

MINUTES OF THE PUBLIC SESSION OF THE NUHEALTH BOARD OF DIRECTORS' MEETING
HELD ON JUNE 18, 2012

Directors Present

*Craig Vincent Rizzo, Esq., Chair
Stephen H. Ashinoff, OD
*Richard A. Bianculli
Vincent A. Gallo, MD
Paul J. Leventhal, CPA
Jemma Marie-Hanson, RN
*Greg-Patric Martello, Esq.
*John T. McCann, PhD
*David J. Sussman, MD
John A. Venditto, MD

Non-Voting Directors Present

Arthur A. Gianelli, President/CEO

Hospital Administration

John Ciotti, EVP General Counsel
John Maher, EVP CFO
Steven Walerstein, MD, EVP Medical Affairs
Larry I. Slatky, EVP Operations
Robert Heatley, EVP Ambulatory Care
Joan A. Soffel, Assistant to the Board/CEO

Not Present

Joseph Capobianco, Esq.
*Steven Cohn, Esq.
*Lawrence E. Elovich, Esq.
*George W. Miner, MD, MBA
Asif M. Rehman, MD

*Executive Committee Members

1. Craig Vincent Rizzo, Chair, Board of Directors of the Nassau Health Care Corporation, noted the presence of a quorum. The meeting was opened at 8:30 a.m.
2. **Adoption of Minutes.** Upon a motion made and duly seconded, the April 24, 2012 minutes of the Board of Directors meeting were unanimously approved.
3. **Report of the Chairman.** Mr. Rizzo acknowledged and thanked Frank J. Saracino for his expertise and time he gave to this institution over the past 8-9 years and his work on various committees including the Extended Care and Assisted Living Facility Committee. He hoped that perhaps in the future he could return as a liaison to the Board in another capacity. Mr. Rizzo also thanked Stephen A. Antaki for his expertise and time he gave during his terms with the Board and especially for his work on the Legal, Audit and Governance Committee.

Mr. Rizzo welcomed three new Board members: Dr. John A. Venditto, a cardiologist who has a practice in the area for many years; Dr. Vincent A. Gallo, a colorectal surgeon with a practice in the area; and Paul J. Leventhal, a CPA from Roslyn who has experience with the NIFA board and will be of great assistance to us and is already sitting on one or two committees. Mr. Rizzo asked that the CEO, CFO and General Counsel assist the new members in getting up to speed with all that is happening at the Medical Center, and the continuing changes in health care.

Mr. Rizzo announced that the NuHealth Gala will be held on June 28, 2012 at the Oheka Castle. The Gala supports this institution and it is a great black tie event with over 400 guests attending last year. Ms. Deidra Parrish-Williams is the executive director of the Foundation and will speak in a few minutes.

Mr. Rizzo noted that the NIFA bill was proposed to the Senate and Assembly and is something they will discuss in Executive Session. They are awaiting a decision on whether or not the bill will be passed.

4. **Report of the President/CEO.** Mr. Gianelli welcomed the new members of the Board and echoed Mr. Rizzo's comments and best wishes for Frank Saracino and Steve Antaki.

Most of the agenda will be discussed in Executive Session. The Joint Commission is expected sometime before July 9th and therefore will be here next Monday or the following Monday. We are down to the wire, and staff has been working diligently in preparation—you are never fully prepared. The clinical and support teams (Dr. Steve Walerstein, Kathy Skarka, Maureen Shannon, Larry Slatky and Fara Tabai) are ensuring that our statement of condition and other facility items are being taken care of. The five-day survey is intensive and is conducted at all hospitals.

NuHealth received an \$18 million HEAL NY grant, the largest award on Long Island that will be used to help transform our facility from an inpatient to more of a primary care outpatient facility and to facilitate a clinically integrated collaboration with the North-Shore-LIJ System. He is awaiting word on what the Department of Health will provide as other resources through the COPA. The COPA is a vehicle through which New York State provides protection to collaboratives who otherwise may be deemed as competitive, if it provides more benefits to the public. NuHealth's relationship with North Shore is a clear benefit to the public at large. The NIFA legislation is a straight forward bill giving NIFA the ability to borrow funds on our behalf for capital purposes or for cash flow purposes. NuHealth is looking to refinance its bond variable rate swap to fixed, reducing or limiting risk in the portfolio. NIFA has a Triple A rating and would be cost effective in making financing available to NHCC. In addition, if successful, NIFA would be able to borrow cash flow notes for NHCC. The last couple of years we were at break even, last year we did not. The reason why we lost money is related to the reductions in Medicaid reimbursement rates, increased cost for employee pensions and health insurance. There is weakness in our revenue system and it has been an ongoing challenge to negotiate with our managed care companies. The Brooklyn profile looks like us, they have 50% Medicaid, uninsured and low commercial reimbursement and the community they serve is relatively poor with a high minority penetration and Medicaid and commercial rates are not reimbursing 75% of the costs. The pension costs have been considerable since 2009 and Medicaid rates are based on 2006. The layoffs resulted in a reduction of 400 FTEs since last year; we have reduced contractual expenses and have begun renegotiating with managed care companies. The new CFO has torn apart our revenue cycle and put it back together effectively. This year we are seeing every hospital on Long Island with a reduction in admissions and average daily census. The threshold payers are utilizing to approve admissions are getting higher and higher and hospitals are adjusting and reducing admissions. There is a transition from inpatient to outpatient that will have obvious effects on this hospital and other hospitals.

Mr. Rizzo asked what are we doing going forward with a loss of \$45 million in 2011 and \$2-3 million every month up until now, including the 400 FTEs, how are we going to deal with this issue? Mr. Gianelli said no one has all of the answers. We are keeping staffing levels as low as we can, we are lowering contractual expenses, and we are negotiating with the CSEA for a contract that will not cost us much money and for a health benefit package. We are rebuilding our revenue cycle systems, front end registration, updating the charge master, ensuring accuracy in documentation, optimizing coding accuracy for billing, negotiating managed care contracts. Mr. Gianelli said a document went out that outlines what we are doing today, the challenges, transitions and going forward. Mr. Rizzo asked for a timeframe. Mr. Gianelli said all are going on now and should be completed before the end of the year, but the kind of impact it will have, he did not know because of volume. All of the pieces are critical that will support the transition—the HEAL 21 grant, getting COPA, working with North Shore and collaborating on managed care rates. There is not a lot more we can do, we cannot cut more personnel, unless we start eliminating programs. Every month you will get an update as to where we are on revenue issues, but that can be offset in volume or State

reduction in funding. We need to sustain cost reductions, finalize the CSEA agreement, push on revenue initiatives, and report more accurately.

Dr. Sussman said it is frustrating. He asked if the pension levels were scaled back, and if Medicaid gave legitimate reimbursement to the hospital would we be in a deficit and the answer was no. Mr. Gianelli said Medicaid goes on base year that was set in 2006; the DOH reset the base year for 2013 for 2014 which is too long. Westchester submitted a bill that we supported that if the Medicaid base year is 2006 then the pension cost should be set at 2006—the bill did not pass.

Mr. Leventhal asked for a clarification regarding the pension cost amount that was under funded and the stock market losses over the last five years. Mr. Gianelli said the employees are government employees and members of the New York State retirement system. The amount is based on the fund and stock market performance and the amount you pay out. The stock market dropped in 2008-09 and lost value, that reduction was reflected in our pension contribution rates and will be for five years from 2008-09, then the rates should start to normalize.

Ms. Hanson asked if the hospital is eligible for the safety net funding (\$100 million) put aside for hospitals. Mr. Gianelli said not 100% that is funding the State uses as rate enhancement as part of the HEAL 21, RFA, so we are eligible. The hospital requested to be held harmless, and to specifically help us pay unreimbursed pension costs. We are in the hopper. Ms. Hanson asked if there was a date set and the answer was two to three weeks. Ms. Hanson asked when it comes to billing, how is that helping to get more funding where are we with that. Mr. Gianelli said a progress report will be available at the next Board meeting, he was not satisfied that he had enough data at this time. Mr. Gianelli said they are ensuring the accuracy of data on the charge master and CPT. On the floors, they are improving doctors' knowledge about documentation and coding and the firm being used will now generate a report.

Mr. Rizzo said the members had a long conversation at the finance meeting and are putting the pressure on coding, billing and the master charge. The Board has been hearing this for a long time and the doctors need to understand that the hospital needs to get paid and get paid properly.

Ms. Hanson said you have put in money to get this corrected, money to bring in people to do the work, and should be moving forward and making money.

Mr. Rizzo said the Board's position is putting pressure on management to change and putting pressure on physicians to document properly. The Board is concerned and it needs to be corrected. Mr. Gianelli said it is not just the physicians, it is educating physicians on how they should document, incentivize, and get the information accurate on the CPT, master charge, coding and billing. If all of that works perfectly, that is still not enough. The only way in the end is to be paid properly by the commercial managed care companies. Fifty percent of Medicaid is 18% of our business and you cannot expect anything other than a negative result. We need clinical integration, COPA, connect with North Shore and with the manage care companies and getting paid appropriately for the care we provide. Ms. Hanson asked if there was anything to try to get paid equally what the hospitals in Manhattan are getting or the coalition. Mr. Gianelli said the only available options are to own, sponsor or be commonly controlled, there are not many hospitals looking to absorb us. There are only two options—clinical integration, safe harbor and State action anti trust protections by the State for hospitals whose benefits outweigh the detriments. NuHealth saved the family practice residency at Peninsula that was in danger of closing. We are starting a family practice at the health centers as of July 1, 2012 that is FQHC based (\$150,000 as opposed to \$7,700)

Mr. Gianelli announced that he would be going to San Francisco. NuHealth will be receiving the Gage Safety Net Award for Excellence related to work done to prevent or eliminate central line associated blood stream infections. Ms. Maureen Shannon, Dr. Walerstein and Kathy Skarka were the clinical team working on this endeavor. The national award ceremony will be simulcast here in the amphitheatre.

Mr. Gianelli handed out a strategic overview and said the emphasis is on finances and what we are trying to do today, trying to do transitionally and how we will end up. He is committed to report starting in July and demonstrate what contributions they are making.

5. **Report of the Medical Professional Affairs Committee and Medical Director.** John McCann, PhD, Chair of the Committee reported that the Committee met on June 11, 2012 and they reviewed 100 credentials. One item will be discussed in executive session.

Dr. Walerstein reported that the medical center sent a letter (included in the Board packet) to the Department of Health regarding our plans to adopt the American College of Surgeon's Committee on Trauma Standards and Verification process for Level I Trauma centers. New York State designates trauma centers at levels I, II and III. Historically, NuHealth has been a Level I Trauma Center. Earlier in the year, the State changed the process for designating trauma centers and we are required to notify the State of our intention to be a Level I Trauma Center on a 24/7 basis under their new criteria. At some point the Board must formally approve a resolution to support the process and be committed to resources for the project. Mr. Gianelli said there will be additional cost for research requirements and clinical coverage for a Level I Trauma Center. We took the position and indicated that we would like to remain a Level I Trauma Center. Dr. Sussman asked how much would this cost and Dr. Walerstein stated seven figures. The important driver is attending trauma surgeon coverage in-house. Currently, the attending must be available within ½ hour when the patient arrives in the Emergency Department. The new requirement is that an attending be present 15 minutes after the trauma is identified in the field. The attending trauma surgeon must be dedicated 24/7. We would need to do research with North Shore.

Board members were sent the annual Performance Improvement Plan for the various departments in a binder and CD that requires Board acceptance. **Upon a motion made, duly seconded and unanimously approved, the Board of Directors adopted the 2012-2013 Performance Improvement and Patient Safety Plan. Resolution No. 090-2012.**

6. **Report of the Finance Committee.** Mr. Rizzo reported that a Finance and Contract Committee meeting was held on June 6, 2012. Mr. Rizzo requested approval except for the North Shore-LIJ Affiliation Agreement that will be discussed in Executive Session. **Upon a motion made, duly seconded and unanimously approved, the Board of Directors adopted the Resolution Approving Finance Committee Recommendations (except for the North Shore-LIJ Affiliation Agreement), dated June 6, 2012 as set forth in the attached. Master Resolutions M-091-2012.**

Nassau Health Care Corporation. Mr. Rizzo reported that the Board received Nassau Health Care Corporation and Subsidiaries Financial Statements and Reports of the Independent Auditors for Years Ended December 31, 2011 and 2010 in their Board packets for review and acceptance. **Upon a motion made, duly seconded and unanimously approved, the Board of Directors accepted the Nassau Health Care Corporation and Subsidiaries Financial Statements and Reports of the Independent Auditors for Years Ended December 31, 2011 and 2010. Resolution No. 092-2012.**

Nassau Health Care Corporation Deferred Compensation. Mr. Rizzo requested that the Board of Directors approve appointments made by the Deferred Compensation Committee. **Upon a motion made, duly seconded and unanimously approved, the Board of**

Directors approved appointments made to the Nassau Health Care Corporation Deferred Compensation Committee (Larry Slatky and Guy Courbois). Resolution No. 093-2012.

7. **Report of the Ambulatory Care, Managed Care and Community Physician Committee.** Dr. Sussman, Chair of the committee, had no report at this time.
8. **Report of the Extended Care and Assisted Living Facility Committee.** No report at this time. A new chair of the Committee will be appointed.
9. **Report of the Legal, Audit and Governance Committee.** Mr. Rizzo noted that the Committee met on May 24, 2012. A new Chair of the Committee will be appointed.
10. **Other Business.** Mr. Rizzo said that due to the end of terms for two Board members and the appointment of two new Board members, he will be appointing members to the various committees. He asked that Board members speak with him if there is a particularly committee they would like to be appointed to.
11. **Public session.** Mr. Rizzo opened the meeting for public comment.

Ms. Deidra Parrish-Williams welcomed the new Board members. Ms. Williams stated that NuHealth hosts the Annual Gala Heroes in Healthcare and it will be held at Oheka Castle this year. It is an important event as a fund raiser and is a critically important opportunity for us to communicate with the public. Members of staff leadership, Messrs. Gianelli and Rizzo, executive staff and rank and file attend along with vendors who support us. There are two honorees this year including our own Charles Ruotolo. The event gives us a chance showcase who we are. Ms. Williams would love to see all of the Board members support this event because it means a lot to have them as well as members of the NuHealth team with us.

Dr. Eugenio Barrios the husband of Vivien Barrios spoke. Dr. Barrios was a genetic counselor was laid off. He read the Mission, Vision and Values Statement. Dr. Barrios read a letter that was sent to Administration regarding his wife's dedication to her work, the need for a Hispanic/Latino genetic counselor and the manner in which she was laid off. He appealed to the Board for Dr. Vivien Barrios's reinstatement and an investigation regarding his allegations.

Mr. Rizzo requested that Dr. Barrios present a copy of his letter to the Board for review.

12. **Adjournment**

Upon a motion, duly made and unanimously approved, the meeting was adjourned at 9:45 a.m. to Executive Session to discuss governance, performance improvement, collective bargaining, personnel matters, contract negotiations or litigation.

13. **Report from Executive Session.** Upon return to Public Session, the Board reported that the following action was taken:

Upon a motion made, duly seconded and approved with one opposed (Jemma Marie-Hanson) and one abstention (David Sussman) the Board of Directors adopted the "Resolution Authorizing (I) NMA's Phase 2 Plans and the Advancement of Funds Associated Therewith and (II) Amendment to NMA's Organizational Documents (Termination of Nominee Agreement, Funding Agreement, Security Agreement, First Amendment to Bylaws of NHCC Medical Faculty Practice Plan, PC, First Amendment to Shareholder's Agreement NHCC Medical Faculty Practice Plan, PC, Termination of

Management Services Agreement, Management Services Agreement, Clinical and Administrative Services Agreement), as attached to these minutes. Resolution No. 094-2012.

Upon a motion made, duly seconded and approved with one opposed (Jemma Marie-Hanson) and one abstention (David Sussman) the Board of Directors adopted the "Resolution Authorizing the Acquisition of Twenty Percent (20%) Membership Interest in South Ocean Care, LLC. Resolution No. 095-2012.

Upon a motion made, duly seconded and approved with one opposed (Jemma Marie-Hanson) and one abstention (David Sussman) the Board of Directors adopted the resolution to approve development of shared services and other agreements reflecting the fees between NuHealth and LIFQHC. Resolution No. 096-2012 A & B.

Upon a motion made, duly seconded and approved with one opposed (Jemma Marie-Hanons), the Board approved a five-year extension to an existing contract with North Shore Long Island Jewish Health System Master Affiliation effective 7/1/12. Resolution No. 075-2012.

14. Close of Regular Meeting. Craig Vincent Rizzo, Chair, closed the meeting at 12:17 p.m.
15. The next meeting is scheduled for September 25, 2012.

Approved:


Craig Vincent Rizzo, Chair
Board of Directors
NuHealth