health + Hospitals. This Statement of Policy shall not be interpreted to relieve NYC Health + Hospitals from making presentations to the Board and, when appropriate receiving the approval of, or authorization from, the Board regarding non-procurement related matters such as those pertaining to strategic planning, medical and professional affairs, etc. consistent with NYC Health + Hospitals' past practice and existing Operating Procedures. The Board acknowledges that MetroPlus Health Plan, Inc.'s certificate of incorporation imposes certain requirements for the approval by NYC Health + Hospitals' Board of certain contracts and it is not intended that this Statement of Policy alter in any way such requirements.

In adopting this Statement of Policy, the Board intends to change the current practices of the Corporation in three ways. First, the threshold for the requirement for Board approval for general contracts is increased from $3 million to $5 million. Second, the structure for reporting on contracts below the threshold for presentation to the Board is strengthened. Third, this Statement of Policy, recognizing the centralization of the procurement function within the Office of Supply Chain Services and the increased professionalism of the operation, leaves to the oversight of the President and the Vice

President responsible for Supply Chain Services the task of adopting suitable rules and procedures for the procurement of those goods and services below the threshold for presentation to the Board rather than directing them here.

III. PROCUREMENT MATTERS NOT REQUIRING ANY APPROVAL OF THE BOARD

The procurement matters not requiring prior authorization by the Board are: (i) grant-funded contracts under which the entity providing the goods or services is specified in the grant by the funder; (ii) purchases of goods (such as medical/surgical supplies, pharmaceuticals, all manner of supplies and equipment and utilities used in the ordinary course of the Corporation's business) regardless of the dollar value of such purchases; and (iii) contracts for the maintenance of NYC Health + Hospitals' equipment or related components when the contract is a renewal or replacement of an existing contract with the same vendor and for a scope of maintenance services substantially the same as in the previous contract.

IV. PROCUREMENT MATTERS REQUIRING ONLY THE BOARD'S PRIOR AUTHORIZATION FOR THE RIGHT TO EXPEND FUNDS BUT NOT FOR THE ACTUAL CONTRACT

Construction contracts governed by the New York State General Municipal Law for "Construction Projects" that will cost more than $5 million require prior authorization of the Board only for the right to expend the needed funds. Once the Board has approved the right to expend the funds, Board authorization shall not be required for the awarding of a contract, selection of the contracting party or any aspect of the procurement process.

For the purposes of this Statement of Policy, a "Construction Project" shall refer to the totality of the work and materials needed to complete a capital improvement or addition to one of the Corporation's facilities and shall include all elements that are planned, budgeted or contracted together. The object of such definition is to afford the Board the opportunity to consider such projects as a single endeavor and determine if the overall effort is worthy and properly funded. That a single entity will oversee or coordinate the entire effort will render the entire effort a single Construction Project. The President shall make such additional related rules regarding Construction Projects as necessary through a revised Operating Procedure 100-5 to be adopted.

Requests to the Board for authorization to expend funds for procurement purposes under this Section IV, shall set forth the spending authority requested, the purpose for which the expenditure is to be made, the procurement method to be used and the source of the funds to be expended.

V. CONTRACT REVIEW COMMITTEE

The Contract Review Committee (CRC) shall be a management committee constituted by the President with one voting member appointed by the Chairperson of the Board. The CRC shall review all contracts that require Board authorization prior to the award of a contract except for leases, licenses and other agreements for the disposition or acquisition of real property rights.

VI. OPERATING PROCEDURE

The President shall adopt a revised Operating Procedure 100-5 to provide a consistent method for ensuring compliance with this Statement of Policy and with best practices with regard to procurement contracts and authorizations of the right to expend funds for procurement purposes in cases where the authorization of the Board is not required by this Statement of Policy.

VII. CONTRACT REPORTS

The President shall provide the Board with reports and such reports shall include matters that the President deems appropriate as well as those matters requested by the Board. The Board believes that the development of an effective reporting structure is an essential tool to assure effective Board governance especially for matters that will not be presented to the Board for authorization.

The Board may select any contract or vendor for review in the course of its duties regardless of whether such contract is subject to Board approval under this Statement of Policy.

VIII. PRESIDENT'S AUTHORITY

The procedures outlined in this Statement of Policy shall be followed in all but exceptional cases, such as emergencies, where the President, or his/her designee, determines in writing to make an exception from the established procedure. The President shall report any such exception to the Board at the meeting immediately following such exception when the exception concerns a matter that would otherwise have been subject to Board approval under this Statement of Policy. The President may take to the Board for prior authorization or as an informational item, any transaction or expenditure that, irrespective of this Statement of Policy, the President determines merits the attention of the Board.

STATEMENT OF POLICY
FOR THE REVIEW AND AUTHORIZATION OF PROCUREMENT
MATTERS BY THE BOARD OF DIRECTORS OF
NEW YORK CITY HEALTH AND HOSPITALS CORPORATION

I. POLICY PURPOSES AND GOALS

This Statement of Policy sets forth the requirements of the Board of Directors (the "Board") of New York City Health and Hospitals Corporation ~~(the "Corporation~~("NYC Health + Hospitals") for those procurement matters of ~~the Corporation~~NYC Health + Hospitals that must receive prior Board authorization~~ and for the manner of presentation of certain procurement matters for which prior authorization is mandated.~~. This statement of policy shall be binding upon all officers and employees of ~~the Corporation and shall be implemented by the President of the Corporation by the adoption of appropriately detailed Operating Procedures~~NYC Health + Hospitals.

In adopting this Statement of Policy, the Board wishes to preserve ~~the Corporation's~~NYC Health + Hospitals' financial wellbeing while maintaining its efficient operations. The intent of this Statement of Policy is to ensure that the Board is informed of the Corporation's significant contracting activity and that it reviews and authorizes certain procurement transactions before they are concluded.

II. GENERAL STATEMENT

In general, and subject only to the specific exceptions noted below, any financial commitment ~~expenditure of funds~~ by ~~the Corporation~~NYC Health + Hospitals in excess of $~~3~~5 million for the procurement of ~~of: (i) Construction Services for "Construction Projects," as defined below in Section IV; (ii) equipment; (iii) professional services and non-professional services; and (iv) any other expenditure of funds by the Corporation to procure~~ goods or services, including affiliation contracts under which NYC Health + Hospitals will pay for others to provide clinical services, ~~irrespective of how classified require~~requires the Board's prior authorization regardless of the procurement method used. Further, the following require the Board's prior approval regardless of the amount of money involved: (a) all leases, licenses and other agreements for the disposition or acquisition of real property rights; and (b) all contracts for the services of auditors engaged to report on any aspect of the conduct of the business of ~~the Corporation~~NYC Health + Hospitals~~; and (c) all affiliation contracts under which NYC Health + Hospitals will pay for the purchase of~~others to provide ~~clinical services~~. This Statement of Policy shall not be interpreted to relieve ~~the officers of the Corporation~~NYC Health + Hospitals from making presentations to the Board and, when appropriate receiving the approval of, or authorization from, the Board regarding non-procurement related matters such as those pertaining to strategic planning, medical and professional affairs, etc. consistent with ~~the Corporation's~~NYC Health + Hospitals' past practice and existing Operating Procedures. ~~The Board recognizes the need to adopt new policies to govern the Corporation's banking and financing activities and that will be addressed in a separate document.~~ The Board acknowledges that MetroPlus Health Plan, Inc.'s certificate of incorporation ~~requires~~

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imposes certain requirements for the approval by ~~the HHC's~~NYC Health + Hospitals' Board of ~~all~~certain contracts ~~having an annual expense of $1 million or more~~ and it is not intended that this Statement of Policy ~~relax~~alter in any way such ~~more restrictive rule~~requirements.

In adopting this Statement of Policy, the Board intends to change the current practices of the Corporation in ~~two key~~three ways. First, the ~~Board shall be informed about all contract spending and not just individual contracts that require Board approval. Second, as set forth in the chart appearing at the end of this Statement of Policy and explained in the following paragraphs, certain transactions of lower dollar value will no longer be presented to the Board for authorization while others of higher dollar value that had previously not required Board authorization will, in the future, require such authorization.~~

~~Currently, the~~ threshold for ~~having to obtain Board authorization for transactions varies greatly depending upon the size of the contract, the nature of the goods or services purchased and the method for selecting vendors. For example, for non-recurring goods or services purchased by competitive bids, the current threshold is $1 million while there is no approval required for purchases of recurring goods or services made using competitive bidding. There is no approval needed for purchases made off of City, State, or Federal contracts or using group purchasing organizations, while professional service contracts in excess of $50,000 require Board approval.~~

~~The new policy will increase the threshold with the result that a category of transactions previously presented to the Board for authorization will no longer be subject to such a~~ the requirement~~. But the new, higher~~ for Board approval for general contracts is increased from $3 million ~~threshold will be applied without many of the exceptions that had complicated the former policy. While in the past, construction contracts, City, State, and Federal contracts and contracts made using group purchasing arrangements had not been brought to the Board, now they will be submitted for authorization if they exceed $3 million in value and if they are for Construction~~to $5 million. Second, the structure for reporting on contracts below the threshold for presentation to the Board is strengthened. Third, this Statement of Policy, recognizing the ~~greatly increased~~ centralization of the procurement function within the Office of Supply Chain Services~~, equipment and either professional or non-professional services. The reason that construction contracts had not been brought to the Board before is because the General Municipal Law strictly regulates the process by which such contracts are awarded and mandates the award to the low bidder. The reasoning had been that, because the Board could have no role in choosing the vendor (the law dictated the award to the low bidder), it could have no meaningful role in any part of the process. Similarly, with the use of group purchasing organizations, the list of vendors has already been vetted by the group purchasing organization. When the Corporation uses such a vendor, there is already assurance that the Corporation is getting a good price by benefiting from volume discounts and that the vendor is a~~ and the increased professionalism of the operation, leaves to the oversight of the President and the Vice President responsible ~~party. Thus, again, the choice of the vendor seemed not to be subject to debate.~~

~~Thus, while some transactions will be removed from Board consideration, others will be added with the aim being to shift the Board's focus to transactions of higher dollar value.~~

~~In implementing the changes required by this Statement of~~ for Supply Chain Services the task of adopting suitable rules and procedures for the procurement of those goods and services below the threshold for presentation to the Board rather than directing them here. ~~As indicated below numerous important principles established in the Board Policy, the Board wishes Management to err in favor of presenting matters to the Board for authorization in any cases of any doubt whether Board authorization is required and it shall be the responsibility of management to inform the Board of any cases where there is doubt as to whether the authorization of the Board is required. adopted in September 2011 continue in effect.~~

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III. PROCUREMENT MATTERS NOT REQUIRING ANY APPROVAL OF THE BOARD

The procurement matters not requiring prior authorization by the Board are: (i) grant-funded contracts under which the entity providing the goods or services is ~~listed on~~specified in the grant by the ~~third party~~funder; (ii) ~~contracts that do not involve any expenditure of funds; (iii)~~ purchases of goods (such as medical/surgical supplies, pharmaceuticals ~~and~~, all manner of ~~other~~ supplies and equipment and utilities used in the ordinary course of the Corporation's business) regardless of the dollar value of such purchases; and (iii~~v~~) contracts for the maintenance of ~~any of our computer systems~~NYC Health + Hospitals' equipment or related components when the contract is a renewal or replacement of an existing contract with the same vendor and for a scope of maintenance services substantially the same as in the previous contract ~~and (v) those procurement transactions, other than those pertaining to real estate, audit services or clinical services, for less than $35 million~~.

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IV. PROCUREMENT MATTERS REQUIRING ONLY THE BOARD'S PRIOR AUTHORIZATION FOR THE RIGHT TO EXPEND FUNDS BUT NOT FOR THE ACTUAL CONTRACT

Construction contracts governed by the NYS General Municipal Law for "Construction Projects" that will cost more than $~~3~~5 million ~~and contracts for services made through group purchasing agreements including contracts made through City, State or Federal group purchasing agreements~~ require prior authorization of the Board only for the right to expend the needed funds. Once the Board has approved the right to expend the funds, Board authorization shall not be required for the awarding of a contract, selection of the contracting party or any aspect of the procurement process.

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For the purposes of this Statement of Policy, a "Construction Project" shall refer to the totality of the work and materials needed to complete a capital improvement or addition

to one of the Corporation's facilities and shall include all elements that are planned, budgeted or contracted together. The object of such definition is to afford the Board the opportunity to consider such projects as a single endeavor and determine if the overall effort is worthy and properly funded. That a single entity will oversee or coordinate the entire effort will render the entire effort a single Construction Project. The President shall make such additional related rules regarding Construction Projects as necessary ~~more fully define "Construction Project" as necessary~~ through a revised Operating Procedure 100-5 to be adopted.

V. CONTRACT REVIEW COMMITTEE

The Contract Review Committee (CRC) shall be a management committee constituted by the President with one voting member appointed by the Chairperson of the Board. The CRC shall review all contracts that require Board authorization prior to the award of a contract except for leases, licenses and other agreements for the disposition or acquisition of real property rights.

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~~V. PROCESS FOR MATTERS REQUIRING BOARD APPROVAL PRIOR TO CONTRACTING~~

~~For procurement matters requiring the Board's authorization prior to contracting under the general rule of Section II, the prior approval and report of the Contract Review Committee, described below shall be required. For all real estate matters, the Office of Facilities Development shall continue to present all proposed transactions as in the past with the addition of regular briefings of matters not ready for presentation but in earlier stages of development.~~

~~VI. PROCESS FOR OBTAINING BOARD AUTHORIZATION WHERE ONLY AUTHORIZATION FOR THE RIGHT TO EXPEND FUNDS IS REQUIRED BUT NOT FOR THE ACTUAL CONTRACT~~

~~The President shall adopt a revised Operating Procedure 100-5 to provide for presentations~~Requests to the Board ~~of requests~~ for authorization to expend funds for procurement purposes under this Section IV, ~~above, settings~~shall set forth the spending authority requested, the purpose for which the expenditure is to be made, the procurement method to be used and the source of the funds to be expended. ~~The President shall approve a standard reporting format to be used.~~

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~~VII. CONTRACT REVIEW COMMITTEE~~

~~The Contract Review Committee (CRC) shall be a management committee constituted by the President with one voting member appointed by the Chairperson of the Board. The CRC shall review all contracts that require Board authorization prior to the award of a contract. The purpose of such reviews is to ensure that:~~

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i. The proper procurement methodology was followed;
ii. The contract is ready to be executed;
iii. The required expenditure has budget authorization from Corporate Finance;
iv. The selection process was fair and impartial; and
v. In accordance with applicable Operating Procedures all contract negotiation processes were followed, all standard contract forms were used and that all vendor responsibility investigatory procedures were appropriately followed.

The CRC shall forward to the Board reports of all contracts requiring prior Board authorization. The President shall approve a standard reporting format to be used.

VIII. APPROVAL OF PROCUREMENT CONTRACTS AND THE RIGHT TO EXPEND FUNDS BELOW THE THRESHOLD FOR BOARD AUTHORIZATION

V. CONTRACT REVIEW COMMITTEE

The Contract Review Committee (CRC) shall be a management committee constituted by the President with one voting member appointed by the Chairperson of the Board. The CRC shall review all contracts that require Board authorization prior to the award of a contract except for leases, licenses and other agreements for the disposition or acquisition of real property rights.

VI. OPERATING PROCEDURE

The President shall adopt a revised Operating Procedure 100-5 to provide a consistent method for ensuring compliance with relevant Operating Proceduresthis Statement of Policy and with best practices with regard to procurement contracts and authorizations of the right to expend funds for procurement purposes in cases where the authorization of the Board is not required by this Statement of Policy.

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IXVII. CONTRACT REPORTS

The President shall provide the Board with reports and prepared annually showing the total contract spending by the Corporation organized by vendor listing the largest vendors accounting for approximately 80% of the Corporation's purchasing by contracting amount. Ssuch reports shall include such other matters that as the President deems appropriate as well as nd those matters requested by the Board. The Board believes that the development of an effective reporting structure is an essential tool to assure effective Board governance especially for matters that will not longer be presented to the Board for authorization. The format for such reports shall be determined by the President in consultation with the Board but, in any case, such report shall indicate the general subject of the contracts outstanding with the listed vendors and the expiration dates of each.

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~~Upon presentation of such annual contracting report,~~T ~~t~~he Board may select any contract or vendor for review in the course of its duties~~of the following twelve months~~ regardless of whether such contract is subject to Board approval under this Statement of Policy.~~ When a contract term will expire during the twelve months following the presentation of the annual report, the Board may determine that it wishes not only to review the contract but also to make any renewal of the contract subject to the Board's prior approval.~~

~~X~~VIII. PRESIDENT'S AUTHORITY

The procedures outlined in this Statement of Policy shall be followed in all but exceptional cases, such as emergencies, where the President, or his/her designee, determines in writing to ~~deviate~~make an exception from the established procedure. The President shall report any such ~~deviation~~exception to the Board at the meeting immediately following such ~~deviation~~exception when the exception concerns a matter that would otherwise have been subject to Board approval under this Statement of Policy. The President may take to the Board for prior authorization or as an informational item, any transaction or expenditure that, irrespective of ~~of the monetary thresholds established in~~ this Statement of Policy, the President determines merits the attention of the Board. ~~While the President shall have the sole authority to create a revised Operating Procedure 100-5 to implement this Statement of Policy, he shall present such Operating Procedures to the Board for the information of the Board and he shall not thereafter modify Operating Procedure 100-5 without similarly informing the Board of the proposed modification.~~

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Type of Expenditure	Procurement Method(s)	Approval/Report Current	Approval/Report Under New Structure
Construction	Competitively Bid	No Board Approval	Board Approval for Spending > $3M & Reports on Total Spending & Major Contracts **
Professional Services including outside auditors	RFP, Negotiated Acquisition or Sole Source	Board Approval of all Contracts > $50,000	Board Approval of Contracts > $3M & Reports & of all contracts for outside auditors**
Professional Services and non-Prof Services incl. Info. Tech Services	City, State, Federal, Group Purchase Organization	No Board Approval	Board Approval of Contracts > $3M except renewals of IT maint. contracts w/same vendor for substantially same scope; & Reports **
Non-Prof Services incl. Information. Technology Services	Competitively Bid	Board Approval of Non-Recurring > $1M; no Board Approval for Recurring Contracts	Board Approval of Contracts > $3M & Reports **
Medical, Capital & Information Technology Equipment	Competitively Bid	Board Approval of all Purchases > $1M	Board Approval of Contracts > $3M & Reports **
Medical, Capital & Information Technology Equipment	City, State, Federal, Group Purchase Organization	No Board Approval	Board Approval of Contracts > $3M & Reports **
Goods for Routine Operations	Competitively Bid	Board approval of non-recurring > $1M but for Pharmaceutical, Manf. only Distrib. Medically nec. goods; no Board Approval for Recurring Contracts	No Board approval; Reports **
Goods for Routine Operations	City, State, Federal, Group Purchase Organization	No Board Approval	No Board Approval; Reports **
If Provider of Goods/ Services Named in Grant Contract; or if No Spending Required	All Methods	No Board Approval	No Board Approval
Real Estate	All Methods	Board Approval of all Agreements	Board Approval of all Agreements
Affiliation Contracts	Sole Source	Board Approval of all Agreements	Board Approval of all Agreements
MetroPlus	All Contracts	Based on MetroPlus' own rules, HHC Board Approval for Contracts w/annual spend > $1M	Based on MetroPlus' own rules, HHC Board Approval for Contracts w/annual spend > $1M

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~~With all of the above, both before and after, the President may deviate from the requirement for approval in emergencies. With all the above, both before and after, the President may request approval when not required.~~

RESOLUTION

Authorizing New York City Health and Hospitals Corporation (the "System") to execute an agreement with Huron Consulting Group Inc. ("Huron") to provide consulting services regarding the System's supply chain operations and other operations that impact Other than Personal Services ("OTPS") costs over an eighteen-month period which are estimated to yield estimated ongoing and recurrent annual savings in OTPS expenditures ranging from $69 Million to $162 Million, for an estimated total compensation to Huron, not to exceed $11.7 Million.

WHEREAS, as part of the System's ongoing transformation substantial reforms and improvements have already been achieved in its Supply Chain Services division ("SCS") that, in FY 2017 yielded recurrent annual savings of $64 Million with further savings already projected for FY 2018; and

WHEREAS, with increased manpower and expertise, SCS could achieve even greater savings for the System and could do so faster; and

WHEREAS, an assessment by Huron of current performance identified opportunities for a range of increased annual savings in OTPS payments managed by SCS and also by other parts of the System of between $69 – $162 million; and

WHEREAS, Huron was prequalified through an open competitive process to provide an analysis, of current SCS and other System operations that impact OTPS spending, to identify opportunities for further savings and to assist in implementing new contracts, systems and procedures to secure such savings from among four pre-qualified consultants; and

WHEREAS, Huron is considered an industry leader in supply chain performance improvement consulting with a track record of achieving savings at major health systems across the nation.

WHEREAS, the proposed contract for Huron's services will be managed by the Vice President for SCS.

NOW THEREFORE BE IT:

RESOLVED, that New York City Health and Hospitals Corporation be and hereby is authorized to execute an agreement with Huron Consulting Group Inc. to provide consulting services regarding the System's supply chain operations and other operations that impact Other than Personal Services ("OTPS") costs over an eighteen-month period which are estimated to yield estimated ongoing and recurrent annual savings in OTPS expenditures ranging from $69 Million to $162 Million, for an estimated total compensation to Huron, not to exceed $11.7 million over an eighteen-month period.

EXECUTIVE SUMMARY
RESOLUTION TO AUTHORIZE CONTRACT
WITH HURON CONSULTING GROUP

BACKGROUND: The purpose of this engagement is to find additional savings in the recurrent expenditures of Other than Personal Services ("OTPS") including by the System's Supply Chain Services division ("SCS").

Major health systems around the country have implemented similarly focused reforms of OTPS expenditures with substantial savings achieved.

NEED: Due to the inefficiencies that remain from the historic decentralized structure of the System considerable inefficiencies remain. While SCS has made substantial efficiency improvements over the last two years the remaining work to be done will require additional resources and expertise to achieve the System's budget goals within the next eighteen months. Huron Consulting Group Inc. ("Huron") will add the manpower and expertise that will enable SCS to greatly quicken its pace and thereby realize substantial savings earlier than would otherwise be the case. In particular, Huron has identified several key areas that offer the opportunity for substantial further savings. Among these areas are various pharmacy operations and services including retail operations and 340B subsidy implementation; non-medical operations including IT purchases, the use of Group Purchasing Organizations and various support services, facilities and clinical expenditures including the purchase of physician preference items, laboratory operations and encouraging greater standardization in clinic practices.

PROCUREMENT: NYC Health + Hospitals issued a Request for Proposals to identify and pre-qualify consultants within fifteen different scopes of work all of which relate to the Transformation of the System now underway. From the many proposals received, generally 5 – 7 vendors within each scope of work were selected by Selection Committees that evaluated the vendors based on written submissions. The Contract Review Committee reviewed the pre-qualification procedure used and the pre-qualification selections made and approved of both. Pursuant to a written procedure proposed by the SVP/Chief Financial Officer and the SVP/Chief Transformation Officer and accepted by the Interim President applicable to all work orders for particular Transformation services using firms pre-qualified as described above, the proposed consulting services were described to four firms prequalified to perform supply chain related process design and reform of high potential purchase areas. Huron was one of such firms. The four firms made competing proposals including cost proposals. A Selection Committee evaluated the proposals, scored them and on the basis of both price and appropriateness, selected Huron. In accordance with the adopted procedure, that selection and the cost of the contract was presented to an Approval Committee that must approve all Transformation consulting contracts using the pre-qualified pool of consultants. The Approval Committee consists of the Interim President, SVP/Chief Financial Officer and the SVP/Chief Transformation Officer. The Approval Committee approved the selection of Huron. Being as the contract price exceeds the Board's threshold for review, the contract is being presented to the Board of Directors for approval.

TERMS: The System will pay an amount not to exceed $11.7 million, inclusive of all expenses over an eighteen-month period.

NYC HEALTH+ HOSPITALS

Centralized Procurement

Supply Chain/
Other Than Personnel Services (OTPS)
Expense Reduction Plan
Huron Supply Chain Consulting Services
Finance Committee

September 13, 2017

NYC HEALTH + HOSPITALS IMPERATIVES

- NYC Health + Hospitals is:
  - engaged in continuous, multi-year, budget gap reduction process
  - striving to appropriately transform itself to meet the changed and changing health care and reimbursement landscapes
  - staying true to its mission.

- Foundational work includes:
  - Technology – PeopleSoft/ERP, EPIC Clinical and Financials
  - Clinical Services Redesign, enhancing ambulatory care
  - Revenue Cycle standard work, improved/optimized collections
  - OTPS/Supply Chain standard work, improved/optimized savings

INITIATIVE INTRODUCTION

- New York Health + Hospitals (NYC H+H) identified need to improve Supply Chain processes and reduce Other Than Personnel Spend (OTPS). NYC H+H has approximately $1.4 billion in supply chain spend.

- NYC H+H developed an RFP to select a partner to assess the savings opportunity in OTPS. Huron Consulting was chosen as the partner to conduct this assessment.

- During the Supply Chain Assessment, Huron interviewed over 50 NYC H+H staff and analyzed over 150 data files.

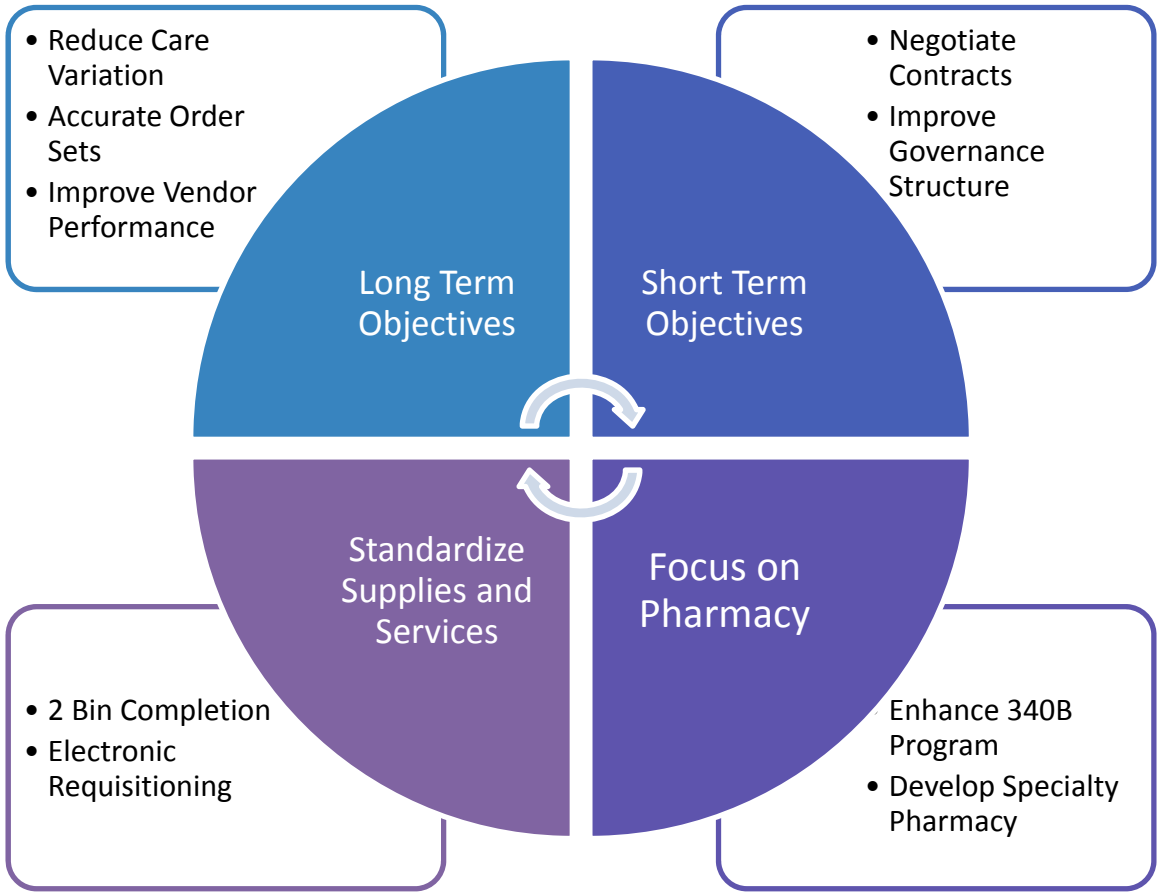
- The preliminary results of this assessment are included in this report

ANNUAL SAVINGS OPPORTUNITIES

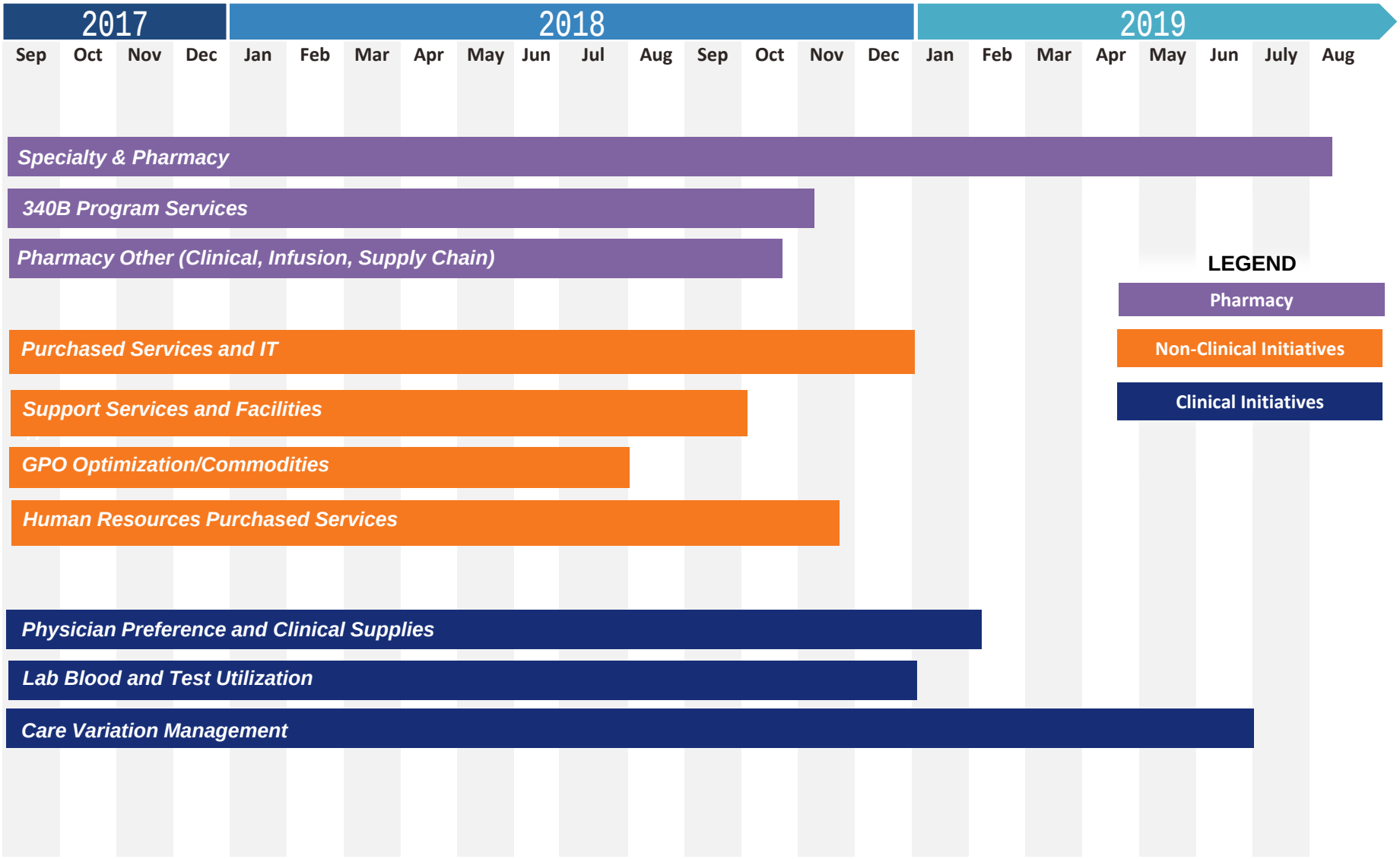
Area	Recurring		
	Low	Mid	High
Pharmacy Revenue[1]	$ 24,400,000	$ 47,850,000	$ 71,300,000
Pharmacy Savings	$ 6,417,000	$ 9,782,000	$ 13,147,000
Pharmacy Subtotal	**$ 30,817,000**	**$ 57,632,000**	**$ 84,447,000**
HR Purchased Services Savings	$ 12,800,000	$ 16,000,000	$ 19,200,000
Purchased Services & IT Savings	$ 6,130,000	$ 11,115,000	$ 16,100,000
Support Services & Facilities Savings	$ 7,000,000	$ 9,750,000	$ 12,500,000
Other Miscellaneous Spend Savings	$ 2,910,000	$ 4,365,000	$ 5,820,000
GPO Optimization/Commodities Savings	$ 1,000,000	$ 2,000,000	$ 3,000,000
Non-Clinical Subtotal	**$ 29,840,000**	**$ 43,230,000**	**$ 56,620,000**
Med/Surg Supply Savings	$ 3,390,000	$ 6,070,000	$ 8,750,000
Laboratory Savings	$ 3,000,000	$ 6,000,000	$ 9,000,000
Clinical Variation Savings	$ 2,000,000	$ 2,750,000	$ 3,500,000
Clinical Subtotal	**$ 8,390,000**	**$ 14,820,000**	**$ 21,250,000**
Total Increased Revenue[1]	**$ 24,400,000**	**$ 47,850,000**	**$ 71,300,000**
Total Savings	**$ 44,647,000**	**$ 67,832,000**	**$ 91,017,000**
Total Benefits	**$ 69,047,000**	**$ 115,682,000**	**$ 162,317,000**
Current NYC H&H Initiatives			
Pharmacy Revenue		$ 27,000,000	
Pharmacy Savings		$ 17,915,400	
Non-Clinical Savings		$ 4,977,168	
Clinical Savings		$ 9,867,154	
NYC H&H Initiative Total		**$ 59,759,722**	
Grand total		**$ 175,441,722**	

*Requires capital investment to achieve benefit

IMPLEMENTATION STRATEGY



TIMELINE


2017
2018
2019
Sep Oct Nov Dec Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec Jan Feb Mar Apr May Jun July Aug
Specialty & Pharmacy
340B Program Services
Pharmacy Other (Clinical, Infusion, Supply Chain)
Purchased Services and IT
Support Services and Facilities
GPO Optimization/Commodities
Human Resources Purchased Services
Physician Preference and Clinical Supplies
Lab Blood and Test Utilization
Care Variation Management
LEGEND
Pharmacy
Non-Clinical Initiatives
Clinical Initiatives

IMPLEMENTATION CONFIDENCE SUMMARY

Category	Complexity of Initiatives	Difficulty to Implement	Confidence To Reach Mid-Point Benefit	Risks/Barriers
Pharmacy Revenue				Pharmacy revenue will be dependent on capital investment, space allocation, IT/IS build components, state regulations, recruiting and retention of key staff, payer network development, and CDM build and rollout
Pharmacy Savings				Pharmacy savings will be dependent on medical staff acceptance of clinical activities, resources for splitter implementation and CDM build and rollout
HR Purchased Services				Institutional factors may restrict consolidation of vendors and implementation of common policies and practices related to placement of contingent labor resources.
Purchased Services & IT				Existing contract terms are unknown at this time Some contract out clauses can be challenging
Support Services and Facilities				Reduced negotiating power due to current AP process

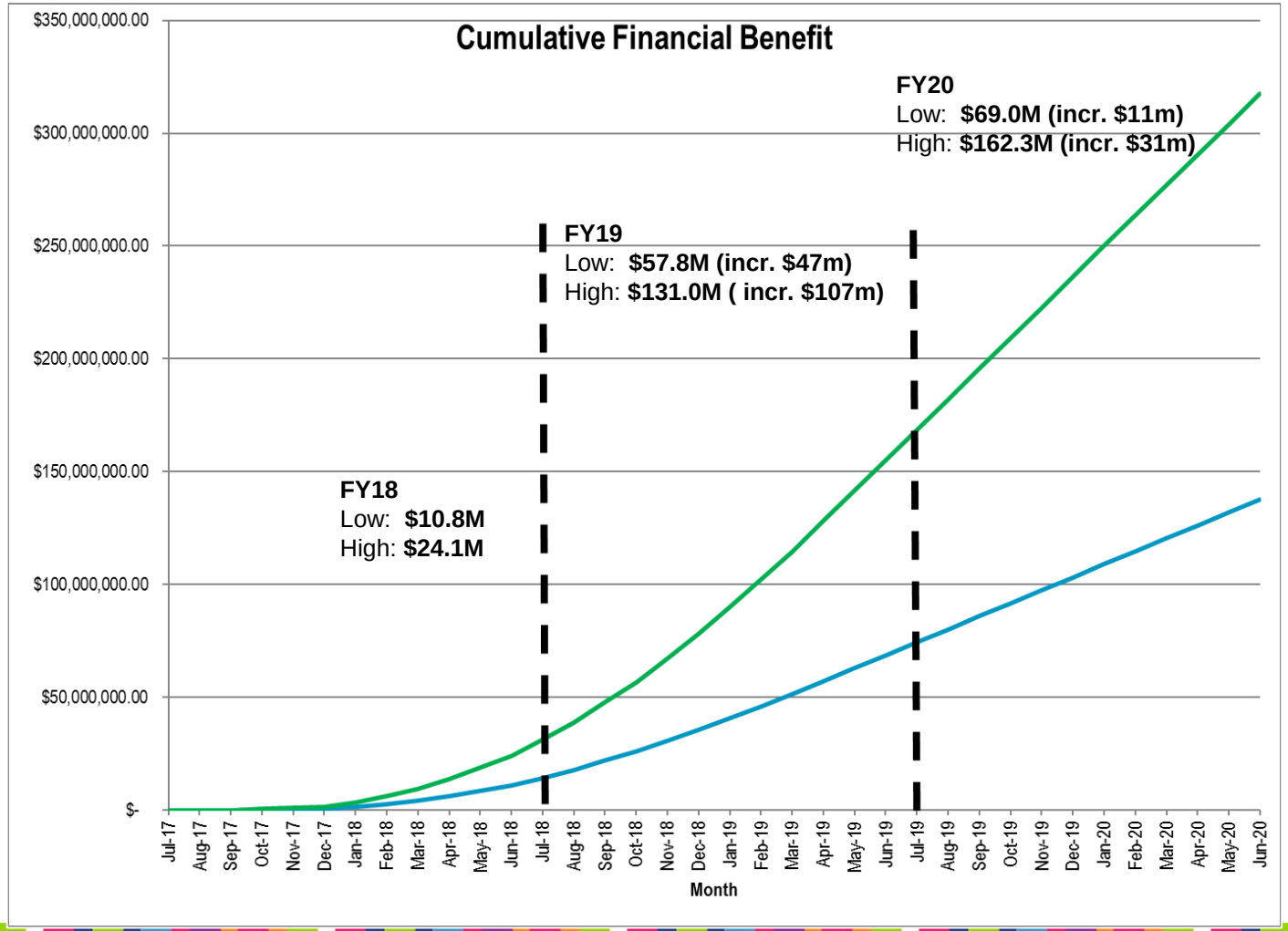
IMPLEMENTATION CONFIDENCE SUMMARY

Category	Complexity of Initiatives	Difficulty to Implement	Confidence To Reach Mid-Point Benefit	Risks/Barriers
PPI/Clinical Supplies				Savings is dependent on willingness to standardize in certain areas Standardization requires purposeful physician engagement that may be difficult to accomplish quickly due to distance between hospitals
Laboratory				Reporting capabilities IT resource availability Order set criteria Habits of historical ordering
Clinical Variation				Physician engagement will be necessary Ability to load order sets in Epic will be important to facilitate compliance with use and monitoring
GPO Optimization				Ability to standardize across the system Ability to utilize committed programs like Premier ASCEND
Other Misc. Spend				Lots of small dollar opportunity will take additional time to review

FINANCIAL BENEFITS

THREE YEAR SUMMARY

- Opportunity exists to improve performance by **$138M - $317M over the next three years**



NYC HEALTH+ HOSPITALS PROPOSAL

Resourcing

- Comprehensive implementation across **21 entities** (11 hospitals, 5 post-acute care facilities, and 5 diagnostic treatment centers)
- **18-month duration**
- **42,000 consulting hours** with peak staffing of approximately **20 dedicated onsite consultants** plus additional resources supporting remotely

Investment

- **Fixed fee arrangement based on achievement of milestones where consultant fees and out of pocket expenses not to exceed $11.7 million**
- Recurring ROI equals 9.8:1 of annual recurring financial benefit versus total fees. **3-year cumulative ROI between 11.7:1 and 27.1:1**
- The engagement is projected to **break even by month 8** of implementation (cumulative financial benefit exceeds total fees)
- Cost per entity is less than $600k

[+] ROI and calculation based on mid-point benefit projection

HURON QUALIFICATIONS

Huron has 25 years of experience partnering with a broad range of clients, including multi-hospital systems and systems using PeopleSoft (before, during and after conversions).

Multi-hospital Health Systems Experience

- Northwestern Medicine
- Intermountain Healthcare
- UNC Health Care
- Steward
- Presence Health

PeopleSoft Experience

- Hartford HealthCare — Connect to healthier.™
- Cincinnati Children's Hospital Medical Center
- Presence Health
- The University of Texas MD Anderson Cancer Center — Making Cancer History®