

**HHC ACO INC.  
BOARD OF DIRECTORS  
SPECIAL MEETING  
February 25, 2015  
At 4:00 p.m.  
125 Worth Street, 5<sup>th</sup> Floor Board Room  
New York City**

**AGENDA**

**CALL TO ORDER**

**Dr. Ramanathan Raju**

**OLD BUSINESS**

1. Approve and adopt minutes of the HHC ACO Inc. (“ACO”) Board of Directors meeting held on November 3, 2014
2. Update on status of Director to be named by New York University School of Medicine

**NEW BUSINESS**

1. REPORT by Chief Executive Officer Ross M. Wilson, M.D. on the ACO’s activities and matters related to the allocation of shared savings
2. RESOLUTION Authorizing the CEO of the ACO to execute amendments to the ACO’s agreements with the New York City Health & Hospitals Corporation (“HHC”); and Coney Island Medical Practice Plan P.C.; Downtown Bronx Medical Associates P.C.; Harlem Medical Associates P.C.; Metropolitan Medical Practice Plan P.C.; Physician Affiliate Group of New York; Icahn School of Medicine at Mount Sinai, doing business as The Mount Sinai Services Queens Hospital Center; Mount Sinai Elmhurst Faculty Practice Group, doing business as Mount Sinai School of Medicine; and New York University School of Medicine (collectively the “Existing Non-Corporation Shared Savings Distributees”), related to the distribution of Medicare Shared Savings Program (“MSSP”) Performance Payments, as set forth in Exhibit A annexed hereto;

AND

Authorizing the CEO of the ACO to distribute the 2013 MSSP Performance Payment as described in Exhibit A annexed hereto, subject to agreement by the ACO, HHC and the Existing Non-Corporation Shared Savings Distributees.

**ADJOURNMENT**

**Dr. Ramanathan Raju**

**HHC ACO INC.  
MINUTES OF THE  
BOARD OF DIRECTORS MEETING  
November 3, 2014  
125 Worth Street, 5<sup>th</sup> Floor  
Board Room  
New York City**

**ATTENDEES**

**BOARD MEMBERS**

Balavenkatesh Kanna, M.D.  
Luis R. Marcos, M.D.  
Antonio D. Martin  
Jasmine Moshirpur, M.D.  
Ramanathan Raju, M.D.  
Salvatore J. Russo  
Ross M. Wilson, M.D.

**HHC STAFF / OTHER ATTENDEES**

Nancy Barnicle  
Sherry Cirilo  
Megan Cunningham  
Gary Kalkut, M.D.  
Nicholas Stine, M.D.  
Jay Weinman

**CALL TO ORDER**

The meeting of the Board of Directors of HHC ACO Inc. (the “Board”) was called to order by Dr. Ramanathan Raju, Chair of HHC ACO Inc. (“ACO”), at 3:11 p.m.

**OLD BUSINESS**

Dr. Raju entertained a motion to adopt the minutes of the August 14, 2014 meeting of the Board. A motion was duly made and seconded. There being no corrections

to the minutes offered by the members of the Board, the motion to adopt the minutes was unanimously approved.

## **NEW BUSINESS**

The first item on the agenda was consideration of a resolution to elect certain directors as officers of the ACO. A motion was made and duly seconded to adopt the resolution identified as number one on the agenda:

1. RESOLUTION authorizing that the following persons be elected to serve in the offices of the ACO as set forth below, subject to such person's earlier death, resignation or removal, in accordance with the laws of the State of New York until such person's successor is duly elected and qualified:

<u><b>Name</b></u>	<u><b>Office</b></u>
Ramanthan Raju, M.D.	Chairman
Ross M. Wilson, M.D.	Chief Executive Officer
Marlene Zurack	Treasurer
Salvatore J. Russo	Secretary

There was no further discussion of the motion. The motion was unanimously approved.

The next item was consideration of a resolution to expand the ACO's Board to include a director to be named by New York University School of Medicine ("NYU"). A motion was made and duly seconded to adopt the resolution identified as number two on the agenda:

2. RESOLUTION authorizing that the number of Directors of the ACO's Board of Directors be fixed at ten (10), subject to approval by the Centers for Medicare and Medicaid Services ("CMS") of a Director to be named by New York University School of Medicine ("NYU");

AND

Authorizing, upon such CMS approval, that a person to be named by NYU, as specified in a writing by NYU that is delivered to the Chairman of the ACO, is hereby elected to serve as an additional Director of the ACO's Board of Directors, subject to such person's earlier death, resignation or removal, in accordance with the laws of the State of New York until such person's successor is duly elected and qualified, subject to ratification by the ACO's sole Member, the New York City Health and Hospitals Corporation ("HHC").

Dr. Wilson explained that under the Medicare Shared Savings Program (“MSSP”) regulations, ACO participants must bill Medicare for Part B physician services. CMS did not contemplate the situation of affiliates that provide services in Elected Teaching Amendment arrangements, such as NYU employed physicians working at Bellevue and Woodhull. Although NYU cannot technically be an ACO participant, they have agreed to comply with the MSSP requirements and they serve a significant number of ACO attributed patients. The proposed resolution provides NYU with a voice in ACO governance and decision making.

There was no further discussion of the motion. The motion was unanimously approved.

The next agenda item was a report from Dr. Wilson, Chief Executive Officer of the ACO. Dr. Wilson presented data on the ACO attributed patient population and discussed how HHC’s ACO differs from others throughout the country, particularly with respect to the high rates of dual eligible and disabled patients, as well as patients living with End Stage Renal Disease, psychiatric diagnoses, HIV, and other chronic conditions. The ACO has about 12,000 patients currently attributed, with quarterly churn in the population.

The HHC ACO’s MSSP participation agreement with CMS began on January 1, 2013, and will conclude at the end of 2015, at which point there will be a determination of whether to continue. For the first year-and-a-half, the ACO has focused on building the right platform for management/governance, data collection and reporting, and so forth. This work takes time, and the architects of the Delivery System Reform Incentive Payment (“DSRIP”) should pay attention to the learning curves of the ACO.

The ACO is now focused on enhancing the population health management strategies in HHC’s primary care clinics. The ACO population is segmented into three categories: high risk, at risk, and low risk. The ACO prospectively identifies high risk and at risk patients using predictive modeling techniques, then moves these patients into care management programs. The ACO is working with Professor John Billings on a more sophisticated model for risk stratification. ACO data is shared with clinical and administrative leadership via a Population Management Dashboard, which Dr. Wilson briefly previewed.

Dr. Wilson reported that of the 243 ACOs participating in the MSSP for 2013, only 25% earned shared savings by meeting the program’s cost and quality goals. The

HHC ACO scored in the 74<sup>th</sup> percentile nationally on clinical quality indicators and realized a 7% reduction in Medicare expenditures, which qualified the ACO for a performance payment. Dr. Wilson acknowledged Dr. Nicholas Stine and Megan Cunningham for supporting the ACO's activities.

Dr. Wilson explained that the ACO seeks to allocate the earned performance payment of \$3,639,766 according to a methodology set forth in legal agreements between the ACO, HHC, and physician groups. The shared savings are first retained by HHC as an offset to "reasonable and customary costs," as indicated in the ACO's audited financial statements for Fiscal Year 2014. The remainder is split equally between HHC and the physician groups (with the exception of the Mount Sinai Elmhurst Faculty Practice Group, which did not join the ACO until 2014), with the intention that the physician groups further distribute their funds to primary care physicians. The Shared Savings Allocation Report included with the Board meeting materials provides additional detail about the underlying calculations. Dr. Wilson recommended that representatives from each physician group meet with the ACO team to establish a distribution plan that complies with MSSP regulations and ACO agreements, as well as internal rules for physician incentive payments.

Dr. Wilson emphasized that the earned performance payment is cause for celebration, and that the ACO's success was driven by corporate-wide policies and initiatives centered on improving the quality and capacity of primary care. Dr. Stine added that physician engagement was and will continue to be a critical aspect of the ACO's performance, which underscores the importance of incentive payments to physicians.

Dr. Moshirpur asked whether the distribution should go to all employed physicians or just primary care providers? Dr. Wilson explained that the MSSP attribution model and quality measures are predicated upon primary care, so the intent is for primary care physicians to receive the incentive payments.

Dr. Marcos requested more information about how the affiliate share was calculated. Dr. Wilson referenced the ACO agreements and the Shared Savings Allocation Report, and reminded the Board that HHC's share is intended to

compensate for the infrastructure needed to support physicians, including IT systems, care managers, and nursing staff.

Dr. Kanna and Dr. Kalkut questioned whether the ACO would identify primary care providers who should receive distributions, and how many patients were attributed to each physician/facility. Dr. Wilson stated that the ACO team would share this data in their meetings with the individual physician groups.

Dr. Kalkut asked whether the ACO conducted an analysis to determine how the \$7 million in savings was achieved? Dr. Stine replied that the biggest trends were in reduced hospitalizations, and increasing utilization of end of life/hospice care by approximately 40% in this performance year; however, hospice utilization remains below benchmarks, so there is additional opportunity in this area. Dr. Wilson emphasized the role of the Patient Centered Medical Home (PCMH) practice transformation efforts.

Additionally, Dr. Wilson stated that the ACO serves as a model for the entire HHC organization, and that HHC expects to scale ACO systems and processes to other populations including Medicaid, perhaps forming a Medicaid ACO under new State regulations, as part of a broader, long-term strategy for transformation to support the Triple Aim.

Dr. Wilson read a resolution authorizing the ACO to distribute shared savings. A motion was made and duly seconded to adopt the resolution identified as number four on the agenda:

4. RESOLUTION authorizing the ACO to distribute the 2013 Performance Payment as described in the Shared Savings Allocation Report (Exhibit B), with the intent that such payments be used to further the ACO's goals of improving quality and reducing overall cost of care, and for distribution to the physicians providing direct primary care to the ACO patient population

The motion was unanimously approved. There was no further discussion of the motion.

The *Acknowledgement of Fiduciary Duties and Responsibilities* was distributed for signature by each Board member. Dr. Wilson offered additional education/training to be coordinated by the ACO team upon request. Dr. Morshipur asked if the ACO could provide periodic updates and progress data, so that Board members are kept informed between meetings? Dr. Wilson explained that reports are regularly shared with the designated ACO Lead at each facility, and the ACO would consider how to share information with other local clinical and administrative leaders as well.

Dr. Marcos commented that hospital emergency rooms and in-patient services may lose revenue if ACOs are successful in keeping patients healthy in the community. Dr. Wilson explained that healthcare payment reform initiatives such as DSRIP are incentivizing reductions in preventable hospitalization, and acknowledged that HHC has to harmonize various payment models. Dr. Moshirpur asked whether different staffing arrangements are needed to support evolving priorities in healthcare? Dr. Wilson replied that HHC will ensure that its workforce meets the demands of the new care delivery models.

## **ADJOURNMENT**

There being no further business, Dr. Raju adjourned the meeting at 3:52 p.m. *sine die*.

Respectfully submitted,

Salvatore J. Russo  
Secretary

Adopted \_\_\_\_\_

## **RESOLUTION**

**Authorizing the CEO of HHC ACO Inc. (the “ACO”) to execute amendments to the ACO’s agreements with the New York City Health & Hospitals Corporation (“HHC”); and Coney Island Medical Practice Plan P.C.; Downtown Bronx Medical Associates P.C.; Harlem Medical Associates P.C.; Metropolitan Medical Practice Plan P.C.; Physician Affiliate Group of New York; Icahn School of Medicine at Mount Sinai, doing business as The Mount Sinai Services Queens Hospital Center; Mount Sinai Elmhurst Faculty Practice Group, doing business as Mount Sinai School of Medicine; and New York University School of Medicine (collectively the “Existing Non-Corporation Shared Savings Distributees”), related to the distribution of Medicare Shared Savings Program (“MSSP”) Performance Payments, as set forth in Exhibit A annexed hereto;**

**AND**

**Authorizing the CEO of the ACO to distribute the 2013 MSSP Performance Payment as described in Exhibit A annexed hereto, subject to agreement by the ACO, HHC and the Existing Non-Corporation Shared Savings Distributees.**

**WHEREAS**, the ACO previously entered in agreements with HHC and the Existing Non-Corporation Shared Savings Distributees that set forth, among other things, the methodology for distribution of MSSP Performance Payments; and

**WHEREAS**, on November 3, 2014, the ACO’s Board of Directors passed a resolution authorizing the distribution of the 2013 MSSP Performance Payment, and now wishes to revise the distribution methodology set forth in paragraph 4 of the ACO’s agreements with HHC and the Existing Non-Corporation Shared Savings Distributees, as set forth in Exhibit A annexed hereto; and

**WHEREAS**, for 2014 and prospectively, the MSSP Performance Payment distribution methodology may be otherwise amended to further align incentives with the goals of the MSSP and the ACO, as agreed upon by the ACO, HHC and the Existing Non-Corporation Shared Savings Distributees, but in the absence of such amendment the methodology shall remain in effect as originally executed.

**NOW, THEREFORE, BE IT**

**RESOLVED**, that the CEO of the ACO is hereby authorized to execute amendments to the ACO’s agreements with HHC and the Existing Non-Corporation Shared Savings Distributees, related to the distribution of the MSSP Performance Payments, as set forth in Exhibit A annexed hereto;

**AND**

**BE IT FURTHER RESOLVED**, that the CEO of the ACO is hereby authorized to distribute the 2013 MSSP Performance Payment as set forth in Exhibit A annexed hereto, subject to agreement by the ACO, HHC and the Existing Non-Corporation Shared Savings Distributees.



## **EXHIBIT A**

**FIRST AMENDMENT**, dated as of \_\_\_\_\_, to the **HHC ACO, INC., AGREEMENTS** (each hereinafter referred to, collectively, as the “Agreements”), between and among **HHC ACO, INC.**, a public benefit corporation created under the laws of the State of New York (hereinafter referred to as “HHC ACO”) and the **NEW YORK CITY HEALTH AND HOSPITALS CORPORATION** (hereinafter referred to as the “Corporation” or “HHC”), dated as of July 1, 2012; and **CONEY ISLAND MEDICAL PRACTICE PLAN, P.C., DOWNTOWN BRONX MEDICAL ASSOCIATES, P.C., HARLEM MEDICAL ASSOCIATES, P.C., METROPOLITAN MEDICAL PRACTICE PLAN, P.C., and PHYSICIAN AFFILIATE GROUP OF NEW YORK, P.C.**, dated as of September 5, 2012; **NEW YORK UNIVERSITY SCHOOL OF MEDICINE**, dated as of August 1, 2013; **ICAHN SCHOOL OF MEDICINE AT MOUNT SINAI**, doing business as The Mount Sinai Services Queens Hospital Center, dated as of October 16, 2013; and **MOUNT SINAI ELMHURST FACULTY PRACTICE GROUP**, doing business as Mount Sinai School of Medicine, dated as of November 21, 2013 (hereinafter referred to, collectively, as the “Existing Non-Corporation Shared Savings Distributees”), related to their participation and/or collaboration with HHC ACO in its participation in the Medicare Shared Savings Program (hereinafter referred to as the “MSSP”).

### **WITNESSETH**

**WHEREAS**, HHC ACO is an Accountable Care Organization created to participate in the MSSP with respect to health care services provided at the hospitals and outpatient facilities owned and operated by the Corporation;

**WHEREAS**, the Corporation and the Existing Non-Corporation Shared Savings Distributees have entered into the Agreements with the HHC ACO, pursuant to which any shared savings paid to HHC ACO under the MSSP are to be distributed;

**WHEREAS**, the parties to the Agreements wish to amend the methodology set forth therein for the distribution of such shared savings payments as have been earned in “Performance Year One” (January 1, 2013 through December 31, 2013);

**WHEREAS**, the parties to the Agreements further anticipate that they may desire to amend such methodology, as well, for subsequent Performance Years, to such extent and in such manner as may be agreed-upon by the HHC ACO, the Corporation, the Existing Non-Corporation Shared Savings Distributees, and any other affiliate of the Corporation providing physician services at a Corporation facility that is added to HHC ACO as an ACO participant, or, if providing services at an “Electing Teaching Amendment” hospital of the Corporation and not

eligible to be an ACO participant under applicable federal regulations, that agrees to comply with applicable MSSP requirements (hereinafter referred to as “Other Distributees”); and

**WHEREAS**, as of the execution date of this First Amendment, there are no affiliates of the Corporation that constitute “Other Distributees” for purposes of the preceding paragraph;

**NOW, THEREFORE**, in consideration of the mutual covenants and agreement hereafter contained, HHC ACO, the Corporation, and the Existing Non-Corporation Shared Savings Distributees agree as follows:

1. The last three sentences of Section 4 of each Agreement shall be deleted and replaced with the following:

“a. Any MSSP shared savings paid to HHC ACO are (i) to be retained by HHC ACO as an offset to reasonable and customary costs incurred by HHC ACO (e.g., costs related to legal, audit, compliance, data collection and reporting, care management/IT and reasonable administrative costs) in establishing HHC ACO and developing and maintaining HHC ACO’s infrastructure and operations; and (ii) to the extent such MSSP shared savings payments exceed the amounts described in (i), to be allocated fifty percent (50%) to the Corporation and the remaining fifty percent (50%) to be allocated as set forth below among (a) CONEY ISLAND MEDICAL PRACTICE PLAN, P.C., DOWNTOWN BRONX MEDICAL ASSOCIATES, P.C., HARLEM MEDICAL ASSOCIATES, P.C., and METROPOLITAN MEDICAL PRACTICE PLAN, P.C. (the “PAGNY FPP PCs”), PHYSICIAN AFFILIATE GROUP OF NEW YORK, P.C. (“PAGNY”), NEW YORK UNIVERSITY SCHOOL OF MEDICINE, ICAHN SCHOOL OF MEDICINE AT MOUNT SINAI, doing business as The Mount Sinai Services Queens Hospital Center, and MOUNT SINAI ELMHURST FACULTY PRACTICE GROUP, doing business as Mount Sinai School of Medicine (the “Existing Non-Corporation Shared Savings Distributees”) and (b) any other affiliate of the Corporation providing physician services at a Corporation facility that is added to HHC ACO as an ACO participant, or, if providing services at an

“Electing Teaching Amendment” hospital of the Corporation and not eligible to be an ACO participant under applicable federal regulations, that agrees to comply with applicable MSSP requirements (the “Other Distributees”).

b. Unless otherwise agreed-upon, in writing, by the HHC ACO, the Corporation, and the Existing Non-Corporation Shared Savings Distributees, and any Other Distributees (collectively, the Non-Corporation Shared Savings Distributees”), any such amounts to be allocated to such Non-Corporation Shared Savings Distributees shall be allocated in proportion to the respective percentage of fee-for-service Medicare beneficiaries receiving services at the Corporation’s facilities where such Non-Corporation Shared Savings Distributees provide services pursuant to Affiliation Agreements with the Corporation, based on the most recent fiscal year of the Corporation for which such data are available, for distribution to Physicians that constitute “Physician Providers” under each respective Affiliation Agreement.

c. Notwithstanding anything to the contrary, (i) in the event that both PAGNY and any PAGNY FPP PC furnish such services at the same Corporation facility, the “fee-for-service Medicare beneficiaries receiving services at” that Corporation facility shall be attributed only to such PAGNY FPP PC, and not to PAGNY, for purposes of the calculation described in Section 4b of this Agreement; and (ii) MOUNT SINAI ELMHURST FACULTY PRACTICE GROUP, doing business as Mount Sinai School of Medicine, shall not constitute a “Non-Corporation Shared Savings Distributee,” for purposes of the distribution, pursuant to this Section 4, of any shared savings payments as may be earned for the period January 1, 2013 through December 31, 2013.

d. Any such distributions pursuant to this Agreement shall be separate and distinct from any performance based distributions to which the Non-Corporation Shared Savings Distributees or the Physicians may be eligible under affiliation agreements with the Corporation.”

2. With respect to any shared savings payments earned during Performance Year One and paid to HHC ACO, the Existing Non-Corporation Shared Savings Distributees hereby agree, as provided in Section 4 of the Agreements as amended hereunder, that (i) any such amounts to be allocated to such Existing Non-Corporation Shared Savings Distributees per such Section 4 shall be allocated thereto in proportion to the number of full-time equivalent (FTE) primary care physicians (PCPs) performing services as “Physician Providers” pursuant to the associated Affiliation Agreement with the Corporation; (ii) the FTE for each such PCP shall be determined for such purpose pursuant to the terms of such Affiliation Agreement, as averaged over the entire Performance Year One; (iii) such amounts shall be passed through to such PCPs in proportion to each PCP’s FTE as so determined; and (iv) any amounts due to a PAGNY FPP PC per this Section 2 shall be paid to PAGNY for distribution to Physicians as if PAGNY was the applicable Non-Corporation Shared Savings Distributee for purposes of Section 4 of the Agreements.

3. In all other respects except as set forth in this Amendment, the Agreements shall remain unchanged and in full force and effect in accordance with its terms. If there is conflict between this First Amendment and the Agreements, the terms of this First Amendment shall prevail.

4. This First Amendment shall be executed in counterparts, and shall become effective only upon execution by each and all of the following: the HHC ACO, the Corporation, and the Existing Non-Corporation Shared Savings Distributees.

**HHC ACO, INC.**

\_\_\_\_\_

By \_\_\_\_\_

By \_\_\_\_\_

Name \_\_\_\_\_

Name \_\_\_\_\_

Date \_\_\_\_\_

Date \_\_\_\_\_

**[Insert Other Signature Lines]**