

**AUDIT COMMITTEE
MEETING AGENDA**

October 13, 2016

10:00 A.M.

**125 Worth Street,
Rm. 532
5th Floor Board Room**

CALL TO ORDER

- **Adoption of Minutes September 08, 2016**

Ms. Emily A. Youssouf

INFORMATION ITEMS

- **Audit Update**

Mr. Chris A. Telano

EXECUTIVE SESSION

OLD BUSINESS

NEW BUSINESS

ADJOURNMENT

MINUTES

AUDIT COMMITTEE

MEETING DATE: September 08, 2016
TIME: 11:00 AM

COMMITTEE MEMBERS

Emily Youssouf, Chair
Josephine Bolus, RN
Mark Page

OTHER MEMBERS OF THE BOARD

Dr. Lilliam Barrios-Paoli

STAFF ATTENDEES

Antonio Martin, Executive Vice President/COO
Steven Bussey, Chief of Ambulatory
Maureen McClusky, Senior Vice President/Post-Acute Care
Salvatore Russo, General Counsel, Legal Affairs
Ana Marengo, Senior Vice President, Communications & Marketing
Colicia Hercules, Chief of Staff, Chairman's Office
Patricia Lockhart, Secretary to the Corporation, Chairman's Office
PV Anantharam, Senior Vice President/Corporate Chief Financial Officer
James Linhart, Deputy Corporate Comptroller
Paul Albertson, Vice President, Materials Management/Central Office
Maxine Katz, Senior Assistant Vice President, Finance
Michael Zaccagnino, Chief Administrative Officer/Hospitals
Donald Ashkenase, Assistant Vice President, Office of Medical & Professional Affairs
Gassenia Guilford, Assistant Vice President, Finance
Wayne McNulty, Corporate Compliance Officer
Roslyn Weinstein, Senior Assistant Vice President, Office of Facilities & Development
Louis Iglhaut, Associate Executive Director, Office of Facilities & Development
Christopher A. Telano, Chief Internal Auditor/AVP, Office of Internal Audits
Devon Wilson, Senior Director, Office of Internal Audits
Chalice Piña, Director, Office of Internal Audits
Carol Parjohn, Director, Office of Internal Audits
Steve Van Schultz, Director, Office of Internal Audits
Carlotta Duran, Assistant Director, Office of Internal Audits
Frank Zanghi, Audit Manager, Office of Internal Audits
Armel Sejour, Senior Auditor, Office of Internal Audits
Sonja Aborisade, Senior Auditor, Office of Internal Audits
Melissa Bernaudo, Senior Auditor, Office of Internal Audits
Sam Malla, Senior Auditor, Office of Internal Audits
Gillian Smith, Senior Auditor, Office of Internal Audits
Barbarah Gelin, Senior Auditor, Office of Internal Audits
Erica Naime-Hamilton, Staff Auditor, Office of Internal Audits
Jean Saint-Preux, Staff Auditor, Office of Internal Audits
Linda Maldonado, Staff Auditor, Office of Internal Audits
Roshney Kaur, Staff Auditor, Office of Internal Audits

Conny Lizarazo, Executive Secretary, Office of Internal Audits
Arnold Saperstein, President, MetroPlus Health Plan
Vincent DelKiudia, Director of Pharmacy, MetroPlus Health Plan
Shamin Kabir, Security Manager, MetroPlus Health Plan
Aleem Baig, Director, MetroPlus Health Plan
Alex Goldfarb, MetroPlus Health Plan
Edward Alonso, Director, MetroPlus Health Plan
Diana Almonzar, Corporate Compliance Officer, MetroPlus Health Plan
Raven Solon, Privacy Officer, MetroPlus Health Plan
Jay Weinman, Chief Financial Officer, NYC H + H/Bellevue
Kiho Park, Associate Executive Director, NYC H + H/Elmhurst
John McNelis, Chairman of Surgery, NYC H + H/Jacobi
Anna Cassidy, Senior Administrator, NYC H + H/Jacobi
Pamela Turner, Perioperative Services, NYC H + H/Jacobi
Gail Gantt, Medical Records, NYC H + H/Jacobi
George Pagan, Hospital Police, NYC H + H/Jacobi
Caswell Samms, Chief Financial Officer, NYC H + H/Harlem
Francisco Mercado, Senior Associate Director, NYC H + H/Lincoln
William Maisonet, Controller, NYC H + H/Lincoln
Anthony Saul, Chief Financial Officer, NYC H + H/Kings County
Ron Townes, Associate Director, NYC H + H/Kings County
Elsa Cosme, Chief Financial Officer, NYC H + H/Gouverneur
Tracy Green, Chief Financial Officer, NYC H + H/Metropolitan
Erica Soiman, Chief Financial Officer, NYC H + H/Woodhull

OTHER ATTENDEES

Office of State Comptroller: Justine DeGeorge, Analyst
PAGNY: David N. Hoffman, Compliance Officer

**SEPTEMBER 8, 2016
AUDIT COMMITTEE MEETING
MINUTES**

An Audit Committee meeting was held on Thursday, September 8, 2016. The meeting was called to order at 11:00 A.M. by Ms. Emily Youssouf, Committee Chair. Ms. Youssouf then asked for a motion to adopt the minutes of the Audit Committee meeting held on June 9, 2016. A motion was made and seconded with all in favor to adopt the minutes.

Ms. Youssouf turned to Chris Telano for the Internal Audit update.

Mr. Telano saluted the Committee Members and said to turn to page three of the briefing. The first audit completed was of corporate bank accounts. First, we should recognize who is going to respond to these findings; PV Anantharam, Chief Financial Officer and James Linhart, Deputy Corporate Comptroller. Mr. Telano then stated that he will go through all the findings first, and they can respond to each one afterwards. The first finding was that eight individuals who no longer work for Health + Hospitals still had authorized signatories on 15 bank accounts. Seven of those individuals were terminated from dates ranging from 1990 to 2012, and one individual had been transferred.

The next item was that there was reconciling items on two payroll bank accounts that was described as "differences under investigation." Those differences totaled \$940,000. The next issue was about one individual who had excessive amount of responsibility as he was receiving and endorsing and depositing checks and preparing the corresponding journal entries and the bank reconciliation for some of those checks. Next was bank reconciliations were not always completed timely both from the facilities and by the Corporate Office, and the last issue was that there was an excessive amount of stale dated checks dated as far back as January 2014 on the reconciliations.

Mr. Anantharam stated that he wanted to say thank you. There are a whole lot of findings here that clearly need addressing. Mr. Linhart will elaborate on each one of those items.

Mr. Linhart reported that the Office of Internal Audits issue related to removal of unauthorized signers on bank accounts, was that we should perform semiannual review of authorized signers on all corporate bank accounts and follow up with the bank to ensure that all actions that are pertaining to signatories are acted upon timely. We took those people that were on the account, that process was started in July of 2016, and we received confirmation from the banks that the process had been completed as of August 2016. There are two initiatives that we can take when we are sending information to the banks. We can do the add and delete notification, which is the replacement of individuals as they come on board and as people leave, or we can use the replacement notification with the bank, which we would actually say send all new signatures for everybody regardless if they are still on board or if there are any new. Moving forward we are going to use the add/delete if there is only one individual that is coming on board, but if there are more than one, we will do a replace.

We met with the Chief Financial Officers (CFOs) and we are going to use this process and will spread this out to the facilities as well because at the facility level there are 117 additional bank accounts that we want to make sure the proper signatories at the facilities are on file too. The CFOs are going to bring that back to their staff at the facilities, and they are going to implement that process as well.

Ms. Youssouf stated that that sounds like a plan.

Mr. Telano added that that is good because we just completed an audit of cash at Woodhull, and we did have the same finding of their bank accounts.

Ms. Youssouf said that having one system throughout creates great solutions.

Mr. Linhart continued and said that with regards to the irreconcilable payroll differences, Mr. Telano and his team found \$940,000 that was irreconcilable. We actually asked our Payroll Department to perform a reconciliation. They inquired with Enterprise Information Technology Systems (EITS) to assist them. In the interim, we decided to request Office of Internal Audits' assistance as well to perform a forensic review to find out where the differences reside. We do not feel that there is money going out the door. The actual amounts that posts to the payroll ledger move over to the GO every cycle, so that's not the issue. The issue is something happened in the past which is causing this irreconcilable difference right now. It is believed

that it has something to do with cancellations, but like I said, the Office of Internal Audits is going to assist us and help us track that.

Mr. Linhart reported that the lack of segregation of duties for check receipts, when we were notified, the next day I implemented procedures that take apart all of the transactions that one individual was doing. Mr. Matthew Lee was accepting the checks, endorsing the checks, logging the checks and sending them in for the machine to actually deposit them. Now there are three individuals who take part in the check receipt process. One person receives the checks, creates a log, and submits that to the assistant director of cash receipts, who reviews that log to make sure that all the checks are accounted for. Then the checks are given to Mr. Matthew Lee to endorse and deposit the checks, then the assistant director for cash management, cash receipts, reviews the log daily to make sure that everything was deposited. This was enacted immediately, and the Office of Internal Audits noted that in their review as well.

Untimely completion of bank reconciliations – yes, there were 26 of 151 of the facility bank accounts that were not reconciled timely, and 19 of 19 or 100 percent of the Central Office bank accounts that were not reconciled within the time frame notified within Operating Procedure 40-15, which is completed by the 25th day of the following month or the next business day thereafter. These accounts consist of at the facility level collection accounts, cap corp accounts, debt payroll accounts, Medicaid transportation accounts and custodial accounts. From our perspective in Corporate, there are cap corps' accounts where all the pooled payments, the HIPAA payments go through, a collection account, two payroll accounts and an accounts payable account and then the main operating account, which is the sweep account. Once everything goes to the cap corps' account and we pay off our bond liabilities, it gets swept into the main account. We are in agreement with their findings, and we will start enforcing Operating Procedure 40-15, and we will require all facilities to also send copies of the quarterly bank recs to us as well to make sure they are in compliance too.

We also had the absence of financial guidelines, which is the treatment of stale dated checks. We do follow a procedure which is under New York General Municipal Law Section 21, which deals specifically with wage payments related issued by a municipal agency, so we do follow that, but we just do not have a process, we don't have an outline that we state how we follow it.

Ms. Youssouf asked if they are putting an outline together? To which Mr. Anantharam replied yes, we will outline a policy that will spread across the Health + Hospitals.

Mr. Youssouf then said that I would like to thank you because you guys have taken care of everything really quickly and acted upon it, so it makes us happy.

Mr. Anantharam stated that we definitely see this process as illuminating, and I think we can find a lot of these arise because of the fact that we had a metro pay system, and now they are trying to bring them all together so it is integrated. He then thanked the Internal Audit team.

Ms. Youssouf added, as you said earlier, Internal Audits is your friend.

Mr. Linhart added that we always say that.

Mr. Telano said thank you and continued with the next audit, system access controls at MetroPlus. He asked for the representatives to approach the table and introduce themselves. They did as follows: Dr. Arnold Saperstein, President; Alex Goldfarb, MIS Development; Edward Alonso, Director; Aleem Baig, Director; Shamin Kabir, Security Manager.

Mr. Telano stated that he will go through all the findings at one time, and then you can respond to them in order. The first finding was that at the time of the audit the portal that was available for MetroPlus members on their website was very limited. We noted that certain features that are available on some of their competitors such as viewing the explanation of benefits, viewing claims, reviewing recent services and searching for invoices or bills and checking eligibility, they were all examples of what was not on their website at the time of our audit.

Second, we found that some employees had some segregation of duties issues regarding some of their systems, For PowerSTEPP, which is the application used for processing claims primarily, the Finance and Claims Department have access

to that, and this presents a risk that they can process claims issued in their own names. We also found the Utilization Management Administrative Staff have the ability to approve a claim within CareConnect, which is an application used to communicate and track claim authorizations.

The next finding was about upon starting the audit, we had requested a list of all applications, all systems that are utilized by MetroPlus, and by the end of the audit, we had still not received a full listing of all their applications.

The next finding is regarding what they call "LAN forms" that are completed manually to provide employees with access to systems and also completed to deactivate system access. Many of those forms were late. Many employees still had access to these systems although they were terminated, and these systems are PowerSTEPP and VPN in the network.

Another finding has to do with PowerSTEPP in which the audit logs feature was not utilized, and this provides a history of activity of transactions, and no one was looking at that, which we recommend that as a valuable control.

Lastly we found that within PowerSTEPP and the network applications there were many generic users set up with names such as "Test" and "Training" and very ambiguous names that had no accountability of who was signing in at the time. Those were our findings, and you can address them.

Dr. Saperstein saluted the committee and stated that he will try to address each one in a succinct manner, and if you have any questions or want more details, the people that are with me can help. First of all on the portal access, we actually were in the process of upgrading our portal and adding more functionality before the time of the audit, and as of May 6th we launched our new portal, and now individuals can search claims by date range. The individual can view their own claim status, whether it was paid or not paid or how much was paid. They can view their account summary with their own payment history of how much we paid out for them and also how much they have paid in for those individuals that pay for their own premium, and they can also verify their own eligibility.

Ms. Youssouf if everything is done for the first one? Dr. Saperstein answered everything is done.

Dr. Saperstein added that he should have said that at the beginning. The last, functionality, since a couple of years already an individual can go online and pay for their premium, but now we are actually going to be adding a secure payment setting that they can put in their credit card and have it billed every month. It was one of the suggestions. Basically everything that was suggested and a little more has actually been accomplished.

The second item was about the role based access controls in PowerSTEPP. That is in the process of being fully completed. There are currently 99 levels of security access in our system, and there are 24 different set ups. What we used to do is for example if I left, somebody could say set up the profile like Arnold Saperstein. What was suggested was that we have role-specific designations rather than people-specific designations. Mr. Baig is currently in the process of documenting the nine, there are nine departments, and specific roles in each department. That's currently in the process of being documented. We have set up the security already, but we are documenting the specific roles, and we expect that we will need about six more months to get all of the different areas fully documented, but it is well in process now.

Ms. Youssouf asked what that means for the 99 levels, what is going to change? Dr. Saperstein responded that the system allows 99 different levels of security, like read only one screen, the member screen, read only member and claim, so there is multiple read only. Then there's we could actually do data entry. Then there's system setup.

Mr. Baig added that we currently use 26.

Dr. Saperstein said that we are specifically documenting those roles now, and rather than saying it's a person, it's now going to be a role, this department, this role to make it very clear.

Ms. Youssouf asked that you will have a title and whatever the title is, and then the system will allow them to access 15 let's say of the items of the screens or whatever, that will be seamless, and you think six months. Dr. Saperstein answered correct.

Mr. Baig added that we started this project a few weeks back. We just completed our estimation. It will take somewhere between four to six months to complete the documentation, and it will change from where today we just mimic somebody's role to actually saying "Claim Examiner Level One." That's the role that's being assigned. It is a very good recommendation and we are going to follow it.

Ms. Youssouf said that she is sure Mr. Telano will follow up. Mr. Telano said that we will follow up as always.

Dr. Saperstein continued with the next areas about role-based access because we had care management associates and administrative staff that were doing similar jobs. We actually eliminated all of the administrative staff titles and made everybody one title so that -- because there were people doing similar functions under two different titles, so we merged the two titles into one. They were doing the same work even though they had two different titles, so now there is a specifically defined role for the function that they were doing, so that was also completed.

Mr. Martin asked if the administrative staff were doing UM, and then you had clinical staff doing care management.

Dr. Saperstein answered that this is not referring to the clinical staff. It's CMA which is a care management associate, which is also an admin staff that would do follow up to the patients and documentation, and due to the need for staff, all of the people called admins were trained to do the same thing, but they were functioning of two different titles. They are all administrative support to the clinical staff, but they are now all functioning under one title rather than two.

The next was the question that at the time the applications and the security hadn't been documented. I checked with OMI. All the documentation was actually completed. We are doing security risk assessments on every single one of the applications, and we completed them on 104 of our MetroPlus applications. We have done the documentation and the security assessment, so that's also completed.

Mr. Kabir reported that we have less than a hundred left. About 80 left we have to do for risk assessment. We have identified all the applications, but now we are going through the process of actually performing a risk assessment of the applications.

Ms. Youssouf asked if this was brought to your attention by Internal Audits? Mr. Kabir responded that actually we started prior to Internal Audits coming in. That was one of the first things we started when I was there. I started in January. We anticipate another 40 being completed by the middle of October and the rest will be completed toward the end of the year.

Dr. Saperstein stated that the next item is dataflow in PowerSTEPP, and Mr. Baig has told me that everything has been documented, and we shared with the audit team our response.

Mr. Baig said that at the time of the audit, this wasn't available, but we did complete the documentation, and they were sent to the audit team right after.

Mr. Martin asked how long were you doing your audit within MetroPlus? How long did they have to respond to your request? To which Mr. Telano responded that we were there for four months. It took us a long time, we started in January and we completed first week of May. We request documentation, and then we give individuals five business days to provide it. Either it exists or it doesn't exist or we at least want to see it, see the original documents, and then we can go through the documents that we requested specifically. In most cases we did not receive these documents within five days. We may have received it much later, which at that time we can't verify the validity that it would have existed at the time of our request. We may have received it at the end of the audit, but now since we have a limitation as to length of time as to when you can provide the documents, we don't know if they just prepared it based on our request or it really existed, so we don't accept it as a valid document.

Mr. Martin stated that he just wanted to get that point across.

Ms. Youssouf added that obviously from what I understand it's important because in an audit if you take too long, it can appear as though you created it just to answer the question, which is kind of backwards.

Mr. Telano said that if this exists, five business days I believe is reasonable, and if there are extenuated circumstances, we will give an additional five days. It is up to ten business days, and sometimes if it's in storage, we will wait, and just to expedite the process, we will say show us where it is, you can pull it out later and then show us, bring us to the filing cabinet or wherever it might be. In this case it wasn't in existence.

Mr. Saperstein stated that the next item you had mentioned had to do with LAN forms and people that were terminated. On the outset when a person is terminated we eliminate their access into our network, so they could not have gotten into these secondary applications. However, it is very important to ensure that every application is removed and shutdown. But the old process was is the HR department would send an e-mail to our helpdesk, and they would have to go and manually turn off the access to the application. We are switching to a system called Service Now that will be fully implemented by the end of this year.

Mr. Alonso added that we are going to do what is called a service catalog, which would help with this process. We will also streamline the process with HR, so we are taking every bit of Internal Audits' recommendation.

Ms. Youssef asked if there are any systems that we have – it sounds like you are buying and implementing new systems, which is going to be expensive.

Mr. Telano said that they use some of our financial systems already.

Ms. Youssef then stated that for some of these other items, is there anything that we already have?

Mr. Alonso answered that he believes NYC Health + Hospitals uses PMC Remedy. We made an effort not to use that. We would rather use Service Now. PMC Remedy we felt it's very difficult to configure. It takes very specific subject-matter experts where Service Now is a cloud-based solution that is quite easy to implement.

Ms. Youssef asked do you coordinate or do you speak to the head of IT at H + H to see if there's some built-in solutions for some of these things rather than just because obviously it's got a much bigger organization? And if you don't, going forward I would suggest it because it makes sense I think since they have looked at so many systems and are expanding.

Mr. Martin added that it makes a lot of sense, and I don't know the extent of collaboration between the two entities. I would certainly make a recommendation to Sal Guido that he get with Arnie and his team to see how we could mutually support each other. I agree.

Then Ms. Youssef stated that that would be great. I think we might be able to save money all the way around if that happens.

Dr. Saperstein stated that the next item is the E1B, which has to do with tracking, being able to audit who accesses what systems and what pages. As of September 1, 2016, we fully implemented audit flags, and anyone accessing any member information on any page is now tracked and being able to be audited on PowerSTEPP. The audit flag is fully on and functioning.

The last item I think was about the question of the generic user names such as "Test," "Update" and all. Those were all set up as training IDs. At the recommendation of the Audit team, we eliminated a hundred training IDs. So we are now actually going to give somebody their own ID to be able to train them, but there are 40 system IDs that are not ours that are internal to the vendor that allows them to process claims, and Aleem knows a lot more about this. Those system IDs are not available to an outsider to log in. They are actually batch processing IDs that are used, and six of these can't be turned off. If we wanted more information on that, Mr. Baig would have that.

Mr. Baig said sure. The training IDs were terminated, and as Dr. Saperstein said, we are going to assign user IDs specific to the user that's being trained, so that's been eliminated. In the background, there's system functionality where multiple systems talk to each other. For example, we have for authorization a system called ePower. In order for ePower to communicate back to the core system, there are system IDs that are set up in the background where a user can't log into it but system communication needs to happen, so those we cannot eliminate. There are four different production IDs that we use on a regular basis. Those have business needs, and based on the recommendation from the audit, we are going to document the

need for those user IDs to be around. One of them is a CheckRun. It might be like on a Wednesday night when we schedule a check run. It needs to be scheduled under an ID. It can't be just scheduled, so one of them is used for that.

Ms. Youssouf asked if there is an individual or people that's a certain title within the organization that runs some of these items? Are you telling me the system just does it's automatically by itself?

Mr. Baig responded that we schedule it, and those are scheduled under specific IDs. For example, check run is scheduled to run Wednesday nights. There's one ID that the check run is under. The way the system is configured, certain processes can only run under specific user IDs. That's why they have to be scheduled under user IDs, and those IDs are IDs that pull EDI files for example. So when H + H is submitting their claims, we have a process where it pulls those claims into the system, so those IDs are set up to pull those claims automatically from the process.

Ms. Youssouf asked if they have their own internal audit. Dr. Saperstein responded yes, we actually have our own internal audit department.

Ms. Youssouf asked how many people? To which answered It is two people. We have an audit and compliance committee that's part of our board. Our audit and compliance committee meets each quarter and reports up to our full board, and Mr. Rosen on a quarterly basis submits a report to the full board.

Ms. Youssouf asked did your internal audit group find any of these things?

Dr. Saperstein answered that we have done many different audits over the last few years. The one that's been most evident to us has been the LAN issue, the forms to turn off people's access. That's something that KPMG focuses on every single year. We put very strict policies in our HR department to make sure it happens. Though we realized it is not as good, so we put the manual process in place to try to meet KPMG. Because of that we are actually making the investment in a system to ensure that the controls are in place and that there isn't room for an individual to make a mistake.

Mr. Martin added that he would recommend a closer relationship with Mr. Telano, I don't know how you feel about that.

Dr. Saperstein stated that he met the new internal auditor who has worked in health plan internal audits. He's been at Horizon and at Emblem. He has a tremendous amount of internal audits specific to health plans. Our risk is HIPAA, which involves some of this, is marketing infractions, which we've actually audited a number of times to make sure that everything is done aboveboard, to make sure that we pay our claims and our prompt pay is done on time, to make sure our customer service meets regulatory needs. Those are audits that we have done. This person has knowledge. He told me he is starting two weeks from this past Monday. We will have our audit team fully back in place.

Ms. Youssouf suggested that the new auditor meets with Mr. Telano to come up with some understanding because as far as all the HIPAA stuff, our compliance is right on top of it, and Mr. Telano with Internal Audit, I think it would good before he starts even or the week he starts he can have meetings so everybody is on the same page if that's not overstepping our authority.

Dr. Saperstein said that he spoke with the new auditor about the need to meet with Mr. Telano and to align what we do and Health + Hospitals. We want to work all year and do our internal audits. We also understand the relationship with Health + Hospitals, so it is our goal to collaborate as much as possible to share whatever information we find and also that Mr. Telano is involved and sometimes when the external auditors coming in. In our minds Mr. Telano was very open and sharing everything we did, and we would like to continue that relationship.

Ms. Youssouf said that she thought it would be a good to have this set up in the beginning and she thanked MetroPlus.

Mr. Telano continued with the briefing and stated that our next audit was operating room management at Jacobi. He asked the representatives to approach the table and introduce themselves. They did as follows: George Pagan, Assistant Director of Hospital Police; Pamela Turner, Director of Perioperative Services and Director of Nursing; Amanda Cassidy, Chief of Staff; Dr. John McNelis, Chair of Surgery; Gail Gantt, Director of HIM.

The first finding has to do with cancelled cases. We had selected 79 cases that were cancelled, and we found that in 55 instances they were unable to replace the cancelled case, and that means that 125 operating room hours were not utilized. Our finding basically deals with that there was a lack of statistics being kept to monitor the reason that surgeries are being cancelled, and we felt that this was important in order to ensure that the high number that we found would not continue. The second finding had to do with the reasons that these cases were cancelled. Of the 79 selected cases, we found 25 in which the explanation was not noted in the electronic medical records system, QuadraMed. The third finding has to do with operative reports, and there were over 6500 operative reports for the calendar year 2015. We found 190 in which the attending physician did not authenticate their own dictation in QuadraMed or dictation done by a resident. The way it works is that they verbalize the procedures that occurred during the case, and a dictation company or vendor will write it up, and they need to confirm that the vendor properly wrote everything.

Ms. Youssouf asked if any of these items put us at risk? To which Mr. Martin responded yes, particularly the one Mr. Telano just spoke about.

Mr. Telano continued with the last finding that has to do with the system which provides access to the operating room. The report mechanism was not adequate as it showed over a thousand individuals had access of which we found 420 names that we could not trace to any employee record or agency record or student or resident, so we questioned the validity of that report and of the system being used.

Ms. Cassidy stated that we can start with the first comment about cancellations. At Jacobi, we have in this year that the audit took place about 6200 procedures, and certainly we do have some cancellations. As it relates to statistics, we have 14 different reasons for cancellation, we track them by service. We know the top three, the top one is orthopedics, and there are valid reasons for those cancellations. I think Mr. Telano's group was really looking at if you have a cancellation, what do you do at that time, which is elective time in an operating room, which is very expensive we can all agree, and it becomes unproductive time. In the last five, six years H + H has had perioperative counsel that we report on a monthly basis cancellation as one of our metrics. We have consistently addressed it at the OR committee, which is our medical executive committee, where we trend and track, and I agree we probably should try to even do better; however, many of the cancellations are beyond control. The ones that are administratively possible to control, we put more systems in place, so I should say enhance the system of reviewing on a daily basis at the end of the elective day and the following morning for those cases where we did not capture the reason for the cancellation.

We still continue and I'll acknowledge it when you look at the reports, we still fail in capturing 100 percent of the reasons for the cancellations. We have gotten better, and the audit really brought it to the forefront that we really have to continue to track down the resident, the PA or the attending to find out the reason. Now, if we do, the reason is documented by administrative staff who do not go into the electronic medical record, can only put it in the tool, which captures the reason.

Ms. Youssouf asked could it be a doctor or intern who gives the information to the administrative staff to put it in the medical record? To which Ms. Cassidy responded absolutely.

Dr. McNelis added that our expectation is that three things will happen. The reason will be documented on the medical record and as far as broken down by service and reason, we did find that orthopedics and some of the other specialty services, there are two things that have to happen, one the documentation, and two there must be a discussion with the primary team letting them know at the time of cancellation why the case is being cancelled.

Ms. Cassidy said that it is noteworthy also to point out that 80 percent of our cancellations are performed within the next month to two months, so it's not that we lose our cases or that there's leakage.

Ms. Youssouf said that that is not the issue. The issue is that the operating room is fully staffed, everything is ready to go, and as you correctly noted it is very expensive.

Mrs. Bolus asked if you have a system where if people are waiting to have surgery, could they actually be moved up within a half hour or an hour to really utilize that space? Ms. Cassidy answered absolutely – the only time we cannot is if that surgeon is already involved in another procedure or is not available, and there may be other reasons, the right team doing the particular specialty or even the instrumentation that has to be prepared in advance if it's a different type of case.

Mrs. Bolus then asked how successful are you with that? To which Ms. Cassidy responded that I think we do a really good job.

Dr. McNelis referred to the second issue pertaining to completing the medical record in a timely fashion. The issue isn't so much that -- there's a 30-day time period to have our medical records completed. Unfortunately, some of our attendings were not aware of the fact that when they dictate a case, when they themselves dictate they must go ahead and then verify it, so they were reeducated on that, and secondly we are getting a more timely report, almost a daily report as to which cases are still outstanding, and we are also getting reports as to which cases are within 30 days.

Ms. Youssouf asked if the attendings were not aware they had to verify?

Dr. McNelis answered yes, they thought when they dictated the case, they were done, and the other problem was a delay in getting cases into the queue. That is not the case anymore, now the case they dictated yesterday is in their box today.

Dr. Barrios-Paoli asked if that is when they have to go and verify? To Dr. McNelis answered yes, and as long as they are checking it could be for anything. For instance if you are in clinic and you want to sign off on all your clinic notes, your discharge summaries will appear among the clinic notes, so it's very hard to miss them now.

Mr. Martin added that that is your job, to make sure your people know what they are supposed to do, and this is a serious regulatory issue. If you had a regulatory body come in and look, you couldn't give that as an excuse.

Ms. Cassidy said that I want to make one thing clear though. The attendings do verify when a resident or PA is dictating. This issue, which came as a surprise to me, that if the attending dictates he has to go in and hit another button verifying his own dictation. It's really a system failure that we weren't even aware of, so now we are trying to raise everyone's awareness that Dr. McNelis, who usually dictates his own notes, has to verify his own notes.

Dr. McNelis said that I think there might be a misconception. They had been so used to verifying the resident notes that there was an assumption that when they physically did the dictation themselves and reviewed and then didn't click the accept button that was somehow -- that was the missing piece in all this. So it is ironic that when the attending actually is doing the dictation themselves and not delegating to a resident, that's when we were getting into trouble.

Mr. Page asked what does verification accomplish? Does the physician actually -- you are expecting him or her to read the transcript and see what it says? Does the transcript often not reflect the words spoken by the person who dictated the notes?

Dr. McNelis answered that the second part is no. It's a transcription of what was dictated, so if I was to do a hernia repair today, I would dictate the hernia repair and it would come back to me. Yes, the expectation is, and this is across the board, that they look at the dictation, make sure there are no errors that may or may not be theirs, that everything is transcribed as they had dictated it that particular day and as they were called, so the answer to that question is yes. The second part of the question is no. We don't anticipate there would be great differences between what gets transcribed and what the surgeon says. Often what is missing in the piece is sometimes words over a telephone line will be unintelligible, so there will be blank spots that needs to be filled in.

Mr. Page asked does the person reviewing the transcript amend it as they are reviewing it?

Dr. McNelis responded yes, that if required there is a method to amend it.

Mr. Page then stated that dictation sounds like a significant timesaver. The go-back sounds like the kind of thing that if you are extremely busy you don't do and put off.

Dr. McNelis said that most of us actually will go back and review it because we want to make sure that what gets on the permanent record -- actually all of us do it. The question is the fact that it was dictated and they had reviewed it that it was automatically going in the chart and it was automatically completed. It wasn't that they are not dictating. It's not that they are not reading. It's not that they are not even verifying the resident's note. It was just this crazy assumption they could have

thought that because it was done and they didn't hit the accept button that everything was okay. That is now as far as we are concerned until they hit that accept button it's an incomplete record.

Mr. Martin asked if it's a legal document. The expectation is once there was a dictation that there is a validation by a signature that what is on that piece of paper actually occurred, and that's why the rule is that it should be done within 24 hours of dictation because think about if you are waiting a month to think about what you did a month ago, you forget, so it's an issue.

Dr. McNelis stated that it is standard, the dictation, but the review time depends on when it gets back to you too, but the expectation is that the dictation will be done laterally within 24 hours, but the real expectation is that the verbal dictation is to be done at the end of the case.

Mr. Pagan said that in agreement with the audit team, the access controls that we have in place is first generation. It's really, really outdated approaching end-of-life, so we are in talks with IT and our current vendor to upgrade the system to a newer version, and that's something that is necessary to move forward. We already have a quote in place and are trying to identify any other problems that we can take care of.

Ms. Cassidy stated that the department has enhanced it based on the audit.

Mr. Pagan added that we did enhance, with Human Resources, they give us daily e-mails informing us of anybody that separated in the facility. Before we didn't get that at all. Now we have that support.

Ms. Youssouf asked have you increased in the meantime anything to check access? How do you check access now? Because my only concern is that if you wait until IT, this could take a long time.

Mr. Pagan responded no, if you need access, we get permission from the higher-ups to give you access, and that access level is dated, so the beginning date if you start today to the end date would be two years from now. If you're terminated before that date is up, we are notified immediately and are terminating your access.

Mr. Page stated that I guess what bothers me about this is, it sounds to me as though, you have this sort of expedience for somebody who I would imagine most of the time is actually supposed to be present in the room and is getting themselves there and they don't necessarily, and the technical question is whether they have official electronic access that has fallen behind, and then you have these expedience to get around that ultimately it would seem to me that we are talking about the edits, but you probably have a system problem, which is why people have these workarounds, and it would seem to me that you really need to be focusing on the functionality of the system then, the convenience of the system to meet what people need to get their jobs done in order to really fix your difficulties with compliance, which are coming up here.

Ms. Cassidy said that the system is limited in what the department head could do or get a report, so it really is right now a manual system where we collaborate with HR related to who is leaving and who is being on boarded, and it's being done on a daily basis versus what used to happen before when it was either quarterly or every six months. Since the audit, the system has been cleaned up. They are pursuing an upgrade to the system, and it's a matter of allocating the funds to do that and working with IT to maybe even get a better system instead of working with this 20 years old.. It's also important to note that unless you have a swipe card, you cannot access this restricted area. Now, the trick to that is the workaround is they wait for someone and slip out. The good thing is the OR staff is very diligent about noticing or excuse me who are you even at the point where if it's a vendor, they must sign in, identify themselves, know where they are. They wear an unusual red color hat so the staff knows this is a vendor, not one of our staff. We have a lot of systems in place. I just think the automation works against us because it's an old system.

Mr. Martin added that Ms. Cassidy is right. We need to do more to upgrade our systems, but the broader issue that is being referred to is an issue of the terminated employees and us making sure. That was my charge from a while ago, and we were capturing at the time you had asked me 55 percent of our employees. We are now at 85 percent, so there are a number of systems that have been put in place so that when people separate, there is notification to HR, IT is notified, and they are sort of like separated from all the systems within our hospital. We haven't gotten 100 percent right yet, but we have made a lot of progress.

Mr. Telano continued on with the briefing, an audit was conducted of the training center and construction project at Metropolitan. He asked the representatives to approach the table and introduce themselves. They did as follows: Roslyn Weinstein, Vice President for Operations; Louis Iglhaut, Associate Executive Director.

Overall, we found that the records and documents were not maintained in accordance to policies and procedures. For example, four work orders did not include a clear scope of services, four capital contracts were lacking documentation on the employees' pay stubs related to prevailing wages, contractor's daily reports and construction managers logs were not always maintained, and four change orders we found were approved after the project was completed.

Ms. Weinstein thanked and appreciated Mr. Telano and his group for coming. Then stated that it puts us on our toes, and we always learn something new. To answer the four items, Mr. Iglhaut is here to respond.

Mr. Iglhaut saluted everyone and reported that the four work orders that did not include a clear scope of services outlining the contractor responsibility, we did have walkthroughs with our design people to verify a scope of work for all our contracts. What we weren't able to produce was the documentation. This project was on a 90-day schedule. We had to meet the EPIC rollout project for the IT people within 90 days. We cannot make this linear, so we actually had our design people walk through, verify scope, and later on with the change order the same architectural and design people also verified change orders.

Ms. Youssouf asked as I kind of understand it, Chris, you said you did not think any of these were major items. To which Mr. Telano responded no, they had to do with the disconnect between the written policies and procedures and the current practices, and it could either be that they are not following the policies and procedures or the policies and procedures are in need of an update.

Ms. Youssouf stated that one of them has to be done, and you kind of indicated that you are going to.

Ms. Weinstein answered yes, we have not finished yet. This is a huge book, but we have a committee of people from all the facilities to make sure that it's updated. This certainly points out the places though that we still have gaps.

Ms. Youssouf thanked them and said that that is all we need on that.

Mr. Telano continued with the briefing and stated that an audit of other inventory was conducted at three different facilities, Lincoln, Bellevue and Metropolitan.

Mr. Youssouf said that I don't think we necessarily need it. I think we should explain what the agreement is on how to fix this.

Mr. Telano said that we found that there was an inconsistency with what's being recognized as other inventory. We found that the manner in which inventory was recorded within the General Ledger upon purchase may not be proper and also that items were expensed, recognized value was improper, and that there was also access issues at some of the sites. In general this is a financial audit, and some of the policies and procedures have to be changed and rolled out consistently throughout the Corporation, and that's basically the primary issue.

Mr. Youssouf asked that I thought also that on the amount being 10 million in total that you were going to be contacting or do you want to talk about this?

Mr. Anantharam responded yes, we agreed there needs to be consistency in recording other inventory and the guidelines of the recording. We will reach out to KPMG to evaluate. We already discussed the matter with the CFOs and are in concurrence that we all need to do the same thing and not different things. In addition, we will reach out to KPMG to understand the magnitude of the inventory and its impact on our financial status.

Mr. Telano stated that that concludes his presentation.

Ms. Youssouf turned the meeting over to Compliance.

Mr. McNulty saluted the Audit Committee of the NYC Health + Hospitals Board of Directors (the "Committee") and introduced himself as Wayne McNulty, Senior Assistant Vice President and Chief Corporate Compliance Officer. Mr. McNulty started with the monitoring of excluded providers. He reminded the Committee that federal regulations provide that no payment may be made by Medicare, Medicaid or any other federal health care program to an excluded provider or entity. Mr. McNulty then requested the Committee to move on to page four of the report - - paragraphs five and six. In summary, he informed the Committee that since the last time the Committee convened in June, NYC Health + Hospitals (the "System") had no providers that were excluded from the OIG or OMIG programs for Medicare and Medicaid. However, he explained, in sum and substance, that the System did have one vendor that appeared on one of the Government Services Administration's list of excluded parties, and as a result the System suspended business with that particular vendor. He further explained, in pertinent part, that, to meet Medicare conditions, the System does not engage with any vendors that are excluded on that particular list.

Mr. McNulty moved onto section two of the report - - privacy incidents and related reports for the second quarter of calendar year 2016 on April 1st to June 30, 2016. He explained that, during 2nd quarter, the Office of Corporate Compliance received 30 HIPAA complaints. Out of the 30 complaints, he elaborated, 20 were confirmed to be HIPAA violations and nine of those complaints were breaches of protected health information. Mr. McNulty then turned to the top of page six and reported, in summary, to the Committee with the following information regarding some of these breaches:

- Lincoln Medical Center - We had an incident that stemmed from a patient complaint that a Metropolitan employee accessed her Lincoln medical record without authorization and released laboratory results to two unauthorized individuals. We did confirm that this occurred. Breach notification was sent to the affected patient, and the person was immediately suspended and is pending disciplinary action.
- Jacobi Medical Center - This occurred in May 2016. This incident occurred when a portion of a package containing copies of a record were lost in transit by the US Postal Service, so we sent breach notification to the affected patients.
- Gouverneur Health Services ("Gouverneur") – this involved 21 blood specimens that were being transported via System courier to Northwell Health Laboratory. The 21 blood specimens were lost. They pertained to 19 patients, and we sent a breach notification to the 19 patients.
- Gouverneur - this incident occurred when we had an employee request for Workers Compensation information to be sent to the Workers' Compensation Board. The facility fulfilled that request but did not send the minimum necessary. They sent information that was beyond the actual Workers' Compensation inquiry, and the Workers' Compensation Board informed the patient but could not return information once the information is admitted into evidence. It can't be returned under their rules, so we had to send a breach notification with respect to that.
- Kings County - An employee release patient information to a mutual acquaintance of the employee and the patient. This employee is pending disciplinary action, and we sent a breach notification to the patient.
- Lincoln Medical Center ("Lincoln") - This incident occurred when an employee inappropriately accessed a patient's record to obtain the patient's personal cell number and then contact the patient to discuss matters that did not relate to patient care or the employee's job functions. The person was immediately suspended, and disciplinary action is pending.
- Lincoln - in June an employee patient care provider contacted the personal cell of a patient. Although, the inquiry was related to patient care, it was beyond the scope of that person's duties, and so this person was suspended and further disciplinary action is being looked at for that person.

Mr. McNulty moved onto item three on the agenda, section three on page nine - - privacy and security awareness training at Health + Hospitals facility programs and units. He informed the Committee that over the past several months, the Office of Corporate Compliance ("OCC") had visited numerous facilities to discuss HIPAA privacy, security and information governance. He then turned to the top of page ten of the report and highlighted the facilities and programs that the OCC had visited:

- Coney Island;
- Lincoln;

- Harlem,;
- Bellevue; Metropolitan;
- Coler-Carter (joint meeting);
- Queens;
- OneCity Health (on DSRIP privacy matters); and
- Home Health.

He advised the Committee that at these meetings he provided a 30 to 40 minute PowerPoint presentation. He stated, in essence, that Information Technology had now joined the OCC to speak throughout all the facilities. He added, in summary, that the OCC recently started to conduct facility privacy and security walkthroughs at the conclusion of the PowerPoint presentation. He stated that the OCC: (i) speaks to the staff members; and (ii) interviews staff members; and (iii) makes sure that staff members are aware of HIPAA privacy and security.

Mr. McNulty stated, in pertinent part, that the OCC looks nationally at all the breaches that have occurred. He stated, in sum and substance, that the Department of Health and Human Services Office of Civil Rights has levied fines and penalties to different hospitals, and over the recent months, these penalties have been in the range from one million to five million dollars. Because these penalties issued by the Office of Civil Rights are very significant, he explained, we go over all of those scenarios so they are aware of these are pitfalls for them to avoid.

In essence, Mr. McNulty stated that he believed the OCC efforts have been very successful. He advised the Committee that the OCC has met with all of the chiefs of services at the different facilities and the chiefs of administration. He further advised the Committee that after the OCC goes through all of the Health + Hospitals facilities, it will then start to meet at the clinical care level, department of nursing, physical therapy and so forth to then go and speak to the line level staff with respect to HIPAA privacy and security. Fundamentally, he explained that these efforts were in addition to the HIPAA privacy and security training that staff is required to take that is computer based.

Mr. McNulty proceeded to page 11, section four, of the report - - compliance reports for the second quarter found in year 2016. Mr. McNulty stated that there were 112 complaints or inquiries that we received through the compliance hotline during that period. Out of those, he commented, there were zero priority A reports. In general, he stated that Priority A reports require immediate attention. He added that there were 49 priority B reports and 63 priority C reports. He further added that two reports were noteworthy - - one was a priority B and one was a priority C. He stated that one involved a Stark matter and one involved a coding matter. He explained that, because these reports were still under investigation, he would brief the committee on them once the investigations concluded.

Mr. McNulty moved onto page 12 of the report and provided a breakdown on how the complaints were received. He informed the Committee that nearly 60 percent of the complaints were received through the health line and another 20 percent were received through e-mail.

Mr. McNulty requested that the Committee turn to age 14 of the report - - compliance training. Mr. McNulty stated that the OCC trains all of the System's health care providers, physicians, general workforce members and governing body members. He then moved onto page 15 and provided a breakdown of the training. Mr. McNulty stated that 81 percent of the Board of Directors were trained and that he expected 100 percent.

Ms. Youssouf stated that I have been assured those who have not been not done yet, will be doing it shortly.

Dr. Barrios-Paoli stated that I had done it, and they lost it, and I have to do it again. For the record I did it twice.

Mr. McNulty continued by providing the following update as it related to compliance training completion:

- health care providers - we have 94 percent complete - out of 17,500 health care providers (e.g., nurses, physical therapists, occupational therapists, any individual that's licensed under the Title 8 of the Education Law excluding physicians) 16,492 have completed for 94 percent.
- physicians - 4546 of 4820 have completed for 94 percent;
- general workforce: - out of 6822, 5948 have completed for 87 percent.

Mr. McNulty stated that he was pleased with the aforementioned numbers.
Ms. Youssouf stated that those are great statistics.

Mr. McNulty stated that he was pushing for by mid-October to have all these numbers at 98 percent.

Ms. Youssouf said that because we are so over time, can we just get to whatever you think is most important in here? You have done a great job of writing everything out.

Mr. McNulty stated, in summary, that he wanted to briefly mention that a DSRIP Compliance Committee was coming up at which:

- there will be a discussion about DSRIP compliance matters;
- the updated DSRIP compliance plan will be finalized; and
- and the DSRIP training for the partners would be finalized.

Mr. McNulty then turned to page 17 of the report - - HHC ACO, Inc., update. In summary, he informed the Committee that by law the HHC ACO compliance plan required a periodic update, which would take place at the next ACO Compliance Committee.

Mr. McNulty then proceeded to page 18 of the report - - Gotham Health update. He advised the Committee that HRSA performed an audit of the Cumberland FQHC. He stated that HRSA looked at 19 specific points, and there were some requirements that they found deficiencies in. He explained that one of the requirements was with respect to the bylaws, and the bylaws state with respect to the Gotham that they provide care and treatment to the people of the State of New York and the City of New York. However, Mr. McNulty explained, because it's a federal program the bylaws had to be amended to make sure it encompasses everyone within the United States and all its territories.

Mr. McNulty then, in sum and substance, concluded his report by reminding the Committee that everything else is in the report. He informed the Committee that they may contact him if there were any questions.

Ms. Youssouf asked if there were any questions. Then said that as always, I want to commend both staffs for doing a great job. We appreciate all the effort you put in.

There being no further business, the meeting was adjourned at 12:12 P.M.

Submitted by,
Emily Youssouf
Audit Committee Chair