

MINUTES OF THE PUBLIC SESSION AND EXECUTIVE COMMITTEE OF THE NASSAU HEALTH CARE CORPORATION BOARD OF DIRECTORS' MEETING HELD ON SEPTEMBER 21, 2009

Directors Present

*Martin D. Payson, Chair
*Lawrence E. Elovich, Esq.
Bradley L. Gerstman, Esq.
*Rosemarie Guercia, MD
Jemma Marie-Hanson, RN
*George W. Miner, MD, MBA
*John F. Ragano, Esq.
Asif M. Rehman, MD
*Frank J. Saracino, EdD

Not Present

Leonard A. Benedict, MD, MPH
Joseph Capobianco, Esq.
Greg-Patric Martello, Esq.

Non-Voting Directors Present

Arthur A. Gianelli, President/CEO

Hospital Administration

Gary E. Bie, EVP/CFO
Reginald Bullock, Esq., General Counsel
James Senterfitt, EVP for Business Development and Ambulatory Services
Larry Slatky, EVP Extended Care Facility
Steve Walerstein, MD, EVP/Medical Affairs
Paul J. Rowland, SVP/COO
Kathy Skarka, SVP for Patient Care Services
Joan A. Soffel, Assistant to the Board/CEO

*Executive Committee Members

1. Martin D. Payson, Chair, Board of Directors of the Nassau Health Care Corporation, noted the presence of a quorum of the Executive Committee. The meeting was opened at 8:35 a.m.
2. **Adoption of Minutes.** Upon a motion made and duly seconded, the minutes of the July 20, 2009 Board of Directors meeting were unanimously approved.
3. **Report of the Chairman.** There was no meeting in August. Mr. Payson announced that he would like to move the commencement of Board meetings from 8:30 a.m. to 9:00 a.m. He would also like to move from ten meetings a year to six meetings a year.

Mr. Payson reported that Barbara Ross-Lee's Board term expired over the summer and was not renewed due to her inability to attend the meetings. Mr. Payson would like to nominate Dr. Ross-Lee for a non-voting appointment because she is very knowledgeable about the institution and cares about the institution. Dr. Asif Rehman, who was a non-voting member, was appointed to replace Dr. Ross Lee as a voting member. Dr. Rehman has been a very active non-voting member in the past.

Mr. Payson announced that the Operating Budget for 2010 will be presented today by Gary Bie and Arthur Gianelli. NHCC will have a better year in 2009 than it has ever had in the history of the PBC. The bad news is the surplus is not as a result of patient care and that the census still needs to be increased.

4. **Report of the President/CEO.** Mr. Gianelli deferred his report and turned the meeting over to Mr. Bie for the Operating Budget 2010 presentation.
5. **Operating Budget 2010.** Mr. Bie reported that the proposed budget was included in the Board packet along with the August financial statements, Ernst & Young Management Letter and the multi-year plan through 2013.

If the Corporation is successful with certain Department of Health initiatives, the Corporation could end the year with a slight positive bottom line for the first time since the creation of the Corporation. Going into 2010, there are certain ups and downs, and the Corporation is conservative in its proposed budget loss of \$8.5 million on \$550 million in operations for 2010. The Corporation was fortunate to receive Tobacco funds from the County this past

year, but that goes away at the end of 2009. The Department of Health supports what NHCC is doing and Mr. Bie has kept track of the achievements made over the years. If this Corporation had done nothing since 2001 it would have a projected loss of \$260 million in 2010. Discharges represent 90% of revenue at NUMC. The slight increase in discharges is directly related to the new programs in Behavioral Health that were implemented in 2006. The budgeted increase of 114 discharges for 2010 is directly related to the expansion of the Dialysis Center from 13 to 29 chairs (that were opened in August). Mr. Gianelli (referring to a chart) noted that in 2003 a Long Island hospital closed and those admissions initially came to NHCC. Unfortunately at that time, the opportunity was not seized to welcome the community physicians who were displaced by that closure and over the next few years, the patients went elsewhere. NHCC is now in a position to change that by providing primary care and screenings. Mr. Senterfitt will present a report on the Ambulatory Care services. Since the community physician initiative started, NHCC has seen an increase in discharges. Mr. Bie reported that the Length of Stay has been consistent. Dr. Walerstein has been working with Cogent on an initiative to improve length of stay and case mix. Bad Debt and Charity has consistently decreased over the years from as high as 17% and is budgeted at 12.74% for 2010 due to the new policy on collections. FTEs/AOB were as high as 6.17 in 2001. Industry benchmark is between 4.8-5.0 FTEs and NHCC is at 4.88 FTEs and budgeted for 4.85 FTEs in 2010.

Mr. Bie reviewed the Major Budget Assumptions. The Union contract ends on 12/31/09 and therefore, without a contract, the COLA will be "0" for Union personnel. Pension contribution increases from 7.4% (\$17 million) to \$11.9% (\$28 million) in 2011. Medicaid trend factors were eliminated by the Department of Health and Medicare increases slightly by 2.1%. Mr. Gianelli noted that everything will rely on volume growth for 2010. Mr. Bie reported that the deficit last year was \$8.6 million, this year there was a surplus of \$0.4 million and the baseline gap for 2010 is a \$19.6 million. NHCC received \$5 million from HEAL VIII to assist in downsizing A. Holly Patterson and to back fill vacancies with temporary employment. Mr. Bie is working with the Health Department in figuring out how to obtain \$30.9 million in IGT funds by enhancing the DSH payments. In 2006 the CMS said that 100% of DSH payments must go to the hospitals for uninsured care. Going forward NHCC is trying to re-characterize all the payments that the County makes to the Corporation (\$65 million a year for historical mission payments, Article 6, lease payments, etc.). Mr. Gianelli noted that he is a member of the Executive Committee of NAPH and they are discussing ways to obtain those funds. Without the DSH payments, NHCC will experience a negative operation margin of 10%. Mr. Bie reported that the budgeted deficit for 2010 is \$8.5 million.

Mr. Saracino asked how this would affect cash flow. Mr. Bie said that cash flow is slightly positive because of the depreciation number of \$18 million or \$10 million positive cash flow. The Tobacco funds have been helping NHCC to invest in capital.

Mr. Gianelli said that NHCC is budgeting conservatively and the initiatives are achievable. Because of previous initiatives, layoffs have been postponed indefinitely. Future complications include pension increases and health insurance numbers. NHCC is moving toward self-insurance and better control. National health form will reduce the amount of money being spent on Medicare and Medicaid. It is critical for NHCC to have the ability to link those uninsured into our system and grow volume in primary and ambulatory care.

Upon a motion made, duly seconded and unanimously adopted, the Board of Directors approved the 2010 Operating Budget as attached to these minutes. Resolution No. 131-2009.

6. **Report of the Finance Committee.** Mr. Elovich, Chair of the committee, reported that the committee met on September 15, 2009 and reviewed a number of contracts and a list of the

contracts recommended for approval are included in the Board packet. Dr. Miner requested that the contract for Allscripts be discussed in Executive Session.

Upon a motion made, duly seconded and unanimously approved, the Board of Directors adopted the Resolution Approving Finance Committee Recommendations, with the exception of Allscripts, dated September 15, 2009, as set forth in the attached. Master Resolution M-132-2009.

Banking Resolutions. Mr. Bie reported that authority is required to open bank accounts and change signature cards during the course of the year to achieve better interest rates. There are no changes in the authorities who sign. **Upon a motion made, duly seconded and unanimously approved, the Board of Directors adopted resolutions concerning "Banking Relationships" and "Banking Signatories" as set forth in the attached. Resolutions Nos. 133-2009 and 134-2009.**

7. **Report of the Medical Professional Affairs Committee and Medical Director.** Dr. Miner will report in Executive Session. Dr. Miner noted that over the past year, under the leadership of Dr. Walerstein, Ms. Skarka and Ms. Shannon, enormous strides have been made in patient care. He also commended Ms. Hanson, for her participation on the Committee, Drs. Weiss and Faust for their leadership on the Executive Committee of the Medical Staff and the Krasnoff Institute for helping to achieve these goals.
8. **Report of the Ambulatory Care Committee.** Dr. Guercia, Chair of the committee, reported that the committee met on September 1, 2009. Mr. Senterfitt reported that name changes were being made to the Freeport Health Center to be named the Roosevelt Family Health Center and Westbury Family Health Center. Dr. Guercia reported that the Advisory Board was concerned that this would discourage residents of Freeport from identifying with the health center. There is also South Ocean Care and several private practices in that district. The Advisory Board did not want to see a two-tier system. The FQHC application was submitted to the Federal Government. There was a Board of Directors orientation and examining of reports relative to the operation. New Cassel and Elmont have family practice physicians and there is more flexibility in schedules and access to care. The next meeting is scheduled for October 6, 2009. Mr. Payson asked why the name was changed in Freeport because he has been promising the new building for quite a while and now the name is changed. It was noted that the applications are still awaiting approval, an Executive Director has to be hired and then the budget has to be approved. Mr. Gianelli reported that a meeting has been arranged with HRSA and Assemblywoman McCarthy for Wednesday.
9. **Report of the Extended Care Committee.** Mr. Saracino, Chair of the committee, reported that the next meeting will take place next month. The new Director of A. Holly Patterson will be asked to join the meeting.
10. **Report of the Facilities Committee.** Mr. Gerstman, Chair of the committee, reported that a meeting is scheduled for next month.
11. **Report of the Legal and Audit Committee.** Mr. Payson reported that Mr. Brickman resigned and there have been recommendations for a replacement on this committee who would be very qualified. Mr. Payson noted that the management comments in the Ernst and Young report had no material weaknesses.
12. **Other Business.** None
13. **Close of Regular Meeting.** Martin D. Payson Chair closed the meeting and opened the floor for public comment.

Ms. Karen Totino, an ICU nurse, spoke regarding the quality of care on the units due to the change in shifts from 12 hours to 8 hours and mandated overtime. Mr. Gianelli noted less FTEs are required with the 12 hour shift and overtime will subside as well. Ms. Shannon was asked to review quality of care issues in the ICU and report back. Mr. Gianelli and Ms. Skarka are working on reducing mandated overtime. Ms. Hanson thanked Ms. Totino for coming forward and voicing her concerns and requested to know how frequently nurses are mandated to overtime so that it can be evaluated.

14. Report from Executive Session. Upon return to Public Session, the Board reported that the following actions were taken:

Upon a motion made, duly seconded and unanimously approved, the Board of Directors adopted the proposal to meet every other month rather than monthly and starting the meetings at 9:00 a.m. and ending at 12:30 p.m. Resolution No. 134-2009.

Upon a motion made, duly seconded and unanimously approved, the Board of Directors approved the recommendations made by the Credentials Committee for appointments to the Medical and Dental Staff to the Executive Committee of the Medical Staff at their meeting held on September 1, 2009. Resolution No. 135-2009.

Upon a motion made, duly seconded and unanimously approved, the Board of Directors approved the appointment of Dr. Alan S. Multz as Chairman of the Department of Medicine. Resolution No. 136-2009.

Upon a motion made, duly seconded and unanimously approved, the Board of Directors approved the 2008 PI & Patient Safety Board Report and 2009-2010 PI and Patient Safety Plans. Resolution No. 137-2009

Upon a motion made, duly seconded and unanimously approved, the Board of Directors authorizes (a) the creation of a NFP subsidiary to enter into a purchase agreement and assume certain assets and employees of Mercy outpatient psychiatric program, and (b) the preparation and filing of a CON application by NHCC for the transfer of the program to the NHCC subsidiary. Resolution No. 138-2009.

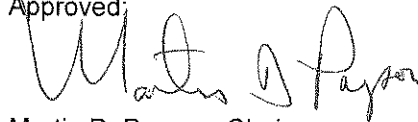
Upon a motion made, duly seconded and unanimously adopted, the Board of Directors tabled the contract for Allscripts to be brought back to the Finance Committee after it has gone through all IT committees and is recommended for approval. Resolution No. Pending 120-2009.

15. **Adjournment**

Upon a motion, duly made and unanimously approved, the meeting was adjourned at 9:55 a.m. to Executive Session to discuss governance, performance improvement, collective bargaining, personnel matters, contract negotiations and litigation.

16. The next regularly scheduled meeting is October 26, 2009 in the Auditorium.

Approved:



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

NASSAU HEALTH CARE CORPORATION
BOARD OF DIRECTORS

RESOLUTION APPROVING FINANCE COMMITTEE RECOMMENDATIONS

Resolution No. M-132-2009

September 21, 2009

WHEREAS, by Resolution (No. 023-2007) of the Board of Directors of the Nassau Health Care Corporation, the Board of Directors delegated to its Finance Committee the responsibility for, among other things, overseeing and making recommendations to the Board regarding the Corporation's procurement and contracting policies; and

WHEREAS, there is attached to this Resolution a schedule **dated September 15, 2009** (the "Schedule") of resolutions regarding transactions and/or procurement and contracting policies, which require action by the Board and which the Committee has reviewed, discussed and recommends be adopted;

NOW, THEREFORE,

BE IT RESOLVED, that the Board of Directors of the Nassau Health Care Corporation hereby approves and adopts the resolutions recommended by its Finance Committee as set forth in the attached Schedule, **with the exception of Allscripts.**

NASSAU HEALTH CARE CORPORATION
FINANCE COMMITTEE
September 15, 2009
CONTRACTS EXHIBIT

Motions and Resolutions Requiring Action by the Board of Directors

***Personal Touch Physical Medicine & Rehab, LLC.** [multi-year contract, renewal].
Upon a motion made, seconded and unanimously approved, the Finance Committee recommends Board approval of the contract with Personal Touch Physical Medicine & Rehab, LLC to provide 24-hour attending physician on-call services to the PM&R Department for weekends (Saturday/Sunday coverage) in an amount not to exceed \$114,000/three years (\$500/day or \$38,000/year for three years, current contract amount is \$40,000, expired on 08/06/09) for the period 08/07/09-08/06/12.
Resolution No. 116-2009.

***Press Ganey.** [multi-year contract]. Upon a motion made, seconded and unanimously approved, the Finance Committee recommends Board approval of the contract with Press Ganey to provide information needed for benchmarking. Specific areas for the surveys will be medical practice (outpatient clinics), BH inpatient bulk scannable-without comments; BH outpatient bulk scannable-without comments; ED info-turn survey without comments; inpatient info-turn with comments; inpatient HCAHPS integrated survey with comments, standard IP HCAHPS integrated follow up survey with comments-standard; medical practice (CHC) info-turn without comments and outpatient dialysis info-turn without comments in an amount not to exceed \$175,000/year for three years for a total of \$525,000 for the period 06/01/09-05/31/12. **Resolution No. 117-2009.**

***Robert Gioia.** [multi-year contract]. Upon a motion made, seconded and unanimously approved, the Finance Committee recommends Board approval of the contract with Robert Gioia to provide services as CPA internal control specialist, engaged in this capacity since 2003 in an amount not to exceed \$5,850/month or \$70,200/year (current contract amount is \$70,200) for the period 09/21/09-09/20/10.
Resolution No. 118-2009.

***Pitta Bishop DelGiorno & Giblin.** [multi-year contract]. Upon a motion made, seconded and unanimously approved, the Finance Committee recommends Board approval of the contract Pitta Bishop DelGiorno & Giblin to provide New York State lobbying services in an amount not to exceed an additional \$18,000 (\$3,000 per month). Current contract is \$18,000 for a total of \$36,000 for 2009 (prior 2008 total was \$36,000) for the period expiring 12/31/09. **Resolution No. 119-2009.**

***Allscripts.** [multi-year contract, exceeds \$250,000]. Upon a motion made, seconded and unanimously approved, the Finance Committee recommends Board approval of

the contract with Allscripts to provide ambulatory information systems, an array of outpatient services, full practice management for all outpatient clinics, both in-hospital and Family Health Center based in an amount not to exceed \$8,600,000 for the period 09/10/09-09/09/12. Resolution No. 120-2009.

*Deloitte Consulting Services. [multi-year contract, amount exceeds \$250,000]. Upon a motion made, seconded and unanimously approved, the Finance Committee recommends Board approval of the contract Deloitte Consulting Services to provide consulting services regarding professional and management support services for operational restructuring, additional services to now include Medicaid reimbursement Detox Rate Appeal for the periods 12/01/08-12/31/09 and 01/01/10-12/31/10 in an amount not to exceed \$830,000 (base fee \$30,000 plus 10% of value of appeal that exceeds \$300,000 for each period, not to exceed \$400,000 total fee to be paid to Deloitte, exclusive of expenses – expenses shall be paid in accordance with original agreement terms – original agreement \$250,000, Amendment No. 1 \$180,000 for a total of \$830,000 and to extend current contract to expire 12/31/10. Resolution No. 121-2009.

*Powers Pyles Sutter & Verville PC. [multi-year contract]. Upon a motion made, seconded and unanimously approved, the Finance Committee recommends Board approval of the contract with Powers Pyles Sutter & Verville PC to provide legal counsel services with regard to 340B and other pharmaceutical issues in an amount not to exceed \$495/hour for a total of \$100,000 for the period 09/01/09-08/31/11. Resolution No. 122-2009.

*Saccardi & Schiff. [amended multi-year contract, amount exceeds \$250,000]. Upon a motion made, seconded and unanimously approved, the Finance Committee recommends Board approval of an amended contract with Saccardi & Schiff to perform Phase One and Phase Two environmental engineering services per HUD request for new A. Holly Patterson site in Uniondale for an additional \$103,500—total contract \$454,175 for the period 07/01/07-05/31/09. Resolution No. 123-2009.

*RBS&D. [amended multi-year contract, amount exceeds \$250,000]. Upon a motion made, seconded and unanimously approved, the Finance Committee recommends Board approval of an amended contract with RBS&D to provide architectural services for 380 Nassau Road, Roosevelt, redesign of first floor as per changes by James Senterfitt for an additional \$28,300—total contract \$676,300 for the period 09/23/07-12/31/09. Resolution No. 124-2009.

*TRO Jung/Brannen Architects & Engineers PC. [multi-year contract, amount exceeds \$250,000]. Upon a motion made, seconded and unanimously approved, the Finance Committee recommends Board approval of the contract with TRO Jung/Branne Architects & Engineers PC to provide architectural services for the Ambulatory Pavillion in an amount not to exceed \$1,500,000 for the period 08/01/09-07/31/11. Resolution No. 125-2009.

*Krasnoff Quality Management. [amended multi-year contract, amount exceeds \$250,000]. Upon a motion made, seconded and unanimously approved, the Finance Committee recommends Board approval of an amended contract with Krasnoff Quality Management to provide additional services: 1) data management, support development and implementation of data collection web-tools and standardized monthly reports for out TOM (\$100,000); 2) continue to work with nursing leadership to instill a culture and accountability for quality and patient safety including leadership development topics such as critical thinking skills, team building, data analysis, unit report card and pressure ulcer program (\$40,000); 3) KQMI will assist in Quality Management Education for physicians by providing a seminar in applied clinical quality management and research methods (\$60,000); and 4) organize quality retreat (no cost). Current contract amount is \$450,000 with additional \$200,000 totals \$650,000 for the period 08/21/09-08/21/10. Resolution No. 126-2009.

*RSM McGladrey. [amended multi-year contract]. Upon a motion made, seconded and unanimously approved, the Finance Committee recommends Board approval of an amended contract with RSM McGladrey to provide additional services to advise, prepare and submit application to be filed with CMS and DOH to bill for Medicare, Medicaid PPS and Medicaid Managed Care wraparound as FQHC in an amount not to exceed \$42,000. Current contract amount is \$150,605—total with addition is \$192,605 for the period extended to 12/31/10. Resolution No. 127-2009.

*HDR Architecture Inc. [multi-year contract]. Upon a motion made, seconded and unanimously approved, the Finance Committee recommends Board approval of the contract with HDR Architecture, Inc. to assess NUMC's interior/exterior signage needs and propose a plan for improving how patients, visitors and staff navigate around hospital. The vendor will work closely with hospital staff. Crown Advertising and interior designer to develop standards for signage that is modular, expandable, versatile and dynamic to adapt to needs over the next 10-15 years. Project will include signage for general directions, individual floors, life/safety, directories and general information in an amount not to exceed \$96,000 for project at \$126/hour rate for the period 10/15/09-12/31/11. Resolution No. 128-2009.

*Astarita Associates. [multi-year contract]. Upon a motion made, seconded and unanimously approved, the Finance Committee recommends Board approval of an amendment to a contract with Astarita Associates to extend services that provide comprehensive physics and dosimetry support with 3-D treatment planning and IMRT, provide training and oversight of treatment planning to assure accuracy and patient safety. Four-hour blocks of physics support as needed at \$1,000 per block, chart checks, detailed treatment plan reviews, physicist vacation coverage, four-hour blocks of dosimetry support as needed at \$600 per block, creation of complex 3-D and IMRT treatment plans at \$49,000 for extension of services (original contract \$3,043 per week/\$73,008 for 10-month period, total with additional would be \$122,008 for the extended term to expire 03/01/10. Resolution No. 129-2009.

*Cannon Design. [amended multi-year contract, exceeds \$250,000]. **Upon a motion made, seconded and unanimously approved, the Finance Committee recommends Board approval of additional services to be included in a contract with Cannon Design for emergency/radiology as follows: AS#1- existing entrance modifications (\$56,600); AS#2 – urgent care and medical control revisions (\$65,000); AS#3 – Adler Traffic studies (\$6,000); AS#4 – medical equipment procurement services (\$71,232). Current contract amount is \$3,481,571, with additional \$198,832 for a total of \$3,680,403 for the period ending 05/30/10. Resolution No. 130-2009.**

Informational.

Abrahms Fensterman. [multi-year contract]. provide legal counsel with respect to matters concerning guardianships, psychiatric hearings and medical treatment cases, aids in obtaining Medicaid eligibility for undocumented alien patients at NUMC and AHP in an amount not to exceed \$150,000 (Tier 1 and 2 rates) for the period 01/01/10-12/31/10.

Nassau/Suffolk Building and Construction Trades Council. Project Labor Agreement (PLA) between Gilbane (on behalf of NHCC) and Nassau Suffolk Building & Construction Trades Council designed to promote labor harmony on certain NHCC capital projects (ER, 14th floor improvements, Veterans Administration/Outpatient clinic). Agreement will contain a no-strike provision, no disruption provision, language to facilitate Minority/Women in Business/Enterprise participation, and standardized terms and conditions of employment for organized labor.

For approval by the CEO.

Robert Smith, Esq. To provide legal services in connection with landlord and tenant matters in an amount not to exceed \$75.00/hour NTE \$49,500/year for the period 08/05/09-08/04/10.

Ehasz Giacaione Associates. To provide review of construction documents for compliance with applicable codes, meet with architects of record as necessary, make recommendations to NHCC. This will include site visits to review construction in progress to confirm that construction is proceeding in accordance with code requirements for the project. Make recommendations to NHCC for issuance of CON as necessary. This will be done for various capital projects at NHCC in an amount not exceed \$50,000 for the period 05/01/09-04/30/10.

Reimbursement Alliance Group. To review and maximize 2011 Medicare Wage Index for NUMC in an amount not to exceed \$5,900 per engagement for the period 08/15/09-12/31/09.

Paulus Sokolowsky & Sartor (PS&S). To provide site topographic and utility survey services for East Meadow campus in an amount not to exceed \$26,500 for the period 09/15/09-09/14/10.

Notice of Procurement Transactions Concluded Pursuant to Authority Delegated by Board of Directors to President (or Designee) and Required to be Reported.

Spencer Management/Dr. Raifman. Lease of space for NHCC Medical Faculty Practice Plan, original approved as a lease between Spencer Management as landlord and NHCC Medical Faculty Practice Plan as tenant. Due to budgetary constraints, lease was revised to make NHCC as tenant of the Practice Plan. In addition, a sublease was then executed between NHCC as sub landlord and NHCC Medical Faculty Practice Plan as subtenant at \$28.00 per square foot (\$98,000/year); 2 months free rent for first year plus \$11,000 for operating expenses per year for a total of \$327,000 for three years for the period 06/01/09-05/31/12 with option for two additional three-year extensions.

Health Research Inc. NYS Bioterrorism Hospital Preparedness Program at NUMC – NYSDOH Health Emergency Preparedness Program, amendment to current contract to change scope of work/budget for \$45,000 funded by a grant from NYS Department of Human Services.

*Requires approval of the Board of Directors

**Standardization requires 3/5 (9 votes in favor) approval of Board of Directors.