

**HHC ACO INC.
BOARD OF DIRECTORS
ANNUAL MEETING**

October 29, 2015

At 2:30 p.m.

**125 Worth Street, 5th 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 July 30, 2015 (Exhibit A)

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 Chief Executive Officer of the ACO to negotiate and execute an amendment to the ACO Participation Agreements or ACO Agreements currently in place with HHC and the Non-Corporation Shared Savings Distributees consistent with the savings distribution methodology set forth in the Proposed 2014 Shared Savings Allocation (Exhibit B), and distribute the 2014 Performance Payment in accordance with such agreements as amended
3. 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, removal, or termination from his or her employment with any entity that has executed an ACO Participation Agreement or ACO Agreement, in accordance with the laws of the State of New York until such person’s successor is duly elected and qualified:

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

4. RESOLUTION authorizing that Ramanathan Raju shall be designated as a member of the Governance Committee, subject to such person's earlier death, resignation, removal, or termination from his employment with any entity that has executed an ACO Participation Agreement or ACO Agreement, in accordance with the laws of the State of New York until such person's successor is duly elected and qualified
5. DISTRIBUTION of *Acknowledgement of Fiduciary Duties and Responsibilities* to be signed by each Board Member (Exhibit C-1), applicable State law (Exhibit C-2), and excerpt from ACO Certificate of Incorporation describing its mission (Exhibit C-3)

ADJOURNMENT

Dr. Ramanathan Raju

**HHC ACO INC.
MINUTES OF THE
BOARD OF DIRECTORS MEETING
October 29, 2015
125 Worth Street, 5th Floor
Board Room
New York City**

ATTENDEES

BOARD MEMBERS

Jeromane Berger-Gaskin
Gary Kalkut, M.D.
Balavenkatesh Kanna, M.D.*
Luis R. Marcos, M.D.
Antonio D. Martin
Jasmin Moshirpur, M.D.
Ramanathan Raju, M.D.
Salvatore J. Russo
Ross M. Wilson, M.D.
Marlene Zurack

HHC STAFF / OTHER ATTENDEES

Nancy Barnicle
Sherry Cirilo
Megan Cunningham
James Haven
Randall Mark
Nicholas Stine, M.D.
Jason Turi

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. (the “ACO”), at 2:34 p.m.

* Participated by teleconference only and therefore not considered present for voting purposes

OLD BUSINESS

Dr. Raju entertained a motion to adopt the minutes of the July 30, 2015 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 next agenda item was a report from Dr. Wilson on activities of the ACO. The ACO recently received a letter from CMS related to performance deficiencies. Although the ACO achieved an overall performance rating in the 76th percentile, there were shortcomings in a few specific areas. In particular, physicians have not satisfied Meaningful Use requirements. This issue involves clinical staff, HHC IT & Finance, and the affiliates. Failure to attest for the EHR Incentive Program in 2015 could jeopardize the ACO's participation in the Medicare Shared Savings Program (MSSP) and its ability to generate savings. Dr. Wilson assured the Board that this is an area of high priority, with the right resources dedicated to the attestation effort. He asked for support from the affiliates to ensure the cooperation of their employed physicians.

Ms. Zurack commented that many physicians did attest in 2014. Megan Cunningham, the ACO's Senior Director of Operations, explained that HHC was granted an extension to the 2014 EHR Incentive Program attestation deadline; however, the MSSP did not include providers that attested after the original March 31, 2015 cutoff for the purposes of calculating performance on the ACO measure. As a result, the ACO's performance was 16% in 2014. The minimum attainment level that the ACO must achieve for 2015 is about 50%.

Dr. Wilson informed the Board that KPMG is in the process of auditing the ACO's FY 2014 and 2015 financials. The ACO is reviewing State requirements related to public authorities to determine the appropriate method for Board consideration of the audit report and financial statements.

Salvatore Russo, Secretary of the ACO, read a resolution authorizing the ACO to update the savings distribution methodology for 2014. A motion was made and duly seconded to adopt the resolution identified as number two on the agenda:

RESOLUTION authorizing the Chief Executive Officer of the ACO to negotiate and execute an amendment to the ACO Participation Agreements or ACO Agreements currently in place with HHC and the Non-Corporation Shared Savings Distributees consistent with the savings distribution methodology set forth in the Proposed 2014 Shared Savings Allocation (Exhibit B), and distribute the 2014 Performance Payment in accordance with such agreements as amended

Dr. Wilson invited Dr. Nicholas Stine, Chief Medical Officer of the ACO, to discuss the shared savings proposal. Dr. Stine explained that through the tremendous work of clinical partners, the ACO achieved quality and financial benchmarks in its second performance year (2014). By focusing on highest risk patients, the ACO reduced the risk of hospitalization by 16% over two years, resulting in a \$2.6 million savings payment for the ACO.

Dr. Stine presented Exhibit B: Proposed 2014 ACO Shared Savings Allocation and reviewed how the payment was calculated. The amount of savings to Medicare (roughly \$7 million) was similar in 2013 and 2014. However, in the first year the ACO received a quality score of 100% for completely and accurately reporting the quality measures. In year two, quality performance adjusts the savings amount. Of the total amount saved, the ACO is eligible to earn up to 50% depending on performance. For 2014, the quality performance score was 76%, meaning that the ACO earned 76% of a potential \$3.5 million payment – or approximately \$2.6 million in total. CMS has slightly updated the ACO measures for 2015. Dr. Stine communicated all changes to the ACO clinical leadership team.

Under existing agreements, savings are used first to offset the ACO's operating expenses. Any remainder is split 50% to HHC and 50% to the other participants/affiliates that employ the ACO's primary care providers. In 2014, the ACO proposes to incorporate quality performance in the physician incentive calculation. Seventy-five (75%) of the payment would be distributed on the basis of participation and involvement in the ACO work; the other 25% would include a quality adjustment for hypertension control rate and patient rating of provider. Applying this methodology, the average incentive amount per physician would be about \$5,200 per FTE, with a range of payments from \$4,900-\$5,400 per FTE.

Dr. Wilson reviewed the ACO's itemized operating costs. The Board asked questions about the overhead/administrative/direct service expenses and the support the ACO was providing to participants and providers. The ACO's costs are low relative to its impact.

A portion of HHC's savings share that remains after physician incentive payments will be dedicated to recognizing the contributions of the facility teams that support the ACO program. This "team fund" would be used to provide training, team building, etc.

The Board discussed the proposed savings distribution methodology. Dr. Wilson clarified that the full PCP incentive pool would be paid out to eligible physicians, but the amounts to particular participants would be adjusted based on quality. Ms. Zurack emphasized that the way to increase a participant's share is to ensure that its physicians are doing well on the performance measures.

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

Mr. Russo then read a resolution electing ACO officers for 2016. A motion was made and duly seconded to adopt the resolution identified as number three on the agenda:

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, removal, or termination from his or her employment with any entity that has executed an ACO Participation Agreement or ACO Agreement, in accordance with the laws of the State of New York until such person's successor is duly elected and qualified:

Name	Office
Ramanathan Raju, M.D.	Chairman
Ross M. Wilson, M.D.	Chief Executive Officer
Marlene Zurack	Treasurer
Salvatore J. Russo	Secretary

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

Mr. Russo then read a resolution designating a new member of the ACO's Governance Committee. A motion was made and duly seconded to adopt the resolution identified as number four on the agenda:

RESOLUTION authorizing that Ramanathan Raju shall be designated as a member of the Governance Committee, subject to such person's earlier death, resignation, removal, or termination from his employment with any entity that has executed an ACO Participation Agreement or ACO Agreement, in accordance with the laws of the State of New York until such person's successor is duly elected and qualified

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

The annual *Acknowledgement of Fiduciary Duties and Responsibilities* form was distributed for signature by the Board members.

ADJOURNMENT

There being no further business, Dr. Raju adjourned the meeting at 3:18 p.m. *sine die*.

Respectfully submitted,

Salvatore J. Russo
Secretary

Adopted _____

RESOLUTION OF HHC ACO INC. (“ACO”)

Authorizing the Chief Executive Officer of the ACO to negotiate and execute an amendment to the ACO Participation Agreements or ACO Agreements currently in place with HHC and the Non-Corporation Shared Savings Distributees consistent with the savings distribution methodology set forth in the Proposed 2014 Shared Savings Allocation (Exhibit B), and distribute the 2014 Performance Payment in accordance with such agreements as amended

WHEREAS, the ACO is a participant in the Medicare Shared Savings Program (“MSSP”), which rewards ACOs that lower their growth in Medicare health care costs while meeting performance standards on quality of care; and

WHEREAS, the ACO in its second performance year (2014) successfully reported on all MSSP quality measures and reduced the total Medicare expenditures for its attributed patient population, and thereby earned a “Performance Payment” in the amount of \$2,644,605; and

WHEREAS, the 2014 Performance Payment distribution methodology and how such payments shall be expended is set forth in agreements between the ACO and, respectively, the New York City Health & Hospitals Corporation (“HHC”); 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.; Icahn School of Medicine at Mount Sinai, doing business as The Mount Sinai Services Queens Hospital Center; Icahn School of Medicine at Mount Sinai, doing business as Mount Sinai Elmhurst Faculty Practice Group; and New York University School of Medicine (collectively the “Non-Corporation Shared Savings Distributees”); and

WHEREAS, the ACO desires to update the methodology by which the Performance Payments due to HHC and the Non-Corporation Shared Savings Distributees are calculated for 2014 to incorporate both participation and quality elements, as described in the Proposed 2014 Shared Savings Allocation (Exhibit B), which requires an amendment to its agreements with HHC and the Non-Corporation Shared Savings Distributees.

NOW, THEREFORE, BE IT

RESOLVED, that the Chief Executive Officer of the ACO is hereby authorized to negotiate and execute an amendment to the ACO Participation Agreements or ACO Agreements currently in place with HHC and the Non-Corporation Shared Savings Distributees consistent with the savings distribution methodology set forth in the Proposed 2014 Shared Savings Allocation (Exhibit B), and distribute the 2014 Performance Payment in accordance with such agreements as amended

RESOLUTION OF HHC ACO INC. (“ACO”)

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, removal, or termination from his or her employment with any entity that has executed an ACO Participation Agreement or ACO Agreement, in accordance with the laws of the State of New York until such person’s successor is duly elected and qualified:

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

WHEREAS, the Bylaws of the ACO state that officers shall be elected by the ACO’s Board of Directors (the “Board”) and hold office for a term of one year and until such Officer’s successor has been elected or appointed and qualified; and

WHEREAS, the Board last elected officers on November 3, 2014, and now desires to elect new officers, who will supersede the officers heretofore elected and shall be authorized, empowered, and directed to take all steps necessary to effectuate the purposes specified in the ACO’s Certificate of Incorporation.

NOW, THEREFORE, BE IT

RESOLVED, that that the following persons are hereby elected to serve in the offices of the ACO as set forth below, subject to such person’s earlier death, resignation, removal, or termination from his or her employment with any entity that has executed an ACO Participation Agreement or ACO Agreement, in accordance with the laws of the State of New York until such person’s successor is duly elected and qualified:

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

RESOLUTION OF HHC ACO INC. (“ACO”)

Authorizing that Ramanathan Raju shall be designated as a member of the Governance Committee, subject to such person’s earlier death, resignation, removal, or termination from his employment with any entity that has executed an ACO Participation Agreement or ACO Agreement, in accordance with the laws of the State of New York until such person’s successor is duly elected and qualified

WHEREAS, a vacancy has arisen on the ACO Governance Committee, and the ACO Board of Directors now desires to designate Ramanathan Raju as a member of said Committee.

NOW, THEREFORE, BE IT

RESOLVED, that Ramanathan Raju shall be designated as a member of the Governance Committee, subject to such person’s earlier death, resignation, removal, or termination from his employment with any entity that has executed an ACO Participation Agreement or ACO Agreement, in accordance with the laws of the State of New York until such person’s successor is duly elected and qualified.