NOTICE OF SPECIAL MEETING

Notice Is Hereby Given That The Legislature Of Rockland County Will Meet In Its Chambers In The Allison-Parris County Office Building, New City, New York, On January 28, 2013 At 7:00 P.M., Pursuant To Rule 149-5 Of The Rules Of The Rockland County Legislature. The Subject Of This Special Meeting Shall Be: The Legislature Resolves Itself Into A Committee Of The Whole To Review The Report Commissioned By The County Executive: High Level Operations And Assessment – Summit Park Hospital And Nursing Care Center, As Prepared By Alvarez And Marsal Healthcare Advisory Group.

Very truly yours,

LAURENCE O. TOOLE
Clerk to the Legislature

Dated at New City, New York
This 24th day of January 2013

The Legislature of Rockland County convened in a special session pursuant to the adjournment of the January 15, 2013 meeting.

A Roll Call being taken, the following Legislators were present and answered to their names:

Christopher J. Carey
Toney L. Earl
Michael M. Grant
Nancy Low-Hogan
Jay Hood, Jr.
Douglas J. Jobson
Joseph L. Meyers
John A. Murphy
Aney Paul
Ilan S. Schoenberger
Alden H. Wolfe, Vice Chairman
Harriet D. Cornell, Chairwoman

Late: Legislators Edwin J. Day (7:11 p.m.), Philip Soskin (7:07 p.m.) and Aron B. Wieder (7:04 p.m.)

Absent: Legislators Patrick J. Moroney and Frank P. Sparaco

Honorable Harriet D. Cornell, Chairwoman, led in the Salute to the Flag and delivered the invocation.

Chairwoman Harriet D. Cornell called for the Legislature to move into the Committee of the Whole at 7:04 p.m.

Legislator Michael M. Grant moved to convene as a Committee of the Whole, which was seconded by Legislator Christopher J. Carey and passed.

The Legislature now resolved itself into a Committee of the Whole, Chaired by Harriet D. Cornell to discuss the following resolutions:

A. COMMITTEE OF THE WHOLE

1. Referral No. 9485 - Review The Report Commissioned By The County Executive: *High Level Operations And Assessment – Summit Park Hospital And Nursing Care Center,* As Prepared By Alvarez And Marsal Healthcare Advisory Group.

MINUTES
COMMITTEE OF THE WHOLE
JANUARY 28, 2013

MEMBERS PRESENT
Harriet D. Cornell, Chairwoman
Alden H. Wolfe, Vice Chair
Christopher J. Carey
Edwin J. Day (Late 7:11 p.m.)
Toney L. Earl
Michael M. Grant
Jay Hood, Jr.
Douglas J. Jobson
Nancy Low-Hogan
Joseph L. Meyers
John A. Murphy
Aney Paul
Ilan S. Schoenberger
Philip Soskin (Late 7:07 p.m.)
Aron B. Wieder (Late 7:06 p.m.)
MEMBER ABSENT
Patrick J. Moroney
Frank P. Sparaco

OTHERS PRESENT
Laurence O. Toole
Mary Widmer
Ricardo McKay
Chris Seidel
Richard Cascio
Kathleen Millgard
Richard Maloney
Suzanne Barclay
Sean Mathews
Vincent Abbatocola
John Fella
Bill Renc
Darcy Casteleiro
Margaret McSharar
Dave Schwall
Joan Williams
Media

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Chairwoman Cornell

Representatives from Alvarez & Marsal Healthcare, Richard Casio and Kathleen Millgard are here tonight.

Richard Cascio is a Managing Director with the Alvarez & Marsal Healthcare Industry Group in New York and Miami. Mr. Cascio provides multi-project over sight and healthcare financial and operational consulting services to clients ranging in size from small community hospitals to more than $4 billion academic medical centers. His specialties include turnaround management performance improvement, strategic planning, corporate finance, mergers and acquisitions, buy and sell side due diligence, creditor relations, physician relations, governance and debt restructuring. Known nationally and internationally for his work in hospital turnarounds and performance improvement, he has more than 30 years of experience in the healthcare industry. He has a very long resume, but it is very important to know that he has been President and CEO of a 369-bed tertiary care medical center that received both the AHA Hospital Turnaround of the Year award and the Top 100 Hospital Award; and Chief Strategic Officer of a 400-bed tertiary medical center. He is also a certified public account.

My understanding from Paul Brennan, and the people who have worked with these two folks, have been highly complimentary of the work they have done.

Mr. Cascio will give a presentation and then take questions from the Legislators. Legislator Murphy is particularly interested in knowing right now whether the Alzheimer's Unit was included.

Richard Cascio, Managing Director

Yes, it was. Good evening and thank you very much for having us tonight. With me tonight is Kathleen Millgard. Kathleen is one of our Senior Nurse Executives that has been working in the healthcare field for over thirty-five years. Kathleen and I worked on this assignment together. We were retained to conduct a high-level operations assessment to identify potential performance improvement opportunities in the operations of Summit Park Hospital and Summit Park Nursing Care Center. Our review did not include the operations of the Department of Mental Health.

I would like to take the committee through the presentation - High Level Operations Assessment.

We spent four days on site reviewing the operations of these two organizations. You need to keep that in prospective. This was a snapshot of what we did around October 16, 2012. A typical operational assessment ranges from sixty to ninety days, most likely in the seventy-five day range.

One thing you should know is that the report that you see here tonight is unvarnished. We did sit-down with management and we did discuss a report with them, but in no way shape or form did they change the contents of the report. I think that is an important point to bring out.

Chairwoman Cornell

Is it possible at this point or later on to ask you about what might be reasonable to expect with regard to county allocations. The County allocation of about $8,000,000 on the hospital is a big issue. With your experience can you respond?

Richard Cascio, Managing Director

No, I cannot. I am sorry we just didn't have enough time onsite.

Chairwoman Cornell

Please explain what exactly the Long Term Acute Care is that others don't have.

Richard Cascio, Managing Director

LTAC's have a minimum length of stay of twenty-five days. It is a great intermediate step for patients. It is not predominant in the New York area, but around the country LTAC's are a great business model. A lot of hospitals have developed LTAC's. A lot of them are owned by for-profit entities. It is a long-term acute care facility.

Kathleen Millgard, Director

An LTAC is designed for a patient who does not meet the acute care standards so they cannot stay in the hospital, but they are too severely ill to go into a skilled nursing facility or go home with home healthcare. It is like a bridge facility.

Mr. Meyers

Doctors that have patients like that in the Lower Hudson Valley, since our census is lower than it should be, where are they recommending that those patients go? They are certainly not going home.

Kathleen Millgard, Director

Unfortunately a lot of them go home with home health care and then they end up getting readmitted or they are staying in the hospital and the hospital is not getting reimbursed for them. Readmission is a big no-no within thirty days of a hospitalization, because they do not get any reimbursement for that second admission whatsoever.

Mr. Meyers

Why wouldn't the hospitals recommend our facility? Why would they keep them when they do not get reimbursed?

Kathleen Millgard, Director

It is an ethical issue, they are too ill to go and they cannot place them in skilled facility. Ethically they cannot let them go into a situation that is not safe.

Mr. Meyers

Why don't they refer them to our LTAC?

Kathleen Millgard, Director

I can tell you in speaking with the people that we interviewed is that they don't know you are here. There is very little marketing that goes along with it.

Mr. Murphy

Most of the people know about the LTAC and to suggest that they don't know about us if facetious. Rockland County has two hospitals and is the second smallest County in the State of New York. We are all socially engaged with each other and they are aware of our LTAC.

Mr. Meyers

It doesn't take much of a budget to interface with those two hospitals.

Kathleen Millgard, Director

They can come from any hospital in New York not just in this region. There are only four LTAC's in New York and you can get people from outside of this general vicinity so you do have to market yourself to the other acute care hospitals not just the ones in a very localized restrictive area.

Mr. Meyers

Just by marketing just to the two local hospitals probably is not enough to keep the census as high as we need it to be. You would need to have a wider outreach.

Kathleen Millgard, Director

That is probably something that should be researched further.

Mr. Jobson

The LTAC beds, are they only under the preview of Federal guidelines and regulations?

Richard Cascio, Managing Director

There was a moratorium placed on new LTAC beds for 2012. I don't really know how the government is going to proceed from here on in.

Mr. Jobson

Is this becoming a dinosaur? Is this a model that Uncle Sam basically wants to wash its hands of? Is it too expensive to operate? Is it worth its weight in gold? Why are so many people running away from it? Is it killing Medicaid?

Richard Cascio, Managing Director

From our prospective and a national prospective we think LTAC's are here to stay. In interviewing one of the nurses who had her mother at Nyack Hospital in the discharge planning process to go to a nursing home Summit Park wasn't even listed. So they may know about Summit Park, but not recommended.

Mr. Jobson

Everybody thinks the place is closing.

Mr. Carey

Specifically when Toski was here they mentioned that LTAC was going to be reviewed in December. The Federal government didn't want to pay the much higher LTAC rates verses regular hospital stays and they had suggested that they might get rid of that designation entirely. Have you heard anything like that?

Richard Cascio, Managing Director

Washington is in such a state of flux right now with all of healthcare reform it is really tough to predict.

Mr. Schoenberger

$750,000 savings is for outsourcing food service, housekeeping and laundry. Can you break the three of those down please?

Kathleen Millgard, Director

Correct. This was based on a high level evaluation that the management actually prepared. I cannot give you a breakdown right now.

Mr. Schoenberger

You can give me a total, but you can't tell me the component parts of it. Is that what you are saying?

Kathleen Millgard, Director

Not in this document. We have it in our detailed document.

Mr. Schoenberger

I would like to know, because one of the proposals in the 2013 budget was to outsource the laundry and I think the projection for that alone exceeded what you are telling us for all three of these combined. I would like to try and have the three of them broken down please. Please provide that information to the Chairwoman of the Legislature.

Kathleen Millgard, Director

We can talk with management about that analysis. The one we had was a combined effort.

Mr. Day

What do you see as the problem here in reference to revenue cycles and billing issues? Is the problem internally correctable?

Richard Cascio, Managing Director

Missing documentation from the physicians and not getting the charts down on time. It is correctable. A lot of it is the process.

Mr. Schoenberger

Accounts Receivable, page 22. I am not sure I agree with you with regards to Summit Park using an outside collection agency. A certain amount of the bills will be payable, partially payable and some of them will be uncollectible in whole or in part. By the County taking the effort to initially go after the bills we get to, in essence, cherry pick the good ones off the top without paying a fee to an agency. By sending them all to an agency, the agency gets to cherry pick those off the top and take a collection fee. I wonder if we had better collection procedures in our operations we could save the cost. The ones that are more difficult to collect are the ones that I think we should be sending out, which requires time to separate.

Unfortunately, my experience with the credit agencies has been a little bit different than what you are saying. I have known too many credit agencies that take what comes in, pick the best off the top, make some efforts to try to collect the rest and then just send them back as uncollectible. I am not so sure that I agree, but I can't tell you that I fully disagree. I think it depends on who is doing the collections and whether they are thoroughly invested in going after every dollar.

Richard Cascio, Managing Director

The recommendation here is only for one bucket of patients, not Medicaid, Medicare or Managed Care.

Chairwoman Cornell

What is the point of anything going to the County Attorney first? It does seem like a loss of time. I am not really sure what bills do go to the County Attorney.

Richard Cascio, Managing Director

Our understanding is just the self-pay piece. I think the reason is to save the collection fee.

Mr. Schoenberger

Process, page 23. What do you mean by referrals from hospital and other sources are logged by referral source, but not by physician?

Richard Cascio, Managing Director

We would love to know where the referrals by physicians are coming from. I would love to know if it is Dr. Smith or Dr. Jones. I would love to know who is referring to Summit Park. Right now it is just done by hospital. If I knew a group of physicians I could more actively market them.

Mr. Schoenberger

Mr. Murphy, do you agree with the second observation on page 23 – Referring hospital discharge planners have little knowledge of the programs and services offered at Summit Park?

Mr. Murphy

Not at all.

Richard Cascio, Managing Director

We are just reporting what we have heard.

Chairwoman Cornell

Occupancy – Nursing Care Center, page 13. Is it possible for us to get to the 95%? The Toski report estimated that $2,400,000 could be realized if an occupancy rate of 95% was achieved. Do you think that is possible?

Richard Cascio, Managing Director

We have no opinion on that, but Toski, as you recall, spent a lot of time on demographic analysis, looking at competitors, market trends and incident rates. I am not going to put words in their mouth, but I think based on all the demographic and marketing analysis they probably feel 95½% rate is achievable.

Mrs. Paul

If we could do better marketing maybe we can have our census or occupancy increase. There is potential there.

Chairwoman Cornell

The Chairman of the Board of Governors is here with us today, Mr. Vincent Abbatocola. We are very happy to have you here with us. Of Course Commissioner Maloney is here. We have Assemblywoman Jaffee's Chief of Staff is here as well.

Mr. Wolfe

Thank you for coming here. I really appreciate the insight you have given us. I am sure you are aware that one of the important decisions that we are considering right now is what to do with the Summit Park facility. Do we sell it or do we try an improve it? One of the frustrations of the Legislature has been approaching the whole issue of the Summit Park facility has kind of been done backwards. This is information that would have been helpful to us several years ago when we first realized there were some issues. I don't know how aware you are of the history, but at that point essentially there was a proposal made by the County Executive to transfer to facility before we got any of these details. It may very well be that these recommendations are too little too late. I am not saying that they are I am just saying that the possibility exists. If we ultimately decide to sell all or part of the operation we are still talking about a twelve to eighteen month period of time to implement it and during which time we will still be responsible for operating the facility, enjoy the revenues and not enjoy all of the expenses.

Improvement requires investment in terms of money and time. Where do you think we can get the biggest bang for our buck regardless of what we ultimately decide to do with the facility?

Richard Cascio, Managing Director

Information systems, old antiquated, needs help. There are a lot of things that the hospital and nursing home can do that they are not doing from an Information Systems prospective. The staff is building these manual redundant systems to compensate for the lack of technology so that is probably number one. The time and attendance system we think is something that would be important. Cosmetically, the organization needs a facelift. There are some equipment needs too.

Kathleen Millgard, Director

If you were looking at trying to sell it the better that your operation is in total the more appealing it would be to a buyer.

Richard Cascio, Managing Director

The enterprise value increases too.

Kathleen Millgard, Director

If a buyer has to come in and put in $40,000,000 in capital to get it where they want you are not going to get what you might want to get from the sale. The more efficient your operations are and if they can come in and see that you have a well-run facility is much more appealing if you decide to sell.

Mr. Wolfe

Richard, you have had this report now for some time, what has the department done in the interim having reviewed this report? Have any of the recommendations been implemented or plan to be implemented.

Richard Maloney, Commissioner of Hospitals

We reduced the staff to some degree. I want to emphasize one thing that they talk about, is what has happened over the years since I have been back is that as positions become vacant you can't fill them. We have a relief line that we can use. The positions go to the Legislature unfilled and then they get eliminated. You guys put out a news release that you saved the County so many dollars by doing that. Essentially what you have done is created a situation where 80% of our RN's are not full time employees. It is not a way to run the show. We had direct input from the Commissioner of Correctional Health that it was a very bad thing going on in the jail and it is a much smaller operation. We unfortunately had a suicide in the jail and they attributed part of that to the lack of continuity in terms of the staff that we have. Well, that is compounded in our hospital and nursing home. That is something that should be changed and positions should be reestablished. We pay basically the same amount of money, but we just don't have the continuity of staff.

Mr. Wolfe

What has or planned to be implemented?

Richard Maloney, Commissioner of Hospitals

It is not an uncomplicated question. With regards to the security in our central supply, too many people have keys. We don't issue keys. The Department of General Services issues keys. We had no idea that they issued so many master keys and so many people had access. We met with Bob Gruffi, we changed the locks and now there are three keys in existence right now. We asked the Department of General Services to install two cameras, one inside and one outside the supply area that still has not been done. We also asked that they install a card swipe so that we can keep the security of our supplies under control and that hasn't been done either.

The real savings are in our MIS system. You can't believe what we do to process payroll and this happens all across the County. There is a savings from the hospital for creating a card swipe system for payroll, but there is even a bigger savings across the County by having people accountable. It is out of our control, but it is something we want to do.

You have to realize the issue with morale. Morale is at an all time low at Summit Park, because of the indecision about what is going to happen to us. I talk to our employees every single day and they want to know if they are going to have a job later this year and are you going to sell the hospital. And that is out in the community as well.

We were able to reduce the full time employees in our Dietary Department on an average by two, they recommended eleven, but don't forget they did a high level evaluation and we have a need in our kitchen to do an incredible amount of refurbishing. When Chris Kopf was here and when I was here fifteen years ago we had a plan to put an ergonomically effective kitchen in, because we knew we could probably take out one-third of the full time employees, but the County never funded it. We are stuck with a bunch of old equipment that ends up being replaced as it breaks.

If we wanted to increase our census to 95% - we have two units closed and we don't have any beds for those units, because the County has never made an investment in buying new beds. The beds are seventeen years old. If you go up to our tenth floor, which is unoccupied and used for storage, there are a sea of beds up there being cannibalized for their parts to be used for our existing beds, because we can't get parts for them.

Mr. Wolfe

I understand that it is not pleasant to be the person that is being criticized. I am not interested in pointing fingers at this point. I am just trying to get an understanding of what actions are being taken from this report. What about charging for photocopies? What about bypassing the County Attorney's office as an extra step?

Mr. Maloney, Commissioner of Hospitals

We now bypass the County Attorney's office. The amount of money that is involved with reimbursement in our private pay side is $1,000,000 to $2,000,000 out of $69,000,000 budget. Yes, we do what we can to collect it.

Mr. Wolfe

Very simply, what is the plan right now? Are you charging for copies? What about personal care services?

Mr. Maloney, Commissioner of Hospitals

We charge for copies with the exception of a patient's family that might come in. We do charge by in large almost for all copies and most of the action that we have is from outside attorney's asking for copies.

Personal care services, barber shop, beauty salon, mending clothes and putting tags in clothes is something that we have done since the day this place opened in 1837 and we haven't changed that. I don't think we should change it. These people in the nursing home get $50.00 a month to spend. They get bed, board, great nursing care and physician care paid for.

Chairwoman Cornell

Please prepare a written account for us some of the changes that have been made. I also wanted to mention, Legislator Wolfe, the Toski report also indicated how important it was, whether we kept it or sold it, to make sure that the physical plant was in good shape and that the occupancy was in good shape, because that also brings up the value. Things that have happened subsequent to that in terms of the way in which the public hears about what is happening has not been at all helpful.

Mr. Maloney, Commissioner of Hospitals

The Toski report talked about LTAC's. There are only four in the State. I had to explain to Dave Bonk what an LTAC was. These guys here are experts on LTAC's. Dave Bonk is not the guy you go to about LTAC's. Their comments are of some suspect.

In the Toski report a very good part of it was an estimate of what we needed to invest in the nursing home and hospital in order to just bring it up to snuff and that was about $20,000,000. Just keep in mind that is the investment we need to make if you want to get the full market value for it otherwise that would be discounted from the price. The people we would be selling to aren't fools and they would hire people to look under the hood to find out what needs to be done in terms of infrastructure.

I also want to comment that we have a nurse in our admissions department that does nothing, but call on Good Samaritan Hospital, Nyack Hospital, Hackensack Hospital, Orange Regional, Englewood Hospital and hospitals in New York City to tell them what we do at Summit Park. We get a lot more admissions right now from Englewood and Hackensack hospitals. The problem we have is our reputation. What we say here tonight is one thing and what is published in the newspaper is something else and certainly frames people's perceptions. There is a worry out there that is really unfounded that because Summit Park is going out of business that we are not providing the best care possible.

We did have seven Legislators tour the facility two weeks ago. I think they were impressed with what they saw, not necessarily the physical facility, but in terms of the people who work there. They are great people, they provide excellent care and I wouldn't work there if we provided fewer nursing care hours then we need to provide.

If you take a look at our case mix and whom we have in our nursing home we are much higher in terms of Medicaid than anybody else in the area and that is because we are a safety net provider. It is what our role is in the community. We take who nobody else wants and nobody else will care for. You can't be a for-profit nursing home and do what we do.

I don't think we can get up to 95% occupancy even if we had the beds, because there are so many services now in the community in terms of wavered services to keep people home. There is a nationwide effort to keep people in the lowest level of care possible. We just don't get the referrals that we used to get and the other nursing homes in the County are hurting as well.

Our data indicates that if we increase our census by 36 the amount of money we would have to spend on direct cost in terms of nurses, nurse aids and others would make it just about a breakeven proposition. We are not talking about a profit. David Bonk made it sound like we could just do this. We are very careful about how many people we employee. What happened in Summit Park is we lost census, but they were scattered. You can't take the FTE's out of the system so we moved people inside the institution, vacated units then we took the FTE's out so we did save the money. We are not way over staffed. We did act responsibly. We struggle in the system and that is why I wanted to do a PBC. We struggle with the system in that we don't have control over what we do. It is just the way it is in the County. You make decision about budgets, the County Executive makes decisions about budgets and not everybody is well informed about what the impacts are and we continue to operate and we do it with a lot of obstacles. Because we are a government I spend most of my time on process, not on things that make money, getting positions unfrozen, trying to explain to people in government what we are doing, etc. If we go back to the Grant Administration the direct care workers weren't frozen in Rockland County and now they are. If I turnover a nurse I have to try to get it unfrozen, which is an onerous process. I have to provide care or I have to reduce my census. Those are the things that I deal with every day. We have about 20% of the administration working today.

Materials Management is a profession. We have a guy with a high school diploma; he speaks two languages and was trained by somebody else. We lost our Materials Manager years ago, the position was eliminated and was never replaced. We don't have an engineer to look at our equipment to make sure they are working properly so we have nurses doing that. It is not the way to go.

Chairwoman Cornell

I want to say how much I appreciated the time at Summit Park. I thank you, Vinny and the board. We will have other opportunities to hear from you about some of those other issues.

Mr. Day

This has been going on for a while and costing us millions of dollars. What troubles me is it seems a lot of things have been simply allowed to float. There have been opportunities to improve that have been missed or ignored. A lot of correctable issues have not been addressed. I believe that marketing works. I know it works. You can't assume word of mouth is going to work. There are a host of issues.

What is missing is a broad vision, a broad plan and what the mission is. If those three things had existed we wouldn't be here tonight. This is like an ongoing saga that is going nowhere and that is really troubling. I heard there is opportunity to do things and there is potential. What is going to be done? We have been on this dance floor before. We have heard these things before. The bottom line is this just keeps going on and on and we have no clue in this body where and when implementation will ever take place or if we will ever see improvements. What will it take?

Many of the things we have been hearing tonight are things that should take place within the administration. These discussions should take place and the issues should be solved. The bottom line is that it is achievable and it just seems like it is not happening. Right now we are sitting here thinking, "now what". We have people working and patients in the hospital. Will anything ever change? Frankly, due to the history since 2008 I don't have a lot of belief right now and that is not one persons fault. It is a failure of vision, of a plan and a failure of mission and it is just not happening.

Richard Maloney, Commissioner of Hospitals.

I think we have done very well since 2008.

Mr. Day

I have heard you defend a lot of things and I hear you. This is not about you. This is about the entirety of the issue. It is not focused on you, your administration, and your management, on MIS or on General Services. It is the entirety of the issue. It has to be fixed and there has to be a commitment to fixing it by everybody not just you. I have heard you talk about things that make a lot of sense, but something has to happen. Thank you.

Chairwoman Cornell

The answer is it shouldn't be treated as a County department. It should be treated as something special, which it is.

Mr. Carey

I want to put your study into context. How long did Toski spend doing their analysis?

Richard Maloney, Commissioner of Hospitals

They were not onsite a lot. They did a lot of work offsite. Six months.

Mr. Carey

I think you did a great benchmark analysis for being on site for four days, but for my benefit if you are sitting up here and we have to make a decision on how to best deal with this hospital how would you treat information that people spent six months on verses people that spent four days. How much would you weigh your information in that analysis?

Richard Cascio, Managing Director

Our approach was purely an operations assessment. Our scope was much different than Toski's scope. We were asked to come in for four days and do a high level assessment. This is what we do for a living. We are doing this for a very long time. We are confident in the directional recommendations we have here.

Mr. Carey

We spent a lot of time and meetings in this forum with Toski going tooth and nail through their recommendations. What you did in four days was great. What you did was compare the operation and the statistical measures of these operations verses the norm in the industry and you assessed had they gotten towards the norm in the industry the financial position would be much better. Is that a fair assessment?

Richard Cascio, Managing Director

Yes.

Mr. Carey

We talked about those opportunities, but what we talked about with Toski, which you can't get into, because you didn't do it was a change of culture and that a new mindset would have to take place to make these changes happen. I am not asking you whether you agree with that or not, but I am addressing the situation that we are no better off right now assessing the operations and the viability of it then we were before this study, because it didn't get to the heart of the matter as whether we could change the direction of this organization. You said that there was an opportunity too if we took advantage of it.

I specifically asked Toski if this was a "safety net". Toski presented a slide and it showed it was in fact not a safety net, their words. Not only did they make that statement, but also Commissioner Sherwood made the statement that this is not the provider of last resort and shouldn't be looked at as such. I know that people don't agree with that I am just stating what was said in the record.

Toski said we have to put this in as good a shape as possible to impact the value of it. I think we need to be very careful about where we invest though, because if we invest in IT systems just to find out the company that was attracted to this was going to get rid of it anyway then you have no value in it at all. If you made physical changes to the building that would last no matter who bought it. I think we have to be very prudent on what investments we make in terms of this.

Mr. Schoenberger

We are the appropriating branch of government. We adopt a budget. We budget positions. We budget positions for one year and the budget comes back to us the next year and the positions we budgeted sometimes remain unfilled for that year, but we don't issue the vacancy releases. We look at positions that had been unfilled and carried on the books sometimes in excess of one year. We abolish positions when they are not necessary or have not been shown to be necessary. Having positions in a budget that are carried on the books unfilled for over a year, but fully funded at a time when we are under tremendous financial pressure, we abolish those positions. We don't warehouse positions, because that money, even though it is funded on a line for a position title, could then be used and moved internally in that department without our knowledge or input, because the Executive branch has the power to do that. That is part of our system of checks and balances. We have always said to every department to come forward and show us that you need that position during the course of the year that we will always entertain your request. You would have to justify it to us and we could reestablish it. That process means going to the Executive, getting his support and then coming to us. I remember we did it for the Department of Social Services for certain positions that were abolished and we reinstated them.

We have been criticized that when we abolish these positions we don't then take that money out of the budget. What we do with it is we put it into contingency and we hold it in reserve in case you need it and you have to come back to us. That is the process in the world we live in. I am not blaming fault on the Executive branch, but when a position becomes vacant and the administration analyzed your day-to-day operations and decides that you don't need to fill that position we don't carry it. We look at positions that have been vacant for many months and question why they have to be continued if the operations have functioned for as long as they have without them being filled.

I am concerned about how many times you referred to risk issues in your analysis. Risk issues to me are disturbing. The way things should be run, I believe, is you minimize risk. When you talk about risk issues I think you are warning us about potential liability that could result in lawsuits where we could pay damages, which could far out weigh the expense of dealing with the risk. Am I correct?

Richard Cascio, Managing Director

It could be. Potential.

Mr. Schoenberger

Your referred on page 45 to the correctional health issues. You have told us over a number of years that the hospital bears the cost for the correctional health issues. I don't see a reference to that cost. If the hospital were to shutdown tomorrow the correctional health issues would still exist. In other words, the inmates at the jail that need health related services would still need health related services. I do not see quantification as to how much that is and how much that would have to continue as a remaining obligation. We still have to provide medical health services to the inmates in the jail. It is provided by the hospital and the hospital doesn't charge back the jail. It is a hospital expense. There should be some valuation as to how much that would that would have to be accounted for through another source.

Richard Cascio, Managing Director

It wasn't our responsibility, but I do recall something from the KPMG audited financials that the cost was about $2,600,000 and the County reimbursed Summit Park $400,000 and the net was about $2,200,000.

Chairwoman Cornell

This report that was issued by Summit Park and given to the people who attended the meeting indicates that those costs would continue even if the hospital would close and they will be borne by someone.

Mr. Schoenberger

Revenue Cycle – Observations, page 25. Non-routine supplies are not billed to the patient (prosthetic devises). A flat rate of $1,375.00 per day is charged in the hospital. This is a maximum charge regardless of the services provided. For example, if one patient has a number of x-ray and lab tests while in the hospital and another patient has not tests, both patients incur a maximum daily charge of $1,375.00. That is a little puzzling to me.

Richard Maloney, Commissioner of Hospitals

Under Medicare any service that we provide is not a service we can bill for with the exception of outside physicians or specialists. If we have an LTAC patient that needs any type of outside service we cannot provide in-house, we provide the transportation and we pay the bill. If a patient becomes septic and has to go to the emergency room during and does not get admitted, they get sent back to us and they send us the bill and it comes out of the reimbursement for Medicare. We have no choice that is the way it works. In the vast majority of cases it is an all-inclusive rate what we get from Medicare. We have very few private pay patients. It is just hard to attract those folks.

Mr. Schoenberger

How do you charge a private pay patient?

Richard Maloney, Commissioner of Hospitals

We just say $1,375.00 to the private pay patients. We say about $975.00 a day, which is what we get from Medicare and that is an all-inclusive rate and we cannot charge more than that. We bill the same $1,375.00 and that is predicated on what our average cost is. We are not losing money on $1,375.00 a day; we are making a profit on it. We are not maximizing it. The $1,375 is such a small amount of our action that it is not going to put us over the top.

I would love to bring back Mr. Cascio and Mrs. Millgard on a longer engagement, because it is nice to have someone with the prospective that they have to give us ideas. We enjoyed each other and it wasn't adversarial in any way.

Mr. Murphy

My remarks as far as I am concerned are intended only for my fellow Legislators. Everybody who has been around with me for the past four decades know I was very much devoted to our health facilities, because I have spent forty years in health and human services. It is my avocation. I also make my remarks in the context of the fact that I have been involved in the world of technology for over have a century.

I have been sitting here for the last six months listening to every other department putdown our computer department, which is grossly unfair. Our computer department has been lobbying for years to allow them to bond the cost of purchasing the software for electronic medical records. It is we who did not give them the resources. If electronic recording of medical records is a flaw in the County's operation the flaw lies on our shoulders. We should have allowed them to bond it. They have been knocking on our door for at least two years. I will tell you that if you don't do it right away you are going to get caught up in a catastrophe next year when Obama Care falls full weight on our shoulders, because it requires that.

We are in the position we are in, because we lacked the vision of seeing what was coming down the road and what was around the corner for us. I consider this report tweaking for nickel and dimes. We ought to know that managed care nationally and statewide is here. Managed care is going to force us to put people in need of care into the cheapest possible setting. That is what makes Obama Care work, and I am not passing judgment. In the world of mental health long stay beds are being eliminated and they are creating health homes. We should have seen that coming and knowing that the market for traditional nursing home beds was going to shrink even in our County where our elderly population is growing. We should have taken steps to reinvent ourselves so that we could have kept up.

I brought up the subject of specializing in ventilator care. Most of the people who need long-term ventilator care in Rockland County go all the way to Southern New Jersey. We could have done that. I also suggested having a special unit for elderly dementia, which was dismissed with a snap of a finger as unaffordable, but there was never a study done on it.

The LTAC beds, I am not exaggerating, but most of the people did not know we had 100 LTAC beds and what they were. Half of them were for psychiatric use and the other half was for physical medicine. We had empty LTAC beds. When you learned what an LTAC bed was you were all told it was the gold standard. We sat here while they had empty LTAC beds for years. I am not blaming anybody for anything.

Since I retired twenty years ago from my career in technology I spend all my time in the health industry. We all have to computerize. We are entering the world of managed care, which is the cheapest possible setting for anybody in need of medical care or human care. We should have prepared years ago for what we saw as the changes. President Obama did not try to deceive us when he talked about the fact that we all have to change to managed care. I don't expect any of you to even know what that means, because that is not where you spend your time. I am telling you that the world is changing and it is changing in my two areas of interest; technology and health care. We are not prepared with this nursing home to deal with any one of those two. We have talked about nickel and dime stuff, but we have to raise $10,000,000.

I will tell you that we either need to sell it, shrink it or specialize services or we will never overcome that deficit. With all due respect to the consultants, I have 600 people with high health needs under my care. I live with these things, but more importantly I can look down the road and when managed care hits us and if we are not prepared we are going to run a $20,000,000 deficit. Trust me. Thank you.

This nice gentleman that made the presentation did not talk about the 100-bed LTAC. We have the only one of four in New York State and most of those beds remain empty. I don't see anybody expressing any outrage.

Chairwoman Cornell

We are all outraged that is why they are here and I invited them to come.

Mr. Jobson

I want to thank you folks for coming tonight and you did a wonderful job. It is shame, but it is almost criminal and sad that we had to pay you to do what you did. We know exactly what you just told us. We know what the problems are at the hospital. We band aided this place to death. We needed to spend money many moons ago. There is no one person who is at fault. It actually starts at the top down from our Federal level to our State level. Our State representatives have basically turned their backs on these hospitals and do not want to reimburse us. It is some folk's last resort and it is sad that we have come to this point. This facility used to turn a profit. Our leaders have let us down from different levels of government. We have a terrific staff and a facility full of good people that want to do the right thing. We have to make a choice of selling or spend money to make the place competitive. This whole issue is very frustrating. We have to take a direction as a body, as a County. It is time to make some tough decisions.

Mr. Soskin

We have been sitting here now for almost three years trying to determine what to do. I think the best thing we are all looking for is a fast solution. What are we going do? The Federal government and the State of New York are not helping. Locally I don't think we are helping either. We are not thinking in terms of people. We are thinking in terms of dollars. When I took the tour of the hospital I was told that they are not really losing money, because we are taking all the costs for our government from telephone, attorney's, stationary and everything else and charging a very substantial amount to the hospital, as well as other areas of government. How can we come up with a fast solution? Are we going to sell the hospital right away? No, it will take us eighteen months. This year we are not going to have a fast answer. Should we have formed a Public Benefit Corporation and do away with our responsibility? We are giving somebody else the responsibility of deciding for us. What do we want to do? We hired two sets of consultants and we still don't have any answer. We have to make the decision. Do we want to stay or close down or we can shrink it. We are being very compassionate. We are providing haircuts. There is a television in the dayroom. What do you do with a place like this? I wish I was King Solomon and had an answer, just cut the baby in half, maybe that is the answer. We are still going to have the same costs. Our shared costs are $8,000,000, which is being charged to the hospital. We are letting employees go and then we pay retirement pay and unemployment and then we hire other people to perform the services required. Who are we fooling?

We have to look at things with a little compassion as well. What are we going to do? I don't know. I feel very badly. I never get calls from my constituents, but I have been getting a lot of calls from retirees recently. I never get calls. I am in an area where the people don't have questions or are willing to accept things as they are. We have issues that are very critical to the County. I don't want to give up my right to make a decision as to what to do with the hospital. I don't want a Public Benefit Corporation. I don't want an LDC. I don't want to give up my right. As a Legislator I am representing 17,000 people and each of us is affected in a different way. Do we want to fix a park or provide prescription drugs for employees who worked for many years at a very low salary and have been retired for many years and need those dollars? Uncle Sam is taking away our money. Everybody is taking from us. We have to come up with something. Maybe shrinking is the best thing.

I want to thank Commissioner Maloney for all of his efforts. He has come out of retirement and has done quite a bit for us and we appreciate it. The consultants did a very good job. We are still floundering like fish out of water. We have to make a decision and I don't think anybody is going to help us. Thank you.

Mrs. Low-Hogan

The benchmarks that you refer to throughout the report, do they take into consideration other County hospitals and nursing homes?

Kathleen Millgard, Director

They do. The solution is based on similar organizations of similar size and functionality and similar geographic types of issues. The nursing home was specifically on a regionalized basis so the Northeast was all in there. It was very recent data.

Mr. Wieder

Thank you for coming and presenting this detailed report. On page 11, Non-Controllable Expenses. These are numbers that are truly fixed. Have you looked at the County cost allocation, the $8,200,000? Is that a correct number? How is that going to impact us if we close it? Or you haven't really looked at that line, because it is a non-controllable expense.

Richard Cascio, Managing Director

The only thing we did is look at the components of that number, but we were not asked in the scope of our engagement to review the appropriateness of those numbers.

Chairwoman Cornell

Are there any County facilities where the workforce is in a separate union or is separate from the negotiating process from the rest of government? Is there any history of any similar kinds of facilities that have their own union and can do their own negotiating?

Kathleen Millgard, Director

Normally they are not part of a full County. Nurses normally would be part of a statewide union. Your LPN's would have a union statewide. Your service workers would be in union 1099. It is not normally the setup that you have here.

Chairwoman Cornell

I want to thank you both for being here, flying a long distance and then driving in this bad weather to get here. We really appreciate this. We may call you again to ask further questions. You have crystallized a number of issues for us. I think it has been very helpful. Thank you.

ACTIONS:

Presenters from Alvarez and Marsal Healthcare Advisory Group - Richard Cascio, Managing Director and Kathleen Millgard, Director:

Provide breakdown of savings if Nutritional Services, Laundry and Housekeeping were to be outsourced.

Commissioner of Hospitals Richard Maloney:

Provide estimates received by Paul Brennan in reference to savings if Nutritional Services, Laundry and Housekeeping were to be outsourced.

Provide a written account of changes currently in development and accomplished at the Hospital and Nursing Home.

Chairwoman Harriet D. Cornell called to adjourn the Committee of the Whole and report back to the full Legislature at 9:28 p.m., which was moved by Legislator Christopher J. Carey and seconded by Legislator Edwin J. Day and passed.

The vote resulted as follows:

Ayes:	13	(Legislators Carey, Day, Earl, Grant, Hood, Jr., Jobson, Low-Hogan, Paul, Schoenberger, Soskin, Wieder, Wolfe, Cornell)
U.A. Nays:	02	(Legislators Meyers (left at 8:50 p.m.), Murphy (left at 9:24 p.m.)
Absent:	02	(Legislators Moroney, Sparaco)

RESOLUTION NO. 43 OF 2013
ADJOURNMENT

Mr. Earl offered the following resolution, which was seconded by Mr. Jobson and adopted (9:28 p.m.)

RESOLVED, that the meeting of the Legislature is hereby adjourned to Wednesday, January 30, 2013 at 6:00 p.m.

The vote resulted as follows:

Ayes:	13	(Legislators Carey, Day, Earl, Grant, Hood, Jr., Jobson, Low-Hogan, Paul, Schoenberger, Soskin, Wieder, Wolfe, Cornell)
U.A. Nays:	02	(Legislators Meyers, Murphy)
Absent:	02	(Legislators Moroney, Sparaco)

Respectfully Submitted,

DARCY SHAPIN - GREENBERG
Proceedings Clerk