

MINUTES OF THE PUBLIC SESSION OF THE NUHEALTH BOARD OF DIRECTORS' MEETING
HELD ON FEBRUARY 26, 2013

Directors Present

*Craig Vincent Rizzo, Esq., Chair
*Steven Cohn, Esq.
*Paul J. Leventhal, CPA
*John T. McCann, PhD
George W. Miner, MD, MBA
Asif M. Rehman, MD
*John A. Venditto, MD

Not Present

Stephen H. Ashinoff, OD
*Richard A. Bianculli
Joseph Capobianco, Esq.
Vincent A. Gallo, MD
Jemma Marie-Hanson, RN
*Greg-Patric Martello, Esq.
David J. Sussman, 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 9:25 a.m.
2. **Adoption of Minutes.** Since a quorum was not present, the minutes of December 18, 2012 will be approved in Executive Session.
3. **Report of the Chairman.** Mr. Rizzo welcomed Jeremy Wise, Counsel for the Nassau County Interim Finance Authority (NIFA).

Mr. Rizzo reported that an issue came before the Supreme Court regarding anti-trust issues and Mr. Gianelli will report in Executive Session/Committee. The issue will have impact on the COPA application and our relationship with North Shore/LIJ in the future. A memo from outside counsel evaluating our objectives and alternatives are has been distributed to the Board.
4. **Report of the President/CEO.** Regarding the State Action Anti-Trust issue, there are certain steps we may need to take to allow other strategies as it relates to obtaining State Action protection.

Mr. Gianelli reported that a resolution for the Nassau Medical Association (NMA) to acquire to practices will be discussed in Executive Session/Committee. A resolution permitting NuHealth to withdraw from the NYS Health Insurance Plan and offering employees a self-insured plan will also be discussed in Executive Session/Committee. The decision is connected to the collective bargaining agreement and must be ratified by the union membership and the Board. The plan would also provide an incentive for employees to obtain care from NuHealth. Eighty percent of businesses have self-insured plans in the United States at this time, looking to take the risk and manage the plans more actively while controlled health care costs. The CSEA is currently briefing their membership regarding the proposed CBA contract. NuHealth has also selected Empire Blue Cross/Blue Shield as the third party administrator for the self-insured plan. To the extent we do self-insure and it is ratified by the Board and membership, Empire BC/BS will process the claims and provide medical management for the plan. For discussion is also resolution for a benefit plan for the

related entities including the NuHealth Foundation and LIFQHC employees. It is NHCC's desire to provide a unified and consistent benefit package.

Mr. Maher reported that as of November 30, 2012, the Corporation lost \$8.6 million. However, when you bring in certain third party revenue and revenue cycle initiatives the hospital will end up at break even for 2012. Some of the initiatives are: master charge, CPT, denial management, clinical documentation, third party (Affinity) monies owed, and managed care contracts renegotiated. Renegotiated managed care contracts will improve revenue by \$3 million in 2013. Another \$7 million is coming in through IGT payments in 2013 that can be booked in 2012. Mr. Rizzo asked if those were the expedited IGT payments and the answer was yes, the State freed up the funds owed. Mr. Rizzo asked what managed care companies negotiated with us and the answer was Blue Cross, Affinity, Fidelis, HIP, Magnacare and United. Mr. Gianelli said the managed care initiative was very successful under the direction of Donna Skura, Julie Harnisher and Edmund Schmidt. It brought in approximately \$6-7 million additional revenue in 2012 that we would not otherwise had received had we not taken an aggressive stance with the managed care companies. We remain out of network with Aetna who offered significantly substandard commercial rates. We were going out of network with United, but they came back and increased their offer to an acceptable range. The reality is that the institution is still paid significantly less than our counter parts in Nassau County by the commercial payers. This has impact our ability to balance our books year to year resulting in the need to undertake expense cuts, revenue cycle initiatives and work with the State closely on DSH payments for our Medicaid supplement loss. We are also working with the State to obtain a grant funded VAP and in the end we cannot balance our books unless we are paid adequately. Most hospitals hospitals have 99% subsidizing for Medicaid care with enhanced commercial rates and we are the opposite. Hospitals in Brooklyn in similar situations do not fair as well, they do not have access to funding. For the first time in the corporation's history we are getting 20% of commercial volume, one out of five visits is commercial insured. It is imperative to identify strategically the right rates and be competitive with other hospitals in the area. We need clinical integration and State Action Anti-Trust protection.

Mr. Maher reported that they were successful in renegotiating the RAN (\$40 million) with Assured. They were also successful in changing out the LOC from Bank of America to JP Morgan Chase. There is an estimated \$1.1 million charge to our hospital for Medicare—over a 8 year period it is \$12 million.

Mr. Gianelli thank Jeremy Wise for his support in obtaining the RAN and LOC and NIFA's approval of those transactions.

5. **Report of the Medical Professional Affairs Committee and Medical Director.** John McCann, PhD, Chair of the Committee reported that a meeting was scheduled on February 25, 2013 but he did not have a quorum. There are a few items for discussion in Executive Session.
6. **Report of the Finance Committee.** None.
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.** None.
9. **Report of the Extended Care and Assisted Living Facility Committee.** Dr. Venditto, Chair of the committee, reported that a meeting is scheduled.

10. **Report of the Legal, Audit and Governance Committee.** Mr. Leventhal, Chair of the committee, reported that the committee met on February 21, 2013 and those minutes will be available at the next meeting.
11. **Report of the Facilities and Real Estate Development Committee.** None.
12. **Subsidiaries/Foundation Committee.** None.
13. **Other Business.** None.
14. **Public session.** Mr. Rizzo opened the meeting for public comment. There were no comments.

15. **Adjournment**

Upon a motion, duly made and unanimously approved, the meeting was adjourned at 9:50 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:

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 abstentions), dated February 21, 2013 as set forth in the attached. Master Resolutions M-045-2013.

Nassau Medical Associates. Upon a motion made, duly seconded and unanimously approved, the Executive Committee of the Board of Directors approved a Resolution Authorizing NMA's Acquisition of Two Medical Practices (as attached). Resolution No. 046 -2013.

Withdrawal from NYSHIP. Upon a motion made, duly seconded and unanimously approved, the Executive Committee of the Board of Directors approved a Resolution Authorizing Nassau Health Care Corporation to Withdraw from Participation in NYSHIP and to Design and Adopt Self-Funded Health Insurance Employee Benefit Plans (as attached). Resolution No. 047-2013.

Blue Cross/Blue Shield. Upon a motion made, duly seconded and unanimously approved, the Executive Committee of the Board of Directors approved a contract with Blue Cross/Blue Shield to administrate all aspects of a full service self funded health plan for all active and retired employees currently receiving insurance from the NYSHIP plan in an amount not to exceed \$5,629,000 for a term of 1.25 years with an anticipated start date of 01/01/13. No payments shall be made until the decision to self insure has been made by the CEO. Resolution No. 048-2013.

NuHealth Related Entity Staff Member Handbook (LIFQHC). Upon a motion made, duly seconded and unanimously approved, the Executive Committee of the Board of Directors approved a Resolution Adopting NuHealth Related Entity Staff Member Handbook (as attached). Resolution No. 049-2013.

NuHealth Foundation's Benefit Plan and NuHealth Related Entity Staff Member Handbook. Upon a motion made, duly seconded and unanimously approved, the Executive Committee of the Board of Directors approved a Resolution Authorizing the

Foundation's Benefits Plan and NuHealth Related Entity Staff Member Handbook (as attached). Resolution No. 050-2013.

Medical and Professional Affairs Committee. Upon a motion made, duly seconded and unanimously approved, the Executive Committee of the Board of Directors approved the attached recommendations made by the Credentials Committee for appointments to the Medical and Dental Staff to the Medical Board at their meetings held on February 5, 2013. Resolution No. 051- 2013

Upon a motion made, duly seconded and unanimously approved, the Executive Committee of the Board of Directors approved February 25, 2013 MPAC minutes. Resolution No. 052- 2013.

17. **Close of Regular Meeting.** Craig Vincent Rizzo, Chair, closed the meeting at 11:00 a.m.
18. The next meeting will be announced.

Approved:



Craig Vincent Rizzo, Chair
Board of Directors