

MINUTES OF THE PUBLIC SESSION OF THE NASSAU HEALTH CARE CORPORATION
BOARD OF DIRECTORS' MEETING HELD ON JANUARY 22, 2007

Directors Present

Martin D. Payson, Chair
John M. Brickman, Esq.
Lawrence E. Elovich, Esq.
Bradley L. Gerstman, Esq.
Jemma Marie-Hanson
Greg-Patric Martello, Esq.
George W. Miner, MD, MBA

Not Present

Leonard A. Benedict, MD
Patrick F. Carone, MD
Rosemarie Guercia, MD
Barbara Ross-Lee, DO
Marilyn A. Robertson, MD
John F. Ragano, Esq.

Non-Voting Directors Present

Arthur A. Gianelli, President/CEO
Frank J. Saracino, EdD

Hospital Administration

Gary Bie, SVP/CFO
Larry Slatky, SVP for Extended Health
Julie L. Mirkin, RN, SVP for Patient Care Services
Steven J. Walerstein, MD, SVP Medical Affairs
Sharon Popper, Esq., VP for Legal Affairs
Joan A. Soffel, Assistant to the Board/CEO

1. Martin D. Payson, Chairman of the Board of Directors of the Nassau Health Care Corporation, opened the meeting at 8:35 a.m. Mr. Payson observed the absence of a quorum; therefore, minutes could not be adopted, nor any actions taken.
2. **Adoption of Minutes**. Tabled until the next Board of Directors meeting scheduled for February 26, 2007.
3. **Report of the Chair**. Mr. Payson reported that he would proceed with the meeting and give a full report to the public. All other business will be conducted in February unless there is an urgent need, and then a special meeting can be called. He noted that several people were out of town, attending to other hospital affairs or ill this month.

Mr. Payson announced that Bobby Kumar has assumed his role as Chairman of the Nassau County Independent Party and has therefore resigned as a Board member. Mr. Payson thanked Mr. Kumar for his dedicated service and continued support of this institution. Mr. Payson also announced that Director Larry Elovich was also recently appointed to the Board of LIPA.

4. **Contracts Committee**. Mr. Elovich, Chairman of the Contracts Committee, reported that the contract negotiations and recommendations will be discussed in executive session.
5. **Report of the President/CEO**.

Finances. The Corporation lost \$5.3 million after investment income. Since July, the Corporation has been projecting a loss of \$5-7 million and this is consistent with what has been projected. \$2 million of that loss went toward additional funding for the captive account. Without that additional funding, the Corporation would have generated \$500 thousand for the month, but instead had a loss of \$1.5 million in December. The nursing home continues to be a burden, generating a \$4 million loss. The cash position is \$25 million (three weeks worth of cash). In the budget adopted by the Board, NHCC had projected a year-end balance of \$15 million. The length of stay was down .23 for the year and leaves an opportunity to fill additional beds or compress/consolidate beds. Net patient revenue was up despite the census going down 1.21-1.26. The concerns are the average daily census which was 370 in 2005 and is 348.6 in 2006, a decrease of about

12 beds with 9.6 of those attributed to lower admissions and discharges. Discharges were down in adult and pediatrics and medical/surgical. The pediatric admissions/discharges in Nassau County are down the same percentage as NUMC. Rehabilitation was down 90, related to a change in the way inpatients are reimbursed. Psychiatry is up 141, even before the new units are opened. FTE's are up 41 over last year. The nursing and support side needs to be consolidated. The Emergency Department is up 714 for the year, but notably, "walk ins" are down considerably. The first responders are doing a terrific job in bringing patients to NUMC (and NUMC is a designated stroke center), but self-directed patients are not choosing to come to NUMC ER. Despite the increase in Emergency Department visits, inpatient admissions from the ED are down 35. The new Chairman of the Emergency Department will focus on this area. There were 3,000 additional visits in the outpatient department. As we focus on the ambulatory setting here and the health centers and improve the operative and physical plant, volume should continue to grow.

Quality Management. NHCC is preparing for a JCAHO resurvey sometime after February 28, 2007. We are being aided by a number of consultants. The leadership group (Maureen Shannon, Ken Steier, Aloysius Cuyjet, Julie Mirkin and Steve Walerstein) are doing an excellent job on the clinical and environmental side. There are a few lingering items that have been known for some time and we are pushing to get them completed. One for which the timing is out of our control is acquiring doors for the facility, but they should be here before February 28th. The Environment of Care consultant is working with Stephen Suspenski and the support team, identifying areas of potential weakness and alleviating those weaknesses before the JCAHO resurvey. The SWOT teams (strengths, weaknesses, opportunities and threats) are helping to progress on clinical issues. Dr. Walerstein is beginning to compile data on participation in the IHI 100,000 Lives Campaign, and it looks promising. In February, a series of proposed corporate goals for quality improvement and core measures will be presented to the Board for endorsement and then to the rest of the house for implementation with an expectation of accountability to the Board and management. The patient satisfaction survey initial results are in and the response rate was higher than expected—Mr. Gianelli will discuss in executive session. Once a baseline is established, a standard will be set with goals for each floor in terms of performance. Profit and loss statements will be used to work with departments over next few months and business plans for each department will be brought to the Board in May.

Construction. A. Holly Patterson continues to be a financial burden and Mr. Gianelli will speak more on that in executive session. He is meeting this with the Department of Health regarding the CON for replacement of the facility. The last stages are being put together for the dialysis extension clinic CON at the nursing home, which has potential financial benefit. The RFPs will be issued this week for the planning for deposition of the Uniondale property. Last week, Mr. Gianelli met with the Dormitory Authority of New York regarding alternative financing mechanisms for a replacement facility at the nursing home. There are four options that can be pursued given the current credit quality: 1) County backed; 2) private equity transaction; 3) HUD 232 financing (a very long and time consuming process that could set us back a year) and 4) the dormitory authority providing an interesting financing option similar to the NIFA tax model used since 1970, to fund both the nursing home and health center construction projects.

There has been some progress on wait times at the Community Health Centers, but not enough. There are general delays in hiring and working with Civil Service. We have seen reduction in wait times in Freeport, but the demand is large. An RFP for a business process to look at the way we run our health centers is under way. The final stages of a business plan for the Institute for Minority Health Disparities are being completed and will

be ready for discussion with the Board soon. The Modernization Program moves forward and will take time to implement. A Modernization Steering Committee meets every Friday. Besides the major projects, other areas will be renovated on a smaller scale such as the patient access area, physical medicine and rehabilitation, general aesthetics at the Carmen Avenue and Hempstead Turnpike entrances.

New York State Budget. The Governor's NYS Budget proposal is due on February 1st. It is expected that the State will take a whack at Medicaid and hospitals in general. It is very important that we as an organization have supporters and members of the Board who will make it known to the public officials that there is the need to protect the integrity of revenue flow. When the budget comes out, staff will determine and report to the Board what the impact will be. There is a lot of discussion by the Federal Government concerning the "Centers for Medicaid/Medicare Services" and changes in regulations relative to IGT payments. A 70-page proposal document is being reviewed and discussed with the National Association of Public Hospitals (NAPH) and the Nassau-Suffolk Hospital Association (NSHA)

Other. Three new chairs started over the last few weeks: Dr. Victor Scarmato (Radiology), Dr. Glenn Faust (Surgery) and Dr. Anthony Boutin (Emergency Medicine). In a short period of time, the new chairs have already made a significant impact on the Corporation and are expected to play a major role in its future.

Mr. Payson asked the status of Freeport construction? Mr. Ade said that on January 31st the Board of Zoning of the Town of Hempstead will meet and then an RFP will go out to the construction trades. RBS (architects) and Gilbane (project manager) will be working with us on that project as well as MEDC. Mr. Payson asked that the Board be provided with a schedule of construction projects and the various costs at the February Board meeting. Mr. Payson hopes to have the Physical Facility Committee in place by then.

Mr. Martello questioned the ED visits and the fact that emergency responders bring patients to the emergency room indicating that the medical professionals feel that NUMC is the right institution to bring patients, but why is the public perception not to choose NUMC when they have discretion as to where they can go. Mr. Gianelli said there is some discretion on the part of the patient, but also another possibility is the increasing amount of individuals who are going to outpatient settings/doctor's offices. This requires more analysis, to see what other hospitals are doing and we have to do a substantially better job in repositioning the Corporation in the public mind. Some of the changes such as bringing on new chairs will let people know we are a quality institution. If we succeed in participation of quality improvement initiatives, we can start telling that story. We need to spend 2007 improving certain processes and the way in which we orient with patients: admissions/discharges, ambulatory and operating rooms that are efficient. We need to reach out to community physicians (non salaried), create an outreach structure to senior citizens and service organizations, such as Kiwanis, and go the extra mile. Mr. Gianelli noted that an incident occurred the other day, where a patient needed a blanket, but there were none on the floor, and no one called for one or got one. There needs to be a warm and inviting atmosphere and attitude change.

Ms. Hanson noted that the length of stay is down as well as the census and there is an excess of 41 FTEs, she asked if an assessment has been made for possible cuts, besides nursing. Mr. Gianelli said that Ms. Mirkin and Ms. Skarka are working with finance to crunch staffing as much as possible and eliminating agency, per diem and overtime costs. It is very hard to identify, under the current way place operates, where to reduce FTEs and work more efficiently.

Mr. Payson asked for an update on the COO search. Mr. Gianelli reported that an ad had been placed, and he has received a number of responses. The majority of leadership has reviewed resumes, made recommendations, and the first round of interviews is occurring now. After this first round, a short list will be made and hopefully a conclusion to the search. If not, a headhunter will be hired. By the next board meeting, there should be a candidate.

Ms. Hanson noted that especially after the blanket incident, how is staff being prepared for the Joint Commission resurvey? Mr. Gianelli noted that a tremendous amount of work being done: Ms. Lavas organized a series of ongoing events to help educate staff on issues of importance, VPs are rounding and are instructed to ask certain test questions of staff, and the SWOT teams will start the major push at the end of this month and into next month on all floors. A JCAHO committee meets every Tuesday at 8:30 a.m. to disseminate information to staff.

6. **Report of the Medical Director**

A. **New Clinical Chair.** Dr. Walerstein reported that Dr. Victor Scarmato has only been here a few weeks, and has made significant strides. Dr. Glenn Faust will be in charge of addressing the OR problems with the help of VP, James Capozziello. Dr. Anthony Boutin will be charged with organizing the ER.

B. **Credentialing.** Dr. Walerstein discussed the credentialing of physicians to the Medical Staff. Since the Board does not have a quorum, credentialing will be presented for action by the Executive Committee.

C. **Proposed New Clinical Department – Ophthalmology.** There is a recommendation from the ECMS to establish a new clinical department (Ophthalmology). Mr. Payson asked why now, and is that a standard? Dr. Walerstein said that this has been on the agenda a few years, and most hospitals have a separate Ophthalmology Department. Dr. Morcos noted that there her residency program is the largest on Long Island and has never lost accreditation and was recently reaccredited through 2010. Dr. Morcos appreciates all the institution's support and that of the Board in helping her department continue to achieve their goals and deliver the best quality of service to the community. Action was tabled, for lack of a quorum, until February.

D. **Quality Initiatives – Rapid Response Teams.** Dr. Walerstein reported on the first six months of the rapid response team and IHI 100,000 Lives Campaign. The rapid response team identifies patients who are clinically unstable before they get to the point of cardiac arrest. Dr. Amoishy and Ms. Skarka have the leadership role for this program. The calls were averaging 30 a week and have dropped to 3 or 4 over the last six weeks. The call is activated by nurses, residents, or respiratory therapists and the RRT is at bedside in less than ten minutes. Dr. Walerstein reviewed the reasons why the team is called, and what was done. The average response time in October was 3.5 minutes and in November 5 minutes and in December 4.5 minutes. Mr. Gertsman asked what NUMC is doing to get the early response implemented and identifying results. Dr. Walerstein reported that it is a quality program, the goal being, for example, to assess and medically manage patients during the first 24 hours to avoid stroke. In some cases fluids were not given despite specific procedures that are to be followed. The goal is to decrease the frequency of inpatient codes. During 2006 the number of inpatient codes, including ICU, decreased in comparison to 2005 from 28 inpatient codes to 14 codes. There was a significant drop in cardiac arrests due to the RRT initiative from total codes per 1000 discharges in 2005.

Dr. Miner asked if they had the number of people seen by the RRT who had codes later? Dr. Amoishy did not have that information and they have not started to review charts yet. Mr. Martello noted that percent of RRT calls dropped and asked why? Dr. Walerstein said there are two explanations; either they are not as efficient in identifying people who require rapid intervention or staff over activated early on when the program was new. Part of the process is educating residents.

7. **Report of the Chief Financial Officer.**

A. Finance Report. Mr. Bie put the year in perspective compared to 2005. In July the Corporation projected a corporate loss of \$5-7 million for 2006. The Corporation is awaiting final audit, but the loss is estimated to be \$5.3 million for 2006. Revenue for 2006 was \$470 million vs. \$461 million in 2005. NHCC had favorable reimbursement in 2006 with a slight increase in revenue. The loss of \$5.3 million in 2006 is a substantial improvement compared to \$11.3 million loss for the same period last year. Unrestricted cash is \$26.2 million at the close of 2006 compared to \$12.9 million at year end 2005.

Mr. Payson noted this does not include capital cash for new construction. Mr. Bie said it does not include Tobacco or HEAL funds or IGT or captive borrowing. NUMC revenue was \$382 million in 2006 vs. \$380 in 2005. Net loss of \$1.4 million 2006 vs. a \$2.7 million net loss for 2005. Discharges were 22,500 in 2006, down from 22,894 in 2005. Patient Days were 127,000 in 2006, down from 135,000 in 2005; average length of stay was 5.65 days in 2006, an improvement over 5.90 in 2005. The average daily census was 349 in 2006 vs. 369 in 2005. The majority of the 20 patient decrease in the average daily census was in the medical/surgical and pediatric areas. The psychiatric census was 85.1 in 2006 and 85.6 in 2005. The rehab census was 18.1 in 2006 vs. 20.2 in 2005. The newborn census was 13.0 in 2006 vs. 13.2 in 2005. Case mix index was 1.26 overall in 2006 vs. 1.21 in 2005. General clinic visits were 172,000 in 2006 vs. 169,000 in 2005. Emergency Room visits were 73.8 in 2006 vs. 73.0 in 2005. Admissions from ER were 17.867 in 2006 vs. 17.902 in 2005.

A. Holly Patterson revenue was \$53.8 million in 2006 vs. \$47.5 in 2005. Losses in 2006 were \$3.9 million vs. \$8.6 in 2005. Although there were losses, there was significant improvement. The census at A. Holly in 2006 was 568 vs. 575 in 2005. Mr. Slatky does flex staff and FTEs were 606 in 2006 vs. 634 in 2005.

The Community Health Centers revenue was \$15.5 million in 2006 vs. \$15.5 million in 2005. Net income was \$106 thousand in 2006 and \$1000 loss in 2005. CHC visits were 65,415 in 2006 vs. 65,075 in 2005.

Mr. Payson noted that the picture is consistent as we end the year, the institution is more stable. The charge is to increase as we rebuild and get the census up. If we are so close to break even with a low census, the opportunity is substantial. The ER is all good news and Mr. Payson did not know why inpatient admissions reduced when there was an increase in ambulance flow. There is capital to modernize, and rebuild A. Holly Patterson. With the recruitment of chairs, efficiency will improve and we must get the story out—we are on the way to being a different institution under the leadership of Arthur Gianelli, Administration and Chairs. Mr. Slatky is doing a great job at A. Holly. It will be a much smaller institution, but will be full all the time. A. Holly Patterson had a loss even though they are doing a good job because it is a big old plant with fixed costs. As we look back NHCC regionalized with NS/LIJ who helped with recruiting chairs and we are in a much better place that continues to give good care.

8. **Other Business.** None

9. **Close of Regular Meeting.** Martin D. Payson, Chair, opened the meeting to public comment. There were no comments from the public.

10. **Adjournment**

Upon a motion, duly made and unanimously approved, the meeting was adjourned at 9:50 a.m. to Executive Session to discuss governance, performance improvement, personnel matters, contract negotiations and litigation.

11. **Report from Executive Session.** During the Executive Session, no actions were taken. The Executive Committee convened.


12. **Report of the Executive Committee.**

A. **Credentialing.** Mr. Payson noted that presently the Executive Committee of the Board consists of himself, Mr. Elovich and Dr. Ross-Lee. The Executive Committee has the authority to approve credentialing in the absence of a quorum of the Board. Dr. Walerstein reported that members of the Credentialing Committee, chaired by Dr. Harvey Aiges, review all credentialing; they are then discussed at the Executive Committee of the Medical Staff. Dr. Walerstein would not personally review a physician's credentials, unless there was a problem pointed out to him. There were no controversies regarding today's credentialing. **A motion was made by Mr. Elovich, duly seconded by Mr. Payson and unanimously approved to accept the credentialing recommendations of the Executive Committee of the Medical Staff as set forth in the attachment to these minutes. Resolution No. 008-2007.** The full Board, by copy of these minutes, will receive notice of the action taken.

B. **Graduate Medical Education.** Mr. Payson made a motion, duly seconded by Mr. Elovich to approve the Commitment to Graduate Medical Education and to request ratification of same by the full Board at its next meeting (copy attached). **Resolution No. 009-2006.**

The next regularly scheduled meeting is Monday, February 26, 2007 in the Auditorium.

Approved:


Martin D. Payson, Chair
Board of Directors
Nassau Health Care Corporation