HHC NEW YORK CITY HEALTH AND HOSPITALS CORPORATION
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125 Worth Street ▪ New York, NY ▪ 10013

BOARD OF DIRECTORS MEETING
THURSDAY, JANUARY 31, 2013

A~G~E~N~D~A

Call to Order - 4 pm	Dr. Stocker
1. Adoption of Minutes: December 20, 2012	
<u>Chairman's Report</u>	Dr. Stocker
<u>President's Report</u>	Mr. Aviles
>>Action Items<<	
<u>*Corporate*</u> 2. RESOLUTION acknowledging Ms. Judy Wessler, Director of the Commission on the Public's Health System for her unabiding commitment to social justice and longstanding advocacy for quality, accessible health care for all New Yorkers.	Mrs. Bolus
3. RESOLUTION authorizing the President of the New York City Health and Hospitals Corporation to negotiate and execute a contract with Base Tactical Disaster Recovery, Inc. 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. *(Finance Committee – 01/15/2013)* *EEO: / VENDEX: Approved*	Mr. Rosen
4. RESOLUTION 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 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. *(Finance Committee – 01/15/2013)*	Mr. Rosen
5. RESOLUTION authorizing the President of the New York City Health and Hospitals Corporation to execute a Sole Source contract with Sedgwick Claims Management to provide specialized claims and risk management services to the Corporation in connection with medical malpractice claims, and to manage subcontracts for risk reduction education, and insurance consulting and management for a term of four years with an option to renew for one additional two year term, solely exercisable by the Corporation, for an amount not to exceed $34,434,496.00. *(Med & Professional Affairs / IT Committee – 01/24/2013)* *EEO: Approved / VENDEX: Pending*	Dr. Stocker
<u>*South Manhattan Health Network*</u> 6. RESOLUTION authorizing the President of the New York City Health and Hospitals Corporation to execute a license agreement with the New York Legal Assistance Group for use and occupancy of space at Coler/Goldwater Specialty Hospital and Nursing Facility to provide *pro bono* legal services to facility residents and patients, and training to Corporation staff. *(Capital Committee – 01/10/2013)* *VENDEX: Pending*	Ms. Youssouf
<u>Committee Reports</u>	
➢Capital	Ms. Youssouf
➢Community Relations	Mrs. Bolus
➢Equal Employment Opportunity	Rev. Lacey
➢Finance	Mr. Rosen
➢Medical & Professional Affairs / Information Technology	Dr. Stocker
➢Strategic Planning	Mrs. Bolus
<u>Facility Governing Body / Executive Session</u> ➢Kings County Hospital Center ➢Dr. Susan Smith McKinney Nursing & Rehabilitation Center	
>>Old Business<< >>New Business<<	
Adjournment	Dr. Stocker

NEW YORK CITY HEALTH AND HOSPITALS CORPORATION

A meeting of the Board of Directors of the New York City Health and Hospitals Corporation (hereinafter the "Corporation") was held in Room 532 at 125 Worth Street, New York, New York 10013 on the 20th of December 2012 at 4:00 P.M., pursuant to a notice which was sent to all of the Directors of the Corporation and which was provided to the public by the Secretary. The following Directors were present in person:

Dr. Michael A. Stocker
Rev. Diane E. Lacey
Mr. Alan D. Aviles
Josephine Bolus, R.N.
Dr. Jo Ivey Boufford
Dr. Vincent Calamia
Dr. Christina L. Jenkins
Dr. Adam Karpati
Ms. Anna Kril
Mr. Robert F. Nolan
Mr. Bernard Rosen
Ms. Emily A. Youssouf

Andrea Cohen was in attendance representing Deputy Mayor Linda Gibbs; Linda Hacker representing Commissioner Robert Doar; and Dr. Amanda Parsons representing Commissioner Thomas Farley, each in a voting capacity. Dr. Stocker chaired the meeting and Mr. Salvatore J. Russo, Secretary to the Board, kept the minutes thereof.

ADOPTION OF MINUTES

The minutes of the meeting of the Board of Directors held on November 29, 2012 were presented to the Board. Then, on motion made by Dr. Stocker and duly seconded, the Board unanimously adopted the minutes.

1. **RESOLVED**, that the minutes of the meeting of the Board of Directors held on November 29, 2012, copies of which have been presented to this meeting, be and hereby are adopted.

CHAIRPERSON'S REPORT

Dr. Stocker received the Board's approval to convene an Executive Session to discuss matters of quality assurance and litigation, and for the subcommittee assignments of the Board members.

Dr. Stocker updated the Board on approved and pending Vendex and will report on the status of pending Vendex at the next Board meeting.

Dr. Stocker announced that four of the five annual public meetings have taken place. The Brooklyn public meeting was canceled due to Hurricane Sandy.

Finally, Dr. Stocker informed the Board that the Board and Committee meeting schedules for January 2013 were in the Board package.

PRESIDENT'S REPORT

Mr. Aviles' remarks were in the Board package and made available on HHC's internet site. A copy is attached hereto and incorporated by reference.

Mr. Aviles brought to the Board's attention banners that were on display which reflect support we have received after Hurricane Sandy from Memorial Hospital in Gulfport, Mississippi, and Reid Hospital in Indiana. HHC raised money for Memorial Hospital after

Hurricane Katrina and they are now engaged in fundraising on our behalf.

ACTION ITEMS

RESOLUTION

2. Amending **the Bylaws of the New York City Health and Hospitals Corporation** to clarify certain of the responsibilities of the Board of Directors.

Dr. Stocker explained that the change was necessary in order meet the Centers for Medicare and Medicaid Services' oversight requirements for governing bodies.

Dr. Stocker moved the adoption of the resolution which was duly seconded and unanimously adopted by the Board.

RESOLUTION

3. Authorizing the President of the New York City Health and Hospitals Corporation to **purchase the EMR Project Hardware Platform through New York State Office of General Services (OGS) contract(s)** from IBM and various authorized resellers in an amount not to exceed $21,900,000 for a five-year period.

Dr. Stocker moved the adoption of the resolution which was duly seconded and unanimously adopted by the Board.

RESOLUTION

4. Authorizing the President of the New York City Health and Hospitals Corporation to **purchase computer workstations, laptops, and IT peripherals for the entire Corporation through Third Party Contracts(s)** from various vendors on an on-going basis in an amount not to exceed $8,500,000, over a 12-month period.

Dr. Stocker moved the adoption of the resolution which was duly seconded and unanimously adopted by the Board.

RESOLUTION

5. Authorizing the President of the New York City Health and Hospitals Corporation to **purchase storage hardware, software, and associated maintenance through New York State Office of General Services (OGS) contracts(s)** from manufacturers and various authorized resellers on an on-going basis in an amount not to exceed $6,600,000 for a one-year period.

Dr. Stocker moved the adoption of the resolution which was duly seconded and which was duly seconded and unanimously adopted by the Board.

RESOLUTION

6. Authorizing the President of the New York City Health and Hospitals Corporation to **negotiate and execute an Affiliation Agreement** with the **Physician Affiliate Group of New York, P.C ("PAGNY")** for the provision of General Care and Behavioral Health Services at **Lincoln Medical and Mental Health Center, Morrisania Diagnostic and Treatment Center, Segundo Ruiz Belvis Diagnostic and Treatment Center, Jacobi Medical Center, North Central Bronx Hospital, Harlem Hospital center, Renaissance Health Care Network Diagnostic and Treatment Center, Metropolitan Hospital Center, and Coney Island Hospital** for a period of three years, commencing July 1, 2012 and terminating on June 30, 2015, consistent with the general terms and conditions and for the amounts as indicated in Attachment A; AND Further authorizing the President to make adjustments to the contract amounts, providing such adjustments are consistent with the Corporation's financial plan, professional standards of care and equal employment opportunity policy except that the President will seek approval from the Corporation's Board of Directors for any increases in costs in any fiscal year exceeding twenty-five percent (25%) of the amounts set forth in Attachment A.

Antonio Martin, Executive Vice President/Corporate Chief Operating Officer, provided an overview to the Board on the future direction and building of the relationship between PAGNY's administrative functions and the enhancement of services with HHC facilities and diagnostic treatment centers.

Dr. Stocker moved the adoption of the resolution which was duly seconded and unanimously adopted by the Board.

BOARD COMMITTEE AND SUBSIDIARY REPORTS

Attached hereto is a report of the HHC Board Committees and the Subsidiary Boards that have been convened since the last meeting of the Board of Directors. The reports were received by the Chairman at the Board meeting.

FACILITY GOVERNING BODY/EXECUTIVE SESSION

The Board convened in Executive Session. When it reconvened in open session, Dr. Stocker reported that the Board of Directors as the governing body of Bellevue Hospital Center and Sea View Hospital Rehabilitation Center & Home reviewed, discussed and adopted the facility's report presented.

ADJOURNMENT

Thereupon, there being no further business before the Board, the meeting was adjourned at 6:44 P.M.

Salvatore J. Russo
Salvatore J. Russo
Senior Vice President/General Counsel
and Secretary to the Board of
Directors

COMMITTEE REPORTS

Audit Committee – December 6, 2012
As reported by Ms. Emily A. Youssouf

Ms. Youssouf moved onto the information items, beginning with the Internal Audits update.

Mr. Chris Telano, Chief Internal Auditor, introduced one of the Audit Managers, Frank Zanghi who ran the audit for the first review he is discussing, the Construction Audit.

Mr. Telano asked the representatives from the North Bronx Healthcare Network to introduce themselves. They introduced themselves as follows: Bill Walsh, Senior Vice President; Diane Carr, Deputy Executive Director; and Alex Scoufaras, Associate Executive Director. They were joined by Peter Lynch, Director, Office of Facilities Development, Central Office.

Mr. Telano began by stating that he will go over the findings in three sections. First is the review of two projects and then the review of purchase orders and work orders as it relates to construction and maintenance repair programs. In regards to the construction projects, the first was the roof tank refurbishment at the Jacobi Building 1. This project was for $195,000 and the contractor was American Inc. The first issue we found was that the Construction Manager (CM) did not provide detailed and complete contractual documentation for this project. The project meetings minutes were not recorded and instead maintained in the project manager's calendar, as-built drawings were not approved, delay logs were unavailable and the Construction Manager's log was incomplete. The primary reason for this was that the CM was on medical leave during this project. The second issue we found relating to this project was that it was 247 days late because a part was not ordered timely. As a result, the Extension of Time Request (EOT) was not approved timely.

Ms. Youssouf asked if the CM was an internal person. Mr. Telano informed the Committee that he was. Ms. Carr stated that the CM had a heart attack so he was out for six months. She said that they did have a person who was a mechanical engineer who was interacting with the contractor; so the technical oversight of the project was done adequately. Ms. Youssouf asked who the CM reports to. Ms. Carr responded that the project manager reports to the architect who reports to her.

Ms. Youssouf asked if Central Office, Capital Projects area oversaw this project as well. To which Mr. Lynch responded that Central Office does not do the direct day-to-day supervision of the project. The project supervision is handled by the facilities.

Ms. Youssouf stated that it seems to her that if somebody has a heart attack and is in the hospital that you would find somebody to replace him to make sure the work is being done on time. Saying that one person is out for six months, given the size and importance of this project, that is has been delayed for such an extended period of time and also that a part was not ordered on time, it seems like it was not managed in the tightest way possible and that adds cost.

Ms. Carr responded that that is true in terms of cost. The project was delayed because the contractor did not order the part. The contractor was not paid until the project was complete.

Ms. Youssouf said that a 247 day delay is unacceptable and for this contractor not to order what was needed, she hopes that there is some kind of reporting that Capital keeps on record on contractors whose work was not satisfactory so that they will not get additional business from HHC.

Mr. Lynch stated that the unsatisfactory evaluation would be in his file. It will not be paid out until such time that he reconciles the EOT.

Dr. Michael Stocker, Board Chairman, asked Mr. Lynch to talk about this process in general. Mr. Lynch responded that the day-to-day management of these projects belongs with the facilities. A series of *Breakthrough* events will start to try and help us out with adjustments of policy and procedures. They are trying to find ways to make this work better and more efficient for all. The first event begins on December 17th. Committee Member, Mrs. Josephine Bolus asked him how often he gets updates on how facilities are managing their projects. Mr. Lynch responded that once a month he gets a status report. Then Mrs. Bolus asked that once a month he has been informed that the CM was out. To which Mr. Lynch responded that they were not informed that the individual was out. Ms. Youssouf asked what was told to him about the cause for the delay or did he ask about the cause for delay. Mr. Lynch answered that he has to apologize for this one -- this started before he joined the office.

Mr. Salvatore Russo, Senior Vice President and General Counsel asked whether the outcome would have been the same if the audit had been done a year ago with not having the insurance forms that were available.

Mr. Walsh responded no – that they have done over $375 million worth of construction renovation in the last seven years and except for the major modernization project that he came in at the tail end, all of their projects were done on budget and on schedule.

Ms. Youssouf stated that she understands that Capital is getting assistance from outside auditors in looking into improving how construction projects are run. Did they offer suggestions because this happens so often?

Mr. Antonio Martin, Executive Vice President stated that the auditors will be coming up with some recommendations, but those recommendations will be specific to the few projects we asked them to look at and may not give us an overall picture of construction within HHC.

Ms. Youssouf stated that she thought the purpose was that they were going to look at it as an example and from that they would be able to come up with some overall suggestions.

Ms. Marlene Zurack, Senior Vice President and Chief Financial Officer stated that she and Sal Russo have gotten some feedback from KPMG and we told them that there should be conditions on how we know what's going on, so we can make counter measures on what happened as opposed to how we manage them.

Mrs. Bolus asked that unless they're informed, they would not have known about it. Ms. Zurack responded correct. Mrs. Bolus then said that they, in turn, did not know the person was going to be out for six months. That's where the problem with this particular project is.

Mr. Martin stated that these folks do a good job. As Bill Walsh said before, they've managed a lot of different projects and they've done a relatively good job. Maybe what we should do is go back and look at a subsequent project so it does not happen again.

Mr. Telano continued with the second project by stating that this was a $344,000 project and we had three primary issues. First there was a $20,000 unit price adjustment allowance applied to a line item without additional approval. The second finding is that the final bid for the project was 43 percent below the final estimated cost. Then we found, and this is a corporate-wide issue, that there was no reporting system to report all sources of funding. As a result OTPS that were paid for this project were not captured in the Capital Project Encumbrances Report which means the overall cost of the project was unidentifiable.

Mr. Telano continued with the purchase orders: we found that 19 of 28 purchase orders did not have the required insurance documentation. We do believe that the project did have insurance however; the actual piece of paper was not present at the project site. Also, certified payroll reports were unable to be provided for 15 of 21 purchase orders processed for payment, four of seven purchase orders lacked an Executed Part 1, construction in the emergency room was managed by the emergency room administrative staff instead of Construction Management and original bidding documents could not be provided for more than half of the POs.

Mr. Telano continued with work orders – in one instance we found six work orders included 40 percent of non-contract work, seven work orders lacked Network Estimates. Once again, the contractual and procedural documentation was not maintained. Submittal logs were incomplete or not in file and project progress meetings could not be substantiated.

Ms. Youssouf stated that she thinks HHC is doing the right thing and is looking forward to seeing what KPMG has to say, but it seems that overall, the procedures are not being followed. She is perplexed that ER staff is overseeing construction projects and work orders are given for non-contract work without competitive bid. These items need to be taken seriously or else we will be in violation. For some of this stuff we are in violation of City Bidding Contracts as well as the Authority Bidding Regulations from the Public Authority Reform Act so they could have serious consequences if this continues. She stated that she is glad the projects are completed but unfortunately we are a Government Agency and there are certain specific procedures that we have to follow.

Ms. Youssouf stated that she hopes you take this as an early warning that you do whatever you have to do to tighten the management because you don't need to get cited in some kind of outside audit about this and it's our responsibility to make sure this does not happen.

Ms. Carr responded that they take it very seriously.

Dr. Stocker asked if the *Breakthrough* project is just specific to the process. Mr. Lynch responded that it's specific to the bidding process. Mr. Martin added that it's corporate-wide. Mr. Lynch said that it's the first event of a series.

Ms. Youssouf stated that she thinks it's a great idea and perhaps with Breakthrough we'll find out what changes, if any, are going to be made. Mr. Lynch stated that they can certainly get a report back.

Mr. Telano stated that he will continue with the next audit which is the Patient Registration Process at Bellevue Hospital Center. Mr. Telano asked the representatives from Bellevue to step up to the table. They did and identified themselves as follows: Aaron Cohen, Chief Financial Officer; Robert Boyd, Senior Director.

Mr. Telano continued by stating that there are two issues to discuss – the first one has to do with certain documents not being found in the Enterprise Document Management System, which is a patient database used to scan and store patient documents such as proof of identification and income, insurance cards and birth certificates for pediatric patients. Management within the business office, outpatient psychiatry, ED and pediatric clinic all stated that they would reinforce existing procedures. The other issue we noted was that the credit card machine in the emergency room was not secured or password protected and as a result when it was unoccupied individuals can obtain lists of transactions, credit card numbers and other private information. The Director of Business in the business office stated that as of September 28th, a secure file cabinet will be utilized to store the credit card machine and the machine will be password protected as well.

Ms. Youssouf asked if any violations were found. Mr. Telano responded that he did not find any indication of that.

Mr. Cohen stated that this is primarily outpatient.

Mr. Telano referred to the October Finance Committee minutes where he found a piece that referenced that the Commissioner did bring up the fact that patients that are spending nights in the Emergency Room (ED) were not interviewed by a financial counselor.

Ms. Youssouf asked if that was true. Mr. Cohen responded that they did report on this at the last Finance Committee meeting. Changes were made recently to put HCIs in close proximity so that they were attached to the Emergency Department. Unfortunately, that's one of the many areas affected at Bellevue, but it was new and we were doing it.

Dr. Stocker stated that they've done a magnificent job and asked if there is back log?

Mr. Cohen answered that the ones that were in billing or accounts receivable even though they aren't physically at Bellevue; they are following up on the cases. The investigations people have been working on Medicaid applications and our Medicaid check this week is $3 million, which is close to our weekly target. We are also bringing a lot of people back Monday and Tuesday of next week, we have heat, computers and phones. Some of the investigation people are working with their local hosts so there is a combination. We expect our accounts receivable base to be the lowest it's ever been.

Mrs. Bolus asked if they need more than one financial counselor. To which Mr. Boyd responded that they have many; that the comment Mr. Telano was referencing would be overnight. In terms of financial counselor attachments to the emergency room its 12 hours, six days a week, and its set up in a manner that is the time we get most of the patients.

Ms. Youssouf added that he said they were moving their HCI people to be nearer to the ER. Mr. Cohen stated that they were in close proximity to the emergency room, which is one of the areas that have been affected so they are working on alternative space.

Ms. Youssouf asked if the issue has been fixed. Ms. Zurack stated that the discussion has absolutely nothing to do with this audit. Mr. Cohen is responding to clarify what was said in the Finance meeting, but Finance was talking about inpatient Medicaid.

Ms. Youssouf added that the audit states only a full-time counselor take payments from patients in the emergency room. Ms. Zurack said that that was cashiering and Ms. Youssouf stated that the audit is about if he were to be absent.

Mr. Cohen stated that it will be fixed so that the process is not dependent on only one person.

Mr. Telano continued onto the next audit which is Review of the Data Center at Jacobi Medical Center. He asked the representatives from IT to come to the table. They introduced themselves as follows: Bert Robles, Senior Vice President; Corey Cush, Assistant Vice President; Lou Riccardi, Senior Director. Mr. Telano stated that the objective of this review was to evaluate the controls and physical security of the data center infrastructure and operations. We found that the controls of the security were excellent and this is one of those functions that I believe management and HHC should sleep well at night knowing that there were no concerns. We found very minor issues, the visitor's log was not always completed; there was lack of adequate fire extinguishers and the policies and procedures manual did not address every scenario. Mr. Telano added that he has to complement them and also thanked them for being so helpful during this audit. They have been very proactive on the issues they found.

Ms. Youssouf stated that she thinks it's wonderful and she's sure that all of these things are corrected or are being corrected. Mr. Telano added that they are and they were very proactive. Ms. Youssouf said that it's great to have internal audit say you did a great job.

Mr. Robles thanked the Committee and stated that there are a lot of people within the group that are very committed to protecting the information assets, it is critical to our organization and any discoveries are taken very seriously and we have remedied the situation quickly.

Ms. Youssouf commented that it's nice to have good audit.

Mr. Telano continued with the next audit – Accounts Payable at Coney Island Hospital. He stated that there is one individual representing -- he was expecting to have other individuals, but the Accounts Payable Manager had a death in the family and the Assistant CFO was sick and could not make it. He asked the representative to come to the table and identify herself; she introduced herself as Zoya Shapiro, Assistant Director and was joined by Mr. Jay Weinman, Corporate Controller. Mr. Telano said that once again, similar to IT, this is one of the facilities that is very proactive as it relates to internal audits. They worked with us throughout the course of the audit, they made the necessary changes, had various conversations and made compromises. By the end of the audit everything was resolved shortly thereafter. Mr. Telano added that he would like to complement Coney Island's Finance for their assistance and the job they did during this audit. Some of the issues that we found were that they kept their unused checks or processed checks that had not been distributed in an unlocked desk drawer of the Accounts Payable Supervisor. As stated before that was resolved, they put a lock on the cabinet and they will be purchasing a safe in October. Another finding is that two employees had OTPS access levels that appeared to be incompatible with their job titles and these employees were not staff of the accounts payable department, but were found to have access to accounts payable functions. That was resolved and their access was removed right away. Then we found some lack of adherence to petty cash funds operating procedures. We found transactions that exceeded $50, we found petty cash funds in Behavioral Health had a $150 overage and another petty cash fund for the surgery department's residents area not utilized for almost two years that needed to be removed.

Ms. Youssouf stated that they probably did not know about it. Mr. Telano said that feedback from the CFO was that they were very busy with their duties and something like this is overlooked so he was thankful for this audit and what we found so they can resolve it. Ms. Youssouf said that she knows that Coney Island did an incredible job during the storm and thereafter, but again, it's very nice to have a good audit.

Dr. Stocker stated that he thinks every residency program has some kind of a petty cash program and he hoped that they had not closed it because of the audit. Ms. Shapiro said that they had closed it.

Mr. Martin commented that he asked the Senior Vice President how many petty cash funds they had, nobody knew; they said they would go back and check.

Ms. Youssouf said that she asked them to look it over because of the one found.

Mr. Telano then continued with the next audit – Review of Service Grants at Elmhurst Hospital Center. He asked for the representatives to approach the table and introduce themselves. They introduced themselves as: Kiho Park, Associate Executive Director and Paula Elefteriadis, Controller. Mr. Telano stated that at the fear of being redundant, we had a lot of good audits during this presentation. What goes hand in hand with an audit being good is the level of cooperation we had at Elmhurst Hospital. They were very helpful during the audit and we brought to light some issues with Mr. Park that they would not have thought of. The first issue was that all of the analysts had access to all their share drives, so they could look at each other's information and they could change each other's information and there was no audit trail. So we asked to limit access to the individual that's responsible. Once again, they had some analysts that had access to the accounts payable functions in OTPS that do not directly apply to their job descriptions. Lastly, we found some segregation of duty issues as it relates to the program manager of the Sexual Assault Response Team (SART) Grant. There were time records not maintained and schedules were not being reviewed properly and the individual was setting up the schedule and manually preparing the statements without being reviewed by another supervisor. Mr. Telano then stated that everything was resolved during the course of the audit and he thanked them all.

Ms. Youssouf thanked them, commented that she's very happy, that that's three in row and that's wonderful.

Mr. Telano stated that next audit they did is a Surprise Inventory Count at Sea View Hospital Rehabilitation Center and Home. He felt that Staten Island is the forgotten borough so he decided to go visit them as a surprise. Ms. Youssouf added that she's sure they were happy they were remembered. Mr. Telano asked the representatives to come to the table and introduce themselves as: Arsenio Baja, Associate Director and Phelan Kieran, Controller. Mr. Telano said that the surprise count revealed that 36 percent of the items counted had discrepancies. After the audit was over, Mr. Baja informed them that the individual that takes care of the paperwork was out during the course of the audit and when he came back, a week or two after we left, he was able to resolve all the discrepancies based on paperwork that had not been processed. We were very pleased with that. The other issue was that there were no security cameras in the inventory area. The last issue was that when the medical surgical warehouse personnel receive items, they have access to the purchasing system that shows them the amount ordered. This process was resolved right away.

Ms. Youssouf asked if there a security camera in place. Mr. Phelan said that there's one camera that faces the receiving dock, we wanted one closer to the door and asked them to look over any future plans.

Ms. Youssouf asked how long it will take to get one. Mr. Phelan answered within the year.

Mr. Martin said that he would take care of it.

Mr. Telano stated that the last audit to be discussed is the auxiliary audits related to East New York Diagnostic & Treatment Auxiliary. Mr. Telano asked the representatives to come to the table. They introduced themselves as follows: Julian John, Chief Financial Officer; Isabelle Jefferson, Acting Treasurer, Auxiliary to East New York; Anthony Manwaring, Controller/CFO and Anthony Saul, Controller, Kings County Hospital. Mr. Telano said that the primary issue is we keep finding the same issues year in and year out. We have a CPA doing this review now and they've done it for the last two years. We've had the same exact issue and the same exact management responses for the past three years. Monthly bank reconciliations were not completed, cash receipts were not deposited timely, supporting documentation for each deposits are unavailable, IRS Form 990 was not filed timely or not filed properly and the President's position was vacant at the time of the audit. Mr. Telano added that he thought it was time to bring this to the attention of the Audit Committee.

Mrs. Bolus inquired if the 990 was not filed. Mr. Telano responded that the most recent one was filed.

Ms. Youssouf asked what is being done to fix this. Mr. Manwaring said that they had conversations to dissolve the auxiliary. The administrators at East New York had meetings with various members to ensure that there has been some sort of improvement and has not made a difference; he knows that they do not have regularly scheduled meetings. As far as procedures, we are supposed to have quarterly financial reports and we do not have them – it is not the responsibility of the department to do it. At Kings County, the Auxiliary has its own accountants that do the report to make sure they are in compliance.

Ms. Youssouf asked Counsel if there is some kind of law that we have to maintain this auxiliary. Mr. Russo responded that an auxiliary can be dissolved by the members themselves voting to dissolve and whatever financial support we give them, we can stop.

Mr. Julian John said that they discussed this with Laray Brown and she indicated that it should not be dissolved.

Ms. Zurack asked if the finding was from a financial perspective and how much money is there on the balance sheet. Mr. Manwaring stated that normally they get some funds from the vending machines and right now there is $20,000. Ms. Zurack asked how much it's spent every year. Mr. Manwaring said probably $2,000 then Ms. Zurack asked how much do they bring in? Mr. Manwaring said about $75 a week. Ms. Zurack stated that she thinks there may be policy reasons and not legal reasons to have an auxiliary at East New York because of HHC needs a good relationship with the community.

Mrs. Bolus asked if there's no way they could hire the same accountant that Kings County has. To which Mr. Manwaring responded that he made a recommendation last year and contacted Ms. Corinna Grant at Kings County earlier this year and she recently gave a gentleman's number. He called him twice and he has not responded so we are waiting for that call. Ms. Zurack asked if they're going to have the Kings County Auxiliary accountant do the audit. Mr. Manwaring responded yes.

Ms. Youssouf stated that it sounds like this auxiliary in not functioning and added that first of all can it be dissolved and whether it should or shouldn't is something else. Mr. Martin added that he will speak to Laray Brown and find out what the rationale was for saying they could not dissolve themselves, because to him it would seem they could put themselves into Kings County. Ms. Youssouf stated to let the Committee know what the issue is because it's a shame to keep getting negative internal audit reports. It does not matter if it's a lot of money or not. Some people would consider $20,000 to be alot money. That's enough money if something that is really inappropriate would end up in a newspaper.

Ms. Youssouf turned the presentation over to Wayne McNulty, Chief Corporate Compliance Officer.

Mr. McNulty saluted everybody and asked the members to turn to page 3 of the report and started off with compliance training. The computer based compliance training modules for the nurses and healthcare professionals and general staff will be ready to go live next week and the training modules for the Board of Directors will also be ready to go live next week.

Mr. McNulty continued with item number 2 on the agenda – the Corporate Compliance Work Plan status update. In the past 11 months, we looked at all 40 work plan items, 9 items have been closed or closures pending. Closed items are licensed social work and licensed master social work of counseling documentation, home health claims review, hospital readmissions, provider a base status for inpatient outpatient facilities, billing of portable x-ray suppliers, criminal background checks on nurses and low birth weight DRG. We have several other items that are now being looked at and we will have reports that will be sent out to the Committee over the next several weeks.

Mr. McNulty moved along to item number 3 – The calendar year 2012 and 2013 Corporate Compliance work Plan status update. The calendar year 2012 and 2013 work plan has been completed. The will be approved this week by Mr. Aviles and will going into effect by tomorrow. That new work plan will have 8 new items and 31 from the previous year.

Mr. McNulty continued with the Compliance Index from the third quarter from July 1st to September 30th. We had 144 compliance patient reports, 11 were classified as priority A, 56 were priority B and 77 were priority C. Attachment number 1 illustrates graphic of the report. Sixty-one or 62 percent were received by our anonymous hot line. Mr. McNulty asked if there were any questions.

Ms. Youssouf asked that out of the 56 calls, did he know how many were from the same person calling. Mr. McNulty answered yes, that they have some reports that are the same individual, we can tell by the nature of the call. We also have a number of calls where they can be identified once they call.

Mr. McNulty continued with the Privacy Index from July 1st through September 30th. They received 17 complaints related to HIPAA privacy complaints. Out of those 17 complaints, 8 were found after the investigation to be violations of HIPAA, 2 were determined to be unsubstantiated, and 4 were determined not in violation of the HIPAA privacy compliance procedure. A description of the privacy compliance index is on attachment 2.

Mr. McNulty moved along to a reportable data breach, on June 1st 2012. NYPD informed Woodhull Police that it recovered 186 Unity System printouts pertaining to 190 HHC patients during the execution of a search warrant at a non-disclosed non-agency location and the search warrant was not relating to any hospital personnel. The printout contained medical and personal information such Social Security numbers, medical record numbers and treatment information. NYPD requested that we not notify the patients because they did not want that to interfere with their investigation. We were informed on or about October 9th from our office of the Inspector General that NYPD lifted that restriction. HHC has procured a vendor to send out notices to patients to establish a call center and also any credit monitoring or identity theft restoration, it is expected that the letter will start to go out tomorrow. He asked if there were any questions.

Mr. McNulty then continued to Staffing Update. They had two vacant Compliance Officers positions. One is the Deputy Compliance Officer that is responsible for HIPAA privacy, security and record management at Home Health. The other is Associate Compliance Officer Position in South Manhattan Network; he expects to fill both of those positions by mid next week.

Mr. McNulty continued with the next item – there are no reports with regard to excluding providers since the last time the Board convened in September. The last item on the agenda is a new program assessment form. On attachment 3 there is a questionnaire that we have to fill out and maintain electronically in case of an audit. Basically, if we can answer all these questions and maintain evidence that we meet the standards set forth, we have an effective compliance program. One of the key issues here is that they expect our record compliance program not only in the areas of billing and payments but also areas such corporate governance, medical necessity and quality of care. We have been working very closely with the Committee on compliance and quality to make sure that our compliance program covers those other areas that are beyond payments and billing.

Ms. Youssouf asked if at this point, Compliance could answer yes to all the questions. To which Mr. McNulty answered yes. Ms. Youssouf stated that that was important.

Mr. McNulty asked if there were any questions.

Ms. Youssouf then indicated that the Committee was going into Executive Session. (Executive session was then held).

After returning to public session Ms. Youssouf then asked if there was any other business. The Board responded that there was none.

<u>Finance Committee – December 11, 2012</u>
<u>As reported by Mr. Bernard Rosen</u>

Senior Vice President's Report

Ms. Marlene Zurack informed the Committee that her report would include a status report on HHC's cash position, Soarian progress, the New York City Budget update, Reimbursement for sandy related expenses, an update to inpatient charges.

Ms. Zurack began her report by first acknowledging Gloria Ranghelli, Chief Financial Officer, Coler/Goldwater Specialty Care Hospital who is retiring in January 2013. Ms. Ranghelli has worked for the Corporation for twenty five year. She has been a major participant in the relocation of Goldwater Hospital to a new facility in Harlem and to that extent HHC extends an invitation to Ms. Ranghelli for the opening of the new hospital upon completion. The Corporation extends its wishes to Ms. Ranghelli for a healthy and enjoyable retirement.

Cash Update

Ms. Zurack stated that HHC's cash on hand is at 23 days which is a diminution from last month when the days of cash on hand was at 33 days. HHC is projecting a negative balance in early June 2013. To remedy this situation, the Corporation is seeking assistance to offset the revenue loss at Coney and Bellevue that is currently impacting the status.

Mr. Rosen asked if the $200 million loss is being projected with the anticipated of those two hospitals opening in February 2013. Ms. Zurack stated that it is; however, it is important to inform the Committee of the impact on HHC's revenue due to the evacuation of those facilities relative to the storm. The State through its 1115 Waiver process is reviewing the process for some source of revenue for HHC to offset the loss. Additionally, at the federal level the same is being explored for both HHC and the City.

Committee member, Ms. Emily Youssouf asked if any of the loss included in any of the bills submitted to Congress. Ms. Zurack stated that it may be included in some of the draft bills as part of the City's funding streams that are very general or perhaps certain appropriations could be used for that at the discretion of the City and State in conjunction with meeting the needs of the other agencies.

Ms. Zurack stated that as a result of the storm, HHC has not extended the implementation of Soarian scheduling beyond Coney and Gouverneur. Currently, the pre-work is being completed and refresher training is being done at Bellevue and Metropolitan so as to move forward with the scheduled installations in January 2013. Additionally, HHC will double its efforts on the rest of the facilities and expects completion by early June 2013. This is a delay from our original April deadline. This delay has not delayed the implementation of Soarian financials which should begin in September 2013 and take one year to complete.

City Budget

Ms. Zurack stated that on November 9, 2012 the City released a financial plan update that included a Program to Eliminate the Gap (PEG). HHC had originally been given a target of 5.4 % for FY13 and 8% for FY2014 and out or $3.9 million and $5 million. Funds from DOMH were also targeted. The City restored the entire direct PEG. The reduction is $213,000 in FY13 and $248,000 in the out years. In FY13 only there is a reduction to HIV testing of $169,000 and also in FY13 a reduction of $105,000 in substance abuse funding, in FY14 and out there is a reduction of $248,000 in substance abuse funding.

Mr. Rosen stated that it is important to note that the City has indicated as part of the City's Financial Plan that if the increase in the taxi medallions is achieved, the PEGs would be removed.

Sandy

Ms. Zurack reported that as a result of the storm HHC evacuated Coney and Bellevue and accordingly those two facilities are not generating revenue. HHC is projecting a loss of $15 million a week for these facilities which has adversely impacted our cash flow. As part of the recovery efforts, HHC has completed the very early stages of an application to FEMA for public assistance and has already spent more than $40 million in debris removal and emergency protective measures. It is anticipated that HHC will spend nearly $100 million on these efforts in addition to another $610 million on the permanent work and mitigation needed to fully restore its facilities. The City has appropriated $300 million in capital and will be adding federal categorical aid to the budget to hasten the cash flow related to the FEMA reimbursement due. HHC is expecting that reimbursement will be at the 90% level.

Ms. Youssouf asked what type of work would be included in those costs.

Ms. Zurack stated that it would include some air handling and electrical work, mitigation that would involve removing electrical work from the basement and relocating it to another floor. There was some discussion regarding the replacement of Coney Island hospital as opposed to making repairs; however, the consultants are currently reviewing that option in addition to the allowable funding covered by FEMA. Although HHC has released the $610 million that number is subject to change in the months ahead.

Ms. Youssouf asked if that number included the rebuilding of a new facility for Coney Island. Ms. Zurack stated that it did not in total but some portion of that may be included. There is a $195 million for Coney Island as part of the permanent work estimates.

Board Chairman, Dr. Michael Stocker, asked for clarification of the replacement work.

Ms. Zurack stated that it would be a new facility that would replace some portion of the main building. The City has appropriated $300 million in capital funding for HHC. In addition, as HHC prepares the project worksheets which are the FEMA claim forms, the City will put federal categorical Aid in the City budget which will allow HHC to draw the cash quicker than the traditional applicant would be allowed to do. As previously stated, it is anticipated that the reimbursement on the FEMA related claims will be at the 90% level pursuant to what the President submitted.

Ms. Youssouf asked if the $610 million is in addition to the $300 million and whether remediation is included in the $100 million. Ms. Zurack stated that it is instead of the $300 million and that the e $100 million includes remediation.

Ms. Youssouf asked if HHC is aware of the extra tax credit that is included in the tax package released by Senator Schumer for new market tax credits, etc. that may be appropriated for some of the building perhaps, Bellevue.

Ms. Zurack stated that HHC used the new market tax credit at Harlem and will research that option.

Posted Charges

Ms. Zurack, moving to the next item in the reporting, stated that HHC is planning to update its posted charges for inpatient room and board effective July 1, 2013. This is long overdue as these charges have not been updated in 25 years. Under the new scenario charges will be uniform within HHC. The charges will vary by service. Also charges will be 30% higher on days one and two of each stay. Charges are expected to increase by 80 percent. This will enable us to earn an additional $5 million a year from commercial non contract insurers. However and most importantly this will have absolutely no effect on what our patients are expected to pay through our HHC options program. The charges are needed more for the insurance companies that the patients. HHC is using the lead time to educate its patients regarding the inpatient charges and to maximize its insurances. Accordingly, Corporate Finance is working with Ms. Laray Brown, Senior Vice President, Corporate Planning and HIV Services, Intergovernmental Relations and Community Health and HHC's Community Advisory Boards (CAB) to provide critical patient information to ensure that patients are assured that they will continue to enjoy affordable care.

Committee member Josephine Bolus, RN asked what are posted charges.

Ms. Zurack stated that charges are the daily fees for room and board as reflected on the bill. For example if a patient stays in the hospital for five days and the rate is $2,000 a day the total charges for that stay would be $10,000. The way in which bills get adjudicated starts with the posted charges and the applied discounts. If a patient is covered by an insurance plan such as HIP, the bill may get reduced to $5,000 which would be the contractual rate established by HHC in conjunction with that HMO. If the patient is included in HHC Options, the contracted rate is $250. Those charges would get written off to charity care and those charges are categorized an allowances, the difference between charges and the actual payments. Only affluent patient would be impacted by the increase in posted charges.

Dr. Stocker asked what percentage of HHC's patients would be included in the affluent group. Ms. Zurack stated that it would be a very small percentage; mostly those who failed to comply with the requirements for HHC Options would be charged the posted rate. However, as previously stated the lead time is being used to allow HHC to work with the community groups and do outreach in educating the patient population regarding the charges to avoid any panic on the part of the patients who might view the increase as a barrier to care.

Ms. Youssouf asked for an example of the increase in the posted charges. Ms. Zurack, using med/surg as an example stated that the charges are increasing from $2,520 to $4,700. It is important to note that although HHC is increasing its charges, compared to the private and voluntary hospitals, HHC is still on the low side.

Mrs. Bolus asked if the Medicare bill would continue to reflect the 80/20 payment. Ms. Zurack in concluding her report stated that it would remain the same as stated.

Key Indicators/Cash Receipts & Disbursements Reports

Mr. Fred Covino stated that the reports reflected data for the current FY 13 year-to-date (YTD) through October 2012. Utilization trends for acute discharges are down by 1.2% or 759 discharges; D&TCs visits are down by 11.5% or 26,000 visits; and nursing home days are down by 13.1% or 40,000 days. Operations at the D&TCs were shut down for two days due to the storm.

The ALOS, all of the facilities with the exception of Lincoln, Metropolitan and Coney Island are within 1/3 day of the corporate average. Lincoln and Metropolitan were less than the corporate average, 7/10 and 6/10 days respectively; whereas Coney Island was 4/10 greater than the average. The CMI is up by .5% compared to last year. FTEs are down by 505.5 which is greater than the YTD budgeted target. Receipts are $48 million worse than budget.

Receipts are $48.2 million under collected against the budget and disbursements are $24.6 million underspent which resulted in a net YTD negative variance of $23.5 million. Page 3, a comparison of actuals for the current FY 12 to the prior FY 11, receipts were $169 million worse than last year due to the timing of a DSH/UPL payment totaling $91.6 million and a decline in inpatient Medicaid fee-for-service receipts of $67 million. Expenses were $231 million better than last year due to the timing of pension payments that are not yet paid this FY totaling $120 million. All other payments to the City are $94 million less than last year.

Ms. Youssouf asked how much of the expenses is related to the storm and whether the bulk of the impact would be reflected in the November 2012 data.

Mr. Covino stated that not much of the expenses for the storm is included given that the storm occurred at the end of the month. There was an incident at Bellevue whereby a $7.5 million payment was not posted in October 2012 but will be reflected in the November 2012 receipts. The impact of the storm is expected to be reflected in November 2012.

Mr. Ian Hartman-O'Connell, Agent Designee for Committee member Deputy Mayor Linda Gibbs, asked if the decline in the Medicaid fee-for-service is due to more patients in managed care plans.

Mr. Covino stated that there is a transition as shown on the report as part of the comparison that shows the variance for Medicaid-fee-for-service which declined by $68 million and managed care increased by $30 million. Page 4, actuals compared to the budget, inpatient receipts are down by $13.2 million primarily in Medicaid fee-for-service. Outpatient receipts are down by $23 million due to under-collections in Medicaid managed care that was projected to increase through the period. All other receipts are down by $11.6 million due to the year to year change in appeals and settlements. Expenses are $2.7 million under budget due to the reduction in FTEs that has exceeded the target and overtime expenses are down by $1.2 million. Fringe benefits are $9.4 million better than budget due to a $7 million FICA recovery that was not factored into the budget. OTPS expenses are better than budget by $13 million due to a reduction in non-med and med/surg supplies.

Information Items:

Review Of Personal Services (PS) Key Indicators – FY 13 through October 2012

Mr. Covino brought to the attention of the Committee that the report which was scheduled for reporting through the first quarter of FY 13 had been updated through October 2012 which will provide a review of the indicators prior to the storm. As shown on page 2, PS expenses actual versus budget, there is a $2.7 million YTD surplus against the budget. Page 3 reflects the 505.5 reduction in FTEs by facility. The corporate-wide FTE variance by category shows that the majority of the reduction was in environmental/hotel and clericals with a slight increase in residents and physicians.

Ms. Youssouf asked if the majority of the reductions were through attrition. Mr. Covino stated that the majority were. Ms. Zurack added that all of the reduction was through attrition.

Mr. Covino continuing with the reporting stated that overtime expenses against the budget are down and less than last year's actual for the same period by $3.5 million. Nurse registry expenses are also down compared to last year by $1.1 million due to a reduction in expenses at Lincoln Hospital due to a prior year payment made last year. Allowances are down by $2.9 million. Overall the report reflects a very positive trend.

Dr. Stocker asked if Crothall and JCI resources were useful during the storm.

Mr. Covino stated that they were very helpful and on page 6 the impact as shown in plant maintenance shows a $3.5 million reduction due to their management.

Ms. Zurack added that both Crothall and JCI were very useful. Crothall has provided the resources for the majority of the activities previously mentioned in the reporting such as the de-watering and sanitation. JCI has been involved in the abatement and electrical work that were needed and most importantly is that the two contractors were able to respond quickly to HHC's need during the disaster.

Mr. Rosen asked if the data through October 2012 was reflective of a normal period and whether the impact of the storm will be reflected next month or the months ahead.

Mr. Covino stated that the report reflects a normal period similarly to last year's storm, whereby there was a $2.5 million expense that was constant throughout the year. However, this one will be much larger in the months ahead.

Ms. Youssouf asked how many of the Bellevue and Coney Island patients were transferred to other HHC facilities.

Ms. Zurack stated that there were a number of patients transferred to HHC facilities and in the months ahead that data will be reported. Not all of the patients from those facilities were transferred within HHC. However, the facilities, Bellevue and Coney Island have restored outpatient and emergency services which will result in some revenue for those two facilities. The best scenario is that the projected loss in revenue is overstated.

Mrs. Bolus asked if HHC has identified the expenses related to the shelters for personnel and equipment.

Ms. Zurack stated that HHC is collecting the data which Ms. Krista Olson, Senior Director, Corporate Budget has been compiling and would share with the Committee the status of that process.

Ms. Krista Olson stated that the payroll data is being collected for both regular time and overtime expenses for the staff assigned to the shelters. FEMA has indicated that only the overtime expense are reimbursable; however, HHC is collecting both which is needed for the completion of the actual cost.

Ms. Youssouf asked if HHC has looked into getting business interruption insurance. Ms. Zurack stated that HHC must follow the City's process as it relates to this issue. However, it's not known if the City has secured any type of disaster insurance. Based on feedback from some of the voluntary and private hospitals, the coverage is only 40% of the loss and it's difficult to get that due to deductions, etc.

Mr. Rosen added that based on his experience, the City probably has not secured any flood insurance which would be very costly.

Ms. Youssouf stated that the question related only to business interruption insurance.

Ms. Zurack added that FEMA will deduct the regular insurance notwithstanding business interruption insurance from what is allowed. The City in the past for other disasters has obtained a waiver for that. Therefore, it is not likely that HHC could get that type of insurance.

Mr. Rosen added that during the aftermath of 9/11, the City did not use contractors for the FEMA reimbursement and was able to secure reimbursement.

Ms. Youssouf stated that the NYCHA recently hired consultants to assist in coordinating the submission of the FEMA application which is a very lengthy process.

Ms. Zurack stated that during the emergency, HHC hired a consulting firm, Base Tactical that specializes in disaster recovery. HHC has issued an RFP for a permanent consulting firm. The proposals are due on December 14, 2012. The FEMA collection process could be a two year process.

Inpatient/Outpatient Adult and Pediatrics Payor Mix Reports

Ms. Maxine Katz reported that the inpatient discharge payor mix report reflects a change in the data compilation which is now being obtained from the new Soarian data warehouse and is expected to be more accurate. Additionally, an adjustment to the logic was also made. As a result of that change, the data has changed slightly as shown on the report. The change impacted the inpatient report more than the outpatient adult and pediatrics. In rerunning the data the inpatient change is due primarily to the inclusion of data that was not completed at the time the report was run for that period. The coming months will show whether the data is comparable to the prior reporting. As shown on the report the percentage of patients insured to total was at 92% last year compared to 97% for the current FY which is an indication that the facilities are working the cases to get patient eligible.

Mr. Rosen asked if the FY 12 data was from the Soarian warehouse.

Ms. Katz stated it would be close to where HHC was during that period. As shown on the report, the shift in payor is continuing, particularly in Medicaid managed care and Medicaid. Discharges are down compared to last year for the same period. On the outpatient side the same would apply in terms of the data except the impact was less due to the way the data was run in the past. The outpatient compared to last year is at the same level compared to the previous year for the same period at 86% total insured patients and pediatrics payor mix has also remained at the same level at 92% overall compared to the prior year.

Medicaid Eligibility Report

Ms. Katz informed the Committee of the change in the reporting from monthly to quarterly. Although the submissions of Medicaid application are down, the percentage of eligible decisions to submissions is up slightly at 90.6% compared to 90.4% last year. In an effort to improve the process, the process improvements will continue. There will be a value stream (VS) refresh for Medicaid investigations that would have taken place in December 2012 but has been rescheduled to next year.

Ms. Youssouf added that the request for additional information has increased on a smaller base. Ms. Katz stated that the staff is reviewing the data.

Ms. Youssouf asked if the trend over the years has been that HHC has always been at the same percentage level and whether an analysis has been done to determine if HHC has reached the maximum for improvements in this area.

Ms. Zurack stated that there has been some improvement. Ms. Katz added that through the process, the staff is reviewing the impact of the shift in payor mix on the process.

Ms. Zurack stated that in the Breakthrough efforts there have been some changes in the process that have been positive. In the documentation and coding project there have been some significant changes as the Corporation continues to examine the data. There is room for improvement in the Medicaid eligibility process which HHC will continue to explore in more detail and examine all of the factors/barriers to improve the process. If after 6-9 months the process has not met the expectations, HHC should then decide whether to continue with the reporting or identify other process improvements that would better define the process and show greater improvement.

Mr. Rosen asked if HHC Options are consistent throughout the Corporation. Ms. Zurack stated that the policy and the computer screens are the same and there has been training across the Corporation. The brochures are prepared centrally for all languages.

Mrs. Bolus added that her involvement in informing the community about Options has been both positive and negative in that some are reluctant to go to a City hospital and apply for assistance; however, on the positive side those that have applied are very pleased with the program.

Ms. Zurack thanked Mrs. Bolus adding that her efforts in the process are greatly appreciated.

Dr. Stocker asked if overtime variance shown on page 6 of the quarterly indicators report was annualized, the saving would be $10 million.

Mr. Covino stated that the variance should not be annualized to determine the savings given that the expenses for the storm last year include one-time costs in addition to the timing of the hurricane.

Ms. Zurack added that the overtime for the recent storm has yet to be paid.

Medical & Professional Affairs / Information Technology Committee
December 13, 2012 – As reported by Dr. Michael Stocker

Chief Medical Officer Report:

Ross Wilson, MD, Senior Vice President/Corporate Chief Medical Officer reported on the following initiatives:

HHC Accountable Care Organization and the Medicare Shared Savings Plan

HHC's Accountable Care Organization has been formally notified of their successful application to the Medicare Shared Savings Program; effective January 2013. This will initially apply to Medicare FFS patients, but will form the basis for HHC's work on the Triple Aim, regardless of payer. With this approval work will now commence on the organization and data systems needed to achieve the needed outcomes.

The Office of Emergency Management

The HHC's Office of Emergency Management participated in the New York City Office of Emergency Management's Coastal Storm Steering Committee conference calls beginning on October 24, 2012 in preparation for Hurricane Sandy. Central Office coordinated response efforts, staffed NYC OEM's Hospital Evacuation Center (HEC) and held daily conference calls beginning October 26, 2012. Eight Special Medical Needs Shelters were activated across the City and eventually provided care to approximately 2,000 evacuees for almost three weeks.

When the storm hit on October 29th, sections of NYC were devastated by record breaking storm surge and high winds. HHC was hit especially hard. Coney Island Hospital evacuated 214 patients and Bellevue Hospital Center evacuated 710 due to flooding and loss of services. Coler moved nearly 100 residents to Goldwater due to loss of steam and power, at Coler. In addition, Gouverneur, Goldwater and Metropolitan were on generator power for varying periods. Several Central Office locations including 125 Worth Street, 346 Broadway, 160 Water Street and 33 Whitehall Street were closed. 160 Water Street still remains closed due to water damage and staff has been relocated throughout the Corporation.

Coler remains on generator power and temporary boilers while repairs are ongoing. Both Coney Island and Bellevue are providing outpatient services. Coney Island is also operating an urgent care center and is expected to recommence inpatient services quite soon and then ramp up to full services in January. Bellevue opened a limited emergency department on December10th, with the expectation of resuming inpatient services in February 2013.

We have already begun the process of reviewing our response via a series of debriefings being conducted by Yale New Haven Center for Emergency Preparedness and Disaster Response. After action reports and improvement plans at both the Corporate and facility level will facilitate the decision-making process required to ascertain needed changes to ensure enhanced Corporate and response for future events and assist in providing information required for the Federal Emergency Management Agency (FEMA) reimbursement and or restoration applications.

Hurricane Sandy was a storm of unprecedented proportions. HHC staff performed extraordinarily well and successfully ensured the safety and continuity of care for our patients.

Controlled Substance Prescriptions

HHC has been working with the Mayor's office and the New York City Department of Health and Mental Hygiene (DOHMH) on the issue of prescription drugs. The number of young people dying as a result of a prescription drug (abuse) over the last 10 years has climbed significantly. We now have more young people dying from prescription drugs than from motor vehicle accidents. Our Emergency Medicine Council, chaired by Drs. Eric Legome (Kings County Hospital Center) and Christopher McStay (Bellevue Hospital Center), participated in the development of guidelines that will significantly reduce the amount of controlled substances prescribed and therefore the amount available for abuse. In addition, in partnership with DOHMH we have posters ready for placement in our Emergency Departments as soon as the DOHMH is ready to announce their program. Our Information Technology staff has altered the "default" number of days a controlled substance will be prescribed for in our EHR from the 30 days in many of our hospitals to 3 to 5 days. Physicians will still be able to prescribe for that amount when indicated but if they do not change it, the prescription will be limited to a 3-5 day supply. In addition, we are monitoring opioid prescribing in our Emergency Rooms to identify opportunities to reduce the number of doses being prescribed.

Stress Management and Support Groups

In response to supporting employees in the aftermath of Hurricane Sandy, the Office of Behavioral Health has provided group sessions at Central Office and developed cadre of licensed volunteer clinicians who can facilitate group discussions at other HHC facilities as well relocated 160 Water employees. The purpose of the group is to provide educational information about how to cope with stress and give employees an opportunity share experiences and develop new coping mechanisms.

Health Home

CMS has agreed to the NY state plan amendment which will allow funding of phase 2 of the Health Home initiative. This will allow the Health Home work to begin in previously approved boroughs of Manhattan and Queens. In combination with some increase in Health Home rates, HHC is now in a position to ramp up its Health Home activities, and also increase its formal arrangements with a number of community agencies. We will also continue the necessary transition to Health Home, of patients currently in TCM or Cobra programs at HHC.

Chief Information Officer Report:

Bert Robles, Chief Information Officer provided the Committee with updates on the following initiatives:

Hurricane Sandy

Mr. Robles publicly commended the EITS staff for their dedication and hard work during the past month in dealing with the destruction and displacement caused by Hurricane Sandy and her aftermath. As all HHC employees rose to the challenge and showed their dedication and perseverance in dealing with the events that followed, the EITS staff came together and went above and beyond the call of duty. As our emergency disaster plans went into effect, Central Office IT staff, Network CIOs and EITS staff at the facilities worked tirelessly to ensure that systems remained on line so that all HHC staff could remain connected. We witnessed first-hand what procedures worked for us as well as what we need to improve so that we can be better prepared the next time a disaster strikes. Hospital EITS staff opened their facilities to their displaced colleagues and welcomed them, offering them a place to work from. I am grateful for everyone's assistance and appreciate the work accomplished by the EITS staff during this disaster.

Availability of Records during Hurricane Sandy

Prior to Hurricane Sandy, the EITS team developed a portal which provided the ability for HHC provides and staff to access HHC applications from remote HHC facilities and alternate locations. We could not have anticipated the critical impact of having this capability for staff, providers and patients in order to maintain the continuum of care once Sandy hit.

For HHC, when power was unavailable in some sites, this allowed the care providers to look to other areas within the hospital to access patient information. When patients and/or staff were relocated to other locations, this same solution allowed for the care of patients to be on-going without interruption regardless of patient and/or provider locations.

In addition, a unique patient care situation arose during the storm where chart review access was needed by non-HHC physicians outside of the HHC network to ensure the appropriate care for a highly critical patient. EITS quickly responded to this call and made available the technology for the providers to review charts electronically outside of the HHC network. In the end, the technical restrictions placed on the non-HHC physician's by their computer system would not allow them to access the charts. Ultimately, these providers relied on phone conversations with HHC providers, staff and family members to get the necessary information. However, technology restrictions aside, EITS was prepared and able to facilitate the access of necessary clinical information needed for patient care to outside providers.

PeopleSoft Employee Self-Service (ESS) Deployment Progress

Phase I of PeopleSoft Employee Self-Service (ESS) was successfully deployed on Monday, October 29th in three (3) Pilot networks: Central Office, North Brooklyn and Queens Health Networks. ESS allows HHC employees in these three networks to review and update their personal information and perform actions such as:

- Name, address, emails and ethnicity changes
- Emergency contact information updates
- View current job information
- Enroll and modify health benefits
- View and update dependent information
- Attach scans of supporting documentation (i.e., SSN card, birth certificates and marriage licenses)

The second phase of ESS is currently being worked on and will be deployed on February 25, 2013 which will include new functionality. This will include:

- Updates to the employee's profile (i.e., degrees, licenses, certifications)
- Life and job events that effect benefits (i.e., marriage, birth, adoption)
- Performance documents (employees will be to view their current and past performance evaluations)
- Independent learning (Once Employees have met with their managers, they will be able to enroll themselves in training on the PeopleSoft Enterprise Learning Management (ELM) System

Deployment of PeopleSoft ESS will continue throughout 2013, with all HHC networks gaining access and having the ability to utilize these services. The PeopleSoft team continues to look to expand application functionality and deploy additional self-service modules. Analysis and requirements gathering are underway.

Electronic Protected Health Information (ePHI) Encryption Progress

In an effort to ensure HIPAA compliance and to protect sensitive data including electronic Protected Health Information (ePHI) from unauthorized access resulting from a loss or theft of a desktop, laptop, or any other removable media device, Enterprise IT Services also initiated an enterprise encryption project in conjunction with the Windows 7 project. To date we have encrypted over 19,000 workforce computing devices (19,031 corporate workstations and 330 laptops) and have also standardize encryption on any removable media device (i.e., thumb drives and portable hard drives). We also anticipate this project being completed by the 2nd quarter of 2013 which will significantly improve our security posture and lower or risk of any sensitive or protected health information failing into the wrong hands.

As mandated by Operating Procedures 250-16, 19, and 20, the Corporation backup policy includes a requirement that we encrypt backups for all systems containing ePHI and confidential information that are sent to off-site storage in event of disaster. At the present time, we are encrypting 882 out of 918 (business and clinical) systems which means 96% of our electronic patient health information and confidential files are secured. For the remaining 4% (36 systems), there are a series of issues stemming from old technology and applications which do not support encryption to the Food and Drug Administration regulated software and hardware. FDA regulated equipment will not allow non-approved software to be installed unless it is first tested and approved by the FDA which can be a lengthy process. We are currently working with non-compliant vendors to explore different options, such as application version upgrades and architectural changes to their application, which will allow us to incorporate the backup of those systems into our Enterprise Backup Environment.

MetroPlus Health Plan, Inc.

Dr. Arnold Saperstein, Executive Director, MetroPlus Health Plan, Inc. presented to the Committee. Dr. Saperstein informed the Committee that the total plan enrollment as of November 26, 2012 was 439,703. Breakdown of plan enrollment by line of business is as follows:

Medicaid	373,229
Child Health Plus	15,514
Family Health Plus	35,983
MetroPlus Gold	3,097
Partnership in Care (HIV/SNP)	5,741
Medicare	6,139

This month, MetroPlus added 2,862 members. MetroPlus experienced a modest gain in Medicare, gaining 113 enrollees.

Dr. Saperstein provided the Committee with reports of members disenrolled from MetroPlus due to transfer to other health plans, as well as a report of new members transferred to MetroPlus from other plans.

As of October 29th, MetroPlus operations were severely impacted by Hurricane Sandy. MetroPlus' main offices at 160 Water Street were inaccessible due to flooding and damage, and they will be unable to return to the building until at least February 2013. Immediately following the hurricane, MetroPlus formed an Incident Management Team and Dr. Saperstein assigned MetroPlus COO, Stanley Glassman to lead the team. MetroPlus instantly began implementing their previously designed business resumption plan and worked day and night to resume their operations. MetroPlus initially used their answering service to accept all incoming calls which were then elevated to key staff members via cell phone. MetroPlus was able to resume their Call Center Operations at SunGard in Carlstadt, New Jersey by the Monday following the storm. The call volume was extremely high, up to 10,000 customer service calls per day.

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On a much more positive note, Dr. Saperstein is thrilled to report that The New York State Department of Health released the 2012 Consumer's Guide to Medicaid Managed Care in New York City. MetroPlus is again the #1 rated plan in New York City based on Quality of Care and Patient Satisfaction. This makes them the #1 plan in New York City for seven out of the last eight years. This is quite an accomplishment. Through these results, MetroPlus Health Plan proves again its relentless commitment to providing members with high quality care and customer satisfaction.

In October, MetroPlus was preparing for our 2012 Article 44 audit on November 26-November 30, 2012. Because of the storm, the State has delayed their audit until 2013. MetroPlus was also preparing for a November 14, 2012, CMS financial audit. This audit was also delayed until 2013.

Last month, CMS had issued guidance that Plans need to file with CMS by November 14th if they intend to expand their service area or offer a new product type for 2014. MetroPlus successfully filed their proposal for the CMS dual eligible demonstration project. In addition, the New York State Department of Health also submitted a proposal. In that way, MetroPlus has the opportunity to participate both directly with CMS, and through the New York State program.

Action Items:

Authorizing the President of the New York City Health and Hospitals Corporation ("the Corporation") to purchase storage hardware, software, and associated maintenance through New York State Office of General Services (OGS) contract (s) from manufacturers and various authorized resellers on an on-going basis in an amount not to exceed $6,600,000 for a one year period.

The resolution was approved for the full Board of Directors consideration.

Authorizing the President of the New York City Health and Hospitals Corporation ("the Corporation") to purchase the EMR Project Hardware Platform through New York State Office of General Services (OGS) contract (s) from IBM and various authorized resellers in an amount not to exceed $21,900,000 for a five year period.

The resolution was approved for the full Board of Directors consideration.

Authorizing the President of the New York City Health and Hospitals Corporation ("the Corporation") to purchase computer workstations, laptops, and IT peripherals for the entire Corporation through Third Party Contract (s) from various vendors on an on-going basis in an amount not to exceed $8,500,000, over a 12 month period.

The resolution was approved for the full Board of Directors consideration.

Information Items:

Behavioral Health

Presenting to the Committee was Joyce Wale, Senior Assistant Vice President, Office of Behavioral Health.

Ms. Wale began the presentation by informing the Committee of the current behavioral environment. As reported in late 2011, the legislature and the Governor's office gave the State Office of Mental Health (OMH) and the State Office of Alcoholism and Substance Abuse Services (OASAS) the authority to contract with managed behavioral health organizations (BHOs) to collect and track utilization and data for psychiatric and Detox inpatient services. OptumHealth which is part of United Health Care was selected as the Regional BHO and collects data on inpatient admissions and discharges of psych and detox patients with a focus on long-stay psych patients with complex needs. Reporting of behavioral health six core measures to CMS with future potential financial penalties begin July 2013. Further, there is a need to integrate primary and behavioral healthcare with the HEAL 17 initiative; use of TeamCare model in PCMH; Health Homes initiative; and the NYS DOH Hospital Medical Home Demonstration Project. The key opportunities for change are: trends are generally stable; need to develop effective capacity to improve guideline adherence; and performance variation reveals continued lack of consensus on best practice.

Below is a snapshot of the behavioral health service indicators Ms. Wales presented.

- HHC's psychiatric emergency services decreased by -0.2% 28,763 in Fiscal Year 11 to 28,695 in Fiscal Year 12.
- On the inpatient side, there was a decrease in length of stay in adult and youth services, which has been an area of our focus.
- Detox services length of stay decreased from four days in FY 11 to 3.9 days in FY 12.
- Outpatient utilization has decreased by -2.5% from 889,424 in FY 11 to 867,627 in FY 12 – the highest percentage decrease was in the chemical dependency program, mainly methadone which we suspect means that individuals are accepting other medication assisted treatments.
- Total hours of adult inpatient seclusion per 1,000 patient hours for Quarter 2 in 2012 was 0.046 well below The Joint Commission average of 0.300.
- Total hours of inpatient restraint per 1,000 patient hours for Quarter 2 in 2012 was 0.069 well below The Joint Commission average of 0.300.

The presentation concluded by informing the Committee of the challenges in the behavioral health arena as follows: 1) increased capacity to accessible, efficient services that balance cost and quality by reducing inpatient LOS and readmission; 2) rightsizing and preparing the workforce; 3) integration of behavioral health within medical services; and 4) development and implementation of a fully at-risk Special Needs Plan (SNP) for individuals with serious mental and substance use conditions.

Nursing Sensitive Indicators

Presenting to the Committee was Lauren Johnston, Senior Assistant Vice President/Chief Nursing Officer, Office of Patient Centered Care. Ms. Johnston reported on the nursing sensitive indicators which reflect the structure, process and outcomes of nursing care. Today's presentation will center on the outcomes of nursing care in the acute care facilities, with a concentration on patient falls and hospital acquired pressure ulcers. Each facility is a member of the National Database of Nursing Quality Indicators (NDNQI) database which is a repository of data submitted by hospitals across the country. It is a requirement for hospitals to be a member of NDNQI and use their database if you are a magnet facility or on a magnet journey. NDNQI's mission is to aid the nurse in patient safety and quality improvement efforts by providing research-based, national, comparative data on nursing care and the relationship of this care to patient outcomes.

Below is a snapshot of the indicators Ms. Johnston presented.

- Falls with Injury Rate Change in Medical Units for FY 2012: It is not likely to bring the total rate of falls to "zero", but an additional indicator is the severity of the fall. To that end, falls with injury are also monitored and reported, and it is here that our efforts have yielded results. Coney Island Hospital Center and North Central Bronx Hospital have remained at zero falls with injury throughout. Bellevue Hospital Center and Queens Hospital Center all achieved zero falls with injury in the first quarter of the year, Kings County Hospital Center and Metropolitan Hospital Center achieved zero falls with injury in the second quarter.

- Hospital Acquired Pressure Ulcer Rate Change in Medical Units in FY 2012: North Central Bronx Hospital has been at zero prevalence throughout this time period, and Coney Island since the second quarter of 2010. Quarter 1 and 2 of 2012: Coney Island Hospital, Metropolitan Hospital Center and Woodhull Medical & Mental Health Center all have zero for both quarters.

Pressure ulcers are a very complicated issue, the key is to see the patient and turn them. All sites have specialized beds with "state of the art" mattresses referred to as "support surfaces". All sites have resources devoted to wound care, however, there is a variation in the amount and level of education and certification between facilities. The Wound Care specialists meet quarterly, support each other, share expertise and case studies.

Next steps for lowering rates include: continued standardization, education and certification; consistent use of NDNQI by all sites every quarter; review and standardization of use of 1:1 surveillance of patients; digital photography for documentation and the use of internal and external expertise for continued education and prevalence surveillance.

<u>Strategic Planning Committee – December 11, 2012</u>
<u>As reported by Josephine Bolus, RN</u>

Senior Vice President Remarks

On behalf of Ms. Brown, Mr. John Jurenko, Senior Assistant Vice President, greeted and informed the Committee that he would be presenting the Senior Vice President remarks which included brief updates on federal issues and key HHC initiatives.

Federal Update

Mr. Jurenko reported that, on Friday, December 6, 2012, HHC had hosted a tour of Bellevue Hospital for House Energy and Commerce Subcommittee on Health Vice Chair, Michael Burgess, MD., (R-TX) and two staff members from the American Hospital Association. Dr. Burgess wanted to see, first hand, the impact of Hurricane Sandy; what preparations had been made in advance, the evacuation process; and what needed to be done to restore the hospital's operations. Mr. Jurenko reported that Dr. Burgess said during the visit that he would not have understood the magnitude of the damage and requisite repair costs, if he had not seen it for himself; and that he would recommend to his Congressional Committee that they arrange a field trip for other Committee members to come to New York City for a tour of Bellevue Hospital. Congressman Burgess was scheduled to tour NYU and Long Beach Hospital on Long Island later that day.

HHC Initiatives

Federally Qualified Health Center (FQHC) Look-Alike Designation for HHC's D&TCs

Mr. Jurenko reminded the Committee that HHC is applying for Federally Qualified Health Center (FQHC) Look-alike designation from the Health Resources and Services Administration (HRSA) for HHC's six diagnostic and treatment centers (D&TC). He explained that this designation would result in enhanced reimbursement and will consequently strengthen HHC's D&TCs' long-term financial viability. If designation is obtained, HHC will receive $25 - $30 million in new reimbursement by Fiscal Year 2014. The submission of the application to HRSA is slated for the week of December 17, 2012. Key actions that were required before application submission included the finalization of the incorporation of the Gotham Health FQHC, Inc., Board, establishment of its officers, convening of at least three Board meetings and the selection of Gotham Health's Executive Director. He noted that, as Ms. Brown had informed the Committee, the entire review and approval process from the time of application submission to designation by HRSA and the Centers for Medicare and Medicaid Services (CMS) is anticipated to take at least seven months.

Mr. Jurenko announced that Dr. Walid Michelin, the Network Medical Director for the Generations Plus/Northern Manhattan D&TCs had been named the Executive Director of the Gotham Health FQHC.

Health Professional Shortage Area (HPSA) Designation

Mr. Jurenko reported that HHC had received notice from the Health Resources and Services Administration (HRSA) that HPSA applications to designate several key communities served by HHC facilities as HPSAs had been approved. These designation applications include the following:

- Lower East-side Dental Health Professional Shortage Area (HPSA, an area served by Gouverneur Healthcare services and its satellite clinics;
- Bedford Stuyvesant Medicaid-Eligible Primary Care Health Professional Shortage Area (HPSA), an area served by Woodhull Medical and Mental Health Center and Cumberland Diagnostic and Treatment Center;
- Coney Island Medicaid-Eligible Primary Care Health Professional Shortage Area (HPSA), an area served by Coney Island Hospital and Ida B. Israel Health Center.
- South Jamaica Medicaid-Eligible Primary Care Health Professional Shortage Area (HPSA), an area served by Queens Hospital Center; and
- Long Island City Medicaid-Eligible Primary Care Health Professional Shortage Area (HPSA), an area served by Elmhurst Hospital Center.

Mr. Jurenko explained that HPSA designation would enable HHC's physicians who serve in those communities to participate in the National Health Service Corps (NHSC) scholarship/loan forgiveness program. It would also enable physicians from foreign nations who wish to practice at these HHC facilities to apply for J-1 visa waiver status.

AmeriCares Grant Award

Mr. Jurenko reported that HHC had received an emergency response grant totaling $168,000 from AmeriCares to purchase a refurbished mobile medical vehicle that would house pediatric and adult primary care services for the people of Coney Island, Brooklyn, who had been devastated by Hurricane Sandy. He informed the Committee that AmeriCares is a nonprofit global health and disaster relief organization that delivers medications, medical supplies, and humanitarian aid to people in crisis around the world and across the United States. Mr. Jurenko explained that the mobile medical unit will serve patients who had been served by the Ida G. Israel Community Health Center, which was destroyed by the storm surge. The community health center served 7,000 registered patients and had provided more than 11,000 primary care visits in Fiscal Year 2012. The mobile medical unit will be stationed at the Ida G. Israel Health Center site for a period of 6-12 months, during which time final decisions will be made on the reconstruction of the Center. Mr. Jurenko informed the Committee that a medical mobile unit had been identified and can, in a very short turnaround time, be purchased, and placed in front of that Center. Center staff and hospital supplies will be used in the operation of the mobile medical unit.

Information Item:

2012 Elections Update
Leonard Guttman, Assistant Vice President, Office of Intergovernmental Relations
John Jurenko, Senior Assistant Vice President, Office of Intergovernmental Relations
Wendy Saunders, Assistant Vice President, Office of Intergovernmental Relations

Mr. Leonard Guttman led the discussion of the results of the November 6, 2012, general elections. He described the outcomes as the following:

Federal Elections

President
- President Obama's hand strengthened
- Accountable Care Act (ACA) is here to stay
- Increased likelihood for action on fiscal cliff
    - Cuts to Medicare and Medicaid likely
    - Entitlement reform

U.S. Senate
- Pre-Election Balance of Power
    - 51 Democrats, 47 Republicans and 2 Independents
- Post-Election
    - 53 Democrats, 45 Republicans and 2 Independents

New York State Senate
- Kirsten Gillibrand (D) defeated Wendy Long (R)

House of Representatives
- Pre-Election Balance of Power
    - 241 Republicans and 191 Democrats
- 218 needed for majority control

- Post-Election Balance
    - Republican party maintains control with at least 8 seats loss
    - 7 undecided races

House of Representatives: Key New York State Races (New York is a "Battleground State"):

Races with less than 5% margin:
- Bishop (D) vs. Altschuler (R)
- Hayworth (R) vs. <u>Maloney</u> (D)
- Buerkle (R) vs. <u>Maffei</u> (D)
- Hochul (D) vs. <u>Collins</u> (R)
- Owens (D) vs. Doherny (R)
- Shingawa (D) vs. Reed (R)

House of Representatives: Key New York City Races

Brooklyn
Hakeem Jeffries (D) vs. Allan Bellone (R)

Queens
Grace Meng (D) vs. Dan Halloran (R)

Staten Island
Michael Grimm (R) vs. Mark Murphy (D)

Mrs. Wendy Saunders reported on the outcome of the New York State elections. She described the outcome as the following:

New York State Elections

Pre-Election Balance of Power

- NYS Senate: 62 members (63 post-election)
  - 33 Republicans and 29 Democrats (26 of whom are from NYC: 23 Democrats and 3 Republicans)
  - Independent Democratic Conference: 4

NYS Assembly – 150 members

- 101 Democrats – 47 Republicans, 2 open
  - 65 from New York City (63 Democrats & 2 Republicans)

New York State Senate: New York City Races

Brooklyn

- David Storobin (R) vs. Simcha Felder (D) (race won by Simcha)

Manhattan

- Brad Holyman (D) had no opponent

Queens

- Joseph Addabbo (D) vs. Eric Ulrich (R) (race won by Addabbo)
- James Sanders (D) had no opponent

Post-Election Balance of Power

- New York State now has 31 Democrats, 30 Republicans and 2 TBDs
  - 5 IDC members maintain own caucus
    - Klein, Savino, Valseky, Carlucci & Smith
  - *Simcha Felder (D) sides with Republicans
  - Reduces Democrat Caucus members to 25
- 2 undecided races in Hudson Valley and Capital District (guess is split 1 Democrat – 1Republican)
- Republicans and IDC to form coalition government

New York State Assembly: New York City Races

Democrats retain control: 107 Democrats to 43 Republicans

Bronx Races

- Mark Gjonaj (D)
- Luis Sepulveda (D)

Brooklyn Races

- Walter Mosley (D)

Manhattan Races

- Gabriella Rosa (D)

Staten Island Races

- Tony Mascolo (D) vs. Joseph Borelli (R) (race won by Borelli)

Queens Races

- Nily Rozic (D)
- Ron Kim (D)

Mrs. Saunders reported that Sheldon Silver will serve as the Assembly Speaker. She informed the Committee that there are at least 20 new members and vacancies in key leadership posts including:

- Majority Leader, Speaker Pro Tem, Majority Steering Committee
- Committees: Corrections*, Insurance*, Housing, Labor*, Libraries, Reappointment

(*Leadership changes may affect these committees)

New York City Council Elections

Mr. Jurenko described the outcomes of key City Council races. He reported the following:

Queens
- James Sanders is heading to Albany
  - Will create an open Council seat

Bronx
Andy King wins special election for vacancy resulting from Larry Seabrook's conviction

SUBSIDIARY BOARDS REPORTS

MetroPlus Health Plan, Inc. – December 11, 2012
As reported by Mr. Bernard Rosen

Chairperson's Remarks

Chair Rosen welcomed everyone to the final MetroPlus Board of Directors meeting of the year 2012. Mr. Rosen advised the Board that immediately following this meeting; the Annual Public meeting would be held. Mr. Rosen stated that Dr. Saperstein would present the Executive Director's report and Dr. Dunn would report on Medical Management issues. Mr. Rosen stated that there would be two resolutions presented. Mr. Rosen wished everyone a happy and healthy holiday season.

Executive Director's Report

Dr. Saperstein advised the Board of Directors that due to the storm, the Plan followed HHC's lead and canceled its remaining Committee meetings for 2012. This meeting was scheduled for two hours so that any business from those Committees could be discussed. Dr. Saperstein stated that the MetroPlus staff members that represent the Committees are in attendance to answer any questions that Board members may have.

Dr. Saperstein reported that total plan enrollment as of November 27th, 2012 was 439,703. Breakdown of plan enrollment by line of business is as follows:

Medicaid	373,229
Child Health Plus	15,514
Family Health Plus	35,983
MetroPlus Gold	3,097
Partnership in Care (HIV/SNP)	5,741
Medicare	6,139

Dr. Saperstein stated that, this month, MetroPlus added 2,862 members. The Plan experienced a modest gain in Medicare, gaining 113 enrollees.

As of October 29th, MetroPlus operations were severely impacted by Hurricane Sandy. The Plan's main offices at 160 Water Street were inaccessible due to flooding and damage, and MetroPlus will be unable to return to the building until at least February 2013. Immediately following the hurricane, MetroPlus formed an Incident Management Team and Dr. Saperstein assigned MetroPlus Chief Operating Officer, Stanley Glassman to lead the team. MetroPlus instantly began implementing its previously designed business resumption plan and worked day and night to resume operations. The Plan initially used its answering service to accept all incoming calls which were then elevated to key staff members via cell phone. MetroPlus was able to resume its Call Center Operations at SunGard in Carlstadt, New Jersey by the Monday following the storm. The call volume was extremely high, up to 10,000 customer service calls per day.

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Mr. Lloyd Williams commended MetroPlus for an extraordinary recovery from Hurricane Sandy. Mr. Antonio Martin stated that both MetroPlus and the Corporation did a fabulous job during such a difficult time.

Medical Director's Report

Dr. Dunn reported that MetroPlus received State approval to operate as a Partial Capitation Managed Long Term Care (MLTC) program on November 9, 2012. At the time of this meeting, there are twenty applications that have been submitted for MLTC enrollment and are in the process of being evaluated for membership. The Plan anticipates MLTC membership to begin in January 2013. Provider Contracting has been successful in contracting with new and current providers (via amendments) through the Plan's network for the MLTC program.

Dr. Dunn stated that the QARR Awards were distributed to the network over the past month. The Plan chose 20 measures as the basis for the distribution of the awards. A facility received $10,000 if they had the highest rate for a measure and $5,000 if they had the second highest rate for a measure. If there was a tie, the facilities split the winnings. In addition, the Plan awarded $20,000 to the facility who was ranked 1st place overall, $15,000 to the facility ranked 2nd place overall, and $10,000 to the facility ranked 3rd place overall. A $10,000 award was also given to the most improved facility between 2010 and 2011.

In reviewing the results, Elmhurst Hospital Center was ranked 1st place overall and received $67,500, which was the most awarded to any facility. Lincoln Medical and Mental Health Center received $60,000 which was the second highest amount awarded to any facility. Coney Island Hospital, Gouverneur and Renaissance Network all received $30,000, which was the 3rd highest amount received by any facility. Elmhurst received 1st or 2nd place for the most number of measures (appropriate testing for pharyngitis, 7 day follow-up for mental health, diabetes care, care for older adults, nutritional counseling, physical activity counseling and controlling high blood pressure), as compared to all the other facilities.

Dr. Dunn informed the Board that Bellevue Hospital received the most improved facility award as well as the 2nd place award for the appropriate imaging studies measure for low back pain and controlling high blood pressure; their total award was $17,500. Upon reviewing the awards across the 7 networks, the breakdown is as follows:

- 6 awards for Generation Plus Network
- 3 awards for Queens Health Network and South Brooklyn Network each
- 2 awards for North Brooklyn Network and Central Brooklyn Network each
- 1 award for South Manhattan and North Bronx Network each

Additional Quality Management updates related to QARR/HEDIS include:

- Supplemental surveys for the upcoming HEDIS/QARR season are being done by NYCHSRO and internal Quality Management staff. At the time of this report, there are 8,000 surveys' that are in the process of being finalized by March 2013
- The HEDIS completed record sample due date has been moved to mid April. Quality Management is coordinating this initiative so it will be ready for auditor review in mid-April
- The 2013 State Performance Improvement Project proposal due dates have also been changed for Performance in Chronic Disease Prevention and Management
    - Part 1: Medicaid Incentives for the Prevention of Chronic Disease February 1, 2013
    - Part 2: Supplemental Intervention December 14, 2012

Dr. Dunn reported that Medicare Special Needs Plans are required to submit evidence of compliance with NCQA Structure and Process requirements. This was submitted on October 15, 2012. NCQA contacted each health plan with a CURE, which is an opportunity to submit additional information to assist in meeting the requirements. MetroPlus sent additional information to NCQA on November 30, 2012, final results are pending and expected within six months.

Dr. Dunn stated that MetroPlus Medicare programs underwent a full scale operational plan audit on Oct 15, 2012. The areas audited included Enrollment and Disenrollment, Utilization Management, Complaints, Grievances and Appeals; Part D/Pharmacy related denials and appeals, etc. The Plan is awaiting a report from CMS on deficiencies found during the audit.

MetroPlus is implementing an authorization program for outpatient high tech radiology services (PT, MRA, MRI, CT) and nuclear cardiology services. HHC facilities are excluded from this authorization requirement. Due to the volume of requests and expertise required, MetroPlus will be partnering with MedSolutions to issue authorizations for these services. The Plan has delayed implementation until February 1, 2013.

Before the action items were reviewed, Mr. Still submitted the Finance Committee report to Mr. Rosen for the record. Mr. Still congratulated the Plan for its tremendous efforts after the storm. Mr. Still stated the Plan should make a record of all of its efforts and steps to recovery so that it can be a part of MetroPlus' history.

Action Items:

The first resolution was introduced by Mr. Dan Still, Chairman of the MetroPlus Finance Committee.

Authorizing the Executive Director of MetroPlus Health Plan, Inc. ("MetroPlus") to negotiate and execute a contract with RGA Life Insurance Company ("RGA") to provide stop-loss reinsurance coverage for a term of three years with two options to renew of one year each, solely exercisable at the discretion of MetroPlus, for a total amount not to exceed $6,750, 000 for the five year period.

Mr. Rosen advised the Board that the vendor was available for questions. Ms. Kathy Childs-Healy, Director of Marketing at RGA introduced herself to the Board of Directors. Mr. Rosen asked Ms. Childs-Healy to explain the services that RGA would be supplying to MetroPlus. Ms. Childs-Healy gave the Board a detailed overview of the services that RGA would provide. Ms. Karen Leung advised the Board that RGA would reimburse MetroPlus 80 percent of anything over the threshold of $250,000. Mr. Still asked Ms. Leung if the threshold is $250,000 to $1,000,000. Ms. Leung responded yes.

The resolution was passed unanimously by the MetroPlus Health Plan Board of Directors.

The last resolution was introduced by Mr. Still.

Adopting the annual operating budget and expense authority of MetroPlus Health Plan, Inc. (the "Plan"), for Fiscal Year 2013.

Mr. Cuda reviewed in detail the highlights of the budget. Handouts were given out to the Board members. Mr. Cuda provided the Board of Directors with a summary that compared the 2012 budget to the proposed 2013 budget. The budget increased mostly due to fringe benefit costs. Mr. Cuda explained that with the unexpected rush of pension plan participation in 2012 and the rise in health benefit costs, the Plan projects a $6 million dollar increase in those costs for 2013. Ms. Weinberg asked how the Plan retains its employees. Dr. Saperstein stated that it is one of the Plan's biggest challenges. When MetroPlus advertises for talent, individuals are coming in with much higher historical salaries than the Plan is used to paying. There was a brief discussion regarding data centers and if SunGard is viable for the future.

<u>HHC Capital Corporation – November 29, 2012</u>
<u>As Reported by Dr. Michael Stocker</u>

HHC Bonds Issuance History

Assistant Vice President for Debt Finance and Corporate Reimbursement Services, Linda Dehart informed the Board that the current amount of outstanding HHC bonds is slightly over $1 billion.

2010 HHC Health System Bond Construction Fund

Director for Debt Finance and Corporate Reimbursement Services, Paulene Lok reported that $97.2 million has been drawn down from the 2010 Bond Construction Fund of nearly $200 million as of November 15, 2012. When asked by Ms. Youssouf if there was a project list at the time of bond issuance in 2010, Ms. DeHart and Mr. Alfonso Pistone, Assistant Vice President, Office of Facilities Development, said that a preliminary list was provided and that there was a presumption of accelerated capital spending based on Facility requests at the time. Mr. Pistone added that of the $102.6 million remaining in the construction fund, $44 million is set aside for IT projects.

Board member, Ms. Emily Youssouf asked if Finance has considered using alternative financing mechanisms since many of the larger City Authorities have such programs adding that HHC should also have an "open resolution" structure in place to allow for continuous and more frequent bond issuances. Ms. DeHart replied that the Chief Financial Officer Ms. Marlene Zurack is considering issuing bonds along the lines of an "as-needed" basis similar to New York City's cash flow borrowing. Debt Finance had participated in discussions exploring the use of a revolving Commercial Paper program for future capital funding needs.

When asked if HHC is encountering any negative arbitrage for taking so long to spend down the bond proceeds, Ms. Lok answered yes, but that according to the IRS rules and periodic arbitrage rebate filings, HHC has five years in which to fully spend down the proceeds.

Dr. Stocker asked if HHC borrowed more than it could spend. Mr. Pistone responded that OFD (Office of Facilities Development) has encumbered $136 million and that the challenge is the lag in the construction process and the delay in IT's spend-down of their allocation. Ms. Youssouf asked for the amount of interest paid on the 2010 bonds and more details on the encumbrances. Ms. DeHart and Mr. Pistone indicated that they would provide the information.

Letter of Credit Extension for HHC's 2008 Series D&E Bonds

Ms. Lok provided a brief background of the Letters of Credit ("LOC") which support HHC's 2008 Series B through E variable rate bonds. The LOC supporting the 2008 Series D and E bonds provided by JP Morgan Chase Bank ("JPM") was set to expire in September 2013. HHC asked for an extension through to July 1, 2017 in order to bypass the 2015 implementation of Basel III regulations which will impact bank capital reserves and liquidity coverage ratio requirements. These regulations are expected to reduce bank LOC capacity starting in 2015.

Addressing Ms. Youssouf's question as to why HHC is not converting the variable rate bonds to fixed rate bonds in order to lock in the historic low interest rates, Ms. Lok responded that the average rate of interest on HHC's variable rate bonds is 20 basis points. The cost of the LOC is between 60 to 70 basis points which means that HHC is paying less than 1% on the variable rate bonds. Ms. Dehart added that HHC's underwriters and financial advisor are certain that the long term rates will remain low within the next 12 months and that there is enough time to convert the variable rate debt to a fixed rate mode before interest rates start to rise.

Ms. Youssouf agrees that there will likely be less LOC bank capacity and that with so much uncertainty surrounding the fiscal cliff, HHC should re-consider "fixing out" the variable rate bonds.

Financial Advisor Selection

Ms. Nini Mar, Director, Debt Finance/Corporate Reimbursement Services, stated that a RFP for Financial Advisory Services was released on July 26, 2012. Twelve firms specializing in healthcare in the Northeast area according to the Bond Buyer "Red Book" were contacted directly by e-mail in addition to publication of the RFP in The City Record and a posting on HHC's Contracting website. Two firms, A.C. Advisory and Public Financial Management ("PFM"), submitted proposals on August 24, 2012. Based on interviews held on September 14, along with the quality and content of the proposals, the RFP Evaluation Committee selected PFM. PFM has been serving as the HHC's Financial Advisor since 2002.

Upcoming Bond Refunding

Ms. DeHart informed the Board of Finance's intent to refund nearly $112 million of outstanding HHC Series 2003 bonds that have an average coupon of 5.08%. The anticipated net present value savings was $24 million based on market conditions on October 9th. The savings are even greater now given that interest rates have continued to decline. Currently, Finance also plans to refund and restructure some of the 2008 fixed rate bonds to secure additional cash flow savings in years 2014 and 2015. The target pricing date for these transactions is February 2013.

HHC Assistance Corporation – October 24, 2012
As reported by Mr. Alan Aviles

Organizational Meeting

On October 24, 2012 at 11:00 AM the initial meeting of the Board of Directors of the HHC Assistance Corporation (the "Assistance Corporation") was held. At the meeting, the following directors were present: Alan Aviles, Antonio Martin, Salvatore Russo and Laray Brown. Marlene Zurack was absent. The Board of Directors elected the following officers:

President:	Alan D. Aviles
Senior Assistant Vice President:	Antonia Martin
Senior Assistant Vice President:	Laray Brown
Senior Assistant Vice President and Treasurer:	Marlene Zurack
Senior Assistant Vice President and Secretary:	Salvatore J. Russo.

The Board of Directors voted to establish bank accounts at Chase Manhattan Bank, it confirmed the adoption of the Assistance Corporation's By-Laws and adopted a resolution authorizing the Assistance Corporation to participate in the supplementary New Market Tax Credit financing of the Major Modernization of Harlem Hospital Center in accordance with the Resolution adopted by the Board of Directors of the New York City Health and Hospitals Corporation (the "Corporation") on September 27, 2012.

New Market Tax Credit Financing of Harlem Hospital Center

After a forced adjournment of the closing due to Hurricane Sandy, the Assistance Corporation joined with the Corporation to close the New Market Tax Credit transaction on November 9, 2012. The net benefit to the Corporation for the Harlem Hospital Center Major Modernization will be approximately $3,151,960.

HHC Insurance Company / Physicians Purchasing Group – December 5, 2012
As reported by Mr. Alan Aviles

The Corporation's initiative to reduce costs associated with medical malpractice claims includes efforts to identify cost-effective insurance strategies. The HHC Board of Directors authorized the formation and operation of a subsidiary captive insurance company, the HHC Insurance Company ("HHCIC") that would insure attending physician staff and provide access to excess insurance coverage provided by a state-funded pool. The HHC Physicians Purchasing Group ("PPG") was formed as an insurance purchasing group for HHC affiliated physicians.

Reports from the recent Board meetings held on December 5, 2012 are summarized below:

HHC Insurance Company

The HHC Insurance Company was licensed as a captive insurance company by the New York State Department of Insurance on December 16, 2004. It became active on January 1, 2005. The company underwrites primary professional liability coverage for attending physicians affiliated with HHC in the specialties of Obstetrics/Gynecology and Neurosurgery. Excess coverage for these specialties, obtained through the New York State Excess Liability Pool, began on July 1, 2005.

The Board of Directors of HHCIC held its annual meeting on December 5, 2012. It conducted all business necessary for captives in the State of New York including the issuance of primary insurance policies to the members of the HHC Physicians Purchasing Group as well as the re-appointments of Aon Risk Consultants, Inc. as actuaries and KPMG, LLP as auditors. At present, there are 325 Obstetrician/Gynecologists and Neurosurgeons insured through HHCIC.

Premium in the amount of $6.2 million was deposited for the benefit of HHCIC by HHC and is held in reserve for the payment of any claims with the exception of any amounts needed for payment of any outstanding claims against HHCIC.

The Company was required to sign up as a plan or pool participant in the Medical Malpractice Insurance Pool (MMIP). The company opted to join the Pool so that it could be consistent with all of the other medical malpractice carriers in the State of New York. The September 30, 2012 cession statement from the Pool indicates that the Company has a net liability to the Pool of $1,572,927.

All Regulatory matters are current.

HHC Physicians Purchasing Group

The Board of Directors of the HHC Physicians Purchasing Group held its annual meeting on December 5. 2012. The business of the Group is to obtain primary medical malpractice insurance from HHCIC on behalf of its members who are employees of HHC's Affiliates. The physician members of the group have obtained primary medical malpractice insurance coverage for 2012 in the amount of $1.3 million/ $3.9 million from the HHCIC, the New York captive insurance company. The members of the group have also received excess coverage in the amount of $1 million / $3 million from the Medical Malpractice Insurance Plan.

The Board conducted all business necessary for a Purchasing Group in the State of New York.

* * * * * *End of Reports* * * * * *

ALAN D. AVILES
HHC PRESIDENT AND CHIEF EXECUTIVE
REPORT TO THE BOARD OF DIRECTORS
DECEMBER 20, 2012

HHC LEADERSHIP PRESENTS *HHC THROUGH THE STORM: RISING TO THE OCCASION*

Earlier this month, HHC leadership released *HHC Through the Storm: Rising to the Occasion*, a selection of staff stories that exemplify the commitment and courage of our employees across the system before, during, and after Hurricane Sandy.

Prepared by the Office of Special Projects, *Rising to the Occasion* features 20 individual and collective profiles of HHC's men and women who put their personal concerns aside in order to focus on patient care, supported their colleagues through unprecedented circumstances, and braved the elements to protect their facilities during the hurricane.

Rising to the Occasion demonstrates what we, as HHC, accomplished during the hurricane -- it celebrates and recognizes the hard work of employees across the system. I invite you to read the stories of our heroic employees by visiting throughthestorm.nychhc.org.

HURRICANE RECOVERY AND RESTORATION PROCEEDS THROUGHOUT HHC

Recovery and restoration work continues to progress along the same timelines that were previously projected. We still anticipate that inpatient services will be restored at Coney Island Hospital in January and at Bellevue Hospital by February.

Recently limited emergency services became available in the Emergency Department at Bellevue, a significant milestone in Bellevue's ongoing restoration since Hurricane Sandy disabled much of the equipment needed for the facility to function at full capacity. Bellevue also continues to increase outpatient services, with more than 30 outpatient clinics currently available. At Coney Island Hospital, walk-in urgent care services are available 24 hours a day, 7 days a week, and the hospital continues to regularly add to its roster of restored outpatient services. This week Coney Island Hospital also reopened 32 beds in its psychiatric inpatient unit, the first step toward restoration of full inpatient services. Neither hospital is receiving ambulances, although private ambulance services are on-site 24-hours-a-day to transport patients arriving for urgent care services to other hospitals if needed.

Earlier this week we made an initial submission to FEMA of more than $150 million in project worksheets related to emergent repairs and anticipate, based on statements of the FEMA Administrator Craig Fugate when he visited Bellevue and Coney Island last week, that FEMA will make a substantial advance payment to HHC for the repair work reflected in this first set of worksheets relatively quickly.

HHC RECEIVES $168,000 GRANT FROM AMERICARES FOR MOBILE CLINIC IN CONEY ISLAND

The nonprofit global health and disaster relief organization AmeriCares has given HHC $168,000 to purchase a mobile clinic that will serve as a temporary location for the Ida G. Israel Community Health Center, which remains closed following Hurricane Sandy. The Ida Israel site, an outpatient health center at 2201 Neptune Avenue affiliated with Coney Island Hospital which served 10,000 patients annually, will not reopen at the same location. The removal of the clinic leaves a substantial hole in the community's healthcare infrastructure and we are actively searching for a permanent replacement site in the same vicinity. The donation was announced by AmeriCares in a press release today. We anticipate delivery of the van by the end of next week and, following a preparation time of a day or two to install HHC IT infrastructure, the van will be placed into service.

FEDERAL UPDATE

On Friday, December 7, HHC hosted a tour of Bellevue for House Energy and Commerce Subcommittee on Health, Vice Chair Michael Burgess, MD. Dr. Burgess wanted to review the impact of Hurricane Sandy, what preparations had been made in advance, the evacuation process and need for assistance. He told those accompanying him on the trip that he would not have understood the magnitude of the damage and repairs if he had not seen it for himself. He said he was going to recommend to his Congressional Committee that they arrange a field trip for the other members of the Committee to come to NYC for a tour of Bellevue.

A week later, on December 14, both Bellevue and Coney Island hospitals hosted visits from FEMA Administrator Craig Fugate, who saw the severity of the damage and was very impressed with our efforts to restore essential services to our community as quickly as possible. He was encouraging in his assurances that reimbursement funding could include significant mitigation measures that would prevent similar damage in future disaster scenarios.

In Washington, the President's request for a Sandy Emergency Supplemental Appropriations bill for $60.4 billion was introduced in the Senate and debate began this week. At least seven republican votes will be required to reach the 60 votes needed to ensure passage. We will keep you up to date on these developments.

President Obama and House of Representatives Speaker Boehner are negotiating what is being dubbed a "grand bargain" to avoid the so called fiscal cliff on January 1, 2013. As mentioned at prior meetings, there are a number of important tax and fiscal provisions that lapse at the end of the year. They include: 1) the Bush era tax rates; 2) the current Medicare Physician reimbursement rate; 3) unemployment insurance benefits; and 4) the legislatively mandated sequestration of $1.2 trillion over 10 years in spending cuts divided equally between defense and domestic spending, with Medicaid exempt and Medicare held to a 2 percent provider cut.

For HHC, there are a number of areas under consideration for reductions that would cause a budgetary impact. Prime targets are: 1) reductions in the permissible state provider taxes which would adversely affect HHC if the New York State Medicaid program could not use provider taxes as a source of funding; 2) reductions in Medicare Indirect Medical Education (IME) and Graduate Medical Education (GME) funding, which currently provides HHC with a combined $182 million a year from these programs or about 18 percent of our total Medicare revenue; 3) reductions in the hospital outpatient Medicare reimbursement rates for evaluation and management services, which could mean losses to HHC over 10 years of $187 million.

Any grand bargain may include total dollar figures for cuts in health care with instructions to committees of jurisdiction to decide next year where the cuts will be made.   Speaker Boehner, in a notable switch in strategy regarding the fiscal cliff, yesterday introduced a new bill in the house that would find spending cuts and extend the Bush era tax cuts for all Americans except those making over $1 million a year. The legislation includes a number of Medicaid related changes including extending the DSH cuts another year to 2022, lowering the allowable Provider Taxes from 6% to 5.5%, and repeal of the Affordable Care Act's "maintenance of effort" requirement, which specifies that states cannot tighten Medicaid eligibility standards until 2014, as well as significant reductions in food stamps and other safety net programs. This bill is slated to be voted on today in the House but has zero chance of passing the Senate.

ADDITIONAL ENROLLMENT OF PATIENTS INTO HOME HEALTH PROGRAM APPROVED

The federal Center for Medicare and Medicaid Services (CMS) has approved the second phase of the Health Home program earlier this month, enabling Health Home enrollment activities to commence in the boroughs of Manhattan and Queens. Until a roster of eligible patients is provided by NYSDOH, Phase 2 hospitals will initiate activities by beginning to convert and enroll eligible patients from existing COBRA, CIDP and TCM programs.

Phase 1 hospitals in the Bronx and Brooklyn, have been conducting outreach activities and enrolling patients into the HHC Health Home Program since August 2012. To date, and in light of disruptions caused by Hurricane Sandy, HHC has enrolled only 386 Health Home patients. Some of these patients are among those that have been successfully transitioned from our legacy COBRA, CIDP and TCM case coordination programs and enrolled in the Health Home program. We anticipate that the pace of enrollment will pick up significantly in the months ahead.

BREAKTHROUGH AWARENESS OF ALL HHC STAFF TO BE ENHANCED BY NEW COMPUTER-BASED TRAINING PROGRAM

This week, HHC announced Breakthrough Awareness training, available to all staff online, through PeopleSoft ELM (Enterprise Learning Management). This 90-minute course introduces staff to basic terms, concepts, skills, and practical applications. This new online program provides an opportunity for staff to initiate this important training at their own convenience and is another option for employees who are not able to participate in in-person Breakthrough Awareness Workshops.

The Breakthrough performance improvement methodology is HHC's chosen method for solving operational problems, eliminating waste from work processes, and making our programs, services and systems even better for patients and staff. Breakthrough tools and practices can be used by everyone, and can be applied to solve both small and large problems. They are being used right now to improve processes and outcomes in our emergency and operating rooms, outpatient services, pharmacies, nursing units, support services, and many other services.

Further information about the training is available on the Breakthrough Intranet site at breakthrough.nychhc.org.

QUEENS HOSPITAL CELEBRATES THE OPENING OF A NEW CPEP

On November 29th, Queens Hospital Center opened an expanded Comprehensive Psychiatric Emergency Program (CPEP), which at 8,500 square feet is almost double the size of the existing CPEP. The new setting allows for a more comprehensive treatment of all psychiatric emergencies, with a focus on guiding patients with acute psychiatric conditions to successful treatment and ultimate re-integration to the community setting.

Regular emergency departments are typically not optimally equipped to deal with psychiatric emergencies. The CPEP is designed to provide the best environment for the evaluation and treatment of psychiatric crises, including suicidal or aggressive behavior, depression, and psychosis. The program offers a discrete space that meets safety standards for psychiatric patients and provides 24 hour-a-day/7 day-a-week staffing by psychiatrists, nurses, social workers and other professionals.

The $9.3 million, 20-month CPEP expansion project was funded through a combination of New York State's HEAL NY program and capital funds from HHC.

With the opening of the new, larger CPEP, the former 4,500 square foot CPEP unit will be converted to expand the hospital's medical Emergency Department in a project to begin in 2013.

CONTRACT WITH PHYSICIAN AFFILIATE GROUP OF NEW YORK

On today's agenda for your consideration is a three-year agreement with the Physician Affiliate Group of New York, P.C. (PAGNY) for the provision of general care and behavioral health services at six of our hospitals and three of our diagnostic and treatment centers. The facilities included in the agreement are:

- Lincoln Medical and Mental Health Center
- Morrisania Diagnostic and Treatment Center
- Segundo Ruiz Belvis Diagnostic and Treatment Center
- Jacobi Medical Center
- North Central Bronx Hospital
- Harlem Hospital Center
- Renaissance Health Care Network Diagnostic and Treatment Center
- Metropolitan Hospital Center
- Coney Island Hospital

The proposed agreement is effective from July 1, 2012 to June 30, 2015, consistent with the general terms and conditions outlined in the resolution. The costs for the three-year period total $1.276 billion.

The agreement identifies a series of pay-for-performance metrics designed to align business goals and improve overall performance. They link physician behavior to the goals of patient satisfaction, accurate documentation, a fully effectuated patient-centered medical home model, improved quality and greater efficiency.

The agreement also strengthens the Joint Oversight Committee (JOC) process to ensure joint planning and alignment with the local facility and enterprise-wide strategic direction. Each of the JOCs at the PAGNY facilities will work collaboratively to ensure appropriate staffing levels, maximize productivity, lower costs, increase revenue and monitor progress with the performance indicators.

This proposed affiliation agreement, together with those negotiated earlier this year with NYU and Mt. Sinai, represent a significant milestone toward aligning financial incentives for our physicians with performance targets that will generate more revenue, reduce projected losses, improve patient satisfaction or otherwise better position HHC at the leading edge of healthcare reform. This approach reflects the reality that collaboration with our physician leadership and workforce will be more important than ever going forward if we are to preserve HHC's mission and successfully navigate the challenges inherent in evolving healthcare reform at the federal and state levels. I urge your support for the agreement.

LAUNCH OF *TAKING ON THE CHALLENGE*
INFORMATIONAL VIDEO SERIES FOR HHC STAFF

On December 10 and 17, I shared the first two installments of my four-video series called *Taking on the Challenge* with all HHC employees. Produced by the Office of Special Projects, the video series is intended to provide HHC staff with an overview of challenges we have faced in the past and what we have done about them, a look forward at changes that will arise in the healthcare reform era that will affect healthcare delivery at our hospitals, and where I see us headed as we move toward the future.

Keeping staff informed and educated about new policies, programs, and governmental requirements will be key to helping them understand why these developments are important; how they will impact our hospitals, services, and providers; and what we all need to do to flexibly adapt to change. The first and second videos are now available on the HHC intranet and others will be added as they are released in the coming weeks.

HHC IN THE NEWS HIGHLIGHTS

Broadcast

New Psychiatric Wing, Queens Hospital Center, NY1, 12/04/12

NY Medical Team Leads Way For Surgery On Traumatic Eye Injuries, Dr. Douglas Lazzarro, Dr. Wayne Scott, King County, NY1, 12/05/12

Savory Bites & Sweet Sensations Cookbook, Lincoln Hospital, News 12 Bronx, 11/17/12

Bellevue Hospital Cleanup Update, NY1, 12/03/12

How NYC hospitals met challenges in Sandy's wake, Bellevue and Coney Island hospitals, CBS New York, 11/27/12

Print

Healthcare Leaders, HHC President Alan Aviles, Poder Hispanic Magazine, Dec/Jan 2013

With Some Hospitals Closed After Hurricane, E.R.'s at Others Overflow, Coney, Bellevue, The New York Times, 12/04/12 (Also covered in NY Daily News)

Sandy Relief Rolls In, HHC, Crain's Health Pulse, 12/03/12

Lessons Learned From the Storm, HHC, The Huffington Post, 12/03/12

Coney Island Hospital Reopens Urgent Care Center, Sheepsheadbites.com, 12/03/12
(Also covered in Brooklyn Daily Eagle)

HHC's CNE: Communication, preparation key amid disasters such as Sandy, Nurse.com, 12/03/12

Queens Hosp Opens Center, Queens Times Ledger, 12/10/12

Taking A Healthy Bite of the Bronx, Lincoln Hospital, The Bronx Free Press, 12/07/12

Telehealth Program for Medicaid Patients with Type 2 Diabetes Lowers Hemoglobin, HHC, The Journal of Managed Care Medicine, December Issue 2012

HHC NEW YORK CITY HEALTH AND HOSPITALS CORPORATION

nyc.gov/hhc

Approved – 12/20/2012

BOARD OF DIRECTORS

Committee/Subsidiary Board Assignments

(Effective 01/01/2013)

STANDING COMMITTEES of the BOARD	
Executive	Chair: Dr. Michael A. Stocker Members: Rev. Diane E. Lacey Ms. Linda I. Gibbs Mr. Bernard Rosen Josephine Bolus, RN Mr. Alan D. Aviles
Audit	Chair: Ms. Emily A. Youssouf Members: Josephine Bolus, RN Dr. Jo Ivey Boufford
Capital	Chair: Ms. Emily A. Youssouf Members: Josephine Bolus, RN Dr. Michael A. Stocker Mr. Alan D. Aviles
Community Relations	Chair: Josephine Bolus, RN Members: Mr. Robert F. Nolan Dr. Michael A. Stocker Mr. Alan D. Aviles
Equal Employment Opportunity (EEO)	Chair: Rev. Diane E. Lacey Members: Josephine Bolus, RN Dr. Michael A. Stocker Mr. Alan D. Aviles
Finance	Chair: Mr. Bernard Rosen Members: Josephine Bolus, RN Ms. Linda Gibbs Mr. Robert Doar Ms. Emily A. Youssouf Mr. Michael A. Stocker Mr. Alan D. Aviles
Medical & Professional Affairs / Information Technology (M&PA/IT)	Chair: Dr. Michael A. Stocker Members: Josephine Bolus, RN Dr. Christina L. Jenkins Dr. Thomas Farley Dr. Vincent Calamia Mr. Alan D. Aviles

STANDING COMMITTEES of the BOARD

Quality Assurance	Chair: Dr. Christina L. Jenkins Members: Josephine Bolus, RN Dr. Thomas Farley Dr. Michael A. Stocker Mr. Alan D. Aviles
Strategic Planning	Chair: Josephine Bolus, RN Members: Mr. Bernard Rosen Ms. Linda Gibbs Ms. Anna Kril Mr. Robert F. Nolan Dr. Michael A. Stocker Mr. Alan D. Aviles

SPECIAL COMMITTEE of the BOARD

Governance	Chair: Rev. Diane E. Lacey Members: Mr. Bernard Rosen Dr. Michael A. Stocker

SUBSIDIARY BOARDS

HHC Capital Corporation	Chair: Dr. Michael A. Stocker Members: Mr. Bernard Rosen Ms. Emily A. Youssouf Mr. Alan D. Aviles
MetroPlus Health Plan, Inc.	Chair: Mr. Bernard Rosen Members: Dr. Arnold Saperstein Mr. Lloyd Williams Mr. Dan H. Still Mr. Alan D. Aviles Ms. Meryl Weinberg Mr. Mendel Hagler Ms. Margo Bishop Ms. Tamira Boynes
HHC Insurance Company/Physicians Purchasing Group	Chair: Mr. Alan D. Aviles Members: Mr. Bernard Rosen Dr. Ross Wilson Ms. Marlene Zurack Mr. Salvatore J. Russo
HHC Accountable Care Organization (HHC / ACO)	Chair: Mr. Alan D. Aviles Members: Dr. Ross Wilson Mr. Antonio Martin Ms. Marlene Zurack Mr. Salvatore J. Russo Ms. Jeromane Berger-Gaskin Dr. Luis R. Marcos (One Non-HHC Participant - To Be Determined)
HHC Assistance Corporation	Chair: Mr. Alan D. Aviles Members: Mr. Antonio Martin Mr. Salvatore J. Russo Ms. LaRay Brown Ms. Marlene Zurack

ASSIGNMENTS BY MEMBER

Michael A. Stocker, M.D.
Chairman of the Board

Ex-officio Member to All Committees Except Audit &

Chair: Medical & Professional Affairs / Information Technology

plus serves as Chair ex-officio on the following subsidiary board

Chair: HHC Capital Corporation

Rev. Diane E. Lacey
Vice-Chair of the Board

Chair: EEO
Governance
Member: Executive

Alan D. Aviles, Esq.
President

Ex-officio Member to All subsidiary boards and Committees Except Audit & Governance and serves as ex-officio

Chair: HHC Insurance Company/Physicians Purchasing Group

Josephine Bolus, RN

Chair: Community Relations
Strategic Planning
Member: All Other Standing Committees of the Board

Jo Ivey Boufford, M.D.

Member: Audit

Vincent Calamia, M.D.

Member: M&PA/IT

Robert Doar

Member: Finance

Thomas Farley, M.D.

Member: Quality Assurance
M&PA/IT

Linda I. Gibbs

Member: Executive
Finance
Strategic Planning

Christina L. Jenkins, M.D.

Chair: Quality Assurance
Member: M&PA/IT

Adam Karpati, M.D.

To Be Determined

Anna Kril

Member: Strategic Planning

Robert F. Nolan

Member: Community Relations
Strategic Planning

Bernard Rosen

Chair: Finance
MetroPlus Health Plan, Inc.
Member: Executive
Governance
Strategic Planning
HHC Capital Corporation
HHC Insurance Company / Physicians Purchasing Group

Emily A. Youssouf

Chair: Audit
Capital
Member: Finance
HHC Capital Corporation

r. 4/19/2011-vacancy

RESOLUTION

Amending the Bylaws of the New York City Health and Hospitals Corporation to clarify certain of the responsibilities of the Board of Directors.

WHEREAS, the Bylaws of the New York City Health and Hospitals Corporation (the "Corporation") may be altered by vote of majority of the whole number of the Board; and

WHEREAS, in accordance with the requirements of the Bylaws, Board members have been given 14 days notice of intent to vote to amend the Bylaws; and

WHEREAS, it is in the interest of the Corporation to improve the governance and oversight role of the Board of Directors and to facilitate compliance with certain regulatory requirements by amending the Bylaws to clarify certain of the responsibilities of the Board; and

WHEREAS, an amendment of the Bylaws will better enable the Corporation to conduct its business.

NOW, THEREFORE, BE IT

RESOLVED that Article IV, Section 4, Paragraph (B) shall be amended to read as follows:

(B) Regular Meetings Regular meetings of the Board shall be held on a monthly basis with a minimum of ten (10) such meetings per year. ~~At least four (4) times each year (or as required by law), the Board shall meet as the Governing Body of each of the facilities listed in Section 1, above~~. *At least once each year, the Board shall convene as the Governing Body of each of the facilities listed in Section 1, above. In addition, the Board shall receive a written report from each of the facilities listed in Section 1, above at least once a year.*

AND BE IT FURTHER RESOLVED, that Article IV, Section 4, Paragraph (H) shall be amended to read as follows:

(H) Order of Business. The order of business of each meeting shall be as follows:

1. Acceptance of the minutes of the last Regular meeting and all Special meetings;

2. Chair's Report;

3. President's Report;

4. Old and New Business;

5. Committee Reports;

6. Facility Governing Body/ Executive Session

   ~~*a. Institutional, Finance, Capital and Contracted Services Reports*~~

   ~~*b. Quality Assurance/Patient Safety and Quality Assessment and Assurance*~~

      ~~*i. Staffing-Medical Staff and Other*~~

      ~~*ii. Quality of Care-Morbidity and Mortality*~~

      ~~*iii. Care of Patients- Indicators*~~

      ~~*iv. Performance Improvement Project*~~

      ~~*v. Emergency Services/Emergency Preparedness/Disaster*~~

   ~~*c. Regulatory and Accreditation Agency Surveys*~~

   ~~*d. Minutes of the Quality Assurance Committee of the Governing Body*~~

7. Adjournment.

However, it shall be within the discretion of the person acting as the chair of the meeting to deviate from the order of business herein provided.

~~STRIKE THROUGH MATERIAL IS TO BE DELETED~~
MATERIAL IN ITALICS IS NEW

RESOLUTION

Authorizing the President of the New York City Health and Hospitals Corporation ("the Corporation") to purchase the EMR Project Hardware Platform through New York State Office of General Services (OGS) contract(s) from IBM and various authorized resellers in an amount not to exceed $21,900,000 for a five year period.

WHEREAS, the Corporation is entering into a contract with Epic Systems Corporation to purchase an Electronic Medical Records (EMR) system and the Corporation is required under the agreement to purchase the hardware, storage and associated software, services and maintenance for such hardware; and

WHEREAS, this infrastructure platform is configured to be highly available and provide disaster recovery protection for mission critical business and clinical applications used for patient care; and

WHEREAS, the Corporation will solicit proposals from IBM and authorized resellers via New York State OGS contract(s) on an on-going basis; and

WHEREAS, the NYS OGS contract prices for such equipment are discounted from market price; and

WHEREAS, the accountable person for this purchase is the Senior Vice President/ Corporate Chief Information Officer.

NOW, THEREFORE, be it:

RESOLVED, THAT THE President of New York City Health and Hospitals Corporation be and hereby is authorized to purchase the EMR Project Hardware Platform through New York State Office of General Services (OGS) contract(s) from IBM and various authorized resellers in an amount not to exceed $21,900,000 for a five year period.

RESOLUTION

Authorizing the President of the New York City Health and Hospitals Corporation ("the Corporation") to purchase computer workstations, laptops, and IT peripherals for the entire Corporation through Third Party Contract(s) from various vendors on an on-going basis in an amount not to exceed $8,500,000, over a 12 month period.

WHEREAS, the Corporation has an inventory of approximately 34,500 computer workstations including mobile laptops; and

WHEREAS, the recommended refresh cycle for desktop PCs is three to four years and for portable laptops is two to three years; and

WHEREAS, in Calendar Year 2013, approximately 9,500 units will be replaced, based on a four year refresh cycle. An estimated additional 1,000 new PCs/laptops may be purchased for new needs; and

WHEREAS, EITS's strategy is to standardize equipment with one manufacturer and limit the number of computer workstation models in order to maintain a standard environment; and

WHEREAS, Third Party Contracts offer discounted pricing compared to the market price for such equipment; and

WHEREAS, through volume purchasing via Third Party Contracts, EITS was able to procure PCs and Laptops with savings of approximately $3.9 million this past year; and

WHEREAS, the accountable person for this purchase is the Senior Vice President/ Corporate Chief Information Officer.

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 purchase computer workstations, laptops, and IT peripherals for the entire Corporation through Third Party Contract(s) from various vendors on an on-going basis in an amount not to exceed $8,500,000, over a 12 month period.

RESOLUTION

Authorizing the President of the New York City Health and Hospitals Corporation ("the Corporation") to purchase storage hardware, software, and associated maintenance through New York State Office of General Services (OGS) contract(s) from manufacturers and various authorized resellers on an on-going basis in an amount not to exceed $6,600,000 for a one year period.

WHEREAS, the Corporation has over 3.5 petabytes of storage, which is utilized to store the Corporation's email, business and clinical data applications as well as surveillance video systems; and

WHEREAS, this storage is configured to be highly available and provide disaster recovery protection for mission critical business and clinical applications used for patient care; and

WHEREAS, in order to keep up with the demand of storing mission critical data and providing continuous access to our email, business and clinical data applications as well as surveillance video systems, the Corporation must continuously upgrade and add additional storage to our Storage Area Network; and

WHEREAS, the Corporation will solicit proposals from manufacturers and authorized resellers via New York State OGS contract on an on-going basis; and

WHEREAS, the NYS OGS contract prices for such equipment are discounted from market price; and

WHEREAS, the accountable person for this purchase is the Senior Vice President/ Corporate Chief Information Officer.

NOW, THEREFORE, be it:

RESOLVED, THAT the President of New York City Health and Hospitals Corporation be and hereby is authorized to purchase storage hardware, software, and associated maintenance through New York State Office of General Services (OGS) contract(s) from manufacturers and various authorized resellers on an on-going basis in an amount not to exceed $6,600,000 over a one year period.

RESOLUTION

Authorizing the President of the New York City Health and Hospitals Corporation ("the Corporation") to negotiate and execute an Affiliation Agreement with the Physician Affiliate Group of New York, P.C. ("PAGNY") for the provision of General Care and Behavioral Health Services at Lincoln Medical and Mental Health Center ("Lincoln"), Morrisania Diagnostic and Treatment Center ("Morrisania"), Segundo Ruiz Belvis Diagnostic and Treatment Center ("Belvis"), Jacobi Medical Center ("JMC"), North Central Bronx Hospital ("NCB"), Harlem Hospital Center ("Harlem"), Renaissance Health Care Network Diagnostic and Treatment Center ("Renaissance"), Metropolitan Hospital Center ("Metropolitan"), and Coney Island Hospital ("CIH") for a period of three years, commencing July 1, 2012 and terminating on June 30, 2015, consistent with the general terms and conditions and for the amounts as indicated in Attachment A;

AND

Further authorizing the President to make adjustments to the contract amounts, providing such adjustments are consistent with the Corporation's financial plan, professional standards of care and equal employment opportunity policy except that the President will seek approval from the Corporation's Board of Directors for any increases in costs in any fiscal year exceeding twenty-five percent (25%) of the amounts set forth in Attachment A.

WHEREAS, the Corporation has entered into affiliation agreements pursuant to which various medical schools, voluntary hospitals and professional corporations provided General Care and Behavioral Health Services at Corporation facilities; and

WHEREAS, the current Affiliation Agreements with PAGNY at Lincoln, Morrisania, Belvis, JMC, NCB, Harlem, Renaissance, Metropolitan and CIH were extended to December 31, 2012; and

WHEREAS, it was necessary for the President to have the managerial flexibility to insure that the rights of the Corporation remain protected during the negotiation process; and

WHEREAS, prior to the expiration date, the Corporation recognized the need to improve contract management and service delivery; and

WHEREAS, the Corporation and PAGNY met to discuss and to clarify principles of a new agreement; and

WHEREAS, negotiations for a new affiliation agreement were successfully concluded and a summary of the financial terms is set forth in Attachment A; and

NOW, THEREFORE, BE IT

RESOLVED, that the President of the New York City Health and Hospitals Corporation ("the Corporation") is hereby authorized to negotiate and execute an Affiliation Agreement with the Physician Affiliate Group of New York, P.C. ("PAGNY") for the provision of General Care and Behavioral Health Services at Lincoln Medical and Mental Health Center ("Lincoln"), Morrisania Diagnostic and Treatment Center ("Morrisania"), Segundo Ruiz Belvis Diagnostic and Treatment Center ("Belvis"), Jacobi Medical Center ("JMC"), North Central Bronx Hospital ("NCB"), Harlem Hospital Center ("Harlem"), Renaissance Health Care Network Diagnostic and Treatment Center ("Renaissance"), Metropolitan Hospital Center ("Metropolitan") and Coney Island Hospital ("CIH") for a period of three years, commencing July 1, 2012 and terminating on June 30, 2015, consistent with the general terms and conditions and for the amounts as indicated in Attachment A; and

BE IT FURTHER RESOLVED, that the President is hereby authorized to make adjustments to the contract amounts, providing such adjustments are consistent with the Corporation's financial plan, professional standards of care and equal employment opportunity policy except that the President will seek approval from the Corporation's Board of Directors for any increases in costs in any fiscal year exceeding twenty-five percent (25%) of the amounts set forth in Attachment A.

Attachment A

**Summary of the Proposed New Affiliation Agreement Between
The New York City Health and Hospitals Corporation ("the Corporation")
and the Physician Affiliate Group of New York, P.C. ("PAGNY")
for the Provision of General Care and Behavioral Health Services at
Lincoln Medical and Mental Health Center ("Lincoln"),
Morrisania Diagnostic and Treatment Center ("Morrisania"),
Segundo Ruiz Belvis Diagnostic and Treatment Center ("Belvis"),
Jacobi Medical Center ("JMC"), North Central Bronx Hospital ("NCB"),
Harlem Hospital Center ("Harlem"),
Renaissance Health Care Network Diagnostic and Treatment Center ("Renaissance"),
Metropolitan Hospital Center ("Metropolitan") and Coney Island Hospital ("CIH")**

Contract Term and Synopsis

- The term of the proposed agreement is for three years beginning July 1, 2012 and ending June 30, 2015.

- The agreement continues the current relationship between Lincoln, Morrisania, Belvis, JMC, NCB, Harlem, Renaissance, Metropolitan, and CIH (the "Facilities") and the Physician Affiliate Group of New York, P.C. ("Affiliate").

- The Affiliate will provide general care and behavioral health services at the Facilities.

- For the proposed agreement, services provided at the Facilities, include, but are not limited to, Emergency Medicine, Internal Medicine and related subspecialties, Laboratory and Pathology Medicine, Dermatology, Neurosurgery, Neurology, Pediatrics and Neonatal services, Obstetrics/Gynecology, Behavioral Health, Radiology, Otolaryngology, Ophthalmology, Orthopedics, Urology, Surgery and related subspecialties, Nuclear Medicine, Physical Medicine & Rehabilitation, and Podiatry, Dental and Oral Surgery.

- The new agreement builds on the current relationship between the Affiliate and the Facilities, forms a collaborative effort to achieve agreed upon goals and creates incentives to meet them.

Goals

- Continue to maintain high quality patient care, ensure patient safety and enhance patient satisfaction.

- Achieve excellence in care for patients with chronic diseases and develop a patient centered medical home program.

- Develop and align services to meet patient and community needs.

- Institute a Pay-For-Performance program that aligns incentives with quality outcomes and other business objectives.

- Foster closer collaboration between physician and non-physician staff to improve performance in length of stay, readmission rates and avoid unnecessary admissions.

Joint Oversight Committee (JOC)

- The purpose of a Joint Oversight Committee (JOCs) is to ensure joint planning and compliance with the strategic direction of a Facility/ Network and this Affiliation Agreement. The JOCs will work to ensure appropriate staffing levels, maximize productivity, lower costs, increase revenue and monitor progress with the performance indicators.

- The JOC shall consist of the following permanent members:

    - Executive Director and/or Network Senior Vice President
    - Facility Chief Financial Officer
    - Facility Medical Director
    - PAGNY Site Administrator
    - PAGNY Chief Executive Officer
    - PAGNY Chief Financial Officer/Budget Director
    - PAGNY Local Governance Council Representative from the Facility

- JOC meetings are mandatory and shall take place at a minimum on a monthly basis. Either the Facility or the Affiliate may call a JOC meeting on an emergency basis.

- For needs requiring HHC Central Office (CO) approval, a local JOC request must be approved first by the Executive Director of that facility and then sent to CO no later than 10 days from the JOC meeting date. CO approval will be provided within 30 days of CO receiving a request.

- Budget neutral requests can be resolved after a JOC considers its clinical justification, financial impact and obtains that Executive Director's approval. Budget neutrality will be considered at the department level.

Pay-for-Performance Program

- A pay-for-performance program, utilizing performance indicators, will be implemented to link physician behavior to the goals of Patient Satisfaction, Patient Flow and Utilization, Documentation, Patient Centered Medical Home, Quality and Efficiency.

- Performance indicators shall be monitored by each Facility and reported to the Affiliate quarterly.

- Satisfaction of each performance indicator shall be determined and amounts earned shall be paid to the Affiliate annually.

- All amounts paid for the performance indicators shall be distributed promptly by PAGNY to physician providers according to a plan developed by PAGNY in its discretion.

- If all the goals are met, as specified by the performance indicators, an incentive in incremental compensation, up to 2.5% of a Facility's Fiscal Year budget, will be provided to the Affiliate annually, as detailed by the following table:

Performance Indicators – Estimated Maximum Annual Payments
FY 2013 to FY 2015 Affiliation Agreement with PAGNY

Facility	FY 2013	FY 2014	FY 2015	Total
Coney Island	$1,478,000	$1,470,000	$1,462,000	$4,410,000
Harlem & Renaissance	$1,883,000	$1,867,000	$1,854,000	$5,604,000
Lincoln, Belvis & Morrisania	$2,225,000	$2,213,000	$2,201,000	$6,639,000
Metropolitan	$1,419,000	$1,412,000	$1,404,000	$4,235,000
Jacobi & NCBH	$3,509,000	$3,492,000	$3,474,000	$10,475,000
Total	$10,514,000	$10,454,000	$10,395,000	$31,363,000

List of Performance Indicators
FY 2013 to FY 2015
Affiliation Agreement with PAGNY

Patient Satisfaction	Patient Flow & Utilization	Documentation	Patient Centered Medical Home (PCMH)	Quality	Efficiency
Communication between Physicians and Patients Communication about New Medications	30-Day Readmission Rates from CHF 30-Day Readmission Rates from Pneumonia ED Cycle Time	Documentation of Co-Morbidities for Inpatient Services Documentation of Co-Morbidities for Outpatient Services	PCMH Level Three Recognition Designation from National Center for Quality Assurance (NCQA)	Discharge Instructions Pneumonia Care: PN3b – Blood Culture Test Surgical Care Improvement Project: SCIP Card-2 Measure Preventative Antibiotics Given One-Hour Before Surgery	Operating Room Start Time Reduce Length of Stay (LOS)

Compensation

Proposed Contract Costs
FY 2013 to FY 2015

	ANNUAL CONTRACT VALUE			
Facility	**FY 2013**	**FY 2014**	**FY 2015**	**Total**
Coney Island	$65,903,727	$65,704,674	$65,505,621	$197,114,022
Harlem & Renaissance	$75,188,513	$74,717,186	$74,377,920	$224,283,619
Lincoln, Morrisania & Belvis	$88,827,880	$88,563,517	$88,299,155	$265,690,552
Metropolitan	$56,659,293	$56,499,727	$56,339,161	$169,498,181
Jacobi & NCBH	$140,095,364	$139,746,037	$139,395,710	$419,237,111
Total	**$426,674,778**	**$425,231,141**	**$423,917,567**	**$1,275,823,485**

- The Affiliation contract will continue the current cost based compensation reimbursement methodology, not to exceed departmental spending limits.

- The FY 2013 budget is based on the final FY 2012 budget, adjusted for modifications approved by a JOC and the Corporation.

- As per policy, all changes to the budget must be approved by the JOC at each facility and as applicable, by the Corporation.

- The figures reported assume no material change in patient volume or services provided and no additional impact from managed care programs or other third-party payer developments.

- The Corporation retains the right to bill all patients and third-party payers for services rendered, except that the Affiliate will continue to bill for its direct patient care activities (Part B) through the Faculty Practice Plans at Lincoln, Harlem, Metropolitan, CIH, JMC (for outpatient Medicaid services only), and NCB (for outpatient Medicaid services only).

- Payments are subject to adjustment due to new initiatives for expanded programs or services, elimination or downsizing of programs, services or other reductions, market recruitment, retention-based salary adjustments, service grants or other designated programs consistent with the terms of the agreement.

Transfers and Referrals

- Patients will be transferred and referred to other facilities when required services are not available, if a third-party payer does not authorize reimbursement or a patient's request.

- If a service is not available, such transfers and referrals will be made to other HHC sites.

- Transfers and referrals to non-HHC facilities will be made only with the approval of the Executive Director or his/her designee and if an agreement with the receiving facility is in place.

- Transfer and referral activity will be monitored monthly.

Other Relevant Terms and Conditions

- The Affiliate will make all reasonable efforts to ensure that physician providers are culturally and linguistically competent to serve the diversified patient population at each Facility.

- The Affiliate, Medical Director and Executive Directors shall jointly evaluate contract services at least once a year.

- The Affiliate will ensure that contract providers meet the academic requirements of supervising residents per state regulations and national accreditation standards for compliance with both work hour coverage and attending supervision requirements.

- The Affiliate will ensure compliance with all Health Insurance Portability and Accountability Act ("HIPAA") regulations and amendments.

- The Affiliate will work with the Facilities to reduce length of stay and third party payer denial rates and collaborate on other Facility and breakthrough projects geared towards efficiency and collecting revenue.

- The Corporation shall reimburse PAGNY for continuing medical education expenses for physician providers at the annual amount identified in the currently applicable collectively bargained agreement, or $2,000 per fiscal year, whichever is greater, prorated accordingly for the physician provider's FTE.

- The Corporation shall establish an "Academic Activities Fund" for each Facility, which shall be available to support and enhance resident education and faculty development at that Facility, in the greater of the amount expended by the Facility for such purposes during FY 2012, or an amount determined by multiplying the number of Resident FTEs at the Facility by $1,000.

- In light of the establishment of these "Academic Activities Funds", the Corporation shall no longer pay over to PAGNY, and PAGNY shall no longer be entitled to utilize, revenue received from St. George's University School of Medicine or any other Medical School for the training of medical students at Corporation sites.

- Faculty Practice Plan "Net Collections", as defined in the Faculty Practice Plan attachment to the Agreement, will be allocated in accordance with a multi-tiered contribution structure that creates (i) a minimum amount to support the contract, (ii) a corridor for distributions that begins above that amount, and (iii) a third tier to support mutually agreed-upon improvements to the hospital.

RESOLUTION

Resolution acknowledging Ms. Judy Wessler, Director of the Commission on the Public's Health System (CPHS), for her unabiding commitment to social justice and longstanding advocacy for quality, accessible health care for all New Yorkers.

WHEREAS, Ms. Wessler is one of the original coalition members who founded the Commission on the Public's Health System (CPHS) in 1991;

WHEREAS, Ms. Wessler will be retiring as Director of CPHS in February after 16 years as Director;

WHEREAS, Ms. Wessler has kept a watchful eye on the public's health system, particularly the New York City Health and Hospitals Corporation (HHC), and has forcefully spoken out at all levels of government reminding everyone of the essentiality of a viable, patient-centered and accountable health care system for all New Yorkers;

WHEREAS, Ms. Wessler has worked tirelessly to effectively engage consumers and community members so that they have a voice in policy discussions and decisions that affect them;

WHEREAS, as a critical leader in the City's health advocacy community, for more than 41 years, Ms. Wessler has been engaged in numerous campaigns to ensure that the City's most vulnerable residents have access to health care, which, among many changes, most notably led to the passage of Manny's Law which requires hospitals to provide discounted medical services on a sliding scale for uninsured and underinsured patients through a financial assistance program; and

WHEREAS, Ms. Wessler has been a stalwart advocate to ensure that indigent care funds in the State budget for services to uninsured patients are distributed to the providers that serve uninsured patients, and her unwavering efforts have resulted in proposed legislation to be taken up by the State Legislature in the 2013 Legislative Session;

NOW THEREFORE, be it

RESOLVED, that the President and members of the Board of Directors of the New York City Health and Hospitals Corporation hereby declare that Ms. Wessler has made outstanding contributions to the improved health and well-being of residents in New York City's most vulnerable communities and to the preservation of the mission of HHC.

RESOLUTION

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.

WHEREAS, on October 29, 2012 hurricane Sandy caused substantial damage to numerous HHC facilities, which required the evacuation of all patients and staff from Bellevue Hospital Center and Coney Island Hospital and an emergency supply of generators at Coler/Goldwater Specialty Facility; and

WHEREAS, the President of HHC issued a Declaration of Emergency and directed that repairs and replacement of facility assets necessary to have the facilities resume providing medical care to their respective communities be carried out immediately; and

WHEREAS, a Request for Proposals was issued on November 23, 2012 in accordance with the Corporation's operating procedures; and

WHEREAS, the submitted proposals were evaluated by a selection committee and rated using criteria specified in the RFP, and the Committee determined that Base Tactical was the highest rated of all proposers in meeting the Corporation's requirements; and

WHEREAS, the overall monitoring of the contract shall be the responsibility of the Senior Vice President/Chief Financial Officer.

Now, THEREFORE, be it

RESOLVED, that the President of the New York City Health and Hospitals Corporation ("the Corporation") be and hereby is authorized to negotiate and execute a contract with 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.

EXECUTIVE SUMMARY

The New York City Health and Hospitals Corporation (HHC) incurred major disruption and damage resulting from Hurricane Sandy which was declared an Emergency by the President of the United States, FEMA 4085 DR NY. The incident began on October 27, 2012 when New York City and HHC set up command stations, began preparing buildings, and set up Emergency Medical Shelters on behalf of the City of New York.

HHC suffered major consequences due to flooding, fallen trees, wind, and power outages. During the exigent period HHC retained the assistance of a firm, through an emergency procurement, to help plan for the Category A and B services and to oversee emergency protective measures.

Base Tactical, is a firm that has hospital specific disaster recovery experience having worked in New Orleans, Baton Rouge and Florida. Other clients include the states of New York, Florida, Kentucky, Ohio, Illinois, Iowa, and Vermont including the cities of New Orleans, Nashville, Louisville, Cincinnati, and Cedar Rapids.

Base Tactical was engaged by the Corporation on November 6, 2012 through the President's Declaration of Emergency for the purpose of assuring that the Corporation have expert consulting services in disaster recovery planning, project management and FEMA claiming. That contract will expire on January 31, 2013 and was for a total not to exceed $1.42 million. Base Tactical has already completed the application which resulted in FEMA's submission of Expedited Project Worksheets for nearly $150 million in expenses for Emergency Protective Measures

On November 23, 2012, the Corporation issued a Request for Proposal (RFP) seeking a consultant for strategic planning, project management and assistance with the Federal Emergency Management Agency (FEMA) public assistance claiming process. Use of an expert consultant is critical because significant dollars are at stake and planning and project management efforts need to benefit from experience with floods and other disasters. This engagement was designed to replace the original emergency contract thus affording the Corporation to benefit from a competitive process. The second engagement would complete the first effort which address the initial phase of the recovery and take the Corporation through the completion of the preparation for the permanent work.

Scope of Work:

The Consultant will report directly to the President and CEO of the New York City Health and Hospitals Corporation. The firm will also provide direct support to the Corporate Chief Financial Officer and the CEOs of Bellevue Hospital, Coney Island Hospital, and Coler Hospital as well as providing support to other CEOs on a much smaller scale.

Strategic Planning The Corporation is currently challenged with the competing requirement to resume normal operations as quickly as possible while planning and doing permanent work to have its buildings be as resilient as possible to future disasters. Emergency Protective Measures are underway and managed by local teams headed by individual Hospital CEOs. The overall strategy and critical decisions making must be vetted by the Corporate CEO. The consultants will be responsible for providing advice and oversight in the development of cost-effective project scopes.

Finance The Corporation is an applicant for FEMA public assistance. This effort is being centrally managed by the Corporate CFO. Through the initial emergency engagement the Corporation set up invoice review and accounts payable and claiming processes consistent with FEMA regulations. The Kick-off meeting and initial project worksheets have been submitted for Category A and B Emergency Protective Measures. The consultant shall assist with the submission of additional project worksheets for the Permanent Work as well as providing on-going advice and support through the process. This engagement replaces the exigent engagement and is expected to commence February 1, 2013 and conclude July 31, 2014. The expectation is that these services will be much more heavily needed through the beginning of this period and shall phase out.

Project Management Reporting on a day-to-day basis to the CEO's of the individual hospitals the consultants shall provide some overall project management services. The consultant shall also provide weekly updates to the Corporate CEO. This part of the engagement is expected to commence February 1, 2013 and conclude July 31, 2014. The expectation is that these services will be much more heavily needed through the beginning of this period and shall phase out.

Through the RFP process a selection committee reviewed 8 proposals and selected Base Tactical based on their: depth and technical expertise of staff, strength of the project team assigned, proposed methodology for working through the FEMA application process, knowledge of hospital building infrastructure, equipment, space adjacencies and operations, and cost.

The contract will commence on February 1, 2013 and conclude on July 31, 2014 for an amount not to exceed $4,422,700. The contract will require specific deliverables and verification of hours at prescribed rates per consultant team member ranging from $175 per hour to $523 per hour. If tasks can be completed with less effort the Corporation will only pay for the effort provided.

CONTRACT FACT SHEET
New York City Health and Hospitals Corporation

Contract Title:	**Consulting Services for Federal Emergency Management Agency (FEMA) Related Disaster Recovery Funding**
Project Title & Number:	**Consulting Services for FEMA Related Disaster Recovery Funding – DCN 2053**
Project Location:	**Bellevue, Central Office, Coler, Coney Island, Harlem, Health and Home Care, Kings, Metropolitan, Metro Plus, Neponsit**
Successful Respondent:	**Base Tactical Disaster Recovery**
Contract Amount:	**Not to exceed $4,422,700**
Contract Term:	**18 Months**
Requesting Dept.:	Corporate Finance
Number of Respondents: (If Sole Source, explain in Background section)	8*
Range of Proposals:	$2,490,460 to $30,600,000
Minority Business Enterprise Invited:	X Yes
Funding Source:	X Grant: eligible for 75% FEMA reimbursement
Method of Payment:	X Other: explain Project based, not to exceed
EEO Analysis:	Approval pending
Compliance with HHC's McBride Principles?	Yes
Vendex Clearance	Vendex approval pending

* A proposal was rejected because it was missing an entire section.

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

The New York City Health and Hospitals Corporation (HHC) requires the services of a consultant expert in disaster management and recovery including strategic planning and project management and the finance processes involved in applying for and claiming public assistance from the Federal Emergency Management Agency (FEMA).

Strategic Planning The Corporation is currently challenged with the competing requirement to resume normal operations as quickly as possible while planning and doing permanent work to have its buildings be as resilient as possible to future disasters. Emergency Protective Measures are underway and managed by local teams headed by individual Hospital CEOs. The overall strategy and critical decisions making must be vetted by the Corporate CEO. The consultants will be responsible for providing advice and oversight in the development of cost-effective project scopes. This function shall report directly to the Corporate CEO. This part of the engagement is expected to commence February 1, 2013 and conclude June 30, 2013.

Project Management Reporting on a day-to-day basis to the CEO's of the individual hospitals the consultants shall provide some overall project management services. The consultant shall also provide weekly updates to the Corporate CEO. This part of the engagement is expected to commence February 1, 2013 and conclude June 30, 2014. The expectation is that these services will be much more heavily needed through the beginning of this period and shall phase out.

Finance The Corporation is an applicant for FEMA public assistance. This effort is being centrally managed by the Corporate CFO. Through the initial emergency engagement the Corporation will have set up invoice review and accounts payable and claiming processes consistent with FEMA regulations. The Kick-off meeting and initial project worksheets will have been submitted for Category A and B Emergency Protective Measures. The consultant shall assist with the submission of additional project worksheets for the Permanent Work as well as providing on-going advice and support through the process. This engagement February 1, 2013 and conclude June 30, 2014. The expectation is that these services will be much more heavily needed through the beginning of this period and shall phase out.

CONTRACT FACT SHEET **(continued)**

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

The Contract Review Committee (CRC) reviewed and approved the issuance of a Request for Proposal (RFP) on its November 21, 2012 meeting.

The Contract is being presented for approval on January 4, 2013

Has the proposed contract's scope of work, timetable, budget, contract deliverables or accountable person changed since presentation to the CRC?

The budget increased from $2.5 million to $4.5 million and the timeframe changed from 24 months to 18 months.

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

Selection Committee Members:
Roslyn Weinstein, SAVP, President's Office, Chair
Alfonso Pistone, AVP, OFD
Daniel Collins, Director/Engineering, CIH
Frederick Covino, AVP, Budget
Joseph Quinones, SAVP, Operations
Michael Buchholz, AED, Coler
Michael Rawlings, AED, Bellevue

List of firms responding to RFP:

David M Shapiro
Jacobs
Base Tactical
Witt Associates
CDM Smith/Navigant
Resilire
Ernst & Young
Experis

List of firms considered for Best and Final:

Jacobs
Base Tactical
Witt Associates

The Selection Committee members rated each proposal and voted on weighted average based upon the following evaluation criteria (in order of priority):

- Depth and Technical Expertise of Staff
- Sufficient Staff to complete the project within the contract term
- Ability to Work with and Educate Corporate Staff so that it can Become Self Sufficient
- Methodology that will be used to support HHC's FEMA application and claiming
- Strategy for applying for FEMA funding
- Demonstrated knowledge of hospital building infrastructure, equipment, space adjacencies and operations
- Deliverables that meet HHC's needs
- Number of Hours Assigned to Each Category Appropriate
- Allocation of the staff and expertise allow for cost effective completion of the engagement
- Hourly rates for staff reasonable

Base Tactical received the highest rating from the Committee members.

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

FEMA will reimburse 75% of acceptable recovery costs under typical circumstances. Because of the extreme nature of Sandy the President has asked Congress to increase the level of reimbursement to 90%. The Corporation has already submitted nearly $150 million in costs for Emergency Protective Measures to FEMA for the initial dewatering and abatement activities needed to restore services at Bellevue, Coler, and Coney. Through Base Tactical's initial engagement the Corporation was able to gain the full cooperation of FEMA in processing $150 million in expedited project worksheets.

Moreover, Base Tactical has worked with the Hospital staff to assess the damages and catalog and video tape for future project worksheets. In addition, the City has appropriated another $300 million for permanent work to bring electrical and other operations back as a down payment on expected FEMA reimbursement. The $300 million was based on very early estimates and could cost as much as $610 million. Accordingly, an enormous sum of potential FEMA reimbursement is a risk.

If we assume the City appropriation number of $300 million at 75%, the potential reimbursement is $225 million. If we assume more current estimates and the President's percentage the potential reimbursement is $550 million. FEMA both allows and encourages the use of outside experts and reimburses for their services. In sum, the Corporation would be well advised to avail itself of this much needed expertise.

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

This is the first disaster of this scale ever experienced by the Corporation. By contrast the entire Irene claim was less than $10 million. We have already used Base Tactical to assist in the first round of FEMA application and have had good results. This engagement was for 3 months for $1.2 million.

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

Corporate staff does not have the requisite experience in such matters.

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

NO

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

Marlene Zurack, Senior VP/CFO, Finance

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

Received By E.E.O. ______________
Date

Analysis Completed By E.E.O. ______________
Date

____
Name

HHC NEW YORK CITY HEALTH AND HOSPITALS CORPORATION
346 Broadway • Room 500B • New York, NY 10013 • Tel: 212-788-3380 • Fax: 212-788-3689
nyc.gov/hhc

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

TO: David Larish
Director Procurement System ~~and Operations~~

FROM: Manasses C. Williams

DATE: January 2, 2013

SUBJECT: EEO CONTRACT COMPLIANCE REVIEW AND EVALUATION

The proposed contractor/consultant, **BASE Tactical Disaster Recovery, Inc.**, has submitted to the Affirmative Action Office a completed Contract Compliance Questionnaire and the appropriate EEO documents.

This company is a:

[ ] Minority Business Enterprise [ ] Woman Business Enterprise [X] Non-M/WBE

Project Location(s): HHC's Corporate wide

Contract Number: ______________ Project: Consulting services in disaster management and recovery

Submitted by: HHC's Operations department

EEO STATUS:

1. [✓] Approved

2. [ ] Conditionally approved with follow-up review and monitoring-No EEO Committee Review

3. [ ] Not approved

4. [ ] Conditionally approved subject to EEO Committee Review

COMMENTS:

MCW:pat

c:

HHC NEW YORK CITY HEALTH AND HOSPITALS CORPORATION
nyc.gov/hhc
125 Worth Street, Room 527, New York, NY 10013 Tel: 212-788-3300 Fax: 212-267-6905

Office of Legal Affairs

MEMORANDUM

To:	**David Larish** **Materials Management**
From:	**Karen Rosen** **Assistant Director**
Date:	**January 25, 2013**
Subject:	**VENDEX Approval**

For your information, on January 25, 2013 VENDEX approval was granted by the Office of Legal Affairs for the following company:

Base Tactical Disaster Recovery, Inc.

cc: Norman M. Dion, Esq.

NYC HHC Disaster Recovery

Bellevue, Coler, and Coney Island Hospitals



Base Tactical

January 31, 2013

BASE TACTICAL | DISASTER RECOVERY






NYC, October 27, 2012

BASE TACTICAL | DISASTER RECOVERY

FEMA DECLARATION & REIMBURSEMENT

The Superstorm Sandy declaration allows for:

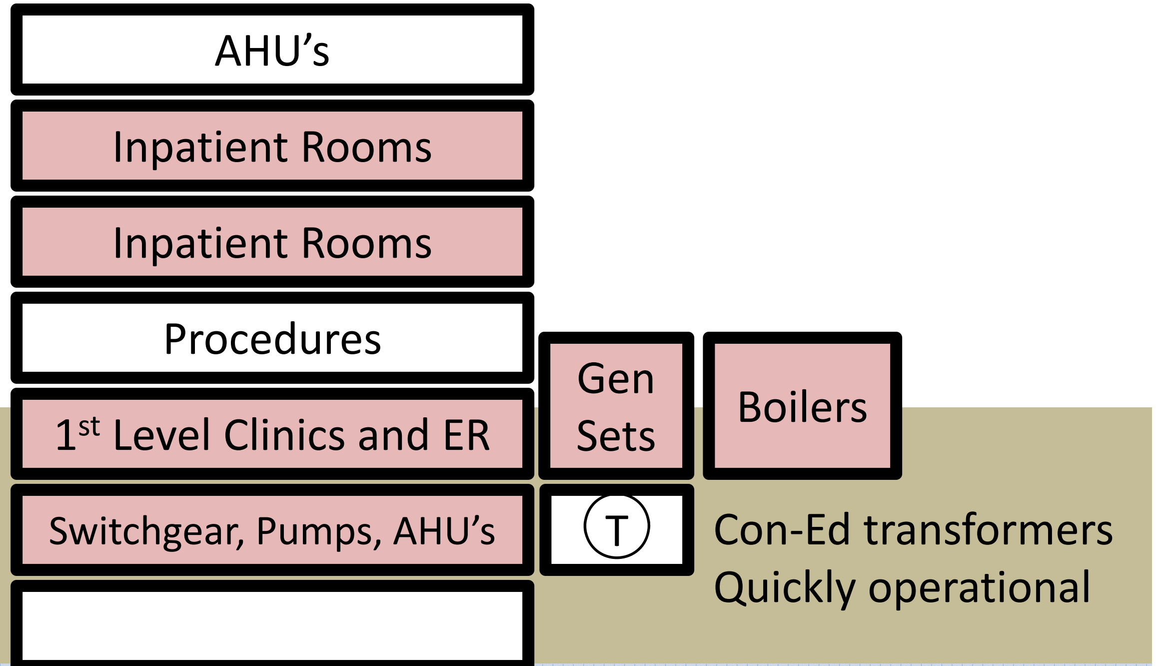
Emergency Stabilization (Category B)

Permanent Reconstruction (Category E)

Hazard Mitigation (HMGP)

REPAIR

Basement fixes provide for no change in resiliency nor any improvement in patient safety



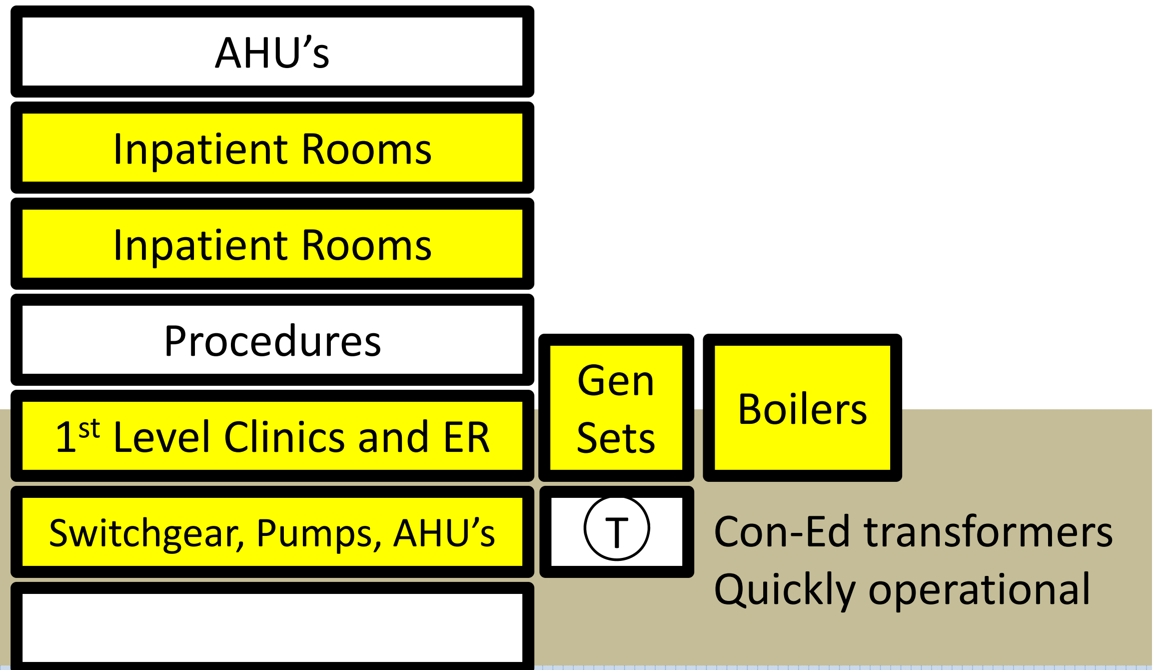
WATER LEVEL

PERMANENT RECONSTRUCTION OPTION 1

- Immediate clean-up of hazards
- No improvement in resiliency – same level of exposure to future threats.
- May not resolve code issues
- FEMA Reimbursement at 100%

REPLACE

Level 2 Improve-in-place designs MAY mitigate EVACUATION plans or improve patient safety

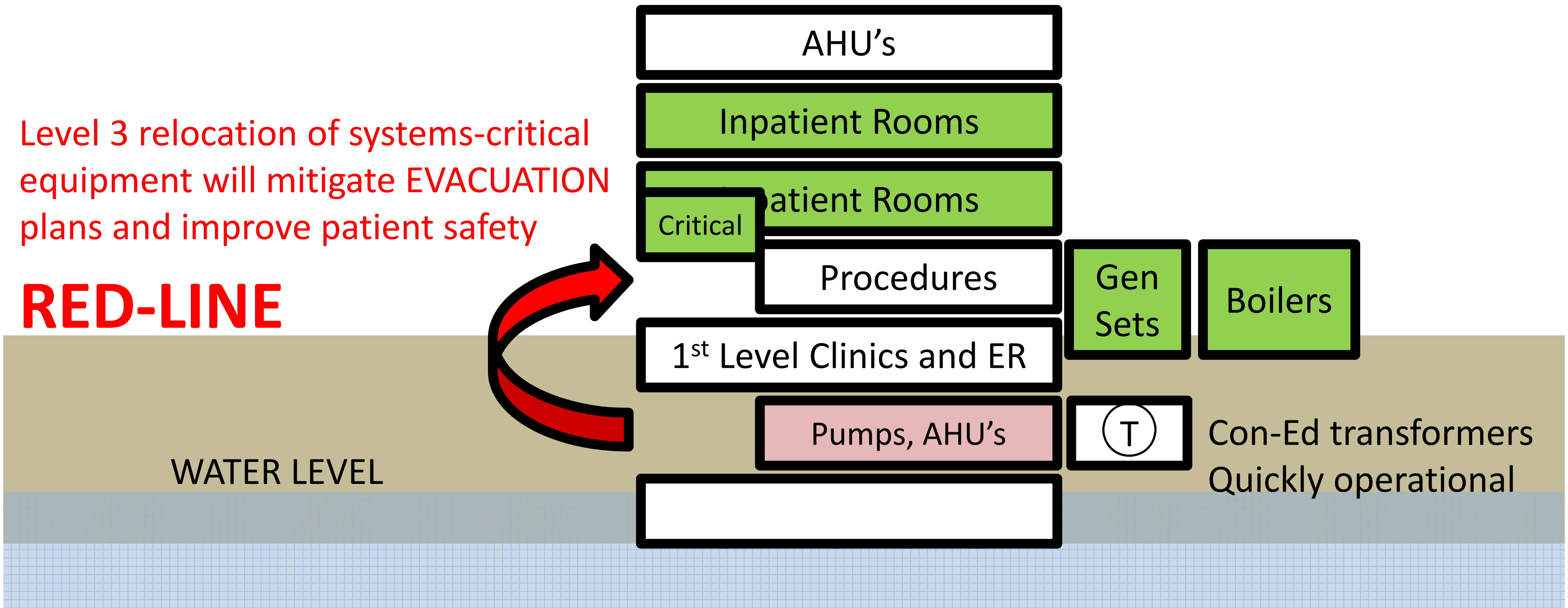


WATER LEVEL

PERMANENT RECONSTRUCTION OPTION 2

- Improved or upgraded in-place replacement of equipment
- Regulatory Compliance
- FEMA Reimbursement

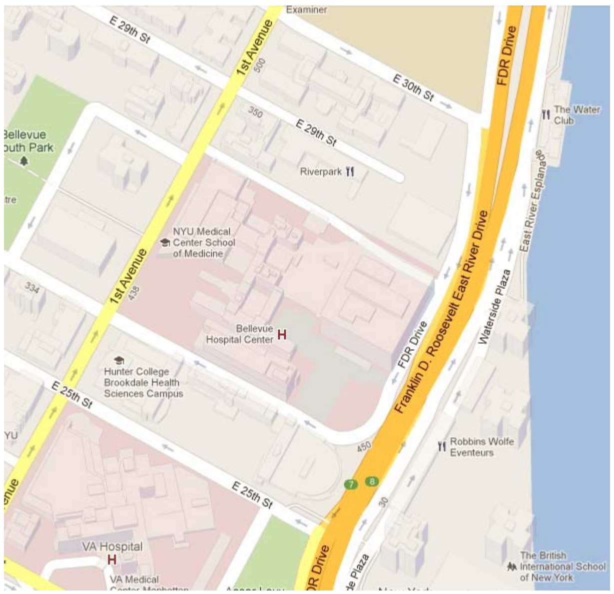
RECONSTRUCT or RELOCATE



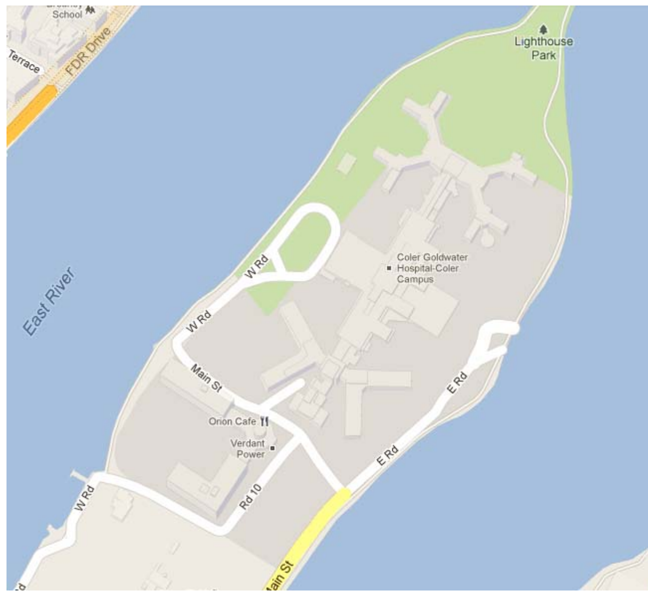
PERMANENT RECONSTRUCTION OPTION 3

- Relocated equipment & new or replacement code-compliant, flood hardened design
- Regulatory Compliance
- Hazard Mitigation funds available

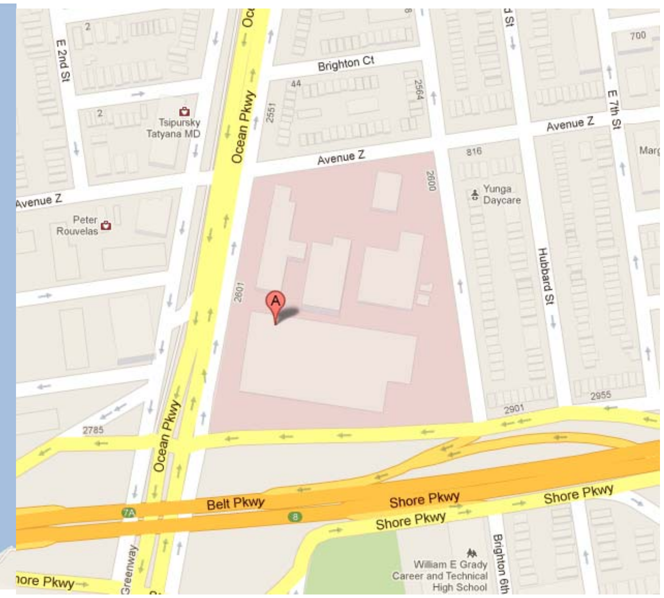
HHC's Most Impacted Hospitals



BELLEVUE



COLER

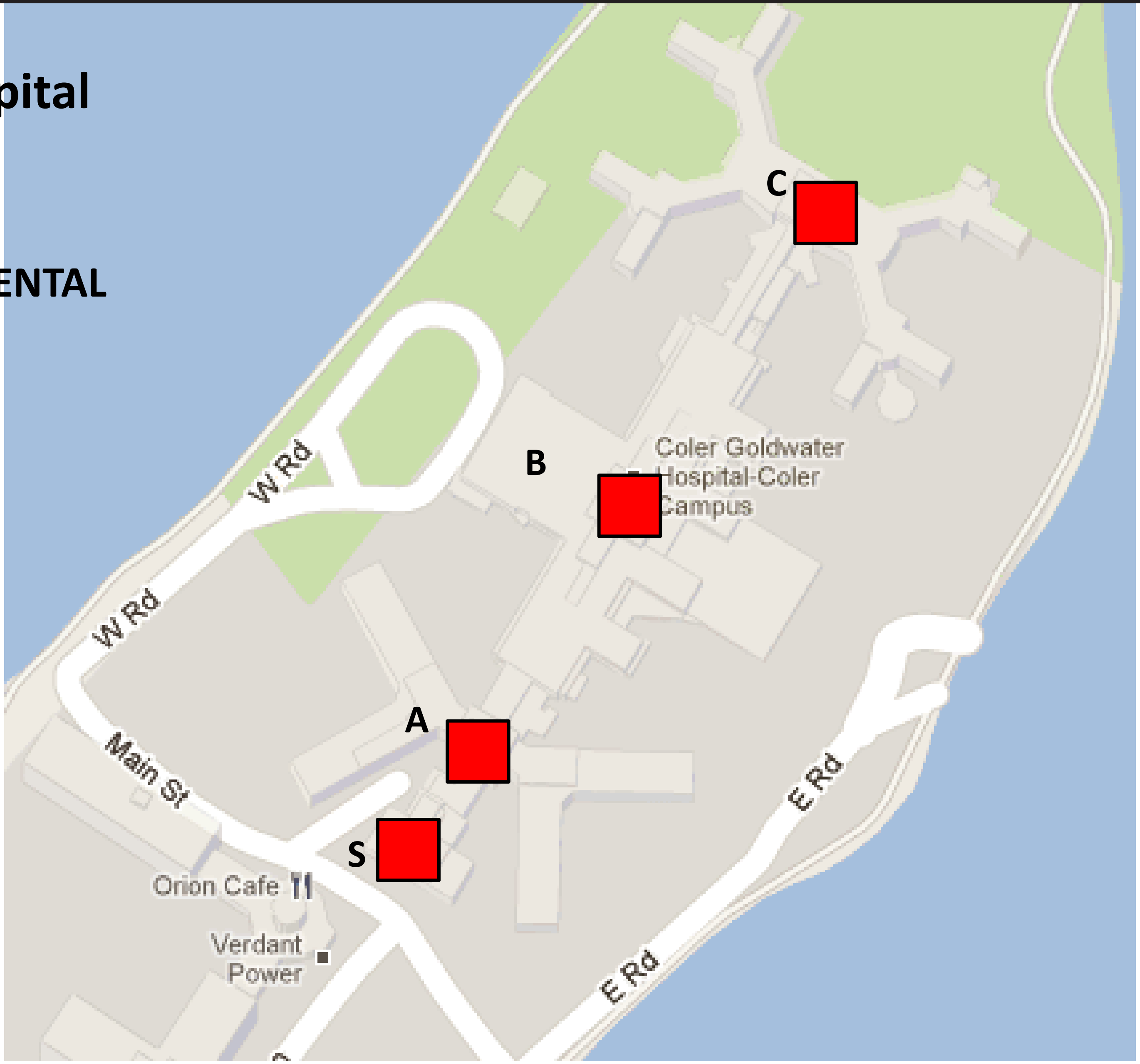


CONEY ISLAND

BASE TACTICAL | DISASTER RECOVERY

Coler Hospital

ENVIRONMENTAL
ELECTRICAL



BASE TACTICAL | DISASTER RECOVERY

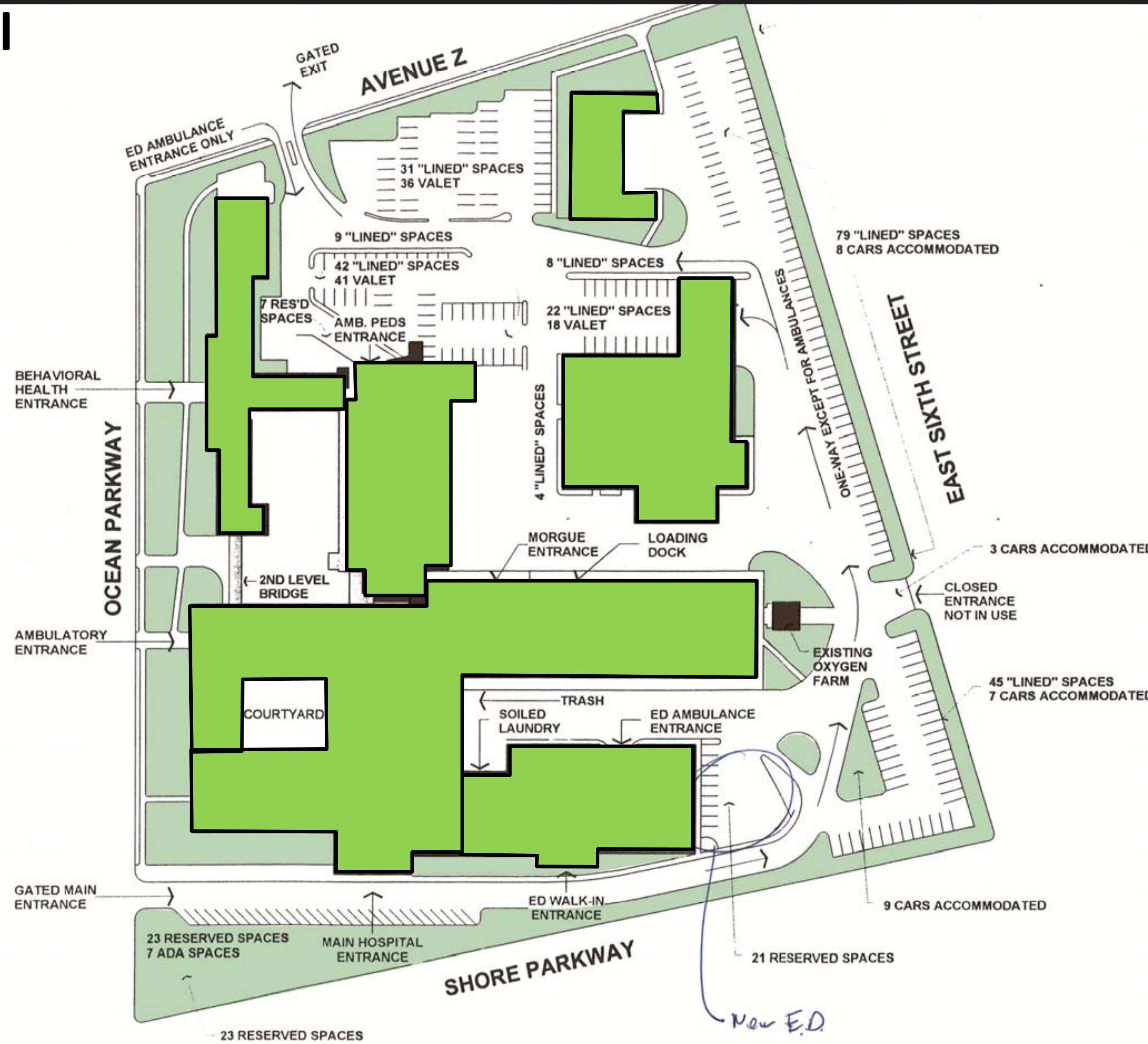
Coney Island Hospital

ENVIRONMENTAL

ELECTRICAL

MECHANICAL

<u>GROUND LEVEL ED</u>

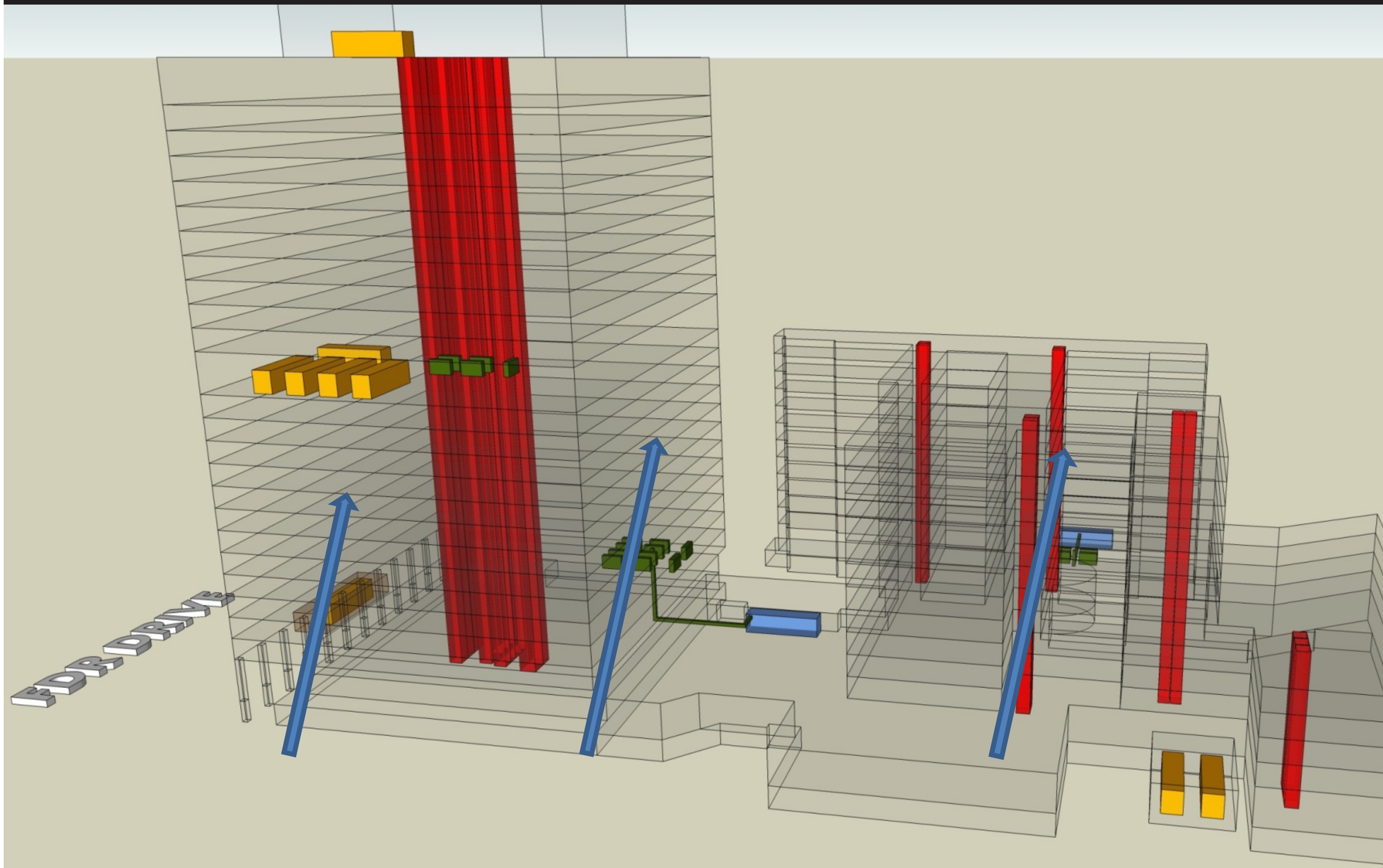


BASE TACTICAL | DISASTER RECOVERY

Bellevue Hospital

Ambulatory services open.
Emergency department open with limited services.
Main hospital to open in February 2013.

BASE TACTICAL | DISASTER RECOVERY



Bellevue Hospital

Recovery Reconstruction Hazard Mitigation

RELOCATE GENERATOR TO HIGHER POSITION AND CONSTRUCT WALLS AROUND IT TO DIRECT NOISE FROM OPERATION TO SKY

NYPA VAULT SWITCHGEAR TO BE RELOCATED TO HIGHER LEVEL.

OPTION #1 : LEVEL 1 ABOVE CURRENT LOCATION, DISPLACED PROGRAM TO BE RELOCATED
OPTION #2 : LEVEL 3 SHELL SPACE IN HOSPITAL TOWER

MOVE SWITCHGEAR UP 1 FLOOR.

DISPLACED PROGRAM TO BE RELOCATED

MAKE THE MODERN CONSTRUCTION WATERTIGHT AND CREATE A VAULT FOR SWITCHGEAR

POSSIBLE RELOCATION TO UPPER FLOOR BUT WILL LOSE BUILDING PROGRAM.

BASE TACTICAL | DISASTER RECOVERY

Questions

BASE TACTICAL

DISASTER RECOVERY

RESOLUTION

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.

WHEREAS, in accordance with the New York City Health and Hospitals Corporation Act, New York Unconsolidated Law Section 7381 *et seq.*, and pursuant to the resolution entitled "Health System Bonds General Resolution" adopted by the Corporation on November 19, 1992, as amended by resolution adopted on December 19, 1996 (hereinafter referred to as the "General Resolution"), which authorizes the issuance from time to time of Health System Bonds and notes of the Corporation in one or more series pursuant to a series resolution authorizing such series; and

WHEREAS, on June 15, 1993, the Corporation issued its Health System Bonds, 1993 Series A in the aggregate principal amount of $550,000,000 (the "1993 Series Bonds"), which were refunded entirely with the issuance on March 18, 1999 of its Health System Bonds, 1999 Series A in the aggregate principal amount of $235,700,000 (the "1999 Series Bonds") and the issuance of on January 15, 2003 of its Health System Bonds, 2003 Series A in the aggregate principal amount of $245,180,000 (the "2003 Series Bonds"); and

WHEREAS, on April 10, 1997, the Corporation issued its Health System Bonds, 1997 Series in the aggregate principal amount of $320,000,000 (the "1997 Series Bonds"), which were refunded entirely with the issuance on July 25, 2002 of its Health System Bonds, 2002 Series A-H in the aggregate principal amount of $590,500,000 (the "2002 Series Bonds") that both refunded the 1997 Series Bonds and provided new money funds to finance certain capital projects; and

WHEREAS, on August 21, 2008, the Corporation issued its Health System Bonds, 2008 Series A in the aggregate principal amount of $268,915,000 (the "2008 Series A Bonds") and on September 4, 2008, the Corporation issued its Health System Bonds, 2008 Series B, C, D, and E in the aggregate principal amount of $189,000,000 (the "2008 Series B, C, D, and E Bonds", and, together with the 2008 Series A Bonds, the "2008 Series Bonds") that the 2008 Series Bonds refunded the remaining $346,025,000 of the 2002 Series B, C, D, E, F, G, and H Bonds and provided new money funds to finance certain capital projects; and

WHEREAS, on October 26, 2010, the Corporation issued its Health System Bonds, 2010 Series A in the aggregate principal amount of $510,460,000 (the "2010 Series Bonds"). The 2010 Series Bonds refunded the remaining $199,715,000 of the 1999 Series A Bonds, and refunded $142,315,000 of the 2002 Series A Bonds (with $11,905,000 of the 2002 Series A

Bonds with maturity in 2011, 2012, and 2013 remained un-refunded); and provided new money funds to finance certain capital projects; and

WHEREAS, the General Resolution permits the issuance by the Corporation of Additional Bonds constituting Parity Indebtedness, as those terms are defined in the General Resolution, on a parity with the 1993 Series Bonds, the 1997 Series Bonds, the 1999 Series Bonds, the 2002 Series Bonds, the 2003 Series Bonds, the 2008 Series Bonds, and the 2010 Bonds; and

WHEREAS, the Board of Directors of the Corporation has determined that it is necessary and desirable to authorize and issue pursuant to the General Resolution a series of bonds, as Additional Bonds constituting Parity Indebtedness under the General Resolution, on a parity with the Health System Bonds to provide funds to carry out the purpose set forth in the General Resolution; and

WHEREAS, the overall management of the financing and refinancing of the Health System Bonds will be under the direction of the Senior Vice President, Finance and Assistant Vice President, Debt Finance/Corporate Reimbursement Services.

NOW THEREFORE, be it

RESOLVED, that the Board of Directors of the Corporation hereby authorizes the adoption of the resolution entitled "Health System Bonds, 2013 Series Resolution" providing for the issuance of a series of Health System 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.

EXECUTIVE SUMMARY

Health System Bonds, 2013 Series Resolution

The attached New York City Health and Hospitals Corporation (the "Corporation"), Health System Bonds, 2013 Series Resolution ("2013 Series Resolution") authorizes the Corporation to issue bonds not exceeding $175 million for the refunding of all or a portion of the 2003 Series Bonds and the 2008 Series Bonds.

Purpose:

The bond proceeds will provide approximately $150 million for the refunding of all or a portion of the 2003 Series Bonds and the 2008 Series Bonds with the remaining to finance the capital reserve fund, the cost of issuance, the escrow account, if any;

Initial Placement or Sale of 2013 Series Health System Bonds:

Approving the 2013 Series Resolution appoints Citigroup Global Markets, Inc. as the lead managing underwriter, and Morgan Stanley & Co. LLC, and J.P. Morgan Securities, Inc. as co-senior managing underwriters (together the "Managers") for the 2013 Series Bonds. The underwriters shall sell the bonds at the purchase price as designated in the Certificate of Determination, and the terms and conditions as stipulated in the Contract of Purchase.

Bond Structure:

The Corporation is working to refund all or a portion of the remaining $111.81 million 2003 Series A Bonds, and up to $53.845 million 2008 Series A Bonds (with 2014 and 2015 maturity) fixed rate bonds.

Ancillary Documents:

The following related documents are approved by the Board of Directors pursuant to the 2013 Series Resolution, which authorizes the following documents:

(1) **Contract of Purchase**: The Contract of Purchase will contain the terms and provisions between the Corporation and the underwriters for the sale of the 2013 Series Bonds.

(2) **Tax Regulatory Agreement**: The Tax Regulatory Agreement contains the terms between the Corporation and the Trustee and addresses tax code compliance with the Internal Revenue Code of 1986.

(3) **Official Statement**: The Official Statement is the marketing and disclosure document for the Corporation's 2013 Series Bonds.

(4) **Continuing Disclosure Agreement**: The Continuing Disclosure Agreement will contain terms and provisions requiring the Corporation to disclose certain financial and operational information.

(5) Other agreement related to the issuance of the 2013 Series Bonds prepared in accordance with industry practice and on the advice of the Managers and the Corporation's bond counsel.

NEW YORK CITY HEALTH AND HOSPITALS CORPORATION

How NYC takes care of its own.

Finance Committee Presentation (Revision)

January 15, 2013

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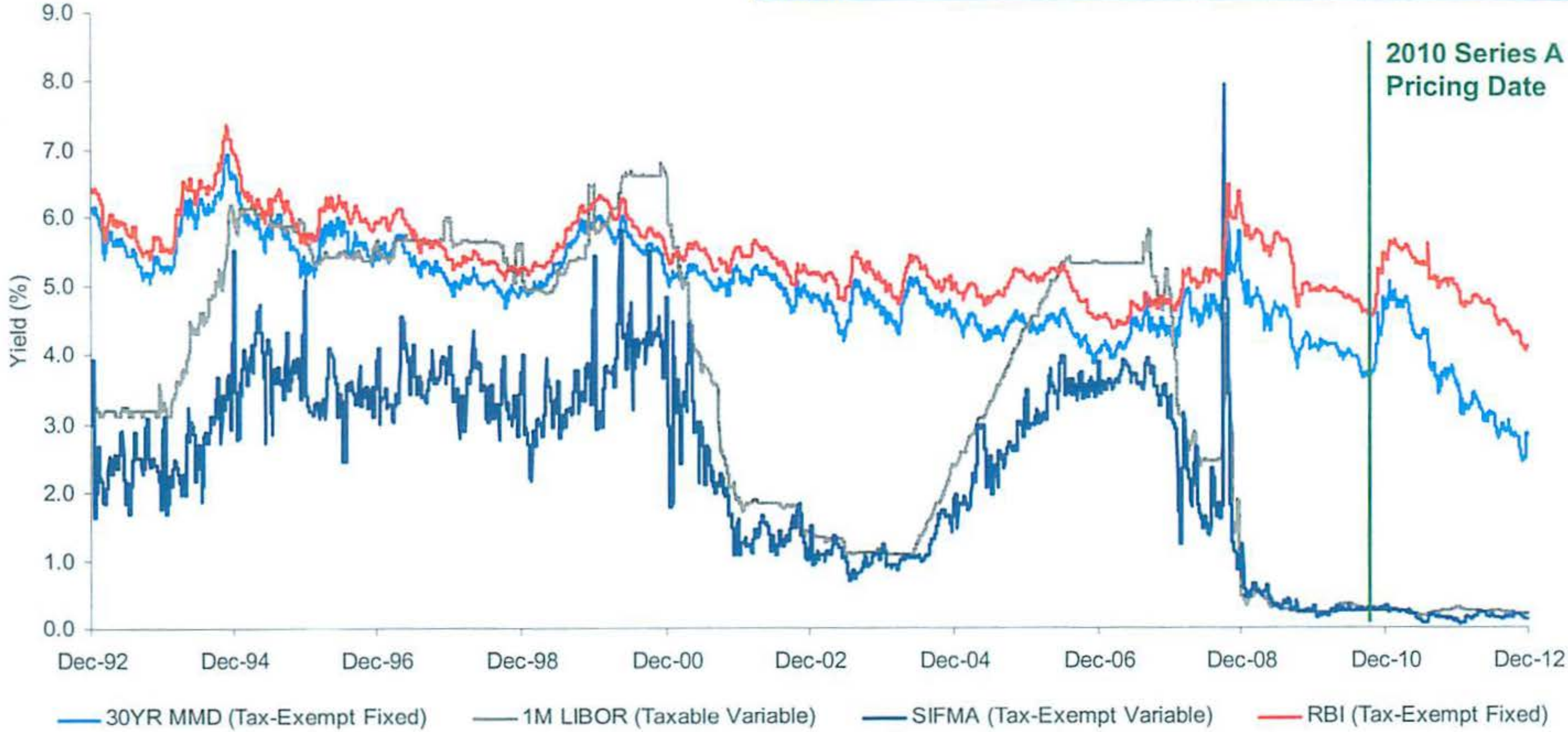
Overview

- HHC plans to refund $141.5 million outstanding bonds for $19.6 million savings
  - All of the 2003 Series A Bonds
  - A portion of the 2008 Series A Bonds
  - Existing rates and maturities of other outstanding HHC bonds do not present opportunities for savings
- The refunding bonds are expected to be issued as tax-exempt fixed rate premium bonds
- The bonds will be structured to concentrate savings in FYs 2014 & 2015
- Pricing is scheduled for the week of March 18th

Interest Rates Near 20-Year Lows, Despite Recent MMD Rise

Interest rates remain near 20-year lows and the market has stabilized following the fiscal cliff deal.

Historical Statistics (12/18/1992 - 12/20/2012)				
	1M LIBOR	RBI	SIFMA	30-Year MMD
Average:	3.40%	5.42%	2.31%	4.90%
Maximum:	6.82%	7.37%	7.96%	6.95%
Minimum:	0.19%	4.06%	0.06%	2.47%
Current:	0.21%	4.12%	0.13%	2.84%



Rates as of December 20, 2012. For illustration purposes only; past results to not indicate future performance.

RBI = Revenue Bond Index, which represents an estimation of the yield that would be offered on 30-year revenue bonds. The 25 issuers used to comprise the index cover a broad range of issuer types (transportation, housing, hospital, water & sewer, pollution control, etc.) and have a composite rating of Moody's A1 or Standard and Poor's A+.

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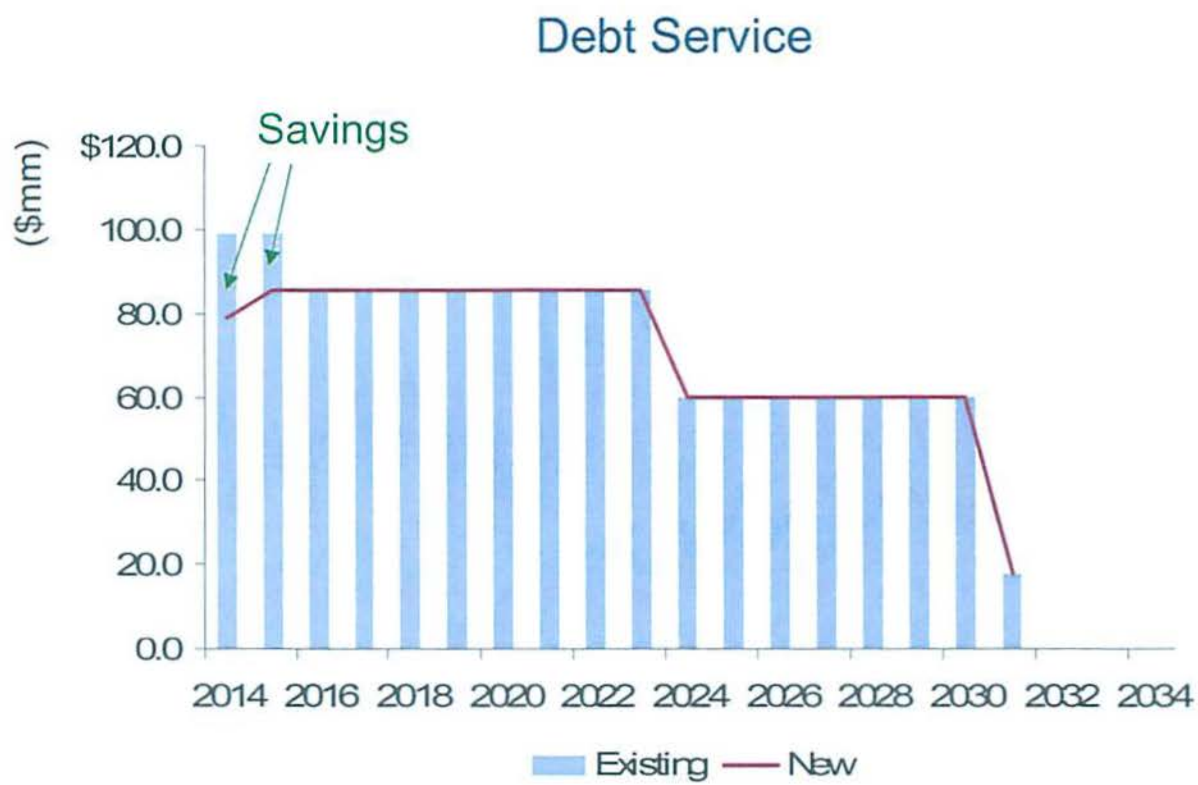
Estimated Savings



– $19.6 million of total Net Present Value debt service savings, due to all-time low interest rates[4]

– $19.6 million of nominal cashflow relief in 2014 and $13.2 million of nominal cashflow relief in 2015[4]

– FY 2014 & 2015 cashflow savings includes $13.2 million potential reduction to the Capital Reserve Fund requirement due to reduction in aggregate Maximum Annual Debt Service[5]

For illustration purposes only; actual results will depend on future market conditions.

1. Rates as of COB December 20, 2012. Fixed rate scale estimated based on HHC's current ratings and may vary depending on pricing date and demand.
2. Cost of issuance are estimates only.
3. Series 2008B-E VRDOs assumed at 2.25%.
4. Net PV Savings excludes funds on hand from capital reserve release (as an upfront cashflow). Annual savings includes funds on hand from capital reserve release.
5. Capital reserve release is estimated only. Assumes capital reserve doesn't earn interest (subject to HHC confirmation of rates).

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Preliminary Plan of Finance

A fixed rate refunding of the 2003 Series A bonds and a portion of the 2008 Series A bonds results in Net Present Value savings of $19.6 million, or 13.8%.

Summary Refunding Results

Estimated Savings	
Net Present Value Savings (arb. Yield, 2.59%)[4]	19,578,426
As % Refunded Bonds	13.8%
As % Refunding Bonds	17.7%
Nominal Savings	
In 2014	19,640,120
In 2015	13,221,043
In 2016 - 2023 (average)	*147,597*
Maximum Annual Debt Service	
Existing	98,983,847
New	85,757,442
Capital Reserve Fund Release[5]	13,226,405
Existing Bond Statistics	
Par Amount	141,450,000
Bond Average Interest Rate (Coupon)	5.08%
Average Life (years)	7.2
New Bond Statistics	
Par Amount	110,475,000
Interest Rate Adjusted for Costs (All-in TIC)	2.71%
Average Life (years)	8.9

The 2013 Series A bonds are expected to be sold at a premium to par, which means a smaller 2013 par amount will be needed because investors will pay more than face value ($5,000) for each new bond.

For illustration purposes only; actual results will depend on future market conditions.
1. *Rates as of COB December 20, 2012. Fixed rate scale estimated based on HHC's current ratings and may vary depending on pricing date and demand.*
2. *Cost of issuance are estimates only.*
3. *Series 2008B-E VRDOs assumed at 2.25%.*
4. *Net PV Savings excludes funds on hand from capital reserve release (as an upfront cashflow). Annual savings includes funds on hand from capital reserve release.*
5. *Capital reserve fund release is estimated only. Assumes capital reserve doesn't earn interest.*

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We are required to obtain, verify and record certain information that identifies each entity that enters into a formal business relationship with us. We will ask for your complete name, street address, and taxpayer ID number. We may also request corporate formation documents, or other forms of identification, to verify information provided.

Any prices or levels contained herein are preliminary and indicative only and do not represent bids or offers. These indications are provided solely for your information and consideration, are subject to change at any time without notice and are not intended as a solicitation with respect to the purchase or sale of any instrument. The information contained in this presentation may include results of analyses from a quantitative model which represent potential future events that may or may not be realized, and is not a complete analysis of every material fact representing any product. Any estimates included herein constitute our judgment as of the date hereof and are subject to change without any notice. We and/or our affiliates may make a market in these instruments for our customers and for our own account. Accordingly, we may have a position in any such instrument at any time.

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Citi believes that sustainability is good business practice. We work closely with our clients, peer financial institutions, NGOs and other partners to finance solutions to climate change, develop industry standards, reduce our own environmental footprint, and engage with stakeholders to advance shared learning and solutions. Highlights of Citi's unique role in promoting sustainability include: (a) releasing in 2007 a Climate Change Position Statement, the first US financial institution to do so; (b) targeting $50 billion over 10 years to address global climate change: includes significant increases in investment and financing of renewable energy, clean technology, and other carbon-emission reduction activities; (c) committing to an absolute reduction in GHG emissions of all Citi owned and leased properties around the world by 10% by 2011; (d) purchasing more than 234,000 MWh of carbon neutral power for our operations over the last three years; (e) establishing in 2008 the Carbon Principles; a framework for banks and their U.S. power clients to evaluate and address carbon risks in the financing of electric power projects; (f) producing equity research related to climate issues that helps to inform investors on risks and opportunities associated with the issue; and (g) engaging with a broad range of stakeholders on the issue of climate change to help advance understanding and solutions.

Citi works with its clients in greenhouse gas intensive industries to evaluate emerging risks from climate change and, where appropriate, to mitigate those risks.

efficiency, renewable energy and mitigation

HD&W DRAFT 1/2/13

NEW YORK CITY HEALTH AND HOSPITALS CORPORATION

NEW YORK CITY HEALTH AND HOSPITALS CORPORATION
HEALTH SYSTEM BONDS SERIES RESOLUTION

Authorizing the Issuance of

NEW YORK CITY HEALTH AND HOSPITALS CORPORATION
HEALTH SYSTEM BONDS,
2013 SERIES

Adopted January 31, 2013

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AUTHORITY AND DEFINITIONS

ARTICLE V

MISCELLANEOUS

A SERIES RESOLUTION OF THE NEW YORK CITY HEALTH AND HOSPITALS CORPORATION AUTHORIZING THE ISSUANCE OF NEW YORK CITY HEALTH AND HOSPITALS CORPORATION HEALTH SYSTEM BONDS, 2013 SERIES A

WHEREAS, the New York City Health and Hospitals Corporation (the "Corporation") has adopted a resolution entitled "General Resolution" on November 19, 1992, as amended by resolution adopted on December 19, 1996 (hereinafter referred to as the "General Resolution"), which authorizes the issuance from time to time of Health System Bonds of the Corporation in one or more series pursuant to a Series Resolution authorizing such series; and

WHEREAS, on June 15, 1993, the Corporation issued $550,000,000 in aggregate principal amount of its Health System Bonds, 1993 Series A (the "1993 Series Bonds"), pursuant to the General Resolution; and

WHEREAS, on April 10, 1997, the Corporation issued $320,000,000 in aggregate principal amount of its Health System Bonds, 1997 Series A, B, C and D (the "1997 Series Bonds"), pursuant to the General Resolution, as Additional Bonds constituting Parity Indebtedness on a parity with the 1993 Series Bonds; and

WHEREAS, on March 18, 1999, the Corporation issued $235,700,000 in aggregate principal amount of its Health System Bonds, 1999 Series A (the "1999 Series Bonds"), pursuant to the General Resolution, as Additional Bonds constituting Parity Indebtedness on a parity with the 1993 Series Bonds and the 1997 Series Bonds; and

WHEREAS, on July 25, 2002, the Corporation issued $590,500,000 in aggregate principal amount of its Health System Bonds, 2002 Series A-H (the "2002 Series Bonds"), pursuant to the General Resolution, as Additional Bonds constituting Parity Indebtedness on a parity with the 1993 Series Bonds, the 1997 Series Bonds and the 1999 Series Bonds; and

WHEREAS, on January 15, 2003, the Corporation issued $245,180,000 in aggregate principal amount of its Health System Bonds, 2003 Series A (the "2003 Series Bonds"), pursuant to the General Resolution, as Additional Bonds constituting Parity Indebtedness on a parity with the 1993 Series Bonds, the 1997 Series Bonds, the 1999 Series Bonds and the 2002 Series Bonds; and

WHEREAS, on August 21, 2008, the Corporation issued $268,915,000 in aggregate principal amount of its Health System Bonds, 2008 Series A (the "2008 Series A Bonds"), pursuant to the General Resolution, as Additional Bonds constituting Parity Indebtedness on a parity with the 1993 Series Bonds, the 1997 Series Bonds, the 1999 Series Bonds, the 2002 Series Bonds and the 2003 Series Bonds; and

WHEREAS, on September 4, 2008, the Corporation issued $189,000,000 in aggregate principal amount of its Health System Bonds, 2008 Series B, C, D and E (the "2008 Series B, C, D and E Bonds", and, together with the 2008 Series A Bonds, the "2008 Series Bonds"), pursuant to the General Resolution, as Additional Bonds constituting Parity

Indebtedness on a parity with the 1993 Series Bonds, the 1997 Series Bonds, the 1999 Series Bonds, the 2002 Series Bonds, the 2003 Series Bonds and the 2008 Series A Bonds; and

WHEREAS, on October 26, 2010, the Corporation issued $510,460,000 in aggregate principal amount of its Health System Bonds, 2010 Series A (the "2010 Series Bonds"), pursuant to the General Resolution, as Additional Bonds constituting Parity Indebtedness on a parity with the 1993 Series Bonds, the 1997 Series Bonds, the 1999 Series Bonds, the 2002 Series Bonds, the 2003 Series Bonds, the 2008 Series A Bonds and the 2008 Series B, C, D and E Bonds; and

WHEREAS, the General Resolution permits the issuance by the Corporation of Additional Bonds constituting Parity Indebtedness on a parity with the 1993 Series Bonds, the 1997 Series Bonds, the 1999 Series Bonds, the 2002 Series Bonds, the 2003 Series Bonds, the 2008 Series A Bonds, the 2008 Series B, C, D and E Bonds, and the 2010 Series Bonds; and

WHEREAS, the Board of Directors of the Corporation has determined that it is necessary and desirable to authorize and issue, pursuant to the General Resolution, one or more series of bonds, from time to time, as Additional Bonds constituting Parity Indebtedness under the General Resolution, on a parity with the 1993 Series Bonds, the 1997 Series Bonds, the 1999 Series Bonds, the 2002 Series Bonds, the 2003 Series Bonds, the 2008 Series A Bonds, the 2008 Series B, C, D and E Bonds, and the 2010 Series Bonds, to be designated Health System Bonds, 2013 Series (the "2013 Series Bonds"), to provide funds (i) to refund all or a portion of the 2003 Series Bonds and the 2008 Series Bonds, (ii) to finance, refinance and reimburse the Corporation for the costs of various capital projects and expenditures at the Corporation's facilities, and to carry out the purposes permitted in the General Resolution and set forth herein, (iii) to fund the Capital Reserve Fund, if necessary, and (iv) to pay costs of issuance of the 2013 Series Bonds; now, therefore,

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE NEW YORK CITY HEALTH AND HOSPITALS CORPORATION AS FOLLOWS:

ARTICLE I

AUTHORITY AND DEFINITIONS

Section 101. Series Resolution. This Series Resolution is adopted in accordance with Sections 201, 202, 203, 901(1) and 903 of the General Resolution and pursuant to the authority contained in the Act (as defined in the General Resolution). This Series Resolution may be modified as determined by an Authorized Officer subsequent to the date of its adoption and prior to the date of issuance of the 2013 Series Bonds as may be necessary or appropriate to reflect the actual provisions hereof that shall apply to the 2013 Series Bonds; provided, however, that the maximum principal amount set forth in Section 201, the final maturity prescribed by Section 203, and the final sale date prescribed by Section 208 shall not be so modified.

Section 102. Definitions. All terms which are defined in Section 103 of the General Resolution shall have the same meanings, respectively, in this Series Resolution. In addition, for the purposes of this Series Resolution, the following terms shall have the meanings set forth below:

"Bond Counsel" shall mean Hawkins Delafield & Wood LLP or such other firm of attorneys retained by the Corporation and specializing in the field of municipal finance and nationally recognized as experts in the field.

"Bonds to be Refunded" shall mean all or portions of the 2003 Series Bonds and/or the 2008 Series Bonds as are designated as such in the 2013 Series Certificate of Determination.

"Continuing Disclosure Agreement" shall mean the Continuing Disclosure Agreement, by and between the Corporation and the Trustee, relating to the 2013 Series Bonds.

"Contract of Purchase" shall mean the Bond Purchase Agreement(s) with respect to the 2013 Series Bonds, by and among the Corporation, Citigroup Global Markets, Inc., Morgan Stanley & Co. LLC, and J.P. Morgan Securities, Inc., as managing underwriters.

"Official Statement" shall mean the Corporation's Official Statement with respect to the 2013 Series Bonds.

"Rating Agency" shall mean each and any of Fitch, Inc., Moody's Investors Service, Inc. and Standard & Poor's Ratings Service, a Division of The McGraw-Hill Companies, that has a rating in effect for the 2013 Series Bonds.

"Record Date" shall mean with respect to the 2013 Series Bonds the first day of each February and August, or as otherwise provided in the 2013 Series Certificate of Determination.

"Tax Regulatory Agreement" shall mean the Tax Regulatory Agreement, dated the date of delivery of the 2013 Series Bonds, by and between the Corporation and the Trustee, as it may be amended or supplemented.

"2013 Series Bonds" shall mean the 2013 Series Bonds issued by the Corporation and authorized pursuant to the provisions of this Series Resolution.

"2013 Series Certificate of Determination" shall mean the 2013 Series Certificate of Determination authorized pursuant to Section 210 hereof and in the appropriate form to establish, determine and reflect the terms and provisions of the 2013 Series Bonds, substantially in the form of Exhibit A hereto, with such changes, omissions and insertions as may be approved by the Authorized Officer executing such certificate.

"2013 Series Closing Certificate" shall mean the certificate of the Corporation delivered on the date of initial issuance of the 2013 Series Bonds, which shall set forth the specific application of proceeds of the 2013 Series Bonds as contemplated by Article III of this Series Resolution.

"2013 Series Project" shall mean the portion of the capital projects, improvements, renovations, acquisitions, construction, equipping and installation with respect to the Corporation's Health Facilities financed or refinanced with the proceeds of the Bonds to be Refunded and to be refinanced with the proceeds of the 2013 Series Bonds.

Section 103. Incorporation of 2013 Series Certificate of Determination. All terms and conditions of the 2013 Series Certificate of Determination are hereby incorporated by reference into this Series Resolution.

ARTICLE II

AUTHORIZATION OF 2013 SERIES BONDS

Section 201. Principal Amount, Designation and Form. Pursuant to the provisions of the General Resolution, a Series of Bonds entitled to the benefit, protection and security of such provisions is hereby authorized in the aggregate principal amount of not exceeding $175,000,000 for the purpose of refunding all or a portion of the Bonds to be Refunded as such aggregate principal amount is determined in the 2013 Series Certificate of Determination. Such Bonds shall be designated as, and shall be distinguished from the Bonds of all other Series by the title, "New York City Health and Hospitals Corporation Health System Bonds, 2013 Series." The 2013 Series Bonds are issued in fully registered form without coupons, as provided in Section 401 hereof.

Section 202. Purposes. The purposes for which the 2013 Series Bonds are being issued are in accordance with the Act and are to provide proceeds of the sale thereof for credit, as provided in Section 401(2) of the General Resolution, to the Bond Proceeds Fund, for transfer (i) to the Construction Fund for transfer to the 2013 Series Cost of Issuance Account within the Construction Fund to pay Costs of Issuance of the 2013 Series Bonds, (ii) to the applicable Redemption Fund or Escrow Fund to refund all or a portion of the Bonds to be Refunded, and (iii) to the Capital Reserve Fund in an amount, if any, such that the amount on deposit therein on the date of issuance of the 2013 Series Bonds shall at least equal the Capital Reserve Fund Requirement, after giving effect to the issuance of the 2013 Series Bonds and the defeasance of the Bonds to be Refunded.

Section 203. Date, Maturities and Interest Rates. The 2013 Series Bonds shall be dated, shall mature on the dates and in the principal amounts and shall bear interest at the rates per annum, all as is determined pursuant to this Article II and in the 2013 Series Certificate of Determination; provided, however, that the final maturity of the 2013 Series Bonds shall not extend beyond February 15, 2052. The General Resolution has previously been amended by deleting the third paragraph of Section 202 to clarify that Bonds of a Series of like maturity need not bear identical interest rates.

Section 204. Interest Payments. The 2013 Series Bonds shall bear interest from their date payable as determined pursuant to this Article II and in the 2013 Series Certificate of Determination, commencing on the first interest payment date therefor identified in the 2013 Series Certificate of Determination. The Record Dates for the 2013 Series Bonds shall be the first day of each February and August, or as otherwise provided in the 2013 Series Certificate of Determination.

Section 205. Denominations, Numbers and Letters. The 2013 Series Bonds shall be issued initially in the denomination of $5,000 or any integral multiple thereof or as otherwise established in the 2013 Series Certificate of Determination. The 2013 Series Bonds shall be lettered R- and shall be numbered from one (1) consecutively upwards.

As provided in Section 206 of the General Resolution, CUSIP identification numbers shall be imprinted on the 2013 Series Bonds, but such numbers shall not constitute a part of the contract evidenced by the 2013 Series Bonds and any error or omission with respect thereto shall not constitute cause for refusal of any purchaser to accept delivery of and pay for the 2013 Series Bonds. In addition, failure on the part of the Corporation to use such CUSIP numbers in any notice to Owners of the 2013 Series Bonds shall not constitute an event of default or any similar violation of the Corporation's contract with such Owners.

As provided in Section 215 of the General Resolution, the 2013 Series Bonds shall be issued in "Book-Entry Only" form, and each maturity of the 2013 Series Bonds shall be evidenced by the issuance of one 2013 Series Bond registered in the name of Cede & Co., as nominee of The Depository Trust Company.

Section 206. Places of Payment. The principal and Redemption Price of and interest on the 2013 Series Bonds shall be payable at the corporate trust office of Manufacturers and Traders Trust Company, of Buffalo, New York, as Trustee and Paying Agent. The interest on the 2013 Series Bonds shall be payable to the Owner by check or draft mailed or sent by wire transfer to such Owner's address last appearing on the registration books of the Corporation. The place and medium of payment for the 2013 Series Bonds shall be as provided in Section 205 of the General Resolution.

Section 207. Redemption Prices and Terms. The 2013 Series Bonds shall be subject to redemption at the Redemption Prices and at the times as provided in the 2013 Series Certificate of Determination.

Section 208. Sale of 2013 Series Bonds. The 2013 Series Bonds shall be sold at such time and at such price as shall be determined in the 2013 Series Certificate of Determination. Citigroup Global Markets, Inc., Morgan Stanley & Co. LLC, and J.P. Morgan Securities, Inc. are hereby appointed as managing underwriters for the 2013 Series Bonds (the "Managers"). The preparation, publication and distribution of the Official Statement (in substantially the form previously utilized by the Corporation, with such changes, omissions, insertions and revisions as the Chief Financial Officer of the Corporation shall have deemed necessary or advisable) is hereby approved. The 2013 Series Bonds shall be sold by the Corporation to a group of underwriters designated in the Contract of Purchase and represented by the Managers, who are acting on behalf of such underwriters including themselves, pursuant to the Contract of Purchase, to be executed by the Chairman, Vice Chairman or President or any other Authorized Officer of the Corporation, if at all, on or prior to September 30, 2013, at the purchase price set forth in the 2013 Series Certificate of Determination and on the terms and conditions set forth in the Contract of Purchase and upon the basis of the representations set forth therein. The Chairman, Vice Chairman or President or any other Authorized Officer of the Corporation is hereby authorized and directed to deliver the 2013 Series Bonds to the Trustee for authentication and to instruct the Trustee to deliver the 2013 Series Bonds to said underwriters upon receipt of the aforesaid purchase price, and to execute and deliver all documents and instruments required in connection therewith.

The Chairman, Vice Chairman or President or any other Authorized Officer of the Corporation each is hereby authorized on behalf of the Corporation to execute a Contract of Purchase substantially in the form previously utilized by the Corporation, with the Managers, as representatives of the underwriters, providing for the sale to said group of underwriters of the

2013 Series Bonds and said Authorized Officers of the Corporation are hereby authorized and directed to carry out or cause to be carried out all obligations of the Corporation under said Contract of Purchase, when executed. The execution by the Chairman, Vice Chairman or President or any other Authorized Officer of the Corporation of the Official Statement relating to the 2013 Series Bonds substantially in the form previously utilized by the Corporation, with such changes, insertions, or deletions therein as the Chairman, Vice Chairman or President or any other Authorized Officer of the Corporation may approve, and the delivery of said Official Statement to said underwriters, are hereby authorized and the Corporation hereby authorizes said Official Statement and the information contained therein to be used in connection with the sale of the 2013 Series Bonds. The delivery of a Preliminary Official Statement with respect to the 2013 Series Bonds is hereby authorized.

The private sale of the 2013 Series Bonds shall be subject to the prior written approval of the City Comptroller as to the terms and conditions of the 2013 Series Bonds.

The proceeds of any good faith deposit received by the Corporation from the Managers under the terms of the Contract of Purchase for the 2013 Series Bonds shall be deposited by the Corporation with a bank or trust company in a special account established by the President or any other Authorized Officer of the Corporation. Pending the application of the monies so deposited in said special account, such monies, or so much thereof as may be practicable, may be invested in Investment Obligations. The income or interest earned by, or increment to, such special account due to the investment thereof shall be transferred to and deposited in the Revenue Fund.

Section 209. Authorization of Related Documents. The form, terms and provisions of the Contract of Purchase, between the Corporation and the underwriters, substantially in the form previously utilized by the Corporation, providing for the sale of the 2013 Series Bonds by the Corporation to the underwriters, are in all respects approved. The form, terms and provisions of the Escrow Deposit Agreement, between the Corporation and the Trustee, substantially in the form previously utilized by the Corporation, providing for the refunding of all or a portion of the Bonds to be Refunded, are in all respects approved. The form, terms and provisions of the Continuing Disclosure Agreement, between the Corporation and the Trustee, substantially in the form previously utilized by the Corporation, providing for the undertaking by the Corporation to provide ongoing continuing secondary market disclosure, are in all respects approved. The form, terms and provisions of the Tax Regulatory Agreement, between the Corporation and the Trustee, substantially in the form previously utilized by the Corporation, providing for compliance with the Code, are in all respects approved. The Chairman, Vice Chairman or President or any other Authorized Officer of the Corporation is authorized and empowered for and on behalf of the Corporation to execute, acknowledge and deliver the Contract of Purchase, the Escrow Deposit Agreement, the Continuing Disclosure Agreement and the Tax Regulatory Agreement, and the Secretary or any other Authorized Officer of the Corporation is hereby authorized and empowered to affix the seal of the Corporation and to attest to the same for and on behalf of the Corporation in substantially the forms presented to this meeting, with such changes therein as such Chairman, Vice Chairman or President or any other Authorized Officer of the Corporation executing the same may deem necessary or desirable, his or her execution of the Contract of Purchase, the Escrow Deposit

Agreement, the Continuing Disclosure Agreement and the Tax Regulatory Agreement to be conclusive evidence of his or her approval of such changes.

The Chairman, Vice Chairman or President or any other Authorized Officer of the Corporation are each hereby authorized to take any action, execute any document, or give any consent which may from time to time be required by the Corporation under this Series Resolution, the General Resolution, the Contract of Purchase, the Escrow Deposit Agreement, the Continuing Disclosure Agreement or the Tax Regulatory Agreement. Any such action taken or document executed or consent given by such officer in his or her capacity of an officer of the Corporation shall be deemed to be an act by the Corporation.

Section 210. Certificate of Determination. The Chairman, Vice Chairman or President or any other Authorized Officer of the Corporation shall have the power and authority to execute and deliver the 2013 Series Certificate of Determination, which may include, without limitation, provisions (i) fixing the aggregate principal amount of 2013 Series Bonds to be issued, not to exceed $175,000,000 for the purpose of refunding all or a portion of the Bonds to be Refunded as authorized above, (ii) fixing the maturity schedule for the 2013 Series Bonds, including amounts of serial bonds and term bonds, with a final maturity not beyond February 15, 2052, (iii) fixing the interest rate or interest rates for the 2013 Series Bonds, or the manner of determining such interest rates, (iv) fixing the amounts and times of sinking fund installments on the 2013 Series Bonds, (v) fixing other redemption provisions for the 2013 Series Bonds, including times and Redemption Prices, (vi) fixing the purchase price for the 2013 Series Bonds, which may include an underwriting discount and an original issue discount or premium, and (vii) modifying or otherwise completing and finalizing the provisions of the Series Resolution or implementing the terms of the Contract of Purchase.

In addition to any specific authorizations set forth in this Series Resolution, and notwithstanding any other provision of this Series Resolution, pursuant to and as established in the 2013 Series Certificate of Determination, the Corporation may provide a surety bond, insurance policy or other reserve fund credit facility for credit to the Capital Reserve Fund in satisfaction of the Capital Reserve Fund Requirement, and in connection therewith the Corporation is hereby authorized to execute, deliver and perform any necessary, appropriate or convenient agreements, instruments or contracts.

ARTICLE III

DISPOSITION OF 2013 SERIES BOND PROCEEDS

Section 301. Bond Proceeds Fund. Pursuant to paragraph (2) of Section 401 of the General Resolution, the Corporation, upon delivery of the 2013 Series Bonds, shall pay over and transfer to the Trustee for deposit into the Bond Proceeds Fund or have credited by the Trustee to the Bond Proceeds Fund, the net proceeds of the 2013 Series Bonds. Monies so deposited or credited to such Bond Proceeds Fund shall be applied as provided in Section 202 hereof, and in accordance with Article IV of the General Resolution, as described in this Article III.

Section 302. Construction Account. There is hereby established, pursuant to Section 401(3) of the General Resolution, the 2013 Series Construction Account within the Construction Fund. Upon receipt of the proceeds of sale of the 2013 Series Bonds, the Corporation shall cause the payment therefrom, through the Bond Proceeds Fund as provided in Section 401(2) of the General Resolution, to the Trustee for deposit into the 2013 Series Construction Account, or have credited by the Trustee to the 2013 Series Construction Account, the sum, if any, indicated therefor in the Corporation's 2013 Series Closing Certificate.

Section 303. Capitalized Interest Account. There is hereby established, pursuant to Section 401(4) of the General Resolution, the 2013 Series Capitalized Interest Account within the Construction Fund. Upon receipt of the proceeds of sale of the 2013 Series Bonds, the Corporation shall cause the payment therefrom, through the Bond Proceeds Fund as provided in Section 401(2) of the General Resolution, to the Trustee for deposit into the 2013 Series Capitalized Interest Account, or have credited by the Trustee to the 2013 Series Capitalized Interest Account, the sum, if any, indicated therefor, if any, in the Corporation's 2013 Series Closing Certificate.

Section 304. Working Capital Account. There is hereby established, pursuant to Sections 813(1)(v) and 814 of the General Resolution, the 2013 Series Working Capital Account within the Construction Fund. Upon receipt of the proceeds of sale of the 2013 Series Bonds, the Corporation shall cause the payment therefrom, through the Bond Proceeds Fund as provided in Section 401(2) of the General Resolution, to the Trustee for deposit into the 2013 Series Working Capital Account, or have credited by the Trustee to the 2013 Series Working Capital Account, the sum, if any, indicated therefor in the Corporation's 2013 Series Closing Certificate.

Section 305. Cost of Issuance Account. There is hereby established, pursuant to Section 401(5) of the General Resolution, the 2013 Series Cost of Issuance Account within the Construction Fund. Upon receipt of the proceeds of sale of the 2013 Series Bonds, the Corporation shall cause the payment therefrom, through the Bond Proceeds Fund as provided in Section 401(2) of the General Resolution, to the Trustee for deposit into the 2013 Series Cost of Issuance Account, or have credited by the Trustee to the 2013 Series Cost of Issuance Account, the sum, if any, indicated therefor in the Corporation's 2013 Series Closing Certificate.

Section 306. Capital Reserve Fund. Upon receipt of the proceeds of sale of the 2013 Series Bonds, the Corporation shall cause the payment therefrom, through the Bond Proceeds Fund as provided in Section 401(2) of the General Resolution, to the Trustee for deposit into the Capital Reserve Fund, or have credited by the Trustee to the Capital Reserve Fund, the sum, if any, indicated therefor in the Corporation's 2013 Series Closing Certificate, which sum shall be an amount such that the amount on deposit in the Capital Reserve Fund on the date of issuance of the 2013 Series Bonds shall at least equal the Capital Reserve Fund Requirement, after giving effect to the issuance of the 2013 Series Bonds and the defeasance of the Bonds to be Refunded.

Section 307. Interest Income. Income or interest earned by, or increment to, each 2013 Series Account within the Construction Fund shall be retained in said Account, until the Trustee is otherwise directed in writing by the Corporation, at which time such income or interest earnings shall be transferred by the Trustee to the Revenue Fund.

Section 308. Refunding. Upon receipt of the proceeds of sale of any portion of the 2013 Series Bonds issued to refund all or any portion of the Bonds to be Refunded, the Corporation shall apply the proceeds thereof to such refunding of any such Bonds to be Refunded as may be directed in the Corporation's 2013 Series Closing Certificate.

ARTICLE IV

FORM OF 2013 SERIES BONDS

Section 401. Form of 2013 Series Bonds. Subject to the provisions of the General Resolution, this Series Resolution, and the 2013 Series Certificate of Determination, the 2013 Series Bonds in registered form shall be of substantially the following form and tenor:

[Form of 2013 Series Bonds]

NO. R-

NEW YORK CITY HEALTH AND HOSPITALS CORPORATION
HEALTH SYSTEM BONDS, 2013 SERIES

Registered Owner: Cede & Co.

Dated Date: ______________

Maturity Date: February 15, ____

Principal Sum: $______________

Interest Rate: _________%

CUSIP No.: ______________

KNOW ALL MEN BY THESE PRESENTS that the NEW YORK CITY HEALTH AND HOSPITALS CORPORATION (the "Corporation"), a body corporate and politic, constituting a public benefit corporation organized and existing under and by virtue of the laws of the State of New York, acknowledges itself indebted to, and for value received, hereby promises to pay to the Registered Owner (stated above), or registered assigns, the Principal Sum (stated above) on the Maturity Date (stated above), unless redeemed prior thereto as hereinafter provided, upon presentation and surrender hereof at the corporate trust office of Manufacturers and Traders Trust Company, Buffalo, New York, as Trustee under the General Resolution, duly adopted on November 19, 1992, by the Corporation, as amended (the "General Resolution"), or its successors as Trustee (the "Trustee"), and to pay to the Registered Owner hereof interest on the unpaid principal balance hereof from the Dated Date (stated above) to the Maturity Date or earlier redemption of this Bond at the Interest Rate stated above per annum, payable on February 15 and August 15, commencing on August 15, 2013. The interest on this Bond, when due and payable, shall be paid to the Registered Owner hereof by check or draft, mailed or sent by wire transfer to such person at his address last appearing on the registration books of the Corporation held by the Trustee. Both principal and interest and redemption premium, if any, on this Bond are payable in any coin or currency of the United States of America which, on the respective dates of payment thereof, shall be legal tender for the payment of public and private debts.

This Bond is a general obligation of the Corporation and is one of a duly authorized issue of bonds of the Corporation designated "New York City Health and Hospitals Corporation Health System Bonds" (herein called the "Bonds"), issued and to be issued in various series under and pursuant to the New York City Health and Hospitals Corporation Act, McKinney's Unconsolidated Laws, Sections 7381 to 7406, inclusive, as amended (the "Act"), and under and pursuant to the General Resolution, and a series resolution authorizing each such series. This Bond is one of a Series of Bonds designated New York City Health and Hospitals Corporation Health System Bonds, 2013 Series (the "2013 Series Bonds"), issued in the aggregate principal amount of $__________ under the General Resolution and a Series Resolution of the Corporation adopted January 31, 2013, and entitled "NEW YORK CITY HEALTH AND HOSPITALS CORPORATION HEALTH SYSTEM BONDS SERIES RESOLUTION AUTHORIZING THE ISSUANCE OF NEW YORK CITY HEALTH AND HOSPITALS CORPORATION HEALTH SYSTEM BONDS, 2013 SERIES" (the "Series Resolution"; the General Resolution and the Series Resolution being herein collectively referred to as the "Resolutions"). The aggregate principal amount of Bonds which may be issued under the General Resolution is not limited except as provided in the General Resolution and all Bonds issued under the General Resolution are equally secured by the pledges and covenants made therein. Capitalized terms used in this Bond but not defined herein shall have the meanings ascribed to them in the General Resolution.

Copies of the Resolutions are on file at the office of the Corporation and at the corporate trust office of the Trustee, and reference to the Resolutions and any and all supplements thereto and modifications and amendments thereof and to the Act is made for a description of the pledges and covenants securing the 2013 Series Bonds, the nature, extent and manner of enforcement of such pledges and covenants, the rights and remedies of the Owners of the 2013 Series Bonds with respect thereto and the terms and conditions upon which the 2013 Series Bonds are issued and may be issued thereunder. To the extent and in the manner permitted by the terms of the Resolutions, the provisions of the Resolutions or any resolution amendatory thereof or supplemental thereto, may be modified or amended.

This Bond is transferable, as provided in the Resolutions, only upon the books of the Corporation kept for that purpose at the corporate trust office of the Trustee by the Registered Owner hereof in person, or by his attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the Registered Owner or his attorney duly authorized in writing, and thereupon a new registered 2013 Series Bond or Bonds, without coupons, and in the same aggregate principal amount, and of the same maturity, shall be issued to the transferee in exchange therefor as provided in the Resolutions, and upon the payment of the charges, if any, therein prescribed.

The 2013 Series Bonds are issuable in the form of registered bonds, without coupons, in the denomination of $5,000 or any integral multiple thereof. In the manner, subject to the conditions and upon the payment of the charges, if any, provided in the Resolutions, the 2013 Series Bonds, upon surrender thereof at the corporate trust office of the Trustee with a written instrument of transfer satisfactory to the Trustee, duly executed by the Registered Owner or his attorney duly authorized in writing, may, at the option of the Registered Owner thereof, be exchanged for an equal aggregate principal amount of 2013 Series Bonds, without coupons, of any other authorized denominations of the same maturity.

The 2013 Series Bonds are subject to redemption prior to maturity as provided in the Series Resolution.

Notice of such redemption when required to be given pursuant to the Resolutions shall be mailed, postage prepaid, within the time requirements of the Resolutions, to the Owners of any 2013 Series Bonds or portions thereof to be redeemed, provided, however, that the failure of any Owner to receive notice shall not affect the validity of the proceedings for the redemption of the 2013 Series Bonds or portions of the 2013 Series Bonds owned by any Owners to whom notice has been given in accordance with the provisions of the Resolutions. Notice of redemption having been given, as aforesaid, the 2013 Series Bonds or portions thereof so called for redemption shall become due and payable at the applicable redemption price provided in the Resolutions, and interest on the 2013 Series Bonds or portions thereof so called for redemption shall cease to accrue and become payable from and after the date so fixed for redemption; provided sufficient monies or Government Obligations (as defined in the General Resolution) have been deposited with the Bond Trustee to pay the redemption price of and interest on such 2013 Series Bonds.

The principal of the 2013 Series Bonds may be declared due and payable before the maturity thereof as provided in the Resolutions and the Act.

THE 2013 SERIES BONDS SHALL NOT BE A DEBT OF THE STATE OR OF THE CITY, AND NEITHER THE STATE NOR THE CITY SHALL BE LIABLE THEREON NOR SHALL THEY BE PAYABLE OUT OF ANY FUNDS OTHER THAN THOSE OF THE CORPORATION OR HHC CAPITAL CORPORATION. NEITHER THE CORPORATION NOR HHC CAPITAL CORPORATION HAS ANY TAXING POWER.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by the Constitution and statutes of the State and the City and by the Act, the bylaws, rules and regulations of the Corporation to happen, to exist, to have happened and to have been performed precedent to and in connection with the issuance of this Bond, and the adoption of the Resolutions, have happened, exist and have been performed in due time, form and manner as so required.

IN WITNESS WHEREOF, the New York City Health and Hospitals Corporation has caused this Bond to be executed in its name by the manual or facsimile signature of its President or another Authorized Officer and its corporate seal (or facsimile thereof) to be affixed, imprinted, engraved or otherwise reproduced hereon, and attested by the manual or facsimile signature of the Secretary or another Authorized Officer to the Corporation; and this Bond shall be authenticated by the manual or facsimile signature of an authorized officer of the Trustee, without which authentication this Bond shall not be valid nor entitled to the benefits of the Resolutions, all as of the Dated Date stated above.

NEW YORK CITY HEALTH AND HOSPITALS CORPORATION

(SEAL)

By: ______________________________
Name: __________________
Title: __________________

Attest:

By: ______________________________
Name: __________________
Title: __________________

CERTIFICATE OF AUTHENTICATION

The undersigned hereby certifies that this is one of the Bonds described in the within-mentioned Resolutions.

MANUFACTURERS AND TRADERS TRUST COMPANY, as Trustee

By: ______________________________
Authorized Officer

Date of Authentication: ___________, 2013

ASSIGNMENT

For value received the undersigned sells, assigns and transfers this bond to

____

(Name, Address and Social Security Number or other Identifying Number of Assignee)

____

and irrevocably appoints ________________________ attorney-in-fact to transfer it on the books kept for registration of the bond, with full power of substitution.

____

NOTE: The signature to this assignment must correspond with the name written on the face of the bond without alteration, enlargement or other change.

Dated:

Signature Guaranteed:

____

Participant in a Recognized Signature
Guarantee Medallion Program

By: __________________________________
Authorized Signature

(End of Form of 2013 Series Bond)

Section 402. Attestation of 2013 Series Bonds. Any Authorized Officer of the Corporation, other than the Authorized Officer executing the 2013 Series Bonds, is hereby authorized and directed to attest manually or by facsimile the execution of the 2013 Series Bonds in accordance with the provisions of Section 207 of the General Resolution.

ARTICLE V

MISCELLANEOUS

Section 501. Arbitrage Covenant. The Corporation hereby covenants that it shall comply with each requirement of the Internal Revenue Code of 1986, as amended (the "Code"), necessary to maintain the exclusion of interest on the 2013 Series Bonds from gross income for purposes of federal income taxation. The Corporation further covenants that it shall make any and all payments required to be made to the Treasury Department of the United States of America in connection with the 2013 Series Bonds pursuant to Section 148(f) of the Code from amounts on deposit in the Funds and Accounts established under the General Resolution or from other monies available to the Corporation. In addition, the Corporation hereby agrees not to take any action or fail to take any action which would cause the 2013 Series Bonds to be "arbitrage" bonds within the meaning of Section 148 of the Code.

In furtherance of the covenants contained above, the Corporation hereby agrees to comply with the provisions of the Tax Regulatory Agreement to be executed by the Corporation on the date of the initial issuance and delivery of the 2013 Series Bonds as such Tax Regulatory Agreement may be amended from time to time, as a source of guidance for achieving compliance with the Code.

Section 502. Notice to Rating Agencies. In the event that (i) the Trustee resigns or is removed, (ii) any 2013 Series Bonds are defeased, (iii) there is an optional redemption of any of the 2013 Series Bonds, (iv) any of the 2013 Series Bonds are accelerated, or (v) there is any material change in the General Resolution or this Series Resolution, then, in each and every such event, the Trustee, upon receiving notice of such event or events, shall give notice of such event or events by mail, postage prepaid, to the Rating Agencies; provided, however, that failure to give such notice shall not affect the validity of the occurrence of any such events. The Corporation shall promptly deliver to the Rating Agencies providing a rating on the 2013 Series Bonds (i) duplicate copies of all correspondence, notices, certificates, audits, reports or other communications required to be prepared by the Corporation and sent to the Trustee in accordance with the General Resolution and this Series Resolution; and (ii) such additional reports or information as is necessary for maintenance of the ratings on the 2013 Series Bonds. The Corporation acknowledges that such Rating Agencies' periodic review may involve discussions or meetings or both with representatives of the Corporation at mutually acceptable times.

Section 503. Continuing Disclosure. The Corporation covenants that in accordance with the continuing disclosure requirements set forth in Rule 15c2-12 of the Securities and Exchange Commission (the "Rule") the Corporation shall, to the extent permitted by law, undertake to provide such information with respect to the Corporation as is required by the Rule. The Corporation covenants with the holders from time to time of the 2013 Series Bonds that it will, and hereby authorizes the appropriate officers and employees of the Corporation to take all action necessary or appropriate to, comply with and carry out all of the provisions of the Continuing Disclosure Agreement as amended from time to time. Notwithstanding any other provision of the General Resolution, failure of the Corporation or the Trustee to perform in accordance with the Continuing Disclosure Agreement shall not constitute a default or an Event of Default under the General Resolution, and the rights and remedies provided by the General Resolution upon the occurrence of such a default or an Event of Default shall not apply to any such failure, but the Continuing Disclosure Agreement may be enforced only as provided therein.

Section 504. Effective Date. This Series Resolution shall take effect immediately.

FORM OF 2013 SERIES A CERTIFICATE OF DETERMINATION

Pursuant to the provisions of Section 210 of the Series Resolution adopted by the Board of Directors of the New York City Health and Hospitals Corporation on January 31, 2013 (the "Series Resolution"), I, Marlene Zurack, Senior Vice President, Finance and Chief Financial Officer of such Corporation, hereby certify and determine, using terms as defined in said Series Resolution and as defined herein, as follows:

1. The aggregate principal amount of the Corporation's Health System Bonds, 2013 Series A (the "Bonds") to be issued and delivered shall be $_______________. The dated date of the Bonds shall be their date of issuance. The first Interest Payment Date for the Bonds shall be August 15, 2013. The Bonds shall mature on February 15 of the years and in the principal amounts and bear interest, as set forth below.

$_______________ Serial Bonds

Year	Principal Amount	Interest Rate	Year	Principal Amount	Interest Rate
____	$__________	____%	____	$__________	____%
____	__________	____	____	__________	____
____	__________	____	____	__________	____
____	__________	____	____	__________	____
____	__________	____	____	__________	____
____	__________	____	____	__________	____
____	__________	____	____	__________	____
____	__________	____	____	__________	____
____	__________	____	____	__________	____
____	__________	____	____	__________	____

$_______________ ___% Term Bonds due February 15, ____

2. The Bonds shall be subject to redemption as follows: (a) Optional Redemption. The Bonds maturing after February 15, ____ will be subject to redemption at the option of the Corporation, beginning on February 15, ____, in whole or in part, by lot within each maturity, on any date upon 30 days' written notice to Bondholders at a redemption price of 100%, plus accrued interest to the date of redemption. The Corporation may select amounts and maturities of such Bonds for redemption in its sole discretion. Any notice of optional redemption may be conditional, revocable and rescinded, at the direction of the Corporation.

(b) Mandatory Redemption. The Bonds maturing in ____ are subject to mandatory redemption prior to maturity, through Sinking Fund Payments on February 15 of the years and in the respective principal amounts as set forth below (the particular Bonds or portions thereof to be selected by the Trustee as provided in the General Resolution), in each case at a Redemption Price equal to the principal amount of said Bonds or portions thereof to be redeemed, plus accrued interest to the date of redemption.

In accordance with the Series Resolution, Sinking Fund Payments for the Bonds maturing in ____ are hereby established as follows:

Year	Amount	Year	Amount
____	$______	____	$______
____	______	____	______
____	______	____	______
____	______	____	______
____	______	____	______
____	______	____*	______

* Final Maturity

(c) Redemption at Direction of the City. Upon the furnishing by the City of sufficient funds therefor, the Bonds are subject to redemption prior to maturity by the Corporation at the direction of the City, as a whole on any interest payment date not less than twenty years after the original issuance date of the Bonds, at the then applicable optional Redemption Price for the Bonds, plus accrued interest to the date of redemption.

Any redemption of less than all of a maturity of the Bonds shall be effected by the Bond Trustee by lot, using such method of selection as the Bond Trustee shall deem proper in its discretion.

3. The Bonds to be Refunded shall consist of the Corporation's Health System Bonds, 2003 Series A [and the Corporation's Health System Bonds, ____ Series ____].

4. The purchase price for the Bonds shall be $____________ (being the principal amount thereof of $______________, [plus/less] $______________ [net] original issue [premium/discount], and less $______________ underwriters' discount).

5. All proceeds of the sale of the Bonds shall be paid to the Trustee as provided in the Series Resolution and in the 2013 Series A Closing Certificate, against receipt therefor. Such proceeds and moneys shall be deposited by the Trustee as provided in the Series Resolution and in the 2013 Series A Closing Certificate.

6. All words and phrases defined in the General Resolution or in the Series Resolution shall have the same meaning herein, unless the context otherwise requires.

IN WITNESS WHEREOF, I have hereunto set my hand this _______________, 2013.

NEW YORK CITY HEALTH AND HOSPITALS CORPORATION

By ________________________________

Name: Marlene Zurack
Title: Senior Vice President, Finance and Chief Financial Officer

RESOLUTION

Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") to execute a Sole Source contract with Sedgwick Claims Management (Sedgwick) to provide specialized claims and risk management services to the Corporation in connection with medical malpractice claims, and to manage subcontracts for risk reduction education, and insurance consulting and management for a term of four years with an option to renew for one additional two year term, solely exercisable by the Corporation, for an amount not to exceed $34,434,496.00.

WHEREAS, the Corporation wishes to maintain a claims and risk management infrastructure at the Corporation's facilities which supports the medical malpractice risk reduction; and

WHEREAS, the Corporation requires the assistance of a firm specializing in medical malpractice claims investigation and management and which can support the requirements of a captive insurance program as required by the New York State Department of Financial Services; and

WHEREAS, since 2002 Sedgwick has been providing the services necessary for the Corporation to successfully implement its medical malpractice reduction initiative, establish an early settlement program, improve the defense of medical malpractice cases and establish best practices for the Corporation's captive insurance program; and

WHEREAS, the Corporation has realized significant savings in its medical malpractice costs since Sedgwick began providing services to the Corporation; and

WHEREAS, the result of the medical malpractice claims reduction initiative has resulted in a saving to the Corporation of $30 to $40 million dollars a year since 2006; and

WHEREAS, the Corporation will continue to benefit from the provision of these services by Sedgwick; and

WHEREAS, the responsibility for monitoring this contract shall be vested in the General Counsel of the Corporation.

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 execute a Sole Source management contract with Sedgwick to provide specialized claims and risk management services to the Corporation in connection with its medical malpractice claims, and to manage sub-contracts for risk reduction education and insurance consulting and management for a term of four years with an option to re-new for one additional two year term, solely exercisable by the Corporation, for an amount not to exceed $34,434,496.00.

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY
CONTRACT WITH SEDGWICK

The accompanying resolution requests authorization for a four year Sole Source contract, with the option of a two year renewal, with Sedgwick to provide claims and risk management services in connection with medical malpractice claims for HHC.

This Sole Source contract is proposed in order to continue Sedgwick's work in maintaining a claims and risk management infrastructure under this contract. Sedgwick will continue to provide the claims investigation, risk management and claims services that have formed the basis for the Corporation's successful medical malpractice reduction initiative. Sedgwick's services, since March of 2002, have resulted in a significant reduction in the Corporation's medical malpractice indemnity payments through early and comprehensive investigation and analysis of claims, improved defense of medical malpractice cases, risk management initiatives and establishment of industry best practices which form the basis for the Corporation's captive insurance program.

Sedgwick was originally selected in 2001 through an RFP process. Continuation of its services would allow for provision of services without disruption or loss of Sedgwick's unique knowledge of the Corporation. The rates offered are competitive within the industry. It is expected that at the end of the contract an RFP will be issued to test other interest by the industry in providing these services.

CONTRACT FACT SHEET

New York City Health and Hospitals Corporation

Contract Title: Claims and Risk Management Services in Connection With Medical Malpractice Claims

Project Title & Number: 2009

Project Location: Office of Legal Affairs

Requesting Dept.: Office of Legal Affairs

Successful Respondent: Sedgwick

Contract Amount: $34,434,496 in fixed fees over six (6) years; Not to exceed $1,500,000 in sub-contracted services and anticipated hour fees.

Contract Term: Four years with a two-year renewal

NUMBER of Respondents: Sole Source
If Sole Source, explain in Background section)

Range of Proposals: $ N/A to $

Minority Business Enterprise Invited: N/A If no, please explain:

Funding Source: ? General Care ? Capital
? Grant: explain
X Other: explain General Fund

Method of Payment: X Lump Sum ? Per Diem X Time and Rate
? Other: explain

EEO Analysis: Completed

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

Vendex Clearance ? Yes ? No Pending

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

HHC 590B (R July 2011)

CONTRACT FACT SHEET(continued)

Background

Efforts to successfully defend malpractice cases or to settle cases early in litigation at an advantageous cost are enhanced by active claims and risk management. Prior to FY 2002, these efforts had been localized at the Corporations facilities and varied in their effectiveness. Defense efforts were sometimes hampered by the lack of efficient systems to gather evidence, analyze claims and institute risk management initiatives. Beginning in FY 2002, the Corporation agreed to reimburse the City for medical malpractice indemnity costs up to an annual maximum "Cap".

Also beginning in 2002, the Corporation instituted a comprehensive e claims and risk management program, including the provision of claims and risk management by an outside vendor. As a result of these combined efforts, the Corporations payment to the City under the "cap" have been reduced by a total of approximately $144 million for FY 2008, FY, 2009, FY 2010 and FY2011.

Sedgwick (formerly Caronia) was first retained as part of this initiative in February of 2002 after an RFP. Since that time they have provided claims and risk management services to the Corporation. Sedgwick's efforts have formed the basis for the success of the medical malpractice reduction initiative, including a successful Early Settlement program, improving the defense of medical malpractice cases and establishing an industry best practice system for the captive insurance program.

Each year, the Corporation is served with approximately 600 new claims alleging medical malpractice and hospital negligence. This number represents a drop of 50 claims per year since the initiative was started. At present, approximately 1750 matters are pending with approximately 280 concluded each year with monetary payment.

Continuing with Sedgwick as the claims manager will enable the Corporation's current programs to continue to thrive without disruption.

CONTRACT FACT SHEET (continued)

Contract Review Committee

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

Yes.

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

Yes. Previously, our contract with Sedgwick provided for a 4% increase each FY. Efforts to negotiate with them envisioned an attempt to reduce that to a 3% increase annually. Through the negotiation process we were able to secure further savings.

Selection Process):

This was a sole source contract as approved by the CRC.

Scope of work and timetable:

Sedgwick will provide complete claims management and litigation support for all medical malpractice claims filed against the Corporation. This will include investigation of all matters filed as claims, as well as incidences selected by facility risk managers. Case reviews with professional analysis will be provided to the Office of Legal Affairs, to facility risk managers and to defense counsel. Sedgwick will provide litigation support to defense counsel, including prompt retrieval of evidence and timely interviews with staff, as well as a variety of support services through the disposition of the claim/suit. Sedgwick will assist risk management in identifying individual matters subject to regulatory reporting. Sedgwick will monitor litigation efforts through its review of reports from counsel and will work with the Office of Legal affairs to provide appropriate recommendations for the disposition of all litigated matters. Sedgwick will provide its own computer systems to monitor claims, including any modification the Corporation may seek to provide a complete database of its medical malpractice profile. Sedgwick will make available, on as needed basis, consulting services in the areas of computing, risk management, insurance and captive management. Sedgwick will also manage sub-contracts for insurance consulting, captive management, risk management consultation, education and invoice review. Sedgwick will also manage all reporting to the New York State and Federal databanks and agencies.

The contract is for a four year term beginning on March 1, 2013, with a two-year optional renewal term.

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

Attached is the contract fee schedule. This includes Sedgwick's all—inclusive annual fee for claims management services and fees for consulting in the areas of computing, risk management and insurance, which are delineated on an hourly fee basis at a "not to exceed" amount for each type of service.

The costs associated with this contract provide a variety of benefits to the Corporation and the City. Establishment of a claims management infrastructure at the Corporation replicates the standard practice followed by private hospitals and their insurers. By capturing information about medical claims promptly and completely early in the claims process, the Corporation will be able to improve its risk management capabilities at both the facility and corporation-wide levels through timely assessment of claims and related improvement of patient care services.

Additionally, the development of mechanisms to ensure complete reporting of medical malpractice claims dispositions required by State and Federal agencies. Increased risk management efforts are proven to diminish the number of claims in successive years.

Early and on-going assessment of claims provided the basis for important reforms in the Corporation's litigation defense efforts. Prompt retrieval of evidence, early analysis of claims and increased litigation support enables the Corporation and the City to increase efforts at early settlement and improve litigation defense strategies.

Maintenance of a claim and risk management infrastructure also provides a necessary element in the Corporation's overall profile in the event that the current indemnification arrangement is modified and the Corporation is required to seek commercial coverage or other insurance arrangements.

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

This is a highly specialized area. The Corporation does not have staff with the expertise to conduct medico legal investigations and manage claims to insurance industry standards.

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

No.

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

Salvatore J. Russo, Sr. Vice President & General Counsel.

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

Received By E.E.O. ____________
Date

Analysis Completed By E.E.O. 10/19/2012
Date

____
Name

HHC NEW YORK CITY HEALTH AND HOSPITALS CORPORATION
nyc.gov/hhc
346 Broadway • Room 500B • New York, NY 10013 • Tel: 212-788-3380 • Fax: 212-788-3680

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

TO: Marise Moreau
Sr. Executive Secretary
Office of Legal Affairs

FROM: Manasses C. Williams

DATE: October 19, 2012

SUBJECT: EEO CONTRACT COMPLIANCE REVIEW AND EVALUATION

The proposed contractor/consultant, Sedgwick Claims Management Services, Inc. has submitted to the Affirmative Action Office a completed Contract Compliance Questionnaire and the appropriate EEO documents.
This company is a:

[ ] Minority Business Enterprise [ ] Woman Business Enterprise [X] Non-M/WBE

Project Location(s): HHC's Office of Legal Affairs

Contract Number: _________ Project Number: Professional Liability and Risk Management Services

Submitted by: HHC's Office of Legal Affairs

EEO STATUS:

1. [X] Approved

2. [ ] Conditionally approved with follow-up review and monitoring-No EEO Committee Review

3. [ ] Not approved

4. [ ] Conditionally approved subject to EEO Committee Review

COMMENTS:

c: pat

HHC NEW YORK CITY HEALTH AND HOSPITALS CORPORATION
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Manasses C. Williams
Assistant Vice President
Affirmative Action/EEO
manasses.williams@nychhc.org

TO: Suzanne Blundi
Deputy Counsel
Claims and Risk Management

FROM: Manasses C. Williams

DATE: October 19, 2012

SUBJECT: Waiver of NYS Executive Law Article 15-A M/WBE Goals

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The New York City Health & Hospitals Corporation is in receipt of your request for goals for the **Contract** to provide **Legal Invoice Audit & Processing Services for the New York City Health and Hospitals Corporation.**

A review of the submitted data indicated that a **waiver** of the (M and/or WBE) goals for this **Sole Source Contract**, is appropriate. A review of the scope of work required for this contract indicates that no Article 15A goals are required. The scope of work and method of negotiating the contract did not meet the requirements of Article 15A for establishing M/WBE goals. The Office of Affirmative Action/Equal Employment Opportunity will grant a waiver for the (MBE / WBE) goals on this contract.

Thank you for your cooperation. If you have any further questions, you may contact Martin Everette. He can be reached at (212) 788-3374.

MCW:moe

c: Martin O. Everette

Waiver Approval

RESOLUTION

Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation" or "Licensor") to execute a license agreement with the New York Legal Assistance Group (the "Licensee" or "NYLAG") for use and occupancy of space at Coler-Goldwater Specialty Hospital and Nursing Facility (the "Facility") to provide *pro bono* legal services to facility residents and patients, and training to Corporation staff.

WHEREAS, in March 2011, the Board of Directors authorized the President of the Corporation to enter into a license agreement to provide training and legal services at Bellevue Hospital Center, Elmhurst Hospital Center, Jacobi Medical Center, Kings County Hospital Center, Lincoln Medical & Mental Health Center, Woodhull Medical & Mental Health Center; and Harlem Hospital Center; and

WHEREAS, in June 2012 the Board of Directors authorized the President to enter into a six (6) month license agreement with the Licensee and the Corporation desires to execute a new six (6) month agreement for its services at the Facility; and

WHEREAS, the Licensee is a not-for-profit provider of *pro bono* legal services to, among others, patients in need of attorney counseling in various areas of the law, including, but not limited to, immigration, domestic relations, child support and custody, and benefit entitlements; and

WHEREAS, the Licensee's program includes the training of Corporation staff to assist the Licensee in recognizing patients in need of legal services; and

WHEREAS, the Facility desires to continue to utilize the Licensee's services and has adequate space to accommodate its program needs.

NOW, THEREFORE, be it

RESOLVED, that the President of the New York City Health and Hospitals Corporation be and hereby is authorized to execute a license agreement with the New York Legal Assistance Group (the "Licensee" or "NYLAG") for its use and occupancy of space at Coler-Goldwater Specialty Hospital and Nursing Facility (the "Facility") to provide *pro bono* legal services to facility residents and patients, and training to Corporation staff.

The Licensee shall be granted the continued part-time use of approximately 150 square feet of office space on the Facility's Goldwater and Coler campuses (the "Licensed Space"). The Licensed Space shall be used by one of the Licensee's attorneys to train Facility staff and provide legal services to Facility residents and patients. The Facility shall provide utilities, housekeeping, maintenance, and reasonable security to the Licensed Space. The Corporation shall pay the Licensee the sum of $36,103 for services provided over a six (6) month period.

The Licensee shall indemnify and hold harmless the Corporation and the City of New York from any claims arising by virtue of its use of the Licensed Space and its provision of services in such space. The Licensee shall also provide appropriate insurance, naming both parties to the license agreement and the City of New York as insureds.

The term of the license agreement shall not exceed six (6) months without further authorization of the Board of Directors of the Corporation. The license agreement shall be revocable by either party on fifteen (15) days notice.

EXECUTIVE SUMMARY

LICENSE AGREEMENT

NEW YORK LEGAL ASSISTANCE GROUP

The President seeks authorization of the Board of Directors of the Corporation to execute a revocable license agreement with the New York Legal Assistance Group ("NYLAG") for its use and occupancy of space at Coler-Goldwater Specialty Hospital and Nursing Facility (the "Facility") to provide *pro bono* legal services to residents and patients, and training to Corporation staff.

NYLAG is a not-for-profit organization whose purpose includes providing legal services to patients least able to afford private counsel. In June 2002, the Board of Directors authorized the President to enter into a revocable license agreement with NYLAG to provide training and legal services at Elmhurst Hospital Center. The success of this program underscored the need to expand the legal services program to other hospitals. In addition to Elmhurst Hospital, NYLAG currently provides training and legal services at Bellevue Hospital Center, Jacobi Medical Center, Kings County Hospital Center, Lincoln Medical & Mental Health Center, Woodhull Medical & Mental Health Center; and Harlem Hospital. In June 2012, the Board authorized the President to enter into a six (6) month agreement with NYLAG for its services at the Facility and the new agreement will allow the program to operate on campus for an additional six (6) months.

NYLAG will assign an attorney to conduct periodic training sessions to teach Corporation staff to recognize and identify patients requiring legal services. In addition, a NYLAG attorney will be on-site one half-day per week to counsel nursing home residents and patients in need of legal advice and representation on a *pro bono* basis. NYLAG will be present on the Coler campus and the Goldwater campus each twice per month. The services offered would be in areas of law, including, but not limited to, immigration, domestic relations, child support and custody, and benefit entitlements. This model of patient-focused legal services has been used successfully at safety-net hospitals elsewhere in the country to address legal problems common to low-income patient populations. It is anticipated that NYLAG will assist patients with approximately 60 matters during the half-year period. The Corporation will pay the Licensee the sum of $36,103 for the services provided over the six month period.

The licensed space, utilities, housekeeping, maintenance, and reasonable security will be provided by the facilities at no charge to NYLAG. NYLAG will indemnify and hold harmless the Corporation and the City of New York from any claims arising by virtue of its use of the licensed space and its provision of services. NYLAG will also provide appropriate insurance, naming both parties to the license agreement and the City of New York as insureds.

The term of the license agreement shall not exceed six (6) months without further authorization of the Board of Directors of the Corporation. The license agreement shall be revocable by either party on fifteen (15) days notice.