

MINUTES OF THE PUBLIC SESSION OF THE NUHEALTH BOARD OF DIRECTORS' MEETING HELD ON JUNE 25, 2014.

Directors Present

*Michael B. Mirotznik, Esq., Chair
*Steven Cohn, Esq.
*Vincent A. Gallo, MD
Jemma Marie-Hanson, RN
Greg-Patric Martello, Esq.
*Linda Reed
David J. Sussman, MD
*John A. Venditto, MD
Andrew Zucaro
*Warren D. Zysman, LCSW

Not Present

Asif M. Rehman, MD
*John T. McCann, PhD

Non-Voting Directors Present

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

Hospital Administration

John Ciotti, EVP General Counsel
John Maher, EVP CFO
Robert S. Heatley, EVP, Bus. Develop. and Ambulatory Services
Harold E. McDonald, EVP Chief Administrative Officer
Maureen Roarty, EVP, Human Resources
Kathy Skarka, RN, EVP, Patient Care Services
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 4:50 p.m.
2. Adoption of Minutes. The minutes of May 7 and 21, 2014 were approved.
3. Report of the Chairman. Mr. Mirotznik reported that there is a full agenda, so he will forego his report.
4. Report of the President/CEO. Dr. Politi reported that the finances and figures that were presented at a Legal, Audit and Governance Committee meeting were revisited with Ernst & Young. The "going concern" was discussed and once they revisited the numbers Ernst & Young did not have a problem with going concern and the issue basically resolved. The bottom line number was about \$19 million on the operating side with an additional \$1.5 million added for a total of \$21 million. The \$1.5 million that was discussed in the past has to do with residencies that required reimbursement (Orthopedics, ER and Neurology). The monies owed are still being reviewed and vetted; it may only amount to \$800 thousand. There is an additional \$500 thousand added to the bottom line. It was recently reported that there is a possible billing issue going back to 2012 and 2013 that we might be liable for and that brings the loss up to \$21.5 million. On a good note we budgeted \$156 million and came in at \$150 million, \$7 million above the \$143 million that we did last year. Year-to-date, the \$7 million to the positive was realized due to some of the changes and areas focused on in our billing system. As far as operating net patient revenue account for here our expenses are up as well \$4 million so that this year operating expenses, Mr. Maher will discuss but the majority was salaries (\$1.6 million). The budget was robust and generous and they budget for \$77 million and were at \$79 million which is still about \$1 million below last year. With the \$17 million in operating costs and the \$21.5 million the loss in \$38 million and we will work on that and hopefully by the end of the year put a dent in that loss.

Dr. Politi noted that GYN Surgery received a Five Star award for three years in a row, the only hospital in Nassau County for the lowest caesarians in the nation. NuHealth also received the American Heart Association Gold Award for heart failure and stroke. The Dialysis Unit at A. Holly Patterson and Ms. Reschke are the recipient of IPRO/ESRD Network of New York Quality Award for Excellent Data Compliance Performance in 2014. A publicity campaign will begin at the five FQHC. Flags and banners will be placed along Hempstead Turnpike regarding each department that are all doing a great job here.

Minutes of the Public Session of the NuHealth Board of Directors' Meeting held on June 25, 2014

Dr. Politi noted that Dr. Walerstein left and went to North Shore as a Medical Officer and Dr. Victor Scarmato was appointed acting Chief Medical Officer. Dr. Politi advised the Board that Dr. Multz, chairman of medicine, would be leaving. He is held in high regard and was a great asset to the facility. Dr. Paul Mustacchia, a respected long time physician with NuHealth will be acting Chairman of Medicine for a seamless transition moving forward.

Dr. Politi introduced Thomas Alfano, Esq. who joined the legal staff. He has many years of experience and will be a great asset to the Corporation, particularly in dealing with the Department of Health in Albany.

Mr. Maher reported that the Finance Committee met and reviewed the financial statements for April. Year to date the loss is \$4 million (in April), the average per month is \$1 million. The loss is attributed to the shortfall of discharges that are now on the increase. Year to date we are ahead on the revenue side due to enhanced rates and better case mix. Discharges are lower and the revenue is higher compared to 2013, but we are still short to the budget because of the discharges and Mr. Maher is hoping those climb. Medicare and commercial companies are becoming more aggressive with certain categories of patients (congestive heart failure, sepsis, malnutrition) and are aggressively down coding. Mr. Martello asked what the \$500 thousand billing issue was. Mr. Maher said there is a possibility there may have been billing issues—things going out incorrectly and they may have to repay patients and insurance companies. This happened in 2012-13 and just surfaced the last few weeks.

Nassau Health Care Corporation and Subsidiaries (Component Unit of Nassau County) Year Ended December 31, 2013 with Reports of Independent Auditors dated 6/20/2014. The audit reports a \$21.086 million deficiency in operating revenue over operating expenses before other items. This number will increase by the \$500 thousand mentioned previously and along with other operating items there will be an operating loss of \$37.963 million. This year is not comparative because of changes made to the way we report. The FQHC is no longer on our reports because the accounting rules have changed. Ms. Hanson asked what are we doing going forward to cut that \$21 million lose. She noted that she has been on the Board quite some time and there is an issue every year, we are never on the positive side, what we are doing to get that number lower. Mr. Maher said discharges are key for controlling expenses; we are going after grants and revenue that NYS has to offer. In 2013 we were hit with an unusual item—a loss of \$6 million on real estate. We are working on funding from DSRIP and IAAF. Fee for service no longer works. Ms. Hanson asked how many DSRIP applications are being filed and the answer was one that is being filed at the end of this week. **Upon a motion made, duly seconded and unanimously adopted, the Board of Directors accepted the Nassau Health Care Corporation and Subsidiaries (Component Unit of Nassau County) Year Ended December 31, 2013 with Reports of Independent Auditors dated 6/20/2014. Resolution No. 114-2014.**

5. Report of the Medical and Professional Affairs Committee and Medical Director. Dr. McCann was not present. Dr. Scarmato reported that the committee met on June 2, 2014 and credentialed a group of professionals. **Upon a motion made, duly seconded and unanimously approved the Board of Directors accepted the Medical and Professional Affairs Committee minutes of June 2, 2014. Resolution No. 115– 2014.**

6. Report of the Finance Committee. Dr. Venditto was not present.

7. Report of the Contract Committee. Mr. Zysman, chair of the committee, reported that the committee met on June 3, 2014 and reviewed various contracts. **Upon a motion made, duly seconded and unanimously adopted, the Board of Directors approved the Resolution Approving Contract Committee Recommendations, dated June 3, 2014 as set forth in the attached. Master Resolution M-116-2014.**

JSA Analytics. Mr. Ajmal reported that an RFP was closed in May and they reviewed six vendors and went with the lowest bidder. This is the same vendor that was used in prior years. Mr. Ajmal is asking for a two-year contract for a maximum of \$200 thousand. Mr. Zysman asked why this was not brought to the Contracts Committee meeting in June. Mr. Ajmal said they were in the middle of an RFP,

there were eleven responses and eight were considered, they did not make the deadline for the June meeting. Mr. Zysman asked what the urgency is. Mr. Ajmal said it is needed for regulatory reports that they do not have the mechanism to receive. Mr. Zysman asked when this information was available to them. Mr. Ajmal said it was finalized a week ago. Ms. Hanson said on June 18, 2013 there was an additional amount of \$18,000 added to the contract and asked what that was. Mr. Ajmal was not familiar with that particular contract. He said they are using JSA for DSRIP, a lot of analytical reports are needed and they will pull that data from clinical and financial areas and put a report together. Ms. Hanson said she was referring to additional funding asked for in 2012. Mr. Maher said in that case there was additional work that had to be done to satisfy HealthFirst data requirements and more time was used for that contract to generate the information needed. Mr. Mirotznik asked if this was necessary to continue day to day business, can it wait for the next Contract meeting that is scheduled in July. Mr. Maher said they need 3-4 months because they are behind right now in processing. Mr. Mirotznik asked for an amendment to the contract from 24 months to 4 months and asked that Mr. Maher and Mr. Ajmal bring the contract back to the next Contract Committee meeting for consideration. **Upon a motion made, duly seconded and adopted the Board of Directors approved a contract with JSA Analytics to assist in areas of Business Intelligence & Clinical Informatics for healthcare. More specifically, JSA Analytics will provide assistance with data extraction, data warehouse, report writing and data analysis. Vendor will assist with advanced report writing for regulatory initiatives including PCMH and DSRIP. JSA has the tools and competencies that NUMC lacks to produce complex reports from multiplatform systems such as financial and clinical systems. The vendor will provide Ad Hoc reports to NUMC when they cannot be done internally in an amount not to exceed \$33,334.00 for term of four months with an anticipated start date of 05/01/14 and brought back to Contracts Committee at their next meeting. Resolution No. 117-2014.**

Unauthorized Purchases. Mr. Heatley reported that the Roosevelt Health Center property is owned by the Corporation and leased to the LIFQHC. Previous administration hired Health Care Reit to manage that property and hire certain vendors to clean, landscape and various other services. The cost is passed through to the Corporation for reimbursement to the LIFQHC. The contract with Health Care Reit was terminated saving the corporation \$60,000/year, but we accumulated some invoices totaling \$26,569.68. Mr. Cohn asked if it was a pass through to the tenants. Mr. Nemiroff said the LIFQHC pays NHCC rent. Mr. Ciotti asked if we get reimbursed for these or are they part of the rent. Mr. Nemiroff said they are part of the rent and LIFQHC pays the utilities. The management company was paying the bills. Mr. Mirotznik asked if Mr. Nemiroff reviewed these bills and was the work done and the answer was yes. Mr. Zysman asked if these vendors were RFP'd and Mr. Heatley noted that they are old bills. Mr. Zysman asked when was the last time these vendors were RFP'd. Mr. Nemiroff noted that Health Care Reit was managing at that time. Mr. Zysman said they should be RFP'd. Mr. Cohn asked who is managing it now and Mr. Nemiroff said HuHealth staff. Mr. Ciotti said we own the building and we were paying the managing agent, the contract with them was terminated and these are the accumulated bills. He agreed with Mr. Zysman and asked who is selecting the vendor—the managing agent. Mr. Zysman asked that Messrs. Heatley and Nemiroff develop a list of current vendors and identify which ones need to be RFP'd within 90 days, there should be a competitive process. Mr. Mirotznik noted that Mr. Heatley is asking for payment of these unauthorized bills and asked if further funds would be needed for the coming months. Mr. Zucaro said the Board should have received this information prior to the meeting because he does not know what he is approving, he would have liked to receive this information a week ago. He also felt it was a big number for landscaping landscaping for three months. Mr. Zysman asked if anyone tried to negotiate these prices. Mr. Nemiroff said they will in the future. Dr. Sussman asked how long the property management vendor has been gone and the answer was April 1st. Mr. Mirotznik said these bills are for April, May and June of this year and the property managers were terminated in April and the vendors did the work. He asked for a motion to approve the invoices.

Upon a motion made, duly seconded and adopted the Board of Directors approved unauthorized purchases in the amount of \$26,569.68 for maintenance services provided at the Roosevelt Health Center as attached to these minutes. Resolution No. 118-2014.

Upon a motion made, duly seconded and adopted the Board of Directors requested a list of the vendors hired for the Roosevelt property maintenance and that all vendors be RFP'd within 90

days. Messrs. Heatley and Nemiroff will report at the next Contract Committee meeting. Resolution No. 119-2014.

Mr. Nemiroff noted that the Roosevelt building is three-stories high and is our largest facility. Mr. Mirotznik who visited the property said it is immaculate and suggested that other Board members who are interested should tour the building. It was also noted that the new dental clinic at Roosevelt is state-of-the-art.

8. Ambulatory Care, Managed Care, and Community Physician Committee. Dr. Sussman reported that the committee met on March 18 and June 10, 2014. They continue to monitor the NMA initiative and financial status, its credentialing company (Triboro), and scheduling issues with the clinics here at the hospital. They discussed how long it takes to call for an appointment and get that appointment and if it impacts appointments. The NMA initiative continues to cost money. We need to know how the resources generate revenue for the hospital and how they are calculated—it continues to be a source of questioning. The hospital is losing dollars and the issue of NMA profitability needs to be confronted. At the same time NMA is in the midst of creating a clinic in the extended care facility which should generate more consults and referrals to the hospital.

9. Behavioral Health Committee. Mr. Zysman reported that the committee met on April 3 and May 21, 2014. Mr. Polacco presented financial projections to convert the Psychiatry ER to a CPEP, a licensed Psychiatry ER with enhanced rates (instead of \$150 per visit, over \$1,000 per visit) and noted that cash receipts would improve significantly. Mr. Zysman thanked Dr. Rao and his staff, Robert Heatley and his staff, John Maher and staff and Kathy Skarka and her staff for the many hours spent on this presentation. A Certificate of Need (CON) has been processed and the space has been identified (eliminating \$1.5 million in construction costs). Dr. Politi identified an area with zero construction costs. We are not getting compensated for these visits at the present time because we are not licensed for CPEP. The Committee also discussed things related to collection issues with Detox and hospital staff are working on resolving those issues. Another meeting will be scheduled after the holidays.

10. Compensation Committee. Ms. Reed reported that the committee met on June 18, 2014. Ms. Roarty gave the Committee an overview of the compensation policy, non-bargaining unit titles and approved pay grades and executive salary pay bands.

Nuhealth Compensation for Non-Bargaining Unit Personnel Policy. The committee recommended a change to Section 6.4 of the Compensation for Non-Bargaining Personnel Policy to provide clarity to that portion of the policy. Mr. Mirotznik noted that it was a minor change referencing the paragraph above. **Upon a motion made, duly seconded and unanimously adopted the Board of Directors approved an amendment to Section 6.4 of the Compensation Policy for Non-Union Bargaining Unit Personnel to read: 6.4 Effective immediately, the NuHealth Board of Directors shall and must (i) approve all Department Chairs hired either as an employee or leased personnel and (ii) be given notice of all hired employees or leased personnel in a Senior Management titles. (See Section 3.7 above). Resolution No. 109-2014.**

Executive Salary Pay Band Listing for the NuHealth System. **Upon a motion made, duly seconded and unanimously adopted the Board of Directors approved the Executive Salary Pay Band Listing for NuHealth System. Resolution No. 110-2014.**

Non-Bargaining Unit Titles and Approved Pay Grades. **Upon a motion made, duly seconded and unanimously adopted the Board of Directors approved the Non-Bargaining Unit Titles and Approved Pay Grades. Resolution No. 111-2014.**

Upon a motion made, duly seconded and unanimously adopted the Board of Directors approved a salary increase (pay grade R24) for the Assistant Hospital Administrator for Finance. Resolution No. 112-2014.

Upon a motion made, duly seconded and unanimously adopted the Board of Directors approved a salary increase (pay grade R27) for the Assistant Hospital Director for Inpatient Services. Resolution No. 113-2014.

11. Legal, Audit and Governance Committee. Mr. Cohn reported that the Committee met on May 28, 2014 and discussed a number of procedural matters. The auditors, Ernst and Young were in attendance and spoke about the Corporation's liquidity status in 2013 and projected cash for 2014. They noted that they would consult the National Professional Practice Office regarding the form of their opinion and whether there is "going concern" driven by the liquidity position and whether we survive as an entity. Mr. Ciotti noted that the issue was resolved and that Mr. Cohn had missed Dr. Politi's report made earlier. Mr. Ciotti reported that Ernst & Young revisited the figures and noted that there was nothing extraordinary. Mr. Mirotznik said the auditors followed up on certain questions. Mr. Maher said the report given at the Legal, Audit and Governance Committee was an earlier version and was not fully vetted at that time and there were concerns. Based on those concerns they reviewed the information and Ernst & Young were satisfied that there was no going concern. Mr. Cohn asked, and that happened after our Committee meeting and the answer was yes.

12. Other Business. None.


13. Adjournment. Upon a motion made, duly seconded and unanimously adopted, the meeting was adjourned at 6:00 p.m. to Executive Session to receive a report from the Chief Compliance Officer.

14. Public Session. Mr. Mirotznik opened the meeting for public comment and limited presentations to 3 minutes. Dr. Eugenio Barrios spoke to the Board regarding his wife Vivien Diaz-Barrios, a geneticist, who worked at Nassau University Medical Center and was laid off in March of 2012. Mr. Barrios noted that he spoke to the Board and Mr. Gianelli in 2012 and the matter is still not resolved. Dr. Barrios made certain accusations regarding the way his wife was laid off and had concerns for her patients. He said in April 2013 his wife was called in for a meeting to discuss the grievance. He said he has appeared before the Board several times seeking justice. He also said that while in the meeting regarding the grievance that included the Union, Mr. Slatky, Kent Kessler and Sonia Villanueva, he and his wife stepped out and he had not realized that he left his cell phone on the table. The cell phone recorded the conversation while he and his wife were out of the room and he was surprised by what they heard and it was very depressing because they were meeting in good faith. Mr. Mirotznik noted that Dr. Barrios was extended the courtesy of continuing his presentation for seven minutes and asked him if there was anything else he would like to say. Mr. Mirotznik asked Dr. Barrios for a copy of the letter dated April 23, 2012. Dr. Barrios said he was concerned about the patients and what happened to them. Mr. Mirotznik also gave a copy of the letter to Ms. Maureen Roarty, Human Resources.

15. Close of Regular Meeting. Mr. Mirotznik closed the meeting at 6:08 p.m.

16. The next meeting will be announced.

Approved:


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