

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK

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In re:	: Chapter 11
	:
ORION HEALTHCORP, INC.	: Case No. 18-71748 (AST)
CONSTELLATION HEALTHCARE TECHNOLOGIES, INC.	: Case No. 18-71749 (AST)
NEMS ACQUISITION, LLC	: Case No. 18-71750 (AST)
NORTHEAST MEDICAL SOLUTIONS, LLC	: Case No. 18-71751 (AST)
NEMS WEST VIRGINIA, LLC	: Case No. 18-71752 (AST)
PHYSICIANS PRACTICE PLUS, LLC	: Case No. 18-71753 (AST)
PHYSICIANS PRACTICE PLUS HOLDINGS, LLC	: Case No. 18-71754 (AST)
MEDICAL BILLING SERVICES, INC.	: Case No. 18-71755 (AST)
RAND MEDICAL BILLING, INC.	: Case No. 18-71756 (AST)
RMI PHYSICIAN SERVICES CORPORATION	: Case No. 18-71757 (AST)
WESTERN SKIES PRACTICE MANAGEMENT, INC.	: Case No. 18-71758 (AST)
INTEGRATED PHYSICIAN SOLUTIONS, INC.	: Case No. 18-71759 (AST)
NYNM ACQUISITION, LLC	: Case No. 18-71760 (AST)
NORTHSTAR FHA, LLC	: Case No. 18-71761 (AST)
NORTHSTAR FIRST HEALTH, LLC	: Case No. 18-71762 (AST)
VACHETTE BUSINESS SERVICES, LTD.	: Case No. 18-71763 (AST)
MDRX MEDICAL BILLING, LLC	: Case No. 18-71764 (AST)
VEGA MEDICAL PROFESSIONALS, LLC	: Case No. 18-71765 (AST)
ALLEGIANCE CONSULTING ASSOCIATES, LLC	: Case No. 18-71766 (AST)
ALLEGIANCE BILLING & CONSULTING, LLC	: Case No. 18-71767 (AST)
PHOENIX HEALTH, LLC	: Case No. 18-71789 (AST)
	:
Debtors.	: (Jointly Administered)
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**SUPPLEMENTAL DECLARATION OF TIMOTHY J. DRAGELIN IN SUPPORT OF
APPLICATION FOR AN ORDER AUTHORIZING THE DEBTORS TO RETAIN FTI
CONSULTING, INC. TO PROVIDE THE DEBTORS A CHIEF EXECUTIVE OFFICER
AND CHIEF RESTRUCTURING OFFICER AND CERTAIN ADDITIONAL
PERSONNEL, NUNC PRO TUNC TO THE PETITION DATE**

I, Timothy J. Dragelin declare the following:

1. I am a Senior Managing Director with FTI Consulting, Inc. (together with its wholly owned subsidiaries, agents, independent contractors and employees, “FTI” or “FTI Professionals”).

2. On April 11, 2018, the above-captioned debtors and debtors in possession (collectively, the “Debtors”) filed the *Application of Debtors for an Order Authorizing the Debtors to Retain FTI Consulting, Inc. to Provide the Debtors a Chief Executive Officer and Chief Restructuring Officer and Certain Additional Personnel, Nunc Pro Tunc, to the Petition Date* [D.I. 104] (the “Application”)¹. In support of the Application, the Debtors submitted the *Declaration of Timothy J. Dragelin in Support of Application of Debtors for an Order Authorizing the Debtors to Retain FTI Consulting, Inc. to Provide the Debtors a Chief Executive Officer and Chief Restructuring Officer and Certain Additional Personnel, Nunc Pro Tunc, to the Petition Date* (the “Dragelin Declaration”).

3. I am duly authorized to submit this declaration (the “Supplemental Dragelin Declaration”) on behalf of FTI. This Supplemental Dragelin Declaration supplements the Dragelin Declaration. Except as otherwise indicated herein, I have personal knowledge of the matters set forth herein. If called as a witness, I would testify thereto.

4. Prior to the Petition Date, FTI performed services for both the Debtors and one or more of the non-Debtor subsidiaries of Debtor NYNM Acquisition, LLC, which include New York Network Management, L.L.C., Network Management Insurance Brokerage Services LLC, New York Network IPA, Inc., New York Premier IPA, Inc., Brooklyn Medical Systems IPA 3 Inc., Brooklyn Medical Systems IPA 4 Inc., and Brooklyn Medical Systems IPA 5 Inc. (collectively, “NYNM”). See First Day Declaration, p. 1 n. 2 (stating that I am the CRO of both the Debtors and NYNM). The NYNM entities have not filed chapter 11 petitions as of this date.

5. FTI continues to provide services to NYNM. On May 3, 2018, Debtor Constellation Healthcare Technologies, Inc., non-Debtors New York Network IPA, Inc.

¹ Capitalized terms used but not otherwise defined herein, shall have the meanings ascribed to them in the Application.

(“NYNI”), non-Debtor New York Network Management, L.L.C. (“NYNMLLC”), and FTI entered into a Statement of Work (“SOW”), which supplements the Engagement Letter. The purpose of the SOW is to add NYNI and NYNMLLC as parties so that FTI can receive documents from NYNI and NYNMLLC in compliance with applicable healthcare regulations. Pursuant to the SOW, FTI will assist NYNI and NYNMLLC with data analysis, a review of healthcare claims and denials information, assistance with responding to requests for historical claims, payment, and denials data, and other business operations initiatives. A copy of the SOW is attached hereto as Exhibit 1.

6. The services FTI provides to NYNM benefit the Debtors’ estates because NYNM is a valuable asset of the Debtors. Moreover, NYNM upstreams its excess funds to the Debtors. Additionally, FTI’s work for NYNM will assist potential purchasers of NYNM with their diligence. Finally, NYNM and the Debtors’ interests are aligned with respect to the work FTI will perform for NYNM.

I declare under penalty of perjury that the foregoing is true and correct.

Dated: May 8, 2018

/s/ Timothy J. Dragelin
Timothy J. Dragelin
Senior Managing Director
FTI Consulting, Inc.

Exhibit 1



Health Solutions

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May 03, 2018

Statement of Work (the “NYNI/NYNM SOW”) by and among FTI Consulting, Inc., Constellation Healthcare Technologies, Inc., and New York Network IPA, Inc / New York Network Management, LLC.

FTI Consulting, Inc. (“FTI” or “Consultant”), at the request of Constellation Healthcare Technologies, Inc. (“CHT”), agrees to provide services (as more fully described below, “Services”) to New York Network IPA, Inc., (“NYNI”) and New York Network Management, LLC (“NYNM”), together “NYNI/NYNM,” both wholly-owned subsidiaries of CHT, pursuant to that certain Consulting Agreement by and among FTI and CHT dated October 19, 2017 (“Agreement”).

This NYNI/NYNM SOW supplements the Agreement. In the event of any conflict between this NYNI/NYNM SOW and the Agreement, the NYNI/NYNM SOW shall control solely with respect to the Services provided hereunder. Capitalized terms not otherwise defined in this NYNI/NYNM SOW shall have the meanings assigned to them in the Agreement.

CONFIDENTIAL INFORMATION AND PHI

It is acknowledged that as part of this engagement FTI may receive protected health information as that term is defined in the Federal Health Insurance Portability and Accountability Act of 1996, as amended by the Health Information Technology for Economic Clinical Health Act, and the related implementing regulations (collectively, “HIPAA”). FTI agrees to be bound by all Federal, State and local rules and regulations which require the Client to keep patient information confidential, private, and secure. FTI entered into a HIPAA Subcontractor Business Associate Agreement with CHT and NYNI/NYNM, dated April 28, 2018, and attached as Exhibit A to this SOW.

BACKGROUND

NYNI/NYNM require assistance with data analysis; a review of healthcare claims and denials information; assistance with responding to requests for historical claims, payment, and denials data, and; assistance with other business operations initiatives.

SCOPE OF SERVICES

FTI’s work is to assist NYNI/NYNM as follows:

1. Denials Analysis: FTI Health Solutions healthcare subject matter experts will assist with an assessment and evaluation of denials.

New York Network IPA, Inc. and New York Network Management, LLC (NYNI/NYNM)
Operational Support and Analysis SOW

- a. **Data Analysis:** FTI will evaluate claims data and denials data provided by NYNI/NYNM and eviCore, spanning the time period 01/2018 through 04/2018. We will perform analyses to determine/summarize:
 1. Historical and current denial rate, volume, and dollars
 2. Categorization of denials by denial type
 3. Comparison to historical denials analyses
 4. Potential financial impact to NYNI/NYNM if certain denied claims were to be reprocessed and resubmitted.
- b. **Process Review:** FTI will review available documentation and perform interviews with NYNI/NYNM and eviCore personnel as necessary to understand the NYNI/NYNM denials process flow, operational structure, and controls.
2. Assistance with Requests: FTI will provide assistance with responding to third-party requests for historical analytics summarizing claims, payment, and denials data and information.
3. Other Assistance: FTI will provide assistance with other NYNI/NYNM business operations initiatives at the direction of NYNI/NYNM and CHT.

FTI's record access will occur via remote electronic or on-site methods.

DELIVERABLES

1. Denials Review:
 - a. Analysis of claims data and existing denials summaries from NYNI/NYNM and eviCore.
 - b. Summary of the volume and dollar amount of outstanding, unpaid denials.
 - c. Estimate of funds flow to NYNI/NYNM should certain denied claims be reprocessed.
 - d. Estimate of work effort (e.g., expected NYNI/NYNM costs) related to reprocessing of certain denied claims.
 - e. High level listing of recommended work steps to assist NYNI/NYNM with prioritizing any recommended activities related to the denied claims.
 - f. Summary of general observations related to the NYNI/NYNM denials process.
2. Assistance with responding to third-party requests for analytics summarizing claims, payment, and denials data and information.
3. Assistance with other related business operations initiatives including, but not limited to: PDM analysis; Data identification and organization; Dissemination of denials information and provider outreach and education related to denials.

New York Network IPA, Inc. and New York Network Management, LLC (NYNI/NYNM)
Operational Support and Analysis SOW

PROJECT TIMELINE

We are prepared to begin immediately upon receipt of the executed NYNI/NYNM SOW. The term of this NYNI/NYNM SOW shall begin on its signing and end on completion of the Services unless otherwise terminated by the parties.

PROJECT TEAM

FTI will organize an integrated team of professionals for purposes of this engagement with the appropriate skill sets and expertise to perform the work. The team will be led by Matthew Schwartz, Senior Director and Frank Lazzara, Managing Director.

FTI team members performing the work described in this SOW will undergo HIPAA orientation/training per NYNI/NYNM's requirements.

PROFESSIONAL FEES AND EXPENSES

Fees

FTI will provide resources for up to 12 hours per week at an estimated blended rate of \$500 per hour for the initiatives outlined herein. FTI's compensation for the Services will be based upon the time incurred providing the services multiplied by the hourly rates articulated in the Agreement:

Role/Function	Hourly Rate
Senior Managing Director	\$660 - \$1,050
Directors / Senior Directors/ Managing Directors	\$500 - \$835
Consultants / Senior Consultant	\$335 - \$605
Project Assistant	\$135 - \$265

Prior to commencing additional activities and projects, FTI will work with CHT and NYNI/NYNM to obtain approval and to develop agreed upon budgets and deliverables.

Payment Terms

Invoicing and payment will be in accordance with the provisions of the Agreement.

Direct Expenses

Expenses associated with the provision of the Services will be invoiced and paid in accordance with the provisions of the Agreement.

OTHER TERMS AND CONDITIONS

Unless specifically indicated within this NYNI/NYNM SOW, all terms and conditions of the Agreement shall remain in full force and effect.

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New York Network IPA, Inc. and New York Network Management, LLC (NYNI/NYNM)
Operational Support and Analysis SOW

We look forward to supporting your organization throughout this important project. Please indicate your acceptance of these terms by signing and returning one signed copy of this SOW.

Sincerely,
FTI Consulting, Inc.



Frank Lazzara
Managing Director



Matthew Schwartz
Senior Director

Agreed to:
Constellation Healthcare Technologies, Inc.

/s/ Timothy J. Dragelin
Timothy J. Dragelin

CEO
Title

05/03/2018
Date

Agreed to:
New York Network IPA, Inc.
New York Network Management, LLC


Elizabeth Kelly

CEO/President
Title


5/8/18
Date