

MINUTES OF THE PUBLIC SESSION OF THE NUHEALTH BOARD OF DIRECTORS' MEETING HELD ON DECEMBER 17, 2014.

Directors Present

*Michael B. Mirotznik, Esq., Chair
*Steven Cohn, Esq.
Michael M. DeLuca, MPA
Jemma Marie-Hanson, RN
Greg-Patric Martello, Esq.
*Linda Reed
*John A. Venditto, MD
Andrew Zucaro
*Warren D. Zysman, LCSW

Not Present

*Victor A. Gallo, MD
*John T. McCann, PhD
Asif M. Rehman, MD
David J. Sussman, MD

Non-Voting Directors Present

Krishan Kumar, MD
Frank J. Saracino, EdD
Victor F. Politi, MD, FACP, FACEP

Hospital Administration

John Ciotti, EVP General Counsel
Robert Heatley, EVP Business Development
John Maher, EVP CFO
Maureen Roarty, EVP, Human Resources
Kathy Skarka, RN, EVP, Patient Care Services
Harold E. McDonald, SVP Chief Administrative Officer
Craig V. Rizzo, Esq., SVP Special Assistant to NHCC/ Legal Affairs
Victor Scarmato, MD, Acting Medical Director
Joan Soffel, Assistant to the Board/CEO
Andrea Rivera, Executive Assistant to the President/CEO

*Executive Committee Members

1. Michael B. Mirotznik, Esq., Chair, Board of Directors of the Nassau Health Care Corporation, noted that a quorum was present. The meeting was opened at 5:20 p.m.
2. Adoption of Minutes. The minutes of November 18, 2014 were approved.
3. Report of the Chairman. Mr. Mirotznik wished everyone a happy and healthy holiday season and a Happy Hanukkah.

Mr. Mirotznik reported that he had the privilege to inform the Board of a new voting member who was recently appointed on the recommendation of the County Executive to the Governor, Michael M. DeLuca, MPA. Mr. DeLuca has had 36 years of employment in this institution and started working here right after Meadowbrook Hospital became NUMC. Mr. DeLuca held many titles including Vice President, Senior Vice President, and COO. He is also an advisor to the Federation of Police and health care advisor to the NYS Police. His resume is all healthcare related. On behalf of the Board, Mr. Mirotznik welcomed Mr. DeLuca and was pleased to have someone appointed with this experience that can help this institution move forward.

Mr. DeLuca said he had a great opportunity and experience working at this institution. When he started the Dynamic Care Building was not open yet and he was here to see it being built. He was one of the people giving tours of this 1 million square foot building when he started out in public relations. From that position he became a hospital administrator and gained experience and background throughout this hospital and its operations. He learned the minute details of how every department works from sterilization of instruments to risk management. When the hospital had pagers and beepers, he was the person who insisted on two frequencies—one at the World Trade Center and one at the Empire State Building and was criticized for being overly cautious. When the World Trade Center went down we were able to get the people we needed to keep this hospital running. Just like in a marriage, you have to compromise. We have to come to a solution, you cannot take three hours; it has to be done in twenty minutes and everyone on the same page. Mr. DeLuca noted that his wife was brought here last February with an incredible trauma and the doctors and nurses were wonderful. Dr. Politi, Mr. Rizzo, Dr. Weiss and Ms. Lotenberg were very helpful during that time. People do not realize how integral this hospital is to this County. We need to change the reputation. When Mr. DeLuca was employed here there was a

JACHO inspection and for the first time ever in the history of this institution we scored a 96% and AHP scored 100%. Mr. DeLuca said he is proud to be back here on this Board and hopes to contribute to the success of NuHealth and assist this great leadership you now have.

4. Report of the President/CEO. Dr. Politi welcomed Mr. DeLuca and looks forward to working with him and appreciates all of the help he can provide.

Dr. Politi noted that there were many items on tonight's agenda and asked everyone to keep their comments and questions focused.

5. Report of the Medical and Professional Affairs Committee and Medical Director. Ms. Reed reported that the Committee met and she asked for approval of the credentialing recommendations and appointments. **Upon a motion made, duly seconded and unanimously approved the Board of Directors accepted the Recommendation for Appointments to the Medical Staff dated November 25, 2014. Resolution No. 274-2014.**

Ms. Reed asked the Board to accept the Medical Staff minutes of November 4, 2014, and the Medical and Professional Affairs Committee minutes of October 28, 2014.

Dr. Scarmato reported that there was a Department of Health survey last week and the beginning of this week. The preliminary reports went quite well.

6. Report of the Finance Committee. Dr. Venditto reported that the Committee met on November 25, 2014 and the Board accepted the minutes. The Committee discussed the financial statement two months prior, the debt structure and strategy, authorization of the Revenue Anticipation Note (RAN), an update of the IGT, IAAF and DSRIP expectations for next year. The lengths of stay and admissions have dropped and we discussed some strategies for better monitoring and metrics.

2015 Operating Budget. Mr. Maher proposed the 2015 Operating Budget. In general 2014 saw a downward trend in discharges. Mr. McDonald said there is an increase of discharges proposed for 2015 to offset the 2014 decline. The discharges are different. There is a new neurosurgeon with significant increase in OR cases. In general, inpatient surgery and bariatric cases have shown 340 discharges. There were some other increases in Orthopedics and general inpatient surgery. In total the discharges last year and this year appear the same but are different types of discharges. The numbers appear to be flat. Mr. Maher said in addition, on the revenue side, Mr. DiSanti and the administrators have made \$7 million in revenue improvements that we see beginning this year and that already has traction going into 2015. We are using new monitoring tools to stay on target through the year. Mr. Maher referred to Page 8 of the budget. The projected gain from operations is \$553 thousand. The projected loss for the Medical Center is \$3 million offset by \$2.5 million in excess from the nursing home. The Faculty Practice Plan breaks even with monies going back to the doctors and County. There is a small surplus of our limited captive insurance (\$1 million). There was a tremendous amount of work that went into this budget from Finance and Operations. Mr. McDonald reported that they looked at every opportunity that they could for improvement in the revenue cycle, expense reductions and other operating income. Mr. DeLuca asked what is our average daily census and Mr. Maher said 351. Mr. DeLuca asked how many operating beds do we have and the answer was 530. Mr. Saracino asked if the \$18 million shortfall as a result of the elimination of the speed cameras affect us. Mr. Ciotti said there are on-going negotiations with the County and State to install that in some manner, it might be called something different. When the article first came out there were some issues raised. Dr. Politi is working with the County and State. Mr. DeLuca asked the projection for DSH payments and Mr. Maher said about \$53 million in 2015 subject to audit. Mr. Zysman asked what other revenue we are receiving besides DSRIP. Mr. Maher said there are two accounts of money IAAF (\$10 million) and DSRIP (\$8 million) for 2015. Mr. Zysman asked what impact the census will have. Mr. Maher said the purpose of DSRIP is to reduce avoidable ER admissions, discharges and readmissions that are less than 30 days. We are eliminating the bad discharges—where the patient does not need to be here or readmitted in 30 days. Mr. Zysman asked what the revenue impact is. Mr. Maher said you would multiply by 6-7,000 discharges. Mr. DeLuca asked what percentage of admissions do we get monthly from the nursing home. Mr. Maher said he did

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not know. Mr. McDonald said an overwhelming majority coming to NUMC, 50% new admissions to the nursing home come from NUMC. Mr. DeLuca said people that need to be admitted to the hospital from the nursing home should come here; we would be able to maximize our admissions. Dr. Politi said only the extreme emergencies; cardiac arrests go to the closest hospital—South Nassau or Winthrop. Mr. McDonald said cardiac emergencies go to either Winthrop or South Nassau because they have a cardiac catheterization center. Mr. Zysman asked who is monitoring that internally and Mr. McDonald said it is monitored at the nursing home—who is coming and going and transfers. We do a fairly good job of maximizing relationships with AHP and other nursing homes that we have been working with. Dr. Politi noted that Mr. McDonald and Mr. Heatley are overseeing the nursing home; we do not have a full time nursing home director. **Upon a motion made, duly seconded and unanimously adopted, the Board of Directors approved the NuHealth 2015 Operating Budget as attached. Resolution No. 275-2014.**

2015 Capital Budget. Mr. Manlee reported that the 2015 Capital Budget is \$15,018,000. He reviewed the various categories and budgeted amounts. There are a variety of projects for enhancement and improvements as well as non compliance issues. Monies have been allocated for sprinklers, fire alarms, IT projects, clinical equipment. Mr. Manlee particularly noted that some of the fire alarms in the older buildings must be updated. Mr. Mirotznik asked if the fire alarm updates are mandated by the Nassau County Fire Marshall. Mr. Manlee said the fire alarms in the older buildings are reaching obsolescence and must be replaced if they cannot be repaired. Ms. Hanson asked if there are any plans to upgrade the 11th floor. Mr. Manlee said there is also some general construction planned, this budget is only for the major items. Ms. Hanson said the rooms need to be upgraded and made more attractive and accommodating to the patients. Mr. McDonald agreed that some floors have not been maintained the way they should have been and the longer it is put off, it accumulates. We are faced with a situation where we have to work with enough cash to support a \$15-16 million capital improvement in 2015 and there is also another \$7 million of capital improvement rolling into 2015 from prior years related to the HEAL project. There are additional expenses for the operation of the hospital. The first pass of the Capital Budget was \$50 million and that went down to \$25 million to fill essential needs such as OR equipment, roofing and utilities. We have to live within a budget and it was reduced to \$15 million to make improvements. We will look to apply for NYS grants and funding from the medical school for additional funding and there may be some opportunities from the State and Federal government. Dr. Politi agreed with Ms. Hanson that the floors need improvement and that can be done in-house with painting, repairs, curtains and new flat screen TVs. Ms. Hanson thanked Dr. Politi and added the care is wonderful and noted that the patient in her mother's room said she was getting fantastic care and the hospital was not like it used to be, it changed. The care is there, now we need the infrastructure. Mr. Mirotznik said he was here with his wife who was discharged this afternoon and agreed that the care in the ER at 10:15 p.m. last night was outstanding. Dr. Ting, the nurses, everyone was fantastic. Sprucing up the building is good, but the care is the most important and we have that. **Upon a motion made, duly seconded and unanimously adopted, the Board of Directors approved the 2015 Capital Budget as attached. Resolution No. 276-2014.**

Revenue Anticipation Note (RAN). Mr. Maher reported that the Board received a memorandum requesting authorization to issue the RAN. For the last five years the Corporation has issued a RAN to pay the NYS Pension obligation that is due in early February. We market the RAN in January and require authorization of this Board and subsequent approval by NIFA and the County. The RAN is paid off by IGT payments due in early December. We are on schedule to receive the IGT from last year and pay off last year's RAN and will issue another RAN—the process is continuous. Mr. Martello asked if the IGT will pay the entire RAN this year and Mr. Maher said yes more so than in the past. Mr. Mirotznik said we are basically making a loan in January and getting it back in December, is it a break even. Mr. Maher said they are paying the interest expense of the RAN. Mr. Zucaro asked how was it handled in prior years before and Mr. Maher said it was paid the same way. Mr. Zucaro asked what did you do before that. Mr. Maher said prior to five years ago, he is not sure how it was paid; it may have been funded without the use of a RAN. Mr. Martello said as the pension expense grows will the IGT payment grow or are you going to eventually have a shortfall. Mr. Maher does not anticipate the IGT payments will go up. Mr. Mirotznik said the NYS Retirement and Pension is doing well in this economy, do you anticipate in 2015-16-17 that the RAN requests will be less because the pension costs are going down and Mr. Maher said yes but it is difficult to tell. Mr. Mirotznik asked if Mr. Maher would be able to quantify next year and Mr.

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Maier said the number comes from the State and they do have a smoothing out over a longer period of time. Dr. Venditto asked about the RFP for the Letters of Credit issued two days ago. Mr. Maier said that was in conjunction with the variable rate bonds. That is a different topic. We have about \$250 million in bonds floating. The interest rate floats up to maximum and we have swaps sitting on top of it as an artificial fix. Our bonds are constantly sold and bought, some weekly and some quarterly. When the bonds are bought and sold there is a period of time when banks are holding them and they have to be secured and the only way to do that is with a Letter of Credit. Every few years we get a Letter of Credit (JP Morgan is coming due on 2/15 and we need to cover the swaps). When that LOC expires we request another and NIFA only allows Tier I banks to respond such as JP Morgan and Wells Fargo. All of the LOCs expire this year and are for a three year term. Mr. Mirotznik and Dr. Venditto questioned the expense and interest charged. Mr. Maier to pay off the bonds right now would cost \$30 million. **Upon a motion made, duly seconded and unanimously adopted, the Board of Directors approved the Resolution Authorizing the Issuance of Revenue Anticipation Notes in an Amount not to Exceed \$45,000,000 (see attached). Resolution No. 277-2014.**

Long Island Federally Qualified Health Centers (LIFQHC), Inc. 2015 Operating and Capital Budget. Mr. Nemiroff reported. Projected visits next year are 99,000 and they expect \$27 million in revenue, netting approximately \$482 thousand for the year. It is a small operation. Mr. DeLuca asked the hours of the health centers and Mr. Nemiroff said 8:30 a.m. – 4:30 p.m. with two evenings a week open until 8:00 p.m. and they are now open on Saturdays from 9 a.m. -1 p.m. and 8:00 a.m. – 12 Noon. The goal is to continue to do that in 2015. Mr. DeLuca asked if there was any thought of opening an Urgent Care and Mr. Nemiroff said yes it is part of the DSRIP plan and funding from DSRIP, possibly in the New Year. **Upon a motion made, duly seconded and unanimously adopted, the Board of Directors approved the Long Island Federally Qualified Health Centers (LIFQHC), Inc. 2015 Operating and Capital Budget. Resolution No. 278- 2014.**

7. Report of the Contract Committee.

Mr. Zysman, chair of the Committee asked the Board to accept the October 29, 2014 Contract Committee minutes.

There were some contracts discussed at the last meeting that were tabled for tonight's meeting. Mr. Ciotti noted that there were some issues that could not wait until the January meeting and they were sent to the Board for resolution.

*Transition in provision of Podiatric Services. Ms. Salvo reported that she has a contract with ProHealth Care and she is bringing the contract back for clarification. She is also requesting an amendment of a prior contract approved on 9/10/14 to provide the proper corporate name ProHealth Care Associates, LLP and provide a 90 day termination clause. Whenever there is a clinical contract it is difficult to obtain providers in 30 days. Mr. Mirotznik asked what has been the term in the past and Ms. Salvo said between 30-120. Mr. Ciotti noted that legal weighed in on this and in certain categories of employees such as physicians there needs to be a longer termination period and in other cases we would prefer to keep the 30 day out clause. In this case there is no problem with 90 days. **Upon a motion made, duly seconded and adopted the Board of Directors approved a clarification of a vendor name and amendment to a contract with ProHealth Care Associates, LLP (prior Resolution No. 174-2014) and apprise the Board that there will be a 90-day termination provision. Resolution No. 279-2014.**

*Island Occupational Medical Resources, PC. [Multi-year contract, amount exceeds \$250,000 – LD200 #2242]. Mr. Maier is asking for authorization to pay an additional \$380,400 to IOMR for the contract period ending this February the second year of a three-year agreement. \$215,000 of this \$380,000 has already been paid to the hospital. The hospital needs authorization to pay the funds we received to IOMR. Authorization did not include monies we were going to receive from the County. The \$165,000 is for the additional volume we incurred for patients being treated (volunteers, nurses, residents, students and annual physicals). Mr. Zysman said this isn't a revenue generating contract as indicated in the last meeting. There are different buckets of money that come in for this vendor. Mr.

Maier said we were asked to find out if any money is produced for the hospital. The original label was revenue generating. I think it costs \$165,000/year. The revenue generating is the County piece. Mr. Cohn said we got money from the County and we turned it over to IOMR. The amount we owe them is \$165,000 for additional services. The \$178,000, why is that considered an increase if it is part of the underlying contract. Mr. Maier said the Board authorization did not include money going into the County and going back out. Mr. Cohn asked when we did the original contract was the amount in the contract. Mr. Maier said it was missing the County. IOMR bills and is paid by the County. Mr. Cohn asked you are requesting authorization to pay the money. Mr. Mirotznik said there are several buckets one for being a Chief, one is for Health Department and employees and the other is for Workers' Compensation. He can't bill directly, he bills us, we bill Workers Compensation and we pay him. Mr. Cohn asked that this be broken into two motions.

Upon a motion made, duly seconded and adopted the Board of Directors approved an amendment to a contract with Island Occupational Medical Resources, PC a privately held PC that is owned and operated by Dr. Jorge Gardyn. IOMR has provided professional medical services to Long Island communities since 1995. IOMR currently provides medical services to NUMC, in the areas of Employee Health, Occupational Health (Nassau County contract services) and Workers Compensation. Dr. Gardyn is currently the Employee Health Department's Division Chief for NUMC. Additional funding is being requested for Employee Health Services provided by IOMR for the remaining four months of contract year 2 (October 1, 2014 thru January 31, 2015). The total request is \$380,400 and is needed to cover volume increases for Workers Compensation (\$36,700), Employee Health (\$165,000) and Occupational Medicine (\$178,700).

Upon a motion made, duly seconded and adopted the Board of Directors approved an amendment to a contract with Island Occupational Medical Resources, PC to authorize NuHealth to pay an additional \$215,400 to IOMR, PC for Workers Compensation (\$36,700) and Occupational Medicine (\$178,700). Resolution No. 280-2014.

Upon a motion made, duly seconded and adopted the Board of Directors approved an amendment to a contract with Island Occupational Medical Resources, PC to authorize NuHealth to pay an additional \$165,000 for Employee Health services. Resolution No. 281-2014.

Allscripts. [Multi-year contract, amount exceeds \$250,000 – LD200 #2305]. Mr. Ajmal had presented a contract to the Contract Committee on Monday night regarding implementation of mandatory regulations by NYS for an electronic prescription module for controlled substances. There are six years remaining on the contract. The additional amount is for \$315,000. The Committee asked that Mr. Ajmal go back and try to get that amount reduced, but it is a set price for the service portion of that contract and is not changeable because it is a third party vendor. We did revise one portion downward by \$15,000 for professional services. Mr. Zysman said this is something being done for NYS not just NUMC, there should be a regulatory update and you are saying it is being done by a third party. Mr. Ajmal said it is also additional licensing that needs to be purchased. Mr. Zysman asked if there is anything more we can do with this. Mr. Maier said we have to go forward. Mr. Martello noted that we are adding to an existing contract that will co-terminate with the main contract. **Upon a motion made, duly seconded and adopted the Board of Directors approved an amendment to a contract with Allscripts who provides Electronic Medical Records and other clinical systems in an additional amount of \$315,000 for add-on module for Electronic Prescription for the controlled medicine as a result of NY State I-Stop regulations. The Allscripts EPCS module will allow the e-prescription for the controlled substances through Allscripts. The existing contract terminates in six years (approximately 12/31/20) for an additional amount of \$315,000 to be added to the existing contract for the balance of the term (six years remaining as of 01/01/2015). Resolution No. 282-2014.*

***ViJay Mukhija, MD. [Multi-year contract – LD200 #2298]. Ms. Salvo reported that Dr. Mukhija provides ENT coverage for trauma patients. Most trauma centers have an ENT on call to provide this coverage. He is capable of providing facial and ENT surgery to our trauma patients and has a unique skill set accommodating both specialties. We did come close to reaching his cap and we will be using more of Dr. Mukhija's skills next year for coverage. We negotiated and Dr. Mukhija agreed to reduce his**

call pay to the fair market value from his previous contract (\$2,000 down to \$1,200 per each 24 hour coverage period). Ms. Salvo is asking for a new contract with this lower rate. Mr. DeLuca asked if Dr. Mukhija is board certified and Ms. Salvo said in both Otolaryngology and Facial Plastics. Mr. DeLuca noted that there is a window of time required for a physician to appear at our ER and Ms. Salvo said yes, within one hour. Mr. DeLuca asked if someone monitored that because in the past we have had problems with plastic surgery here. Ms. Salvo said they monitor for trauma. Mr. Martello asked what happens after the fifty days are used. Ms. Salvo said they lowered the cost but will keep the request at \$100,000 if that happens in order to make payments. Dr. Mukhija did 35 surgeries in 2014 at approximately \$10,000 per case. Mr. Zysman noted that Ms. Salvo was very well prepared. Mr. Mirotznik asked what is the timeframe for appointments—it was out about 120 days. Dr. Mukhija is assisting Dr. Berman. Ms. Salvo said we had lost a full time physician in 2012; another option is to hire a full time physician. Dr. Faust agreed and noted that ENT emergencies are a problem County-wide. Some hospitals do not provide emergency ENT and transfer the patient to us without a phone call. It is critical that we provide this service. Mr. Mirotznik asked if this was the best way to do this with one physician and one part-time. Ms. Salvo said they could use support and could reach out to local ENT physicians. Dr. Politi noted there is a shortage of ENT's in Nassau County. Dr. Venditto asked about a fellows program. Dr. Faust said you cannot rotate from a primary program into a clinic and North Shore showed no interest. There are two large groups of ENTS in Nassau County and they are not interested because they work 9-5, they are not interested in doing on-call work. Mr. DeLuca asked if there are specific hospitals that repeatedly transfer these patients to us. Dr. Faust said there are quite a few. In years past when psychiatry patient were dumped here, he called the Department of Health. Dr. Faust said these were not dumped, most of these patients are insured and the other hospitals just do not have the service. Mr. Cohn asked the contract is for \$1,200 each 24-hour period and the contract is capped at \$100,000. When we need him does he work 24 hours. Ms. Salvo said if does a thyroidectomy, for example, he will come in and charge a half or quarter of a day, we need the means of compensation but we track the 50 full 24 hour calls. **Upon a motion made, duly seconded and adopted the Board of Directors approved an extension of a contract with Vijay Mukhija, MD, a board certified physician in Otolaryngology and Facial Plastics. Dr. Mukhija is capable of providing facial and ENT surgery to our trauma patients and has a unique skill set accommodating both subspecialties. He will provide up to 50 days of ENT coverage per year. One day equals 24 hours of coverage. He will be compensated \$1,200 for each 24-hour coverage period. The compensation will be capped at \$100,000 annually. Days of coverage are needed when current ENT physician is on vacation or paid time off for a term of one year with an anticipate date of 01/01/15. Resolution No. 283-2014.**

*Health Research Institute. [Multi-year, revenue-based contract, amount exceeds \$250,000 – LD200 #2220]. Mr. Maher reported that the Contract Committee requested clarification for this cancer screening grant as to whether or not the grant is costing us money or providing any excess. Finance reviewed this with Ms. Mancuso and the grant actually generates some dollars and covers one nurse, one technician and a doctor at 1/3 time. We receive fees for these screens far above what a self-pay patients would generate (approximately \$60-90,000 in excess of this grant). **Upon a motion made, duly seconded and adopted the Board of Directors approved a contract with Health Research Institute a NYSDOH grant federal funding reimbursement for cancer screening for uninsured individuals over 50 years of age. Screening for breast, cervical and colorectal cancer and follow up exams. The initial funding is \$176,917.00 and additional funds may be added up to \$353,834.00 for a term of one year with an effective date of 06/30/14. Resolution No. 284-2014.**

The NHCC Medical Faculty Practice Plan, PC d/b/a Nassau Medical Associates (NMA). Mr. Mirotznik reported that members of the Board asked that Mr. Heatley provide an update on what is going on with NMA and the funding for this program. Mr. Heatley is the EVP for Business Development and Interim Administrator at AHP. Mr. Heatley presented a handout and reviewed the P&L for NMA by specialty: Podiatry, Pediatrics, Internal Medicine, Gastroenterology, and Physiatry. The good news is that they generated a corporate net margin of \$618,400, but it cost us money to generate. The problem is in overhead and Mr. Heatley will be working on this in the New Year with Mr. McDonald and on a new operating strategy and how to proceed. Mr. Zysman asked how many new doctors were hired in 2014 and Mr. Heatley said none. Mr. Zysman asked what do you account that failure to. Mr. Heatley said the management at NMA. Ms. Julie Harnisher will be working with physicians and we will be working on a

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new operating platform to be able to bring them in. Mr. McDonald said there are a number of areas to improve and grow the business. The physicians need to grow their practices; they are flat for the year. The volume is constant quarter to quarter and the overhead is excessive for the size of the organization and we need to bring that down. The physicians in the PC are not as productive as they should be and we need to tweak the reimbursement and compensation for specific physicians. Mr. Zysman asked how much revenue is the PC bringing in and Mr. Polacco said \$1,189,700. Mr. Zysman asked if that was the actual revenue they are bringing in from the practice and the answer was yes. Mr. Martello said we are almost losing double. Mr. McDonald said there are a number of opportunities and we have been working on the plan for 2015 and the lead efforts to change hands and drive this. We have been working with the current administration and need an extension of eight months to transition and get back on track with the person who is running it or not. In the first quarter 2015 we will develop and build business in specific geographic areas and whether it makes sense. Mr. Zysman asked if there was an audit. Mr. Maher said they do not have full access to Triboro so the audit is incomplete. Mr. Zysman asked what are we doing. Mr. Maher said going back for a full access audit. Mr. Zysman asked is there any other staff that we are funding, aren't you concerned. Mr. Heatley said yes we are concerned. Dr. Venditto asked how many visits were in Pediatrics and Mr. Polacco said 3,500 encounters in 2014. Dr. Venditto said \$715,300 in revenue from the pediatric clinic and Mr. Polacco said yes based on the encounters that the pediatric group did. Dr. Venditto said that is one full time, six patients, and five days/week for fifty hours. Mr. Polacco said it is a rotation of three physicians—two for twenty hours and one for ten hours and they generated 3,500 visits. Mr. Zysman asked if any of the physicians are credentialed at any other hospital other than NUMC. Mr. Polacco said those physicians have admitting at South Nassau. Mr. Zysman asked how we monitor how they admit. Mr. Polacco said the physicians do not generate the referral the MSO generates the referrals, the physician just sees the patients. Mr. McDonald said there are RVUs and targets for where they should be and they are productive and compensation is at market rate or below. The loss is generated by the overhead. Dr. Venditto said the Board is very reluctant to extend any more good money after bad business. One year later we are looking at overhead that is astronomical, the whole plan did not make sense. If this was private it would be out of business. Dr. Venditto did not understand the logic. Mr. McDonald said they went to Dr. Raifman to negotiate strongly and to bring somebody in to oversee the operation and give him a one month extension and he refused and was ready to pull out on 12/31/14. Triboro (Dr. Raifman) controls the bulk of the work. The agreement with Triboro runs through August 2015. It will take us 3-4 months for the RFP process. It is best to let the relationship run until the end of August. Dr. Politi said we would establish our own NMA operation and take over the physicians. Dr. Aghalar brought in quite a lot of PM&R and we did not want to lose that piece. We will bring in a woman to run that operation. Dr. Raifman is not bringing enough to the table and the last time I supported him and gave him a drop dead date and unless he did certain things I would pull his contract. We need to recruit private practices. Dr. Venditto said this business model is flawed, create an IPA or ACO in the community and fold them into the FQHC. You are subsidizing private practices and taking a loss. Dr. Politi said we need to acquire practices and get them to come to the hospital; we have no money to acquire practices. In the future we could have the ACO through DSRIP. DSRIP only runs for five years and we would pick an ACO model. Mr. Zysman asked what the plan is during the extension. Dr. Politi said they have identified a person to go into NMA and are waiting for her to come on board to find out what we need and don't need. Mr. Cohn said we are not extending, we are going to the end of the contract in 2015. Mr. McDonald said we are looking to fund the NMA until the end of August 2015 and Triboro ends in August 2015. Mr. Tepper said there is the Triboro and the Medical Director contract and you do not have a common date for subsequent renewals for both contracts. Mr. McDonald said the contract ends 9/1/15. Mr. Heatley reported the funding is for \$568,700 for the period and 2/3 \$853,000 that we paid last year. Mr. Martello asked if we can expect any revenue for those eight months. Mr. Heatley said it is a difficult issue, if you look at these numbers annualized and take 2/3 \$450,000. Mr. Zysman asked if the physician doesn't change and seeing consistently the same people he looked at in 2013. The revenue coming in, the results coming in, are really from 2013, there is no new recruitment or no new revenue. Right now you are reporting that there are no new doctors in 2014 and no new revenue in 2014, it is all directly related to 2013. Mr. McDonald said during the first quarter they will come back and present a projection and P&L on new physician relationships projecting greater revenue and greater expenses, there should be significantly more revenue than the expenses. Dr. Venditto asked when the new management takes controls of this. Mr. McDonald said immediately and will look at the back office for 2-3 weeks. Dr. Venditto asked can we have control over the overhead

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in 2-3 weeks. Mr. Ciotti said there can be oversight with the change. If the number of people that are there are not needed it will affect the overhead and she will look at the whole operation, you need to do it. Mr. Mirotnik said to Mr. Heatley, what you are saying is we really don't have a whole lot of options and in the best interest of the hospital we have to move forward with Triboro and the doctor for another eight months until August 31, 2015 and in the meantime explore this and change is in the horizon. Mr. Cohn said he remembered when the Board started this conversation and the projections coming in and this is exactly what they feared and now it is happening. He would like before adopting any new module to come back to this Board and to explain how it will turn going forward and not repeat the same mistakes. We get patients, great amount of money and pay these practices and it falls flat on its face. Mr. Cohn would rather that this come back here to explore between January and August, lets revisit how we are doing this. Mr. Martello asked that a model be developed. Dr. Venditto said we approved a motion one year ago, we wanted accountability, unless you can prove this business model is working, we need to change it. Mr. Cohn said it will come back I agreed with Dr. Venditto. The Board is mandating that a model plan come back to this Board first. Dr. Scarmato said person running this has too much conflict of interest, renting space. Dr. Venditto said there is no doubt there is a problem and we need to stop the hemorrhaging. Dr. Politi he has had discussions with Dr. Raifman who brings up that he is reducing FTES and saving, but the bottom line is he is losing money and we needed to find someone to put in there and basically change that. Mr. Martello asked what if we do not fund this. Dr. Politi said his concern is December 31st, if we are not renewing the contract does he pull out and take Dr. Aghalar and 40 admissions. Dr. Scarmato said we have a contract with NMA for another eight months and need to care for the patients. Mr. Zysman asked what happens if you audit his staff and find we are funding something else. Mr. Ciotti said then it will be a whole new ball of wax if in fact that happens and that comes down; you will see major problems. Ms. Hanson said the Board wants monthly accountability on how we are moving forward. Dr. Politi yes. Mr. Martello said during this eight months period develop the new model and bring it to the Board. Dr. Venditto said no matter what, we are stuck and cannot do anything until the contract expires, but it is frustrating, all we can do is watch. Mr. Cohn said we want to be kept informed and not told 8 months from now we have a got great idea just didn't get to it. If they want to use sources we want to know about accountability stops here.

8. Adjournment to Executive Session. Upon a motion made, duly seconded and unanimously adopted, the meeting was adjourned at 6:30 p.m. to Executive Session.

9. Report from Executive Session. Upon return to Public Session, the Chairman reported that the following resolutions were approved by the Board of Directors.

*The NHCC Medical Faculty Practice Plan, PC d/b/a Nassau Medical Associates (NMA). [Multi-year contract, amount exceeds \$250,000]. **Upon a motion made, duly seconded and adopted (with two abstentions Jemma Marie-Hanson and John Venditto) the Board approved a motion to fund NMA in the amount of \$568,700 subject to the NMA contract being signed with Triboro and Dr. Raifman and Dr. Raifman individually. The funding will cover the period through and including 8/31/15 and for NMA to develop a transition plan which plan will be reported on a monthly basis to the CEO and the Board. The hospital will conduct an internal audit of Triboro MSO from date of inception which will then report to the Board within 120 days from that date. Resolution No. 285-2014.**

Mr. Zysman, chair of the committee, reported that the committee met on December 15, 2014 and reviewed various contracts. Mr. Zysman asked for Board approval of those contracts. **Upon a motion made, duly seconded and unanimously adopted, the Board of Directors approved the Resolution Approving Contract Committee Recommendations, dated December 15, 2014 as set forth in the attached. Master Resolution M-286-2014.**

10. Ambulatory Care, Managed Care, and Community Physician Committee. Dr. Sussman was not present.

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11. Behavioral Health Committee. Mr. Zysman reported that the committee did not meet, but handed out an update on the CPEP Application. Dayo and Dr. Rao will detail where we are with CPEP at the next meeting in January.
12. Extended Care and Assisted Living Facility Committee. Dr. Venditto reported that there is no update at this time.
13. Facilities and Real Estate Development Committee. Ms. Reed reported that there is no update at this time.
14. Legal, Audit and Governance Committee. Mr. Cohn said there is nothing to report.
15. Other Business. None.
16. Public Session. Mr. Mirotznic opened the meeting for public comment and there were no comments.
17. Close of Regular Meeting. Mr. Mirotznic closed the meeting at 7:15 p.m.
18. The next meeting will be announced.

Approved:



Michael B. Mirotznic, Esq., Chair
Board of Directors, NHCC