

# AMCH PPS DSRIP FINANCE COMMITTEE MEETING MINUTES

## MEETING INFORMATION

<b>MEETING TITLE:</b>	AMCH PPS DSRIP Finance Committee
<b>DATE:</b>	July 20 <sup>th</sup> , 2015; 2:00-4:00pm
<b>LOCATION:</b>	Albany Medical Center Hospital, MS101

## ATTENDEES

	<ul style="list-style-type: none"><li><input checked="" type="checkbox"/> Kim Atkins – Planned Parenthood</li><li><input checked="" type="checkbox"/> Lauren Ayers – AMCH</li><li><input checked="" type="checkbox"/> Simone Brooks – AMCH</li><li><input checked="" type="checkbox"/> Evan Brooksby – AMCH</li><li><input checked="" type="checkbox"/> Courtney Burke – AMCH</li><li><input checked="" type="checkbox"/> Dr. George Clifford, Ph.D. – AMCH</li><li><input checked="" type="checkbox"/> Matt Cooper – AMCH</li><li><input checked="" type="checkbox"/> Samuel Cowles – AMCH</li><li><input checked="" type="checkbox"/> Vince Dingman – Columbia Memorial Hospital</li><li><input checked="" type="checkbox"/> Gary Foster – Saratoga Hospital</li><li><input checked="" type="checkbox"/> William Hasselbarth – AMCH</li><li><input checked="" type="checkbox"/> Dot Jones – Saratoga Hospital</li><li><input checked="" type="checkbox"/> Audrey LeFrenier – Northern Rivers</li><li><input checked="" type="checkbox"/> Greg Sorrentino – Center for Disability Services</li><li><input checked="" type="checkbox"/> Fran Spreer-Albert – AMCH</li><li><input checked="" type="checkbox"/> William VanSlyke – Columbia Memorial Hospital</li></ul>
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## AGENDA OVERVIEW

<b><u>Topic</u></b>
<ul style="list-style-type: none"><li>✓ Committee Membership/Introductions</li><li>✓ Nominations and Election of Chair</li><li>✓ Mission Statement/Charter</li><li>✓ Guiding Principles</li><li>✓ Proposed NewCo</li><li>✓ Deliverables</li><li>✓ Revenue Estimates<ul style="list-style-type: none"><li>a) Payment Variability</li><li>b) Modeled by Year</li><li>c) Modeled by County</li></ul></li><li>✓ July 31 Submission</li><li>✓ Meeting Schedule</li></ul>

## MAIN POINTS / DECISIONS

<b><u>Main Discussion Points from Attendees:</u></b> <ul style="list-style-type: none"><li>✓ Meeting commenced at: 2:02pm</li></ul> <b><u>Committee Membership/Introductions</u></b> <ul style="list-style-type: none"><li>✓ The meeting opened with introductions.</li><li>✓ Dr. Clifford announced that the meeting was being recorded to maintain official records for the PPS as required by the NYS</li></ul>
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#### Nominations and Election of Chair

- ✓ Dr. Clifford expressed the need to identify a Chair/Co-Chair. The floor was opened for nominations, while noting that a nomination for Mr. Hasselbarth to serve as Committee Chair had been put forth by the Executive Steering Committee. No additional nominations or oppositions were made.
- ✓ *Motion: With the consent of the Committee, Mr. Hasselbarth was selected as Finance Committee Chair. Motion carried. Through consent of the committee, Mr. Hasselbarth was selected as the Chair.*
- ✓ Finance Committee identified as one of the corporate committees of the PPS.

#### Mission Statement/Charter

- ✓ Dr. Clifford presented the Mission/Charter (attached) for review by the Committee. The next step will be to review, approve and adopt the Charter in order to identify key roles and responsibilities of the Committee.

#### Guiding Principles

- ✓ Mr. Brooksby explained how the funds flow process is outlined. The first payment was received by AMCH; however, the PMO wants a concrete, definitive plan prior to disbursement. The guiding principles are as follows:
  - 1) Transparency – demonstrate how funds flow out and display consistency.
  - 2) Focused on patients – consistent with the program’s patient-centered approach to care.
  - 3) Project-driven – driven by the projects and achieving the milestones and metrics of the projects.
  - 4) Fair and equitable – “valued” in a fair and equitable way in terms of funding.
  - 5) Meets the needs of the provider –Ensure funds flow model is sensitive to the needs of the participating providers and organizations.
  - 6) Formulaic – generate a document that shows participation/activity, deliverables, attributed lives and payment.
- ✓ Floor opened for suggestions/comments.
- ✓ Mr. Hasselbarth mentioned there is an August deadline to submit the budget spending plan for Calendar year 2015 and an October deadline with a similar plan for Calendar year 2016.
- ✓ Dr. Clifford expressed the need to fund centralized services. IT is the first centralized function with 176 organizational partners and one entity for reporting (AMCH). Workforce was used as an example in that they are centralized for workforce training. The PMO is also a key centralized function.
- ✓ The deliverables and components required by the DOH constitute the centralized service functions that ideally go through the same guiding principles mentioned above. PMO needs to wait for finalized action steps approved by DOH prior to entering into contracts and other commitments, which is the reason for the delay of funds flow activation.
- ✓ Ms. Jones of Saratoga Hospital, asked for clarification on timing of budget planning mentioned by Mr. Hasselbarth, which led to a discussion about the fiscal vs. calendar years as it relates to payments. Mr. Hasselbarth clarified that they are attempting to sync as the PPSs may budget expense and revenue on a calendar year basis while DSRIP follow the state fiscal year. Dr. Clifford also reiterated the significant lag in payment timing.
- ✓ Mr. Dingman also expressed concern regarding the timing and suggested time sheets for tracking efforts. Ms. Spreer-Albert stated that tracking time and effort will be important. Deferred revenue is being booked and not currently bringing anything through to the P&L. Ms. Spreer-Albert also mentioned that contracts will define criteria for revenue recognition. Dr. Clifford further clarified that payment is linked to meeting the milestones and metrics rather than the actual time worked toward the project.
- ✓ Member asked if baseline data is available. Baseline data is not yet available as there is effectively a 1-year lag. Data will be strictly Medicaid.

#### Proposed NewCo

- ✓ Mr. Hasselbarth provided background that AMCH is the lead hospital of this PPS. The Counsel and Board will establish a separate corporation to fall under AMCH. Counsel recommended NewCo; the Board is comfortable with that recommendation and is aiming for an October timeframe. The Finance committee will be a corporate committee, one of five required committees, and will provide recommendations to the Board.
- ✓ Dr. Clifford discussed the neighboring/overlapping PPS (Ellis Hospital, St. Peter’s Hospital, and others) created a new corporation (Alliance for Better Health Care, Inc.) through a partnership arrangement.
- ✓ The advantages of creating a subsidiary corporation discussed are as follows:
  - PPS Board of Directors
  - 5 committees with delegated authority, including the Finance committee
  - Liability protection for AMCH as an institution
- ✓ Board has ultimate authority to decide on official name for NewCo, among other required elements.
- ✓ Preference is that NewCo is created prior to contract execution. Goal is to have NewCo created as a corporation by September 30.
- ✓ The existing Executive Steering Committee will constitute the Board. The five members will be Mr. Hasselbarth, CFO; Ms.

Burke, Senior Vice president and Chief Strategy Officer (both of whom are members of the Finance committee) along with Dr. Fred Vendetti, Vice Dean/Clinical Affairs; Mr. George Hickman, EVP and CIO; and Dr. Steven Frisch, EVP Integrated Delivery Systems/General Dir., Hospital Systems.

- ✓ Mr. VanSlyke expressed concern about the organizational representation of the PPS Board. Dr. Clifford explained that the providing organizations will continue to be partners, but that AMC has a fiduciary responsibility. Mr. Brooksby clarified that there will be no structural changes to the PAC. The Executive Committee of the PAC will continue to function in its advisory role as it has in the past. The structural clarification ensures that AMC is able to maintain its fiduciary responsibility. There is one additional layer with the creation of a subsidiary.

#### Deliverables

- ✓ Dr. Clifford explained the Financial Sustainability work stream and that meeting materials and minutes are required deliverables (attached).

#### Revenue Estimates

- a) Payment Variability (attached): a graph showing DY1 – DY5 pay-for-reporting shift to pay-for-performance, and illustrates the lag of funds flow (also previously discussed in Agenda Item 4).
  - b) Modeled by Year (attached): Shows various payment assumptions based on obtaining 80, 90, 100, and 110% of revenue based on achievement values. Dr. Clifford expressed the expectation of receiving a minimum of 80% of the award predicated on assumptions from the project reporting system. A maximum payment of 130% is possible based on the high-performance fund.  
AMCH has received \$12M to date, which is 60% of the DY1 award. Dr. Clifford indicated that only a small amount of these funds would be used before year-end. We are currently operating from planning grant funds (separate from DSRIP award).  
Mr. Cooper requested review of the timing of distribution. Dr. Clifford explained that the activities of DSRIP escalate DY1 – DY3, and decline DY4 – DY5. The biggest expense is in the DY3 – DY4 period. Expenses incur yet the revenue lags.  
Mr. Atkins asked about using provider contracts. Dr. Clifford stated that we are committed to not letting contracted vendors run in the red.
  - c) Modeled by County (attached): Mr. Hasselbarth stated that this is driven by attributed lives. Dr. Clifford confirmed by following up with the allocation. Albany County has the highest number of attributed lives and therefore was awarded the largest percentage of revenue. The guidelines indicate that money is to go where the patients are.
- ✓ Mr. Brooksby stated that the database of Medicaid claims for AMCH PPS' five counties is expected 7/21.
  - ✓ Mr. Hasselbarth also brought to the committee's attention the Funds Flow table (attached), which is part of the public record as part of the June 1 filing. Mr. Brooksby notified the committee that we are not locked into numbers and there is some flexibility with justification.
  - ✓ Dr. Clifford mentioned there is an administrative expense cap of 15%. He also expressed sensitivity in expense management to ensure that the patients ultimately benefit, rather than an infrastructure redesign, for example.

#### July 31 Submission

- ✓ Mr. Brooksby discussed the two submission requirements of the PMO due July 31. He explained the process for revision regarding the plans as they will be reviewed and submitted. There is an expectation that the Independent Assessor will require revisions. Feedback and comments from the Independent Assessor is expected August 31, with final revisions due September 15.
- ✓ The quarterly reports for quarter-end June 30 and September 30, due July 31 and October 31, respectively, are combined and the achievement values are reviewed for award payment expected January 31, 2016. The remaining award payment is expected to be paid July 31, 2016. Each payment is for two quarters.

#### Meeting Schedule

- ✓ Floor opened to set up a regularly recurring meeting.
- ✓ Request made for AM meeting time for members outside of Albany area. Plan to schedule the meetings monthly later in the month, early in the week first part of the day.
- ✓ *Motion: Motion made by Mr. Hasselbarth that the next meeting will be Monday, August 31 at 8:00am. Motion carried.*

#### Additional Item(s)

- ✓ Ms. Jones requested an update on capital funding. Mr. Brooksby stated that applications were disqualified in the first round on technicalities, with the opportunity to appeal. One AMCH PPS Provider was disqualified and is appealing. The distribution methodology on dollars requested is affected. A statewide request of approx. \$4B was put forth with \$1.2B approved. No award announcement will be made earlier than October.
- ✓ Meeting adjourned: 3:31pm

## ACTION ITEMS

<u>Owner</u>	<u>Action Item</u>	<u>Due Date</u>
Lauren/Simone	Send an official Committee roster to the members.	July 31
Committee	Review the Mission/Charter and notify the PMO if there are concerns or recommended changes.	By next meeting
Committee	Review Financial sustainability and meeting materials and communicate any thoughts or concerns to Ms. Ayers, Dr. Clifford, or Mr. Brooksby.	July 31

Respectfully submitted by,  
Simone Brooks  
Sr. DSRIP Project Coordinator  
Center for Health Systems Transformation at AMC  
Meeting recorded on digital recorder