

**HHC ACO INC.
MINUTES OF THE
BOARD OF DIRECTORS MEETING
December 18, 2017
125 Worth Street, Room 405
New York City**

ATTENDEES

BOARD MEMBERS

PV Anantharam
Jeromane Berger-Gaskin
Stanley Brezenoff
William T. Foley
David Gross
Gary Kalkut, M.D.
Balavenkatesh Kanna, M.D.
Luis R. Marcos, M.D.
Jasmin Moshirpur, M.D. (via video conference)
Israel Rocha, Jr. (via video conference)

HHC STAFF

Nancy Barnicle
Dave Chokshi, M.D.
Irene Frohlich
Rob Houston
Shunsuke Ito
Wayne McNulty
Salvatore Russo
Lana Vardanian, M.D.

OTHER ATTENDEES

Stephen Williams – Brightpoint Health

CALL TO ORDER

The meeting of the Board of Directors of HHC ACO Inc. (the “Board”) was called to order by Stanley Brezenoff, Chair of the Board at 11:15 am.

OLD BUSINESS

Mr. Brezenoff asked if there were any comments or corrections on the minutes of the October 31, 2017 meeting of the Board. Dr. Kalkut asked for clarity regarding the use of the H+H institutional share and whether that remaining amount could be re-distributed among high performing physicians, , equally among H+H and affiliates. Both Drs. Marcos and Moshirpur expressed their support for the matter.

Mr. Brezenoff clarified that the percentage that accrues to H+H—much lower in this year than years prior—is H+H dollars, not ACO dollars.

Dr. Kalkut clarified that it was his understanding, from the October 31st meeting, that Mr. Brezenoff had requested that Dr. Wilson explore the possibility of using the H+H institutional share to reward high performing physicians, equally among H+H and affiliates.

It was then clarified by Mr. Houston that the contract stipulates that what H+H does with the H+H share is decided by H+H and not the ACO Board. Dr. Kalkut acknowledged that statement, but noted that the affiliates do not have the same discretion with the share they receive.

Mr. Brezenoff then pointed out there are two distinct issues being discussed. One is regarding the H+H institutional share and the other on whether affiliates can distribute their already earned share in a way that incentivizes their high-performing provider more favorably. For the former, H+H decides what to do with its share.

Dr. Kalkut clarified his question to ask that if H+H decides to use its H+H institutional share to reward high performing physicians, can the affiliates do the same with the money they are granted.

Dr. Vardanian noted that, as per communication with Dr. Wilson, it was decided that the H+H institutional share would continue to be used, as it has in the past, to reward the primary care team in the form of a “Team Fund.” This would reward the work that non-physician team members do to improve patient care. Dr. Vardanian also noted that for the physician bonus distribution, once the final Full-Time Equivalent data came through, the average payout across all physicians increased to approximately \$750, higher than the estimated amount presented to the ACO Board in October 31, 2017.

Dr. Kalkut, acknowledged this statement, and asked whether affiliates are able to use the money that is distributed to them in a way that rewards high performing physicians more favorably. Mr. Houston then pointed out that due to the increase in quality adjustment to bonuses (from 33% to 50%), high-performing physicians are being rewarded more than those physicians with a lower quality score than in previous distributions. Furthermore, it was noted that due to collective bargaining agreements, all affiliate and H+H physicians need to be rewarded using the same formula, regardless of employer.

Mr. Brezenoff concluded by summarizing the H+H position on the matter. Given the relatively small amount of funds for the current distribution cycle, H+H had chosen to forgo its institutional share and instead distribute those funds to primary care teams. As to the question raised regarding flexibility in how the affiliates' shares could be distributed, a specific response was not available at this point in time.

Mr. Houston then summarized the conversations to date with Doctor's Council, noting that they have agreed on an equal distribution method across all employers and H+H-employed doctors. Any change to that methodology would have to be presented to Doctor's Council again prior to finalizing the distribution.

Mr. Brezenoff then entertained a motion to adopt the minutes of the October 31, 2017 meeting of the Board. A motion was duly made and seconded. There being no further comments or objections to the minutes offered by the members of the Board, the motion to adopt the minutes was unanimously approved.

NEW BUSINESS

Mr. Brezenoff introduced the ACO's new Chief Medical Officer, Dr. Lana Vardanian, who has replaced Dr. Nicholas Stine.

Dr. Vardanian announced that in addition to her appointment, the Board would be considering Dr. Dave Chokshi to replace Dr. Ross Wilson as CEO of the ACO, and Dr. Mitchell Katz to replace Mr. Brezenoff as Chair of the ACO Board, effective January 8, 2018. In addition, the Board will consider Mr. Israel Rocha as Secretary of the ACO Board.

Dr. Vardanian updated the Board on the average incentive to be distributed to physicians for Performance Year 2016. The average PCP incentive is approximately \$753 per FTE, with a range of \$695 to \$800 per FTE. Dr. Vardanian mentioned that Participation Agreement Amendments have been distributed to

participants. Once the Amendments are finalized and signed, the ACO will initiate the process of distributing the money to participants.

Dr. Vardanian updated the ACO Board on the status of the application sent to the New York State Department of Health (the State) for an ACO Certificate of Authority, which would permit the ACO to enter into contracts with other payers as an All Payer ACO. The State has completed its first review of the application, and the State only had one question, which the ACO successfully answered. The ACO is expecting the second read results in late February to mid-March of 2018. Upon approval of the ACO Certificate of Authority application, the ACO will be able to become an All Payer ACO.

Mr. Brezenoff then put forth Resolution #201712-1. A motion to allow for discussion was made. The motion was moved and seconded. Mr. Brezenoff opened the floor for discussion. Mr. Brezenoff informed the Board that Dr. Katz will join officially in January 8, 2018 as Chair of the ACO Board and expressed that the ACO is of great interest and that the Board can expect a lot of enthusiasm and great leadership from Dr. Katz. Mr. Brezenoff then called for a vote on Resolution #201712-1:

RESOLVED, Authorizing that each of the following persons be elected to serve in the offices of the Corporation set forth opposite their respective names below, subject to such person's earlier death, resignation or removal, in accordance with the laws of the State of New York and the By-Laws of the Corporation until such person's successor is duly elected and qualified:

<u>Name</u>	<u>Office</u>
Dave A. Chokshi, M.D.	Chief Executive Officer
Israel Rocha, Jr.	Secretary

AND

Recommending that the sole member of the Corporation appoint Dave A. Chokshi, M.D. as a director of the Corporation to replace Ross Wilson, M.D. on the Board of Directors of the Corporation effective immediately;

AND

Recommending that the sole member of the Corporation appoint Mitchell A. Katz, M.D. as a director of the Corporation to replace Stanley Brezenoff on the Board of Directors of the Corporation effective as of January 8, 2018, and effective upon such appointment, authorizing Mitchell A. Katz, M.D to be elected to serve, subject to his earlier death, resignation or removal, as Chairman of the Corporation in accordance

with the laws of the State of New York and the By-Laws of the Corporation until his successor is duly elected and qualified.

All members of the Board were in favor; none were opposed.

Mr. Brezenoff then put forth Resolution #201712-2. A motion was made and duly seconded to adopt the following resolution:

RESOLVED, Authorizing that each of the Chairman and the Chief Medical Officer of the Corporation be authorized to execute and deliver, in the name and on behalf of the Corporation, any and all agreements, certificates and other documents that are necessary, or that such officer deems advisable, in connection with the ordinary course of the Corporation's business, the execution and delivery of such agreements, certificates and other documents by such officer being conclusive evidence of the necessity or advisability thereof.

Mr. Brezenoff then moved to the discussion of the ACO Standards of Conduct. Mr. Wayne McNulty, Senior Assistant Vice President, and Chief Compliance Officer for the ACO, gave the Board an overview of the compliance regulations specified by CMS for the Medicare Shared Savings Program (MSSP). The regulations require the ACO to establish a compliance plan. One of the key components of any compliance program is written policies and procedures; the cornerstone of that is to establish a code of conduct, which is often called Standard Conduct or Code of Ethics. Mr. McNulty then noted that Board Members had received the ACO's new, updated Code of Conduct, which had been distributed to the Board as part of the Board meeting materials prior to the meeting. Mr. McNulty then walked the Board through the Code of Conduct and its key components and updates. Mr. McNulty opened the floor to assess whether there were any questions or objections to the Code of Conduct. No questions or objections were made.

Mr. Brezenoff called for a motion to consider Resolution 201712-3, which adopts the updated Code of Conduct.

RESOLVED, Approving a new Standards of Conduct document for the Corporation, a copy of which has been made available to each director of the Corporation.

A motion was duly made and seconded. The motion to adopt the new Code of Conduct was unanimously approved.

Dr. Dave Chokshi then introduced himself to the ACO Board. He expressed how honored and privileged he feels to be serving as the CEO of the ACO. He currently leads the Office of Population Health at H+H and over the past three years has

been working to help improve the performance of the delivery system. His team has worked hand-in-hand with the ACO over that period. Dr. Chokshi mentioned that he is also a primary care internist at Bellevue, which is a responsibility that informs the work that is done centrally and administratively. Dr. Chokshi expressed his gratitude for entrusting him with the responsibility of the CEO and looks forward to working with everyone.

ADJOURNMENT

There being no further business, Mr. Brezenoff adjourned the meeting at 12:00 pm.