

# NHCC BOARD OF DIRECTORS MEETING

August 13, 2020 at 6 p.m.

Via Zoom

## MINUTES

### Attendance on Zoom

- Steve Cohn, Esq., Board Member
- Giuseppe Caruso, Board Member
- Linda Reed, Board Member
- Dr. Bobby Kalotee, Board Member
- Warren Zysman, Board Member
- Frank J. Saracino, Board Member
- John Sardelis, Board Member
- Ryan Cronin, Esq., Board Member
- Jan Figueira, Board Member
- Waylyn Hobbs, Jr., Board Member
- Martin Glennon, Esq., Board Member
- Eva Pearson, Board Member
- Janice Pateres, Chief Nursing Officer, NUMC
- Kent Kessler, Human Resources, NUMC

### Attendance In-Person

- Robert Detor, Chairman of the NHCC Board
- Megan Ryan, EVP/General Counsel
- Dr. Anthony Boutin, EVP/Interim CEO/CMO
- Richard Rank, Director of Finance

### Others in Attendance via Zoom

- Jeremy Wise, NIFA
- Carl Dryer, NIFA

## **I. Call to Order**

Chairman Detor called the meeting to order at 6:22 p.m. Ms. Ryan did a roll call and noted the presence of a quorum for the meeting to proceed.

## **II. Public Comment**

Chairman Detor noted that they had changed the public comment forum from the end to the beginning of the meeting to allow persons wishing to make a public comment to do so by signing up on the NUMC website. He said that even though for this meeting persons had to sign up by 6 pm the day before, going forward the deadline would be extended to 4 pm on the day of the meeting.

Chairman Detor then opened the floor for public comment to begin.

Mr. Jerry Laricchiuta was the first person to make his comments. He said there were many things wrong at NHCC and he believed that Chairman Detor had gone to great lengths to hide facts and treat this public benefit corporation much like a private corporation. He stated that Chairman Detor's lack of respect for the union, the public's right to transparency and for the public's inherent right to question him and the entire Board on all matters concerning the operations, finances, ethical and moral issues, was apparent.

Mr. Laricchiuta questioned why people were not being allowed in the auditorium so they could participate in the meetings. He stated that he had never heard of anyone having to register for public comment 24 hours before. Mr. Laricchiuta said he agreed to the limit of ten people but the fact that only Chairman Detor could be addressed was misguided by direction only

Mr. Laricchiuta stated that he knew for a fact that Chairman Detor conducted business in executive session which should have been conducted in the public view. Mr. Laricchiuta noted that he had been told by many people that there were over \$200 million in reserves for this hospital. He wanted to know why the County Executive, the union and the employees did not know about it. He said that the amount received was without the FEMA money.

Mr. Laricchiuta asked why Dr. Boutin was fired from his CEO position on Martin Luther King Day and his office taken away, and then subsequently reinstated in that position. Mr. Laricchiuta said that employees at the hospital have a lot of confidence in Dr. Boutin.

He then demanded that Chairman Detor step down immediately as Chairman of the Board.

Mr. Glennon said he had a question for Mr. Laricchiuta. Mr. Glennon wanted to know how Mr. Laricchiuta knew about the \$200 million in reserve and where it was.

Mr. Laricchiuta said he should ask Chairman Detor about that. Mr. Laricchiuta reiterated that there was \$200 million in reserve in our finances and that was without the FEMA money. He announced that the money came from the CARES Act, DSRIP, and a lot of other accounts and that it was all available through FOIL. He said the most important part was that the information was not being passed on to everyone. He we should not be closing down but should be expanding. He said we should have the best cath lab using that money. He stated his intention to involve law enforcement in investigating the issues of the hospital.

Mr. Cohn stated that he had heard a lot of rumors about shutting down and he wanted to know where the rumors were coming from.

Mr. Laricchiuta said there were a lot of closing down meetings that people did not want to attend because they have been a part of the institution for 25-30 years. He asked Mr. Cohn if he had been involved in those meetings. Mr. Cohn said he has not been involved in those meeting.

Mr. Laricchiuta said that not every meeting and not every topic was about closing the hospital down but he said there have been meetings about restructuring and right sizing. He announced he wanted to get to the bottom of it and that whatever was going on would not be done without a huge fight.

Chairman Detor thanked Mr. Laricchiuta and stated that he would send Mr. Laricchiuta the financial statements which were published every month. He pointed out that every dollar that the Corporation has are on those statements. Mr. Laricchiuta thanked Chairman Detor.

The next person on the list for the public comment was Lynne Kramer.

Ms. Kramer pointed out to Chairman Detor that he had just told Mr. Laricchiuta that he was going to give him the financial statements which she had asked for in the last Board meeting and still had not received.

Mr. Glennon asked if the financial statements get posted online. Chairman Detor replied that the monthly statements were not posted online, only the annual statement. He assured Ms. Kramer that she would get the statements the next morning.

Ms. Kramer stated she was not sure if the Board was aware that the \$6 million voted on to compensate the staff had not been paid as yet. She said a grievance would be heard the next day but it would not have been filed, along with the expense of an arbitration if this was settled. Ms. Kramer said she expected that if the Board voted to pay the compensation, it would be paid and because it was not, it was of concern to the union.

Chairman Detor thanked Ms. Kramer.

The next person was Ron Gurrieri who yielded his time to Mr. Laricchiuta.

Mr. Laricchiuta stated that over 3,000 employees would lose pensions and health insurance for their families. He explained that this would happen to retirees too. Mr. Laricchiuta pointed out that the businesses around the hospital which depend on it would also be impacted by the closure. He gave an example of his oldest daughter not having insurance. He said it took a lot of work to get her mental health care. He pointed out that is what would happen if NUMC and A. Holly Patterson close. Mr. Laricchiuta stated that would be a disaster for those people who could not afford private nursing homes.

Mr. Laricchiuta pointed out that the County Executive when she was here today said we needed money and if the county, state, or federal government were not going to help the hospital we were not going to be sustainable. He stated that we should concentrate on getting the financial help we need but that we have a lot of money in our reserves and we should use it for the hospital needs.

Chairman Detor thanked Mr. Laricchiuta. The next speaker was Darlene Hooper.

Ms. Hooper stated she had served in the state legislature for three decades and the legislation that made this a public benefit corporation was initiated and carried through by her. She said \$25 million was put by her through the deputy speaker's position for the pediatric surgical rooms, which are going to be shut down. She stated that previously \$16 million was put in so that Medicaid would not be removed from this hospital.

Ms. Hooper said the real issue was that the hospital remain open to protect the people. She said this was the only hospital in Nassau County and part of Suffolk County that is a public hospital. She pointed out that during the height of Covid, the hospital had the highest incidence of disparity in healthcare in our community. She stated that should the hospital close, it would lose economic development, healthcare and everything that is required to remain in the political arena. She said she intends to get to the bottom of the rumors.

The next speaker was Robert Harris.

Mr. Harris said he wanted to speak about A. Holly Patterson (AHP). He stated that he wanted to talk about performance improvement and what can be brought in to create resources. He pointed out that AHP serves about 40% of the residents coming from communities such as Roosevelt, Freeport, Hempstead, and Uniondale. He said we have to recognize this as we move forward in terms of performance improvement, and think about things such as people coming to nursing homes in the future. Mr. Harris stated that we could not turn a blind eye to the others in those communities and let AHP go by the wayside. He said NUMC and AHP were connected but that when patients leave NUMC, they are not going back to AHP. He said since it was under Chairman Detor's leadership he felt that the question had to be asked as to why this was so. He pointed out that this may cause financial hardship for the hospital. Mr. Harris said that he wanted Chairman Detor to do everything he could to make sure this does not happen.

The next speaker was Antonia Gavan.

Ms. Gavan said she was a nurse and she did not have a financial background but she felt that something was not right. She stated that the taxpayer community in East Meadow would not be happy to see the hospital closed and she believed that the millions of dollars that the hospital received should be used to improve and grow services at the hospital. She said that the cardiac cath lab should be finished and opened and she did not understand why we could not get the certificate for this. She stated that there was so much money here that it is either hidden somewhere or not being put into the right places or being held back to shut the hospital down so others can get what they want. Ms. Gavan said she hopes that Mr. Laricchiuta files for an investigation of NUMC because she is tired of hearing that the hospital is out of money every year in the 30 years that she has been working here. She stated that she could not understand where all the money is and if Covid comes back in full force, it would be a problem in this community.

The next speaker was Shakira Settles.

Ms. Settles stated that historically NUMC has been serving minorities and low-income individuals. She said that she does not understand why those persons who have dedicated their lives in some way to healthcare would not do everything in their power to ensure that the services that NUMC provides would not be diminished. She reminded everyone of the fundamental values of NUMC which are providing consistent, sound and compassionate care to every person who enters its doors; helping uninsured patients finding coverage they could afford; working to ensure no person fears seeking medical help because they are afraid of the cost; treating each person, patient, family and each other with respect and dignity and do our best to listen carefully and communicate fairly; be a good steward of the funds that help sustain our operations and do our best to balance the diverse needs of our stakeholders. Ms. Settles said that she would hate to think that Chairman Detor, Board members and our politicians are so removed from compassionate understanding toward each other and have become so enthralled in big business that they forget about others who are less fortunate than themselves. She asked who would serve the minority community and if this was being taken into consideration in the negotiations in the dismantling of NUMC.

The next person to speak was Dorothy Goosby.

Ms. Goosby stated that she does not want the hospital to close. She said it was most important to District 1 which she was in charge of because there were more minorities than any other place. She announced that in the Village of Hempstead 2,391 persons came down with the Covid virus including herself. She said NUMC did a great job and if the hospital had not set aside extra floors, they might have had to put up tents like other hospitals. She said she did not want the hospital to close since it was the only public hospital in Nassau County and AHP as well. She

said she heard rumors that Chairman Detor had used the money received to pay someone to dismantle the hospital without RFPing it.

Chairman Detor replied that Ms. Goosby was referring to Alvarez and Marsal and the review they are doing of the hospital's operations. He said there was an RFP issued by NIFA and Alvarez and Marsal were chosen.

Ms. Goosby said that NIFA should not be running the hospital.

Chairman Detor replied that given the financial condition of the hospital NIFA made the determination that they had authority to review our operation.

Ms. Goosby pointed out that the County Executive who had visited NUMC that same day had spoken about the money she had been able to get for the hospital. She asked if there was anyone else trying to get money as well for the hospital.

Chairman Detor replied that there were many people trying to get money for the hospital and he heard many legislators pledge their support to the hospital at the County Executive's visit. He said he listened to the County Executive say that she was fighting to get more money for the hospital and he knows this for certain because he had been on some of the calls about that. Chairman Detor said he is hopeful that all the efforts to get funding to maintain the hospital will be fruitful because that would help out the hospital greatly.

Ms. Goosby asked if the negotiations could be stopped for the organization trying to take over the hospital.

Chairman Detor replied that there are no negotiations going on for someone to take over the hospital.

Ms. Goosby said she does not know what is true and what is not true but people are coming out from Covid and wanting to work.

Chairman Detor said he would be happy to meet with any of the groups she put together to talk about this and explain what we are doing and answer all questions. He suggested that she might have been given misinformation or misunderstood what our Board is trying to achieve.

Ms. Goosby stated that there was one other issue she would like to find out. She said she understood that Dr. Boutin was voted by the Board to get the position of CEO. She wanted to know why this was not so.

Chairman Detor replied that Dr. Boutin was the Interim CEO.

Chairman Detor thanked Ms. Goosby.

The next speaker was Paul Ochogrosso who wanted to know who was going to Albany and lobbying for NUMC.

Chairman Detor replied that we have a lobbying firm, Park Strategies. Mr. Ochogrosso then asked why the State was not giving us any money while other hospitals were.

Chairman Detor replied that we have had a number of conversations with the State in which we have discussed trying to get additional dollars. He said that at the rally today with the County Executive legislators promised to try to get money for the hospital. Chairman Detor stated that he is hopeful that with their support we will have the leverage to get the money we need.

Mr. Ochogrosso asked where the \$200 million was, and if Chairman Detor has been to Albany to ask for money for the hospital. Chairman Detor replied that he has had a number of conversations with Albany but so far has been unsuccessful in bringing in any money and he will continue to work on it.

Mr. Ochogrosso stated that we should be seeing a return on the payments made to the lobbyists, to which Chairman Detor agreed and thanked Mr. Ochogrosso.

Mr. Zysman asked Mr. Detor if we are paying Alvarez and Marsal directly through the hospital and if that was RFP'd.

Chairman Detor replied that the Alvarez and Marsal (A&M) contract was through the CARES Act and FEMA under the governor's executive order. He said it was important to move expeditiously to make the CARES Act application. Chairman Detor said that we engaged them, the contract went before the Board and was approved and that the contract also committed to the State Comptroller's office as per the executive order. He said that particular contract will be over this month because the Board was of the view that there was no reason to continue the engagement. He announced that the A&M contract has brought in about \$121 million from the CARES Act and \$21 million of that amount received from the CARES Act was a direct result of the consultation and advice they gave us. He stated that for the \$1 million paid to A&M, they helped us get \$21 million, so he felt that investment had a good return.

Chairman Detor explained that there was one particular application which required a review of our census and when we first submitted it, it would have been for \$21 million less than our original submission. A&M reviewed it and advised us that we needed to readjust that submission. He noted that when we did, it increased the grant by \$21 million.

Mr. Zysman asked if A&M was procured for the CARES Act or FEMA, and when we filed for the CARES Act money. Chairman Detor replied that it was a joint engagement and the application was filed in May 2020.

Mr. Glennon said he wanted to address some of the concerns of the public regarding the rumors of secret meetings going on with the Board and closing the hospital. He noted that as long as he has been on the Board there has been no discussions about closing the hospital. He stated that everyone understood that the hospital is under financial stress at this point and the Board is doing everything they can to get the funding to keep it open. Mr. Glennon stated that he wanted the public to know that the Board is fighting hard to try to keep the hospital open.

Dr. Caruso stated he was not part of the rumor mill but he felt like we have had this perception since Mr. Detor became Chairman that the hospital can't stay open and that it has to close. He said that a lot of the questions asked by the public were also questions he was listening to because a lot of the questions being asked by the public he would not be able to answer as a Board member.

Chairman Detor disagreed with Dr. Caruso that he wanted to close this hospital. He said that the truth is that he was the one who has been appointed to be Chairman after NIFA had identified that this Corporation was in deep trouble. He announced that NIFA voted to put the Corporation under its umbrella after a budget was passed that had a minus \$86 million projection and there were never any real explanation as to how all of this was going to be paid for to the Board. Chairman Detor stated that after being put in the newspaper it became public information, NIFA reviewed that and came to the determination that given the fact that Nassau County is responsible for the long-term content of the hospital which is worth more than \$170 million, that they needed to take a look at the operations of Nassau Health Care Corporation (NHCC).

Chairman Detor said he then went over at all of the financials of the Corporation. He stated that he looked at the market analysis and he came to the determination that there is a possibility that this hospital could close if we don't change how we are functioning and modify the financial platform. He pointed out that the way we were headed we would be out of cash by November of this year. He announced that this fact had been supported by work done by the consultants, accountants and everyone else. Chairman Detor said we found additional dollars and we are waiting for the State to approve it and it will allow us to operate until March 2021.

Chairman Detor stated that as of March 2021 there was a huge hole to fill and that he has been making those statements because that has to get out into the public and the Board and the State have to understand that because he did not want to have to say one day that we simply can't make payroll. He stated he has been on the phone to Albany and worked with the NIFA consultants because they are professionals using national benchmarks to take a look at the performance of this Corporation and the Corporation as it is modeled right now will not sustain itself. He stated that it is not that they want to close the hospital, it is that they have to do something different.

Chairman Detor stated he heard the support from the legislators and the County Executive who are all working tirelessly to try to access more dollars and to get redefinition in the federal



dollars that we received. He said that we cannot use the money for certain things but if we can get redefinition then we can get money to help the hospital. He said that all these things are going on and he would be less than honest if he did not say that this is an uphill battle and we are in real danger and there is possibility that the hospital could go belly up unless something happens. He stated that he was not going to stop saying it because it is the truth and he would not be honest in his obligation here if he did not try to steer the hospital to a place where it is sustainable. He announced that was his response and he appreciated Dr. Caruso making the comment so he could explain what they were trying to do.

Dr. Kalotee thanked Chairman Detor for his explanation and asked the Chairman to advocate for the cath lab and services to attract patients. Dr. Kalotee stated that we must fight for the same services as other hospitals. Chairman Detor stated that they have to work within a system and noted that there are options given the financial situation of the hospital to respond to needs.

Dr. Kalotee said that we have a fiduciary responsibility to the public and that he believed that the solution was to fight for this public hospital which serves the community by getting a fair rate of reimbursement and having a cath lab which would make patients come here instead of going to other hospitals.

Reverend Arthur Mackey was the next speaker on the list. He said he was highly disturbed at hearing about the potential closing of NUMC. He said his father was the first black president of the Board and stated that NUMC was a goldmine. Reverend Mackey referred to a young man who was brought here with a brain injury and his life was saved. He said both the parents of the young man did not have insurance and if a private hospital had been here the young man may have died because they may have had to move him to another hospital. He stated that we should try to do everything we can to make sure NUMC stays open to serve the uninsured people in the community. He noted that if the hospital closed, it would be of great hardship to the poor community of Nassau County.

Chairman Detor thanked Reverend Mackey for his comments.

Mr. Zysman agreed with Dr. Caruso had said about being in the dark as the public is. Mr. Zysman stated that the policies implemented for public comment give the impression that Chairman Detor was not looking for that kind of input and the union gives good ideas, like the cath lab. He stated that there is more positive change happening that should be shared.

Mr. Zysman noted that the obvious problem is financial issues. He said that there are revenue opportunities that Dr. Kalotee and Mr. Laricchiuta highlighted earlier that maybe could be fought for. Mr. Zysman stated that those things should be a part of what Chairman Detor's presentation should include. He said that would be a tremendous revenue resource and other revenue source opportunities should be brought up and other solutions should be proposed but all he is hearing is analysis of problems. He said we have to be solution oriented and fight for the hospital, the

patients in the community, and the employees. Mr. Zysman said that Chairman Detor is hearing loud and clear from a lot of the leaders that there are a lot of people in the community who depend heavily on the hospital for care. He noted it is a vital service and they need to feel assurance from us that we are doing things not just to get money from the state and federal government which we should pursue strongly.

Chairman Detor thanked Mr. Zysman for his comments and asked Dr. Boutin to present his report which was the next item on the agenda.

### **III. Report by Interim Chief Executive Officer**

Dr. Boutin stated a lot had happened since the last Board meeting. He said that as of a few weeks ago visitation had resumed at NUMC as per Governor Cuomo's announcement. He pointed out that currently visitation was from 2 pm to 6 pm every day and that patients are being screened as mandated through testing and they also fill out a questionnaire.

Dr. Boutin announced that we have procured the new machine for quick testing Covid. He said that the Covid test takes about one and a half hours and is very reliable. He stated that they began renovating the mental health clinic the week before. He announced that they had also paid for six dental chairs and made the dental suite a negative pressure room. Dr. Boutin stated that they are also in the process of relocating all surgery to the adjacent area so patients can leave. He noted that the seventh floor is shut down for renovation and improvement to make it ready for the possible second wave of Covid.

Dr. Boutin noted that our inpatient volume had peaked at over 300. Our current volume in the hospital and Emergency Department is 70%-80% of what we had last year. All our primary clinics are 60%-70% of what we had last year. He said we have increased our cases over June and July - Trauma, Orthopedics, OBGYN, and General Surgery, and that has increased our case mix index and brought in significant revenue over the last several months. He said he has closed our entrances to make the building more secure, and we are installing the security technology over the next couple of months so we can screen our patients better.

Dr. Boutin noted that we still have a designated employee entrance and the Carman Avenue and the Emergency Department entrances are for patients only.

Dr. Boutin stated that in preparation for the second wave of Covid they have purchased 90 days supply of PPE and in total have about 180 days of PPE. He said they have new vending machines just for the operating room and the Emergency Department to dispense the PPE prior to coming into the building through the Emergency Department. He announced that over the last several months we have come under budget of our expenses. He reported meeting with the senior leadership of the hospital on a regular basis to decrease costs and increase efficiency. He noted that the morale of our staff has gone up based on events where vendors such as ice cream trucks and food trucks come on the campus and our own N95 band plays on a regular basis.

Dr. Boutin stated that as of July 1<sup>st</sup> we welcomed new doctors and fellows and that made up a total of 351 new residents in 26 specialties, which brings in approximately \$45-50 million to the institution in direct and indirect costs and we incur approximately \$28 million to pay their salaries and fringe benefits. He said he wanted to make sure people were aware of this and that this was one of the pieces of information they were able to share with the public in granting medical education.

Dr. Boutin asked if there were any questions. There were no questions.

Chairman Detor moved to the next item on the agenda.

#### **IV. Report by Chief Legal Officer**

Ms. Ryan stated that when she was appointed General Counsel, she immediately implemented cost-savings measures for her department in order to help our Corporation. She said that such actions included beginning a no-fault collection in 2017 for the first time in NHCC, which yielded approximately \$2 million at no cost to the Corporation. She implemented the reduction of in-house legal staff, reduction of outside counsel, mandating that only outside firms which accept our tier rates are retained, certifying class actions for the first time to capture easy settlements, increasing our grant portfolio, filing the federal opioid litigation at no cost to NHCC and the list continues.

Ms. Ryan noted that in response to Corporation's recent finances, she examined opportunities for savings within the Legal and Compliance Department. She said that we are already running at the lowest amount of staffing that this department has ever had and no overtime. She stated that this summer we discontinued our legal internship program in order to increase our staffing and savings. Ms. Ryan noted that this is the most reduced legal staff and they are also the most cost-effective, efficient, and results oriented legal department this Corporation has ever had which is easily verifiable in our proven productivity. Ms. Ryan stated that the responsiveness of the legal department is unlike any other corporate legal department. She noted that we are always available and approachable.

Ms. Ryan announced that she wanted to maximize more savings as quickly as she could since they last met. She said she reviewed all her department costs and researched bringing the handling of NHCC's medical malpractice claims in-house, which again had never been done here before. She noted that included managing the claims, assigning the claims, setting the reserves, billing, handling the court calendar for all the cases, outside counsel for response, reporting etc. Ms. Ryan said she conferred with our insurance broker, and the captive administrator who commended this initiative as a large, ongoing, annual savings. She stated that she made sure that our insurance underwriters also signed off on this endeavor which they did. She noted that the captive managers advised that we were on the cutting edge of this trend and

that other hospitals on Long Island were expected to be doing the same things for months now but have not yet implemented this due to Covid delays.

Ms. Ryan said she spoke to each outside counsel firm individually and then our engaged third party administrators to ensure a smooth transition. She announced that she provided the requisite notice to terminate 30 days and as of July 17, 2020, we now handle medical malpractice claims internally at an annual savings of \$750,000 a year with no additional in-house staff cost. She noted that in addition we are planning on joining two class action suits against drug manufacturers and we are filing this at the end of September.

Ms. Ryan stated that the legal department is in the process of obtaining legal assistance in immigration areas at low cost to the corporation. She noted that we have completed all the new leases for our apartments for our residents that started in July. She announced that she reported law firms increased their productivity last month. Ms. Ryan noted that we have been responding to increased requests for medical records. She stated that in July we resumed deposition hearings via Zoom. She announced that the legal department continues to work closely with the Nassau County District Attorney's office, Nassau County Courts and the Nassau County Office of Mental Health regarding the issuing of subpoenas and orders, performing guardianships and holding various types of hearings virtually now.

Ms. Ryan noted that we continue to draft and update hospital policies in response to the Governor's Covid mandates for the Corporation. She announced that we are in the process of assisting all of the required employees and Board members with their JCOPE financial disclosures which were due Monday, August 17, 2020.

Ms. Ryan announced that the legal department has drafted and issued four new Request for a Proposal since the last Board meeting, and continue to work with NIFA for the approval of our contracts. She thanked Martha at NIFA for her assistance.

Ms. Ryan noted that she had been working with Alvarez and Marsal in their endeavors. She stated that she has also been working with the Chief Diversity Officer and Hofstra University for additional diversion and inclusion initiative for the corporation and brought to their attention that the next day would be the arbitration appearance for the grievance which CSEA filed for extraordinary circumstance provision.

Ms. Ryan gave an update regarding the donations and other activities. She announced that she organized the first Thank You Heroes concert for our employees which was held on the evening of July 9<sup>th</sup> on the NUMC campus with our own band and refreshments for all. She thanked the Board and especially Mr. Hobbs and Dr. Kalotee for stopping by and thanking the employees on behalf of the Board, and also NUMC employees Linda Walsh and Carmine Carbone for their assistance. She noted we had media coverage from Channels 2, 7 and 12 and that it was the first concert event of its kind for any of the local hospitals.

Ms. Ryan stated that we still continue to receive donations of meals from local businesses funded by the GoFundMe account. She noted that we used the account to pay for meals and ice cream the past week for three shifts and had meals donated to all staff at A. Holly Patterson from King Umberto's last Thursday.

Ms. Ryan thanked the County Executive Lauran Curran and stewards for today's presentation and donation of \$50,000 to the Nassau Health Care Foundation.

Ms. Ryan stated that she would like to bring to the Board's attention that her work as General Counsel during Covid was featured in the New York Law Journal last month.

Ms. Ryan thanked the Board for their support and reminded everyone to file their FDS papers by Monday, August 17<sup>th</sup>. She said she could assist anyone who needed help with the filing.

Chairman Detor stated that it was a good report.

Mr. Glennon had a question that came up in the Public Comment forum. He said the union had said something about bringing a lawsuit and asked if it was the arbitration they were discussing.

Ms. Ryan replied that he was correct.

Mr. Glennon asked if the Board had approved the hazard pay money and why it had not been distributed.

Chairman Detor said that hazard pay was approved up to a certain amount and we have not determined who gets it yet but there is a list. He stated that the reason we have not issued the money is because the federal negotiation in July had a provision that would give HEROES funding to individual employees based upon payroll withholding tax forgiveness so people would not have to pay the payroll withholding tax from May through July and that would be the hero's hazard pay. He noted that we held off paying hazard pay because when we discussed it with the consultants there was a possibility that if the hazard pay went through in the HEROES Act and then we issued money for hazard pay, there could be an audited allowance against the CARES Act. Chairman Detor noted that we do not have cash to make a hazard payment to the staff and would have to dip into the CARES Act money which is federal money. He announced that the guidance had said that we can use it for hazard pay to our staff but there was some concern that if the other legislation went through, there would be a double dip and there might be an audit. He said we are simply waiting to see what the federal legislation ends up to be. He announced that if it does not have the hazard pay, we will use the CARES Act money to fund that.

Mr. Glennon asked Ms. Ryan if she had a total amount on the cost-savings measures that she had been able to save the hospital and whether it was for the summer or the year. Ms. Ryan clarified with Mr. Glennon that it was for the summer and stated that she would email that figure to the Board but it was at least \$150,000.

Dr. Kalotee thanked Mr. Glennon and Dr. Caruso. He stated that he agreed with Chairman Deter's decision regarding hazard pay but he felt that if we had communicated with the employees the reasons why they had not received the hazard pay yet, then maybe there would not be a lawsuit.

Chairman Deter replied that he had made the explanation at the last couple of board meetings and also sent out a global email to all the staff explaining this in May. Dr. Kalotee thanked Chairman Deter for his explanation. Chairman Deter moved to the next item on the agenda.

#### **V. Report by Finance Director**

Mr. Rank stated that for the first six months ending June 30, 2020, we had budgeted to lose \$41 million and through that same period we lost \$28 million, making it a \$13 million favorable to budget. He explained that it was a result of the revenue not being down quite as much as you would expect with Covid. He noted that volume wise, our revenue was down by \$20 million but that because of the intensity of care that was provided to the Covid patients and then subsequent to that the crisis diminishing, the pent up demand for surgery, trauma, and orthopedics offset the drop in volume by a pickup of \$22 million in additional revenue for the more intense care we provided than we had budgeted for. He said that when you added the limited amount of drop in volume, the amount of money we attributed to the CARES Act revenue that we could claim as revenue both for Covid related expenses of about \$8.5 million plus \$4 million in labor specifically related to Covid, we recorded \$17 million in CARES Act revenue. He noted that besides that the volume of our expenses were favorable to what we budgeted in the overall impact of this crisis to the tune of \$5 million of which about \$13 million are for salary and benefits and that includes the \$4.5 million we spent on overtime for Covid related matters.

Mr. Rank stated that the only other comment is when you look at our balance sheet we do have \$165 million in cash. He noted that was a result of the CARES Act revenue that we received of \$121 million and a PIP for Medicare advance of \$26 million that the Medicare program gave us. He noted that starting in about a week they were going to take that money back because the federal government only wanted us and every hospital throughout the country to have this Medicare advance so they did not have a cash crisis. He said that the Medicare program across the Board for all hospitals throughout the US is taking that \$26 million back. He stated that for NUMC it would probably be returned to them under what they call a PIP program which will probably run through the end of December but they will offset what we normally get in Medicare dollars.

Mr. Rank asked if there were any questions about his report at this point.

Mr. Cohn asked Mr. Rank if the \$200 million reserve was the correct figure or if it was \$165 million as shown in the balance sheet.

Mr. Rank replied that \$165 million is what we have in operating cash from the CARES Act, the advance we are going to pay back and our regular operating cash. He noted that in addition to that there are designated DSRIP fund money of \$45 million that is in a restricted fund, but we will use it. That is the total amount referred to by the Union.

Dr. Kalotee shared with the Board that even though the volume was down, revenue was up because of the critical care the patients received. He applauded the nurses, doctors and the staff for their hard work.

Mr. Cohn noted that Mr. Rank gave the financial statement and left out \$45 million. Mr. Cohn stated that it did not matter whether the money was in a restricted or operating account but as Board members should be told that they have an additional \$45 million at their disposal that is going to be used by the hospital. Mr. Cohn asked Mr. Rank to be thorough in his presentation and to give the report in its entirety.

Mr. Rank explained that the \$165 million was operating cash that we have available to spend. He noted that the DSRIP fund is in a restricted fund and is not necessarily spendable.

Ms. Pearson asked if the money we have to return to the government affected the hazard pay to employees if that was not passed in the HEROES Act. Chairman Detor said it did not.

Chairman Detor wanted to address the forensic audit. He stated that subsequent to the Board meeting we had another conversation with Mitchell Titus who did the audit for the hospital. He announced that Mitchell Titus put in the management letter a recommendation that internal auditors reporting only to the Board be engaged. He said an RFP was done for a forensic audit as the Board had directed him to do and we also did an RFP for internal auditors.

Chairman Detor stated that the internal auditors would be a firm, hired to audit our operations unbeknownst to management and report directly back to the Board. He said that the audit firm suggested that they thought this would be a better way to go instead of doing a forensic audit which would be very expensive and not yield that much information. He asked the Board if they wanted to go by the recommendation of Mitchell Titus to engage an internal auditing firm or if they would prefer to go with a forensic audit which would cost between \$200,000 and \$500,000.

Ms. Ryan announced that the number one response for the internal auditors was \$289,000 for the year. Ms. Ryan stated that she is a member of the RFP Committee and said that seven responses were received for the internal auditor and the committee scored the responses. She explained that the same company applied for both the internal control and forensic audit. The chosen vendor exceeded other submissions not only with their pricing but also with their expertise. She said they are at 500 other hospitals, they do MWBE as well and the firm chosen was Crowe Healthcare. Ms. Ryan announced that we have never had this company here before.

Chairman Detor asked the Board members if they wanted to go with the forensic audit or engage an internal audit firm which would be an ongoing process.

Ms. Ryan said that the forensic audit was a separate issue and that she was talking about the internal control auditor. She stated that is not what the State Comptroller's office does. She said that would be an annual, ongoing contract, they would report directly to the Board quarterly and discuss process and implementation of new control and provide reports.

Mr. Zysman asked Chairman Detor to explain what the difference is between the auditor and internal control auditor.

Mr. Glennon noted that the auditor that just works off of our books and records. He explained that an internal auditor is going to look at the system and how it is set up and report back to the Board and do random audits in terms of vendors, billing and all different aspects without anybody's knowledge and report back to the Board on what we can do and what we should do. Mr. Rank added that they review all of operations.

Ms. Pearson expressed concern about quarterly reporting if the hospital is theoretically closing down in March 2021. Chairman Detor stated Mitchell Titus recommended that we hire an internal auditor if the Board wants to have an additional level of comfort.

Ms. Pearson said she was not opposed to the idea but that she was undecided about the internal auditor since she felt that quarterly reporting would not be of much use given the financial situation of the hospital.

Mr. Glennon responded that the original motion in the last meeting was for a forensic auditor to come in after the CFO left to make sure everything was in order. Then there was a proposal that we have an internal auditor. He stated that it was his understanding that internal auditor was already present but not anymore. He said he suggested a forensic auditor in the first place because he believes that something is awry. He stated he believes there is room for improvement which would be revenue producing.

Mr. Cohn asked if an auditor would go into how we bill and not just tell us what the records show. Chairman Detor said that billing is related to revenue cycle. He said what an internal auditor really does is to make sure that the money is not going somewhere it should not and they also take a look to see if there are any weak links. He noted that they go through a lot of the individual invoices and papers that connect it in a very detailed and focused way. Chairman Detor said that in terms of business issues, they will not necessarily tell us what we have to change. He said a forensic auditor simply goes out and reports what he does and does some drilling down to do some testing of our controls but does not go down to the depth of the internal auditor.



Mr. Zysman said if we are going to spend resources we should get someone who would come up with solutions and not highlight problems. Chairman Detor replied that is what Alvarez and Marsal is doing. Mr Zysman suggested that be the role of the CFO.

There was the discussion on the cost of the vendors who had sent in RFPs. Mr. Cohn made the suggestion that Ms. Ryan negotiate the cost on the RFP for both the forensic auditor and the internal auditor and come back to the Board at the next meeting with the cost.

Mr. Glennon stated that Ms. Ryan could negotiate that they do the forensic audit at a reduced price if they are awarded the internal audit and in that way they would already have a baseline when they go forward. Ms. Pearson asked Ms. Ryan to negotiate if possible reports more frequently than quarterly.

**Action: Mr. Glennon made the motion that Legal negotiate the rate for both the forensic and the internal auditor and get it as a reduced package since they will be doing both of them. Dr. Kalotee seconded the motion. All were in favor, none opposed, Ms. Figueira abstained, and the vote was unanimous.**

## **VI. Corporate Action**

### **1. Approval of Contract Resolutions Including Corrections (August 13, 2020)**

Chairman Detor asked Mr. Cohn to take over.

Mr. Cohn asked why we are not going after the County for the \$36 million they owe us since we are in deep financial problems.

Chairman Detor replied that we have negotiated with the County and as of 2018, the figure decided on that the County would pay was \$16 million. He said that we are now negotiating 2019 but a decision has not been reached as yet but he believes it would be another \$8-9 million in addition to the \$16 million.

Mr. Cohn said he would like to know how much they owe us, how much of a discount we are giving them, and how they are going to pay it.

Chairman Detor said it was a complex negotiation because the numbers go back a long way. He noted that Mr. Rank is now discussing with the County what the next dollar amount would be for next year. He said they were talking to the County now about trying to put in their cash flow some money for the hospital, somewhere between \$16-25 million before the end of the year.

Mr. Cohn invited Mr. Rank to the next Legal and Audit Committee meeting to advise and provide updates.

Ms. Reed had a question about Shapiro Associates, a vendor presently being paid at \$5,000.00 a month and \$60,000.00 per year for communications. She said she felt they were not living up to their commitment. She stated she attended several different press conferences and it has usually fallen on Dr. Boutin and Ms. Ryan to run it. Ms. Reed made a motion to sever their contract because of the 30-day clause in it as a cost saving measure for the hospital. Dr. Kalotee seconded. Chairman Deter replied that previous to this meeting he had asked Ms. Ryan to RFP the contract. The motion was therefore withdrawn.

Chairman Deter stated the Correctional Facility contracts also need Board approval.

Ms. Ryan explained that NHCC does the jail healthcare services at the Corrections Facility. She said we have been doing six-month extensions for about a year now and the current one is up August 31, 2020. She noted that the Nassau County legislators have already approved another six-month extension beginning September 1, 2020 so she was asking the Board to approve another six-month extension of the current contract and also the list of the vendors associated with the contract, listed as Exhibit A. Ms. Ryan reminded the Board that the cost of all the vendors on the list are reimbursed and that this was a revenue generating contract for the hospital with the same terms and conditions since 2017 when we took over the healthcare services.

Mr. Cohn asked if our costs the same as they were a year ago.

Mr. Rank replied that it was for the most part because of what has happened at the jail with bail reform and Covid. He said that the inmates at the jail went down from 1,108 to 600.

**Action: Mr. Cohn made a motion to approve the six-month extension of the jail contract under the current terms and conditions along with the list of vendors associated with the contract listed as Exhibit A. Mr. Cronin seconded the motion. All were in favor, none were opposed or abstained, and the vote was unanimous.**

Ms. Ryan asked for a motion to approve 109-20 through 129-20 as stated in the Legal and Audit Committee Meeting.

Ms. Pearson asked about 127-20 under Purchasing. She asked if the equipment could be bought with the CARES Act money since it was respiratory.

Ms. Ryan replied that CARES Act money had already been earmarked for it.

Ms. Pearson thanked Ms. Ryan for clarifying.

**Action: Mr. Cohn made a motion for the Full Board to approve all the contracts 109-20 through 129-20 as stated in the Legal and Audit Committee Meeting. Dr.**

**Kalotee seconded the motion. All were in favor, none were opposed or abstained, and the vote was unanimous.**

2. Approval of MPAC Minutes (August 6, 2020)

Ms. Reed asked for a motion to approve the MPAC minutes of August 6, 2020.

**Action: Mr. Cohn made a motion to approve the MPAC minutes of August 6, 2020, and Dr. Kalotee seconded the motion. All were in favor, none opposed and the vote was unanimous.**

Chairman Detor said the next item was the executive session to have an update from our consultants, Alvarez and Marsal.

Dr. Kalotee stated that he had sent a three-page email addressed to Chairman Detor and also sent to the rest of the Board and he wanted it to be part of the minutes.

Chairman Detor said we have to decide if we will have an executive session since our consultants, Alvarez and Marsal, wanted to make a static report to the Board. He said the report involved a lot of data and was confidential so they would have to go into executive session to do it.

Mr. Cohn recommended that there be another meeting for the update.

Alvarez and Marsal Update

Mr. Glennon asked if we could have a written copy of the report in advance and Mr. Cohn and Dr. Kalotee joined in the request.

Chairman Detor said he would have to discuss that with NIFA to see if they will be willing to allow it, since their engagement is with NIFA. Chairman Detor stated that he believed that a written report will be public when it is all done.

Mr. Zysman requested a report from Chairman Detor to be given in public session regarding their findings. Chairman Detor Stated that he would prefer it be in executive session since the work is sensitive but no decision will be made in executive session. Mr. Cohn agreed with the Chairman.

**VII. Motion to Adjourn**

There being no further business to discuss, Chairman Detor asked for a motion to adjourn.

**Action: Mr. Cohn made a motion to adjourn the meeting, and Chairman Detor seconded the motion. All were in favor, none opposed and the vote was unanimous.**

The meeting was adjourned at 8:26 pm.

A handwritten signature in black ink, appearing to be 'RD', written over a horizontal line.

Robert Detor, Chairman  
Board of Directors, NHCC