



Procedure for Paying Revenue Loss and Sustainability Dollars

Background

In recognition that the hospital system transformation will impact both expenses and revenue, the NCI Finance Committee recommended the strategy outlined below to pay the revenue loss budgeted dollars. This strategy was approved by the NCI Board in May 2016.

The strategy allows for more clarity around the amounts available to each hospital to include in their sustainability planning, with the understanding that these dollars are earned by submitting the necessary deliverables each quarter.

Logic

Reference: "Revenue Loss and Sustainability Transformation Proposal"

- 1.) A weighted average was used to find the percent of the revenue loss dollars that should be allocated to each of the six partner hospitals.
- 2.) The weighted average took into account the percent of 4 components, each weighted 25% of the total:
 - a. 2014 Medicaid ED Discharges: Source- SPARCS
 - b. 2014 Medicaid Inpatient Discharges: Source- SPARCS
 - c. NYS Attribution: Source- NYS DOH MAPP Database
 - d. Project Total: Source- NYS DOH DSRIP Project Valuation
- 3.) The revenue loss and sustainability dollars will be paid on a quarterly basis once deliverables for each quarter are met—Reference: "Payment Worksheet".
- 4.) The total quarterly payment will be one fourth of the annual budget minus the invoice amount to the third party vendor.

Deliverables

- 1.) Submission of quarterly financial to third party vendor – see "Financial Submission Requirements"
- 2.) Completion of DSRIP project deliverables or development of a plan for remediation which has been approved by the DSRIP Project Management Office (PMO).



Process

- 1.) Each hospital CFO must submit quarterly financials, see “Financial Submission Requirements”, to the third party vendor within 30 days of the quarter end, see Report Date on the “Payment Worksheet”.
- 2.) The third party vendor will provide the NCI Director of Finance confirmation of receipt of quarterly financials for each hospital within 7 days of the Report Date.
- 3.) The NCI Performance Coordinator will provide the NCI Director of Finance confirmation of quarterly deliverable completion for each hospital within 30 days of the end of each quarter.
- 4.) The NCI Director of Finance will schedule payment within 60 days of the quarter end date, see Payment Date on the “Payment Worksheet”, if deliverables for the quarter have been met. Payment confirmation will be sent to the DSRIP Point of Contact.
- 5.) Failure to meet the deliverables will result in the following:
 - a. Should a hospital fail to submit quarterly financials, 75% of their payment will be held until the quarterly financial are submitted. Should the financials not be received within 60 days of the end of the quarter, the hospital will forego that portion of the revenue loss payment.
 - b. Should a hospital not meet a quarterly project deliverable or receive PMO approval of remediation, they will forego that portion of revenue loss payment associated with that project.

Financial Submission Requirements

- 1) The following financial data will be needed to fulfill the quarterly financials deliverable:
 - a. Classified balance sheet which needs to include:
 - Total cash
 - Investments (current and long term portion)
 - Debt (current and long term portion)
 - Total current assets (please be sure items such as due to/from third party, due to/from related party, etc. are properly classified)
 - Total current liabilities (please be sure items such as due to/from third party, due to/from related party, etc. are properly classified)
 - Total unrestricted net assets
 - a. Income statement which needs to include:

	Committee/Board	Date
• Operating revenue	NCI DSRIP Finance Committee Review	7/26/16
• Operating expenses	CFO Meeting Review	6/24/16
• Depreciation	Class B Member Review	7/28/16
• Amortization	NCI Board Review	8/3/2016
• Interest		