CITY OF NEW YORK
OFFICE OF THE COMPTROLLER

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BUREAU OF MANAGEMENT AUDIT

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Audit Report on the Harlem Hospital Affiliation Agreement with the Columbia University Medical Center

ME10-067A

July 8, 2010

THE CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
1 CENTRE STREET
NEW YORK, N.Y. 10007-2341

John C. Liu
COMPTROLLER

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To the Residents of the City of New York:

My office has audited the Health and Hospitals Corporation's (HHC's) affiliation agreement with the Columbia University Medical Center (Columbia) to provide patient services in Harlem Hospital. We audit contracts such as this to determine whether City agencies are effectively monitoring contractors to ensure that funds allocated to the contracts are appropriately spent and accounted for.

The audit found that Columbia did not comply with certain key financial and administrative provisions of its affiliation agreement with HHC. Columbia did not submit required quarterly fee statements, annual recalculation reports, and other required documents. It also maintained unreliable personnel rosters, assignment schedules, and timekeeping records. In addition, Columbia lacked HHC-approved subcontract agreements with certain providers that rendered services to Harlem Hospital patients on a per diem or temporary basis. Furthermore, the audit found that HHC did not meet its responsibilities to closely monitor Columbia's financial and administrative practices.

This audit addresses nine recommendations to Columbia, including that Columbia should: submit quarterly fee statements and annual recalculation reports to HHC on a timely basis; submit subcontract agreements for HHC approval whenever a subcontractor is engaged to provide services in Harlem Hospital; establish detailed timekeeping procedures; and maintain accurate personnel rosters and assignment schedules. The audit also addresses 11 recommendations to HHC, including that HHC should: ensure that Columbia complies with the financial provisions of the contract and conduct periodic reviews of the personnel rosters prepared by Columbia.

The results of the audit have been discussed with Columbia and HHC officials, and their comments have been considered in preparing this report. Their complete written response is attached to this report.

If you have any questions concerning this report, please e-mail my audit bureau at audit@Comptroller.nyc.gov.

Sincerely,

John C. Liu

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The City of New York
Office of the Comptroller
Bureau of Management Audit

Audit Report on the Harlem Hospital Affiliation Agreement with the Columbia University Medical Center

ME10-067A

AUDIT REPORT IN BRIEF

This audit determined whether the Columbia University Medical Center (Columbia) is complying with the terms of its affiliation contract with Harlem Hospital and whether the Health and Hospitals Corporation (HHC) is adequately monitoring Columbia's compliance. The primary scope of the audit was Fiscal Year 2009 (July 1, 2008, to June 30, 2009). We also reviewed certain aspects of the affiliation agreement relating to Fiscal Years 2002 through 2008.

HHC serves City residents through its 11 acute care hospitals, 4 skilled nursing facilities, 6 diagnostic and treatment centers and more than 80 community-based clinics. To help achieve its goals, HHC contracts with affiliates, including medical schools, teaching hospitals, and physician-owned professional corporations, which provide physician and supporting services to patients in HHC facilities. One of these affiliation contracts was established by HHC with Columbia to provide medical, mental health, and other services in Harlem Hospital and the Renaissance Healthcare Network Diagnostic and Treatment Center. This report focuses on services provided by Columbia to Harlem Hospital.

Harlem Hospital's current affiliation agreement with Columbia is for three years. The agreement began on July 1, 2007, and continues through June 30, 2010, with a total estimated payment of $183,401,640.

Audit Findings and Conclusions

Our audit disclosed that Columbia is not complying with certain key financial and administrative provisions of its affiliation contract with HHC to provide patient services to Harlem Hospital. Although the affiliate has established a comprehensive accounting system and generally submitted required external audit reports by the due date, there were significant areas of noncompliance in terms of how the affiliate accounted for its use of HHC funds. Columbia did not submit required quarterly fee statements, annual recalculation reports, and other required documents. It also maintained unreliable personnel rosters, assignment schedules, and timekeeping records. Accordingly, HHC might not have received the full contractual benefit for monies paid to Columbia. HHC and Columbia have not reconciled to actual expenses the

approximately $109 million in advance payments HHC made to Columbia for services provided to Harlem Hospital during Fiscal Years 2008 and 2009. The lack of quarterly fee statements and annual recalculation reports from Columbia for these two years made it impossible for us to determine how much Columbia should be paid for the services it provided to Harlem Hospital during this period. In addition, Columbia lacked HHC-approved subcontract agreements with certain providers that rendered services to Harlem Hospital patients on a per diem or temporary basis.

Our audit also disclosed that HHC did not meet its responsibilities to closely monitor the affiliate's financial and administrative practices. As a result, there is an increased risk that some of the funds paid to Columbia were not used in compliance with contract terms.

Audit Recommendations

To address these issues, the audit recommends, among other things, that Columbia:

- Submit quarterly fee statements and annual recalculation reports to HHC on a timely basis.
- Ensure that it submits contracts for HHC approval whenever a subcontractor is engaged to provide services in Harlem Hospital.
- Establish detailed timekeeping procedures and ensure that all providers maintain accurate and complete time records of hours worked.
- Ensure that it maintains and submits accurate and complete provider rosters.

To address these issues, the audit also recommends, among other things, that HHC:

- Ensure that Columbia complies with the financial provisions of the contract requiring the timely submission of fee statements and recalculation reports.
- Closely monitor the operation of the affiliate to ensure that all subcontracting and hiring actions receive necessary HHC approval.
- Conduct a periodic review of the provider rosters prepared by the affiliate to ensure that active providers and vacant positions are properly identified and accounted for.

INTRODUCTION

Background

HHC serves City residents through its 11 acute care hospitals, 4 skilled nursing facilities, 6 diagnostic and treatment centers and more than 80 community-based clinics. HHC provides comprehensive health services such as medical, mental health, and substance abuse services to all residents regardless of their ability to pay.

To help achieve its goals, HHC contracts with affiliates, including medical schools, teaching hospitals, and physician-owned professional corporations, which provide physician and supporting services to patients in HHC facilities. The main purpose of the affiliations is to enhance the quality of the medical staff and care provided by HHC facilities. One of these affiliation contracts was established by HHC with Columbia to provide medical, mental health, and other services in Harlem Hospital and the Renaissance Healthcare Network Diagnostic and Treatment Center. This report focuses on services provided by Columbia to Harlem Hospital. Pursuant to this contract, the affiliate is in charge of providing necessary inpatient, outpatient and ancillary services at the facility.

HHC is responsible for the administration and operation of Harlem Hospital. It provides the environment for the services provided by the affiliate. Columbia is in charge of staffing the facility according to the provisions of the contract. The Harlem Hospital Finance unit serves as a liaison between the affiliate and HHC's Office of Professional Services and Affiliations (OPSA) and Central Finance unit.

Payments to the affiliate relate to the Opening Contract Roster (OCR), Other Than Personal Service (OTPS) costs, overhead, and Faculty Practice Plan (FPP) adjustments. The OCR shows a breakdown of the contract service providers by provider type, department and salary. The providers include physicians, physician assistants, nurses, rehabilitation therapists, laboratory technologists, and administrative staff. The roster places the providers in workload-based, non-workload-based, and service grant categories for compensation purposes. Workload-based compensation is for certain physicians, depending on their department or position, and is directly related to patient visits. Non-workload-based compensation is for other physicians and for all non-physicians and is directly related to providers' salaries. Service grant compensation relates to work performed for programs funded by external organizations. The OCR, which is regularly updated by Columbia, establishes the opening budgeted compensation. HHC also pays the affiliate for its employees' fringe benefits, OTPS costs, and overhead expenses. Overhead is based on two percent of salaries and fringe benefits.

Some of the physicians who are faculty members are part of the FPP. The affiliate is permitted to collect payments from insurance companies for the direct patient care services rendered by these physicians. HHC compensates the affiliate 81.18 percent for services rendered by physicians who are part of the FPP arrangement, and the affiliate recoups the remaining 18.82 percent from the insurance companies. If the affiliate does not recover the anticipated 18.82 percent, it may request an adjustment from HHC.

To monitor the operations of the affiliate and ensure compliance with the agreement, the contract requires the affiliate to prepare reports, also called annexes, as monitoring tools. Annex A includes information on the affiliate's clinical leadership, the roster of contract service providers, and the providers' credentials. Annex B establishes the initial annual budget. Annex C provides post-graduate and other training information. Annex D includes financial information related to the services rendered by the affiliate: Fee Statements (quarterly expenditure reports on salaries, fringe benefits, OTPS, and overhead) and Recalculation reports (reconciliations between annual expenditures and the semi-monthly payments received from HHC, which are based on the budget amounts in Annex B). Annex E focuses on research and grant activities, and Annex F is the Performance Indicators Report.

To serve the patients appropriately and to comply with the obligations of the agreement, Columbia uses several computer systems: PeopleSoft database to process the payroll; the Accounts Payable/Controlled Analytical Review (APCAR) system to process its OTPS expenditures; and the Departmental Advanced Reporting and Tracking System (DARTS) for reporting and tracking purposes. To monitor services provided by the affiliate and track patient information, Harlem Hospital uses several computer systems: the Unity system to collect patient information at the time of registration; the QuadraMed information management system to input patient demographic and medical information; and the Performance Indicator Tracking System (PITS) and the federal Centers for Medicaid and Medicare Services (CMS) system to process data for performance indicator reporting purposes.

Harlem Hospital's current affiliation agreement with Columbia is for three years. The agreement began on July 1, 2007, and continues through June 30, 2010, with a total estimated payment of $183,401,640. According to HHC, the agreement compensates Columbia "based on performance and productivity." According to HHC, the pay-for-performance model assesses regulatory compliance, satisfaction of federal CMS indicators, and facility-specific quality and efficiency indicators. Payments based on performance relate to less than one percent of the total contract amount (up to $1.5 million over the three years of the contract).

Objective

The objective of the audit was to determine whether Columbia is complying with the terms of its affiliation contract with Harlem Hospital and whether HHC is adequately monitoring Columbia's compliance.

Scope and Methodology

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. This audit was conducted in accordance with the audit responsibilities of the City Comptroller as set forth in Chapter 5, §93, of the New York City Charter.

The primary scope of the audit was Fiscal Year 2009 (July 1, 2008, to June 30, 2009). We also reviewed certain aspects of the affiliation agreement relating to Fiscal Years 2002 through 2008.

To gain an understanding of the responsibilities and obligations of Columbia, Harlem Hospital and HHC, and to determine whether they have adequate controls in place, we interviewed officials and conducted walkthroughs at Columbia, Harlem Hospital, and relevant HHC central office units. In addition, to gain an understanding of Columbia and Harlem Hospital operations and to evaluate controls in place, we requested all applicable policies and procedures and information about the computer systems used in recording, processing, tracking, and reporting information.

In addition, we reviewed the affiliation agreement between HHC and Columbia to provide services to Harlem Hospital; monthly HHC President's Reports to the Board of Directors; Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) reports; the New York State Department of Health's (NYSDOH's) hospital profile; the Fiscal Year 2009 Annex Package and Submission Schedule; external audit reports on and for the affiliate; Dadia Valles Vendiola LLP's (Dadia's) audit reports on the affiliate that were prepared for HHC; and relevant HHC, Harlem Hospital, and Columbia policies, procedures, and regulations related to contract services. These documents were used to identify criteria and requirements to assess Columbia's compliance with contractual obligations.

To determine whether the affiliate complied with provisions of the contract related to the preparation of monitoring documents, we requested all annexes for Fiscal Years 2008 and 2009. We reviewed these reports to determine whether they were prepared according to the contract. To verify the appropriateness of payments made by HHC, we compared HHC's semi-monthly payments to the budgeted amounts in Annex B. We also reviewed the appropriateness of settlements HHC reached with the affiliate for Fiscal Years 2002 through 2007.

To assess whether Columbia complied with its obligation to furnish all information necessary to HHC, we requested the fidelity bond, external audit reports, FPP bank account information, Fiscal Year 2008 and 2009 fee statements and recalculations, assignment schedules, certificates of effort, timesheets, and other required documents. To evaluate Columbia's compliance with the performance indicators, we interviewed Harlem Quality Assurance personnel responsible for reporting on the extent to which Columbia met the performance standards. In addition, to determine whether performance indicator reports conform to the contract categories in the contract, we reviewed performance indicator reports on Columbia.

Furthermore, to determine whether Columbia paid providers for actual services and whether the affiliate implemented adequate timekeeping practices, we selected the Radiology Department for testing and compared provider assignment schedules, timesheets, certificates of effort and payroll information for the month of July 2008. For the same department, we also examined the appropriateness of payments to providers by comparing affiliate payroll reports for the month of July 2008 to contract salaries on the roster. In addition, to ascertain whether the affiliate's staffing was consistent with its provider assignment schedules, we selected the Pathology and Rehabilitation Departments for conducting unannounced floor checks on February

4, 2010. We also determined whether the departments were maintaining adequate timekeeping and leave records.

To determine whether HHC was appropriately paying providers who might be on Harlem Hospital's payroll and also receiving payments under the affiliation contract, we conducted a match between the affiliate payroll for the period of April through June 2009 and Harlem Hospital payroll records for the same period to identify any providers who received payments from both sources.

The results of the above tests, while not statistically projected to their respective populations, provide a reasonable basis for us to assess the compliance of Columbia with the terms of its affiliation contract with HHC.

Discussion of Audit Results

The matters covered in this report were discussed with Columbia and HHC officials during and at the conclusion of this audit. A preliminary draft report was sent to Columbia and HHC officials on May 14, 2010, and was discussed at an exit conference held on June 3, 2010. A draft report was sent to Columbia and HHC officials on June 11, 2010, with a request for comments. We received a written response from HHC officials on June 25, 2010, which included a written response from Columbia officials dated June 22, 2010.

The audit makes 9 recommendations to Columbia and 11 recommendations to HHC. In their response, Columbia officials agreed with 5 recommendations, disagreed with 1, and stated that it already complied with 3, while HHC officials agreed with 7 recommendations and stated that it already complied with the remaining 4. In a few instances, the response clarified certain information, and our report was modified accordingly. Unfortunately, in addition to presenting some legitimate differences of opinion concerning our conclusions, the response includes numerous misrepresentations of the findings presented in this report.

The fundamental finding in this report is that Columbia and HHC have not been following the process mandated by the affiliation contract for reconciling expenditures and payments on an annual basis. Instead of Columbia preparing quarterly fee statements and annual recalculation reports on a timely basis and HHC staff reviewing these expenditure reports promptly, as envisioned by the contract, HHC has not required the submission of these documents by Columbia and has resorted to lengthy multi-year settlements with Columbia by use of an outside law firm. Had HHC been requiring Columbia to follow the contract and submit timely expenditure reports, and had HHC been closely monitoring Columbia's expenditures on an ongoing basis, the agency could have achieved reconciliations with Columbia on an annual basis, without having to use, at additional cost, an outside law firm and without having to resort to multi-year settlements. The accuracy and reliability of annual expenditure information does not improve with age, nor does it improve by being grouped with expenditure information from one or more additional years as part of a multi-year settlement.

The primary scope of this audit was Fiscal Year 2009. HHC informed us in October 2009, soon after the audit began, that the reconciliations for Fiscal Years 2008 and 2009 were not complete. We repeatedly asked HHC for copies of the quarterly fee statements and annual

recalculation reports submitted by Columbia for these periods. HHC repeatedly refused to provide these documents to us, stating that they were working documents that had not been finalized and could therefore be misleading. What HHC has failed to understand, from the beginning of the audit through its written response to the draft report, is that by not showing us these working documents, we have no assurance that they have actually been submitted by Columbia or, if they have been, that they are substantive and credible working documents. As a result, we have no assurance that HHC and Columbia are proceeding in an appropriate manner to reconcile Columbia's expenditures and HHC's payments.

Toward the end of audit fieldwork, we met with HHC's outside law firm on the procedures that were followed for the May 2009 settlement with Columbia for Fiscal Years 2006 and 2007. They explained the review that they did of payroll and other data to reconcile expenditures and payments for these years. They also provided numerous spreadsheets to show how they analyzed these data to arrive at the settlement amount for these years. Due to the fact that the settlement agreement states that "any audits performed with respect to Fiscal Years 2006 and 2007 shall not be implemented to the extent that implementation would require any payment by [HHC] … or the recoupment or withholding by [HHC]," we decided not to do detailed testing of this analysis, since the results of any testing we performed would have no impact on the agreed-upon amounts paid to Columbia. As a result, we make no judgment on the accuracy or validity of the analyses presented by HHC and Columbia in their responses with respect to those years.

Excerpts of the HHC and Columbia response to this report's findings and recommendations are presented throughout the body of the report. The full text of the response, with the exception of certain attachments, is included as an addendum to this report. (Columbia included copies of its administrative and timekeeping procedures as exhibits in its response that were collectively too voluminous to include in the addendum. Copies of these procedures will be made available upon request.)

FINDINGS AND RECOMMENDATIONS

Our audit disclosed that Columbia is not complying with certain key financial and administrative provisions of its affiliation contract with HHC to provide patient services to Harlem Hospital. Although the affiliate has established a comprehensive accounting system and generally submitted required external audit reports by the due date, there were significant areas of noncompliance in terms of how the affiliate accounted for its use of HHC funds. Columbia did not submit required quarterly fee statements, annual recalculation reports, and other required documents. It also maintained unreliable personnel rosters, assignment schedules, and timekeeping records. Accordingly, HHC might not have received the full contractual benefit for monies paid to Columbia. HHC and Columbia have not reconciled to actual expenses the approximately $109 million in advance payments HHC made to Columbia for services provided to Harlem Hospital during Fiscal Years 2008 and 2009. The lack of quarterly fee statements and annual recalculation reports from Columbia for these two years made it impossible for us to determine how much Columbia should be paid for the services it provided to Harlem Hospital during this period. In addition, Columbia lacked HHC-approved subcontract agreements with certain providers that rendered services to Harlem Hospital patients on a per diem or temporary basis.

Our audit also disclosed that HHC did not meet its responsibilities to closely monitor the affiliate's financial and administrative practices. As a result, there is an increased risk that some of the funds paid to Columbia were not used in compliance with contract terms.

Noncompliance with Contract Provisions and Inadequate Contract Oversight

Failure to Submit Fee Statements and Recalculation Reports

The contract requires that Columbia prepare and submit quarterly fee statements to HHC. It also requires that annual recalculation reports be prepared. However, we repeatedly requested those statements and reports for Fiscal Years 2008 and 2009 but never received them. As a result, we have no assurance that they were ever prepared, which is in violation of Columbia's contract with HHC.

The quarterly fee statement is an expense report to be completed by Columbia within 45 days of the end of the quarter. The fee statement should show the providers' compensation in three categories: workload, non-workload, and service grants. Its purpose is to allow HHC to track expenditures and to determine appropriate end-of-year payment amounts. The only evidence we received that any fee statements were provided to Harlem Hospital was e-mails sent by Columbia in October 2009—after our audit was initiated—in which the affiliate purportedly transmitted fee statements for Fiscal Year 2008. Neither Columbia nor HHC provided any evidence that fee statements for Fiscal Year 2009 had been submitted by Columbia. According to a December 2009 e-mail, Harlem Hospital returned the Fiscal Year 2008 fee statements, apparently because the proper format was not used. The fee statements themselves, however, were not included with the e-mails HHC provided nor were they ever given to us, although we

requested them on more than one occasion. In the absence of any documentation, therefore, we are unable to verify that the fee statements were ever provided.

In terms of the required recalculation reports, the agreement states that "for each Fiscal Year, for each facility, the affiliate shall complete and submit the Corporation's Recalculation Document electronically, within a reasonable time after all necessary data is available." It further states that the recalculation report "reconciles the amount due and calculates a revised payment for the next payment period by applying the appropriate contractual limitations specified in the agreement." However, during the audit, Columbia and HHC did not provide any evidence that Columbia prepared any recalculation reports for Fiscal Years 2002 through 2009. [1] Therefore, we must conclude that annual reconciliations were generally not performed to reconcile advance payments and actual reimbursable expenditures incurred by the affiliate.

Since fee statements and recalculation reports were generally not produced, HHC periodically settled with the affiliate. In January 2006, HHC and Columbia entered into a settlement agreement for contract services provided during Fiscal Years 2002 through 2005. Again, in May 2009, both entities entered into a settlement agreement for contract services provided during Fiscal Years 2006 and 2007.

> ***HHC Response:*** "The auditors got it backwards in stating '[s]ince fee statements and recalculation reports were generally not produced, HHC periodically settled with the affiliate.' It was because of the extensive and real-time process used to calculate and achieve settlement, that formal production of the Fee Statements and Recalculation Documents would have been duplicative."
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> ***Auditor Comment:*** We do not consider the use of multi-year settlements, including, for example, a January 2006 settlement to resolve Fiscal Year 2002, to be evidence of a "real-time process" for reconciling advance payments and reimbursable expenses.

According to HHC officials, during the settlement process a detailed accounting is performed, which examines affiliate expenditures and disallows those purchases that did not comply with established procurement approval procedures or were not considered to be reimbursable under the contract. However, during the years covered by the settlement, HHC and Columbia generally did not review and reconcile funds allocated to the affiliation contract on a timely basis.

> ***HHC Response:*** "It is significant that in multiple meetings (March 25, May 4, and the exit conference on June 3, 2010) HHC informed the auditors about the extensive history of draft Fee Statements and Recalculation Documents that were exchanged, reviewed and revised by the parties over much of the period cited. In these same meetings HHC informed the auditors about the detailed ongoing and real-time process used for determining the amounts paid in the settlements, and that these settlements were only the last step in the reconciliation of compensation due. We provided samples of the

[1] After the exit conference, HHC provided Columbia's recalculation reports for Fiscal Years 2002 and 2003. We did not receive any recalculation reports for Fiscal Years 2004 through 2009 or any fee statements for Fiscal Years 2002 through 2009.

extensive documentation and review and approval process to the auditors; examples of the comprehensive summary data and analyses submitted are attached to this response as Exhibit A-1. Importantly, the auditors were told in these meetings that the settlements and the work preceding them exactly mimicked the reporting and recalculation processes required by the Agreement."

Auditor Comment: As noted under *Discussion of Audit Results*, we are concerned that the reconciliation process was being primarily handled by an outside law firm rather than by HHC staff, who should be actively monitoring the agreement and, therefore, more familiar with Columbia's performance of the contract. We also find it hard to believe that the work of the outside firm, no matter how extensive, could duplicate the ongoing, real-time monitoring and review of expenditures that HHC staff would have performed over the multi-year periods covered by the settlements had Columbia submitted the quarterly fee statements and annual recalculation reports as required. Further, based on our discussions with the outside lawyer who oversaw the reconciliation analysis, it does not appear that this analysis included a systematic review of source documentation (e.g., time records or work schedules) to ascertain that expenses were appropriately supported, as we would expect HHC to have done as part of its monitoring of the agreement.

Obviously, a multi-year settlement process is a very tardy mechanism for reconciling expenditures and payments. Not only is there no evidence that HHC took any effective action during Fiscal Years 2004 through 2007 to compel Columbia to prepare and submit required fee statements and recalculation reports, but HHC also explicitly waived the submission of fee statements and recalculation reports for those years in the two settlement agreements.

Had HHC closely monitored Columbia's activities during these periods, it might have avoided some of the large payout and waiver it agreed to in those settlements. HHC agreed to pay $7.7 million[2] to Columbia in the January 2006 settlement and waived $5.4 million due from Columbia in the May 2009 settlement. HHC's decision to not require Columbia to fulfill its contractual responsibilities allowed Columbia to receive payments throughout these periods without providing timely accounts of its reimbursable expenditures. Unfortunately, this pattern has continued for Fiscal Years 2008 and 2009. Fee statements and recalculation reports for these fiscal years were not available for our review because, according to HHC officials, they have not completed their review of those documents. The only evidence that Columbia provided any of those documents to HHC are the October 2009 and December 2009 e-mails mentioned above that simply referred to the Fiscal Year 2008 fee statements. Even if these reports were in fact submitted, they were submitted more than one year late and almost two months after our audit was announced. HHC should have been requiring Columbia to submit fee statements and recalculation reports in a timely manner so that HHC could have reconciled expenditures and payments each year and avoided the use of multi-year settlements.

HHC officials stated that in the May 2009 settlement, they waived the amount due from the affiliate for Fiscal Years 2006 and 2007 because most of the $17,491,488 in non-reimbursable costs that HHC disallowed for these years were the result of Columbia's

[2] Of the $7.7 million, $2.4 million related to an HHC commitment to compensate Columbia for additional anticipated costs for Fiscal Year 2006.

noncompliance with hiring approval procedures, and because this spending benefited Harlem Hospital. As discussed below, we found examples of the affiliate hiring temporary providers without HHC approval. In addition, the affiliate's external auditor concluded that the affiliate's expenditures exceeded receipts from HHC by a total of $15,286,847 for these years.

However, had HHC closely monitored the operation of the affiliate, quarterly fee statements and annual recalculation reports would have been submitted on time, necessary HHC approvals of the affiliate's hiring actions would have been obtained, and multi-year settlements would not have been necessary. It is possible that some of the affiliate's hiring actions would have been rejected by HHC had they been submitted to HHC before they were finalized. HHC ultimately accepted many of these actions as part of the settlement process.

We understand the importance of the partnership relationship between HHC and Columbia to provide patient services to Harlem Hospital. However, that importance should not prevent HHC from meeting its contractual responsibility to properly monitor Columbia's compliance with the terms of the affiliation agreement.

To avoid a possible misuse of City funds, HHC should break the pattern of multi-year settlements by requiring Columbia's compliance with all contract terms, especially those related to the proper and timely accounting of reimbursable expenses.

HHC Response: In its response, HHC refers to a five percent deduction from advances to Columbia as a control mechanism. HHC stated: "Contract compensation is set at only 95% of documented costs at the outset of a contract period subject to later reconciliation to actual costs throughout the contract term."

Auditor Comment: Although holding advance payments to 95 percent of anticipated costs is a reasonable control, this does not guarantee that actual reimbursable spending will achieve that level or that an untimely settlement will accurately determine the final payment amount due to or from Columbia.

Recommendations

Columbia should:

1. Submit quarterly fee statements and annual recalculation reports to HHC on a timely basis.

Columbia Response: "CUAH [Columbia University Affiliation at Harlem Hospital] will prepare a written procedure which will document the steps necessary to submit the fee statements and recalculation reports on a timely basis. ... The procedure will be developed by 9/30/10 and implemented for the first Fee Statement submission for FY11 on November 15, 2010."

2. Obtain all necessary HHC approvals for its hiring actions.

Columbia Response: Columbia argued that it already complies with this recommendation and stated: "The requisite HHC approvals are in place for all new hires providing contract services. The Affiliation and the Facility have been compliant with the Vacancy Review Board provisions of the contract."

Auditor Comment: In contrast with Columbia's assertion, the affiliate hired numerous subcontractors, including locum tenens providers (those who substitute temporarily for others) to render patient services at Harlem Hospital without obtaining HHC approval, as required by the contract. Accordingly, we reaffirm our recommendation.

HHC should:

3. Ensure that Columbia complies with the financial provisions of the contract requiring the timely submission of fee statements and recalculation reports.

HHC Response: "HHC will continue to monitor Columbia for, and actively assist Columbia in achieving, compliance with financial reporting requirements. Formal notice will be issued whenever reporting is non-compliant."

4. Closely monitor the operation of the affiliate to ensure that all hiring actions requiring prior approval go through HHC's approval process.

HHC Response: HHC argued that it already complies with this recommendation and stated: "HHC has a formal approval process in place that effectively tracks and records each request and any subsequent approval. HHC will disallow CU expense not approved in advance pursuant to terms within the affiliation agreement between CU and HHC."

Auditor Comment: Had HHC's approval process for hiring subcontractors to provide patient services at Harlem Hospital been effective, numerous subcontractors would not have been appointed to provide such services without HHC approval. HHC itself acknowledges in its response that Columbia had a total of $17.5 million in non-reimbursable costs relating to the use of unapproved staff in Fiscal Years 2006 and 2007. HHC states that this was due to Columbia not following the prior approval requirements of the agreement. However, we believe that had HHC closely monitored Columbia with regard to its hiring actions, it would not have found that Columbia had hired unapproved staff to such a large extent. Accordingly, we reaffirm our recommendation.

Noncompliance with the Subcontractor Provision of the Contract

Columbia lacked agreements with some subcontractors that provide services to Harlem Hospital patients on a per diem or temporary basis. Consequently, we could not determine whether Columbia sought HHC approval before hiring these subcontractors.

According to the contract, Columbia must submit "copies of any contracts and contract amendments between the Affiliate and a subcontractor for Contract Services (including any provider of per diem or locum tenens providers)." It further stipulates that Columbia "agrees not

to enter into any subcontracts for the performance of its obligations, in whole or in part, under this Agreement without the prior written approval of the Corporation."

Contrary to the above requirement, there was no evidence of signed contracts for three locum tenens physicians (who substitute temporarily for other physicians) on the July 2008 Radiology Department assignment schedule. The subcontract agreement that the affiliate signed with the agency that provided these three temporary workers to the Radiology Department expired in December 2004 and was renewed in May 2009 to expire again in December 2009. Columbia paid $2,288,259 to this agency in Fiscal Year 2007 for services provided in the Radiology Department even though there was no subcontract agreement in effect during this period.

In addition, one of the 12 physicians on this assignment schedule was identified on the schedule (and on time records) as a consultant, even though the physician was also on the roster as a salaried provider. When we reviewed the July 2008 assignment schedules for all of the affiliate's departments, we identified a provider in the Surgery Department who was identified on an assignment schedule as a consultant (and on the payroll report as a sessional worker) but listed on the roster as a salaried provider. We also identified a provider in the Psychiatry Department who was identified on an assignment schedule as a consultant but listed on the roster as a salaried provider. To verify Columbia's compliance with the contractual provision regarding these three providers, we requested copies of subcontract agreements and evidence that HHC approved such agreements. No such documentation was provided to us for these consultants. Therefore, we must conclude that no formal agreements were entered into by Columbia with these consultants.

> ***HHC Response:*** "Columbia did not need to have subcontracts with those individuals inadvertently identified as consultants on the assignment schedules (but correctly identified on the contract roster) because they were in fact salaried employees."
>
> ***Auditor Comment:*** HHC has failed to provide us with sufficient evidence to refute this finding. In addition to the assignment schedules, the time records provided to us by HHC and Columbia also raise questions with regard to the status of these persons. The time records for one person also identified the person as being a consultant. In addition, the records indicated that this person was paid exactly $200 per hour, compensation that is more akin to payments made to an outside consultant than to a salaried employee. One of the other persons was paid exactly $200 per session, which again is more akin to compensation one would expect for an outside consultant than for a salaried employee. No time records were provided for the third person to show that this person was a salaried employee of Columbia. Accordingly, in the absence of adequate evidence to the contrary, this finding remains.

Moreover, the locum tenens providers and the consultant we identified at the Radiology Department did not have defined schedules as required by the contract. Coverage for contract services includes adequate staffing to meet patient needs. To provide uninterrupted care at Harlem Hospital, Columbia agrees, according to the contract, to maintain "ninety percent (90%) of the Physician Providers providing Contract Services in the Department of Radiology at

Harlem." According to the OCR, 12 physicians are needed in the Radiology Department; the assignment schedule lists 12 physicians, including the three locum tenens physicians and the consultant. To maintain proper coverage, the assignment schedule should list all providers with their assigned hours.

Because of HHC's inadequate oversight of the implementation of the affiliation contract, Columbia was able to engage subcontractors without entering into formal agreements or obtaining necessary HHC approvals. As a result, subcontractors may have been hired in violation of contract terms. Furthermore, in the absence of work schedules for all providers, it is possible that the affiliate might not be ensuring that it is consistently providing required coverage.

Recommendations

Columbia should:

5. Ensure that it submits contracts to HHC whenever a subcontractor is engaged to provide services in Harlem Hospital.

Columbia Response: "CUAH in conjunction with Harlem Hospital will develop and implement a checklist that will list the sign-offs required for any new sub-contract. This checklist will include all necessary sign-offs from CU [Columbia University], CUMC [Columbia University Medical Center], CUAH, Harlem Hospital and HHC."

6. Ensure that prior approval of HHC is obtained before entering into any subcontract with a provider.

Columbia Response: "CUMC will modify CU protocol to include Harlem Hospital sign-off before contracts are executed."

HHC should:

7. Ensure that Columbia follows contract provisions when engaging subcontractors to provide contract services at Harlem Hospital.

HHC Response: "Harlem Hospital will utilize the checklist developed in conjunction with CUAH to ensure that all subcontracts have received the requisite approvals. Harlem Hospital will also conduct a quarterly review of subcontractors identified on the contract roster to ensure that only subcontractors whose services continue to be supported by active, approved, contract-compliant subcontracts remain on the roster."

Noncompliance with the Timekeeping Provision of the Contract

Our review of timekeeping records and the outcome of our unannounced February 4, 2010 floor check disclosed that Columbia did not have adequate controls to ensure that timekeeping records were accurate and complete. There were instances in which the service

providers were paid without proper documentation of the hours worked. In addition, hospital departments implemented inconsistent and inadequate timekeeping practices.

The contract states:

> The parties recognize that the maintenance of accurate Time Records is essential to ensure accountability and, therefore, the Affiliate shall direct all persons under its supervision to keep accurate and complete records of their time spent in the performance of Contract Services…. The Affiliate shall maintain internal procedures to establish the reliability of such Time Records, including, but not limited to, periodic reports verifying the accuracy of the information provided through the Time Records.

Contrary to these requirements, there were many weaknesses in the timekeeping practices at Harlem Hospital, which raises questions concerning the reliability of the providers' time records.

Inconsistent Timekeeping Practices

Columbia's procedures state that "[time and leave] records must be maintained . . . to determine overtime pay for support staff and to verify sick leave, personal days, and vacation allowances for both support staff and officers. All time and attendance records are subject to examination and must be kept for at least six years." However, each department has implemented its own inconsistent and somewhat inadequate procedures for the completion of daily timesheets by non-physicians and weekly certificates of effort by physicians and for the recording of absences.

On February 4, 2010, we conducted an unannounced floor check of the Pathology and Rehabilitation Departments to determine whether these departments had adequate procedures in place to ensure that service providers supplied appropriate floor coverage. Generally, we were able to account for the providers who were assigned to work that day.

The Pathology Department, which had 15 providers on duty, was inconsistent in the manner in which employees recorded their time worked. One provider signed out almost three hours ahead of time, while another initialed his sign-out slot more than two hours early. However, we accounted for all 15 providers, including the two who had signed out early. The Pathology Department's Blood Bank was the only one of the department's four units that maintained such records.

The Rehabilitation Department, which had 22 providers on duty, did not require providers to use daily sign-in and sign-out sheets to record the hours worked. Nonetheless, we accounted for all 22 providers. The department depends on the department head, or her designees, to make visual note of the employees' presence when preparing employee time records. However, the department did maintain a log of employee absences.

As shown below, there were many instances in which providers were paid for hours worked that were not supported by adequate timesheets or certificates of effort. To mitigate the possible risk of abuse in the recording of hours worked, Columbia needs to ensure that all departments comply with its timekeeping procedures.

Hours Worked Not Properly Documented

Columbia did not comply with the contract clause requiring all providers under its supervision to keep accurate and complete records of the time spent in rendering contract services. Consequently, there was little or no evidence to show that providers rendered some of the services for which they were paid.

There were 12 physician and 32 non-physician providers scheduled to work in the Radiology Department for the July 7-20, 2008 pay period. Two additional providers not on the assignment schedule also worked in the department during this period. We reviewed the timekeeping records for the 46 providers to determine whether the time records for the providers were accurate and complete. Only 35 (76%) of the 46 providers submitted all required documents: timesheets for the non-physicians and certificates of effort for the physicians. There were a number of instances in which service providers were paid for hours worked without proper time records. There were instances in which (1) time records were not submitted, or were submitted late; (2) timesheets or certificates of effort lacked provider or approval signatures; or (3) time records had questionable signatures (e.g., sign-in and sign-out signatures were different). See Table I, below, which summarizes these time record irregularities.

Table I
Provider Time Record Irregularities
Harlem Hospital Radiology Department
July 7-20, 2008 Pay Period

Time Record Irregularity	Number of Providers	Related Salary Amount*
Missing signatures	12	$24,184
Questionable signatures	6	$15,605
Time records not submitted or not submitted on time	1	$10,747
Total Not Adequately Documented		**$50,536**
Total Paid for Period Reviewed		**$168,367**
% Not Adequately Documented		**30.0%**

*A provider may have more than one type of time record discrepancy. However, the related salary is counted only once.

It is a contractual requirement for the affiliate to maintain reliable and verifiable time records. However, the time records for 12 providers lacked required signatures. This included the daily timesheets for 1 provider that were not signed by the provider; the certificates of effort

for two providers that were not signed by the chief of service, and the timesheets for 9 providers that were not signed by the department head. One of these providers was a physician who was paid a monthly salary[3] of $23,798 (pro-rated to $10,747 in Table I) but submitted the weekly certificates of effort, which lacked the signature of the chief of service, almost one year later. (The weekly certificates of effort for July 2008 were signed by the provider in April 2009 and submitted in May 2009.) Each of the six providers' time records with questionable signatures had two or more different provider signatures. In some instances, the providers' sign-in and sign-out signatures for the same day were different. As a result of the aforementioned irregularities, we conclude that HHC might have overpaid Columbia by up to $50,536 in salaries for the Radiology Department providers for the July 7-20, 2008 pay period, 30 percent of the $168,367 in salaries paid by this department for the period reviewed. A periodic reconciliation of time records could have uncovered some of these irregularities.

In terms of the timekeeping provision of the contract, the affiliate has inadequately supervised its providers, as shown by the numerous time record discrepancies noted above. This inadequacy was compounded by HHC's lack of oversight of the affiliate. The absence of strong timekeeping controls and proper oversight brings with it an increased risk of possible misuse of City funds. To minimize this risk, HHC needs to improve its monitoring of the affiliate's compliance with the timekeeping provisions of the contract.

> ***Columbia Response:*** "The report found discrepancies in signatures on these earlier (prior to the May 2009 policy) timesheets. CUAH demonstrated to the auditors that 8 out of 9 timesheets were indeed signed by either the supervisor or the department head. As we advised the auditors at the June 3, 2010 Exit Conference, both signatures are not required." [Emphasis in original]
>
> ***Auditor Comment:*** Columbia has not provided adequate evidence to refute this finding. Columbia provided no written procedure to support its statement that the signatures of both the supervisor and the department head are not required on timesheets; in fact, the procedures we were provided, though not explicitly stated, appear to indicate the opposite. Further, our review of the sampled timesheets indicates that they had places for both signatures, and many of the timesheets we reviewed had both. Accordingly, in the absence of sufficient evidence to the contrary, this finding remains.

Unreliable Assignment Schedule

According to the contract:

> The Affiliate shall prepare and provide to the Chief Executive [of Harlem Hospital] at least ten (10) days before the first calendar day of each month during the term of this Agreement, an Assignment Schedule of all Physician Providers, Post-Graduate Trainees, and clinical Department/Service heads who are scheduled to work in each clinical Department/Service at each Facility during that month.

The contract also states:

[3] Physicians are paid on a monthly basis; non-physicians are paid every two weeks.

> At least forty-five (45) days before the beginning of each succeeding Fiscal Year that this Agreement remains in effect, the Affiliate shall prepare and provide to the Chief Executive an Assignment Schedule of all Non-Physician Providers for the coming Fiscal Year.

In spite of this provision, some Radiology Department providers were not on the assignment schedule but yet completed timesheets, and one was on the schedule but did not present any evidence of the hours worked. Of the 46 Radiology Department providers tested, 44 were listed on the July 2008 assignment schedule. We received time records for the two providers who were not listed. Both were paid for the services provided even though they were not scheduled to work. On the other hand, 1 of the 44 providers was paid for hours worked without having completed any time records. Further, there was no schedule of hours assigned to the three "locum tenens" providers and the consultant on the assignment schedule.

We also compared the assignment schedule for the Radiology Department to the OCR to determine whether all providers who worked in July 2008 were approved contract service providers. One of the 44 individuals on the assignment schedule was neither included on the contract roster as a service provider nor identified as a locum tenens provider, per diem provider, or consultant on the schedule. That individual's time records were not certified by both the immediate supervisor and the department head. These inconsistencies are troubling because HHC's payments to Columbia should be based on accurate records. No individual should be providing services if not scheduled to work, and any provider scheduled to work should be listed on the OCR or identified on the assignment schedule as a locum tenens or per diem provider.

Unreliable Provider Rosters

HHC did not regularly review the provider roster updates prepared by Columbia to track contract service providers and their compensation. As a result, there were numerous discrepancies in the updated contract roster.

As stated in the contract, the provider roster is to identify all contract service providers, the annual salaries, and the approved vacancies. Thus, the provider roster is a key financial document. The affiliate is expected to update the provider roster quarterly and submit it to HHC.

To determine whether Columbia properly updated the provider roster, we compared the June 30, 2009 quarterly roster with the February 16, 2010 updated provider roster. There were striking differences between the two rosters. Thirty-four active providers, shown on the February 2010 roster, were not shown on the June 30, 2009 roster even though they had been hired as of that date.

> ***Columbia Response:*** "Columbia maintains and submits accurate and complete provider rosters. All providers were listed on both rosters compared by the auditors with only one exception. The missing provider was inadvertently excluded from the June 2009 roster but was added by CUAH to the next quarterly submission. This self-correction was made before the findings of this audit were released."

Auditor Comment: Columbia's assertion that all of the providers except one were listed on both rosters provided to us is simply not correct. Our review of the February 2010 roster revealed that 34 of the providers listed were not shown on the June 30, 2009 roster even though they had been hired as of that date. These individuals[4] listed on Exhibit A-3 of the response (see page 47 of the addendum) do not appear on the numbered lines indicated on the exhibit or anywhere else on the June 30, 2009 roster provided to us during the audit. In fact, this exhibit shows five providers with higher numbered lines than the 524 numbered lines on the June 2009 roster list. Furthermore, HHC contradicts Columbia and acknowledges that 5 of the 34 providers *were* in fact left off the June 30, 2009 roster. (The reason cited by HHC is that they were performance-based grant positions; however, 24 other grant positions were listed on the June 30, 2009 roster. Accordingly, we cannot give credence to HHC's explanation for omitting these providers from the roster.) In the absence of adequate evidence from Columbia to support its arguments, we reaffirm this finding.

In addition, the provider rosters did not consistently identify vacancies, which is required by the contract.[5] The June 30, 2009 provider roster identified 20 vacancies, but the updated February 16, 2010 roster did not clearly identify these vacancies even though the positions had not been filled. Two of the providers had not been replaced since July 2007 and one since December 2005. This raises questions about whether the affiliate was meeting its provider coverage requirements. Furthermore, since HHC states that provider rosters are a very important document for the reconciliation process, it is essential that they present clear provider vacancy information.

HHC Response: "The Roster report provided to the NYC Comptroller also clearly identified the vacant positions and we are confused why the report says otherwise. Vacancies are consistently identified by an entry in the Date of Termination (DOT) column on the spreadsheet."

Auditor Comment: According to the affiliation agreement, vacancies should be identified on the roster as we indicate in footnote #5 below. Many vacant positions were properly identified on the February 2010 roster; however, 20 of the terminated providers identified on the June 2009 roster were not among them, even though the positions had not been filled. Furthermore, using the date of termination as an indicator of vacancies would be incorrect since the dates of termination are also shown on the roster for those terminated providers whose positions have been filled.

As stated earlier in this report, payments to the affiliate are based in part on the provider roster. The roster, which is supposed to be regularly updated by the affiliate, establishes the amount of the advance payments made to Columbia to cover contract service providers' budgeted salaries and fringe benefits, as well as overhead expenses, which are based on two

[4] We redacted their names from the addendum for privacy reasons.

[5] According to the contract, a vacancy line on the roster should present (in parentheses) the last name of the person who previously occupied the position next to the word "Vacant." When the position is filled, the vacancy line should be changed to show the full name of the person who was terminated and a zero salary amount, and a new line should be created showing the hiring date and the new hire's full name and salary.

percent of salaries and fringe benefits. Accordingly, it is important to ensure that the provider rosters reflect the actual number of contract service providers and that the advance payments are adjusted accordingly. However, there is little evidence that HHC has been reviewing the provider rosters to determine the actual number of providers employed by the affiliate and the associated provider costs. HHC has not adjusted its semi-monthly advance payments to the affiliate since the beginning of the contract on July 1, 2007. This situation might be more acceptable if there were a timely annual reconciliation of advance payments and actual reimbursable expenses. However, as of the date of this report, there is no evidence that the reconciliations for Fiscal Years 2008 and 2009 are close to being completed.

Recommendations

Columbia should:

8. Establish detailed timekeeping procedures and ensure that all providers keep accurate and complete time records of hours worked.

Columbia Response: Columbia argued that it already complies with this recommendation and stated: "A new Timekeeping policy was implemented in May 2009 before the inception of this audit. The policy established more detailed and uniform timekeeping procedures across the departments, to ensure that all providers maintain accurate and complete records of hours worked. This policy was not reviewed by the NYC Comptroller's audit group, although it was promulgated and available during the course of the audit."

Auditor Comment: Despite repeated requests for all relevant Columbia policies throughout the audit, the affiliate's timekeeping policy was not provided to us until the June 3, 2010 exit conference, after fieldwork testing had been completed. Accordingly, we are unable to validate Columbia's assertion that these procedures have been in effect since May 2009. Furthermore, although Columbia asserts that "the policy established more detailed and uniform timekeeping procedures across the departments" in May 2009, we found, as stated above, that there were considerable differences between the timekeeping records of the Pathology and the Rehabilitation Departments during our unannounced floor checks of these units on February 4, 2010.

9. Reimburse HHC for the compensation of providers who did not have proper time records.

Columbia Response: Columbia disagreed with this recommendation and stated: "We do not agree with this recommendation; the audit found only minor discrepancies in the Certificates of Effort and Timesheets, which are used to document the performance of services by medical and non-medical providers under the contract. Re-education will reinforce the current policies. In any event, HHC will disallow any expenses not supported by proper time records in the first instance."

Auditor Comment: The audit disclosed control weaknesses in the tracking of providers' work hours and the maintenance of adequate records. We do not consider multiple signature styles for the same provider or the submission of a certificate of effort more than nine months late to be minor discrepancies.

10. Regularly review the assignment schedule to ensure that only providers scheduled to work are listed.

Columbia Response: "CUAH will develop and promulgate a new written policy for the proper review of assignment schedules. This policy will include: Sign-offs required form Departmental Administration, Human Resources and Finance; Timing of the submission of assignment schedules; Submission of schedules to HHC and documented acknowledgment of receipt."

11. Ensure that all providers on the assignment schedule are approved contract providers.

Columbia Response: "CUAH will develop and promulgate a policy to ensure that all assigned providers are approved providers on the contract roster. This policy will include: Review of the contract roster and VRB correspondence and approval documentation prior to assignment to ensure that only approved providers are assigned. Confirmation of any required Network and OPSA approval prior to assignment of provider. Random sampling of assigned providers to ensure they are approved individual providers on the OCR or included in sessional budget."

12. Ensure that it maintains and submits accurate and complete provider rosters.

Columbia Response: Columbia argued that it already complies with this recommendation and stated: "Columbia maintains and submits accurate and complete provider rosters."

Auditor Comment: As stated above, Columbia provided no evidence to refute our finding that its provider rosters were inaccurate and incomplete. Accordingly, we reaffirm our recommendation.

HHC should:

13. Implement procedures to periodically review assignment schedules and time records so that only approved contract service providers are assigned to work and proper records are maintained of the hours worked.

HHC Response: "Network Internal Audits shall conduct periodic unannounced reviews that will include assignment schedule and time record maintenance to monitor CUAH compliance."

14. Conduct a periodic review of the provider rosters prepared by the affiliate to ensure that active providers and vacant positions are properly identified and accounted for.

HHC Response: HHC argued that it already complies with this recommendation and stated: "The provider roster is closely monitored and fully reflects active positions and vacant lines associated with the CU affiliation contract. Harlem Hospital Finance and CU regularly review the affiliation contract roster and reconcile all personnel actions to that roster."

Auditor Comment: As noted above, HHC's and Columbia's assertions notwithstanding, 34 active providers shown on the February 2010 roster were not shown on the June 30, 2009 roster even though they had been hired as of that date. In addition, HHC and Columbia offer no evidence to refute our conclusion that 20 vacancies identified on the June 2009 roster were not clearly identified as such on the February 2010 roster even though the positions had not been filled. Accordingly, we reaffirm our recommendation.

No Fidelity Bond Certificate Available

The contract requires that the affiliate furnish HHC with a fidelity bond for "one-sixth (l/6th) of the total amount paid to the Affiliate for Contract Services during the preceding Fiscal Year, bonding each person authorized by the Affiliate to receive, handle or disburse monies granted pursuant to this Agreement." However, the affiliate did not maintain a fidelity bond as set forth in the contract.

According to Columbia, there is no need to purchase fidelity bond coverage since its crime insurance policy provides similar protection. A January 22, 2010 memorandum from Columbia's Executive Director of Risk Management stated that Columbia does not have a Surety or Fidelity Bond but maintains a crime insurance policy that insures them against various types of theft (including employee theft). According to the memorandum, the policy limit is $25,000,000.

According to HHC officials, the affiliate does not maintain fidelity bond coverage because the amount of coverage required by the contract (l/6th of the total payment) is exorbitant. HHC officials state that as a result of this and of Columbia's crime insurance policy, they have waived the need for Columbia to meet the fidelity bond provision of the contract. HHC officials acknowledged that there is no documentation showing HHC's review of Columbia's crime insurance policy or HHC's conclusion that the policy is a sufficient substitute for fidelity bonds.

Recommendation

HHC should:

15. Formally evaluate Columbia's crime insurance policy, review the reasonableness of the contract's fidelity bond coverage requirement, and revise the affiliation contract with Columbia accordingly.

HHC Response: "HHC's outside counsel accepted CU crime insurance policy as adequate for HHC to waive the fidelity bond requirement. Further, HHC determined that

the expense of a fidelity bond served no purpose and would be wasteful of scarce recourses, given Columbia's financial ability to respond if damages were appropriate. The fidelity bond requirement is being formally deleted as affiliation contracts are reviewed."

Required Monitoring Reports Not Completed Timely

Important monitoring reports required by the contract were not completed timely, including the Performance Indicator report for 2008 and the audit report on the affiliate on behalf of HHC for Fiscal Year 2008.

Performance Indicator Reports Have Inconsistent Categories and Data

As part of our audit test, we requested the Fiscal Years 2008 and 2009 Performance Indicator (PI) reports, also called Annex F. This report is produced by Harlem Hospital's Quality Assurance (QA) unit on a quarterly basis and is based on patient data stored in several computer systems. The indicators measure the quality of patient services provided by Columbia. They include 15 performance indicators, which should be reported in four categories: Regulatory, Patient Satisfaction, Quality, and Efficiency.

However, the original Fiscal Year 2009 PI report we received from OPSA contained 20 indicators instead of 15, and only one category (Quality), instead of the four required by the contract. When we brought this to the attention of HHC officials, they provided us with three additional PI reports for Fiscal Year 2009 with different indicator amounts and categories. We were unable to determine which report contained the accurate indicator amounts. As of May 14, 2010, the date we issued the preliminary draft report, HHC was still compiling the data for Fiscal Year 2008 performance indicators. As a result, we had no assurance that HHC was monitoring Columbia's performance in relation to these indicators.

It was not until the June 3, 2010 exit conference that we were provided with the PI report for Fiscal Year 2008. We were also provided with an updated PI report for Fiscal Year 2009, which showed different performance indicator amounts than the previous Fiscal Year 2009 PI reports that we had received. As a result of HHC's tardiness in presenting final PI reports to us for these years, we were unable to conduct verification tests to determine the accuracy of these reports.

In addition, there were discrepancies between NYSDOH data in the PI report provided to us by QA and the corresponding information we retrieved from the State website. For example, QA reported two instances of noncompliance with patient care indicators in Fiscal Year 2009; however, we identified a total of eight deficiencies posted on the NYSDOH website for the same period. During the exit conference, HHC stated that the discrepancy between the PI reports and NYSDOH website was due to the fact that HHC only reports citations related to medical staff. However, the contract states that all regulatory NYSDOH citations should be noted in the PI report, not just those related to the medical staff. Furthermore, all eight citations on the NYSDOH website related to the medical care provided by the affiliate at Harlem Hospital and

should have therefore been included in the PI report. The eight citations related to: medical staff (2), nursing services (2), medical records, outpatient services, incident reporting, and quality assurance.

The monetary incentive based on the performance indicators is a maximum of $1.5 million over the three years of the contract, or less than one percent of the total contract amount. There was no evidence that any Fiscal Year 2008 or 2009 funds had been paid or withheld based on the performance indicators. However, since the PI reports are to be the basis for calculating performance-related bonuses and withholdings and for providing information on the quality of patient services, it is essential that the reports be complete and accurate.

HHC Response: "The PIs required by the Affiliation contracts are a small subset of those already reportable indicators. In addition, HHC monitors performance on quality indicators by participating in nationally recognized quality assurance programs and by reporting results to the quarterly Quality Assurance Committee of the HHC Board. The completion of the performance indicator form and submission to OPSA is independent and inconsequential to the thorough monitoring of quality indicator performance by State and Federal accreditation and regulatory agencies."

Auditor Comment: HHC's minimizing of the significance of the performance-based provisions of its affiliation agreement with Columbia stands in stark contrast to its July 26, 2007 report to its Board of Directors (which is available on its website) in which it states that the new three-year agreement "will continue to compensate Columbia University based on performance and productivity." The report further states that "a pay-for-performance model will be implemented to assess improvement in areas of regulatory compliance, satisfaction of Centers for Medicare and Medicaid Services' (CMS) indicators, and facility-specific quality and efficiency indicators." In addition, HHC provided no supporting evidence of its quality assurance program efforts.

HHC Response: "At the exit conference on June 3, 2010 and provided in writing as a follow-up, HHC discussed that 6 of the deficiencies (all but the 2 identified as 'Medical Staff') reported on the NYSDOH website are attributable to Harlem Hospital actions and not, in fact, 'related to the medical care provided by the Affiliate.' Therefore, they could not properly be included in the PI report. Moreover, Columbia University could not properly be charged any related withholds under the contract. The Affiliation Agreement (Section 7) clearly states that 'if the Affiliate fails to satisfy any Performance Indicator due to factors under the Corporation's control the Affiliate shall not be subject to the withholds.' As discussed with the auditors, only the two citations numbered 405.4(a)(l)(i), where the deficiency category is titled Medical Staff, are attributable solely to Harlem Hospital's Affiliate. This confirms the information both given to the auditors by Harlem Hospital's Quality Assurance Department and reflected on the Annex F." [Emphasis in original]

Auditor Comment: The performance indicator to which HHC is referring is identified on the PI reports provided to us at the exit conference and in the affiliation agreement as one pertaining to regulatory "citations re: patient care," not just to citations relating to

medical staff. Furthermore, HHC provides no evidence to support its argument that the citations relating to outpatient services, incident reporting, quality assurance, and medical records were attributable to Harlem Hospital actions and were unrelated to the medical care provided by Columbia. In fact, considering Columbia's major involvement in the provision of patient care at Harlem Hospital, HHC's argument in this regard is highly dubious. Accordingly, our finding remains.

Noncompliance by HHC with Annual Audit Requirement of the Agreement

The contract requires that HHC conduct annual audits of the affiliate's operation. However, these audits were either not conducted or were performed late. Consequently, HHC did not meet its monitoring responsibilities in relation to this affiliation agreement.

According to the agreement, "The Corporation shall use its best efforts to conduct its Final Audit within one year and three months from the date of its receipt of the Affiliate's Annual Audit Report."

While Columbia's annual audit reports were generally issued on time, usually within six months of the end of the fiscal year, HHC was lax in complying with its contract monitoring responsibility. HHC provided external audit reports for Fiscal Years 2003 through 2007 from the firm (Dadia) HHC hired to audit the affiliate's operations. However, four of the five reports were issued late. According to the affiliation agreement, the Fiscal Year 2003 report was issued one week late, and the Fiscal Year 2004 report was issued five months late.

According to the HHC contract with Dadia, the Fiscal Year 2006 report was issued two and one-half years late, and the Fiscal Year 2007 report was issued one year and seven months late. The due date for the Fiscal Year 2008 audit report was July 31, 2009, and the due date for the Fiscal Year 2009 audit report is July 31, 2010. The Fiscal Year 2008 audit report is overdue.

Moreover, the contract includes a provision that allows HHC to penalize Dadia two percent of the total audit fees for each day that the report is late. According to the contract signed with Dadia, the maximum amount to be paid for the audit work is $362,615 for the Fiscal Year 2006 audit report, $370,863 for the Fiscal Year 2007 audit report, and $379,111 for the Fiscal Year 2008 report. HHC informed us on April 16, 2010 that it had paid Dadia $33,811 for the audit reports for Fiscal Years 2006 and 2007. If the delay penalty had been imposed on Dadia for these reports, no payments to Dadia would have been required.

Both the Fiscal Year 2006 and the Fiscal Year 2007 audit reports were issued on March 1, 2010. The Fiscal Year 2007 Management Letter was very similar to the one issued for Fiscal Year 2006. For example, the only floor-check information provided in the two reports related to floor checks conducted on March 15 and 29, 2007. Therefore, the floor-check information provided in the Fiscal Year 2006 audit report related to audit steps conducted during Fiscal Year 2007.

As stated above, HHC reached a settlement with Columbia in May 2009 for Fiscal Years 2006 and 2007, so Dadia's audit reports will have no impact on the reconciliations for those years. In fact, the Fiscal Year 2006 report recommended that Harlem Hospital charge the affiliate for all direct and indirect costs related to research protocols. Although Dadia's audit reports also address operational issues, delays in the preparation of these reports have postponed the correction of the operational problems they identify. For example, the Fiscal Years 2006 and 2007 reports note that the affiliate operated without subcontractor agreements with several providers, a deficiency that we found still existed in Fiscal Year 2009.

HHC Response: HHC argued that Dadia's audits were not late, based on the due dates as stated in the Affiliation Agreement. HHC stated:

"The audit for FY 2006 was due no sooner than June 15, 2008, not September 1, 2007, as the audit report infers;
The audit for FY 2007 was due no sooner than January 31, 2009, not October 1, 2008, as the audit report infers;
The audit for FY 2008 was due no sooner than March 29, 2010, not July 31, 2009, as the audit report infers; and
The audit for FY 2009 — the purported subject of the Comptroller's audit — is due no sooner than March 23, 2011, nine months later than the July 31, 2010 date referenced in the audit report.

"Moreover, the report mischaracterizes the FY 2004 audit as having been five months late, when, in fact, that audit was completed well on time. The FY 2004 audit was not due until March 2, 2007, and therefore, was submitted seven months before the deadline."

Auditor Comment: In determining the due dates for the Dadia audits for Fiscal Years 2006 through 2010, we used the agreed-upon dates as per HHC's contract with Dadia, rather than the affiliation agreement. According to the due dates as per the Dadia contract, the audit reports for Fiscal Years 2006 and 2007 were two and one-half years and one year and seven months late, respectively. Additionally, as per the contract, the Fiscal Year 2008 audit report was due on July 31, 2009 and is overdue, while the Fiscal Year 2009 audit report is due on July 31, 2010.

In its response, HHC cites the due dates according to the affiliation agreement. However, even by that standard, the audit reports for Fiscal Years 2006 and 2007 were still late by one year and eight months and one year and one month, respectively, and the Fiscal Year 2008 audit report has been overdue since March 29, 2010. In terms of the Fiscal Year 2004 audit report, if Columbia's external audit report was completed by December 31, 2004, as required by the affiliation agreement, then the Dadia report should have been completed by March 31, 2006 (i.e., within one year and three months of the completion of Columbia's external audit, as also required by the affiliation agreement). For Dadia's report not to have been due until March 2, 2007, Columbia's external audit report must not have been completed until December 2, 2005, or more than 11 months late.

Recommendations

HHC should:

16. Ensure that the PI reports prepared by Quality Assurance are complete, accurate, and in compliance with the contract.

HHC Response: "Whereas the final PI reports used in determining withholds and bonuses are complete, accurate and contract-compliant, Quality Assurance will review the PIs in the agreement before issuing any draft PI reports to ensure that any and all drafts issued are also compliant, accurate and consistent with contract terms of affiliation agreement between HHC and CU."

17. Maintain documentation for all performance-based bonuses and withholdings.

HHC Response: HHC argued that it already complies with this recommendation and stated: "HHC maintains final Performance Indicator reports that are complete, accurate and contract-compliant, for use in determining withholds and bonuses. Withholds and bonuses are calculated according to the contract, and implemented through the annual reconciliation process; they are supported through inclusion of the PI reports and associated calculations as back-up in the recalculation documents."

Auditor Comment: As stated above, HHC did not provide final PI reports for Fiscal Years 2008 and 2009 until the June 3, 2010 exit conference. No documentation was provided to support the performance indicators presented in these reports. Absent any evidence, we are unable to verify the accuracy of these reports.

18. Ensure that its contractor's annual audits of the affiliate are completed on time.

HHC Response: "The Office of Internal Audits is working together with Dadia, OPSA, Harlem Hospital and Columbia to ensure affiliation audits are completed within timeframes established by both the Dadia, and the affiliation, agreements. Extensions will continue to be granted only for additional audit procedures requested outside of the contracted audit scope."

19. Evaluate Dadia's responsibility for the delays in issuing annual audit reports on the affiliate and recover the appropriate amount from the payments already made.

HHC Response: HHC argued that it already performed this evaluation and stated: "The delays for issuing final reports were due to HHC's expansion of Dadia's audit scope. Supplemental audit procedures were implemented to ensure Affiliate compliance with new operating procedures, and time and compensation requirements related to grant/research protocols. Dadia performed these supplemental audit procedures at no additional cost to HHC. As a result, assessment of a late penalty fee was not warranted."

Auditor Comment: The added audit steps described by HHC involved routine sampling techniques and do not justify the one and one-half to two and one-half years of delays in finalizing the Fiscal Year 2006 and 2007 audit reports according to the time frames specified in HHC's contract with Dadia.

Other Matter

Written Procedures

During the audit, HHC and Columbia provided very few written procedures on their key efforts to ensure that contract provisions are met. As a best business practice, it is important that an organization develop written procedures to help ensure that its key operations are implemented efficiently, effectively, and consistently.

We requested copies of written procedures from the affiliate and relevant HHC and Harlem Hospital units. During the audit, we received the *Affiliation Contract Operational Manual* and Annex Instructions from HHC's OPSA. However, despite repeated requests, we did not receive written procedures from the affiliate, HHC's Internal Audit unit, or Harlem Hospital's Finance or Quality Assurance units. HHC Central Finance furnished us a one-page document prepared by KPMG, its external audit firm, for issuing payments to the affiliate. However, the document did not cover the entire payment process and did not show that a proper segregation of duties is in place for the payment approval process.

During the exit conference, we were provided with new procedures from the affiliate, the HHC Central Finance unit, and the Harlem Hospital Finance unit. The new HHC Central Finance unit procedure now more fully explains the payment process, including the segregation of duties. However, the Harlem Hospital Finance unit's procedures for reviewing provider rosters and handling the payment reconciliation process are very limited.

Recommendation

HHC should:

20. Develop specific written procedures concerning the role of the Harlem Hospital Finance unit in the review of provider rosters and in the processing of affiliate payment reconciliations.

    HHC Response: "HHC will add specific activities and time frames to further operationalize the already-identified roles and responsibilities of the Facility Finance Office in the Affiliation Contract Manual."

NEW YORK CITY HEALTH AND HOSPITALS CORPORATION
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Alan D. Aviles
President

Ms. Tina Kim
Deputy Comptroller for Audits
The City of New York
Office of the Comptroller
1 Centre Street Room 1100
New York, New York 10007-2343

June 25, 2010

RE: Audit Report on the Harlem Hospital Affiliation Agreement with the Columbia University Health Sciences Division
Audit Number ME 10-067 A

Thank you for the opportunity to respond to your draft audit report regarding the above-captioned subject.

Under a long series of affiliation contracts, Columbia University has provided physicians, ancillary staff and supervising medical personnel to Harlem Hospital for several decades. Columbia University also has provided supervision for medical residents who train across various clinical disciplines at Harlem Hospital.

In general, your report correctly notes some deficiencies by both parties in strict compliance with affiliation contract language and makes some worthwhile recommendations. However, many of your report's primary assumptions and conclusions are grossly misleading and inaccurate. We provided your auditors with many facts about the management of the contract, as well as voluminous documentation of the meticulous reconciliation of payments to actual documented expenses, yet the import of these facts and documentation are not fairly reflected in your draft report. Our concerns were discussed with the principals in your Audit Department during the June 3, 2010 exit conference.

Reading the draft report, one gets the mistaken impression that HHC may have failed to guard public funds or adequately monitor Columbia University's reimbursable expenditures under the contract. This is simply not the case. While the current audit of the Affiliation agreement found discrepancies between the contract language and its implementation, there was no evidence of the misuse of funds.

Although the auditors performed very limited testing, they nonetheless came to overly broad and misleading conclusions. For example, the audit reports a lack of management oversight of the Affiliation contract. The facts (and extensive documentation shared with the auditors) reveal otherwise and the auditors' conclusions to the contrary do not present a fair and balanced assessment of the reality.

In fact, HHC's Office of Professional Services and Affiliations (OPSA) conducted approximately 1,000 substantive contract-related interactions with the personnel at Harlem Hospital and/or Columbia University between 2002 and 2010. In FY 10 alone, OPSA and the Harlem and Columbia staff consulted on the preparation of the fee statements and recalculation documents over 40 times. These interactions are all documented through contemporaneous log entries, all of which were shared with your auditors. In addition, leadership at Harlem Hospital meets regularly with Columbia University Affiliate leadership to discuss staffing and other issues at monthly Joint Oversight Committee meetings. Furthermore, Harlem Hospital adheres to a rigorous weekly Vacancy Review Board process in the vetting of Affiliate personnel actions.

Most significantly, the audit report demonstrates a fundamental mis-understanding about how Affiliate compensation is determined and the role of the roster and provider workload in the determination of payments. The audit report focuses on the technical obligation of the fee statements and recalculations without acknowledging the complexity behind the accurate preparation of these documents or the fact that contract compensation is set at only 95% of documented costs at the outset of a contract period subject to later reconciliation to actual costs throughout the contract term. The settlements arrived at in 2007 and again in 2009 were based upon a review of extensive paper documentation, made available to the auditors, which tied every penny of payment to work performed in the delivery of services to patients. The auditors point to no deficiency in this documentation proffered that would suggest otherwise.

Other broad sweeping statements and conclusions are similarly not supported by the facts and the documents. For example, the report asserts that there were "numerous discrepancies" in the contract service provider rosters. In fact, as our attached detailed response explains, your auditors' review found only one of almost 600 contract roster lines that were inappropriately omitted from the Annex A roster document to which it was compared. This minimal discrepancy of less than one fifth of one percent is not material and, in any event, was corrected in the subsequent quarterly annex submission.

Attachments A and B respond more fully to the audit findings/issues as outlined in the draft audit report. Attachment C is the Audit Implementation Plan, which addresses all of the recommendations cited in the draft audit report.

If you have any questions regarding our response, please call Mr. Walter Otero, Assistant Vice President, Office of Internal Audits, at 646-458-5603.

Sincerely,

Alan Aviles

cc: Ramanathan Raju MD, MBA, FACS, Executive Vice President/Chief Medical Officer, Medical & Professional Affairs
Frank Cirillo, Senior Vice President Chief Restructuring Officer,
Jose R. Sanchez, Senior Vice President, Generation+ Northern Manhattan Network
John Palmer, PhD., Executive Director, Harlem Hospital Center
Lee Goldman, M.D., Dean, Faculty of Health Sciences and Medicine, Columbia University
Christopher Telano, Chief Internal Auditor/AVP, Office of Internal Audits
Walter Otero, Assistant Vice President, Office of Internal Audits
Linda Landesman, Dr.PH., M.S.W, Assistant Vice President, Professional Services & Affiliations

COLUMBIA UNIVERSITY
MEDICAL CENTER

College of Physicians & Surgeons
College of Dental Medicine
Mailman School of Public Health
School of Nursing

Lee Goldman, MD
Executive Vice President for Health and Biomedical Sciences, Columbia University
Dean of the Faculties of Health Sciences and Medicine, Columbia University Medical Center

June 22, 2010

Mr. Alan D. Aviles
President
New York City Health and Hospitals Corporation
125 Worth Street, Room 514
New York, NY 10013

Dear Mr. Aviles:

Thank you for sharing a copy of the HHC response to the draft audit report and for allowing the University the opportunity to respond as well. We share HHC's concerns that the report is misleading and appears premised on a fundamental misunderstanding of the Affiliation Agreement that governs the relationship between the University and HHC. The Audit Report contains numerous errors and draws incorrect conclusions, the most disturbing of which is that because of minor discrepancies between the Affiliation Agreement and its implementation, there has been non-compliance by Columbia. As you know, that is simply not the case.

We were particularly dismayed that the audit alleges the University did not submit timely fee statements for FY '08 and FY '09. In fact CU has submitted those fee statements to the Facility and has provided additional information (beyond what the Affiliation Agreement requires) as requested by the Facility. In addition, FY '08 recalculation reports have been submitted; and, as soon as that process is complete, the FY '09 recalculation reports will be submitted. The ongoing review of all these work papers has been extensive, thorough, and interactive.

Also troubling was the assertion of deficiencies in the University's time records, despite the fact that the audit found only minor discrepancies in the Certificates of Effort and Timesheets, which are used to document the performance of services by medical and non-medical providers under the contract. Of particular note, the audit findings were based on a period prior to the University's issuance of new time-records policies and procedures. The audit report fails to note this directive, despite our having shared these documents during the June 3, 2010 Exit Conference.

Nor do we understand the assertion of unreliable rosters. To the contrary, the University demonstrated that it maintains a detailed, up-to-date roster. On the auditor's review, only a single provider out of the almost 600 provider lines was not placed on the roster at the appropriate time. The audit fails to note that this provider was, in fact, appropriately providing services under the Affiliation and was added to the very next quarterly filing by the University prior to audit roster testing.

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Attachment B contains the University's detailed response to the audit. Like you, we are confident that there were no significant discrepancies to warrant a conclusion that Columbia is non-compliant with the contract.

We reaffirm our pledge to work with you to strengthen and reinforce the policies and procedures already in place at Columbia's Affiliation Office at Harlem Hospital and to implement any additional appropriate measures in those areas where this audit found our processes and procedures should be improved.

Sincerely yours,

Lee Goldman, MD

cc: Joanne Quan, Senior Vice President/CFO, Columbia University Medical Center
Steven Shea, Senior Vice Dean, Columbia College of Physicians and Surgeons
Francine Caracappa, Controller, CUMC
Heidi Aronin, CAO, Columbia University Affiliate Office at Harlem Hospital
Ramanathan Raju M.D., M.B.A., FACS, Executive Vice President/Chief Medical Officer, NYC HHC
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ATTACHMENT A

NEW YORK CITY HEALTH AND HOSPITALS CORPORATION (HHC) RESPONSE TO AUDIT ME10-067A

OVERVIEW

The auditors correctly note some deficiencies in strict compliance with affiliation contract language and make some worthwhile recommendations. However, many of the report's primary assumptions and conclusions are grossly misleading and inaccurate. Reading the draft report, one gets the mistaken impression that HHC may have failed to guard public funds or adequately monitor Columbia University's reimbursable expenditures under the contract. This is simply not the case. While the current audit of the Affiliation Agreement found discrepancies between the contract language and its implementation, there was no evidence of the misuse of funds.

During the field work and meetings to discuss the audit, HHC provided many facts about the management of the contract, as well as voluminous documentation of the meticulous reconciliation of payments to actual documented expenses; yet, the import of these facts and documentation are not fairly reflected in the draft report.

Contrary to the audit report's assertions, HHC and Columbia have demonstrated to the Comptroller's Office that we have a multi-step management system in place to ensure compliance with the contract and the protection of public funds. There is strong monitoring of the Affiliation Agreement at all levels of HHC. At the highest level, the President and Executive Vice President meet several times a year with senior management from Columbia University to discuss financial, operational, and patient care issues related to the Affiliation Agreement. At the corporate level, HHC's Office of Professional Services and Affiliations (OPSA) conducted 989 substantive interactions with the personnel at Harlem Hospital and/or Columbia University between 2002 and 2010. In Fiscal Year (FY) 2010 alone, OPSA and the Harlem and Columbia staff consulted 43 times on the preparation of the financial documents. At the network and facility level, leadership at Harlem Hospital meets regularly with Columbia University Affiliate leadership to discuss staffing and other issues through their monthly Joint Oversight Committee (see Agreement, §10). Further, Columbia University and Harlem Hospital participate together in a collaborative weekly Vacancy Review Board process to vet all Affiliate personnel actions (see Agreement, §2.4(a)).

Noncompliance with Contract Provisions and Inadequate Contract Oversight

Failure to Submit Fee Statements and Recalculation Documents

The audit incorrectly concludes that "annual reconciliations were generally not performed" and that HHC "did not meet its responsibilities to closely monitor the affiliate's financial and administrative practices," based on the absence of Fee Statements

and Recalculation Documents. As a result, the audit expresses concern that HHC "might not have received the full contractual benefit for monies paid" and that there is an "increased risk that some of the funds" were not spent in compliance with the Agreement. In fact, the audit identified absolutely no misuse of contract funds by Columbia. While the auditors had substantial time and opportunity to identify any financial malfeasance – they found none.

Apart from the auditors' unsupported speculation as to what "might have" happened if the facts had been different, the audit report (1) fails to recognize the strong protective mechanisms that HHC has put in place both prospectively in the establishment of payment levels, and retrospectively in the conditions for reconciliation, to prevent any possible misuse of funds; and (2) focuses on whether or not the Fee Statements and Recalculation Documents were technically completed, without recognizing the on-going exchange of documentation and the ongoing monitoring of Affiliate expenses that made any settlement possible. In fact, the multi-year settlements which the auditors highlight ultimately accomplished the identical year-by-year reconciliations that would have been achieved by completion of the Fee Statements and Recalculation Documents. Any monies paid to Columbia were payments for actual performance of agreed-upon services and were due Columbia regardless of the paperwork. This was not acknowledged in the audit report.

In particular, it is significant that in multiple meetings (March 25, May 4, and the exit conference on June 3, 2010) HHC informed the auditors about the extensive history of draft Fee Statements and Recalculation Documents that were exchanged, reviewed and revised by the parties over much of the period cited. In these same meetings HHC informed the auditors about the detailed ongoing and real-time process used for determining the amounts paid in the settlements, and that these settlements were only the last step in the reconciliation of compensation due. We provided samples of the extensive documentation and review and approval process to the auditors; examples of the comprehensive summary data and analyses submitted are attached to this response as Exhibit A-1. Importantly, the auditors were told in these meetings that the settlements and the work preceding them exactly mimicked the reporting and recalculation processes required by the Agreement.

While the auditors acknowledge receipt of the FY 2002 and 2003 Recalculation Documents, they do not mention the functionally equivalent "Fee Statements" that were submitted within the same spreadsheet files as back-up to those documents. Further, the auditors got it backwards in stating "[s]ince fee statements and recalculation reports were generally not produced, HHC periodically settled with the affiliate." It was because of the extensive and real-time process used to calculate and achieve settlement, that formal production of the Fee Statements and Recalculation Documents would have been duplicative. By characterizing the Settlements as "a very tardy mechanism for reconciling expenditures and payments," the auditors did not acknowledge the timing and import of this underlying review.

Payment Control Mechanisms

HHC has carefully guarded the public's money both by ensuring that advance payments are carefully calibrated, and that they are not adjusted until reconciliation (Agreement, Attachment B, §I.B.2). The audit is concerned that the "approximately $109 million in advance payments" for Fiscal Years 2008 and 2009 have not yet been reconciled to "actual reimbursable expenses." Yet, as discussed on several occasions with the auditors and as reflected in the contract, the $109 million in semi-monthly payments provided for in the Agreement (Agreement, Attachment B, §§I.B.1 and 2b) was calculated to cover only Columbia's existing approved costs as of the beginning of FY 2008. Whereas the auditors express concern that advance payments to Columbia have remained flat, this fact helps ensure that there will be no possible misuse of funds. In fact, any adjustment to the payment level without reconciliation would have implied the very lack of oversight of contract requirements of which the auditors are accusing HHC.

In addition to the strong operational procedures for monitoring the contract that we have discussed in the "Overview" section above, the Affiliation contract itself includes tight controls on the payment for services. Columbia University's semi-monthly payment is calculated to cover approved costs minus vacancies. No additional payment is made until Columbia demonstrates that it has actually incurred the costs for approved expenses, and even then, absent current submission of Fee Statements and Recalculation Documents, the only additional funding available is for previously approved COLAs mandated by collective bargaining agreements (Agreement, Attachment B, §§I.B.2c-e).

Beginning early in FY 2007, in preparation for the FY 2008-2010 contract negotiations, HHC and Columbia undertook a forensic-like review of the roster of Contract Services Providers (the "Contract Roster"). In this mutual review, we ensured that every line on the roster was correct. As example, we eliminated vacant lines for which backfills had not been approved. This Contract Roster was the basis for the opening budget for FY 2008; and, importantly, a five percent "accrual factor" was deducted therefrom (as an estimate of underspending or savings accrued on vacant lines during periods of recruiting) in setting Columbia's advance payment level. Even payment for approved COLAs effective on or before July 1, 2007, was withheld until HHC received verifiable documentation of actual payouts (Agreement, Attachment B, §I.B.2d).

This approach by which HHC retains control over Columbia's payment level in order to minimize the risk of misuse is not new to the FY 2008-2010 Agreement. The FY 2004-2006 Agreement, extended to FY 2007, was also preceded by an intensive review to update the Contract Roster, which was discussed with the auditors. This review process was informed by extensive meetings with each Director of Service and clinical coordinator. The budget and payment levels established for that Agreement reflected the expected savings from agreed-upon personnel reductions, demanded an increasing level of support each year from the Faculty Practice Plan's physician billing revenue, and, again, deducted a sizable accrual factor.

Fee Statements and Recalculation Documents

For the FY 2008-2010 Agreement, HHC has required that Columbia provide the verifiable documentation required by the Agreement in order to be reimbursed for approved expenses. The auditors received copies of the emails in which Columbia fulfilled its responsibility by submitting the required Fee Statements and the subsequent revisions. The Fee Statements and the Recalculation Documents were clearly indicated as attachments. Harlem Hospital has also fulfilled its responsibility by reviewing them and requesting revisions. These documents require the input and verification of thousands of cells. When all cells are correct and confirmed, the Recalculation Documents will be deemed finalized. This review and any additional revisions of the FY 2008 and 2009 documentation have not been completed. This careful and extensive process is the very reason that the FY 2008 and FY 2009 Recalculation Documents are not yet executed.

Moreover, contrary to the statement on page 8 that there is "no evidence that HHC took any action during Fiscal Years 2004 through 2007 to ensure that Columbia prepared and submitted required fee statement and recalculation reports," HHC has regularly consulted and advised on the preparation of the required Fee Statements and Recalculation Documents with Columbia and Harlem Hospital in each of the years since 2002. Demonstration of this reality is found in the extensive logs maintained by OPSA and provided to the auditors, a summary of which is attached to this response as Exhibit A-2. In general, the audit's explicit and implicit characterizations that HHC has not worked to ensure that the proper back-up was submitted, and that the FY 2002-2005 and FY 2006-2007 settlements appeared suddenly on the scene with belated preparation and little justification are just not true.

HHC could have required conversion of the settlement back-up into formal Fee Statements and Recalculation Documents, but that would have been a matter of form over substance. Recalculation Documents and their supporting Fee Statements must be executed by both parties, just like any Settlement Agreement. A Settlement Agreement is a valid legal mechanism for reflecting agreement on the application of a contract's financial terms, and such agreement can legitimately waive any ministerial requirements of the underlying contract – such as submission of Fee Statements and Recalculation Documents. At the same time, the terms and bases for settlement can be laid out in just as exacting a manner as those documents would have done. As was discussed fully with the auditors on several occasions, and as reflected in the extensive worksheets that the auditors received, the Settlements were based on a careful and on-going monitoring and review of expenditures and workload.

Fiscal Years 2002 through 2005

For FY 2002, draft Fee Statements and Recalculation Documents were submitted by Columbia as far back as the spring of 2003. For the FY 2003 reconciliation, discussions and the exchange of data began in February 2004; these were incorporated into draft Fee Statements and Recalculation Documents for FY 2003 beginning in July 2004. All of these documents underwent extensive review and revision, including the repeated updates of the mammoth back-up spreadsheets and raw payroll runs for every

department and every account – every facet of the affiliation operation. The Recalculation Documents for FY 2002 and 2003 were, in fact, finalized by about December 2004; they simply were executed through incorporation, dollar for dollar, in the FY 2004 and 2005 Settlement amounts.

The amounts incorporated for FY 2004 and 2005 were the product of the same sort of scrutiny, and recognized only those expenditures associated with approved modifications to salaries and positions. The same intensive review that established the opening contract roster for the FY 2004-2006 Agreement also provided the supporting back-up for the resolution of FY 2004 and 2005 in the FY 2002-2005 Settlement Agreement. HHC assessed add-on requests, COLA expenses, workload-based revenue calculations, and the application of other contractual terms that would have been addressed in any formal Recalculation Document. The Settlement Agreement also reflected the formal approval or rejection of each requested budget modification and a revised advance payment amount for FY 2006 just as any formal Recalculation Document would.

Moreover, the analysis and negotiations as to FY 2004 and 2005 expenditures underlying this Settlement began as early as August 2005. While the last details were resolved upon execution of the Settlement Agreement on January 13, 2006, the amounts and conditions of settlement were set forth in an offer letter from HHC that Columbia accepted on September 19, 2005 – soon after the end of the period at issue. Resolution was not nearly so "tardy" as the audit report implies.

Fiscal Years 2006 and 2007

Shortly after execution of the FY 2002-2005 Settlement Agreement, negotiations for a successor Affiliation Agreement were commenced, in which Columbia argued for a further increase to their budget and payment levels. Such increase inevitably would have incorporated unapproved expenditures that were not recognized in the FY 2002-2005 Settlement Agreement, but which Columbia indicated were nonetheless necessary and appropriate to the furnishing of services to patients. The parties agreed to work together to analyze the roster and other expenses to determine whether an increase to Columbia was justified.

The parties began promptly to review all personnel actions over the course of FY 2004 through 2007. As necessary, we validated and corrected the roster to reflect the line-by-line, action-by-action, "roll-forward" of all personnel actions. The rigorous process by which HHC reviewed, validated and analyzed the approved and unapproved changes in actual staffing and salaries that were for services at Harlem, as well as the corresponding FY 2006 and FY 2007 expenditures, was described in detail to the auditors; samples of the summary data and analyses submitted are attached to this response (Exhibit A-1). The massive raw data files and underlying analytic spreadsheets were shared with the auditors as well, and the exhaustive, layered process by which this detailed accounting was performed was described to, and acknowledged by, the auditors. As a result of a reconciliation process that was as rigorous as the production of any Fee

Statements and Recalculation Documents, the parties agreed that the Settlement could officially substitute for the "Recalculation" review.

This Settlement process also was not "a very tardy mechanism for reconciling expenditures and payments," as the auditors allege. It was not some belated retrospective; in fact, the process was initiated contemporaneously during FY 2007, and involved examination of FY 2006 actions and expenses during the very same time frame in which any Recalculation process would have commenced. Perhaps the auditors were confused by the May 2009 execution date of the Settlement Agreement upon which the review was based. The key financial determinations were long known by that point, and execution was attenuated only by the intervening negotiations for the FY 2008-2010 Agreement, and the associated establishment of the new budget and payment level.

By focusing on the execution date of the Settlement, the auditors fail to recognize that it was the result of on-going, timely and rigorous monitoring, review and analysis through which HHC ensured that payments were properly reconciled to the correct amount of compensation due. It is not true that HHC made a "decision to not require Columbia to fulfill its contractual responsibilities." In fact, HHC insisted on a more rigorous documentation and accounting requirement, which was detailed in both discussion and supporting documentation on numerous occasions to the auditors.

Settlement Amounts

The audit states "Had HHC closely monitored Columbia's activities during these periods, it might have avoided the huge payout and waiver it agreed to." This statement does not accurately reflect the contract process:

- It ignores the fact that expenditures do not determine compensation due to the Affiliate, they only inform that determination. Amounts are not "paid out" or "waived" after-the-fact merely so that payments match the dollars expended by the Affiliate. Calculated amounts are paid out, or recouped, as the case may be, so that payments match the calculated compensation due to the Affiliate; that calculated compensation due excludes all inappropriate expenditures.

- It disregards the other aspects of the payment control mechanisms described above – spending is constrained by both the initial payment level established, and by the lack of increase in payment levels pending reconciliation through the Recalculation Documents.

- It disregards the history, which demonstrates that HHC did, indeed, closely monitor Columbia's activities with respect to approved add-ons, actual expenditures and variances between the two.

- Significantly, the settlement amounts cited in reference to the "payout and waiver" are wrong and/or mischaracterized.

The auditors have persisted in characterizing the FY 2006-2007 Settlement as waiving $5.4M "due from Columbia," without regard to information to the contrary that HHC has shared with them. HHC explained to the auditors that the detailed documents they had received from HHC (samples of which are included in Exhibit A-1), had been developed to present to Columbia a "worst-case scenario" – $17.5M in non-reimbursable costs – should the prior approval requirements of the Agreement be most strictly applied. In fact, as HHC further explained, the Settlement rejected that approach, because HHC ultimately agreed that it could, and should, properly reimburse some of that $17.5M. Therefore, HHC did not "waive" $5.4M "due" on Settlement; instead, HHC ultimately determined to deem $5.4M of the $17.5M total as worthy of retroactive approval, and inclusion in Columbia's compensation due. And HHC did so for very good and responsible reasons.

As explained to the auditors, while $17.5M in spending by Columbia over the two years did not comport strictly with the prior approval requirements of the Agreement, HHC nevertheless benefited by, and properly billed for, the services furnished by the unapproved staff. If approvals had been sought timely by Columbia, many such approvals would have been forthcoming. Columbia supported this argument through clinical justifications offered in conjunction with its subsequent requests for retroactive approval of many of these actions, which were included in documents shared with auditors. Therefore, at the time of the Settlement, HHC determined that retroactively approving $5.4M in spending – which would result in no amounts due between the parties in settlement of the two years – was a reasonable result as fair payment for services actually rendered and actually needed. On the other hand, the auditors' statement that "HHC ultimately accepted most of these actions" is inaccurate: $5.4 million is hardly "most" of $17.5 million.

The only challenge offered in the audit that bears upon this argument on the merits was that the auditors "found examples of the affiliate hiring temporary providers without HHC approval." Not surprising, as HHC itself had found approximately $7.75M in unapproved sessional and per diem expenditures over the two years, as clearly highlighted in the detailed spreadsheets submitted during field work to the auditors. But that amount is well within the $12.1M in unapproved costs that Columbia bore as a result of the Settlement. Moreover, the audit's assertion that it "is possible that some of the Affiliate's hiring actions would have been rejected by HHC had they been submitted to HHC before they were finalized" is completely unavailing. Here the auditors' speculation is no reach – HHC already acknowledged this by, in fact, disallowing $12.1M of the total expenditures reported by Columbia.

The report states that "the affiliate's external auditor concluded that the affiliate's expenditures exceeded receipts from HHC by a total of $15,286,847 for these years," as compared to the $17.5M in "non-reimbursable costs" that HHC had initially identified. This comparison is misleading – the two figures are not measuring the same thing. Columbia's audit is not opining as to whether that extra $15.3M was "reimbursable" or not – simply that it was spent in excess of payments received. In fact, Columbia's audit showed total expenditures that exceeded those acknowledged as "contract-related" by

HHC. This finding reflects, in part, that HHC does not recognize allocated amounts from University-wide overhead or fringe benefits as contract-related, whereas Columbia's audit accounts for those amounts, which are charged as Affiliation expenditures in the University's books. Further, Columbia's audit includes payments and expenditures for network services furnished at other HHC hospitals as part of a cross-hospital program. These network services are not part of Columbia's Affiliation Agreement with Harlem Hospital with which the audit is concerned. HHC's examination addresses only those payments and expenditures associated with services furnished at Harlem Hospital Center. Finally, Columbia's audit reports cash in the year expended, while HHC's examination attributes costs to the year in which the associated services are furnished. The figures and comparisons are "apples" and "oranges."

With respect to the FY 2002-2005 Settlement, the audit figures are particularly misleading. The audit claims that $7.7M was paid to Columbia per that Settlement. But $2.4M of that amount was not paid in settlement of FY 2002-2005 at all. It constituted an adjustment to Columbia's advance payments for FY 2006, reflecting the annualized value of the add-ons approved in the settlement of FY 2004-2005 (Settlement Agreement, §5 and Exhibits B & E). Further, these monies were subject to reconciliation according to the existing terms of the Agreement (as the subsequent review and resolution of FY 2006 confirmed).

Of the remaining $5.3M, first, $1.6M was a net amount due to the Faculty Practice Plan (Settlement Agreement, §2 and Exhibit A), calculated to the dollar per Attachment J to the Agreement. It was properly paid to the FPP for the physician billing revenue component of HHC's global receipts. Further, this pass-through is for monies due to Columbia University separate and apart from any calculations in the Recalculation process. Second, $1.7M was due to Columbia for workload generated in FY 2004-2005. Payout of those monies could not have been "avoided" by HHC under any circumstances. Finally, the remaining $2.0M consisted of $1.5M paid out for approved COLAs required per Columbia's collective bargaining agreements, and about $440K for approved add-ons for FY 2004-2005, net of the takeback due from Columbia for FY 2002-2003. This was hardly a "huge payout" that "might have been avoided" by different practices on HHC's part. Moreover, HHC submitted back-up as to these detailed breakouts to the auditors.

Noncompliance with Subcontractor Provisions

The auditors' assertion that "Columbia lacked agreements with *some* subcontractors that provide services to Harlem Hospital patients on a per diem or temporary basis" is inaccurate [emphasis added]. In fact, there was only *one* subcontractor with whom Columbia did not have a signed agreement and even in that case, this was a subcontractor with whom Columbia had a previously executed contract. Further, Columbia did not need to have subcontracts with those individuals inadvertently identified as consultants on the assignment schedules (but correctly identified on the contract roster) because they were in fact salaried employees.

Regarding procurement, HHC will work with Columbia to develop a checklist that integrates both HHC and Columbia University policies and procedures.

Noncompliance with Timekeeping Provisions

The auditors express concern that timekeeping deficiencies have resulted in providers being paid for insufficiently documented hours of work, and paid wages in excess of contractual salaries absent supporting evidence, concluding that HHC "might have overpaid Columbia." They opine that "inconsistencies" between assignment schedules, time records and the contract roster "are troubling because HHC's payments to Columbia should be based on accurate records."

We believe that these speculations are unsupported and that the auditors have not considered the fact the HHC has made only advance payments to date for FY 2008-2009, and, therefore, has neither funded, nor failed to fund, any particular expense to date. Moreover, HHC is protected from reimbursing Columbia for any expenditures that are undocumented, unsupported, and/or inconsistently reported with respect to the timekeeping provisions of the Agreement. The Agreement expressly provides that such costs are excluded from allowable costs (Agreement, Attachment B, §§III.C.1 and 2).

The auditors opine that "HHC needs to improve its monitoring of the affiliate's compliance with the timekeeping provisions of the contract" to ensure accurate payment. HHC agrees that in the areas where procedures regarding assignment schedules and time records can be tightened, HHC will refine and formalize enhanced procedures for periodic review and comparison. However, for Physician Providers listed on the assignment schedules, the contract requires weekly certificates of effort that specify the number and location of hours worked; the Affiliate is obligated to direct such providers that such records be accurate and complete. For non-physicians, Time Records must simply be certified reports of times in and out. Thus, although HHC can and will improve its monitoring to ensure that the Affiliate periodically validates the accuracy of the time-keeping information it reports, as required, HHC has concluded that the actual time-keeping documents and procedures employed by the Affiliate are, in fact, in compliance with the Agreement (see Agreement, §§2.4(b)-(c) and 16.4).

Unreliable Provider Rosters

The suggestion that Harlem Hospital did not regularly review the provider rosters prepared by Columbia University is materially incorrect. Columbia and Harlem were doing what was required to maintain, update and review the Roster. The Roster maintained by Columbia reflects the changes approved through the Vacancy Review Board (VRB) proceedings, tracks every change, the reasons and effective dates for every action, and the associated dollar impact. Harlem regularly reviews and validates Columbia's changes against the extensive documentation of the VRB proceedings and exception requests approved by HHC Central Office.

This roster update is ongoing, complete, and reliable as evidenced by the fact that when the auditors' review is corrected, as described below, only one of almost 600 Contract Roster lines was inappropriately omitted from the Annex A roster document to which it was compared. This minimal discrepancy of less than one fifth of one percent is not material and in any event, was corrected in the subsequent quarterly annex

submission, prior to the audit's commencement. The supporting data was provided to the auditors during field work and the reconciliation detailed below was discussed during the exit conference; supporting documentation was provided and is attached as Exhibit A-3. Therefore, we are puzzled by the continued inclusion of this finding.

The auditors' underlying finding that "there were striking differences between the two rosters" is inconsistent with the objective reconciliation of the contract roster information provided. The audit report is incorrect in stating that 34 CU contract providers were not listed on both the OCR emailed on February 16, 2010 and the June 30, 2009 Annex A Part 2 annual Roster of Contract Service Providers. Further, a mere comparison of these two snapshots is not evidence of a broad failure by HHC to track the number of providers and the associated costs, which the audit asserts.

Harlem Hospital conducted a detailed review of the documents (February 16, 2010 OCR and the Annex A Part 2 Roster) provided to the auditors. HHC and Columbia's reconciliation (see attached) for each of the missing positions referenced by the NYC Comptroller revealed that 33 of the 34 were accounted for, as follows:

- 27/34 were found on both reports (Annex A Part 2 line references for each position are provided in the reconciliation);
- 1/34 positions was not listed because the effective date of the position on the contract roster was in July 2009 (the provider came on board after the June 2009 Annex A Part 2 Roster);
- 5/34 positions are Performance Based/Grant lines for which CU is not paid until targets set by the grant program are achieved and reimbursement is determined at Grant Reconciliation and implemented through the Recalculation Document. These positions were not added to the Annex A because the right to reimbursement was not yet established, but they were maintained throughout, as appropriate, on the OCR; and
- 1/34 positions was missed on the Annex A Part 2 Roster but included on the February 16, 2010 OCR.

The Roster report provided to the NYC Comptroller also clearly identified the vacant positions and we are confused why the report says otherwise. Vacancies are consistently identified by an entry in the Date of Termination (DOT) column on the spreadsheet. For every instance where a date of termination is entered, there is corresponding information for the previous incumbent that occupied the position. This information includes the name, department, salary, date of hire (DOH), position reference number, and other key data elements. When a vacant position is filled, a second line is added directly under that vacant position line indicating the name of the new provider, salary, position reference number and other key data elements. Moreover, when the new position line is added to the OCR the salary amount on the vacant line is reduced to zero (0). This reference is used by Harlem Hospital and Columbia University to track not only vacant lines on the OCR but also to quantify the value of accrued cash generated for each vacant position during the fiscal year.

Finally, the auditors' conclude that two vacancies lasting since July 2007 and one since December 2005 "raises questions about whether the Affiliate was meeting its provider coverage requirements." In the context of a roster of almost 600 provider lines that determination is incorrect. Three enduring vacancies are hardly sufficient to conclude that required coverage is not being provided.

No Fidelity Bond Certificate Available

HHC provided evidence to the auditors in an email dated February 10, 2010 that HHC's outside counsel accepted Columbia University's crime insurance policy as adequate for HHC to waive the fidelity bond requirement. So we are confused why the auditors, criticizing Columbia's failure to purchase the required fidelity bond, suggest that the alternative coverage provided by the Affiliate's crime insurance policy should be reviewed for adequacy.

Further, in light of Columbia's obvious financial ability to respond if damages were appropriate (wholly apart from any insurance coverage), and the disproportionate and expensive cost of a fidelity bond and competing demands for scarce financial resources, HHC's decision to waive strict compliance with this requirement was eminently reasonable. No documentation – beyond a reasonable understanding of Columbia's financial circumstances – was necessary to come to that conclusion. Nor was any documentation necessary for HHC to discern that the cost of a fidelity bond described in the agreement is disproportionate to the risk, given Columbia's finances.

As the auditors recommend, the fidelity bond requirement is being formally deleted as contracts are renewed.

Performance Indicator Reports Have Inconsistent Categories and Inaccurate Data

While it is true that HHC submitted multiple draft versions of the Annex F, Performance Indicator (PI) Data, this finding is inconsequential for two reasons. First, the Annex F form is not the primary method that HHC uses to monitor quality of care. Second, drafts are reviewed until correct and any financial incentives or disincentives associated with the Annex F are determined and paid out or withheld only after the finalization of the Recalculation Documents for FYs 2008 and 2009.

The report's assertion that the Performance Indicator reports provide information on the quality of patient services (QA) misses the actuality that HHC accomplishes the monitoring of QA through important external regulatory reporting requirements which are fulfilled. HHC regularly monitors performance indicators in compliance with State and Federal accreditation and regulatory reporting requirements. The PIs required by the Affiliation contracts are a small subset of those already reportable indicators. In addition, HHC monitors performance on quality indicators by participating in nationally recognized quality assurance programs and by reporting results to the quarterly Quality Assurance Committee of the HHC Board. The completion of the performance indicator form and submission to OPSA is independent and inconsequential to the thorough

monitoring of quality indicator performance by State and Federal accreditation and regulatory agencies.

As required by Federal regulations, HHC reports mandated quality improvement data on a monthly basis for all patients hospitalized with diagnoses of pneumonia, acute myocardial-infarction, heart failure, and patients having surgery who are given prophylaxis for infection prevention. HHC submits these quality performance data directly to the federal Centers for Medicare and Medicaid Services (CMS) through their Quality Improvement Organization (QIO).

The designated QIO works directly with hospitals assigned to it by CMS, and automatically reports back to each HHC facility, including Harlem Hospital, any indicator whose measurement is below the threshold. Once Harlem Hospital receives information that an indicator has measured below the threshold, this information is given to the appropriate Chief of Service for corrective action. When necessary, a performance improvement project is initiated, reported to the facility's compliance meeting and to the Quality Assurance Committee of the HHC Board. Harlem Hospital implements the performance improvement project, monitors compliance and submits data to CMS through the QIO.

The audit report also asserts that there is no assurance that HHC monitors Columbia's performance in relation to the required performance indicators. They describe how they were "unable to determine which report contained the accurate indicator amounts." The latest drafts that they received are final. The report is correct that the PI reports are the basis for calculating performance related bonuses and withholds. As shared with the auditors, the bonuses and withholds for compliance with the contractually required PIs are evaluated as part of the recalculation process. Payments for earning bonuses or deductions for withholds are adjustments to compensation due in the Recalculation Documents (Agreement, Attachment B, §§IV.A, last paragraph). Bonuses and withholds for FY 2008 will be accounted for in the FY 2008 Recalculation Documents and bonuses and withholds for FY 2009 will be accounted for in the FY 2009 Recalculation Documents. Until the Recalculation Documents are finalized, the Annex F's can continue to be evaluated for accuracy and there is no harm in reviewing draft Annex F's.

To further support that conclusion, the auditors indicate that "the contract states that all regulatory NYSDOH citations should be noted in the PI report" and that "all eight citations on the NYSDOH website related to the medical care provided by the affiliate at Harlem Hospital and should be noted in the PI report." This statement is incorrect.

At the exit conference on June 3, 2010 and provided in writing as a follow-up, HHC discussed that 6 of the deficiencies (all but the 2 identified as "Medical Staff") reported on the NYSDOH website are attributable to Harlem Hospital actions and not, in fact, "related to the medical care provided by the Affiliate." Therefore, they could not properly be included in the PI report. Moreover, Columbia University could not properly be charged any related withholds under the contract. The Affiliation Agreement (Section

7) clearly states that "if the Affiliate fails to satisfy any Performance Indicator due to factors under the Corporation's control the Affiliate shall not be subject to the withholds." As discussed with the auditors, only the two citations numbered 405.4(a)(1)(i), where the deficiency category is titled Medical Staff, are attributable solely to Harlem Hospital's Affiliate. This confirms the information both given to the auditors by Harlem Hospital's Quality Assurance Department and reflected on the Annex F.

Noncompliance by HHC with Annual Audit Requirement of the Agreement

Contrary to what the auditors' report, HHC **never** failed to conduct an audit required by any Affiliation Agreement with Columbia University. HHC's auditor is currently conducting the field work for FYs 2008 and 2009 and all prior audits have been finalized and reports issued.

We are puzzled, since this audit was "to determine whether Columbia is complying with the terms of its affiliation contract with Harlem Hospital and whether HHC is adequately monitoring Columbia's compliance," why the auditors are focusing on HHC's contract with Dadia Valles Vendiola LLP ("Dadia") rather than the requirements of HHC's Affiliation Agreement with Columbia University. HHC's relationship with Dadia is purely an internal matter.

As acknowledged by the auditors, the Affiliation Agreement states: "The Corporation shall use its best efforts to conduct its Final Audit within one year and three months from the date of its receipt of the Affiliate's Annual Audit Report." Therefore,

- The audit for FY 2006 was due no sooner than June 15, 2008, not September 1, 2007, as the audit report infers;
- The audit for FY 2007 was due no sooner than January 31, 2009, not October 1, 2008, as the audit report infers;
- The audit for FY 2008 was due no sooner than March 29, 2010, not July 31, 2009, as the audit report infers; and
- The audit for FY 2009 – the purported subject of the Comptroller's audit – is due no sooner than March 23, 2011, nine months later than the July 31, 2010 date referenced in the audit report.

Moreover, the report mischaracterizes the FY 2004 audit as having been five months late, when, in fact, that audit was completed well on time. The FY 2004 audit was not due until March 2, 2007, and therefore, was submitted seven months before the deadline. Even the claim that the FY 2003 audit was one week late is not accurate. That assessment is based on the date of the Columbia audit cover letter, whereas HHC's audit due date is based on the date on which the Columbia audit is received by HHC (Agreement, §20.4). Allowing for mailing time likely eliminates this minimal alleged

tardiness. The clear conclusion is that the tardiness of the Dadia audits under the Agreement with Columbia was not a "four of five" year phenomenon over FY 2003 through 2007, as the report states, but a two-year issue over that period, affecting only FY 2006 and FY 2007, and legitimately so, given the expanded scope of those audits as described below.

As HHC informed the Comptroller's auditors, the due dates for the Fiscal Year 2006 and 2007 audit reports were extended as a result of HHC's expansion of the scope of the audit for those years. Columbia, whose right it is to demand timely completion of HHC's audits under the Affiliation Agreement, did not object to the associated extension of time.

First, HHC augmented the scope of the audits for all nineteen facilities by requiring Dadia to verify that the Affiliate had performed background investigations for all new employees hired from FY 2006 onward. These new audit procedures were conducted to ensure that the Affiliates were in compliance with HHC's Corporate Operating Procedure 20-56 "Background Investigation of Volunteers and Other Non-Employees Working in HHC Facilities." Under Corporate policy, as set forth in section IV.C, Employees of Affiliates of OP 20-56, "the Affiliate must certify that an employee assigned to an HHC Facility has had a background and criminal record check and that the affiliate employee is suitable to work in a health care setting." Because of this new requirement, the auditors extended field work to examine employee records for all new physicians contractually covered by the Agreement. Following a change in HHC Corporate policy, Dadia was asked to determine whether a background investigation was conducted by the Affiliate employers, ensured that Affiliate providers were suitable for employment and verified that no past events prevented them from working in health care facilities.

Second, to ensure that grant programs and research protocols were properly monitored and accounted for, Dadia was asked to determine whether Affiliate contract providers participated in grant and research programs above and beyond their time spent on the agreement. The following procedures were incorporated in their annual audit plan for each Affiliate:

- Select samples of providers receiving salary support through the affiliation agreement who are also participating in Columbia grant/research programs;
- Determine whether the selected providers received funding through Columbia directly from the grant/research program;
- Identify the provider's full time equivalent percentage allocated to both components (grant/research and affiliation); and
- Ensure that all grant/research projects had received the appropriate HHC approvals.

These added tasks required further investigation, supplementary resources and ancillary analyses in order to provide an accurate accounting to HHC. Therefore, HHC was acting responsibly in allowing Dadia's deadlines to be extended.

We acknowledge that delays in the submission of finalized audit reports by Dadia has continued with respect to FY 2008 and we are working with Dadia, Harlem Hospital and Columbia University to resolve this issue. However, we disagree fully and generally with the audit's conclusion that HHC "did not meet its monitoring responsibilities in relation to this affiliation agreement" with respect to conducting audits. The audit ignores the fact that HHC does not wait until the final draft report is issued to review Dadia's findings. HHC has regular on-going discussions during field work with staff from Harlem Hospital and Columbia University regarding problematic issues uncovered by Dadia. Further, HHC collaborates with Columbia University to resolve all issues.

The auditors' discussion about late fees under the Dadia contract is a matter of internal HHC enforcement of its agreement with Dadia and, as such, is outside the scope of this audit and unrelated to HHC's monitoring of the Affiliation Agreement. Moreover, the audit's conclusion that "[i]f the delay penalty had been imposed on Dadia for these reports, no payments to Dadia would have been required" is wrong. The audit also ignores the fact that HHC extended the deadline for these reports when it expanded the scope of the audit. Further, Dadia waived amounts due for the additional hours required as a result of the scope expansion. Accordingly, HHC properly paid for the audit services furnished by Dadia.

The audit report also states that "HHC reached a settlement with Columbia in May 2009 for Fiscal Years 2006 and 2007, so Dadia's audit reports will have no impact on the reconciliations for those years." To the contrary, the Settlement Agreement does not waive the audit requirement, preserves the impact of the audits in certain financial respects, and allows for the implementation of a wide range of the recommendations cited in the Fiscal Year 2006 and 2007 audits.

Few Written Procedures

Finally, the report concluded that Harlem Hospital's Finance unit procedures for reviewing the provider rosters and handling the payment reconciliations are limited. As was described to the auditors on several occasions, the procedures defined in the Affiliation Contract Manual are comprehensive, clearly laying out the responsibilities of each unit, including the process for preparing and reviewing documents and approving payment. However, HHC will add specific activities and time frames to the Affiliation Contract Manual to further operationalize the already identified roles and responsibilities of the facilities.

ATTACHMENT B

THE TRUSTEES OF COLUMBIA UNIVERSITY IN THE CITY OF NEW YORK RESPONSE TO AUDIT ME10-067A

OVERVIEW

Columbia University Medical Center (CUMC) appreciates the opportunity to improve its business processes as a result of the NYC Comptroller's audit observations and findings. However, we share the concerns, as expressed in HHC's response, that the Auditor's Report is based on a misunderstanding of the Affiliation Agreement (See Attachment A). As demonstrated in HHC's response, and as explained below, the Auditor's Report contains numerous errors and draws incorrect conclusions, the most disturbing of which is that because of minor discrepancies between the Affiliation Agreement and its implementation, there has been non-compliance by Columbia. That is simply not the case.

Noncompliance with Contract Provisions and Inadequate Contract Oversight

Columbia University has provided physicians, ancillary staff and supervising medical personnel at Harlem Hospital Center since the 1960's. This relationship is marked by routine review and oversight processes. These include regular, almost daily contact, between the Executive Director, the Medical Director and the Chief Financial Officer, on behalf of the Hospital, and the Chief Administrative Officer, the Senior Associate Dean, P&S Senior Vice Dean, CUMC CFO, and other Affiliation Officers. In addition, there are two key leadership groups with representation from both the Hospital and the Affiliation: the Vacancy Review Board (VRB), which meets weekly and the Joint Oversight Committee (JOC), which meets monthly. All requested changes to the OCR are reviewed by the VRB. Approved requests are signed by the CFO and the ED of the Hospital and then forwarded for approval by OPSA. In its monthly meetings, the JOC primarily reviews VRB-approved positions, training programs and corrective actions, to ensure that the terms and conditions of the contract are met. It is attended by the Hospital ED and CFO, as well as Affiliation Officers.

The Affiliation Agreement, which governs the relationship between the University and HHC, creates a system whereby the University receives semi-monthly payments on account towards the amount ultimately required to reimburse Columbia University for the cost of providing medical and certain ancillary staff, together with managerial personnel, based either on the actual cost of those personnel (so-called, "cost-based" departments) or on the basis of a stated rate based on anticipated workload (so-called "workload departments). These semi-monthly payments are based on 95 % of an agreed-upon Opening Contract Roster (OCR), with annual reconciliations and recalculations. Thus, in a hypothetical year, the University will have incurred 100 % of the cost of providing these services but HHC will have paid the University only 95 % of the monies actually owed based on that OCR. The balance is not paid to Columbia until there has been a reconciliation and recalculation. That thorough process ensures that the net amount paid to the University is the amount actually owed for the services performed. Indeed, when patient care needs compel the University to hire additional staff, the Hospital receives the immediate benefit of the services performed by those professionals. However, the University has to wait until the reconciliation is completed to obtain reimbursement for these expenditures.

As required by the contract, the recalculation for any given fiscal year cannot be completed until the prior year is closed and the parties are in agreement on the additional amounts that are due and owing. Currently, the parties are in the process of completing the recalculations for FY08 and FY09. That means that Columbia University has only been paid based on its FY08 OCR and will not be reimbursed for the salaries of approved additions to that roster or for salary increases negotiated with the labor unions representing the physicians, physician assistants and technicians until completion of the recalculation process.

Failure to submit Fee Statements and Recalculation Reports

As explained in detail in HHC's response, and as addressed below, the Settlement Agreement process, which was utilized by the parties for prior fiscal years, was no less rigorous than the Fee Statement and Recalculation procedure contemplated by the Agreement. Those Settlement Agreements were the result of arms length negotiations, supported by extensive documentation. They were intended to ensure that the University was paid only the sums properly due and owed for performing services under the Agreement. They achieved that goal.

Fee Statements

FY08 and FY09 final draft fee statements have been duly submitted by CUAH to Harlem Hospital.

The fee statements identify the Affiliate's estimated compensation due for each quarter regarding the cost-based components of the contract. The data is compiled in a format prescribed by HHC. The fee statement process requires CUAH to submit fee statements to Harlem Hospital and for the Hospital to review, approve and forward them to HHC. The fee statement process is detailed and extensive, compiling data from a number of sources. During the process, there are numerous interactions between CUAH, Harlem Hospital and HHC Office of Professional Services and Affiliations (OPSA), as has been noted above in Attachment A. Any changes in the fee statements do not, however, alter the amount due and owing to CUAH which remains an equal bi-monthly payment based on 95 % of the OCR

The initial FY08 monthly fee statements were submitted in a standard HHC format in June 2009. In December 2009, Harlem Hospital requested additional documentation and re-formatting, including a reconciliation of the monthly fee statements to the OCR. CUAH complied with both requests. All FY08 fee statements were revised and submitted to Harlem Hospital in February 2010.

For FY09, the initial quarterly (Q1-Q3) fee statements were submitted to Harlem Hospital in July 2009 and Q4 was submitted in September 2009. These FY09 fee statements were revised to conform to the Hospital's subsequent requested format, and were resubmitted in January 2010.

Throughout the preparation and re-submissions of the fee statements, communication among CUAH, Harlem Hospital and OPSA included numerous meetings, conference calls and e-mails regarding the fee statements and recalculation reports, as noted in HHC's response. This extensive process of review and approval is ongoing.

We have reviewed the internal processes and will implement a process improvement plan in conjunction with the Hospital and HHC to ensure timely submission.

Recalculations

The revised draft FY08 recalculation report was submitted to Harlem Hospital during the course of the audit.

The recalculation reports are a summary of all funding provided by HHC and all expenses incurred by the Affiliate. This is the final reconciliation process for the contract year. Once the contract agreement was finalized in 2008, the recalculations process could commence. Throughout the preparation of the recalculation reports, communication among CUAH, Harlem Hospital and OPSA included numerous meetings, conference calls and e-mails regarding the fee statements and recalculation reports, as noted in HHC's response. The initial FY08 recalculation reports were submitted in September 2009 (3 months after the fiscal year end). Following numerous further exchanges of data and analyses, the FY08 revised recalculation report was submitted to Harlem Hospital in February 2010.

CUAH has draft FY09 recalculation reports prepared for submission, but is awaiting completion of FY08 recalculation in order to finalize its FY09 submission. Only after the recalculations process is completed will the amount paid to CUAH be adjusted to pay the balance owed based upon the 5 % hold back, together with the net additional amount due based on agreed-upon additions to the OCR, collectively-bargained cost of living increases, and salary changes approved by HHC.

Settlement Agreement

The Settlement process, as outlined in HHC's Attachment A, required HHC and CUAH to perform a full reconciliation of all costs prior to the closing (or the settling) of a fiscal year. The reconciliation for FY 06 and FY 07 was a lengthy joint process between HHC and CUAH.

CUAH confirms that the $17.5 million referenced in the audit report for FY06 and FY07 represented the amount spent in support of services at Harlem Hospital in excess of the amount reimbursed. It is incorrect to conclude that funds paid to CUAH were a result of non-compliance with the contract.

In order to institute a more formal process of review, in the fall of 2007, CUMC and HHC developed and implemented a joint Vacancy Review Board (VRB) process. CUAH has been documenting and presenting staffing and salary changes to the VRB on a weekly basis. These changes are reported to senior Hospital and CUAH management via the Monthly Joint Oversight Committee meetings. Minutes are taken and formal letters are issued once changes to the contract have been approved by OPSA. Modifications are made to the opening contract roster (OCR) starting the month in which they are approved.

Noncompliance with the Subcontractor Provisions of the Contract

The audit addresses subcontractors used in the Department of Radiology. The three locum tenens providers noted in the report were from a single subcontracted vendor, not multiple vendors or contracts. Moreover, approval had been obtained in an earlier contract period and the same providers were used consistently over the life of the contract Although CUAH does recognize that not all approvals may have been obtained; all invoices paid under this one subcontract were supported with timesheets approved by the Radiology Director of Service. It should be noted that the University contract with this vendor was terminated effective December 2009. As of January 1, 2010, CUAH employees provide these services. Time sheets were provided as confirmation.

For the provider in Psychiatry who was listed on the assignment schedule as a consultant, this individual was a named provider on the approved OCR. We consider the approval from HHC on the OCR was sufficient to support payments to the provider. This information was not requested by the auditor at the exit conference, yet noted for the first time in the final draft audit report.

Our review found that there were no unauthorized consultants but merely some mislabeling on the assignment schedules.

CUAH Department Managers inadvertently used the term "consultants" when preparing the monthly schedules. As a result, the form the auditors reviewed was incorrectly labeled. In fact, the two providers in question are named sessional employees on the contract roster (OCR). Subcontracts are not required of employees of Columbia University. Rather, the providers are paid pursuant to time sheets. We have all providers' time records to support such payments. The approval from HHC on the OCR is sufficient to support payments to providers.

In order to assure that past or current practices will not be misconstrued, CUAH and Harlem Hospital will develop a checklist that integrates both University and HHC policies on procurement.

Noncompliance with the Timekeeping Provision of the Contract

CUAH disputes the assertion of noncompliance with timekeeping under the Affiliation Agreement.

In May 2009, a *"Time records submission policy and procedure"* (Payroll related policies provided at the Exit Conference Exhibit B-1) directive was promulgated and training was provided by CUAH. The CUAH procedures specify the time records required by each employee type, including physician providers, post-graduate trainees, Division Chiefs, Directors of Service, officers of clinical departments, officers in Affiliation Administration and support staff. Any discrepancies in time records are determined in the recalculation process, at which time appropriate payment levels are determined. Unfortunately, the audit report reviewed July 2008 documents, prior to the issuance of this time record directive.

As CUAH and HHC discussed during the Exit Conference, the relevant time-keeping document for medical providers under the Affiliation Agreement is the Certificate of Effort, which is completed weekly and approved by the chief of service. For non-physicians, current policy requires timesheets (with sign in/out signatures) that are completed daily and approved by either the supervisor or the department head.

The report found discrepancies in signatures on these earlier (prior to the May 2009 policy) timesheets. CUAH demonstrated to the auditors that 8 out of 9 timesheets were indeed signed by either the supervisor or the department head. As we advised the auditors at the June 3, 2010 Exit Conference, both signatures are not required.

Upon our inspection of provider signatures, we could not conclusively agree with the visual findings of the auditor that certain of these were "questionable".

We are disappointed that the audit report fails to acknowledge that time records for CUAH employees are managed through University policy and, as such, University faculty are not required to sign in or out to evidence service performed. A copy of the Columbia Departmental Administrator manual (HR Section Exhibit B-2) was provided at the Exit conference. The manual is also available to all CUAH department managers via the web:

(http://vesta.cumc.columbia.edu/ps/damanual/?ticketid=Cx7fYrCK8mFs1LvydRf5DpGywmdXdNBqsCl9nSW

Departments may, of course, supplement these required time records with their own monitoring systems, which the auditors reviewed. While the University welcomes the opportunity to improve its business procedures by introducing improved monitoring programs that can accommodate specific departmental needs, the finding that the University violated its own policies is without basis. The University will re-issue the time record policy and procedures manual and provide enhanced re-training where appropriate. However, we reject the audit report's assertion of improper time keeping.

CUAH submits provider assignment schedules to Harlem Hospital and these schedules remain on-site in the CUAH office. Current procedures will be revised to require all Department Managers to reconcile monthly schedules to assure compliance with the contract. The reconciliation will include comparison of assignment schedules to the recorded payroll expense in the University financial system. The reconciliations will be forwarded to the Affiliate Finance Office within 20 days of month end. The Affiliate Finance Office will match departmental monthly reconciliations against the most up-to-date OCR and random audits will be conducted. These steps will be incorporated into a checklist.

As for the speculation that HHC might pay for employees who were not present, there is no basis for this conclusion. As HHC and CUAH explained during the course of the audit and at the exit conference, the 5% hold back provides ample protection. If during the annual recalculation a problem is noted with attendance records, CUAH will not be compensated unless it can be determined from alternate sources that the CUAH employee was present and providing services.

Unreliable Rosters

Contrary to the assertion of the audit report, CUAH maintains a detailed, up-to-date roster.

The audit report states there were thirty-four (34) errors in the rosters that were compared. In fact, there was only one, which was subsequently self-corrected by CUAH. Thirty-three of the 34 questioned providers were, in fact, present in both rosters. This leaves ***one discrepancy*** out of almost 600 lines. There is no question that the provider was, in fact, properly providing services under the Affiliation Agreement. Moreover, CUAH self-reported this discrepancy during the preparation of the A-2 (Q1 FY10) and the roster was corrected and updated, as noted in the documents provided at the June 3 exit conference. We have provided a line-to-line comparison of the two rosters and have identified the corresponding lines on the rosters for thirty-four providers. All vacant positions were appropriately identified on the roster with a termination date.

No Fidelity Bond Certificate Available

HHC does not require that CUAH maintain separate bond coverage.

The University maintains a Crime Insurance policy, at its own expense, which is more than sufficient to meet contract requirements. As a result, HHC waived the requirement that CUAH maintain separate bond coverage.

The University's Crime Insurance Policy was examined by the NYC Comptroller's auditor on Tuesday, June 1, 2010, without objection. As HHC's outside counsel explained during the June 3, 2010 Exit Conference, HHC waived the requirement of the bond so as to avoid an unnecessary expense to the Corporation.

OPERATING PROCEDURES #30-2

ATTACHMENT ____C_____

NEW YORK CITY HEALTH AND HOSPITALS CORPORATION
RECOMMENDATION IMPLEMENTATION PLAN – SECTION A

TITLE: NYC OFFICE OF THE COMPTROLLER'S AUDIT REPORT ON THE HARLEM HOSPITAL AFFILIATION AGREEMENT WITH THE COLUMBIA UNIVERSITY MEDICAL CENTER (ME10-067A)

DATE: June 11, 2010

FACILITY / DIVISION: HARLEM HOSPITAL CENTER

REPORT#: 10-03

RECOMMENDATIONS THAT THE FACILITY/DIVISION INTEND TO IMPLEMENT	CORRECTIVE ACTION PLAN -SPECIFIC ITEMS-	IMPLEMENTATION TARGET DATE (S)
Noncompliance with Contract Provisions And Inadequate Contract Oversight Failure to Submit Fee Statements and Recalculation Reports Columbia should: 1. Submit quarterly fee statements and annual recalculation reports to HHC on a timely basis. 2. Item moved to Section C. HHC should:	1. CUAH will prepare a written procedure which will document the steps necessary to submit the fee statements and recalculation reports on a timely basis. This procedural will include a process for : Formally, requesting necessary supporting documentation from HHC; Completing the HHC forms using the HHC prescribed format; Obtaining proper sign-off from Harlem Hospital upon the submission of reports; Forwarding submitted reports to OPSA.	The procedure will be developed by 9/30/10 and implemented for the first Fee Statement submission for FY11 on November 15, 2010.

ATTACH ALL RELEVANT DOCUMENTS

OPERATING PROCEDURES #30-2

ATTACHMENT ___C_____

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REPORT#: 10-03

RECOMMENDATIONS THAT THE FACILITY/DIVISION INTEND TO IMPLEMENT	CORRECTIVE ACTION PLAN -SPECIFIC ITEMS-	IMPLEMENTATION TARGET DATE (S)
3. Ensure that Columbia complies with the financial provisions of the contract requiring the timely submission of fee statements and recalculation reports. 4. Item moved to Section C.	3. HHC will continue to monitor Columbia for, and actively assist Columbia in achieving, compliance with financial reporting requirements. Formal notice will be issued whenever reporting is non-compliant.	July 1, 2010
Noncompliance with the Subcontractor Provision of the Contract Columbia should: 5. Ensure that it submits contracts to HHC whenever a subcontractor is engaged to provide services in Harlem Hospital.	5. CUAH in conjunction with Harlem Hospital will develop and implement a checklist that will list the sign-offs required for any new sub-contract. This checklist will include all necessary sign-offs from CU, CUMC, CUAH, Harlem Hospital and HHC.	The checklist will be written by 7/31/10 for implementation on 8/1/10.
6. Ensure that prior approval of HHC is obtained before entering into any subcontract with a provider.	6. CUMC will modify CU protocol to include Harlem Hospital sign-off before	Implementation on 8/1/10.

OPERATING PROCEDURES #30-2

ATTACHMENT ___C_____

NEW YORK CITY HEALTH AND HOSPITALS CORPORATION
RECOMMENDATION IMPLEMENTATION PLAN – SECTION A

TITLE: NYC OFFICE OF THE COMPTROLLER'S AUDIT REPORT ON THE HARLEM HOSPITAL AFFILIATION AGREEMENT WITH THE COLUMBIA UNIVERSITY MEDICAL CENTER (ME10-067A)

DATE: June 11, 2010

FACILITY / DIVISION: HARLEM HOSPITAL CENTER

REPORT#: 10-03

RECOMMENDATIONS THAT THE FACILITY/DIVISION INTEND TO IMPLEMENT	CORRECTIVE ACTION PLAN -SPECIFIC ITEMS-	IMPLEMENTATION TARGET DATE (S)
	contracts are executed.	
HHC should: 7. Ensure that Columbia follows contract provisions when engaging subcontractors to provide contract services at Harlem Hospital.	7. Harlem Hospital will utilize the checklist developed in conjunction with CUAH to ensure that all subcontracts have received the requisite approvals. Harlem Hospital will also conduct a quarterly review of subcontractors identified on the contract roster to ensure that only subcontractors whose services continue to be supported by active, approved, contract-compliant subcontracts remain on the roster.	No later than August 1, 2010 or the effective date of the jointly approved and implemented checklist.
Noncompliance with the Timekeeping Provision of the Contract Columbia should: 8. Item moved to Section C. 9. Item moved to Section C. 10. Regularly review the assignment schedule to ensure that only providers scheduled to work are listed.	10. CUAH will develop and promulgate a new written policy for the proper review of assignment schedules. This policy will	This policy will be written by October 31, 2010 for implementation

OPERATING PROCEDURES #30-2

ATTACHMENT ___C_____

NEW YORK CITY HEALTH AND HOSPITALS CORPORATION
RECOMMENDATION IMPLEMENTATION PLAN – SECTION A

TITLE: NYC OFFICE OF THE COMPTROLLER'S AUDIT REPORT ON THE HARLEM HOSPITAL AFFILIATION AGREEMENT WITH THE COLUMBIA UNIVERSITY MEDICAL CENTER (ME10-067A)

DATE: June 11, 2010

FACILITY / DIVISION: HARLEM HOSPITAL CENTER

REPORT#: 10-03

RECOMMENDATIONS THAT THE FACILITY/DIVISION INTEND TO IMPLEMENT	CORRECTIVE ACTION PLAN -SPECIFIC ITEMS-	IMPLEMENTATION TARGET DATE (S)
	include: Sign-offs required from Departmental Administration, Human Resources and Finance; Timing of the submission of assignment schedules; Submission of schedules to HHC and documented acknowledgement of receipt.	on November 1, 2010.
11. Ensure that all providers on the assignment schedule are approved contract providers.	11. CUAH will develop and promulgate a policy to ensure that all assigned providers are approved providers on the contract roster. This policy will include: Review of the contract roster and VRB correspondence and approval documentation prior to assignment to ensure that only approved providers are assigned. Confirmation of any	This policy will be written by October 31, 2010 for implementation on November 1, 2010

OPERATING PROCEDURES #30-2

ATTACHMENT ___C_____

NEW YORK CITY HEALTH AND HOSPITALS CORPORATION
RECOMMENDATION IMPLEMENTATION PLAN – SECTION A

TITLE: NYC OFFICE OF THE COMPTROLLER'S AUDIT REPORT ON THE HARLEM HOSPITAL AFFILIATION AGREEMENT WITH THE COLUMBIA UNIVERSITY MEDICAL CENTER (ME10-067A)

DATE: June 11, 2010

FACILITY / DIVISION: HARLEM HOSPITAL CENTER

REPORT#: 10-03

RECOMMENDATIONS THAT THE FACILITY/DIVISION INTEND TO IMPLEMENT	CORRECTIVE ACTION PLAN -SPECIFIC ITEMS-	IMPLEMENTATION TARGET DATE (S)
	required Network and OPSA approval prior to assignment of provider. Random sampling of assigned providers to ensure they are approved individual providers on the OCR or included in sessional budget.	
12. Item moved to Section C.		
HHC should:		
13. Implement procedures to periodically review assignment schedules and time records so that only approved contract service providers are assigned to work and proper records are maintained of the hours worked.	13. Network Internal Audits shall conduct periodic unannounced reviews that will include assignment schedule and time record maintenance to monitor CUAH compliance.	Network IA will plan random and unannounced reviews beginning October 31, 2010.
14. Item moved to Section C.		

OPERATING PROCEDURES #30-2

ATTACHMENT ____C_____

NEW YORK CITY HEALTH AND HOSPITALS CORPORATION
RECOMMENDATION IMPLEMENTATION PLAN – SECTION A

TITLE: NYC OFFICE OF THE COMPTROLLER'S AUDIT REPORT ON THE HARLEM HOSPITAL AFFILIATION AGREEMENT WITH THE COLUMBIA UNIVERSITY MEDICAL CENTER (ME10-067A)

DATE: June 11, 2010

FACILITY / DIVISION: HARLEM HOSPITAL CENTER

REPORT#: 10-03

RECOMMENDATIONS THAT THE FACILITY/DIVISION INTEND TO IMPLEMENT	CORRECTIVE ACTION PLAN -SPECIFIC ITEMS-	IMPLEMENTATION TARGET DATE (S)
No Fidelity Bond Certificate Available HHC should: 15. Item moved to Section C.		
Required Monitoring Reports Not Completed HHC should: 16. Ensure that the PI reports prepared by Quality Assurance are complete, accurate, and in compliance with the contract.	16. Whereas the final PI reports used in determining withholds and bonuses are complete, accurate and contract-compliant, Quality Assurance will review the PIs in the agreement before issuing any draft PI reports to ensure that any and all drafts issued are also compliant, accurate and consistent with contract terms of affiliation agreement between HHC and CU.	Effective Immediately.
17. Item Moved to section "C"		
18. Ensure that its contractor's annual audits of the affiliate are completed on time.	18. The Office of Internal Audits is working together with Dadia, OPSA, Harlem Hospital and Columbia to ensure	On-going

ATTACH ALL RELEVANT DOCUMENTS

OPERATING PROCEDURES #30-2

ATTACHMENT ___C_____

NEW YORK CITY HEALTH AND HOSPITALS CORPORATION
RECOMMENDATION IMPLEMENTATION PLAN – SECTION A

TITLE: NYC OFFICE OF THE COMPTROLLER'S AUDIT REPORT ON THE HARLEM HOSPITAL AFFILIATION AGREEMENT WITH THE COLUMBIA UNIVERSITY MEDICAL CENTER (ME10-067A)

DATE: June 11, 2010

FACILITY / DIVISION: HARLEM HOSPITAL CENTER

REPORT#: 10-03

RECOMMENDATIONS THAT THE FACILITY/DIVISION INTEND TO IMPLEMENT	CORRECTIVE ACTION PLAN -SPECIFIC ITEMS-	IMPLEMENTATION TARGET DATE (S)
19. Item moved to Section C.	affiliation audits are completed within timeframes established by both the Dadia, and the affiliation, agreements. Extensions will continue to be granted only for additional audit procedures requested outside of the contracted audit scope.	
Other Matter HHC should: 20. Develop specific written procedures concerning the role of the Harlem Hospital Finance unit in the review of provider rosters and in the processing of affiliate payment reconciliations.	20. HHC will add specific activities and time frames to further operationalize the already-identified roles and responsibilities of the Facility Finance Office in the Affiliation Contract Manual.	September 30, 2010

OPERATING PROCEDURES #30-2

ATTACHMENT _____

NEW YORK CITY HEALTH AND HOSPITALS CORPORATION
RECOMMENDATION IMPLEMENTATION PLAN – SECTION B

TITLE: NYC OFFICE OF THE COMPTROLLER AUDIT REPORT ON THE HARLEM HOSPITAL AFFILIATION WITH THE COLUMBIA UNIVERSITY MEDICAL CENTER

DATE: June 11, 2010

FACILITY / DIVISION: HARLEM HOSPITAL CENTER

REPORT#: 10-03

RECOMMENDATIONS WITH WHICH THE FACILITY/DIVISION AGREES BUT IS UNABLE TO IMPLEMENT	REASONS FOR INABILITY TO IMPLEMENT	WHAT IS NEEDED TO ALLOW FOR IMPLEMENTATION? (RESOURCES, LEGISLATION, LEGAL OPINION, ETC.)

HHC 1535A (JAN 90)

ATTACH ALL RELEVANT DOCUMENTS

OPERATING PROCEDURES #30-2

ATTACHMENT _____

NEW YORK CITY HEALTH AND HOSPITALS CORPORATION
RECOMMENDATION IMPLEMENTATION PLAN – SECTION C

TITLE: NYC OFFICE OF THE COMPTROLLER AUDIT REPORT ON THE HARLEM HOSPITAL AFFILIATION WITH THE COLUMBIA UNIVERSITY MEDICAL CENTER

DATE: June 11, 2010

FACILITY / DIVISION: HARLEM HOSPITAL CENTER

REPORT#: 10-03

FINDINGS/RECOMMENDATIONS WITH WHICH THE FACILITY/DIVISION DISAGREES	REASONS FOR DISAGREEMENT
Noncompliance with Contract Provisions And Inadequate Contract Oversight Failure to Submit Fee Statements and Recalculation Reports Columbia should: 2. Obtain all necessary HHC approvals for its hiring actions.	2. The requisite HHC approvals are in place for all new hires providing contract services. The Affiliation and the Facility have been compliant with the Vacancy Review Board provisions of the contract.
HHC should: 4. Closely monitor the operation of the affiliate to ensure that all hiring actions requiring prior approval go through HHC's approval process.	4. HHC has a formal approval process in place that effectively tracks and records each request and any subsequent approval. HHC will disallow CU expense not approved in advance pursuant to terms within the affiliation agreement between CU and HHC.
Noncompliance with the Timekeeping Provision of the Contract Columbia should: 8. Establish detailed timekeeping procedures and ensure that all providers keep accurate and complete time records of hours worked.	8. A new Timekeeping policy was implemented in May 2009 before the inception of this audit. The policy established more detailed and uniform timekeeping procedures across the departments, to ensure that all providers maintain accurate and complete records of hours worked. This policy was not reviewed by the NYC Comptroller's audit group, although it was promulgated and available during the course of the audit.

ATTACH ALL RELEVANT DOCUMENTS

OPERATING PROCEDURES #30-2

ATTACHMENT _____

NEW YORK CITY HEALTH AND HOSPITALS CORPORATION
RECOMMENDATION IMPLEMENTATION PLAN – SECTION C

TITLE: NYC OFFICE OF THE COMPTROLLER AUDIT REPORT ON THE HARLEM HOSPITAL AFFILIATION WITH THE COLUMBIA UNIVERSITY MEDICAL CENTER

DATE: June 11, 2010

FACILITY / DIVISION: HARLEM HOSPITAL CENTER

REPORT#: 10-03

FINDINGS/RECOMMENDATIONS WITH WHICH THE FACILITY/DIVISION DISAGREES	REASONS FOR DISAGREEMENT
9. Reimburse HHC for the compensation of providers who did not have proper time records.	9. We do not agree with this recommendation; the audit found only minor discrepancies in the Certificates of Effort and Timesheets, which are used to document the performance of services by medical and non-medical providers under the contract. Re-education will reinforce the current policies. In any event, HHC will disallow any expenses not supported by proper time records in the first instance.
12. Ensure that it maintains and submits accurate and complete provider rosters.	12. Columbia maintains and submits accurate and complete provider rosters. All providers were listed on both rosters compared by the auditors with only one exception. The missing provider was inadvertently excluded from the June 2009 roster but was added by CUAH to the next quarterly submission. This self-correction was made before the findings of this audit were released.
HHC should: 14. Conduct a periodic review of the provider rosters prepared by the affiliate to ensure that active providers and vacant positions are properly identified and accounted for.	14. The provider roster is closely monitored and fully reflects active positions and vacant lines associated with the CU affiliation contract. Harlem Hospital Finance and CU regularly review the affiliation contract roster and reconcile all personnel actions to that roster.
No Fidelity Bond Certificate Available HHC should: 15. Formally evaluate Columbia's crime insurance policy, review the reasonableness of the contract's fidelity bond coverage requirement, and revise the affiliation contract with Columbia accordingly.	15. HHC's outside counsel accepted CU crime insurance policy as adequate for HHC to waive the fidelity bond requirement. Further, HHC determined that the expense of a fidelity bond served no purpose and would be wasteful of scarce resources, given

OPERATING PROCEDURES #30-2

ATTACHMENT _____

NEW YORK CITY HEALTH AND HOSPITALS CORPORATION
RECOMMENDATION IMPLEMENTATION PLAN – SECTION C

TITLE: NYC OFFICE OF THE COMPTROLLER AUDIT REPORT ON THE HARLEM HOSPITAL AFFILIATION WITH THE COLUMBIA UNIVERSITY MEDICAL CENTER

DATE: June 11, 2010

FACILITY / DIVISION: HARLEM HOSPITAL CENTER

REPORT#: 10-03

FINDINGS/RECOMMENDATIONS WITH WHICH THE FACILITY/DIVISION DISAGREES	REASONS FOR DISAGREEMENT
	Columbia's financial ability to respond if damages were appropriate. The fidelity bond requirement is being formally deleted as affiliation contracts are renewed.
17. Maintain documentation for all performance-based bonuses and withholdings.	17. HHC maintains final Performance Indicator reports that are complete, accurate and contract-compliant, for use in determining withholds and bonuses. Withholds and bonuses are calculated according to the contract, and implemented through the annual reconciliation process; they are supported through inclusion of the PI reports and associated calculations as back-up in the recalculation documents.
19. Evaluate Dadia's responsibility for the delays in issuing annual audit reports on the affiliate and recover the appropriate amount from the payments already made.	19. The delays for issuing final reports were due to HHC's expansion of Dadia's audit scope. Supplemental audit procedures were implemented to ensure Affiliate compliance with new operating procedures, and time and compensation requirements related to grant/research protocols. Dadia performed these supplemental audit procedures at no additional cost to HHC. As a result, assessment of a late penalty fee was not warranted.

Exhibit A-1

Table I: Summary of Contract-Related Expenses and Estimated Compensation Due for Fiscal Years 2006 and 2007

Note: For purposes of the below analysis, Estimated Compensation Due is calculated at the methodology for Cost-Based Departments/Services for both Cost-Based and Service Grant Lines, and at the methodology for Workload-Based Compensation for Workload-Based Lines.

Department/ Service Area	Fiscal Year 2006			Fiscal Year 2007		
	Actual Columbia Contract-Related Expenses (@ Contract Fringe & Overhead Rates)	Estimated Compensation Due Per Attachment B	Net Non-Reimbursable Costs	Actual Columbia Contract-Related Expenses (@ Contract Fringe & Overhead Rates)	Estimated Compensation Due Per Attachment B	Net Non-Reimbursable Costs
HARLEM						
ROSTER CATEGORIES						
NON-WORKLOAD	30,888,806	24,976,843	5,911,963	30,734,736	23,886,880	6,847,856
SERVICE GRANTS	793,455	792,669	786	1,058,214	992,953	65,262
WORKLOAD*	20,137,743	18,361,725	1,776,018	20,150,855	18,384,299	1,766,556
OTHER NON-ROSTER CONTRACT CATEGORIES						
Comprises the Following: PA Program, Sickle Cell Program, ACGME Fees, CME, Recruiting/Advertising, Temporary Clinical Staff, NY Presbyterian Residents**, Network Neurosurgery Bonuses***	783,623	749,647	33,977	691,959	638,369	53,590
OTHER CONTRACT-RELATED EXPENSES						
Other CBA-Mandated Differentials & Expenditures	76,458	-	76,458	54,772	-	54,772
RRC Accreditation Consultant	67,900	-	67,900	54,300	-	54,300
TOTAL -- HARLEM	**52,747,986**	**44,880,884**	**7,867,102**	**52,744,836**	**43,902,500**	**8,842,335**
TOTAL -- RENAISSANCE	**4,015,700**	**3,629,179**	**386,522**	**3,917,654**	**3,470,936**	**446,719**
GRAND TOTAL	**56,763,686**	**48,510,063**	**8,253,623**	**56,662,490**	**47,373,436**	**9,289,054**

* Note that, if calculated on an "allowable costs" basis in the same way as Cost-Based Departments/Services, the Estimated Compensation Due per Attachment B for Workload-Based Departments/Services would be somewhat lower: $18,253,407 and $18,178,328 for Fiscal Years 2006 and 2007, respectively.

** Columbia has not reported to date any payments made to NY Presbyterian Hospital pursuant to the three-party (Harlem/Columbia/NYPH) Residency Rotation Agreement effective July 1, 2005.

*** This assumes that Columbia has paid the Neurosurgeons their FY06 bonuses. In any event, per section 10(d) of the FY04-FY07 Attachment B, the Corporation is obligated to pay Columbia the portion of the Neurosurgery Bonus Pool allocated to Harlem per the Corporation's accounting regardless of whether Columbia has paid such bonuses to its Neurosurgeons.

Exhibit A-1

FISCAL YEAR 2007

Comparison of Affiliate's Total Costs Against Compensation Due Under Attachment B and Compensation Assuming All Cost-Based Contract

Department/ Service Area	Affiliate's Total Costs (with Contract Fringe & Overhead)	Total Allowable Costs (i.e., treating Contract as all Cost-Based)	Non-Reimbursable Costs	Compensation Due Per Attachment B (with WKL computed using VE Model)	Non-Reimbursable Costs
HARLEM					
NON-WORKLOAD					
Anesthesiology	4,768,588	3,797,185	971,403	3,797,185	971,403
Dentistry	608,991	594,716	14,276	594,716	14,276
Emergency Services	1,568,746	1,454,266	114,480	1,454,266	114,480
Employee Health	326,468	265,160	61,308	265,160	61,308
Medical Library	129,138	128,176	962	128,176	962
Medicine	1,470,934	1,303,690	167,244	1,303,690	167,244
Neurology	350,867	350,521	346	350,521	346
OB-GYN	959,770	839,526	120,244	839,526	120,244
Ophthalmology	469,172	465,334	3,838	465,334	3,838
Orthopedics	446,657	349,159	97,498	349,159	97,498
Pathology	3,024,257	2,567,774	456,483	2,567,774	456,483
Pediatrics	1,501,570	1,327,051	174,519	1,327,051	174,519
Professional Svcs	865,655	839,227	26,428	839,227	26,428
Psychiatry	2,597,626	1,934,387	663,239	1,934,387	663,239
Radiology	7,035,659	4,368,008	2,667,651	4,368,008	2,667,651
Rehab Medicine	1,654,727	1,287,421	367,306	1,287,421	367,306
Surgery	2,955,910	2,015,279	940,631	2,015,279	940,631
Sub-Total	30,734,736	23,886,880	6,847,856	23,886,880	6,847,856
SERVICE GRANTS*					
Dentistry	55,147	54,347	800	54,347	800
Medicine	962,065	912,823	49,243	912,823	49,243
Pediatrics	41,002	25,783	15,219	25,783	15,219
Sub-Total	1,058,214	992,953	65,262	992,953	65,262
WORKLOAD					
Emergency Services	2,477,326	2,105,654	371,671	2,505,312	(27,987)
Medicine	4,781,520	4,444,625	336,895	4,062,289	719,231
Neurology	502,078	456,342	45,735	387,802	114,275
OB-GYN	2,427,727	2,298,059	129,668	2,027,474	400,253
Ophthalmology	558,469	548,595	9,875	381,881	176,588
Orthopedics	566,791	566,789	1	397,651	169,140
Pediatrics	2,318,246	1,756,066	562,180	2,115,179	203,067
Psychiatry	1,973,848	1,542,260	431,588	1,609,464	364,384
Rehab Medicine	550,373	512,695	37,678	326,938	223,435
Surgery	3,994,477	3,947,242	47,235	3,423,287	571,190
*Workload COLA Lump Sum Adjustment****	-	-	-	*1,147,020*	-
Sub-Total	20,150,855	18,178,328	1,972,526	18,384,299	1,766,556
OTHER NON-OCR CATEGORIES					
CME/Recruiting & Advertising	300,734	300,734	-	300,734	-
Network Neurosurgery Bonuses**	71,903	71,903	-	71,903	-
NY Presbyterian Residents	-	-	-	-	-
Other CBA-Mandated Differentials	40,891	-	40,891	-	40,891
Other CBA-Mandated Costs	13,881	-	13,881	-	13,881
PA Program	40,732	40,732	-	40,732	-
RRC Accreditation Consultant	54,300	-	54,300	-	54,300
Sickle Cell Program	100,235	100,000	235	100,000	235
Temporary Staff-Clinical Services	178,355	125,000	53,355	125,000	53,355
Sub-Total	801,031	638,369	162,662	638,369	162,662
HARLEM TOTALS	52,744,836	43,696,530	9,048,306	43,902,500	8,842,335
RENAISSANCE TOTALS	3,917,654	3,470,936	446,719	3,470,936	446,719
NETWORK TOTALS	56,662,490	47,167,466	9,495,025	47,373,436	9,289,054

* Note that this analysis applies the methodology applicable to NWKL lines to the Service Grant lines instead of applying a full grant reconciliation, which is not expected to change the numbers significantly.

** This assumes that Columbia has paid the Neurosurgeons their FY07 bonuses. In any event, per section 10(d) of the FY04-FY07 Attachment B, the Corporation is obligated to pay Columbia the portion of the Neurosurgery Bonus Pool allocated to Harlem per the Corporation's accounting regardless of whether Columbia has paid such bonuses to its Neurosurgeons.

*** Given that the Visit Equivalent Prices were not generated to cover CBA-mandated COLA increases, section 8(f) of Attachment B provides for a lump sum adjustment to reimburse Columbia for Workload-Based COLA costs.

Exhibit A-1

CALCULATION OF ACTUAL, ALLOWABLE AND NON-REIMBURSABLE COSTS FOR PURPOSES OF FY07 SETTLEMENT

Department/ Service Area	FY 2007 Actual Contract Salary Costs (per CU's Finance Databases) with Fringe and Overhead (as calculated per Attachment B)				Allowable Costs Calculated Per Attachment B (Minimum, by line, of Actual Salary Costs and Budgeted Salary Costs, plus Fringe and Overhead) (Applying Cost-Based Compensation provisions to all lines.)				Non-Reimbursable Non-Sessional Salary/OTPS Costs with Fringe and Overhead (Actual Costs - Allowable Costs)			
	Actual Non-Sessional Contract Salary/OTPS Costs With Fringe and Overhead	Actual Sessional Contract Salary Costs with Fringe and Overhead	Actual Contract Accrued Vacation Costs with Fringe and Overhead	Total DAHS Salary Costs with Fringe and Overhead	Allowable Non-Sessional Salary/OTPS Costs with Fringe and Overhead	Allowable Sessional Salary Costs with Fringe and Overhead	Allowable Contract Accrued Vacation Costs with Fringe and Overhead	Total Allowable Salary Costs with Fringe and Overhead	Non-Reimbursable Non-Sessional Salary/OTPS Costs with Fringe and Overhead	Non-Reimbursable Sessional Salary Costs with Fringe and Overhead	Non-Reimbursable Accrued Vacation Costs with Fringe and Overhead	Total Non-Reimbursable Costs with Fringe and Overhead
HARLEM												
NON-WORKLOAD												
Anesthesiology	3,560,636	1,206,604	2,346	4,769,588	3,395,986	368,853	2,346	3,767,185	164,652	806,751	-	971,403
Dentistry	605,878	3,113	-	608,991	593,351	1,265	-	594,716	12,527	1,748	-	14,276
Emergency Services	1,843,984	-	4,791	1,568,746	1,449,474	-	4,791	1,454,266	114,480	-	-	114,480
Employee Health	326,468	-	-	326,468	265,160	-	-	265,160	61,308	-	-	61,308
Medical Library	129,138	-	-	129,138	128,176	-	-	128,176	962	-	-	962
Medicine	1,468,649	-	2,285	1,470,934	1,301,406	-	2,285	1,303,690	167,244	-	-	167,244
Neurology	350,867	-	-	350,867	350,521	-	-	350,521	346	-	-	346
OB-GYN	802,645	153,796	3,329	959,770	797,944	38,253	3,329	839,526	4,701	115,543	-	120,244
Ophthalmology	469,172	-	-	469,172	465,334	-	-	465,934	3,838	-	-	3,838
Orthopedics	446,657	-	-	446,657	349,159	-	-	349,159	97,498	-	-	97,498
Pathology	2,534,501	484,337	5,419	3,024,257	2,470,303	82,053	5,419	2,547,774	64,199	392,285	-	456,483
Pediatrics	1,380,681	120,888	-	1,501,570	1,265,810	63,241	-	1,327,051	116,872	57,647	-	174,519
Professional Svcs	865,293	20,361	-	865,655	839,227	-	-	839,227	6,067	20,361	-	26,428
Psychiatry	2,161,865	427,369	6,393	2,597,626	1,581,375	346,719	6,393	1,934,387	582,590	80,649	-	663,239
Radiology	4,175,678	2,847,956	12,014	7,035,659	3,620,242	735,751	12,014	4,368,008	555,436	2,112,315	-	2,667,651
Rehab Medicine	1,542,599	99,384	12,744	1,654,727	1,271,229	3,330	12,744	1,287,421	271,260	96,046	-	367,306
Surgery	2,749,619	188,683	21,813	2,955,910	1,993,467	-	21,813	2,015,279	752,048	188,563	-	940,631
Sub-Total	25,112,291	5,551,402	72,133	30,734,736	22,136,174	1,679,574	73,213	23,888,880	2,976,028	3,871,928	-	6,847,956
SERVICE GRANTS*												
Dentistry	55,147	-	-	55,147	54,347	-	-	54,347	800	-	-	800
Medicine	956,685	-	5,380	962,065	907,442	-	5,380	912,823	49,243	-	-	49,243
Pediatrics	41,002	-	-	41,002	25,783	-	-	25,783	15,219	-	-	15,219
Sub-Total	1,053,834	-	5,380	1,058,214	987,572	-	5,380	992,953	65,262	-	-	65,262
WORKLOAD												
Emergency Services	2,148,678	328,648	-	2,477,326	1,846,456	259,198	-	2,105,654	302,222	69,450	-	371,672
Medicine	4,660,698	122,519	8,303	4,781,520	4,422,991	13,330	8,303	4,444,625	237,706	99,189	-	336,895
Neurology	437,277	64,800	-	502,078	400,889	55,453	-	456,342	36,388	9,347	-	45,735
OB-GYN	2,325,906	96,295	6,526	2,427,727	2,196,238	96,295	5,526	2,298,059	129,668	-	-	129,668
Ophthalmology	529,069	6,633	22,767	558,469	519,194	6,633	22,767	548,594	9,875	-	-	9,875
Orthopedics	526,807	39,984	-	566,791	526,808	39,984	-	566,789	1	-	-	1
Pediatrics	2,042,748	275,498	-	2,318,246	1,671,264	84,802	-	1,756,066	371,484	190,696	-	562,180
Psychiatry	1,973,848	-	-	1,973,848	1,542,260	-	-	1,542,260	431,588	-	-	431,588
Rehab Medicine	496,762	53,610	-	550,373	462,732	49,884	-	512,616	34,051	3,626	-	37,678
Surgery	3,978,899	-	15,579	3,994,477	3,931,664	-	15,579	3,947,242	47,235	-	-	47,235
Sub-Total	19,120,692	977,988	53,175	20,350,855	17,920,473	605,580	52,175	18,578,328	1,600,218	372,308	-	1,972,526
OTHER NON-OCR CATEGORIES												
CME/Recruiting & Advertising	300,734	-	-	300,734	300,734	-	-	300,734	-	-	-	-
Network Neurosurgery Bonuses**	71,903	-	-	71,903	71,903	-	-	71,903	-	-	-	-
NY Presbyterian Residents	-	-	-	-	-	-	-	-	-	-	-	-
Other CBA-Mandated Differentials	40,891	-	-	40,891	-	-	-	-	40,891	-	-	40,891
Other CBA-Mandated Costs	13,881	-	-	13,881	-	-	-	-	13,881	-	-	13,881
PA Program	40,732	-	-	40,732	40,732	-	-	40,732	-	-	-	-
RRC Accreditation Consultant	54,300	-	-	54,300	-	-	-	-	54,300	-	-	54,300
Sickle Cell Program	100,235	-	-	100,235	100,000	-	-	100,000	235	-	-	235
Temporary Staff-Clinical Services	178,355	-	-	178,355	125,000	-	-	125,000	53,355	-	-	53,355
Sub-Total	801,031	-	-	801,031	638,369	-	-	638,369	162,662	-	-	162,662
HARLEM TOTALS	46,086,758	6,529,390	128,688	52,744,836	41,282,588	2,285,254	128,688	43,696,530	4,804,170	4,244,236	-	9,048,306
REHABILITATION TOTALS	3,882,678	34,977	-	3,917,654	3,470,936	-	-	3,470,936	411,742	34,977	-	446,719
NETWORK TOTALS	49,969,435	6,564,367	128,688	56,662,490	44,753,524	2,285,254	128,688	47,167,466	5,215,912	4,279,113	-	9,495,025

* Note that this analysis applies the methodology applicable to HHUL lines to the Service Grant lines instead of applying a full grant reconciliation, which is not expected to change the numbers significantly.

** This assumes that Columbia has paid the Neurosurgeons their FY07 bonuses. In any event, per section 10(d) of the FY04-FY07 Attachment B, the Corporation is obligated to pay Columbia the portion of the Neurosurgery Bonus Pool allocated to Harlem per the Corporation's accounting regardless of whether Columbia has paid such bonuses to its Neurosurgeons.

Exhibit A-1

FY07 Summary of OTPS and Other Components not Coded as OCR Items In Payroll System

Component	*OTPS Total*	*Payroll Total*	*Grand Total*	*Contract Maximums (Per Attachment B)*	*Allowable Costs (lesser of Maximum and Costs)*	*Comments*
PA program	24,282	16,450	***40,732***	104,000	40,732	See Summary Table
Temporary Help	178,355		***178,355***	125,000	125,000	See Summary Table
United Staff	12,792					
Veritude	18,041					
Therapeutic	118,239					
Martin Flec	14,334					
Comp Health	12,500					
Bagchi	600					
Temp Agency Charge	1,848					
Sickle Cell Program		100,235	***100,235***	100,000	100,000	See Summary Table
RRC Accreditation Consultant		54,300	***54,300***	-	-	See Summary Table
OCR-based Costs						
Radiol Lecture Fees	11,806		***11,806***			See FY07 Sessional Costs
Physicist	46,672		***46,672***			See FY07 Harlem Non-Sessional Costs
NY College of Podiatry	75,000		***75,000***			See FY07 Harlem Non-Sessional Costs
NICU Coverage	25,650		***25,650***			See FY07 Harlem Non-Sessional Costs
Psychiatry -- JCAHO Support	78,000		***78,000***			See FY07 Sessional Costs
Differential - Hosp		12,500	***12,500***			See FY07 Harlem Non-Sessional Costs
Differential - Int		5,625	***5,625***			See FY07 Harlem Non-Sessional Costs
CBA-Mandated						
Differential BC	34,391		***34,391***	-	-	See Summary Table
Differential MA	6,500		***6,500***	-	-	See Summary Table
Travel	6,618		***6,618***	-	-	See Summary Table
Memberships/Dues	2,505		***2,505***	-	-	See Summary Table
Subscriptions/Reports	4,758		***4,758***	-	-	See Summary Table
CME/Advertising	300,734		***300,734***	334,628	300,734	See Summary Table

Note (as of June 2010): For privacy purposes, names of specific individuals previously mentioned in the table set forth above have been replaced with a description of such individual's position.

Exhibit A-1

Calculation of Compensation Due for the Workload-Based Payment Component for Fiscal Year 2007 per Attachment B

Workload-Based Service Area	*Visits*	*Visit Conversion Factor*	*Ambulatory Surgeries*	*Ambulatory Surgery Conversion Factor*	*Discharges*	*Discharge Conversion Factor*	*Visit Equivalents*	*FY07 Model Visit Equivalent Price*	*Associated Workload Compensation*
Medicine	58,723	1.10	1,694	3.82	4,525	15.81	142,373	$ 28.53	$ 4,062,289
Surgery	22,394	0.89	1,923	3.82	1,911	30.76	86,034	$ 39.79	$ 3,423,287
Ophthalmology	9,026	0.89	372	3.82	5	30.76	9,597	$ 39.79	$ 381,881
Orthopedics	6,031	0.89	21	3.82	148	30.76	9,994	$ 39.79	$ 397,651
Obstetrics/Gynecology	25,317	1.03	329	3.82	1,577	26.09	68,388	$ 29.65	$ 2,027,474
Pediatrics	41,690	1.08	N/A	N/A	1,900	7.63	59,613	$ 35.48	$ 2,115,179
Psychiatry	16,110	1.54	N/A	N/A	711	28.07	44,766	$ 35.95	$ 1,609,464
Emergency Medicine	45,937	1.47	N/A	N/A	N/A	N/A	67,468	$ 37.13	$ 2,505,312
Neurology	2,320	1.54	-	3.82	257	28.07	10,787	$ 35.95	$ 387,802
Rehabilitation Medicine	4,301	1.54	N/A	N/A	88	28.07	9,094	$ 35.95	$ 326,938
Totals	***231,849***		***4,339***		***11,122***		***508,113***		***$ 17,237,279***

Exhibit A-1

FISCAL YEAR 2006

Comparison of Affiliate's Total Costs Against Compensation Due Under Attachment B and Compensation Assuming All Cost-Based Contract

Department/ Service Area	Affiliate's Total Costs (with Contract Fringe & Overhead)	Total Allowable Costs (i.e., treating Contract as all Cost-Based)	Non-Reimbursable Costs	Compensation Due Per Attachment B (with NWKL computed using VE Model)	Non-Reimbursable Costs
HARLEM					
NON-WORKLOAD					
Anesthesiology	4,802,601	3,954,224	848,377	3,954,224	848,377
Dentistry	631,502	618,811	12,692	618,811	12,692
Emergency Services	1,723,338	1,500,349	222,989	1,500,349	222,989
Employee Health	258,211	258,211	0	258,211	0
Medical Library	129,495	127,230	2,265	127,230	2,265
Medicine	1,481,227	1,366,403	114,824	1,366,403	114,824
Neurology	367,743	367,252	492	367,252	492
OB-GYN	1,032,123	870,834	161,289	870,834	161,289
Ophthalmology	464,470	464,314	155	464,314	155
Orthopedics	423,382	348,016	75,366	348,016	75,366
Pathology	2,833,087	2,591,026	242,061	2,591,026	242,061
Pediatrics	1,858,369	1,753,872	104,497	1,753,872	104,497
Professional Svcs	1,192,825	1,078,021	114,804	1,078,021	114,804
Psychiatry	2,709,601	2,032,694	676,907	2,032,694	676,907
Radiology	6,662,328	4,321,373	2,340,956	4,321,373	2,340,956
Rehab Medicine	1,676,027	1,388,168	287,859	1,388,168	287,859
Surgery	2,642,477	1,936,046	706,431	1,936,046	706,431
Sub-Total	30,888,806	24,976,843	5,911,963	24,976,843	5,911,963
SERVICE GRANTS*					
Medicine	793,455	792,669	786	792,669	786
Sub-Total	793,455	792,669	786	792,669	786
WORKLOAD					
Emergency Services	2,352,503	2,030,168	322,335	2,483,115	(130,612)
Medicine	4,640,724	4,209,256	431,468	4,088,124	552,600
Neurology	466,121	422,902	43,220	411,466	54,655
OB-GYN	2,114,822	1,998,830	115,993	1,969,900	144,923
Ophthalmology	559,728	547,331	12,397	420,841	138,887
Orthopedics	598,969	567,564	31,405	386,383	212,587
Pediatrics	2,595,338	2,123,533	471,805	2,134,083	461,254
Psychiatry	2,016,689	1,904,134	112,556	1,801,673	215,016
Rehab Medicine	702,575	508,727	193,848	306,397	396,178
Surgery	4,090,274	3,940,964	149,310	3,545,987	544,287
*Workload COLA Lump Sum Adjustment****	-	-	-	*813,756*	-
Sub-Total	20,137,743	18,253,407	1,884,336	18,361,725	1,776,018
OTHER NON-OCR CATEGORIES					
ACGME	31,250	31,250	-	31,250	-
CME/Recruiting & Advertising	368,605	334,628	33,977	334,628	33,977
Network Neurosurgery Bonuses**	63,253	63,253	-	63,253	-
NY Presbyterian Residents	-	-	-	-	-
Other CBA-Mandated Differentials	68,073	-	68,073	-	68,073
Other CBA-Mandated Costs	8,385	-	8,385	-	8,385
PA Program	98,053	98,053	-	98,053	-
RRC Accreditation Consultant	67,900	-	67,900	-	67,900
Sickle Cell Program	97,463	97,463	-	97,463	-
Temporary Staff-Clinical Services	125,000	125,000	-	125,000	-
Sub-Total	927,982	749,647	178,335	749,647	178,335
HARLEM TOTALS	52,747,986	44,772,566	7,975,420	44,880,884	7,867,102
RENAISSANCE TOTALS	4,015,700	3,629,179	386,522	3,629,179	386,522
NETWORK TOTALS	56,763,686	48,401,745	8,361,941	48,510,063	8,253,623

* Note that this analysis applies the methodology applicable to NWKL lines to the Service Grant lines instead of applying a full grant reconciliation, which is not expected to change the numbers significantly.

** This assumes that Columbia has paid the Neurosurgeons their FY06 bonuses. In any event, per section 10(d) of the FY04-FY07 Attachment B, the Corporation is obligated to pay Columbia the portion of the Neurosurgery Bonus Pool allocated to Harlem per the Corporation's accounting regardless of whether Columbia has paid such bonuses to its Neurosurgeons.

*** Given that the Visit Equivalent Prices were not generated to cover CBA-mandated COLA increases, section 8(f) of Attachment B provides for a lump sum adjustment to reimburse Columbia for Workload-Based COLA costs.

Exhibit A-1

CALCULATION OF ACTUAL, ALLOWABLE AND NON-REIMBURSABLE COSTS FOR PURPOSES OF FY06 SETTLEMENT

Department/ Service Area	FY 2006 Actual Contract Salary Costs (per CU's Finance Databases) with Fringe and Overhead (as calculated per Attachment B)				Allowable Costs Calculated Per Attachment B (Minimums, by line, of Actual Salary Costs and Budgeted Salary Costs, plus Fringe and Overhead) (Applying Cost-Based Compensation provisions to all lines.)				Non-Reimbursable Non-Sessional Salary/OTPS Costs with Fringe and Overhead (Actual Costs - Allowable Costs)			
	Actual Non-Sessional Contract Salary/OTPS Costs With Fringe & Overhead	Actual Sessional Contract Salary Costs with Fringe and Overhead	Actual Contract Accrued Vacation Costs with Fringe and Overhead	Total DAHTs Salary Costs with Fringe and Overhead	Allowable Non-Sessional Salary/OTPS Costs with Fringe and Overhead	Allowable Sessional Salary Costs with Fringe and Overhead	Allowable Contract Accrued Vacation Costs with Fringe and Overhead (Assuming all Cost-Based Lines)	Total Allowable Salary Costs with Fringe and Overhead	Non-Reimbursable Non-Sessional Salary/OTPS Costs with Fringe and Overhead	Non-Reimbursable Sessional Salary Costs with Fringe and Overhead	Non-Reimbursable Accrued Vacation Costs with Fringe and Overhead	Total Non-Reimbursable Costs with Fringe and Overhead
HARLEM												
NON-WORKLOAD												
Anesthesiology	3,753,756	1,032,247	16,597	4,802,601	3,620,739	316,888	16,597	3,954,224	133,017	715,359	-	848,377
Dentistry	631,502	-	-	631,502	618,811	-	-	618,811	12,692	-	-	12,692
Emergency Services	1,704,992	-	18,345	1,723,338	1,482,004	-	18,345	1,500,349	222,989	-	-	222,989
Employee Health	258,211	-	-	258,211	258,211	-	-	258,211	0	-	-	0
Medical Library	128,109	1,385	-	129,495	127,230	-	-	127,230	880	1,385	-	2,265
Medicine	1,481,227	-	-	1,481,227	1,366,403	-	-	1,366,403	114,824	-	-	114,824
Neurology	365,259	-	2,485	367,743	364,767	-	2,485	367,252	492	-	-	492
OB-GYN	875,873	142,388	13,862	1,032,123	818,719	38,253	13,862	870,834	57,154	104,135	-	161,289
Ophthalmology	464,470	-	-	464,470	464,314	-	-	464,314	155	-	-	155
Orthopaedics	423,382	-	-	423,382	348,016	-	-	348,016	75,366	-	-	75,366
Pathology	2,576,726	247,759	6,603	2,833,087	2,483,019	101,405	6,603	2,591,026	93,707	146,354	-	242,061
Pediatrics	1,762,210	92,007	4,152	1,858,369	1,686,479	63,241	4,152	1,753,872	75,732	28,766	-	104,497
Professional Svcs	1,171,093	19,466	2,266	1,192,825	1,075,755	-	2,266	1,078,021	95,338	19,466	-	114,804
Psychiatry	2,060,063	640,513	1,026	2,709,601	1,764,509	267,159	1,026	2,032,694	303,594	373,353	-	676,907
Radiology	3,869,851	2,744,498	27,979	6,662,328	3,545,205	748,189	27,979	4,321,373	344,647	1,996,309	-	2,340,956
Rehab Medicine	1,661,700	6,839	7,487	1,676,027	1,377,343	3,338	7,487	1,388,168	284,357	3,502	-	287,859
Surgery	2,584,786	52,894	4,797	2,642,477	1,878,355	52,894	4,797	1,936,046	706,431	-	-	706,431
Sub-Total	25,803,211	4,979,996	105,599	30,888,806	23,279,877	1,591,367	105,599	24,976,843	2,523,334	3,388,629	-	5,911,963
SERVICE GRANTS*												
Medicine	793,455	-	-	793,455	792,669	-	-	792,669	786	-	-	786
Sub-Total	793,455	-	-	793,455	792,669	-	-	792,669	786	-	-	786
WORKLOAD												
Emergency Services	2,057,896	274,808	19,799	2,352,503	1,751,171	259,198	19,799	2,030,168	306,725	15,610	-	322,335
Medicine	4,468,562	157,099	15,062	4,640,724	4,170,866	33,328	15,062	4,209,256	297,696	123,772	-	421,468
Neurology	385,074	81,048	-	466,121	361,103	61,798	-	422,902	23,970	19,249	-	43,220
OB-GYN	1,907,787	207,036	-	2,114,822	1,819,698	179,131	-	1,998,830	88,088	27,904	-	115,992
Ophthalmology	555,547	4,181	-	559,728	543,598	3,732	-	547,331	11,948	449	-	12,397
Orthopaedics	514,253	84,716	-	598,969	514,252	53,512	-	567,764	1	31,404	-	31,405
Pediatrics	2,448,763	144,415	2,160	2,595,338	2,036,571	84,802	2,160	2,123,533	412,192	59,613	-	471,805
Psychiatry	1,994,200	-	22,489	2,016,689	1,881,644	-	22,489	1,904,134	112,556	-	-	112,556
Rehab Medicine	538,895	163,679	-	702,575	475,684	33,043	-	508,727	63,212	130,637	-	193,848
Surgery	3,992,835	80,159	17,280	4,090,274	3,923,686	-	17,280	3,940,964	69,149	80,159	-	149,310
Sub-Total	18,863,812	1,197,141	76,790	20,137,743	17,478,272	658,548	76,790	18,263,407	1,385,540	498,796	-	1,884,336
OTHER NON-OCR CATEGORIES												
ACGME	31,250	-	-	31,250	31,250	-	-	31,250	-	-	-	-
CME/Recruiting & Advertising	368,605	-	-	368,605	334,628	-	-	334,628	33,977	-	-	33,977
Network Neurosurgery Bonuses**	63,253	-	-	63,253	63,253	-	-	63,253	-	-	-	-
NY Presbyterian Residents	-	-	-	-	-	-	-	-	-	-	-	-
Other CBA-Mandated Differentials	68,073	-	-	68,073	-	-	-	-	68,073	-	-	68,073
Other CBA-Mandated Costs	8,385	-	-	8,385	-	-	-	-	8,385	-	-	8,385
PA Program	98,053	-	-	98,053	98,053	-	-	98,053	-	-	-	-
RRC Accreditation Consultant	67,900	-	-	67,900	-	-	-	-	67,900	-	-	67,900
Sickle Cell Program	97,463	-	-	97,463	97,463	-	-	97,463	-	-	-	-
Temporary Staff-Clinical Services	125,000	-	-	125,000	125,000	-	-	125,000	-	-	-	-
Sub-Total	927,982	-	-	927,982	749,647	-	-	749,647	178,335	-	-	178,335
HARLEM TOTALS	46,388,459	6,177,137	182,389	52,747,986	42,300,465	2,249,732	182,389	44,732,586	4,087,995	3,887,425	-	7,975,420
RENAISSANCE TOTALS	3,868,356	147,545	-	4,015,700	3,595,173	53,005	-	3,629,179	272,182	114,339	-	386,522
NETWORK TOTALS	50,256,815	6,324,682	182,389	56,763,686	45,895,638	2,302,738	182,389	48,401,765	4,360,177	4,001,764	-	8,361,941

* Note that this analysis applies the methodology applicable to NWXL lines to the Service Grant lines instead of applying a full grant reconciliation, which is not expected to change the numbers significantly.

** This assumes that Columbia has paid the Neurosurgeons their FY06 bonuses. In any event, per section 10(d) of the FY04-FY07 Attachment B, the Corporation is obligated to pay Columbia the portion of the Neurosurgery Bonus Pool allocated to Harlem per the Corporation's accounting regardless of whether Columbia has paid such bonuses to its Neurosurgeons.

Exhibit A-1

Columbia University Medical Center
The Affiliation at Harlem

FY06 Summary of OTPS and Other Components not Coded as OCR Items in Payroll System

Component	*OTPS Total*	*Payroll Total*	*Grand Total*	*Contract Maximums (per Att. B Exh. C-1)*	*Allowable Costs*	*Comments*
PA program	30,853	67,200	***98,053***	***104,000***	***98,053***	See Summary.
Temporary Staff	125,000	-	***125,000***	***125,000***	***125,000***	See Summary
CompHealth	25,000					
Staff Cares	*32,965*					*(Note: Balance is in Sessionals)*
Theralinks	11,319					
Therapeutic	36,993					
Winston Med	17,744					
Winston Sta	979					
Sickle Cell Program		97,463	***97,463***	***100,000***	***97,463***	See Summary.
ACGME Costs	31,250		***31,250***	***31,250***	***31,250***	See Summary.
RRC Accreditation Consultant		67,900	***67,900***	-	-	See Summary.
OCR-based Costs						
Radiol Lecture Fees	17,250		***17,250***			see Harlem Non-Sessional Costs
Physicist	62,502		***62,502***			see Harlem Non-Sessional Costs
NY College of Podiatry	75,000		***75,000***			see Harlem Non-Sessional Costs
NICU Coverage	34,200		***34,200***			see Harlem Non-Sessional Costs
Psychiatry – JCAHO Support	22,000		***22,000***			See FY06 Sessional Costs
CBA-Mandated						
Differentials (BC/MA)		68,073	***68,073***	-	-	See Summary
Memberships/reports	8,385		***8,385***	-	-	See Summary
CME/Advertising	368,605		***368,605***	***334,628***	***334,628***	See Summary.

Note (as of June 2010): For privacy purposes, names of specific individuals previously mentioned in the table set forth above have been replaced with a description of such individual's position.

Exhibit A-1

Calculation of Compensation Due for the Workload-Based Payment Component for Fiscal Year 2006

Workload-Based Service Area	*Visits*	*Visit Conversion Factor*	*Ambulatory Surgeries*	*Ambulatory Surgery Conversion Factor*	*Discharges*	*Discharge Conversion Factor*	*Visit Equivalents*	*FY06 Model Visit Equivalent Price*	*Associated workload compensation*
Medicine	59,473	1.10	1,455	3.82	4,588	15.81	143,279	$ 28.53	$ 4,088,124
Surgery	22,771	0.89	1,950	3.82	1,997	30.76	89,118	$ 39.79	$ 3,545,987
Ophthalmology	10,102	0.89	386	3.82	4	30.76	10,577	$ 39.79	$ 420,841
Orthopedics	6,063	0.89	28	3.82	137	30.76	9,711	$ 39.79	$ 386,383
Obstetrics/Gynecology	25,077	1.03	329	3.82	1,512	26.09	66,446	$ 29.65	$ 1,969,900
Pediatrics	41,851	1.08	N/A	N/A	1,947	7.63	60,145	$ 35.48	$ 2,134,083
Psychiatry	18,251	1.54	N/A	N/A	784	28.07	50,113	$ 35.95	$ 1,801,673
Emergency Medicine	45,530	1.47	N/A	N/A	N/A	N/A	66,870	$ 37.13	$ 2,483,115
Neurology	2,474	1.54	-	3.82	272	28.07	11,445	$ 35.95	$ 411,466
Rehabilitation Medicine	3,930	1.54	N/A	N/A	88	28.07	8,522	$ 35.95	$ 306,397
Totals	***235,522***		***4,148***		***11,329***		***516,224***		***$ 17,547,969***

Fiscal Year (FY)	Payment Documents	Annexes	PIs/PFP	>$50K/Exception Requests	Training	Other/General Administration	Total
2002	82	23	5	0	3	13	**126**
2003	56	23	4	0	4	10	**97**
2004	39	17	9	0	0	6	**71**
2005	45	10	0	0	6	17	**78**
2006	47	33	2	0	3	42	**127**
2007	33	28	9	36	2	31	**139**
2008	48	41	4	29	2	26	**150**
2009	27	44	1	27	3	8	**110**
2010*	43	13	7	18	1	9	**91**

*Please note that FY 2010 total contacts is through 5/12/10.

EXHIBIT A-3 Harlem Hospital Reconciliation of 84 Providers Identified by NYC Comptroller's Office as Missing From June 30, 2009 Annex A2 Roster

No.	Name, Last	Name, First	DOH/TRF	Notes:
1			6/22/2009	On FY09 A2 --Line Number 529
2			3/31/2009	On FY09 A2 --Line Number 803
3			2/4/2009	On FY09 A2 --Line Number 372
4			3/23/2009	On FY09 A2 --Line Number 498
5				On FY09 A2 --Line Number 516
6			12/15/2008	On FY09 A2 --Line Number 135
7			6/22/2009	On FY09 A2 --Line Number 541
8			5/20/2009	On FY09 A2 --Line Number 455
9			1/26/2009	On FY09 A2 --Line Number 103
10			XXXX	Performance based grant position. Ryan White MSV. CU reimbursement based upon ability to meet contract deliverables. For monitoring purposes only.
11			7/1/2008	CU research grant funded position. Listed for monitoring purposes only.
12				New grant funded (Healthy Start) position added to OCR July 2009 (Not on June 30, 2009 Annex A-2).
13			XXXX	Performance based grant position. Ryan White MSV. CU reimbursement based upon ability to meet contract deliverables. For monitoring purposes only.
14			XXXX	Performance based grant position. Ryan White MSV. CU reimbursement based upon ability to meet contract deliverables. For monitoring purposes only.
15			6/22/2009	On FY09 A2 --Line Number 530
16			3/3/2009	On FY09 A2 --Line Number 282
17			2/9/2009	On FY09 A2 --Line Number 485
18			2/4/2009	On FY09 A2 --Line Number 373
19			9/29/2008	On FY09 A2 --Line Number 330
20			8/26/2000	On FY09 A2 --Line Number 496
21			XXXX	Performance based grant position. Ryan White MSV. CU reimbursement based upon ability to meet contract deliverables. For monitoring purposes only.
22				On FY09 A2 --Line Number 364
23			1/29/2009	This position should have been included in the Q4 A2.
24			11/22/1993	On FY09 A2 --Line Number 261
25			3/16/2009	On FY09 A2 --Line Number 489
26			5/13/1999	On FY09 A2 --Line Number 475
27			3/9/2009	On FY09 A2 --Line Number 116
28			9/17/2001	On FY09 A2 --Line Number 363
29			6/1/2009	On FY09 A2 --Line Number 578
30			3/30/2009	On FY09 A2 --Line Number 91
31			12/22/2008	On FY09 A2 --Line Number 37
32			4/20/2009	On FY09 A2 --Line Number 531
33			7/1/1685	On FY09 A2 --Line Number 579 - Original position reclassified to fund a New Bariatric Surgeon.
34			12/11/2008	On FY09 A2 --Line Number 135 - Original position reclassified to fund a Gastroenterology Chief.