



**MINUTES
COMMITTEE OF THE WHOLE
MAY 15, 2012**

MEMBERS PRESENT

Harriet D. Cornell, Chairwoman
Alden H. Wolfe, Vice Chair
Christopher J. Carey
Edwin J. Day
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
Frank P. Sparaco
Aron B. Wieder

ABSENT

Patrick J. Moroney

OTHERS PRESENT

Laurence O. Toole
Mary Widmer
Ricardo McKay
Chris Seidel
Supervisor St. Lawrence
Ron Levine
Steve Grogan
Stephen DeGroat
Paul Brennan
Robert Maloney
Dave Bonk, CPA
Donald Pryor, PhD
Eugene Laks, Esq.
Phyllis Tucker
Annmarie Curley
Sean Mathews
Mary Anne Walsh-Tozer
PT Thomas
Damaris Alvarez
Media

Chairwoman Harriet D. Cornell called for the Legislature to move into the Committee of the Whole at 7:11 p.m.

Legislator Ilan S. Schoenberger moved to convene as a Committee of the Whole, which was seconded by Legislator Michael M. Grant and passed unanimously.

The Legislature now resolved itself into a Committee of the Whole, Chaired by Harriet D. Cornell, for a Presentation by Toski & Co. PC - Rockland County PBC Evaluation And Privatization Alternatives (Referral No. 9485).

Chairwoman Cornell

I just want to say there are many people here who are obviously deeply concerned; County employees, people watching this on television and perhaps residents of nursing homes. I don't want anyone to be frightened by anything. We are going to be very deliberate. Everything will be in public. No one is being turned out in the street. There is a process and we are going to follow the process. We will be doing the best that we can do not only for County employees and County residents, but certainly also the people of Rockland County. We are all facing difficult times.

So with that I would like to ask Dave to step to the podium and introduce yourself and anyone else you wish to.

Dave Bonk, CPA, Toski & Co.

I am Director of Health Care Services consulting with Toski & Co in Buffalo New York. Our firm specializes in health care and governmental accounting and consulting. We were asked to assist the County and the County Executive's office with respect to trying to clear up, maybe, some of the debate with respect to what options are out there for the facility. There has been a lot of talk and everybody has a different perspective on the issue. It is an issue that is really a very big issue nationally these days for a variety of reasons, and we will get into them.

Project members of my team. Dr. Donald Pryor, PHD, from CGR, Director of Human Services. Eugene Laks, attorney with a specialty in the area of PBC's and health care especially reimbursement to nursing homes and hospitals on both the Federal and State level. He has worked very extensively over the years with the State of New York in developing the reimbursement methodology that we all have to live with these days. Leonard Franco, Architect with WASA/Studio A and his associate Douglas Emilio. They studied the physical plan structure of the campus and what some of the potential options might be going forward.

The presentation slideshow is an outline of the report. (See attached)

We will be working with the County and the Legislator going forward in the committees to assist them in identifying any issues that still may be remaining. We will do whatever you need and whatever research has to be done. We are very committed to this project. I want to thank Chairwoman Cornell, County Executive Vanderhoef and also the administration, management and staff at the hospital and nursing home.

We held a number of open meetings with employees with large participation. They asked questions, gave us their views and their concerns. I think there is a lot of passion out there and that is probably one of the biggest assets that this facility has. They were very helpful as we went through this process. It is kind of a grueling process and we ask a lot of questions, we had a lot of meetings and we want to thank everybody for their participation and their assistance to get us to this point.

Chairwoman Cornell

If there are any questions from Legislators tonight we will do that, but as I mentioned before we are going to start next week with an in depth conversation.

Mr. Murphy

Mr. Murphy questioned OPEB, Post Employee Benefits. If it were to close and those employees vanished?

Dave Bonk

Health care benefits are on the books of the County. When they retire, as it states in the contract, they had a certain vesting period while they worked here and as a result of that when they became vested the County has a responsibility to pay those retirements in the future when they retire.

Mr. Day

I want to thank you for the report. First I want to get on the record, you mentioned that you were here to assist us; you were hired to do this. The impression we had was that we would have the report much sooner than now. Why are we now in the middle of May with the report? Unless I am incorrect, we should have had this some time in February.

Dave Bonk

It is about a six-month process. We explained during our initial presentations to the Task Force that it is about a four to six month process, and that is with a nursing home, not this type of complexity. There is going to be a little bit added on to that. One of the things that we had a very difficult time with is certain accounting systems and computer systems and financial data wasn't readily available like we would normally see. And that slowed down the process. The projections we used we are projecting from 2010 data.

Mr. Day

On page 32 you go into an issue with the PBC. Point of fact, on page 81 your third recommendation is consideration that we go that way. Would you speak to the issue, where I keep reading about the transference, essentially as a PBC this would no longer be a legal responsibility of the County, the County may contract to provide a subsidy to the PBC, and the corporation will be responsible to achieve operational efficiencies. On page 33, we speak of funding of construction of a new facility by the PBC, issuing bonds, and the County backing the PBC bonds may be required by the market place.

As it relates to the PBC, the last time we discussed this issue we had not one successful model of a PBC. We had Erie, Nassau and Westchester and that was one of the concerns this body had. We are now at a Baa3 rating for bonding. Do you really see this as a viable option considering that there is not one successful model of a PBC that we are aware of and can we truly potentially get the bonding to get this work done? I would like to get some clarity on the issue of who is paying the freight, because the money is not being printed. Somewhere somehow the cost of the PBC is being borne by someone. I suspect the County taxpayer. I would like for you to explain that to us.

Eugene Laks, Esq.

The cost of the PBC would generate the responsibility of the PBC. In the other models that you cited there were provisions in there for extended periods in the Legislation in which there were no lay off provisions. When there are guaranteed no lay offs to the employees it is difficult to restructure the organizations so for those periods of time there could be an extended period of maybe two to five years in which the County would continue to provide subsidies to the organizations as it reorganized itself and reorganized its labor force. Eventually the objective of a PBC is for it to be an organization out on its own.

Mr. Day

It would be fair to say that there would be subsidies by taxpayers to make this work. We have no successful model of a PBC as of yet.

Eugene Laks, Esq.

The PBC's that are out there are for major academic medical centers and operations of hospitals with extension charity care responsibilities. That is part of the problems of those existing PBC's. That is not really the issue with a nursing home, which doesn't have a charity care line of business that it provides.

Mr. Day

You are asserting that it is a viable option.

Eugene Laks, Esq.

Yes, it is a viable option for a nursing home.

Mr. Day

2012 budget, we were told that the hospital would be closed in eight months. I am looking at the ninety-day window here. If the hospital were closed, if that decision was made, how long would it legitimately take to actually do that? I have heard a variety of responses ranging from months to years. The County Executive represented to us eight months by virtue of the budget proposed. What is your estimation of the timeline if the decision was made to close the complex?

Eugene Laks, Esq.

The actual timeline to close an institution is you have to give ninety-days advance notice to the Department of Health. Outside of that requirement you have to look at what are the availability of beds take those patients in the community or beds to take patients who are seeking admission to that facility. When you access the vacancy rates in the County or in the region for those patients or the discharge rate of those patients you have to look at where those patients would go in the interim if you didn't continue with new patients. You look at the normal discharge rate of the facility and the ability to transfer other patients who aren't ready for discharge into a facility that can accommodate that level of care. Those are clinical judgments that need to be made.

Mr. Day

What is your best professional guess, based on the time that you have been here, time wise to close the hospital?

Eugene Laks, Esq.

A few months to close the hospital. The nursing home could be a longer process as you find vacant beds for patients and you get them ready to transfer. For the hospital it is more of an acute care situation and you can transfer from one acute care institution to another. For the nursing homes they are not considered patients they are considered residents. You have to get them socially ready to transfer from a place that has been considered their residence to another place that would be considered their residence. There is a lot of social work involved with that.

Mr. Day

I am trying to capture your sense of each option. The issue with reimbursements, we have all seen the reductions and cost savings that government tends to tell us. How much do you see it impacting what we are doing right now?

Eugene Laks, Esq.

The reimbursement rates for the nursing homes are set for the next three years. A new methodology is beginning in 2012 assuming the Federal government approves it, because it is still pending approval. The state is proceeding and has issued rates based upon that new methodology so people are prepared for that. It will be implemented over the next few years. I don't think changes in that are coming for the next five years. In five years from now everything could be switched to managed care.

Mr. Day

Page 51, you speak of the County building a new hospital. That was something that was brought forward by the County Executive on April 1, 2008. It never went to fruition. It was based on Medicaid reimbursements. Given the current climate, again with our bond rating, is that even a viable option right now?

Eugene Laks, Esq.

Yes, I think it is a viable option. There are two issues to address, whether it is a viable option and as an alternative to closure of the institutions. If you wanted to sell them, would you get more value if you rebuilt or if you sold the institutions, as is to someone else who would rebuild? So that is something that needs to be looked at and evaluated.

Mr. Carey

Out of 62 counties you said 32 counties are doing similar.

Dave Bonk

There are 32 counties that continue to have public facilities. We have worked with twelve to fourteen directly that are in various stages of deciding on what they are going to do.

Mr. Carey

Are we typical and are there some common themes and lessons learned in this industry that we don't have to reinvent the wheel? As experts in this industry for this State are you seeing common outcomes and recommendations or is each one of these that you looked at specific unique individual instances.

Dave Bonk

Individual instances. One of the things we told the County when we first came in is we don't believe in a cookie cutter approach. There are too many different dynamics out there. We look at each entity on its own merits and what could be done with it, where it is in the market, what its positioning is, what is its future positioning and what is the lifecycle of the market and we put it in the prospective to say if you can be viable five to ten years from now.

One of the things you have to realize is no matter what option you choose you have to manage that option going forward. It is how you execute that plan that is going to deliver your results.

Donald Pryor

You are unique in the State. You have a nursing home, hospital and an inpatient psychiatric unit. So that almost by definition makes you unique and separate from any of the other counties.

Mr. Carey

Even within those three there is no commonality. Are you the only game in town or are there other people? I am trying to see if you could speak for the industry pretty much. Are there other people doing what you are doing?

Donald Pryor

I think just a few. I think it is also important to note that we are also working closely with groups like the County Nursing Facilities of New York and Leading Age of New York, which are some of the big statewide organizations that also have very valuable prospective. We interact with them. They have been very helpful in helping us stay current on many of these issues. So I think it isn't just us, but it is us also working with these other experts who have a broad prospective on these issues.

Dave Bonk

The Toski & Co group handles 120 nursing homes in New York State, which is about one-fifth of the nursing homes in the entire State that is for profit and not-for-profit and governmental. We handle the largest number of counties from an accounting, audit standpoint and advisement standpoint. We also work very closely with the State of New York. We have a very unique presence that we bring to the table.

Mr. Carey

You are accountants and consultants? Is there separation between the consultants and the auditors?

Dave Bonk

Yes. It depends if it is our audit or not.

Mr. Carey

Are we an audit client of yours?

Dave Bonk

No.

Mr. Meyers

Thank you gentlemen. I read through part of the report when I first came tonight and as you were speaking. I was a little bit surprised, notwithstanding to what you said to Legislator Carey, that the report didn't have more discussion as to what other counties have done or other situations that other counties find themselves in, because that context is important in determining what services going forward the County should provide. What are other larger or similar size counties providing? There were really no anecdotes or similarities or entries about what other counties did when they confronted this problem or that sort of thing.

On page 80, right before you start into your final recommendations you say, "We have assumed in making our recommendations that the County does not wish to close Summit Park or to sell the facility, and that it wishes in some form to continue a strong public sector presence in the hospital, nursing home and mental health sectors." That may well be true among individual Legislators, but I am just wondering why you made that assumption. I did not see anything in the materials or in our initial conference call that suggested that you ought to make that assumption.

Donald Pryor

I think in several of the discussions that we did have with individual Legislators and members of the County administration the impression we got was that was the clear preference – to stay in the business in some form. Either to continue as a County operation or to sell the home, but something that kept the home alive partly for care of the current residents and continuity of care, because of the financial implications in terms of the number of employees who would be affected. It doesn't mean that the option can't be on the table. Obviously, it is one of the options that we looked at and we talked about in the report, both in terms of the nursing home and the hospital. It clearly is an option that needs to be considered. It seemed to us based on our own understanding of the economics of the situation and the continuity of care for the residents that ideally the solutions would find some way to continue with the current facility or a new facility in some fashion without actually closing. Also, given the demographics in terms of the expanding senior population, that to close a facility with this many beds would potentially create problems in the larger communities.

So, it doesn't mean that isn't an option that can be considered. We talked with the County Executive about that earlier this afternoon. The assumption that we were given, at least implicitly, is that all things considered we would prefer to keep the facility in some form open either under County auspices or under a sale as opposed to closing it. Clearly that is an option that you can consider.

Mr. Meyers

The sale would be to a PBC?

Donald Pryor

Or it could be to a private or not-for-profit agency.

Mr. Meyers

Not really if your assumption is that we want to continue a public sector presence you wouldn't sell to a private. I think that your various options within the different chapters are very useful, balanced and objective. I think that the recommendations at the end of the report are in one direction, because of that assumption. I am a little disappointed in that, because I would like to see what the options are and what your recommendations are if you didn't have that assumption. Maybe the assumption would be that the County wants to save money and get ourselves out of fiscal crisis. This body did not pass a resolution saying to base the report on that assumption. That is something that I was concerned with, that there would be a viewpoint that would generate, which way the recommendations were going. I fear that is what had happened.

Donald Pryor

No, that didn't really influence our ultimate recommendations. We looked at those whole set of options as thoroughly and objectively as we could. Based on our analysis, not based on what we heard from any policymakers, but based on the overall analysis we did these were the recommendations that seemed to us from an objective prospective made the most sense. Notwithstanding whatever other assumptions may or may not have been there or whatever assumptions may or may not have been given to us that was the recommendation that came out of our overall analysis. We have not made a PBC recommendation in other studies that we have done, but the unique circumstances of having a hospital, LTAC and nursing home and inpatient psychiatric unit created a certain set of circumstances that when we did all the analysis this seems to be the most logical outcome in terms of the recommendations. So it was not influenced by those assumptions. It really was where the analysis took us that lead to that recommendation.

Mr. Meyers

It says it is influenced by those assumptions in the report. Can you speak a little bit about comparing our situation or giving us information about what other counties did and why that is not in the report? Can supplemental data be provided?

Dave Bonk

We could have put that in and we always issue some kind of an addendum that shows some comparisons. I think there is a lot of stuff out in the newspapers widely printed right now about what other counties are doing, like Orange County. Most of them have gone through an RFP process. They want to find out who is interested in purchasing. They get RFP's back and they look through it say that it is not enough money so they will keep it or let's pursue a couple that might have good qualities. That has been the philosophy out there. There is not a lot of real nuance.

If you want to seriously turn around and take a look at transformation, which is why we seriously considered that construction option. If you really want to position yourself in the market and go head to head with your competitors you are not going to do it in that old building.

Mr. Meyers

I don't understand "competing in the market"? I thought that we were providing a service as a last resort that others couldn't provide and that is why we wanted to maintain some public presence. If that were the case, why would we build new buildings to compete if they have other places to go?

Dave Bonk

If you are already in the business and you already have the beds you have utilization issues. You are looking at a facility that is running at 87% occupancy currently so how strongly are you out there marketing. There is that core group of safety net people, but they are not filling your building. How are you going to supplement that? The only way you can do that is by competing head to head against your surrounding facilities and try to attract some of those higher paying patients and that is where nursing homes make the money. When you look at the new framework of the for-profits there is a very small profit margin of about 2.9%. In fact, even if you wanted to sell that would be a very important issue on what you could command for the beds, what your net operating income and you are negative right now so that is going to impact what you could even sell the facility for.

We looked at a whole gamut of different options. One of the problems you have is you still have this 13% of unoccupied beds. If you could fill them it could throw another \$2,000,000 or so into the mix. We actually went back to validate those rates under the reimbursement calculation, because we wanted to make sure you would be able to support that CON, Certificate of Need, if there was a new build based on this new rate methodology. 90% under Medicaid of the capital cost of the nursing homes reimbursed through the methodology, in the current methodology it is 70%. But you actually get a check of about 20%, because your CON was applied for in 2007. From a value standpoint it is more valuable that way than had you applied today for the CON.

Mr. Meyers

I thank you gentleman. I have many other questions, but they are not for tonight.

Mr. Schoenberger

I do want to thank you for your assistance tonight and for the report you have given us. I know you are being compensated for it, but nonetheless I appreciate your assistance.

I come into this process of reviewing your report and having to be one of the people that have to ultimately decide where the County may be going with our hospital, nursing home and mental health with no preconceived notions. I do not have a position that says it must stay open. I do not have a position that says it must close. I don't have a position that says it must be a PBC or public or private sale. I just received this report, which of course I haven't read yet, about an hour and half ago, but I do look forward to reading it and digesting it and trying to understand it.

I will need, when this goes to committee, certain information. I think it is clear that this Legislative body and the Executive must review and understand this report and come to some decision on our facility in a relatively expedient period of time. We must act expeditiously and quickly. I think that is expected of us in the rating agencies, in the State and here in our body and amongst the people that we serve and represent.

I don't need an answer tonight, but I do have certain questions. You can answer some time in the future during the committee process. Is it in the report or can you provide to us what obligations the County would continue to have if this hospital were closed tomorrow. I am assuming that those people that have retired who we pay medical benefits more that constitute the OPEB, even if we close the facility tomorrow we still have that expense for a period of time. I think that was quantified for about \$5,600,000 in 2010 by the KPMG report.

Dave Bonk

That was the annual expense, correct.

Mr. Schoenberger

What kind of expenses will the County have in the future if we were to close tomorrow? I assume the jail expenses will have to be picked up. What kind of revenue loss would we face other than the revenue that we generate through Medicaid and Medicare or other sources? At some point in my mind I want to quantify what it is really costing, because all those figures are added into the cost of the hospital. The IGT, Intergovernmental Transfer, I think we got in August of 2011 for 2009 and 2010. If we didn't have the IGT that is another side of revenue we would lose. Somewhere in my mind I have to be able to understand dollar wise what is really happening. I don't need the answers tonight, but I do need the answers when we get to committee.

Mr. Jobson

I also want to thank you for coming out tonight and sharing this report with us. I don't know if I was under the wrong impression, but I always thought the LTAC, Long Term Acute Care, was our diamond in the rough and what made us unique, special and made us worth more money to a facility like that going onto the market. It seems like you said something a little different and that the government put that on the shelf for a while.

Dave Bonk

There are only 424 LTAC designations nationally right now. There are four in New York State. Yes, in terms of uniqueness, it is very unique. The services they provide are very unique from the standpoint that they pick up a niche below acute care or in continuing acute care post the normal acute care hospital stay stage. The question that is coming up by the Federal government is, if we are paying LTAC's 25% more per case to take care of these people why not just leave them in the general hospital and pay either the same amount or maybe get rid of premium and let them decide where they are going to put the patient. So that is what is confronting CMS, right now. The LTAC designation is a CMS designation; it is not a New York State designation. CMS, Centers for Medicare and Medicaid Services that is an agency of the Department of Health and Human Services.

Mr. Jobson

Would we have to lobby them to keep our facility open and LTAC open?

Eugene Laks, Esq.

For the last five years there has been a Federal moratorium on the expansion, licensing, transfer and manipulation for LTAC's. It has been enacted by Congress for one three-year period and then extended twice for additional one-year periods. It now expires at the end of 2012. The purpose of the moratorium was to have CMS study the future role and reimbursement of LTAC hospitals across the nation not in New York State, but on a national perspective.

By the end of this year either CMS will come out with some report to Congress with guidelines and recommendations as to what the future of LTAC will be or if no conclusions have been reached Congress may decide to extend the moratorium for another year. It is one of the fluid issues that affect health care reimbursement in particular the LTAC industry in New York and nationally as to what it is going to look like in the future.

Dave Bonk

There are still some questions under the final rule for CMS whether or not the moratorium will be continued in whole or in part and there are various aspects to it. Some of it is related to rate specific issues, some are quality issues and some has to do with the moratorium.

Mr. Jobson

So by keeping those 424 facilities nationwide in limbo isn't that hurting their bottom-line or hurting them in an economic sense?

Dave Bonk

I think if you look at the majority of the LTAC's nationally a large proportion of them are owned by national corporations that are publicly traded on the Stock Exchange. The group that advises CMS and Congress is called Medtek. They have done exceptional analysis on what the reimbursement does, what the profitability does, and what the quality care outcomes are of patients taken care of in an LTAC verses a general hospital. So that is what is driving a lot of this hard look by CMS.

If you look at the dollars associated in the Federal budget with health care provision, given the fact as we go forward with this elderly population that is going to require more and more services, if you keep paying them at higher and higher rates that burden is eventually going to fall back on the taxpayer. You can't continually tax the American citizenry to make up for that cost so there has to be some control mechanism and that is one of the reasons why managed care is becoming such an issue. This is a national phenomena not just New York State.

If you want to look at privatization the initial ones that took place were in Washington DC, Massachusetts and Wisconsin. It is something that everybody is facing it is not just Rockland County.

Mr. Jobson

I guess that is something we could try to approach our representatives in Congress with or is that part of the administrations purview? Could a simple bill in Congress remedy that or bring it to the floor for change?

Dave Bonk

The National Association of Long Term Acute Care Hospitals have been working closely with Medtek and trying to get them to understand how all the mechanics work and what role they really play. Additionally, the American Hospital Association is another big player out there that really advocates on behalf of these types of specialty hospitals even though they have general hospitals in their constituency.

LTAC's do have a role. It is these people that need acute care over a longer period of time that is generally expected of a person going into a hospital. It has to be significantly higher medical complexity that can't be controlled, which the hospital are keying on.

On the other hand looking at an LTAC versus a nursing home. You have three LTAC's in New York State that are active right now, including Rockland County. We are from Buffalo and we don't have an LTAC so how do we provide that same level of care. They are either in an acute care hospital or else they are in some kind of post or sub acute transition unit. That is what is really driving everybody crazy in Congress, because how come the rest of the Country gets by without the LTAC. If you are going to create a specialty LTAC hospital then you need to find a niche specialty and make it the best of the best in the region so you can get regional support. Those are decisions that are for later.

This is a strategic overview to narrow the options. It is not meant to be an operational study and not a tactical study. Those are the things that as you move with the process you will want to get into. Those are the things that are going to need to be executed.

Mr. Jobson

This seems to be an important piece and something you can really expand on and use to our advantage. Orange County decided to fund theirs until June 30th. Realistically on July 1st what happens to the staff and the facility when the funding stops?

Dave Bonk

First of all it is not about the employees, the management or the staff. It is about the residents and that is the issue. You can't close the doors, because there has to be a plan filed with the State. You have to insure the safety of the transition of those residents. You have to identify where they are going to go and provide transportation. One of the issues when you are weaning a facility down for closure, the longer you take the more expensive it becomes, because you still have to supply maintenance, housekeeping, etc. You still have a certain amount of fixed costs and you are getting reimbursed more with fewer people.

Donald Pryor

The practical reality is that Orange County Hospital is not going to close at the end of June. That was, I think, set up partly for budget purposes to get the County Legislature's attention on this issue, but conversations we have had with the folks in Orange suggests that they will find a way to keep it open while they are negotiating a sale. I think they are likely to sell it and they have proposals coming in for that. They have some behind the seen plans for keeping it open during that interim period while they are negotiating whatever the ultimate solution is.

Mr. Jobson

I am interesting in doing whatever we can do to keep this facility open and keep our workforce employed.

Mrs. Paul

Thank you for giving us this great information. You gave us different options. Did you look into how we can save this facility? I did not read through this yet.

Dave Bonk

Yes, we did. One of the issues we have here is the legacy cost that goes forward. If you pull them out it is not as a horrendous of a loss. There is maybe \$4,000,000 to \$6,000,000. There also has to be some investment made. A decision has to be made as to what direction you are going building wise whether you stay or you don't. The report talks about \$19,200,000 being needed over the next tens years just to maintain the existing facility verses going out and building a new one. If you do build a new nursing home what do you do with the hospital? It can't stay in that building. There are other implications. From an operational standpoint you can always cut, but one of the things I think that is really important with this facility is you have to create efficiency. You have low utilization and you must bump the utilization up. If I was consulting any other client that would be my first thing. You need to drive enough volume through and that could be done through affiliations, networks, and setting up referral patterns with health systems and hospitals and working very closely. Richard knows that, he has been around the business as long or longer than I have. He is aware of what is necessary to do that. You are going to see more of this now as you get into ACO's where another provider is controlling care. You need to link into that.

There are things that labor can do too. When the grants came out for information technology one of the big things that the SCIU-1199 did was they worked very closely with their constituents and the hospitals that they serviced and they put in applications to tie into some of that grant money. You have to look at things creatively. One of the things that bogs down a governmental enterprise is bureaucracy and that is why we push the PBC, because the more autonomous the faster it can react to the changing environment and that is what we have right now. We have environments that change just like that. You have to watch the trends in the industry and try to develop strategies, but you also have to maintain strategies like this on an ongoing basis and tweak them and make sure you are heading down the right direction, because that direction changes very quickly.

You don't have an active outpatient department, because people go to Nyack or Good Samaritan Hospitals. You have a geriatric component so can you build something around that and develop a niche.

Mr. Soskin

I am picking up on something that Legislator Jobson started. We are going through a stage of regulatory pondering. There are groups advising Congress to go one way or another way in a certain area, even possibly in New York State. It becomes very difficult for you to advise us when nobody really knows what you are advising us about on the sale of this hospital or continuation to run it with things changing. In effect, we are really gambling no matter what we do. This is something you should think about when we start sitting down in committees. We are telling our people that we don't have money and we have a huge deficit. Now we are pondering with the hospital. The State tells us we must continue it until we find places for the residents. We have been told it could go up to eighteen months. I heard we are losing \$20,000,000 per year at the hospital. You are talking a good portion of this years deficit is going to be lost in the hospital.

How can we really make a decision? We have no choice. What if the State mandates us to maintain the hospital until it is closed and operate it without money? Are they going to push us into bankruptcy? We are chasing our tails.

Dave Bonk

There are Receiverships. The eighteen months is the establishment for a new provider under a sale.

Mr. Soskin

Is there some way that we can get Federal or State aid to help us operate this long-term acute care hospital since there are only four of them in the State of New York? The State should be able to do something for us. There must be some grants available to us to operate.

Dave Bonk

There were actually a couple of grants, HEAL grants. Richard and Mary Anne were very instrumental, along with Donna Pauldine, in terms of developing some proposed grants that have been applied for at the State and those are currently under review. The State has some Federal money that is left over from the original HEAL and the State Partnership Act where they were actually coming up with new programs to make the system more efficient. As I mentioned, Richard and his staff have an application out there right now.

Mr. Soskin

Our Commissioner of Health has been doing a lot of work on this. I have worked with her to a degree on this. She has done a very good job, but we are still losing money. She is a very good professional. What do we tell our constituents? We need time to get these grants. Receiving them is taking a lot of time and we have an immediate problem. We are between a rock and a hard place.

Dave Bonk

Once you read the report things will be clearer. Upon a closure, say you totally divest yourself completely out of the business; you are still going to have to pay for health care benefits for the retirees going forward. There are different things you can do going forward to minimize future costs, but your historical past service costs will have to be funded. A number of activities come out of the general budget.

What is going to happen with those people? If you have a person that 30% of time is spent assisting the hospital or nursing home, if you get rid of the hospital or nursing home is that job going to go away, cut it back to part time or will they get lost in the mix and still be fulltime? If you can't cut that cost, that cost will just go back into another area in the County. Execution of whatever you decide is important.

A Legislator mentioned cutting operations and becoming more efficient. Yes, you can do that, but there has to be a conscientious effort, there has to be a plan, you have to be able to monitor budgets, and you have to have stuff routinely and timely that people have to be accountable for. It has to be a business model. We talk about all of that in the report.

Again, I think the committee meetings will bring a lot of this stuff out as we talk more and more about it.

Mr. Soskin

When you do come to the committee meetings you can be prepared to elaborate on this stuff. Let's face it; we will always have the materials need to operate this, the labor and the overhead.

Chairwoman Cornell

That is the last question for tonight. Of course, we have a Full Legislative meeting after we close the Committee of the Whole.

I want to thank you very much. We are going to plan to continue the conversation next Wednesday evening. Anyone who is here should just check with the Legislature or the newspaper as to the time, but it will probably be at 7:00 p.m.

We thank you very much. It was very informative and we expect to have a lot more questions when we next meet.

Chairwoman Harriet D. Cornell called to adjourn the Committee of the Whole and report back to the full Legislature at 8:40 p.m., which was moved by Legislator Alden H. Wolfe and seconded by Legislator Frank P. Sparaco and passed unanimously.

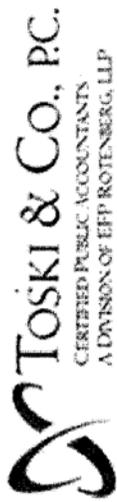
Respectfully Submitted,

Darcy M. Greenberg, Proceedings Clerk



Summit Park

Options for the Future



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CHAPTER 4: SUMMIT PARK HOSPITAL

Regional Demographics

Regional Competitive Market

Summit Park Hospital Reimbursement Environment

Summit Park Hospital Options

CHAPTER 5: ROCKLAND COUNTY DEPARTMENT OF MENTAL HEALTH

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Overview

Inpatient Psychiatric Unit

Outpatient Services Provided by the Department

Local Government Unit (LGU) and Other Departmental Services

Other Considerations

Mental Health Finances

Mental Health Options

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CHAPTER 6: CONCLUSIONS AND RECOMMENDATIONS

APPENDIX A – ARCHITECTURAL AND ENGINEERING

APPENDIX B – BASELINE FINANCIAL PROJECTIONS

DYNAMICS OF HEALTH CARE IN THE FUTURE

CHANGING DEMOGRAPHICS

SHIFT TO HOME AND COMMUNITY BASED SERVICES

**FEDERAL AND STATE INITIATIVES
REDUCTIONS IN REIMBURSEMENT
PAYPERFORMCE / QUALITY OF CARE INITIATIVES**

NYS REDESIGN

MANAGEMENT CARE

REIMBURSEMENT

LTACH

NURSING HOME

Summit Park

2010

	Total	Hospital & Nursing Home			Mental Health
		Total	LTACH	NH	
Net Patient Service Revenue	83,138,572	52,607,201	20,071,443	32,535,758	30,531,371
Other Operating Revenue:					
County Jail	420,500	-	-	-	420,500
County of Rockland	3,074,763	3,074,763	3,074,763	-	-
Other	632,972	537,812	537,812	-	95,160
Total Operating Revenue	87,266,807	56,219,776	23,684,018	32,535,758	31,047,031

Operating Expenses:					
Salaries and Wages	47,403,206	29,419,878	6,809,155	22,610,723	17,983,328
Employee benefits	20,086,524	13,378,183	5,180,787	8,197,396	6,708,341
Supplies and other	8,402,345	6,643,565	3,193,001	3,450,564	1,758,780
Depreciation	2,358,486	1,990,342	1,062,971	927,371	368,144
County Allocations	13,276,462	9,545,320	3,641,865	5,903,455	3,731,142
Total Operating Expense	91,527,023	60,977,288	19,887,779	41,089,509	30,549,735
Other					
OPEB	(4,260,216)	(4,757,512)	3,796,239	(8,553,751)	497,296
Interest Expense	(20,981,830)	(12,169,461)	(2,816,591)	(9,352,870)	(8,812,369)
County Transfers	(197,905)	(121,134)	(64,693)	(56,441)	(76,771)
Net Deficit	(25,439,951)	(17,048,107)	914,955	(17,963,062)	(8,391,844)
County Allocations:					
Admin & Gen'l	3,779,802	2,677,677	1,021,625	1,656,052	1,102,125
Insurance	597,759	355,604	135,675	219,929	242,155
Dept of Gen'l Svcs	8,898,901	6,512,039	2,484,565	4,027,474	2,386,862
	<u>13,276,462</u>	<u>9,545,320</u>	<u>3,641,865</u>	<u>5,903,455</u>	<u>3,731,142</u>

**WE IDENTIFIED AND ANALYZED NUMEROUS
OPTIONS**

➤ **HOSPITAL**

➤ **NURSING HOME**

➤ **MENTAL HEALTH**

**FOR EACH OPTION WE ADDRESSED
THE FOLLOWING:**

➤ **DESCRIPTION OF OPTION**

➤ **TIMELINE**

➤ **FINANCIAL IMPLICATIONS**

➤ **CONCLUSION**

OPTIONS CONSIDERED FOR NURSING HOME AND HOSPITAL

- **CONTINUE CONFIGURATION**
- **IMPLEMENT VENDOR SERVICE/MANAGEMENT CONTRACTS**
- **PUBLIC BENEFIT CORPORATION**
- **LOCAL DEVELOPMENT CORPORATION**
- **NEW BUILD NURSING HOME/HOSPITAL**
- **SALE**
- **CLOSURE**

OPTIONS CONSIDERED FOR MENTAL HEALTH

- **CONTINUE CONFIGURATION**
- **TRANSFER OF INPATIENT SERVICES TO NYACK HOSPITAL**
- **TRANSFER OUTPATIENT SERVICES TO COMMUNITY BASED PROVIDERS**
- **RETAIN SELECTED OUTPATIENT SERVICES**
- **MAINTAIN LOCAL GOVERNMENT UNIT (LGU)**

MENTAL HEALTH RECOMMENDATIONS

- **TRANSFER OF INPATIENT SERVICES
TO NYACK HOSPITAL**
- **TRANSFER OF MOST OUTPATIENT SERVICES TO
CBO'S**
- **MAINTAIN LOCAL GOVERNMENT UNIT (LGU)**

NURSING HOME AND HOSPITAL RECOMMENDATIONS

➤ CREATE PBC RESPONSIBLE FOR DETERMINING:

- ❖ CONTINUED USE OF EXISTING FACILITIES
- ❖ CONSTRUCTION OF NEW FACILITIES

➤ SALE OR TRANSFER:

- ❖ NURSING HOME
- ❖ HOSPITAL

OTHER RECOMMENDATION:

➤ **IDENTIFY POTENTIAL OTHER USES OF EXISTING FACILITIES, IF NEW CONSTRUCTION OPTION IS CHOSEN OR SERVICES ARE TRANSFERRED TO ANOTHER PROVIDER**