

MINUTES OF THE PUBLIC SESSION OF THE NUHEALTH BOARD OF DIRECTORS' MEETING
HELD ON JANUARY 18, 2012

Directors Present

Craig Vincent Rizzo, Esq., Chair
Stephen A. Antaki, CPA
Stephen H. Ashinoff, OD
*Richard A. Bianculli
*Steven Cohn, Esq.
*Lawrence E. Elovich, Esq.
*Neal S. Kaplan, Esq.
*John T. McCann, PhD
Asif M. Rehman, MD
*David J. Sussman, MD

Non-Voting Directors Present

Arthur A. Gianelli, President/CEO
Aubrey O. Lewis, MD, FACC

Hospital Administration

John Ciotti, EVP General Counsel
John Maher, EVP CFO
Steven Walerstein, MD, EVP Medical Affairs
Larry I. Slatky, EVP Operations
Robert Heatley, EVP Ambulatory Care
Richard Perrotti, SVP Finance
Joan A. Soffel, Assistant to the Board/CEO

Not Present

Joseph Capobianco, Esq.
Jemma Marie-Hanson, RN
*Greg-Patric Martello, Esq.
*George W. Miner, MD, MBA
*Frank J. Saracino, EdD
Tierre Jeanne-Porter, Esq.

*Executive Committee Members

1. Craig Vincent Rizzo, Chair, Board of Directors of the Nassau Health Care Corporation, noted the presence of a quorum. The meeting was opened at 9:30 a.m.
2. **Adoption of Minutes.** Upon a motion made and duly seconded, the December 13, 2011 minutes of the Board of Directors meeting were unanimously approved.
3. **Report of the Chairman.** Mr. Rizzo welcomed John Maher, MPH, EVP/CFO who comes to NuHealth with a variety of experience, previously from North General Hospital and Catskill Regional Hospital. Mr. Rizzo also welcomed John Ciotti, Esq., EVP/General Counsel who comes to NuHealth with a variety of experience as a practicing attorney for 31 years and a former member of the Nassau County Legislature for 16 years. Mr. Ciotti was instrumental in forming the Public Benefit Corporation in 1999 and will be of great service to the institution moving forward.

Mr. Rizzo announced that Michael Ade, who has been with the Corporation over ten years, will be leaving. He was instrumental planning and construction throughout the hospital and was a good friend to everyone here. Mr. Rizzo thanked Mr. Ade for his dedication and all of the work he has done and the presentations he has given to the Board members. Mr. Rizzo wished Mr. Ade success in his future endeavors.

Mr. Gianelli noted that when he started six years ago, Mr. Ade was here and a lot of staff had to learn on the job, including himself. Mr. Ade's role was critical to the success of the organization as he oversaw major construction projects. He took it upon himself and his team (Stephen Suspenski, Ross Fraser and Fara Tabai) to take Mr. Gianelli's and other's visions and make them a reality. Some of the projects he planned were the Emergency Department, Breast Imaging, Center for Diabetes and Hypertension, Burn Center, renovations on the 8th, 10th and 12th floors, the Heart Failure Institute, the Roosevelt Health Center and many other projects including the renovation of the Eye Center. One of his final assignments has been the parking on campus and there should be another 350 parking spots for the staff and patients by the end of this month. Mr. Ade contributed significantly to this organization and his work will be long remembered by employees and patients. It has

been his commitment to work as hard as he did day in and day out as he quietly accomplished great things. He will be missed.

4. **Report of the President/CEO.** In order to accommodate time, Mr. Gianelli deferred his comments for Executive Session.
5. **Report of the Medical Professional Affairs Committee and Medical Director.** Dr. Walerstein reported that the Medical Professional Affairs Committee did not achieve a quorum at their meeting and therefore the Board was asked to approve credentialing. Dr. Ashinoff made a motion to approve credentialing. **Upon a motion made, duly seconded and unanimously approved, the Board of Directors approved the attached recommendations made by the Credentials Committee for appointments to the Medical and Dental Staff to the Executive Committee of the Medical Staff at their meetings held on January 17, 2012. Resolution No. 022- 2012**
6. **Report of the Finance Committee.** Mr. Elovich reported that the committee held a meeting on January 10, 2012 to review contracts. If there are any questions regarding specific contracts, they will 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, dated January 10, 2012 as set forth in the attached. Master Resolutions M-023-2012.**

Mr. Perrotti reported that the financial statements for December are still in draft. For the month ended December 31, 2011, the Corporation, on \$46 million of revenue posted a loss of \$2.4 million, largely to the inclusion of the costs of the early separation incentive which added \$2.1 million in expense to the December bottom line. For the year 2011, the corporation is projecting a \$25.2 million loss broken down between the hospital at \$24.7 million, the Nursing Home at \$1.2 million and Family Health Centers \$104 thousand.

The Board packet included a Resolution Authorizing the Restructuring Plan for Transition II Funding. The hospital may be eligible to receive transition funding from NYSDOH to cover certain reductions in inpatient revenues as a result of changes to the Medicaid reimbursement system instituted by the State of New York totaling \$10.9 million. **Upon a motion made, duly seconded and unanimously approved, the Board of Directors adopted the Resolution Authorizing the Restructuring Plan for Transition II Funding, as set forth in the attached. Resolution No. 024- 2012.**

7. **Report of the Ambulatory Care, Managed Care and Community Physician Committee.** Dr. Sussman, Chair of the committee will meet next month and he will report at the March meeting.
8. **Report of the Extended Care and Assisted Living Facility Committee.** Mr. Saracino, Chair of the committee, was not in attendance.
9. **Report of the Facilities and Real Estate Development Committee.** Mr. Bianculli, Chair of the committee, reported that the committee will meet on February 1, 2012 and he will have a report for the next Board meeting.
10. **Report of the Legal, Audit and Governance Committee.** Mr. Antaki, Chair of the committee, reported that the Committee met on January 11, 2012. Minutes of the June 28, 2011 meeting were included in the Board packet.

Mr. Antaki reported that the year-end audit schedule is underway. He has had discussions with both audit firms as to what we expect from Ernst & Young and Paneth.

Mr. Antaki requested that E&Y, as part of their audit, look at some procedural timing, billing, accounts receivable. The 2010 Management Letter from Ernst & Young was previously distributed. The committee discussed improvements for best practices. There were no significant deficiencies. Ms. Maliszewski reported on compliance and the program proposed for 2012. Mr. Antaki will follow up next month.

11. **Other Business.** None.

12. **Public session.** Mr. Rizzo opened the meeting for public comment.

Jerry Laricchiuta, President of CSEA Local 830, thanked the Board for allowing him to speak. Mr. Laricchiuta thanked Michael Ade for his years of service to this Corporation and noted that he was always a gentleman and treated the Union with respect and answers.

Mr. Laricchiuta noted that his job is not much different than the Chairman's in that you must listen to hours of opinions and suggestions and everyone expects answers. This Board is very significant with an important group of people with a lot on their shoulders. The health care divide in this country, state and county has never been greater. So much depends on decisions this Board makes in the coming months. Mr. Laricchiuta's primary concern is to maintain and stay on track with the core mission of this hospital. How and why this institution was formed is imperative for each Board member to understand. In the 90's there was a failure to balance budgets and certain things had to take place. Governor Pataki gave \$125 million for the sale of this hospital and that is when NIFA was brought in to make sure the hospital remained open, that public employees remain and that the core mission never changes. We serve all residents of Nassau County regardless of their ability to pay and are a safety net hospital. He is afraid that the mission is in jeopardy. He asked that the Board not look at him as the enemy; he has a great deal of respect for everyone that sits on the Board, and meets regularly with Art Gianelli. This is not personal it is business and he is here to remind the Board that the CSEA is here to represent public employees that care of the public in Nassau County. There are certain agendas either personal or corporate driven and we are falling off track of this mission. Decisions this Board makes will have long term effect on all residents. NUMC has the stigma that it serves the minority community and the uninsured that is true; however, that poor group has grown exponentially. It is the entire community, Roosevelt, Freeport, Massapequa and it does not matter where you live or what color you are. It has a public mission to provide the highest standard of health care to all. Mr. Laricchiuta sees this mission changing slowly from a PBC to almost a private corporation and that is dangerous and there is no reason for it. We had cut backs, we are in financial trouble, the Union gets it, but it is disturbing. The CEO has convinced many on the Board that it needs to either close or downsize. This is the only public detox and rehab center. The buck stop here, you are responsible and Mr. Gianelli does not have the final word, just like the President does not have the final word and has to answer to Congress. People are dying under opium overdose, people are being murdered in pharmacies, and do you really believe it is the wisest decision to shut down our detox. It is against the core and grain of why we are here. Is the Board considering closing down or selling the only long term care facility, AHP—this Union will fight that move with everything we have. Maybe that will not happen now and you are rethinking that and he hoped the Board would come out with the right decision. Closing AHP would be disastrous; it may turn a profit this year. The Union has the support of the community and they will come to the next meeting. We no longer support the correctional center, you are slowly chipping away. NuHealth did not even bid for the contract and lost \$18 million in guaranteed income because the CEO said we were losing money. The company that took over is doing it for \$11 million and we lost ER visits. This Board needs to realize that although Mr. Gianelli is a bright man, he does not have the last word, you do. Questions need to be asked in Executive Session. State cuts are everybody's problem. In Newsday, they reported that two hospitals are asking for more rehab and detox beds and this public hospital instead is looking to close them, that is an

oxymoron. We faced two rounds of lay offs, this is the second year without a contract, the employees feel shoved aside, they no longer have an employee cafeteria. This is the only hospital he knows of where the doctors have to leave the premises to go to McDonalds in order to get away, get reprieve from the pressures and have a hot meal. It has been three years now and this Board is silent. Mr. Laricchiuta talks to the doctors, nurses and PCAs, they miss having a place to share ideas about the hospital, their units and get away from the pressure—the cafeteria is on the other side of this auditorium with sandwiches, that is no way to treat employees, it affects morale and the way staff can care for patients. There are many other problems such as the garage that every single chairman of any department is from the outside and mostly from North Shore. There is a time and place for North Shore, it is a wonderful health care network privately run with a completely different mission. The Union is not 100% opposed to clinical integration; in some ways it could be beneficial for management and doctors and to increase reimbursement rates. The Union is not here to oppose every move Art Gianelli makes or to give this board a hard time. Mr. Gianelli is bright and has come up with ideas, you need to challenge him and make sure we stay on track with our mission. Mr. Laricchiuta wanted to know if the Board knew that Mr. Gianelli is talking about getting approval and support from Nassau County to create a not for profit corporation, a dummy corporation to allow the hiring of non union workers in order to avoid benefits—that is dirty pool. The letter was not signed by the County Executive, you do not have the support of this Union and we will fight this one. The Long Island Heritage Foundation is a philanthropic arm—take a look at the list of names, you should have requested this or you can contact me. We laid people off and have been without a contract for two years and the salaries are \$205,000; \$175,000, \$171,000, \$219,000, and \$274,000, someone has some explaining to do. The Union has no problem with the CEO receiving a raise, after the members get a contract. The Union has made concessions and has saved the Corporation \$40 million that is significant, is it recognized by the Board. When Mr. Gianelli's proposals come out, you can't dismantle this public hospital, he has some bright ideas, but the buck stops here, we will blame you, the Board members, you will be held responsible as well as Mr. Gianelli. Sit down have a cup of coffee with us, we are not your enemy, but we will not lie down and allow this public hospital to suffer. Thank you for your time.

Mr. Rizzo thanked Mr. Laricchiuta for his comments and concerns and assured Mr. Laricchiuta that this Board's concern is to preserve the public mission of this hospital first and foremost and always will. The closing down of detox units had not yet come to the full Board and they are in the process of discussing various options, nothing has been presented to the Board or voted on at this time. The AHP issue is also being explored and not voted on. Mr. Rizzo will consider all of the comments in Executive Session.

Claudia Ragni, Executive Director of The Kenneth Peters Center for Recovery said she owns two intensive outpatient centers one in Nassau and one in Suffolk. She has been in outpatient detox for 25 years. They do not take Medicare/Medicaid and are not funded by the State, they are completely private. This detox is a community detox. It is not about the indigent or uninsured. We have lost hundreds of detox beds in Nassau County in the past 25 years. We are looking at an absolute drug crisis on Long Island and are losing 40 kids a month to opium overdose (16-24 years old). She has sent her patients here all the time with commercial insurance; you may need to renegotiate your commercial reimbursement. There are 80% outpatient detox addicts and about 20% inpatient; we cannot afford to lose the beds. Central General, Huntington, St. John's and Winthrop have closed beds over the last ten years. There are a few beds in Long Beach, they never had access to South Oaks and there is NUMC. She was born and raised in Nassau County, she serves the community here, and her relatives have worked here or came as patients. Ms. Ragni goes to Albany to speak about addicts and alcoholics; they are treated as throw away people. She begged the Board to reconsider and said that she would volunteer her time to make that happen.

13. **Adjournment**

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

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 Nassau Health Care Corporation Resolution Adopting New York State Environmental Quality Review Finding Statement for the Campus Land Use Plan and the Redevelopment of Approximately 35 Acres of the 50 Acre Nassau University Medical Center Campus Consistent with the Campus Land Use Plan as set forth in the attached. Resolution No. 025- 2012.

15. **Close of Regular Meeting.** Craig Vincent Rizzo, Chair, closed the meeting at 11:55 a.m.

16. The next meeting will be held on February 7, 2012.

Approved:



Craig Vincent Rizzo, Chair
Board of Directors
NuHealth