AGENDA

FINANCE COMMITTEE

MEETING DATE: MARCH 12, 2013
TIME: 9:00 A.M.
LOCATION: 125 WORTH STREET
BOARD ROOM

BOARD OF DIRECTORS

CALL TO ORDER — **BERNARD ROSEN**

ADOPTION OF THE JANUARY 15, 2013 MINUTES

SENIOR VICE PRESIDENT'S REPORT — **MARLENE ZURACK**

KEY INDICATORS/CASH RECEIPTS & DISBURSEMENTS REPORTS — **FRED COVINO**

ACTION ITEM

Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") to negotiate and execute a contract and related agreements with North Shore-Long Island Jewish Health Systems, Inc. ("NSLIJ") (i) to establish a jointly controlled not-for–profit hospital cooperative ("CoOpLab") that will provide laboratory services at cost to NSLIJ's and the Corporation's respective health systems in a new cooperative laboratory facility to be located within the City of New York for this purpose; (ii) for the period prior to CoOpLab obtaining the requisite licenses to provide such laboratory services, to have NSLIJ's existing not-for-profit corporation, which operates its core laboratory perform the Corporation's reference laboratory work that is now sent to commercial vendors at cost and have the Corporation join such not-for-profit corporation as a member; and (iii) to provide for NSLIJ to indemnify the Corporation for any cost, damage or liability arising out of its laboratory activities prior to the launch of the cooperative venture and out of any ongoing laboratory activities unrelated to the cooperative venture and for CoOpLab to purchase liability insurance to cover any claims that may arise in the conduct of CoOpLab's cooperative business.

AND

Authorizing the President of the Corporation to effectuate the establishment of CoOpLab and take such other actions as he/she deems appropriate to establish the cooperative laboratory structure described below consistent with these Resolutions.

INFORMATION ITEMS

1. **FINANCIAL PLAN UPDATE** — **FRED COVINO**
2. **MEDICAID APPLICATION PROCESS STATUS REPORT – BELLEVUE HOSPITAL** — **AARON COHEN**

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

MINUTES

MEETING DATE: JANUARY 15, 2013

FINANCE COMMITTEE

BOARD OF DIRECTORS

The meeting of the Finance Committee of the Board of Directors was held January 15, 2013 in the 5th floor Board Room with Bernard Rosen presiding as Chairperson.

ATTENDEES

COMMITTEE MEMBERS

Bernard Rosen
Alan D. Aviles, Esq
Michael A. Stocker, MD
Robert Doar, Commissioner, Human Resources Administration
Josephine Bolus, RN
E. Youssouf
I. Hartman-O'Connell, (representing Deputy Mayor Linda Gibbs in a voting capacity)

OTHER ATTENDEES

J. DeGeorge, Analyst, Office of the State Comptroller
M. Dolan, Senior Assistant Director, DC 37
C. Fiorentini, Analyst, NYC Independent Budget Office (IBO)
Michael Irwin, Managing Director, Citi
Tracey Keys, Managing Director, PFM
J. Levy, Base Tactical
R. McIntrye, Account Executive, Siemens
M. Meagher, Analyst, OMB

Minutes of the January 15, 2013 Finance Committee Meeting

HHC STAFF

V. Bekker, Chief Financial Officer (CFO), Generations+ Northern Manhattan Health Network
D. Cates, Chief of Staff, Board Affairs
A. Cohen, Chief Financial Officer, South Manhattan Health Network
F. Covino, Corporate Budget Director, Corporate Budget
J. Cuda, Chief Financial Officer, MetroPlus Health Plan, Inc
L. Dehart, Assistant Vice President, Corporate Reimbursement Services/Debt Finance
D. Frimer, Controller, Coney Island Hospital
K. Garramone, Chief Financial Officer, North Bronx Healthcare Network
G. Guilford, Senior Director, Office of the Senior Vice President/Finance/Managed Care
L. Guttman, Assistant Vice President, Intergovernmental Relations
E. Guzman, Chief Financial Officer, Metropolitan Hospital Center
J. John, Chief Financial Officer, Central Brooklyn Family Health Network
M. Katz, Senior Assistant Vice President, Corporate Revenue Management
P. Lockhart, Secretary to the Corporation, Office of the Chairman
P. Lok, Director, Corporate Reimbursement Services/Debt Finance
N. Mar, Director, Debt Finance/Reimbursement Services
A. Moran, Chief Financial Officer, Elmhurst Hospital Center
A. Marengo, Senior Vice President, Communications/Marketing
T. Mammo, Chief of Staff, Office of the President
H. Mason, Deputy Executive Director, Kings County Hospital Center
A. Martin, Executive Vice President/Chief Operating Officer, Office of the President
R. Mayer, Director, Office of Internal Audits
K. Olson, Senior Director, Corporate Budget
K. Park, Associate Executive Director, Queens Health Network
S. Patnaik, Senior Associate Director, Woodhull Hospital
B. Robles, Senior Vice President, Chief Information Officer
S. Russo, General Counsel, Office of Legal Affairs
M. Sylvester, Assistant Director, Corporate Communications/Marketing
J. Wale, Senior Assistant Vice President, Office of Behavioral Health
R. Weinstein, Senior Assistant Vice President, Corporations Operations
J. Weinman, Corporate Comptroller, Corporate Comptroller's Office
M. Zurack, Senior Vice President, Corporate Finance/Managed Care

Minutes of the January 15, 2013 Finance Committee Meeting

CALL TO ORDER **BERNARD ROSEN**

The meeting of the Finance Committee was called to order at 9:05 a.m. The minutes of the December 12, 2012 Finance Committee meeting were adopted as submitted.

CHAIR'S REPORT **BERNARD ROSEN**

SENIOR VICE PRESIDENT'S REPORT **MARLENE ZURACK**

Ms. Zurack informed the Committee that her report would be brief in order to allow adequate time for questions from the Committee relative to the action items on the agenda.

Ms. Zurack stated that as of January 7, 2013, there were forty one days of cash on hand (COH) which is an improvement over last month, at twenty three days of COH. The increase is due to the receipt of $44 million in Medicaid Meaningful Use funding; $94 million in DSH funding; $44 million in outpatient; and $9 million in a facility medical home grant. All of which accelerated the receipt of cash for HHC. Absent any assistance from the State or Federal governments in the revenue loss as a result of the disaster, and HHC pays all of its bills to the City and pension, it is projected that by June 30, 2013, HHC would go negative by $140 million. Therefore, cash is a major issue this year. As previously mentioned one of the action items relates to consultants for disaster recovery and given the amount of dollars in FEMA funding that are at stake, it is important for the Committee to have a full understanding of the impact of the disaster and the magnitude of the project. Additionally, HHC is also doing a new plan of finance in an effort to increase cash as reflected in the second resolution on the agenda.

Mr. Rosen asked Ms. Zurack for clarification of her statement regarding a plan of finance. Ms. Zurack stated that as part of the bond refinancing as stated in the resolution, the Corporation will be doing a plan of finance for bond refinancing that will bring cash to HHC during these difficult times.

KEY INDICATORS & CASH RECEIPTS & DIBURSEMENTS REPORTS **FRED COVINO**

Mr. Covino stated that based on data through November 2012, acute discharges are down by 4.7% or 3,700 discharges, excluding Coney Island and Bellevue for the month the decrease is reduced to less than a ½ % or 369 discharges. The D&TC visits are down by 13% of which 40% is related to the construction at Gouverneur. Nursing home days are down by 12.6% due to the transition at Coler/Goldwater Specialty Hospital/Nursing Facility. All of the facilities with the exception of Lincoln, Metropolitan, Coney Island, Bellevue and Elmhurst are within 1/3 day of the corporate average. Elmhurst and Bellevue are 4/10 greater than the average; Lincoln is 7/10 less and Metropolitan is ½ day less than the average. The CMI corporate-wide is up by ¼% compared to last year for the same period. A comparison of the budget to actual, FTEs are down by 530.5 compared to last year's base of 6/12/12 and against the YTD budget of 251 FTEs, the reduction is 280 FTEs greater than the targeted reduction. Receipts are down by $106 million compared to disbursements of $40 million better than budget that resulted in a net negative variance of $65 million.

Ms. Youssouf asked if the FTE reduction was greater or better than the plan. Mr. Covino stated that is the budgeted plan that includes a lower reduction than the actual reduction for the quarter.

Ms. Zurack added that the Corporation has achieved the target for the year-to-date period but not the annual target.

Ms. Youssouf asked if the majority of the reduction has been through attrition. Mr. Covino stated that all of the reduction has been through attrition. Page 3, a comparison of receipts and disbursement to prior year actual for the same period, through November 2012, receipts were $159 million worse than last year due to timing of DSH and UPL payments totaling $97.7 million of which corporate wide there is a reduction of 6,200 or $72 million in paid cases compared to last year for the same period and down by 20,000 psych days valued at $8-$10 million. Expenses are better than last year by $281.9 million primarily due to the timing of pension payments to the City of $149 million and additional city payments totaling $94 million were also held in addition to the FICA refund for residents totaling $23 million.

Mr. Rosen noted that although there is a lag in pension payments due to timing, payments will be more than last year to which Mr. Covino agreed. Page 4 a comparison of actual versus budget, inpatient receipts are down by $68 million due primarily to the reduction in Medicaid fee-for-service downy by $66.5 million YTD and $46 million for the month due to a reduction in paid cases totaling $43 million and a reduction in psych days of 20,000 totaling $8-$10 million. Outpatient receipts are down by $28.7 million due to a reduction in other payments totaling $8.5 million of which $3 million is due to Family Health Plus (FHP); $2.6 million for commercial managed care; commercial fee-for-service by $2 million and $1 million in Child Health Program (CHP). All other receipts are down by $9 million primarily in grants. Appeals and settlements and miscellaneous receipts are down due to timing. PS expenses are $2.2 million better than budget due largely to the reduction in FTEs, 280 FTEs better than the target. Fringes are $23 million better due to the FICA recovery for residents that were not budgeted. OTPS expenses are $15.6 million better than budget due to a reduction in utilities and fixed assets expenses.

Dr. Stocker asked if it would be a fair assumption in analyzing the data that if the impact of Sandy and the construction at Gouverneur were neutralized overall days and visits are down.

Mr. Covino stated that it would be an accurate assumption given that there were two days that were affected by the storm which was not a major impact and prior to the storm the visits at the D&TCs were down by 10% compared to the prior year.

Ms. Youssouf asked if there is an estimate of how much the pension payment for HHC will be.

Mr. Rosen asked if the question was what will be the actual for this year compared to last year.

Mr. Covino stated that there is a slight increase but not a major change compared to last year. There was a large increase last year that occurred at the end of the fiscal year of $60 million which has been a continual trend throughout the year.

Ms. Youssouf confirming that there has been a significant increase that has been trending throughout the year.

Mr. Rosen asked if Mr. Covino was including the post-employment benefit other than pension as part of that increase to which Mr. Covino responded that it only included the pension payments.

ACTION ITEM **MARLENE ZURACK**

Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") to negotiate and execute a contract with Base Tactical Disaster Recovery, Inc. ("Base Tactical") to provide expert consulting services for disaster recovery, project management and assisting HHC with filing claims for reimbursement from the Federal Emergency Management Agency (FEMA) for expenses incurred by the Corporation in connection with damages caused by hurricane Sandy to some HHC facilities. The contract shall be for a period of eighteen months in an amount not to exceed $4,422,700.

Ms. Zurack stated that Base Tactical (BT) was initially hired as an emergency procurement and selected through a Request for Proposals (RFP) process as the contractor to assist HHC in the disaster recovery process. Representing Base Tactical was John Levy, President and Ms. Zurack introduced key corporate staff that were a part of the selection process, Roslyn Weinstein, Senior Assistant Vice President, Office of the President and Joe Quinones, Senior Assistant Vice President, Operations. The presentation would cover the status of HHC's efforts as part of the Disaster Recovery and to some extent the status of the FEMA claims. Reiterating the purpose of the presentation, Ms. Zurack stated that the presentation would provide the Committee with an overview of the status of the events that happened over the past several months that Base Tactical has been an integral part in terms of the project management, strategic planning and claiming in addition to some architectural and engineering work. Base Tactical has been extremely helpful to HHC during the exigent period as part of the emergency procurement for the storm. Given the level of capital work that is currently being addressed, it is important to keep the Board informed of the status and all relevant and pertinent information.

Ms. Youssouf noted that the responses to the RFP ranged from $2 million to $30 million and further asked what the $30 million proposal included. Mr. Covino stated that it included primarily a very large number of hours that were well beyond anything that was reasonable as part of the proposal. Ms. Zurack stated that Mr. Covino was on the selection committee.

Mr. Levy stated that he currently resides in Michigan and is a member of the Board of Director for Detroit Medical Center, the City of Detroit's safety net hospital system which is a $2.2 billion system with eleven different hospitals. As part of that governance structure, there is a complete

understanding of HHC's structure and funding requirement relative to DSH and cash on hand. The presentation will focus mostly on the status of the three hospitals that were more severely impacted by the storm. It is not unusual for Base Tactical to have an understanding of the impact of a storm like Sandy and to be called in regularly after a major storm to resolve these conditions. In the case of HHC, BT has done and does work for the same type of clients some are without insurance. After the President declares a disaster, FEMA is able to go in and help those particular clients; public and private sector resolve their claims. Essentially, FEMA would act as the insurance company in this particular event. FEMA's rules and regulations are significantly different than an insurance company. In this particular declaration for FEMA, there are three important categories that should be understood. Category B, Emergency Stabilization is the area that BT has been in days before, during and after the storm and has remained in that area. It allows BT to bring the hospitals back at some level, generally at a temporary level in order to get them operational again which will be discussed in more detail as part of the emergency stabilization period. There are some nuisances as part of the category B work. Some of which when the declaration came out was to be funded at 100% of the cost. Most of it however, was to be funded at 75% of the cost, the federal share and typically in NY when there is a 75% federal share, FEMA claim an additional 12.5% from the State of NY who receives funds from FEMA to distribute to HHC. If the disaster remains in Washington as a 75% federal share, HHC will get an 87.5% recovery of every dollar spent. At the moment it is being debated based on the cost of the damage of the storm throughout the entire eastern seaboard against its population to determine if FEMA will be able to declare this a 90% federal share. If in fact that occurs, HHC will receive 90% of the claims from the Federal government with a matching 10% from the State and HHC would then be able to recover 100% on a dollar. With the Category B there are some things that are already at 100% and the rest at 75%. While doing the emergency stabilization, BT designed for that permanent reconstruction and where to put all of the mechanical gear that resided in the basements of the three major facilities. Many of HHC's facilities were not directly impacted by the storm. However, in those damaged facilities, the basements based on the age of the facilities and the construction design at that time was fairly loaded with asbestos. Once salt water or toxic water from a flood hits the asbestos piping or any asbestos material, when it dries it pulverizes and at that stage is unsafe and becomes airborne. However, if it remains dry it is safe. During the emergency stabilization period, BT has some very large national and local contractors that are large enough to do this type of work in the basements of those hospitals that would be abating billions of dollars of asbestos. One of the benefits of the disaster is that those basements will be free of that hazardous material. As part of the permanent reconstruction, BT will help engineering firms design the solution and create a repair estimate for submittal to FEMA. FEMA if left on their own would do their estimates that are typically a small fraction of the actual cost. For example, the New Orleans disaster, Katrina was at 25% on the dollar which were the FEMA estimates and ultimately New Orleans had to create their own estimates due to FEMA entrenched position. In Cedar Rapids, Iowa there was a $6 billion claim that BT represented, FEMA estimates were close at 50% of the estimates whereas BT succeeds at getting its estimates as the acceptable outcome. The same applied also in Nashville, Tennessee and the State of Vermont which BT worked with last year.

Ms. Youssouf asked for clarification of the 90% reimbursement and whether it was contingent on the vote that would be taking place in Washington that day or a separate issue.

Ms. Zurack stated that it is dependent on both and the size of the claim. HHC has been informed by OMB that when the claim for NYC exceeds $2.5 billion which it will, it will automatically go up to 90% for the entire disaster.

Mr. Levy stated that it is a complicated formula that is used by FEMA. The value of the damages will be in HHC's favor and it will also get divided by the population. The concern is that it is not an automatic 90% given the massive population. FEMA will do a calculation based on losses, by individuals. Therefore, by dividing HHC population by its losses it will probably be a smaller component that is somewhere else. Iowa was 90% and New Orleans, Katrina was 90%. Given the finances in Washington the damages/losses would have to be major in order for it to go to 90% and HHC is right on the cusp and it is anticipated that HHC will get the 90%. As part of the permanent reconstruction design in any facility where the damages occurred, the most logical solution would be to move those elements from where they resided to another area. In an insurance claim, insurance companies do not necessarily pay for the relocation of those elements; however, in a FEMA claim, there is recognition that as part of the investment of FEMA funds allowing for the relocation of that essential gear out of the basement to higher levels would be protecting HHC facilities and FEMA from any future events. The third item relates to hazard mitigation which is hardening of a facility such as moving the electrical gear up to the first floor and to install flood gates on the outside to prevent water from entering the facility. The expenses would be the impact of putting flood walls up at the river and assessing the emergency department (ED) to review the impact of raising them higher in order to avoid flooding in that area. The hazard mitigation component is a very integral part of a FEMA claim and is one of the reasons, clients such as HHC seek the assistance of outside consultants who are familiar with the FEMA process and maximization of reimbursement from FEMA as part of the hazard mitigation opportunities.

Mr. Levy moving into the various options developed by BT stated that Option I is not the one HHC should consider. There are some clients, cities, or municipalities who decide just to fix the things that were damaged and FEMA would prefer to see that occur given that it would represent the smallest dollars for them to pay. So the repair solution would not be the one recommended by BT. Option II, relates to replacement. BT uses expert engineers to explain to FEMA why critical equipment, gear, etc. that can be moved should be replaced as permanent. FEMA does not automatically accept claims without the appropriate documentation from the experts. BT has taken this position with FEMA upfront that HHC would need to replace all of its gear. Option II is also not to HHC's advantage. As indicated on the slide, the water came up to a level that affects switch gear and pumps as well as some of the hospital first level services. The third option which is the primary focus from the onset that would include moving everything possible outside of the water level and bring it above the basement and in some instances above the first floor. There are standards and base flood elevations that FEMA has as minimum requirements as well as advisory requirements that are being taken into accounts as solutions are being made and designed. These solutions are more long term. Today, BT's goal is to get HHC facilities back to full function in a short period of time that will allow the facilities to operate while the long term solutions are being developed and executed. Through the process of designing those solutions; getting FEMA's approval and taking them through the procurement process will take six months to a year before some of those solutions will occur. One of the goals as part of the emergency

phase is to bring the hospitals back on line as part of the first step and step two of that is to identify the "low hanging fruit" that can be improved quickly given that hurricane season starts June 1, 2013. The patterns that have been developing from those storms have impacted the eastern seaboard and have impacted HHC facilities. BT is working to do as much as possible before the summer 2013 so that some of the hospitals assets are protected with the goal of not having to evacuate.

Ms. Youssouf asked if the 100% potential and the 90% reimbursement include the proposed Option III.

Mr. Levy stated that it would be for everything such as moving the electrical system from the basements at an estimated cost of $10 - $23 million to a higher level that would involve multiple areas in the hospitals where that would need to happen. FEMA would pay to replace the gear that would be the first step and the next step would be to address any City or State code requirements that have not been met, and FEMA will pay for codes and standards compliance costs. The third step is to move that gear from the basement to another level which could be the first floor or another higher level. FEMA would pay for those cost as part of hazard mitigation. Those are the three areas that HHC can tap into for reimbursement. If HHC gets the 90% federal share, there will be 100% on a dollar for all three areas.

Ms. Youssouf asked what the deadline is for filing the claims.

Mr. Levy stated that it is a phase process. The deadline is February 4, 2013 to disclose all of the damaged facilities. Typically those dates are extended by one to two months. There are dates that FEMA uses that are based on the Stafford Act which is a governmental act approved by Congress that have specific dates and all of those dates that were established in the early 90's are not realistic and usually get extended. Given that hospitals are critical services and HHC's goal is to bring them back up as quickly as possible and to find a long term solution as quickly as possible, HHC is ahead in that area. There are other facilities across the eastern seaboard that would have FEMA claims that will not be started for six months to a year. However, for HHC those hospitals affected will be re-opening soon.

Mr. Rosen asked who would be making the changes given that BT as part of the contract will be advising and engineering while attempting to secure funding on behalf of HHC for those changes.

Ms. Zurack in response to Mr. Rosen stated that HHC had multiple strategies that resulted in the award of two contractors that were approved by the Board. Those two contractors, Crothall and JCI have been able to subcontract some of the work that has already occurred. For the work that was done during the emergency period, HHC used its major contractors to do the subcontracting work to get the projects moving quickly in order to get the hospitals reopened. As of today, the hospitals are undergoing various competitive bidding processes for discrete projects within the program. The consultants are assisting in strategic planning and project management. The actual construction work is being done by outside contractors secured by those two major contractors, Crothall and JCI. There was an electrical project at Coler that was done through a competitive bid process from a qualified list.

Commissioner Doar asked if the responsibility of BT would include buys, estimates, directions and claim submission and whether there is a false claim act exposure for the hospitals as part of the claim processes.

Mr. Levy stated that there is no false claim exposure in terms of the claim submission. FEMA is required under the Stafford Act to actually write the claim. Therefore, BT will gather the data put it in a format for submission to FEMA who will prepare the claim.

Commissioner Doar added that the actual claim will be prepared by FEMA to FEMA. Mr. Levy responded in the affirmative.

Ms. Zurack stated that the process is defined as project worksheets which has its own process that is not exactly a grant but somewhat similar to an insurance company. The data is provided to FEMA and FEMA completes the project worksheets. When those worksheets are obligated, invoices are then submitted which are audited.

Commissioner Doar asked if FEMA would make payments to the vendors directly.

Mr. Levy stated that FEMA would not make those payments but rather HHC would pay those vendors and get reimbursed. The project worksheets are sent to Washington for approval. The funds will flow to the State who has the responsibility of handling any disaster that's declared and manages the funds. The funds will go to Albany that would include HHC's project worksheets. The State will disperse the funds to the applicant which in this instance is NYC OMB. HHC is a subset of OMB and BT is working with OMB on the process and cash flow.

Ms. Zurack stated that a review unit has been established under Jay Weinman, Comptroller with assistance from internal audits to review all invoices prior to submission to FEMA. Based on instructions from BT, HHC is reviewing and checking the level of details for each of those invoices which has been an extensive process.

Commissioner Doar asked if the submission would go from the State to FEMA and whether HHC is reliant solely on them.

Mr. Levy stated that the project worksheets will go from the State to Washington and from Washington to the State which has an extensive role in this process. The weekly meeting with FEMA, HHC and the facilities are attended by representatives from the State. FEMA will as soon as needed begin to filter out the process and the State would review the construction and assess the conditions and control the funds. FEMA is a small unit that often uses outside contractors. The State of New York does the same and has had multiple contracts over the years with consultants similar to BT. The Deputy Director for BT who is assigned to the contract was the State Director for three different disasters historically and one of his trainees is the current representative to HHC. Therefore, BT is very confident that the positive dialogue that has taken place with FEMA will continue in addition to the positive feedback and support from NYS.

Mrs. Bolus asked if there is any major code requirements that HHC must make in order to be compliant as part of the recovery process.

Ms. Zurack stated that in terms of the replacement, there are some codes issues that HHC will need to address.

Mr. Levy added that there are some situations; however, some of those repairs can only be made where there have been damages such as the basement issues as they relate to codes.

Ms. Youssouf asked if some of the money would come to HHC and the balance to the State and whether those funds would be earmarked for HHC.

Ms. Levy pointed out that his earlier comments related to the way the 100% gets funded. FEMA pays 75% to 90% which would go to State with HHC's name on it.

Ms. Zurack added that the State's 10% share is split between the State and City at 5% each.

Mr. Levy moved onto the portion of the presentation that related to the three major hospitals affected by the storm, Bellevue, Coler and Coney Island. Bellevue and its relationship to the river, Coler on Roosevelt Island and Coney Island a combination of the two and are cornered by three different directions. At Coler there are four large buildings that until the flood was being supplied by steam via the steam tunnel from the generators plant which was the beginning of the asbestos problem. The steam tunnel was filled with water and the asbestos got wet that resulted in a shutdown of all the incoming steam. Temporary boilers have been used to provide heat to Coler. There was a short term program in place that BT did oversee, to abate the steam tunnel and complete by 12/25. The insulation around the pipes had to be removed and is now being reinstalled. The steam tunnel is currently operational which is ahead of schedule and the cost came in on budget although there were some change orders from the contractors. BT using its trained environmental experts in asbestos to ensure that the project remained within the budget, rejected any change orders by the contractors. The steam is not flowing currently due to the four boxes that represent areas for abatement and two of the four are complete within Coler; however, the steam is creating some conflict with the abatement process. Therefore, the temporary boilers are being used but the steam tunnel is operational. The four red boxes also represent where the electrical system was in the basement at Coler that was wiped-out by the salt water and have not been functional since that day of the storm. Currently, the hospital has multiple generators with back-up generators which is a risk for the facility. BT is making an effort to escalate the permanent solutions as quickly as possible through the bidding process for permanent switch gear. As previously mentioned, relative to the steam tunnel and the electrical system, BT is working closely with FEMA who has vacillated due to the base flood elevation issue that relates to FEMA requirements on how high equipment can be moved in order to get them to a safe distance away from future disasters. BT had gotten a directive from FEMA and identified the electrical systems that are going back in on the first floor at Coler; however, FEMA is reviewing the data to ensure its accuracy that resulted in a short-term solution of putting the electrical system back

on the first floor which would keep the facility safe through a modest event that might occurs this summer. On a long range basis, BT is recommending that the power box be moved to the second floor. Those costs for moving to the first floor and later to another are recoverable by FEMA. All of the efforts are being monitored to ensure that all the costs are within the FEMA guidelines. There is a lot of asbestos throughout the building; however, when this process is completed, the facility will be much cleaner. Long range there is an opportunity to review some of the offices on the first floor including the auditorium that were impacted by water and whether there should be any changes made to that floor.

Dr. Stocker stated that in previous discussions there was some confusion regarding the FEMA standards and the hundred year flood level.

Mr. Levy stated that FEMA's minimum standard is the five hundred year flood level for any entity that request hazard mitigation funding; therefore, if HHC moves equipment as part of the hazard mitigation the five year flood line would be the minimum.

Dr. Stocker asked if there is a way to size the difference between the two, hundred and five hundred years given that HHC appears to be at the hundred-year.

Mr. Levy stated that there is a way that changes by location and where it relates to the land. It is always feet over sea level and typically the five hundred year is 2-4 feet higher than the hundred-year. The five hundred-year is the baseline that HHC is required to follow in order to get FEMA funding. However, FEMA is creating what is called "advisory levels" substantially higher than the 500- year for anticipation of a larger disaster. Based on feedback from representatives from Washington that have surveyed the areas, a design plan for a category 3 or 4 hurricane is needed. Those advisory levels are at least another 4 feet over the 500- year level. Some of it would be achievable and some would not be at this time which would the recommendation from BT to other experts at HHC in terms of evaluating and determining solutions in the immediate and the long range.

Ms. Youssouf asked if hazard mitigation funding is for five hundred-year. Mr. Levy stated that the hazard mitigation funding must be at the five hundred feet level. As part of the hazard mitigation in everything that is done is based on a cost benefit analysis such as moving a pump from the basement to the 2nd floor at a cost of $1,000 but there is only $100 per foot, FEMA will not reimburse for something that is ten times the cost. If HHC is moving $30 million of its electrical systems up to the first floor and the cost will be an additional $3 million that would be a rational approach. Not everything that HHC might want to do will be reimbursed by FEMA. As shown on the presentation, a ground level shot of Coney Island showed the old emergency department and an inked circle of the new ED. However, the facility will be impacted by a significant water flood each time there is a major storm. There is an environmental impact. In the basement there is asbestos that is being abated at this time and is approximately 50% completed but that type of abatement work will take months to complete. The electrical system on the southern end of the facility was fully compromised and the north end of the hospital electrical system has been borrowed and moved over to the south end to provide power throughout the facility at a limited capacity but enough to operate the facility which is

on the verge of re-opening. For the moment what has been done on the first floor that was damaged on the southern-end, a temporary corridor has been created to move patients from the emergency department though the main building up to the north tower. This is how the facility will operate for the next few months while a determination regarding the imaging and other critical services on the first floor is necessary given that the ED is there but whether those services should be moved to a higher level. Based on BT first analysis both the CT scanner and MRI were compromised as part of the flood and would need to be replaced and moved to other areas. The permanent solution for the south-end electrical system that was damaged is in fact to move it higher under hazard mitigation to be paid by FEMA. However, it is important to note that the power on the north-end of the facility, the power that is being shared came within inches of being damaged by the storm. Therefore, in terms of a longer term solution, HHC should seek capital funding to move the switch gear on that end to a higher level. Otherwise in the event of another major storm that power could be damaged. Additionally the potential evacuation of the hospital is a goal HHC wants to avoid having to do.

Mr. Aviles stated that as a point of clarification the switch gear that was not impacted by the storm flood waters would not be FEMA eligible.

Mr. Levy stated that it would not. The switch gear on the north-end of the hospital and the generator that came within inches of being flooded was shut down in anticipation that it would not be FEMA eligible. However, that generator needs to be raised to a higher level but this would not qualify for FEMA funding as previously stated. As indicated by Ms. Zurack, hazard mitigation 404 which is somewhat confusing in comparison to 406. The hazard mitigation referenced throughout the presentation relates to hazard mitigation 406 which relates specifically to the damages at the facilities. There is another component of mitigation whereby FEMA will ultimately after completing the total value of the entire loss from Sandy take a portion of that cost and make it available to all the states impacted by the storm which is called hazard mitigation 404. It is a grant program that allows any public entity to request grant money from that funding pool and would be available to each and every municipal entity in all of those states not just those affected by the flood. Therefore the chances of getting 404 funding are very scarce.

Ms. Youssouf asked if part of the long term solution would include building a new facility. Mr. Levy stated that BT is currently struggling with that issue. Clearly that would be the long term solution for Coney Island in addition to getting the ED its imaging services and any other related necessary services on the first floor out of harms way. The long term solution is some variation of a new hospital and convincing FEMA in this disaster that may be a new building can be built in perhaps the parking lot area. The facility would be high above ground with parking underneath so if the water came through it would just run through. It would possibly house the ED at that level or get a component of that. The electrical services would be moved over to that building. The recommendation would be that it be designed in a way that the foundation is sitting on the ground and can house a multi-level hospital that someday could be executed. It's a stretch under FEMA and the Stafford Act to find the funding to get what has been described but it's not impossible and should be tracked and pursued through all available options relative to this disaster recovery. At Bellevue, the ambulatory care services were opened soon after the event in late November 2012. The ED opened in December 2012 with only

critical care services, definitely not at a level one trauma center. There are a number of things that will be ongoing over the next two to three weeks. The hospital inpatient services are scheduled to open at nearly its full capacity in February 2013. The electrical systems in the basement are also being designed to be moved to a higher level, the first floor. The issue of hazard mitigation and elevations and whether those moves would be high enough is the issue. BT has designed the electrical gear in the ED on casters so if there is a need to move them to higher levels it can be done and that process will continue over the next several months. Additionally at Bellevue there are a number of other pumps and motors that will continue to reside in the basement. Those are being designed to function more like submarine type equipment that can be submerged and stand up to flood waters given that the only solution is to protect them from future events. Besides electrical which is the number one component of the damages to Bellevue, the second major factor is the vertical transportation. The elevators are bottom-out in the basement in pits and as long as that occurs whereby there is water in the basement, the facility will lose its elevators and ultimately result in an evacuation position. One of the long term solutions is to use some elevators that will not be used immediately leave them damaged and ultimately get new elevators replaced by FEMA and have them terminate on the first floor. This would allow some transportation available to the facility as the process moves forward.

Ms. Youssouf asked if the first floor at Bellevue was flooded. Mr. Levy stated that it did not. The ambulatory services and the ED which is somewhat similar to the Coney Island discussion, the current layout on the first floor leave it exposed. A bigger storm could severely damage the ED which a big factor.

Dr. Stocker asked if it is possible to waterproof the elevators in the basement. Mr. Levy stated that elevators can be designed so that the elevator rooms are at the top as opposed to the bottom. However, it is not likely that FEMA would consider funding that type of change for elevators. BT recommendation would be as previously stated to have the elevators terminate on the first floor.

Ms. Youssouf asked if in the five hundred year flood plan the 1st floor would be flooded. Mr. Levy stated that BT is not in a position to answer that question at this time. BT would need to review those elevations. However, if there were architectural plans for those hospitals they were wiped out as part of all of the basements. Therefore it is difficult to make certain determinations without the materials to work with. BT is recommending new elevations at this time to move electrical gear out of harms way for the 500-year or plan for more.

Dr. Stocker asked Mr. Levy if he was aware of discussions regarding the Alexander building that is next to Bellevue and did not get flooded. Given that it is newer building could that have been a major factor.

Mr. Levy stated that BT is unable to respond to that question at this time; however, it could be that it was designed higher than Bellevue or NYU on the other side. BT and HHC are scheduled to meet with NYU next week to discuss plans on what can be done jointly to better protect those hospitals.

Mr. Rosen asked who would be coordinating the reimbursement as part of the City's role in the process. Ms. Zurack stated that HHC's claim coordination is being handled by her office. There are weekly meetings and there is a workgroup comprised of operations, the office of facilities development, and a representative from OMB. Within OMB, John Grathwol, Deputy Director and Jeff Garofalo, Assistant Director of Federal & State Revenue Monitoring are coordinating for the City. However, the City has also hired a consulting firm and has requested a meeting with HHC Finance and BT to coordinate the process.

Mr. Rosen asked if the total cost of the storm will be made available. The $60 billion has been identified but that may not be the actual cost.

Mr. Levy stated that there a two ways to know. The US Congress keeps track of all those number in order to fund FEMA so there will be continual data over the next five years for Sandy relative to the overall impact. Secondly, the State of NY will do a very tight accounting of the funding received and paid out. So there will be ways to track the total outcome. However, $60 billion may be very small to what the outcome will ultimately be.

Ms. Youssouf added that it would be total cost not reimbursement. Mr. Levy replied in the affirmative.

Mr. Rosen asked Mr. Levy if he had worked for FEMA. Mr. Levy stated that he has never worked for FEMA that initially he worked in the motion picture industry and later into the insurance business where he became an insurance expert for hotels, casinos and hospitals for insurance claims. After attending the University of Miami he did some auditing for IRS and was exposed to the FEMA regulations as part of the IRS legal course and became knowledgeable on the FEMA regulations that later became an advantage in that there are only a few firms in the country that do what BT does and understands it.

Mr. Rosen stated that the most popular firm is the James Witt Associates because he was a FEMA Director. Mr. Levy stated that Mr. Witt was an excellent director and is very highly regarded by many.

The resolution was approved for the full Board's consideration.

ACTION ITEM **MARLENE ZURACK**

Authorizing and approving the adoption of the resolution entitled "Health System Bonds, 2013 Series Resolution" providing for the issuance of a series of Health System Bonds (the "2013 Series Bonds") in a principal amount not exceeding $175 million for the refunding of all or a portion of the 2003 Series Bonds and the 2008 Series Bonds.

Ms. Zurack stated that in the past this action has been presented to the Capital Corporation. The resolution is needed in order to do the refinancing on the 2003 and 2008 Series bonds and to achieve savings that will be a positive benefit to the Corporation. Ms. Dehart, Assistant Vice President, Corporate Reimbursement Services/ Debt Financing will do the presentation. Ms. Dehart and staff

have been working very diligently with Citibank, and other underwriters and PFM, HHC financial advisors on this issue. The presentation will cover the plan of finance and the plan is to go to market March 18, 2013 and this is the intended structure that will be used.

Ms. Dehart brought to the attention of the Committee that the presentation included in the package had been revised to reflect a more conservative plan of finance than the original one based on discussions with the finance team and the City. Introducing the representatives in attendance, Ms. Dehart stated that Michael Irwin, Managing Director (Citi) and Tracey Keys, Managing Director (PFM).

Ms. Zurack informed the Committee that Ms. Youssouf had provide input that was very helpful and resulted in some of the revisions in the presentation.

Ms. Dehart stated that HHC is proposing to refund a portion of its outstanding debt in order to take advantage of the historic low interest rates and the opportunities it presents on the refunding of the 2003 Series A bonds of $112 million and a portion of the 2008 Series A bonds at $29.6 million. After a review of all of the outstanding debt, it was determined that these two Series were the only items that presented opportunity for savings. There is a total of approximately $1 billion in outstanding debt. The refunding bonds currently are expected to be issued as tax exempt fixed rate premium bonds. As HHC has done in its most recent deals, the structuring of the new bonds will be done so that HHC gets the bulk of the savings in the early years. HHC anticipates pricing the week of March 19, 2013. The history of the interest rates and looking over the twenty-year period, HHC is at or near historical level in addition to a variety of index interest rates. A summary of projected savings from the proposed preliminary plan of finance shows that the majority of the savings will be in the first two years with slight savings in the out years. HHC achieved over the life of the bonds a net present value saving of $19.6 million in the first years including funds that will be freed up through a reduction in the amount required to maintain in the capital reserve fund and will have cash flow savings of $19.6 million and $13.2 million in 2015.

Dr. Stocker asked if there is a cost to HHC for achieving the savings in the first two years.

Ms. Dehart stated that there is a very minimal cost associated with spreading the savings. In making that decision various options were reviewed on how much savings could be front loaded over the life of the bonds and found that it was nearly identical. The details of the preliminary plan based on where interest rates are currently as of 12/20/12 based on market conditions at the time HHC goes to price the bonds, there might be a slight change subject to the approval of NYC. There will be approximately $19.6 million in savings over the life of the bonds. The savings average in the years thereafter to $148,000. The total amount of the refunding is $141.5 million in premium bonds which means that the buyers will pay a bonus to achieve the interest rate on the purchased bonds. The actual amount of the bond issued is $110 million that will reduce the amount of the overall debt that HHC will pay in debt service.

Ms. Youssouf asked if the release of the debt service reserve funds of $13 million is additional. Ms. Dehart stated that it is in addition to net present value savings but it is included in the cash flow annual savings.

Ms. Youssouf in an effort to understand the savings commented that $19.6 million in year one; $13.2 million in year two and then another $13.2 million released from the debt service reserve funds would total more. Ms. Dehart stated that the $13.2 million is included in the $19.6 million.

Ms. Youssouf stated that the debt service payment was originally going to be $100 million going down to $79 million and asked if that accounted for the $19.6 million.

Ms. Zurack stated that the $13.2 million from the reserve fund is part of the par amount which is lower than the original par amount and reduced the principal that impacts the debt service. The lower pricing is driving the reduction in the debt service.

Ms. Youssouf stated that it was much clearer.

INFORMATION ITEM **JAY WEINMAN**

Ms. Zurack stated that Mr. Weinman was scheduled to present the 1st quarter financial statement; however, the meeting had gone past the allotted time, the item would be postponed until the next meeting.

Mr. Rosen stated that it can be done in six months as opposed to quarterly. Ms. Zurack stated that the change in the reporting would be made.

ADJOURNMENT **BERNARD ROSEN**

There being no further business to discuss, the meeting was adjourned at 10:12 a.m.

KEY INDICATORS
FISCAL YEAR 2013 UTILIZATION

Year to Date
January 2013

NETWORKS	UTILIZATION			AVERAGE LENGTH OF STAY		ALL PAYOR CASE MIX INDEX	
	FY 13	FY 12	VAR %	ACTUAL	EXPECTED	FY 13	FY 12
North Bronx							
Jacobi	11,019	11,826	-6.8%	6.5	6.6	1.1150	1.0543
North Central Bronx	4,595	4,746	-3.2%	4.5	4.6	0.7468	0.6958
Generations +							
Harlem	6,787	6,210	9.3%	5.6	5.8	0.9696	0.9803
Lincoln	13,761	13,732	0.2%	4.8	5.5	0.8990	0.9071
Belvis DTC	33,712	38,307	-12.0%				
Morrisania DTC	46,507	59,062	-21.3%				
Renaissance	33,257	38,914	-14.5%				
South Manhattan							
Bellevue	8,253	14,571	-43.4%	7.1	6.5	1.1599	1.0891
Metropolitan	7,610	6,811	11.7%	4.8	5.2	0.8160	0.7626
Coler	136,030	177,375	-23.3%				
Goldwater	167,506	186,788	-10.3%				
Gouverneur - NF	30,629	40,476	-24.3%				
Gouverneur - DTC	143,493	159,436	-10.0%				
North Central Brooklyn							
Kings County	14,788	14,017	5.5%	6.0	6.0	0.9743	1.0291
Woodhull	8,429	8,432	0.0%	5.0	4.9	0.8334	0.7952
McKinney	66,790	67,668	-1.3%				
Cumberland DTC	52,291	56,603	-7.6%				
East New York	43,644	49,146	-11.2%				
Southern Brooklyn / S I							
Coney Island	5,850	9,789	-40.2%	6.6	6.3	1.0683	1.0634
Seaview	63,942	64,035	-0.1%				
Queens							
Elmhurst	14,267	14,620	-2.4%	5.6	5.4	0.9397	0.9272
Queens	7,564	7,621	-0.7%	5.7	5.4	0.9177	0.8822
Discharges/CMI-- All Acutes	102,923	112,375	-8.4%			0.9567	0.9539
Visits-- All D&TCs	352,904	401,468	-12.1%				
Days-- All SNFs	464,897	536,342	-13.3%				

Notes:

Utilization

Acute: discharges excluding psych and rehab; D&TC; reimburseable visits; SNF; chronic and rehab days

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

All Payor CMI

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

KEY INDICATORS

FISCAL YEAR 2013 BUDGET PERFORMANCE ($s in 000s)

Year to Date
January 2013

NETWORKS	FTE's VS 6/16/12	RECEIPTS actual	RECEIPTS better / (worse)	DISBURSEMENTS actual	DISBURSEMENTS better / (worse)	BUDGET VARIANCE better / (worse)	
North Bronx							
Jacobi	(34.5)	$ 311,529	$ 508	$ 302,803	$ 5,006	$ 5,514	0.9%
North Central Bronx	(18.5)	106,032	2,088	100,481	7,070	9,158	4.3%
	(53.0)	$ 417,561	$ 2,596	$ 403,285	$ 12,076	$ 14,672	1.8%
Generations +							
Harlem	(61.0)	$ 184,329	$ (8,462)	$ 185,039	$ 1,167	$ (7,295)	-1.9%
Lincoln	(24.0)	263,629	(12,153)	279,646	222	(11,931)	-2.1%
Belvis DTC	(5.0)	11,528	214	8,363	1,600	1,814	8.5%
Morrisania DTC	(12.5)	17,018	357	12,118	3,397	3,754	11.7%
Renaissance	(9.5)	11,418	(99)	11,105	541	442	1.9%
	(112.0)	$ 487,923	$ (20,145)	$ 496,271	$ 6,928	$ (13,217)	-1.3%
South Manhattan							
Bellevue	(77.5)	$ 339,178	$ (77,051)	$ 417,364	$ (33,086)	$ (110,137)	-13.8%
Metropolitan	(53.0)	162,633	(9,302)	160,223	13,302	4,001	1.2%
Coler	(28.0)	38,824	(1,372)	84,508	(31,678)	(33,050)	-35.5%
Goldwater	(47.0)	58,303	(7,430)	97,715	(25,095)	(32,526)	-23.5%
Gouverneur	2.0	51,104	2,881	45,939	1,627	4,508	4.7%
	(203.5)	$ 650,042	$ (92,274)	$ 805,750	$ (74,929)	$ (167,204)	-11.4%
North Central Brooklyn							
Kings County	(172.0)	$ 380,008	$ (25,980)	$ 366,977	$ 3,024	$ (22,956)	-3.0%
Woodhull	(65.0)	205,777	(18,655)	215,769	(6,837)	(25,492)	-5.9%
McKinney	(9.0)	16,162	(4,580)	24,281	2,596	(1,983)	-4.2%
Cumberland DTC	(13.5)	20,028	384	16,589	316	700	1.9%
East New York	(3.0)	14,628	(690)	11,598	2,236	1,546	5.3%
	(262.5)	$ 636,603	$ (49,521)	$ 635,213	$ 1,336	$ (48,185)	-3.6%
Southern Brooklyn/SI							
Coney Island	(54.0)	$ 166,567	$ (27,233)	$ 208,960	$ (12,690)	$ (39,923)	-10.2%
Seaview	(11.5)	22,288	1,342	27,828	(2,373)	(1,030)	-2.2%
	(65.5)	$ 188,855	$ (25,891)	$ 236,789	$ (15,062)	$ (40,953)	-9.4%
Queens							
Elmhurst	(14.5)	$ 325,699	$ (346)	$ 304,501	$ 18,273	$ 17,927	2.8%
Queens	(11.5)	184,677	(11,304)	196,739	(5,587)	(16,892)	-4.4%
	(26.0)	$ 510,376	$ (11,651)	$ 501,240	$ 12,686	$ 1,035	0.1%
NETWORKS TOTAL	**(722.5)**	**$ 2,891,361**	**$ (196,886)**	**$ 3,078,548**	**$ (56,966)**	**$ (253,852)**	**-4.1%**
Central Office	(12.5)	367,217	10,735	162,761	7,177	17,912	3.4%
HHC Health & Home Care	(7.0)	23,006	(2,494)	18,250	3,924	1,430	3.0%
Enterprise IT	54.0	0	0	84,100	6,613	6,613	7.3%
GRAND TOTAL	**(688.0)**	**$ 3,281,584**	**$ (188,644)**	**$ 3,343,658**	**$ (39,252)**	**$ (227,896)**	**-3.4%**

Notes:

Residents & Grants are included in the reported FTE's.
Reported FTE's are compared to 6/2/12.

New York City Health & Hospitals Corporation
Cash Receipts and Disbursements (CRD)
Fiscal Year 2013 vs Fiscal Year 2012 (in 000's)
TOTAL CORPORATION

	Month of January 2013			Fiscal Year To Date January 2013		
	actual 2013	actual 2012	better / (worse)	actual 2013	actual 2012	better / (worse)
Cash Receipts						
Inpatient						
Medicaid Fee for Service	$ 73,310	$ 72,660	$ 650	$ 513,604	$ 642,550	$ (128,947)
Medicaid Managed Care	45,913	47,964	(2,051)	368,474	334,698	33,776
Medicare	62,263	41,102	21,160	321,111	329,994	(8,882)
Medicare Managed Care	15,098	21,318	(6,220)	134,816	144,361	(9,545)
Other	12,549	20,432	(7,883)	123,654	135,133	(11,479)
Total Inpatient	$ 209,134	$ 203,478	$ 5,656	$ 1,461,660	$ 1,586,736	$ (125,076)
Outpatient						
Medicaid Fee for Service	$ 13,693	$ 13,545	$ 148	$ 98,139	$ 116,559	$ (18,420)
Medicaid Managed Care	25,507	26,214	(707)	246,196	212,770	33,426
Medicare	4,668	4,846	(179)	33,791	38,897	(5,105)
Medicare Managed Care	7,760	4,391	3,370	57,447	59,363	(1,916)
Other	10,809	12,645	(1,836)	85,524	88,701	(3,177)
Total Outpatient	$ 62,438	$ 61,641	$ 797	$ 521,097	$ 516,289	$ 4,808
All Other						
Pools	$ 8,815	$ 8,665	$ 151	$ 234,761	$ 224,886	$ 9,875
DSH / UPL	-	-	0	842,200	715,650	126,550
Grants, Intracity, Tax Levy	40,328	21,887	18,440	147,720	145,409	2,311
Appeals & Settlements	24,337	(27,046)	51,383	23,629	8,490	15,139
Misc / Capital Reimb	6,225	6,858	(633)	50,516	31,377	19,139
Total All Other	$ 79,705	$ 10,364	$ 69,341	$ 1,298,827	$ 1,125,813	$ 173,014
Total Cash Receipts	**$ 351,277**	**$ 275,483**	**$ 75,794**	**$ 3,281,584**	**$ 3,228,838**	**$ 52,746**
Cash Disbursements						
PS	$ 182,083	$ 185,529	$ 3,446	$ 1,409,190	$ 1,409,826	$ 636
Fringe Benefits	74,910	55,980	(18,930)	428,456	595,945	167,489
OTPS	163,462	89,435	(74,027)	765,250	721,266	(43,984)
City Payments	-	-	0	141,363	235,257	93,894
Affiliation	74,778	72,576	(2,203)	532,942	509,909	(23,033)
HHC Bonds Debt	8,405	8,258	(147)	66,458	54,050	(12,408)
Total Cash Disbursements	**$ 503,638**	**$ 411,778**	**$ (91,860)**	**$ 3,343,658**	**$ 3,526,252**	**$ 182,594**
Receipts over/(under) Disbursements	**$ (152,361)**	**$ (136,295)**	**$ (16,066)**	**$ (62,074)**	**$ (297,415)**	**$ 235,340**

New York City Health & Hospitals Corporation
Actual vs. Budget Report
Fiscal Year 2013 (in 000's)
TOTAL CORPORATION

	Month of January 2013			Fiscal Year To Date January 2013		
	actual 2013	budget 2013	better / (worse)	actual 2013	budget 2013	better / (worse)
Cash Receipts						
Inpatient						
Medicaid Fee for Service	$ 73,310	$ 113,552	$ (40,242)	$ 513,604	$ 641,548	$ (127,944)
Medicaid Managed Care	45,913	54,387	(8,474)	368,474	355,091	13,383
Medicare	62,263	61,139	1,123	321,111	328,963	(7,852)
Medicare Managed Care	15,098	22,341	(7,243)	134,816	148,409	(13,593)
Other	12,549	21,947	(9,398)	123,654	140,722	(17,068)
Total Inpatient	$ 209,134	$ 273,367	$ (64,233)	$ 1,461,660	$ 1,614,733	$ (153,073)
Outpatient						
Medicaid Fee for Service	$ 13,693	$ 21,696	$ (8,002)	$ 98,139	$ 121,827	$ (23,688)
Medicaid Managed Care	25,507	31,490	(5,983)	246,196	264,512	(18,316)
Medicare	4,668	7,410	(2,742)	33,791	42,957	(9,165)
Medicare Managed Care	7,760	5,814	1,947	57,447	54,782	2,666
Other	10,809	14,290	(3,481)	85,524	99,047	(13,523)
Total Outpatient	$ 62,438	$ 80,699	$ (18,261)	$ 521,097	$ 583,124	$ (62,027)
All Other						
Pools	$ 8,815	$ 8,627	$ 188	$ 234,761	$ 228,771	$ 5,990
DSH / UPL	-	-	0	842,200	842,200	0
Grants, Intracity, Tax Levy	40,328	26,071	14,257	147,720	135,615	12,105
Appeals & Settlements	24,337	21,000	3,337	23,629	22,211	1,418
Misc / Capital Reimb	6,225	5,794	431	50,516	43,572	6,944
Total All Other	$ 79,705	$ 61,493	$ 18,212	$ 1,298,827	$ 1,272,370	$ 26,456
Total Cash Receipts	**$ 351,277**	**$ 415,559**	**$ (64,282)**	**$ 3,281,584**	**$ 3,470,228**	**$ (188,644)**
Cash Disbursements						
PS	$ 182,083	$ 182,661	$ 578	$ 1,409,190	$ 1,411,955	$ 2,765
Fringe Benefits	74,910	75,437	526	428,456	452,388	23,933
OTPS	163,462	99,739	(63,722)	765,250	698,940	(66,310)
City Payments	-	-	0	141,363	140,072	(1,291)
Affiliation	74,778	75,268	490	532,942	534,275	1,333
HHC Bonds Debt	8,405	8,039	(366)	66,458	66,776	318
Total Cash Disbursements	**$ 503,638**	**$ 441,144**	**$ (62,494)**	**$ 3,343,658**	**$ 3,304,407**	**$ (39,252)**
Receipts over/(under) Disbursements	**$ (152,361)**	**$ (25,585)**	**$ (126,776)**	**$ (62,074)**	**$ 165,821**	**$ (227,896)**

Annual Deficit in budgeted receipts vs disbursements is funded through reserves

RESOLUTION

Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") to negotiate and execute a contract and related agreements with North Shore-Long Island Jewish Health Systems, Inc. ("NSLIJ") (i) to establish a jointly controlled not-for–profit hospital cooperative ("CoOpLab") that will provide laboratory services at cost to NSLIJ's and the Corporation's respective health systems in a new cooperative laboratory facility to be located within the City of New York for this purpose; (ii) for the period prior to CoOpLab obtaining the requisite licenses to provide such laboratory services, to have NSLIJ's existing not-for-profit corporation, which operates its core laboratory perform the Corporation's reference laboratory work that is now sent to commercial vendors at cost and have the Corporation join such not-for-profit corporation as a member; and (iii) to provide for NSLIJ to indemnify the Corporation for any cost, damage or liability arising out of its laboratory activities prior to the launch of the cooperative venture and out of any ongoing laboratory activities unrelated to the cooperative venture and for CoOpLab to purchase liability insurance to cover any claims that may arise in the conduct of CoOpLab's cooperative business.

AND

Authorizing the President of the Corporation to effectuate the establishment of CoOpLab and take such other actions as he/she deems appropriate to establish the cooperative laboratory structure described below consistent with these Resolutions.

WHEREAS, the Corporation's internal studies as augmented by independent consultants lead to the determination that the best way to assure high quality laboratory services and achieve savings is to collaborate with another large health system to establish a shared core laboratory to process clinical lab work for the Corporation's health system; and

WHEREAS, not-for-profit NSLIJ, the biggest integrated healthcare network in the New York metropolitan area, currently operates an efficient, high quality consolidated core laboratory to serve the needs of its member hospitals, and wishes to establish a new, larger consolidated core laboratory in collaboration with the Corporation to achieve even greater efficiencies; and

WHEREAS, a core laboratory shared by HHC and NSLIJ is expected to benefit the Corporation by achieving economies of scale, improved quality of services, lower prices and savings, and data sharing of best practices; and

WHEREAS, NSLIJ will be solely responsible to finance the purchase or lease of the selected site for the new laboratory facility, its improvements and outfitting; and

WHEREAS, the amount charged to CoOpLab by NSLIJ shall be capped at an amount based on a maximum agreed upon capital project cost; and

WHEREAS, both NSLIJ and the Corporation will appoint members of the board of directors of CoOpLab under an agreement providing that the following actions of CoOpLab will require the consent of

the Corporation in its capacity as a founding member: (i) any sale, relocation or dissolution of the laboratory or of CoOpLab and any action that terminates the Corporation's membership status; (ii) any capital call; and (iii) the establishment of the level of reserves to be maintained by CoOpLab; and

WHEREAS, the governing documents of CoOpLab shall clearly establish that the Board of CoOpLab shall act in the interest of all of its members and that any action that is proposed to be taken that will benefit NSLIJ and will impose any significant risks or costs on HHC will require the consent of HHC; and

WHEREAS, the Corporation will be indemnified by CoOpLab for any costs, damages or liability that arise from NSLIJ's activities conducted within the cooperative structure or prior to its establishment and CoOpLab will purchase liability insurance to cover any claims that may arise in the conduct of CoOpLab's cooperative business; and

WHEREAS, a CoOpLab joint standards committee with representatives of NSLIJ and the Corporation will develop the laboratory quality assurance standards and other methods and metrics for the laboratory operations of CoOpLab; and

WHEREAS, current employees of NSLIJ and the Corporation will be provided to CoOpLab to provide the needed laboratory services with all associated costs paid by CoOpLab; and

WHEREAS, through the cooperative structure, the Corporation will benefit from volume discounts on its purchases of laboratory equipment, blood products, systems and supplies;

NOW, THEREFORE, be it

RESOLVED, that the President of the New York City Health and Hospitals Corporation (the "Corporation") be, and hereby is, authorized to negotiate and execute a contract and related agreements with North Shore-Long Island Jewish Health Systems, Inc. ("NSLIJ") (i) to establish a jointly controlled not-for–profit hospital cooperative ("CoOpLab") that will provide laboratory services at cost to NSLIJ's and the Corporation's respective health systems in a new cooperative laboratory facility to be constructed in the City of New York for this purpose; (ii) for the period prior to CoOpLab obtaining the requisite licenses to provide such laboratory services, to have NSLIJ's existing not-for-profit corporation, which operates its core laboratory perform at cost the Corporation reference laboratory work that is now sent to commercial vendors and have the Corporation join such not-for-profit corporation; and (iii) to provide for NSLIJ to indemnify the Corporation for any cost, damage or liability arising out of its laboratory activities prior to the launch of the cooperative venture and ongoing laboratory activities unrelated to the cooperative venture and for CoOpLab to purchase liability insurance to cover any claims that may arise in the conduct of CoOpLab's cooperative business; and

BE IT FURTHER RESOLVED, that the President of the Corporation be, and he/she hereby is, authorized to effectuate the establishment of CoOpLab and take such other actions as he/she deems appropriate to establish the cooperative laboratory structure described consistent with these Resolutions.

HHC Laboratory Restructuring Project

March 12, 2013
Finance Committee

Agenda

- Overview
- Vision of the Cooperative
- Structure of the Cooperative
- Governance
- Business Model
- Staffing Changes
- Five Year Cost Savings Projections
- Implementation

Overview

- Current HHC lab operations
  - 4 Core Labs serving entire system
  - 12 Rapid Response Laboratories at each of the hospitals
- Restructuring project:
  - Efforts and savings to date
  - Review of options for restructuring
  - Identification of opportunity to achieve greater efficiencies through a shared core lab with another large health system
- Process to identify potential partners
- Cooperative with North Shore Long Island Jewish (NSLIJ)

Vision of the Cooperative

- Standard test menus for local hospital clinical tests
- Hospital labs provide:
  - Clinical lab results needed in less than four hours on behalf of Emergency Departments and Inpatient Units
  - Surgical and Anatomical Pathology
  - Blood Bank
- NSLIJ and HHC will cooperate to create one Shared Core Laboratory to process:
  - Clinical lab work on behalf of nursing homes, diagnostic and treatment centers and hospital clinics
  - Micro and Molecular Biology tests
  - Tests on behalf of community physicians and/or other outside business
- Through collaboration will achieve economies of scale, better pricing, savings for both entities, improved quality and data sharing of best practices

Structure of the Cooperative

- **"CoOpLab"**
  - Not for profit corporation
  - NSLIJ and HHC will have joint membership and operate shared core lab
  - Board of Directors from NSLIJ and HHC
  - CEO and management
  - Maintain NSLIJ outreach business and support HHC commercial insurance collection
- **NSLIJ and HHC**
  - Collaborate on lab methods but independently operate hospital rapid response labs
  - Share information technology
  - Same test menus
  - Group purchasing of equipment, reagents, and Blood products

Governance

- NSLIJ will have majority seats on the Board of Directors of “CoOpLab”
  - 15 years building the Core Lab
  - NSLIJ will be providing all of the initial capital
  - Given the phase in of HHC over 4 years and NSLIJ test growth rate it is almost certain that NSLIJ will always have the plurality of test volume
- HHC receives founding member status, which guarantees that if new members join, HHC’s rights and benefits shall not be diminished
- Critical decisions will require HHC’s consent as a founding member

Governance

- Decisions requiring HHC's consent as a founding member include:
  - Sale, closing, or relocation of core lab
  - Requirement that HHC contribute capital
  - The addition of any new member with the same rights as HHC
  - Termination of HHC's membership
  - Increases to the level of reserves of CoOpLab requiring increases to the cost per test
  - Any action taken to benefit NSLIJ at the expense of HHC

Governance

"CoOpLab"
Board of Directors
HHC/NSLIJ

CEO and Management Team

Shared Core Lab

Shared Suppliers
- Vendors (Best Pricing)
  - Reference Test and Blood products
  - Equipment
  - Reagents
  - Information Technology

Joint Standards Committees
HHC/NSLIJ
- System Interoperability
- Equipment and reagents
- Policy and Procedures
- Test Menu
- Research

Rapid Response Laboratories

HHC Hospitals

NSLIJ Hospitals

Business Model

HHC

- Staff and operate hospital labs
- Provide staff to “CoOpLab”
- Pay “CoOpLab” per test

“CoOpLab”

- Sell tests to HHC and NSLIJ at actual cost
- Pay HHC and NSLIJ for staff
- Pay NSLIJ rent
- Bill Commercial Insurers
- Group purchasing
- Methods best practice sharing

NSLIJ

- Staff and operate hospital labs
- Provide staff to “CoOpLab”
- Pay “CoOpLab” per test

Staffing Changes

Staff at HHC facilities	Base	FY2014	FY2015	FY2016	FY2017	FY2018
Clinical*	636	591	545	487	455	446
Microbiology**	162	162	132	71	0	0
Pathology and Blood Bank	607	607	607	607	607	607
HHC staff at HHC	1405	1360	1285	1165	1062	1053
HHC staff at the Core**	0	0	30	91	162	162
Total	**1405**	**1360**	**1315**	**1256**	**1224**	**1215**

*Clinical staff will not be replaced as they leave and will be redeployed across HHC

**Microbiology staff move to the core as we transition our hospitals

Five Year Cost Projections– Current State ($s in millions)

Current State	Base	FY2014	FY2015	FY2016	FY2017	FY2018
Testing						
Personal Services	$ 130.4	$ 132.4	$134.4	$136.6	$138.9	$ 141.3
Other Than Personal Services	$ 59.5	$ 63.0	$ 70.0	$ 69.9	$ 72.2	$ 74.5
Capital	$ 3.0	$ 6.5	$ 6.6	$ 6.7	$ 6.8	$ 6.9
Indirect	$ 23.4	$ 23.4	$ 23.4	$ 23.4	$ 23.4	$ 23.4
Subtotal	$ 216.2	$ 225.3	$234.4	$236.6	$241.3	$ 246.1
Blood Bank	$ 17.1	$ 17.6	$ 18.1	$ 18.6	$ 19.2	$ 19.8
Total	**$ 233.3**	**$ 242.9**	**$252.5**	**$255.3**	**$260.5**	**$ 265.9**

Five Year Cost "CoOpLab" model Projections ($s in millions)

"CoOpLab"	Base	FY2014	FY2015	FY2016	FY2017	FY2018
Testing						
Personal Services	$ 130.4	$ 128.5	$124.0	$115.9	$107.9	$ 108.9
Other Than Personal Services	$ 59.5	$ 44.6	$ 48.5	$ 40.6	$ 35.6	$ 33.0
Capital	$ 3.0	$ 3.9	$ 3.7	$ 3.2	$ 2.8	$ 2.5
Indirect	$ 23.4	$ 23.4	$ 23.4	$ 23.4	$ 23.4	$ 23.4
Subtotal	$ 216.2	200.3	199.6	183.1	169.5	167.8
Blood Bank	$ 17.1	$ 16.2	$ 16.4	$ 16.7	$ 17.0	$ 17.4
"CoOpLab"	$ -	$ 15.3	$ 22.8	$ 41.1	$ 59.3	$ 62.2
Total	**$ 233.3**	**$ 231.8**	**$238.7**	**$240.9**	**$245.9**	**$ 247.4**

Five Year Cost Savings Projections ($s in millions)

Change	Base	FY2014	FY2015	FY2016	FY2017	FY2018
Total Cost Current State	$ 233.3	$ 242.9	$252.5	$255.3	$260.5	$ 265.9
Total Cost Future State	$ 233.3	$ 231.8	$238.7	$240.9	$245.9	$ 247.4
Savings		**$ 11.1**	**$ 13.9**	**$ 14.4**	**$ 14.6**	**$ 18.5**
Additional Revenue			**$ 0.3**	**$ 1.9**	**$ 2.6**	**$ 4.6**
Total Benefit		**$ 11.1**	**$ 14.1**	**$ 16.3**	**$ 17.1**	**$ 23.1**

Implementation

- NSLIJ may immediately offer membership to HHC in its existing 501 C-3 which will allow HHC to send reference tests to the lab at cost for a savings of $1.7 million.
- NSLIJ would enter into a real estate lease and pay build out costs and pass actual rental and debt service costs down to the Core lab
- NSLIJ and HHC must agree to the allowable costs for the build out
- HHC and NSLIJ shall seek 501 C-3 status. If it is not awarded within nine months we will ask the IRS for 501 E status.

Implementation

- CoOpLab will need:
  - Liability and Insurance
    - Shared Core Lab must obtain
      - Commercial insurance
      - Malpractice insurance
    - NSLIJ must indemnify the new entity against prior claims
    - Each party must assume responsibility for claims arising out of non-member business
  - Regulatory/Certifications
    - Shared Core Lab must maintain all requirements
  - Disaster Plan
    - Shared Core Lab must have a plan to maintain business operations in the event of a disaster

North Shore LIJ Laboratories
North Shore-Long Island Jewish Health System

North Shore LIJ Health System Laboratories Presentation to HHC Finance Committee

James Crawford, MD, PhD – SVP, Chairman of Pathology and Laboratory Medicine
Bob Stallone - Vice President North Shore LIJ Health System Laboratories

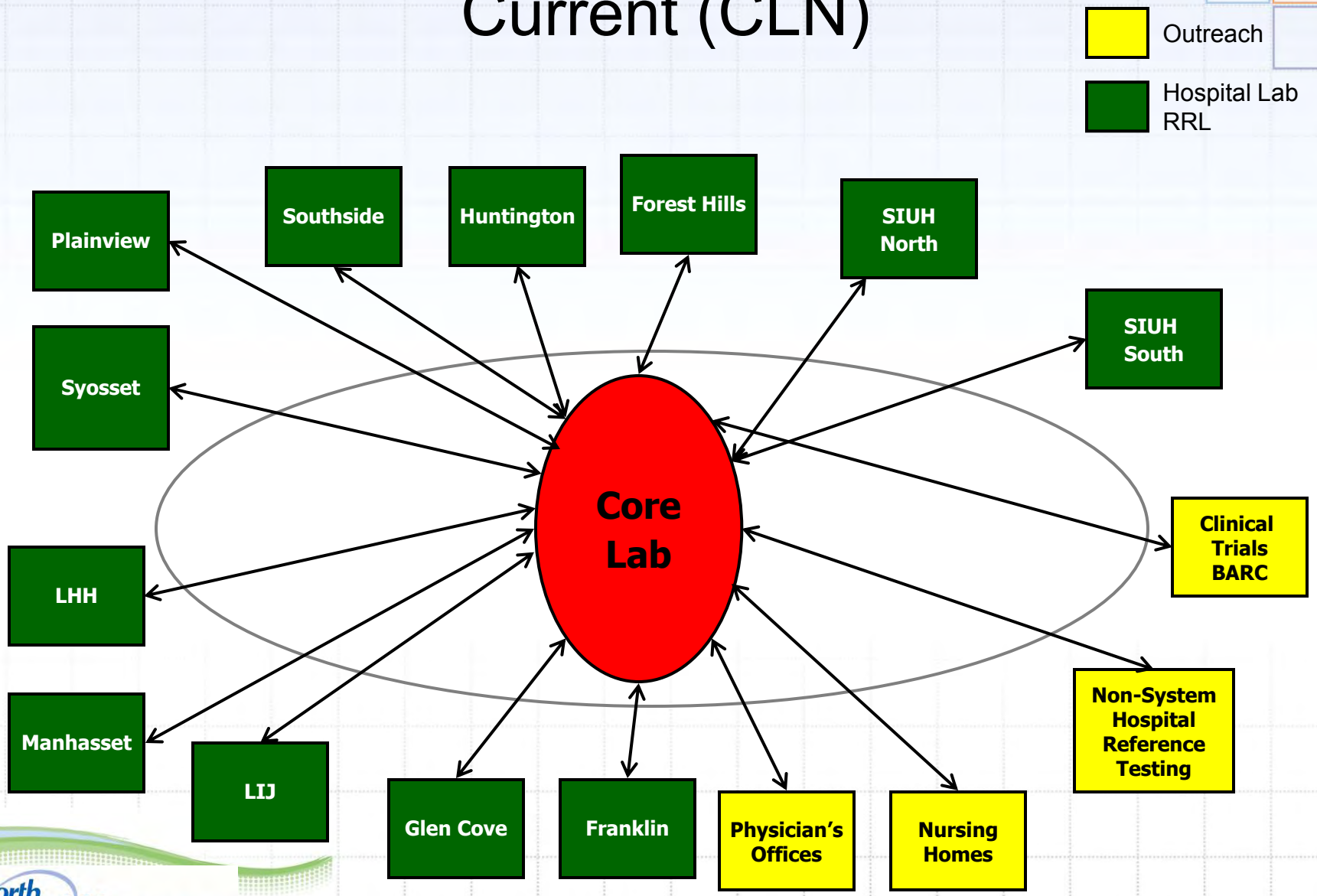
North Shore LIJ

Overview

- Strategically Located Core Laboratory
  - 15 years of continuous integration and growth
  - Current space limitations
- 11 Rapid Response Laboratories
  - Unified Management
  - Standardized Information Systems and Equipment
  - All testing capabilities available on site for patient management
  - Highly developed logistics service and infrastructure
- Goals:
  - Strategically partner with another non-for-profit organization who shares similar public/community/ teaching mission
  - Increase volume to reduce cost and improve quality and depth of service
  - Develop additional value opportunities through the relationship

North Shore LIJ

NSLIJ Centralized Laboratory Network Current (CLN)



North Shore LIJ Laboratories
North Shore-Long Island Jewish Health System

Performance Metrics

Core Lab Key Indicators

Metric	Performance Area	Goal	Current
Stat Turn Around Time (call to call)	Service Excellence	240 min	186 min
Routine Turn Around Time	Service Excellence	95%- less than 4 hours	99.6%
Laboratory Error Rates	Operational Performance	275 DPMO (.03%)	229 DPMO (.02%)
“Likelihood to Recommend” (patient)	Customer Service	95%	99.7%
“Likelihood to Recommend” (physician)	Customer Service	95.8%	97.5%
Abandoned Call Rates	Customer Service	4.4%	3.4%
Live Voice in 20 Sec.	Customer Service	70%	71%
Critical Value Notification	Patient Safety	98% in 15 min	98%

New York City
Health & Hospitals Corporation

January Financial Plan Update

Operating Financial Plan – Cash Basis

January 14 Plan (in $ millions)

	Actuals	← *Projected* →				
RECEIPTS:	FY12	FY13	FY14	FY15	FY16	FY17
Third party receipts						
Medicaid Fee for Service	$1,213.0	$1,116.8	$1,160.7	$1,181.3	$1,205.0	$1,229.2
Upper Payment Limit (UPL)	677.4	777.9	622.5	573.8	586.3	586.3
Disproportionate Share Hospital (DSH)	1,022.2	817.7	761.3	741.3	721.3	622.4
Pools	438.2	442.4	421.5	421.5	421.5	371.8
Medicaid Managed Care	1,097.4	1,132.8	1,229.5	1,219.5	1,255.6	1,293.0
Medicare Fee for Service	646.3	540.7	548.5	524.4	510.9	497.3
Medicare Managed Care	371.3	326.4	340.0	323.6	307.1	303.0
Managed Care Other	372.8	346.2	365.0	365.0	365.0	365.0
Subtotal: Third Party Receipts	5,838.6	5,501.0	5,448.9	5,350.4	5,372.8	5,268.0
City Services Total	201.8	206.2	186.6	170.6	170.6	170.6
Grants	102.7	241.1	124.9	124.9	124.9	124.9
FDNY/EMS	178.8	176.5	186.2	192.3	198.7	205.4
Other	159.8	194.6	159.0	161.1	163.2	165.4
Subtotal: Other	441.3	612.2	470.0	478.3	486.8	495.6
Total Receipts	**$6,481.7**	**$6,319.4**	**$6,105.6**	**$5,999.3**	**$6,030.2**	**$5,934.2**

(Continue on next page)

Operating Financial Plan – Cash Basis

January 14 Plan (in $ millions)

	Actuals	← *Projected* →				
	FY12	**FY13**	**FY14**	**FY15**	**FY16**	**FY17**
DISBURSEMENTS:						
Personal Services	$2,492.8	$2,489.0	$2,492.1	$2,524.0	$2,556.4	$2,589.2
Fringe Benefits	1,239.2	1,272.0	1,339.3	1,394.7	1,465.7	1,541.8
Other Than Personal Services	1,548.0	1,643.9	1,608.4	1,654.3	1,701.6	1,743.6
Malpractice Settlements	147.8	223.6	135.9	135.9	135.9	135.9
Affiliation Contracts	889.4	923.0	950.7	979.2	1,008.5	1,038.8
Other City Services and Charges	1.1	1.4	1.1	1.1	1.1	1.1
Debt Service Costs	236.2	263.1	251.9	234.8	229.0	238.8
Total Disbursements	6,554.7	6,815.9	6,779.4	6,923.9	7,098.3	7,289.2
Receipts over (under) Disbursements	($73.0)	($496.5)	($673.8)	($924.7)	($1,068.1)	($1,355.0)
Capital Receipts over (under) Disbursements	(18.6)	(8.7)	5.0	14.0	33.0	0.0
Corrective Actions						
HHC Savings Initiatives/Cost Containment	0.0	0.0	10.7	10.7	10.7	10.7
Restructuring	0.0	0.0	95.4	92.9	89.2	86.5
City Share of DSH Preservation	0.0	0.0	36.6	45.9	45.9	45.9
State and Federal Actions	0.0	0.0	550.0	825.0	925.0	950.0
Federal Reimbursement of Rev Losse - Sandy	0.0	183.1	0.0	12.5	0.0	0.0
Subtotal: Corrective Actions	0.0	183.1	692.7	987.0	1,070.7	1,093.0
Opening Cash Balance	553.1	461.5	139.5	163.3	239.4	275.0
Closing Cash Balance	$461.5	$139.5	$163.3	$239.4	$275.0	$13.0

BELLEVUE PERFORMANCE
SEPTEMBER, 2012 THROUGH JANUARY, 2013

1. DISCHARGED NOT FINAL BILLED

2. ACCOUNTS RECEIVABLE DAYS

3. CASH RECEIPTS

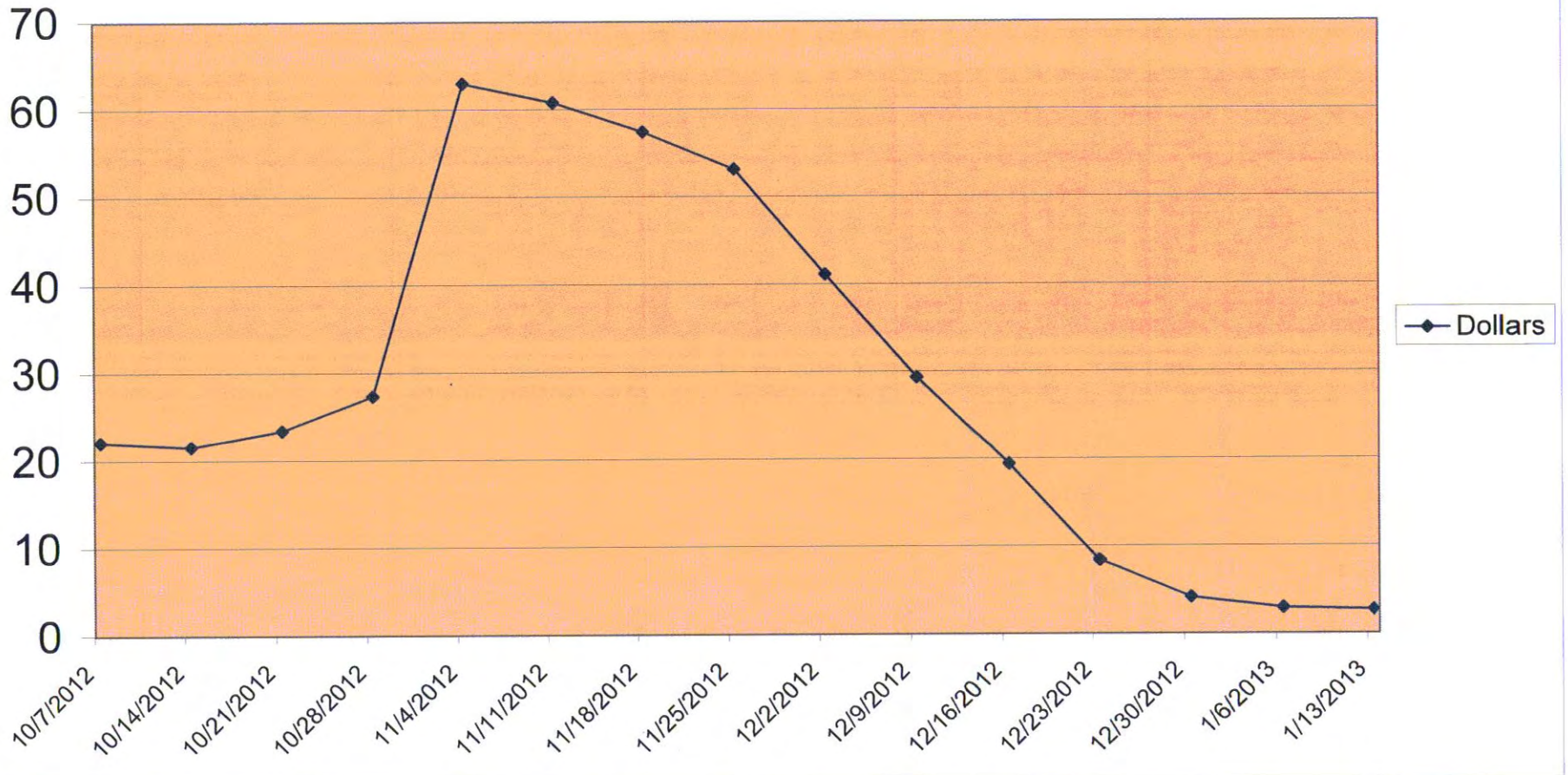
4. MEDICAID APPLICATION SUBMISSIONS AND APPROVALS

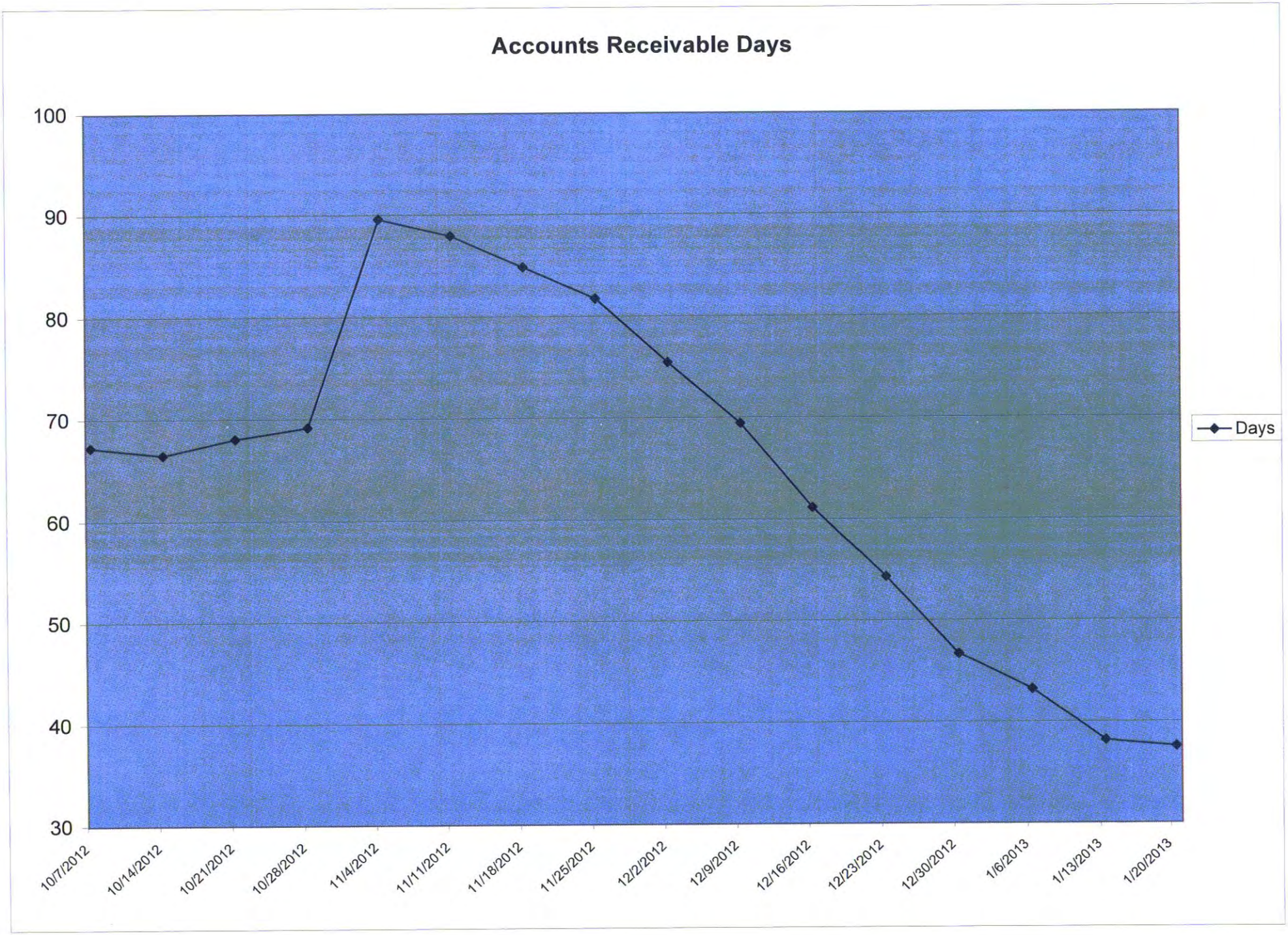
5. OVERTIME

6. OVERTIME EXCLUDING FACILITIES MANAGEMENT, ENVIRONMENTAL, SECURITY

7. FTES

Bellevue
Discharge not Final Billed Dollars
(Millions)

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70
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50
40
30
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10/14/2012
10/21/2012
10/28/2012
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11/11/2012
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11/25/2012
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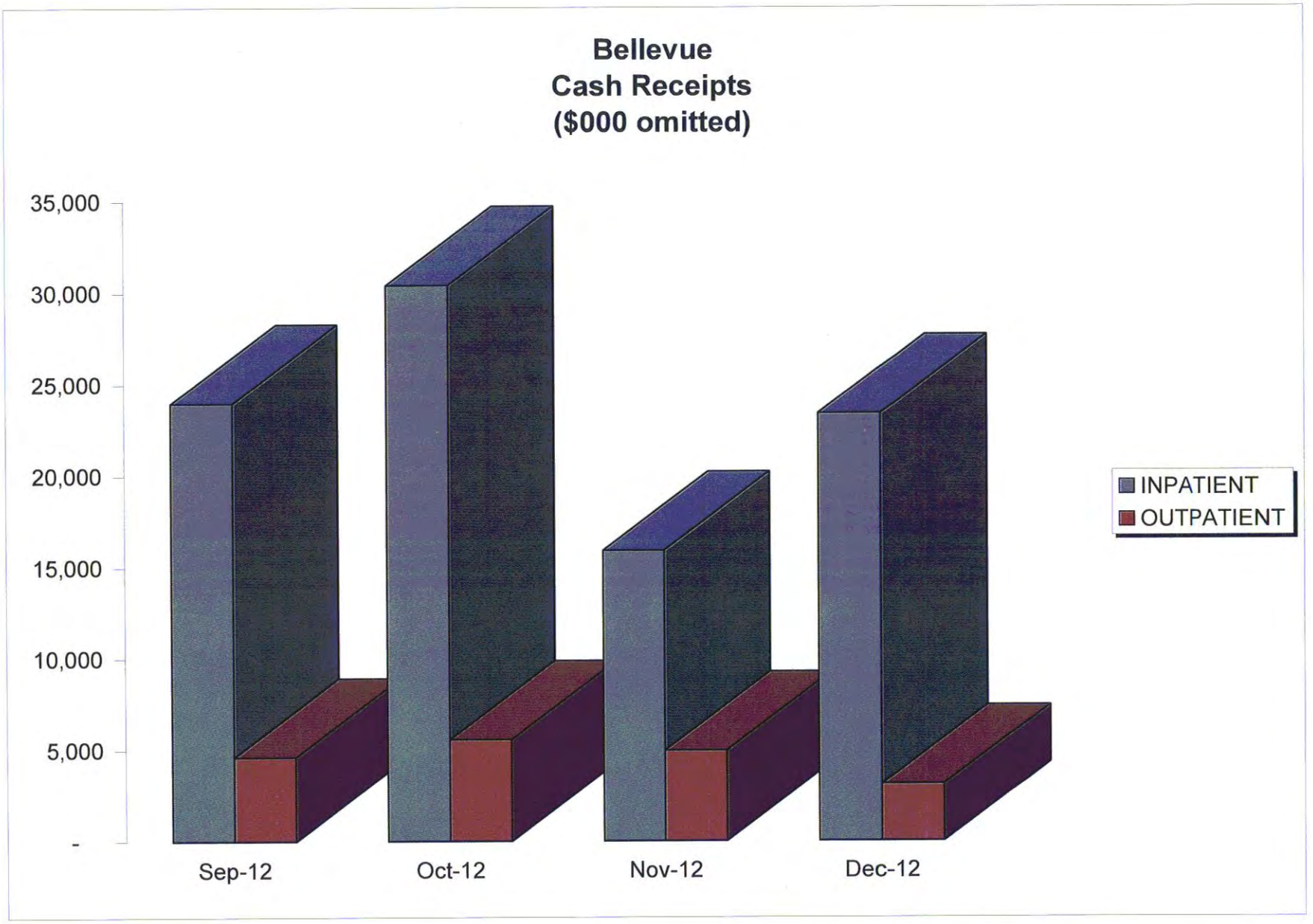
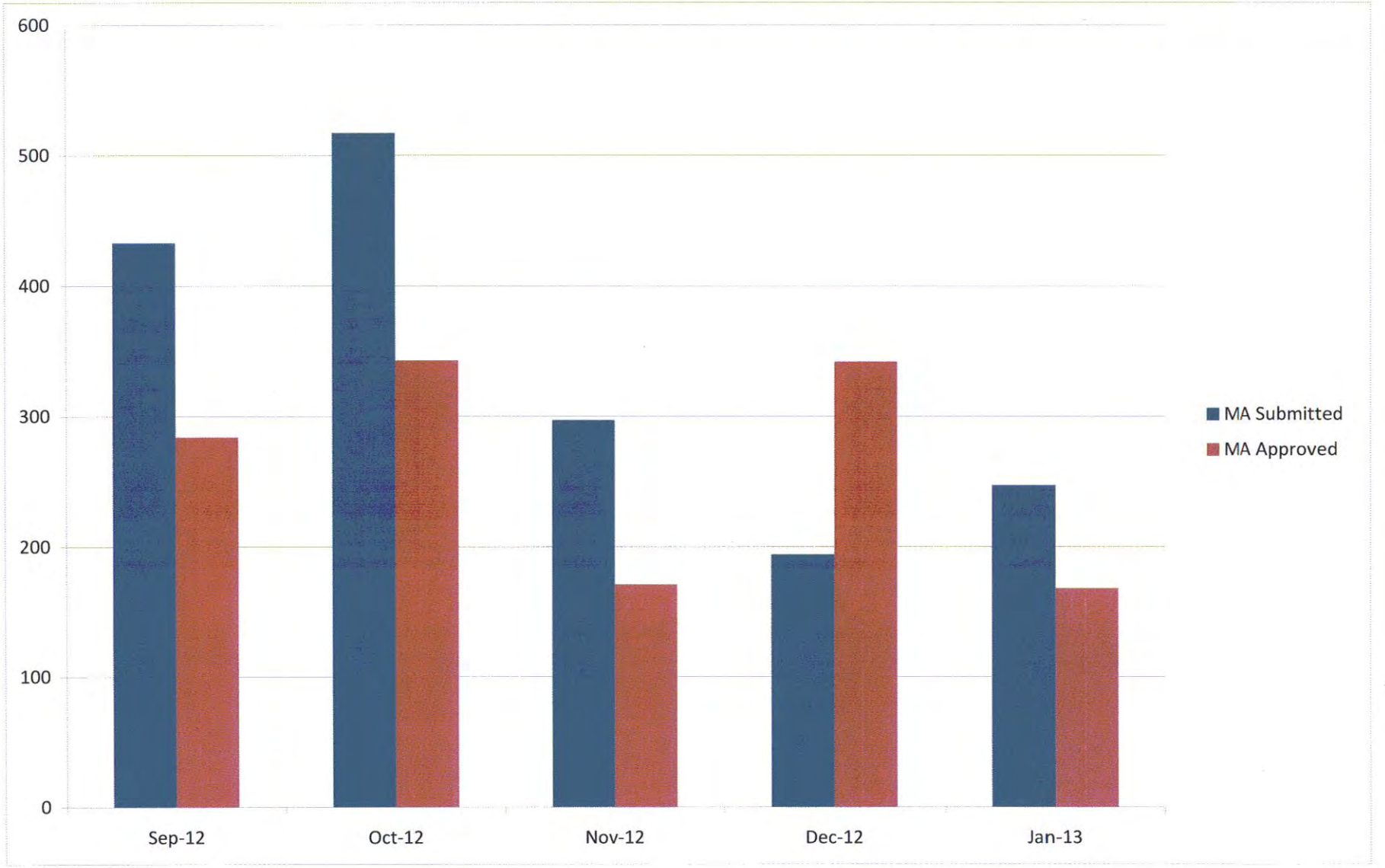
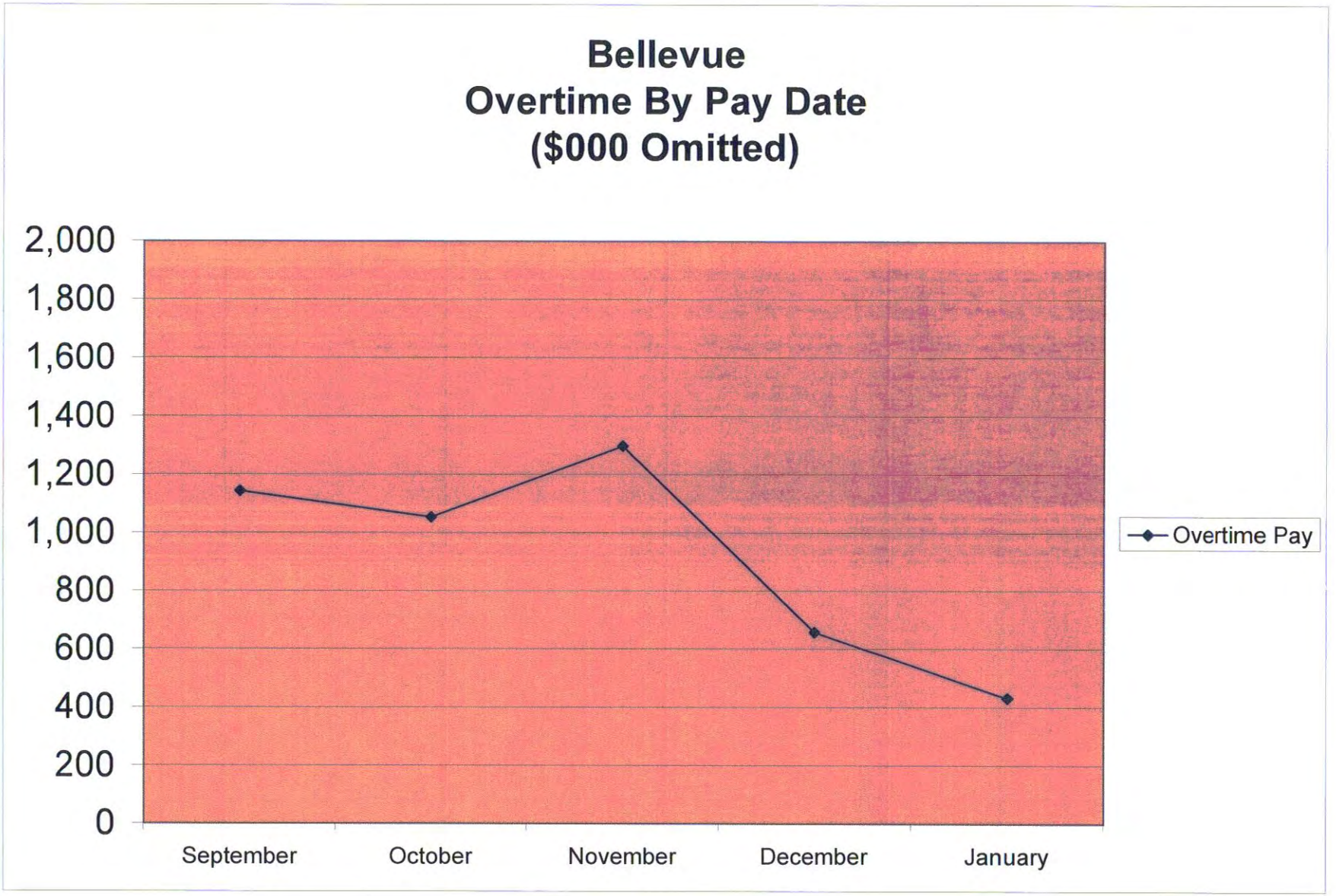
Days


Bellevue
Cash Receipts
($000 omitted)
35,000
30,000
25,000
20,000
15,000
10,000
5,000
-
Sep-12
Oct-12
Nov-12
Dec-12
INPATIENT
OUTPATIENT

Bellevue Medicaid Application Submissions and Approvals




Bellevue
Overtime By Pay Date
($000 Omitted)
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1,400
1,200
1,000
800
600
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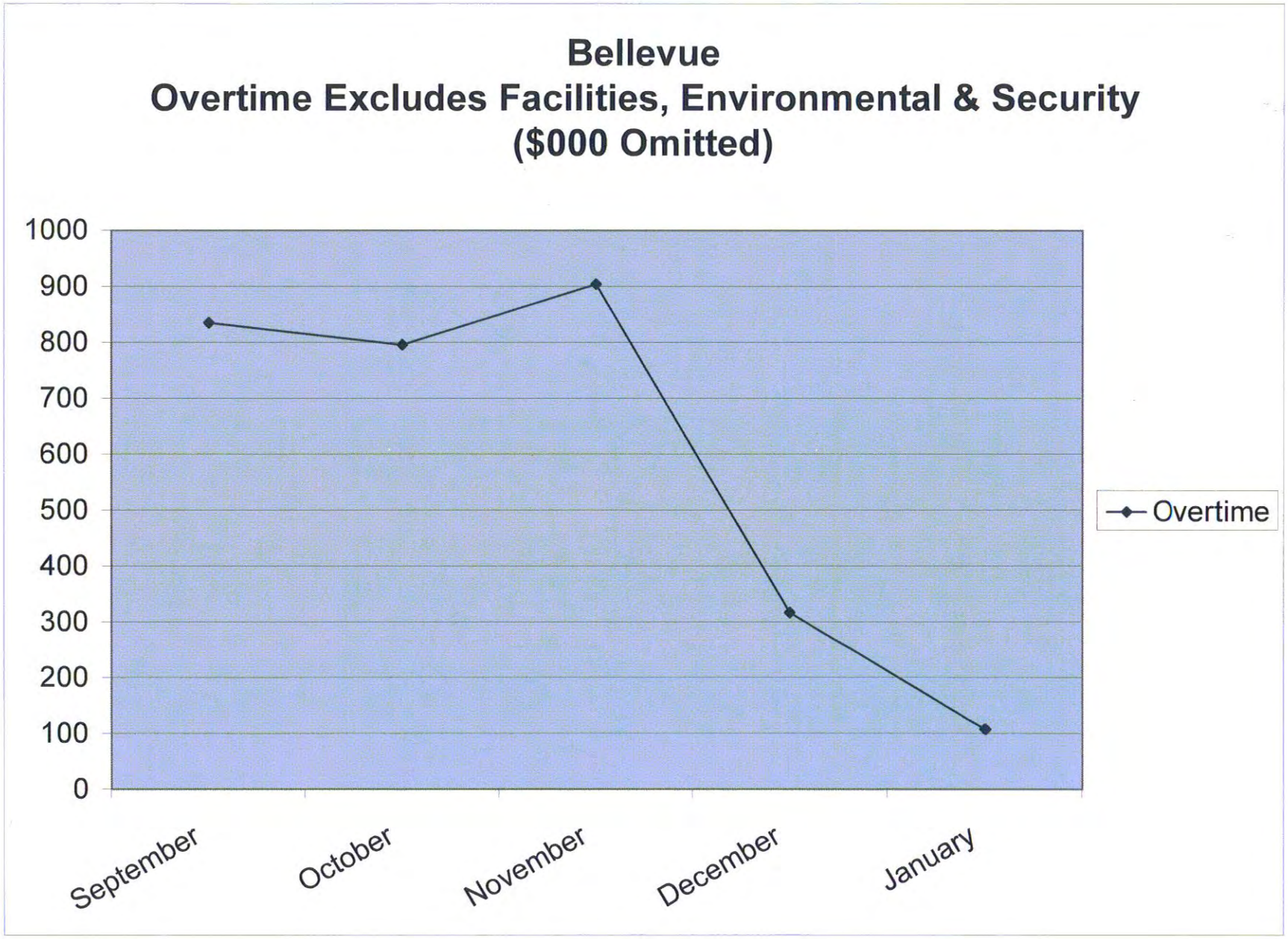
200
0
September
October
November
December
January
Overtime Pay


Bellevue
Overtime Excludes Facilities, Environmental & Security
($000 Omitted)
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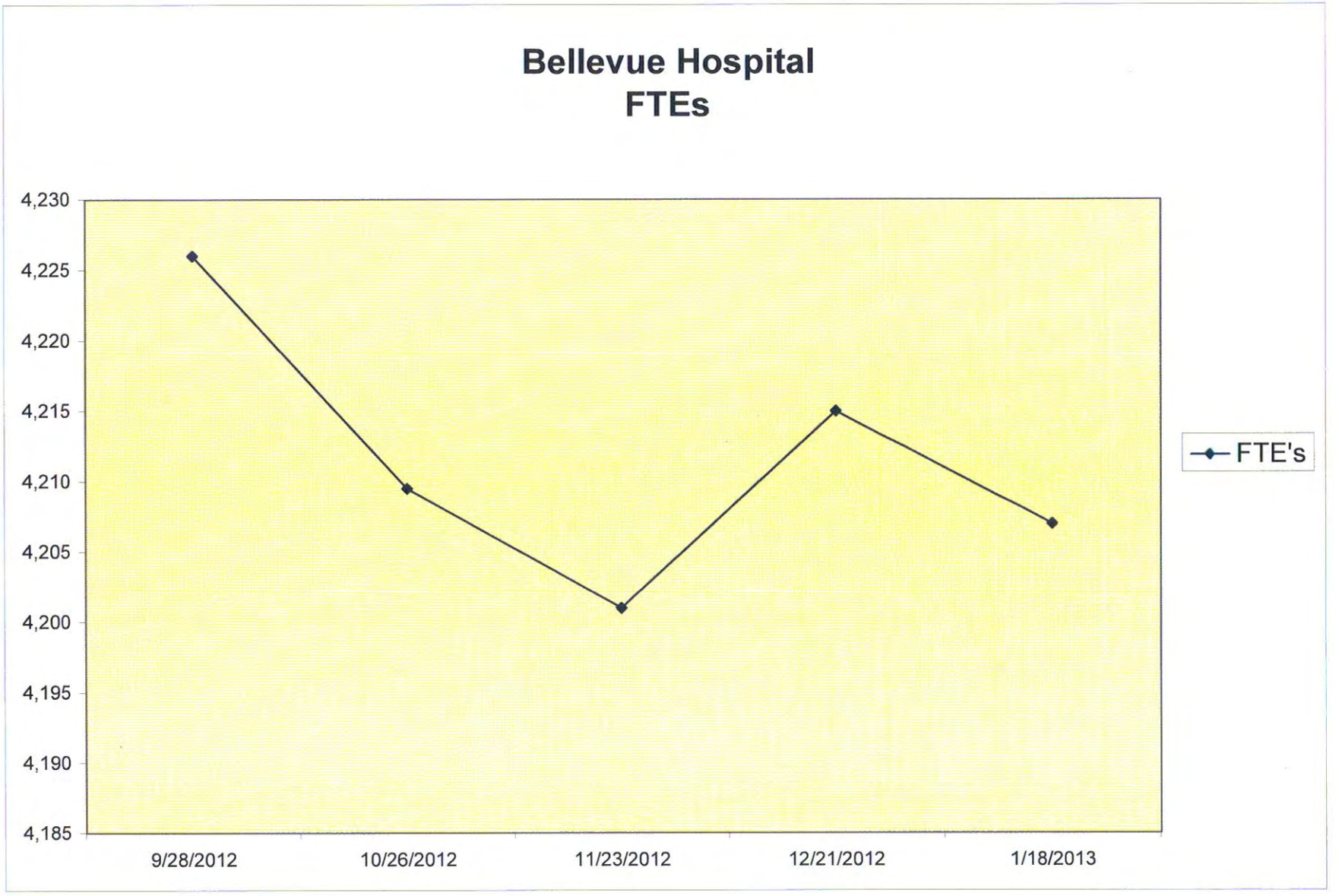
800
700
600
500
400
300
200
100
0
September
October
November
December
January
Overtime


Bellevue Hospital
FTEs
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4,185
9/28/2012
10/26/2012
11/23/2012
12/21/2012
1/18/2013
FTE's