

MINUTES OF THE PUBLIC SESSION OF THE NASSAU HEALTH CARE CORPORATION BOARD  
OF DIRECTORS' MEETING HELD ON MARCH 26, 2007

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Directors Present

Martin D. Payson, Chair  
Leonard A. Benedict, MD  
John M. Brickman, Esq.  
Lawrence E. Elovich, Esq.  
Bradley L. Gerstman, Esq.  
Rosemarie Guercia, MD  
Greg-Patric Martello, Esq.  
George W. Miner, MD, MBA

Not Present

Patrick F. Carone, MD  
Jemma Marie-Hanson  
Barbara Ross-Lee, DO  
John F. Ragano, Esq.  
Marilyn A. Robertson, MD

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, but that he will convene a meeting of the Executive Committee of the Board at the close of the Board meeting to address matters that require Board action.
2. **Adoption of Minutes.** Tabled.
3. **Announcements.** Mr. Gianelli presented a plaque to Carlos Aguas who is retiring after thirty years of service to the Corporation. The Board of Directors and the Executive Staff of the Nassau Health Care Corporation recognized his outstanding service and dedication as Director of Housekeeping over these many years. Mr. Gianelli thanked him especially for the dedication shown during the preparation for the impending JCAHO survey as well as his housekeeping team. Mr. Aguas said that he was overwhelmed when he found out that he would be recognized by the Board of Directors and Executive Staff of the Medical Center. He thanked all of the staff in his department, who are dedicated and made his job more successful and enjoyable. Over the past thirty years he has witnessed several CEOs, but has never been more impressed than with Mr. Gianelli and the improvements that have been made at the Medical Center. He wished staff and the Corporation much success in the future.

Mr. Gianelli next introduced two chiefs from the East Meadow Fire Department—Chiefs Salas and O'Brian. There recently was a mattress fire on the 14<sup>th</sup> floor in the middle of the night and the Chiefs wanted to congratulate the staff of psychiatry and support services for implementation of an evacuation of the floor, which was flawless. This is a testament to training of the skilled professionals that no one was hurt and the situation was under control within a few hours. Fire Chiefs Salas and O'Brian thanked Mr. Gianelli for coming to their department meetings and keeping them informed of what NUMC is doing. The East Meadow Fire Department enjoys a good working relationship with NUMC and wants to continue that. Chief O'Brian said it was a great opportunity to compare notes and thoughts. Over the last few years the East Meadow Fire Department looked at strategies and revised its plans for responding to NUMC fire calls. When this call came in they were very aggressive with seven companies responding and over 85 firefighters who knew exactly what equipment was

needed, exactly what floor it was on and their assignments. The East Meadow Fire Department will continue to meet with NUMC Safety and Security officers. Chief O'Brian noted that Dick Cardozza, a member of the Fire Department, usually attends the Board meetings and reports back to the Fire Department.

4. **Report of the Chairman.** Mr. Payson reported that things are going in the right direction. The State budget issues are critical, but what can be done is being done. The right people are in place at NHCC—terrific senior staff and chairs—with the right attitude for NHCC to achieve its goals. He thanked all for their hard work.
5. **Report of the President/CEO.** Mr. Gianelli handed out a copy of his PowerPoint presentation.

**Finances.** The Corporation was slightly ahead of budget in February. The Corporation's loss after investment income was \$247,000, which was \$2,000 better than budget. NUMC lost \$1,000 compared to a budgeted loss of \$111,000. A. Holly Patterson lost \$265,000 compared to a budgeted loss of \$417,000. However, year-to-date, the performance is slightly behind budget. The Corporation's consolidated loss after investment income is \$1.7 million compared to a budgeted loss of \$1.3 million. NUMC lost \$1 million compared to a budgeted loss of \$489 thousand. A. Holly Patterson lost \$668 thousand compared to a budgeted loss of \$883 thousand.

**Operational Highlights.** Revenues were down, discharges were up and the case mix index was unfavorable to budget due to workers compensation and no fault. Expenses were down and the census was down by 12.3 patients, primarily driven by 10.6 patients negative variance in psychiatry. Psychiatry has been focusing on the JCAHO resurvey and expects volumes to recover after the JCAHO visit. The length of stay continues to go down for adults and pediatrics by 0.09 days. Staffing is above budget due to negative variances in support services (JCAHO preparation) and nursing. The adjusted occupied bed FTE was 5.19 compared to a budget of 4.94. They are going floor by floor to identify the negative variances. The ED visits (up by 248) and admissions (up by 125) were up compared to budget. Outpatient visits were up by 813 (6.5%) from budget; mental health clinic visits were down 95 (21.7%) from budget due to JCAHO focus and ambulatory visits were down 55 (14.4%), cause unknown.

A. Holly Patterson's average daily census was 558, 21 less than budget due to a lower census at NUMC; ventilator census was on budget; bedhold was maintained; and staffing was below budget. The Community Health Center visits were exactly the same as last February, though below budget due to the delay in staffing to support additional sessions (civil service hiring procedures).

**At NUMC,** going forward, administration will implement service line business plans, execute the business process redesign effort, open the new psychiatric units, focus on obtaining group pricing, curtail support service overtime after JCAHO and work with nursing leadership to reduce or eliminate the negative nursing staffing variance.

**At A. Holly Patterson** administration will expand the Korean population to grow census, confirm the case mix index increase (if approved by NYS: this would be a \$1.2 million annual increase in revenues) and obtain CON approval for the dialysis extension clinic.

**At the Community Health Centers** administration will place staff for additional sessions, integrate NUMC clinical departments with the centers, obtain CON approval for additional services and hire a VP for ambulatory care.

Quality. JCAHO has not yet returned for the resurvey. There is a resolution in the Board packet for a contract with the Krasnoff Institute to integrate quality management and reporting. There was a very favorable report from the Justice Department regarding mental health services at the Nassau County Correctional Center and A. Holly Patterson. In both instances, a final report will be given at some point this year.

Intergovernmental Transfer Payment. This is a payment mechanism from the government to hospitals so that they can care for the uninsured and underinsured population. The payment was expected some time in October but after speaking with the Department of Health, Nassau Healthcare Corporation will receive an IGT disproportionate share (DSH) payment of \$51.5 million from the NYS Division of Budget on March 28, 2007 which will substantially improve the cash position and investment income.

At the Federal level, the Senate Appropriations Committee passed a two-year moratorium on CMS' ability to implement proposed restrictions on Intergovernmental Transfer payments. This rule does not directly affect NHCC, but impacts the Health and Hospitals Corporation. NHCC has written a letter to CMS opposing the restrictions because it is important to NHCC's future to protect this financing vehicle for safety net facilities.

State Budget Status. There have been favorable developments in negotiations made this week regarding the Governor, Assembly and State Senate over the 2007-2008 budget. The nursing home discussions are contingent upon what agreement is worked out with the hospitals. The Governor is willing to accept evidence to correct how much hospitals spend on graduate medical education and the cut could be reduced from \$5.2 million to \$1.1 million. Senator Hannon has been terrific in helping in this matter. Special recognition goes to Gary Bie, Richard Perrotti, Jeff Thrope and George Kalkines in analyzing those complex formulas.

Successor Agreement Status. The Successor Agreement negotiated by the Corporation and County ran into some opposition from the County Legislature and Comptroller regarding the Corporation's flexibility in management of its real estate and the use of proceeds from the sale of the Uniondale property. Mr. Gianelli has taken the position that flexibility is necessary if the County does not provide for automatic increases in subsidy. In the interim, all have agreed to extend the Stabilization Agreement for three more months and to provide for the initial transfer to the Corporation of tobacco funds in order to satisfy the spend down requirements included in the tax certificates for the County's 2006 tobacco refunding. The \$10 million in tobacco funding needs to be spent before April 5<sup>th</sup> to avoid penalties.

A. Holly Patterson. The Department of Health has requested an updated schedule and narrative showing why constructing a new 320-bed nursing home is financially more feasible than a 300-bed home. Also there is an issue regarding the construction cap which is essential to NHCC's being able to finance the construction of a replacement nursing home and that will not be resolved until after the completion of the State budget. Since A. Holly Patterson is the subject of a Berger Commission recommendation, the CON for its replacement should receive accelerated review.

Medicaid Assisted Living Facility. NYSDOH believes that the Berger Commission statute permits the Medicaid Assisted Living Facility to be constructed and operated by a third party. NHCC is also in discussion as to whether NHCC can sell the license and the location of the facility.

Uniondale Property. Mr. Gianelli is on the second round of community meetings and will present the concept design for the site. Some community concerns are water use, traffic and development. Some members of the community want to preserve open space. If the community wants to preserve open space, NHCC would accept a proposal from the County

to finance that open space. The Corporation will award contracts to a land use planner and zoning counsel in April and the RFP for development of the property is scheduled to be released in June.

Modernization Plan. Administration is taking a last look at the dialysis design. Due to the growth in costs, NHCC may consider a private developer.

Business Process Redesign Groups. There are fundamental broken processes at the Corporation that need to be fixed in order to improve organizational efficiency, enhance patient satisfaction, increase net patient revenue, ensure accountability and change the culture. There is a timeframe for development of plans and performance measures. Individual project managers will report in a dotted line to the chief operating officer. The ten groups are: admissions/discharges, denials, emergency preparedness, human resources, management information, operating room, outpatient registration and patient flow, preventive maintenance/statement of condition, procurement and service excellence. Mr. Gianelli noted that there is a procurement policy and procedure in the Board packet with comprehensive revisions to policies.

The Minority Healthcare Disparities Institute. There is a resolution in the Board packet to enable the Meadowbrook Medical and Education Research Foundation (MMERF) to start the Minority Healthcare Disparities Institute (that is referenced in the Strategic Plan) and is critical to the success of the Corporation going forward. The mission is to reduce or eliminate disparities in healthcare access and outcomes that are experienced in Nassau County's minority communities through education, outreach, screening, treatment, follow up care, forging partnerships with health, welfare and advocacy organizations and translational research. The Institute would be funded under MMERF with an initial grant of \$6 million from the County. NHCC has an obligation to obtain other grant money through fundraising. The Board of Directors of MMERF will empower a standing committee to oversee operations of the Institute and it is proposed that Dr. Cuyjet serve as the chair of the committee. The MMERF Board would also designate an advisory committee to the Institute, consisting of local and national members. The goals and objectives of the Institute are to reduce (within five years) the incidence of negative health outcomes among Nassau County's Black, Latino, Asian and other minority residents as well as increase prevention, broaden access to care, establish partnerships with community physicians and assist in obtaining government health insurance coverage.

The location of the Institute will be in the new Hempstead Community Health Center. The business plan is under development for presentation to the Board in April. Initial funding will come from \$6 million in tobacco securitization proceeds from the County and thereafter, funding will have to come from grants, fundraising, or revenues generated.

The initial efforts include: grant application (very competitive), a Long Island Ambulatory Health Care Survey (with Adelphi and NS/LIJ), a Nassau Public Health Research Consortium and federal earmarks (Congresswoman McCarthy submitted requests to fund \$4 million in imaging equipment for the new Hempstead Health Center).

Mr. Martello felt that this was a great opportunity for the hospital to service the minority population and provide excellent care. He asked if this would be publicized soon. Mr. Gianelli said that first the resolutions to create the institution would need to be approved and then down the line there will be many opportunities with each step to publicize the Institute. Mr. Payson asked that the business plan include the cost of operations and also how the \$6 million would be used for operations. Mr. Gianelli responded that the Institute would have a budget of approximately \$1 million/year, but there is some internal argument whether to fund with more money for more impact in the first year. The money will be used wisely. It takes

time to get grants and Mr. Gianelli would advise not to overspend the County funds. Mr. Payson asked if there was a model that is operating anywhere or are we creating this. Mr. Gianelli said there are some examples in New York City. Dr. Cuyjet is familiar with entities around the Country and all are competing for grants for research support and outreach. NHCC does not currently have a formal infrastructure for outreach to actively bring people into our system. Once we take a proactive stance, it will immediately impact our inpatient and outpatient volumes. Dr. Guercia applauded the plan for centering the Institute at the Hempstead Community Health Center, and asked about whether outreach activities will also focus on the other health centers that have the same types of problems. Mr. Payson said that the Institute requires a central location. Using MMERF gives more flexibility than NHCC in regard to fundraising. Mr. Gianelli added that right now there is a finite amount of funding. If we are not successful, the Institute will run out of funds and he does not want the Institute to burden the operations of the hospital. MMERF does have flexibility in terms of hiring and is the appropriate place to incubate a grant. Dr. Miner asked why it had to be a part of MMERF and not a free-standing foundation. Mr. Gianelli said that MMERF has a Board that functions with a 501(c) status. If a separate foundation were created, it would need to apply for 501(c) status which has a fairly long lead time. The program can be incubated in MMERF and then broken out at a later time if it does well. Mr. Gerstman asked if autism would be a targeted area for the new Institute since 1 out of 150 individuals are diagnosed with autism every year and NHCC's patient population is underserved in this particular area. There are many grants being offered, which, combined with the strengths of NUMC and its mental health programs, would be beneficial to all. Mr. Gianelli said that he would bring this question to Drs. Walerstein and Cuyjet, since that specific area had not been discussed.

Freeport-Roosevelt Health Center. Mr. Payson asked the status of the Freeport construction. Mr. Gianelli said that it was on target with a zoning hearing a week ago. There are issues of tearing down the current building and paving for parking. Mr. Ade said that it has to have zoning approval and the Legislature has to vote on it. Hopefully, the shovel should be in the ground by June with completion in March 2008. Demolition has to take place, and Freeport needs a sewage system on the parking lot which is not in Freeport, but across the street in Hempstead. The architect has to go back to redo the entire parking lot. He suggested meeting with the Mayor of Freeport at some point.

6. **Report of the Medical Director.**

- A. Credentialing. Tabled for Executive Committee.
- B. Failure Mode Effect Analysis (FMEA). Dr. Walerstein reported that the Joint Commission on Accreditation of Hospitals (JCAHO) requires the institution to annually present a FMEA report to the NHCC Board of Directors. The annual report includes: Assessments of the potential for risk or harm in high volume, clinical services. A multidisciplinary team identifies critical steps, the likelihood of error, and the risk at each step and develop policies/procedures to improve care.

Cardiac Arrests. NHCC's top three potential failure modes for 2006 were: lack of standardization of code carts, need for updated training of code captains (certified ACLS) and delays in treatment in pre-code hours—the rapid response team bringing appropriate clinicians to the bedside prior to a cardiac arrest. The process changes are: code carts are now standardized, all current second year medical residents will be required, as a condition of promotion, to have active ACLS certification prior to July 1, 2007 and for the Rapid Response Teams (RRT) to show significant decreases in cardiac arrests.

- C. Corporate Goals. Dr. Walerstein reported that Mr. Gianelli challenged the Joint Commission leadership team to identify Corporate Goals and recommend the Goals to the Board for resolution. Upon approval leadership would make them public, articulate a standard for our health care team and improve the quality of care and patient outcomes. The areas of priority are: CMS core measures, IHI Saving 100,000 Lives Campaign, Ambulatory care at NUMC and the CHCs and patient satisfaction. The Core Measure Goals for 100% compliance include: acute myocardial infarction, heart failure, community acquired pneumonia and surgical care improvement. IHI 100,000 Lives Goals include: ventilator associated pneumonia, central line infection, acute myocardial infarction (heart attack), medication reconciliation, surgical site infection and rapid response team (another 50% decrease in cardiac arrest codes outside of ICU). Ambulatory Care Goals include: adopt the ambulatory care quality alliance performance measures as the corporate indicator panel, collect benchmark data at NUMC and the CHCs and set specific performance goals for 2008. Patient Satisfaction Goals include: performance measure (based upon Hospital Consumer Assessment of Healthcare Providers and Systems Survey) is for our patients to report us as 10/10 for overall quality of care. The Long Island trial run benchmark was 35% and NUMC is currently at 28%. The goal is to improve by 25% and raise the measure from 28% to 35% by the time data is on the website. NHCC will use Press-Ganey data for unit/service benchmarking and goal setting.

The challenges are dissemination of program goals and education, data collection in real time, feedback, system/process adjustments and falling of short of goals. The opportunities include: improved care and outcomes, public awareness of our quality of care, improved staff morale and pride, and enhanced reimbursements.

Academic Affairs. Dr. Steier reported that Nassau Health Care Corporation's Mission Statement has three components: patient care, education, and research. NUMC is a clinical campus for two medical schools and provides graduate educational opportunities to medical residents, undergraduate education to medical students, nursing and allied health professionals, continuing professional education to its associates and community health professionals and health education to patients and their families. The residency programs include psychology, oral surgery and dentistry, osteopathic internship, anesthesiology, internal medicine, endocrinology, gastrointestinal, oncology, renal, pathology, pediatrics, physical medicine and rehabilitation, psychiatry, radiology, general surgery and obstetrics-gynecology. The total residencies for 2006-2007 are 276. The match results came out two weeks ago and NUMC match was 95% compared to 85% last year. The national average is 75%. United States MD grads must go through this match (DO and IMGs can go "outside"). The North Shore/LIJ affiliation has helped the Graduate Medical Education (GME) program along with new department chairs and program directors.

7. Report of the Chief Financial Officer. Mr. Bie noted that there were several resolutions for adoption during the Executive Committee meeting.

Finances. In February, the Corporation generated \$39 million in revenue with a loss of \$247 thousand for the month against a budgeted loss of \$249 thousand. NUMC bears the lion's share of the revenue.

Mr. Payson said that it is vital that we generate a profit and the profit will generate investment capital we need. There were significant resources from the tobacco money that will not be repeated, but it does buy NHCC a number of years to stabilize in the next few years NHCC must have a budget that shows a profit to preserve the facility. Without that NHCC would be dependent upon the County Legislature or another source—so break even is the goal. Mr.

Bie said that last year on \$36 million in revenue, the Corporation lost \$1.3 million. NUMC lost \$1 thousand in February compared to \$315 thousand last year. NUMC budgeted a \$100 thousand surplus and it is slightly behind budget due to a reduced case mix, workers compensation and no fault. Discharges are a concern with 80 behind budget. The length of stay for adult and pediatrics is 4.5 compared to 4.6 last year and down from 4.8 in the prior year. The census was 369 in February; the same as last year.

A. Holly Patterson had significant improvement. It received hospital base status in 2006 (\$5.5 million) and achieved bedhold in February. On \$4.2 million in revenue, AHPECF lost \$265 thousand against a budgeted loss of \$417 thousand. Management is keeping expenses in line.

Community Health Centers continue to break even on \$1.3 million in revenue with a \$19 thousand surplus. With the new center, the bottom line will improve.

IGT Program. NHCC was expecting to receive \$51.5 million in 2007. Last month we did not think we would get this payment until October/December, which would put tremendous pressure on the cash flow. The good news is, NHCC will receive the payment on Wednesday, March 28<sup>th</sup> ( 50% from the Federal government and 50% from Nassau County.)

Mr. Payson noted that obviously losses are being significantly reduced at A. Holly Patterson and everyone has heard about the excellent Justice Department report. He noted that when the Justice Department makes its final report, and assuming it is as good as this one, AHPECF should tell their story publicly to let everyone know of their delivery of quality care. Mr. Payson commended Larry Slatky for a job well done.

8. Close of Regular Meeting. Martin D. Payson, Chair, closed the meeting and opened the floor for public comment. There were no comments from the public.


9. Adjournment

Upon a motion, duly made and unanimously approved, the meeting was adjourned at 10:30 a.m. to Executive Session to discuss governance, performance improvement, personnel matters, contract negotiations and litigation.

10. Report from Executive Session. During the Executive Session, no actions were taken.

The next regularly scheduled meeting is Monday, April 23, 2007 in the Auditorium.

Approved:

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