

MINUTES OF THE PUBLIC SESSION OF THE NUHEALTH BOARD OF DIRECTORS' MEETING
HELD ON APRIL 4, 2013

Directors Present

*Craig Vincent Rizzo, Esq., Chair
Stephen H. Ashinoff, OD
Joseph Capobianco, Esq.
*Steven Cohn, Esq.
Jemma Marie-Hanson, RN
*Greg-Patric Martello, Esq.
*John T. McCann, PhD
George W. Miner, MD, MBA
Asif M. Rehman, MD
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
Kathy Skarka, RN, SVP Patient Care Services
Maureen Roarty, SVP Human Resources
Richard Perrotti, SVP Finance
Joan A. Soffel, Assistant to the Board/CEO

Not Present

*Richard A. Bianculli
Vincent A. Gallo, MD
*Paul J. Leventhal, CPA

*Executive Committee Members

1. Craig Vincent Rizzo, Chair, Board of Directors of the Nassau Health Care Corporation, noted that a quorum was present. The meeting was opened at 6:00 p.m.
2. **Adoption of Minutes.** The minutes of February 26, 2013 were approved.
3. **Report of the Chairman.** Mr. Rizzo acknowledged Jerry Laricchiuta and opened the public session for comments.

Mr. Laricchiuta, President, CSEA thanked the Board for convening for an important agenda item regarding the Collective Bargaining Agreement. Over the last 3-1/2 to 4 years, there have been tough negotiations and he and Mr. Gianelli has many discussions. The contract before the Board for approval was voted on by the employees with an overwhelming 94.4% voting in the affirmative. The union and management are on the same page—they both agree that this is the single most important hospital in Nassau County and they want it to be number one in Nassau County. Once we get over this hurdle, the union wants to be partners with management in the best way they can. They will not always agree. Mr. Laricchiuta said the County should take note that when you work together you can climb the tallest mountain. He asked the Board to vote for the CBA affirmatively because it needs to get done so they can work with Mr. Gianelli and the Board to ensure that this hospital becomes the best in Nassau County to serve those people that we need to serve with the highest standards and quality of care.

4. **Report of the President/CEO.** Mr. Gianelli said the bargaining agreement with side letters were included in the Board packets. There was significant dialogue with the union and he credited the union for their aggressive approach and noted that they are cognizant of the needs of this hospital. Every industry has significant challenges and especially hospitals with the transformation to the accountable care act. The CBA allows NuHealth to navigate those waters. Basically, the contract includes three years (2010-2012) with no increase. For two years (2013 and 2013) there is a \$750 one time payment for full time workers (half for part-time); and in 2015 a 4% cost of living raise. Given the amount of time, management felt it was a reasonable offer. There are no compounded increases. There will be profit sharing to the extent the Corporation makes money and performance bonuses decided upon by both

management and CSEA. It gives us the ability to reward employees doing a good job. New employees do not invest for 20 years, currently it is five years. They must work here (not other government entities) for 20 years. New employees will contribute to health insurance as long as they work here. One exception is an alternative for them to enroll in a NuHealth focused health plan. Employees who opt for this plan will not pay anything, if they go outside the network their deductible and copayment will be significant. It is the employee's choice to contribute or not. It also gives NuHealth an opportunity to market to our employees the services that we provide. Mr. Laricchiuta agrees and it can save union members \$3-4,500 a year toward family health insurance. There is also an option to allocate 2% to an OPEC fund for post retirement costs. There are changes for residents as well, who are transient and are difficult for the union to represent and they do not work here for an extended period of time. Management will provide another vacation week, create a salary, (although at the low end of the market) that is more competitive and better than what they are receiving now. NuHealth will require residents, if they don't already have arrangements, to live on campus. That will help us create financing for the renovations. There is NIFA language regarding wage freezes for the County that are being contested, to the extent it is valid we would execute a deferral, not an elimination of pay or wage freeze. The CBA provides for job preservation unless there is significant downsizing by the State for beds or particular programs. The contract is very progressive, we do solve problems and the union understands there is not a lot of money.

Mr. Rizzo said he has been dealing with this issue since he became Chairman and there have been many discussions with the CEO. He is pleased that the contract came to resolution. The Board has received the information regarding the CBA and has had an opportunity to review that information. He asked if there were any questions—there were no questions. **Upon a motion made, duly seconded and unanimously approved, the Board of Directors approved the tentative settlement with the Civil Service Employee Association along with the side letters for health insurance and resident salary/compensation (as attached). Resolution No. 084-2013.**

5. **Report of the Medical Professional Affairs Committee and Medical Director.** John McCann, PhD, Chair of the Committee reported that a meeting is being scheduled.
6. **Report of the Finance Committee.** Mr. Maher reported. On a consolidated basis as of February 28, 2013, the company is reporting an interim \$2.884 million loss year to date. This loss is \$1.707 million above the budgeted loss for the two month period. Expenses, including an underestimate of health benefits expense, in excess of the budget were the major contributing factors to the loss. Revenue, in spite of a shortfall in discharges, was substantially on budget. The financial statements will be reviewed in more detail at the Finance Committee meeting later this month. GAP closing measures to arrest expenses have been initiated.

Report of the Contract Committee. Mr. Rizzo reported that the Committee met on March 19, 2013 and the Executive Committee approved the following contracts.

Upon a motion made, duly seconded and unanimously approved, the Executive Committee of the Board of Directors adopted the Resolution Approving Contract Committee Recommendations (with abstentions, tabled items and changes), dated March 19, 2013 as set forth in the attached. Master Resolutions M-083-2013.

***Jobco Inc.** [Multi-year contract, amount exceeds \$250,000]. **Upon a motion made, duly seconded and unanimously approved, the Executive Committee approved a contract with Jobco Inc. for the 19th floor project that is funded through HEAL 21 and is included in the 2013 Capital Plan presented to the Board in December 2012. Jobco will provide services as the General Contractor for the build out of the 19th floor to**

accommodate NuHealth administrative offices. This includes providing all carpentry and other general labor services for construction of the office areas as well as Board room and support space in an amount not to exceed \$1,117,000 (HEAL 21 grant) for a term of 7 months with an anticipated start date of 03/15/13. Resolution No. 079-2013.

***D & S Mechanical. [Multi-year contract, amount exceeds \$250,000]. Upon a motion made, duly seconded and unanimously approved, the Executive Committee approved a contract with D&S Mechanical for the 19th floor project which is funded through HEAL 21 and is included in the 2013 Capital Plan presented to the Board in December 2012. D&S Mechanical will provide all mechanical construction and HVAC service to the 19th floor in an amount not to exceed \$1,739,000 (HEAL 21 grant) for a term of 7 months with an anticipated start date of 03/15/13 with no change orders. Resolution No. 080-2013.**

***SCC Construction Management. [Multi-year contract, amount exceeds \$250,000]. Upon a motion made, duly seconded and unanimously approved, the Executive Committee approved an amendment of a contract with SCC Construction Management to provide construction management/owner's rep services for the construction of the new employee cafeteria and the renovation of the kitchen. This includes coordination of onsite logistics for contractors; monitoring contractor work, budget, and expenditures; receipt and review of payment requests; and assessing and making recommendations for proposed change orders. This amendment adds \$65,850 to the contract to serve as SM for the cafeteria/kitchen project for a term of four months (total amount of contract is \$710,850) with an anticipated start date of 12/15/12. Resolution No. 076-2013.**

***SCC Construction Management. [Multi-year contract, amount exceeds \$250,000]. Upon a motion made, duly seconded and unanimously approved, the Executive Committee approved a contract with SCC Construction Management to provide Construction Management/Owner's Representative (CM) services for three capital projects: 19th floor relocation, creation of new Primary Care clinical space, and demolition of the current parking garage and establishment of new parking on the site of the garage. CM responsibilities include coordination with NuHealth staff and project architects to develop bid documents and construction estimates, review bids, coordinate onsite logistics, monitor budgets, expenditures and change order requests in an amount not to exceed \$365,200 for a term of 17 months with an anticipated start date of 03/01/13. The Committee noted that approval of this contract includes no extensions to this contract. Resolution No. 077-2013.**

7. **Report of the Ambulatory Care, Managed Care and Community Physician Committee.**
Nassau Medical Associates. Mr. Gianelli reported that two practices were approved by the Board and acquired by NMA (Nester Podiatry and South Nassau Pediatrics). We are in the process of finalizing those acquisitions. We have also targeted a number of other practices that we will bring to the Board (OB/GYN and a primary care practice in Long Beach).

Management made a commitment to the Board to reflect the financial performance of the NMA, but we do not have the practices on board yet. Included in the Board packet was the balance sheet for the NMA in the interim. At the last Ambulatory Care meeting there was a lot of feedback and a desire to understand how the LIFQHC and NMA are strategically connected and a desire for a more formal structure for acquisitions and standard questions for the Board to review. Mr. Rizzo thanked Dr. Sussman, Chairman of the Ambulatory Care, Managed Care and Community Physician Committee, for his work with this committee.

8. **Report of the Extended Care and Assisted Living Facility Committee.** Dr. Venditto, Chair of the committee, reported that a meeting was held on March 6, 2013 (a quorum was not present). It was the first meeting for Dr. Venditto and administration gave some of the history of A. Holly Patterson, problems of the facility, the Berger Commission and State rulings, and some strategic plans for moving forward. Another meeting will be held in a few weeks to continue that discussion.

Mr. Gianelli reported that management needs to refocus on the nursing home and alternative solutions. It is a complicated situation from a business standpoint. It is an old structure that is inconsistent with newer regulations that continues to provide a high quality product with the limitations that we have. One suggestion, that we will pursue, is whether or not there is strength in identifying a nursing home and other facility occupants (assisted living) that makes sense. Keep in mind that there is a technical matter, once the Medicaid assisted living (ALP) opens at the old Hempstead General site, we are required to downsize our nursing home pursuant to the Berger Commission findings and adoption by State legislation that occurred in 2006. The patient population has changed considerably and dramatically since that time, and we will make the argument to leave everything the way it is so that we can thoughtfully sort out how to proceed. The State is not pressuring us at this time.

Mr. Rizzo asked the timeframe. Mr. Gianelli said the way the Berger Commission mandated once the Medicaid Assisted Living opens we are essentially partners with rules and responsibilities. We are supposed to downsize to 320 beds after one year of operation. We prepared for that by hiring temporary employees and the Union is fully aware of what we have done. So much has changed since 2006 including how nursing homes are reimbursed.

9. **Report of the Legal, Audit and Governance Committee.** None
10. **Report of the Facilities and Real Estate Development Committee.** None.
11. **Subsidiaries/Foundation Committee.** None.
12. **Other Business.** None.
13. **Public session.** Mr. Rizzo opened the meeting for public comment. There were no further comments. Mr. Laricchiuta spoke previously.
14. **Adjournment**
Upon a motion, duly made and unanimously approved, the meeting was adjourned at 6:30 p.m. to Executive Session to discuss governance, performance improvement, collective bargaining, personnel matters, contract negotiations or litigation.
15. **Report from Executive Committee.** Upon return to Public Session, the Board reported that the following actions were taken: No actions were taken.
16. **Close of Regular Meeting.** Craig Vincent Rizzo, Chair, closed the meeting at 7:00 p.m.
17. The next meeting will be announced.

Approved:


Craig Vincent Rizzo, Chair
Board of Directors