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NASSAU HEALTH CARE CORPORATION

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EMERGENCY MEETING OF THE EXECUTIVE
COMMITTEE OF THE BOARD OF DIRECTORS

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Nassau University Medical Center
2201 Hempstead Turnpike
East Meadow, New York

October 5, 2015
5:23 P.M.

REPORTED BY:
Stefanie Krut

1

2 A P P E A R A N C E S :

3

4 BOARD MEMBERS PRESENT:

5 Michael B. Mirotznik, Esq.

6 Chairman of the Board

7 Victor F. Politi, MD - President/CEO

8 Warren D. Zysman, LCSW - Board Member

9 Steve Cohen, Esq. - Board Member

10 Michael M. DeLuca, MPA - Board Member

11 Linda Reed - Board Member

12 John A. Venditto, MD - Board Member

13 John Ciotti, Esq. - General Counsel

14 Craig V. Rizzo, Esq. - EVP/Special

15 Assistant to NHCC

16 Andrea Rivera - Executive Assistant to

17 the President/CEO

18 Harold McDonald - EVP/Chief

19 Administrative Officer

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1 10-05-2015

2 MR. MIROTZNIK: Call to order
3 the meeting of the Executive Committee
4 of the NuHealth Care Corporation for
5 Monday, October 5th. Thank you all for
6 coming.

7 First agenda, first matter on the
8 agenda I call for approval of the
9 minutes of the Board of Directors of
10 August 12th, 2015. Can I have a show
11 of hands, all in favor please?
12 Unanimous.

13 Upon a motion made, duly seconded
14 and adopted -- you tell me if I'm going
15 too fast, Madam Reporter -- the
16 Executive Committee of the Board of
17 Directors hereby approves the minutes
18 of the NHCC Board of Directors
19 Executive Committee meeting held on
20 August 12th, 2015. Board resolution
21 number 180 dash 2015. Thank you all.

22 With regard to a report to me
23 before Mr. DeLuca -- we are going to go
24 second call the minutes. We may have
25 to make some modification to that for

1 10-05-2015

2 the moment.

3 With regard to Mr. DeLuca -- I
4 have no report at this moment.
5 Dr. Politi?

6 DR. POLITI: Nothing. Just to
7 remind again about the Galla that's
8 coming up. But other than that,
9 progress.

10 MR. MIROTZNIK: Ms. Reed,
11 Compensation Committee?

12 MS. REED: I need -- the
13 Compensation Committee -- I'm sorry.
14 Linda Reed. The Compensation Committee
15 met on September 28th. At that time a
16 motion to approve the Board minutes and
17 the resolution from that meeting of
18 September 28th, I would need a motion
19 to approve the resolution and the
20 minutes of the September 28th meeting
21 of the Compensation Committee. Can I
22 have a motion please? Second? All in
23 favor? Thank you.

24 MR. MIROTZNIK: Unanimous.
25 Number six, contracts for

1 10-05-2015

2 consideration, we are going to start --
3 we are changing the order, but we will
4 start with number one as written, the
5 Aon insurance issues. Mr. Maher.

6 MR. MAHER: John Maher,
7 M-A-H-E-R. We are looking for
8 authorization to renew a directors' and
9 officers' insurance policy in the
10 amount of \$270,856. This would be
11 covering directors and officers in the
12 amount of \$20 million. There is a \$10
13 million lead layer and two \$5 million
14 layers that sit on top of the 10 for a
15 total of \$20 million.

16 MR. MIROTZNIK: Mr. Zysman?

17 MR. ZYSMAN: Warren Zysman.
18 John, just explain to us why this is
19 coming up at this time. Just the
20 background.

21 MR. MAHER: Historically our
22 insurance policies for directors and
23 officers and excess liability renew on
24 September 29th. The September 29th
25 date is tied to the inception of the

1 10-05-2015

2 institution as a public benefit
3 corporation. So every year these
4 policies renew on September 29th and
5 they are bid or the market, the
6 insurance market is canvassed by Aon,
7 our insurance broker. The hospital
8 does not necessarily canvas the market.
9 We are not licensed insurance brokers.
10 So this is why it comes before the
11 Board at this particular time during
12 the year.

13 MR. ZYSMAN: When is the last
14 time this was RFP'd?

15 MR. MAHER: The broker RFP, from
16 what we can gather, was not RFP'd at
17 all, but we are intending to RFP the
18 brokerage contract within the next
19 several months, after we get through
20 all the renewals of the 2015/2016
21 policy period.

22 MR. ZYSMAN: Do you have a time
23 period you will RFP it with him?

24 MR. MAHER: We probably within
25 the months of January and February.

1 10-05-2015

2 The RFP will go out probably in January
3 and we will have responses back and a
4 recommendation to the Board in February
5 or March, whenever the Board -- or
6 whenever the Contract Committee meets.

7 MR. ZYSMAN: How urgent is this
8 that this gets approved tonight?

9 MR. MAHER: Very urgent. It is
10 the directors and officers --

11 MR. ZYSMAN: What would be the
12 consequences?

13 MR. MAHER: The members of the
14 Board would no longer have liability
15 coverage and the hospital will also not
16 have crime coverage as well.

17 MR. MIROTZNIK: So that means
18 that all of us sitting around here that
19 are on the Board will be protected up
20 to \$20 million of coverage in the event
21 of litigation.

22 MR. MAHER: That's correct.

23 MR. MIROTZNIK: All in favor?
24 All in favor? Mr. Cohen, you join? I
25 think that's unanimous.

1 10-05-2015

2 MR. MAHER: The second
3 resolution --

4 MR. MIROTZNIK: Well, let's
5 handle the first resolution. May I
6 read it into the record?

7 MR. MAHER: Yes. I'm sorry.

8 MR. MIROTZNIK: Upon a motion
9 made, duly seconded and adopted, the
10 Executive Committee and the Board of
11 Directors hereby approves the renewal
12 of the annual policies for the period
13 of September 29th, 2015 up to and
14 including September 29th, 2016 for
15 directors' and officers' liability
16 insurance for the annual premium amount
17 not to exceed \$270,856, Board
18 resolution number 181 dash 2015. Thank
19 you all. Mr. Maher?

20 MR. MAHER: The second
21 resolution before the Board has to do
22 with the excess liability coverage that
23 sits on top of our captive. The
24 initial layers of insurance for
25 professional liability is with the

1 10-05-2015

2 captive at a \$7 million for each and
3 every case. There is a one-time buffer
4 of \$3 million that sits also with the
5 captive. On top of that, the hospital
6 purchases excess liability insurance
7 for a total coverage of \$35 million on
8 top of the seven slash 10. So there's
9 \$45 million worth of coverage if you
10 were to look at it that way. But the
11 excess policies are \$35 million, and
12 the cost of those premiums are -- the
13 cost of the premiums is \$1,225,530.

14 MR. MIROTZNIK: So we have
15 coverage up to 35 million per --

16 MR. MAHER: Excess coverage up
17 to \$35 million.

18 MR. MIROTZNIK: Per occurrence?

19 MR. MAHER: Yes, per occurrence.
20 And in the aggregate.

21 MR. MIROTZNIK: Any question,
22 comment?

23 MR. COHEN: Just I have one
24 question. What has been the average
25 yearly payouts that we have on medical

1 10-05-2015

2 malpractice cases?

3 MR. MAHER: It's close to what
4 our funding is. It actually slightly
5 exceeds it and we make up the funding
6 the following year, so you are looking
7 at about nine to \$10 million.

8 MR. COHEN: So we historically
9 have a nine to \$10 million payout?

10 MR. MAHER: Right. Except that
11 you should note that we have a couple
12 of cases that are going to pierce the
13 underlying insurance and that will go
14 into the excess policies.

15 MR. COHEN: Now, one, the -- how
16 much do we expect it to go into the
17 excess policy?

18 MR. MAHER: It's the -- that
19 information is not available yet, but
20 they expect that two cases that
21 happened, one in 2010 and I forget when
22 the other one was, to pierce the \$10
23 million limit.

24 MR. CIOTTI: I also want to add
25 to that that Harold McDonald about

1 10-05-2015

2 three months ago, and we have claims
3 meetings, requested that we do a
4 research on doctors to see what
5 departments are getting hit, how many
6 doctors within that department are
7 getting hit, and how many of those
8 doctors are hit more than once. And he
9 had a whole analysis done, so I have to
10 credit him for doing that. It was
11 really -- it was well done. The report
12 was well done, and because of that,
13 certain changes already occurred in one
14 department.

15 MR. COHEN: Such as?

16 MR. CIOTTI: Such as the head of
17 the department was changed. Okay? So
18 it was a major change, and I have to
19 credit it to Harold.

20 MR. MCDONALD: Thank you.

21 MR. MIROTZNIK: Any other
22 questions?

23 MR. MAHER: Just for the record,
24 Mr. Cohen, there is a second case that
25 is likely to pierce this limit as well.

1 10-05-2015

2 It's not reserved up to the limit of
3 the policy, but we believe that as time
4 goes on it's liable to go above that.
5 So we have two cases that we believe
6 will pierce the underlying insurance of
7 the captive.

8 MR. COHEN: And when you say --
9 I understand piercing it. Is it going
10 to pierce it by five million, is it
11 going to pierce it by 10 million?

12 MR. MAHER: It could be three to
13 \$4 million.

14 MR. COHEN: All right. Because
15 we are sitting with a \$43 million
16 annual aggregate and you are telling me
17 that historically we are about nine
18 million to 10 million --

19 MR. MAHER: Nine to 10, correct.

20 MR. COHEN: -- and now we may go
21 to 15 million.

22 MR. MAHER: Correct.

23 MR. COHEN: I am wondering on
24 that whether any thought was given, and
25 I am not saying it would be a wise

1 10-05-2015

2 move, but just if any thought was given
3 to lowering the amount of insurance
4 that we're carrying.

5 MR. MAHER: Mr. Chairman, may we
6 go off the record for a moment?
7 Because we are talking about litigation
8 matters that --

9 MR. CIOTTI: Steve, if you want
10 to do that, we've got to go off.

11 MR. COHEN: I will reserve my
12 question for some other time.

13 MR. CIOTTI: All right. Thank
14 you.

15 MR. MIROTZNIK: Just to follow
16 Mr. Cohen, John, I understand there is
17 going to be an RFP you are going to
18 prepare?

19 MR. MAHER: Right. For the
20 broker.

21 MR. MIRTOTZNIK: Got you. At
22 that point in time are you going to
23 reevaluate all of our coverages that
24 are in place in the hospital?

25 MR. MAHER: The new broker will

1 10-05-2015

2 do that as part of the services when we
3 renew.

4 MR. MIROTZNIK: And you are
5 going to keep this Board informed as to
6 coverages and what you plan on doing?
7 I mean --

8 MR. MAHER: Oh, yes.

9 MR. MIROTZNIK: -- you are going
10 to sort of keep us in the loop --

11 MR. MAHER: It will go before
12 the Contracts Committee.

13 MR. MIROTZNIK: Fine. Please do
14 that and keep us posted. Any further
15 questions? So a motion? The motion --
16 let me articulate that a motion to be
17 made by the Executive Committee of the
18 Board to approve the renewal of the
19 annual policies for the period of
20 9-29-2015 through 9-29-2016 for excess
21 coverages for professional liability
22 for the annual premium of \$1,225,530,
23 Board resolution to be number 182 dash
24 2015. All in favor? Unanimous. Thank
25 you. Well done, John.

1 10-05-2015

2 MR. MAHER: Just as an FYI,
3 there will be other policies renewing
4 at the end of October, November for
5 approximately \$684,000. We will come
6 to the Contracts Committee, but it may
7 necessitate Board approval at some
8 point in time, depending on whether or
9 not the Board meeting is available.

10 MR. MIROTZNIK: Fine. We will
11 expedite whatever is necessary to make
12 sure all coverages are in full force
13 and effect. I am sure Mr. Zysman will
14 convene a meeting, and just give him at
15 least two hours notice. Okay?

16 Nassau County Mental Health
17 Grant. Doctor, I just ask that you, if
18 you can keep your voice up so the court
19 reporter can take everything down.

20 DR. RAO: Because a sore throat,
21 maybe Ms. Markowitz can step in.

22 MS. MARKOWITZ: You want me to
23 step in? Okay. Bonnie Markowitz. As
24 a safety net provider, Nassau County's
25 Department of Human Services, along

1 10-05-2015

2 with Office of Mental Health is
3 awarding a grant of \$818,357 plus an
4 additional \$84,000 as a supplemental
5 award. In exchange for these grants,
6 NUMC agrees to provide outpatient
7 psychiatric and psychological services
8 to patients from Nassau County age 18
9 and over to run our program. These
10 grants are used to help supplement the
11 operations of the outpatient service.
12 They're also used at our program's
13 discretion. The caveat is Nassau
14 County's Office of Mental Health must
15 visit the ambulatory clinic annually to
16 check that NUMC, in fact, has an active
17 ambulatory mental health clinic in
18 existence. And they were last here on
19 September 4th of 2015. And that's
20 basically the grant.

21 MR. ZYSMAN: Warren Zysman. I
22 know at the Contracts meeting we had
23 asked for some financials of the
24 outpatient clinics. You don't have to
25 present them here tonight. I just want

1 10-05-2015

2 to ask and remind you that at the next
3 Contracts meeting that you bring those
4 with you.

5 MS. MARKOWITZ: Sure. We do
6 have them. We have the latest from
7 business development.

8 MR. ZYSMAN: Maybe provide it to
9 Andrea to send out to the Committee and
10 we will talk about it at the next
11 committee meeting. I don't want to
12 take up time tonight.

13 MR. DELUCA: Just a question, if
14 I may. This outpatient clinic, is it
15 to be here at the Medical Center or is
16 it at our outpatient satellites?

17 MS. MARKOWITZ: It's here.

18 MR. DELUCA: It's here only?

19 MS. MARKOWITZ: It's at our
20 address, 22001 Hempstead Turnpike.

21 MR. DELUCA: Okay, thank you.

22 MR. MIROTZNIK: Any other
23 questions? Comments? Upon a motion to
24 be made, duly seconded, we hope, and
25 adopted by this Executive Committee,

1 10-05-2015

2 the Board of Directors to approve the
3 Contract Committee's recommendation
4 from their September 28, 2015 Contracts
5 Committee meeting of Board approval of
6 R5, a contract with Nassau County for
7 at least an amount of \$818,357 for a
8 two-year term effective January 1st,
9 2015, to be Board resolution 183 dash
10 2015. Can I have a show of hands, all
11 in favor? It's unanimous. Thank you,
12 Ms. Markowitz and Dr. Rao.

13 MR. WRIGHT: Mr. Chairman, there
14 is also an additional contract --

15 MR. MIROTZNIK: Gerald Wright,
16 Madam Reporter.

17 MR. WRIGHT: Oh. There is also
18 an additional contract of \$84,000 that
19 the County is supplementing the
20 \$818,000.

21 MR. MIROTZNIK: Okay. Are you
22 aware of this contract, Mr. Wright?

23 MR. WRIGHT: I'm aware of it. I
24 have been talking to the County for two
25 months on this.

1 10-05-2015

2 MR. MIROTZNIK: And are you in
3 favor of this Board approving this
4 contract?

5 MR. WRIGHT: I am definitely in
6 favor of it, and also would recommend
7 to the Board we need approval and for
8 Dr. Politi to sign everything before
9 the week is out and deliver it to the
10 County or the 818,000 and \$84,000 is in
11 jeopardy.

12 MR. MIROTZNIK: Mr. Wright,
13 before we articulate that motion,
14 Dr. Politi, would you be around this
15 week in order to sign all the contracts
16 to effectuate what Mr. Wright is
17 seeking?

18 DR. POLITI: Unless you guys
19 know something I don't, yeah.

20 MR. CIOTTI: I just wanted to
21 ask Gerry, this contract is already
22 completed?

23 MR. WRIGHT: They are fully
24 completed and ready to be signed. They
25 are on Linda's desk.

1 10-05-2015

2 MR. CIOTTI: The supplemental
3 contract as well?

4 MR. WRIGHT: Yes. We had a
5 meeting with the County early this
6 morning to make sure everything was in
7 place and all the necessary provisions
8 were in place.

9 MR. CIOTTI: This is the one
10 that I had the telephone conversation
11 with?

12 MR. WRIGHT: I had spoken with
13 Donny Ng --

14 MR. CIOTTI: This is --

15 MR. WRIGHT: -- Bonnie
16 Markowitz -- oh.

17 MR. CIOTTI: This is the one
18 that I had the conversation with --

19 MR. WRIGHT: Yes.

20 MR. CIOTTI: And they said it
21 was due in a week and I had that
22 changed to December 31st, correct?

23 MR. WRIGHT: According to this
24 morning --

25 MR. CIOTTI: Is that correct,

1 10-05-2015

2 yes or no?

3 MR. WRIGHT: Yes.

4 MR. CIOTTI: That's it. I don't
5 want to hear any other questions.

6 MR. MIROTZNIK: The money's
7 there. There are monies there.

8 MR. CIOTTI: The problem is it
9 has to come from us, then it has to go
10 through the County, and then it has to
11 go before the legislature, so those two
12 months they need for all of that, so
13 that's why by this Friday.

14 MR. MIROTZNIK: Great. So we
15 can be done, Mr. Ciotti, correct?

16 MR. CIOTTI: Yes. We can do it
17 now.

18 MR. MIROTZNIK: From our end we
19 can get it done this week, okay. Ms.
20 Reed?

21 MS. REED: John, are you aware
22 of this?

23 MR. MAHER: Yes.

24 MR. MIROTZNIK: Mr. Wright.
25 Thank you for the presentation. I make

1 10-05-2015

2 a motion to be duly seconded and
3 unanimously adopted, I anticipate, by
4 this Committee of the Board of
5 Directors to approve the Contracts
6 Committee's recommendation from their
7 September 28, 2015 Contracts Committee
8 meeting, for a Board approval of R6, a
9 contract with Nassau County for at
10 least an amount of \$84,000 for a
11 two-year term effective January 1st,
12 2015, Board resolution 184 dash 2015.
13 To show a hand, all in favor? Mr.
14 Cohen? Thinking about it. It's
15 unanimous. Thank you.

16 I would like to go -- the next
17 one is a temporary staff contracts, I
18 would like to hold that for one moment.
19 I would like to go back to the approval
20 of the minutes of the August 12th,
21 number two on the agenda. I would like
22 the record to be clear, with regard to
23 Mr. Zysman, the record should note that
24 Mr. Zysman recused himself on the
25 Jzanus, J-Z-A-N-U-S, consulting

1 10-05-2015

2 contract. I would like the record to
3 further indicate on Greenstone
4 Consulting LLC, Mr. Zysman recused
5 himself as well. With regard to Park
6 Strategies, let the record be clear Mr.
7 Zysman and Mr. DeLuca recused.

8 With regard to those recusals and
9 tonight's vote, the vote that we were
10 about to take can take place with the
11 recusal of Mr. Zysman and Mr. DeLuca by
12 virtue of the resolution of this Board
13 of Directors dated April 27th, 2015,
14 resolution number 097 dash 2015, where
15 it was resolved that the Chairperson of
16 this Board is authorized to approve the
17 accuracy and completeness of the draft
18 of minutes taken at any Board meeting,
19 provided that the Chairperson was in
20 attendance at such meeting and the
21 Chairperson does not know or have
22 reason to know of any indicia of
23 inaccuracy or alteration of such
24 minutes, and therefore the vote that we
25 took stands, and those minutes of

1 10-05-2015

2 August 12th, without Mr. DeLuca and Mr.
3 Zysman, are approved by the rest of the
4 members who voted as unanimous, and by
5 me.

6 MR. CIOTTI: And just for the
7 record, that resolution allows the
8 Chairperson to approve the minutes if
9 those conditions are met, simply
10 because there are times when a
11 committee may have five people and two
12 people recuse and you lose your
13 majority concept. So that resolution,
14 one of the reasons for passage of it,
15 is for the Chairman himself to approve
16 the minutes, as long as he was there
17 and they're accurate. Okay? That's
18 the reason for the resolution. So in
19 this case, the Chairman has approved
20 the minutes solely.

21 MR. MIROTZNIK: Thank you, Mr.
22 Ciotti. Without further ado, temporary
23 staffing contracts, which is number
24 three now, the amended number three on
25 our agenda.

1 10-05-2015

2 MS. MCGLYNN: Karen McGlynn, the
3 nursing department. We have been
4 before the Board previously in regards
5 to temporary staffing agencies. Just
6 about this time last year we extended
7 contracts, and at that time the Board
8 instructed us to do an RFP, which we
9 had never done before for temporary
10 agencies, so we have been working on
11 that since then. It was decided
12 earlier this year that we would do an
13 RFP for all the temporary agencies used
14 in the hospital, so whether it be
15 nursing or physical therapy or the
16 department of orthopedics.

17 So an RFP was started on July the
18 6th. We have since received 23
19 respondents, which we have narrowed
20 down to 12, and we are beginning this
21 month to bring the 12 in so that we can
22 decide who to bring on through the RFP.
23 In the meantime, on July 31st of '15,
24 contracts for many of these temporary
25 agencies expired, and I take

1 10-05-2015

2 responsibility for that as in the RFP I
3 honestly did not realize that I also
4 needed to extend the contracts.

5 MR. ZYSMAN: Who were you
6 working on that with?

7 MS. MCGLYNN: We were working in
8 a group of us, so I worked with legal
9 and then --

10 MR. ZYSMAN: Who was in the
11 group?

12 MS. MCGLYNN: -- Mr. McDonald
13 once we decided to put all the
14 temporary agencies together in one
15 large RFP.

16 MR. ZYSMAN: Harold, you are
17 familiar with this?

18 MR. MCDONALD: I am familiar
19 with the RFP.

20 MR. ZYSMAN: In the corrective
21 action you are going to provide at the
22 next full Board meeting, can you
23 include background on this as well?

24 MR. MCDONALD: Sure.

25 MR. ZYSMAN: Thank you.

1 10-05-2015

2 MR. RIZZO: If you recall, there
3 was a 2007 resolution that allowed for
4 the competitive pricing proposals to be
5 rescinded and they were operating under
6 that course for a number of years. In
7 December of 2014 we extended the
8 blanket orders to April 2015. In
9 February there was a discussion with
10 the Chairman of the Board just allowing
11 us to proceed --

12 MR. ZYSMAN: I recall the
13 background. What I also recall is that
14 these are many millions of dollars in
15 contracts. We asked that it does get
16 RFP'd. It seems like it didn't happen
17 for a variety of reasons. Mr. McDonald
18 will fill us in on this during his
19 corrective action at the next Board
20 meeting on other contracts similar to
21 this with similar issues that had
22 occurred. How important is this
23 contract?

24 MS. MCGLYNN: I am reporting for
25 nursing, but I am also representing

1 10-05-2015

2 other departments in the hospital
3 tonight, and it's important. We use
4 the temporary staffing, especially for
5 those positions that are difficult to
6 recruit for, for example, ED nurses,
7 critical care nurses, physical
8 therapists so --

9 MR. ZYSMAN: So that's what it
10 does. If you didn't have this
11 contract, would there be certain
12 departments you wouldn't be able to
13 have fully staffed?

14 MS. MCGLYNN: Yes.

15 MR. MIROTZNIK: Mr. Cohen?

16 MR. COHEN: We had a meeting
17 that I recall that all our contracts
18 were going to be scanned in, I think,
19 Craig.

20 MR. RIZZO: Right.

21 MR. COHEN: Has that been done?

22 MR. RIZZO: They've all been
23 scanned in, but as far as compliance is
24 concerned, because they will be
25 uploaded until compliance, but that's

1 10-05-2015

2 not going to be ready until January of
3 2016 in my understanding.

4 MR. COHEN: So something like
5 this where apparently the contracts
6 expired sometime in August because they
7 are extended from August, would that
8 have been picked up --

9 MR. RIZZO: That will be picked
10 up with the new compliance 360 and the
11 organization we are going to have
12 around it. So we are right now
13 selecting the appropriate people to go
14 forward to handle the compliance 360
15 within the organization, and once it's
16 up and running in January, we will be
17 able to move forward with those people
18 and there will be ticklers reminding
19 the various departments of when the
20 contract is coming due and therefore we
21 won't be in this position at that point
22 in time.

23 MS. MCGLYNN: I have a
24 spreadsheet if the Board is interested,
25 but some of the contracts just need to

1 10-05-2015

2 be extended and the dollars are there.
3 I don't need to ask for any additional
4 dollars. There are --

5 MR. ZYSMAN: Karen, just for the
6 record, if you can just indicate the
7 departments you are here presenting
8 for.

9 MS. MCGLYNN: Okay. I am here
10 presenting for, as well as nursing, the
11 department of cardiology, the
12 department of neurology, physical
13 medicine and rehabilitation,
14 orthopedics, psychiatry and OBGYN.

15 MR. MIROTZNIK: Is there
16 anything that we missed?

17 MS. MCGLYNN: Oh, I'm sorry, and
18 Holly Patterson as well. My apologies.

19 MR. MIROTZNIK: I just wanted to
20 short-circuit this for a minute. If we
21 don't approve this this evening, does
22 this interrupt the care and treatment
23 to our patients in this building?

24 MS. MCGLYNN: Yes.

25 MR. MIROTZNIK: And when I say

1 10-05-2015

2 this building, I also mean the building
3 in Uniondale as well?

4 MS. MCGLYNN: Yes.

5 MR. MIROTZNIK: So we have
6 really no option but to approve it so
7 that you can go about your staffing and
8 fill all of the departments in the
9 hospital with the appropriate
10 professionals.

11 MS. MCGLYNN: Yes. There are 12
12 agencies. Not all 12 of them need to
13 have dollars extended. They all need
14 to be extended until January 31st,
15 2016. We picked that date. We are
16 starting --

17 MR. MIROTZNIK: Hold on one
18 moment please. Can go off the record
19 for a second?

20 (A discussion was held off the
21 record.)

22 MR. MIROTZNIK: Madam Reporter,
23 let's annex this as Exhibit-A.

24 (Contracts summary sheet was
25 marked as Exhibit-A; 10-5-15, S.K.)

1 10-05-2015

2 MR. MIROTZNIK: Let's try to go
3 on the record for a motion as follows:
4 Upon a motion made, hopefully duly
5 seconded and adopted, the Executive
6 Committee of the Board of Directors
7 hereby approves Total Healthcare
8 Staffing BPNC 2010 dash 1638, Total
9 Healthcare Staffing BPNC 2007 dash
10 1218, Theralinks, T-H-E-R-A-L-I-N-K-S,
11 BPNC 2014 dash 2084, AMN Healthcare
12 BPNC 2012 dash 1898, and Millennium
13 Medical Staffing BPNC 2012 dash 1842,
14 for an amount not to exceed 310,076.

15 MR. COHEN: Would that be
16 pursuant to the Exhibit and the
17 amounts?

18 MR. MIROTZNIK: Correct. Thank
19 you, Mr. Cohen. All in favor?
20 Unanimous.

21 Next resolution --

22 MR. ZYSMAN: The only thing I
23 will ask of nursing and Mr. McDonald is
24 that at the next Contracts meeting if
25 you can give explanations for why we

1 10-05-2015

2 went over, how this -- the corrective
3 action you will apply at the next Board
4 meeting, Harold, and also if we can
5 figure out the -- detail these amounts
6 out. I don't know how much is left on
7 the contracts. We need a lot more
8 information.

9 MR. MCDONALD: I think we have
10 that information, but they need to be
11 organized. But we definitely have that
12 information.

13 MR. ZYSMAN: You will make sure
14 it's organized for the next Contracts
15 Committee meeting?

16 MR. MCDONALD: Including the
17 corrective action. Yes.

18 MR. ZYSMAN: Thank you, Harold.

19 MR. CIOTTI: Those extenstions
20 are through December or through
21 January?

22 MS. MCGLYNN: January 31st of
23 '16.

24 MR. MIROTZNIK: Upon a motion
25 made, hopefully duly seconded and

1 10-05-2015

2 adopted, the Executive Committee of the
3 Board of Directors hereby approves what
4 is annexed as Exhibit-A, items one
5 through 12, all contracts articulated
6 on Exhibit-A to be extended to and
7 including January 31st, 2016. Is that
8 correct, Karen?

9 MS. MCGLYNN: That is correct.

10 MR. MIROTZNIK: That's what you
11 are asking us to do?

12 MS. MCGLYNN: That is what we
13 are asking you to do.

14 MR. MIROTZNIK: All in favor?
15 Mr. DeLuca? Unanimous. Thank you.

16 MS. FAUGHNAN: Reso 186.

17 MR. MIROTZNIK: Lastly, what is
18 number two on the agenda, which is now
19 our last item number four, NMA, who is
20 presenting?

21 DR. SCARMATO: I am.

22 MR. MIROTZNIK: Okay. Please,
23 Doctor.

24 DR. SCARMATO: Victor Scarmato.
25 It may be number two in your agenda,

1 10-05-2015

2 but I know it's number one in your
3 hearts. So NMA was created, as you
4 know, back in 2009 by Board resolution
5 and has been funded through Board
6 resolution ever since. Earlier this
7 year, in April, we requested some
8 further funds. At that time there was
9 a request from the Board to have a
10 change in the MSO that was operating
11 NMA and a request to part ways with the
12 medical director as well. We entered
13 into negotiations. We had them
14 removed. So as of the end of July,
15 Triborough is no longer the MSO for
16 NMA, and Dr. Raifman is no longer the
17 medical director of NMA.

18 So internally now we are running
19 NMA from within, and it's running much
20 more lean than it did before. So I
21 would say for the first six or seven
22 months of the year through July, we
23 were running probably at an operating
24 loss of, you know, maybe 80 to \$100,000
25 a month, and that's what it had been

1 10-05-2015

2 running in 2000 --

3 MR. ZYSMAN: Do you have the
4 financials on NMA here with you
5 tonight? Because we asked them at the
6 Contracts --

7 DR. SCARMATO: I sent you broad
8 financials. If you would like a profit
9 and loss?

10 MR. ZYSMAN: I don't see
11 anything in the Board packet and broad
12 financials, I don't understand what
13 that means. So you've got to define
14 that.

15 DR. SCARMATO: So I was only
16 asking for a request for emergency
17 funding, I didn't think we were doing a
18 whole presentation on the future or
19 past of --

20 MR. ZYSMAN: But Doctor, with
21 all due respect, when you are asking
22 for money, you should show us what you
23 need it for, and the financials would
24 be the thing to speak to that.

25 DR. SCARMATO: I can print them

1 10-05-2015

2 out for you in two seconds, I can print
3 the P and L if you want.

4 MR. ZYSMAN: It really should
5 have been in the packet, and I did
6 request that you include financials at
7 the last Contracts meeting so that we
8 could make good use of our time here.
9 We're all here waiting on you.

10 MR. COHEN: It will take you two
11 seconds to do it?

12 DR. SCARMATO: I can go back and
13 get it. I will bring you the year to
14 date financials as of August if you
15 need them.

16 MR. MIROTZNIK: Fine. Doctor,
17 if we can excuse you to obtain that.
18 If you can make a few copies for the
19 Board members, and I just want to make
20 a comment. We are going to take five
21 minutes while he does that. I just
22 want to say something. You know I give
23 my blood, sweat and tears for the
24 organization. I have a commitment that
25 I have to be at 10 minutes ago, so I

1 10-05-2015

2 will not be around for the next vote,
3 but I would like to just mention, now
4 that Mr. DeLuca is here, about what
5 occurred last week and Mr. DeLuca's
6 efforts of getting the New York State
7 police surgeon, you know, the
8 governmental relations man from the
9 police from Albany to come here, and I
10 am going to let Mr. DeLuca talk about
11 it briefly and talk about his award.

12 MR. DELUCA: The Police Surgeons
13 Group of the New York State Police PBA
14 have designated this hospital to be
15 their key hospital for all of their
16 troopers, their relatives and their
17 friends, and Dr. Politi has designed a
18 system so that we can accommodate them
19 appropriately with all of the
20 appropriate logistics. And they were
21 kind enough to present me with an
22 award, and we look forward to being
23 that hospital for the troopers. We
24 look forward to serving them, we look
25 forward to getting the business, and we

1 10-05-2015

2 look forward to all of the appropriate
3 publicity that will go with it. And I
4 thank you.

5 MR. MIROTZNIK: Great job. Is
6 that award that 50 pound award on your
7 dashboard?

8 MR. DELUCA: It's bolted to my
9 dashboard. Can't see out of the
10 windshield very well.

11 MR. MIROTZNIK: You can't get a
12 speeding ticket with the award on the
13 dashboard. I am going to hand off the
14 rest of the meeting to you to finish
15 that off. Thank you, everybody. I
16 just have to run.

17 MR. ZYSMAN: We will just take a
18 brief break until Dr. Scarmato comes
19 in, if people want to get drinks or
20 snacks.

21 (A recess was taken.)

22 MR. ZYSMAN: We will go back on
23 the record. Thank you. Dr. Scarmato,
24 you have handed us some documents. Can
25 you describe them for the record?

1 10-05-2015

2 DR. SCARMATO: So the first
3 document is the August financials,
4 which are the last month, half of
5 September's, haven't been figured out
6 yet by the accountant, which shows
7 income and expenses broken out for the
8 month and then cumulative for the year.

9 MR. ZYSMAN: Is this on an
10 accrual basis, cash basis, is this
11 audited?

12 DR. SCARMATO: I believe it is
13 on a cash basis. We have had an audit
14 last year at the end of last year's
15 financials were done. We don't audit
16 it every month. This is just --

17 MR. ZYSMAN: This is on a cash
18 basis. So are you representing that
19 this ties out to the bank statements?

20 DR. SCARMATO: Yes, it does.

21 MR. ZYSMAN: You have checked
22 that?

23 DR. SCARMATO: Well, I have
24 checked out with the accountant. We go
25 over the, the bank account and the

1 10-05-2015

2 Quick Books, and these are all coming
3 from the Quick Books.

4 MR. ZYSMAN: Is this lady, Ellen
5 Schuster, the accountant you are
6 referring to that you went over it
7 with?

8 DR. SCARMATO: Correct.

9 MR. ZYSMAN: She has a
10 disclaimer on here, okay, which pretty
11 much says she's only reporting the
12 information provided to her. Is that
13 information provided by you?

14 DR. SCARMATO: Yes. I provided
15 her with most of the bank statement and
16 a Quick Book file.

17 MR. ZYSMAN: So there are some
18 significant losses on here.

19 DR. SCARMATO: There are for the
20 year, yes.

21 MR. ZYSMAN: You said you are
22 putting in a request for how much
23 money?

24 DR. SCARMATO: \$100,000 right
25 now.

1 10-05-2015

2 MR. ZYSMAN: What do you need
3 that money for?

4 DR. SCARMATO: To make payroll
5 this week for the employees of the
6 subsidiary NMA.

7 MR. ZYSMAN: How long would that
8 float it for?

9 DR. SCARMATO: I believe that
10 would float it at least through the
11 next Board meeting and the Board
12 minutes to be signed when we make a
13 decision what we're doing with NMA.
14 Because I understood that that was
15 going to be made at a full Board
16 meeting, not just an Executive
17 Committee. I didn't think you wanted
18 to make the whole future of NMA today,
19 but we can do that if you like.

20 MR. ZYSMAN: Well, there were
21 updates that I think had been
22 requested.

23 DR. SCARMATO: Correct.

24 MR. ZYSMAN: How many months ago
25 did you make the change where you --

1 10-05-2015

2 DR. SCARMATO: We made -- they
3 left in July.

4 MR. ZYSMAN: I know they got
5 nervous and you were there. When did
6 you get involved with NMA directly?

7 DR. SCARMATO: I would say the
8 beginning of the year.

9 MR. ZYSMAN: January or before
10 that?

11 DR. SCARMATO: It was December,
12 January that I --

13 MR. ZYSMAN: Okay. At that time
14 you were supposed to provide us with
15 regular updates. Have you done that
16 for any of the committees or Boards of
17 NUMC?

18 DR. SCARMATO: I have provided
19 some updates but recently there hasn't
20 been an opportunity for speak about
21 NMA.

22 MR. ZYSMAN: I think you were
23 supposed to present this new business
24 model?

25 DR. SCARMATO: Correct.

1 10-05-2015

2 MR. ZYSMAN: Have you done that
3 yet?

4 DR. SCARMATO: No.

5 MR. ZYSMAN: Is there a new
6 business model or is it the same
7 business model?

8 DR. SCARMATO: No. There is a
9 new business model?

10 MR. ZYSMAN: Okay. How is the
11 business model working?

12 DR. SCARMATO: We haven't
13 implemented the full business model.

14 MR. ZYSMAN: Who are you working
15 on the business model with? Is there
16 anyone in this room?

17 DR. SCARMATO: Business
18 development. Here? Sure, lots of
19 people here.

20 MR. ZYSMAN: Okay. So who are
21 you working on it with?

22 DR. SCARMATO: Mr. McDonald, for
23 example, has been working with on it
24 with me to some degree and the people
25 at NMA.

1 10-05-2015

2 MR. ZYSMAN: Mr. McDonald, are
3 you familiar with this business model?

4 MR. MCDONALD: Well, we
5 initially were looking to increase
6 revenue, which we have. I think we've
7 got --

8 MR. ZYSMAN: We can't hear you.
9 Can you put your microphone on? What
10 is the new business model, Harold?

11 MR. MCDONALD: Well, the new
12 business model is to reduce the
13 overhead, the fixed costs as best as
14 possible, roll volume, improve the
15 productivity of each of the physicians
16 within NMA.

17 MR. ZYSMAN: So what have you
18 and Dr. Scarmato done, other than
19 letting go of Dr. Raifman.

20 DR. SCARMATO: So there's been a
21 lot of things, by the way. It wasn't
22 only Dr. Raifman. There was a bunch of
23 staff that came with Dr. Raifman that
24 also left. We have also made
25 changes --

1 10-05-2015

2 MR. ZYSMAN: They left because
3 you let them go or they left on their
4 own?

5 DR. SCARMATO: A little bit of
6 both. Some we didn't replace. So I
7 think there was excess staff there. If
8 we could get --

9 MR. ZYSMAN: So you put a hiring
10 freeze, is one of the things you did?

11 DR. SCARMATO: Correct. Yes.
12 So some staff left that we didn't
13 replace. That was an easier way to do
14 it than let people go because when some
15 of the staff -- we hired some of the
16 staff that was in Triborough because
17 they knew the product and knew it, and
18 some of them were quite good, actually.

19 MR. ZYSMAN: So I think, if my
20 memory is correct, I remember at the
21 previous Board meeting when this was
22 discussed, probably close to a year
23 ago, I believe Dr. Venditto had shared
24 a lot and had a lot of dialogue with
25 you about this model. Maybe, Doctor,

1 10-05-2015

2 if you can just kind of refresh
3 everyone's memory of what we were
4 expecting from them, and maybe
5 Dr. Scarmato can fill us in if that's
6 what's happening, and if it hasn't,
7 tell us it hasn't happened.

8 DR. VENDITTO: I mean, I think
9 at the end of last year, what we had
10 asked for, what the Board had requested
11 was a quarterly update. And as you
12 know, the Board has had serious
13 reservations about the NMA project and
14 its continued ongoing losses on a
15 monthly and annual basis. So we have
16 not had any of those numbers, and every
17 time we had to deal with NMA as a
18 Board, we have had to deal with NMA and
19 it's sort of an urgent situation and a
20 bailout situation. And frankly, the
21 records and the finances will show that
22 we are just funding a losing
23 proposition, and I don't know how much
24 longer this Board should go on funding
25 a losing proposition.

1 10-05-2015

2 So the basic premise of NMA has
3 been called into question. Thus the
4 request for a new business plan. And
5 the idea that you are going to cut
6 costs and increase revenue is the
7 fundamentals of any business plan, but
8 it's the details that are important.
9 And I know that we didn't ask you to
10 present them today, but I think that in
11 the very near future we need to see
12 what you've got. We need to assess, as
13 we had asked on a quarterly basis what
14 your metrics are and how you're doing,
15 and it's not fair to expect a practice
16 to turn around in a year, but it's also
17 not fair to expect continued funding of
18 a practice that's just been a losing
19 proposition when the foundation, the
20 basic premise has always been in
21 question by the Board.

22 I would like -- I was just
23 wondering if you could just state for
24 the record what the losses are to date
25 for this year so we have that on

1 10-05-2015

2 record?

3 DR. SCARMATO: I believe they
4 were 700 -- let me get the exact
5 number. 782,265, if I'm reading that
6 correctly.

7 DR. VENDITTO: As of August
8 31st?

9 DR. SCARMATO: As of August
10 31st, correct.

11 MR. ZYSMAN: So you believe or
12 that's what it is? Because you said
13 that you are the one who --

14 DR. SCARMATO: That's what it
15 is.

16 MR. ZYSMAN: So what are you
17 projecting the loss to be for the year?

18 DR. SCARMATO: I would say
19 probably about \$1 million. It was 1.2
20 million last year.

21 MR. ZYSMAN: So you are asking
22 for 100,000. How long will it take
23 before that runs out?

24 MR. DELUCA: He said the next
25 Board meeting.

1 10-05-2015

2 MR. ZYSMAN: I don't even think
3 we have a next Board meeting scheduled
4 yet.

5 DR. SCARMATO: I believe it was
6 just scheduled, but I'm not sure.

7 MS. REED: No. We don't have a
8 meeting.

9 MR. COHEN: We are losing money
10 at apparently about a little over
11 100,000 a month.

12 DR. SCARMATO: Well, not
13 anymore. I mean, that was including
14 150,000 and 750,000 went to terminating
15 Triborough and Dr. Raifman and costs
16 that were associated with that.

17 MR. COHEN: That brings it down
18 to a \$600,000 loss for a six month
19 period, so 100,00 a month --

20 DR. SCARMATO: Correct. Seven
21 month period, but yes.

22 MR. ZYSMAN: Mr. DeLuca?

23 MR. DELUCA: I have a very
24 simplistic question to ask, and I
25 apologize that I am not as up on this

1 10-05-2015

2 as maybe I should be. What would be
3 the most negative ramification if we
4 did not continue with NMA?

5 DR. SCARMATO: Well, I believe
6 that the institution as a whole needs
7 NMA. I think that the original
8 business plan, I agree with all of you,
9 was not good. It was setup with a
10 hodgepodge of specialties that I didn't
11 think created any synergy with the
12 hospital. They were setup in Freeport
13 and Oceanside, which is too far to
14 really throw referrals back to here,
15 back to this institution.

16 So I am going to give you just a
17 two minute plan. So part of our plan
18 was to move locations, at least some of
19 the locations closer to here. So we
20 have identified a location in
21 Levittown. We identified a location in
22 Levittown, and we are looking to build
23 -- so we are looking for a location in
24 Levittown. We identified a practice, a
25 retiring physician. We are looking to

1 10-05-2015

2 assume his practice. Okay? That will
3 give us a base in Levittown in which to
4 grow, to grow a local base.

5 DR. VENDITTO: I don't mean to
6 interrupt, but I think that for
7 everyone, the best way to approach this
8 is really to take this in a formal
9 presentation about NMA, where you have
10 been, the monthly financials, where we
11 have been from the get-go, from the
12 start, where you have been this year
13 since you took over in January, and
14 then your plan and your projections.
15 But in a formal presentation. Because
16 I think we need to really have it, not
17 anecdotally but formally presented so
18 that we can make a real assessment of
19 the entire picture and weigh the losses
20 and what could potentially come of
21 this, if there is a way of recouping
22 some of it. But anecdotes and isolated
23 financials, particularly since our CFO
24 has only seen these numbers when we
25 have seen these numbers, and as a Board

1 10-05-2015

2 I would feel better about making any
3 decisions about financing further with
4 the advice of our CFO.

5 And in all fairness, John has
6 just seen these numbers tonight. And I
7 am not saying anything about the
8 numbers --

9 MR. ZYSMAN: John Maher; is that
10 correct, this is the first time you
11 have seen these numbers?

12 MR. MAHER: Yes.

13 MR. DELUCA: Why is there a
14 disconnect there?

15 DR. SCARMATO: As far as what?

16 MR. DELUCA: Why does the Chief
17 Financial Officer not see numbers for
18 him -- we want his advice. We want his
19 comments. And the other thing is, I'll
20 ask my question again very simply, why
21 do we need NMA? Why do we need it?

22 DR. SCARMATO: Because the
23 hospital cannot be an island and it has
24 to be connected into the community.

25 MR. DELUCA: It hasn't done a

1 10-05-2015

2 good job. It hasn't done a good job
3 and we're losing money and we continue
4 to fund it. Maybe I am missing
5 something. I might be. I might very
6 well be missing something.

7 DR. SCARMATO: Well, I will tell
8 you this. It's only been without the
9 prior MSO and the prior medical
10 director for two months. In those two
11 months we are running at about a
12 \$20,000 a month loss, not a \$100,000 a
13 month loss.

14 MR. DELUCA: As opposed to it
15 used to be 100?

16 DR. SCARMATO: Yes. We I think
17 we've made great strides. You know,
18 you have fixed costs of a back office
19 that does your billing, that, you know,
20 credentialing, all this stuff that you
21 need to have when you run a practice,
22 that that's a fixed cost. If we just
23 generate a little bit more revenue, we
24 will be at break even. Okay? That's
25 -- that's one thing.

1 10-05-2015

2 MR. DELUCA: Is there any kind
3 of statute or requirement that we
4 participate in this?

5 DR. SCARMATO: No, there is
6 none. And if you want to --

7 MR. DELUCA: How long do we want
8 to do this for?

9 DR. SCARMATO: If you want to
10 close it, that would be a decision that
11 is made and that's fine.

12 MR. ZYSMAN: But, Doctor, he is
13 asking a very valid question.

14 DR. SCARMATO: I agree. I don't
15 want this to go on forever losing it
16 money.

17 MR. ZYSMAN: So our outpatient
18 visits we learned recently were down
19 about a thousand visits a month for the
20 last couple of months. What would
21 happen if those patients went to our
22 outpatient clinics?

23 DR. SCARMATO: They wouldn't.
24 They wouldn't.

25 MR. ZYSMAN: Why not?

1 10-05-2015

2 DR. SCARMATO: I will tell you
3 first off, the patients that go to NMA
4 -- South Ocean Care, one of our FQHCs,
5 is right below it, and they choose not
6 to go there.

7 MR. DELUCA: Because this is
8 there. If this wasn't there, they
9 would have to go to it.

10 DR. SCARMATO: Likely they're
11 going to go to another private
12 practice. How many of you got to
13 federally qualified health centers or
14 hospital based clinics?

15 MR. ZYSMAN: Well, look, I think
16 that's -- I actually think that's not a
17 very helpful discussion for one reason,
18 okay. If you design something, okay,
19 to cater to the same folks that you
20 have catered to at the private
21 practice, you might have the same --
22 you might have an even better outcome
23 than what you are having right now.
24 Right now you have a losing outcome, is
25 what you've represented here in the

1 10-05-2015

2 finances, okay. And the onus on this
3 is really not for us to really comment
4 on. We are looking to you and the
5 other leadership in this room to
6 provide us clear direction and clear
7 understanding.

8 Mr. DeLuca asked a very clear
9 question. It should be the number one
10 question that you should have the
11 answer to, okay, when you come into
12 this room and ask us for money, and
13 it's why do we need NMA, and I haven't
14 heard an answer of why we need it. If
15 you are representing it, if you are the
16 person in charge of it, you should have
17 an answer to that question.

18 DR. SCARMATO: My answer is
19 because without it the institution will
20 die. There is no chance that this
21 institution goes forward unless we
22 develop an outpatient business in the
23 community. That's what the future of
24 medicine is.

25 MR. COHEN: I think that --

1 10-05-2015

2 DR. SCARMATO: And we have to
3 get tied to the other practices here.
4 Either we -- either our primary care
5 physicians feed some of the specialists
6 who develop a relationship with us or
7 the primary care physicians in the
8 community have a place to send their
9 people for specialties. That's not --
10 you know, they're not sending them here
11 to the hospital. Nobody wants to do
12 that.

13 DR. VENDITTO: No one argues
14 that in this environment we need
15 outpatient clinics and we need to have
16 a good type relationship as the
17 hospital with those outpatient clinics.
18 That's not the issue. The issue is
19 does NMA solve that problem. And NMA,
20 from its inception, has never, you know
21 -- the idea of creating a private
22 practice de novo, out of thin air, by
23 taking docs from other areas and
24 putting them into a new neighborhood
25 and calling them a private practice

1 10-05-2015

2 doesn't instantly create patients and
3 it hasn't. It's had plenty of time to
4 develop.

5 So while we have this need, and
6 you are right, the institution needs to
7 have outpatient clinics that supply
8 patient and that we have this
9 relationship, NMA doesn't seem to be
10 solving that problem.

11 DR. SCARMATO: Well, even on a
12 small scale, it has. For example, I
13 believe, you know, the last few months,
14 you know, 20 patients were sent here
15 for colonoscopies by a GI guy that does
16 a session at NMA. But that's little
17 stuff like that --

18 DR. VENDITTO: But taking into
19 account whatever -- and again, you
20 can't put them all on the same balance
21 sheet, but for whatever we get referred
22 back to the clinic, the idea that we
23 are paying so dearly for those
24 referrals is just financially unsound.
25 It's just not --

1 10-05-2015

2 DR. SCARMATO: I understand
3 that, but don't forget, everything
4 before July was the old medical
5 director and MSO that was put there by
6 the Board --

7 DR. VENDITTO: I understand.
8 And I' doing something that I said we
9 shouldn't do and that wasn't fair,
10 which is argue whether or not -- the
11 whole concept of NMA right now is
12 really not in question. Your question
13 tonight is emergency funding for pay.

14 MR. DELUCA: Right.

15 DR. VENDITTO: And it's -- we
16 understand what you are saying, we hear
17 the amount of money that you need, but
18 we are basing it on numbers that our
19 CFO has never seen before. So it's
20 like hey, buddy, can I borrow a dime?
21 I trust that you need the money, but I
22 don't even know that we can act on such
23 a request on such short notice based on
24 finances our CFO hasn't been able to
25 vet out. I don't know. I mean, I

1 10-05-2015

2 trust that you need the money, but I am
3 not sure how we can act on it tonight
4 on such short notice.

5 DR. SCARMATO: Well, if not,
6 then a subsidiary of this company will
7 not make payroll.

8 DR. VENDITTO: John, do you have
9 any suggestions?

10 MR. MAHER: I might suggest that
11 if you gave us an opportunity to vet
12 the numbers, we can probably do it
13 within 24 to 48 hours, and then lend
14 some credibility to the numbers, attest
15 to what's in the bank account, attest
16 to the expenses post July 1st to see
17 what the run rates are, etcetera and
18 come back with a recommendation to fund
19 it. I agree with you that the payroll
20 probably has to be funded. The
21 integrity of the numbers or how they're
22 being presented, it is an issue, but I
23 think if we can do that in the next I
24 say 24 to 48 hours to do that with a
25 recommendation to fund it.

1 10-05-2015

2 MR. ZYSMAN: Dr. Scarmato, if we
3 give you \$100,000, I can tell you we
4 don't have a Board meeting scheduled
5 right now, I know we are in the process
6 of setting one up and there will be one
7 soon but there isn't one set up yet, so
8 how much time does \$100,000 buy you in
9 real days and weeks?

10 DR. SCARMATO: I would like to
11 say it probably gets us two months.

12 MR. ZYSMAN: How much time does
13 it buy you?

14 DR. SCARMATO: Two months.

15 DR. VENDITTO: So what we need
16 in order to approve this is I need to
17 see specifically employee by employee
18 how the money is going to be allocated
19 and specifically how long it's going to
20 keep you afloat, not because the next
21 Board meeting is scheduled and not
22 maybe two months. I understand right
23 now it's hard to do that but we need --

24 DR. SCARMATO: If you look at
25 our income and expenses graph, I made

1 10-05-2015

2 this because it's the simplest way to
3 see what's going on. You looked at
4 expenses that were, you know, basically
5 in the old regime running from 150 to
6 250 a month depending on, you know, if
7 you had two or three payrolls basically
8 a month. So sometimes you have three
9 payrolls in a month, the expenses go
10 up. Our payrolls are roughly \$40,000.
11 We have cut our payroll about half
12 right now.

13 DR. VENDITTO: I understand
14 that. But what I need specifically is
15 a request and we need to see how this
16 money is going to be allocated and how
17 long to the hour it's going to
18 supplement and cover your payroll
19 responsibilities right now. And that's
20 a very specific issue --

21 DR. SCARMATO: But it depends on
22 revenue. It depends on revenue.

23 DR. VENDITTO: We are talking
24 payroll. Payroll doesn't depend on
25 revenue. Revenue is a fixed cost --

1 10-05-2015

2 DR. SCARMATO: It's \$42,000 for
3 payroll.

4 DR. VENDITTO: Great. So just
5 put it out on a spreadsheet so we know
6 what we're covering and for how long
7 and let John do that and come back to
8 us in a couple of days.

9 DR. SCARMATO: But I won't make
10 Fridays's payroll then.

11 MR. ZYSMAN: I will bring you
12 back to what Dr. Venditto said. We
13 need clear financials. John Maher, if
14 we were to fund this tonight for the
15 two months, okay, which Dr. Scarmato is
16 in essence asking for two months of
17 funding today, will you be able to give
18 us financials that are identical to the
19 format and be able to confirm for us or
20 have an accounting firm confirm for us
21 the accuracy of those numbers? We
22 don't want just numbers that are thrown
23 on a spreadsheet like this. They have
24 to be confirmed numbers that tick and
25 tie out.

1 10-05-2015

2 MR. MAHER: I prefer that we
3 handle it internally rather than go out
4 and get an accounting firm to do that.
5 It would cost more money. I believe we
6 have the capability in-house to vet the
7 numbers and do a presentation --

8 MR. ZYSMAN: Okay. But you will
9 be able to have somebody on your staff,
10 whether it's you or them, represent
11 what these actual numbers are?

12 MR. MAHER: Correct.

13 MR. ZYSMAN: And within that --
14 before our next Board meeting, which
15 may be in a couple of weeks --

16 MR. MAHER: I would hope that we
17 could do this in a few days.

18 MR. ZYSMAN: Okay. The other
19 question I have is can we also get
20 comparisons, which include cash flow
21 comparisons to present versus previous
22 and what the changes are?

23 MR. MAHER: As long -- if we
24 have monthly statements, we can see
25 that very clearly, and that's what I

1 10-05-2015

2 would do.

3 DR. SCARMATO: This graph is
4 actually a nice comparison I believe.

5 MR. ZYSMAN: Well, has cash flow
6 gone up or is cash flow the same and
7 expenses just went down?

8 DR. SCARMATO: No. Cash flow
9 has slowly gone up. Last year we were
10 making about 50, 60,000. Now we are
11 about \$75,000 in revenue a month.

12 MR. ZYSMAN: Have there been any
13 new doctors recruited?

14 DR. SCARMATO: No.

15 DR. VENDITTO: What happened,
16 though? Why do you now need money for
17 payroll and you haven't come asking us
18 for -- what changed right now? Why --
19 you have been in the red since the
20 inception of NMA. What is different
21 now and that there's an emergency
22 funding for payroll?

23 DR. SCARMATO: Because we
24 haven't had a -- I asked for money in
25 April. That was supposed to take us

1 10-05-2015

2 through July. And in July I was told
3 there was no more time at the meeting
4 to discuss it. There was no meeting in
5 August. And now it's the end of
6 September when the next meeting is.
7 That --

8 DR. VENDITTO: We have been
9 funding NMA in a more general sense.
10 We've been just funding NMA for its
11 entire budget. But here right now we
12 are talking about specific payroll.

13 DR. SCARMATO: But it's
14 essentially for the entire budget, but
15 I will not make this payroll because I
16 don't have enough cash coming in right
17 now.

18 MR. DELUCA: I have a question,
19 Mr. Chairman.

20 MR. ZYSMAN: Go ahead.

21 MR. DELUCA: Do you have any
22 projection as to when you think NMA
23 will actually make us money?

24 DR. SCARMATO: When would it be
25 -- at least self-sufficient? That

1 10-05-2015

2 would depend. I would need to generate
3 -- I think right now my losses are
4 probably about 40,000. The last two
5 months it's looking about 20,000 a
6 month, but I don't know those are real.

7 MR. DELUCA: This started in
8 2009; is that correct?

9 DR. SCARMATO: Yes.

10 MR. DELUCA: And since 2009 we
11 have never broke even and we've never
12 made money.

13 DR. SCARMATO: Correct. But I
14 can only tell you that I've really been
15 running it since July, since the end of
16 July.

17 MR. DELUCA: It's not something
18 I would spend my money on personally.
19 Let me ask you, Mr. Maher, what other
20 entities do you not have -- do you not
21 follow in terms of your department?
22 What else?

23 MR. MAHER: As far as I know,
24 this one would be the only one, other
25 than SOC.

1 10-05-2015

2 MR. DELUCA: What is your
3 recommendation? Do you think we should
4 fund this?

5 MR. MAHER: I think that the
6 payroll should be funded at this point
7 in time and I think the documents --

8 MR. DELUCA: For one to two
9 months you think we should fund it?

10 DR. SCARMATO: And even if you
11 close it, you have to have a closure
12 plan. There are expenses to close as
13 business.

14 MR. DELUCA: Of course. But I
15 want to hear what he thinks.

16 MR. MAHER: So it would be based
17 on what Dr. Scarmato has said and what
18 I know has been going on without seeing
19 numbers --

20 MR. DELUCA: But this shouldn't
21 be done here in the boardroom. This
22 should be done way before. It's not
23 like we should be sitting here and
24 asking him these kinds of questions.
25 He is a clinician. He's not a numbers

1 10-05-2015

2 guy.

3 DR. SCARMATO: So when I first
4 started with this in January, we had
5 one committee meeting for the
6 outpatient -- I believe it was
7 ambulatory committee.

8 MS. REED: Ambulatory care.

9 DR. SCARMATO: We had one where
10 we presented on NMA there and that was
11 the end -- and that committee never
12 met. When I look back, NMA was
13 presented to the Finance Committee, to
14 the Contracts Committee. It's been all
15 over the place. Who's really been
16 following NMA when I look back at the
17 history of this stuff.

18 MS. REED: I am going to make a
19 suggestion.

20 MR. ZYSMAN: Ms. Reed?

21 MS. REED: Since I am now
22 chairing the Ambulatory Committee, I do
23 plan on, as best I can, having meetings
24 on a monthly, if not a bimonthly, as I
25 do at MPAC Committee, I would like to

1 10-05-2015

2 set it up to work the same way. I just
3 -- you know, we just have to sit down
4 and figure out if it's better monthly
5 or bimonthly. But what I would like to
6 see at the next meeting, because all we
7 do is this is a banter back and forth
8 every meeting, and in all fairness, in
9 the past we have -- things have gone
10 very, very late and we have put NMA off
11 and asked him them to report at the
12 next one, and we have put it off again.

13 I would like to see, at the next
14 Board meeting, a full presentation by
15 NMA -- I know I am saying that wrong
16 probably -- NMA with how you plan on
17 going forward. Your new plan, your new
18 vision. That's what I would like to
19 see. So that at some point we can make
20 a decision, because we're saying the
21 same thing every month and we are not
22 getting anywhere. Let him present.
23 Let him finally come in and let him
24 present. Let's come up with what we
25 want, the questions we want answered,

1 10-05-2015

2 what information we want from
3 Dr. Scarmato and what he plans to do
4 for the hospital, if we should keep
5 this.

6 DR. VENDITTO: And all that is
7 fine, but also what I would like to see
8 are what the projected cash flows are
9 and the net present value of this
10 project going forward. I want that
11 formally. I want a projection so that
12 I can come back a year later and say
13 look, you guys, you made this
14 projection and this project is just
15 caving and we have got to cut our
16 losses. So I want to hear the
17 marketing plan, I want to hear the
18 spiel, but I also want to hear the
19 projection of the finances and a
20 history of how much that we have
21 already poured into NMA since its
22 inception. And I don't think it was
23 2009. When did NMA get started? I
24 don't think it was 2009. I think it
25 was more like 2011.

1 10-05-2015

2 DR. SCARMATO: It actually
3 started functioning -- it was created,
4 I believe, in 2009. I brought the
5 certificate of incorporation and the
6 stock certificates.

7 MR. ZYSMAN: Harold. Harold,
8 you had brought up before you have been
9 working on a business model, the new
10 business model. Have you ever seen
11 these financials before tonight?

12 MR. MCDONALD: I have seen the
13 financials.

14 MR. ZYSMAN: Why haven't you
15 ever spoken to John Maher about this?
16 Okay. Have you ever asked him to
17 confirm these?

18 MR. MCDONALD: I haven't asked
19 him to confirm them.

20 MR. ZYSMAN: Why wouldn't you?

21 DR. POLITI: Well, Harold, have
22 you ever seen these? They are dated
23 September 9th.

24 MR. MCDONALD: No. I have seen
25 the projections that Dr. Scarmato --

1 10-05-2015

2 MR. ZYSMAN: Have you seen the
3 ones from August or July?

4 MR. MCDONALD: I have seen some
5 of the financials in the past.

6 MR. ZYSMAN: You are working on
7 this with Dr. Scarmato, you said that
8 before. Do you ask him for the
9 financials every month?

10 MR. MCDONALD: No.

11 MR. ZYSMAN: You don't. Why
12 wouldn't you?

13 MR. MCDONALD: Because my
14 involvement with NMA is when we have
15 business planning meetings just to talk
16 about either grow the business or to
17 reduce expenses.

18 MR. ZYSMAN: How could you do
19 that without looking at the bottom
20 line?

21 MR. COHEN: What opportunities
22 -- all I heard -- all I've heard was a
23 retired physician's practice. Is that
24 the business opportunity you guys have
25 been discussing?

1 10-05-2015

2 DR. SCARMATO: That's one of.

3 MR. COHEN: What are they? What
4 other opportunities have we had?

5 DR. SCARMATO: So there are
6 several. We have looked into other
7 ones. It depends how much capital you
8 want to put into it.

9 MR. ZYSMAN: He is asking
10 Harold.

11 MR. MCDONALD: It's also
12 opportunities to see that the
13 physicians that are employed by NMA are
14 more productive.

15 MR. COHEN: How many physicians
16 are employed by NMA? How would you
17 know to duck if you don't know? I
18 guess what we are saying here, and it's
19 obvious, we are not going to torment
20 you, you have no clue really about
21 what's happening there. What we really
22 want to know is we want to know
23 details. Enough with the we want to
24 save money and make money. I think you
25 are hearing a bunch of frustration

1 10-05-2015

2 here. Nobody -- I heard one retired
3 physician's practice to purchase. What
4 other -- when is the last time we
5 purchased a practice?

6 DR. SCARMATO: Purchased a
7 practice?

8 MR. COHEN: Yeah. When is the
9 last time we got involved with another
10 practice?

11 DR. SCARMATO: There's been a
12 couple of them --

13 MR. CIOTTI: We don't
14 purchase --

15 MR. COHEN: I know, I used the
16 wrong term. When is the last time we
17 got involved in a practice?

18 DR. SCARMATO: There's been a
19 couple that I know of that we've taken
20 over their practice.

21 MR. COHEN: When?

22 DR. SCARMATO: There are one or
23 two. There was one in 2010 I believe.

24 MR. COHEN: 2010?

25 DR. SCARMATO: Yes.

1 10-05-2015

2 MR. COHEN: Five years ago.

3 MR. DELUCA: Six.

4 MR. COHEN: Six years ago. I
5 was being kind.

6 DR. SCARMATO: And then one I
7 think in 2012.

8 MR. COHEN: So in six years we
9 have been done two and now we are
10 looking at a retired practice. Is that
11 really -- and I respect what you said.
12 I respect what you said about the NMA,
13 but do you think that purchasing --
14 that being involved, taking over,
15 whatever you want to call it, two
16 practices in this area in five years is
17 going to save this hospital?

18 DR. SCARMATO: No.

19 MR. COHEN: You're right.
20 Neither do we.

21 DR. SCARMATO: I don't. But I
22 want to have a growth plan where we
23 start looking at expanding in areas
24 around the hospital, in a reasonable
25 one to two mile range from this

1 10-05-2015

2 hospital, where we can actually engage
3 the community around us, have a
4 presence. Because otherwise you are
5 going to have Winthrop opening up
6 places and North Shore, and they're all
7 going to be affiliated with them and
8 that's what's going to happen.

9 MR. ZYSMAN: Look, I think we
10 are all getting the picture here. I
11 want to kind of try to move this
12 forward. It seems like we are having
13 very good commentary. Most of the
14 reason why it's taken a lot of time is
15 you are really not providing us enough
16 information. Harold, Dr. Scarmato, I
17 would like you guys to get together and
18 involve John Maher, when there is any
19 kind of thing operating, where there's
20 going to be financial reporting or
21 asking for money, I really expect that
22 you have conversations with John Maher.
23 We should never be in a situation like
24 this again where financials are
25 presented and the Chief Financial

1 10-05-2015

2 Officer of this company is looking at
3 it for the first time at a Board
4 meeting when we're all looking at it
5 for the first time. It wasn't in our
6 Board packet tonight. There is a lot
7 of work, Dr. Scarmato, that you and
8 Harold and John Maher have to do
9 between now and the Board meeting. We
10 want a comprehensive plan, full
11 financials, comparitives, cash
12 analysis, accrual, accounts receivable,
13 all the things that you guys already
14 know that we are looking for, and, to
15 speak to Dr. Venditto's point, we
16 really need to see what the difference
17 in these business models are and these
18 projected revenues. We need to know
19 where we're going with this, and you
20 guys need to be in a position where you
21 can't tell us just how you feel about
22 moving forward with something that's
23 costing us hundreds of thousands and
24 millions of dollars over that period of
25 time. We need to know what's the right

1 10-05-2015

2 direction to go in and why it's the
3 right direction from a fact based
4 perspective and not from your gut.

5 MR. COHEN: And how we're going
6 to get there.

7 MR. ZYSMAN: Yeah, and how we're
8 going to get there, what the real plan
9 is and it has to be benchmarked out.
10 We're not going to get into a situation
11 where a year goes by and you are asking
12 for money again to fund something.

13 So if we fund it for this two
14 month period of time, the Board meeting
15 may be in two weeks, it might be in
16 four weeks, whenever it's scheduled,
17 you will be fully prepared to do this
18 and we will get the information for
19 this at least a week before the meeting
20 so that we have a chance to digest it,
21 we are not learning it here. Because
22 to spend an hour on this is silly.

23 DR. SCARMATO: I agree.

24 DR. VENDITTO: And we need the
25 financial perspective. We would like

1 10-05-2015

2 to see 2011, 2012, 2013 --

3 DR. SCARMATO: Well, it really
4 only existed as a medical practice
5 since 2013.

6 DR. VENDITTO: No, but the
7 concept of NMA. Granted it's 2013
8 going forward, whenever there was an
9 expected cash flow, I would like to see
10 the financials from that time forward
11 just so that we can get perspective on
12 how much we have invested in this so
13 far, and it puts our expectations in
14 context.

15 MS. REED: You understand what
16 Dr. Venditto is asking for, John,
17 right?

18 MR. MAHER: Uh-huh.

19 DR. VENDITTO: So what -- do we
20 need to vote right now?

21 DR. POLITI: We need to vote to
22 fund the payroll.

23 DR. VENDITTO: You know what's
24 funny, I don't even know the next --
25 how do we put this into a resolution

1 10-05-2015

2 when I'm not sure what the funding is
3 going to cover exactly? Are we funding
4 for another two weeks, four weeks? I
5 don't know, right?

6 MS. REED: What will this get
7 you, another two months?

8 DR. SCARMATO: I am looking at
9 my run rate now. So I look at my
10 income and my expenses, and I believe I
11 am running somewhere around 40 to
12 \$50,000, in that range, I would need
13 per month, so I think it will last me
14 two months. If I do better, if we do
15 better getting in, we're busy. Around
16 the holidays, I don't know, we might be
17 a little slower. I don't know.

18 MR. COHEN: You know what?

19 MR. DELUCA: We have to go.

20 MR. COHEN: I would like to
21 propose a motion that we fund it for
22 \$100,000 and -- we fund it for
23 \$100,000. You understand our concerns.
24 You are taking the heat for it, but you
25 understand our concerns. And I will

1 10-05-2015

2 tell you personally that if those
3 concerns are not met by next, when that
4 money runs out, I will not vote for
5 anymore money. We have to have the
6 information that we're requesting, and
7 we have to understand where this is
8 going. It's dismal up to this state.
9 So I make a motion for the \$100,000 --

10 MR. DELUCA: Second.

11 MR. COHEN: -- financing right
12 now.

13 MR. CIOTTI: Can you articulate
14 the two terms so there is no confusion?

15 MR. COHEN: We want the
16 financials in a manner that has been
17 discussed here on the record by Mr.
18 Zysman, and we want to know what the
19 business plan is, where NMA is going,
20 as Dr. Venditto has indicated. We want
21 those too. We want to know at the end
22 of the next meeting whether or not this
23 is at all viable or it's just a joke --

24 MR. DELUCA: We want
25 recommendations of a --

1 10-05-2015

2 DR. VENDITTO: Presentation of a
3 business plan, the way you would come
4 to anyone financing a potential
5 enterprise. That's what we need to
6 see.

7 MR. ZYSMAN: So Harold, are you
8 going to be able to head this up with
9 Dr. Scarmato.

10 MR. MCDONALD: I will work with
11 Dr. Scarmato and also with John Maher.

12 MR. ZYSMAN: The expectations
13 that have been articulated by
14 Dr. Venditto, myself and the other
15 Board members, are you going to be able
16 to meet those expectations?

17 MR. MCDONALD: Yes.

18 MR. ZYSMAN: You are familiar
19 with the business plan they way Dr.
20 Venditto talked about it and you'll be
21 able to provide us that?

22 MR. MCDONALD: Yeah, I think I
23 am.

24 MR. COHEN: I renew my motion
25 for the interim \$100,000 financing.

1 10-05-2015

2 MR. ZYSMAN: Second? Favor?

3 Unanimous. Thank you very much. Can I
4 get a motion to close the meeting?

5 MR. COHEN: Motion.

6 MR. DELUCA: Motion.

7 MR. ZYSMAN: Have a good night,
8 everybody.

9 (TIME NOTED: 7:00 P.M.)

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7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

INDEX TO EXHIBITS

EXHIBIT	PAGE
A Contracts summary sheet.	31

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CERTIFICATION

I, STEFANIE KRUT, a Notary
Public in and for the State of New
York, do hereby certify:

THAT the foregoing is a true and
accurate transcript of my stenographic
notes.

IN WITNESS WHEREOF, I have
hereunto set my hand this 10th day of
October 2015.

STEFANIE KRUT