

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

Directors Present

*Craig Vincent Rizzo, Esq., Chair
Joseph Capobianco, Esq.
*Steven Cohn, Esq.
*Paul J. Leventhal, CPA
*John T. McCann, PhD
George W. Miner, MD, MBA
David J. Sussman, MD
*John A. Venditto, MD

Not Present

Stephen H. Ashinoff, OD
*Richard A. Bianculli
Vincent A. Gallo, MD
Jemma Marie-Hanson, RN
*Greg-Patric Martello, Esq.
Asif M. Rehman, 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
Kathy Skarka, RN, SVP Patient Care Services
Maureen Roarty, SVP Human Resources
Richard Perrotti, SVP Finance
Joan A. Soffel, Assistant to the Board/CEO

*Executive Committee Members

1. Craig Vincent Rizzo, Chair, Board of Directors of the Nassau Health Care Corporation, noted that a quorum was not present. The meeting was opened at 9:35 a.m.
2. **Adoption of Minutes.** Since a quorum was not present, the minutes of November 14, 2012 will be approved in Executive Session.
3. **Report of the Chairman.** Mr. Rizzo said that Mr. Gianelli would report on the 2013 Budget and Capital Plan. If a quorum is not reached, the Executive Committee meeting will be held following the Public Session.
4. **Report of the President/CEO.** Mr. Gianelli wished every a Happy Holiday.

2013 Operating Budget. Mr. Gianelli handed a copy of the Projected 2012 results. Last year was very challenging. The hospital lost a significant reduction in Medicaid reimbursement and there was a substantial increase in pension contribution costs. The Board and management had a series of initiatives to bring the budget back into balance including a reduction in workforce, and revenue cycle initiatives. The Corporation ended 2012 at almost break even—that is extraordinary given where we landed in 2011. We negotiated with managed care companies, the DSH payment was accelerated, there were additional EMR incentive payments, a component HEAL 21, reimbursements and less expenses. 2013 should be reasonably stable with a few assumptions. Volume should be 65 discharges/day, we are currently trending 62. There has been a significant reduction in volume discharges as has every other hospital in Nassau County since there is increase pressure from the payers and economy and the Affordable Care Act. Risk items are ongoing with RACKS and audits. On the positive side, we are undertaking initiatives with collective bargaining, pension costs, revenue cycle, managed care, LEAN efforts, and expansion of primary care through the FQHC and NMA. We also expect partnering with NYS on ways to bring in additional money (VAP). 2015 is really where the rubber meets the road with significant changes with an increase in debt service payments, the bargaining agreement, the County mission payments, and a reduction in DSH. In order to be able to address those numbers we will implement LEAN, there are initiatives for the revenue cycle, managed care, primary care, integration with NSLIJ, COPA (better managed care contracts) and the DSH program.

In November, the hospital received an award from Press Ganey (one of 18 hospitals) with the greatest improvement in patient satisfaction especially in the ER. There are ongoing clinical integration efforts with NSLIJ and by the end of first quarter every one of our service lines will be integrated fully with the NSLIJ Health System report card with benchmarks of our quality data against NSLIJ. We are in a holding pattern with COPA, it has nothing to do with us, and we did everything we could. This is the State trust protection relationship with NSLIJ. There are delays due to a debate between the Governor's office and Attorney General on how COPA needs to be implemented. We are pushing for an accelerated resolution of that as a demographic project.

The modernization program continues. The third floor lobby renovation is gorgeous with funding through a donation made to NuHealth Foundation by Amy Hagedorn. There is an effort to rebuild executive offices on the 19th floor, so that the 1st floor lobby can vacate for the construction of the primary care space funded through a HEAL 21 grant. We are undertaking a number of IT projects. There are some delays in real estate and every effort is being made to work within the parameters of development and minimize risk to NuHealth regarding housing which will not be made available to the general public for zoning reasons. We asked the development partners to separate the two issues out. DeVry might construct 40 units of housing for their residents with a guaranteed revenue flow. Jobco will see if there is a financial project with a master lease with our ownership of the property. Some of the housing will be renovated with a conventional mortgage on the property. Rental payment would be in a locked box in order to service the mortgage. We will determine if there is interest or fall back on the balance sheet of the corporation. We will separate out the demolition and as those developments occur on the property, charge those developments back.

Mr. Gianelli has met with physician groups to identify sufficient physician interest in partnering with the ambulatory service center. Last week, Dr. Walerstein and Mr. Gianelli met with an IPA group who has an interest in ASC. The word from the State is preliminary approval of the acquisition of South Ocean Care, a necessary step in the process of moving the SOC over to the LIFQHC. The SOC will benefit the wrap rates and managed care rates for FQHC.

NuHealth performed wonderfully during Hurricane Sandy. Folks who have been doing disaster work for years applauded us for our efforts. After this Board meeting, Mr. Gianelli has a meeting with senior staff to present the management and employees with what worked and what did not work so that we all learn from those experiences.

5. **Report of the Medical Professional Affairs Committee and Medical Director.** John McCann, PhD, Chair of the Committee reported that they met on November 19, 2012 and credentialed numerous doctors; two requests will be brought back to the committee. The MPAC committee also is requesting a resolution for NuHealth's Level I Trauma designation that will be presented to the Executive Committee.
6. **Report of the Finance Committee.** Mr. Leventhal reported that a Finance Committee meeting will be scheduled.
7. **Report of the Contract Committee.** Mr. Rizzo will discuss contracts in the Executive Committee meeting.
8. **Report of the Ambulatory Care, Managed Care and Community Physician Committee.** Dr. Sussman, Chair of the committee, reported that the Committee met on December 5, 2012 and the members vetted some of the issues with the NMA as well as ambulatory care in general and the initiatives to increase our volume.

9. **Report of the Extended Care and Assisted Living Facility Committee.** Dr. Venditto, Chair of the committee, had no report at this time.
10. **Report of the Legal, Audit and Governance Committee.** Mr. Leventhal, Chair of the committee, had no report at this time.
11. **Report of the Facilities and Real Estate Development Committee.** Mr. Bianculli had no report at this time.
12. **Subsidiaries/Foundation Committee.** Mr. Bianculli, Chair of the committee, had not report at this time.
13. **Other Business.** Mr. Rizzo commended Board members for giving up their time to prepare for meetings and committee meetings throughout the year. It takes hours and hours of strategic analysis. He thanked all of those who month after month make every effort to attend meetings. He wished all a happy holiday season.
14. **Public session.** Mr. Rizzo opened the meeting for public comment.

Dr. Eugenio Barrios spoke about his wife, Vivian Diaz-Barrios, who was laid off. Dr. Barrios has spoken to the Board before regarding this issue. At a previous meeting he was asked to submit his letter to the Board and that was not done. Dr. Barrios gave several copies to the Assistant to the Board, who will distribute them to Board members.

15. **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 or litigation.

16. **Report from Executive Committee.** Upon return to Public Session, the Board reported that the following actions were taken:

2013 Operating Budget. Upon a motion made, duly seconded and unanimously approved, the Executive Committee of the Board of Directors approved the 2013 Operating Budget (as attached). **Resolution No. 183-2012**

Regional (Level I) Trauma Center Designation. Upon a motion made, duly seconded and unanimously approved, the Executive Committee of the Board of Directors approved the Regional (Level I) Trauma Center Designation (as attached). **Resolution No. 184-2012.**

Contracts. Since the minutes could not be completed, Mr. Rizzo asked for approval of the contracts subject to the final minutes being approved. **Upon a motion made, duly seconded and unanimously approved, the Executive Committee of the Board of Directors adopted the Resolution Approving Contract Committee Recommendations, dated December 13, 2012 as set forth in the attached. Master Resolutions M-185-2012.**

Capital Budget 2013. Upon a motion made, duly seconded and unanimously approved, the Executive Committee of the Board of Directors approved the 2013 Capital Budget (as attached). **Resolution No. 186-2012**

17. **Close of Regular Meeting.** Craig Vincent Rizzo, Chair, closed the meeting at 12:20 p.m.
18. The next meeting will be announced.

Approved:



Craig Vincent Rizzo, Chair
Board of Directors