

MINUTES OF THE PUBLIC SESSION OF THE NASSAU HEALTH CARE CORPORATION BOARD OF DIRECTORS' MEETING HELD ON JUNE 23, 2008

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.
Rosemarie Guercia, MD
Greg-Patric Martello, Esq.
John F. Ragano, Esq.
Frank J. Saracino, EdD

Not Present

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

Non-Voting Directors Present

Arthur A. Gianelli, President/CEO
Asif M. Rehman, MD

Hospital Administration

Gary E. Bie, SVP/CFO
Reginald Bullock, Esq., SVP for Legal Affairs
Paul J. Rowland, SVP/COO
Larry Slatky, SVP Extended Care
Steve Walerstein, MD, SVP/Medical Affairs
Joan A. Soffel, Assistant to the Board/CEO

Guests

1. George W. Miner, Chair Pro Tem, Board of Directors of the Nassau Health Care Corporation, noted the presence of a quorum and opened the meeting at 8:45 a.m.
2. **Adoption of Minutes.** Upon a motion made and duly seconded, the minutes of the May 19, 2008 Board of Directors meeting were approved, all in favor.
3. **Report of the Chairman.** None.
4. **Report of the President/CEO.** Mr. Gianelli reported that the Corporation lost \$800 thousand for the month of May. NUMC continues to do well in terms of revenue, discharges and case mix, but is struggling on the expense side. Orthopedics lost the physician assistant staffing and replaced them with physicians at a higher expense (until PA's can be hired through Civil Service) and NUMC is still fulfilling the need for one-to-ones in the psychiatric units. There are a number of initiatives that administration is working on regarding one-to-ones. NHCC budgeted and continues to budget for the Group Price Average initiative until it is successful in receiving 100 percent coverage from New York State on reimbursement. The Department of Health has indicated to administration that it is committed to helping NHCC achieve financial relief, but do not want to approve the Group Price appeal. They have suggested identifying changes in reimbursement that would in effect provide what NHCC would have gained in the Group Price appeal. Another reason for the loss is Auction Rate Securities. NHCC retired some of the debt affected by the Auction Rate crisis with \$34 million in HEAL IV monies and is in the process of converting the remaining Auction Rate Securities to Variable Rate Demand Bonds.

The Corporation is in preparation mode for the Joint Commission on Accreditation of Hospitals that can come at any time. The Modernization Plan is moving as planned. Dr. Rehman organized a meeting with Mr. Gianelli, Dr. Walerstein and Mike Balboni, the NYS Director of Homeland Security, and a session will be planned in July to present NHCC's plans for modernization and potential funds from the State to support Mr. Balboni's initiatives.

Progress has been made in the ambulatory setting and health centers. Mr. Gianelli visited the New Cassel Health Center and the level of energy and commitment by the staff was

encouraging. The staff believes in the model being utilized with physicians permanently located at the various sites. A presentation will be made today in the Executive Session regarding Federally Qualified Health Centers. In addition, progress has been made with 135 Main Street and 380 Nassau Road. Mr. Gianelli has had some very good meetings with the Town of Hempstead and with the State regarding the CON for 135 Main Street. There was an editorial in today's Newsday regarding Phase I of NuCare which distinguishes NHCC as doing the right thing regarding the uninsured and well care. In September, an initiative will be made to maximize coverage of Child Health Plus for poverty level children. Seventeen percent of children coming to NUMC are uninsured and four percent are paying a sliding fee scale. This is an effort to insure as many children as NUMC possibly can.

Dr. Miner congratulated Mr. Slatky for another good month at the nursing home. Dr. Miner also noted that on Friday, due to a bank robbery in the area, the local schools and the hospital were under a "lock down". Administration should be congratulated for a job well done in maintaining safety for the patients and staff. Mr. Gertsman noted that a procedure for these types of incidents was reviewed a month ago, and apparently worked very well. Mr. Gianelli noted that he was in Albany on Friday, but was very pleased with the outcome. Mr. Gianelli spoke to the Police Commissioner regarding the event and will be setting up a meeting with his staff and NUMC staff to critique the event and to keep an open line of communication between the Police Department and hospital. Lock down drills will also be set up and incorporated into the emergency preparedness plan.

5. **Report of the Medical Professional Affairs Committee and Medical Director.** Dr. Miner reported that normally the Medical and Professional Affairs Committee (MPAC) interviews the candidates recommended by the Credentials Committee for appointment to the Medical and Dental staff. The MPAC then makes its recommendations to the Executive Committee of the Medical Staff (ECMS) which met on June 3, 2008. Since the MPAC did not meet this month, the ECMS is requesting approval of the new appointments and reappointments as set forth in the Recommendations for Appointments to the Medical Staff dated June 23, 2008 attached to these minutes. **Upon a motion made, duly seconded and unanimously approved, the Board of Directors approved the Recommendations for Appointments to the Medical Staff, dated June 23, 2008 as attached to these minutes. Resolution No.102-2008.**

Faculty Practice Plan. Dr. Miner reported that based upon a formula and department productivity, the faculty practice plan distribution for March 31, 2008 is being presented for approval for the first quarter. **Upon a motion made, duly seconded and unanimously approved the Board of Directors adopted the Faculty Practice Plan Distribution for March 31, 2008 as attached to these minutes. Resolution No. 103-2008.**

6. **Report of the Finance Committee.** Mr. Elovich reported that the Committee met on June 18, 2008. He asked Mr. Bie to report on Finances and then discuss contracts that were reviewed (with discussion in Executive Session, if needed).

Mr. Bie reported that the "Consolidated Financial Statements and Other Financial Information – Nassau Health Care Corporation and Subsidiaries (component unit of Nassau County) Years Ended December 31, 2007 and 2006 with Report of Independent Auditors" and "Financial Statements – NHCC, Ltd. Years Ended December 31, 2007 and 2006 with Report of Independent Auditors" were included in the Board packet. Mr. Brickman will report on those audits.

The Nassau Health Care Corporation, on a year-to-date basis, reported revenues of \$218 million and budgeted revenues of \$218 million (right on target). The expenses were \$224 million vs. a budgeted \$222 million (unfavorable by \$1.9 million). Investment income was \$1.064 vs. a budgeted investment income of \$2.065 million (off by \$1 million). Most of the

loss was from salary and fringe benefit expenses. Mr. Bie is focusing on budget reviews with Department Heads and challenging FTE's and overtime expenses. The solution is on the revenue side and there are a number of initiatives in motion such as attracting voluntary physicians, the Modernization Plan and community health center replacements to increase volume. These are all multi-year solutions. A more immediate approach is to go after the voluntary physicians and building credibility and there should be some progress made in that area over the next 3-6 months. The loss year-to-date was \$4.9 million with a negative variance of \$2.7 million. The hospital is unfavorable by \$5.1 million. The nursing home is favorable by \$1 million in both revenue and expenses. The Community Health Center visits were up with revenues of \$6.3 million and were favorable to budget by \$227 thousand. Expenses were slightly unfavorable to budget due to the loss of \$1.6 million in Bad Debt and Charity funds. The solution is rebuilding the health centers and converting them to Federally Qualified Health Centers that should generate \$1 to \$1.5 million in revenue.

Auction Rate Securities. NHCC was in receipt of a HEAL IV payment of \$34 million and on June 11, 2008, NHCC redeemed approximately \$34 million of Auction Rate Security debt which was incurring interest at 6.1% vs. 4.1% or \$200 thousand a month. The remaining \$25 million in debt will be converted to a variable rate debt bond on July 11, 2008 (the next reset date). As a reminder, in April, NHCC took \$40 million in cash and purchased the Auction Rate Securities, the second transaction was the redemption of \$34 million of debt and the third will be the conversion to variable rate demand bonds.

Mr. Bie informed the Board that on Thursday he was advised that there is concern surrounding FSA insurance companies that wraps the other bonds NHCC has. Some insurance companies have received a downgrade because of exposure to sub prime mortgage risk. There are provisions in the bond documents to remove a "put clause" for the bond holders. If taken away, the ability to trade bonds could fail just as the Auction Rate Security Bonds failed. Mr. Bie along with financial advisors and bond counsel are watching this very closely.

Mr. Gertsman noted that the auction rate and variable rate bonds were safe investments for the past thirty years and this is a recent problem because of the mortgage meltdown. Mr. Bie agreed and noted that in 2004 these types of vehicles were very attractive and NUMC refunded \$300.3 million worth of bonds and the expense in interest saved was \$14-15 million.

Mr. Martello asked how easy it would be to convert bonds in the event that the FSA insurance companies are downgraded, would NHCC be able to move quickly. Mr. Bie said that variable rate demand bonds are traded weekly, whereas the auction rate bonds are traded every 28 days. It would take time for analysis and legal work.

Master Resolution. Dr. Miner asked for approval of the Master Resolution regarding contracts recommended by the Finance Committee at their meeting of June 18, 2008. **Upon a motion made, duly seconded and unanimously approved, the Board of Directors adopted the Resolution Approving Finance Committee Recommendations, without exception, approving Resolution Nos. 096-2008 through 101-2008 (096-2008 C-Bay Systems & Services, Inc.; 097-2008 Perkins Eastman Architects Hyperbaric Unit (Burn Center Phase II); 098-2008 Perkins Eastman Architects Hyperbaric Unit (Center for Hypertension, Diabetes & Vascular Disease-WTC); 099-2008 Gilbane Building Company; 100-2008 Crown Marketing Group, Inc.; and 101-2008 Frederick Ruffen, MD, all as set forth in the attached Master Resolution M-104-2008.**

7. **Report of the Legal and Audit Committee.** Mr. Brickman, chair, reported that the Committee met on June 10, 2008. A draft of the minutes of that meeting was included in the Board packet. Mr. Brickman noted that some corrections to those minutes needed to be made. The Committee received the 12/31/07 audit from Ernst & Young regarding the Corporation's activities and the 12/31/07 audit from Marks Paneth & Shron regarding the Nassau Health Care Foundation. There was nothing remarkable reported in the Corporation's audit. For the first time in many years, the "going concern" qualification was removed from the audit report, with acknowledgement by the independent auditors that NHCC is here to stay. There was significant improvement and management deserves credit. Another item that appears to be very substantial with eight figures and appears in the 2007 audit and not the 2006 audit is a post retirement employee health care benefit. Due to a change in accounting standards, GASB 45 requires NHCC to now book approximate expenses for health insurance benefits for future retirees that it may not incur for decades.

Mr. Bie wanted to give credit to the accounting team that prepares the financials. The auditors confirmed operating revenue of \$497 million and the internal audit approximated \$493 million back in January. The monthly statements provided by accounting are extremely accurate. Mr. Brickman said that the auditors seem very pleased with the systems and quality of work done internally.

8. **Report of the Community Health Committee.** Dr. Guercia, chair, reported that the committee did not meet this month.
9. **Report of the Extended Care Committee.** Mr. Saracino, chair, reported that the committee did not meet this month, but again was very pleased with the performance at A. Holly Patterson.
10. **Report of the Facilities Committee.** Mr. Gertsman, chair, reported that the Committee met on June 13, 2008 (a summary attached). Mr. Gertsman said that administration and staff did a good job of maintaining the security of the hospital, patients and staff during the recent unpredictable event. It was a stressful situation and everyone deserves a pat on the back for acting in a level-headed manner and following hospital policies and procedures.

At the last meeting, the Committee discussed a proposal for a Feasibility Study to analyze the impact of entering into a Project Labor Agreement (PLA) for all capital work performed by outside contractors. Information was included in the Board packet for review. The Committee also discussed the need to change the architect and engineer RFP process to allow more projects for the firms to bid on. The Statement of Condition (SOC) is on target as construction projects are moving along. A Capital Team was put together and they are in the process of prioritizing items and establishing timeframes for completion. Regarding safety issues, work is continuing on a plan for the installation of video surveillance cameras throughout the hospital. At the next meeting, Mr. Gerstman would like a debriefing on the lockdown security procedures. Dr. Guercia asked if there are video cameras at the health centers. Mr. Rowland will find out.

11. **Other.** None
12. **Close of Regular Meeting.** Dr. Miner, Chair Pro Tem, closed the meeting and opened the floor for public comment.

There were no comments from the public.

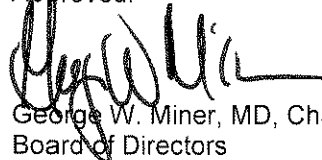
13. **Adjournment**

Upon a motion, duly made and unanimously approved, the meeting was adjourned at 9:20 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 that **Upon a motion made, seconded and unanimously approved, the Board of Directors approved a finding by the Board as being in NHCC's best interests to amend the contract with Gilman to conduct with Nixon Peabody a feasibility study relevant to possible use of project labor agreements. Projects included would be Department of Emergency Medicine and Radiology renovation, relocation of intensive care units to a shelled floor and immediate repairs of parking garage. Additional monies to current contract, not to exceed \$165,761.31 (current contract term 11/01/05-01/31/10). Resolution No. 099-2008.**

14. The next regularly scheduled meeting is July 28, 2008 in the Auditorium.

Approved:



George W. Miner, MD, 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-104-2008

June 23, 2008

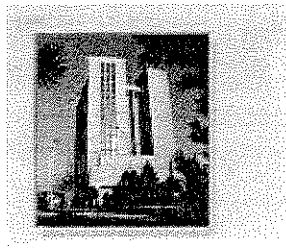
WHEREAS, by Resolution (No. 023-2007) of the Board of Directors of the Nassau Health Care Corporation, the Board of Directors delegated to its Finance Committee the responsibility for, among other things, overseeing and making recommendations to the Board regarding the Corporation's procurement and contracting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

WHEREAS, there is attached to this Resolution a schedule dated June 18, 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.



To: George Miner, M.D.
Chairman, Medical and Professional Affairs Committee

From: Lyn Weiss, M.D.
Chair, Executive Committee of the Medical Staff

Date: June 23, 2008

Re: Recommendation for Appointments to the Medical Staff

At the meeting held on May 27, 2008 or as a result of personal interviews and other administrative follow-up, the Credentials Committee made the recommendations below for appointment to the Medical and Dental Staff to the E.C.M.S. for its meeting of June 3, 2008. Accordingly, with respect to new appointments and reappointments, the E.C.M.S. recommends approval of the following:

New Appointments

**Dental Medicine & Oral
Surgery**

Andrew Sami, DDS
Robert Yong, DDS

Medicine

Isaac Alamuri, DO (A. Holly
Patterson)
Asif Rehman, MD
Augustine Umeozor, MD
(NCCC)

Ophthalmology

Kartik Patel, DO

Orthopedics

Stanislav Avshalumov, DO
Andrew Farber, DO
Michael Leslie, DO
Steven Marsala, PA
Michael Sileo, MD
Amir Wahib, PA

Surgery

Bassem Zeidan, MD

**Physical Medicine &
Rehabilitation**

Lynn Alkes, OT
Daniel Bastian, C.P
Carolann Chamoff, OT
Ricardo Cruz, MD
Kenice Dalton, OT
Mary Ellen Flaherty, OT
Keisha Green, OT
Candace Mollo, PTA
Eric Swirsky, PT

Reappointments

Anesthesia

Susan Jankowski, CRNA

**Dental Medicine & Oral
Surgery**

Alex Meneshian, DDS

Emergency Medicine

Nadeem Shabbir, MD

Medicine

Mohammad Alam, MD
Chaitanya Chevireddy, MD
Daniel Chikvashvili, MD
Charles Famulare, MD
John George, MD (NCCC)
Brijesh Goyal, M.D.

Neurology

Nadeem Shabbir, MD

Ophthalmology

David Immanuel, MD

Radiology

Sung Lee, MD

Surgery

Thomas Davenport, MD

Pediatrics

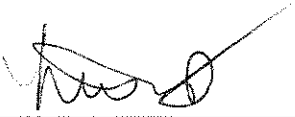
Abby Greenberg, MD
Gerald Mondschein, MD
Seetha Thallur, MD
Monika Woronicka, MD
Carl Andrew Soranno, MD
Carl Angelo Soranno, MD
Jack Sherman, MD
Yosef Soleyman, MD

Change in Status

Ross Chavkin, DDS – Transfer from Provisional to Active Status
Mikhail Elfond, DO – Transfer from Provisional to Active Status
Richard Gotlib, MD – Transfer from Provisional to Active Status
Justin Greene, DO – Transfer from Provisional to Active Status
Shabneet Hira-Brar, MD – Transfer from Provisional to Active Status
Damir Huremovic, MD – Transfer from Provisional to Active Status
Abdul Khan, MD – Transfer from Provisional to Active Status
Faiz Khan, MD – Transfer from Provisional to Active Status
Yung Kyun Kim, DDS – Transfer from Provisional to Active Status
Stephen Kingston, PA – Transfer from Provisional to Active Status
Shari Lobel, MD – Transfer from Provisional to Active Status
Mitul Patel, DDS – Transfer from Provisional to Active Status
Jacob Rosenberg, MD – Transfer from Provisional to Active Status
Prem Sagar, MD – Transfer from Provisional to Active Status
Peter Su, MD – Transfer from Provisional to Active Status
Aparna Udyawar, MD – Transfer from Provisional to Active Status

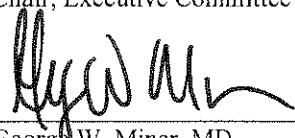
Resignations

Adam Bloom, MD – Ophthalmology- Resignation effective 05/07/08
Dena Miller, MD – Radiology - Resignation effective 06/12/08
Linda Low, DO – Psychiatry – Resignation effective 5/7/08
Charles Vassallo, MD – Radiology – Resignation effective 5/7/08
Scott Siegel, DDS – MD – Dental Medicine/Oral Surgery Resignation effective 5/7/08



Lyn Weiss, MD
Chair, Executive Committee Medical Staff

6-18-08
Date



George W. Miner, MD
Chair, Medical & Professional Affairs Committee

23 Jun 08
Date

**NASSAU HEALTH CARE CORPORATION
NASSAU UNIVERSITY MEDICAL CENTER**

June 23, 2008

RESOLUTION

Whereas, the Nassau University Medical Center has authority to implement the Faculty Practice Plan; and

Whereas, each participating department chairperson has a department plan for the uses and distribution of net Faculty Practice Plan Fund income; and

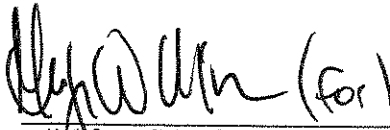
Whereas, the Chief Executive Officer has prepared a summary of receipts available for each department's distribution at March 31, 2008; and

Whereas, the Chief Executive Officer has prepared a report of the Department Chairpersons' recommendation for distribution; now therefore, be it

RESOLVED, that the Board of Directors hereby approves the departmental plans for the uses and distribution of each department's share of the net amount to be distributed as follows:

Chairperson's Fund

	<u>Participants</u>	<u>FPP</u>	<u>MMERF</u>	<u>Total</u>
Anesthesiology	\$ 65,000			\$ 65,000
Dentistry	18,000		6,050	24,050
Emergency	327,500		26,210	353,710
Lab Pathology	17,000		2,767	19,767
Medicine	520,738		10,628	531,366
Neurology	60,450		6,361	66,811
OB/GYN	180,000		65,561	245,561
Ophthalmology	40,300			40,300
Orthopedic	-			-
Pediatrics	166,950		330	167,280
P M & R	99,800		2,990	102,790
Psychiatry	64,750		22,391	87,141
Radiology	264,000		10,646	274,646
Surgery	226,400		5,014	231,414
<i>Total</i>	<u>\$ 2,050,888</u>		<u>\$158,948</u>	<u>\$ 2,209,836</u>



Martin Payson, Chairman Board of Directors