

NUHEALTH BOARD OF DIRECTORS

EXECUTIVE COMMITTEE

MEETING HELD ON

Tuesday, August 12, 2014

Board Room (NUMC)

Executive Committee Present: Michael B. Mirotznik, Esq., Chairman; Steve Cohn, Esq.; Linda Reed; Warren Zysman.

Not Present: Victor A. Gallo, MD and John Venditto, MD

Guests of the Committee: Jemma Marie-Hanson, RN; Andrew Zucaro, Krishan Kumar, MD and Frank J. Saracino, EdD.

Victor F. Politi, MD, FACP, FACEP, President/CEO; John Ciotti, EVP/General Counsel; Robert S. Heatley, EVP Business Development and Ambulatory Services; John Maher, EVP/CFO; Harold McDonald, EVP/Chief Administrative Officer; Kathy Skarka, RN, EVP Patient Care Services; Maureen Roarty, EVP Human Resources; Victor Scarmato, MD, Acting Medical Director; Craig V. Rizzo, SVP, Special Assistant to NHCC; Karen Leslie, Compliance Officer; Anthony Campanaro; AHP Finance; Joan A. Soffel, Assistant to the Board/CEO; Andrea Rivera, Executive Assistant to the President/CEO.

1. Michael B. Mirotznik, Esq., Chair, Board of Directors of the Nassau Health Care Corporation, noted that a quorum was present. The meeting was opened at 5:15 p.m.

Mr. Mirotznik reported that a full Board meeting was noticed but late this afternoon the Assistant to the Board received several emails and calls from members who had problems attending this evening and therefore there was not a quorum present for a full Board meeting.

2. Adoption of Minutes. The minutes of June 25 and July 28, 2014 were approved.

3. Report of the Chairman. Mr. Mirotznik asked Dr. Politi to report.

4. Report of the President/CEO. Dr. Politi reported that CMS Department of Health began a survey on Monday and it is anticipated that the survey will last five days. There is a group of inspectors and environmental surveyors going through the hospital from roof to basement. We had an issue with the pediatric department (immediate jeopardy) that was resolved before staff went home and a permanent solution will be in place by Friday. Today was a good day; there were no major problems or anything that could not be corrected immediately. The building is sparkling clean because the employees went above and beyond and senior management has been working nights and weekends.

NuHealth received IAAF (Interim Access Funding) funds until DRSIP becomes available in April 2015. NuHealth received \$37 million—the highest in the State and we also received an additional \$1 million—the maximum amount any hospital in the State has received. On Friday,

Dr. Politi and senior staff met with the Department of Health and Jason Helgerson, the DSRIP specialist and the meeting went well.

Dr. Politi introduced Paul Mustacchia, MD, FACP, MBA, Acting Chairman of Medicine. Mr. Mirotznik asked for a motion to accept the appointment of Dr. Mustacchia as acting Chairman of Medicine retroactive to July 18, 2014. **Upon a motion made, duly seconded and unanimously approved, the Executive Committee confirmed the appointment of Paul Mustacchia, MD, FACP, MBA as Acting Chairman of Medicine retroactive to July 18, 2014 as set forth in the attached announcement issued by Dr. Victor F. Politi. Resolution No. 154-2014.**

Dr. Politi introduced Victor J. Scarmato, MD, Acting Chief Medical Officer. Mr. Mirotznik asked for a motion to accept the appointment of Dr. Scarmato as Acting Chief Medical Officer retroactive to May 16, 2014. **Upon a motion made, duly seconded and unanimously approved, the Executive Committee confirmed the appointment of Victor J. Scarmato as Acting Chief Medical Officer retroactive to May 16, 2014 as set forth in the attached announcement issued by Dr. Victor F. Politi. Resolution No. 155-2014.**

5. Report of the Medical and Professional Affairs Committee and Medical Director. Linda Reed, Chair of the Committee, reported that the committee met on July 28, 2014 and credentialed a group of professionals. The next meeting is scheduled for August 26, 2014 at 7:30 a.m. **Upon a motion made, duly seconded and unanimously approved, the Executive Committee approved the attached recommendations made by the Credentials Committee for appointments to the Medical and Dental Staff to the Medical Staff at their meetings held on July 28, 2014. Resolution No. 156-2014.**

2013-2014 NuHealth PI & Patient Safety Plan – Annual Evaluations and 2014-2015 NUMC PI & Patient Safety Plan. Ms. Reed reported that the plans were presented to MPAC on July 28, 2014. Ms. Reed noted that the information was included in the Board members packets for review. **Upon a motion made, duly seconded and unanimously approved, the Executive Committee accepted the 2013-2014 NuHealth PI & Patient Safety Plan—Annual Evaluations and 2014-2015 NUMC PI & Patient Safety Plan. Resolution No. 157-2014.**

6. Report of the Finance Committee. Mr. Maher reported that NHCC year-to-date loss from operations was \$4.7 million that included the \$37 million in IAAF money. The \$37 million will be amortized through June 2015. Taking those numbers out of the P&L leaves a \$1.4 million run rate per month. Discharges are coming up and case mix is going down, an unexpected trend. He is looking at personnel expenses. Mr. Rizzo asked how much was the loss compared to last year. Mr. Maher said there was a \$2.9 million loss in June last year compared to \$1.3—a significant uptick in 2014 compared to this time last year. The discharges are rebounding in the clinics. Ms. Hanson questioned the \$1.1 million per month loss. Mr. Maher said it was the average run rate without DSRIP. Ms. Hanson asked what is feeding this loss. Mr. Maher said low discharges in the first 3-4 months and staffing issues in terms of budget (salaries and fringe benefits combined)--\$3.3 million over where we thought we would be in all areas (physicians, nurses, housekeeping, etc.). Ms. Hanson asked what the remedy for that is. Mr. Maher said to keep close measures including benchmarks to make sure we are staffed appropriately. Ms.

Hanson said she is concerned with patient care and asked how he is looking at staffing. Mr. Maher said along with Mr. McDonald they are making sure that staffing ratio is appropriate for the number of patients that we have—it is not an attempt to reduce patient care hours, it is an attempt to right size the staff with the proper amount of people. Ms. Hanson asked what level of staff ratio? Mr. Maher said they are benchmarking national standards. Mr. Rizzo said there was \$229 million in revenue last year compared to \$234 million this year. Mr. Maher said last year at this time the total operating revenue was \$274 million net patient service revenue compared to this year--\$284 million, a \$10 million increase in revenue. Ms. Hanson asked what is projected for year end. Mr. Maher said it is too premature to tell, \$27 million is coming in on IAAF funding plus whatever they can achieve with staffing. The run rate is \$1.4 million a month, so approximately \$12-18 million loss. Ms. Hanson asked when the Board would receive audited financials. Mr. Maher said they have the audited financials for 2013 and the 2014 will not be available until 2015. Mr. Zucaro asked what the improvement over last year was and Mr. Maher said DSRIP, a combination of better fund access and better rates in managed care. The only thing left on the access side is better insurance information and rates received from managed care companies that Donna Skura is working on. The rates will take effect gradually over a period of time as contracts are renegotiated. Dr. Politi noted that compared to 2013 we have done much better and salaries have dropped as well. There has been a lot of work by Mr. Maher to close the gap and Mr. McDonald discovered many opportunities to grow the business line. Dr. Politi also noted that Mr. DiSanti and his team are also working diligently to improve operations. Unfortunately, we are losing about \$1.4 million a month but we did receive IAAF funding that could close the gap by year end.

Mr. Maher pointed out that the consolidated NHCC financials will no longer show net patient revenue from LIFQHC, they will be reflected separately.

Mr. Mirotznik and the Executive Committee accepted the June 7, 2014 Finance Committee minutes and the NHCC May and June 2014 financials and LIFQHC May and June 2014 financials as presented.

Dr. Politi noted that the Care Transition team are living up to the DSRIP mandates to decrease unnecessary admissions, follow patients after discharge—making sure they stay healthy, following up with clinic visits, medication. Dr. Politi introduced Michael Gatto, VP Care Transitions/Operations to oversee social work, utilization management, case managers and CDI nurses. Mr. Gatto is an associate professor at Hofstra, he has worked at Montefiore, Bronx and Harlem and brings years of experience to the table.

7. Report of the Contract Committee. Mr. Zysman, chair of the committee, reported that the committee met on July 23, 2014 and reviewed various contracts. **Upon a motion made, duly seconded and unanimously adopted, the Executive Committee approved the Resolution Approving Contract Committee Recommendations, dated July 23, 2014 as set forth in the attached. Master Resolution M-158-2014.**

Contracts.

Mr. Ciotti reported that five additional contracts are before the Committee. A few are just expiring at the end of the month and two are an FYI.

*Knockout Pest Control. Mr. Heatley, interim administrator of A. Holly Patterson, reported that the contract is expiring at the end of the month and he is asking for a three-month extension. Mr. Zysman said this contract just came up recently and asked why it wasn't finalized. Mr. Heatley said there were some specification issues at the nursing home and purchasing and processing of the RFP. Mr. Zysman said notice should have been given prior to asking for extensions and if you cannot meet a deadline it should have been at least an informational item for the Contract committee before it expires. Mr. Heatley said as interim he is trying to clean up the contracts at AHP. Mr. Mirotznik noted that the Board asked for information seven days prior to a meeting and the Board did agree that the only exceptions would be for health, safety or welfare of our patients or facility. In this instance the vendor is needed as a patient safety issue and Mr. Heatley is trying to straighten out contracts at A. Holly Patterson as the interim administrator. Mr. Heatley said the sealed bid went out in August and will be opened in September and the extension is needed to ensure there is no lapse in pest control services. **Upon a motion made, duly seconded and adopted the Executive Committee approved an extension of a contract with Knockout Pest Control to provide services for the control of insects and rodents. The areas covered include, but are not limited to, kitchens, basement, laundry, faculty rooms, common areas, resident rooms (including dialysis). Additionally bait stations located on the outside of the facility will also be monitored for an extension of three months in an amount not to exceed \$30,000 with an anticipated start date of August 31, 2014. Resolution No. 159-2014.**

*SCC Construction Management. Ms. Tabai reported that the contract amendment is to reduce the contract amount from \$180,000 to \$83,845. The original contract was for two projects that have now been reduced to one project. Mr. Ciotti said the two projects totaled \$180,000 and was previously approved by the Board; the amount is being lowered for one project. **Upon a motion made, duly seconded and adopted the Executive Committee approved an amendment of a contract with SCC Construction Management to modify and supersede prior LD200 #1840 and prior Board Resolution 219-2013 regarding construction management services for the relocation of Medical Records. Prior approval granted a 17-month term in an amount not to exceed \$180,000 for the relocation of Medical Records and the construction of a new front entrance at Carman Avenue. Because the new front entrance has been cancelled, the request is for approval of services provided for the relocation of Medical Records only and the reduced amount is \$83,845 for a term of 11 months effective 03/01/13. Resolution No. 160-2014.**

*Guardian Consulting Services. Mr. Heatley noted that this is similar to the Knockout Pest Control situation. They did go through an RFP with the contract and were about to finalize but missed the July 23rd Contract meeting. This contract expires August 31st and is a regulatory issue; we must have a pharmacy consultant. This company was RFP'd and is the lowest bidder. Mr. Zysman noted that a contract meeting is coming up in September and suggested a two-month extension. He also noted that the contract is for two years and suggested a one-year term. Mr. Mirotznik said the RFP was done and this is the lowest bidder for this service, nothing will change by extending it for two months. Mr. Zysman asked that it be modified to one year. Mr.

Heatley said the RFP went out for a two-year term. Mr. Mirotznik asked Mr. Heatley if he was familiar with this consulting service and Mr. Heatley said yes. Mr. Mirotznik said they are necessary because the Department of Health requires a pharmacy consulting service and Mr. Heatley said yes. Mr. Mirotznik asked for a motion because the Board already asked for an RFP, they are the lowest bidder and we need the service. Mr. Cohn asked if we have experience with this consultant and Mr. Heatley said they were the previous consultants. Mr. Cohn asked if Mr. Heatley was happy with their work and Mr. Heatley said yes. **Upon a motion made, duly seconded and adopted the Executive Committee approved a contract with Guardian Consulting Services to provide pharmacy consulting in accordance with the Department of Health regulations under Federal Register Section 483.60. In accordance with DOH regulations, Guardian will perform all required drug regimen reviews, nursing unit inspections, medication administration audits, evaluation of newly admitted residents, controlled substance destruction, review of emergency box meds and procedures, in-service education and medication pass observation. In addition, they will attend and chair the pharmacy committee meetings, as well as act as liaison with DOH during any on-site inspections and/or survey in an amount not to exceed \$156,000 for a term of two years with an anticipated start date of 09/01/14. Resolution No. 161-2014.**

Mr. Ciotti reported that the FHS contracts are extensions.

*FHS Consultants (2013 Collections). Mr. Heatley reported that the amendment is for additional collections that FHS Consultants made on behalf of A. Holly Patterson. Mr. Ciotti asked did they collect more money than expected and Mr. Heatley said yes and these are contingency fees. Mr. Cohn said the contingency did not change, they collected a greater amount than anticipated and the answer was yes. **Upon a motion made, duly seconded and unanimously approved, the Executive Committee approved an extension of a contract with FHS Consultants to seek to collect monies owed to A. Holly Patterson by residents, responsible parties and/or third party payers. This service will be utilized if AHP is not successful in its own collection efforts (this is to supersede prior LD200 #1974 and prior Board Resolution No. 023-2014) in an additional amount not to exceed \$165,000 for services provided in 2013. Resolution No. 162-2014.**

*FHS Consultants. Mr. Heatley reported that this is a request for an extension of a contract with FHS Consultants to allow A. Holly Patterson to participate in the RFP going out for universal billing and collections for the Corporation so that they will co-expire as the hospital contract goes through the RFP process. Mr. Cohn asked what is the amount of dollars that we do not collect and Mr. Campanaro said in 2013 FHS collection was a little more than \$2 million. Mr. Cohn asked how much was given to FHS and Mr. Campanaro said 11% a little over \$220,000. Mr. Campanaro said they were more aggressive and bad debt plummeted in 2013. **Upon a motion made, duly seconded and unanimously approved, the Executive Committee approved an extension of a contract with FHS Consultants to seek to collect monies owed to A. Holly Patterson by residents, responsible parties and/or third party payers. This service will be utilized if AHP is not successful in its own collection efforts for a term of four months with an anticipated start date of 09/01/14 (to terminate on 12/31/14) on a contingency basis and on the same terms and conditions as the existing contract. Resolution No. 163-2014.**

Informational.

Education, Inc. The vendor will provide grade appropriate education services to children and adolescents who are patients on the Child & Adolescent Inpatient Psychiatric Service at Nassau University Medical Center. Education Inc. will bill the student's school system for the teachers' services provided by Education Inc., its agents or employees for a term of six months effective 09/01/14 for non-exclusive concession. There is no "hard" cost to NHCC, the vendor bills and is paid by inpatient student's school district/system.

Foley & Lardner, LLP. The outside law firm has expertise in healthcare compliance and related matters. The contract was previously extended to 12/31/14. An additional attorney was added to the rate schedule (Gael Y. Hagen, Esq., Associate in NYC office).

8. Ambulatory Care, Managed Care, and Community Physician Committee. Dr. Sussman was not present.

9. Behavioral Health Committee. Mr. Zysman reported that the committee meeting was pushed to August 25, 2014 and there is nothing to report at this time.

10. Legal, Audit and Governance Committee. Mr. Cohn said there is nothing to report at this time.

11. Facilities and Real Estate Development Committee. Ms. Reed said there is nothing to report at this time.

12. Other Business. Mr. Cohn asked, if and when the front entrance is done will more funds be requested. Ms. Tabai said yes. When they decide the scope of the project an RFP will go out for that project.

Policies and Procedures. Mr. Mirotznik asked Ms. Leslie to report and asked if she needed to report in Executive Session. Ms. Leslie said she did not need to go into Executive Session, but needed a full Board for the Code of Conduct Policy/Procedure.

Referring Practitioners Orders for Outpatient Tests and Procedures. Ms. Leslie reported that she attended an MPAC meeting where this policy was presented and in reviewing the policy found that patient access does not check verification of credentialing. CMS and DOH require adherence to the policy (MS-160) and therefore the policy needs to be amended and approved by the governing body. The Board members received the redlined version and the only change was the verbiage in 2.3.1.1 "patient access medical record/designee". 2.3.1.1. Should read: "Prescriptions not ordered on a New York State Prescription will require license verification by Medical Records/designee and if not in the electronic physician data base will be added." Mr. Cohn said the sentence is a little confusing and asked to add at the end of the sentence "to the data base". Mr. Mirotznik asked if this amendment is something that is needed immediately and Ms. Leslie said it is necessary for the CMS/DOH inspection that is presently taking place. **Upon a motion made, duly seconded and unanimously approved, the Executive Committee**

approved the amendment to the Policy and Procedure Referring Practitioners Orders for Outpatient Tests and Procedures (Policy #MS-160) 2.3.1.1. "Prescriptions not ordered on a New York State Prescription will require license verification by Medical Records/designee and if not in the electronic physician data base will be added to the data base". Resolution No. 164-2014.

Mr. Mirotznik asked that the Policy Code of Conduct be tabled until it can be presented to the full Board of Directors.

13. Close of Regular Meeting. Mr. Mirotznik closed the meeting at 6:00 p.m.
14. The next meeting will be announced.

Approved:



Michael B. Mirotznik, Esq., Chair
Board of Directors, NHCC