

MINUTES OF THE PUBLIC SESSION OF THE NASSAU HEALTH CARE CORPORATION BOARD OF DIRECTORS' MEETING HELD ON APRIL 28, 2008

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Directors Present

George W. Miner, MD, MBA, Chair Pro Tem  
Lawrence E. Elovich, Esq.  
John M. Brickman, Esq.  
Joseph Capobianco, Esq.  
Bradley L. Gerstman, Esq.  
Greg-Patric Martello, Esq.  
John F. Ragano, Esq.  
Frank J. Saracino, EdD

Not Present

Martin D. Payson, Chair  
Leonard A. Benedict, MD, MPH  
Rosemarie Guercia, MD  
Jemma Marie-Hanson, RN  
Barbara Ross-Lee, DO  
Asif M. Rehman, MD

Non-Voting Directors Present

Arthur A. Gianelli, President/CEO

Hospital Administration

Julie L. Mirkin, RN, SVP for Patient Care Services  
Sharon Popper, Esq., SVP for Legal Affairs  
Paul J. Rowland, SVP/COO  
Larry Slatky, SVP Extended Care  
Steven J. Walerstein, MD, SVP Medical Affairs  
Joan A. Soffel, Assistant to the Board/CEO

Guests

Robert Benrubi, Esq., Counsel to the CEO/Real Estate and Intergovernmental Relations

1. George W. Miner, Chair Pro Tem, Board of Directors of the Nassau Health Care Corporation, opened the meeting at 8:55 a.m. for discussion, pending arrival of a quorum.
2. **Adoption of Minutes.** Upon achieving a quorum, a motion made and duly seconded, the minutes of the March 24, 2008 Board of Directors meeting were approved, all in favor.
3. **Report of the Chairman Pro Tem.** Dr. Miner informed the Committee that Mr. Payson had an unexpected conflict and would not be in attendance. Dr. Miner was asked to chair the meeting in his absence.
4. **Report of the President/CEO.**

Finances. Mr. Gianelli reported that through the first quarter 2008, after operations and investment income, the Corporation lost \$3.4 million. Some of that loss is incorporated within the budget for items that require working with the State or Medicare intermediary to secure additional reimbursement. Mr. Gianelli is working with State administration and the delegations in both the Assembly and Senate to obtain group price average that would represent an increase in reimbursement of \$6-6.5 million. The bill for group price average would need to be moved through the health committee and get to the Assembly/State floor for a vote. In addition, Richard Perrotti is actively working on Medicare Disproportionate Share (DSH) appeal and has filed a multi-year request for reimbursement going back to 2002 that would be worth \$2 million. Mr. Gianelli is confident that Mr. Perrotti will be successful. There is a risk with the group price average, however, because the State budget is not in a good position. Even if one backs out the group price average and DSH payments, NHCC still would have projected a loss of \$3-4 million. It is very important to close that gap in 2008-2009. There are inflationary costs that will affect wage increases, step increases, pension increases, supply costs and pharmaceuticals.

For the third straight month, A. Holly Patterson has been positive on all indicators with the census, case mix and Medicare patient days while keeping FTE's down. The hospital's discharges in March were not as high as budgeted. Salaries and benefits were driven up due to one-to-ones on the psychiatric floor and some staffing levels in PM&R although their census was high. The Corporation must work toward financial long term volume growth and cost reduction. Mr. Gianelli has had numerous meetings with voluntary physicians to

introduce them to an infrastructure that would support the voluntary physicians. A physician navigator will be hired for the Emergency Department and space will be allocated on the 8<sup>th</sup> floor for a voluntary medical staff service—to fill the needs of the voluntary community. The Department of Community Medicine was created and physicians have been identified who are dedicated to the health centers with incentive practices. The community health centers must be rewired, creating a process by which patients go through the system more efficiently. Expenses must be reduced and Mr. Gianelli is in discussions with the Union and has held numerous Town Hall meetings with employees explaining what is needed to sustain expenses in the long term. Over the next several years, it important that the Corporation is where it needs to be—not only physically, but in quality of care and financial performance. Mr. Gianelli's goal is to meet with all 3,400 employees to explain what needs to be done. The Union has not taken a position.

Mr. Gianelli said that the first version of the report cards have been discussed with the clinical and support services leadership and follow up meetings will be scheduled to review those report cards (volume growth, quality and patient satisfaction). This is model to drive accountability, quality and patient satisfaction. Mr. Gianelli is working on finalizing the Quality Management Table of Organization and has renewed a contract with the Krasnoff Institute.

The Modernization Plan includes the Emergency Room, A. Holly Patterson, the Freeport/Roosevelt Health Center and the Hempstead Health Center. There is a lease for the 135 Main Street building in Hempstead and the CON will be filed. Ideally within 60-90 days, the building should be occupied. The Freeport/Roosevelt site is progressing and Dr. Guercia spoke to Mr. Gianelli over the weekend. The architects must finish their work. A. Holly Patterson is moving full steam ahead and by July 1<sup>st</sup> everything should be in place except the financing. By July 1<sup>st</sup>, Mr. Gianelli should know if financing will be fast tracked or take longer. This week, the Center for Hypertension/Vascular Disease/Diabetes will be opening and will complement the Burn Center that opened last week. The Hypertension/Vascular Disease/Diabetes Center will be the first center of excellence that can be affirmatively marketed as a place where people can go for chronic care for these conditions. Other initiatives include an RFP for 340B Pharmacy and converting the Diagnostic Treatment Centers (DTCs) to Federally Qualified Health Centers (FQHCs). In May, NHCC will be hosting a follow up to a Vital Signs report that NHCC co-sponsored relative to the uninsured on Long Island, including announcing a proactive endeavor to insure children through the NuCare model. There are many strategic things happening, but finances continue to be a struggle and that it why it is important to grow volume, attract voluntary physicians, implement the business process plans and work with the Union for the long term.

5. **Report of the Medical Professional Affairs Committee and Medical Director.** Dr. Miner reported that the committee did not meet. A report on the American University of the Caribbean will take place in the Executive Session.
6. **Report of the Finance Committee.** Mr. Elovich reported that the Committee met on April 23, 2008 and reviewed several contracts that will be discussed in Executive Session.

Mr. Brickman questioned the Manatt contract and asked if the 2008 rates could be reduced since NHCC is a public benefit corporation. Ms. Popper said that the rates are slightly increased for 2008 and they are discounted by 20%.

Dr. Miner asked for approval of the Master Resolution. **Upon a motion made, duly seconded and unanimously approved, the Board of Directors adopted the Resolution**

**Approving Finance Committee Recommendations, without exception<sup>1</sup>, approving Resolution Nos. 069-2008 (Total Orthopaedics & Sports Medicine, LLP), 070-2008 (Dr. Marc S. Schumann, DPM), 071-2008 (Loeb & Troper), 072-2008 (Ridgefield Associates), 073-2008 (Krasnoff Quality Management Institute), 074-2008 (Healthcare Association of New York State [HANY]), 075-2008 (Eclipsys), 076-2008 (Personal Touch Physical Medicine & Rehab LLC), 064-2008P (AHP Financing/Underwriting: Amend and Restate Resolution No. 064-2008), 077-2008 (Manatt Phelps, Phillips), 078-2008 (Saccardi & Schiff) as set forth in the attached Master Resolution M-079-2008.**

SEQRA. Mr. Benrubi reported that a resolution is included in the Board packet relative to SEQRA for construction of a new A. Holly Patterson facility, a diagnostic treatment center and an assisted living facility. The subdivisions are necessary to construct and finance demolition of the old and construction of the new buildings. The process was started a few months ago and in March the Board declared its intent to be Lead Agency for these actions. A notice of intent was sent to all potential agencies that might be involved such as the Department of Health, Town of Hempstead, etc. The notice of intent allows interested agencies 30 days to respond. Thirty days have passed and there were no responses. Accordingly, the next steps are to declare ourselves lead agency and to vote to accept the findings in the environmental assessment (no adverse environmental impacts reported).

**Upon a motion made, duly seconded and unanimously approved, the Board of Directors adopted the Resolution to Declare the Nassau Health Care Corporation "Lead Agency" for SEQRA Purposes in the Construction of an Extended Care Facility, an Assisted Living Facility, a Community Health Center and a Dialysis Center on the Current A. Holly Patterson Property and Subdivision as may be necessary, on the site located at 875 Jerusalem Avenue, Uniondale, New York, identified on the Nassau County Land and Tax Map as Section 50, Block G, Lots 274 and 275 and issuing a negative declaration for same. Resolution No. 080-2008.**

7. **Report of the Community Health Committee**. Dr. Guercia, chair, was not in attendance due to a prior commitment.
8. **Report of the Extended Care Committee**. Mr. Saracino, chair, reported that the Committee met on April 15, 2008. The Committee discussed the U.S. Department of Justice visitation that occurred in 2002. A final report from the monitors was received in July 2007. Also in July 2007 the nursing home had a visitation by the New York State Department of Health. Mr. Saracino noted that in 2003 Mr. Slatky became involved with the nursing home and a memorandum of understanding was submitted with all of the items and within the first year the nursing home was in full compliance. Recommendations regarding quality of care and harm to a resident made by the New York State Department of Health were resolved. Mr. Saracino also toured the facility and the rehabilitation of the building has been very noticeable. The operations are sound and Mr. Slatky and the support staff should be commended for this turn around in finances and quality of care.
9. **Report of the Facilities Committee**. Mr. Gertsman, chair, reported that the Committee met on April 18, 2008. The Gilbane contract was amended to set up "mock ED rooms" so that staff can participate in finding the best ways to set them up before they are actually

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<sup>1</sup> During executive session Mr. Brickman advised that upon reviewing [Resolution No. 064-2008P] proposing to amend and restate a prior resolution regarding AHP financing and underwriting transactions, he noted that one of the firms that was selected was Goldman Sachs. Because Goldman Sachs is a client of Mr. Brickman's law firm, and so as to avoid any appearance of a conflict of interest, Mr. Brickman asked to recuse himself from the vote. As a result, Resolution 064-2008 will be designated as not having been adopted pending further action by the Board when, and if, it is approved by the favorable vote of eight members of the Board of Directors.

constructed. Environment of Care (EOC) and Statement of Conditions (SOC) continue to be reviewed for readiness. The Committee receives regular reports on what needs to be fixed to ensure compliance. Another area reviewed was security in the hospital, focusing on medical emergencies and security of the building and roadways in the event of threat to the hospital or community and how staff would react. Mr. Gertsman also toured the Incident Command Center and spot checked the various equipment should an emergency occur including power outages.

Mr. Rowland noted that the Gilbane contract amendment will be coming to the Board at the next meeting. Mr. Rowland noted that the Capital Budget was previously approved by the Board, but there are a series of smaller projects that will be accomplished in 2008 such as the Veterans Center, moving the Eye Center, PM&R expansion, moving some on-call rooms and labor and delivery rooms. For this, NHCC needs architectural services and guidance. An RFP will be sent out for the architects for one or two small projects including plumbing repairs. There is also a small equipment budget and an advisory committee is working with the clinical departments to prioritize purchases for 2008. Mr. Bie is looking at options to lease equipment that is needed now and cannot wait to be purchased in subsequent years.

10. **Report of the Legal and Audit Committee.** Mr. Brickman, chair, reported that the Committee met on April 9, 2008. The Committee met with Ernst & Young and received a preliminary report on the progress of the audit for 2007 that indicated there are no out-of-the-ordinary or remarkable findings. The Committee reconvenes on June 10<sup>th</sup> and will receive the certified financials for 2007 and discuss those findings with Mr. Bie. The Committee also met with Marks, Paneth and Shron, accountants for The Nassau Health Care Foundation (f/k/a MMERF) and was informed of changes in federal tax-reporting filing requirements for tax-exempt public charities commencing with filings applicable to the 2008 tax year. Ms. Popper and the legal staff have developed a work plan for the Committee for the entire year, a copy of which is included in the Board books for today's meeting.
11. **Other.** None
12. **Close of Regular Meeting.** George W. Miner, Chair Pro Tem, closed the meeting and opened the floor for public comment.

Mr. Andreas Guilty, the CEO of the African American Media Network, addressed the Board regarding the 380 Nassau Road building. Mr. Guilty felt that it was inappropriate for a hospital to come into the Roosevelt community and rent or purchase an entire building without allowing other businesses to share the building. He felt that this was institutional racism. He also noted that he has many reporters on staff and the Corporation has not contracted with his group to advertise in the community and only uses the Community Journal. Mr. Gianelli noted that the Town of Hempstead has the right to enter into agreements with the occupants of the building. NHCC made an offer to the developer, who elected to go into business with NHCC. NHCC is in discussions on ways to proceed by either occupying the entire building or occupying two-thirds and then RFP for the other one-third for a group to occupy that space that is consistent with the Corporation's mission and the Town of Hempstead planning department. Over the past few years, there has been significant improvement in services to the predominantly minority communities. The Freeport center after 20 years will be moving to a new location that is dignified and by securing the 380 Nassau Road building, the Corporation has accomplished that. The Hempstead move has taken years and NHCC has accomplished that move to 135 Main Street. There has been no investment by any health care organization for imaging in the communities, and NHCC will change that with an imaging center on Fulton. NHCC is making an investment in the communities of need and minority populations as the public hospital for Nassau County. A Community Medicine Department has been developed, with physicians assigned to the communities. They are encouraged to grow their practices and

proactively treat those who come in for care. Mr. Gianelli is seeking approval from the NYS DOH to expand services to include pediatrics, obstetrics and gynecology, podiatry and ophthalmology. A Center for Hypertension/Vascular Disease/Diabetes has been developed and was designed to address morbidities in the communities NUMC serves. Through the awareness of health care disparities, NHCC has secured a significant amount of money for a NuCare program, consistent with similar programs being done in San Francisco and South Carolina. It is not a money-maker, but NHCC is doing the right thing in removing the barriers to provide access to care for the uninsured. NHCC is also working on a 340B pharmacy at the hospital, and federally qualified health centers. Gilbane, the project managers for construction, have been asked to undertake the MWBE (Minority and Women's Business Enterprises) program for all of the projects, to invite as many minority groups as possible into the bidding process and to break down some of the larger projects into smaller projects. The Roosevelt Chamber of Commerce has been involved with minority business owners in Roosevelt.

Bishop Harris also spoke, saying that he spoke with Mr. Gianelli, Legislator Abrahams and some Board members who have come out into the community regarding the communities' need for generational housing. At a recent meeting, the community was able to listen to the plans and about 150 young people attended the meeting. Everyone was concerned about generational housing and not just housing for seniors. Bishop Harris said that he read about the Modernization Program in the papers. His parishioners call him when they are in the hospital and when they come to NHCC they tell him how long they wait to see someone in the ER. Recently one of his parishioners had symptoms of a heart attack and was not seen for a long time. Millions are being spent on the ER and Bishop Harris felt that perhaps some could be spent on bringing in more nurses and doctors.

Mr. Gianelli said he and Ms. Lotenberg and Mr. Francis attended the meeting last Tuesday at the Uniondale Public Library and it was a very good meeting. There was significant advocacy for some kind of intergenerational housing for the younger people in the workforce. The argument was that you want younger people to learn from older folks. Mr. Gianelli spoke with Legislator Abrahams who said that he would meet with Bishop Harris and Mr. Lloyd. Mr. Gianelli said that NHCC can only dispose of properties within the parameters that the County permits. That does not mean that there cannot be conversation and compromise. Administration is working on ways to improve timeliness in the emergency department. The Capital funds are earmarked for facility improvement; they cannot be used to hire additional staff. Mr. Gianelli has had discussions with Drs. Boutin and Frogel (interim pediatric chair) and is confident that they can fast track the ER, starting with pediatric patients. In the past, the hospital had a "doctors after hours" but it became financially problematic.

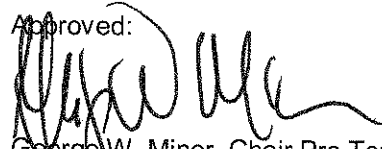
13. **Adjournment**

Upon a motion, duly made and unanimously approved, the meeting was adjourned at 10:05 a.m. to Executive Session to discuss governance, performance improvement, collective bargaining, personnel matters, contract negotiations and litigation.

Report from Executive Session. Upon return to Public Session, the Board reported having approved entering into an affiliation with the American University of the Caribbean, subject to satisfaction of certain conditions. Resolution No. 081-2008, as well as a travel request to Puerto Rico by a Family Practice physician (expense is to be paid from grant funds available for this purpose) Resolution No. 082-2008.

14. The next regularly scheduled meeting is May 19, 2008 in the Auditorium.

Approved:



George W. Miner, Chair Pro Tem  
Board of Directors  
Nassau Health Care Corporation

NASSAU HEALTH CARE CORPORATION  
BOARD OF DIRECTORS

RESOLUTION APPROVING FINANCE COMMITTEE RECOMMENDATIONS

**Resolution No. M-079-2008**

APRIL 28, 2008

WHEREAS, by Resolution (No. 023-2007) of the Board of Directors of the Nassau Health Care Corporation, the Board of Directors delegated to its Finance Committee the responsibility for, among other things, overseeing and making recommendations to the Board regarding the Corporation's procurement and contracting policies; and

WHEREAS, there is attached to this Resolution a schedule dated, **April 23, 2008** (the "Schedule") of resolutions regarding transactions and/or procurement and contracting policies, which require action by the Board and which the Committee has reviewed, discussed and recommends be adopted;

NOW THEREFORE,

BE IT RESOLVED, that the Board of Directors of the Nassau Health Care Corporation hereby approves and adopts the resolutions recommended by its Finance Committee as set forth in the attached Schedule, with the following exceptions:

Without Exception<sup>1</sup>.

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<sup>1</sup> During executive session Mr. Brickman advised that upon reviewing [Resolution No. 064-2008P] proposing to amend and restate a prior resolution regarding AHP financing and underwriting transactions, he noted that one of the firms that was selected was Goldman Sachs. Because Goldman Sachs is a client of Mr. Brickman's law firm, and so as to avoid any appearance of a conflict of interest, Mr. Brickman asked to recuse himself from the vote. As a result, Resolution 064-2008 will be designated as not having been adopted pending further action by the Board when, and if, it is approved by the favorable vote of eight members of the Board of Directors.

**NASSAU HEALTH CARE CORPORATION**  
**FINANCE COMMITTEE**  
April 23, 2008  
**CONTRACTS EXHIBIT**

Motions and Resolutions Requiring Action by the Board of Directors

\*Total Orthopaedics & Sports Medicine LLP. (Amendment to multi-year contract the price of which exceeds Finance Committee authority). **Upon a motion made, seconded and unanimously approved, the Finance Committee recommends Board approval to amend the contract with Total Orthopaedics & Sports Medicine LLP to reimburse it for on-call staffing expense in the amount of \$1,800. Resolution No. 069-2008.**

\*Dr. Marc S. Schumann, DPM. (multi-year contract). **Upon a motion made, seconded and unanimously approved, the Finance Committee recommends a finding by the Board as being in NHCC's best interests to enter into a contract with Dr. Marc S. Schumann, DPM to provide podiatric services at A. Holly Patterson as ordered by attending physicians for residents whose payor is Medicaid for a negotiated price not to exceed \$25,000 for five years (\$5,000/year at \$10/visit). Resolution No. 070-2008.**

\*Loeb & Troper. (Amendment to a multi-year contract, the price of which exceeds Finance Committee authority). **Upon a motion made, seconded and unanimously approved, the Finance Committee recommends a finding by the Board as being in NHCC's best interests to amend the contract with Loeb & Troper to provide a certified feasibility study at A. Holly Patterson in an additional amount of \$200,000 and to amend the not-to-exceed cap to \$650,000 over the two-year term of the contract. Resolution No. 071-2008.**

\*Ridgefield Associates. (Multi-year contract). **Upon a motion made, seconded and unanimously approved, the Finance Committee recommends Board approval of a contract with Ridgefield Associates to provide maintenance/engineering consultation services (inspections of maintenance/engineering and fire safety areas, monitoring of facility deficiencies and federal/state regulatory compliance) at A. Holly Patterson in an amount not to exceed \$175,000<sup>1</sup> for the period 09/01/08-12/31/12<sup>1</sup>. Resolution No. 072-2008.**

<sup>1</sup> Revised to reflect corrections to the maximum contract amount (\$175,000 instead of \$123,500) and the term of the contract (09/01/08-12/31/12 instead of 09/01/07-12/31/10).



\*Krasnoff Quality Management Institute. (Extension of a multi-year contract). Upon a motion made, seconded and unanimously approved, the Finance Committee recommends Board approval of a three-month extension of the contract with Krasnoff Quality Management Institute in an amount not to exceed \$8,250/month (\$24,750 for three months). Resolution No. 073-2008.

\*Healthcare Association of New York State (HANYS). (Renewal of a multi-year contract). Upon a motion made, seconded and unanimously approved, the Finance Committee recommends Board approval of a contract renewal with Healthcare Association of New York State (HANYS) to provide the Maryland Hospital Quality Indicator Project (01/01/08-12/31/08 \$37,931.00) Resolution No. 074-2008.

\*Eclipsys. (Amendment of a multi-year contract, the price of which exceeds Finance Committee authority). Upon a motion made, seconded and unanimously approved, the Finance Committee recommends Board approval of an amendment to the Eclipsys contract to provide additional consulting hours to support Eclipsys "Big Bang" implementation and version upgrade in an amount not to exceed \$126,000 (\$96,000 plus travel and lodging estimated at \$30,000) at a discounted rate of \$80/hour for an estimated 1,200 hours. Resolution No. 075-2008.

\*Personal Touch Physical Medicine & Rehab LLC. (Renewal of multi-year contract). Upon a motion made, seconded and unanimously approved, the Finance Committee recommends Board approval of a renewal of a contract, on a negotiated basis, with Personal Touch Physical Medicine & Rehab LLC to provide 24-hour physician on-call services to the PM&R Department for weekends (36) and holidays (8) in an amount not to exceed \$40,000 (\$500/day) for the period 08/07/08-08/06/09. Resolution No. 076-2008.

\* AHP Financing/Underwriting: Amend and Restate Resolution No. 064-2008. [Price exceeds Finance Committee authority.] Upon a motion made, seconded and unanimously approved, the Finance Committee recommends that the Board approve, effective as of March 24, 2008, the following amendment and restatement of Resolution No. 064-2008:

**RESOLVED** that the Nassau Health Care Corporation enter into contracts with Sims Mortgage Funding, Inc., Citicorp, Herbert J. Sims & Co., Inc., Goldman Sachs, and Merrill Lynch for mortgage banking, investment banking and underwriting services, and such additional firms, including but not limited to surveyors, architects, engineers, attorneys, title examiners and/or other retained professionals and advisors, as necessary and appropriate, in the best interests of the Corporation, to effectuate the plan of finance for the A. Holly Patterson

replacement facility as set forth in the Memorandum (attached hereto and incorporated herein by reference) dated February 29, 2008 from The PFM Group to the Finance Committee of the Board of Directors<sup>2</sup>;

**RESOLVED FURTHER, that the President and Chief Executive Officer of the Corporation or his designee is authorized to make such modifications or changes in any of the foregoing arrangements which he may deem necessary and appropriate to implement the intent of said plans of finance and underwriting. Resolution No. 064-2008P.**

**\*Manatt, Phelps, Phillips. (Rates increased for 2008). Upon a motion made, seconded and unanimously approved, the Finance Committee recommends Board approval of 2008 billing rates for the Manatt, Phelps, Phillips contract, not to exceed \$1,000,000.00. (2008 rates are attached). Resolution No. 077-2008.**

**Saccardi & Schiff. Upon a motion made, seconded and unanimously approved, the Finance Committee approved a contract with Saccardi & Schiff to provide land use planning and state environmental projects at the East Meadow Campus in an amount not to exceed \$175,000 for the period 05/01/08-04/30/09. Resolution No. 078-2008.**

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\*Requires approval of the Board of Directors

\*\*Standardization requires 3/5 (9 votes in favor) approval of Board of Directors.

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<sup>2</sup> Note, although not set forth on the referenced Memorandum, there is an additional fee attributable to an Unrated Transaction of approximately \$200,000.00 for a certified feasibility study to be performed by the firm Loeb & Troper