AGENDA

FINANCE COMMITTEE

MEETING DATE: JULY 7, 2016
TIME: 9:00 A.M.
LOCATION: 125 WORTH STREET
BOARD ROOM

BOARD OF DIRECTORS

CALL TO ORDER — **BERNARD ROSEN**

ADOPTION OF THE JUNE 9, 2016 MINUTES

SENIOR VICE PRESIDENT'S REPORTS — **P.V. ANANTHARAM**

CASH FLOW — **JAMES LINHART**

DSH/UPL UPDATE — **LINDA DEHART**

KEY INDICATORS REPORT — **KRISTA OLSON**
CASH RECEIPTS & DISBURSEMENTS REPORTS — **FRED COVINO**

ACTION ITEM — **DR. ROSS WILSON**

Authorizing the New York City Health and Hospitals Corporation ("NYC Health + Hospitals") to execute an agreement with The Boston Consulting Group ("BCG") to provide consulting services to guide the structure and early operations of the NYC Health + Hospitals' Transformation Office over a six month term for a cost not to exceed $3.65 Million with two six-month options available exclusively to NYC Health + Hospitals for total amount not to exceed $10.95 Million.

OLD BUSINESS
NEW BUSINESS
ADJOURNMENT — **BERNARD ROSEN**

MINUTES

MEETING DATE: JUNE 9, 2016

FINANCE COMMITTEE

BOARD OF DIRECTORS

The meeting of the Finance Committee of the Board of Directors was held on June 9, 2016 in the 5th floor Board Room with Bernard Rosen presiding as Chairperson.

ATTENDEES
COMMITTEE MEMBERS

Bernard Rosen
Ramanathan Raju, President
Lilliam Barrios-Paoli, PhD
Emily Youssouf
Mark Page

OTHER ATTENDEES

J. DeGeorge, Analyst, Office of the State Comptroller
T. DeRubio, Analyst, Office of Management and Budget (OMB)
L. Garvey, Account Executive, Cerner Corporation
M. Hecht, Analyst, NYC Comptroller's Office
S. Wheeler, Analyst, OMB

HHC STAFF

P.V. Anantharam, Senior Vice President/CFO, Corporate Finance
E. Barlis, Deputy CFO, Jacobi Medical Center
M. Beverley, Assistant Vice President, Corporate Finance
M. Brito, CFO, Coler/Carter Specialty Hospital & Nursing Facility
S. Bussey, Senior Vice President, Ambulatory Care Services
G. Calliste, Chief Executive Officer, Woodhull Medical & Mental Health Center
D. Collington, Associate Executive Director, Coney Island Hospital
C. Contreras, Acting COO, North Central Bronx Hospital
E. Cosme, CFO, Gouverneur Specialty Care Facility
F. Covino, Corporate Budget Director, Corporate Budget

L. Dehart, Assistant Vice President, Corporate Reimbursement Services
S. Fass, AVP, Corporate Planning Services
M. Figueroa, Senior Associate Director, North Central Bronx
L. Free, Assistant Vice President, Corporate Managed Care
O. Freeman, Assistant Director, Kings County Hospital Center
T. Green, CFO, Metropolitan Hospital Center
G. Guilford, Assistant Vice President, Office of the Senior Vice President/Finance/Managed Care
L. Guttman, Assistant Vice President, Corporate IGR
D. Guzman, Deputy CFO, Elmhurst Hospital Center
E. Guzman, AVP, Corporate Comptroller's Office
C. Hercules, Chief of Staff, Chairperson's Office
W. Hick, CEO, Bellevue Hospital Center
R. Hughes, CEO, Coler Specialty Care/LTC Hospital
J. John, Corporate Comptroller, Corporate Comptroller's Office
M. Katz, Senior Assistant Vice President, Corporate Revenue Management
J. Linhart, Deputy Corporate Comptroller, Corporate Comptroller's Office
P. Lockhart, Secretary to the Corporation, Office of the Chairman
P. Lok, Director, Corporate Reimbursement Services/Debt Financing
F. Long, CEO, Hank Carter Specialty Care/LTC Hospital
A. Marengo, Senior Vice President, Corporate Communications/Marketing
R. Mark, COS, Office of the President
A. Mirdita, CFO, PAGNY
S. Newmark, Office of the President
D. Nunziato, CFO, Woodhull Medical & Mental Health Center
K. Olson, Assistant Vice President, Corporate Budget
A. Ormsby, Senior Director, Communications & Marketing
C. Parjohn, Director, Office of Internal Audits
P. Pandolfini, CFO, Coney Island Hospital
K. Park, Associate Executive Director, Elmhurst Hospital Center
C. Philippou, Assistant Director, Corporate Planning
M. Ramirez, Director, Corporate
A. Rossano, Deputy CEO/CFO, Home Health
S. Russo, Senior Vice President, General Counsel, Office of Legal Affairs
C. Samms, CFO, Lincoln Medical & Mental Health Center
A. Saul, CFO, Kings County Hospital Center
B. Schultz, AVP, Corporate EITS
B. Stacey, CFO, Queens Hospital Center
S. VanOrden, Assistant Vice President, Finance Systems
J. Weinman, CFO, Bellevue Hospital Center
R. Wilson, Senior Vice President, Chief Medical Officer
O. Worthy, CFO, Gotham Health

CALL TO ORDER **BERNARD ROSEN**

The meeting of the Finance Committee was called to order at 9:05 a.m. The minutes of the May 12, 2016 meeting were approved as submitted.

CHAIR'S REPORT **BERNARD ROSEN**

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

Mr. Anantharam informed the Committee that Paul Pandolfini, CFO, Coney Island Hospital had announced his retirement in July 2016 and is looking forward to spending time with his family. Mr. Pandolfini has had an expanded career at H+H for more than twenty years and he was a very strong advocate for getting a new hospital and was successful in getting an inpatient unit opened. The new Coney Island Hospital under the FEMA project is underway and when completed, H+H will invite Mr. Pandolfini back for the opening.

Mr. Anantharam stated that Julian John, Corporate Comptroller and former CFO of Kings County Hospital was moving on to another greater challenge with a former colleague from H+H as the CFO at Interfaith Hospital. Mr. John began his career at H+H in 2000 at Kings County Hospital where he spent the bulk of his career. Congratulations to both on their new endeavors.

Dr. Raju extended thanks to both for their services to H+H and for being great leaders in supporting the mission of the organization.

Mr. Anantharam stated that May 2016 was a good month for H+H cash flow which was at a high level and Mr. John would update the Committee on the status. Over the past three months, H+H cash condition has improved significantly due to the City's maintenance of the local share of the supplemental payments to HHC. The current balance does not include any of the anticipated payments for UPL. Dr. Raju has had some successful discussions with CMS that resulted in the advancement of payments to H+H totaling $200 million and the State is working on processing those payments. Ms. Dehart would update the Committee on those actions. On a more positive note, the packet included H+H's financial plan that was released by the City a month ago. The structure of the plan is not significantly different relative to the overall gap in 2020 of $1.9 billion compared to the current projection of $100 million less with more structure on how the deficit will be resolved. Mr. Covino would present the plan to the Committee. The headcount continues to show improvement that is reflected in the actual reductions during the month.

Dr. Raju asked how many FTEs were attrited in the past six months to which Mr. Covino responded that 927 global FTEs were attrited since November 2015 through April 2016. The calculations for May and June 2016 were not yet completed; however, the part time FTE separations were completed and with those reductions the total FTE reduction increased to 1,200.

Dr. Paoli asked Mr. Anantharam if there were any major changes as part of the City's Executive Budget that was recently approved by the City Council.

Mr. Anantharam in response stated that there were no material changes for H+H; however, there are ongoing discussion with the City on their assistance in the advancement of the primary care initiative. September 2016 is the next iteration of the ten-year capital plan and H+H will be evaluating its capital needs in conjunction with discussions with OMB on how those needs can be addressed.

Dr. Raju thanked Mr. Martin, the hospitals' CEOs and Mr. Covino who were extremely instrumental in getting the headcount down. Mr. Covino interjected that Donna Benjamin was very active in that process and lead the charged on an incredible amount of work in getting those actions done with the facilities.

Cash Flow

Mr. John reported that H+H ended H+H ended May with a cash balance of approximately $372 million (23 days cash on hand). H+H did not receive any DSH or UPL funds during the month. Based on conversations with CMS and the State there was a revision of the DSH & UPL collection schedule, whereby H+H anticipates receiving $275 million in UPL funds and $156 million for DSH MAX in June 2016. Outpatient UPL receipts for SFYs 12 -16 were deferred to FY 17. Additionally, H+H deferred the FY 15 Malpractice and Debt Service payments to the City to FY 17. However, the FY 15/FY 16 FDNY payments will be made in June. If the outstanding UPL and DSH funds are received as anticipated, H+H will end the year with an approximate $118 million cash balance or 7 days of cash on hand.

Ms. Youssouf asked what was the amount of the deferred payments. Mr. John stated that the deferred payments totaled $291 million for malpractice and debt service.

Dr. Raju asked what the projected year-end cash balance is for the current FY 16. Mr. John stated that it is $118 million; however it does not include the $200 million advanced payment.

Mr. Anantharam added that the $275 million is built into the plan and H+H will end the year at $118 million. The last plan reflected a year-end closing balance of $104 million; therefore this is an improvement in the plan that allows H+H to defer some of the risky item in the plan from FY 16 to 17. The plan is more stable for FY 16 and 17.

Ms. Youssouf asked when are the deferred payments due.

Mr. Covino interjected that the $297 million on behalf of FY 15 is scheduled to be paid in FY 17 and FY 18 with the bulk in FY 17 with half of the medical malpractice balance deferred to FY 18 of $62 million.

Ms. Yousouff asked how it would be paid out whether it would be monthly or a lump sum. Mr. Covino stated that it would be based on the timing of the supplemental Medicaid payments and cash availability.

Mr. Page asked if the City was carrying the $291 million deferred payment as an accrued revenue. Mr. Anantharam stated that it is on the City's books as a long term receivable or an obligation for H+H.

Mr. Rosen summarized that there were FY 15 payments due that were paid in FY 16 early in the year.

Mr. Covino interjected that it was FY 14 payments that were paid early in FY 16 totaling $309 million due to FY 14.

Mr. Anantharam added that there has been a consistent lag in H+H payments due to the receipt of supplemental payments that are received at various times. This FY 16 the City has forgiven H+H for $337 million.

Mr. Rosen asked if there are other outstanding payments. Mr. Anantharam stated that the City has forgiven H+H debt service obligations in the baseline starting with FY 17 through the life of the plan. The medical malpractice is the only large obligation that would be outstanding.

Ms. Youssouf asked if the $297 million included the debt service. Mr. Anantharam responded in the affirmative.

Mr. Page asked if it included debt service for FY 15. Mr. Covino stated that it was included and that it was forgiven prospectively from FY 16 forward.

Ms. Youssouf asked what the amount of the debt service payment is. Mr. Anantharam stated that it is $165 million and $180 million next year.

Dr. Raju stated that the City was extremely supportive to H+H in that the baseline of the debt service and $200 million each as part of the City's contribution to the maintenance of the share.

Mr. Page added that the maintenance of effort in this context is what the City would have paid at the level of DSH and UPL that H+H has been carrying.

Dr. Raju stated that it was an important effort on the part of the City given that there were delay issues regarding the release of those payments and now the City is putting their share upfront in a way that H+H can better manage which is a major contribution to those efforts.

Ms. Dehart stated that as mentioned by Mr. John and Mr. Anantharam H+H cash plan for the remainder of the year includes $275 million in UPL and $156 million in DSH. Dr. Raju has had productive direct conversations with CMS about the immediate need for both cash flow relief and finalization of our outstanding UPL payments. CMS has agreed to approve a $200 million advance against the 2015 inpatient UPL which remains under review. H+H expects to receive that payment by mid-June. CMS has further agreed to expedite finalization of all UPLs for prior years through 2014. H+H finance is working with both CMS and the State to document methodologies used to finalize these payments, in an effort to make subsequent reviews more routine and timely. Projected DSH payments in the current fiscal year have been reduced from $265 million to $156 million, reflecting preliminary State estimates of funding available for this federal fiscal year ending in September 2016. To date, the state has only committed to providing $54 million of that funding by June 30th. H+H will continue to work with them to try to expedite payment of the balance in June 2016.

Mr. Page in summarizing stated that based on the reporting it would appear that $400 million is due this year; $200 million is expected in a week or two and there is $50 million that may or may not be forthcoming this FY 16 and $150 million outstanding for FY 16.

Ms. Dehart stated that $50 million is expected this FY 16. Mr. Rosen asked what was the status of the $150 million and whether there are outstanding issues that require further negotiations before those payments are released.

Ms. Dehart stated that it is a projection for CMS of what will be available from them in their cash allotment for DSH payments through September 2016. H+H is working with them to get a better sense of what will be available and if it is safe to pay by June 2016.

KEY INDICATORS REPORT **KRISTA OLSON**

There was no reporting due to a change in the reporting from monthly to quarterly.

CASH RECEIPTS AND DISBURSEMENTS REPORTS **FRED COVINO**

Global FTE Target

Mr. Covino stated that in April 2016 global FTEs declined by 373, bringing the total reduction since November to 927. April's reduction included 263 in agency personnel (agency numbers have been held flat since January to avoid overstating reductions due to delays in payments to Temp Agencies. The reporting is now being done on hours worked which will provide a more accurate indicator of FTEs – this measure was not available for all facilities until December) and 110 H+H personnel. The May number will continue this trend with full and part time down by 206 FTEs. However, global FTEs are still up 75 this fiscal year and 995 above the target for June of 2016. It was important to note that temporary employee levels were not updated for February or March. The current measure is based on dollars paid. As the days in accounts payable for temps is well above 100 days: it was decided that it would be inappropriate to report the reduction. It would appear that the paid data does not accurately reflect a reduction in work force but instead a delay in bills paid. The good news is that Finance has been working with Medassets to get hours worked for the majority of temp employees. The methodology will be in place to report an updated number for April 2016. The preliminary analysis does show a significant decline in the number of hours worked, which will hopefully translate into a significant decline in temps in the April update. A comparison to prior Fiscal Year comparing April cash receipts versus last year, receipts for the month are down $13 million with increases in City payments ($200 million for DSH maintenance) and MetroPlus Risk Pools of $98 million offset by DSH payments made in April of FY 15 $200 million and Pool distributions of $102 million Supp/SLIPPA and indigent care. H+H anticipate $156 million in DSH payments in June and $68m in Supp/SLIPPA. Fiscal year-to-date receipts are up by $468 million. This increase is primarily in tax levy receipts from the City $422 million and DSH/UPL $170 million offset by a decline in outpatient Medicaid and pool distributions. Disbursements for the month were down $50 million due reductions in OTPS payments (extending days in AP), and delayed fringe benefit payments (to City for retirees and equalization). Increase due to growth in GFTEs and Affiliations due to collective bargaining (CB). Fiscal year to date Disbursements are up by $386 million. This increase is primarily due to payments made to the City $274 million,

increased staffing levels and collective bargaining for the affiliates contained in the new contracts. A comparison to budget comparing March cash receipts vs Budget, receipts were up $8 million for the month and down $31 million fiscal year to date, as workload is not meeting the anticipated growth forecasted in the budget. Comparing March cash disbursements vs budget, disbursements for the month were $8 million over budget (PS and fringe were up as a result of global FTEs (GFTEs) at the budgeted levels). Fiscal year to date March disbursements were $132 million over budget. This variance is primarily due to increased staffing levels, increased OTPS expenditures and prior year affiliates costs.

Ms. Youssouf asked if vendors were complaining about the delay in getting paid. Mr. Covino stated that there has been some pushback but it doesn't appear that H+H is outside of the normal window but there is some effort to try to push it up. Ms. Youssouf asked what was considered the normal.

Dr. Raju stated that it is the normal compared to the industry and H+H is in much better shape.

Mr. Covino stated that one of the major incentives is that with some of the vendors there are discounts which has reduced the number of days from 90.

Ms. Youssouf asked if it is H+H's goal to get back to 90 or more days. Mr. Covino stated that every effort is being made to maintain some of those advantageous relationships with some of the vendors and still reach 90 days; however, the efforts will continue in focusing on doing the best possible.

Mr. Page asked what would be the value of H+H weekly payments. Mr. Anantharam stated that for OTPS it would be approximately $25 million.

Mr. Rosen added that overall based on past experiences vendors will stay with H+H knowing that the payments will be forthcoming although there might be some delays in payments.

Ms. Youssouf asked if the increased staffing levels for the affiliations outweighed the reduction in employment for attrition.

Mr. Covino stated that was not the case but rather it relates to the budget and included in the budget was a reduction of a 1,000 FTE target compared to the current reduction status. Although there has been significant progress in reducing the headcount since November 2015, the FTE count is over the target by 75 since the beginning of the FY versus being down a 1,000 FTEs.

Mr. Page added that the year-end total FTE target is 47,500 and if the target was computed monthly what would it be for the month of June 2016 and whether H+H is at the FTE target. Mr. Covino stated that the target has not been achieved. Although H+H is sloping down and catching up with the target through April 2016, there are 75 FTEs over the global FTE target.

Mr. Anantharam clarified that as H+H did its Executive recalculation the FTE targets were restated and based on that projection, there was a monthly decline since December 2016 with current projections of a decline through the end of FY 17 to get to that target.

Mr. Covino added that an additional 1,000 FTEs were added to the June target as reflected on the report.

Mr. Page stated that in terms of the cash flow projections, the $118 million assumes the deferred payments so how much of a deferral in City payments is being carried through 6/30/16 to get to the $118 million. Mr. Covino stated that it is $297 million.

Mr. Page stated that it was important to note that even with the City's support, H+H still has a lot of work to do in terms of remaining financially solvent.

Dr. Raju added that given H+H experience it has been difficult to make a comparison to last year's year-end cash balance of $500 million given that there were outstanding payments that were not included in that balance totaling $384 million. What is important for H+H is to focus on the direction necessary to properly manage its cash flow, attrition and aggressively pursuing City and State supplemental payments.

Mr. Page added that it is important to understand what the numbers that are being reported actually mean and to have a sense of where H+H is relative to the data that is being reported given that there appears to be a number of issues that are outstanding that impact the year end number.

Dr. Raju added that is of concern to H+H in that the comparison is not comparable to prior year data and what is apparent is that the issues that surround H+H cash flow must be reflected in the balance so that the appropriate comparison of what is outstanding with the City and State that will impact or has impacted the cash flow are clearly defined and reflected in what is being projected as part of H+H's efforts to manage its resources appropriately.

Ms. Youssouf agreed adding that it is difficult to understand what is being reported in terms of what is included or not included in the cash flow/balance from month to month and there should be a better way of presenting and reporting that data. Dr. Raju agreed.

Mr. Page asked where in the cash flow are the EMS and UPL payments reflected. Mr. Anantharam stated that those payments are due the end of this FY 16.

EXECUTIVE FINANCIAL PLAN OVERVIEW **FRED COVINO**

Mr. Covino stated that the overview would be based on a two part discussion of the plan. The base receipts and disbursements would be the bulk of the discussions and corrective actions as part of the plan that have been detailed extensively in the One City Report. The base receipts forecasted in the plan are based on utilization remaining flat over the next four years which is an important assumption in the plan and is also the source for all of the assumptions below the line.

Ms. Youssouf asked if the projection for both the revenue and expenses was flat over the life of the plan.

Mr. Covino stated that it was not. The details of both would be discussed in more details to explain the assumptions. For Medicaid, the plan reflects a reduction in FY 17 due to an extra payment cycle that occurred in FY 16 in addition to non-recurring payments in FY 16 for Meaningful Use as well as a retro rate increase of 2% for prior year and a fee-for-service adjustment for prisoners. In the out years the plan reflected a 1% increase for Medicaid due a rate trend increase for managed care which is half of the Medicaid. The anticipated rate increase of 2% annually translates to a 1% rate increase year over year. Both Medicare and other managed care remained flat over the life of the plan. The major reductions in the base plan relate to the supplemental Medicaid payment. The provisions for the Affordable Care Act significantly reduced DSH payments as the number of uninsured declined. However, the undocumented are not included. The transition to behavioral health and long term care reduces H+H ability to recoup UPL payments. The Executive plan includes an overall decline from both levels forecasted in last year's adoption. These include the DSH unwind, timing of the federal reductions and also the changes to the indigent care payments. The next major change is the City's services in FY 16 services increased by $491 million due to the maintenance of DSH and UPL of $204 million; additional cash payment of $160 million and collective bargaining of $83 million and Correctional Health Services (CHS) increased in 2019 by $344 million due to DSH/UPL maintenance of $204 in collective bargaining of $100 million and CHS increases. Grants revenue increased in FY 17 due to anticipated Medicaid Administration grant of $77 million. The Community Development Block grant funds for Sandy for maintenance and readiness after the storm of approximately $30 – $35 million. Total revenues are projected to decline from $7.2 billion in FY 16 to $6.3 billion by 2020 due to an $800 million decline in Supplemental revenue. Disbursements, personal services are projected to remain flat with FTEs projected to remain flat with a 1% increase from FY 19 to 20 which is consistent with the City's budget forecast. Fringe benefits consistent with prior plans except in increased pension cost totaling $70 million per year; 8% health insurance offset by CB savings negotiated by the City totaling $94 million in FY 17 growing to $123 million by FY 18. Affiliation projections were updated to reflect the new contracts approved by H+H Board for PAGNY, NYU, and Mount Sinai include collective bargaining at the City's pattern as well as the negotiated performance bonuses included in the contract. OTPS expenses remain flat over the life of the plan with a 2% growth rate due to the City payment structure for payment in FY 17 and FY 18 as discussed earlier. In total annual disbursements increase by 8% over the life of the plan, or 2% each year. However, the decline in supplemental Medicaid leaves H+H with a gap of $579 million for FY 16 growing to $1.7 billion in 2020. H+H over the past few months has been working on strategies for addressing the gap that resulted in $1.1 billion in revenue initiatives with the remaining gap to be addressed through expenses initiatives that are being refined over the next few months.

Mr. Rosen asked how much are the pension payments per year. Mr. Covino stated that the total per year is $497 million.

Ms. Youssouf asked what were the projected increases in Medicaid based on.

Dr. Raju stated that those were based on strategies put together by the Major's office. The gap closing initiatives reflect initiatives that will be put into effect to eliminate the gap by 2020, $1.1 billion in revenues and $700 million in expenses reductions. The reporting was concluded.

PAYOR MIX REPORTS **KRISTA OLSON**

Ms. Olson reported that there are no major changes since the second quarter report for any of the categories. There are no major changes since the second quarter report for any of the categories. The Inpatient Payor Mix compared to last fiscal year at this time, Medicaid remains a relatively stable share of the patient mix, with a slight decrease in FFS and increase in Managed Care. Medicare was .6 of a percentage point higher, also due to a shift from FFS to Managed Care. Commercial and Other remain steady, and self-pay slightly lower than last fiscal year – at 4.3%. Outpatient Adult Payor Mix, most categories have remained fairly steady, except for a noticeable increase in Commercial and a related decline in Self-Pay. Commercial payors now make up 10.4% of the Adult non-emergency visits. Outpatient Pediatric Payor Mix, pediatric visits were also showing an uptick in Commercial lines of business – driven by a shift from Medicaid and slight decline in Self-Pay. Compared to last fiscal year at this time, Medicaid remains a relatively stable share of the patient mix, with a slight decrease in FFS and increase in Managed Care. Medicare is .6 of a percentage point higher, also due to a shift from FFS to Managed Care. Commercial and Other remain steady, and self-pay slightly lower than last fiscal year – at 4.3%. Most categories have remained fairly steady, except for a noticeable increase in Commercial and a related decline in Self-Pay. Commercial payors now make up 10.4% of the Adult non-emergency visits. Pediatric visits are also showing an uptick in Commercial lines of business – driven by a shift from Medicaid and slight decline in Self-Pay.

Ms. Youssouf again raised the issue of the terminology used for uninsured and how it was being defined relative to the self-pay given that there is a difference between those patients who pay and those who do not. This issue has been raised repeatedly in the past and was to be addressed but the change in the terminology was not reflected on the report.

Ms. Olson stated that it would apply to those who have not gone through the HHC Option process for being fee-scaled. Self-pay doesn't mean that those patients do not pay but rather have not gone through the process.

Mr. Page added that self-pay as a term is misleading and the Committee has had discussions in the past regarding an appropriate term to be used and it was agreed that another term was needed.

Mr. Anantharam stated that the Committee's request would be addressed in conjunction with reviewing the data and determine what would be an appropriate terminology to use to capture the true self-pay versus no pay.

Mr. Page added that the change can be made at the beginning of the next FY 17 quarterly reporting as oppose to making a change in the current FY 16 to which the Committee agreed.

Mr. Rosen asked if HHC Option was helping with increasing revenues. Ms. Katz stated that the focus of the Options program is to get patients insured. Charity care does not only cover those who cannot pay.

Ms. Youssouf also suggested that the formatting of the report could be updated to reflect the amount of the collections for the program. Mr. Anantharam stated that the collections for Options would be shared with the Committee.

Mr. Rosen stated that in the past the report did reflect the dollars but was too congestive and was adjusted to reflect the trends.

After various discussions the Committee agreed that a change in the reporting and formatting of the reports was needed and would be made going forward in FY 17.

ADJOURNMENT **BERNARD ROSEN**

There being no further business to discuss the meeting was adjourned at 10:55 a.m.

KEY INDICATORS/CASH RECEIPTS & DISBURSEMENTS REPORTS

KEY INDICATORS

FISCAL YEAR 2016 UTILIZATION

Year to Date
May 2016

NETWORKS	UTILIZATION						AVERAGE LENGTH OF STAY		ALL PAYOR CASE MIX INDEX	
	VISITS			DISCHARGES/DAYS						
	FY 16	FY 15	VAR %	FY 16	FY 15	VAR %	ACTUAL	EXPECTED	FY 16	FY 15
North Bronx										
Jacobi	385,716	384,411	0.3%	16,399	17,053	-3.8%	6.0	6.2	1.0722	1.0034
North Central Bronx	197,488	189,566	4.2%	5,967	4,946	20.6%	4.5	4.7	0.7028	0.7502
Generations +										
Harlem	287,172	287,256	0.0%	11,104	10,259	8.2%	5.2	5.6	0.9503	0.9487
Lincoln	504,729	496,166	1.7%	20,203	21,411	-5.6%	5.0	5.4	0.8716	0.8185
Belvis DTC	51,182	50,480	1.4%							
Morrisania DTC	74,501	74,813	-0.4%							
Renaissance	38,732	38,775	-0.1%							
South Manhattan										
Bellevue	553,333	540,375	2.4%	21,110	21,522	-1.9%	6.2	6.3	1.1770	1.1094
Metropolitan	365,209	362,930	0.6%	9,079	8,982	1.1%	4.9	5.2	0.8707	0.8151
Coler				238,324	246,120	-3.2%				
H.J. Carter				102,713	105,073	-2.2%				
Gouverneur - NF				68,747	67,078	2.5%				
Gouverneur - DTC	226,772	230,650	-1.7%							
North Central Brooklyn										
Kings County	619,061	628,012	-1.4%	19,057	20,173	-5.5%	6.1	6.0	1.0276	0.9915
Woodhull	438,610	440,533	-0.4%	9,784	10,449	-6.4%	4.9	5.2	0.8952	0.8422
McKinney				103,939	103,524	0.4%				
Cumberland DTC	63,872	72,296	-11.7%							
East New York	75,279	75,059	0.3%							
Southern Brooklyn / S I										
Coney Island	314,890	300,517	4.8%	13,128	13,784	-4.8%	7.0	6.1	1.0299	0.9814
Seaview				99,962	98,702	1.3%				
Queens										
Elmhurst	579,867	574,631	0.9%	17,047	18,593	-8.3%	6.1	5.6	0.9610	0.9037
Queens	368,533	385,611	-4.4%	11,209	11,282	-0.6%	5.1	5.2	0.8323	0.8203
Discharges/CMI-- All Acutes				154,087	158,454	-2.8%			0.9755	0.9320
Visits-- All D&TCs & Acutes	5,144,946	5,132,081	0.3%							
Days-- All SNFs				613,685	620,497	-1.1%				

Utilization

Discharges: exclude psych and rehab

Visits: Beginning with the November 2015 Board Report, FY15 and FY16 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

All Payor CMI

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

Average Length of Stay

Actual: discharges divided by days; excludes one day stays

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

KEY INDICATORS

FISCAL YEAR 2016 BUDGET PERFORMANCE ($s in 000s)

Year to Date
May 2016

NETWORKS	GLOBAL FTEs			RECEIPTS		DISBURSEMENTS		BUDGET VARIANCE	
	Jun 15	May 16	Target	actual	better / (worse)	actual	better / (worse)	better / (worse)	
North Bronx									
Jacobi	4,189	4,170		$ 478,913	$ (11,827)	$ 579,480	$ (39,426)	$ (51,254)	-5.0%
North Central Bronx	1,391	1,430		160,294	299	177,003	4,015	4,313	1.3%
	5,580	5,600	5,604	$ 639,207	$ (11,529)	$ 756,483	$ (35,412)	$ (46,940)	-3.4%
Generations +									
Harlem	3,191	3,083		$ 325,307	$ 19,701	$ 377,256	$ (33,608)	$ (13,907)	-2.1%
Lincoln	4,197	4,294		485,892	11,295	492,874	17,482	28,777	2.9%
Belvis DTC	141	132		14,528	(265)	15,507	996	732	2.3%
Morrisania DTC	261	259		20,993	96	26,202	(1,230)	(1,134)	-2.5%
Renaissance	174	170		11,602	(237)	18,114	161	(76)	-0.3%
	7,964	7,938	7,357	$ 858,323	$ 30,589	$ 929,952	$ (16,198)	$ 14,391	0.8%
South Manhattan									
Bellevue	5,899	5,831		$ 656,872	$ (10,099)	$ 770,210	$ (38,546)	$ (48,645)	-3.5%
Metropolitan	2,709	2,628		266,032	5,681	306,665	(17,052)	(11,370)	-2.1%
Coler	1,224	1,169		80,775	(520)	127,993	(10,221)	(10,740)	-5.4%
H.J. Carter	972	981		97,503	(2,968)	124,641	(7,523)	(10,491)	-4.8%
Gouverneur	890	874		69,151	(12,320)	100,606	991	(11,330)	-6.2%
	11,694	11,483	11,645	$ 1,170,333	$ (20,226)	$ 1,430,114	$ (72,351)	$ (92,576)	-3.6%
North Central Brooklyn									
Kings County	5,559	5,421		$ 657,295	$ 13,223	$ 704,649	$ 14,587	$ 27,810	2.0%
Woodhull	3,148	3,069		344,095	8,844	393,621	(11,180)	(2,336)	-0.3%
McKinney	467	452		34,419	(2,406)	42,551	2,521	115	0.1%
Cumberland DTC	236	219		17,993	(1,510)	27,349	(5,574)	(7,084)	-17.2%
East New York	233	241		22,354	242	25,467	542	784	1.6%
	9,643	9,402	9,426	$ 1,076,157	$ 18,393	$ 1,193,637	$ 897	$ 19,289	0.9%
Southern Brooklyn/SI									
Coney Island	3,229	3,194		$ 282,516	$ (40,713)	$ 390,349	$ (21,019)	$ (61,732)	-8.9%
Seaview	538	554		42,167	1,569	51,400	(5,875)	(4,305)	-5.0%
	3,767	3,748	3,463	$ 324,683	$ (39,144)	$ 441,749	$ (26,893)	$ (66,037)	-8.5%
Queens									
Elmhurst	4,492	4,505		$ 468,709	$ (17,668)	$ 554,835	$ (20,363)	$ (38,031)	-3.7%
Queens	2,918	2,965		305,417	(2,331)	385,932	(7,701)	(10,032)	-1.5%
	7,410	7,470	7,424	$ 774,125	$ (19,999)	$ 940,767	$ (28,064)	$ (48,063)	-2.8%
NETWORKS TOTAL	**46,058**	**45,641**	**44,919**	**$ 4,842,828**	**$ (41,916)**	**$ 5,692,702**	**$ (178,022)**	**$ (219,937)**	**-2.1%**
Central Office	770	848	824	1,011,607	22,911	287,778	3,442	26,353	2.1%
Care Management	518	487	518	39,486	403	39,702	(2,020)	(1,616)	-2.1%
Enterprise IT/Epic	1,060	1,182	1,238	8	(2,078)	156,309	42,340	40,262	20.1%
GRAND TOTAL	**48,406**	**48,158**	**47,499**	**$ 5,893,928**	**$ (20,679)**	**$ 6,176,491**	**$ (134,259)**	**$ (154,938)**	**-1.3%**

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 2016 vs Fiscal Year 2015 (in 000's)
TOTAL CORPORATION

	Month of May 2016			Fiscal Year To Date May 2016		
	actual 2016	actual 2015	better / (worse)	actual 2016	actual 2015	better / (worse)
Cash Receipts						
Inpatient						
Medicaid Fee for Service	$ 55,995	$ 62,009	$ (6,013)	$ 756,271	$ 771,357	$ (15,086)
Medicaid Managed Care	66,524	50,520	16,004	674,659	600,904	73,755
Medicare	42,548	42,003	545	478,222	525,127	(46,905)
Medicare Managed Care	25,493	19,424	6,069	293,165	291,682	1,482
Other	17,667	19,196	(1,529)	197,096	208,427	(11,331)
Total Inpatient	$ 208,227	$ 193,152	$ 15,075	$ 2,399,413	$ 2,397,498	$ 1,915
Outpatient						
Medicaid Fee for Service	$ 16,047	$ 14,041	$ 2,006	$ 144,923	$ 196,347	$ (51,424)
Medicaid Managed Care	33,176	79,856	(46,679)	487,330	558,407	(71,077)
Medicare	5,569	5,450	119	50,958	57,613	(6,655)
Medicare Managed Care	10,460	7,859	2,601	118,932	88,155	30,777
Other	13,026	18,326	(5,300)	149,126	158,065	(8,939)
Total Outpatient	$ 78,279	$ 125,533	$ (47,253)	$ 951,269	$ 1,058,587	$ (107,318)
All Other						
Pools	$ 81,629	$ (2,114)	$ 83,744	$ 304,348	$ 344,686	$ (40,338)
DSH / UPL	-	-	0	1,467,007	1,296,946	170,061
Grants, Intracity, Tax Levy	19,359	11,699	7,660	641,822	191,844	449,978
Appeals & Settlements	4,492	(5,182)	9,674	52,174	13,945	38,229
Misc / Capital Reimb	5,761	10,384	(4,623)	77,895	57,536	20,360
Total All Other	$ 111,241	$ 14,786	$ 96,455	$ 2,543,247	$ 1,904,956	$ 638,290
Total Cash Receipts	**$ 397,748**	**$ 333,471**	**$ 64,277**	**$ 5,893,928**	**$ 5,361,041**	**$ 532,887**
Cash Disbursements						
PS	$ 201,395	$ 217,298	$ 15,903	$ 2,499,432	$ 2,454,136	$ (45,297)
Fringe Benefits	81,178	55,517	(25,660)	1,013,675	992,049	(21,626)
OTPS	116,597	145,281	28,684	1,314,030	1,365,422	51,392
City Payments	-	-	0	309,405	35,100	(274,305)
Affiliation	82,182	79,835	(2,347)	958,247	886,310	(71,937)
HHC Bonds Debt	6,865	7,049	184	81,701	73,589	(8,112)
Total Cash Disbursements	**$ 488,217**	**$ 504,981**	**$ 16,764**	**$ 6,176,491**	**$ 5,806,606**	**$ (369,884)**
Receipts over/(under) Disbursements	**$ (90,469)**	**$ (171,511)**	**$ 81,041**	**$ (282,562)**	**$ (445,565)**	**$ 163,003**

NYC Health + Hospitals
Actual vs Budget Report
Fiscal Year 2016 (in 000's)
TOTAL CORPORATION

	Month of May 2016			Fiscal Year To Date May 2016		
	actual 2016	budget 2016	better / (worse)	actual 2016	budget 2016	better / (worse)
Cash Receipts						
Inpatient						
Medicaid Fee for Service	$ 55,995	$ 68,216	$ (12,220)	$ 756,271	$ 814,265	$ (57,994)
Medicaid Managed Care	66,524	60,319	6,205	674,659	655,068	19,592
Medicare	42,548	42,491	57	478,222	475,626	2,596
Medicare Managed Care	25,493	23,792	1,701	293,165	281,415	11,749
Other	17,667	19,662	(1,995)	197,096	222,145	(25,049)
Total Inpatient	$ 208,227	$ 214,480	$ (6,253)	$ 2,399,413	$ 2,448,519	$ (49,106)
Outpatient						
Medicaid Fee for Service	$ 16,047	$ 12,140	$ 3,907	$ 144,923	$ 145,908	$ (985)
Medicaid Managed Care	33,176	38,403	(5,227)	487,330	521,575	(34,246)
Medicare	5,569	5,393	176	50,958	64,256	(13,298)
Medicare Managed Care	10,460	7,986	2,475	118,932	121,840	(2,908)
Other	13,026	10,848	2,178	149,126	137,564	11,562
Total Outpatient	$ 78,279	$ 74,771	$ 3,509	$ 951,269	$ 991,144	$ (39,875)
All Other						
Pools	$ 81,629	$ 82,787	$ (1,158)	$ 304,348	$ 316,362	$ (12,014)
DSH / UPL	-	-	0	1,467,007	1,466,665	343
Grants, Intracity, Tax Levy	19,359	11,802	7,556	641,822	630,460	11,362
Appeals & Settlements	4,492	-	4,492	52,174	4,873	47,301
Misc / Capital Reimb	5,761	3,281	2,480	77,895	56,585	21,310
Total All Other	$ 111,241	$ 97,871	$ 13,371	$ 2,543,247	$ 2,474,945	$ 68,302
Total Cash Receipts	**$ 397,748**	**$ 387,121**	**$ 10,626**	**$ 5,893,928**	**$ 5,914,607**	**$ (20,679)**
Cash Disbursements						
PS	$ 201,395	$ 194,393	$ (7,002)	$ 2,499,432	$ 2,413,889	$ (85,543)
Fringe Benefits	81,178	76,925	(4,253)	1,013,675	992,602	(21,073)
OTPS	116,597	125,148	8,551	1,314,030	1,296,208	(17,822)
City Payments	-	-	0	309,405	309,405	0
Affiliation	82,182	83,262	1,079	958,247	948,096	(10,151)
HHC Bonds Debt	6,865	6,815	(50)	81,701	82,031	330
Total Cash Disbursements	**$ 488,217**	**$ 486,543**	**$ (1,674)**	**$ 6,176,491**	**$ 6,042,231**	**$ (134,259)**
Receipts over/(under) Disbursements	**$ (90,469)**	**$ (99,422)**	**$ 8,952**	**$ (282,562)**	**$ (127,624)**	**$ (154,938)**

ACTION ITEM

RESOLUTION

Authorizing the New York City Health and Hospitals Corporation ("NYC Health + Hospitals") to execute an agreement with The Boston Consulting Group ("BCG") to provide consulting services to guide the structure and early operations of the NYC Health + Hospitals' Transformation Office over a six month term for a cost not to exceed $3.65 Million with two six-month options available exclusively to NYC Health + Hospitals for total amount not to exceed $10.95 Million.

WHEREAS, Mayor Bill de Blasio issued a report in mid-April 2016 titled "One New York; Health Care for our Neighborhoods: Transforming Health + Hospitals (the "Report") that identifies four high level goals to reform NYC Health + Hospitals to manage its looming fiscal crisis while meeting the critical health care needs of New Yorkers and twelve strategies that NYC Health + Hospitals should pursue to achieve the stated goals;

WHEREAS, in view of the enormity and the urgency of the reform task presented by the Report, NYC Health + Hospitals has established a Transformation Office within the Office of the President to coordinate and drive the reform agenda; and

WHEREAS, in further recognition of challenges presented by the Report and of quickly staffing and structuring the Transformation Office, NYC Health + Hospitals conducted a competitive procurement process among nationally known contractors familiar with the dynamics of urban safety net hospitals available through third party contracts (City, State or Group Purchasing contracts); and

WHEREAS, among the several firms that responded to NYC Health + Hospitals' solicitation, BCG was selected as the one best able to meet the needs of the reform project; and

WHEREAS, the Transformation Office within the Office of the President will be responsible for managing the proposed BCG contract.

NOW THEREFORE, be it

RESOLVED, that the New York City Health and Hospitals Corporation ("NYC Health + Hospitals") to execute an agreement with The Boston Consulting Group to provide consulting services to guide the structure and early operations of the NYC Health + Hospitals' Transformation Office over a six month term for a cost not to exceed $3.65 Million with two six-month options available exclusively to NYC Health + Hospitals for total amount not to exceed $10.95 Million.

EXECUTIVE SUMMARY

CONSULTING AGREEMENT WITH THE BOSTON CONSULTING GROUP

OVERVIEW: The report titled "One New York; Health Care for our Neighborhoods: Transforming Health + Hospitals (the "Report") issued in April 2016 identified a looming fiscal crisis for NYC Health + Hospitals and recommended that four high level goals be pursued through twelve strategies. At the same time, NYC Health + Hospitals is heavily engaged in the reform initiatives mandated and encouraged through the State DSRIP program and is also pursuing its own plan to dismantle its former Network structure in favor of one organized around a service line reporting structure. Each of these separate initiatives pose enormous challenges and integrating and coordinating them is crucial. Recognizing these challenges, NYC Health + Hospitals has established an Office of Transformation within the Office of the President to coordinate and drive the reform agenda. That office is now being staffed. Given the enormous body of work facing the Transformation Office and its nascent state, NYC Health + Hospitals engaged in a competitive procurement process to find a suitable consulting firm to assist the Transformation Office in its work. The Boston Consulting Group ("BCG") was selected from among several highly qualified possibilities.

PROGRAM: The work of BCG will be to identify staffing needs, establish an internal structure for the Transformation Office, help develop conceptual work plans for its different work streams, create reporting structures and templates for the engaged divisions within NYC Health + Hospitals to report to the Transformation Office and for the Transformation Office to report to the President, the NYC Health + Hospitals Board and to the Mayor. Furthermore, as the Transformation Office begins its work, BCG will continue to provide support and advice particularly in the areas of data collection, analysis and reporting and strategic planning.

THE OPTIONS: While it is expected that, at the end of the initial six month term, BCG will have completed its work to stand up the Transformation Office so that it is a functioning unit engaged in the critical work with which it is tasked, it is not possible at this early juncture to predict with certainty what additional support the Transformation Office may benefit from to perform at the speed and level required by the circumstances, especially as it delves in the complex areas of program and delivery system redesign. It is prudent to give NYC Health + Hospitals the options to draw upon continued BCG services as may be appropriate. Accordingly the proposed agreement gives exclusively to NYC Health + Hospitals the right to call upon two six-month options. NYC Health + Hospitals will be under no obligation to exercise either of such options and it is expected that, if either were to be exercised, it would be based on a refinement of the scope of the services to be performed during the option term and the specific deliverables.

PROCUREMENT: BCG was procured as a Third Party Contract under the rules of Operating Procedure 100-5. This approach was available because BCG has current contracts with NYC EDC and with NYC HRA. The OP requires a due diligence exercise to validate the proposed contract award. The due diligence performed here consisted

in an informal request for proposals sent to five nationally recognized consulting firms with experience in the relevant field. One of the firms contacted (KPMG) opted not to submit because the proposed work would be inconsistent with its auditing function. Three firms submitted written proposals and all three made hour long presentations to a five-person Selection Committee comprised of NYC Health + Hospital employees. The Selection Committee reviewed the proposals and considered the presentation. Two finalists were identified and each, after some negotiations, submitted revised proposals. The Selection Committee, using a previously agreed upon scoring methodology, voted in favor of BCG. The proposed contract award was presented to the Contract Review Committee that voted in favor of the proposed award.

CONTRACT FACT SHEET
New York City Health and Hospitals Corporation

Contract Title: CONSULTING AGREEMENT WITH THE BOSTON CONSULTING GROUP + NYC H+ H OFFICE OF TRANSFORMATION

Project Title & Number:

Project Location: CENTRAL OFFICE

Requesting Dept.: PRESIDENT'S OFFICE; OFFICE OF TRANSFORMATION OFFICE

Successful Respondent: The Boston Consulting Group

Contract Amount: $3.65M

Contract Term: Office over a six month term for a cost not to exceed $3.65 Million with two six-month options available to NYC Health + Hospitals for total amount not to exceed $10.95 Million.

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

Range of Proposals: $1.6M to $4.9M

Minority Business Enterprise Invited: ✓Yes ?No If no, please explain:

Funding Source: ✓ General Care ? Capital
? Grant: explain
? Other: explain

Method of Payment: Time and Rate
Other: explain Invoice payment, based on deliverables

EEO Analysis: Pending

Compliance with HHC's McBride Principles? ? Yes ? No

Vendex Clearance ? Yes ? No ? N/A Pending

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

CONTRACT FACT SHEET(continued)

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

The report titled "One New York; Health Care for our Neighborhoods: Transforming Health + Hospitals (the "Report") issued in April 2016 identified a looming fiscal crisis for NYC Health + Hospitals and recommended that four high level goals be pursued through twelve strategies. At the same time, NYC Health + Hospitals is heavily engaged in the reform initiatives mandated and encouraged through the State DSRIP program and is also pursuing its own plan to dismantle its former Network structure in favor of one organized around a service line reporting structure. Each of these separate initiatives pose enormous challenges and integrating and coordinating them is crucial. Recognizing these challenges, NYC Health + Hospitals has established an Office of Transformation within the Office of the President to coordinate and drive the reform agenda. That office is now being staffed. Given the enormous body of work facing the Transformation Office and its nascent state, NYC Health + Hospitals engaged in a competitive procurement process to find a suitable consulting firm to assist the Transformation Office in its work. The Boston Consulting Group ("BCG") was selected from among several highly qualified possibilities.

The work of BCG will be to identify staffing needs, establish an internal structure for the Transformation Office, help develop conceptual work plans for its different work streams, create reporting structures and templates for the engaged divisions within NYC Health + Hospitals to report to the Transformation Office and for the Transformation Office to report to the President, the NYC Health + Hospitals Board and to the Mayor. Furthermore, as the Transformation Office begins its work, BCG will continue to provide support and advice particularly in the areas of data collection, analysis and reporting and strategic planning.

CONTRACT FACT SHEET(continued)

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

No.

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

N/A

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

Selection Committee Members-

- Udai Tambar, Chief Transformation Officer
- Jeremy Berman, Deputy General Counsel
- Randall Mark, Chief of Staff to the President and CEO
- Krista Olson, AVP, Finance
- Richard Gannotta, SVP/Hospitals

List of firms responding to RFP

- McKinsey & Company
- Accenture
- The Boston Consulting Group

(note these are the 5 we sent proposal to; the first 3 responded; KPMG had to recuse themselves; no response from Booz, Allen, Hamilton)

List of firms considered

- McKinsey & Company
- Accenture
- The Boston Consulting Group
- KPMG
- Booz, Allen, Hamilton

Consulting firms with 'large scale organizational change management expertise', with 3rd party contracts, were identified. The proposal was emailed to each of the 5 identified vendors. A pre-proposal conference call was held to provide additional clarifying information. Three companies provided responses; all were invited in for 60 minute in-person presentations. Round 1 scoring was completed. The top 2 scored companies were each requested to provide updated proposals and their 'best and final offers'. Both companies provided updated proposals. Round 2 scoring was completed. Boston Consulting Group (BCG) was the highest scored company. BCG reduced their fee from $4.9M to $3.65M. The other company submitted an original fee of $3.45M and held firm with their pricing.

The selection criteria is as follows:

1. Plan responsiveness to:
    a. Structure the office
    b. Develop implementation processes
    c. Determine measurement metrics
    d. Develop progress templates
2. Depth and Technical Expertise of Staff
3. Cost
4. Demonstrated knowledge of healthcare industry and the challenges of urban, safety net healthcare systems
5. References supporting successful engagements for similarly complex projects

Scope of work and timetable:
The work of BCG will be to identify staffing needs, establish an internal structure for the Transformation Office, help develop conceptual work plans for its different work streams, create reporting structures and templates for the engaged divisions within NYC Health + Hospitals to report to the Transformation Office and for the Transformation Office to report to the President, the NYC Health + Hospitals Board and to the Mayor. Furthermore, as the Transformation Office begins its work, BCG will continue to provide support and advice particularly in the areas of data collection, analysis and reporting and strategic planning.

Provide a brief costs/benefits analysis of the services to be purchased.
The potential benefits of the successful deployment of the transformation plan that ties to the strategies outlined in the One New York: Healthcare for our Neighborhood report, is practically incalculable as it could yield millions of dollars in additional revenue over many years and produce substantial savings. If this additional revenue and cost savings are realized, they would dwarf the cost of the contract.

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

N/A No previous history, first contract

Provide a brief summary as to why the work or services cannot be performed by the Corporation's staff.
Given the enormous body of work facing the Transformation Office and its nascent state, NYC Health + Hospitals engaged in a competitive procurement process to find a suitable consulting firm to assist the Transformation Office in its work. The Boston Consulting Group ("BCG") was selected from among several highly qualified possibilities.

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

NO

CONTRACT FACT SHEET **(continued)**

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

- Antonio Martin, Executive Vice President/COO

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

Received By E.E.O. __*6/23/16*______________
Date

*Analysis Completed By E.E.O.*___In Process____________
Date

__Keith Tallbe__________________________________
Name

NYC HEALTH+ HOSPITALS

Office of Transformation Proposed Agreement with The Boston Consulting Group (BCG)

Presentation to Finance Committee

Dr. Ross Wilson
Chief Transformation Officer

July 7, 2016

NYC HEALTH+ HOSPITALS

Office of Transformation

OoT will ensure goals of Vision 2020 align with strategies in "One New York; Health Care for our Neighborhoods: Transforming Health + Hospitals" as well as ongoing reforms (e.g., DSRIP)

The specific objectives include:

- ✓ Enhance **patient experience** through care coordination and addressing the social determinants of health
- ✓ Expand **access and provide sustainable coverage** through new MetroPlus members, new unique patients, and new funding streams for the uninsured and uninsurable
- ✓ Engage the **workforce to match inpatient capacity** to demand and expand community-based care
- ✓ Achieve **operational excellence** to drive savings and new revenue streams and make NYC H+H a high-performing health system
- ✓ Build **partnerships to support health outcomes** of communities

NYC HEALTH+ HOSPITALS

Scope of Contract

BCG was selected through a competitive process to launch the Office of Transformation

Phase 1 (26 weeks)

- Structure the office and identify staffing needs
- Establish an internal structure for the Office of Transformation
- Staff critical functions on an interim basis to ensure overall program management
- Develop work plans for its different work streams
- Determine measurement metrics
- Create reporting structures and templates to report to the NYC Health + Hospitals Board and President, and the Office of the Mayor
- Provide support and advice particularly in the areas of data collection and analysis

(Decision point to refine scope and deliverables)

Phase 2 (24 weeks)

(Decision point to refine scope and deliverables)

Phase 3 (24 weeks)

NYC HEALTH+ HOSPITALS

Contract Summary

Project Plan:	Transformation Plan
Term of contract:	6 Month term
	With two six-month options available to NYC Health + Hospitals for total amount not to exceed $10.95 Million
Projected Expenses	
• FY2017:	$3.65 Million
• FY2017: Optional	$3.65 Million
• FY2018: Optional	$3.65 Million
• TOTAL:	$10.95 Million
Proposed Funding Source:	Central budget