

MINUTES OF THE PUBLIC SESSION OF THE NASSAU HEALTH CARE CORPORATION BOARD OF DIRECTORS' MEETING HELD ON FEBRUARY 23, 2009

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Directors Present

Lawrence E. Elovich, Esq.  
John M. Brickman, Esq.  
Joseph Capobianco, Esq.  
Bradley L. Gerstman, Esq.  
Jemma Marie-Hanson, RN  
George W. Miner, MD, MBA  
Frank J. Saracino, EdD

Not Present

Martin D. Payson, Chair  
Leonard A. Benedict, MD, MPH  
Rosemarie Guercia, MD  
Barbara Ross-Lee, DO  
Greg-Patric Martello, Esq.  
John F. Ragano, Esq.

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  
Steve Walerstein, MD, SVP/Medical Affairs  
Kathy Skarka, VP for Patient Care Services  
Tierre Jeanné-Porter, VP Employee Development and Labor Relations  
Joan A. Soffel, Assistant to the Board/CEO

1. George W. Miner, Chair Pro Tem, Board of Directors of the Nassau Health Care Corporation, noted the absence of a quorum. The meeting was opened at 8:45 a.m., all issues requiring a vote will be discussed at a meeting of the Executive Committee.
2. **Adoption of Minutes.** The Executive Committee will convene following the open session. (Upon a motion made and duly seconded, the minutes of the January 26, 2009 Board of Directors meeting were unanimously approved by the Executive Committee).
3. **Report of the Chairman Pro Tem.** None.
4. **Report of the President/CEO.** Mr. Gianelli reported that he will have a full report in March regarding the updated strategic plan. There will be many challenging decisions in 2009 and 2010. Last month the Nassau Health Care Corporation lost \$1.9 million against a budgeted loss of \$1.7 million. As anticipated the gap between current revenue and expenses in 2009 will be material. The Corporation has to cover the increased cost of compensating its workers (\$10 million). The County's portion of the IGT payments must be covered through another means. In 2008, the Corporation actually made progress in discharge volumes (better than the County average), the nursing home census was higher than budget, and the outpatient visits were higher. NHCC continues with JCAHO preparation (JCAHO was expected in January). The Outpatient Department continues with the process of transitioning skill mix and reemployment of previous staff at the Health Centers. A similar analysis of the Outpatient Department here at NUMC is in the process. The front end collections capabilities are challenged and need to be reworked. In January this year, 27% of the children seen in outpatient clinics were uninsured; that number should be close to zero percent. There needs to be significant tightening up on the front end. NHCC must maximize its ability to enroll those patients in insurance, or the charity care program.

A few weeks ago, an RFP was executed for the redevelopment of the Uniondale and East Meadow properties. The responses are due back in April, and a committee will be formed to review the proposals. The disposition of that property is important for NHCC financially and future strategic recasting of the image of the Corporation and community.

Mr. Gianelli has ongoing discussions with NYS relative to its financial situation and the State budget. Given the challenge of the Stimulus Package, there is significant money to make restoration of many of the cuts proposed as it relates to the nursing home and hospital. However, there is significant debate regarding reform and NHCC hopes to help shape those reforms through discussion. Mr. Gianelli will present an update on the strategic plan, there will be difficult and complex decisions to be made to ensure getting through this period.

5. **Report of the Medical Professional Affairs Committee and Medical Director.** Dr. Miner reported that the report of the Medical and Professional Affairs Committee (MPAC) will be discussed at the Executive Committee meeting.

Quality Management in Ambulatory Care and Community Medicine. Dr. Laurie Ward, MD, FACP made a presentation to the Board members. Dr. Ward reported that the first step was to establish a quality structure including monthly meetings of the Ambulatory Care and Community Medicine Performance Improvement Coordinating Group, weekly advisory meetings, development of measures and providing education to medical and nursing staff. The table of measures was divided into operational and clinical indicators that were chosen based on prioritization for areas of performance improvement. Operational indicators include: total visits, no show rate, visit cancellations and rescheduling rate. The Clinical indicators include: comprehensive diabetes care, childhood obesity and cancer screening and prevention. The group decides what will be measured, how it is measured, communicates data, shares best practices, and uses data to improve outcomes that contribute to performance or lack of performance.

Ms. Hanson thanked Dr. Ward for her involvement in this process. She asked if wait times are being analyzed and if the wait times have gone down. Dr. Ward said that this is a two-pronged problem. The wait times have improved dramatically when staff has been dedicated. The subspecialties are all over, some have a short wait time and some a very long wait time. Some high use clinics may be exported to the outreach centers to improve access and decrease wait times. There are over 90 clinics at the medical center. The solutions for each are different. Ms. Hanson asked for an update going forward.

Mr. Gianelli said that NUMC must provide the best possible care to the people who typically do not get that type of care. The traditional approach here has to be turned on its head. It is easier to do this in the CHCs vs. the hospital structure because the CHCs are more practice oriented. The hospital clinics need significant cultural change and there have been a number of discussions with HealthFirst for Medicaid Managed Care. HealthFirst has significant data and could help NUMC improve its bottom line. If patients receive a physical every year, the risk scores improve and NUMC receives more money. This is not only good care but good for the finances. Operational improvement is very important and a systematic analysis and action plan is on the way within the next few months. Mr. Gianelli also noted that Triple AIM (IHI) is assisting with targeting those people who will benefit from primary care and have IHI has the ability to define the population and incorporate NUMC as one of their data sites. Administration needs to discuss the long term viability of providing basic outpatient care and the physical structure of the hospital that impedes flow and is not conducive to maximizing patient experience and limits staff to provide the best possible product. Administration needs to take all basic primary and specialty care out from the hospital and into a different setting and discuss how that can be financed. Right now the structure for patients who come for outpatient, non-emergent care, are uninsured, do not seek insurance or charity care, pay or are billed. Unintentionally this undermines efforts to maximize the population for insured. Last month 778 children were seen who were neither insured or sought insurance or charity care. There is significant opportunity for Child Health Plus to increase the number of children we see and tighten the front end. Presently, it is structured as a free-clinic.

Mr. Gerstman asked where on the front end has the ball been dropped or is it a combination of things? Mr. Gianelli said that it is clear that the structure created does not give people the incentive to seek insurance. In New York City, 8% of children are uninsured, at NUMC it is 27%. Mr. Gerstman said that if you can sign people up and they have access to the care, it would be ongoing revenue and suggested that a point-person may be needed to accomplish this task. Mr. Gianelli agreed. He added that if the people decide not to come in and seek insurance, they may divert to the ER where NUMC is under the obligation to service them regardless of ability to pay, this must be watched very carefully.

Report of the Medical Director. Dr. Walerstein reported that the Department of Medicine received full accreditation from the ACGME for five years. The Divisions of GI, nephrology and endocrinology received full accreditation for 3, 3 and 2 years respectively. Dr. Walerstein thanked Dr. Aloysius Cuyjet, Chairman of Medicine. Two programs are having problems with residency training. The Department of Pediatrics is on probation by the Resident Review Committee (RRC) for scholarly activity, research and poor outcomes on exams. The program was put on "final" probation, but there is opportunity to appeal that decision based upon changes that occurred over the last few months. NUMC has a series of affiliations with Schneider's Children's Hospital that is more interactive and is bringing on scholarly activity under its umbrella. The RRC visit was in the summer of 2008, and there is one more graduating class with 100% board pass rate that reflects the changes that have occurred and shows that NUMC is moving in the right direction. The second department that is under "warning" for probation is Anesthesiology. No final action has taken place and a first phase appeal has been submitted to the RRC. If you look at the history of medical education, the public safety hospitals do not have the resources to do the lab and basic science research needed. How does NHCC address this without investment? The Academic Affairs department recommended working with the Krasnoff Institute on research and scholarly activity to help us. Krasnoff has had experience with residencies, particularly in geriatrics and orthopedics, and have put together a program that involves level I didactic instructions for quality research, outcome research and mentoring of those residents to put together quality projects.

Larry Smith, Dean of Hofstra, held a town meeting to present his vision of the new medical school for the 21<sup>st</sup> century committed to training practitioners, including bed-side skills as well as understanding systems, quality and interdisciplinary practices. This includes the students being trained in EMT in the communities, nurses and PAs in real-world settings parallel to developing their professional skills. They are committed to NUMC, AHPECF and the health centers.

The first semester of the American University of the Caribbean has finished and the site visit went well. We are pleased with the hardworking, motivated students, who have been an example to the Stony Brook and NYCOM students.

6. Report of the Finance Committee. Mr. Elovich reported that the Committee met on February 19, 2009. A report will be presented in the Executive Committee.

Mr. Bie reported on the financial statements for January 2009. Mr. Bie noted that a vote will be required at the Executive Committee Meeting for the refunding of the bonds and contracts discussed at the February 19, 2009 Finance Committee meeting.

The Corporation, on \$44.8 million in revenue posted a loss from operations of \$1.9 million. The loss was partially due to the timing of IGT payments. The hospital is due \$35 million in IGT payments and Mr. Bie hopes to accelerate \$15 million before the end of 2009. A normal IGT payment for NUMC is \$50 million per year based upon its current DSH cap. The January financials are recognizing only \$35 million on an annual basis. This is a material item that is currently being discussed with DOH officials. Administration is still trying to

resolve the bond issue and expects to refund by the end of March. The bonds are trading at 2-2.5%, which is 1-1.5% higher or \$250 thousand/month in additional interest. The majority of the loss is at the hospital. NUMC, on \$35.9 million in revenue lost \$2.4 million in January vs. a budgeted loss of \$1.9 million with an unfavorable variance of \$459 thousand. Discharges were off by 146 (1963 vs. budgeted discharges of 2109). The FTE's are slightly unfavorable to budget by 33 (2,967 vs. 2934). A. Holly Patterson continues to be stable. On \$5.8 million in revenue, the nursing home had a surplus of \$692 thousand for the month of January. The census is at 99%, expenses are down as well as salary and fringe benefits. It is expected that if A. Holly Patterson maintains a 95% occupancy rate in 2009, the surplus could be \$5-7 million. The Community Health Centers, on \$1.2 million in revenue lost \$347 thousand for the month of January. There are a number of initiatives in place for the health centers, such as right-sizing staff and conversion from diagnostic treatment centers (DTCs) to federally qualified health centers (FQHCs). The health centers have a current loss run rate of \$3 million.

7. **Report of the Ambulatory Care Committee.** No report this month. Dr. Guercia, chair, is on vacation.
8. **Report of the Extended Care Committee.** Mr. Saracino, chair, reported that the committee met on February 2, 2009 at the A. Holly Patterson facility. The discussions included the Governor's spending plan, the stimulus plan and problems in spending plans regarding Medicare/Medicaid reimbursement formulas and the effects on the nursing home industry, particularly AHPECF. The group was given an update on the integration of the Korean Community in the overall AHPECF populations; there are now over 100 Korean residents. Construction projects at the Uniondale campus were discussed and the rationale for investing money in the present facility which has a probable life expectancy of three years. Mr. Saracino said that the group examined the risks and benefits of major investments in the present AHPECF structure and deemed that it is a good investment because most of the capital equipment that has been purchased can be moved to the new facility when completed. The Committee continues to be impressed with the cleanliness and overall ambiance of the facility and the seemingly cordial atmosphere present. For this and the continued cash surplus that is generated it is a tribute to Mr. Slatky and his team.
9. **Report of the Facilities Committee.** Mr. Gerstman, chair, reported that the Committee will meet this month.
10. **Report of the Legal and Audit Committee.** Mr. Brickman, chair, reported that the Committee did not meet this month due to an absence, but will reschedule.
11. **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.
12. **Report from Executive Session.** Upon return to Public Session, the Board reported that the following actions were taken:

**Upon a motion made, duly seconded and unanimously approved, the Executive Committee of the Board of Directors adopted the Resolution Approving Finance Committee Recommendations, with no exceptions, as set forth in the attached Master Resolution M-041-2009.**

**Upon a motion made and duly seconded, the Executive Committee of the Board Directors' approved the Resolution Authorizing the Issuance of the Corporation's**

**Bonds to Refund Bonds Issued in 2004 and the Approval and Delegation of Authority to Execute Related Documents in Connection Therewith. Resolution No. 036-2009**

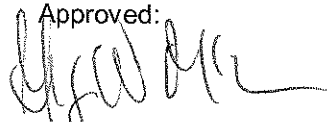
Upon a motion made and duly seconded, the Executive Committee of the Board of Directors, with one "no" vote (Bradley Gertsman), approved the travel request of Dr. Chaur-Dong Hsu to present to the Society for Gynecologic Investigation in Glasgow, Scotland from March 17-21, 2009, travel to be covered by the Faculty Practice Plan. Resolution No. 042-2009.

13. **Adjournment**

Upon a motion, duly made and unanimously approved, the meeting was adjourned at 9:40 a.m. to Executive Session to discuss governance, performance improvement, collective bargaining, personnel matters, contract negotiations and litigation.

14. The next regularly scheduled meeting is March 23, 2009 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-041-2009

February 23, 2009

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 February 19, 2009 (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 no exceptions.

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NASSAU HEALTH CARE CORPORATION  
FINANCE COMMITTEE  
February 19, 2009  
CONTRACTS EXHIBIT

Motions and Resolutions Requiring Action by the Board of Directors

**\*Dan Barlev, MD. [multi-year contract, sole source]. Upon a motion made, seconded and unanimously approved, the Finance Committee recommends Board approval to renew the contract with Dan Barlev, MD to provide specialty teaching services in pediatric radiology to hospital resident physicians and radiologists in an amount not to exceed \$300.00/per hour (\$12,000/per year) for the period 02/25/09-02/24/10. Resolution No. 037-2009.**

**\*Clifton Budd & DeMaria. [multi-year contract]. Upon a motion made, seconded and unanimously approved, the Finance Committee recommends Board approval to extend a contract with Clifton Budd & DeMaria to provide legal advisory services to the Deferred Compensation Committee in an amount up to \$25,000.00/per year for five years for a total of \$125,000.00 for the period extended to 05/13 (contract expired 05/07/08). Resolution 038-2009.**

**\*Krasnoff Quality Management Institute. [contract exceeds \$250,000]. Upon a motion made, seconded and unanimously approved, the Finance Committee recommends Board approval of an amendment to a contract with Krasnoff Quality Management Institute to provide quality management education for physicians by providing seminars in applied clinical quality management and research methods for an additional \$100,000 (\$16,666.67 per month for a six month period, fees are calculated for up to 70 attendees at Sessions 1, 2 and 3). The current contract is \$350,000 for a total of \$450,000 for the period 02/01/09 to 07/31/09. Resolution No. 039-2009.**

**\*Allscripts (formerly A4 Health Systems Canopy Division. [multi-year contract]. Upon a motion made, seconded and unanimously approved, the Finance Committee recommends Board approval of an amendment of a contract with Allscripts (Canopy) to update current software and renewal of software licensing to increase efficiency of case management and discharge planning in an additional amount of \$105,293 per year (three year total - \$315,879) and annual usage fees: start up fee \$7,500 Clinical Interface Package and one time fee of \$15,000 for a total for this update of \$338,379. The current contract was \$104,100 per year in effect since 2005. The contract has an auto renewal clause effective date of each supplement. The original contract date was effective 02/23/05. For this supplement the effective date would be 01/31/09 for a three year term to 01/30/11. Resolution No. 040-2009.**

Informational:

LIAAC Inc. Circulo de La Hispanidad Inc., NUMC Hypertension Screening Program, Evangel Revival Community Church, Urban League of LI Inc. Each organization will receive \$15,000 for a total of \$75,000, funded through federal earmarks.

Astarita Associations. Effective date of contract will be 2/11/09 through 7/10/09, January finance meeting minutes need to be adjusted.

Gilbane Building Company. Amendment to contract with respect to setting up a Trust Account for the purpose of receipt, retention and release of HEAL funds in accordance with the requirements of the projects contemplated by the HEAL program awards.

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\*Requires approval of the Board of Directors

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