

**STATE OF NEW YORK**  
**PUBLIC HEALTH AND HEALTH PLANNING COUNCIL**

**AGENDA**

*August 4, 2016*

*Immediately following the Committee on Codes, Regulations and Legislation  
(which is scheduled to begin at 10:00 a.m.)*

*Empire State Plaza, Concourse Level  
Meeting Rooms 2 – 4, Albany*

**I. INTRODUCTION OF OBSERVERS**

Jeffrey Kraut, Chair

**II. APPROVAL OF MINUTES**

**Exhibit #1**

June 4, 2016

**III. REPORT OF DEPARTMENT OF HEALTH ACTIVITIES**

**A. Report of the Department of Health**

Howard A. Zucker, M.D., J.D., Commissioner of Health

**B. Report of the Office of Primary Care and Health Systems  
Management Activities**

**Exhibit #2**

Daniel Sheppard, Deputy Commissioner, Office of Primary Care and  
Health Systems Management

Update on Charity Care Reporting Compliance for Approved  
Ambulatory Surgery Centers

**TO BE DISTRIBUTED UNDER SEPARATE COVER**

**C. Report of the Office of Public Health Activities**

Brad Hutton, Deputy Commissioner, Office of Public Health

**D. Report of the Office of Health Insurance Programs**

Jason Helgeson, Deputy Commissioner, Office of Health Insurance  
Programs

**IV. HEALTH POLICY**

John Ruge, M.D., Chair of the Health Planning Committee

**Exhibit #3**

**Request for Stroke Center Designation**

**Applicant**

Staten Island University Hospital – South Campus

**V. HEALTH POLICY/PUBLIC HEALTH SERVICES**

**Report on the Activities of the Public Health Committee and Health Planning Committee**

Dr. Jo Ivey Boufford, Chair, Public Health Committee  
Dr. John Rugge, Chair, Health Planning Committee

**VI. PROJECT REVIEW RECOMMENDATIONS AND ESTABLISHMENT ACTIONS**

**Report of the Committee on Establishment and Project Review**

Peter Robinson, Chair, Member, Establishment and Project Review Committee

**A. APPLICATIONS FOR CONSTRUCTION OF HEALTH CARE FACILITIES**

**CATEGORY 1:** Applications Recommended for Approval – No Issues or Recusals, Abstentions/Interests

**Acute Care Services - Construction**

**Exhibit #4**

	<b><u>Number</u></b>	<b><u>Applicant/Facility</u></b>	<b><u>E.P.R.C. Recommendation</u></b>
1.	161202 C	Hospital for Special Surgery (New York County)	Contingent Approval
2.	161272 C	Memorial Hospital for Cancer and Allied Diseases (Nassau County)	Contingent Approval

**CATEGORY 2:** Applications Recommended for Approval with the Following:

- ❖ PHHPC Member Recusals
- ❖ Without Dissent by HSA
- ❖ Without Dissent by Establishment and Project Review Committee

**CON Applications**

**Acute Care Services - Construction**

**Exhibit #5**

	<b><u>Number</u></b>	<b><u>Applicant/Facility</u></b>	<b><u>E.P.R.C. Recommendation</u></b>
1.	161298 C	New York Presbyterian Hospital – New York Weill Cornell Center (New York County) Dr. Brown - Recusal	Contingent Approval
2.	161246 C	Long Island Jewish Medical Center (Queens County) Mr. Kraut - Recusal	Contingent Approval

3.	161369 C	Richmond University Medical Center (Richmond County) Dr. Kalkut – Recusal Mr. Kraut – Recusal Mr. Lawrence – Recusal Dr. Rugge – Recusal	Contingent Approval
----	----------	---	---------------------

**Ambulatory Surgery Centers - Construction**

**Exhibit #6**

	<u>Number</u>	<u>Applicant/Facility</u>	<u>E.P.R.C. Recommendation</u>
1.	161148 C	Southside Hospital (Suffolk County) Mr. Kraut - Recusal	Contingent Approval
2..	161315 C	Garden City Surgi Center (Nassau County) Mr. Kraut - Recusal	Contingent Approval

**Diagnostic and Treatment Center - Construction**

**Exhibit #7**

	<u>Number</u>	<u>Applicant/Facility</u>	<u>E.P.R.C. Recommendation</u>
1.	161328 C	Columbia University Health Care Inc. (New York County) Dr. Brown - Recusal	Contingent Approval

**CATEGORY 3:** Applications Recommended for Approval with the Following:

- ❖ No PHHPC Member Recusals
- ❖ Establishment and Project Review Committee Dissent, or
- ❖ Contrary Recommendations by HSA

**NO APPLICATIONS**

**CATEGORY 4:** Applications Recommended for Approval with the Following:

- ❖ PHHPC Member Recusals
- ❖ Establishment and Project Review Committee Dissent, or
- ❖ Contrary Recommendation by HSA

**NO APPLICATIONS**

**CATEGORY 5:** Applications Recommended for Disapproval by OHSM or Establishment and Project Review Committee - with or without Recusals

**NO APPLICATIONS**

**CATEGORY 6:** Applications for Individual Consideration/Discussion

**NO APPLICATIONS**

**B. APPLICATIONS FOR ESTABLISHMENT AND CONSTRUCTION OF HEALTH CARE FACILITIES**

**CATEGORY 1:** Applications Recommended for Approval – No Issues or Recusals, Abstentions/Interests

**CON Applications**

**Ambulatory Surgery Centers – Establish/Construct**

**Exhibit #8**

	<b><u>Number</u></b>	<b><u>Applicant/Facility</u></b>	<b><u>E.P.R.C. Recommendation</u></b>
1.	161170 B	Port Jefferson ASC, LLC d/b/a Port Jefferson Ambulatory Surgery Center (Suffolk County)	Contingent Approval
2.	161175 E	Mohawk Valley Endoscopy Center (Oneida County)	Contingent Approval
3.	161220 E	Surgical Specialty Center of Westchester (Westchester County)	Approval
4.	161332 E	EMUSC, LLC d/b/a EMU Surgical Center (Queens County)	Contingent Approval

**Diagnostic and Treatment Centers – Establish/Construct**

**Exhibit #9**

	<b><u>Number</u></b>	<b><u>Applicant/Facility</u></b>	<b><u>E.P.R.C. Recommendation</u></b>
1.	161093 E	Third Avenue Imaging LLC (Bronx County)	Contingent Approval
2.	161167 B	Alegria Operations LLC d/b/a Alegria Health & Wellness (Bronx County)	Contingent Approval

**Dialysis Services – Establish/Construct**

**Exhibit #10**

	<b><u>Number</u></b>	<b><u>Applicant/Facility</u></b>	<b><u>E.P.R.C. Recommendation</u></b>
1.	161203 B	Beachview Dialysis Center, LLC (Queens County)	Contingent Approval

**Residential Health Care Facility – Establish/Construct****Exhibit #11**

<u>Number</u>	<u>Applicant/Facility</u>	<u>E.P.R.C. Recommendation</u>
1. 161279 E	IR Operations Associates LLC d/b/a Granville Center for Rehabilitation and Nursing (Washington County)	Contingent Approval

**Certified Home Health Agency – Establish/Construct****Exhibit #12**

<u>Number</u>	<u>Applicant/Facility</u>	<u>E.P.R.C. Recommendation</u>
1. 161036 E	Tender Loving Care, an Amedisys Company (Nassau County)	Contingent Approval

**HOME HEALTH AGENCY LICENSURES****Exhibit #13****Changes of Ownership**

<u>Number</u>	<u>Applicant/Facility</u>	<u>E.P.R.C. Recommendation</u>
161006 E	Boulevard ALP LHCSA Operations, LLC d/b/a Boulevard Home Care Associates (Queens, Nassau, Kings, Richmond, New York and Bronx Counties)	Contingent Approval
161222 E	Marabi Homecare Agency, Inc. d/b/a First Class Home Health Care of New York (Bronx, Kings, Nassau, New York, Queens and Richmond Counties)	Contingent Approval
161281 E	Life Quality Homecare Agency, Inc. (Kings, Bronx, Queens, Richmond and New York Counties)	Contingent Approval

**Certificate of Dissolution**

<u><b>Applicant</b></u>	<u><b>E.P.R.C. Recommendation</b></u>
Cabrini Center for Nursing and Rehabilitation, Inc.	Approval
Tioga Healthcare Facility, Inc.	Approval
Tioga Nursing Facility, Inc.	Approval
Sisters of Charity Health Care System Nursing Home, Inc.	Approval
St. Jerome’s Health Services Corporation d/b/a Holy Family Home	Approval
Bishop Francis J Mugavero Center for Geriatric Care, Inc.	Approval

**Certificate of Dissolution**

<u><b>Applicant</b></u>	<u><b>E.P.R.C. Recommendation</b></u>
Beth Israel Medical Center	Approval

**CATEGORY 2:** Applications Recommended for Approval with the Following:

- ❖ PHHPC Member Recusals
- ❖ Without Dissent by HSA
- ❖ Without Dissent by Establishment and Project Review Committee

**CON Applications**

**Ambulatory Surgery Centers – Establish/Construct**

**Exhibit #15**

<u><b>Number</b></u>	<u><b>Applicant/Facility</b></u>	<u><b>E.P.R.C. Recommendation</b></u>
1. 161234 B	Hudson Yards Surgery Center, LLC (New York County) Mr. Kraut – Recusal	Contingent Approval

**Residential Health Care Facilities – Establish/Construct**

**Exhibit #16**

<u><b>Number</b></u>	<u><b>Applicant/Facility</b></u>	<u><b>E.P.R.C. Recommendation</b></u>
1. 152212 E	Surge Rehabilitation and Nursing LLC (Suffolk County) Ms. Carver – Cheney – Recusal	Contingent Approval

2.	152211 E	Quantum Rehabilitation and Nursing LLC (Suffolk County) Ms. Carver – Cheney – Recusal	Contingent Approval
3.	161185 E	Cedar Manor Acquisition 1 LLC d/b/a Cedar Manor Nursing & Rehabilitation Center (Westchester County) Ms. Carver – Cheney – Recusal	Contingent Approval

**Certified Home Health Agency – Establish/Construct**

**Exhibit #17**

<u>Number</u>	<u>Applicant/Facility</u>	<u>E.P.R.C. Recommendation</u>
1.	161245 E Dominican Sisters Family Health Services, Inc. (Westchester County) Mr. La Rue - Recusal	Contingent Approval

**Certificate of Amendment of the Certificate of Incorporation**

**Exhibit #18**

**Applicant**

**E.P.R.C. Recommendation**

RU System, Inc.  
Mr. Robinson - Interest

Approval

**CATEGORY 3:** Applications Recommended for Approval with the Following:

- ❖ No PHHPC Member Recusals
- ❖ Establishment and Project Review Committee Dissent, or
- ❖ Contrary Recommendations by or HSA
- ❖

**NO APPLICATIONS**

**CATEGORY 4:** Applications Recommended for Approval with the Following:

- ❖ PHHPC Member Recusals
- ❖ Establishment an Project Review Committee Dissent, or
- ❖ Contrary Recommendation by HSA

**NO APPLICATIONS**

**CATEGORY 5:** Applications Recommended for Disapproval by OHSM or  
Establishment and Project Review Committee - with or without  
Recusals

**NO APPLICATIONS**

**CATEGORY 6:** Applications for Individual Consideration/Discussion

**NO APPLICATIONS**

**VII. NEXT MEETING**

September 22, 2016, Committee Day – NYC

September 23, 2016, Joint Meeting Health Planning and Public Health Committee – NYC

October 6, 2016 – NYC

**VIII. ADJOURNMENT**



**State of New York**  
**Public Health and Health Planning Council**

**Minutes**  
**June 9, 2016**

The meeting of the Public Health and Health Planning Council was held on Thursday, June 9, 2016 at the New York State Department of Health Offices at 90 Church Street, 4<sup>th</sup> Floor, Rooms 4A & 4B, NYC. Chairman, Mr. Jeffrey Kraut presided.

**COUNCIL MEMBERS PRESENT**

Dr. Howard Berliner	Mr. Glenn Martin
Dr. Jo Ivey Boufford	Dr. John Palmer
Dr. Lawrence Brown	Ms. Ellen Rautenberg
Ms. Kathleen Carver-Cheney	Mr. Peter Robinson
Mr. Michael Fassler	Dr. John Ruge
Dr. Angel Gutierrez	Dr. Theodore Strange
Ms. Victoria Hines	Dr. Anderson Torres
Mr. Thomas Holt	Dr. Patsy Yang
Dr. Gary Kalkut	Dr. Howard Zucker
Mr. Jeffrey Kraut	

**DEPARTMENT OF HEALTH STAFF PRESENT**

- |  |                                      |
|--|--------------------------------------|
| Mr. Charles Abel                           | Ms. Yvonne Lavoie - Albany via video |
| Mr. Udo Ammon – Albany via video           | Ms. Colleen Leonard                  |
| Ms. Peggy Chan – Albany via video          | Mr. George Macko                     |
| Ms. Barbara DelCogliano - Albany via video | Ms. Sylvia Pirani - Albany via video |
| Ms. Alejandra Diaz - Albany via video      | Ms. Linda Rush - Albany via video    |
| Mr. Ken Evans - Albany via video           | Mr. Daniel Sheppard                  |
| Dr. Foster Gesten - Albany via video       | Ms. Lisa Thomson                     |
| Dr. Marcus Friedrich                       | Ms. Lisa Ullman - Albany via video   |
| Mr. Mark Furnish                           | Mr. Richard Zahnleuter               |
| Mr. Brad Hutton - Albany via video         |                                      |
| Ms. Celeste Johnson                        |                                      |

**INTRODUCTION**

Mr. Kraut called the meeting to order and welcomed Council members, meeting participants and observers.

**APPROVAL OF THE MINUTES OF APRIL 14, 2016**

Mr. Kraut asked for a motion to approve the April 14, 2016 Minutes of the Public Health and Health Planning Council meeting. Dr. Berliner motioned for approval which was seconded by Dr. Torres. The minutes were unanimously adopted. Please refer to page 3 of the attached transcript.

## **APPROVAL OF THE 2017 MEETING DATES**

Mr. Kraut asked for a motion to approve the 2017 Council meeting dates. April 14, 2016 Minutes of the Public Health and Health Planning Council meeting. Dr. Torres motioned for approval which was seconded by Dr. Gutiérrez. The 2017 meeting dates were unanimously adopted. Please refer to page 3 of the attached transcript.

## **REPORT OF DEPARTMENT OF HEALTH ACTIVITIES**

Mr. Kraut introduced Dr. Zucker to give the Report of Department of Health Activities.

### **Heroin and Prescription Opioids**

Dr. Zucker began his report by speaking of the heroin taskforce which Governor Cuomo recently launched. New York is up against probably one of the major public health problems with heroin and prescription opioid analgesics. In New York in 2014, there were nearly 2,000 drug poisoning deaths related to opioid use. In May, the taskforce under leadership of Lieutenant Governor Kathy Hochul began holding listening sessions around the state. Dr. Zucker stated that he participated in the one down in Staten Island, NYC, and also up in Schenectady, Mr. Vinciguerra from the Department's Bureau of Narcotics Enforcement has participated in many others that have taken place throughout the state. They are discussing strategies and solutions to combat the opioid epidemic here in New York State and listened to the testimony recommendations as well as what legal changes and new policies and best practices can be made regarding heroin and opioid addiction, prevention, treatment and recovery. The taskforce will complete its review and deliver the final recommendations to the Governor later in June.

Dr. Zucker also noted that Governor Cuomo has allocated a million dollars for addiction services in the southern tier in western New York, the Finger Lakes and the North Country. These funds will help link more New Yorkers to treatment and recovery. In April we announced a partnership with New Jersey to combat the opioid problem. Every Monday all the commissioners in the northeast and part of the United States speak about different issues, and have set aside one hour once a month to just discuss the issue about opioids along with the team from the federal government. The Department has agreed to share data from the prescription monitoring programs with New Jersey to prevent the stock pile and resale and abuse of controlled substances.

### **Zika**

Dr. Zucker spoke on the topic of Zika. The Department has continued their efforts to deal with the potential threat of the Zika virus. As of June 8, 2016, New York had 204 cases, all of them but one is from travel related contraction of Zika, and that one is still unclear a little bit as to the cause. The Department launched a public health awareness campaign that discusses the dangers of Zika. The campaign is part of the Governor's six point plan to deal with the whole issue of mosquito borne disease. The new public service announcements will run in English and Spanish on 40 television stations, 100 radio stations and around the state during the mosquito season. In addition, the state has also distributed 7000 larvacide tablets in the downstate region and there are tens of thousands of more to distribute along with Zika pregnancy kits to the qualified health centers. There are local Zika action plans that all the counties have presented to us and they have been approved by us which will help.

## Flu

Dr. Zucker next addressed the subject of the flu. In May, Dr. Zucker declared that the flu was no longer prevalent in New York, which means that healthcare workers who do not have, or did not have a flu vaccine no longer need to wear flu masks. The flu mask regulations is one way that the Department is working to keep New York safe from infection while there are facilities that are regulated by the State.

## PFAO

The Department recently sent out biomonitoring results to the residents who have requested to have their blood samples examined in Hoosick Falls. The Department has been holding availability sessions in Hoosick Falls three days a week where the Department can talk to the community and answer any questions that they may have. In addition to that, the Department has also reached out to healthcare providers in the area to be sure they were prepared to know exactly the information that was provided to those who had their blood monitored. Dr. Zucker noted some basic information, everyone has PFOA in their blood, the studies have shown that human exposure to PFOA is widespread and that nearly all the people in the United States have some amount of PFOA in the blood. In the Hoosick Falls area we expect the blood levels for PFOA to be higher than the U.S. average because the PFOA has an estimated three year half-life and studies in other communities show that the levels of PFOA have declined after filtration systems were installed for public and private water supplies and there are consistents put in place. The Department is working hard with the residents in that area to give them all the information that they need will continue to hold these information sessions to help the residents there to understand the results.

Dr. Zucker concluded his report. To view the members questions and comments, please see pages 4 through 16 of the attached transcript.

## **Report of the Office of Health Insurance Program Activities**

Mr. Kraut introduced Ms. Chan who was reporting from Albany via video to give an update on the activities of the Office of Health Insurance Program activities.

Ms. Chan stated that the Department is currently in the second year of the demonstration of the five year demonstration, that as of the last payment period where the performing provider systems could earn their potential valuation that had been awarded last year, the last payment cycle where their evaluation or their achievement values were evaluated they earned 98.6 percent of the available funds, this is based on a pay-for-performance for reporting. The Department is in the implementation stage where the PPSs are building the foundation for being able to successfully launch their projects and create the foundations for population health management.

Ms. Chan explained that the Department held a public comment day early in May on the 1115 waiver which included the DSRIP program. The Department will have a second public comment day in Rochester on July 12, 2016. The comments included pros about the PPSs and the program, concerns by various stakeholders wanting their voices heard more effectively, this was particularly around the smaller community-based organizations. There were also comments previously regarding the concerns of the smaller community-based organizations. The Department issued a community-based organization planning grant RFA on May 16, 2016. The Department held an applicants' conference call to field questions, the applications are due by August 16, 2016.

Ms. Chan gave a brief overview of that RFA. The Department looked at the smaller community-based organizations that impact the social determinants of health, they are not Medicaid billers, these are long standing organizations who have tried to address the real basic needs of their communities within the cultural linguistic framework and the needs of their community. During the research and discussions it was determined that this is a chronic issue for these smaller organizations around continually chasing grants being administratively lean and not having the resources to look at their enterprise as far as a more of a business framework. This planning grant is designed to provide those resources to assist them to think about their value as a consortium. The grant is structured in a way where for \$7.5 million total across the state, but it's a \$2.5 million to three regions. The expectation is these CBOs will come together in a consortium in order to apply for the grant. They need to have basically partnered with a consultant who will help them develop their application which would consist of their implementation plan and a timeline and so that should the award be made then they are ready to go, and that we have a solid proposal before us as far as how they would proceed.

Ms. Chan stated that the Department have commenced the value-based payment boot camps. One of the key DSRIP goals is that to move the Medicaid delivery system away from a volume based payment system to one that is more based on focused on outcomes in performance. There is a large audience out there who is not familiar with these concepts, so there are boot camps that are being deployed across the New York State. The first one began in the capital region and the Department has provided that information out on the MRT listserv encouraging all of those to apply. The audience for the boot camp are those who are not familiar with risk contracting value-based payment to introduce this to them. The boot camp is also for those especially those who were interested in the CBO planning grant for community providers, Medicaid billers who might not otherwise qualify for the CBO planning grant, we have directed them to this resource as well as to the kinds of resources that were developed out of the managed care technical assistance center program which was geared towards the home and community-based service providers.

Ms. Chan also noted that the Department has been conducting data listening tours where one of the key focus areas is how can the Department assist the PPSs in looking at making data available to them aside from the member and claims information out of the Medicaid data warehouse. How can the Department package this information for them, and what other tools do they need. Part of this conversation includes the RHIOs and their role, again, each RHIO is slightly different, hearing about their experiences with the RHIO what they would like to get.

Ms. Chan shared a story on the Prevention Agenda and PPS's. All of the PPS's have had to choose domain four projects that truly are part of the prevention agenda. Bronx PPSs have coalesced and have engaged the Jewish board on Family and Children Services to launch a program to educate teachers and school administrators about mental health and substance abuse issues to what are those screening signs, what are your next steps to begin to develop these protocols and set up those referrals to community resources.

Ms. Chan concluded her report. To view the complete report, please see pages 16 through 29 of the attached transcript.

## **Report of the Office of Primary Care and Health Systems Management Activities**

Mr. Kraut introduced Mr. Sheppard to give an update on the activities of the Office of Primary Care and Health Systems Management Activities.

Mr. Sheppard began his report by first speaking on the topic of the budget. The budget that was enacted back in the end of March, early April authorized the Department with yet another capital program; a total of \$200 million, \$195 million specifically for the statewide healthcare facility transformation program, and this similar to the essential healthcare provider program which was authorized the prior year. It is for capital projects that are intended to be part of an overall transformation or sustainability plan that involves some type of merger consolidation or corporate restructuring. The intent here being investing these dollars in helping to transform in projects that help to transform healthcare facilities to either keep them sustainable, serve essential services, ensure that projects are aligned with DSRIP and the goals of DSRIP. General hospitals, long term care facilities, nursing homes, D&TCs, as well as other types of Article 28 clinics, primary care providers as well as clinics licensed by the Office of Mental Health and the Office of Alcoholism and Substance Abuse as well as homecare agencies are eligible. The statute reserves a minimum of \$30 million for community-based providers and those are defined as the Article 28 D&TC's, the OASAS and OMH clinics as well as primary and home care providers.

Mr. Sheppard next gave an update on the major capital programs. In March, the Department announced awards from two programs, the DSRIP related capital restructuring refinancing program which a \$1.2 billion program, as well as the essential healthcare provider support program, which was \$355 million. A total of about \$1.5 billion of awards. The Department announced there were 162 awards. 135 from the DSRIP related program and 27 from the essential healthcare provider program. The Department is now moving through the early phases of the contracting process.

Mr. Sheppard also mentioned the pilot of the transfer of nursing home ventilator beds which basically authorizes that long term ventilator beds can be relocated from one nursing home to another using an administrative or limited review process if the two facilities have common ownership. Common ownership is defined as having the same named owners, the percentages do not matter, but if the ownership is identical it is viewed as common ownership and in transferring those ventilator beds from one facility to another. The total number of beds can increase so it starts to look at these structures where you have common ownership, it also allows the Department in determining whether to move those, allow those nursing home beds to transfer, such as vent beds being either swapped for regular geriatric beds, or just replacing regular geriatric beds, but no event can the total number of beds between the two facilities increase. They could decrease, but it allows the Department in considering the CON for that access and quality issues. The Department will report back to the Council once applications have been submitted.

Mr. Sheppard gave two more updates on the budget. The first, as part of the budget process the statutory exemption for E-prescribing, the statutory exemption for there is basically that we could issue, the Department could issue statutory exemptions for practitioners from e-prescribing from practitioners that were going to issue less than 25 prescriptions during that period, and that they could get a maximum of three separate one year extensions and then this

provision also sunsets after four years. It was really aimed at providers who do not practice or who do not write, or write very small number of prescriptions and the expense of getting on the system was not deemed to be practical for them. The second update was on the area of workforce of healthcare workforce, the outcome of the budget process gave the Department another \$1 million for the Doctors Across New York Program that is going to support an additional 30 slots in both our support, provider support services and both of the programs, for a total number of 211 slots through the Doctors Across New York Program. The applicants have to agree to practice for three years in underserved area and there was a change to the program that allowed for some smoothing where we can now do upwards of up to \$40,000 for each of three years. The previous statute did not allow the Department to do even amounts. The budget authorizes a process for OMH operated facilities, the Department will work with OMH to help them develop a program focused on psychiatrists practicing in OMH facilities as well.

Mr. Sheppard concluded his report, please see pages 29 through 40 of the transcript.

### **Report of the Office of Public Health Activities**

Mr. Kraut introduced Mr. Hutton to give an update on the activities of the Office of Public Health.

Mr. Hutton stated that the Centers for Disease Control published an MMWR that summarized their investigations of Legionellosis outbreaks over the last 10 or more years. Two of the most frequent sources of exposure were cooling towers and potable water systems, potable water was the most frequent source. The cooling towers were associated with the largest number of cases and potable water in healthcare facilities in particular were associated with 85 percent of the deaths in the outbreaks that were shared in the report. The regulations that were proposed focus in the areas with the greatest burden of disease and establish a framework as Mr. Cambridge mentioned that allows us to expand further should additional science or information in the future warrant it. It is important to note that MMWR reports on CDC's experience with approximately 30 to 40 outbreaks over the last 10 or more years and the Department has a lot more investigations that have been amassed over that timeframe.

Mr. Hutton also discussed the topic of ELAP certification for Legionella testing. The proposed permanent regulations will require all Legionella culture analyses to be performed by a laboratory that is approved to perform such analyses by the New York State Environmental Laboratory Approval Program (ELAP). On June 1, 2016, ELAP announced that the program would begin certifying labs for Legionella culture and that the application must be submitted by June 29, 2016. Any laboratory that is currently performing Legionella testing and that has submitted a timely application for certification will be granted interim approval until that application is fully processed by ELAP.

Mr. Hutton also spoke on the topic of Zika. The Wadsworth Center has tested specimens from more than 5,000 individuals to date and those 204 individuals who have tested positive for Zika, 54 were outside of New York City, 150 were within New York City. The one case that Dr. Zucker mentioned, was very recently confirmed was associated with sexual transmission and all of the remaining cases were among individuals who themselves had traveled to areas that had active Zika virus transmission. 26 of the 204 infected individuals are pregnant women. Mr. Hutton stated that he appreciated Mr. Kraut's comments about Wadsworth and wanted to

mention that the Department continues to find more positive PCRs among urine samples than serum. Wadsworth puts New York in a position where we can respond rapidly to emerging infectious disease threats. The Department has also been working to implement plans for rapid response teams which are teams that would be deployed in the event of local mosquito transmission in New York State. In addition we have also begun implementing enhanced human surveillance for Zika. This is an activity where putting in place sentinel surveillance system much like the Department uses for influenza surveillance where we would enlist participation by some practices in the downstate affected area and ask that they submit specimens for every individual, in this case that has certain symptoms.

Lastly, Mr. Hutton advised that the meningococcal regulations proposed rulemaking for school immunization regulations were published in the State Register, the 45 day public comment period began and will end on July 25, 2016. The school immunization regulations are being updated to reflect recent amendments to public health law which required meningococcal vaccination in schools for student entering grade 7 and 12 starting this fall, September 1, 2016.

Mr. Hutton concluded his report. Please see pages 40 through 45 of the attached transcript.

## **REGULATION**

Mr. Kraut introduced Dr. Gutierrez to give his Report of the Committee on Codes, Regulations and Legislation.

### **Report of the Committee on Codes, Regulation and Legislation**

#### **Department Update**

##### Laboratory Test Result Access

##### 15-01 Amendment of Section 700.2 and Parts 717, 793 and 794 of Title 10 NYCRR (Hospice Operational Rules)

Dr. Gutiérrez noted the Committee received two Department updates. The first Department update regarding laboratory test results access section 3-2.11 B1 IV of title 10 has been interpreted to prohibit lab pathologists and other lab physicians from discussing the meaning of or interpretation of lab results with patients upon requests. Pathologists' representatives and consumer groups proposed removing this section to permit those discussions. After receiving further input from numerous stakeholders including physicians, hospitals, laboratories and consumers, the Department plans to put forward affirmative language that would clarify that pathologists and other lab physicians may discuss the meaning and interpretation of test results with patients upon request.

Dr. Gutiérrez stated the second update was regarding hospice operation and rules amendments to section of Title 10 pertaining to hospice operational rules were adopted at the April 14, 2016 meeting. The amendments made state operational rules for hospice consistent with regulations among other provisions. The Department has since identified the need for a technical change regarding the reference to the life safety code and has amended this reference to be consistent with the versions of the life safety code currently used by the Department

Please see ages 48 and 49 of the attached transcript.

**For Emergency Adoption**

15-14 Addition of Part 4 to Title 10 NYCRR (Protection Against Legionella)

Dr. Gutierrez described for emergency adoption Addition of Part 4 to Title 10 NYCRR (Protection Against Legionella) and motioned for adoption, Dr. Torres seconded the motion. The motion carried. Please see page 49 and 50 of the attached transcript.

**For Adoption**

15-14 Addition of Part 4 to Title 10 NYCRR (Protection Against Legionella)

Dr. Gutierrez described For Adoption Addition of Part 4 to Title 10 NYCRR (Protection Against Legionella). Dr. Gutiérrez motioned for adoption, Mr. Fassler seconded the motion, the motion carried. Please see pages 50 and 51 of the attached transcript.

Dr. Gutiérrez concluded his report. Mr. Kraut thanked Dr. Gutiérrez. Mr. Kraut suspended the Full Council meeting and Mr. Robinson opened the on Establishment and Project Review and introduced Mr. Robinson to give the report.

Mr. Kraut reconvened the Full Council meeting and introduced Mr. Robinson to give the Report of the Committee on Establishment and Project Review Committee.

**PROJECT REVIEW RECOMMENDATIONS AND ESTABLISHMENT ACTIONS**

**Report of the Committee on Establishment and Project Review**

Peter Robinson, Chair, Establishment and Project Review Committee

**B. APPLICATIONS FOR ESTABLISHMENT AND CONSTRUCTION OF HEALTH CARE FACILITIES**

**CATEGORY 6:** Applications for Individual Consideration/Discussion

**Acute Care Service – Establish/Construct**

**Exhibit #13**

	<b><u>Number</u></b>	<b><u>Applicant/Facility</u></b>	<b><u>Council Action</u></b>
1.	161077 E	Woman’s Christian Association (Chautauqua County) Mr. Holt - Recusal	Contingent Approval

Mr. Robinson called application 161077 and motioned for approval. The motion was seconded by Dr. Gutiérrez. After discussion among members the motion was called to questions and passed for approval with one member opposing. Please see pages 113 through 119 of the attached transcript.



**A. APPLICATIONS FOR CONSTRUCTION OF HEALTH CARE FACILITIES**

**CATEGORY 2:** Applications Recommended for Approval with the Following:

- ❖ PHHPC Member Recusals
- ❖ Without Dissent by HSA
- ❖ Without Dissent by Establishment and Project Review Committee

**Acute Care Services - Construction**

**Exhibit #6**

	<b><u>Number</u></b>	<b><u>Applicant/Facility</u></b>	<b><u>Council Action</u></b>
1.	152343 C	Long Island Jewish Medical Center (Queens County) Mr. Kraut – Recusal Dr. Martin - Recusal	Contingent Approval

Mr. Robinson called application 152343 and noted for the record that Mr. Kraut and Dr. Martin have conflicts and have left the meeting room. Mr. Robinson motioned for approval, and Dr. Kalkut seconded the motion. The motion carried with Mr. Kraut and Dr. Martin’s recusals. Dr. Martin returned to the meeting room. Please see pages 119 and 120 of the attached transcript.

2.	161080 C	Phelps Memorial Hospital Assn (Westchester County) Mr. Kraut - Recusal	Contingent Approval
----	----------	--	---------------------

Mr. Robinson noted for the record that Mr. Kraut has remained outside the meeting room and has declared a conflict on application 161080 and motioned for approval. The motion to approve was seconded by Dr. Gutiérrez. The motion carried with Mr. Kraut’s recusal. Mr. Kraut returned to the meeting room. Please see page 120 of the attached transcript.

**A. APPLICATIONS FOR CONSTRUCTION OF HEALTH CARE FACILITIES**

**CATEGORY 1:** Applications Recommended for Approval – No Issues or Recusals, Abstentions/Interests

**CON Applications**

**Acute Care Services - Construction**

**Exhibit #4**

	<b><u>Number</u></b>	<b><u>Applicant/Facility</u></b>	<b><u>Council Action</u></b>
1.	161121 C	New York Methodist Hospital (Kings County)	Contingent Approval

Mr. Robinson introduced application 161121 and motioned for approval, Dr. Kalkut seconded the motion. The motion to approve carried. Please see page 121 of the transcript.

<u>Number</u>	<u>Applicant/Facility</u>	<u>Council Action</u>
1. 152138 C	St Marys Hospital for Children Inc (Queens County)	Contingent Approval

Mr. Robinson called application 152138 and motioned for approval. Mr. Fassler seconded the motion. The motion carried. Please see pages 121 and 122 of the attached transcript.

**CATEGORY 3:** Applications Recommended for Approval with the Following:

- ❖ No PHHPC Member Recusals
- ❖ Establishment and Project Review Committee Dissent, or
- ❖ Contrary Recommendations by HSA

**NO APPLICATIONS**

**CATEGORY 4:** Applications Recommended for Approval with the Following:

- ❖ PHHPC Member Recusals
- ❖ Establishment and Project Review Committee Dissent, or
- ❖ Contrary Recommendation by HSA

**NO APPLICATIONS**

**CATEGORY 5:** Applications Recommended for Disapproval by OHSM or Establishment and Project Review Committee - with or without Recusals

**NO APPLICATIONS**

**CATEGORY 6:** Applications for Individual Consideration/Discussion

**NO APPLICATIONS**

**B. APPLICATIONS FOR ESTABLISHMENT AND CONSTRUCTION OF HEALTH CARE FACILITIES**

**CATEGORY 1:** Applications Recommended for Approval – No Issues or Recusals, Abstentions/Interests

**CON Applications**

**Ambulatory Surgery Centers – Establish/Construct**

<u>Number</u>	<u>Applicant/Facility</u>	<u>Council Action</u>
1. 161083 E	Gastroenterology Care, Inc. (Kings County)	Contingent Approval

2.	161138 B	JTL Consulting, LLC t/b/k/a Gastroenterology of Westchester (Westchester County)	Contingent Approval
3.	152294 B	S.F. Nassau d/b/a East Hills Surgery (Nassau County)	Contingent Approval

**Residential Health Care Facilities – Establish/Construct**

**Exhibit #8**

	<u>Number</u>	<u>Applicant/Facility</u>	<u>Council Action</u>
1.	152111 E	CCRNC, LLC d/b/a Crown Park Rehabilitation and Nursing Center (Cortland County)	Contingent Approval
2.	161091 E	YRNC Operating, LLC d/b/a Yorktown Rehabilitation & Nursing Center (Westchester County)	Contingent Approval
3.	161223 E	St Margaret’s Center (Albany County)	Contingent Approval

Mr. Robinson called applications 161083, 161138, 152294, 152111, 161091 and 161223 and motioned for approval. Dr. Berliner seconded the motion. The motion carried. Please see pages 122 through 124 of the attached transcript.

**HOME HEALTH AGENCY LICENSURES**

**Exhibit #9**

**Changes in Ownership**

2322 L	Hamilton Home Care, LLC d/b/a Hamilton Home Care (Madison and Onondaga Counties)	Contingent Approval
2322 A	Hamilton Home Care, LLC d/b/a Hamilton Limited Home Care Services Agency (Madison County)	Contingent Approval
2509 L	Senior Solutions Worldwide, Inc. d/b/a Wesley Senior Solutions (Saratoga County)	Contingent Approval
152199 E	111 Ensminger Road Operating Company, LLC d/b/a Elderwood Home Care at Tonawanda (Erie County)	Contingent Approval

152285 E	Helping U Homecare, Inc. (New York, Richmond, Kings, Bronx, Queens, and Nassau Counties)	Deferred
152367 E	Focus RX Pharmacy Services, Inc. (Suffolk, Putnam, Westchester, Nassau, Rockland, Queens, Orange, and Ulster Counties)	Contingent Approval
161126 E	New Broadview Manor Home for Adults, LLC d/b/a New Broadview Manor Home for Adults LHCSA (Richmond County)	Contingent Approval

Mr. Robinson introduced applications 2322 L, 2322 A, 2509, 152199, 152285, 152367, and 161126 and motioned for approval, Mr. Fassler seconded the request. Ms. Hines had inquired on application 152285 expressing concerns that over the past 16 months since the licensed home care agency was approved, it had changed its corporate name and now requesting a full ownership change and inquired why there were so many transactions. The first motion to approve was amended and seconded by Mr. Fassler to remove application 152285 from the batch recommended for approval and to defer the application. The motion carried for approval of applications 2322 L, 2322 A, 152199, 152367, and 161126 and deferment of application 152285. Please see pages 124 through 126 of the attached transcript.

**Certificates**

**Exhibit #10**

**Restated Certificate of Incorporation**

**Applicant**

**Council Action**

Housing Works Health Services III, Inc.

Approval

Planned Parenthood of Nassau County, Inc.

Approval

Mr. Robinson motioned for approval for consent for Housing Works Health Services, III, Inc. and Planned Parenthood of Nassau County, Inc. The motion was seconded by Dr. Kalkut. Please see page 126 of the transcript.

**CATEGORY 2:** Applications Recommended for Approval with the Following:

- ❖ PHHPC Member Recusals
- ❖ Without Dissent by HSA
- ❖ Without Dissent by Establishment and Project Review Committee

**CON Applications**

**Ambulatory Surgery Center – Establish/Construct**

**Exhibit #11**

<b><u>Number</u></b>	<b><u>Applicant/Facility</u></b>	<b><u>Council Action</u></b>
1. 152302 B	UES d/b/a Upper East Side ASC (New York County) Dr. Martin - Recusal	Contingent Approval

Mr. Robinson called application 152302 and noted for the record that Dr. Martin has left the room as he had declared a conflict. Mr. Robinson motioned for approval, Mr. Fassler seconded the motion. The motion to approve carried with Dr. Martin’s recusal. Dr. Martin returned to the meeting room. Please see pages 126 and 127 of the attached transcript.

**Diagnostic and Treatment Center – Establish/Construct**

**Exhibit #12**

<b><u>Number</u></b>	<b><u>Applicant/Facility</u></b>	<b><u>Council Action</u></b>
1. 152384 E	Suffolk Primary Health, LLC (Suffolk County) Ms. Carver-Cheney - Recusal	Contingent Approval

Mr. Robinson introduced application 152384 and stated that Ms. Carver-Cheney had declared a conflict and has left the meeting room. Mr. Robinson motioned for approval. Mr. Fassler seconded the motion. The motion carried with Ms. Carver-Cheney’s recusal. Please see pages 127 and 128 of the attached transcript.

**CATEGORY 3:** Applications Recommended for Approval with the Following:

- ❖ No PHHPC Member Recusals
- ❖ Establishment and Project Review Committee Dissent, or
- ❖ Contrary Recommendations by or HAS

**NO APPLICATIONS**

**CATEGORY 4:** Applications Recommended for Approval with the Following:

- ❖ PHHPC Member Recusals
- ❖ Establishment an Project Review Committee Dissent, or
- ❖ Contrary Recommendation by HSA

**NO APPLICATIONS**

**CATEGORY 5:** Applications Recommended for Disapproval by OHSM or Establishment and Project Review Committee - with or without Recusals

**NO APPLICATIONS**

**ADJOURNMENT:**

Mr. Kraut thanked Mr. Robinson for his report. Mr. Kraut announced the upcoming PHHPC meetings and adjourned the meeting.

1           JEFF KRAUT:       Thank you Dr. Gutierrez. Good morning. I'm  
2 Jeff Kraut. I'm the chair of the council and I have the  
3 privilege to call to order the meeting of the Public Health and  
4 Health Planning Council of June 9, 2016. I welcome members, Dr.  
5 Zucker, participants, and observers. I'd like to remind council  
6 members, staff, and the audience that this meeting is subject to  
7 the open meeting law and is broadcast over the internet. The  
8 webcast can be accessed on the Department of Health's website  
9 which is NYHealth.gov. The on-demand webcasts are going to be  
10 available no later than 7 days after the meeting for a minimum  
11 of 30 days, and then a copy are going to be retained in the  
12 Department for up to four months. There's some suggestions to  
13 make the meeting more successful. We have synchronized  
14 captioning. It's important that we do not speak over each  
15 other. The captioning can't be done correctly when two people  
16 speak at the same time. The first time you speak, please state  
17 your name and briefly identify yourself as a council member, a  
18 DOH staff, and this will be assistance to the broadcasting  
19 company who are recording the meeting and the microphones are  
20 hot, that means they pick up every sound. Therefore I ask  
21 please don't rustle papers near the mic. Also be sensitive  
22 about personal conversations, sidebars, and the microphones will  
23 pick up that and try to keep your cell phones away from the mic  
24 so we don't have any feedback. As a reminder for our audience,

1 there is a record of appearance form that needs to be filled out  
2 before you enter the meeting room and it records your attendance  
3 at this meeting. It's required by the joint commission on  
4 public ethics in accordance with executive law section 166. The  
5 form is also posted on the Department of Health's website,  
6 NYHealth.gov under Certificate of Need so in the future you  
7 could fill out that form prior to attending the meeting, and we  
8 appreciate your cooperation fulfilling our duties as prescribed  
9 by law. Today we're going to have reports from the Department of  
10 Health. We'll include Dr. Zucker, Ms. Peggy Chan from the  
11 Office of Health Insurance Programs. Mr. Sheppard and Mr.  
12 Hutton will give us an update on the activities of public  
13 health. Then we'll turn to Dr. Gutierrez to present the  
14 proposed regulations from the Code committee. At that time  
15 after that's over, we're going to suspend the full council  
16 meeting, and after the Codes report we'll go and convene the  
17 Establishment and Project Review Committee to take up one item  
18 that was left over. Mr. Robinson will - then I will reconvene  
19 the Council meeting. We'll begin with the Project Review  
20 Committee report starting with the one item that we're taking up  
21 in the Committee meeting, and then we will continue with the  
22 agenda. I want to remind the council members and most of our  
23 guests who regularly attend that meetings, we've organized our  
24 agenda by topics or categories which captures the roles and

1 responsibilities of the Council, and that includes the batching  
2 of Certificate of Need applications, and I hope members, you've  
3 taken the time to review the batched applications, and have  
4 decided whether or not you'd like a project moved into a  
5 different category. If so, please contact Colleen, and I'll give  
6 you a moment to do that. Also just to reaffirm where you've  
7 declared recusals or conflicts or interests to make sure we had  
8 it right, and our next agenda item is the adoption of the  
9 minutes. May I have a motion for the adoption of the April 14,  
10 2016 PHHPC minutes? I have a motion by Dr. Berliner, a second  
11 by Dr. Torres. All those in favor?

12

13 [Aye]

14 Opposed? Abstained? Motion, minutes are adopted. And I'd  
15 like to have an adoption of the 2017 meeting dates, which, is it  
16 - so you have that as part of the meeting material. If you can  
17 just take a look at it, download it, and upload it to your  
18 calendars, and you're free to make vacation plans for 2017. So  
19 may I have a motion to adopt our meeting agenda dates for 2017?  
20 Dr. Torres, a second Dr. Gutierrez. All those in favor, aye.

21

22 [Aye]

23 Opposed? Abstention? The motion carries. Thank you.



1           Now it's my pleasure to turn the mic over to Dr. Zucker  
2 who's going to update us on the council.

3

4           HOWARD ZUCKER: Welcome. Thank you very much. Give you a  
5 little update on how things are going at the Department. It's  
6 been a very busy time. Summer is approaching and I first wish  
7 you all a good summer and hopefully some vacation time. We've  
8 had a fair amount of accomplishments since last time we met.  
9 First thing I do want to mention that we will be having an  
10 annual report that will be online that will be coming out soon  
11 which will provide a lot more information about many of the  
12 activities for this past year that the Department has  
13 undertaken.

14           The first one I want to talk a little bit about is the  
15 heroine taskforce. You may have heard Governor Cuomo recently  
16 launched the heroine taskforce. We are truly up against  
17 probably one of the major public health problems with heroine  
18 and prescription opioid analgesics. This is something which I'm  
19 sure you've all heard about in the news and we read about in the  
20 papers. In New York in 2014 we had nearly 2000 drug poisoning  
21 deaths related to opioid use. Last month the taskforce under  
22 leadership of Lieutenant Governor Kathy Hochul began holding  
23 listening sessions around the state. I participated in the one  
24 down in Staten Island, down here, and also up in Schenectady,

1 Josh Vinciguerra from our Bureau of Narcotics Enforcement has  
2 participated in many others that have taken place throughout the  
3 state. And pleased to be part of this group because it is a very  
4 important issue. There's a broad coalition of experts that have  
5 come together and many community members as well. We are  
6 discussing strategies and solutions to combat the opioid  
7 epidemic here in New York State. At these sessions we've  
8 listened to the testimony recommendations as well as what legal  
9 changes and new policies and best practices can be made  
10 regarding heroine and opioid addiction, prevention, treatment  
11 and recovery. The community that we listened to have a very  
12 wise and valuable input at these listening sessions and they  
13 have been included in the taskforce final report some of the  
14 recommendations that they have put forth and their stories have  
15 been very touching. Many of them have been touched by opioid  
16 addiction in friends and relatives. The taskforce will complete  
17 it's review and deliver the final recommendations to the  
18 Governor later this month. Along those same lines I'm happy to  
19 say that Governor Cuomo has allocated a million dollars for  
20 addiction services in the southern tier in western New York, the  
21 Finger Lakes and the North Country. These funds will help link  
22 more New Yorkers to treatment and recovery. In April we  
23 announced a partnership with New Jersey to combat the opioid  
24 problem. In addition I will mention that once a month, actually

1 every Monday all the commissioners in the northeast and part of  
2 the United States we speak about different issues, but we had  
3 set aside one hour once a month to just discuss this whole issue  
4 about opioids along with the team from the federal government.  
5 So, this is a very high priority issue for us. We've agreed to  
6 share data from our prescription monitoring programs with New  
7 Jersey to prevent the stock pile and resale and abuse of  
8 controlled substances. As you can see we are taking this whole  
9 opioid epidemic issue quite seriously and working hard to find  
10 solutions that will work for those in New York that can be  
11 applied for the future so that we don't see this problem creep  
12 up again.

13 A second issue is the issue of Zika. I know another thing  
14 we hear about a lot in the news. We'll continue our efforts to  
15 deal with the potential threat of the Zika virus. As of  
16 yesterday New York had 204 cases, all of them but one is from  
17 travel related contraction of Zika, and that one is still  
18 unclear a little bit as to the cause. To help get the word out  
19 we launched a public health awareness campaign that we'll  
20 discuss the dangers of Zika. The campaign is part of the  
21 Governor's six point plan which I believe I mentioned last time  
22 that Brad Hutton from our Office of Public Health went into as  
23 well at the last meeting, to deal with the whole issue of  
24 mosquito borne disease. The new PSAs will run in English and

1 Spanish on 40 television stations, 100 radio stations and around  
2 the state during the mosquito season. So far the state has also  
3 distributed 7000 larvacide tablets in the downstate region and  
4 we have tens of thousands of more to distribute along with Zika  
5 pregnancy kits to the qualified health centers as well. We also  
6 have local Zika action plans that all the counties have  
7 presented to us and they have been approved by us which will  
8 help as we move forward, and we also have the Zika control day  
9 our in Suffolk County a few weeks ago.

10 The next issue I wanted to address was the subject of Flu.  
11 So last month I declared that the flu was no longer prevalent in  
12 New York. This means that healthcare workers who do not have,  
13 or did not have a flu vaccine no longer need to wear flu masks.  
14 I've heard a lot from those who have called me about that. So  
15 in the working areas, the clinical areas where patients are  
16 present they no longer need to wear the mask. And the flu mask  
17 regulations is just obviously one way that we're working to keep  
18 New York safe from infection while there are facilities that are  
19 regulated by the State. So we'll see. This wasn't such a bad  
20 flu season as we've seen in previous years.

21 The issue I heard about Legionella so I was going to  
22 mention that but I'm glad that we covered that already. And  
23 we're moving forward in a lot of different areas in the State,

1 and I would be happy to answer any questions on this or other  
2 topics.

3 Oh, one last thing; I did want to mention, yes, I wanted to  
4 bring up the whole issue of Hoosick Falls. I forgot about  
5 mentioning that. So, Hoosick Falls is an area upstate where we  
6 have been concerned about the water as a result of  
7 contamination. I'm sure you probably read about this. we  
8 recently sent out the biomonitoring results to the residents who  
9 have requested to have their blood samples examined, and as we  
10 all know, whenever we get blood results back there are questions  
11 that do come up, so we've been holding listening sessions or  
12 actually availability sessions in Hoosick Falls three days a  
13 week where we can talk to the community and answer any questions  
14 that they may have. In addition to that we've also reached out  
15 to healthcare providers in the area because often patients will  
16 all go to our doctors to ask or nurses or whomever we get our  
17 healthcare from, to ask questions, so we wanted to be sure they  
18 were prepared, knew exactly the information that we were  
19 providing to those who had their blood monitored.

20 Some basic information everyone has PFOA in their blood.  
21 The studies have shown that human exposure to PFOA is widely,  
22 widespread and that nearly all the people in the United States  
23 have some amount of PFOA in the blood. In the Hoosick Falls  
24 area we expect the blood levels for PFOA to be higher than the

1 U.S. average because as we mentioned before, the PFOA has an  
2 estimated three year half-life and studies in other communities  
3 show that the levels of PFOA have declined after filtration  
4 systems were installed for public and private water supplies and  
5 there are consistents put in place. So we're working hard with  
6 the residents in that area to give them all the information that  
7 they need and anything that they're concerned about that we can  
8 address, and we'll continue to hold these information sessions  
9 to help the residents there to understand the results. We'll  
10 continue to provide whatever information the health  
11 professionals there and the community there have so we can make  
12 sure that they can monitor their health and take care of  
13 themselves.

14 So, I'll open up any questions that you may have at this  
15 point.

16

17 JOHN PALMER: Thank you. Could you tell us a little bit  
18 more about the sharing of information with New Jersey regarding  
19 the prescription medication as much as you can to secure it?

20

21 HOWARD ZUCKER: So we're working on that right now to -  
22 they, we - what happens is a lot of overlap here and we have our  
23 ISTOP program, we've worked with them to discuss making sure how  
24 we can monitor those who get their prescriptions from different

1 areas. It's not just New Jersey but we're also looking, we're  
2 talking with other states as well about what they're doing. All  
3 the states have had, as I was saying when we sit down and talk  
4 about it, have had different possible solutions or ideas for  
5 solution for this problem and we're going to try to make sure  
6 that this moves forward nicely. So once we'll be able to have  
7 more information to share between the states about when a person  
8 gets a prescription in New York or they're trying to fill it  
9 across state lines.

10

11 JEFF KRAUT: Dr. Martin.

12

13 GLENN MARTIN: So that's certainly a laudable goal and one  
14 that would help the safety and health of New Yorkers. But  
15 there's also the concern, and I just don't know how prevalent it  
16 is in the North East that we have really good protections about  
17 using that list of ISTOP for actually what it's intended to do  
18 which is to help the citizens and their health. Others allow  
19 police to rifle through it with much, with a fair amount of ease  
20 actually and for certain states, and that would be a problem. I  
21 could see if we hooked up with them, so I presume that's on the  
22 agenda when we discuss these with our neighbors -

23

1           HOWARD ZUCKER: On the taskforce - when we speak with our  
2 neighboring states.

3

4           JEFF KRAUT:       Ms. Carver-Cheney.

5

6           KATHLEEN CARVER-CHENEY: How is the medical marijuana  
7 program progressing?

8

9           HOWARD ZUCKER: It's moving forward very nicely. We have  
10 thousands of patients who have been certified. We have hundreds  
11 of doctors that are enrolled in the program already, so that,  
12 and we have many dispensaries around the State. We continue to  
13 look at other diseases, because I know that's been raised, and  
14 looking at the science on that, and as I mentioned, if there's a  
15 science that comes forward, we'll modify it accordingly. There  
16 are some - our regulations that we put forth, we're looking at  
17 those as well as we move forward in legislative session.

18

19          JEFF KRAUT:       Dr. Berliner.

20

21          HOWARD BERLINER:   Commissioner, I mean, it seems we're  
22 bombarded by new epidemics more and more frequently, and I'm  
23 wondering if you could tell us what - how does the Department,  
24 when does the Department jump into action about one and I mean,



1 is it all case by case? Is it all - SARS was one thing, and you  
2 know, Zika is something else...

3

4

5       HOWARD ZUCKER: So I will tell you that we monitor this very  
6 closely. I will tell you on the Zika issue that the minute that  
7 there was a concern that I had heard about, this was back before  
8 there was even a case in New York State, I noticed this and  
9 brought it to everyone's attention, I mean everyone in the  
10 public health community obviously aware, but just raised the  
11 awareness of this, and then we started to work on developing a  
12 plan. And our plan - and this was in the beginning of January,  
13 right at the end of December, beginning of January which if you  
14 look back and see if that was before this was a big issue, and  
15 we were already laying out a plan, and then when the governor  
16 asked us to have more of a plan ahead of the concern of cases in  
17 the State, we moved forward very quickly on that. So we were,  
18 New York was at the forefront, obviously, this is the most  
19 recent concern that we have. However, I recognize that this is  
20 something which has come up between Ebola and others, I think  
21 part of it is that we're more not so much Ebola, but a lot of  
22 things we detect things relatively quickly, there's a lot more  
23 travel, there's a lot more disease, potential disease spread  
24 than many years ago, we have teams that work on this at all

1 levels. The Office of Public Health but it crosses the entire  
2 Department so if you go back to Ebola, it wasn't just a public  
3 health issue, it was all the hospitals, the preparations for  
4 hospitals, and again, this is another example of the Department  
5 sort of being in the forefront of this. If you go back to the  
6 time prior to the case here in New York, the Governor asked us  
7 to be on the lead on this issue and we looked at the hospitals,  
8 we spoke to all the, both the hospital association to make sure  
9 that they had hospitals prepared and ready for potential Ebola  
10 case, so we were already ahead of the game on that one as well.  
11 It's hard to predict what the next thing is out there but we  
12 continue to monitor this from both New York State, nationally,  
13 but also internationally and to hear what's going on. I  
14 recognize there's a lot of things that have been out there, and  
15 I can name others besides the SARS and we continue to monitor  
16 across the State for this.

17

18 JEFF KRAUT: Dr. Brown.

19

20 LAWRENCE BROWN: I ask [inaudible]

21 One is based on the fact that often times when you think  
22 about people who are using drugs we often think about the  
23 unemployed, when the national



1 unfortunately are addicted to opioids and make sure they're  
2 protected somewhat for their jobs is something we'll have to  
3 make sure we readdress.

4

5       JEFF KRAUT:     Thank you. Any other questions? So,  
6 commissioner, thank you very much. And I just think, you listen  
7 to the conversation and some of the questions that were asked  
8 and it just underscores the importance of making sure the  
9 Department of Health is well resourced, has the public support  
10 for what it does it's job, in particularly recognizing the  
11 unique resource we have in the Wadsworth laboratory that's  
12 unique I think and really getting public support for the role of  
13 monitoring and testing and analytics and reporting. If,  
14 sometimes when times get tough those things are easily forgotten  
15 and it just has such a profound impact on the health of our  
16 population, that all of us here in the room, you know, we talk  
17 about a lot of things we advocate for, just don't forget this.  
18 it's really important.

19

20       HOWARD ZUCKER: Thank you for commenting about Wadsworth,  
21 and I just will say you had asked about the different diseases  
22 that pop up and it is quite phenomenal how much the Wadsworth  
23 lab has taken on whether it was the issues of Ebola, Legionella,  
24 Zika, other states asking for the support of Wadsworth lab and

1 some of the science that has come out of Wadsworth lab regarding  
2 these diseases and research that actually changes the course of  
3 how the rest of the nation practices.

4  
5 JEFF KRAUT: And if you haven't familiarized yourself  
6 with what is the Wadsworth lab and it's history and how it  
7 contributes, you should do so. It is an absolute jewel for New  
8 Yorkers, and we can't advocate more for it. So.

9 Thank you very much Commissioner. We have Ms. Chan here  
10 and we are pleased she's going to give us a report on the Office  
11 of Health Insurance programs. Remember, we asked Ms. Chan, we  
12 had a lot of questions about DSRIP periodically and Ms. Chan  
13 will give us a little update.

14  
15 PEGGY CHAN: Thank you and good morning. Again, I'm  
16 Peggy Chan representing the Department of Health, the DSRIP  
17 program. We are currently in the second year of the  
18 demonstration of the five year demonstration, and to let you  
19 know that as of the last payment period where the performing  
20 provider systems could earn their potential valuation that had  
21 been awarded last year, the last payment cycle where their  
22 evaluation or their achievement values were evaluated they  
23 earned 98.6 percent of the available funds. This is based on a  
24 pay-for-performance - thank you - pay for performance - sorry,

1 based on pay for reporting. We are in the implementation stage  
2 where the PPSs are really building the foundation for being able  
3 to successfully launch their projects and really create the  
4 foundations for population health management and so as we go  
5 further into demonstration year two as we finally talk in DSRIP  
6 terms, DY 2, towards the end of it we'll be seeing more of a  
7 switchover to payment for performance according to specific  
8 metrics. These are normally done sort of on a Q2 and a Q4 so we  
9 are currently the independent assessors currently adjudicating  
10 the reports that will dictate, determine the payments for Q4 and  
11 so these will be available sometime later in the month.

12 What we've been doing is also we've had a public comment  
13 day early in May on the 11/15 waiver which included the DSRIP  
14 program. We conducted the two - there are two public comment  
15 days. We conducted the first one in New York City in early May.  
16 We will have the second public comment day in Rochester on July  
17 12. Members of the DSRIP project oversight panel were in  
18 attendance as well as Jason Helgerson and the DOH staff.

19 So to summarize the comments, even though it was more about  
20 the 11/15 waiver we did expect that more of these comments would  
21 be about the DSRIP program, we heard pros about the PPSs and the  
22 program, concerns by various stakeholders regarding again,  
23 wanting their voices heard more effectively. This was  
24 particularly around the smaller community-based organizations.

1 We also heard at that public comment period, a lot of comments  
2 regarding community fluoridation. It was not the appropriate  
3 forum for it nonetheless there was a rather large turnout as  
4 well as I think the first musical performance that anyone could  
5 recall at a public comment period. So, and so we heard those  
6 comments and we have heard those comments previously regarding  
7 the concerns of the smaller community-based organizations and we  
8 did issue, we had been working on this RFA. We did issue a  
9 community-based organization planning grant RFA on May 16. We  
10 had the applicants' conference call to field questions and the  
11 applications are due by August 16. A brief overview of that RFA  
12 is that it was - as we looked at the smaller community-based  
13 organizations that impact the social determinants of health,  
14 they're not Medicaid billers, these are long standing  
15 organizations who have really tried to address the real basic  
16 needs of their communities within the cultural linguistic  
17 framework and the needs of their community. And so in the  
18 research and discussions this is a chronic issue for these  
19 smaller organizations around continually chasing grants, not  
20 having, being administratively lean, not having the resources to  
21 really look at their enterprise as far as a more of a business  
22 framework. And so this planning grant is designed to really  
23 provide those resources to assist them to think about their  
24 value as a consortium. The grant is structured in a way where

1 for \$7.5 million total across the state, but it's a \$2.5 million  
2 to three regions. And the expectation is these CBOs will come  
3 together in a consortium in order to apply for the grant. They  
4 need to have basically partnered with a consultant who will help  
5 them develop their application which would consist of their  
6 implementation plan and a timeline and so that should the award  
7 be made then they are ready to go, and that we have a solid  
8 proposal before us as far as how they would proceed. So that is  
9 the RFA that is out there.

10 The other things that we are doing, we are also have  
11 commenced the value-based payment bootcamps. As you know that  
12 you know, one of the key DSRIP goals is that to move the  
13 Medicaid delivery system away from a volume based payment system  
14 to one that is more based on focused on outcomes in performance.  
15 And we realize that there is a large audience out there who is  
16 not familiar with these concepts, so there are bootcamps that  
17 are being deployed across the state. The first one began in the  
18 capital region and we have provided that information out on the  
19 MRT listserve encouraging all of those to apply. Really the  
20 audience are those who are not familiar with risk contracting  
21 value-based payment to introduce this to them. And so for those  
22 especially those who were interested in the CBO planning grant  
23 for community providers, Medicaid billers who might not  
24 otherwise qualify for the CBO planning grant, we have directed



1 them to this resource as well as to the kinds of resources that  
2 were developed out of the MC managed care  
3 technical assistance center program which was geared towards the  
4 home and community-based service providers.

5 In addition we've been conducting data listening tours. We  
6 have started that. we are at a - one of our key focus areas is  
7 how can we assist the PPSs in looking at making data available  
8 to them aside from the member and claims information out of the  
9 Medicaid data warehouse. How can we package this information  
10 for them, and what other tools do they need. So we are really  
11 at a crossroads point and we want to make sure that we don't as  
12 we proceed further in developing more and more data reports and  
13 data tools that we're not going down a wrong turn so we are  
14 actively going out and meeting groups of PPSs to understand  
15 what, how they've used the data so far, how it would be more  
16 helpful to them. Part of this conversation includes the RHIOs  
17 and their role, again, each RHIO is slightly different, hearing  
18 about their experiences with the RHIO what they would like to  
19 get, and I think it's from the first two that we've had so far  
20 it's been very informative and I think it's also been helpful  
21 because we've been again, clumping - sorry for that term - but  
22 grouping the PPSs together in a region with the respective RHIO  
23 to engage in this interactive discussion.

1           And I wanted to share a story on the Prevention Agenda with  
2 my dear mentor Dr. Boufford. So, one of the things that has come  
3 out of this is, again, all of the PPSs have had to choose what  
4 we call domain four projects that truly are part of the  
5 prevention agenda. And one of the stories that we have heard is  
6 that the Bronx PPSs have coalesced and have engaged the Jewish  
7 board on family and children services to really launch a program  
8 to educate teachers and school administrators about mental  
9 health and substance abuse issues to what are those screening  
10 signs, what are your next steps to begin to develop these  
11 protocols and set up those referrals to community resources. So  
12 that's, if there are any questions.

13

14           JEFF KRAUT:       Thank you. Ms. Hines.

15

16           VICKY HINES:     Seems weird to use the microphone to talk to  
17 the person next to me but, first of all, thank you. That was an  
18 excellent report. You noted that just somewhere north of 95  
19 percent of the DSRIP planning so the reporting payments were  
20 achieved. So that's a great testament to all the hard work  
21 that's going on. Was there any common thread that was the  
22 barrier to achieve the 100 percent across the PPSs? Or was it a  
23 lot of variability?

24

1 PEGGY CHAN: It's a lot of variability. I think one of  
2 the - there are a lot of aspects of this and one of the  
3 situations that I think we'll see as we go further is what, you  
4 know, each PPS was asked to project what they're actively  
5 engaged targets would be, meaning, how many patients would they  
6 be reaching in particular projects. And so I think that was,  
7 there are those that were very aggressive as far as their  
8 numbers and set out an early timeframe, and I think that what we  
9 saw was that they were not able to hit the numbers that they  
10 thought. There was also some organizational aspects. I think  
11 there was only one PPS that missed a particular piece of that.  
12 But so it was very - I think going forward we're going to see  
13 more and more as those numbers and in terms of the timeframes  
14 they expected to meet them by will be a bit more of a challenge  
15 in the next round of reporting.

16

17 JEFF KRAUT: Dr. Rugge and then Dr. Kalkut.

18

19 JOHN RUGGE: Just by way of an editorial comment, I think  
20 all of us are hearing major concern all around that state is the  
21 distribution of DSRIP monies fair? Are they going  
22 appropriately? Are they being distributed correctly? The  
23 concern being that I think may be looking at DSRIP as a grant  
24 program, and each organization having its own priorities and we

1 need this for our programs. And I think a continual reminder  
2 from you and the Department that this is really about  
3 transformation and the lens we're looking at is not just  
4 fairness, but how are we using one-time transformation funds to  
5 affect real change and making the delivery system more effective  
6 and prepared for value-based payment. And we can't hear that too  
7 often or be reminded too much.

8

9 JEFF KRAUT: Dr. Kalkut

10

11 GARY KALKUT: I want to echo Ms. Hines and Dr. Ruge, it  
12 was a great presentation and appreciate that you're making it to  
13 the Council. And as Dr. Ruge said, the use of the funding for  
14 transformation and performance I think really needs to be  
15 highlighted.

16 I had a question about the midpoint assessment. Can you  
17 describe a little bit more about the elements of it, and the  
18 process and how it will be disseminated?

19

20 PEGGY CHAN: Yes, glad you brought up the midpoint  
21 assessment. The midpoint assessment is a process that's been  
22 delineated as part of our standard terms and conditions and we  
23 will be, the independent assessor will be commencing with that  
24 by reviewing the first quarterly reports of this demonstration

1 year of DY-2. It feels, it may feel a little early but in order  
2 to make sure - the purpose of the midpoint assessment is to  
3 really review if a PPS is on track for success, and if not then  
4 to be able to make recommendations early enough to help the PPS  
5 right the course. That could be anything from recommendations  
6 about how they are moving on projects or if there is a  
7 structural change that should be looked at in terms of the PPSs  
8 own governance structure or administrative structure. With the  
9 outside possibility is some sort of PPS, larger PPS structural  
10 change although that is not our goal. Our goal is obviously  
11 that each of our PPSs come together and work very hard on their  
12 governance. We just want to make sure that each PPS is going to  
13 be able to be successful on it's own as well as to contribute to  
14 the overall statewide success in terms of our statewide  
15 accountability. So, the focus will be on the DY2 Q1 reports.  
16 We have in response to comments and public comments around the  
17 midpoint assessment we're going to enable the PPSs to submit  
18 project narratives as well as their own organizational narrative  
19 about their own progress and where they stand. It's really  
20 understanding do they have the, really the management and  
21 organizational structure to be able to do this successfully.

22

23 JEFF KRAUT: Yes, Dr. Berliner.

24

1           HOWARD BERLINER:       Thank you Ms. Chan. I'm wondering  
2 what's the state of preparation for a waiver continuation which  
3 I assume the state would like to see? And have you been in  
4 discussions with CMS and with other actors in New York State  
5 around what would be in a new waiver and an extension waiver  
6 when this one ends?

7

8           PEGGY CHAN:       I am not aware at least in terms of an  
9 extension of the DSRIP waiver, and I would leave that to Mr.  
10 Helgerson, but that's not been part of the conversations. I  
11 think the whole idea is that DSRIP and the funding, substantial  
12 funding that we've had really gets us to a point where we are  
13 really looking at transform that system that enables us to go  
14 down the next phase, whatever that next phase is.

15

16           JEFF KRAUT:       Dr. Boufford.

17

18           JO BOUFFORD:       Thanks very much for a really nice  
19 presentation and also for mentioning the Prevention Agenda. I  
20 just wanted to ask if you could expand a little bit on - I know  
21 you had a review meeting in the last several weeks, sort of  
22 first year review. How is the review of domain four being  
23 handled since it sort of "doesn't count." In the sense of the  
24 other domains and sort of if you had any observations. Somebody

1 mentioned I think talking about themes that may have emerged  
2 from presentations that, of that area of work for the PPSs.

3

4 PEGGY CHAN: You know, I think that there has been  
5 continued - we set a lot of expectations and so I think the PPSs  
6 have risen to those expectations. So I think earlier there was  
7 the, again, where are you collaborating with local governments,  
8 government units? And I think we've definitely seen more and  
9 more of the incorporation of the various local counties  
10 including the local mental health, mental hygiene units and  
11 others and so we're seeing much more of that active engagement  
12 in their governance and in their project discussions. So, we  
13 are seeing that.

14 And we have the account support team which is right now it  
15 had been KPMG, now it's PCG, so they are out there meeting with  
16 PPSs on site face-to-face to go over project implementation as  
17 well as, so there's the quarterly on site as well as the monthly  
18 phone conversation to really review where they are on all these  
19 different streams. And so part of that is again reviewing where  
20 they're going. And they identified themes back to the Department  
21 for our review, and so that active interchange as well as where  
22 we have concerns we reach out to the PPSs directly. I myself  
23 have been going out and meeting with all the PPSs and I'm  
24 getting to know New York State very well. But that is part of

1 this very dynamic monitoring and conversation with them around  
2 what are the issues? What are the expectations and how are they  
3 going about it? And any feedback we get from the public around  
4 concerns we also make sure we bring it up.

5

6 JEFF KRAUT: Dr. Rugge.

7

8 JOHN RUGGE: To say the obvious, DSRIP is one remarkable  
9 program using Medicaid as a starting point as a level for  
10 system-wide change, but success really will depend on enlisting  
11 both Medicare and the commercial payers to compensate on the  
12 same principles and in parallel and with some consistency. Is  
13 there anything you can comment at this point about progress and  
14 enlisting Medicare and the commercial payers?

15

16 PEGGY CHAN: There have been discussions with CMS around  
17 Medicare alignment. That was a - it's been interesting in terms  
18 of again, if we - there are different parts of CMS, different  
19 parts of the state agencies deal with, work with, and so we are  
20 also trying to get them to coalesce a bit on this. I think, I  
21 don't know if you heard Dr. Rugge, there was a recent  
22 conversation that Dr. Gestin had with CMS on the SIM side around  
23 CPC plus or with Dr. Steven (Cha) at CMMI. And you know, when  
24 we asked about saying SIM and DSRIP in New York were aligned on



1 the line and we were asking them for alignment on Medicare, I  
2 think the conversation turned, well, are you doing CPC Plus? So  
3 I think those were ongoing discussions and we are trying to  
4 pressure or at least raise for more CMS collaboration.

5

6 JEFF KRAUT: Thank you. Any other questions? And thank  
7 you so much. I have one question. Just one clarification on  
8 the midpoint assessment you were saying you're looking for  
9 things that may change both in the organization and structure of  
10 some of the PPSs. Are you also asking the PPSs to make those  
11 proposals in addition to the assessor?

12

13 PEGGY CHAN: So the independent assessor will make  
14 initial recommendation and that will be then sent to the PPSs  
15 for their review and then those initial ones will also then  
16 after - will also be out there for public comment, then we'll  
17 bring all the comments back and the independent assessor will  
18 issue their final recommendations.

19

20 JEFF KRAUT: Thank you very much. Yes, Dr. Ruggie.

21

22 JOHN RUGGE: Of interest, Peggy, the CPC Plus program as  
23 we all know also is predicated on the involvement of the  
24 commercial payers. And I think for New York across Departments

1 to be doing whatever is necessary to encourage and make easy for  
2 those commercial payers to see the value in moving quickly and  
3 being at the forefront rather than holding back a huge risk is  
4 having freeloaders in any sector, be it providers, or be it  
5 payers, and this is an enormous enterprise, we're under enormous  
6 time pressures, but everything you can do in that is obviously  
7 critical to us.

8

9       JEFF KRAUT:       Thanks again for joining here. And I think  
10 periodically would be helpful. I'm not saying every time we  
11 meet, but periodically when events change, when there's some  
12 milestone events it would be nice to come back and just give us  
13 an update. So we do appreciate it. Thanks so much.

14       I now turn to Mr. Sheppard to give us a report on the  
15 Office of Primary care and Health System Management.

16

17       DAN SHEPPARD:   That's a tough act to follow, Peggy, but  
18 thank you. Let me give a report that actually I was going to  
19 give you at the April meeting, but circumstances conspired to  
20 keep me from giving that report. So it actually is a budget  
21 update but I wanted to give it to you before the information got  
22 too stale and for my next report in the summer I'll shift back  
23 to sort of a progress report on daily/weekly activities in my  
24 office.

1           So, let me just hit a couple of major points from the  
2 budget. The first is that the budget that was enacted back in  
3 the end of March, early April authorized, blessed us with yet  
4 another capital program; \$195...actually a total of \$200 million,  
5 \$195 specifically for the statewide healthcare facility  
6 transformation program, and this similar to the essential  
7 healthcare provider program which was authorized the prior year  
8 which I'll shortly give a quick update on, it is for capital  
9 projects that are intended to be part of an overall  
10 transformation or sustainability plan that involves some type of  
11 merger consolidation or corporate restructuring. The intent  
12 here being investing these dollars in helping to transform in  
13 projects that help to transform healthcare facilities to either  
14 keep them sustainable, serve essential services, and all of  
15 which is all, ensure that projects are aligned with DSRIP and  
16 the goals of DSRIP.

17           I think unlike last years, program enacted last year, the  
18 essential program, this one has a wider eligible audience and  
19 that applicants, and so in addition to general hospitals this  
20 program is also available to long term care facilities, nursing  
21 homes, DNTCs, other types of article 28 clinics, primary care  
22 providers as well as clinics licensed by the Office of Mental  
23 Health and the Office of Alcoholism and Substance Abuse as well  
24 as homecare agencies. So it really runs the gamut of all

1 providers, and the statute reserves a minimum of \$30 million for  
2 community-based providers and those are defined as the article  
3 28 DNTCs the OASIS and OMH clinics as well as primary and home  
4 care providers. So we actually we anticipate releasing the  
5 request for applications for that program. I mean, probably  
6 within the next 30 days I would imagine. It's drafted. There  
7 are a couple of procedural steps that we need to go through that  
8 statute required. But I also may take advantage while we're  
9 talking to capital giving you a quick update on the other major  
10 capital programs that we're administering. Back in March we  
11 announced awards from two programs; the DSRIP related capital  
12 restructuring refinancing program. That's the \$1.2 billion  
13 program, as well as the essential healthcare provider support  
14 program. That was \$355 million. So a total of about \$1.5  
15 billion of awards. We announced, there are 162 of them. 135  
16 from the DSRIP related program and 27 from the essential  
17 healthcare provider program. I think, you know, mindful of the  
18 time. I can certainly answer questions about them but might lend  
19 itself to maybe a nice slide presentation in a subsequent  
20 meeting, but we're now in those awards moving through the early  
21 phases of the contracting process and look forward to having  
22 some of those monies actually hit the street within the next  
23 couple of months.

1 Another budget item from this budget I wanted to mention, I  
2 kind of, this one it came, it emanated through the budget  
3 process post executive budget, so it was not an executive budget  
4 item, but kind of best characterize it as a pilot and it's  
5 narrow but interesting. It involves the transfer of nursing  
6 home ventilator beds. And basically authorizes that long term  
7 ventilator beds can be relocated from one nursing home to  
8 another using an administrative or limited review process if the  
9 two facilities have common ownership. And common ownership is  
10 defined as having the same named owners. The percentages don't  
11 matter, but if the ownership is identical it's viewed as common  
12 ownership and in transferring those ventilator beds from one  
13 facility to another, couple things; one is the total number of  
14 beds can increase so it starts to look at these structures where  
15 you have common ownership, I'll put in big air quotes "Systems"  
16 but it also allows us in the Department in determining whether  
17 to move those, allow those nursing home beds to transfer, so  
18 that might be, vent beds being either swapped for regular  
19 geriatric beds, or just replacing regular geriatric beds, but no  
20 event can the total number of beds between the two facilities  
21 increase. They could decrease, but it allows us in considering  
22 the CON for that access and quality issues, which I know we've  
23 been talking a lot about here and so again it kind of gets back  
24 to the beginning when I sort of view this, while it's not

1 technically a pile up, but an interesting pile. It allows us to  
2 explore a couple things that we've been talking about here which  
3 is these structures where you have technically separate  
4 corporate ownership of nursing home, but they're separate  
5 corporations but common ownership as well as introducing the  
6 notions of quality and so we'll report back to you. See what  
7 kind of applications come in for this and we'll report back to  
8 you.

9 Briefly two more updates. As part of the budget process  
10 the statutory exemption for E-prescribing, the statutory  
11 exemption for there is basically that we could issue, the  
12 Department could issue statutory exemptions for practitioners  
13 from e-prescribing from practitioners that were going to issue  
14 less than 25 prescriptions during that period, and that they  
15 could get a maximum of three separate one year extensions and  
16 then this provision also sunsets after four years. It was  
17 really aimed at providers who don't practice or who don't write,  
18 or write very small number of prescriptions and the expense of  
19 getting on the system wasn't deemed to be practical for them.  
20 But again, very limited, 25 prescriptions or less. We haven't  
21 started seeing any requests yet, but we'll keep you updated on  
22 that.

23 And finally on the area of workforce of healthcare  
24 workforce, the outcome of the budget process gave us another one

1 million dollars for the Doctors Across New York program, I like  
2 it cause it's called DANY - and that's not on my piece of paper  
3 by the way - and it'll, that's going to support an additional 30  
4 slots in both our support, provider support services and both of  
5 the programs. So another 30 slots for a total of 211 so we'll  
6 be able to do 211 slots through the doctors across New York  
7 program. The applicants have to agree to practice for three  
8 years in underserved area and there was a change to the program  
9 that allowed for some smoothing where we can now do upwards of  
10 up to \$40,000 for each of three years. The previous statute had  
11 a - was not, didn't allow us to do even amounts, even awards and  
12 some of the feedback that we in the legislature gotten that it  
13 would be better to smooth it out and so did that as well. And  
14 also the budget authorizes a process for OMH operated  
15 facilities, so we're going to work with OMH to help them develop  
16 a program focused on psychiatrists practicing in OMH facilities  
17 as well.

18 So, let me stop there and happy to take any questions.

19

20 JEFF KRAUT: Any questions for Mr. Sheppard? Dr.  
21 Boufford.

22

23 JO BOUFFORD: Yeah, you mentioned the magic word,  
24 'workforce' and we haven't really talked about it much here and

1 I thought perhaps maybe at the next meeting we might elaborate a  
2 little bit because I know it's one of the kind of critical path  
3 issues around SIM SHIP-

4  
5 DAN SHEPPARD: I would be happy to do it. And it's one of  
6 those areas too that I think lends itself to how does it all fit  
7 together? We have long standing programs like Doctors Across  
8 New York, we have new programs available through the DSRIP space  
9 as well as under the SIM grant. So, yeah. Absolutely. Thank  
10 you.

11

12 JEFF KRAUT: OK. Mr. Fassler, Dr. Berliner, and then Dr.  
13 Ruge.

14

15 MICHAEL FASSLER: Just a little comment. Again, on the  
16 vent beds it would be very good to see the quality because one  
17 of the things we grapple with like, even on nursing homes, what  
18 is the - where do the star ratings come into play, where do the  
19 quartiles come into play, so we can start looking at quality  
20 when we decide whether to approve somebody or not. So I look  
21 forward to having.

22

23 JEFF KRAUT: Dr. Berliner.

24



1           HOWARD BERLINER:     I just wanted to be able to call Mr.  
2 Sheppard Danny.  So will this be an administrative review or  
3 still be a switch in the beds?  Or will it still come to the  
4 council?

5  
6           DAN SHEPPARD:  No that's an administrative - the statute  
7 specifically prescribes a limited or administrative review.

8  
9           HOWARD BERLINER:     And so what happens, you may not have  
10 worked this out yet, but what happens if the beds are shifting  
11 from one geographic area to another?  I mean, therefore -

12  
13          DAN SHEPPARD:  I think, I mean, again, it's a pilot.  
14 That's something we'd have to consider, and I think one of the  
15 reasons why it was important that access and quality came into  
16 play, particularly access in that part is we would look at  
17 whether the movement of the beds based on utilization could  
18 adversely impact access and I think we were pleased that the  
19 statute in it's final form allowed us to look at that.

20  
21          JEFF KRAUT:     Dr. Rugge.

22  
23          JOHN RUGGE:     So, now I know how strange Vicky felt about  
24 talking to her seat mate through a microphone.  Comment and I

1 guess a question; comment being, I think until these regulations  
2 came up it was difficult to appreciate how complex the  
3 prescribing habits are around New York, so I'm well award of a  
4 program, for example, that sends physicians to summer camps in  
5 the Adirondack mountains and there are children there who need  
6 their asthma medicines and their epi-pens and there's simply no  
7 practical way to do e-prescribing from a remote rural mountain  
8 camp for kids who really need the care, and the viability of  
9 these camps depend on having a safe environment. And so I think  
10 there needs to be a little broader consideration to the  
11 exceptional use even by physicians who are prescribing all the  
12 time and do use electronic modalities. By way of a question, by  
13 way of another grant program, we all know how important primary  
14 care workforce is and there has been money allocated some time  
15 ago for new primary care residencies. RFA has yet to be issued  
16 and the question is just to make sure there's no gumming up of a  
17 process for simply releasing these dollars.

18

19 DAN SHEPPARD: I'm sorry, what's the timing of that? I'm  
20 going to - sorry, Lisa,

21

22 LISA ULMAN: Is this the primary care -

23

1           DAN SHEPPARD: The primary care residency, the timing of  
2 the primary care residency solicitation?

3

4           LISA ULMAN: What we have been talking about through the  
5 SHIP? Or we talking about the primary care service awards?

6

7           JOHN RUGGE: My understanding is --  
8 allocated some \$3 million for the planning and development of  
9 new primary care residency programs in the state and that that  
10 was prepared was going through final edits for release as early  
11 as January and as yet there's been no word.

12

13           LISA ULMAN: I think we may be talking about something in  
14 development through the State Health Innovation Plan. I'll have  
15 to check the status and get back to you.

16

17           JEFF KRAUT: Mr. Robinson.

18

19           PETER ROBINSON: Just getting back to that new somewhat  
20 unique nursing home regulation, recognizing that there is  
21 administrative review as the process that's prescribed. It  
22 still would be helpful especially in the early cases if you or  
23 Mr. Abel would report on those to the council just so we can

1 understand how that process is working and how your decision  
2 making is moving.

3

4 DAN SHEPPARD: Absolutely Mr. Robinson. One of the reasons  
5 I brought it to the council's attention, even though it was  
6 unexpected I think it embodies a lot of the things that we've  
7 been talking about incorporating as we work to modernize our CON  
8 process, particularly the needs methodologies that have, in not  
9 just nursing home beds and ventilator beds and other areas, and  
10 I think, I kind of said, I think really what welcome it is, it  
11 becomes a basis a teaching tool for us in a way of having a test  
12 bed for advancing some of the ideas we've been talking about for  
13 some time. so absolutely.

14

15 JEFF KRAUT: Any other questions? Dr. Berliner?

16

17 HOWARD BERLINER: Dan, any - we've been reading a lot in  
18 the papers about state department of health and Rivington House?  
19 Can you tell us what's going on?

20

21 JEFF KRAUT: He's conferring with counsel, which tells  
22 you part of the answer.

23

1           DAN SHEPPARD:     So it's a complicated issue. I think as  
2 you may have and have seen recently, even as a department  
3 mentioned to a number of legislators who have inquired, I think  
4 there's a - our review of the record certainly indicated to us  
5 that the intent was to continue to operate it as a nursing home.  
6 That obviously was not the case. It appears that we were misled  
7 and we are looking at, we are exploring all avenues legal and  
8 otherwise, to address the situation.

9

10           JEFF KRAUT:       Thank you very much Mr. Sheppard. And I now  
11 turn to Mr. Hutton who is going to be participating from Albany  
12 to give us an update on the activities of the Office of Public  
13 Health.

14

15           BRAD HUTTON:     Thank you for the opportunity. Can I just  
16 confirm you can hear me OK?

17

18           JEFF KRAUT:       Yes we can.

19

20           BRAD HUTTON:     Four things that I wanted to share with you  
21 today. Two relate to our Legionella response. One is expanding  
22 on some of the Zika information that Commissioner Zucker shared,  
23 and then the final item relates to meningococcal regs that were  
24 recently published.

1           So, as was discussed earlier during the Codes Committee  
2 meeting, on Tuesday the Centers for Disease Control published an  
3 MMWR that summarized their investigations of Legionellosis  
4 outbreaks over the last 10 or more years. And as was shared,  
5 two of the most frequent sources of exposure were cooling towers  
6 and potable water systems. So potable water was the most  
7 frequent source. I think it's important that there were two  
8 other findings that were really mentioned earlier. One is that  
9 cooling towers were associated with the largest number of cases  
10 and potable water in healthcare facilities in particular were  
11 associated with 85 percent of the deaths in the outbreaks that  
12 were shared in the report. so, we feel pretty confident that  
13 regulations that we proposed really focus in the areas with the  
14 greatest burden of disease and establish a framework as Mike  
15 Cambridge mentioned that allows us to expand further should  
16 additional science or information in the future warrant it.  
17 It's important to note that MJWR reports on CDC's experience  
18 with approximately 30 to 40 outbreaks over the last 10 or more  
19 years and the New York State Health Department we actually have  
20 a lot more investigations that have been amassed over that  
21 timeframe, and I think our experience again leaves us feeling  
22 very comfortable that the focus on potable water systems in  
23 healthcare facilities and cooling towers is warranted.

1           Second item I'd like to share relates to the ELAP  
2 certification for Legionella testing that Mike also mentioned.  
3 So the proposed permanent regs will require all Legionella  
4 culture analyses to be performed by a laboratory that is  
5 approved to perform such analyses by the New York State  
6 Environmental Laboratory Approval Program. And as Mike  
7 mentioned, on June 1, ELAP announced that the program would  
8 begin certifying labs for Legionella culture and that the  
9 application must be submitted by June 29. Other point I wanted  
10 to mention is that any laboratory that's currently performing  
11 Legionella testing and that has submitted a timely application  
12 for certification will be granted interim approval until that  
13 application is fully processed by ELAP.

14           The third item relates to Zika. Dr. Zucker shared some  
15 good information. I wanted to expand on that to let you know  
16 that Wadsworth center has tested specimens from more than 5000  
17 individuals to date and those 204 individuals who have tested  
18 positive for Zika, 54 were outside of New York City, 150 were  
19 within New York City. That one case that Dr. Zucker mentioned,  
20 we actually very recently have confirmed was associated with  
21 sexual transmission and all of the remaining cases were among  
22 individuals who themselves had traveled to areas that had active  
23 Zika virus transmission. 26 of the 204 infected individuals are  
24 pregnant women.

1 I appreciated Jeff Kraut's comments about Wadsworth and  
2 wanted to mention that we continue to find more positive PCRs  
3 among urine samples than serum. We're fortunate that here in  
4 New York thanks to the talented scientists at Wadsworth we've  
5 actually be testing urine right from the very start. You may  
6 have noted in MMWR recently that was published from the Florida  
7 laboratory shared that there are more positives and positives  
8 are found longer out than serum among urine and we've also had  
9 that finding all along here in New York. Just another example of  
10 how the fact that we had Wadsworth puts us in a position where  
11 we can respond rapidly to those emerging infectious disease  
12 threats that another member was asking Dr. Zucker about today.

13 The Department has also been working to implement plans for  
14 rapid response teams which are teams that would be deployed in  
15 the event of local mosquito transmission in New York State. in  
16 addition we've also begun implementing enhanced human  
17 surveillance for Zika. This is an activity where putting in  
18 place sentinel surveillance system much like we use for  
19 influenza surveillance where we would enlist participation by  
20 some practices in the downstate affected area and ask that they  
21 submit specimens for every individual, in this case that has  
22 certain symptoms. For example, every certain number of patient  
23 that has fever and itchy rash for example, and then specifically  
24 there would be people who have not traveled and then we'll do



1 Zika tests on them just to see if we can find any additional  
2 human cases that would indicate we have local transmission.  
3 Just another example of an epidemiologic strategy we're putting  
4 in place to try and be prepared.

5       The last item I shared relates to meningococcal  
6 regulations, so earlier this week, actually yesterday our  
7 proposed rulemaking for school immunization regulations were  
8 published in the state register. 45 day public comment period  
9 began and will end on July 25, so the school immunization  
10 regulations are being updated to reflect recent amendments to  
11 public health law which required meningococcal vaccination in  
12 schools for student entering grade 7 and 12 starting this fall,  
13 September 1, 2016. There are few other cleanup amendments in the  
14 regulations. I'd encourage you to look at that issue of the  
15 state register and certainly let us know if you have any  
16 questions.

17       That's it. And I wonder if there's any questions from the  
18 members.

19

20       JEFF KRAUT:     Yes, Thank you very much Mr. Hutton. I'm  
21 going to now turn to Dr. Kalkut.

22

23       GARY KALKUT:    Thank you. Has mosquito surveillance started  
24 yet for the season for various viruses including Zika?

1  
2  
3  
4  
5  
6  
7  
8  
9  
10

BRAD HUTTON: Mosquito surveillance has just begun I think as recently as week. The Wadsworth center is now just beginning to receive the initial specimens for mosquitos around the state. thus far it appears that the majority of mosquitos that are found are the species that relate to West Nile Virus transmission. So we're beginning to ramp up additional testing sites using new traps that will help us better capture the Aedis species of mosquito which is the kind that's concerning for Zika.

11  
12  
13  
14  
15

JEFF KRAUT: Other questions for Mr. Hutton? Thank you. I'm going to now turn over to Dr. Boufford is just going to make some comments about the Planning and Public Health Committees.

16  
17  
18  
19  
20  
21  
22  
23  
24

JO BOUFFORD: Yeah, just a brief comment about a non-infectious disease related public health issue. John Rugge and I chair, John chairs the Planning Committee as you know. We've had some conversations and have worked, really thanks very much to Dan Sheppard and Lisa Ulman and Karen Madden and Sylvia Pirani. We agreed to have two sessions together starting one in July and perhaps a double session in September on the dates that have been - July 21 would be committee day about an hour and a half, and then Friday September 23 probably a special meeting in

1 New York City. And we want to put a highlight on two issues  
2 that we think are really important for the council's  
3 consideration because they're sort of critical to successful  
4 integration of a number of the moving parts across the  
5 healthcare reform. First is the integration of behavioral  
6 health in primary care, so the one of the sessions will be  
7 focused on how that is going with some examples of where it's  
8 working and some discussion of where there may be challenges or  
9 opportunities to facilitate that integration. The second session  
10 would be on primary care and population health, looking at the  
11 concept of advanced primary care which had envisioned those  
12 practices that have already met the sort of NCQA 3 standards and  
13 sort of kept all the boxes involved in the SHIP SIM process  
14 perhaps short of value-based payments, since it's still being  
15 defined. But one of the elements was to really begin to work  
16 outside the walls of the practice focusing on advancing  
17 activities on broader determinants of health. And one of the,  
18 this emerged from the PHIP conversation in New York City where  
19 we realized there were a large number of advanced primary care  
20 practices that perhaps weren't getting the attention that the  
21 practices that have to be moved into the sort of middle ground  
22 were, and we wanted to sort of celebrate their existence and  
23 also have them present a little bit more explicitly to the group  
24 how they're tackling issues, and again, what some of the

1 opportunities and sort of what some of the barriers are. So, I  
2 think our thought, this is still a bit of a work in progress,  
3 but our thought was that on committee day, July 21 we would have  
4 a briefing from the appropriate staff on these two elements of  
5 the reform program and then use the time on Friday, September 23  
6 to have sort of back to back sessions, really exploring these  
7 with panelists that are presenting examples in both categories.  
8 So I wanted people to be aware of that and we'll be sending  
9 notices out about it as we get closer to the time. Thank you.

10

11 JEFF KRAUT: Dr. Ruggie.

12

13 JOHN RUGGE: Just to say that Jo and I thought it was  
14 remarkable to have the Public Health and Health Planning Council  
15 have a joint meeting of the Public Health Committee and the  
16 Health Planning Committee. Thought this was a very clever  
17 approach. Also, I think these topics are so important that we  
18 are looking for really broader participation than necessarily  
19 simply those who are members of their respective committees  
20 pointing especially to Dr. Brown and Dr. Martin who as members  
21 of the behavioral services committee, council, have a lot to  
22 offer in terms of crosswalking among agencies as we're all  
23 trying to do in our real lives as providers and consumers. So  
24 with that September committee day having a brief opportunity to

1 open up the door or the window, taking a look at the issues and  
2 then having an all-day session for the two topics and the two  
3 committees together continues, I think the tradition we started  
4 several years ago and will be all the more important because of  
5 these topics.

6

7 JEFF KRAUT: OK, and as we said we'll send you a notice  
8 so you can calendar those dates as well and try to arrange your  
9 schedule to attend. I'm now going to introduce Dr. Gutierrez to  
10 give the report of the Codes, Regulations, Legislation Committee  
11 which met this morning. Dr. Gutierrez.

12

13 ANGEL GUTIERREZ: Thank you very much. I chair the  
14 committee on Codes, Regulation, and Legislation and we had a  
15 meeting this morning where I am prepared to report that we dealt  
16 with two updates in the Department and reviewed and approved two  
17 proposals. The Department update regarding laboratory test  
18 results access section 3-2.11 B1 IV of title 10 has been  
19 interpreted to prohibit lab pathologists and other lab  
20 physicians from discussing the meaning of or interpretation of  
21 lab results with patients upon requests. Pathologists  
22 representatives and consumer groups proposed removing this  
23 section to permit those discussions. After receiving further  
24 input from numerous stakeholders including physicians,

1 hospitals, laboratories and consumers, the Department plans to  
2 put forward affirmative language that would clarify that  
3 pathologists and other lab physicians may discuss the meaning  
4 and interpretation of test results with patients upon request.  
5 Are there any questions from the council on this? This is, at  
6 this point it's information. There will be further action  
7 required in the future.

8 I'm moving ahead. Department update regarding hospice  
9 operation and rules amendments to section of title 10 pertaining  
10 to hospice operational rules were adopted at the April 14  
11 meeting. The amendments made state operational rules for  
12 hospice consistent with regulations among other provisions. The  
13 Department has since identified the need for a technical change  
14 regarding the reference to the life safety code and has amended  
15 this reference to be consistent with the versions of the life  
16 safety code currently used by the Department. Again, this is  
17 for consideration and there will be further action in the  
18 future. Are there any questions from the Council?

19 Moving right along, for emergency adoption we dealt with  
20 protection against Legionella. This proposal will continue the  
21 emergency regulation related to cooling towers which recirculate  
22 and aerosolize water. When not properly monitored, maintained,  
23 and disinfected, aerosols may contain Legionella bacteria. The  
24 emergency regulations establish requirements for the

1 registration, testing, cleaning and disinfection, maintenance,  
2 inspection, certification, record keeping and reporting of  
3 results and actions in order to control the growth of Legionella  
4 bacteria. Without this action the emergency regulation which  
5 are set forth in part 4 of title 10 NYCRR would expire on August  
6 18, 2016. The committee voted to recommend adoption to the full  
7 council and I so move.

8

9 JEFF KRAUT: I have a motion. Do I have a second? I have  
10 a second Dr. Torres. Any questions or discussion?

11

12 ANGEL GUTIERREZ: I should say that Mr. Cambridge is  
13 available from the Department to answer questions if there are  
14 any.

15

16 JEFF KRAUT: Hearing none I'll call for a vote. All  
17 those in favor, aye.

18

19 [Aye]

20 Opposed? Abstentions? The motion carries.

21

22 ANGEL GUTIERREZ: For adoption also was another  
23 Legionella related issue, protection against Legionella. This  
24 proposal recreated a new part 4 of title 10 relating to cooling

1 towers. The proposed regulations will establish requirements  
2 for the registration, testing, cleaning, and disinfection,  
3 maintenance, inspection, certification, record keeping, and  
4 reporting of results and actions in order to control the growth  
5 of Legionella bacteria. The committee voted to recommend  
6 adoption to the full council and I so move.

7

8 JEFF KRAUT: I have a motion by Dr. Gutierrez. May I  
9 have a second? I have a second Mr. Fassler. Is there any  
10 questions or discussions? I know in Albany they're available.  
11 Hearing none, I'll call for a vote. All those in favor, Aye.

12

13 [Aye]

14 Opposed? Abstentions? The motion carries.

15

16 ANGEL GUTIERREZ: This concludes my report Mr. Kraut.

17

18 JEFF KRAUT: Thank you very much Dr. Gutierrez. At this  
19 time I'm going to suspend the full council meeting and I'm going  
20 to ask Mr. Robinson to convene the Establishment and Project  
21 Review Committee meeting.

22

23 PETER ROBINSON: Thank you Mr. Kraut. All of the member  
24 of the council are invited to participate in the conversation,



1 but when we come to a vote it will be a vote of the Committee  
2 members. Let me bring forward again, application 161077E,  
3 Women's Christian Association in Chautauqua County. This item  
4 was tabled at the last committee meeting so this is a resumption  
5 of that. We had a motion from Dr. Gutierrez and a second from  
6 Dr. Torres for that item. At the end of the discussion we had a  
7 recommendation from Mr. Kraut regarding an additional  
8 contingency to the application. And the Department has worked on  
9 that. I'm going to ask Mr. Kraut to read that additional  
10 contingency and then we'll ask Dr. Gutierrez and Mr. Torres if  
11 they would accept that as a modification to their motion. Mr.  
12 Kraut.

13

14 JEFF KRAUT: Thank you, so in response to the testimony  
15 we heard, the letters we've received, and the conversation we  
16 had I'm proposing the following contingency be added to the  
17 application. Submission of an affidavit by the applicants  
18 stating that the Women's Christian Association of Jamestown New  
19 York WCA and the University of Pittsburgh Medical Center, UPMC,  
20 will comply with appropriate requirements of New York's  
21 emergency medical services and surprise bills law referencing  
22 chapter 60 part H of the laws of 2004 for New York patients who  
23 originate from WCA regardless of whether all or part of such  
24 medical services occur outside the state of New York and for

1 such requirements to be monitored by WCA in connection with  
2 patients who originate in WCA acceptable to the Department.  
3 What this is trying to accomplish without getting in the middle  
4 of a negotiation - you know, of issues, to essentially assure  
5 that a WCA patient transferred to UPMC Hamot it aware before the  
6 transfer occurs that their insurance is going to be in network  
7 or out of network and therefore if they're adequately informed  
8 they can accept the transfer and ramifications of that if it's  
9 out of network, or they can request to be transferred to an  
10 institution that's in network elsewhere presumably near Buffalo.  
11 You've read in the documentation about the insurance coverage  
12 being available or limited. This is just an additional  
13 protection that we'll have the state monitor and hopefully it  
14 will satisfy the major concern at least that I raised was making  
15 sure that the requirements of the surprise law are following the  
16 patients wherever they go.

17

18 ANGEL GUTIERREZ: So, I understand what you're saying and  
19 I need coaching on the parliamentary rules here. I made a  
20 motion -

21

22 PETER ROBINSON: We're going right through that, Dr.  
23 Gutierrez. So, my question to you is do you accept the  
24 modification to the motion that Mr. Kraut just introduced?

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

ANGEL GUTIERREZ:       yes, I do.

PETER ROBINSON:       And Dr. Torres, do you do the same?  
OK. So we have the motion now on the floor with the modified  
contingency as read into the record by Mr. Kraut. Thank you. Dr  
Berliner.

HOWARD BERLINER:       So, Jeff, what's the impact of this on  
New York State residents with Medicaid and New York State  
uninsured residents?

JEFF KRAUT:       Well, we can ask the applicant, but I think  
the applicant participates in New York State Medicaid. I think  
we were told that at the last meeting. We have documentation to  
that affect, and with respect to the uninsured I think we were  
assured that the charity care policy of WCA was going to be  
honored by UPMC Hamot. I would prefer that that - that's just  
my recollection of reading the documents. I think when the  
applicant comes up they can affirm that.

PETER ROBINSON:       OK, I'm going to do our normal return  
to Mr. Abel to comment on the additional materials that have

1 been received and any final thoughts on the part of the  
2 Department with regard to this recommendation.

3

4 CHARLIE ABEL: Thank you. So, the Department has forwarded  
5 to PHHPC members all material that was submitted by the due date  
6 that was expressed at the last Establishment and Project Review  
7 Committee meeting which would've been last Friday. The  
8 Department's reviewed all that material and we stand by our  
9 recommendation for approval. Additionally some members may have  
10 received some material as late as last evening from a party  
11 related to the trans - or interested in the transaction that was  
12 not cleared through the PHHPC secretary and the Department has  
13 not had the opportunity to review that, although skimming  
14 through much of that appears to be a reiteration of some of the  
15 materials and concerns expressed earlier. But I leave the  
16 committee to determine exactly what they want to do with that.

17

18 PETER ROBINSON: Thank you. I should've noted at the  
19 beginning that Mr. Holt has a conflict, declared a conflict and  
20 he's recused himself and he has been out of the room for the  
21 discussion and remains out of the room.

22 What we're going to do now is give the public an  
23 opportunity to comment. An opportunity to comment. What we  
24 would like to do is ask that those of you who have signaled your

1 interest in providing us with additional information to actually  
2 focus on new material that's been submitted since the last time.  
3 Dr. Gutierrez.

4

5 ANGEL GUTIERREZ: But further, I have concerns and  
6 actually circles of concerns, but I won't go into that at this  
7 point. We received voluminous material, and my concern is that  
8 we have when you look at the materials, I'm having a difficult  
9 time identifying the voices from New York State, and I would  
10 like to give those voices priority. I appreciate the comments  
11 from Pennsylvania. I appreciate them to be well-meaning, but we  
12 are an institution of the State of New York and we need to  
13 listen to our clients which are the members of the State of New  
14 York.

15

16 PETER ROBINSON: Thank you. So we have a number of  
17 speakers signed up here. I'd like to organize them at least by  
18 the way that they have identified their affiliations and I'm  
19 going to start with the WCA team and that will, and I'm going to  
20 invite up Mr. Kilburn, Ms. Wright, and I'm going to let them  
21 return afterwards. I believe, it looks like a Steven and I  
22 can't read the last name. Pardon me? So you're invited up as  
23 well. And there's somebody listed as CWA and I don't know if  
24 that's the same organization or not? It's not. Communication

1 workers? OK. Sorry. I just didn't know whether you swapped  
2 letters. OK, so we'd like you to keep this brief and as we  
3 mentioned focus on the new material that's been provided to us.  
4 Thank you.

5

6 BETSY WRIGHT: Actually, we're going to be very brief. We  
7 will rely on the information that we submitted. We signed in as  
8 presenters because we wanted to be able to respond to any  
9 questions that the committee might have and at that point  
10 reiterate that this is a positive, proactive decision and very  
11 important and we encourage your approval.

12

13 PETER ROBINSON: We will give you all then an  
14 opportunity at the end of the conversation to come back as the  
15 applicant and respond to the issues that may have been raised by  
16 others -

17

18 BETSY WRIGHT: We appreciate that. Thank you.

19

20 PETER ROBINSON: So we have several people listed from  
21 UPMC and I don't know whether this is UPMC Hamot or this is UPMC  
22 the mothership. Is it both? or one?

23

24 JIM FIORENTO: it's both

1           PETER ROBINSON:        Do you want to come up together?  Is  
2 that a good way to do it?

3           JIM FIORENTO:  yeah, that's fine.

4           PETER ROBINSON:        OK.  If you wouldn't mind...Let us know  
5 who is from where.

6

7           JIM FIORENTO:  Jim Fiorento, President of UPMC Hamot; Steve  
8 Nemo, chief legal counsel for UPMC and Michele  
9 senior legal advisor as well.  We don't have any additional  
10 comments as well.  Again, we support as well the WCA discussion  
11 and again look forward to any questions you may have of us,  
12 specifically related to any additional information that was  
13 brought forward prior to the last meeting, and I think we're  
14 ready to respond to any of that.

15

16          PETER ROBINSON:        Thank you.  Do you have any comments on  
17 the additional contingency that was added by Mr. Kraut?

18

19          STEVE NEMO:        Yeah, we've read the contingency.  It is  
20 fine.  We think it's important for us to work on issues that  
21 affect patients.  So, we recognize the value in the law, the  
22 contingency.  We look forward to working with the Department of  
23 Health to make sure the assurances that they've asked for that  
24 we can deliver on that.

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

PETER ROBINSON: Thank you. So, any other comments you want to make regarding the new material that was submitted at all? Just giving you that opportunity.

JIM FIORENTO: Unless there's specific questions about the new material, I can respond to that.

PETER ROBINSON: Ms. Hines.

VICKY HINES: Hi. And not specifically to the material but I just, I'm not sure that I and all of the materials we read have a clear understanding about your existing and your historical pattern of what percent of your payer mix is Medicaid and uncompensated care. If you could just clarify that.

JIM FIORENTO: At UPMC Hamot?

VICKY HINES: Yes.

JIM FIORENTO: Uncompensated care and Medicaid together is in excess of 31 percent.

VICKY HINES: And can you address the same for UPMC mothership?



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

JIM FIORENTO: I don't have that as a composite. Steve.

STEVE NEMO: I don't either. We do have a high percentage of medical assistance patients. We do have a high number of uncompensated care. We do - I don't know, with regard to uncompensated care I think we do provide an excess of \$100 million of care that qualifies in that category.

VICKY HINES: Well perhaps I don't need to know the specific number, I'm wondering really about the trend because as you know, some of the opposition has been around behavior that would lead the reader to believe that there has been a decline in the support for tough populations, and so I want to know is that borne out in objective data around Medicaid support over time, or Medicaid percent over time.

STEVE NEMO: Well, again, I don't have specific numbers at hand, but I can assure that's not the case. There are federal law changes related to uncompensated care. We work hard to comply with that. We have a very, I think, generous financial assistance policy. It's only gotten stronger as a result of recent changes in the law. Perhaps Michele has some numbers.

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

MICHELLE: I have some data that may or may not help you but I will share it anyway. We, in western Pennsylvania UPMC has provided 70 percent of the uncompensated care charity care despite the fact, it's a disproportionate share because our market share is around 40 percent. So we are the lion's share of the charity care provider in the market.

As far as trends go, the overall charity care number has been either increasing or consistent year over year for many years. I can't get any more specific than that at this point. We can come back with that information and Medicaid is not an issue. We participate in Medicaid. We treat Medicaid patients. Of course, Medicaid is a shortfall payer but we cover it.

PETER ROBINSON: Dr. Berliner and then Ms. Carver-Cheney.

KATHLEEN CARVER-CHENEY: Ok, he's going to let me go first because I have the mic. This letter from the Office of Controller from the County of Allegheny, have you read it? So, what can you say about these allegations that the institution, the mothership I guess isn't a charitable organization and should have it's tax exempt status removed and that your own employees can't afford their healthcare coverage, et cetera?

1

2           STEVE NEMO:       UPMC, the mothership and the hospitals that  
3 are part of it do qualify for tax exemption. We qualify under  
4 federal law. Our properties qualify under the state law as it  
5 relates to properties. We comply with all aspects of the law.  
6 I think we comply. We exceed. I think there's been a lot of  
7 misinformation, misunderstanding about the legal requirements,  
8 and misunderstanding and misinformation about UPMC itself.  
9 We're very confident we meet those requirements.

10

11           PETER ROBINSON:       Dr. Berliner.

12

13           HOWARD BERLINER:       A question for Hamot. You currently  
14 accept New York State patients on a transfer basis who are on  
15 Medicaid?

16

17           JIM FIORENTO:   That's correct.

18

19           HOWARD BERLINER:       And you accept New York State Medicaid  
20 as payment in full?

21

22           JIM FIORENTO:   Correct.

23

24           HOWARD BERLINER:       And for charity care?

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

JIM FIORENTO: Yes.

HOWARD BERLINER: Thank you.

PETER ROBINSON: Dr. Gutierrez and then we'll move on to the next.

ANGEL GUTIERREZ: So I mentioned earlier my circles of concern. I have pretty clear understanding of the local needs. I lived and worked in the southern tier. I lived for a while not long, in Jamestown. I know WCA. I know what happens with that border crossing. Sometimes the promiscuity that has to do with the fact that care is easier in Pennsylvania than it is in New York. Good example is                    clinic, Reed, Guthrie, Giesinger, I'm not sure about their insurance component but the local need is clear. There is, the other circle of concern has to do with the fact that I have not - I did her that when asked to participate Buffalo and the Rochester care groups either withdrew or were not interested or whatever. But I have not heard from the New York State insurance industry about how this is going to affect their ability to cover that territory since UPMC, my understanding, is a strong insurance component. Now, when I look at the three or two inches of commentary that we

1 have received, many of the concerns have to do with the  
2 insurance coverage. The complaints about patient care fall  
3 within the events rather than a trend as I can see. So I would  
4 like to hear your view of the future of UPMC entering the New  
5 York State territory as an insurance entity, not just patient  
6 care. Please, if you can.

7

8 JIM FIORENTO: Well, I think we addressed it at the last  
9 discussion. At this point in time there was no interest in the  
10 UPMC health plan entering the market and competing on the health  
11 insurance side. We have cooperatives with Independent Health  
12 and have been good partners with the other payers. As a matter  
13 of fact, we've been in negotiations with Health Now which I know  
14 had submitted some communication as well since last summer for  
15 contract, and we've agreed on terms for consummation with  
16 agreement with Health Now Blue Cross. And I think they've been  
17 very cordial and compatible discussions regarding rate  
18 structures and all of the narrow network products as well. So I  
19 think with all that being said, you know, we've stated that in  
20 fact any participating insurance companies that WCA works with,  
21 they would have to work cooperatively as well in case there are  
22 transfers that would go. But I think as we said before, our  
23 intent is to keep as many patients in Jamestown as possible and  
24 build WCA into a very viable and highly skilled organization

1 that keeps patients in the Jamestown area and don't have to  
2 transfer patients. I think I was discussing and was asked  
3 multiple times about what happened with Hamot when we joined  
4 UPMC in 2011 and the additional services that we've added and  
5 cut down migration by over 50 percent in the last five years so  
6 the people going to Pittsburgh or Cleveland or other larger  
7 quaternary facilities as well as been reduced. Our intention is  
8 to do the same, and obviously I think the insurance piece and  
9 the contractual agreements with those insurers has to be in  
10 place to make sure that that's an easy flow for the patients to  
11 move back and forth as well.

12

13 ANGEL GUTIERREZ: Thank you but I hear the Hamot opinion.  
14 I would like to hear for the record, the mothership opinion.

15

16 STEVE NEMO: So, first of all, with regard to WCA, we  
17 would expect WCA to continue to contract with the payers that it  
18 currently contracts with. We expect no change with respect to  
19 that as it relates to UPMC healthplan or not. In general it is  
20 - aside from one payer with which we have an issue and everybody  
21 knows about that and it's a Pennsylvania not a New York issue,  
22 but aside from that it is UPMC's approach to be all inclusive as  
23 to payers in the Allegheny market which is our primary market.  
24 We do have contracts with all the other major payers and also

1 with others who are not major payers. So we have contracts with  
2 Aetna, United, Signa, Coventry Health American, and in addition  
3 UPMC Healthplan. It's very important for us to continue those  
4 relationships with payers in wherever we are including  
5 Chautauqua County including Erie County, Pennsylvania.

6

7 PETER ROBINSON: Ok, Dr. Strange, then Mr. Fassler then  
8 Dr. Berliner.

9

10 DR. STRANGE: In this arrangement the physicians in the  
11 Buffalo New York area in terms of accessing information if the  
12 patients are in the Pennsylvania State system, do they have the  
13 ability to get credentialed to at least access information no  
14 less if they wanted to care for their patients there? Is there  
15 a way of getting - I mean, some hospitals have ambulatory  
16 privileges or some sort of adjunct privileges? And then you'd  
17 have to have a New York - you'd have to have a Pennsylvania  
18 License and New York State license at that point?

19

20 STEVE NEMO: Well, if they were going to care for the  
21 patient or issue orders relating to the patients for the care in  
22 Pennsylvania, that might require a license; I don't know.  
23 There's no prohibition on giving information to a referring  
24 physician regardless of the state, to my knowledge. Today, in

1 fact there are patients that come from Chautauqua County from  
2 WCA and I'm sure elsewhere that go to Hamot that go to other  
3 UPMC hospitals, like, to the same extent that they get  
4 information today, they would get information in the future. I  
5 think one of the opportunities here with our relationship with  
6 WCA is that it gives us more and more opportunity to deal with  
7 the Department of Health as these issues arise. We look to  
8 serve the patients of New York by this relationship, not to be a  
9 wall, not to be an impediment. But I think this is clearly  
10 something we can work with to address any concerns and  
11 information flowed on to the providers from which the patients  
12 come.

13

14 PETER ROBINSON: Mr. Fassler.

15

16 MICHAEL FASSLER: I guess a couple of questions of the  
17 Department of Health. In the application talks about insurance  
18 to operate the facility for 10 years. How is that -- how are  
19 we enforcing that? And also, if they decide to move any  
20 services out of state, what is the Department's role in  
21 reviewing that?

22

23 DAN SHEPPARD: So, I think the 10 year commitment to  
24 operate WCA is a contractual matter between BPMC and WCA so



1 can address that to probably WCA when they come back to the  
2 table, because it's really about them explaining their contract.  
3 What we, with respect to services I mean, and again, I'd look to  
4 WCA to explain, this is my understanding that agreement between  
5 UPMC and WCA is that it specifies the types of services that  
6 constitute acute care hospital that would remain for that period  
7 of time. so, again, there's a contractual mechanism for that. I  
8 think what we can say to this council that, and I think this has  
9 been a very informative discussion with respect to system  
10 affiliation and integration in general, is we can report back on  
11 annual or as need be basis as to - we can see through the data  
12 we get discharge patterns from WCA and a line of service detail,  
13 and we would, I think be pleased and we'll be looking at that  
14 ourselves and pleased to report that to this council so we all  
15 collectively can see what's going on. Not just with this  
16 affiliation but other affiliations involving out-of-state  
17 entities and state entities as well.

18

19 MICHAEL FASSLER: Aside from closing a line of service,  
20 do you have any authority over that?

21

22 DAN SHEPPARD: We don't have authority over that other than  
23 - I mean, the Department's authority with respect to service  
24 line and facility closures relates to ensuring that the patients

1 who are currently getting treated at that facility are  
2 appropriately transitioned to another provider of their choice.

3

4 HOWARD BERILNER: Just to clarify, you're currently  
5 negotiating with the Blue Cross of western New York - Health  
6 Now?

7

8 JIM FIORENTO: That's correct.

9

10 HOWARD BERLINER: Much to my surprise the Buffalo  
11 Business Journal has become part of my regular reading over the  
12 last month or so. And they seem to indicate a few days ago that  
13 it seems like this is not happening very soon, if it's going to  
14 happen at all.

15

16 JIM FIORENTO: Well, the last communication - I saw that  
17 too.

18

19 HOWARD BERLINER: We need the exact quote if that's -

20

21 JIM FIORENTO: well, the last communication we had with  
22 them at the end of April and the contract terms have been agreed  
23 to, it's just where we were at currently with them - I don't  
24 know where the information came from in that source, but I can

1 tell you that we have a slew of email trails that I can produce  
2 if you want to see exactly where all that's at, but at the end  
3 of the day we are very, very close to signing that agreement.  
4 We are at the redline changes some contractual language only but  
5 rates have been agreed to.

6

7 PETER ROBINSON: Just as a general comment, I think that  
8 I do appreciate this. We are just principally concerned to  
9 ensure that if this relationship exists that access will still  
10 be occurring as needed. I think the individual contracts that  
11 may or may not be negotiated are probably not something that  
12 really is completely relevant to our discussions here.

13

14 HOWARD BERLINER: Well, I think I disagree with that,  
15 Peter. I think the fact is a lot of this issue revolves around  
16 access of people with Blue Cross and other insurance to UPMC  
17 facilities. I'm not going to - I'm going to wait and ask our  
18 lawyers a question about this, but as I understand it from the  
19 materials we received, right now this has been dependent - this  
20 is happening only through a consent decree with the attorney  
21 general of Pennsylvania which will expire in the near future.  
22 And so if there isn't a contract with Blue Cross then there's a  
23 question there about what happens to New York State residents  
24 even trying to use UPMC WCA.

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

PETER ROBINSON: But the fact of the matter is there's not a mandatory referral relationship that comes about with this affiliation. So, people have the choice of accepting the referral to Hamot. They can also go to other tertiary referral centers in New York. e.g. Buffalo.

HOWARD BERLINER: Right, but the whole point of this and the whole rationale for this is that one takes 40 minutes and the other takes an hour and a half. So, if we're promoting this on the basis of patient convenience, gotta have patient access also. And again, it's not our business what contracts they enter into or don't enter into, but this is a question about will New York State residents in that area be able to access services when they need it.

JEFF KRAUT: So, I appreciate your perspective and I think you're right. We have to be concerned about access, but we also don't have to go through the red herring of getting involved in insurance conversation or negotiation which is not productive in this room, I would suggest. I just want to return to Dr. Gutierrez point of view and just keep us focused maybe to get us to an answer today. It is about what is in the best interest of that community. We've heard that this hospital -

1 nobody has said this hospital should close. No one. No one has  
2 said it's not needed, it's not doing a good job, it's taking  
3 care of it's community. Because of that it's essential - the  
4 Department of Health is willing to invest \$26 million in the  
5 essential fund; Hamot is willing to give an additional support  
6 to that institution. The board of directors of that institution  
7 have tried and done their due diligence with respect to who is  
8 the best partner to secure the future of that institution for  
9 that community. They have tried to do things in state; they  
10 have talked to the other providers and both those providers we  
11 got indications that they were unwilling or unable to do those  
12 relationships, although they did them elsewhere to the state.  
13 The board of directors decision is this is in it's best interest  
14 and we've heard particularly about the accessibility of this  
15 hospital. Nobody has complained about an insurance problem  
16 coming from Hamot. No one that we've got letters from, patients  
17 in Hamot and providers in Hamot suggest that this institution is  
18 not needed, and no one has in the two inches of paper that Dr.  
19 Gutierrez referred to, gave us an alternative other than Hamot.  
20 Everybody said why you shouldn't do something, but nobody said  
21 what we *should* do. And we have one productive I think viable  
22 opportunity here, and I think we get distracted by a lot of  
23 other issues and drawn in, and I think they're all important. I  
24 think the access issue is, I think we've heard from the

1 individuals as to what the access is; can you ever guarantee any  
2 contract that runs for two to three years? They could say, yes,  
3 we have a contract tomorrow and Blue Cross, we're going to  
4 cancel and they go fight. We can only do with what we have  
5 here, and we certainly shouldn't get involved in a negotiation.  
6 That's - let the market manage that out itself. But I think  
7 we've been reasonably assured what in the interest of the New  
8 York patients in Jamestown and I've not heard an alternative  
9 that we can consider that's viable. And I would hope that we  
10 will hear from the other individuals that have not had a chance  
11 to speak. Maybe they have an alternative that is viable and  
12 accessible and can be done now. This is not the kind of thing  
13 given the changes we've heard in this room, how healthcare is  
14 moving so rapidly. We can't talk about things that are  
15 happening - you can't stay out there too long and then it's too  
16 late. And you know, that's - but I respect the point of view of  
17 everybody. That's valid points. I just feel it's time to get  
18 to the point that Dr. Gutierrez made. Thank you.

19

20 PETER ROBINSON: Any other questions for the folks from  
21 Hamot or UPMC? OK. Thank you.

22 Silas Russel from SEIU healthcare.

23 It would be helpful, because I see you are registered in  
24 opposition and you did speak that way last time, to perhaps make

1 reference to the issues that Mr. Kraut raised which are if there  
2 are issues here, what are the alternatives? Thank you.

3

4 SILAS RUSSEL: Absolutely. That's exactly what I intend to  
5 do. I appreciate the time and I know I was here a couple of  
6 weeks ago, as we all were, and appreciate the thoughtfulness  
7 this council was putting into such an important matter. Again,  
8 my name is Silas Russel, the policy director of SEIU Healthcare  
9 Pennsylvania. And I want to be able to respond to UPMC's  
10 representations in their recent letter to this committee and my  
11 point of responding is not to try to get into a he-said/she-said  
12 but to really point to a couple key issues that we believe  
13 really argue for severe caution and the need to ask UPMC for  
14 some more specific and written binding commitments to protect  
15 affordable and accessible care in their facilities for patients  
16 in south western New York.

17 The first and I think what we began talking about is the  
18 access issue and it's an important issue that comes before this  
19 committee and on May 19 when I talked about UPMC's decision to  
20 terminate it's contract with Highmark, in the extreme disruption  
21 that it caused, it appeared to me that at that time that few on  
22 the committee had heard anything about the issue or had been  
23 given a chance to ask about what this might mean for western New  
24 York consumers. Either in Erie or going to Pittsburgh. It also

1 seems that many people in Chautauqua County are just becoming  
2 aware that New York Blue Cross subscribers in-network access to  
3 Hamot is protected only by the consent decree that expires in  
4 2019 and that these subscribers probably have no access to UPMC  
5 specialty hospitals in Pittsburgh currently. Having failed to  
6 disclose the problem on it's own, UPMC now insists that it's  
7 dispute with Highmark will not result in access problems for New  
8 York consumers because UPMC intends to secure a contract  
9 directly with Blue Cross of western New York but as we just  
10 heard, that's an intention that is not set. And in addition,  
11 UPMC does not have any such contract now and the kind of  
12 contract it is talking about is highly unusual. To date, the  
13 sort of carve-out that they're really talking about here  
14 contract is something that out-of-state Blue affiliates have  
15 refused because they believe such contracts are disadvantageous  
16 to their members. Across the country, out-of-state Blues  
17 bargain benefits for members through larger in-state affiliates  
18 so as to be able to offer their subscribers the affordable  
19 prices negotiated by the larger group. Even assuming UPMC can  
20 bargain such a contract, which we should, I think be skeptical  
21 of, but even if they can, it is far from a perfect solution for  
22 consumers as long as they're unwilling and continue to be  
23 unwilling to bargain with the 2.5 million members of Blue Cross



1 of Western Pennsylvania and Highmark. And they continue to be on  
2 that strategy.

3 In a similar vein, UPMC asserts that it's acquisition of  
4 WCA hospital will not create problems with surprise billing in  
5 violation of New York live and hearing that recommendation for  
6 approval - the challenge though is that essentially by  
7 protecting consumers from a surprise out-of-network bill kind of  
8 misses the point. In that, we're going to have, if we're  
9 looking at just Blue Cross patients in western New York roughly  
10 10,000 patients who do not have necessarily in-network access to  
11 the services that they need, and whether they are denied  
12 protected from receiving a surprise bill does not protect them  
13 in the case of receiving, being able to receive affordable  
14 services in the first place. And the question of where they can  
15 receive those services I think is a key one, and having those  
16 guarantees in place. Not to receive the surprise bill, but also  
17 to be able to get those services at an affordable rate is what  
18 we really feel the need to emphasize and what people have  
19 experienced with UPMC in western Pennsylvania to date.

20 And then I wanted to briefly hit on a couple other things  
21 that were highlighted in responding to UPMC's written testimony.  
22 Concerning the closing of community hospitals, UPMC asserts that  
23 their situation in Braddock is not similar to the situation in  
24 Jamestown because it's capital investments should give the

1 committee confidence in it's intention to keep the hospital  
2 open. But UPMC closed Braddock hospital after making significant  
3 capital investments and indeed despite insistence that it would  
4 not close the hospital. And on the subject of Brooks Memorial  
5 Hospital, UPMC asserts that it expanded care and capacity at  
6 Brooks by opening new lines of service, but it fails to mention  
7 that during the same period it discontinued oncology services,  
8 forcing patients to travel 35 miles for radiation therapy and  
9 threatened to discontinue dialysis services.

10       And lastly just to speed up here, I really, I have other  
11 testimony. I can submit it in writing in the due interest of  
12 time, to really emphasize the key of what I think we'd like to  
13 emphasize. There is - the only thing that's guaranteeing access  
14 for patients in Hamot Hospital in western New York right now is  
15 a consent decree that was negotiated by essentially by forcing  
16 UPMC to the table by our Governor and our Attorney General in  
17 Pennsylvania. They acknowledge that. That consent decree  
18 expires in 2019. Those consent decrees. They cover a whole  
19 gamut of services. And what we would encourage is that this  
20 committee if approving the acquisition of WCA hospital move to  
21 ensure similar full written protections for consumers in New  
22 York to be able to continue in-network access at the facilities  
23 they're going to be able to need to access with UPMC now being  
24 in their market. And without that, I would say personally that

1 from experience in witnessing the disruptions in the healthcare  
2 marketplace in the western Pennsylvania region that have been  
3 caused by UPMC's business practices, that there really, we're  
4 really risking the same type of disruptions in south western New  
5 York. So, that's, I think, our strong recommendation to you.

6

7 PETER ROBINSON: Thank you very much for those comments,  
8 Mr. Russel. Any comments for Mr. Russel? Dr. Brown and then  
9 Dr. Gutierrez.

10

11 LAWRENCE BROWN: I want to say that I for one appreciate  
12 the passion that you have shared previously and certainly today.  
13 as a physician I'm certainly interested in ensuring that  
14 patients have access to care, so we do appreciate that, and  
15 thank you in that respect.

16 I need to ask you a question so I can appreciate  
17 particularly in light of comments by my colleagues here, does  
18 your, the agency with whom you are affiliated, does it currently  
19 represent any citizens from the State of New York?

20

21 SILAS RUSSEL: Our members are within the State of  
22 Pennsylvania.

23

24 LAWRENCE BROWN: Thank you.

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

ANGEL GUTIERREZ: So, I'm sorry, but I would like to hear New York State. Your opinion does not apply to even to because you are not an impartial server. So, and you didn't answer the request; what proposal do you have to make this work?

SILAS RUSSEL: My specific proposal - is that approval of the acquisition needs to have some type of binding commitment in writing with the organizations involved. That consumers in through access that UPMC facility will have access to all UPMC services at affordable in-network rates. I think that is the most clear that I can be because that seems to be the biggest glaring concern that I know consumers are raising.

PETER ROBINSON: Thank you very much. Hearing no other questions, thank you for your testimony. We appreciate it. Karen (Jarret) from New York State Nursing Association.

KAREN JARRET: Good morning. My name is Karen Jarret. I am the downstate director of political and community organizing for the New York State Nurses Association. We represent (3)9,000 RNs throughout New York State. I want to thank this committee for the opportunity to speak today, so that we may share our concerns with the proposed merger.

1           We all agree and want WCA hospital to be a strong community  
2 hospital, but we don't believe that UPMC is the answer. Nurses  
3 who are on the front lines of care, we are troubled by UPMC's  
4 record and business practices that we believe have led to high  
5 prices and limited access to care for many patients and  
6 families. We are also [applause] concerned about how little the  
7 community was exposed to possible problems and how uniform  
8 community discussion around this proposed merger has been. This  
9 merger will have lasting impacts on our patients' health and our  
10 communities. And as such, we the New York State Nurses  
11 Association posted short notice to ensure residents had an  
12 opportunity to really weigh in and ask questions. I want to  
13 share with you all some of the responses even in just a few  
14 weeks, and it shows us that people in the communities in New  
15 York have real questions and real concerns that deserve  
16 consideration and real discussion in an open and transparent  
17 manor. Let me share what some of the responses that people have  
18 written in. One resident from (Westville) said, "I work in  
19 health insurance counseling centers. I have seen first hand  
20 what these practices can do to our health of our seniors,  
21 assuming that folks on this council has parents, what would you  
22 want for your parents? What would you do if they denied the  
23 care that they needed?"

1 Another from Erie wrote in, "UPMC is bad, bad news. I quit  
2 and I gave up 10 years due to them. I'm back now and only due  
3 to them leaving Brooks."

4 Someone else from Brooks Memorial said, "At BMH we  
5 witnessed what appeared to be deliberate mismanagement of funds  
6 because of unsafe working environments, nurses left on a  
7 revolving basis. Any new nurses hired quickly left the  
8 facility. Promises were broken and secrets were kept from both  
9 employees and community members. As a staff nurse, I feel that  
10 although everything was always in limbo, we were not given the  
11 same information from any two people involved with management.  
12 Learn that UPMC was losing their grips around our throats led to  
13 a huge sigh of relief. We now see hope in our futures and  
14 safety for our community members that rely on us."

15 And this was just a few people who have commented. We know  
16 community hospitals are struggling, and we know we need  
17 solutions. But letting UPMC go unchecked without protecting  
18 access to care is a mistake that we currently have an  
19 opportunity to avoid. Thank you for your time and attention on  
20 this matter.

21

22 PETER ROBINSON: Thank you very much. OK. Ms. Chelsea  
23 Wagner from Allegheny County.

24

1 CHELSEA WAGNER: Good afternoon. First, thank you for  
2 giving me the opportunity to come and address you today. You  
3 all also received a letter I believe that I sent last week and  
4 as I mentioned in the letter I submit these comments, this  
5 testimony here today also as one public servant speaking to  
6 other public servants, and I understand the difficulties that  
7 are before you, that you have no perfect choices. But I'm also  
8 a big believer that past is precedent and although we are  
9 neighboring states I think that there is a lot that can be  
10 learned from what we have seen in the Pittsburgh and in western  
11 Pennsylvania.

12 So, I did prepare comments but hearing the discussion today  
13 I'm going to basically abbreviate those and try to speak more  
14 directly to some of the discussion here today. What we have seen  
15 with UPMC is a record of exploiting loopholes. So to the  
16 question of if I would humbly present to you recommendations for  
17 your transaction is that you ensure that there is clear access  
18 for Blue subscribers in western New York to UPMC Hamot and also  
19 to all UPMC facilities for as long as UPMC controls WCA. And I  
20 believe that this is critical because the entire rationale for  
21 the UPMC takeover of WCA is the relationship with the Erie PA  
22 market in general and Hamot in particular. Hamot is a hospital  
23 that WCA patients only have access to by virtue of that time  
24 limited consent decree which has been of course the subject of

1 much discussion today and prior. That consent decree was imposed  
2 on UPMC because of the troubles that we faced in our region by  
3 Pennsylvania regulators namely then our republican governor and  
4 attorney general. But thereafter what occurred, UPMC tried to  
5 exploit what they saw as a loophole in that consent decree and  
6 tried to kick out 180,000 seniors on Medicare. Those were  
7 Highmark subscribers. At that time we then had a new governor,  
8 a democratic governor; he and our attorney general took UPMC to  
9 court and that ended up with a Supreme Court ruling on the  
10 consent decree, the opinion which read, "it is abundantly clear  
11 that the commonwealth specifically intended UPMC to provide a  
12 measure of enduring servitude and security for healthcare  
13 consumers who are members of certain Highmark plans." I think it  
14 is important that we or you I would suggest, resist UPMC's  
15 solution of carving-out these Blue subscribers from the larger  
16 Blues network. People in New York should not lose access to  
17 Hamot hospital with the expiration of the 2014 consent decree  
18 which is set to come in 2019. But neither should this small  
19 group of consumers be forced to bargain with a system the size  
20 of UPMC outside of the Pennsylvania Blues network because it is  
21 by virtue of that network that the Blue subscribers have any  
22 power in those negotiations. Worst of all, these patients should  
23 not be bullied into UPMC's own insurance product. Or out of a  
24 Blues product simply because neither of these options is a good



1 one. UPMC Hamot and indeed UPMC Presbyterian where many  
2 individuals as you I believe know are sent for more critical  
3 care in the Pittsburgh region from those hospitals on the  
4 northern tier, and all UPMC's doctors and hospitals should  
5 instead be required to provide in-network access to New York  
6 residents through a contract bargain with Highmark, the Blues  
7 affiliate in western Pennsylvania for as long as UPMC remains  
8 affiliated with WCA. It harms all of us, I believe, both in  
9 Pennsylvania and in New York. If UPMC is allowed to drive  
10 hospitals such as St. Vincent's and others out of the market by  
11 manipulating access to it's facilities.

12 In closing I would say that I'm a big believer, having been  
13 in politics for 10 years of self-interest, and so I urge you to  
14 look at these trends and what you have seen as how UPMC has  
15 behaved. What is their end goal? With the monopolistic behavior  
16 that we've seen in the Pittsburgh region, it has been nothing  
17 short of terrorizing our residents. I believe whatever you  
18 decide as you know, is very important to the people of New York,  
19 but I would urge you to refrain from approving any merger until  
20 all conditions are spelled out in writing in a legally binding  
21 agreement. I urge you to take your time and get the protection  
22 spelled out and signed prior to taking any action on the  
23 application before you. UPMC's record of renegeing on promises  
24 means that written protections are critical. It is a record of

1 exploiting loopholes that means your agreements should be tight.  
2 Please do take it from us and Pennsylvania, the time that it  
3 takes to get this transaction right will be time well spent.  
4 Thank you.

5

6 PETER ROBINSON: Thank you very much for those comments.  
7 [applause]

8 Now, thank you very much. Appreciate it. Now, the CWA as  
9 opposed to the WCA and Mr. Morrison.

10

11 RICHARD MORRISON: Thank you. I'm Richard Morrison with  
12 the Communication Workers of America here in New York City in  
13 district one. We represent the entire New York State. I was  
14 asked to come here today to read a statement from Corey Gambini  
15 registered nurse and president of CWA local 1168. She said:

16 "Thank you to the members of the committee on Establishment  
17 and Public Review for the opportunity to make the voices of  
18 healthcare professionals, caregivers and patients and working  
19 families. Heard. I represent almost 5000 healthcare  
20 professionals and caregivers in western New York. On May 18 I  
21 submitted in writing our objections to the fast track process  
22 for approving the affiliation of the Jamestown WCA Hospital, to  
23 UPMC. Today I will respond to UPMC's response to the concerns  
24 we and others have raised and offer some new perspectives on

1 this important matter. Nurses and other care givers work around  
2 the clock to ensure quality care that meets the needs of our  
3 communities. In a rapidly changing healthcare industry we look  
4 for ways to work with managers and health system leaders who  
5 will listen to the voices of frontline caregivers, patients in  
6 our communities. Whatever problems we have in the healthcare  
7 system, we need to resolve them through dialog, collaboration,  
8 collective bargaining and every other way we can work together  
9 to make sure every stakeholder has a voice and is treated with  
10 respect. That's how we can create a healthcare system that puts  
11 patients first. This is why I sincerely wish these committee  
12 hearings would've taken place in (Chattanooga) County in western  
13 New York where WCA hospital is located. So many more people  
14 would've come and had a chance to come and make their voices  
15 heard. Too many local people are in the dark about the  
16 significance of the decision being made about the future of  
17 their local hospital, and that will in turn affect the  
18 healthcare market across the region. Those of us who are  
19 informed are concerned. Everything we have heard and learned  
20 from fellow nurses and hospital workers suggests that UPMC may  
21 not be the kind of health system that puts patients first. At  
22 Brooks Memorial Hospital in Dunkirk New York UPMC was invited to  
23 manage the facility only to be sent packing after several years  
24 of turmoil. Nurses tell the story of a short-staff units,

1 mandatory hours and managers who refuse to work with local care  
2 givers to solve problems. The Brooks experience tracks closely  
3 with the story of UPMC expansions in communities like Altoona  
4 Pennsylvania where UPMC affiliated provoked a difficult strike  
5 by RNs against attempts by the new management to weaken quality  
6 care standards. Health professionals are equally troubled by  
7 reports that UPMC has systematically refused to treat patients  
8 with insurance plans that don't fit with the health systems  
9 business plan. Over 182,000 senior citizens subscribing to  
10 Pennsylvania's regional Blue Cross Blue Shield Medicare  
11 Advantage Plan were threatened with being forced out of the  
12 network in attempt to push them into an insurance plan more  
13 advantageous to UPMC. It took legal action by the Pennsylvania  
14 governor and the state Supreme Court decision to block UPMC's  
15 outrageous and dangerous plan. What will happen to patients who  
16 have insurance cards that do not fit UPMC's corporate business  
17 plan?

18

19 PETER ROBINSON: Mr. Morrison, another minute.

20

21 RICHARD MORRISON: OK. "If WCA becomes UPMC (Chattanooga)  
22 with a western New York patient with Blue Cross Blue Shield be  
23 able to transfer to UPMC Hamot in Erie Pennsylvania?"

1 I guess in closing what I would like to say is we need to  
2 hold UPMC accountable for working families and patients and  
3 healthcare professionals and care givers. Need the State of New  
4 York to lead. Let's set a high standard for care in western New  
5 York. Nurses and care givers will settle for nothing less.

6

7 PETER ROBINSON: Thank you very much.  
8 Dr. Gutierrez.

9

10 ANGEL GUTIERREZ: Mr. Morrison, I understand you read  
11 somebody else's letter

12 [Yes]

13 And I heard you say Chattanooga twice.

14 [Yes]

15 There is no Chattanooga County in New York State.

16

17 PETER ROBINSON: Tell him how to pronounce it Dr.  
18 Gutierrez.

19

20 RICHARD MORRISON: I mispronounced it.

21

22 ANGEL GUTIERREZ: OK, what did you read sir?  
23 Chautauqua?

24

1 RICHARD MORRISON: Chautauqua. Sorry. I apologize.

2

3 ANGEL GUTIERREZ: Thank you.

4

5 PETER ROBINSON: Thank you Mr. Morrison. I appreciate  
6 it. I'd like to actually ask the WCA folks to come back up if  
7 they would. So I think that as we heard the conversation and the  
8 recommendations that came from people who had concerns about the  
9 transaction, they really were focused on the issue of  
10 contractual insurance contractual arrangements both current and  
11 future access to care at insurance rates that are reasonable.  
12 And obviously that's an issue for you and the board of WCA, and  
13 I just wondered what your response to that is, how you feel  
14 you're addressing that concern.

15

16 BETSY WRIGHT: We do have a contract with Blue Cross Blue  
17 Shield. Our commercial payer market is about, around 30 percent  
18 of our business and Blue Cross Blue Shield is about a third of  
19 that, so maybe around 10 percent. I don't have the exact  
20 number. We do have a contract with them. We've begun dialog  
21 about renewals. We've had contracts for many many years. We  
22 do, have had conversations with Hamot. They have access through  
23 the Blue Card and they are in the process, Jim shared the emails  
24 with me, and believe they are very close to a final direct -

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

PETER ROBINSON: I am sure that the issues are not between Health Now and WCA proper for services in your market. But because of the affiliation and the likelihood that the movement of patients to both Hamot and UPMC is likely to accelerate if anything else, as a result of this transaction. It's really coverage and access once they leave the New York borders. I think we're fine probably in New York State. that is the, seems to be the question that we're hearing from the folks from Pennsylvania and some of the questions that have come up around the committee.

BETSY WRIGHT: And we have followed that information carefully as we've seen changes and discussions within the Pennsylvania marketplace. We have a couple of board members who own businesses in Pennsylvania who have watched that very closely. Again, they voted to move forward with this relationship. We believe that that is being addressed. We do not have many patients that transfer to the Pittsburgh facilities. Most of the patients that are transferred out of our facility are cared for at UPMC Hamot and there has not been an issue at all with access and we don't anticipate one going forward.

1 PETER ROBINSON: Ms. Hines.

2

3 VICKY HINES: I think you addressed this a couple weeks  
4 ago, but I just want to come back to it because consistent  
5 concern has been really saving the local healthcare market and  
6 assuring that there is appropriate access for all the patients  
7 who use your facilities today. I believe I heard you say, and I  
8 just want you to confirm it or correct me, that in prior  
9 testimony that your board and leadership had sought potential  
10 relationships within New York for various reasons those did not  
11 work. And I think notably we haven't seen any of those other  
12 system opportunities oppose this.

13

14 BETSY WRIGHT: That's correct.

15

16 VICKY HINES: What would happen to your facility, your  
17 service delivery if this does not go through?

18

19 BETSY WRIGHT: OK, can I respond to both parts of that  
20 question? You're absolutely right. This has been - you know,  
21 some of the comment we've heard this morning it sounds like it's  
22 been a predatory approach from UPMC and UPMC Hamot. I can tell  
23 you that couldn't be farther from the actual circumstance. As I  
24 presented at the last meeting, this discussion started five



1 years ago, but our board reached out to five systems. We  
2 narrowed it to three systems and that included UPMC Hamot and  
3 UPMC. It included the Catholic Health System and it included  
4 Kaleida. We had all three of those systems just reconfirming,  
5 come in, meet with our board, meet with our medical staff, and  
6 you know, we evaluated it, we felt we didn't have quite enough  
7 information. Maybe our board hadn't asked all the right  
8 questions. They invited all three entities to come back. So we  
9 looked at not only relationships with physicians, normal patient  
10 flow, the geography, the physician relationships, we also looked  
11 at the structures and the cultures of the different  
12 organizations, and our board with great support from the  
13 community, great support from the medical staff has proactively  
14 chosen to partner with UPMC and UPMC Hamot. We announced in 2012  
15 a strategic affiliation that was met with tremendous community  
16 support. Very, very positive reaction within our hospital,  
17 within our medical staff, and within the community. When we  
18 announced this relationship becoming a fully integrated part of  
19 UPMC in December, it was met with great community support. We  
20 had 500 people through our auditorium -- and it's a small  
21 community - we had 500 people through our auditorium in January  
22 to meet our robotic surgeons and the people coming through only  
23 wanted to talk to me about how excited they were about this  
24 affiliation. Saturday evening we had a gala to start, to support

1 our starflight medi-vac program. We had 175 community members  
2 at a dinner dance and I kept getting tugged aside about how  
3 excited they were and how is that coming and where were we with  
4 that relationship. So, you know, seated at the table I had  
5 Senator Kathy Young, I had the County Exec Vince Horrigan and  
6 many, many community leaders, and you know, people were  
7 interested. Where are you and when is this going to get done,  
8 and we said we were optimistic, we'd have a positive response  
9 today.

10 The other questions you asked, and I'd like to respond to  
11 that is this is very important to us and we look forward to your  
12 approval. There's been a lot of discussion about  
13 and we believe that moving this relationship forward is very  
14 important to the organization. My response last time, if this  
15 isn't approved, it would be devastating. We have negotiated and  
16 agreement and we've shared with the Department those documents,  
17 our affiliation and integration agreement which we believe  
18 answers a lot of the questions that were raised. It responds to  
19 local voice, local control, local decision making in those  
20 agreements and it creates a process within those documents for  
21 our local board members to assure that that agreement is  
22 followed as it was anticipated. So we believe we've proactively  
23 covered a lot of the questions that this committee has had very  
24 good deliberation, very good questions. What does it mean?

1 This is an investment as we talked about last time contingent  
2 upon this approval of \$90 million in our organization plus the  
3 \$26.4 [million] in the essential healthcare provider support  
4 program that's contingent upon this approval that will allow us  
5 to provide excellent care to the over 7000 inpatients that go  
6 through our facility, the over 400,000 outpatient services, and  
7 to continue with our emergency department that last year alone  
8 sought over 42,000 patients and the volume continues to be on an  
9 upswing. Did I answer your question?

10

11 VICKY HINES: Just one more clarification. Yes. When you  
12 say devastating, do you mean that it would threaten the future  
13 viability of having services there at all?

14

15 BECKY WRIGHT: Those weren't my words, but I would say yes.  
16 I would say yes. I mean, we are a safety net provider. People  
17 rely on us. There is not another facility nearby. You know,  
18 Brooks is much smaller than us. They would be the closest  
19 facility to the north. They're 45 minutes away. Olean is just  
20 over an hour away to the east. Our community depends on us. We  
21 have Lake Erie to the west and the Pennsylvania border in UPMC  
22 Hamot to the southwest of us. So this is very important to our  
23 community.

24

1 PETER ROBINSON: Dr. Kalkut then Dr. Berliner.

2

3 GARY KALKUT: I'm not sure I completely heard what you  
4 said. Did I hear you say that that money and the capital money  
5 are contingent on the approval of this application?

6

7 BECKY WRIGHT: I didn't say anything about that money. The  
8 capital, the essential healthcare provider support program  
9 capital dollars that have been awarded and we have been awarded  
10 \$26.4 million, they are contingent upon a transformation plan  
11 that's approved by the Department of Health and our  
12 transformation plan is to become part of this system. All  
13 hospitals who are receiving those essential healthcare provider  
14 support program funding have to have as part of their  
15 transformation plan to become part of a larger system. So that's  
16 exactly what I said on the essential healthcare provider. And I  
17 believe Mr. Sheppard commented on that at our last meeting.

18

19 PETER ROBINSON: Mr. Sheppard.

20

21 HOWARD BERLINER: Just a question. The question is  
22 really the state, I mean, if I'm hearing you correctly, the  
23 state essentially predetermined that this application would be  
24 approved? The takeover in order to award the capital money?

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

DAN SHEPPARD: So, be clear, so WCA benefits from two different programs WCA, and this ties in with Ms. Hines question is currently does not have a positive operating margin, and they are the beneficiary of state operating funds which as a condition of those funds as well, assumes that they are developing a sustainability plan. The essential healthcare provider fund, the capital funds, their application, how those funds - projects that are in support, I mentioned this is a very general way during my report, but you have projects in a very general way - projects are part of, have to be in support of a sustainability plan. Their sustainability plan as described in their application upon which the award was made had - their path to sustainability, they have demonstrated they cannot be sustainable on their own. They need to be part of a larger system and their proposal, their application had the affiliation with UPMC Hamot as part of that and we made the award decision based on that.

HOWARD BERLINER: So if the committee - if the council were to vote against the UPMC arrangement, what would happen to that capital award?



1 they would not be relying on those dollars in the future because  
2 they only go through March of next year. So, without those  
3 dollars in the future and without this capital investment, I  
4 mean, we put a very good proposal together for this capital  
5 investment to update our facilities and to make some very  
6 important investments in infrastructure upgrades which are  
7 critically needed, and some investment in patient care areas for  
8 our hospital. We provide very high quality care and we want to  
9 continue to do that.

10 You know, our community and our boards, we have five  
11 boards, a lot of community input on those boards, and we've put  
12 together a very positive plan and we look forward to your  
13 approval. We think it's very important. Not moving forward  
14 with this, you know, the other options we evaluated for many,  
15 many reasons were not the first choice.

16

17 PETER ROBISON: OK. Thank you for that. Dr. Kalkut then  
18 Dr. Gutierrez, then Dr. Brown, then Dr. Palmer.

19

20 GARY KALKUT: Thanks. I think you're an excellent  
21 spokesperson for your facility and appreciate that. It sounds  
22 like you're, the affiliation, the current affiliation you've had  
23 no issues with referrals regardless of payer, including the  
24 uncompensated.

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

BETSY WRIGHT: You're correct. And we've checked into that. We've had no issues, no complaints.

GARY KALKUT: And to the limits of what can anticipate, do you see regionalizing services in this relationship that would not be available in WCA?

BETSY WRIGHT: We don't. We went through the agreement and agreed on an acute care hospital in Jamestown at the WCA site for at least 10 years and with all of the changes in healthcare, you know, none of us look exactly the way we looked 10 years ago. We've seen many changes, and that's only escalating. We've agreed on services that will continue to be located at our site which is the current complement of services, and we believe through this relationship we will enhance the services available at our site so we don't see it as relocating services out of the state, we see it as building services at the WCA site. Recently we've been able to work on some recruitment and we have a couple physicians starting in July which we are excited about and that will certainly help and it's certainly a step in the right direction.

PETER ROBINSON: Thank you. Dr. Brown.



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

LAWRENCE BROWN: I do want to in fact complement you and your team on the manner in which you've been able to respond to this myriad of these issues that have arisen. I'd like, Mr. Chair, to ask a quick point of information to Mr. Abel with respect to - Mr. Abel, is the Department's recommendation here a time limited approval or is this - no time limit approval.

CHARLIE ABEL: No, we're not proposing a limitation on the time for the affiliation.

LAWRENCE BROWN: My question then is that would you be receptive - I mean, I understand you heard the contingency with respect to, that was offered. Would you be receptive to the contingency that allows for a review within a reasonable period of time by this council, let's say two years, for this council to see what is the actual impact. Because you proposed to us a number of things that sound quite reasonable. But as you know, based on the changes in healthcare a lot of things can happen in a short period of time. So I was wondering if you would be receptive to a contingency with respect to time as well as to the items that were proposed.

1           BETSY WRIGHT: A time limited approval? No. Could I - I  
2 don't know how you could do that. I mean, once these  
3 investments are made I don't know how you could do that, but I  
4 would like Frank Cicero to -

5  
6           PETER ROBINSON: Mr. Cicero, you are on the list to  
7 speak, but I don't think with all due respect, I don't think  
8 we're going to be able to do this in the same way that we do  
9 ambulatory surgery where we put a limited life on it. I think  
10 we're going to have to make a decision. Obviously if things  
11 fall apart, then the Department has to use it's administrative  
12 remedies to deal with it rather than it being a time limited  
13 transaction here.

14  
15           JEFF KRAUT: Let me make a point, just understand what  
16 happens when a transaction like this occurs. The entity who  
17 their clinically integrating with is about to make a multi-  
18 million dollar investment and that investment requires four,  
19 five years to transform care. Things don't happen - I mean,  
20 we're the product of 21 mergers and relationships. It takes  
21 time. there's cultural, there's social, you could put, I think  
22 our request to come back and give us an update in a year or two  
23 on how it's going is valid and I think some of the issues that  
24 were raised on access, I think your board would be equally

1 concerned and have protections in your agreements for those  
2 things, because if I was on the governance of your institution I  
3 would make damn sure my patients and my community are receiving  
4 care. And I'm sure you'll have effective controls in place to  
5 monitor that, but for us to be able to say we're going to  
6 unscramble the egg so to speak, after two years of trying to get  
7 it together is, I don't think is a practical consideration.

8

9           LAWRENCE BROWN:           I may have done that in a less than an  
10 awful way. I guess the concern that we've heard about the  
11 access to care is the issue that we understand that things can  
12 change and we'd like to be able to have an opportunity to see  
13 the impact. And perhaps your rights to review that. So I have  
14 another question in respect to that. On your board, can you  
15 share with us how many members of your board are consumers of  
16 care to WCA? Can you share that with us?

17

18           BETSY WRIGHT:   currently? All of them. All of them.

19

20           PETER ROBINSON:       Thank you. Dr. Gutierrez and then Dr.  
21 Palmer, and then Dr. Martin.

22

23           ANGEL GUTIERREZ:       I need to learn something. Part of the  
24 concern presented by those that speak against this have to do

1 with the behavior of UPMC as an insurance company, some have to  
2 do with how it behaves as an employer, and there have been  
3 concerns about adverse events -- and I understand adverse  
4 events, trust me, I'm a physician - in the event that UPMC  
5 decides to open itself for insurance selling in New York State,  
6 it will have to comply with New York State regulations that will  
7 apply to it's performance in New York State. Am I correct? And  
8 that's not within the province of this council. Am I correct?  
9 Good. Next issue has to do with closure issue. And Dr. Ruge  
10 and I share some experience on this. Lake Placid at one time  
11 had a hospital and it closed, and now patients go 10 miles or 15  
12 miles to the east is it, to get their care [11 miles] you need  
13 to understand the southern tier; if you drive what used to be 17  
14 and now is 86, it looks pretty, but in terms of medical care  
15 once you pass horseheads to the west, there is not much. And  
16 somebody push Ms. Wright into devastating. What's the effect of  
17 this going to have? Let's not talk about closure. Diminishing  
18 that facility will have an impact on people, I will say names  
19 that you probably never heard of; Randolph, New York; Conewango  
20 Valley; Steamburg, New York. All these are New York communities  
21 along route 86 that will get no place to go other than many more  
22 tens of miles away from Jamestown. So, the circles of concern  
23 that I mentioned before, I care about the patients in the  
24 southern tier and they are in need of this facility to remain

1 operational. I don't know at what level, but at some level. I  
2 am listening to the concerns brought about insurance and labor  
3 practices. But you know what, we have the regulatory functions  
4 to look those up, and I think, I trust that the Health  
5 Department will be looking those up and I trust also that the  
6 insurance department of New York State will be looking at the  
7 behavior of the insurance if it ever comes as such. So, I'm  
8 prepared to vote.

9

10 PETER ROBINSON: Well, thank you. Dr. Palmer and then  
11 Dr. Martin.

12

13 JOHN PALMER: I don't want to prolong a discussion, but my  
14 concern comes back to an investment. If I'm hearing this is not  
15 sustainable if it's not approved, and it's sustainable with the  
16 current input from New York State and UPMC, the question is how  
17 long is that sustainability guaranteed for? Because it doesn't  
18 appear to me that there's been a discussion at all about how  
19 long these investments are expected to take to create a level of  
20 sustainability that everybody's comfortable with. And if we  
21 improve it we need to take responsibility for knowing that  
22 everything that's been said here is following through so that  
23 facility can be sustained and the care that is needed can be  
24 given. So, I appreciate Dr. Gutierrez's comments about the

1 insurance company, the behavior of the employer, but I'm very  
2 concerned about listening to the lack of sustainability that  
3 would be created if we didn't approve this. But I'm more  
4 concerned in knowing that are the chances of sustainability with  
5 the approvals in place and the investment that the parent  
6 company is going to put in, and how are we watching to make sure  
7 that sustainability is observed?

8

9 PETER ROBINSON: So, Dr. Palmer, I think maybe we ought  
10 to have the folks from WCA answer that question.

11

12 JOHN PALMER: The state is making an investment of \$26  
13 million? I think the state should have an idea. I think UPMC  
14 should have an idea. I think the hospital should have an idea.  
15 We should all have the same idea so that we're not putting money  
16 in a situation that's going to go flatline before we know it.

17

18 DAN SHEPPARD: I think I understand your question, Dr.  
19 Palmer, and let me begin it, to speak specifically to their plan  
20 I'll defer to Ms. Wright. So, with all of our facilities in the  
21 state and there are a number we're supporting providing a runway  
22 we call it because they're safety net providers and the  
23 alternative is the elimination of essential healthcare services  
24 in their community, we're monitoring them closely. We have a

1 team that not just WCA but all the hospitals that we're  
2 supporting and we want a monthly if not, sometimes more frequent  
3 basis is speaking with the finance staff at the hospitals to  
4 monitor their condition, monitor the root causes, identify what  
5 the root causes of their issues are, and many of these hospitals  
6 they've become about as efficient as they can as small stand-  
7 alone hospitals, and the elements of not just WCA's plan but  
8 many of them in what becoming part of a larger system gives them  
9 access to is longer is the ability to move quickly into  
10 population health management and to, and the ability to have  
11 access to, what are the root causes of particularly a small  
12 rural hospital or a medium size rural hospital, it's access to  
13 workforce, and this is not just about their own sustainability,  
14 it's about serving their community adequately. It's access to  
15 workforce. It's access to capital. It's, and then access to  
16 capital goes to how they can realign their services, how they  
17 can expand their ambulatory footprint, how they can modernize  
18 what are in most cases very old physical plants that are  
19 inefficient. All these incremental things that lead to problems  
20 with their bottom line. And I'll leave it to Betsy to speak  
21 specifically to the elements of their plan. But we as part of  
22 what they are presenting to us as part of their sustainability  
23 plans is, here's their baseline, here are the actions they're  
24 going to take, and here over a multi-year period of time is how

1 they're going to move from being in the black or being in the  
2 red to being in the black. And that's-

3

4       BETSY WRIGHT: Any I'm happy to address that as well. We  
5 did submit our sustainability plan. It has been reviewed. I  
6 know Mr. Abel and his team have spent time on it as well as  
7 others. A couple things will be very helpful. At the time of  
8 closing our pension will be fully funded, our defined benefit  
9 which was frozen in early 2000s and our debt will be paid off.  
10 Those two things alone will certainly help with operating cash  
11 and fully eliminate the PBGC premium that we pay on our pension  
12 benefits. We believe that will lead to a long term  
13 sustainability plan as well as the capital investment. We know  
14 what's before us as far as infrastructure upgrades, investment  
15 in information technology which we will do with UPMC so that  
16 we'll be on the same system and can share information as well as  
17 some enhanced patient care areas for our maternity and our  
18 inpatient mental health services, which are very important to  
19 the community. We believe UPMC is fully aware of that  
20 sustainability. They've done their due diligence as well as  
21 we've done ours. We've submitted our transformation plan to the  
22 State and we believe it's a very good plan.

23

24       PETER ROBINSON: Thank you. Dr. Martin.



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

GLENN MARTIN: Just for the record, there had been various comments or assertions or suspicions raised in letters and testimony about the certain lack of community involvement or knowledge of this. And I would just appreciate it if you could just run through quickly, you also mentioned there are various boards and I couldn't figure out which boards you were referring to, community advisory boards or what as well as the medical staff. I don't know if that meant the organized medical staff as in your medical board and the staff there or some other organization. So if you could briefly tell us just how is the community informed and how have they known about this for how long as well as what support or objection that you know formally has been raised by any of the boards or organizations that you mentioned.

BETSY WRIGHT: OK. And again, we've not received any local objection. It has been a very, very positive dialog. When we first began this process, we had our entire board instead of just a subset of the board going out investigating. We had our entire board of I think at the time we had 18 board members and we invited the entire medical staff. We have 142 physicians on our medical staff and invited all of them, so you can imagine this is not at all a closed door process. They had the

1 opportunity to meet with all of the potential partners. There  
2 was certainly a lot of discussion within the hospital. When we  
3 narrowed it down and decided that we would put our toe in the  
4 water with a strategic affiliation with UPMC and UPMC Hamot,  
5 that was broadly communicated, we held community events, we  
6 published it in the newspaper, and we received very, very  
7 positive comments. The boards that have been involved and have  
8 approved the documents, we have five related entities in our  
9 organization and very little overlap on any of those boards. So  
10 we have the hospital board, we have our medivac program, our  
11 Star Flight board, we have our ambulance service which is our  
12 All Star EMS board, we have our foundation board and we have our  
13 parent corporation board which is WCA Group. We've been very  
14 public about this. We have many, many community events at the  
15 hospital and it seems to be a topic at every one of those that  
16 people want to know about, want to know where we're going, and  
17 want to know what's part of the process and when they can expect  
18 this to be concluded.

19

20 PETER ROBINSON: Mr. Cicero, you popped up and you are  
21 on the list. Just questions?

22

23 FRANK CICERO: No comments.

24

1           PETER ROBINSON:        I think it's time to call the question,  
2 and I appreciate all of the people who have come here to speak.  
3 Some of you have travelled from long long distances and I just  
4 want to say that kind of input is very much appreciated and  
5 valued by the committee and the council as a whole. You're not  
6 going to let me call the question, are you. Go ahead.

7           Well, we thank you for there, and you can head back to your  
8 seats. Thank you.

9

10          HOWARD BERLINER:       I have a question for our council. In  
11 the absence of the late great Mr. Fensterman, can you explain to  
12 me what a consent decree is?

13

14          COUNSEL: I don't know what it means in Pennsylvania Dr.  
15 Berliner, but a consent decree is a way of solving a solution.  
16 It's a way of settling a dispute where one party is probably the  
17 government and the other party is the company.

18

19          HOWARD BERLINER:       But as I understand it, and the reason  
20 I'm asking this question is that this was basically between two  
21 private parties. Right? Blue Cross and UPMC.

22

23           [Consent decree was with the state.]

24

1           HOWARD BERLINER:       I guess the question, I mean, I just  
2   don't really understand how this, what it actually means. Why  
3   there's a need for - what's the reason why you would have a  
4   consent decree? Is it just because two parties don't agree?  
5   Would we in New York if things didn't work out have a similar  
6   type solution or approach? Do we have a different approach to  
7   these kinds of issues?

8

9           COUNSEL:   It's a way of resolving a dispute and if the  
10   dispute is in a court context a consent decree is the way to  
11   finish it.

12

13          ANGEL GUTIERREZ:       Is that consent decree signed in  
14   Pennsylvania binding for New York State people, groups,  
15   institutions?

16

17          COUNSEL:   I don't think so. It's not a New York document.

18

19          PETER ROBINSON:       I don't think we know the answer to  
20   that so I am going to call the question now. All in favor of  
21   the motion that was on the table? I don't know if everybody  
22   recalls that it includes the additional contingency that Mr.  
23   Kraut added to the original motion.

24

1           LAWRENCE BROWN:       Point of information.

2

3           PETER ROBINSON:       This is for Establishment Committee  
4 members only to vote on.

5

6           LAWRENCE BROWN:       This is for the contingency?

7

8           PETER ROBINSON:       No, it's approval. This is a motion  
9 for the transaction. As amended. All in favor?

10

11           [Aye]

12           Any opposed? One opposition. So the motion does carry. Mr.  
13 Kraut, I now adjourn the meeting of the Establishment and  
14 Project Review Committee.

15

16           JEFF KRAUT:        I'd like to take a 15 minute break so we can  
17 get through in pretty good order the full committee. So could  
18 you just please - make it 10 minutes. There's something lunch  
19 in 10 minutes because some people do have to leave here early.

20

21           PETER ROBINSON:       Also you can call Mr. Holt back from  
22 suspended animation.

23

24

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

JEFF KRAUT: Good afternoon. And I'm Jeff Kraut. I'm going to reconvene the full council meeting which had originally been suspended for the Establishment and Project Review Committee. I'm going to, I welcome the council members, observers, and participants. I'll now ask Mr. Robinson to provide the report of the Project Review recommendations and Establishment actions. And I'll turn the mic over to him.

PETER ROBINSON: Thank you Mr. Kraut. I'm going to make one adjustment and put up first the application that we just discussed in committee and for that purpose Mr. Holt has once again declared a conflict and recused himself, and this is application 161077E, Women's Christian Association in Chautauqua County. This application is to establish UPMC Chautauqua Services Inc., as the active parent and cooperator of the Women's Christian Association of Jamestown New York, d/b/a Women's Christian Association Hospital. This application received approval with a condition and contingencies by the Department. At the committee meeting the application was first considered at the May 19 Establishment and Project Review Committee and was tabled. It was subsequently heard earlier today and at that time an additional contingency was proposed and agreed to by the committee. Ill read that into the record.

1 It is submission of an affidavit by the applicant stating that  
2 the Women's Christian Association of Jamestown New York, WCA,  
3 and the University of Pittsburgh Medical Center, UPMC, will  
4 comply with appropriate requirements of New York's emergency  
5 medical services and surprise bills law. Chapter 60 part A to  
6 the laws of 2004 for New York patients who originate from WCA  
7 regardless of whether all or part of such medical services occur  
8 outside the state of New York, and for such requirement to be  
9 monitored by WCA in connection with patients who originate in  
10 WCA acceptable to the Department. The committee has considered  
11 that modified motion and the contingency and has voted it's  
12 approval, and I so move that application.

13

14 JEFF KRAUT: So I have a motion, I have a second by -  
15 does the Department of Health want to add anything?

16

17 CHARLIE ABEL: Nothing to add at this time. thank you.

18

19 JEFF KRAUT: Any council members - Ms. Hines.

20

21 VICKY HINES: I just want to make a comment for the record  
22 and I'm actually sorry that my intended audience for this remark  
23 is gone which is all of the folks who I honestly just want to  
24 say thank you. We saw over the last three weeks worth of debate

1 and I'm sure many many days and hours on behalf of folks who  
2 don't live in this state for whom this particular transaction is  
3 not going to have a personal impact on them, and they spent a  
4 remarkable amount of time and effort in a very responsible and  
5 respectful way to inform what's a tough debate. And it's a  
6 reflection of the national debate. So we just had a micro chasm  
7 of that here, and I just, we don't often see that kind of  
8 commitment and respect from people who are vigorously opposed to  
9 something, so I just wanted to recognize how remarkable that  
10 was.

11

12 JEFF KRAUT: Thank you Ms. Hines. Dr. Berliner then Dr.  
13 Rugge.

14

15 HOWARD BERLINER: I just like to say that I think there  
16 are still a lot of questions left about this application, about  
17 what the process would be going forward, about what access would  
18 be for the people in western New York both in terms of transfer  
19 arrangements and just access to care in general. Questions that  
20 have been highlighted by some of the speakers and some of the  
21 material that we've all been sent. And I think we were told at  
22 the last meeting that we were pushing this down to the full  
23 council meeting in order to get more information from the  
24 Department, which frankly I don't think we've gotten. This is



1 an application that has to be approved because the place needs  
2 it and the state has declared that we need to keep this place  
3 open and I think we should. On the other hand, doesn't mean it  
4 has to be approved today. And so I would like to recommend was  
5 hoping to make a motion that we actually let this application go  
6 for a cycle while we actually find out much more about the  
7 meaning of what the consent decree is all about, what the  
8 implications are, some of the insurance questions, some of the  
9 access questions, what other providers in the area might do if  
10 this were not to be approved. In the end we want to keep this  
11 hospital opened. I don't see since the place is getting state  
12 money right now more what the rush to judgment is because  
13 there's still so many unanswered questions and things I think we  
14 should check out much more fully before we take an actual vote.

15

16 JOHN RUGGE: WCA has made a compelling case and unlike  
17 Howard I don't think there's a reason for delay, but would like  
18 to simply note for the record, New York has established the  
19 active parent of WCA for going forward, but there is a parent to  
20 the parent and there is a grandparent. And we have seen this in  
21 a number of instances. Just think it would be good for this  
22 council to take up the issue, what are the respective roles of  
23 these various parenting relationships so we have more clarity

1 perhaps more of a refined understanding of what our role should  
2 be by way of approvals.

3

4 JO BOUFFORD: Yeah, I had another systems comment, just to  
5 reinforce John's kind of stepping back for a minute. I don't  
6 recall, I may have missed a previous conversation around cross-  
7 border institutional linkages like this, and my guess is this  
8 may be the first of a number of them having heard - I said I may  
9 have missed it. But I wondered are we dealing with them on an  
10 ad-hoc basis or is again, there a system or framework at least  
11 for considering them and we might want to consider that relative  
12 to - I mean that's so far. But other things could come up that  
13 would allow us to sort of as a council be more informed about  
14 some of the questions which were really good questions that were  
15 asked during the course of the time today because they were  
16 complex issues, some of which are related to John's concern and  
17 some are just questions of interstate financing, interstate  
18 Medicaid agreements, et cetera.

19

20 JOHN RUGGE: It only seems clear that integration of  
21 healthcare does cross traditional state boundaries and we have  
22 been dealing with this one by one. It seems like we collected  
23 and systematic approach.

24

1 JEFF KRAUT: Dr. Brown

2

3 LAWRENCE BROWN: Just a point of information. I think we  
4 have a motion on the floor with respect to, because it seems  
5 some of the comments may not be as focused on the motion and I'd  
6 like to suggest that those comments be reserved after we deal  
7 with the motion because I think the issue about retreat is  
8 important and those sound like things that belong in that basket  
9 as opposed to focusing particularly on the motion.

10

11 JEFF KRAUT: You didn't make it to pizza, did ya?

12 Very dangerous leaving him alone. Any other comment?

13 So, we have a motion and the reference to some of the other  
14 issues is finding an appropriate venue where we have sufficient  
15 time to discuss and it was suggested that the council take an  
16 extended day or two to go through a very organized, some issues.

17

18 JOHN RUGGE: I would suggest the Planning Committee might  
19 be -

20

21 JEFF KRAUT: The Planning Committee so John wants to  
22 break the New York State record for Planning Committee length of  
23 time, including an overnight which almost happened last - no.  
24 but there's validity to those things, and to the point, Dr.

1 Berliner, if this motion doesn't pass you can make another  
2 motion.

3 I'll just call the question. All those in favor yay? Aye?

4 [Aye]

5 Against? Abstention? Motion passes.

6

7 PETER ROBINSON: So, back to me. Mr. Kraut, would you  
8 mind excusing yourself and Dr. Martin. Thank you.

9 So, I'm calling now application 161121C, New York Methodist  
10 Hospital, Kings County. This is to - no I'm not calling that  
11 one. One moment. On the bottom. Sorry. Thank you.

12 I'm calling application -this is quite the three stooges  
13 thing here - 152343C, Long Island Jewish Medical Center in  
14 Queens County which includes a conflict and recusal by Mr. Kraut  
15 and Dr. Martin. To certify a pediatric kidney transplant  
16 program within it's children's, Cohen Children's Medical Center,  
17 which is a 206 bed pediatric specialty unit of LIJMC. The  
18 Department is recommending approval with a condition and a  
19 contingency as did the committee, and I so move.

20

21 JO BOUFFORD: Thank you. Can I have a second, Dr. Kalkut,  
22 I saw your hand first. Would there be discussion? Do we have  
23 any comment from the Department?

24

1 CHARLIE ABEL: No discussion at this time.

2

3 JO BOUFFORD: Any questions, concerns, committee? May I  
4 have a vote then. All in favor?

5

6 [aye]

7 Opposed? Any abstentions? OK. Passed.

8

9 PETER ROBINSON: Thank you. Have Dr. Martin return and  
10 have Mr. Kraut remain out of the room.

11 Thank you. Calling application 161080C, Phelps Memorial  
12 Hospital Association in Westchester County. A conflict and  
13 recusal by Mr. Kraut. And this application is to certify  
14 therapeutic radiology services and add a linear accelerator. The  
15 Department recommends approval with conditions and  
16 contingencies. The committee does as well, and I so move.

17

18 JO BOUFFORD: Second from Dr. Gutierrez. Any discussion?  
19 Have a vote please. All in favor?

20

21 [Aye]

22 Opposed? Any abstentions? Motion passed. Invite Mr. Kraut  
23 back in.

24

1           PETER ROBINSON:        Invite Mr. Kraut back in.  And I'm now  
2 calling application 161121C, New York Methodist Hospital in  
3 Kings County.  This is to certify and construct an extension  
4 clinic at 515 Sixth Street in Brooklyn for the provision of  
5 ambulatory surgery imaging, and other medical specialty  
6 services.  The Department is recommending approval with  
7 conditions and contingencies.  The committee does the same, and  
8 I so move.

9

10          JEFF KRAUT:        So I have a motion.  Do I have a second?  I  
11 have a second Dr.Kalkut.  Mr. Abel.

12

13          CHARLIE ABEL:    No comments at this time.

14

15          JEFF KRAUT:        Any questions?  Hearing none I'll call for a  
16 vote, all those in favor, aye?

17

18           [Aye]

19          Opposed?  Abstention?  The motion carries.

20

21          PETER ROBINSON:        Application 152138C, St. Mary's  
22 Hospital for Children Inc., in Queens County.  This certifies 29  
23 net new pediatric RHCF beds, converts 13 specialty pediatric  
24 RHCF beds to general purpose pediatric RHCF beds and decertifies

1 respite services. Upon completion of the project the final bed  
2 count will be 124 pediatric RHCF beds. The Department is  
3 recommending approval with conditions and contingencies as does  
4 the committee, and I so move.

5

6 JEFF KRAUT: Do I have a second? Second, Mr. Fassler.  
7 Any comment? Any questions? All those in favor aye?

8

9 [Aye]

10 Opposed? Abstentions? The motion carries.

11

12 PETER ROBINSON: I'm now going to as is our practice  
13 batch the following applications for action. These are  
14 applications recommended for approval with no issues or  
15 recusals, abstentions or interests. Application 161083E,  
16 Gastroenterology Care Inc., Kings County which is requesting an  
17 indefinite life for CON 071061. Application 161138B, JTL  
18 Consulting LLC, d/b/k/a Gastroenterology of Westchester in  
19 Westchester County to establish and construct a single specialty  
20 free standing ambulatory surgery center specializing in  
21 gastroenterology services to be located at 1086 North Broadway  
22 in Yonkers. And this one is for a five year limited life.  
23 Application 152294B, SF Nassau ASC, LLC d/b/a East Hills Surgery  
24 Center in Nassau County. This is to establish and construct a

1 multispecialty free standing ambulatory surgery center  
2 specializing in orthopedics, otolaryngology, vascular  
3 neurosurgery, plastic surgery and pain management. To be  
4 located at 2200 North Boulevard in East Hills. Application  
5 152111E, CCRNC LLC, d/b/a Crown Park Rehabilitation and Nursing  
6 Center in Cortland County. This establishes CCRNC LLC as the  
7 new operator of the 200 bed residential healthcare facility  
8 located at 28 Kellogg Road in Cortland which is currently  
9 operated at the Crown Center for Nursing and Rehabilitation.  
10 Application 161091E, YRNC Operating LLC, d/b/a Yorktown  
11 Rehabilitation and Nursing Center in Westchester County, and  
12 this is to establish YRNC Operating LLC d/b/a Yorktown  
13 Rehabilitation and Nursing Center as the new operator of Field  
14 Home Holy Comforter, a 125 bed nursing home located at 2300  
15 Catherine Street in Cortland Manor. And application 161223E, St.  
16 Margaret's Center in Albany. To disestablish St. Margaret's  
17 House and Hospital for Babies as the active parent and  
18 cooperator of St. Margaret's Center. These all have  
19 recommendations for approval by the Department with conditions  
20 and contingencies, the committee did likewise, and I so move.

21

22 JEFF KRAUT: So I have a motion, may I have a second? A  
23 second Dr. Berliner. Any comments or questions? Hearing none  
24 I'll call for a vote. All those in favor, aye.



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

[Aye]

Opposed? Abstentions? The motion carries.

PETER ROBINSON: I have a list of home health agency licensures. These are changes of ownership. I'll just list the numbers. 2322L, 2322A, 2509L, 152199E, 152285E, 152367E, 161126E, The Department recommends approval with a contingency as does the committee, and I so move.

JEFF KRAUT: I have a motion. May I have a second? Second Mr. Fassler. Any comments? Ms. Hines.

VICKY HINES: Yeah, I just have a question of the Department on one of them. It's the Helping You Homecare, 152285E. In 16 months, so in February of last year it was licensed; in November it made a corporate name change, and now in June it's doing a full ownership change. Maybe nothing in that, but it seems like a lot of activity in a short time and I'm just wondering what you know about it.

CHARLIE ABEL: Let's see. Linda Rush maybe in Albany. No I don't see her. She'd be able to answer it better than I. I could only give you a general answer that I've seen very quick changes

1 in the healthcare industry and consolidation of providers and  
2 changes of ownership probably in more so within the last couple  
3 years as a result of probably the DSRIP initiative then in years  
4 prior. I don't know if that's part of that or not, but -

5

6 PETER ROBINSON: Do you want to pull that -

7

8 VICKY HINES: I do, I just I'm uncomfortable given all  
9 this going on in that industry, that's a lot of change in a  
10 short time.

11

12 PETER ROBINSON: I'll remove that particular item  
13 152285E, from my motion.

14

15 PETER ROBINSON: And Mr. Fassler would you second that,  
16 amend your seconding? Yes. So we're going to remove that  
17 pending, and it'll come back in the next cycle with questions  
18 answered. And if we need be on this occasion you might require  
19 the applicant to be present so you can ask that question. OK. So  
20 I have a motion. We've amended the motion to exclude 152285E,  
21 which is Helping You Homecare Inc. from the motion. Any other  
22 questions or comments? Hearing none I'll call for a vote. All  
23 those in favor, aye?

24

1 [aye]

2 Opposed? Abstentions? The motion carries.

3

4 PETER ROBISON: Thank you. Certificates. These are two  
5 restated certificates for incorporation. One for Housing Works  
6 Health Services III Inc., which is a name change and Planned  
7 Parenthood of Nassau County Inc., changing their purposes. The  
8 Department recommends approval as does the committee and I so  
9 move.

10

11 JEFF KRAUT: May I have a second? Dr. Kalkut. Any  
12 comment or questions? Hearing none, I'll call for a vote. All  
13 those in favor, aye.

14

15 [Aye]

16 Opposed? Abstentions? The motion carries.

17

18 PETER ROBINSON: This next application calls for Dr.  
19 Martin's recusal.

20 This is an application for an ambulatory surgery center.  
21 I'm calling application 152302B, UESASC LLC, t/b/k/a Upper East  
22 Side ASC, LLC in New York County. This is to establish and  
23 construct a multispecialty freestanding ambulatory surgery  
24 center to be located at 234 East 85<sup>th</sup> Street in New York. The

1 Department recommends an approval. This is a five year limited  
2 life - oh, I'm sorry. Approval with an expiration of the  
3 operating certificate five years from the date of it's issuance  
4 with conditions and contingencies as recommended. And the  
5 committee did the same and I so move.

6

7 JEFF KRAUT: May I have a second? Second, Mr. Fassler.  
8 Any questions or comments? Hearing none, I'll call for a vote.  
9 All those in favor, aye.

10

11 [Aye]

12 Opposed? Abstentions? The motion carries.

13 Could you please ask Dr. Martin to return.

14

15 PETER ROBINSON: Thank you. This next application calls  
16 for the recusal of Ms. Carver-Cheney who is -not in the room.  
17 Yeah. She is. Application 152384E, Suffolk Primary Health LLC in  
18 Suffolk County. To establish Suffolk Primary Health LLC as the  
19 new operator of the diagnostic and treatment center located at  
20 170 Old Country Road in Riverhead, currently operated at United  
21 Comprehensive Care Ltd. The Department recommends approval with  
22 conditions and contingencies as does the committee, and I so  
23 move.

24

1           JEFF KRAUT:       I have a motion. May I have a second, Mr.  
2 Fassler. Any questions or comments? All those in favor aye?

3  
4           [Aye]

5           Opposed? Abstentions? Motion carries.

6  
7           PETER ROBINSON:       That concludes the report from the  
8 Establishment and Project Review Committee.

9  
10          JEFF KRAUT:       Thank you very much. Just remind folks that  
11 the next committee day is going to be July 21 in Albany and the  
12 full council meeting will convene on August 4 in Albany and will  
13 also get noticed on the Planning and Public Health committee  
14 day. I think that's going to be on the 21<sup>st</sup>? Oh, of September.  
15 We'll get you the whole thing and then we'll get you again the  
16 days, even though it's posted, we'll send a separate email on  
17 all the council dates for 2017 so you could forward it on. Yes.

18          So, Dr. Berliner wants to just ask the council a question.

19  
20          HOWARD BERLINER:       So, --

21  
22          JEFF KRAUT:       No, no, he came up with an idea.

23

1           HOWARD BERLINER:       We've been facing, I mean, an  
2   increasingly an exponentially changing healthcare system for  
3   which I'm not sure where prepared in a policy sense to make  
4   decisions because we end up never knowing enough information.  
5   And I'm thinking about the possibility, knowing that the  
6   logistics would be tough to work out of a retreat where we could  
7   spend a day or part of a day getting some briefings on what's  
8   happening nationally and statewide since in fact just what  
9   happens in New York is, seems to be of less importance than  
10   what's happening in other states.  And then a day or larger part  
11   of a day what that means for PHHPC and what we would do about it  
12   in terms of future applications coming before us so we don't  
13   have to go through this when an application is submitted, which  
14   always seems long because it's not about the applicant, it's  
15   about a larger policy question which we've never -

16  
17           JEFF KRAUT:       So this requires essentially giving - let's  
18   call it make it easier under the existing structure and extended  
19   planning committee activity where it has a very structured  
20   thing, about informing us about the potential of the  
21   applications and the issues that came up during the time, and  
22   what we'll need to do is poll you as to the ability to commit to  
23   that and we try to I guess bracket it around one of our  
24   regularly scheduled meetings, but it would have to be at least a

1 full day, and since, if we get a full commitment, so just think  
2 about it if we held our meeting days usually on a Thursday, but  
3 the Planning Committee would be that Wednesday and we'd go  
4 overnight because of probably we'd have some commitment to go  
5 and do dinner or something together and listen. The challenge  
6 we have is to do this under the auspices of the open meeting -  
7 we'll pay for our own dinner. But the challenge here is to do  
8 it in a manner that complies with the open meeting laws and I  
9 just think let's give that idea to the Department of Health to  
10 figure out.

11

12 JO BOUFFORD: I guess I like the idea very much and I want  
13 to support it. I would think that it would be important. One of  
14 the challenges for all of us is the lack of the dot-connecting  
15 process. So, I think it would be really a little bit more  
16 challenging to design the agenda but really quite rewarding if  
17 we could figure out how to talk about DSRIP, SHIP, SIM, and  
18 Prevention Agenda in the same set of conversations, because I  
19 think contextualizing what's going on not only in New York State  
20 but relative to the external forces that are pushing certain  
21 things and not others would be incredibly helpful. So I hate to  
22 see it kind of limited only to the kind of facility related  
23 decisions we have to make.

24

1           JEFF KRAUT:       I think you'd benefit from outside speakers  
2 coming in to talk about some of their strategies - could've  
3 invited UPMC to talk about strategy. But it might have some  
4 benefit. Yes. Dr. Gutierrez and Dr. Kalkut.

5

6           ANGEL GUTIERREZ:    I agree with the learning. But I think  
7 each of us individually have an obligation to keep abreast of  
8 the changes that are taking place now in the science of  
9 healthcare and the delivery of healthcare and the insurance of  
10 healthcare because the reality in my view is that we don't know  
11 where we're going. And Dr. Kalkut may agree with me on this or  
12 not, but there was a condition called Cold Sores long ago; now  
13 it's Herpes and we see it on television because we have a cure  
14 for it. We used to call idiopathic liver disease. We didn't  
15 know it was Hepatitis C. And I have to argue that we don't know  
16 how much microcephaly which has existed for a long time was due  
17 to Zika virus that existed decades or centuries ago and we  
18 didn't have a name for it. But we need - technology is way  
19 ahead of us and in order for us to legislate properly we need to  
20 keep abreast of that otherwise we're going to continue to learn  
21 to be behind rather than be at least trying to match the speed  
22 of change.

23



1           JEFF KRAUT:       So let me ask the Department of Health to  
2 hear what we've said and consider it and let's come back and  
3 maybe discuss it at the next meeting. With that I'll take a  
4 motion to adjourn. Motion, second to adjourn. We are adjourned.  
5 Thank you very much and everybody have a good start of summer.

6

7

Update on Charity Care Reporting Compliance for Approved  
Ambulatory Surgery Centers

TO BE DISTRIBUTED UNDER SEPARATE COVER



## Department of Health

ANDREW M. CUOMO  
Governor

HOWARD A. ZUCKER, M.D., J.D.  
Commissioner

SALLY DRESLIN, M.S., R.N.  
Executive Deputy Commissioner

### MEMORANDUM

**TO:** Members of the Health Planning Committee

**FROM:** Charles P. Abel, Deputy Director  
*CWA*  
Center for Health Facility Planning, Licensure and Finance

**DATE:** July 21, 2016

**SUBJECT:** Application for Designation as Hospital Stroke Center – Staten Island University Hospital – South Campus

---

Enclosed is the staff recommendation requesting approval for stroke center designation for Staten Island University Hospital's South Campus.

Staten Island University Hospital's North Campus has been designated since August 2005. The hospital is now applying for designation of its South Campus. The application has been reviewed by Department staff responsible for stroke center evaluation and oversight and they have found the application to be acceptable with certain contingencies.

The Department's process is to have the PHHPC approve the staff recommendation prior to staff conducting an on-site visit. We are seeking the Council's endorsement of this recommendation with contingencies.

Once Staten Island University Hospital's South Campus is approved, Richmond County will have three locations designated as stroke centers – both SIUH campuses and one additional facility. Staten Island University Hospital's South Campus will be the 121<sup>st</sup> designated stroke center in the State.

Once designated, the regional emergency medical services council will be notified and local EMS can begin directing patients to Staten Island University Hospital's South Campus. EMS protocol provides for bypass of hospitals which are not stroke designated.

**APPLICATION FOR DESIGNATED STROKE CENTER**  
*Staff Report*

Hospital: Donna Proske  
Executive Director  
Staten Island University Hospital – South Campus  
375 Seguine Avenue  
Staten Island, NY 10309

Findings:

- The facility has demonstrated that they meet the criteria for designation of a stroke center.
- The stroke center has been established and is operational with written policy and procedures with contingency.
- There is a dedicated acute stroke team and it is staffed by qualified healthcare professionals with contingency.
- Evidence of cerebrovascular education for physicians who are members of the stroke team as delineated by the Department.
- Evidence of bi-annual cerebrovascular education for PT/OT/ST personnel and EMS as delineated by the Department.
- The medical director meets the criteria for training as delineated by the Department.
- The stroke center has a designated stroke unit with contingency.
- Neuro-imaging services available 24/7 to perform and read CT/MRI scans consistent with time targets acceptable to Department.
- Policies and procedures exist for laboratory services 24/7 with laboratory results for acute stroke patients being a priority.
- Policies and procedures exist for neurosurgery services 24/7 with services received within two hours of when it is deemed necessary with contingency.
- Evidence of ongoing patient and community education services has been submitted along with patient and community education policies with contingency.
- Quality improvement committee has been established with contingency.
- Data for performance measures, time targets, and EMS measures has been submitted and is impressive.

Approval Contingency Upon:

- Written confirmation that the policy for administration of Alteplase is to not require/wait for written/verbal consent for those patients presenting within 3 hours of symptom onset since thrombolytic administration is the standard of care.

- Submission of evidence that all of the nursing staff who will treat stroke patients have received 8 hours of continuing education specifically related to cerebrovascular disease.
- Submission of a written policy indicating where the hospital intends to locate their stroke unit, i.e. the designation of specific beds per the Department's requirement.
- Updated neurosurgical transfer policy indicating that all stroke patients requiring neurosurgical intervention will be transferred to SIUH's north campus without exception.
- Submission of written policies for community education.
- Submission of a document describing how the stroke QI, ED, medical staff, and other hospital committees fit together from a QI perspective.

Recommendation:

- Approval



**Project # 161202-C  
Hospital for Special Surgery**

**Program: Hospital  
Purpose: Construction**

**County: New York  
Acknowledged: March 30, 2016**

**Executive Summary**

**Description**

New York Society for the Relief of the Ruptured and Crippled, maintaining the Hospital for Special Surgery (HSS), a 215-bed, voluntary not-for-profit, Article 28 hospital located at 535 E 70<sup>th</sup> Street, New York (New York County), requests approval to add ten adult medical/surgical beds and renovate approximately 6,290 square feet of space on the 6th floor West Wing of the main hospital building to accommodate the bed expansion. The current space is being utilized for outpatient services and will require a full upgrade to meet current codes and standards for inpatient care. Upon completion of the project, there will be a total of 225 beds.

Per the applicant, the additional beds are necessary to meet an increase in inpatient volume. Also, the additional beds are necessary in order to accommodate the surgical volume from three new inpatient ORs expected to become operational in early 2017 (CON 142233), as well as the planned conversion of four existing ambulatory ORs in mid-2017.

OPCHSM Recommendation  
Contingent Approval

**Need Summary**

The requested ten beds are intended to support a steadily growing inpatient surgical volume.

Inpatient surgeries have increased by 14.4% since 2011. Average inpatient length of stay has declined from 4.0 days to 3.4 days from 2011 through 2015, while inpatient discharges have increased 13.3% over the same period.

**Program Summary**

Based on the results of this review, a favorable recommendation can be made regarding the facility's current compliance pursuant to 2802-(3)(e) of the New York State Public Health Law.

**Financial Summary**

Project costs of \$2,752,699 will be met via equity from operations.

**Incremental Budget**

Revenues	\$25,401,229
Expenses	<u>6,685,693</u>
Net Income	\$18,715,536

**Enterprise Budget**

Revenues	\$998,407,229
Expenses	<u>910,428,141</u>
Net Income	\$ 87,989,088

## Recommendations

Health Systems Agency

There will be no HSA recommendation for this project.

Office of Primary Care and Health Systems Management

**Approval contingent upon:**

1. Submission of a check for the amount enumerated in the approval letter, payable to the New York State Department of Health. Public Health Law Section 2802.7 states that all construction applications requiring review by the Public Health and Health Planning Council shall pay an additional fee of fifty-five hundredths of one percent of the total capital value of the project, exclusive of CON fees. A copy of the check must be uploaded into NYSE-CON. [PMU]
2. The submission of State Hospital Code (SHC) Drawings for review and approval, as described in BAEFP Drawing Submission Guidelines DSG-02 Hospitals. [AER]

**Approval conditional upon:**

1. The project must be completed within three years from the date of the Public Health and Health Planning Council recommendation letter. Failure to complete the project within the prescribed time shall constitute an abandonment of the application by the applicant and an expiration of the approval. [PMU]
2. The applicant shall start construction on or before November 1, 2016 and complete construction by August 1, 2017 upon the filing of Final Construction Documents in accordance with 10 NYCRR section 710.7. In accordance with 10 NYCRR Part 710.2(b)(5), if construction is not started on or before the start date, this shall constitute abandonment of the approval. In accordance with Part 710.10(a), this approval shall be deemed cancelled, withdrawn and annulled without further action by the Commissioner. [PMU]

Council Action Date

**August 4, 2016**

## Need Analysis

### Background

The Hospital for Special Surgery is a specialized 215-bed hospital located at 535 East 70<sup>th</sup> Street, New York, 10021, New York County, with ten licensed extension sites. The Hospital is operated by the New York Society for the Relief of the Ruptured and Crippled, a voluntary not-for-profit corporation. The Hospital proposes to certify an additional ten medical/surgical beds, bringing the total bed complement to 225.

### Analysis

HSS is licensed to provide the following beds and services.

- Ambulatory Surgery - Multi Specialty
- Audiology O/P
- Clinical Laboratory Service
- Intensive Care
- Medical Services - Other Medical Specialties
- Medical Services - Primary Care
- Medical Social Services
- Medical/Surgical
- Nuclear Medicine - Diagnostic
- Pediatric Radiology - Diagnostic
- Respiratory Care
- Therapy - Occupational O/P
- Therapy - Physical O/P
- Therapy - Speech Language Pathology

Type	Beds	Requested Action	Certified Capacity upon Completion
Medical/Surgical	201	10	211
Intensive Care	4	0	4
Pediatric	10	0	10
<b>Total</b>	<b>215</b>	<b>10</b>	<b>225</b>

*Source: HFIS, Sept 2015*

Inpatient discharges have increased significantly while average length of stay has declined. This is evidence for improving efficiency at the hospital and shows increasing demand for its services. Therefore, although occupancy has declined modestly, increased turnover is causing overcrowding at the Hospital.

Because the vast majority of volume at HSS is due to scheduled surgeries, inpatient occupancy exceeds planning optimums during the week, but falls below them over the weekend. Peak occupancy causes delays in transferring patients out of the operating room (OR) and into an inpatient bed. Because more surgeries are scheduled earlier in the week, inpatient occupancy increases throughout the week and peaks on Thursday or Friday. The average length of stay for an inpatient at the Hospital is 3.4 days, so patients recovering from surgery are still occupying beds later in the week.

The applicant is projecting that inpatient surgical volume will continue increasing by 6% annually through 2020, with three new inpatient ORs coming online in 2017 (CON 142233). With this projected increase, and the current high volume concentrated during the weekdays, these ten beds will be necessary to ensure continued access to care and a high-quality patient experience.



### Hospital for Special Surgery Utilization Statistics by Major Service Category

Service	2011	2012	2013	2014	2015
<b>Discharges</b>					
Medical/Surgical	13,027	13,521	13,648	14,239	14,801
Pediatric	287	324	300	258	277
<b>Total</b>	<b>13,314</b>	<b>13,845</b>	<b>13,950</b>	<b>14,497</b>	<b>15,079</b>
<b>Average Daily Census</b>					
Medical/Surgical	143.0	148.3	141.9	142.2	138.2
Pediatric	2.4	2.9	2.9	2.2	2.4
<b>Total</b>	<b>145.4</b>	<b>151.1</b>	<b>144.7</b>	<b>144.4</b>	<b>140.6</b>
<b>Average Length of Stay</b>					
Medical/Surgical	4.0	4.0	3.8	3.6	3.4
Pediatric	3.1	3.3	3.5	3.2	3.1
<b>Total</b>	<b>4.0</b>	<b>4.0</b>	<b>3.8</b>	<b>3.6</b>	<b>3.4</b>
<b>Occupancy</b>					
Medical/Surgical	69.8%	72.3%	69.2%	69.4%	67.4%
Pediatric	24.1%	28.9%	28.5%	22.3%	23.8%
<b>Total</b>	<b>67.6%</b>	<b>70.3%</b>	<b>67.3%</b>	<b>67.2%</b>	<b>65.4%</b>

Source: SPARCS 2016

While ambulatory surgeries have declined due to the opening of ambulatory surgery extension clinics by the applicant, inpatient surgeries have increased by 14.4%. This increase is driving the need for additional inpatient beds.

### Hospital for Special Surgery Surgical Discharges

Year	Inpatient	Ambulatory	Total
<b>2011</b>	12,825	26,378	39,203
<b>2012</b>	13,340	26,528	39,868
<b>2013</b>	13,472	22,551	36,023
<b>2014</b>	14,108	21,281	35,389
<b>2015</b>	14,674	20,992	35,666

Source: SPARCS, May 2016

Another factor driving the need for the ten beds is infection control. Patients are isolated at the first sign of infection, increasing the need for private inpatient rooms. Four of the proposed ten medical/surgical beds will be private. The applicant reports a rate of infection of 0.25%, statistically significantly lower than the statewide average of 0.99%.

As stated above, the surgery schedule causes inpatient occupancy to vary significantly. Although overall medical/surgical occupancy was 67.4% in 2015, having declined from 69.0% in 2011, on Thursdays and Fridays occupancy reaches 85%, which is the planning optimum for urban medical/surgical beds. With an additional 1,168 intensive care patient days and 2,555 medical/surgical patient days projected in 2020, utilization during the week would routinely exceed 85%. The 2015 weekly census numbers are provided below.

### Hospital for Special Surgery Weekly Census Variation

	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday	Total
<b>Total</b>								
Patient Days	5,863	7,274	8,691	9,258	9,022	6,709	4,502	51,319
Average Daily Census	112.4	139.5	166.7	177.6	173.0	128.7	86.3	140.6
Occupancy (215 beds)	52.3%	64.9%	77.5%	82.6%	80.5%	59.8%	40.2%	65.4%
Admissions	3,256	2,777	3,124	2,916	2,588	357	61	15,079

Medical/Surgical								
Patient Days	5,771	7,121	8,517	9,112	8,877	6,611	4,436	50,445
Average Daily Census	110.7	136.6	163.3	174.8	170.2	126.8	85.1	138.2
Occupancy (201 beds)	55.1%	67.9%	81.3%	86.9%	84.7%	63.1%	42.3%	68.8%
Admissions	3,194	2,690	3,054	2,903	2,543	357	60	14,801

Source: SPARCS, May 2016

The applicant expects a 6% annual increase in inpatient volume from 2016 through 2020. This increase is driven by several factors, including the general aging of the population, the growing number of younger individuals who seek out surgery in order to maintain active lifestyles, and revision surgeries to replace worn-out implants.

#### Conclusion

The Hospital for Special Surgery is a unique inpatient hospital in New York State. The Hospital experiences high utilization during the week although overall occupancy is moderate. The addition of these ten medical/surgical beds will alleviate overcrowding during the week and will prepare for continued growth driven by the recent approval of three new operating rooms and demographic trends.

#### Recommendation

**From a need perspective, approval is recommended.**

## Program Analysis

#### Project Proposal

The Hospital for Special Surgery (HSS), which is operated by the New York Society for the Relief of the Ruptured and Crippled and located at 535 East 70th Street in Manhattan (New York County), requests approval to add ten medical/surgical inpatient beds. Additionally, HSS seeks approval to renovate requisite space on the 6<sup>th</sup> floor of the west wing of the main hospital building to accommodate the bed expansion.

The addition of ten medical/surgical beds will alleviate overcrowding during the week and will support continued growth driven by demographic trends and the recent approval of three new operating rooms.

There are no proposed changes in authorized services. Staffing is anticipated to increase by 22.0 FTEs in the first year after completion and remain at that level through the third year of operation.

#### Compliance with Applicable Codes, Rules and Regulations

This facility has no outstanding Article 28 surveillance or enforcement actions and, based on the most recent surveillance information, is deemed to be currently operating in substantial compliance with all applicable State and Federal codes, rules and regulations. This determination was made based on a review of the files of the Department of Health, including all pertinent records and reports regarding the facility's enforcement history and the results of routine Article 28 surveys as well as investigations of reported incidents and complaints.

#### Recommendation

**From a programmatic perspective, approval is recommended.**

## Financial Analysis

### Total Project Cost and Financing

Total project cost, for construction and acquisition of moveable equipment, is estimated at \$2,752,699, itemized as follows:

Renovation & Demolition	\$1,600,000
Asbestos Abatement or Removal	10,000
Design Contingency	160,000
Construction Contingency	160,000
Architect/Engineering Fees	225,000
Construction Manager Fees	100,000
Other Fees	15,000
Movable Equipment	422,153
Telecommunications	43,500
Application Fee	2,000
Processing Fee	<u>15,046</u>
Total Project Cost	\$2,752,699

Project costs are based on a construction start date of November 1, 2016 and a nine-month construction period. The applicant will fund the entire project cost with equity from operations.

### Operating Budget

The applicant has submitted an operating budget, in 2016 dollars, for the current and first years of operation, summarized below:

	<u>Cost per Discharge</u>	<u>Current Year</u>	<u>Cost per Discharge</u>	<u>Year One</u>
<u>Inpatient Revenues</u>				
Commercial Fee-For-Service	\$15,245.22	\$10,900,332	\$15,295.86	\$11,441,305
Commercial Managed Care	\$13,080.57	323,312,551	\$13,149.75	339,947,338
Medicare Fee-For-Service	\$5,408.42	121,256,670	\$5,427.48	27,274,519
Medicare Managed Care	\$5,155.22	8,418,480	\$5,173.47	8,836,281
Medicaid Fee-For-Service	\$4,468.67	1,148,448	\$4,481.20	1,205,444
Medicaid Managed Care	\$5,353.93	6,066,000	\$5,373.04	6,367,050
Private Pay	\$15,857.30	14,985,152	\$15,919.89	15,728,850
Other	\$6,877.17	<u>13,864,367</u>	\$6,900.16	<u>14,552,442</u>
Total Inpatient Revenue		\$499,952,000		\$525,353,229
All Other Revenue		<u>\$473,054,000</u>		<u>\$473,054,000</u>
Total Revenue		\$973,006,000		\$998,407,229
<u>Expenses</u>				
Operating	\$14,965.07	\$805,659,442	\$14,422.43	\$812,112,645
Capital	\$1,821.70	98,073,006	\$1,745.82	98,305,496
Total		\$903,732,448		\$910,418,141
Net Income		<u>\$69,273,552</u>		<u>\$87,989,088</u>
Total Discharges		53,836		56,309
Cost per Discharge		\$16,786.77		\$16,168.25

Utilization by payor source for the current and first years is as follows:

	Current Year
	<u>Year One</u>
Commercial Fee-For-Service	1.33%
Commercial Managed Care	45.91%
Medicare Fee-For-Service	41.64%
Medicare Managed Care	3.03%
Medicaid Fee-For-Service	0.48%
Medicaid Managed Care	2.10%
Private Pay	1.76%
Other	<u>3.74%</u>
Total	100.00%

The projected utilization for this project is based on anticipated future growth and assumes no material changes to the current mix of cases and throughput. The projected operating expenses and revenues are based on the experience of HSS in providing adult medical/surgical inpatient services.

#### Capability and Feasibility

Project costs of \$2,752,699 will be provided through accumulated funds. BFA Attachment A is the 2014 and 2015 certified financial statements of HSS which indicates the availability of sufficient funds for the equity contribution.

The submitted incremental budget indicates an excess of revenues over expenses of \$18,715,536 and \$21,273,340 during the first and third years, respectively. Revenues reflect current reimbursement methodologies. The budget appears reasonable.

As shown on BFA Attachment A, the entity had an average positive working capital position and an average positive net asset position from 2014 through 2015. Also, the entity achieved average operating revenues over expenses of \$84,894,500 from 2014 through 2015.

The applicant has demonstrated the capability to proceed in a financially feasible manner.

#### Recommendation

**From a financial perspective, approval is recommended.**

## Attachments

BFA Attachment A 2014 and 2015 certified financial statements of New York Society for the Relief of the Ruptured and Crippled, Maintaining the Hospital for Special Surgery



**Project # 161272-C**  
**Memorial Hospital for Cancer and Allied Diseases**

**Program: Hospital**  
**Purpose: Construction**

**County: Nassau**  
**Acknowledged: May 5, 2016**

**Executive Summary**

**Description**

Memorial Hospital for Cancer and Allied Diseases (MHCAD), the clinical division of Memorial Sloan Kettering Cancer Center (MSK), is a 514-bed, voluntary not-for-profit, cancer specialty, acute care hospital located at 1275 York Avenue in Manhattan (New York County). MHCAD operates 16 extension clinics in New York State variously located throughout New York City (11), the Hudson Valley region (3) and Long Island (2). The applicant seeks approval to construct a new freestanding facility to be located at 1255 Hempstead Turnpike in Uniondale (Nassau County) in order to relocate its outpatient clinical program currently located on the campus of Mercy Medical Center (MMC) at 1000 North Village Avenue, Rockville Centre (Nassau County), as MMC has decided to repurpose the space occupied by the MSK Rockville Centre clinic, resulting in the termination of the clinic's lease at the end of 2019. The new Uniondale facility will be called Memorial Sloan Kettering Nassau Outpatient Center (MSK Nassau).

The MSK Rockville Centre clinic currently offers Medical Oncology, Chemotherapy and Infusion Services, Radiation Therapy (CT-Simulator and two Linear Accelerators), Dietician and Clinical Social Work services. The new MSK Nassau facility will continue these services, increasing Linear Accelerators to three, and expanding to offer Surgical Oncology, Diagnostic Radiology (MRI, CT, PET-CT, digital mammography, ultrasound and general radiology), Pain Management, expanded Laboratory Medicine, Rehabilitation Services (including lymphedema treatment), Genetics Counseling and Research (clinical trials).

The proposed facility will include two structures, a clinical building and a parking garage. Both are planned for completion and occupancy by the third quarter of 2019 to coincide with the termination of the current MSK Rockville Centre lease. The proposed facility will be located approximately five miles from MSK Rockville Centre, allowing for continuity of care to existing clinic patients, while expanding services to provide more comprehensive cancer care services to patients living in Nassau County

**OPCHSM Recommendation**  
**Contingent Approval**

**Need Summary**

The targeted patient population is the residents of Nassau County who currently seek treatment at MSK at Mercy Medical Center. MSK at Mercy Medical Center operates two linear accelerators (LINACs). The new facility will operate three LINACs, increasing the number of LINACs within the county by one and reducing the remaining need to 15.

**Program Summary**

Based on the results of this review, a favorable recommendation can be made regarding the facility's current compliance pursuant to 2802-(3)(e) of the New York State Public Health Law.

## Financial Summary

Project costs of \$177,782,433 will be met with \$17,778,243 in accumulated funds, \$83,000,000 from already issued MSK Taxable Bonds (Series 2015, \$550,000,000, 4.2% interest, 40-year term), and an unsecured inter-corporate loan from MSK for \$77,004,190, without interest and no specified term or due date. The incremental budget is as follows:

	<u>Year One</u>	<u>Year Three</u>
Revenues	\$37,212,000	\$75,530,000
Expenses	<u>\$42,470,000</u>	<u>\$66,297,000</u>
Net Income	(\$5,258,000)	\$9,233,000

## Recommendations

Health Systems Agency

There will be no HSA recommendation for this project.

Office of Primary Care and Health Systems Management

**Approval contingent upon:**

1. Submission of a check for the amount enumerated in the approval letter, payable to the New York State Department of Health. Public Health Law Section 2802.7 states that all construction applications requiring review by the Public Health and Health Planning Council shall pay an additional fee of fifty-five hundredths of one percent of the total capital value of the project, exclusive of CON fees. A copy of the check must be uploaded into NYSE-CON upon submission. [PMU]
2. Submission of the State Environmental Quality Review Act (SEQRA) Summary of Findings/Final Environmental Impact Statement (FEIS). [SEQ]
3. The submission of State Hospital Code (SHC) Drawings, acceptable to the Department, as described in BAEFP Drawing Submission Guidelines DSG-02. This submission must address all issues addressed by the May, 12, 2016 request for additional information. (AER)

**Approval conditional upon:**

1. The project must be completed within five years from the date of the Public Health and Health Planning Council recommendation letter. Failure to complete the project within the prescribed time shall constitute an abandonment of the application by the applicant and an expiration of the approval. [PMU]
2. Construction must start on or before February 1, 2017 and construction must be completed by April 1, 2019, presuming the Department has issued a letter deeming all contingencies have been satisfied prior to commencement. In accordance with 10 NYCRR Section 710.10(a), if construction is not started on or before the start date this shall constitute abandonment of the approval. It is the responsibility of the applicant to request prior approval for any changes to the start and completion dates. [PMU]
3. The submission of Final Construction Documents, signed and sealed by the project architect, as described in BAEFP Drawing Submission Guidelines DSG-05, prior to the applicant's start of construction. (AER)

Council Action Date

**August 4, 2016**

## Need Analysis

### Analysis

The applicant is proposing to open an extension clinic 3.7 miles away from the current Mercy Medical Center location, where the lease expires in 2019. The Mercy Medical Center location is certified for Linear Accelerator and Radiology - Therapeutic O/P and currently operates two Linear Accelerators (LINACs). The new clinic would be certified to provide outpatient chemotherapy, Diagnostic Radiology, Therapeutic Radiology and Magnetic Resonance Imaging (MRI). The new clinic would operate an additional LINAC. Also, a variety of imaging and diagnostic equipment will be available at the new clinic which is not currently offered at MSK Mercy Medical Center.

The need methodology set forth in 10 NYCRR Section 709.16 calculates the need for therapeutic radiology devices by health planning region. Department regulations require that at least ninety-five percent of the total population of the Hudson Valley region live within one hour's driving time of a LINAC. Furthermore, need for LINAC machines is determined by assuming that 60% of the cancer cases in a planning region will be candidates for radiological therapy. Of these, half will require 15 treatments a year and half will require 35. Each LINAC machine can provide 6,500 treatments per year.

The proposed extension site is within the Long Island planning region, which currently has 25 approved or existing Article 28 LINAC machines and has a determined need for 41 LINAC machines. Approval of this project will help reduce the remaining need for LINAC machines in the Long Island region.

The table below shows the need calculation for LINAC machines in the Long Island health planning region.

<b>LINAC Need in Long Island Planning Region</b>		<b>Total</b>
1	# of Cancer Cases/Year	17,741
2	60% will be Candidates for Radiation Therapy	10,645
3	50% of (2) will be Curative Patients	5,323
4	50% of (2) will be Palliative Patients	5,323
5	Course of Treatment for Curative Patients is 35 Treatments	186,277
6	Course of Treatment for Palliative patients is 15 Treatments	79,833
7	The Total Number of Treatments [(5)+(6)]	266,110
8	Need for LINAC Machines <sup>1</sup> [(7)/6,500]	41
9	Existing/Approved Resources (Upon Approval of CON 161272)	26
10	Remaining Need for LINAC Machines [(8)-(9)]	15

<sup>1</sup>Each LINAC Machine has capacity for 6,500 Treatments

The Long Island health planning region currently has a total of 14 facilities (eight hospitals and six hospital extension clinics) approved for or providing linear accelerator services.

<b>Current Resources</b>	<b># Facilities With LINAC Services</b>			<b>#LINAC Machines</b>		
	Hospitals	Hospital Clinics	Total	in Hospitals	in Hospital Clinics	Total
Long Island Region						
Nassau	5	2	7	8	5	13
Suffolk	3	4	7	6	6	12
Total Long Island Region	8	6	14	14	11	25

<sup>1</sup> Includes approved resources under CON's 132150 & 161037 which are not yet operational.

This project will not impact the number of residents who live within one hour driving time of a LINAC as the proposed location is within 3.7 miles of the closing clinic.



The applicant projects that the MSK Nassau clinic will handle 26,600 visits in Year One and 44,848 visits in Year Three. This is an increase from the 21,067 visits seen in MSK Mercy Medical Center in 2015.

The population of Nassau County is aging, creating additional need for cancer treatments in the near future. Per Cornell Program on Applied Demographics (PAD) projection data, while in 2015 16.1% of the Nassau County population was 65 and over, this percentage will increase to 17.3% by 2020. This population is at the greatest risk for requiring oncology services. Approval of this project would expand capacity within Nassau County to meet this growing demand.

#### Conclusion

With approval of this project, remaining need in the Long Island planning region will be reduced to 15 LINAC machines. This project will allow for the continuation of services for patients currently receiving care at MSK at Mercy Medical Center. Furthermore, continuing demographic shifts in Nassau County toward an older population will increase demand for high-quality cancer diagnostic and treatment services. Approval of this project will ensure continuity of care for cancer patients in the region and ensure access to oncology treatments for the residents of Nassau County.

#### Recommendation

**From a need perspective, approval is recommended.**

## Program Analysis

#### Project Proposal

MSK Nassau, to be constructed less than 5 miles from the Rockville Centre facility, will allow patients to continue receiving outpatient cancer care services available closer to their homes and, in turn, reduce the hardship, discomfort and cost of travel that is often experienced by cancer patients and their caregivers.

The MSK Rockville Centre location is certified for Linear Accelerator and Outpatient Therapeutic Radiology and operates two linear accelerators. MSK Nassau will be certified to provide outpatient chemotherapy, Diagnostic and Therapeutic Radiology, Magnetic Resonance Imaging (MRI) and Medical Services- Other Medical Specialties. The new clinic would operate three Linear Accelerators and an MRI machine, as well as a variety of imaging and diagnostic equipment that is currently not operated at the MMC site.

Staffing is anticipated to increase by 93.0 FTEs in the first year after completion and is expected to increase to 153.1 FTEs by the third year of operation.

#### Compliance with Applicable Codes, Rules and Regulations

This facility has no outstanding Article 28 surveillance or enforcement actions and, based on the most recent surveillance information, is deemed to be currently operating in substantial compliance with all applicable State and Federal codes, rules and regulations. This determination was made based on a review of the files of the Department of Health, including all pertinent records and reports regarding the facility's enforcement history and the results of routine Article 28 surveys as well as investigations of reported incidents and complaints.

#### Recommendation

**From a programmatic perspective, approval is recommended.**

## Financial Analysis

### Total Project Cost and Financing

Total project cost for new construction and equipment is estimated at \$177,782,433, broken down as follows:

Land	\$8,401,134
New Construction	85,747,200
Site Development	4,783,866
Temporary Utilities	350,000
Design Contingency	8,371,400
Construction Contingency	4,394,985
Planning Consultant Fees	1,941,600
Architect/Engineering Fees	6,697,120
Construction Manager Fees	2,636,991
Other Fees	4,185,700
Movable Equipment	34,073,206
Telecommunications	6,799,800
Interim Interest Expense	8,424,987
Application Fee	2,000
Processing Fee	<u>972,444</u>
Total Project Cost	\$177,782,433

Land acquisition costs are based on an executed land purchase agreement. The applicant has submitted the MAI land appraisal, which indicates that the land's market value is estimated at \$9,365,000. The land value is stated at cost, as it is lower than market value.

The total Article 28 costs are based on a construction start date of February 2017, and a completion date of April 1, 2019.

The applicant's financing plan appears as follows:

Cash Equity (Applicant)	\$17,778,243
Loan (via MSK - 0% interest)	77,004,190
Bond Financing (40 years at 4.2% interest)	<u>83,000,000</u>
Total	\$177,782,433

Memorial Hospital is obligated to pay its inter-corporate loan with Memorial Sloan Kettering Cancer Center only in the event the Hospital generates positive cash flow over the course of any year. The payment would then be in the amount of the excess cash flow. The loan is unsecured, without interest, and has no specific term or final due date.

The bond financing has already been raised in 2015 via the issuance of taxable bonds, and will bear interest at a 4.2% and require repayment of the principle by 2055. The issuer of the bond offering is Memorial Sloan Kettering Cancer Center and the total securities offered was \$550,000,000 4.200% Taxable Bonds, Series 2015 due July 1, 2055.

The Bureau of Architectural and Engineering Review has determined that this project includes non-Article 28 space costs for a parking garage. The total cost for the parking garage is approximately \$20,814,166 and is not included in the above Total Project Cost.

## Operating Budget

The applicant has submitted their current year (2015) total outpatient services budget, and their MSK Nassau project specific incremental operating budget for outpatient services, in 2016 dollars, for the first and third years, summarized below:

	<u>Current Year (2015)</u>		<u>Year One (2019)</u>		<u>Year Three (2021)</u>	
	<u>Per Visit</u>	<u>Total</u>	<u>Per Visit</u>	<u>Incremental</u>	<u>Per Visit</u>	<u>Incremental</u>
<u>Outpt. Revenues</u>						
Commercial - FFS	\$1,759	\$55,514,000	\$1,540	\$1,187,000	\$1,881	\$2,443,000
Commercial - MC	\$1,707	974,834,000	\$1,494	20,842,000	\$1,824	42,899,000
Medicare - FFS	\$1,076	415,583,000	\$942	8,885,000	\$1,150	18,289,000
Medicare - MC	\$1,121	28,637,000	\$981	612,000	\$1,198	1,260,000
Medicaid - FFS	\$794	9,368,000	\$694	200,000	\$848	412,000
Medicaid - MC	\$896	36,101,000	\$785	772,000	\$958	1,589,000
Private Pay	\$1,195	22,702,000	\$1,048	485,000	\$1,276	999,000
All Other**		<u>477,995,000</u>		<u>4,229,000</u>		<u>7,639,000</u>
Total Revenue		\$2,020,734,000		\$37,212,000		\$75,530,000
<u>Outpt. Expenses</u>						
Operating	\$1,695	1,846,216,000	\$1,137	30,253,000	\$1,206	54,080,000
Capital	<u>80</u>	<u>87,283,000</u>	<u>459</u>	<u>12,217,000</u>	<u>272</u>	<u>12,217,000</u>
Total Expenses	\$1,775	\$1,933,499,000	\$1,596	\$42,470,000	\$1,478	\$66,297,000
Net income		<u>\$87,235,000</u>		<u>(\$5,258,000)</u>		<u>\$9,233,000</u>
Visits (Incremental)		1,089,097		26,601		44,848

\*\*Other revenue consists primarily of Medical Practice Fees, plus Billings to Affiliates and Retail Pharmacy/Other Hospital Services revenue related to the outpatient clinics.

Outpatient Utilization by payor source for both Year One and Year Three is as follows:

Commercial FFS	2.90%
Commercial MC	52.45%
Medicare FFS	35.45%
Medicare MC	2.35%
Medicaid FFS	1.08%
Medicaid MC	3.70%
Private Pay	1.74%
Charity	0.33%

The incremental revenue, expense, and utilization assumptions are estimated based on the experience of the existing outpatient clinic located in Rockville Centre on the MMC campus. The increase in visits is due to the expanded Cancer Care services. Included in the revenue projections for Years One and Three are services provided by a Radiology suite that will offer a range of services from low-reimbursement X-rays to higher-reimbursement PET scans. As activity in this new facility matures and volume grows, the projections assume the volume of the higher-reimbursement services will grow over time. Therefore, revenue per visit in Year Three will be higher when compared to Year One to account for this projected growth. The outpatient center is currently operating at a profit and is projecting to remain profitable after the initial start-up phase takes place.

There are no changes to inpatient revenues or expenses as a result of this project as it will not impact the inpatient services of the Hospitals.

### Capability and Feasibility

Project costs of \$177,782,433 will be met with \$17,778,243 in accumulated funds, \$83,000,000 from an already issued taxable bond as detailed above, and a unsecured loan for \$77,004,190 from MSK with no interest or specific term due date. BFA Attachment B is a summary of the 2015 and 2014 consolidated financial statements of Memorial Sloan Kettering Cancer Center and Affiliated Corporations (including Memorial Hospital for Cancer and Allied Diseases), which indicates sufficient resources to fund the project.

Working capital requirements are estimated at \$11,049,500 based on two months of third year incremental expenses. The applicant will provide the full amount from its operations. As shown in BFA Attachment B, the Hospital has sufficient resources to fund working capital.

The submitted incremental budget indicates a net income/(loss) of revenues over expenses of (\$5,258,000) and \$9,233,000 during the first and third years, respectively. Revenues reflect current outpatient reimbursement methodologies for ambulatory payment classification services. The budget appears reasonable. Memorial Sloan Kettering Cancer Center has stated that they are committed to financially supporting the program and will absorb any losses.

As shown on BFA Attachments B, the Hospital maintained positive working capital, positive net asset positions, and operations had an excess of revenues over expenses of \$169,169,000 and \$242,657,000 for 2015 and 2014, respectively.

The applicant has demonstrated the capability to proceed in a financially feasible manner.

### Recommendation

**From a financial perspective, approval is recommended.**

## Attachments

- BFA Attachment A Organizational Chart - Memorial Sloan Kettering Cancer Center and Affiliated Corporations
- BFA Attachment B 2014-2015 Financial Summary - Memorial Sloan Kettering Cancer Center and Affiliated Corporations



Project # 161298-C

New York Presbyterian Hospital –  
New York Weill Cornell Center

**Program:** Hospital  
**Purpose:** Construction

**County:** New York  
**Acknowledged:** April 27, 2016

## Executive Summary

### Description

New York Presbyterian Hospital-Weill Cornell Center (NYP-WC), an 862-bed, not-for-profit, acute care hospital located at 525 East 68<sup>th</sup> Street, New York (New York County), requests approval to construct a new Women and Newborns Hospital Division to be located on the top five floors of the David H. Koch Center Building, and to add 17 net new beds. The building was approved via CON 132362 and is currently under construction. The building is located directly across the street from the main hospital building of NYP-WC with an address of 1283 York Avenue (West side of York Avenue between 68<sup>th</sup> and 69<sup>th</sup> Streets). The new hospital division will be formally named the Alexandria & Steven Cohen Hospital for Women and Newborns.

Approval of this project will allow the hospital to relocate and expand its existing inpatient women and infant services from their current locations on the 6<sup>th</sup> and 7<sup>th</sup> floors of the Greenberg Pavilion (directly across the street) to the 14<sup>th</sup>-18<sup>th</sup> floor of the new building. The vacated space on the 6<sup>th</sup> and 7<sup>th</sup> floors of the Greenberg Pavilion will be used for other purposes. The new hospital division will include the following components: 75 maternity beds; 12 neonatal continuing care beds; 24 neonatal intermediate care beds; 24 neonatal intensive care beds; various well baby nurseries and a transitional newborn nursery for observation located adjacent to the maternity units; 16 labor, delivery and recovery rooms; a five-room operating suite for caesarian sections, high risk and other surgeries; 20 Maternal Critical Assessment and

Treatment rooms for triage, surgical prep/recovery, and critical care management; and other support spaces. In total, this project will result in a net increase of 17 certified beds at NYP-WC.

OPCHSM Recommendation  
Contingent Approval

### Need Summary

Overall discharges have increased from 2010 to 2014 while average length of stay has decreased. There has also been an increase of 1.6 percent of women of child bearing age in New York County for the same time period. The applicant addresses neonatal intensive care and obstetric growth through facility modernization, patient comfort/privacy, additional staff, patient referrals, expansion of their regional perinatal network, and the addition of their extracorporeal membrane oxygenation (ECMO) procedure program. The proposed relocation of maternity services will allow for the expansion of obstetric services and support safe, high quality, patient-centered care in all private rooms, while maintaining Level IV Perinatal and Regional Perinatal Center requirements.

### Program Summary

Based on the results of this review, a favorable recommendation can be made regarding the facility's current compliance pursuant to 2802-(3)(e) of the New York State Public Health Law.

## Financial Summary

The total project cost of \$315,256,475 includes the cost of the fit out space and shell space construction. The project costs are broken down as follows: Article 28 space for \$289,924,409 and Non-Article 28 space for \$25,332,066. The Non-Article 28 space, which will be located on the 12th floor and will be used for ultrasound and ante-partum testing unit (APTU) and will be operated through the private practice of medicine. The applicant will provide equity to meet the entire project cost.

### Incremental Budget (Third Year)

Revenues	\$45,011,128
Expenses	<u>52,885,904</u>
Net Gain/Loss	(\$7,874,776)

### Enterprise Budget (Third Year)

Revenues	\$5,973,228,128
Expenses	<u>5,754,710,904</u>
Net Gain/Loss	\$218,517,224

## Recommendations

Health Systems Agency

There will be no HSA recommendation for this project.

Office of Primary Care and Health Systems Management

**Approval contingent upon:**

1. Submission of a check for the amount enumerated in the approval letter, payable to the New York State Department of Health. Public Health Law Section 2802.7 states that all construction applications requiring review by the Public Health and Health Planning Council shall pay an additional fee of fifty-five hundredths of one percent of the total capital value of the project, exclusive of CON fees. A copy of the check must be uploaded into the Contingencies Tab in NYSE-CON upon submission. [PMU]
2. The submission of Design Development and State Hospital Code (SHC) Drawings, as described in BAER Drawing Submission Guidelines DSG-02, for review approval. [DAS]

**Approval conditional upon:**

1. The project must be completed within five years from the date of the Public Health and Health Planning Council recommendation letter. Failure to complete the project within the prescribed time shall constitute an abandonment of the application by the applicant and an expiration of the approval. [PMU]
2. Construction must start on or before December 4, 2017 and construction must be completed by November 22, 2019, presuming the Department has issued a letter deeming all contingencies have been satisfied prior to commencement. In accordance with 10 NYCRR Section 710.10(a), if construction is not started on or before the start date this shall constitute abandonment of the approval. It is the responsibility of the applicant to request prior approval for any changes to the start and completion dates. [PMU]
3. The submission of Final Construction Documents, as described in BAER Drawing Submission Guidelines DSG-05, is required prior to the applicant's start of construction. [DAS]

Council Action Date

**August 4, 2016**

## Need Analysis

### Background

The new hospital division will include the following components: 75 maternity beds (an increase from 68 beds); 12 neonatal continuing care beds (a decrease from 16 beds); 24 neonatal intermediate care beds (an increase from 15 beds); 24 neonatal intensive care beds (an increase from 19 beds); various baby nurseries and a transitional care nursery for observation located adjacent to the maternity units; 16 labor, delivery and recovery rooms (LDRs); a five-room operating suite for caesarian sections, high-risk deliveries, and other surgeries; 20 Maternal Critical Assessment and Treatment (MCAT) rooms for triage, surgical prep/recovery, and critical care management; and other support spaces. In total, this project will result in an increase of 17 certified beds at NYP-WC.

NYP-WC has 10 hospital extension clinics and eight school-based hospital extension clinics. New York Presbyterian Hospital - New York Weill Cornell Medical Center (NYP-WC) has the following certified beds and services and designations, and is proposing the following changes:

<b>Beds: NYP-WC</b>	<b>Current</b>	<b>Change</b>	<b>Proposed at NYP-WC</b>	<b>Proposed at New Division</b>
AIDS	30		30	
Bone Marrow Transplant	15		15	
Burns Care	23		23	
Chemical Dependence - Detoxification	3		3	
Chemical Dependence - Rehabilitation	14		14	
Coronary Care	20		20	
Intensive Care	85		85	
Maternity	68	7	0	75
Medical/Surgical	443		443	
Neonatal Continuing Care	16	-4	0	12
Neonatal Intensive Care	15	9	0	24
Neonatal Intermediate Care	19	5	0	24
Pediatric	30		30	
Pediatric ICU	23		23	
Physical Medicine and Rehabilitation	22		22	
Psychiatric	36		36	
<b>Total</b>	<b>862</b>	<b>17</b>	<b>744</b>	<b>135</b>

<b>Certified Services and Designations: NYP-WC</b>	
AIDS	Magnetic Resonance Imaging
Ambulance	Maternity
Ambulatory Surgery – Multi-Speciality	Medical Social Services
Audiology O/P	Medical/Surgical
Burns Care	Methadone Maintenance O/P
Cardiac Catheterization - Adult Diagnostic	Neonatal Continuing Care
Cardiac Catheterization - Electrophysiology (EP)	Neonatal Intensive Care
Cardiac Catheterization - Pediatric Diagnostic	Neonatal Intermediate Care
Cardiac Catheterization - Pediatric Intervention Elective	Nuclear Medicine - Diagnostic
Cardiac Catheterization - Percutaneous Coronary Intervention (PCI)	Nuclear Medicine - Therapeutic
Cardiac Surgery - Adult	Pediatric
Cardiac Surgery - Pediatric	Pediatric Intensive Care
Certified Mental Health Services O/P	Pediatric O/P
Chemical Dependence - Detoxification	Pharmaceutical Service



<b>Certified Services and Designations: NYP-WC</b>	
Chemical Dependence - Rehabilitation	Physical Medical Rehabilitation
Chemical Dependence - Rehabilitation O/P	Physical Medicine and Rehabilitation O/P
Chemical Dependence - Withdrawal O/P	Prenatal O/P
Clinic Part Time Services	Primary Medical Care O/P
Clinical Laboratory Service	Psychiatric
Coronary Care	Radiology - Diagnostic
CT Scanner	Radiology-Therapeutic
Dental O/P	Renal Dialysis - Acute
Emergency Department	Renal Dialysis - Chronic
Epilepsy Comprehensive Services	Respiratory Care
Family Planning O/P	Therapy - Occupational O/P
Health Fairs O/P	Therapy - Physical O/P
Intensive Care	Therapy - Speech Language Pathology
Linear Accelerator	Transplant - Bone Marrow
Lithotripsy	Transplant - Kidney
	Transplant - Liver
AIDS Center	Burns Center
Regional Perinatal Center	Regional Trauma Center
SAFE Center	Stroke Center

<b>Certified Services and Designations: New Division</b>	
Medical Services – Primary Care	Medical Services – Other Medical Specialties
Ambulatory Surgery – Multi-Speciality (approved under CON 132362)	Radiology – Therapeutic (approved under CON 132363)
Regional Perinatal Center	

#### Historical Data

Patient origin for maternity and neonatal patients at the new facility is seen in the table below. The service area encompasses New York, Kings, Queens, Bronx, Westchester, Nassau, and Richmond, as well as some areas out-of-state.

#### Patient Origin for Maternity and Neonatal Patients

County	2011	2012	2013	2014	2015
New York	5,507	5,544	5,491	5,545	4,875
Kings	2,063	2,238	2,254	2,157	1,910
Queens	1,763	1,790	1,819	1,844	1,578
Out of State	1,054	954	856	887	817
Bronx	538	530	466	514	468
Westchester	306	291	331	319	281
Nassau	156	156	168	135	164
Richmond	61	75	82	74	68
Other/Unreported	243	238	186	197	131
<b>Total</b>	<b>11,691</b>	<b>11,816</b>	<b>11,653</b>	<b>11,672</b>	<b>10,292</b>

As seen in the below table, women of child bearing age have increased over the last 5 years by approximately 1.6 percent from 321,640 in 2010 to 326,725 in 2014.

**Females of child bearing age 2010 to 2014 in New York County**

	2010	2011	2012	2013	2014
20 to 24 years	78,398	73,688	69,866	67,409	65,598
25 to 29 years	102,108	106,252	108,241	108,749	108,284
30 to 34 years	79,577	82,867	85,818	87,678	88,626
35 to 39 years	61,557	61,894	62,752	63,365	64,217
<b>Total</b>	<b>321,640</b>	<b>324,701</b>	<b>326,677</b>	<b>327,201</b>	<b>326,725</b>

The tables below show the hospital's historical data from 2010 through 2014.

	Beds	Discharges				
		2010	2011	2012	2013	2014
<b>Med/Surg</b>	638	30,091	31,245	31,137	31,662	31,098
<b>Pediatric</b>	53	3,092	3,192	3,138	3,220	3,401
<b>Obstetric</b>	68	6,070	5,966	6,039	5,890	5,926
<b>General Psychiatric</b>	36	1,339	1,373	1,054	670	726
<b>Chemical Dependence</b>	17	273	263	293	270	240
<b>High-Risk Neonates</b>	50	743	726	698	695	686
<b>Subtotal</b>	862	41,608	42,765	42,359	42,407	42,077
<b>Healthy Newborns</b>	0	5,170	4,999	5,079	5,068	5,060
<b>Grand Total</b>	862	46,778	47,764	47,438	47,475	47,137

	Average Daily Census				
	2010	2011	2012	2013	2014
<b>Med/Surg</b>	539.8	538.0	535.4	547.4	558.1
<b>Pediatric</b>	47.8	40.8	38.0	38.5	39.8
<b>Obstetric</b>	56.1	53.1	52.2	51.5	51.2
<b>General Psychiatric</b>	57.6	60.5	46.2	32.3	32.9
<b>Chemical Dependence</b>	5.4	4.0	4.2	3.7	3.0
<b>High-Risk Neonates</b>	34.8	38.7	32.7	33.3	36.8
<b>Subtotal</b>	741.4	735.0	708.8	706.6	721.9
<b>Healthy Newborns</b>	40.3	38.5	37.7	37.8	37.1
<b>Grand Total</b>	781.7	773.5	746.5	744.3	759.0

	Average Length of Stay				
	2010	2011	2012	2013	2014
<b>Med/Surg</b>	6.5	6.3	6.3	6.3	6.6
<b>Pediatric</b>	5.6	4.7	4.4	4.4	4.3
<b>Obstetric</b>	3.4	3.2	3.2	3.2	3.2
<b>General Psychiatric</b>	15.7	16.1	16.0	17.6	16.6
<b>Chemical Dependence</b>	7.2	5.5	5.3	5.0	4.6
<b>High-Risk Neonates</b>	17.1	19.4	17.1	17.5	19.6
<b>Subtotal</b>	6.5	6.3	6.1	6.1	6.3
<b>Healthy Newborns</b>	2.8	2.8	2.7	2.7	2.7
<b>Grand Total</b>	6.1	5.9	5.7	5.7	5.9

	<b>Occupancy Based on Current Beds</b>				
	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>Med/Surg</b>	84.6%	84.3%	83.9%	85.8%	87.5%
<b>Pediatric</b>	90.1%	76.9%	71.7%	72.6%	75.1%
<b>Obstetric</b>	82.5%	78.0%	76.7%	75.7%	75.3%
<b>General Psychiatric</b>	160.0%	168.0%	128.4%	89.7%	91.5%
<b>Chemical Dependence</b>	31.6%	23.5%	24.9%	21.6%	17.7%
<b>High-Risk Neonates</b>	69.7%	77.4%	65.4%	66.5%	73.7%
<b>Total</b>	86.0%	85.3%	82.2%	82.0%	83.8%

### Analysis

- NYP-WC has a history of providing high level maternity care as a Level IV Regional Perinatal Center. In 2015, NYP-WC received 22 high acuity obstetric transfers from area regional perinatal facilities and 72 neonatal transfers for the same time period. NYP-WC expects there to be additional increases in these numbers due to the growth of its hospital network and its status as a Regional Perinatal Center.
- The number of IVF egg retrievals at NYP-WC increased by 31.6% from 2,465 in 2012 to 3,244 in 2016, representing a growth of about 10% per year.
- NYP-WC is anticipating additional growth by repatriating patients who were previously treated at the hospital, but who over the last few years went elsewhere due to the unsatisfactory physical plant.
- Every year NYP-WC transfers five to six NICU patients to specialized children's hospitals in Boston. Upon project completion these patient will be able to stay at NYP-WC.
- NYP-WC will be starting an Extracorporeal Membrane Oxygenation (ECMO) procedure program to help treat patients with life-threatening heart and/or lung problems. This service provides long-term breathing and heart support, and it is performed using a heart-lung bypass machine similar to the one used during open heart surgery. The ECMO machine, often referred to as a "circuit", is quite large and contains sterile plastic tubing that moves blood from the baby to the "ECMO lung" and then back to the child. The ECMO lung adds oxygen to the blood and removes carbon dioxide, serving the same function as a healthy lung. This service will provide additional inpatient volume to the NICU at NYP-WC.
- Provisions to allow for high acuity neonate surgeries are in the works which will provide a larger draw to NYP-WC. These provisions should be complete before construction starts.
- The number of transfers from NYPH's Lower Manhattan division (formerly NY Downtown) to the NICU has doubled, and this relatively young clinical relationship is continuing to expand.
- In regards to NYP Queens (which came under an active parent arrangement with NYP last year) and NY Methodist (an active parent application has recently been submitted), NYPH is in the process of recruiting a neonatologist whose initial primary role will be to establish strong ties with these two hospitals, which are high volume OB providers, to facilitate the transfer of complex medical and surgical cases to the NYP-WC NICU. The recruited neonatologist will go on to work with other RPC network hospitals to enhance relationships and seek to ensure that clinically indicated referrals within the RPC network are occurring.
- Maternity growth will in turn drive NICU utilization increases as higher risk patients utilize the maternity unit.
- The availability of single-bedded intensive care unit rooms will provide a more private, comfortable, patient friendly environment.
- NYPH has experienced significant interest from new physicians in joining its OB staff at the NYPH Cornell campus in recent years but has been unable to accommodate them due to the conditions noted above. Over 52% of the decline in deliveries from 2012 to 2015 was simply due to the decline in voluntary physician, which is clearly tied to the capacity and environment factors noted above. The plan under this project is to recruit and add at least two new physician groups with about four physicians each, to support the additional volume that will be occurring in the new unit, which will be able to accommodate the people who want to use the NYPH program.

#### Conclusion

The applicant addresses many significant factors that warrant expansion of this Regional Perinatal Center. Increased utilization is expected with a continued high level of care to patients with high acuity cases through physician recruitment, patient comfort and privacy, and implementation of cutting edge services and programs.

#### Recommendation

**From a need perspective, approval is recommended.**

## Program Analysis

#### Project Proposal

Through this proposed project, NYP-WC will relocate and expand its existing inpatient women and infant services from their current locations on the 6<sup>th</sup> and 7<sup>th</sup> floors of the Greenberg Pavilion (across the street) to the 14<sup>th</sup> – 18<sup>th</sup> floors of a new building approved under CON 132362. The entire building will become a division of NYP-WC as inpatient services will be provided at 1283 York Avenue (which is not on the main hospital campus, but is across the street). The new hospital division will be formally named the Alexandria & Steven Cohen Hospital for Women and Newborns and the existing Level IV Perinatal and Regional Perinatal Center status will be maintained.

The new division will include 75 maternity beds; 12 neonatal continuing care beds; 24 neonatal intermediate care beds; 24 neonatal intensive care beds; various well baby nurseries and a transitional newborn nursery for observation; 16 labor, delivery and recovery rooms; a five-room operating suite for caesarian sections, high risk and other surgeries; 20 Maternal Critical Assessment and Treatment rooms for triage, surgical prep/recovery, and critical care management; and other support spaces.

#### Compliance with Applicable Codes, Rules and Regulations

This facility has no outstanding Article 28 surveillance or enforcement actions and, based on the most recent surveillance information, is deemed to be currently operating in substantial compliance with all applicable State and Federal codes, rules and regulations. This determination was made based on a review of the files of the Department of Health, including all pertinent records and reports regarding the facility's enforcement history and the results of routine Article 28 surveys as well as investigations of reported incidents and complaints.

#### Recommendation

**From a programmatic perspective, approval is recommended.**

## Financial Analysis

### Total Project Cost and Financing

The total project cost for the Article 28 space and the Non-Article 28 space is \$315,256,475, detailed as follows:

	<u>Article 28</u>	<u>Non-Article 28</u>	<u>Total</u>
New Construction	\$157,204,055	\$11,711,755	\$168,915,810
Renovation and Demolition	1,388,250	111,750	1,500,000
Temporary Utilities	753,497	60,654	814,151
Asbestos Abatement or Removal	1,434,525	115,475	1,550,000
Survey Tests and Borings	1,515,822	122,019	1,637,841
Other Project Costs	3,537,599	284,766	3,822,365
Design Contingency	15,915,436	1,281,145	17,196,581
Construction Contingency	8,098,857	651,934	8,750,791
Planning Consultant Fees	5,214,499	419,042	5,633,541
Architect/Engineering Fees	17,982,033	1,447,501	19,429,534
Construction Manager Fees	1,004,279	80,841	1,085,120
Other Fees (Project Admin)	8,235,548	662,937	8,898,485
Moveable Equipment	44,950,354	4,973,899	49,924,253
Telecommunications	19,019,429	3,240,723	22,260,152
AMPO	2,082,375	167,625	2,250,000
CON Fee	2,000	0	2,000
Additional Processing Fee	<u>1,585,851</u>	<u>0</u>	<u>1,585,851</u>
Total Project Cost	\$289,924,409	\$25,332,066	\$315,256,475

The twelfth floor will house non-Article 28 obstetrics ultrasound and Antepartum Testing Services for outpatients and will be comprised of 15 ultrasound rooms, eight antepartum testing rooms, five offices, a conference room and administrative space. This is leased space that will be operated by Weill Cornell Medical College's Faculty Practice.

Project costs are based on a construction start date of December 4, 2017, and a 24-month construction period. The applicant will provide equity via operations to meet the total project cost.

### Operating Budget

The applicant has submitted an incremental operating budget for the relevant women and newborn services at NYP-WC, in 2016 dollars, during the first and third years after the completion of the project, summarized below:

	<u>Year One</u>		<u>Year Three</u>	
	<u>Per Disch.</u>	<u>Total</u>	<u>Per Disch.</u>	<u>Total</u>
Revenues	\$17,430.34	\$20,532,937	\$16,639.98	\$45,011,128
Expenses				
Operating	\$23,821.06	\$28,061,208	\$12,729.49	\$34,433,263
Capital	<u>20,379.07</u>	<u>24,006,545</u>	<u>6,821.68</u>	<u>18,452,641</u>
Total Expenses	\$44,200.13	\$52,067,753	\$19,551.17	\$52,885,904
Excess Revenues over Expenses		<u>(\$31,534,816)</u>		<u>(\$7,874,776)</u>
Utilization (Discharges)		1,178		2,705

The average cost per discharge in 2014 was \$9,288.18, and the average cost per discharge in Year Three following construction is expected to be \$11,186.45, inclusive of added capital costs.

Revenue, expense and utilization assumptions are based on the historical experience of the hospital. Operating expenses are increasing due to an increase in patient volume during the third year. Capital

expenses are decreasing because moveable equipment depreciation is based on seven years Sum of the Years Digits. The applicant has submitted a letter indicating that they will offset any incremental losses via operations.

Utilization broken down by payor source during the first and third years are as follows:

	<u>Year One</u>	<u>Year Three</u>
Medicaid Managed Care	13.41%	13.38%
Medicaid Fee-For-Service	1.61%	1.62%
Medicare Fee-For-Service	.17%	.18%
Commercial Fee-For-Service	.50%	.51%
Commercial Managed Care	83.53%	83.54%
Private Pay	0.78%	0.77%

#### Capability and Feasibility

Total project cost of \$315,256,475 includes the cost of fit out space and the new shell space. The project cost is broken down as follows: Article 28 space for \$259,924,409 and Non-Article 28 space for \$25,332,066. The applicant will provide equity to meet the total project cost via operations.

Working capital requirements are estimated at \$8,814,317 based on two months of third year expenses. The applicant will fund working capital from operations. BFA Attachment A is the 2014 and 2015 certified financial statements of New York Presbyterian Hospital (Consolidated), which indicates the availability of sufficient funds for the equity contribution to meet the total project cost.

The submitted budget indicates an incremental excess of expenses over revenues of \$31,534,816 and \$7,874,776 during the first and third years, respectively. The applicant has submitted a letter stating that the hospital will absorb the incremental losses. Revenues are based on the hospital's reimbursement rates. The submitted budget appears reasonable.

As shown on BFA Attachment A, the entity had an average positive working capital position and an average positive net asset position from 2014 through 2015. Also, the entity achieved an average operating income of \$226,135,000 from 2014 through 2015.

Based on the preceding, the applicant has demonstrated the capability to proceed in a financially feasible manner.

#### Recommendation

**From a financial perspective, approval is recommended.**

## Attachments

BFA Attachment A      Financial Summary - 2014 and 2015 certified financial statements of New York Presbyterian Hospital Consolidated.



**Project # 161246-C  
Long Island Jewish Medical Center**

**Program: Hospital  
Purpose: Construction**

**County: Queens  
Acknowledged: April 12, 2016**

**Executive Summary**

**Description**

Long Island Jewish Medical Center (LIJMC), located in Queens County, requests approval to construct a pediatric operating room suite consisting of eight pediatric operating rooms (seven to be completed with this project and one to have the infrastructure in place for a future fit-out), 26 pre- and post-op recovery beds, an intake area, consultation rooms and changing areas. The operating room suite will be built in shelled space on the first floor of the new inpatient children’s hospital building and will encompass 35,222 net square feet. The shelled space was previously approved under CON 081162.

The construction project is needed to accommodate increasing pediatric volume overall and the volume from 12 recently recruited surgeons in the following specialties: orthopedics, neurosurgery, urology, ENT and general surgery. As a Level I Pediatric Trauma Center in the NYC Metropolitan Region, the hospital is expected to see increased utilization as more area hospitals discontinue offering pediatric trauma care services. LIJMC has already seen a 13% growth in its volume of pediatric surgical services between 2012 and 2015.

Currently, the pediatric services, known as Cohen Children’s Medical Center (CCMC), share the operating rooms with the adult services. The applicant anticipates that the proposed dedicated pediatric operating room suite will improve operational efficiency, accessibility and turnaround of cases; increase patient, family, and provider satisfaction; enhance the quality of care; improve patient

safety; and strengthen the continuum-of-care for the large pediatric patient population.

Northwell Health, Inc. is the active parent and co-operator of LIJMC. BFA Attachment B provides an organization chart of Northwell Health, Inc.

**OPCHSM Recommendation  
Contingent Approval**

**Need Summary**

LIJMC had 5,403 pediatric operating room visits in 2015. This equates to approximately 771 per operating room for the seven to-be-completed ORs, with the eighth operating room being shelled. The Department recognizes the need for expansion when operating rooms handle between 800-1,200 visits per room. This proposal will provide the optimal setting for their patients based on guidelines while also leaving room for the anticipated growth of approximately 500 additional surgical visits by Year Three.

**Program Summary**

Based on the results of this review, a favorable recommendation can be made regarding the facility’s current compliance pursuant to 2802-(3)(e) of the New York State Public Health Law.

### Financial Summary

Project costs of \$62,696,961 will be met with LIJMC accumulated funds of \$4,985,801 and DASNY tax-exempt bonds of \$44,872,210 over 30 years at 6.5%. The remaining \$12,838,950 for the shell space under CON 081162 was already financed by accumulated funds from LIJMC. The incremental budget is as follows:

Revenues	\$9,200,700
Expenses	<u>13,951,000</u>
Gain (Loss)	(\$4,750,300)

The Chief Financial Officer and Executive Vice President (CFO and EVP) of Northwell Health, Inc. has submitted a letter of commitment to support and absorb any incremental operational losses from this application.



## Recommendations

Health Systems Agency

There will be no HSA recommendation for this project.

Office of Primary Care and Health Systems Management

**Approval contingent upon:**

1. Submission of a check for the amount enumerated in the approval letter, payable to the New York State Department of Health. Public Health Law Section 2802.7 states that all construction applications requiring review by the Public Health and Health Planning Council shall pay an additional fee of fifty-five hundredths of one percent of the total capital value of the project, exclusive of CON fees. A copy of the check must be uploaded into NYSE-CON. [PMU]
2. The submission of State Hospital Code (SHC) Drawings, as described in BAER Drawing Submission Guidelines DSG-02, for review approval. [DAS]

**Approval conditional upon:**

1. The project must be completed within three years from the date of the Public Health and Health Planning Council recommendation letter. Failure to complete the project within the prescribed time shall constitute an abandonment of the application by the applicant and an expiration of the approval. [PMU]
2. This project is approved to be initially funded with Northwell Health, Inc. Obligated Group equity, with the prospect that the project will be 72.33% percent financed as part of a future Northwell Health, Inc. Obligated Group tax-exempt bond financing through the Dormitory Authority of the State of New York (DASNY). The bond issue is expected to include a 6.5% percent interest rate and a 30-year term. Financing is conditioned upon the Department having the opportunity to review the final financing proposal in advance to ensure that it meets approval standards. [BFA]
3. The submission of Final Construction Documents, as described in BAER Drawing Submission Guidelines DSG-05, is required prior to the applicant's start of construction. [AER]
4. The applicant shall start construction on or before April 3, 2017 and complete construction by March 2, 2018 upon the filing of Final Construction Documents in accordance with 10 NYCRR section 710.7. In accordance with 10 NYCRR Part 710.2(b)(5), if construction is not started on or before the start date, this shall constitute abandonment of the approval. In accordance with Part 710.10(a), this approval shall be deemed cancelled, withdrawn and annulled without further action by the Commissioner. [PMU]

Council Action Date

**August 4, 2016**

## Need Analysis

### Analysis

Long Island Jewish Medical Center had an overall utilization rate of 84.3% and a pediatric utilization rate of 54.1% in 2014. This project does not request any changes to beds or services.

**Table 1: Long Island Jewish Medical Center Bed Chart**

Source: HFIS, 2015

Bed Category	Certified Beds
Bone Marrow Transplant	4
Coronary Care	10
Intensive Care	62
Maternity	76
Medical/Surgical	435
Neonatal Continuing Care	4
Neonatal Intensive Care	24
Neonatal Intermediate Care	29
Pediatric	108
Pediatric ICU	37
Psychiatric	236
<b>Total</b>	<b>1,025</b>

**Table 2: Long Island Jewish Medical Center Certified Services Chart**

Source: HFIS, 2015

Ambulance	Ambulatory Surgery - Multi Specialty
Audiology O/P	Cardiac Catheterization - Adult Diagnostic
Cardiac Catheterization-Electrophysiology (EP)	Cardiac Catheterization - Pediatric Diagnostic
Cardiac Catheterization - Percutaneous Coronary Intervention (PCI)	Cardiac Surgery - Adult
Cardiac Surgery - Pediatric	Certified Mental Health Services O/P
Chemical Dependence - Rehabilitation O/P	Clinic Part Time Services
Clinical Laboratory Service	Coronary Care
Dental O/P	Emergency Department
Epilepsy Comprehensive Services	Intensive Care
Linear Accelerator	Lithotripsy
Maternity	Medical Services - Other Medical Specialties
Medical Services - Primary Care	Medical Social Services
Medical/Surgical	Methadone Maintenance O/P
Neonatal Continuing Care	Neonatal Intensive Care
Neonatal Intermediate Care	Nuclear Medicine - Diagnostic
Nuclear Medicine - Therapeutic	Pediatric
Pediatric Intensive Care	Podiatry O/P
Poison Control Center	Psychiatric
Radiology - Diagnostic	Radiology-Therapeutic
Renal Dialysis - Acute	Renal Dialysis - Chronic
Therapy - Occupational O/P	Therapy - Physical O/P
Therapy - Speech Language Pathology	Therapy - Vocational Rehabilitation O/P
Transplant - Bone Marrow	

**Table 3: Pediatric Visits**  
**Source: SPARCS 2013-2015**

Year	Inpatient	Outpatient	Total
2013	769	4,176	4,945
2014	776	4,075	4,851
2015	789	4,614	5,403

LIJMC has seen 9.3 percent growth in pediatric ED visits from 2013 to 2015. The facility's new suite will house eight OR's dedicated to pediatric care. Seven will be constructed now and one will be left as a shell for future expansion.

#### Conclusion

The proposed dedicated pediatric operating room suite will result in improved patient accessibility and expedient turnaround of cases, particularly for those of an emergent nature; increased patient, family, staff and physician satisfaction; and improved operational efficiency. These factors will significantly enhance quality of care and improve patient safety. It will also further enhance the ability of LIJMC to round out the spectrum of pediatric service improvements that are either underway or scheduled to begin, which include a dedicated pediatric MRI and pharmacy facilities.

#### Recommendation

**From a need perspective, approval is recommended.**

## Program Analysis

#### Program Description

The pediatric services known as Cohen Children's Medical Center (CCMC) currently share operating rooms with the adult services. The proposed operating rooms at CCMC will be specifically dedicated and tailored to the pediatric population.

The proposed dedicated pediatric operating room suite should result in improved patient accessibility; more expedient turnaround of cases; increased patient, family, and staff satisfaction; and improved operational efficiency, each of which will enhance quality of care, improve patient safety and strengthen the continuum-of-care.

Staffing is anticipated to increase by 38.2 FTEs in the first year after completion of the project and remain at that level through year three of the completed project.

#### Compliance with Applicable Codes, Rules and Regulations

This facility has no outstanding Article 28 surveillance or enforcement actions and, based on the most recent surveillance information, is deemed to be currently operating in substantial compliance with all applicable State and Federal codes, rules and regulations. This determination was made based on a review of the files of the Department of Health, including all pertinent records and reports regarding the facility's enforcement history and the results of routine Article 28 surveys as well as investigations of reported incidents and complaints.

#### Recommendation

**From a programmatic perspective, approval is recommended.**

## Financial Analysis

### Total Project Cost and Financing

Total project costs for new construction is estimated at \$62,696,961, detailed as follows:

New Construction	\$28,794,600
Renovation & Demolition	8,080,670
Design Contingency	2,441,117
Construction Contingency	1,691,315
Planning Consultant Fees	253,758
Architect/Engineering Fees	2,797,571
Construction Manager Fees	1,120,382
Other Fees (Consultant)	1,042,382
Moveable Equipment	13,749,155
Financing Costs	2,381,075
CON Application Fee	2,000
CON Additional Processing Fees	<u>342,936</u>
Total Project Cost	\$62,696,961

Total project costs are based on a construction start date of April 3, 2017, and a completion date of March 21, 2018.

The applicant's financing plan appears as follows:

Cash	\$4,985,801
Tax-Exempt Bonds ( DASNY, 6.5%, 30 years)	\$44,872,210

Project costs of \$12,838,950 for the shell space under CON 081162 was already financed with accumulated funds from LIJMC.

A bank letter of interest has been submitted by the applicant from Citigroup Global Markets, Inc. to underwrite the bond financing.

### Operating Budget

The applicant has provided a first and third year incremental budget for the inpatient building addition, in 2016 dollars, summarized below:

	<u>Year One</u>		<u>Year Three</u>	
	<u>Per Dschg</u>	<u>Total</u>	<u>Per Dschg</u>	<u>Total</u>
Inpatient Revenues				
Medicare	\$11,900	\$11,900	\$11,900	\$11,900
Medicaid	\$26,879	2,687,900	\$28,002	3,136,200
Commercial	\$37,818	4,311,300	\$39,717	5,004,400
Private Pay	\$33,867	<u>101,600</u>	\$29,325	<u>117,300</u>
Total Inpatient Revenue		\$7,112,700		\$8,269,800
Outpatient Revenues				
Medicaid	\$1,984	\$182,500	\$1,972	\$220,900
Commercial	\$4850	<u>586,800</u>	\$4,863	<u>710,000</u>
Total Outpatient Revenue		\$769,300		\$930,900
Total Revenues		\$7,882,000		\$9,200,700
Inpatient Expenses				
Operating	\$23,200.46	\$5,057,700	\$22,819.75	\$5,545,200
Capital	<u>\$15,095.87</u>	<u>3,290,900</u>	<u>\$13,375.72</u>	<u>3,250,300</u>
Total Inpatient Expenses	\$38,296.33	\$8,348,600	\$36,195.47	\$8,795,500

Outpatient Expenses	<u>Per Visit</u>	<u>Total</u>	<u>Per Visit</u>	<u>Total</u>
Operating	\$8,978.40	\$1,912,400	\$7,634.11	\$1,969,600
Capital	<u>\$15,144.13</u>	<u>3,225,700</u>	<u>\$12,348.45</u>	<u>3,185,900</u>
Total Outpatient Expenses	\$24,122.54	\$5,138,100	\$19,982.56	\$5,155,500
Total Expenses		\$13,486,700		\$13,951,000
Excess(Loss) of Revenues over Expenses		<u>\$(5,604,700)</u>		<u>\$(4,750,300)</u>
Utilization		<u>Year One</u>		<u>Year Three</u>
Total Inpt. Discharges		218		243
Total Outpatient Visits		213		258

Inpatient utilization by payor source for years one and three is anticipated as follows:

	<u>Year One</u>	<u>Year Three</u>
Medicaid Managed Care	45.9%	46.2%
Medicare Fee-for-Service	0.2%	0.2%
Commercial Managed Care	52.5%	52.1%
Private Pay	1.4%	1.5%

Outpatient utilization by payor source for Years One and Three is anticipated as follows:

	<u>Year One and Three</u>
Medicaid Managed Care	43.4%
Commercial Managed Care	56.6%

Expense and utilization assumptions are based on the historical operations of LIJMC, as well as market trends.

The CFO and EVP of Northwell Health, Inc. have submitted a letter of commitment to support and absorb any incremental operational losses from this application.

#### Capability and Feasibility

Total project cost will be funded as follows: \$44,872,210 will be funded through the Dormitory Authority at stated terms with the remaining \$4,985,801 provided as equity from the hospital. Project costs of \$12,838,950 for the shell space under CON 081162 were already financed by accumulated funds from LIJMC. BFA Attachment A is the financial summary of Northwell Health, Inc. from the 2015 Consolidated Statements (includes LIJMC and the Obligated Group), which indicates the availability of sufficient resources for this project.

The submitted incremental budget indicates a loss of revenues over expenses of \$5,604,700 and \$4,750,300 during the first year and third year, respectively. The incremental losses in the first and third year budgets are due to the increase in capital expenses. Northwell Health, Inc.'s CFO and EVP has submitted a letter of commitment to support and absorb any incremental operational losses from this application. Revenues reflect current reimbursement methodologies for services. The budget appears reasonable.

BFA Attachment A shows the hospital has maintained positive working capital and net asset position, and generated an annual net revenue excess of \$57,893,000 during 2015.

Subject to the noted condition, the applicant has demonstrated the capability to proceed in a financially feasible manner.

Recommendation

**From a financial perspective, approval is recommended.**

---

## Attachments

BFA Attachment A Financial Summary, Northwell Health, Inc. and Obligated Group, 2015  
BFA Attachment B Northwell Health, Inc. Organizational Chart



**Project # 161369-C  
Richmond University Medical Center**

**Program:** Hospital  
**Purpose:** Construction

**County:** Richmond  
**Acknowledged:** May 26, 2016

**Executive Summary**

**Description**

Richmond University Medical Center (RUMC), a voluntary not-for-profit, Article 28 acute care hospital with two campuses, requests approval to relocate and modernize its existing Emergency Department (ED) on its main campus, 355 Bard Avenue, Staten Island (Richmond County).

Through this project, RUMC will relocate and expand its ED to occupy 35,870 square feet and increase the number of treatment positions from 34 to 50. In addition, this project will increase the number of trauma treatment positions from one to four and add a triage room and an enlarged imaging department to the modernized ED.

In total, the project consists of a 47,190 square foot addition to the southeast portion of the main campus. The 35,870 square foot ED will be located on the first floor and will be comprised of new public spaces, including a new walk-in entrance and waiting areas, an intake area, a sub-acute (super track) treatment area, a main acute ED, imaging spaces and support areas. New engineering systems for the addition, along with EMS support areas, will be placed within the 7,805 square foot basement. A 3,435 square foot second floor will be constructed to connect the new ED with existing operating rooms. A minor renovation of office spaces serving the existing MRI suite on the first floor will be required to provide a connection from the new ED to the main hospital building.

This project will be partially funded through a Capital Restructuring Financing Program (CRFP) grant award co-administered by the

New York State Department of Health and the Dormitory Authority of the State of New York to support the goals of the Delivery System Reform Incentive Payment (DSRIP) Program. RUMC was awarded CRFP funding to create a new urgent care center at its main campus (in space vacated by the ED), providing walk-in medical and behavioral health services. Through this project, behavioral health services will be integrated into the super track component of the ED within well-contained and well-visualized spaces. These DSRIP spaces will be prioritized to offer urgent care for behavioral health patients and will be co-located within the ED in order to care for patients with both behavioral health and primary care needs. RUMC will be working with the State Health Department to revise its CRFP grant award, as necessary, to ensure that the behavioral health component of this project is acceptable, given the relocation of the service from the vacated ED space to space integrated within the super track component of the ED.

OPCHSM Recommendation  
Contingent Approval

**Need Summary**

Richmond University Medical Center (RUMC) currently operates a 34-bay, 15,609 square foot Emergency Department. This proposal would more than double the gross square footage of the ED and would increase the number of treatment areas to 50. RUMC had 64,931 ED visits in 2014, which is 1,910 visits per acute care treatment area. This proposal would reduce the annual number of ED visits per treatment area to 1,299. Additionally, this project would

increase the number of trauma treatment areas from one to four, add a triage room and expand the imaging department without changing the number of imaging units operated. The current emergency department would continue to operate during construction.

RUMC is a Stroke Center and a Regional Trauma Center. Both of these designations will continue to drive demand for high-acuity emergency services.

#### Program Summary

Based on the results of this review, a favorable recommendation can be made regarding the facility's current compliance pursuant to 2802-(3)(e) of the New York State Public Health Law.

#### Financial Summary

The total project cost of \$65,330,039 includes the cost of the fit-out service and shell space construction. The project cost is broken down as follows: Article 28 space for \$65,269,607 (inclusive of CON fees) and Non-Article 28 space for \$60,432. Financing for the Article 28

component is as follows: Equity of \$8,269,607, CRFP grant funding of \$5,000,000, and a \$52,000,000 bank loan for a 25-year term at 4.50% interest. The applicant has submitted a letter of interest in regard to the financing. The applicant will provide equity to meet the total project cost for the Non-Article 28 space.

#### Incremental Budget (Third Year):

Revenues	\$10,745,417
Expenses	<u>10,846,518</u>
Excess/Loss	(\$101,101)

#### Enterprise Budget (Third Year):

Revenues	\$324,310,677
Expenses	<u>319,246,995</u>
Excess/Loss	\$5,063,682

The applicant has submitted a letter stating that they will offset the losses via operations.



## Recommendations

Health Systems Agency

There will be no HSA recommendation for this project.

Office of Primary Care and Health Systems Management

**Approval contingent upon:**

1. Submission of a check for the amount enumerated in the approval letter, payable to the New York State Department of Health. Public Health Law Section 2802.7 states that all construction applications requiring review by the Public Health and Health Planning Council shall pay an additional fee of fifty-five hundredths of one percent of the total capital value of the project, exclusive of CON fees. A copy of the check must be uploaded into NYSE-CON. [PMU]
2. Submission of documentation confirming final approval of the Capital Restructuring Financing Program grant funding, acceptable to the Department of Health. [BFA]
3. Submission of an executed loan commitment, acceptable to the Department of Health. [BFA]
4. The submission of State Hospital Code (SHC) Drawings, as described in BAER Drawing Submission Guidelines DSG-02, for review approval. [DAS]

**Approval conditional upon:**

1. The project must be completed within three years from the date of the Public Health and Health Planning Council recommendation letter. Failure to complete the project within the prescribed time shall constitute an abandonment of the application by the applicant and an expiration of the approval. [PMU]
2. The submission of Final Construction Documents, as described in BAER Drawing Submission Guidelines DSG-05, is required prior to the applicant's start of construction. [AER]
3. Construction must start on or before October 1, 2016 and construction must be completed by April 1, 2018, presuming the Department has issued a letter deeming all contingencies have been satisfied prior to commencement. In accordance with 10 NYCRR Section 710.10(a), if construction is not started on or before the start date this shall constitute abandonment of the approval. It is the responsibility of the applicant to request prior approval for any changes to the start and completion dates. [AER]

Council Action Date

**August 4, 2016**

# Need Analysis

## Analysis

Richmond University Medical Center is a 448-bed Hospital located at 355 Bard Avenue, Staten Island, Richmond County. Richmond University Medical Center is a designated Regional Trauma Center, a Stroke Center, a SAFE Center of Excellence and a Level 3 Perinatal Center. As a Regional Trauma Center, RUMC will continue to see high-acuity ED patients and must plan for natural disasters and other mass-casualty situations. The current undersized ED is insufficient to accommodate disaster planning. By increasing the square footage of the ED, crowding, congestion and wait times will be ameliorated. The new dual-track layout of the emergency department will upgrade patient throughput and reduce treatment times while ensuring that high-acuity cases get triaged and treated expeditiously. Better throughput in the ED will improve inpatient utilization at the Hospital by reducing the time preceding patient admittance.

No changes to the operating certificate of the Hospital are being proposed. The applicant is certified to provide the following services:

- AIDS Center
- Ambulance
- Ambulatory Surgery - Multi Specialty
- Audiology O/P
- Cardiac Catheterization - Adult Diagnostic
- Cardiac Catheterization - Electrophysiology (EP)
- Cardiac Catheterization - Percutaneous Coronary Intervention (PCI)
- Certified Mental Health Services O/P
- Chemical Dependence - Detoxification
- Chemical Dependence - Rehabilitation O/P
- Clinic Part Time Services
- Clinical Laboratory Service
- Comprehensive Psychiatric Emergency Program
- Coronary Care
- Emergency Department
- Intensive Care
- Maternity
- Medical Services - Other Medical Specialties
- Medical Services - Primary Care
- Medical Social Services
- Medical/Surgical
- Methadone Maintenance O/P
- Neonatal Continuing Care
- Neonatal Intensive Care
- Neonatal Intermediate Care
- Nuclear Medicine - Diagnostic
- Nuclear Medicine - Therapeutic
- Pediatric
- Pediatric Intensive Care
- Psychiatric
- Radiology - Diagnostic
- Radiology-Therapeutic
- Therapy - Occupational O/P
- Therapy - Physical O/P
- Therapy - Speech Language Pathology

Certified beds are as follows:

**Table 1: Richmond University Medical Center Bed Chart**

Type	Capacity
Chemical Dependence - Detoxification	7
Coronary Care	10
Intensive Care	20
Maternity	34
Medical / Surgical	286
Neonatal Continuing Care	6
Neonatal Intensive Care	8
Neonatal Intermediate Care	11
Pediatric	23
Pediatric ICU	3
Psychiatric	40
<b>Total</b>	<b>448</b>

Source: HFIS, May 2016

Historical inpatient utilization data is provided in Table 2 below. While this project modernizes the ED, a more efficient Emergency Department should increase inpatient utilization by reducing the time between being admitted to the ED and being admitted as an inpatient.

**Table 2: Richmond University Medical Center Historical Utilization**

Bed Category	Current Beds	2011	2012	2013	2014	2015
Medical/Surgical	316	46.7%	48.7%	44.7%	41.6%	35.1%
Pediatric	26	35.2%	28.0%	29.7%	23.9%	19.6%
Obstetric	34	75.1%	76.7%	70.0%	68.5%	58.3%
General Psychiatric	40	83.4%	53.5%	79.1%	79.0%	71.8%
Chemical Dependence	7	17.3%	19.8%	20.9%	23.3%	13.5%
High-Risk Neonates	25	42.8%	51.9%	40.0%	42.6%	29.1%
<b>Subtotal</b>	<b>448</b>	<b>50.8%</b>	<b>49.8%</b>	<b>48.2%</b>	<b>45.8%</b>	<b>38.6%</b>

Source: SPARCS May 2016

Emergency Department utilization data is shown below. The new dual-track ED will ensure that all visits are quickly triaged and appropriately cared for.

**Table 3: Richmond University Medical Center ED Utilization**

Year	Treat and Admit	Treat and Release	Am/Surg from ED	All ED Discharges	All ED Visits (Cost Report)
2011	10,105	56,684	202	66,991	69,248
2012	10,235	53,074	247	63,556	72,602
2013	9,316	50,777	361	60,454	65,968
2014	9,144	45,890	341	55,375	64,931
2015	8,075	42,234	383	50,692	Unavailable

Source: SPARCS, May 2015 and Certified Cost Reports

#### Conclusion

No change to certified beds or services are being proposed. The relocation and modernization of the RUMC Emergency Department will allow the Hospital to continue to treat high-acuity trauma patients while lowering overall wait times. The new two-track ED will incorporate behavioral health areas and a 12-bed observation unit. These improvements, along with the increased area of the ED, will reduce overcrowding and improve the quality of care.

#### Recommendation

**From a need perspective, approval is recommended.**

## Program Analysis

#### Program Description

This project proposes a new 47,190 square-foot building addition to the southeast portion of the campus to be called the Honorable James P. Molinaro Trauma Center. On the first floor, a nearly 36,000 square-foot clinically and technologically advanced Emergency Department will have 50 treatment areas and will more than double RUMC's current ED space. The ED is designed to achieve more efficient throughput by splitting patient volume between acute treatment spaces and a super track ED that will provide expedited patient care to lower-acuity patients. Behavioral health services, with well-contained and well-visualized spaces, will also be integrated into the super track component of the ED. Additionally, adjacent to the ED, a 12-bed observation unit will be built that will centralize observation services (currently provided via scattered beds throughout the facility). A 3,435 square-foot second floor will be constructed to connect the new ED with existing operating rooms.

The new ED expansion project will allow RUMC to receive patients and provide emergency medicine services in a more efficient and effective manner, thus improving the patient experience. Staffing is expected to increase by 23.3 FTEs in year one and by 51.0 FTEs by the third year of the completed project. The existing ED will remain open until construction of the replacement Emergency Department building is complete (and the Department has granted approval to occupy the space).

Compliance with Applicable Codes, Rules and Regulations

The facility has no outstanding Article 28 surveillance or enforcement actions and, based on the most recent surveillance information, is deemed to be currently operating in substantial compliance with all applicable State and Federal codes, rules and regulations. This determination was made based on a review of the files of the Department of Health, including all pertinent records and reports regarding the facility's enforcement history and the results of routine Article 28 surveys as well as investigations of reported incidents and complaints.

Recommendation

**From a programmatic perspective, approval is recommended.**

<h2>Financial Analysis</h2>
-----------------------------

Total Project Cost and Financing

Total project cost, which is for the cost of the fit out and shell space construction, is estimated at \$65,330,039, summarized below:

	<u>Article 28</u>	<u>Non Article 28</u>	<u>Total Project Cost</u>
New Construction	\$33,449,723	\$40,370	\$33,490,093
Renovation and Demolition	1,103,679	0	1,103,679
Site Development	6,082,528	0	6,082,528
Asbestos Removal	543,375	0	543,375
Design Contingency	3,455,340	4,037	3,459,377
Construction Contingency	1,782,854	2,019	1,784,873
Architect/Engineering Fees	3,898,384	4,705	3,903,089
Construction Manager Fees	1,218,818	1,471	1,220,289
Other Fees	6,488,676	7,830	6,496,506
Moveable Equipment	2,448,044	0	2,448,044
Telecommunications	773,178	0	773,178
Financing Costs	1,716,000	0	1,716,000
Interim Interest Expense	1,950,000	0	1,950,000
CON Fee	2,000	0	2,000
Additional Processing Fee	<u>357,008</u>	<u>0</u>	<u>357,008</u>
<b>Total Project Cost</b>	<b>\$65,269,607</b>	<b>60,432</b>	<b>\$65,330,039</b>

Project costs are based on a construction start date of October 1, 2016, and a 19-month construction period.

The applicant's financing plan appears as follows:

Equity (Operations)	\$8,330,039
CRFP grant funding	5,000,000
Bank Loan (4.5% for a twenty five year term)	<u>52,000,000</u>
<b>Total</b>	<b>\$65,330,039</b>

## Operating Budget

The applicant has submitted an incremental operating budget, in 2016 dollars, during the first and third years, summarized below:

	Year One		Year Three	
	<u>Per Vst/Disch</u>	<u>Total</u>	<u>Per Vst/Disch</u>	<u>Total</u>
<b>Inpatient Revenues</b>				
Medicare MC	\$16,137.77	\$629,373	\$16,137.77	\$1,888,119
Medicare FFS	\$14,817.08	770,488	\$14,817.08	2,311,465
Commercial MC	\$9,107.80	928,996	\$9,107.81	2,786,989
Commercial FFS	\$10,153.00	30,459	\$10,153.11	91,378
Other	\$1,583.25	<u>6,333</u>	\$1,583.33	<u>19,000</u>
Total Inpatient Revenues		\$2,365,649		\$7,096,951
<b>Outpatient Revenues</b>				
Medicaid MC	NA	(\$54,039)	NA	(\$162,153)
Medicaid FFS	NA	(17,217)	NA	(51,553)
Medicare MC	\$649.94	163,784	\$660.43	474,186
Medicare FFS	\$541.49	184,106	\$547.18	529,669
Commercial MC	\$835.57	923,300	\$846.79	2,643,689
Commercial FFS	\$429.53	23,624	\$430.55	68,027
Other/Charity Care	\$214.55	<u>52,136</u>	\$213.70	<u>146,601</u>
Total Outpatient Revenues		\$1,275,694		\$3,648,466
Total Revenues		\$3,641,343		\$10,745,417
<b>Inpatient Expenses</b>				
Operating	\$3,256.60	\$651,319	\$5,456.12	\$3,273,673
Capital	<u>4,087.56</u>	<u>817,512</u>	<u>1,332.48</u>	<u>799,488</u>
Total inpatient Expenses	\$7,344.16	\$1,468,831	\$6,788.60	\$4,073,161
<b>Outpatient Expenses</b>				
Operating	\$1,397.08	\$1,800,842	\$450.71	\$2,809,754
Capital	<u>3,144.26</u>	<u>4,052,957</u>	<u>635.80</u>	<u>3,963,603</u>
Total Outpatient Expenses	\$4,541.35	\$5,853,799	\$1,086.52	\$6,773,357
Total Expenses		\$7,322,630		\$10,846,518
Excess (Loss)		<u>(\$3,681,287)</u>		<u>(\$101,101)</u>
<b>Utilization</b>				
Total Inpatient Discharges		200		600
Total Outpatient Visits		2,189		6,234

Expense assumptions are based on the historical experience of the hospital. Utilization assumptions will be achieved in the following manner: incremental discharges are primarily expected to be derived from stemming the significant out-migration from the RUMC service area and deepening RUMC's relationship with a strong academic medical center such as Mount Sinai, as well as continuing the development of primary care in the community.

The applicant has indicated that outpatient Medicaid MC and Medicaid FFS revenues decrease because of a shift from the utilization of more costly outpatient ED visits to less costly outpatient fast track. In addition, the fast track services at RUMC will complement the various initiatives that are taking place on Staten Island to reduce unnecessary use of the ED by Medicaid patients through the Staten Island Performing Provider System. The hospital did not project any incremental utilization or revenues for patients covered by Medicaid FFS or Medicaid Managed Care. The reason for having no incremental inpatient discharges for patients covered by Medicaid is because of the DSRIP Program.

Utilization broken down by payor source for inpatient and outpatient services is as follows:

<u>Inpatient</u>	<u>Year One</u>	<u>Year Three</u>
Medicare MC	19.50%	19.50%
Medicare FFS	26.00%	26.00%
Commercial MC	51.00%	51.00%
Commercial FFS	1.50%	1.50%
Other	2.00%	2.00%

<u>Outpatient</u>	<u>Year One</u>	<u>Year Three</u>
Medicaid MC	7.30%	7.70%
Medicaid FFS	1.55%	1.64%
Medicare MC	11.51%	11.52%
Medicare FFS	15.53%	15.53%
Commercial MC	50.48%	50.09%
Commercial FFS	2.51%	2.53%
Other	9.73%	9.56%
Charity Care	1.39%	1.43%

#### Capability and Feasibility

Total project cost of \$65,330,039 includes the cost of the fit out service and shell space for construction. The project cost is broken down as follows: Article 28 space for \$65,269,607 (inclusive of CON fees) and Non Article 28 space for \$62,432. Financing for the Article 28 component is as follows: Equity of \$8,269,607, CRFP grant funding of \$5,000,000 and a bank loan of \$52,000,000 at an interest rate of 4.50% for a 25-year term. The applicant has submitted a letter of interest from KeyBanc Capital Markets in regard to the financing. The applicant will provide equity to meet the total project cost for the Non-Article 28 component. BFA Attachment A is the 2014 and 2015 certified financial statements of RUMC, which indicates the availability of sufficient funds for the equity contribution.

The submitted budget indicates an incremental expenses over revenues of \$3,681,287 and \$101,101 during the first and third years, respectively. The applicant has submitted a letter of interest indicating that they will offset the losses via operations. Revenues are based on current reimbursement methodologies. The submitted budget appears reasonable.

As shown on BFA Attachment A, the hospital had an average positive working capital position and an average positive net asset position from 2014 through 2015. Also, the hospital achieved an average operating income of \$3,472,367 from 2014 through 2015.

Subject to the noted contingencies, it appears that the applicant has demonstrated the capability to proceed in a financially feasible manner.

#### Recommendation

**From a financial perspective, contingent approval is recommended.**

## Attachments

BFA Attachment A      2014-2015 Certified Financial Statements of Richmond University Medical Center



**Project # 161148-C  
Southside Hospital**

**Program: Hospital  
Purpose: Construction**

**County: Suffolk  
Acknowledged: March 21, 2016**

**Executive Summary**

**Description**

Southside Hospital, a 321-bed, not-for-profit, acute care hospital located at 301 East Main Street, Bay Shore (Suffolk County), requests approval to certify a new extension clinic for its existing endoscopy procedure suite and outpatient pain management services at 39 Brentwood Road, Bay Shore. The extension clinic will occupy 7,276 sq. ft. on the second floor of an existing two-story, multi-tenant medical office building, located 0.5 miles from the hospital, and will have dedicated parking directly outside the facility. The extension clinic will consist of four procedure rooms, six preparation/holding bays, six recovery bays, a central nurse station, a waiting area, and ancillary, staff and support space. The clinic space is being subleased from Northwell Health, Inc., who is leasing the building from J. Nazzaro Partnership, LP.

The endoscopy procedure suite is currently housed in temporary trailers in a parking lot on the hospital campus and pain management services are provided within the hospital. The existing space where endoscopy and pain management services are provided is being vacated to make room for the expansion of the Hospital's emergency department, which will be the subject of a separate CON application.

Northwell Healthcare, Inc. is the active parent and co-operator of Southside Hospital and the hospital is member of Northwell Health, Inc.

Obligated Group. BFA Attachment B provides an organization chart of Northwell Health, Inc.

OPCHSM Recommendation  
Contingent Approval

Need Summary  
Proposed services are: Medical Services - Other Medical Specialties, Ambulatory Surgery - Pain Management, and Ambulatory Surgery - Gastroenterology.

The applicant projects 7,494 visits in Year One.

Program Summary  
Based on the results of this review, a favorable recommendation can be made regarding the facility's current compliance pursuant to 2802-(3)(e) of the New York State Public Health Law.

Financial Summary  
The total project cost of \$4,822,213 will be met with accumulated funds of \$482,221 from Northwell Health and a DASNY tax-exempt bond for \$4,339,992 at an interest rate of 6.5% for a 30-year term. The projected budget is as follows:

Revenues	\$15,319,000
Expenses	<u>\$8,334,500</u>
Excess/Loss	\$6,984,500

## Recommendations

Health Systems Agency

There will be no HSA recommendation for this project.

Office of Primary Care and Health Systems Management

**Approval contingent upon:**

1. Submission of a check for the amount enumerated in the approval letter, payable to the New York State Department of Health. Public Health Law Section 2802.7 states that all construction applications requiring review by the Public Health and Health Planning Council shall pay an additional fee of fifty-five hundredths of one percent of the total capital value of the project, exclusive of CON fees. A copy of the check must be uploaded into NYSE-CON. [PMU]

**Approval conditional upon:**

1. The project must be completed within three years from the date of the Public Health and Health Planning Council recommendation letter. Failure to complete the project within the prescribed time shall constitute an abandonment of the application by the applicant and an expiration of the approval. [PMU]
2. Construction must start on or before September 1, 2016 and construction must be completed by April 1, 2017, presuming the Department has issued a letter deeming all contingencies have been satisfied prior to commencement. In accordance with 10 NYCRR Section 710.10(a), if construction is not started on or before the start date this shall constitute abandonment of the approval. It is the responsibility of the applicant to request prior approval for any changes to the start and completion dates. [PMU]
3. This project is approved to be initially funded with Northwell Health, Inc. equity, with the prospect that the project will be 90% financed as part of future Northwell Health, Inc. tax-exempt bond financing through the Dormitory Authority of the State of New York (DASNY). The bond issue is expected to include a 6.5% interest rate and a 30-year term. Financing is conditioned upon the Department having the opportunity to review the final financing proposal in advance to ensure that it meets approval standards. [BFA]
4. The staff of the facility must be separate and distinct from staff of other entities. [HSP]
5. The signage must clearly denote the facility is separate and distinct from other adjacent entities. [HSP]
6. The entrance to the facility must not disrupt any other entity's clinical program space. [HSP]
7. The clinical space must be used exclusively for the approved purpose. [HSP]
8. The submission of Final Construction Documents, as described in BAER Drawing Submission Guidelines DSG-05, is required prior to the applicant's start of construction. [AER]

Council Action Date

**August 4, 2016**



## Need Analysis

### Background and Analysis

The service area is the Southwestern portion of Suffolk County which includes the following zip codes: 11701 to 11705, 11715 to 11718, 11722, 11726, 11729, 11730, 11741, 11749, 11751, 11752, 11757, 11769, 11770, 11772, 11779, 11782, 11795, 11796, and 11798.

The population of Suffolk County in 2010 was 1,493,350 with 625,791 individuals (41.9%) aged 45 and over, which is the primary population group utilizing ambulatory surgery services. Per projection data from the Cornell Program on Applied Demographics (PAD), the 45 and over population group is estimated to grow to 674,710 by 2025 and represent 43.7% of the projected total county population of 1,543,715.

The existing location is being vacated to make room for the expansion of the Hospital's emergency department. The proposed site is 0.5 miles from the current location. Approval of the proposed project will enable the hospital to provide a more convenient and accessible endoscopy and pain management service location for the residents of the service area and allow for the expansion of its emergency department to better serve patients. The applicant projects 7,494 visits in Years One and Three.

The applicant is committed to serving all persons in need without regard to ability to pay or source of the payment.

### Conclusion

The proposed extension clinic will allow for the continuity of access to ambulatory surgery services for the population of Southwestern Suffolk County and the surrounding areas.

### Recommendation

**From a need perspective, approval is recommended.**

## Program Analysis

### Program Description

Southside Hospital proposes to relocate its existing endoscopy procedure suite and outpatient pain management services from the Hospital campus to a new medical office building located at 39 Brentwood Road, Bay Shore as a part of the Hospital's renovation/expansion of its ER.

#### Site

Southside Hospital  
Extension Clinic  
39 Brentwood Road  
Bay Shore, NY 11706

#### Services

Certify an extension clinic to provide  
Medical Services-Other Medical Specialties  
Ambulatory Surgery-Single Specialty - Gastroenterology  
Ambulatory Surgery-Single Specialty - Pain Management

### Compliance with Applicable Codes, Rules and Regulations

The facility has no outstanding Article 28 surveillance or enforcement actions and, based on the most recent surveillance information, is deemed to be currently operating in substantial compliance with all applicable State and Federal codes, rules and regulations. This determination was made based on a review of the files of the Department of Health, including all pertinent records and reports regarding the facility's enforcement history and the results of routine Article 28 surveys as well as investigations of reported incidents and complaints.

### Recommendation

**From a programmatic perspective, approval is recommended.**

## Financial Analysis

### Lease Rental Agreement

The applicant has submitted the executed original lease rental agreement for the building in which the extension clinic will be located, summarized as follows:

Date:	May 15, 2015
Premises:	Building at 39 Brentwood Road, Bay Shore, New York
Landlord:	J. Nazzaro Partnership, LP
Tenant:	North Shore-Long Island Jewish Health System, Inc. (now Northwell Health, Inc.)
Term:	35 years from date of Landlord's substantial completion of Core and Shell work
Rental:	Year One - \$847,712 (\$29.13 per sq. ft.). Each year thereafter, the annual rent shall increase by 1.5% per year.
Provisions:	Tenant is responsible for real estate taxes, utilities, and insurance.

### Sublease Rental Agreement

The applicant has submitted an executed sublease rental agreement for the site that they will occupy, summarized as follows:

Date:	February 22, 2016
Premises:	7,276 square feet located at 39 Brentwood Road, Bay Shore, New York
Sublandlord:	Northwell Health, Inc.
Subtenant:	Southside Hospital
Term:	35 years from the date the original Lease term commences (May 15, 2015), with two renewal terms (1 for 10 years, 1 for 4 years) if the Sublandlord renews the Lease.
Rental:	Year One - \$211,957.13 (\$29.21 per sq. ft.). Each year thereafter, the annual rent shall increase by 1.5% per year.
Provisions:	Subtenant is responsible for real estate taxes, utilities, and insurance.

### Total Project Cost and Financing

Total project cost for new construction and the acquisition of moveable equipment is estimated at \$4,822,213, broken down as follows:

New Construction	\$2,127,438
Design Contingency	208,594
Construction Contingency	106,372
Planning Consultant Fees	63,823
Architect/Engineering Fees	170,195
Construction Manager Fees	106,372
Other Fees (Consultant)	106,372
Moveable Equipment	1,359,335
Telecommunications	327,000
Financing Costs	230,295
CON Fee	2,000
Additional Processing Fee	14,417
<b>Total Project Cost</b>	<b>\$4,822,213</b>

Project costs are based on an anticipated construction start date of September 1, 2016, and a seven-month construction period.

The applicant's financing plan appears as follows:

Cash (Northwell Health)	\$482,221
DASNY tax-exempt bond financing (6.5% for a 30-year term)	4,339,992

Southside Hospital is a member of Northwell Health, Inc. Obligated Group for financing purposes. A bank letter of interest has been submitted by Citigroup Global Markets, Inc. to underwrite the bond financing. The Executive Vice President and CFO of Northwell Health has provided a letter committing to provide financial support for the equity contribution related to the total project cost.

#### Operating Budget

The applicant has submitted an operating budget, in 2016 dollars, during the first year, summarized below:

	<u>Current Year (2015)</u>		<u>First Year</u>	
	<u>Per Procedure</u>	<u>Total</u>	<u>Per Procedure</u>	<u>Total</u>
Revenues				
Medicaid	\$1,348.48	\$1,246,000	\$1,340.62	\$1,257,500
Medicare FFS	776.41	1,500,800	777.40	1,513,600
Medicare MC	945.21	690,000	947.07	696,100
Commercial MC	3,508.74	10,919,200	3,505.47	11,021,200
Private Pay	1,138.27	<u>829,800</u>	1137.81	<u>830,600</u>
Total Revenues		\$15,185,800		\$15,319,000
Expenses				
Operating	\$954.05	\$7,086,700	\$994.86	\$7,455,500
Capital	0	0	<u>117.29</u>	<u>879,000</u>
Total Expenses	\$954.05	\$7,086,700	\$1,112.15	\$8,334,500
Net Income		\$8,099,100		\$6,984,500
Utilization (Procedures)		7,428		7,494

Revenue, expense and utilization assumptions are based on the historical experience of the facility. The proposed extension clinic will serve the hospital's existing patient population. Current year endoscopy volume is 3,899 cases and is projected to increase to 3,965 cases (an increase of 66 procedures) during the first year of operation at the new site. It is anticipated that the pain management program will accommodate the current volume of 3,529 visits in Year One.

Utilization, broken down by payor source during the current year and first years is as follows:

<u>Payor</u>	<u>Current</u>	<u>First Year</u>
Medicaid	12.44%	12.40%
Commercial	41.90%	41.58%
Medicare FFS	26.02%	25.75%
Medicare MC	9.82%	9.72%
Private Pay	9.82%	10.55%

#### Capability and Feasibility

Total project cost of \$4,822,213 will be met with accumulated funds of \$482,221 from Northwell Health and a DASNY tax-exempt bond for \$4,339,992 at an interest rate of 6.5% for a 30-year term. Citigroup Global Market Inc. has provided a letter of interest to underwrite and place the bond offering to fund the project. BFA Attachment A is the financial summary of Northwell Health, Inc. from the 2014 - 2015 Consolidated Statements (includes Southside Hospital and the Obligated Group), which indicates the availability of sufficient resources for this project.

The submitted budget indicates a net income of \$6,984,500 during the first year. Revenues are based on current reimbursement methodologies. The submitted budget appears reasonable.

As shown on BFA Attachment A, Northwell Health, Inc. had an average positive working capital position and an average positive net asset position from 2014 through 2015. Also, the entity achieved an average excess of operating revenues over operating expenses of \$88,605,500 from 2014 through 2015. Also shown on Attachment A, Southside Hospital had a negative working capital position, a negative net asset position and incurred an operating loss of \$15,230,000 in 2015. The Executive Vice President and CFO of Northwell Health, Inc. has provided a letter indicating that Northwell Health is committed to financially support this project to serve the needs of the community.

Subject to the noted condition, the applicant has demonstrated the capability to proceed in a financially feasible manner.

Recommendation

**From a financial perspective, approval is recommended.**

---

## Attachments

BFA Attachment A Financial Summary, Northwell Health, Inc. and Obligated Group, 2014-2015  
BFA Attachment B Northwell Health, Inc. Organization Chart  
BPNR Attachment Map



**Project # 161315-C  
Garden City Surgi Center**

**Program:** Diagnostic and Treatment Center    **County:** Nassau  
**Purpose:** Construction    **Acknowledged:** May 4, 2016

**Executive Summary**

**Description**

Endo Group, LLC d/b/a Garden City Surgi Center, a New York limited liability company, requests approval to construct an extension clinic to be certified as a multi-specialty freestanding ambulatory surgery center (FASC) to initially provide ophthalmic, orthopedic, and otolaryngology services. The applicant will sublease 18,057 square feet of an existing building located at 240 Jericho Turnpike, Syosset (Nassau County). Northwell Health, Inc. has a long-term lease on the building in which the FASC will be housed, and will sublease the space to the Endo Group, LLC. The FASC will include five operating rooms, an ophthalmology laser procedure room and requisite support areas. Upon the Public Health and Health Planning Council (PHHPC) approval, the extension clinic will be known as Syosset SurgiCenter.

Endo Group, LLC has been in operation since 1987 and currently has one location at 400 Endo Blvd. in Garden City (Nassau County), where it performs eye surgeries. The ownership of Endo Group, LLC consists of North Shore-LIJ Ventures GCSC, LLC (70%) and Phaco Group, LLC (30%).

Per a transfer of ownership interest associated with CON 161032, the applicant proposes to transfer 14.5% membership interest between the current two members, resulting in North Shore-LIJ Ventures holding 55.5% membership interest and Phaco Group, LLC holding 44.5% membership interest. The proposed transaction also involves membership changes within Phaco Group, LLC whereby 32.6% of their current interest will transfer to members not previously

approved by PHHPC. The applicant states that there is no plan to effectuate the transfer prior to approval of this application.

**OPCHSM Recommendation  
Contingent Approval**

**Need Summary**

The applicant is requesting to certify an extension clinic for ambulatory surgery center specializing in Ophthalmology, Orthopedics, and Ear, Nose and Throat (ENT) services in Nassau County. The applicant projects 6,006 visits in Year One and 7,295 in Year Three, with Medicaid at 2.0% and charity care at 2.0% each year.

**Program Summary**

Based on the results of this review, a favorable recommendation can be made regarding the facility's current compliance pursuant to 2802-(3)(e) of the New York State Public Health Law.

**Financial Summary**

Total project costs of \$15,880,397 will be met with \$1,100,000 in equity contributions, a \$5,138,679 loan for seven years at an interest rate 3.94%, and a \$9,641,718 Tenant Improvement Allowance funded by Northwell Health, Inc., the sub-lessor, amortized by the operator through the payment of Supplemental Rent. The projected budget is as follows:

	<u>Year One</u>	<u>Year Three</u>
Revenues	\$8,060,405	\$9,790,392
Expenses	\$8,208,259	\$9,270,585
Net Income	(\$147,854)	\$519,807

## Recommendations

Health Systems Agency

There will be no HSA recommendation for this project.

Office of Primary Care and Health Systems Management

**Approval contingent upon:**

1. Submission of a check for the amount enumerated in the approval letter, payable to the New York State Department of Health. Public Health Law Section 2802.7 states that all construction applications requiring review by the Public Health and Health Planning Council shall pay an additional fee of fifty-five hundredths of one percent of the total capital value of the project, exclusive of CON fees. A copy of the check must be uploaded into the Contingencies Tab in NYSE-CON upon submission. [PMU]
2. Submission of an executed sublease agreement, acceptable to the Department of Health. [BFA]
3. Submission of an executed bank loan commitment for the construction, acceptable to the Department of Health. [BFA]
4. The submission of Design Development and State Hospital Code (SHC) Drawings, as described in BAER Drawing Submission Guidelines DSG-03, for review approval. [DAS]

**Approval conditional upon:**

1. The project must be completed within three years from the date of the Public Health and Health Planning Council recommendation letter. Failure to complete the project within the prescribed time shall constitute an abandonment of the application by the applicant and an expiration of the approval. [PMU]
2. Construction must start on or before November 1, 2016 and construction must be completed by August 1, 2017, presuming the Department has issued a letter deeming all contingencies have been satisfied prior to commencement. In accordance with 10 NYCRR Section 710.10(a), if construction is not started on or before the start date this shall constitute abandonment of the approval. It is the responsibility of the applicant to request prior approval for any changes to the start and completion dates. [PMU]
3. The staff of the facility must be separate and distinct from staff of other entities. [HSP]
4. The signage must clearly denote the facility is separate and distinct from other adjacent entities. [HSP]
5. The entrance to the facility must not disrupt any other entity's clinical program space. [HSP]
6. The clinical space must be used exclusively for the approved purpose. [HSP]
7. The submission of Final Construction Documents, as described in BAER Drawing Submission Guidelines DSG-05, is required prior to the applicant's start of construction. [AER]

Council Action Date

**August 4, 2016**

## Need Analysis

### Analysis

The service area of Nassau County has a total of 9 freestanding ambulatory surgery centers: five multi-specialty ASC's and four single-specialty ASCs. The table below shows the number of patient visits at ambulatory surgery centers for 2013, 2014 & 2015.

ASC Type	Facility Name	Total Patient Visits		
		2013	2014	2015
Multi	Day OP of North Nassau Inc.	621	135	957
Multi	Day-OP Center of Long Island Inc. <sup>1</sup>	3,949	3,256	2,485
Single	Endoscopy Center of Long Island, LLC	7,141	7,981	7,206
Multi	Garden City Surgi Center	5,870	6,035	6,101
Single	Island Eye Surgicenter LLC	10,396	10,268	10,500
Single	Long Island Center for Digestive Health, LLC	5,772	6,020	6,001
Single	Meadowbrook Endoscopy Center	6,617	7,702	8,044
Multi	Pro Health Ambulatory Surgery Center, Inc. <sup>1</sup>	6,595	6,791	4,778
Multi	South Shore Ambulatory Surgery Center, LLC	5,537	4,646	5,684
Total		52,498	52,834	51,756

Source: SPARCS-2016

<sup>1</sup> The number of patient visits for 2015 is through September.

For Nassau County, the total number of patient visits was 52,498 in 2013 and 52,834 in 2014, representing a 0.6% year-to-year increase. For the multi-specialty ASC's, the number of patient visits was 20,863 in 2014 and 20,005 in 2015, with two ASC's reporting through September 2015 only. The number of projected visits is 6,006 for Year One and 7,295 visits for Year Three. Seventy-seven percent of these projected cases are currently performed at Syosset Hospital, which is a member of the Northwell Health consortium. Removal of the low acuity cases that are better served in an ASC will allow for additional, higher acuity cases to be performed at Syosset Hospital. The applicant is committed to serving all persons in need without regard to ability to pay or source of payment. They project Medicaid and Charity Care at 2.00% each.

### Conclusion

Approval of this project will provide for additional access to ambulatory surgery services for the communities of Nassau County.

### Recommendation

**From a need perspective, approval is recommended.**

## Program Analysis

### Project Proposal

Endo Group, LLC, currently has one location at 400 Endo Boulevard in Garden City that is staffed with 39 ophthalmologists, including oculoplastic surgeons, anterior segment surgeons, glaucoma surgeons, cornea surgeons, retina surgeons and anesthesiologists.

Initially, the proposed Syosset SurgiCenter extension clinic will primarily be staffed with Ophthalmologic Surgeons. These surgeons presently perform their procedures at locations throughout the tri-county region (Queens, Nassau and Western Suffolk), including the Davis Vision Eye Surgery Center at Syosset Hospital.

Nearly 3,800 of these low acuity cases that are currently being performed at Syosset Hospital would be better served in a standalone ambulatory surgery center. This would allow additional, much higher acuity bariatric and orthopedic surgery (and other higher acuity ambulatory surgery cases) to be performed at Syosset Hospital.

In addition to the ophthalmologic surgeries, orthopedic and ear, nose and throat (ENT) surgeries will be performed at Syosset SurgiCenter.

<b>Proposed Operator</b>	Endo Group, LLC d/b/a Garden City SurgiCenter
<b>Extension Site Name</b>	Syosset SurgiCenter
<b>Extension Site Address</b>	240 Jericho Turnpike Syosset, NY 11791 (Nassau County)
<b>Surgical Specialties</b>	Multi-Specialty, including: Ophthalmology Orthopedics Otolaryngology
<b>Operating Rooms</b>	5 (Class C)
<b>Procedure Rooms</b>	0
<b>Hours of Operation</b>	Monday through Friday from 6:00 am to 6:00 pm (If demand for services increases, the operating schedule will be expanded to accommodate need.)
<b>Staffing (1<sup>st</sup> Year / 3<sup>rd</sup> Year)</b>	25.0 FTEs / 32.0 FTEs
<b>Medical Director(s)</b>	Carolyn Y. Shih, MD
<b>Emergency, In-Patient and Backup Support Services Agreement and Distance</b>	Will to be provided by North Shore University Hospital 11.2 miles / 15 minutes
<b>On-call service</b>	Patients will be provided with surgeon contact information as well as the facility's on-call service during hours when the facility is closed.

### Compliance with Applicable Codes, Rules and Regulations

This facility has no outstanding Article 28 surveillance or enforcement actions and, based on the most recent surveillance information, is deemed to be currently operating in substantial compliance with all applicable State and Federal codes, rules and regulations. This determination was made based on a review of the files of the Department of Health, including all pertinent records and reports regarding the facility's enforcement history and the results of routine Article 28 surveys as well as investigations of reported incidents and complaints.

### Recommendation

**From a programmatic perspective, approval is recommended.**



## Financial Analysis

### Total Project Cost and Financing

Total project costs for renovation/demolition, moveable equipment, and construction are estimated at \$15,880,397, broken down as follows:

Renovation and Demolition	\$7,660,000
Site Development	110,000
Asbestos Abatement or Removal	50,000
Design Contingency	482,381
Construction Contingency	707,934
Architect/Engineering Fees	249,000
Construction Manager Fees	50,000
Other Fees	243,550
Movable Equipment	5,172,776
Telecommunications	1,065,903
Application Fee	2,000
Processing Fee	<u>86,853</u>
Total Project Cost	\$15,880,397

Project costs are based on a construction start date of November 1, 2016, and an eight-month construction period.

The applicant's financing plan is as follows:

Northwell Health Equity Contribution	\$561,000
Surgeon Equity Contribution	539,000
Equipment Loan (7 years, 3.94%, self-amortizing)*	5,138,679
Tenant Improvement Allowance**	<u>9,641,718</u>
Total	\$15,880,397

\*People's United Bank, National Association has provided a letter of interest.

\*\*In accordance with the Sublease, referenced below, the operator will pay Supplemental Rent sufficient to amortize the Sub-lessor's construction costs.

### Ground Lease / Sublease Rental Agreement

Northwell Health, Inc. has a long-term lease agreement for the building in which the FASC will be located. The applicant has submitted the latest revision to the ground lease (May 2015) that extends the ground lease an additional 35 years from the original commencement date. A draft sublease for the site the new FASC will occupy has been submitted. The terms are summarized below:

Ground Lease Premises:	Building located at 240 Jericho Turnpike, Syosset, New York
Owner/Landlord:	240 Jericho Turnpike LLC
Lessor:	Northwell Health, Inc.
FASC Premises:	18,057 sq. ft. on the lower level and a portion of the upper level of the building located at 240 Jericho Turnpike, Syosset, New York
Sub-lessor:	Northwell Health, Inc.
Sub-lessee:	Endo Group, LLC
Sub-lessor's Work:	Construct the base building improvements, interior and exterior construction completed, making the alterations and improvements, and providing and installing the furnishings, fixtures and equipment.
Commencement Date of Rent:	30 days following the date on which the NYS Department of Health has inspected the Sub-lessor's Work and authorized the Ambulatory Surgery Center to open for business.
Term:	20th anniversary of the Rent Commencement Date

Rent:	\$469,482 per annum (\$26 per sq. ft.) increasing 3% per year, plus Supplemental Rent to amortize the cost of Sub-lessor's Work estimated at \$862,633 per year for 20 years.
Additional Rent:	All Real Estate Taxes and all other amounts payable by Sub-lessor as additional rent or otherwise under the Prime Lease arising out of any acts or omissions of Sub-lessee, or Sub-lessee's use or occupancy of the Premises.

The applicant has provided an affidavit stating the arrangement between the landlord and sub-lessor is arms-length, where-as the agreement between the sub-lessor and sub-lessee is non-arms-length, in that the sub-lessor owns 100% of North Shore-LIJ Ventures GCSC, LLC, one of the members of the operator. The applicant submitted letters from two New York State licensed realtors attesting to the reasonableness of the square foot rental rate.

#### Administrative Service Agreement

The applicant has submitted an executed Administrative Service Agreement (ASA) between the operator and Northwell Healthcare, Inc., as summarized below:

Date:	August 15, 2014
Administrator:	North Shore Long Island Jewish Healthcare, Inc. (n/k/a Northwell Healthcare, Inc.)
Facility:	Endo Group, LLC d/b/a Garden City Surgi Center
Fee:	\$171,000 per annum (\$14,250 monthly) with increases equal to consumer price index.
Services:	Arrange/oversee centralized cash management system; oversee commercial and investment bank relations; maintain bank accounts; overseeing collections, payment of accounts & indebtedness; budgets & financial planning; accounting; internal auditing; bid & negotiate contracts for services; coordination of purchases and leases; assist purchasing and maintaining insurance; assist with negotiation and modification of managed care contracts; and assist with strategic planning & marketing.

The applicant states the existing administrative agreement extends to the proposed facility. The applicant has provided an affidavit stating that the ASA administrator owns 100% of North Shore-LIJ Ventures GCSC, LLC, one of the members of the operator.

#### Operating Budget

The applicant has submitted an operating budget, in 2016 dollars, for Years One and Three, as summarized below:

	Year One		Year Three	
	Per Visit	Total	Per Visit	Total
<u>Revenues</u>				
Commercial - MC	\$1,665.22	\$4,201,348	\$1,664.95	\$5,103,073
Medicare - FFS	\$1,240.84	\$3,949,598	\$1,240.89	\$4,797,292
Medicaid - MC	\$1,343.40	\$161,208	\$1,341.15	\$195,808
Private Pay	\$1,343.40	\$80,604	\$1,341.15	\$97,904
Bad Debt & Charity Care		<u>(\$332,353)</u>		<u>(\$403,685)</u>
Total Revenues		\$8,060,405		\$9,790,392
<u>Expenses</u>				
Operating	\$924.61	\$5,552,303	\$917.80	\$6,695,376
Capital	<u>\$442.29</u>	<u>\$2,655,956</u>	<u>\$353.01</u>	<u>\$2,575,209</u>
Total Expenses		\$8,208,259		\$9,270,585
Net Income		<u>(\$147,854)</u>		<u>\$519,807</u>
Total Visits		6,006		7,295
Cost Per Visit		\$1,366.68		\$1,270.81

The following is noted with respect to the operating budget:

Medicare revenue is projected based on the 2015 Medicare Ambulatory Surgical Center Fee Schedule and Medicaid revenue is based on current Medicaid payment rates for ambulatory surgery services.

Commercial reimbursement is based on the operator's current commercial rates for the services.

- The applicant projected depreciation expense using a 20-year useful life for surgery center assets and a 7-year useful life for equipment. Rental costs at \$45 per square foot based on the above referenced base rent, an additional projected \$12.28 per square foot in taxes, and \$5.72 per square foot in maintenance costs that will pass through to the lessee.
- The applicant notes that they have the commitment a total of 47 ophthalmologic surgeons to perform 4,940 cases at this location in year one, increasing to 6,001 cases by year three.
- Utilization by payor source is as follows:

	Year One		Year Three	
	Visits	%	Visits	%
Commercial - MC	2,524	42.02%	3,065	42.02%
Medicare - FFS	3,183	53.00%	3,866	53.00%
Medicaid - MC	120	2.00%	146	2.00%
Private Pay	60	1.00%	73	1.00%
Charity Care	119	1.98%	145	1.99%
Total	6,006	100%	7,295	100%

- The applicant projected charity care based on experience with similar facilities and the expectation that the facility will adopt Northwell Health's community benefit programs.

#### Capability and Feasibility

The total project cost of \$15,880,397 will be satisfied via \$1,100,000 in equity contributions, a \$9,641,718 Tenant Improvement Allowance provided by Northwell Health (Sub-lessor) at the terms stated above, and the remaining \$5,138,679 provided through a bank loan at the above stated terms. People's United Bank, National Association has provided a letter of interest.

The applicant will utilize \$2,000,000 in equity contributions to address working capital requirements, estimated at \$1,545,098 based on two months of third year expenses. Endo Group, LLC's Operating Agreement terms provide that, in the event that any member does not provide a capital contribution equal to their ownership percentage, the remaining members can elect to make all or part of the balance of such member's required capital contribution, pro rata in proportion to the electing members' respective percentage interests.

BFA Attachment B is the pro-forma balance sheet for Syosset SurgiCenter.

The submitted budget projects a loss of \$147,854 and net income of \$519,807 during the first and third years of operations, respectively. Reimbursement rates are based on current and projected Federal and State government rates. The budget appears reasonable.

BFA Attachment C is Northwell Health Inc's. 2014 and 2015 certified financial statements, which show positive working capital, positive net assets, and positive net income.

BFA Attachments D and E are Endo Group, LLC d/b/a Garden City Surgi Center's 2014 certified and 2015 (cash basis) internal financial statements, which show positive working capital, positive net assets, and positive net income.

The applicant has demonstrated the capability to proceed in a financially feasible manner.

#### Recommendation

**From a financial perspective, contingent approval is recommended.**

## Attachments

BFA Attachment A Endo Group, LLC Membership as of 5/12/16  
BFA Attachment B Pro Forma Balance Sheet, Syosset Surgi Center Multi-Specialty ASC  
BFA Attachment C Financial Statement 2014-2015 certified, Northwell Health  
BFA Attachment D Financial Statement 2014 certified, Endo Group LLC  
BFA Attachment E Financial Statement 2015 cash base internals, Endo Group LLC  
BPNR Attachment Map



**Project # 161328-C  
Columbia University Health Care Inc.**

**Program:** Diagnostic and Treatment Center    **County:** New York  
**Purpose:** Construction    **Acknowledged:** May 12, 2016

**Executive Summary**

**Description**

Columbia University Health Care, Inc. (CUHC), an Article 28 diagnostic and treatment center specializing in restorative dental services, requests approval to renovate and expand the facility's main site, known as the Vanderbilt Clinic. The Vanderbilt Clinic currently occupies the seventh, eighth and ninth floors of the building located at 630 West 168<sup>th</sup> Street, New York (New York County). Upon completion of this project, the facility will also occupy the fifth floor, which is vertically adjacent to the existing clinic space, as the building has no sixth floor.

The sole member/owner of CUHC is The Trustees of Columbia University in the City of New York (Columbia University).

**OPCHSM Recommendation  
Contingent Approval**

**Need Summary**

The expansion project is intended to help CUHC reduce the clinics' six to eight week wait for appointments. The applicant projects 151,814 visits for Year One.

**Program Summary**

Based on the results of this review, a favorable recommendation can be made regarding the facility's current compliance pursuant to 2802-(3)(e) of the New York State Public Health Law.

**Financial Summary**

The total project cost of \$16,245,594 will be provided by the sub-landlord, Columbia University, and will be reimbursed to the sub-landlord through CUHC's rent payments. The proposed third year budget for CUHC is as follows:

Revenues	\$23,751,430
Expenses	<u>\$31,797,182</u>
Gain/(Loss)	(\$8,045,752)

The applicant has provided documentation stating, "Columbia University, through the College of Dental Medicine and the College of Physicians and Surgeons, has agreed to absorb CUHC's profit or loss at the end of each fiscal year." Due to the financial backing of Columbia University, CUHC has the overall capability to proceed in a financially feasible manner.

## Recommendations

Health Systems Agency

There will be no HSA recommendation for this project.

Office of Primary Care and Health Systems Management

**Approval contingent upon:**

1. Submission of a check for the amount enumerated in the approval letter, payable to the New York State Department of Health. Public Health Law Section 2802.7 states that all construction applications requiring review by the Public Health and Health Planning Council shall pay an additional fee of fifty-five hundredths of one percent of the total capital value of the project, exclusive of CON fees. A copy of the check must be uploaded into NYSE-CON upon mailing. [PMU]
2. Submission of an updated agreement between Columbia University Health Care, Inc. (CUHC) and Columbia University to absorb any of CUHC's profit or losses at the end of each year, acceptable to the Department of Health. [BFA]
3. The submission of State Hospital Code (SHC) Drawings for review and approval, as described in BAEFP Drawing Submission Guidelines DSG-03 Outpatient Facilities. [AER]

**Approval conditional upon:**

1. The project must be completed within three years from the date of the Public Health and Health Planning Council recommendation letter. Failure to complete the project within the prescribed time shall constitute an abandonment of the application by the applicant and an expiration of the approval. [PMU]
2. Construction must start on or before October 1, 2016 and construction must be completed by July 1, 2017, presuming the Department has issued a letter deeming all contingencies have been satisfied prior to commencement. In accordance with 10 NYCRR Section 710.10(a), if construction is not started on or before the start date this shall constitute abandonment of the approval. It is the responsibility of the applicant to request prior approval for any changes to the start and completion dates. [PMU]

Council Action Date

**August 4, 2016**

## Need Analysis

### Background and Analysis

The primary service area of the facility encompasses the Washington Heights and Inwood neighborhoods of New York County, which is an HRSA designated medically underserved population. The center provides restorative dental services to the underinsured. More than half (53.5%) of the center's 2014 visits were covered by Medicaid.

The applicant is committed to serving all persons in need without regard to ability to pay or source of the payment.

The center has high utilization at roughly 122,000 visits annually, and there is currently a six to eight week waiting period for triage to be screened in the center, necessitating the proposed expansion. The applicant projects 151,814 visits for Year One and 165,421 for Year Three.

### Conclusion

Approval of this project will help mitigate the considerable waiting period for patient screening in the clinic and enhance access to high quality dental services for the underserved and underinsured residents of Washington Heights, Inwood and the surrounding communities.

### Recommendation

**From a need perspective, approval is recommended.**

## Program Analysis

### Project Proposal

The proposed expansion will allow the the addition of 48 clinical stations which should ease long waiting periods for services due to the high utilization of the Center. The expansion will also provide enhanced space for improved teaching facilities as the Center works closely with the Columbia University College of Dental Medicine to provide clinical training of dental students.

There are no proposed changes in authorized services. Staffing is anticipated to increase from 156.40 FTEs to 178.15 FTEs in the first year after completion and to 185.40 by the third year of operation.

### Compliance with Applicable Codes, Rules and Regulations

This facility has no outstanding Article 28 surveillance or enforcement actions and, based on the most recent surveillance information, is deemed to be currently operating in substantial compliance with all applicable State and Federal codes, rules and regulations. This determination was made based on a review of the files of the Department of Health, including all pertinent records and reports regarding the facility's enforcement history and the results of routine Article 28 surveys as well as investigations of reported incidents and complaints.

### Recommendation

**From a programmatic perspective, approval is recommended.**

## Financial Analysis

### Total Project Cost and Financing

Total project cost is estimated at \$16,245,594, broken down as follows:

Renovation & Demolition	\$9,440,511
Asbestos Abatement or Removal	\$284,620
Design Contingency	\$615,020
Construction Contingency	\$615,020
Planning Consultant Fees	\$844,563
Architect/Engineering Fees	\$1,455,597
Other Fees	\$454,653
Movable Equipment	\$2,080,260
Telecommunications	\$364,500
Application Fees	\$2,000
Additional Processing Fees	<u>\$88,850</u>
<b>Total Project Cost</b>	<b>\$16,245,594</b>

Project costs are based on a construction start date of October 1, 2016, and a nine-month construction period.

The applicant's financing plan appears as follows: \$16,245,594 of Leasehold Improvements and Equipment to be provided by the sub-landlord, to be reimbursed by CUHC through its rental payments.

### Lease Agreement

The applicant submitted the executed lease agreement related to the main clinic site of CUHC. The terms are summarized below:

Dates	June 18 <sup>th</sup> , 1985 (original lease); December 19, 1995 (1 <sup>st</sup> sublease); and May 6, 2016 (2 <sup>nd</sup> Sublease)
Premises	Located at 630 West 168 <sup>th</sup> Street, New York, NY 10562
Owner/Landlord	The Presbyterian Hospital in the City of New York
Lessee/ Sub-landlord	Trustees of Columbia University in the City of New York (Columbia University)
Sub-Lessee	Columbia University Health Care, Inc.
Original Lease Term	99 Years
1 <sup>st</sup> Sublease term	89 Years
2 <sup>nd</sup> Sublease term	68 Years
Rent for 2 <sup>nd</sup> sublease	The annual space rental charge from Columbia University to CUHC is calculated at the rate published each year by the Columbia University Medical Center for internal allocation of space cost to occupants of campus facilities. The costs for years 1 and 3 are \$685,402 and \$713,019, respectively.
Provisions	Triple Net

The lease arrangement is a non-arm's length agreement. The applicant has submitted an affidavit attesting to the relationship between the landlord and tenant through common ownership between the entities.



## Operating Budget

The applicant submitted an operating budget, in 2016 dollars, for years one and three subsequent to the renovation. The Current year budget was included for comparison. The budgets are summarized below:

	<u>Current Year (2015)</u>		<u>Year One</u>		<u>Year Three</u>	
	<u>Per Visit</u>	<u>Total</u>	<u>Per Visit</u>	<u>Total</u>	<u>Per Visit</u>	<u>Total</u>
Revenues						
Medicaid	\$159.52	\$10,714,126	\$160.28	\$13,002,612	\$160.55	\$14,078,201
Private Pay	\$124.44	\$6,930,958	\$124.44	\$8,796,448	\$124.44	\$9,673,229
Bad Debt		<u>(\$263,931)</u>		<u>(\$345,166)</u>		<u>(\$383,346)</u>
Total Revenues		\$17,381,153		\$21,453,894		\$23,751,430
Expenses						
Operating	\$169.62	\$20,840,222	\$158.84	\$24,114,735	\$154.01	\$25,476,666
Capital	<u>\$36.22</u>	<u>\$4,450,114</u>	<u>\$41.46</u>	<u>\$6,293,900</u>	<u>\$38.21</u>	<u>\$6,321,516</u>
Total Expenses	\$205.84	\$25,290,336	\$200.30	\$30,408,635	\$192.22	\$31,797,182
Net Income/ (Loss)		<u>(\$7,909,183)</u>		<u>(\$8,954,741)</u>		<u>(\$8,045,752)</u>
Utilization - Visits		122,863		151,814		165,421

Revenue, expense and utilization assumptions are based on the actual current year (2015) of the existing Center, and increased based on the projected increase in utilization.

Utilization by Payor for the current year and Years One and Three is as follows:

	<u>Current Year</u>	<u>Year One</u>	<u>Year Three</u>
Medicaid	54.67%	53.44%	53.01%
Private Pay	45.33%	46.56%	46.99%

The applicant indicated that they are committed to serving traditionally underserved populations. As shown, almost half of the clinic's patients are Medicaid while the remaining patients are classified as Self Pay/Private Pay. These Self Pay/Private Pay patients are often uninsured or unable to pay for services; hence, the facility is actual providing well over 50% of their dental services to the underserved. CUHC has stated that they will continue to provide these services to this population going forward.

The budget appears reasonable.

### Capability and Feasibility

Project costs of \$16,245,594 will be paid by the sub-landlord (Columbia University) and will be reimbursed through CUHC's rent payments.

Working capital requirements are estimated at \$5,068,106 based on two months of Year One expenses, which will be satisfied by the agreement between CUHC and Columbia University to absorb any of CUHC's profit or losses at the end of each year. BFA Attachment A is the 2014-2015 certified financial statements for Columbia University, which shows the entity has sufficient resources to cover the working capital equity requirements for this project.

Prior to receipt of the operating subsidy from Columbia University to bring the facility to a breakeven position, the submitted budget projects net losses of \$8,954,741 and \$8,045,752 for Years One and Three, respectively. The budget is reasonable.

BFA Attachment A, the 2014-2015 certified financial statements for Columbia University, indicates the facility generated both average positive working capital and net asset positions, and had an average net income of \$228,599,500 for the period.

BFA Attachment B, the 2013-2014 certified and the 2015 internal financial statements for CUHC, indicates that the facility had breakeven status for net income, working capital and net asset positions for the period, due to receiving an operating subsidy from Columbia University.

Subject to the noted contingency, the applicant has demonstrated the capability to proceed in a financially feasible manner.

Recommendation

**From a financial perspective, contingent approval is recommended.**

---

## Attachments

- BFA Attachment A 2014-2015 certified financial statements for The Trustees of Columbia University in the City of New York (Columbia University)
- BFA Attachment B 2013-2014 certified and 1/1/2015-12/31/2015 internal financial statements for Columbia University Health Care, Inc. (CUHC)



**Project # 161170-B**  
**Port Jefferson ASC, LLC d/b/a Port Jefferson Ambulatory  
Surgery Center**

**Program:** Diagnostic and Treatment Center    **County:** Suffolk  
**Purpose:** Establishment and Construction    **Acknowledged:** March 22, 2016

**Executive Summary**

**Description**

Port Jefferson ASC, LLC d/b/a Port Jefferson Ambulatory Surgery Center is seeking approval to establish and construct an Article 28 diagnostic and treatment center (D&TC) to be certified as a multi-specialty freestanding ambulatory surgery center (FASC) including ophthalmology, orthopedics, pain management, general surgery, neurosurgery and otolaryngology procedures. The FASC will have six operating rooms and will be located on the first floor of a to-be constructed building at 1500 Route 112, Port Jefferson Station (Suffolk County).

The FASC will consolidate community-based physicians and bring them together into the regulatory environment of an Article 28 Center. A significant portion of the projected procedures (66%) at the proposed FASC are currently being performed at John T. Mather Memorial Hospital, a member of the center.

The proposed ownership structure and membership interest of the Center is as follows:

- Class A: Suffolk Surgical Management Associates LLC (70.0%) with 19 individual physician members;
- Class B: PIII Equities, LLC (4%), a NY limited liability company with two individual members, Mr. Robert Carrera and Mr. Richard DeHart, each with 50% ownership in the LLC; and
- Class C: John T. Mather Memorial Hospital (26.0%).

The Center will enter into a consulting and administrative services agreement with Pinnacle III, LLC under which Pinnacle III, LLC will provide development, consulting, administrative and billing services and share its experience in outcome measures as they pertain to the ambulatory surgical procedures to be performed at the proposed FASC.

OPCHSM Recommendation  
Contingent Approval

**Need Summary**

The applicant projects 4,587 procedures in Year One, with Medicaid at 4.0% and charity care at 2.0%, and 4,867 in Year Three, with Medicaid at 4% and charity care at 2%.

**Program Summary**

Based on the information reviewed, staff found nothing that would reflect adversely upon the applicant's character and competence or standing in the community.

**Financial Summary**

Project costs of \$10,501,998 will be met with \$1,299,221 in cash, a \$781,233 tenant improvement allowance from the landlord, and an \$8,421,544 bank loan over eight years at 3.53%.

The proposed budget is as follows:

Revenues	\$9,390,418
Expenses	<u>8,581,890</u>
Gain	\$808,528

## Recommendations

Health Systems Agency

There will be no HSA recommendation for this project.

Office of Primary Care and Health Systems Management

**Approval contingent upon:**

1. Submission of a check for the amount enumerated in the approval letter, payable to the New York State Department of Health. Public Health Law Section 2802.7 states that all construction applications requiring review by the Public Health and Health Planning Council shall pay an additional fee of fifty-five hundredths of one percent of the total capital value of the project, exclusive of CON fees. A copy of the check must be uploaded into NYSE-CON. [PMU]
2. Submission of an executed building lease, acceptable to the Department of Health. [BFA]
3. Submission of an executed loan commitment for project costs, acceptable to the Department of Health. [BFA]
4. Submission of an executed Administrative Services Agreement, acceptable to the Department of Health. [BFA]
5. Submission of an executed transfer and affiliation agreement, acceptable to the Department, with a local acute care hospital. [HSP]
6. Submission of an executed Consulting and Administrative Services Agreement, acceptable to the Department. [HSP]
7. Submission of a photocopy of fully executed Amended and Restated Articles of Organization, acceptable to the Department. [CSL]
8. Submission of a photocopy of a fully executed Lease Agreement, acceptable to the Department. [CSL]
9. Submission of a photocopy of a fully executed Operating Agreement, acceptable to the Department. [CSL]
10. Submission of the applicant's executed Administrative Service Agreement acceptable to the Department. [CSL]

**Approval conditional upon:**

1. The project must be completed within three years from the date of the Public Health and Health Planning Council recommendation letter. Failure to complete the project within the prescribed time shall constitute an abandonment of the application by the applicant and an expiration of the approval. [PMU]
2. The staff of the facility must be separate and distinct from staff of other entities. [HSP]
3. The signage must clearly denote the facility is separate and distinct from other adjacent entities. [HSP]
4. The entrance to the facility must not disrupt any other entity's clinical program space. [HSP]
5. The clinical space must be used exclusively for the approved purpose. [HSP]
6. The submission of Final Construction Documents, signed and sealed by the project architect, as described in BAEFP Drawing Submission Guidelines DSG-05, prior to the applicant's start of construction. [AER]
7. Construction must start on or before November 1, 2016 and construction must be completed by February 28, 2017, presuming the Department has issued a letter deeming all contingencies have been satisfied prior to commencement. In accordance with 10 NYCRR Section 710.10(a), if construction is not started on or before the start date this shall constitute abandonment of the approval. It is the responsibility of the applicant to request prior approval for any changes to the start and completion dates. [PMU]

Council Action Date

**August 4, 2016**

## Need Analysis

### Analysis

The service area is Suffolk County. Suffolk County has a total of 12 freestanding ambulatory surgery centers: six multi-specialty ASCs and six single-specialty ASCs. The table below shows the number of patient visits at ambulatory surgery centers in Suffolk County for 2013 and 2014.

Type	Facility name	Visits 2013	Visits 2014
Single	Advanced Surgery Center of Long Island (opened 6/5/14)	N/A	970
Single	Digestive Health Center of Huntington, Inc.	3,317	3,103
Single	Great South Bay Endoscopy Center, LLC (opened 8/5/14)	N/A	N/A
Single	Island Digestive Health Center (opened 5/22/14)	N/A	2,732
Single	Island Endoscopy Center, LLC	10,133	10,471
Multi	Long Island Ambulatory Surgery Center	7,674	9,775
Single	Long Island Hand & Orthopedic Surgery Center, LLC	282	673
Multi	Melville Surgery Center	6,456	5,739
Multi	North Shore Surgi-Center	7,663	7,583
Multi	Progressive Surgery Center	1,650	1,356
Multi	South Shore Surgery Center	2,757	3,233
Multi	Suffolk Surgery Center	6,924	6,601
Total		46,856	52,236

Source: SPARCS-2015

The total number of ASC patient visits increased 11.5% from 2013 to 2015. Multi-specialty ASC patient visits totaled 33,124 in 2013 and 34,287 in 2014, a 4% year-to-year increase.

The population of Suffolk County in 2010 was 1,493,350 with 625,791 individuals (41.9%) age 45 and over. This is the primary population group utilizing ambulatory surgery services. Per Cornell Program on Applied Demographics (PAD) projection data, this population group is estimated to grow to 674,710 by 2025 and represent 43.7% of the projected population of 1,543,715.

The applicant projects 4,587 procedures in Year One and 4,867 in Year Three. These projections are based on the current practices of participating surgeons. The table below shows the projected payor source utilization for Port Jefferson Ambulatory Surgery Center for Years One and Three.

Projections	Year 1 Volume	Year 1 %	Year 3 Volume	Year 3 %
Commercial Ins	2,478	54.0%	2,628	54.0%
Medicare	1,560	34.0%	1,654	34.0%
Medicaid	183	4.0%	195	4.0%
Private Pay	46	1.0%	49	1.0%
Charity Care	92	2.0%	97	2.0%
Other	228	5.0%	244	5.0%
Total	4,587	100.0%	4,867	100.0%

This application has been developed with John T. Mather Hospital, which will have a 26% membership interest in the proposed center. A significant portion of the projected procedures (66%) at the proposed center are currently being performed at John T. Mather Hospital.

To serve the underinsured population, the center intends to obtain contracts with the following Medicaid Managed Care plans: Affinity, Fidelis and Wellcare. The center would also look to contract with any other Medicaid providers that have existing contracts with John T. Mather Hospital.

The center and Mather Hospital hope to leverage affiliations with Mather's outpatient services and extension clinics to make care available for those underinsured patients who require ambulatory surgery services. The center will seek to establish a collaborative relationship with Hudson River Healthcare (HRHCare) a Federally Qualified Health Center, which has seven locations within the center's service area. In addition, the center would look to participate as a provider in HRHCare's Health Home, a

Community Health Care Collaborative, to develop referral and other collaborative arrangements to enhance access to ambulatory surgery services to underinsured patients in Suffolk County.

The applicant is committed to serving all persons in need without regard to ability to pay or source of payment.

**Conclusion**

Approval of this project will allow for additional access to multi-specialty ambulatory surgery services for the communities of Suffolk County.

**Recommendation**

**From a need perspective, approval is recommended.**

<b>Program Analysis</b>
-------------------------

**Project Proposal**

<b>Proposed Operator</b>	Port Jefferson ASC, LLC
<b>Doing Business As</b>	Port Jefferson Ambulatory Surgery Center (PJASC)
<b>Site Address</b>	1500 Route 112 Port Jefferson Station, New York 11776 (Suffolk County)
<b>Surgical Specialties</b>	Multi-Specialty, including: Ophthalmology Orthopedics Pain management General surgery Neurosurgery Otolaryngology
<b>Operating Rooms</b>	6 (Class C)
<b>Procedure Rooms</b>	0
<b>Hours of Operation</b>	Monday through Friday from 7:00 am to 6:00 pm (Extended as necessary to accommodate patient needs)
<b>Staffing (1<sup>st</sup> Year / 3<sup>rd</sup> Year)</b>	38.3 FTEs / 38.3 FTEs
<b>Medical Director(s)</b>	Nicholas Craig, MD
<b>Emergency, In-Patient and Backup Support Services Agreement and Distance</b>	Expected to be provided by John T. Mather Memorial Hospital 3.5 miles / 10 minutes
<b>On-call service</b>	Patients will be provided with surgeon contact information as well as the facility's on-call service during hours when the facility is closed.

Character and Competence

The proposed members and their ownership interests are summarized below:

<b>Name</b>	<b>Membership Percentage</b>
<b>Class A Members - Suffolk Surgical Management Associates LLC</b> <i>(19 physicians each owning 5.263% membership interest)</i>	<b>70.0%</b>
Hersham Atwa, MD Vincent Basilice, MD Ajay Chitkara, MD Nicholas Craig, MD, <i>Medical Director</i> Michael Fracchia, MD Steven Leon, MD Frank Lunati, MD Salim Matar, MD Brian McGinley, MD Karim Paracha, MD Rasel Rana, DO Sumeer Sathi, MD Meeru Sathi-Welsch, MD Richard Savino, MD Randall Schragger, MD John Surgue, MD Charles Thompson, MD John Yu, MD Andrew Zeniou, MD	
<b>Class B Member - PIII Equities, LLC</b>	<b>4.0%</b>
Robert Carrera (50%) Richard DeHart (50%)	
<b>Class C Member - John T. Mather Memorial Hospital</b>	<b>26.0%</b>
Ahmad Bhatti, MD Mohammad Bilal, MD Kenneth Bossert, EdD Betsy Britton James Danowski John Diviney Debra Engelhardt Judith Fortunato Kathryn Frey Timothy Glynn, Esq. Keith Harris, D.O. Kenneth Jacoppi, Esq. Konrad Kuhn Richard Lusak William Mich Daniel Opinante Wayne Rampone David Shenouda, D.O. John Sini Leo Sternlict Harold Trachon, Jr. Edward Weiss	
<b>TOTAL</b>	<b>100.00%</b>

The Class A Members, physician members of Suffolk Surgical Management Associates LLC are Board-certified in their respective specialties, have medical practices within the service area of the proposed center and either have, or will have, admitting privileges at Mather.

The members of PIII Equities (Messrs. Carrera and DeHart) are employed by and collectively have 56.36% ownership interests in Pinnacle III, LLC, which will provide consulting and administrative services to PJASC.

Staff from the Division of Certification & Surveillance reviewed the disclosure information submitted regarding licenses held, formal education, training in pertinent health and/or related areas, employment history, a record of legal actions, and a disclosure of the applicant's ownership interest in other health care facilities. Licensed individuals were checked against the Office of Medicaid Management, the Office of Professional Medical Conduct, and the Education Department databases as well as the US Department of Health and Human Services Office of the Inspector General Medicare exclusion database.

Drs. Keith Harris and John Yu each disclosed one (1) pending medical malpractice case. Dr. Sumee Sathi and Dr. McGinley each disclosed two (2) pending malpractice cases. Dr. Fracchia disclosed three (3) pending malpractice cases. Dr. Chitkara disclosed one (1) pending malpractice case and one (1) malpractice case closed with a Stipulation of Discontinuance.

Mr. Glynn disclosed one settled malpractice claim against the law firm in which he is a senior managing partner. Dr. Bilal disclosed that was named as a defendant in a civil forfeiture action related to real property owned by his wife prior to marriage. Dr. Thompson disclosed that, in February 2010, he was ticketed for operating a vehicle under the influence of alcohol. He expressed sincere remorse for his actions and stated that he completed one year of supervised probation and satisfied all conditions of his probation.

Staff from the Division of Certification & Surveillance also reviewed the ten-year surveillance history of all associated facilities. Sources of information included the files, records, and reports found in the Department of Health. Included in the review were the results of any incident and/or complaint investigations, independent professional reviews, and/or comprehensive/focused inspections. The review found that any citations were properly corrected with appropriate remedial action.

*On December 21, 2006, a Stipulation and Order and \$6,000 fine were issued against John T. Mather Memorial Hospital based on an investigation of an event at the facility where a patient with an ectopic pregnancy involving her right fallopian tube had her left fallopian tube operated on by mistake. The patient was readmitted and a second operation performed.*

#### Integration with Community Resources

The Center will contract with two or more Medicaid managed care plans and will seek to participate as a provider in the Stony Brook Performing Provider System (PPS) to develop referral and other collaborative arrangements. The Center will also establish an outreach plan to the underserved, which will include the development of referral arrangements with FQHCs and other community-based providers. The Center is committed to serving all persons in need of specialty care without regard to ability to pay, source of payment or other personal characteristics. The Center will provide charity care for persons without the ability to pay and will utilize a discounted fee scale for persons who are unable to pay the full charge for services or are uninsured.

The Center intends on implementing an electronic medical record (EMR) system which will allow accessibility of a patient's health information and plan of care to providers of the Center and other health care providers involved in the provision of medical care to the patient. The Center will consider joining a regional health information organization (RHIO) or qualified health information exchange (HIE).

#### Recommendation

**From a programmatic perspective, contingent approval is recommended.**



## Financial Analysis

### Administrative Services Agreement

Port Jefferson ASC, LLC will enter into an Administrative Services Agreement with Pinnacle III, LLC. The consultant will provide certain professional business and administrative services to the ambulatory surgery center relating to the operation of the facility.

The applicant has submitted a draft agreement, which is summarized below:

Facility:	Port Jefferson ASC, LLC
Contractor:	Pinnacle III, LLC
Administrative Term:	3 Years, with automatic one-year renewal each year thereafter.
Compensation:	\$12,000/month for months 1-6, \$18,000/month for months 7-12 and \$23,000/month up to year three for administrative services and can never exceed \$350,000 per annum.
Duties of the Contractor:	Financial Management Services. Strategic Planning and Development, Policies and Procedures, Contracting Services, Personnel, Supplies, Utilities/Waste Management, Operating Licenses and Banking, Billing and Collection Services.

While Pinnacle III, LLC will be providing all of the above services, the Facility retains ultimate control in all of the final decisions associated with the services.

### Billing Services Agreement

Port Jefferson ASC, LLC will enter into a Billing Services Agreement with Specialty Billing Solutions, LLC, an affiliated entity of Pinnacle III, LLC. The consultant will provide certain professional billing, collections and accounts receivable management services to the ambulatory surgery center relating to the operation of the facility.

The applicant has submitted an executed agreement, which is summarized below:

Date:	January 6, 2016
Facility:	Port Jefferson ASC, LLC
Contractor:	Specialty Billing Solutions, LLC
Administrative Term:	3 Years, with automatic one year renewal each year thereafter.
Compensation:	Billing and collection services are \$105 per claim. In the event Port Jefferson ASC, LLC writes off a claim before it goes to collection, Specialty Billing Solutions will be paid a fee of \$52.50 for each claim written off.
Duties of the Contractor:	Financial Management Services. Billing and Collection Services.

### Lease Rental Agreement

The applicant will lease approximately 18,160 square feet of space on the first floor (16,160) and in the basement for storage (2,000) at 1500 Route 112, Port Jefferson, under the terms of the proposed lease agreement summarized below:

Landlord:	M & R Stony Brook, Inc.
Tenant:	Port Jefferson ASC, LLC
Term:	15 Years and 8 months with two 5 year renewal options.
Rental:	The annual base rent is \$438,080 (\$25.50/sq. ft. For first floor space and \$13.00/sq. ft. for storage space) with a 2 ½% increase in year 2 and 3 and a 3% increase each year after.
Provisions:	Maintenance, insurance, taxes and utilities

The applicant has a one-time option to purchase the premises for \$4,605,600 and the unamortized landlord's contribution within 180 days after 30 months (2 ½ years) of the lease commencement, therefore, within 3 years after the lease begins. The applicant has indicated that the lease will be an arm's length lease arrangement and has submitted letters from real estate brokers attesting to the reasonableness of the base per square foot rental.

#### Total Project Cost and Financing

Total project costs for renovations and the acquisition of movable equipment is estimated at \$10,501,998, broken down as follows:

Renovation & Demolition	\$ 4,441,667
Design Contingency	444,166
Construction Contingency	444,166
Architect/Engineering Fees	384,994
Other Fees (Consulting)	41,000
Movable Equipment	4,634,522
Financing Costs	2,500
Interim Interest Expense	49,548
Application Fee	2,000
Additional Processing Fee	<u>57,435</u>
Total Project Cost	<u>\$10,501,998</u>

Project costs are based on a construction start date of November 1, 2016, and a four-month construction period.

The applicant's financing plan appears as follows:

Equity	\$1,295,725
Tenant improvement allowance from landlord	\$784,729
Bank Loan @3.53% over 8 years	\$8,421,544

Equity contributions are based on the proposed members' percentage of interest. A letter of interest has been submitted by Wells Fargo Equipment Finance, Inc. for both the equipment and construction loan.

#### Operating Budget

The applicant has submitted an operating budget in 2016 dollars, for the first and third years of operation, summarized below:

	<u>Year One</u>	<u>Year Three</u>
Revenues	\$8,849,358	\$9,390,418
Expenses		
Operating	\$6,538,833	\$6,837,886
Interest	326,602	230,507
Depreciation and Rent	<u>1,491,320</u>	<u>1,513,497</u>
Total Expenses	\$8,356,755	\$8,581,890
Net Income (Loss)	<u>\$492,603</u>	<u>\$808,528</u>
Utilization (Procedures)	4,587	4,867
Cost Per Procedure	\$1,821.83	\$1,763.28

Utilization by payor source for the first and third years is as follows:

	<u>First &amp; Third Year</u>
Commercial Insurance-Managed Care	27.0%
Commercial Insurance-Fee for Service	27.0%
Medicare Fee-For-Service	32.0%
Medicare Managed Care	2.0%
Medicaid Managed Care	4.0%
Self-Pay	1.0%
Other (Workmen's Comp and No Fault)	5.0%
Charity Care	2.0%

Expense and utilization assumptions are based on the combined historical experience of the proposed physician members of Port Jefferson Ambulatory Surgery Center, John T. Mather Memorial Hospital and similar Ambulatory Surgery Centers administered by Pinnacle III, LLC. The applicant has submitted physician referral letters in support of utilization projections.

#### Capability and Feasibility

Project costs of \$10,501,998 will be met with \$1,299,221 in cash, a \$781,233 tenant improvement allowance from the landlord, and an \$8,421,544 bank loan from Wells Fargo Equipment Finance, Inc., over eight years at 3.53%.

Working capital requirements, estimated at \$1,430,316, appear reasonable based on two months of third year expenses and will be provided through \$715,158 equity of the proposed members and a bank loan of \$715,158 at 4.1% over one year. A loan letter of interest from Wells Fargo bank has been submitted by the applicant for working capital. BFA Attachments A through C are the summaries of the net worth statements of the proposed members of Port Jefferson Ambulatory Surgery Center, which indicates the availability of sufficient funds for the stated levels of equity. BFA Attachment E is the pro forma balance sheet of Port Jefferson Ambulatory Surgery Center as of the first day of operation, which indicates positive members' equity position of \$2,795,612.

The submitted budget indicates a net profit of \$492,603 and \$808,528 for the first and third year, respectively. The budget appears reasonable.

BFA Attachment C shows John T. Mather Memorial Hospital has maintained positive working capital and net asset positions, and had an operating loss of \$1,441,515 as of December 31, 2015. John T. Mather Memorial Hospital's 2015 operational loss was due to higher salary and supply costs from an increase in the number of telemetry beds, newly hired graduate nurses, increase salary to recruit Emergency Room physicians and increase expansion of the residency program.

Subject to the noted contingencies, the applicant has demonstrated the capability to proceed in a financially feasible manner.

#### Recommendation

**From a financial perspective, contingent approval is recommended.**

## Attachments

BFA Attachment A	Net Worth Statement of Proposed Physician Members
BFA Attachment B	Net Worth Statement of Pinnacle III Equities, LLC members
BFA Attachment C	Financial Summary of John T. Mather Memorial Hospital
BFA Attachment D	Organizational Chart of Port Jefferson Ambulatory Surgery Center
BFA Attachment E	Pro Forma Balance Sheet
BHFP Attachment	Map

RESOLUTION

RESOLVED, that the Public Health and Health Planning Council, pursuant to the provisions of Section 2801-a of the Public Health Law, on this 4th day of August, 2016 having considered any advice offered by the Regional Health Systems Agency, the staff of the New York State Department of Health, and the Establishment and Project Review Committee of this Council and after due deliberation, hereby proposes to approve the following application to establish and construct a freestanding multi-specialty ambulatory surgery center to provide ophthalmology, orthopedics, pain management, and otolaryngology procedures, to be located at 1500 Route 112, Port Jefferson Station , and with the contingencies, if any, as set forth below and providing that each applicant fulfills the contingencies and conditions, if any, specified with reference to the application, and be it further

RESOLVED, that upon fulfillment by the applicant of the conditions and contingencies specified for the application in a manner satisfactory to the Public Health and Health Planning Council and the New York State Department of Health, the Secretary of the Council is hereby authorized to issue the approval of the Council of the application, and be it further

RESOLVED, that any approval of this application is not to be construed as in any manner releasing or relieving any transferor (of any interest in the facility that is the subject of the application) of responsibility and liability for any Medicaid (Medicaid Assistance Program -- Title XIX of the Social Security Act) or other State fund overpayments made to the facility covering the period during which any such transferor was an operator of the facility, regardless of whether the applicant or any other entity or individual is also responsible and liable for such overpayments, and the State of New York shall continue to hold any such transferor responsible and liable for any such overpayments, and be it further

RESOLVED, that upon the failure, neglect or refusal of the applicant to submit documentation or information in order to satisfy a contingency specified with reference to the application, within the stated time frame, the application will be deemed abandoned or withdrawn by the applicant without the need for further action by the Council, and be it further

RESOLVED, that upon submission of documentation or information to satisfy a contingency specified with reference to the application, within the stated time frame, which documentation or information is not deemed sufficient by Department of Health staff, to satisfy the contingency, the application shall be returned to the Council for whatever action the Council deems appropriate.

NUMBER:

161170 B

FACILITY/APPLICANT:

Port Jefferson ASC, LLC  
d/b/a Port Jefferson Ambulatory Surgery Center

APPROVAL CONTINGENT UPON:

1. Submission of a check for the amount enumerated in the approval letter, payable to the New York State Department of Health. Public Health Law Section 2802.7 states that all construction applications requiring review by the Public Health and Health Planning Council shall pay an additional fee of fifty-five hundredths of one percent of the total capital value of the project, exclusive of CON fees. A copy of the check must be uploaded into NYSE-CON. [PMU]
2. Submission of an executed building lease, acceptable to the Department of Health. [BFA]
3. Submission of an executed loan commitment for project costs, acceptable to the Department of Health. [BFA]
4. Submission of an executed Administrative Services Agreement, acceptable to the Department of Health. [BFA]
5. Submission of an executed transfer and affiliation agreement, acceptable to the Department, with a local acute care hospital. [HSP]
6. Submission of an executed Consulting and Administrative Services Agreement, acceptable to the Department. [HSP]
7. Submission of a photocopy of fully executed Amended and Restated Articles of Organization, acceptable to the Department. [CSL]
8. Submission of a photocopy of a fully executed Lease Agreement, acceptable to the Department. [CSL]
9. Submission of a photocopy of a fully executed Operating Agreement, acceptable to the Department. [CSL]
10. Submission of the applicant's executed Administrative Service Agreement acceptable to the Department. [CSL]

APPROVAL CONDITIONAL UPON:

1. The project must be completed within three years from the date of the Public Health and Health Planning Council recommendation letter. Failure to complete the project within the prescribed time shall constitute an abandonment of the application by the applicant and an expiration of the approval. [PMU]
2. The staff of the facility must be separate and distinct from staff of other entities. [HSP]
3. The signage must clearly denote the facility is separate and distinct from other adjacent entities. [HSP]
4. The entrance to the facility must not disrupt any other entity's clinical program space. [HSP]
5. The clinical space must be used exclusively for the approved purpose. [HSP]
6. The submission of Final Construction Documents, signed and sealed by the project architect, as described in BAEFP Drawing Submission Guidelines DSG-05, prior to the applicant's start of construction. [AER]

7. Construction must start on or before November 1, 2016 and construction must be completed by February 28, 2017, presuming the Department has issued a letter deeming all contingencies have been satisfied prior to commencement. In accordance with 10 NYCRR Section 710.10(a), if construction is not started on or before the start date this shall constitute abandonment of the approval. It is the responsibility of the applicant to request prior approval for any changes to the start and completion dates. [PMU]

Documentation submitted to satisfy the above-referenced contingencies shall be submitted within sixty (60) days. Enter a **complete** response to each **individual** contingency via the New York State Electronic Certificate of Need (NYSE-CON) system by the due date(s) reflected in the *Contingencies Tab in NYSE-CON*.



**Project # 161175-E  
Mohawk Valley Endoscopy Center**

**Program:** Diagnostic and Treatment Center    **County:** Oneida  
**Purpose:** Establishment    **Acknowledged:** March 24, 2016

**Executive Summary**

**Description**

Mohawk Valley EC, LLC d/b/a Mohawk Valley Endoscopy Center, a proprietary Article 28 diagnostic and treatment center (D&TC) is requesting approval for indefinite life. The Center obtained Public Health Council approval with a five-year limited life under CON 092142 and began operations effective September 1, 2011.

The facility, which is located at 116 Business Park Drive, Utica (Oneida County), will have no change in services provided and the Center is not proposing to expand or renovate the facility.

The membership of Mohawk Valley EC, LLC is as follows: MVEC Holdings, LLC - 60% (equal ownership by seven partners of Digestive Disease Medicine of Central New York, LLP, a gastroenterology medical practice); Faxton-St. Luke's Healthcare - 20%; and St. Elizabeth Medical Center - 20%.

**OPCHSM Recommendation  
Contingent Approval**

**Need Summary**

Data submission by the applicant, as a contingency of CON 092142, is completed.

Under CON 092142, Mohawk Valley Endoscopy Center projected 6,000 procedures in Year One and 7,259 in Year Three. Medicaid utilization was projected at six percent and charity care was projected at two percent. Based

on the annual reports submitted by the applicant, the number of total procedures was 7,553 in Year One (2012-1<sup>st</sup> full year) and 10,990 in Year Three (2014). Actual charity care in Year Three (2014) was 0.8 percent and Medicaid was 8.1 percent.

The applicant projects the number of procedures to increase in the first year after approval to 11,598, with Medicaid at 9.5 percent and charity care at 1.2 percent. There will be no changes in services.

**Program Summary**

Based on the results of this review, a favorable recommendation can be made regarding the facility's current compliance pursuant to 2802-(3)(e) of the New York State Public Health Law.

**Financial Summary**

There are no project costs associated with this application. The projected budget is as follows:

Revenues	\$5,617,096
<u>Expenses</u>	<u>\$4,420,625</u>
Net Income	\$1,196,471

## Recommendations

Health Systems Agency

There will be no HSA recommendation for this project.

Office of Primary Care and Health Systems Management

**Approval contingent upon:**

1. Submission of a signed affidavit stating the applicant will publicize its charity care policy by including it in a patient information package provided to all patients upon their initial visit to the center. [RNR]

Council Action Date

**August 4, 2016**



## Need Analysis

### Analysis

The primary service area is Oneida County. The table below provides information on projections and utilization for Year One (2012- 1st full year) and Year Three (2014) based on CON 092142.

CON 092142 - Procedures	Projections		Actual	
	Year 1	Year 3	Year 1	Year 3
Mohawk Valley Endoscopy				
Total	6,000	7,259	7,553	10,990

The table below provides Year Three utilization by payor, projected and actual, for CON 092142, actual for 2015, and projected for Year One following approval.

Payor	CON 092142 Projected Year 3 (2014)	Actual Year 3 (2014)	Actual 2015	CON 161175 Projected Year 1
Commercial FFS/MC	66.9%	58.6%	55.6%	55.6%
Medicare FFS/MC	25.0%	30.0%	30.4%	30.4%
Medicaid FFS/MC	6.0%	8.1%	9.5%	9.5%
Charity Care	2.0%	0.8%	1.2%	1.2%
Private Pay/Other	0.1%	2.4%	3.4%	3.4%
Total	100%	100%	100%	100%

The following information was provided to DOH regarding the facility's efforts to provide services to the underinsured of Oneida County. The center has contracts with the following Medicaid managed care plans: Fidelis, Blue Cross Medicaid and United Healthcare. The center has a referral program with Utica Community Health Center, an FQHC. The number of referrals received from the FQHC increased steadily from 211 in 2013 to 345 in 2015, with a projected increase to 380 in 2017. The center also has a referral program with the Cancer Services Program of Oneida County, though they received only three referrals in 2015. The center has also contacted Upstate Cerebral Palsy (UCP), which has applied for designation as an FQHC Look-Alike, about establishing a referral program once the designation has been approved.

The proportion of uninsured individuals in Oneida County has impacted the center's ability to meet its charity care targets. According to the American Community Survey (ACS) information provided through the US Census website, in 2012 the number of uninsured in Oneida County was estimated to be 19,561, or 8.7 percent of the county population. In 2014, the estimated number of uninsured decreased to 12,350, or 5.5 percent of the county's population. This represents an almost 37 percent drop in the estimated number of uninsured individuals in Oneida County. Additionally, a significant portion of the patient base is over 65 and eligible for Medicare.

Below is a table providing information on the current utilization for the ASC's in Oneida County for Medicaid and Charity Care. Mohawk Valley's utilization for Medicaid and Charity Care is better than the other center (Griffis Surgery Center) which has been in operation since 2012.

Utilization			2014		2015	
Name	Type	Opert Effective Date	Medicaid	Charity	Medicaid	Charity
Mohawk Valley Endoscopy Center, Utica	Gastro- enterology	9/1/2011	8.1%	0.8%	9.5%	1.2%
Griffiss Surgery Center, Rome	Multi	1/3/2012	7.9%	0.0%	5.7%	0.2%
Apex Surgical Center, Westmoreland	Multi	7/10/2015	N/A	N/A	0.0%	0.4%
OMNI Surgery Center, Utica	Pain Management	12/8/2015	N/A	N/A	N/A	N/A

## Conclusion

The 2015 report by the Ad Hoc Advisory Committee on Freestanding ASCs and Charity Care indicates that “single specialty freestanding ASCs offering endoscopy are likely to serve an older clientele, a large portion of whom are 65 or over and eligible for Medicare; hence, it may be reasonable to expect a lower volume of Medicaid and charity care cases from these providers than from ASCs offering more general surgical services.” Although the center’s charity care utilization is less than 2 percent, the center has been making reasonable and sustained efforts to provide service to the uninsured in Oneida County. Therefore, certification for indefinite life should be granted.

## Recommendation

**From a need perspective, contingent approval is recommended.**

# Program Analysis

## Program Proposal

The Center is a joint venture among Faxon-St. Luke’s Healthcare, St. Elizabeth Medical Center and MVEC Holdings, LLC (owned equally by seven partners of Digestive Disease Medicine of Central New York, LLP, a gastroenterology medical practice). The facility has been in operation since September 1, 2011 and the service area for the facility is primarily Oneida County and secondarily Herkimer, Madison and Lewis counties.

The Center is not proposing to add any services, expand or renovate the facility or change anything about the Center. Staffing is expected to remain at 26.1 FTEs and Richard Cherpak, M.D. will continue to serve as the Center’s Medical Director.

## Compliance with Applicable Codes, Rules and Regulations

The medical staff will continue to ensure that procedures performed at the facility conform to generally accepted standards of practice and that privileges granted are within the physician’s scope of practice and/or expertise. The facility’s admissions policy will include anti-discrimination regarding age, race, creed, color, national origin, marital status, sex, sexual orientation, religion, disability, or source of payment. All procedures will be performed in accordance with all applicable federal and state codes, rules and regulations, including standards for credentialing, anesthesiology services, nursing, patient admission and discharge, a medical records system, emergency care, quality assurance and data requirements.

This facility has no outstanding Article 28 surveillance or enforcement actions and, based on the most recent surveillance information, is deemed to be currently operating in substantial compliance with all applicable State and Federal codes, rules and regulations. This determination was made based on a review of the files of the Department of Health, including all pertinent records and reports regarding the facility’s enforcement history and the results of routine Article 28 surveys as well as investigations of reported incidents and complaint

## Recommendation

**From a programmatic perspective, approval is recommended.**

## Financial Analysis

### Operating Budget

The applicant has submitted an operating budget, in 2016 dollars, for the current year (2015) and the first and third years subsequent to receiving indefinite life operating certification, as summarized below:

	<u>Current Year</u>	<u>Year One</u>	<u>Year Three</u>
<b>Revenues</b>			
Commercial	\$3,704,223	\$3,778,308	\$3,853,874
Medicare	\$1,071,708	\$1,093,143	\$1,115,005
Medicaid	\$513,540	\$523,811	\$534,287
Private Pay / Other	<u>\$217,484</u>	<u>\$221,834</u>	<u>\$226,271</u>
<b>Total Revenues</b>	<b>\$5,506,955</b>	<b>\$5,617,096</b>	<b>\$5,729,437</b>
<b>Expenses</b>			
Operating	\$3,966,649	\$3,966,649	\$3,966,649
Capital	<u>\$453,976</u>	<u>\$453,976</u>	<u>\$453,976</u>
<b>Total Expenses:</b>	<b>\$4,420,625</b>	<b>\$4,420,625</b>	<b>\$4,420,625</b>
<b>Net Income</b>	<b>\$1,086,330</b>	<b>\$1,196,471</b>	<b>\$1,308,812</b>
<b>Utilization (Procedures)</b>			
	11,365	11,598	11,832
<b>Cost per Procedure</b>	<b>\$388.97</b>	<b>\$381.15</b>	<b>\$373.62</b>

Revenue, expense and utilization assumptions for Years One and Three are projected based upon the Center's current operations.

Following is a comparison of the Center's projected utilization per CON 092142 and their actual utilization for the first and third years of operations:

<u>Year</u>	<u>Projected</u>	<u>Actual</u>
2012 (1 <sup>st</sup> full year)	6,000	7,553
2014 (3 <sup>rd</sup> year)	7,259	10,990

### Capability and Feasibility

There are no project costs associated with this application. Mohawk Valley EC, LLC projects an operating excess of \$1,196,471 and \$1,308,812 in year one and three, respectively. Revenues are based on current reimbursement rates. The budget appears reasonable.

BFA Attachment A is Mohawk Valley Endoscopy Center's 2014 and 2015 certified financial statements, which shows the facility had a small negative working capital position in 2015 and maintained positive equity and positive net income for the periods shown.

The applicant has demonstrated the capability to proceed in a financially feasible manner.

### Recommendation

**From a financial perspective, approval is recommended.**

## Attachments

BFA Attachment A    2014 and 2015, Certified Financial Statements, Mohawk Valley Endoscopy Center

RESOLUTION

RESOLVED, that the Public Health and Health Planning Council, pursuant to the provisions of Section 2801-a of the Public Health Law, on this 4th day of August, 2016 having considered any advice offered by the Regional Health Systems Agency, the staff of the New York State Department of Health, and the Establishment and Project Review Committee of this Council and after due deliberation, hereby proposes to approve the following application for an indefinite life for CON #092142, and with the contingencies, if any, as set forth below and providing that each applicant fulfills the contingencies and conditions, if any, specified with reference to the application, and be it further

RESOLVED, that upon fulfillment by the applicant of the conditions and contingencies specified for the application in a manner satisfactory to the Public Health and Health Planning Council and the New York State Department of Health, the Secretary of the Council is hereby authorized to issue the approval of the Council of the application, and be it further

RESOLVED, that any approval of this application is not to be construed as in any manner releasing or relieving any transferor (of any interest in the facility that is the subject of the application) of responsibility and liability for any Medicaid (Medicaid Assistance Program -- Title XIX of the Social Security Act) or other State fund overpayments made to the facility covering the period during which any such transferor was an operator of the facility, regardless of whether the applicant or any other entity or individual is also responsible and liable for such overpayments, and the State of New York shall continue to hold any such transferor responsible and liable for any such overpayments, and be it further

RESOLVED, that upon the failure, neglect or refusal of the applicant to submit documentation or information in order to satisfy a contingency specified with reference to the application, within the stated time frame, the application will be deemed abandoned or withdrawn by the applicant without the need for further action by the Council, and be it further

RESOLVED, that upon submission of documentation or information to satisfy a contingency specified with reference to the application, within the stated time frame, which documentation or information is not deemed sufficient by Department of Health staff, to satisfy the contingency, the application shall be returned to the Council for whatever action the Council deems appropriate.

NUMBER:

FACILITY/APPLICANT:

161175 E

Mohawk Valley Endoscopy Center

APPROVAL CONTINGENT UPON:

1. Submission of a signed affidavit stating the applicant will publicize its charity care policy by including it in a patient information package provided to all patients upon their initial visit to the center. [RNR]

APPROVAL CONDITIONAL UPON:

N/A

Documentation submitted to satisfy the above-referenced contingencies shall be submitted within sixty (60) days. Enter a **complete** response to each **individual** contingency via the New York State Electronic Certificate of Need (NYSE-CON) system by the due date(s) reflected in the *Contingencies Tab in NYSE-CON*.



**Project # 161220-E  
Surgical Specialty Center of Westchester**

**Program:** Diagnostic and Treatment Center    **County:** Westchester  
**Purpose:** Establishment    **Acknowledged:** April 4, 2016

**Executive Summary**

**Description**

Surgical Specialty Center of Westchester, LLC (SSCW), an existing proprietary Article 28 diagnostic and treatment center, is requesting approval for indefinite life. The facility was initially approved under CON 072092 as a single-specialty FASC (plastic surgery) with a five-year limited life effective July 6, 2011. Subsequently, under CON112287 the FASC was approved to add ophthalmology services and transfer 43% membership interest in the facility to six new physician members effective July 16, 2012.

The facility, which is located at 440 Mamaroneck Avenue, Harrison (Westchester County), continues to operate under the original lease which expires in January 2023. There will be no change in services provided.

**OPCHSM Recommendation  
Approval**

**Need Summary**

The applicant submitted all data required as a contingency of CON 072092 and CON 112287.

In the previous CON's, the applicant projected two percent Medicaid and three percent charity care. Actual charity care in Year Three was two percent and Medicaid was 6.1 percent. Going forward from this approval, Surgical Specialty Center of Westchester projects 6,259 procedures in Year 1 with Medicaid at 7.4 percent and charity care at 4.1 percent. There will be no changes in services.

**Program Summary**

Based on the results of this review, a favorable recommendation can be made regarding the facility's current compliance pursuant to 2802-(3)(e) of the New York State Public Health Law.

**Financial Summary**

There are no project costs associated with this application.

Revenues	\$5,675,991
Expenses	<u>\$4,337,522</u>
Net Income	<u>\$1,338,469</u>

## Recommendations

Health Systems Agency

There will be no HSA recommendation for this project.

Office of Primary Care and Health Systems Management

**Approval**

Council Action Date

**August 4, 2016**

## Need Analysis

### Analysis

The primary service area is Westchester County.

The table below shows projections and utilization for Year One (2012-1<sup>st</sup> full year) and Year Three (2014) from CON 112287.

	Projections		Actual	
	Year 1	Year 3	Year 1	Year 3
Total	4,818	4,990	2,788	5,561

The table below shows projected and actual utilization by payor under CON 112287, actual 2015, and projected under this application.

Payor	CON 112287 Projected Year 3 (2014)	Actual Year 3 (2014)	Actual 2015	CON 161220 Projections Years 1 & 3
Medicaid FFS/MC	2.0%	6.1%	7.4%	7.4%
Medicare FFS/MC	54.0%	45.9%	42.5%	42.5%
Commercial FFS/MC	40.0%	36.9%	28.3%	28.3%
Private Pay	1.0%	9.2%	17.7%	17.7%
Charity Care	3.0%	2.0%	4.1%	4.1%
Total	100%	100%	100%	100%

Source: Applicant's annual report

The center currently has Medicaid managed care contracts with the following health plans: Fidelis Care, Hudson Health, MVP Healthcare and a pending application with Affinity Health.

The center has strong relationships with the Emergency Departments of three local hospitals: White Plains Hospital, Northern Westchester Hospital and Phelps Memorial Hospital. Through these relationships, the center receives direct referrals for Medicaid and charity care cases. The center reaches out to local health centers, family shelters and homeless shelters in an effort to provide service to underinsured patients in the community. The center also funds an annual charity event for the community.

### Conclusion

Approval of the proposed project will provide for the continued access to ambulatory surgery services for the communities of Westchester County.

### Recommendation

**From a need perspective, approval is recommended.**

## Program Analysis

### Program Proposal

Surgical Specialty Center of Westchester, LLC, an existing Article 28 Diagnostic and Treatment Center certified as a multi-specialty freestanding ambulatory surgical center, located at 440 Mamaroneck Avenue in Harrison (Westchester County), seeks approval to convert to indefinite life following a five year conditional, limited life approval.

The Center is not proposing to add any services and there is no construction or capital cost associated with this project. Staffing is expected to remain at 19.36 FTEs and Samuel Beran, M.D and Joshua Greenwald, M.D. will continue to serve as Co-Medical Directors for the Center.



### Compliance with Applicable Codes, Rules and Regulations

The medical staff will continue to ensure that procedures performed at the facility conform to generally accepted standards of practice and that privileges granted are within the physician's scope of practice and/or expertise. The facility's admissions policy will include anti-discrimination regarding age, race, creed, color, national origin, marital status, sex, sexual orientation, religion, disability, or source of payment. All procedures will be performed in accordance with all applicable federal and state codes, rules and regulations, including standards for credentialing, anesthesiology services, nursing, patient admission and discharge, a medical records system, emergency care, quality assurance and data requirements.

This facility has no outstanding Article 28 surveillance or enforcement actions and, based on the most recent surveillance information, is deemed to be currently operating in substantial compliance with all applicable State and Federal codes, rules and regulations. This determination was made based on a review of the files of the Department of Health, including all pertinent records and reports regarding the facility's enforcement history and the results of routine Article 28 surveys as well as investigations of reported incidents and complaint

### Recommendation

**From a programmatic perspective, approval is recommended.**

## Financial Analysis

### Operating Budget

The applicant submitted an operating budget, in 2016 dollars, for the first year subsequent to receiving the indefinite life operating certification. The budget is summarized below:

	<u>Current Year (2015)</u>		<u>Year One</u>	
	<u>Per Proc.</u>	<u>Total</u>	<u>Per Proc.</u>	<u>Total</u>
Revenues				
Medicaid	\$758.10	\$345,453	\$758.36	\$352,710
Medicare	\$617.83	\$1,610,096	\$617.87	\$1,643,924
Commercial	\$1,608.54	\$2,792,608	\$1,609.19	\$2,851,280
Private Pay	\$747.78	<u>\$811,037</u>	\$747.91	<u>\$828,077</u>
Total Revenues		\$5,559,194		\$5,675,991
Expenses				
Operating	\$605.80	\$3,714,181	\$605.88	\$3,792,215
Capital	<u>\$88.94</u>	<u>\$545,307</u>	<u>\$87.12</u>	<u>\$545,307</u>
Total Expenses	\$694.74	\$4,259,488	\$693.00	\$4,337,522
Net Income or (Loss)		<u>\$1,299,706</u>		<u>\$1,338,469</u>
Utilization (procedures)		6,131		6,259

Revenue, expense and utilization assumptions for year one are projected based upon a continuation of the Center's current operations.

Utilization by payor for 2015 (actual) and projected for Year One after indefinite life is as follows:

<u>Payor:</u>	<u>2015</u>	<u>Year One</u>
Medicaid	7.4%	7.4%
Medicare	42.5%	42.5%
Commercial	28.3%	28.3%
Private Pay	17.7%	17.7%
Charity	4.1%	4.1%

The facility exceeded its projections in serving underserved populations in 2014, which they targeted at 5%. Actual charity care in 2014 was 2.0% and Medicaid was 6.1% for a total of 8.1% or 451 procedures. For 2015, charity care and Medicaid utilization accounted for 11.5% or 720 of the total procedures. The applicant indicated that the Center is committed to providing care to underserved populations and implemented a charity care plan to achieve their goals. The Center established Medicaid managed care contracts with Fidelis Care, Hudson Health and MVP Healthcare, and has a pending application with Affinity Health. Additionally, the medical staff participate in local outreach programs and take emergency department calls at local hospitals. The applicant indicated that their goal is to provide quality care and access to the residents of the Westchester County regardless of ability to pay.

#### Capability and Feasibility

There are no project costs associated with this application. The Center projects an operating excess of \$1,338,469 in the first year of its indefinite life. Revenues are based on current and projected federal and state governmental reimbursement methodologies, while commercial payers are based on SSCW actual experience. The budget appears reasonable.

BFA Attachment A is the 2013-2014 certified and the 2015 internal financial statements of Surgical Specialty Center of Westchester, LLC, which shows the facility maintained average positive working capital, equity, and net income positions for the periods shown. The facility achieved an average positive net income of \$951,760.

The applicant has demonstrated the capability to proceed in a financially feasible manner.

#### Recommendation

**From a financial perspective, approval is recommended.**

## Attachments

BFA Attachment A 2013-2014 Certified and 2015 Internal Financial Statement for Surgical Specialty Center of Westchester, LLC

RESOLUTION

RESOLVED, that the Public Health and Health Planning Council, pursuant to the provisions of Section 2801-a of the Public Health Law, on this 4th day of August, 2016 having considered any advice offered by the Regional Health Systems Agency, the staff of the New York State Department of Health, and the Establishment and Project Review Committee of this Council and after due deliberation, hereby proposes to approve the following application for an indefinite life for CON #072092, and with the contingencies, if any, as set forth below and providing that each applicant fulfills the contingencies and conditions, if any, specified with reference to the application, and be it further

RESOLVED, that upon fulfillment by the applicant of the conditions and contingencies specified for the application in a manner satisfactory to the Public Health and Health Planning Council and the New York State Department of Health, the Secretary of the Council is hereby authorized to issue the approval of the Council of the application, and be it further

RESOLVED, that any approval of this application is not to be construed as in any manner releasing or relieving any transferor (of any interest in the facility that is the subject of the application) of responsibility and liability for any Medicaid (Medicaid Assistance Program -- Title XIX of the Social Security Act) or other State fund overpayments made to the facility covering the period during which any such transferor was an operator of the facility, regardless of whether the applicant or any other entity or individual is also responsible and liable for such overpayments, and the State of New York shall continue to hold any such transferor responsible and liable for any such overpayments, and be it further

RESOLVED, that upon the failure, neglect or refusal of the applicant to submit documentation or information in order to satisfy a contingency specified with reference to the application, within the stated time frame, the application will be deemed abandoned or withdrawn by the applicant without the need for further action by the Council, and be it further

RESOLVED, that upon submission of documentation or information to satisfy a contingency specified with reference to the application, within the stated time frame, which documentation or information is not deemed sufficient by Department of Health staff, to satisfy the contingency, the application shall be returned to the Council for whatever action the Council deems appropriate.

NUMBER:

FACILITY/APPLICANT:

161220 E

Surgical Specialty Center of Westchester

APPROVAL CONTINGENT UPON:

N/A

APPROVAL CONDITIONAL UPON:

N/A

Documentation submitted to satisfy the above-referenced contingencies shall be submitted within sixty (60) days. Enter a **complete** response to each **individual** contingency via the New York State Electronic Certificate of Need (NYSE-CON) system by the due date(s) reflected in the *Contingencies Tab in NYSE-CON*.



Project # 161332-E
EMUSC, LLC d/b/a EMU Surgical Center

Program: Diagnostic and Treatment Center
Purpose: Establishment
County: Queens
Acknowledged: May 12, 2016

Executive Summary

Description

EMUSC, LLC, a New York limited liability company, requests approval to become the new operator of Queens Surgi-Center (the Center), an existing Article 28 diagnostic and treatment center (D&TC) that is also certified as a multi-specialty, freestanding ambulatory surgery center (FASC). The Center is located in 17,000 square feet of leased space at 83-40 Woodhaven Boulevard, Glendale (Queens County). The FASC component occupies 10,000 square feet on the first floor and consists of five operating rooms, pre-operative and recovery rooms, plus requisite support areas. The D&TC component occupies 7,000 square feet on the cellar level and consists of 14 exam rooms, two procedure rooms for dental procedures, physical therapy space and two radiology rooms, plus requisite support areas. The FASC currently provides the following surgical specialties: General Surgery, Pain Management, Orthopedics, Ophthalmology and Plastic Surgery. The D&TC is certified for medical services-primary care and medical services specialties including physical therapy, speech therapy, occupational therapy, podiatry, dental and radiology services. There will be no change in certified services provided. However, the current operator has not recently been providing any services beyond ambulatory surgery services. The applicant intends to provide the full complement of licensed services. Upon approval, the Center will be known as EMU Surgical Center.

On March 9, 2016, Central Queens Day Surgical Center, Inc. d/b/a Queens Surgi-Center, an Article 28 facility, and Integrated Management

Consultants, Inc., Queens Medical & Diagnostic Services, P.C. and Forest Hills Medical, P.C., three non-Article 28 entities, entered into an Asset Purchase Agreement (APA) with EMUSC, LLC for the sale and acquisition of their operating interests for a total purchase price of \$15,000,000. The three non-Article 28 entities will not occupy the Center's Article 28 space and are not part of this CON application; however, they represent approximately 34%, or \$5,100,000, of the total APA transaction. The remaining 66%, or \$9,900,000, is the value associated with the Article 28 Center. The APA will close upon approval of this application by the Public Health and Health Planning Council (PHHPC).

Ownership of the operations before and after the requested change is as follows:

Table with 2 columns: Shareholders and Percentage. Includes Central Queens Day Surgical Center, Inc. and Adel/Dale Abidir, M.D. with 70% and 30% ownership.

Table with 2 columns: Member and Percentage. Includes EMU Holdings, LLC and Daniel Lowy (100%) with 100% ownership.

OPCHSM Recommendation
Contingent Approval

Need Summary
There will be no changes to certified services as a result of this application.

Program Summary

Based on the information reviewed, staff found nothing that would reflect adversely upon the applicant's character and competence or standing in the community.

Financial Summary

The total purchase price is \$15,000,000 apportioned as follows: \$9,900,000 for the Article 28 operations and \$5,100,000 for the non-Article 28 portion. Funding for the \$15,000,000 purchase price will be met through member's equity of \$1,500,000 (applied proportionately at 10% of the purchase price)

with the remaining balance of \$13,500,000 to be financed over seven years through LFG International USA, LLC at 9% interest. There is no construction or renovation associated with this project. The projected budget is as follows:

	<u>Year One</u>	<u>Year Three</u>
Revenues	\$11,631,389	\$15,934,828
Expenses	<u>\$10,161,614</u>	<u>\$12,924,208</u>
Gain/(Loss)	\$1,469,775	\$3,010,620

## Recommendations

Health Systems Agency

There will be no HSA recommendation for this project.

Office of Primary Care and Health Systems Management

**Approval contingent upon:**

1. Submission of an executed working capital loan commitment, acceptable to the Department of Health. [BFA]
2. Submission of an executed project loan commitment, acceptable to the Department of Health. [BFA]
3. Submission of an executed assignment and assumption agreement for the building lease between the assignor and assignee, acceptable to the Department of Health. [BFA]
4. Submission of an executed assignment and assumption agreement for the building lease between the sub-assignor and sub-assignee, acceptable to the Department of Health. [BFA]
5. A photocopy of a facility lease, which is acceptable to the department. [CSL]
6. A photocopy of the Articles of Organization of EMUSC, LLC, which is acceptable to the department. [CSL]
7. A photocopy of the Operating Agreement of EMUSC, LLC, which is acceptable to the department. [CSL]
8. A photocopy of the Articles of Organization of EMU Holdings, LLC, which is acceptable to the department. [CSL]
9. A photocopy of the Assignment and Assumption agreement for the lease of the facility premises, which is acceptable to the department. [CSL]
10. A photocopy of the Landlord's Consent to the lease assignment, which is acceptable to the department. [CSL]

**Approval conditional upon:**

1. The project must be completed within one year from the date of the Public Health and Health Planning Council recommendation letter. Failure to complete the project within the prescribed time shall constitute an abandonment of the application by the applicant and an expiration of the approval. [PMU]
2. The staff of the facility must be separate and distinct from staff of other entities. [HSP]
3. The signage must clearly denote the facility is separate and distinct from other adjacent entities. [HSP]
4. The entrance to the facility must not disrupt any other entity's clinical program space. [HSP]
5. The clinical space must be used exclusively for the approved purpose. [HSP]

Council Action Date

**August 4, 2016**

## Need Analysis

### Analysis

The service area is Queens County. According to data from the Cornell Program on Applied Demographics (PAD), the population of Queens County was 2,230,722 in 2010 and is projected to grow to 2,378,066 by 2025, an increase of approximately 7%.

Queens Surgi-Center served a total of 7,198 patients in 2012, 7,565 patients in 2013, and 7,417 patients in 2014 (Source - Ambulatory Health Care Facility cost reports). Their Medicaid utilization was 7.0% in 2012, 8.0% in 2013 and 13.7% in 2014. Queens Surgi-Center has been serving the residents of Queens County for over 22 years.

The number of projected visits for Years One and Three is shown in the table below. The center is projecting Charity Care utilization of 2.0% and Medicaid utilization of 25.3%.

Projections	Year 1 Volume	Year 3 Volume
Ambulatory Surgery Services	4,926	5,226
D&TC services	23,480	51,160
Total Volume	28,406	56,386

The current operator did not provide traditional charity care in the past. However, the applicant is committed to providing charity care. The applicant has developed the following action plan to provide service to the underinsured population: the center will reach out to Federally Qualified Health Centers (FQHC), local family shelters, and homeless shelters to develop referral programs for the underinsured as well as to area hospitals in an effort to obtain additional referrals for this population. The center is in the process of expanding their Medicaid payor base and expects that Medicaid utilization will increase accordingly. The applicant is committed to serving all persons in need without regard to ability to pay or source of the payment.

### Conclusion

Approval of this project will provide for the continuity of access for a variety of ambulatory surgery and other medical specialty services for the growing population of Queens County.

### Recommendation

**From a need perspective, approval is recommended.**

## Program Analysis

### Character and Competence

The current operator is Central Queens Day Surgical Center, Inc. The current operator's two shareholders are Adel Abidir, M.D. and Dale Abidir, M.D. The sole member of EMUSC, LLC is EMU Holdings, LLC. The sole member of EMU Holdings, LLC is Daniel J. Lowy.

The proposed ownership is:

EMUSC, LLC  
EMU Holdings, LLC (100%)  
Daniel J. Lowy (100%)



Mr. Lowy has experience in the operation of ambulatory surgery centers (New York Surgery Center Queens) and commits to sustain the Center and enhance its future viability.

In keeping with past practices, disclosure information was also submitted and reviewed for the Medical Director, Habeeb Ahmad, M.D. Dr. Ahmad is an experienced ophthalmologist and surgeon.

Staff from the Division of Certification & Surveillance reviewed the disclosure information submitted regarding licenses held, formal education, training in pertinent health and/or related areas, employment history, a record of legal actions, and a disclosure of the applicant's ownership interest in other health care facilities. Licensed individuals were checked against the Office of Medicaid Management, the Office of Professional Medical Conduct, and the Education Department databases as well as the US Department of Health and Human Services Office of the Inspector General Medicare exclusion database.

Additionally, the staff from the Division of Certification & Surveillance reviewed the ten-year surveillance history of all associated facilities. Sources of information included the files, records, and reports found in the Department of Health. Included in the review were the results of any incident and/or complaint investigations, independent professional reviews, and/or comprehensive/focused inspections. The review found that any citations were properly corrected with appropriate remedial action.

Recommendation

**From a programmatic perspective, contingent approval is recommended.**

<h2>Financial Analysis</h2>
-----------------------------

Asset Purchase Agreement

The applicant has submitted an executed Asset Purchase Agreement to acquire the operating interests of the Center. The agreement is effective upon PHHPC approval. The terms of the agreement are summarized below:

Date:	March 9, 2016
Sellers:	Central Queens Day Surgical Center, Inc. d/b/a Queens Surgi-Center (Article 28 entity) and Integrated Management Consultants, Inc., Queens Medical & Diagnostic Services, P.C. and Forest Hills Medical P.C. (three non-Article 28 entities).
Purchaser:	EMUSC, LLC
Asset Transferred:	Assets free and clear of encumbrances including: Tangible Assets; Intellectual Property; Transferable Permits; Assumed Contracts; Real Property Leases; Records; Phone numbers, E-mail Address; Domain Names and Goodwill.
Excluded Assets:	Cash & Equivalents, all rights in claims to amounts relating to Facilities Assets prior to the closing date, and organizational documents.
Assumed Liabilities:	Those occurring after closing
Purchase Price:	\$15,000,000 apportioned as follows: <ul style="list-style-type: none"> <li>• \$9,900,000: Central Queens Day Surgical Center, Inc. d/b/a Queens Surgi-Center (Article 28 entity)</li> <li>• \$5,100,000: Integrated Management Consultants, Inc., Queens Medical &amp; Diagnostic Services, P.C. and Forest Hills Medical P.C. (non-Article 28 entities)</li> </ul>
Payment of Purchase Price:	\$1,500,000 initial deposit into escrow on date of execution of the Agreement; \$1,200,000 at closing deposited into an indemnity escrow account; \$12,300,000 balance due at Closing

The purchase price for the operations of the four entities is proposed to be satisfied as follows:

Equity from Member	\$1,500,000
Loan (7 years, 9% interest)	<u>13,500,000</u>
Total	\$15,000,000

BFA Attachment A, Mr. Daniel Lowy's net worth summary, shows sufficient resources to meet the equity requirement. LFG International USA, LLC has provided a letter of interest for the financing. Ernst & Young states they have audited the Lowy Family Group ("LFG") comprising the combine accounts of LFG 12Pty Limited, LFG 16 Pty Limited, their controlled entities and certain related parties including LFG International USA, LLC for the year ended June 30, 2015, whose net assets were in excess of US\$1 billion. Based on un-audited financial information, Ernst & Young states as of February 24, 2016, LFG's net assets have remained in excess of US\$1 billion.

The applicant has submitted an original affidavit, which is acceptable to the Department, in which the applicant agrees, notwithstanding any agreement or understanding between the applicant and the transferor to the contrary, to be liable and responsible for any Medicaid overpayments made to the facility and/or surcharges, assessments or fees due from the transferor pursuant to Article 28 of the Public Health Law with respect to the period of time prior to the applicant acquiring its interest, without releasing the transferor of its liability and responsibility. The facility had an outstanding Medicaid liability of \$3,232 as of May 20, 2016.

#### Lease Rental Agreement

The applicant has submitted an executed Lease Rental Agreement for the proposed site, the terms of which are summarized below:

Date:	March 24, 1989
Premises:	17,000 sq. ft. on the first floor and cellar levels at 83-40 Woodhaven Blvd., Glendale, NY (Article 28 space); and 5,000 sq. ft. at 83-44 Woodhaven Blvd, Glendale, NY (non-Article 28 space)
Owner/Landlord:	D.I.M.M.J.M. Realty Corporation
Lessee/Tenant::	Madison Medical Imaging, Inc.
Assignor:	Madison Medical Imaging, Inc.
Assignee:	Central Queens Surgical Day Center, Inc. and A.R.A. Realty Assoc. Ltd
Term:	Ending February 28, 2022. Plus (1) 10-year renewal term with rate increase based on the change in Consumer Price Index (CPI)
Payment:	\$576,299 from 3/1/16 to 2/28/17 (\$26.20 per sq. ft.) with 5% yearly increase ending at \$735,520 on February 28, 2022.
Provisions:	Taxes, insurance utilities and maintance

#### Lease Assignment and Assumption Agreement

The applicant submitted a draft Assignment and Assumption Agreement for the assignment of the lease associated with this project as shown below:

Lease Assigned	17,000 sq. ft. located at 83-40 Woodward Boulevard, Glendale, (Queens County), NY 11385 (first floor and cellar level)
Assignor:	Central Queens Surgical Day Center, Inc. and A.R.A. Realty Assoc. Ltd
Assignee:	EMU Real Estate Services, LLC
Sub-Assignor	EMU Real Estate Services, LLC
Sub-Assignee	EMUSC, LLC
Terms	No change

The applicant has provided an affidavit stating there is no relationship between the Assignor (Central Queens Surgical Day Center, Inc. and A.R.A. Realty Assoc. Ltd) and Assignee (EMU Real Estate Services, LLC). There is a relationship, through common members, between the Sub-Assignor (EMU Real Estate Services, LLC) and the Sub-Assignee (EMUSC, LLC). Therefore the sub-lease is a non-arm's length arrangement. Letters from two NYS licensed realtors have been provided attesting to the rental rate being of fair market value.

#### Operating Budget

The applicant has submitted the current year and the projected first and third years operating budgets, in 2016 dollars, as summarized below:

<u>FASC Revenues</u>	<u>Current (2015)</u>		<u>Year One</u>		<u>Year Three</u>	
	<u>Per Proc.</u>	<u>Total</u>	<u>Per Proc.</u>	<u>Total</u>	<u>Per Proc.</u>	<u>Total</u>
Medicaid	\$1,176	\$1,590,138	\$1,204	\$1,497,679	\$1,204	\$1,588,888
Medicare	\$1,183	1,983,785	\$1,124	1,026,216	\$1,124	1,088,713
Commercial	\$1,325	1,245,250	\$1,362	705,660	\$1,364	748,633
Self-Pay	\$1,658	832,498	\$1,777	886,584	\$1,778	940,577
Other	\$1,339	2,394,570	\$3,435	5,675,096	\$3,435	6,020,710
Rebates/Refunds		<u>131,684</u>		<u>131,684</u>		<u>131,684</u>
FASC Revenues		\$8,177,925		\$9,922,919		\$10,519,205
<u>D&amp;TC Revenues</u>	<u>Per Vst.</u>	<u>Total</u>	<u>Per Vst.</u>	<u>Total</u>	<u>Per Vst.</u>	<u>Total</u>
Medicaid	NA	\$0	\$44	\$261,330	\$73	\$828,380
Medicare	NA	0	\$41	179,064	\$60	567,610
Commercial	NA	0	\$50	123,130	\$73	390,307
Self-Pay	NA	0	\$65	154,700	\$95	490,378
Other	NA	<u>0</u>	\$126	<u>990,246</u>	\$183	<u>3,138,948</u>
D&TC Revenues		\$0		\$1,708,470		\$5,415,623
Total Revenues	\$1307	\$8,177,925	\$409	\$11,631,389	\$283	\$15,934,828
<u>Expenses</u>						
Operating FASC	\$1,197	\$7,493,731	\$1,249	\$6,152,595	\$1,240	\$6,477,740
Operating D&TC	NA	0	\$83	1,950,802	\$92	4,690,869
Capital FASC	<u>\$123</u>	<u>767,005</u>	<u>\$418</u>	<u>2,058,217</u>	<u>\$336</u>	<u>1,755,599</u>
Total Expenses:	\$1,320	\$8,260,736	\$1,750	\$10,161,614	\$1,668	\$12,924,208
Net Income (Loss)		<u>(\$82,811)</u>		<u>\$1,469,775</u>		<u>\$3,010,620</u>
Utilization FASC		6,259		4,926		5,226
Cost Per FASC Proc.		\$1,320		\$1,667		\$1,576
Utilization D&TC		NA		23,480		51,160
Cost Per D&TC Proc.		NA		\$83		\$92

Utilization by payor source for the current year, and first and third years subsequent to the ownership change, are summarized below:

<u>FASC</u>	<u>Current Year</u>		<u>Year One</u>		<u>Year Three</u>	
	<u>Visits</u>	<u>%</u>	<u>Visits</u>	<u>%</u>	<u>Visits</u>	<u>%</u>
Medicaid	1,352	21.60%	1,244	25.25%	1,320	25.26%
Medicare	1,677	26.79%	913	18.53%	969	18.54%
Commercial	940	15.02%	518	10.52%	549	10.51%
Self-Pay	502	8.02%	499	10.13%	529	10.12%
Other	1,788	28.57%	1,652	33.54%	1,753	33.54%
Charity	<u>0</u>	<u>0%</u>	<u>100</u>	<u>2.03%</u>	<u>106</u>	<u>2.03%</u>
Total	6,259	100%	4,926	100%	5,226	100%

<u>D&amp;TC</u>	<u>Current Year</u>		<u>Year One</u>		<u>Year Three</u>	
	<u>Visits</u>	<u>%</u>	<u>Visits</u>	<u>%</u>	<u>Visits</u>	<u>%</u>
Medicaid	NA	0	5,930	25.26%	12,920	25.25%
Medicare	NA	0	4,352	18.54%	9,482	18.53%
Commercial	NA	0	2,463	10.49%	5,370	10.50%
Self-Pay	NA	0	2,379	10.13%	5,182	10.13%
Other	NA	0	7,886	33.58%	17,183	33.59%
Charity	NA	0	470	2.00%	1,023	2.00%
Total	NA	0	23,480	100%	51,160	100%

#### FASC

- The Ambulatory Patient Group reimbursement rates reflect current and projected Federal and State government rates, with commercial and private payers reflecting adjustments based on experience in the region.
- Revenues are based on a combination of the physician specialties, the number of days per week each will practice, and the number of new and returning patients each physician expects to serve. The increase in Other Revenue in years one and three is based on the applicant's research into the current no fault insurance environment in New York State (NYS), and the increase in no fault insurance rates that became effective in 2015. Effective October 1, 2015, the NYS Workers Compensation Board introduced a new fee schedule, including largely upward revisions of the fees for FASCs.
- Expense assumptions are based upon the experience of the proposed member and participating surgeons as well as the experience of other FASCs in NYS.
- Breakeven is approximately 68% of the projected volume or 3,332 procedures in the first year.
- Utilization assumptions are supported by letters from 12 physicians, nine of which are currently and will continue to practice at the FASC, plus three new physicians. The proposed operator is committed to providing 2% to charity care and 25% to Medicaid patients. Managed Care (MC) is expected to have a growing impact; approximately 10% of all patients will be covered by MC arrangements. Utilization by payer is based on the payer mix experienced by the Center and the participating surgeons.

#### D&TC

- The current operator has not provided D&TC services at the Center in the recent past. The applicant intends to provide all D&TC services the Center is currently certified to offer.
- Revenue and expense assumptions were based on the applicant's research, business planning, needs analysis and their experience. Data from the Medical Group Management Association (MGMA) was used as a guide in determining the appropriate reimbursement rates and physician compensation.
- The applicant identified a need for primary care services in exists Queens County and has starting working with several recruiting firms to identify and retain physicians. They are in the process of undertaking a community outreach, community education and relationship building with local hospitals and other community providers to help bring patients to the Center. Also, they are in the process of expanding charity care and the Medicaid payer base by reaching out to area hospitals' emergency departments, Federally Qualified Health Centers (FQHCs), local family shelters and homeless shelters.
- The first year is expected to generate a small operating loss due to higher start-up cost. By the third year, the breakeven point will be approximately 87%.

#### Capability and Feasibility

The purchase price is \$9,900,000 for the Article 28 operations, and \$5,100,000 for the non-Article 28 portion, for a total of \$15,000,000. Funding for the \$15,000,000 purchase price will be met through member's equity of \$1,500,000 (applied proportionately at 10% of the purchase price) with the remaining balance of \$13,500,000 being financed over seven years through LFG International USA, LLC at above state terms. There is no construction or renovation associated with this project.

The working capital requirement is estimated at \$1,693,602 based on two months of first year expenses. Funding will be as follows: \$846,801 from the member's equity with the remaining \$846,801 satisfied through a five-year loan at 9% interest. LFG International USA, LLC has provided a letter of interest. Review of BFA Attachment A reveals sufficient resources to meet all the equity requirements. BFA Attachment B is EMUSC pro forma balance sheet that shows operations will start with \$2,346,801 equity.

EMUSC, LLC projects an operating surplus of \$1,469,775 and \$3,010,620 in the first and third years of operation, respectively. The budget appears reasonable

BFA Attachment C, the 2014 certified and 2015 internal financial statements of Central Queens Day Surgical Center, Inc. (CQDSC), shows net income of \$228,864 in 2014 and a small loss of \$82,810 in 2015. The applicant points out that for 2015 CQDSC's current majority owner drew a salary in excess of \$1 million. During 2014 and 2015 CQDSC maintained positive working capital and net asset positions.

BFA Attachment D is the proposed member's NYS affiliated FASC, New York Surgery Center Queens, LLC (NYSCQ). In 2014, NYSCQ experienced an operating loss that was attributable to a ramp-up of volume, expense management and revenue enhancement. From January 2015 through April 2016, the facility generated operating surpluses (\$787,814 for 2015 and \$589,976 through April 2106). Working capital is positive and has grown to \$1,973,084 and net assets was \$1,356,500 as of April 2016.

Subject to the noted contingencies, the applicant has demonstrated the capability to proceed in a financially feasible manner.

Recommendation

**From a financial perspective, contingent approval is recommended.**

## Attachments

BFA Attachment A	EMU Holdings, LLC member net worth summary
BFA Attachment B	Pro Forma Balance Sheet of EMUSE, LLC
BFA Attachment C	2014 Certified Financial Statement, and December 31, 2015 Internal Financial Statement for Central Queens Day Surgical Center, Inc.
BFA Attachment D	Proposed member ownership interest and Financial Summaries of Affiliated FASC
BFA Attachment E	Allocation of Purchase Price

RESOLUTION

RESOLVED, that the Public Health and Health Planning Council, pursuant to the provisions of Section 2801-a of the Public Health Law, on this 4th day of August, 2016 having considered any advice offered by the Regional Health Systems Agency, the staff of the New York State Department of Health, and the Establishment and Project Review Committee of this Council and after due deliberation, hereby proposes to approve the following application to establish EMUSC, LLC as the new operator of the diagnostic and treatment center that includes a multi-specialty ambulatory surgery center located at 83-40 Woodhaven Boulevard, Glendale currently operated as Queens Surgi-Center, and with the contingencies, if any, as set forth below and providing that each applicant fulfills the contingencies and conditions, if any, specified with reference to the application, and be it further

RESOLVED, that upon fulfillment by the applicant of the conditions and contingencies specified for the application in a manner satisfactory to the Public Health and Health Planning Council and the New York State Department of Health, the Secretary of the Council is hereby authorized to issue the approval of the Council of the application, and be it further

RESOLVED, that any approval of this application is not to be construed as in any manner releasing or relieving any transferor (of any interest in the facility that is the subject of the application) of responsibility and liability for any Medicaid (Medicaid Assistance Program -- Title XIX of the Social Security Act) or other State fund overpayments made to the facility covering the period during which any such transferor was an operator of the facility, regardless of whether the applicant or any other entity or individual is also responsible and liable for such overpayments, and the State of New York shall continue to hold any such transferor responsible and liable for any such overpayments, and be it further

RESOLVED, that upon the failure, neglect or refusal of the applicant to submit documentation or information in order to satisfy a contingency specified with reference to the application, within the stated time frame, the application will be deemed abandoned or withdrawn by the applicant without the need for further action by the Council, and be it further

RESOLVED, that upon submission of documentation or information to satisfy a contingency specified with reference to the application, within the stated time frame, which documentation or information is not deemed sufficient by Department of Health staff, to satisfy the contingency, the application shall be returned to the Council for whatever action the Council deems appropriate.

NUMBER:

FACILITY/APPLICANT:

161332 E

EMUSC, LLC d/b/a EMU Surgical Center

APPROVAL CONTINGENT UPON:

1. Submission of an executed working capital loan commitment, acceptable to the Department of Health. [BFA]
2. Submission of an executed project loan commitment, acceptable to the Department of Health. [BFA]
3. Submission of an executed assignment and assumption agreement for the building lease between the assignor and assignee, acceptable to the Department of Health. [BFA]
4. Submission of an executed assignment and assumption agreement for the building lease between the sub-assignor and sub-assignee, acceptable to the Department of Health. [BFA]
5. A photocopy of a facility lease, which is acceptable to the department. [CSL]
6. A photocopy of the Articles of Organization of EMUSC, LLC, which is acceptable to the department. [CSL]
7. A photocopy of the Operating Agreement of EMUSC, LLC, which is acceptable to the department. [CSL]
8. A photocopy of the Articles of Organization of EMU Holdings, LLC, which is acceptable to the department. [CSL]
9. A photocopy of the Assignment and Assumption agreement for the lease of the facility premises, which is acceptable to the department. [CSL]
10. A photocopy of the Landlord's Consent to the lease assignment, which is acceptable to the department. [CSL]

APPROVAL CONDITIONAL UPON:

1. The project must be completed within one year from the date of the Public Health and Health Planning Council recommendation letter. Failure to complete the project within the prescribed time shall constitute an abandonment of the application by the applicant and an expiration of the approval. [PMU]
2. The staff of the facility must be separate and distinct from staff of other entities. [HSP]
3. The signage must clearly denote the facility is separate and distinct from other adjacent entities. [HSP]
4. The entrance to the facility must not disrupt any other entity's clinical program space. [HSP]
5. The clinical space must be used exclusively for the approved purpose. [HSP]

Documentation submitted to satisfy the above-referenced contingencies shall be submitted within sixty (60) days. Enter a **complete** response to each **individual** contingency via the New York State Electronic Certificate of Need (NYSE-CON) system by the due date(s) reflected in the *Contingencies Tab in NYSE-CON*.



**Project # 161093-E  
Third Avenue Imaging, LLC**

**Program:** Diagnostic and Treatment Center    **County:** Bronx  
**Purpose:** Establishment    **Acknowledged:** March 1, 2016

**Executive Summary**

**Description**

Third Avenue Imaging, LLC, a New York limited liability company with sole member Joel Reisman, requests approval to establish an Article 28 Diagnostic and Treatment Center (D&TC) at 2781 Third Avenue, Bronx, to provide CT Scanner, Magnetic Resonance Imaging (MRI) and diagnostic radiology services. Third Avenue Open MRI, Inc., an established D&TC that provides these same services at this same location, intends to close its doors. At the closure of this facility, and upon approval by the Public Health and Health Planning Council of this application request, Third Avenue Imaging, LLC will begin operations, providing a seamless transition of the imaging and radiology services requested herein.

On January 21, 2016, Third Avenue Imaging, LLC entered into an Asset Purchase Agreement (APA) with Third Avenue Open MRI, Inc. for the sale and acquisition of the current D&TC's assets for a purchase price of \$5,500,000. The medical office building in which the D&TC is located is owned by GW Third Avenue, LLC. The applicant will lease the D&TC premises, consisting of approximately 4,500 sq. ft., from GW Third Avenue, LLC. There is no relationship between landlord and tenant.

The proposed ownership is:

Third Avenue Imaging, LLC    100%  
Joel Reisman    (100%)

**OPCHSM Recommendation  
Contingent Approval**

**Need Summary**

There will be no change in the services being offered at this center. The applicant projects 32,400 visits in Year One.

**Program Summary**

Based on the information reviewed, staff found nothing that would reflect adversely upon the applicants' character and competence or standing in the community.

**Financial Summary**

There are no project costs associated with this application and no budgeted incremental operating expenses or revenues. Joel Reisman will purchase all equipment currently in use at the location per the terms of the APA for a purchase price of \$5,500,000. The total purchase price will be met through \$550,000 in equity and a bank loan for \$4,950,000 financed through IDB Bank at 5% interest for a five-year term. The projected budget is as follows:

Revenues	\$4,288,647
Expenses	<u>2,882,218</u>
Excess/Loss	\$1,406,429



## Recommendations

Health Systems Agency

There will be no HSA recommendation for this project.

Office of Primary Care and Health Systems Management

**Approval contingent upon:**

1. Submission of an executed loan commitment for the asset purchase, acceptable to the Department of Health. [BFA]
2. Submission of an executed working capital loan commitment, acceptable to the Department of Health. [BFA]
3. Submission of a photocopy of the applicant's executed Operating Agreement, which is acceptable to the Department. The submitted document is unexecuted and must include language to the following effect:
  - a. That the powers and purposes of the LLC are limited to the ownership and operation of the Article 28 facility specifically named and the location of the facility by street address, city, town, village or locality and county.
  - b. How the LLC will be managed and that neither the management structure nor the provision setting forth such structure may be deleted, modified or amended without the prior approval of the Department of Health. [CSL]
4. Submission of a photocopy of an organizational chart that adequately shows ownership/management of the LLC. [CSL]
5. Submission of a photocopy of the applicant's executed proposed articles of organization, which are acceptable to the Department. The articles of organization must include provisions to the following effect:
  - a. The location of the principle office of the LLC, which must be the same address as the facility; and
  - b. That the powers and purposes of the LLC are LIMITED to the ownership and operation of the Article 28 facility specifically named and the location of the facility by street address, city, town, village or locality and county. [CSL]
6. Submission of a photocopy of a complete and executed asset purchase agreement. The submitted copy has several blank sections. [CSL]

**Approval conditional upon:**

1. The project must be completed within one year from the date of the Public Health and Health Planning Council recommendation letter. Failure to complete the project within the prescribed time shall constitute an abandonment of the application by the applicant and an expiration of the approval. [PMU]
2. Submission of an acceptable closure plan pursuant to 10 NYCRR 401.2(g)-(j) by Third Avenue Open MRI, Inc. [HSP]

Council Action Date

**August 4, 2016**

## Need Analysis

### Analysis

The service area includes Bronx County. Areas of Bronx County are designated as a Health professional Shortage Area or Medically Underserved Area/Population as follows (Source-HRSA):

- Health Professional Shortage Area for Primary Care
  - Medicaid Eligible – Hunts Point/ Mott Haven
- Medically Underserved Areas/Populations
  - Morrisania Service Area

Upon approval of this project, the current operator will submit a closure plan to DOH whereby the center will close its doors on Saturday and the new applicant will open on Monday so there is no break in services for patients who utilize this center. The hours of operation will remain Monday through Saturday from 8:00 am to 5:00 pm.

The applicant projects 32,400 visits in Year One and 43,000 in Year Three.

### Conclusion

Approval of this project will allow for the continuity of care for imaging services for the residents of Bronx County. As there are no changes in the services, there is no overall impact on need.

### Recommendation

**From a need perspective, approval is recommended.**

## Program Analysis

### Character and Competence

The sole member of Third Avenue Imaging, LLC is Joel Reisman. Mr. Reisman has over a decade of experience managing and operating a diagnostic imaging center and is familiar with state regulations.

Staff from the Division of Certification & Surveillance reviewed the disclosure information submitted regarding licenses held, formal education, training in pertinent health and/or related areas, employment history, a record of legal actions, and a disclosure of the applicant's and relatives' ownership interest in other health care facilities. Licensed individuals were checked against the Office of Medicaid Management (relative to Medicaid fraud and abuse), the Office of Professional Medical Conduct, and the Education Department databases.

In keeping with past practices, disclosure information was submitted and reviewed for the medical director, John Rigney, M.D. Dr. Rigney is a practicing, board-certified radiologist with over 30 years of experience. Dr. Rigney disclosed four pending malpractice cases.

Based on the information reviewed, staff found nothing that would reflect adversely upon the applicants' character and competence or standing in the community.

### Recommendation

**From a programmatic perspective, approval is recommended.**

## Financial Analysis

### Total Project Costs and Financing

There are no project costs associated with this application. There are no budgeted incremental operating expenses or revenues associated with this project, and patient care services will not change.

### Asset Purchase Agreement

The applicant has submitted an executed APA, the terms of which are summarized as follows:

Date:	January 21, 2016
Seller:	Third Avenue Open MRI, LLC
Buyer:	Third Avenue Imaging, LLC
Asset Acquired:	Equipment, furniture, furnishings, supplies, books and records, telephone and fax, mailing lists, computers, computer software, seller's goodwill and business associated with Clinic, copies of client lists, patient files, and medical records, other intangible assets, all accounts receivable and cash of the clinic only for services rendered as of the Closing Date.
Excluded Assets:	Sellers accounting records, Sellers cash/cash equivalents relating to operations prior to closing date, financial records, claims, refunds, rights, tax records and tax returns, contract and contract rights, insurance policies and prepaid premiums, Federal Tax ID.
Excluded Liabilities:	Federal/State/Local taxes, liability from breach of any contract, liabilities related to excluded assets, accounts payable and liabilities attributable to operations before closing, liabilities to employees, governmental agencies, or third parties in connection with employee benefit plans, any liabilities related to shareholder's Medicaid/Medicare provider numbers.
Purchase Price:	\$5,500,000
Payment of Purchase Price:	\$150,000 paid and held in escrow; \$5,350,000 due at Closing.

The applicant's financing plan appears as follows:

Equity	\$550,000
Bank Loan (5 years at 5% interest)	<u>\$4,950,000</u>
Total	<u>\$5,500,000</u>

Israel Discount Bank of New York has provided a letter of interest for the loan at the above stated terms.

### Lease Rental Agreement

The applicant submitted an executed lease for the proposed site, the terms of which are summarized below:

Date:	March 31, 2016
Premises:	Portion of the Land at 2777-2779-2781 Third Avenue, Bronx, NY and the Building consisting of approximately 4,500 sq. ft.
Landlord:	GW Third Avenue, LLC
Lessee:	Third Avenue Imaging, LLC
Term:	10 years with option to renew for an additional 5 years.
Rental:	\$216,000 annually and increasing 3% annually after second anniversary
Provisions:	Percentage of Real Estate Taxes, utilities and common charges.

The lease is an arm's length agreement. The applicant has submitted letters from two New York realty agents stating that the annual base rent is fair and reasonable for space of this type in this area.

## Operating Budget

The applicant has submitted an incremental operating budget, in 2016 dollars, for the first and third years, summarized below:

<u>Revenues</u>	<u>Year One</u>		<u>Year Three</u>	
	<u>Per Visit</u>	<u>Total</u>	<u>Per Visit</u>	<u>Total</u>
Commercial Managed Care	\$144.50	\$659,354	\$137.20	\$830,864
Medicare Fee-For-Service	\$68.00	96,492	\$66.01	124,300
Medicare Managed Care	\$140.00	434,420	\$136.98	564,101
Medicaid Managed Care	\$68.00	134,708	\$65.99	173,494
Private Pay/Other	\$147.01	<u>2,963,673</u>	\$138.00	<u>3,702,281</u>
Total Revenue		\$4,288,647		\$5,395,040
 <u>Expenses</u>				
Operating	\$74.47	\$2,412,703	\$65.37	\$2,811,033
Capital	<u>\$14.49</u>	<u>469,515</u>	<u>\$8.68</u>	<u>373,428</u>
Total	\$88.96	\$2,882,218	\$74.05	\$3,184,461
Net Income (Loss)		\$1,406,429		\$2,210,579
Total Visits		32,400		43,000
Cost per visit		\$88.96		\$74.05

Expense and utilization assumptions are based on current operations, as no changes are being made.

### Capability and Feasibility

There are no project costs associated with this application. The purchase price of \$5,500,000 for the assets will be met via equity of \$550,000 and a bank loan for \$4,950,000 at 5% interest for a five-year term. Israel Discount Bank of New York has provided a letter of interest at the stated terms.

The working capital requirement is estimated at \$530,744 based on two months of third year expenses. Working capital will be satisfied with \$290,744 equity from the proposed member and the remaining \$240,000 will be financed by a working capital loan at 5.5% interest for three years. Israel Discount Bank of New York has provided a letter of interest for the proposed working capital financing. BFA Attachment A is the net worth statement of the Joel Reisman, the proposed owner of the D&TC, which shows sufficient resources available to cover all equity requirements for this CON.

BFA Attachment B is the pro-forma balance sheet of Third Avenue Imaging, LLC as of the first day of operation, which indicates positive member's equity position of \$843,000.

Based on the preceding, the applicant has demonstrated the capability to proceed in a financially feasible manner.

### Recommendation

**From a financial perspective, contingent approval is recommended.**

## Attachments

BFA Attachment A Net Worth Statement of Joel Reisman  
BFA Attachment B Pro-forma Statement

RESOLUTION

RESOLVED, that the Public Health and Health Planning Council, pursuant to the provisions of Section 2801-a of the Public Health Law, on this 4th day of August, 2016 having considered any advice offered by the Regional Health Systems Agency, the staff of the New York State Department of Health, and the Establishment and Project Review Committee of this Council and after due deliberation, hereby proposes to approve the following application to Establish Third Avenue Imaging LLC as the new operator of the facility located at 2781 Third Avenue, Bronx which is currently operated by Third Avenue Open MRI Inc., and with the contingencies, if any, as set forth below and providing that each applicant fulfills the contingencies and conditions, if any, specified with reference to the application, and be it further

RESOLVED, that upon fulfillment by the applicant of the conditions and contingencies specified for the application in a manner satisfactory to the Public Health and Health Planning Council and the New York State Department of Health, the Secretary of the Council is hereby authorized to issue the approval of the Council of the application, and be it further

RESOLVED, that any approval of this application is not to be construed as in any manner releasing or relieving any transferor (of any interest in the facility that is the subject of the application) of responsibility and liability for any Medicaid (Medicaid Assistance Program -- Title XIX of the Social Security Act) or other State fund overpayments made to the facility covering the period during which any such transferor was an operator of the facility, regardless of whether the applicant or any other entity or individual is also responsible and liable for such overpayments, and the State of New York shall continue to hold any such transferor responsible and liable for any such overpayments, and be it further

RESOLVED, that upon the failure, neglect or refusal of the applicant to submit documentation or information in order to satisfy a contingency specified with reference to the application, within the stated time frame, the application will be deemed abandoned or withdrawn by the applicant without the need for further action by the Council, and be it further

RESOLVED, that upon submission of documentation or information to satisfy a contingency specified with reference to the application, within the stated time frame, which documentation or information is not deemed sufficient by Department of Health staff, to satisfy the contingency, the application shall be returned to the Council for whatever action the Council deems appropriate.

NUMBER:

FACILITY/APPLICANT:

161093 E

Third Avenue Imaging LLC

APPROVAL CONTINGENT UPON:

1. Submission of an executed loan commitment for the asset purchase, acceptable to the Department of Health. [BFA]
2. Submission of an executed working capital loan commitment, acceptable to the Department of Health. [BFA]
3. Submission of a photocopy of the applicant's executed Operating Agreement, which is acceptable to the Department. The submitted document is unexecuted and must include language to the following effect:
  - a. That the powers and purposes of the LLC are limited to the ownership and operation of the Article 28 facility specifically named and the location of the facility by street address, city, town, village or locality and county.
  - b. How the LLC will be managed and that neither the management structure nor the provision setting forth such structure may be deleted, modified or amended without the prior approval of the Department of Health. [CSL]
4. Submission of a photocopy of an organizational chart that adequately shows ownership/management of the LLC. [CSL]
5. Submission of a photocopy of the applicant's executed proposed articles of organization, which are acceptable to the Department. The articles of organization must include provisions to the following effect:
  - a. The location of the principle office of the LLC, which must be the same address as the facility; and
  - b. That the powers and purposes of the LLC are LIMITED to the ownership and operation of the Article 28 facility specifically named and the location of the facility by street address, city, town, village or locality and county. [CSL]
6. Submission of a photocopy of a complete and executed asset purchase agreement. The submitted copy has several blank sections. [CSL]

APPROVAL CONDITIONAL UPON:

1. The project must be completed within one year from the date of the Public Health and Health Planning Council recommendation letter. Failure to complete the project within the prescribed time shall constitute an abandonment of the application by the applicant and an expiration of the approval. [PMU]
2. Submission of an acceptable closure plan pursuant to 10 NYCRR 401.2(g)-(j) by Third Avenue Open MRI, Inc. [HSP]

Documentation submitted to satisfy the above-referenced contingencies shall be submitted within sixty (60) days. Enter a **complete** response to each **individual** contingency via the New York State Electronic Certificate of Need (NYSE-CON) system by the due date(s) reflected in the *Contingencies Tab in NYSE-CON*.



**Project # 161167-B**  
**Alegria Operating LLC d/b/a Alegria Health & Wellness**

**Program:** Diagnostic and Treatment Center    **County:** Bronx  
**Purpose:** Establishment and Construction    **Acknowledged:** March 22, 2016

**Executive Summary**

**Description**

Alegria Operating LLC d/b/a Alegria Health & Wellness, a New York limited liability company, requests approval to establish and construct an Article 28 diagnostic and treatment center (D&TC) to be located at 899 Westchester Avenue, Bronx (Bronx County). The proposed operator and sole member of Alegria Operating LLC is Kaveh Askari. The D&TC will be in 8,742 square feet of leased clinic space on the first floor of an existing building. The target population of the Center encompasses the Longwood, Melrose, Hunts Point and Mott Haven sections of the Bronx; however, the proposed operator is committed to providing needed services to all residents of the Bronx.

The applicant requests certification for Medical Services – Primary Care and Medical Services – Other Medical Specialties, the latter to include the following services: dermatology, podiatry, infectious diseases, pain management, gastroenterology, orthopedics, oncology, cardiology, ophthalmology, urology, psychology and psychiatric services. The proposed Medical Director of the facility, Dr. Walid Michelen, is currently the CEO and CMO of Gotham Health FQHC, Inc., a large healthcare center formed in 2012 by NYC Health + Hospitals.

**OPCHSM Recommendation**  
Contingent Approval

**Need Summary**  
Proposed services to be provided are: Medical Services-Primary Care and Medical Services-Other Medical Specialties Services. The applicant projects 47,994 visits for Year One.

**Program Summary**  
Based on the information reviewed, staff found nothing that would reflect adversely upon the applicant's character and competence or standing in the community.

**Financial Summary**  
Total project cost of \$4,563,899 will be met with equity of \$456,390 and a bank loan for \$4,197,509 at an interest rate of the greater of 5% or 200 basis points over the seven year Swap rate (approximately 3.50% as of May 19, 2016) for a seven-year term. The projected budget is as follows:

Revenues	\$6,090,876
Expenses	<u>3,773,567</u>
Net Income	\$2,317,309

## Recommendations

Health Systems Agency

There will be no HSA recommendation for this project.

Office of Primary Care and Health Systems Management

**Approval contingent upon:**

1. Submission of a check for the amount enumerated in the approval letter, payable to the New York State Department of Health. Public Health Law Section 2802.7 states that all construction applications requiring review by the Public Health and Health Planning Council shall pay an additional fee of fifty-five hundredths of one percent of the total capital value of the project, exclusive of CON fees. [PMU]
2. Submission of an executed loan commitment, acceptable to the Department of Health. [BFA]
3. Submission of an executed working capital loan commitment, acceptable to the Department of Health. [BFA]
4. Submission of an executed transfer and affiliation agreement, acceptable to the Department, with a local acute care hospital. [HSP]
5. Submission of a photocopy of the applicant's amended and fully executed Amended and Restated Operating Agreement, acceptable to the Department. [CSL]
6. Submission of a photocopy of the applicant's Medical Director Agreement, acceptable to the Department. [CSL]
7. Submission of a photocopy of the applicant's executed First Amendment to Store Lease, acceptable to the Department. [CSL]
8. Submission of State Hospital Code (SHC) Drawings, acceptable to the Department, as described in BAEFP Drawing Submission Guidelines DSG-03. [AER]

**Approval conditional upon:**

1. The project must be completed within three years from the date of the Public Health and Health Planning Council recommendation letter. Failure to complete the project within the prescribed time shall constitute an abandonment of the application by the applicant and an expiration of the approval. [PMU]
2. Construction must start on or before January 1, 2017 and construction must be completed by July 1, 2017, presuming the Department has issued a letter deeming all contingencies have been satisfied prior to commencement. In accordance with 10 NYCRR Section 710.10(a), if construction is not started on or before the start date this shall constitute abandonment of the approval. It is the responsibility of the applicant to request prior approval for any changes to the start and completion dates. [PMU]
3. The staff of the facility must be separate and distinct from staff of other entities. [HSP]
4. The signage must clearly denote the facility is separate and distinct from other adjacent entities. [HSP]
5. The entrance to the facility must not disrupt any other entity's clinical program space. [HSP]
6. The clinical space must be used exclusively for the approved purpose. [HSP]

Council Action Date

**August 4, 2016**



# Need Analysis

## Background and Analysis

The primary service area of the proposed facility encompasses the following areas of Bronx County: Longwood, Melrose, Hunts Point and Matt Haven, which includes the zip codes of 10451, 10454, 10455, 10459 and 10474. There are five free-standing diagnostic and treatment centers in the primary service area that provide Primary Care and/or Other Medical Specialties Services (Source- HFIS). Areas of Bronx County are designated as a Health Professional Shortage Area or as a Medically Underserved Area/Population as follows (Source-HRSA):

### Health Professional Shortage Area for Primary Care Services:

- Medicaid Eligible- Morrisania
- Medicaid Eligible – Hunts Point/Matt Haven

### Medically Underserved Population:

- Morrisania Service Area

## Prevention Quality Indicators-PQIs

PQIs are rates of admission to the hospital for conditions for which good outpatient care can potentially prevent the need for hospitalization, or for which early intervention can prevent complications or more severe disease. The table below provides information on the PQI rates for the overall PQI conditions for the service area and for all of New York State in 2014. It shows that the rate is significantly higher for the service area than for New York State.

### 2014 Hospital Admissions per 100,000 Adults for Selected PQIs

Service Area <sup>1</sup>	New York State
3,059	1,387

Source: DOH Health Data, 2015

<sup>1</sup> Includes zip codes: 10451, 10454, 10455, 10459 & 10474

The number of projected visits is 47,994 for Year One and 76,173 for Year Three.

The applicant is committed to serving all persons in need without regard to ability to pay or source of the payment.

## Conclusion

Approval of this project will provide additional access to primary care services and specialty medical services to the residents of the Longwood, Melrose, Hunts Points and Matt Haven sections and their surrounding communities within Bronx County.

## Recommendation

**From a need perspective, approval is recommended.**

# Program Analysis

## Project Proposal

<b>Proposed Operator</b>	Alegria Operating LLC
<b>Doing Business As</b>	Alegria Health & Wellness
<b>Site Address</b>	899 Westchester Avenue Bronx, NY 10459 (Bronx County)
<b>Services</b>	Medical Services – Primary Care Medical Services – Other Medical Specialties
<b>Hours of Operation</b>	Monday through Friday from 8:00 am to 6:00 pm (Extended as necessary for increased demand/need)
<b>Staffing (1<sup>st</sup> Year / 3<sup>rd</sup> Year)</b>	20.90 FTEs /27.12 FTEs
<b>Medical Director(s)</b>	Walid Michelen, MD
<b>Emergency, In-Patient and Backup Support Services Agreement and Distance</b>	Expected to be provided by St. Barnabas Hospital Center 2.8 miles / 9 minutes

### Character and Competence

The sole member of Alegria Operating LLC is Kaveh (“Kevin”) Askari.

Mr. Askari is a licensed pharmacist who holds pharmacy licenses in over a dozen states. Mr. Askari created Alegria Pharmacy Services where he provided compounded infusion chemotherapy supporting the oncology community in the New York Metropolitan area. Before founding Alegria, Mr. Askari retired from OncoMed Pharmaceutical Services, a company he also founded in 2002. His expertise covers the entire spectrum of cancer oncology pharmacy and care management services. In addition, Mr. Askari has worked toward developing new innovative specialty pharmacies to manage chronic conditions such as HIV, hepatitis, multiple sclerosis, rheumatology and chronic pain.

The proposed Medical Director is Dr. Walid Michelen. Currently, Dr. Michelen is the CEO/CMO of Gotham Health, NYC Health and Hospital Corporation’s network of Federally Qualified Health Centers. Dr. Michelen, a graduate of Cornell University Medical College, began his nearly 40 year career as an intern at the North Central Bronx Hospital. He considers his life work to be a primary care physician and health care executive primarily in upper Manhattan and the Bronx. Dr. Michelen has also served as a coordinator of a Clinton Foundation Project to plan and establish HIV clinics throughout the Dominican Republic.

Staff from the Division of Certification & Surveillance reviewed the disclosure information submitted regarding licenses held, formal education, training in pertinent health and/or related areas, employment history, a record of legal actions, and a disclosure of the applicant’s ownership interest in other health care facilities. Licensed individuals were checked against the Office of Medicaid Management, the Office of Professional Medical Conduct, and the Education Department databases as well as the US Department of Health and Human Services Office of the Inspector General Medicare exclusion database.

### Recommendation

**From a programmatic perspective, contingent approval is recommended.**

## Financial Analysis

### Lease Rental Agreement

The applicant has submitted an executed lease rental agreement for the site the D&TC will occupy, which is summarized below:

Premises:	8,742 square feet located at 899 Westchester Avenue, Bronx, New York
Lessor:	WP Master Lease, LLC
Lessee:	Alegria Operating LLC
Term:	10 years with a 10-year renewal option
Rental:	September 1, 2015 through April 30, 2016 – Rent Abatement
	May 1, 2016 through August 31, 2020 – \$305,808 annually (\$34.98 per sq. ft.)
	September 1, 2020 through August 31, 2025 – \$350,808 annually (\$40.13 per sq. ft.)
	Option: September 1, 2025 through August 31, 2030 – \$399,504 (\$45.70 per sq. ft.)
	September 1, 2030 through August 31, 2035 – \$455,508 (\$52.11 per sq. ft.)
Provisions:	The lessee shall be responsible for maintenance, real estate taxes and utilities.

The lease is an arm's length agreement. The applicant has submitted an affidavit indicating that there is no relationship between the lessor and the lessee. The applicant has submitted letters from two NYS realtors attesting to the reasonableness of the per square foot rental.

### Total Project Cost and Financing

Total project costs for renovations and the acquisition of moveable equipment are estimated at \$4,563,899, broken down as follows:

Renovation and Demolition	\$2,832,500
Design Contingency	283,250
Construction Contingency	283,250
Architect/Engineering Fees	237,600
Other Fees (Consultant)	250,000
Moveable Equipment	365,650
Telecommunications	51,500
Financing Costs	155,464
Interim Interest Expense	77,732
CON Fee	2,000
Additional Processing Fee	<u>24,953</u>
Total Project Cost	\$4,563,899

Project costs are based on a construction start date of January 1, 2017, and a seven-month construction period.

The applicant's financing plan appears as follows:

Equity	\$456,390
Bank Loan (seven years, interest at greater of 5% or 200 basis points over seven year Swap rate (approximately 3.50% as of May 19, 2016).	4,107,509

BFA Attachment A, the personal net worth statement of the proposed member of Alegria Operating, LLC, indicates the availability of sufficient funds for the equity contribution. Sterling National Bank has provided a letter of interest for the financing.

## Operating Budget

The applicant has submitted an operating budget, in 2016 dollars, during the first and third years, summarized below:

	<u>Year One</u>		<u>Year Three</u>	
	<u>Per Visit</u>	<u>Total</u>	<u>Per Visit</u>	<u>Total</u>
<u>Revenues</u>				
Medicaid MC	\$81.59	\$1,135,634	\$81.59	\$2,113,161
Medicaid FFS	\$81.59	195,799	\$81.62	124,304
Medicare MC	\$81.59	978,995	\$81.59	1,864,554
Medicare FFS	\$81.59	391,598	\$81.59	310,759
Commercial FFS	\$81.59	822,356	\$81.59	1,180,884
Private Pay	\$81.59	<u>313,278</u>	\$81.59	<u>497,214</u>
Total Revenues		\$3,837,660		\$6,090,876
<u>Expenses</u>				
Operating	\$55.93	\$2,684,267	\$41.64	\$3,172,167
Capital	<u>13.35</u>	<u>640,715</u>	<u>7.90</u>	<u>601,400</u>
Total Expenses	\$69.28	\$3,324,982	\$49.84	\$3,773,567
Net Income		<u>\$512,678</u>		<u>\$2,317,309</u>
Utilization (Visits)		47,994		76,173
Cost Per Visit		\$69.28		\$49.54

Revenue, expense and utilization assumptions are based on the actual experience of the proposed Medical Director who currently is involved in the operation of both a PC practice and an Article 28 D&TC. Additionally, information was obtained for similar type Article 28 D&TCs from the AHCF-1 (NYS Medicaid cost reports) to confirm assumptions.

Utilization broken down by payor source during the first and third years is as follows:

	<u>Year One</u>	<u>Year Three</u>
Medicaid Fee-For-Service	29.0%	34.0%
Medicaid Managed Care	5.0%	2.0%
Medicare Fee-For-Service	25.0%	30.0%
Medicare Managed Care	10.0%	5.0%
Commercial Fee-For-Service	21.0%	19.0%
Private Pay	8.0%	8.0%
Charity Care	2.0%	2.0%

## Capability and Feasibility

Total project costs of \$4,563,899 will be met with \$456,390 of equity from the proposed member of Alegria Operating LLC and a bank loan of \$4,197,509 at an interest rate of the greater of 5% or 200 basis points over the seven year Swap rate (approximately 3.50% as of May 19, 2016) for a seven-year term. BFA Attachment A is the personal net worth statement of the proposed member of Alegria Operating LLC, which indicates the availability of sufficient funds for the equity contribution. The applicant submitted a letter of interest for the financing.

Working capital requirements are estimated at \$628,928, which is equivalent to two months of third year expenses. The applicant will finance \$314,464 at an interest rate of prime plus 2% (approximately 5.50% as of May 19, 2016) for a three-year term. Sterling National Bank has provided a letter of interest. The remaining \$314,464 will be provided as equity from the personal resources of the proposed member of Alegria Operating LLC. BFA Attachment A is the member's personal net worth statement, which indicates the availability of sufficient funds for the equity contribution to meet the total project cost and the working capital requirement. BFA Attachment B is the pro forma balance sheet for Alegria Operating LLC as of the first day of operation, which indicates a positive net asset position of \$770,865.

The submitted budget projects net income of \$512,678 and \$2,317,309 during the first and third years, respectively. Revenues are based on current reimbursement methodologies for diagnostic and treatment services. The submitted budget appears reasonable.

Subject to the noted contingencies, the applicant has demonstrated the capability to proceed in a financially feasible manner.

Recommendation

**From a financial perspective, contingent approval is recommended.**

---

## Attachments

BFA Attachment A	Personal net worth statement for proposed member
BFA Attachment B	Pro Forma Balance Sheet
BHFP Attachment	Map

RESOLUTION

RESOLVED, that the Public Health and Health Planning Council, pursuant to the provisions of Section 2801-a of the Public Health Law, on this 4th day of August, 2016 having considered any advice offered by the Regional Health Systems Agency, the staff of the New York State Department of Health, and the Establishment and Project Review Committee of this Council and after due deliberation, hereby proposes to approve the following application to establish and construct a diagnostic and treatment center to be located at 899 Westchester Avenue, Bronx, and with the contingencies, if any, as set forth below and providing that each applicant fulfills the contingencies and conditions, if any, specified with reference to the application, and be it further

RESOLVED, that upon fulfillment by the applicant of the conditions and contingencies specified for the application in a manner satisfactory to the Public Health and Health Planning Council and the New York State Department of Health, the Secretary of the Council is hereby authorized to issue the approval of the Council of the application, and be it further

RESOLVED, that any approval of this application is not to be construed as in any manner releasing or relieving any transferor (of any interest in the facility that is the subject of the application) of responsibility and liability for any Medicaid (Medicaid Assistance Program -- Title XIX of the Social Security Act) or other State fund overpayments made to the facility covering the period during which any such transferor was an operator of the facility, regardless of whether the applicant or any other entity or individual is also responsible and liable for such overpayments, and the State of New York shall continue to hold any such transferor responsible and liable for any such overpayments, and be it further

RESOLVED, that upon the failure, neglect or refusal of the applicant to submit documentation or information in order to satisfy a contingency specified with reference to the application, within the stated time frame, the application will be deemed abandoned or withdrawn by the applicant without the need for further action by the Council, and be it further

RESOLVED, that upon submission of documentation or information to satisfy a contingency specified with reference to the application, within the stated time frame, which documentation or information is not deemed sufficient by Department of Health staff, to satisfy the contingency, the application shall be returned to the Council for whatever action the Council deems appropriate.

NUMBER:

161197 B

FACILITY/APPLICANT:

Alegria Operations LLC  
d/b/a Alegria Health & Wellness

APPROVAL CONTINGENT UPON:

1. Submission of a check for the amount enumerated in the approval letter, payable to the New York State Department of Health. Public Health Law Section 2802.7 states that all construction applications requiring review by the Public Health and Health Planning Council shall pay an additional fee of fifty-five hundredths of one percent of the total capital value of the project, exclusive of CON fees. [PMU]
2. Submission of an executed loan commitment, acceptable to the Department of Health. [BFA]
3. Submission of an executed working capital loan commitment, acceptable to the Department of Health. [BFA]
4. Submission of an executed transfer and affiliation agreement, acceptable to the Department, with a local acute care hospital. [HSP]
5. Submission of a photocopy of the applicant's amended and fully executed Amended and Restated Operating Agreement, acceptable to the Department. [CSL]
6. Submission of a photocopy of the applicant's Medical Director Agreement, acceptable to the Department. [CSL]
7. Submission of a photocopy of the applicant's executed First Amendment to Store Lease, acceptable to the Department. [CSL]
8. Submission of State Hospital Code (SHC) Drawings, acceptable to the Department, as described in BAEFP Drawing Submission Guidelines DSG-03. [AER]

APPROVAL CONDITIONAL UPON:

1. The project must be completed within three years from the date of the Public Health and Health Planning Council recommendation letter. Failure to complete the project within the prescribed time shall constitute an abandonment of the application by the applicant and an expiration of the approval. [PMU]
2. Construction must start on or before January 1, 2017 and construction must be completed by July 1, 2017, presuming the Department has issued a letter deeming all contingencies have been satisfied prior to commencement. In accordance with 10 NYCRR Section 710.10(a), if construction is not started on or before the start date this shall constitute abandonment of the approval. It is the responsibility of the applicant to request prior approval for any changes to the start and completion dates. [PMU]
3. The staff of the facility must be separate and distinct from staff of other entities. [HSP]
4. The signage must clearly denote the facility is separate and distinct from other adjacent entities. [HSP]
5. The entrance to the facility must not disrupt any other entity's clinical program space. [HSP]
6. The clinical space must be used exclusively for the approved purpose. [HSP]

Documentation submitted to satisfy the above-referenced contingencies shall be submitted within sixty (60) days. Enter a **complete** response to each **individual** contingency via the New York State Electronic Certificate of Need (NYSE-CON) system by the due date(s) reflected in the *Contingencies Tab in NYSE-CON*.



**Project # 161203-B  
Beachview Dialysis Center, LLC**

**Program:** Diagnostic and Treatment Center    **County:** Queens  
**Purpose:** Establishment and Construction    **Acknowledged:** March 30, 2016

**Executive Summary**

**Description**

Beachview Dialysis Center, LLC, a proposed New York limited liability company, requests approval to establish and construct a 12-station, Article 28 end-stage renal dialysis (ESRD) center. The proposed facility will be located in separate designated space on the second floor of a to-be-constructed, four-story addition at the Rockaway Care Center, a 228-bed, Article 28 residential health care facility (RHCF) located at 335 Beach 48<sup>th</sup> Street, Edgemere (Queens County). The request to construct the RHCF addition was submitted under CON 161087, which is currently under review. The applicant will sublease the space from the RHCF operator. The facility will offer on-site dialysis services to the RHCF's patients and to community residents, with its primary service area being Queens County.

The sole proposed member of Beachview Dialysis Center, LLC is Michael Melnicke. Louis Dale Swartz, M.D., a board certified nephrologist, will serve as the center's Medical Director.

OPCHSM Recommendation  
Contingent Approval

**Need Summary**

There is currently an unmet need for 151 stations in Queens County. The 12 new stations in this proposal are a step towards meeting that need.

**Program Summary**

Based on the information reviewed, staff found nothing that would reflect adversely upon the applicant's character and competence or standing in the community.

**Financial Summary**

Construction of the building in which the ESRD center will be located is being completed by the landlord under CON 161087. The applicant will enter into a sublease agreement with the landlord for site control of the center. The total project cost for the fit out, \$1,675,459 for the leasehold improvements and equipment associated with this application, will be financed with equity of \$167,546 and a bank loan for \$1,507,913 at 4.5% interest for a seven-year term with a 20-year amortization. A bank letter of interest has been provided. The projected budget is as follows:

Revenues	\$3,861,000
Expenses	<u>3,318,297</u>
Net Income	\$ 542,703



## Recommendations

Health Systems Agency

There will be no HSA recommendation for this project.

Office of Primary Care and Health Systems Management

**Approval contingent upon:**

1. Submission of a check for the amount enumerated in the approval letter, payable to the New York State Department of Health. Public Health Law Section 2802.7 states that all construction applications requiring review by the Public Health and Health Planning Council shall pay an additional fee of fifty-five hundredths of one percent of the total capital value of the project, exclusive of CON fees. [PMU]
2. Submission of documentation of contingent-free approval of CON 161087. [PMU]
3. Submission of an executed working capital loan commitment, acceptable to the Department of Health. [BFA]
4. Submission of an executed loan commitment for project cost, acceptable to the Department of Health. [BFA]
5. Submission of an executed Consulting and Administrative Services Agreement, acceptable to the Department of Health. [BFA]
6. Submission of an executed sublease, acceptable to the Department of Health. [BFA]
7. Submission of a photocopy of an executed transfer and affiliation agreement, acceptable to the Department, with a local acute care hospital. [HSP]
8. Submission of a photocopy of the executed Consulting and Administrative Services Agreement, acceptable to the Department. [HSP]
9. Submission of a photocopy of an executed Medical Director Agreement, acceptable to the Department. [HSP]
10. Submission of a photocopy of the amended and executed Consulting and Administrative Services Agreement, acceptable to the Department. [CSL]
11. Submission of a photocopy of the applicant's amended and executed Medical Director Agreement, acceptable to the Department. [CSL]
12. Submission of a photocopy of the applicant's amended and executed Operating Agreement, acceptable to the Department. [CSL]

**Approval conditional upon:**

1. The project must be completed within three years from the date of the Public Health and Health Planning Council recommendation letter. Failure to complete the project within the prescribed time shall constitute an abandonment of the application by the applicant and an expiration of the approval. [PMU]
2. Construction must start on or before January 1, 2017 and construction must be completed by November 1, 2017, presuming the Department has issued a letter deeming all contingencies have been satisfied prior to commencement. In accordance with 10 NYCRR Section 710.10(a), if construction is not started on or before the start date this shall constitute abandonment of the approval. It is the responsibility of the applicant to request prior approval for any changes to the start and completion dates. [PMU]
3. The staff of the facility must be separate and distinct from staff of other entities. [HSP]
4. The signage must clearly denote the facility is separate and distinct from other adjacent entities. [HSP]
5. The entrance to the facility must not disrupt any other entity's clinical program space. [HSP]
6. The clinical space must be used exclusively for the approved purpose. [HSP]
7. The submission of Final Construction Documents, signed and sealed by the project architect, as described in BAEFP Drawing Submission Guidelines DSG-05, prior to the applicant's start of construction. [AER]

Council Action Date

**August 4, 2016**

# Need Analysis

## Background

Rockaway Care Center has operated a 20-bed ventilator-dependent service for many years. The proposed ESRD service will mean residents requiring dialysis services will no longer have to be transported off-site. The new stations will also be available to the outside community.

## Analysis

The primary service area for the new facility is Queens County, which had a population estimate of 2,339,150 in 2015. The percentage of the population aged 65 and over was 13.6%. The non-white population percentage was 50.9%. Those two demographics are the most at-risk for developing end stage renal disease and, as such, are the most in need of end stage renal dialysis services. Comparisons between Queens County and New York State are listed below.

	Queens County	New York State
Ages 65 and Over	13.6%	14.7%
Nonwhite	50.9%	29.6%

Source: U.S. Census 2015

## Capacity

The Department's methodology developed to estimate capacity for chronic dialysis stations is based on Part 709.4 of Title 10 and is as follows:

- One free standing station represents 702 treatments per year. This is based on the expectation that the center will operate 2.5 patient shifts per day at 6 days per week, which is 15 patients per week, per station  $[(2.5 \times 6) \times 52 \text{ weeks}]$  equals 780 treatments per year. Assuming a 90% utilization rate based on the expected number of annual treatments (780), the annual treatments per free standing station is 702. The estimated average number of dialysis procedures each patient receives from a free standing station per year is 156.
- One hospital based station represents 499 treatments per year. This is based on the expectation that the hospital will operate 2.0 patient shifts per day at 6 days per week, which is 12 patients per week, per station  $[(2 \times 6) \times 52 \text{ weeks}]$  equals 624 treatments per year. Assuming an 80% utilization rate based on the expected number of annual treatments (624), the number of annual treatments per hospital station is 499. One hospital based station can treat 3 patients per year.
- Per Department policy, hospital-based stations can treat fewer patients per year. Statewide, the majority of stations are free standing, as are the majority of applications for new stations. As such, when calculating the need for additional stations, the Department bases the projected need on establishing additional free standing stations.
- There are currently 471 free-standing chronic dialysis stations operating in Queens County and 210 in pipeline for a total of 681.
- Based upon DOH methodology, the 681 existing free standing stations in Queens County could treat a total of 3,065 patients annually.

## Need Projections

		Actual		Projected	
		2014	2015	2019	
<b>Queens County Residents</b>					
Need projected 5 years out from most current IPRO data available for <b>Patients Treated in County</b>		<b>Total Patients Treated in County</b>	<b>Total County Residents in Treatment</b>	<b>Total Patients Treated in County<sup>1</sup></b>	<b>Total County Residents in Treatment<sup>1</sup></b>
		3,777	3,741	4,379	4,211
<b>Free-Standing Dialysis Stations</b>		<b>2014</b>	<b>2015</b>	<b>2019</b>	
A	Stations Required to Treat <sup>2</sup>	840	832	974	936
B	Existing Stations	471	471	471	471
C	Stations In Pipeline	210	210	210	210
D	Stations Requested this CON	12	12	12	12
E	w/Approval of This CON (B+C+D)	693	693	693	693
F	Unmet Need With Approval (A-E)	147	139	281	243

<sup>1</sup>Based upon an estimated 3% accrued annual increase

<sup>2</sup>Based upon DOH methodology (total patients/4.5)

A three percent annual increase in demand is appropriate for these calculations due to the high minority population and the high population growth rate in the county. The above table indicates a clear need for additional dialysis stations in Queens County. Patient and resident data are from IPRO.

### Conclusion

Dialysis Services for ventilator-dependent residents is a limited service and is needed in Queens County. With the addition of these dialysis stations, RHCF residents can receive dialysis treatment without the need to be transported off-site. Additionally, the stations will be available to the outside community, thus reducing overall county need.

### Recommendation

**From a need perspective, approval is recommended.**

## Program Analysis

### Project Proposal

<b>Proposed Operator</b>	Beachview Dialysis Center, LLC
<b>Doing Business As</b>	Beachview Dialysis Center
<b>Site Address</b>	353 Beach 48th Street Edgemere, NY (Queens County)
<b>Approved Services</b>	Chronic Renal Dialysis (12 Stations)
<b>Shifts/Hours/Schedule</b>	Will operate 3 shifts per day, 3 days a week and ramp up to 3 shifts per day, 6 days per week.
<b>Staffing (1<sup>st</sup> Year / 3<sup>rd</sup> Year)</b>	12.0 FTEs / 21.0 FTEs
<b>Medical Director(s)</b>	Lewis D. Swartz, M.D.
<b>Emergency, In-Patient and Backup Support Services Agreement and Distance</b>	Expected to be provided by St. John's Episcopal Hospital 1.76 miles / 6 minutes

## Character and Competence

The sole member of Beachview Dialysis Center, LLC is Michael Melnicke.

Mr. Melnicke has extensive experience operating health related facilities and associated programs, including long-term care services and nursing home based dialysis programs. He has been a licensed Nursing Home Administrator for the past 34 years and has owned nursing homes for the past 25 years. He is the Department-appointed receiver of three nursing homes (Park Nursing Home, Rockaway Care Center and Caton Park Nursing Home).

In keeping with past practice, disclosure information was submitted and reviewed for the Medical Director. The applicant has identified Lewis Swartz, MD to serve as the Medical Director of the proposed center. Dr. Swartz is a board-certified Nephrologist with over 20 years of experience in the care and treatment of dialysis patients. He completed a Nephrology Fellowship and currently is the Chief the Inpatient Dialysis Unit at South Nassau Communities Hospital. Prior to that, Dr. Swartz was part of a nephrology group practice and provided care to patients at three outpatient dialysis clinics.

Staff from the Division of Certification & Surveillance reviewed the disclosure information submitted regarding licenses held, formal education, training in pertinent health and/or related areas, employment history, a record of legal actions, and a disclosure of the applicant's ownership interest in other health care facilities. Licensed individuals were checked against the Office of Medicaid Management, the Office of Professional Medical Conduct, and the Education Department databases as well as the US Department of Health and Human Services Office of the Inspector General Medicare exclusion database

Additionally, the staff from the Division of Certification & Surveillance reviewed the ten-year surveillance history of all associated facilities. Sources of information included the files, records, and reports found in the Department of Health. Included in the review were the results of any incident and/or complaint investigations, independent professional reviews, and/or comprehensive/focused inspections. The review found that any citations were properly corrected with appropriate remedial action.

*On April 18, 2007, a Stipulation and Order and \$2,000 fine was issued to Regency Extended Care Center for issues related to Quality of Care.*

*On June 8, 2009, a Stipulation and Order and \$6,000 fine was issued to Park Nursing Home for issues related to Quality of Care, Medical Services- Physicians Services, and Pharmacy Services.*

*On December 16, 2011, and again on January 6, 2012, a Stipulation and Order and fines of \$8,000 and \$10,000, respectively, was issued to Hempstead Park Nursing Home for issues related to Mistreatment/Neglect Policy and Procedures; Investigation/Reporting Allegations; Medically Related Social Services; and Administration.*

## Recommendation

**From a programmatic perspective, contingent approval is recommended.**

## Financial Analysis

### Over Lease

The applicant has submitted an executed over lease agreement for the site to be occupied, the terms of which are summarized below:

Date:	November 18, 2009
Premises:	Rockaway Care Center, 3-53 Beach 48 <sup>th</sup> Street, Queens, New York
Lessor:	Rommi Realty, LLC
Lessee:	Rockaway Care Center, LLC
Term:	10 years with a 20-year extension.
Rental:	\$660,000 annually (\$55,000/month)
Provisions:	Insurance, maintenance and utilities.

### Sublease

The applicant has submitted a draft sublease agreement for the site to be occupied, the terms of which are summarized below:

Date:	January 1, 2016
Premises:	4,980 square feet located on the second floor of 3-53 Beach 48 <sup>th</sup> Street, Queens, New York
Over tenant:	Rockaway Care Center, LLC
Subtenant:	Beachview Dialysis Center, LLC
Term:	10 years with an option to renew with six additional 10-year terms.
License Fee:	\$120,000 annually (\$10,000/month and \$24/sq. ft.). The annual rent will increase by 10% with every 10-year renewal.
Provisions:	Insurance, maintenance and utilities.

The proposed sublease agreement is a non-arm's length transaction since the parties are operated by the same individual. The applicant has submitted an affidavit stating as such and letters from two area realtors have been submitted attesting to the rent reasonableness.

### Consulting and Administrative Services Agreement

The applicant has submitted a draft of the consulting and administrative services agreement for administrative and management services, the terms of which are summarized below:

Consultant:	KMK Consulting
Facility:	Beachview Dialysis Center, LLC
Services:	Financial, billing and collection, staffing, quality management and administrative services
Compensation:	\$4,000/month-first year, \$6,000/month-second year and \$7,000/month-third year for administrative and management services. \$3,000/month-first year, \$6,000/month-second year and \$9,000/month-third year for billing and collection services. There is no anticipated start-up service fee.
Terms:	Three-year terms that automatically renew every two years.

There is a business contractual relationship between KMK consulting and Beachview Dialysis Center, LLC, but no common ownership between the two entities.

### Total Project Cost and Financing

Total project cost, which is for new construction, is estimated at \$1,675,459 broken down as follows:

New Construction	\$1,200,000
Design Contingency	8,500
Construction Contingency	60,000
Architect/Engineering Fees	85,000
Movable Equipment	310,805
CON Fee	2,000
Additional Processing Fee	<u>9,154</u>
Total Project Cost	\$1,675,459

Project costs are based on a construction start date of January 1, 2017, and a ten-month construction period.

The landlord, Rockaway Care Center, is constructing of the building where the center will be housed. The applicant will enter into a sublease agreement with the over tenant, as previously noted, for site control of the center. The applicant will be responsible for paying for the fit out of the ESRD space and financing of the total project costs is as follows:

Equity	\$167,546
Bank Loan (4.5% interest, seven-year term and 20-year amortization)	\$1,507,913

Sterling National Bank has provided a letter of interest to Beachview Dialysis Center for the financing at the above stated terms. The guarantors of the loan are as follows: Rockaway Care Center, LLC; Rommi Realty, LLC; and Michael Melnicke, proposed member of Beachview Dialysis (personal guarantee).

### Operating Budget

The applicant has submitted an operating budget for the first and third years, in 2016 dollars, which is summarized below:

	<u>Per Diem</u>	<u>Year One</u>	<u>Per Diem</u>	<u>Year Three</u>
Revenues				
Medicare	\$350	\$1,064,000	\$350	\$3,080,000
Medicaid	\$315	119,700	\$315	346,500
Commercial	\$395	<u>150,100</u>	\$395	<u>434,500</u>
Total Revenues		\$1,333,800		\$3,861,000
Expenses				
Operating	\$385.79	\$1,466,000	\$275.87	\$3,034,606
Capital	<u>74.23</u>	<u>282,082</u>	<u>25.79</u>	<u>283,691</u>
Total Expenses	\$460.02	\$1,748,082	\$301.66	\$3,318,297
Net Income (Loss)		<u>(\$414,282)</u>		<u>\$542,703</u>
Utilization (treatments)		3,800		11,000
Cost Per Treatment		\$460.02		\$301.66

Utilization by payor source for the first and third years is as follows:

Medicare	80.0%
Medicaid	10.0%
Commercial	10.0%

Revenue assumptions are based upon current reimbursement methodologies by payor for chronic renal dialysis services. Expense and utilization assumptions are based on historical trends of other dialysis centers within Queens County.

### Capability and Feasibility

Construction of the building where the dialysis center will be housed is being completed by the landlord. The total project cost for the fit out of the Dialysis Center of \$1,675,459 will be met by equity of \$167,546 and a bank loan for \$1,507,913 at 4.5% interest for a seven-year term with a 20-year amortization. The applicant will enter into a sublease agreement with the landlord for site control of the center.

Working capital requirements are estimated at \$553,050 based on two months of third year expenses. Working capital will be met by \$276,525 in equity and \$276,525 to be provided through a bank loan at 4.5% over a three-year term. The applicant has submitted a letter of interest. BFA Attachment A is the net worth statement of the proposed member, which indicates sufficient resources to meet the equity requirements of this application. BFA Attachment B is the pro forma balance sheet of Beachview Dialysis Center as of the first day of operation, which indicates positive members' equity of \$307,546.

The submitted budget projects a net loss of \$414,282 in Year One and net income of \$542,703 in Year Three. Revenues are based on the current reimbursement methodologies for dialysis services. The budget appears reasonable.

Subject to noted contingencies, the applicant has demonstrated the capability to proceed in a financially feasible manner.

### Recommendation

**From a financial perspective, contingent approval is recommended.**

## Attachments

BFA Attachment A  
BFA Attachment B

Net Worth Statement of Proposed Member  
Pro Forma Balance Sheet of Beachview Dialysis Center

## RESOLUTION

RESOLVED, that the Public Health and Health Planning Council, pursuant to the provisions of Section 2801-a of the Public Health Law, on this 4th day of August, 2016 having considered any advice offered by the Regional Health Systems Agency, the staff of the New York State Department of Health, and the Establishment and Project Review Committee of this Council and after due deliberation, hereby proposes to approve the following application to establish and construct a 12-station end stage renal dialysis facility to be located at 353 Beach 48th Street, Edgemere, located on the 2nd floor of Rockaway Care Center, and with the contingencies, if any, as set forth below and providing that each applicant fulfills the contingencies and conditions, if any, specified with reference to the application, and be it further

RESOLVED, that upon fulfillment by the applicant of the conditions and contingencies specified for the application in a manner satisfactory to the Public Health and Health Planning Council and the New York State Department of Health, the Secretary of the Council is hereby authorized to issue the approval of the Council of the application, and be it further

RESOLVED, that any approval of this application is not to be construed as in any manner releasing or relieving any transferor (of any interest in the facility that is the subject of the application) of responsibility and liability for any Medicaid (Medicaid Assistance Program -- Title XIX of the Social Security Act) or other State fund overpayments made to the facility covering the period during which any such transferor was an operator of the facility, regardless of whether the applicant or any other entity or individual is also responsible and liable for such overpayments, and the State of New York shall continue to hold any such transferor responsible and liable for any such overpayments, and be it further

RESOLVED, that upon the failure, neglect or refusal of the applicant to submit documentation or information in order to satisfy a contingency specified with reference to the application, within the stated time frame, the application will be deemed abandoned or withdrawn by the applicant without the need for further action by the Council, and be it further

RESOLVED, that upon submission of documentation or information to satisfy a contingency specified with reference to the application, within the stated time frame, which documentation or information is not deemed sufficient by Department of Health staff, to satisfy the contingency, the application shall be returned to the Council for whatever action the Council deems appropriate.

NUMBER:

FACILITY/APPLICANT:

161203 B

Beachview Dialysis Center, LLC



APPROVAL CONTINGENT UPON:

1. Submission of a check for the amount enumerated in the approval letter, payable to the New York State Department of Health. Public Health Law Section 2802.7 states that all construction applications requiring review by the Public Health and Health Planning Council shall pay an additional fee of fifty-five hundredths of one percent of the total capital value of the project, exclusive of CON fees. [PMU]
2. Submission of documentation of contingent-free approval of CON 161087. [PMU]
3. Submission of an executed working capital loan commitment, acceptable to the Department of Health. [BFA]
4. Submission of an executed loan commitment for project cost, acceptable to the Department of Health. [BFA]
5. Submission of an executed Consulting and Administrative Services Agreement, acceptable to the Department of Health. [BFA]
6. Submission of an executed sublease, acceptable to the Department of Health. [BFA]
7. Submission of a photocopy of an executed transfer and affiliation agreement, acceptable to the Department, with a local acute care hospital. [HSP]
8. Submission of a photocopy of the executed Consulting and Administrative Services Agreement, acceptable to the Department. [HSP]
9. Submission of a photocopy of an executed Medical Director Agreement, acceptable to the Department. [HSP]
10. Submission of a photocopy of the amended and executed Consulting and Administrative Services Agreement, acceptable to the Department. [CSL]
11. Submission of a photocopy of the applicant's amended and executed Medical Director Agreement, acceptable to the Department. [CSL]
12. Submission of a photocopy of the applicant's amended and executed Operating Agreement, acceptable to the Department. [CSL]

APPROVAL CONDITIONAL UPON:

1. The project must be completed within three years from the date of the Public Health and Health Planning Council recommendation letter. Failure to complete the project within the prescribed time shall constitute an abandonment of the application by the applicant and an expiration of the approval. [PMU]
2. Construction must start on or before January 1, 2017 and construction must be completed by November 1, 2017, presuming the Department has issued a letter deeming all contingencies have been satisfied prior to commencement. In accordance with 10 NYCRR Section 710.10(a), if construction is not started on or before the start date this shall constitute abandonment of the approval. It is the responsibility of the applicant to request prior approval for any changes to the start and completion dates. [PMU]
3. The staff of the facility must be separate and distinct from staff of other entities. [HSP]
4. The signage must clearly denote the facility is separate and distinct from other adjacent entities. [HSP]
5. The entrance to the facility must not disrupt any other entity's clinical program space. [HSP]

6. The clinical space must be used exclusively for the approved purpose. [HSP]
7. The submission of Final Construction Documents, signed and sealed by the project architect, as described in BAEFP Drawing Submission Guidelines DSG-05, prior to the applicant's start of construction. [AER]

Documentation submitted to satisfy the above-referenced contingencies shall be submitted within sixty (60) days. Enter a **complete** response to each **individual** contingency via the New York State Electronic Certificate of Need (NYSE-CON) system by the due date(s) reflected in the *Contingencies Tab in NYSE-CON*.



Project # 161279-E
IR Operations Associates LLC d/b/a Granville Center for Rehabilitation and Nursing

Program: Residential Health Care Facility
Purpose: Establishment

County: Washington
Acknowledged: April 21, 2016

Executive Summary

Description

IR Operations Associates, LLC, a New York limited liability company, requests approval to be established as the new operator of Indian River Rehabilitation and Nursing Center (Indian River), a 122-bed, Article 28 residential health care facility (RHCF) located at 17 Madison Street, Granville (Washington County), New York. There will be no change in services provided. Upon approval, the facility will do business as Granville Center for Rehabilitation and Nursing.

On December 31, 2013, IROP, LLC, the current operator of Indian River, entered into an Asset Purchase Agreement (APA) with IR Operations Associates, LLC for the sale and acquisition of the operating interests of the facility.

Simultaneously, IRRE, LLC, the current real property owner, entered into a Land Sale Contract with IR Real Estate Associates, LLC for the sale and acquisition of the RHCF's real property. The members of IR Real Estate Associates, LLC are Daryl Hagler (99%) and Jonathan Hagler (1%). The applicant will lease the premises from IR Real Estate Associates, LLC. The applicant has submitted an affidavit attesting that there is a relationship between IR Real Estate Associates, LLC and IR Operations Associates, LLC in that that the members of each entity have previous business relationships involving real estate transactions of other nursing homes.

The current and proposed ownership of Indian River is as follows:

Table with 2 columns: Name, Percentage. Title: Current Operator. Rows: IROP, LLC (100%), Mosche Scheiner (60%), Nathan Stein (31%), Kenneth Rozenberg (9%).

Table with 2 columns: Name, Percentage. Title: Proposed Operator. Rows: IR Operations Associates, LLC (100%), Kenneth Rozenberg (85%), Jeffrey Sicklick (5%), Nathan Goldman (5%), Maxwell Mase (5%).

OPCHSM Recommendation
Contingent Approval

Need Summary

There will be no changes to beds at this facility. Indian River Rehabilitation and Nursing Center's occupancy was 92.8% in 2012, 91.8% in 2013, and 86.9% in 2014. Current occupancy, as of June 20, 2016 is 91.0%, with 11 vacant beds.

Program Summary

No negative information has been received concerning the character and competence of the proposed applicants. No changes in the program or physical environment are proposed in this application. It is the intent of the new operators to continue the current contract for

administrative and consulting services agreement with Centers Health Care. Centers Health Care (Centers) is a related party in that proposed member Kenneth Rozenberg is CEO and has a 50% ownership interest in Centers.

#### Financial Summary

The purchase price for the acquisition of the RHCF's operating interests is the assumption of liabilities consisting of trade payables of \$975,000 at closing, and obligations related to the operation of the Facility and/or the Basic Assets arising on and after the effective date of the APA. The purchase price for the real estate interests is \$500,000 plus the assumption of the HUD mortgage. As of May 1, 2016, the principal amount due on the HUD mortgage was \$6,918,393.48. The proposed realty members

paid \$50,000 upon execution of the Land Sale Contract. The proposed realty members will finance the remaining \$450,000 amount due at closing via a bank loan at 5% interest for a ten-year term and 25-year amortization period. A bank letter of interest has been provided. Daryl Hagler submitted an affidavit indicating that he will fund the balloon payment if acceptable refinancing is not available. The projected budget is as follows:

Revenues	\$10,518,663
Expenses	<u>10,265,451</u>
Net Income	\$253,212

## Recommendations

Health Systems Agency

There will be no HSA recommendation for this project.

Office of Primary Care and Health Systems Management

**Approval contingent upon:**

1. Submission of a commitment signed by the applicant which indicates that, within two years from the date of the council approval, the percentage of all admissions who are Medicaid and Medicare/Medicaid eligible at the time of admission will be at least 75 percent of the planning area average of all Medicaid and Medicare/Medicaid admissions, subject to possible adjustment based on factors such as the number of Medicaid patient days, the facility's case mix, the length of time before private paying patients became Medicaid eligible, and the financial impact on the facility due to an increase in Medicaid admissions. [RNR]
2. Submission of a plan to continue to enhance access to Medicaid residents. At a minimum, the plan should include, but not necessarily be limited to, ways in which the facility will:
  - a. Reach out to hospital discharge planners to make them aware of the facility's Medicaid Access Program;
  - b. Communicate with local hospital discharge planners on a regular basis regarding bed availability at the nursing facility; and
  - c. Identify community resources that serve the low-income and frail elderly population who may eventually use the nursing facility, and inform them about the facility's Medicaid Access policy. [RNR]
3. Submission of a commitment, signed by the applicant, to submit annual reports to the DOH, for at least two years, demonstrating substantial progress with the implementation of the plan. These reports should include, but not be limited to:
  - a. Describing how the applicant reached out to hospital discharge planners to make them aware of the facility's Medicaid Access Program;
  - b. Indicating that the applicant communicated with local hospital discharge planners on a regular basis regarding bed availability at the nursing facility;
  - c. Identifying the community resources that serve the low-income and frail elderly population that have used, or may eventually use, the nursing facility, and confirming they were informed about the facility's Medicaid Access policy.
  - d. Documentation pertaining to the number of referrals and the number of Medicaid admissions; and
  - e. Other factors as determined by the applicant to be pertinent. [RNR]
4. Submission of an executed working capital loan commitment, acceptable to the Department of Health. [BFA]
5. Submission of approval from the United States Department of Housing and Urban Development (HUD) for the assumption of the real estate mortgage. [BFA]
6. Submission of a photocopy of a signed amended Operating Agreement, which is acceptable to the Department. [CSL]

**Approval conditional upon:**

1. The project must be completed within one year from the date of the Public Health and Health Planning Council recommendation letter. Failure to complete the project within the prescribed time shall constitute an abandonment of the application by the applicant and an expiration of the approval. [PMU]
2. Within two years from the date of council approval, the percentage of all admissions who are Medicaid and Medicare/Medicaid eligible at the time of admission will be at least 75 percent of the planning area average as prescribed by the related contingency. Once the Medicaid patient admissions standard is reached, the facility shall not reduce its proportion of Medicaid patient admissions below the 75 percent standard unless and until the applicant, in writing, requests the

approval of the Department to adjust the 75 percent standard and the Department's written approval is obtained. [RNR]

3. Submission of annual reports to the Department for at least two years demonstrating substantial progress with the implementation of the facility's Medicaid Access Plan as prescribed by the related contingency. Reports will be due within 30 days of the conclusion of each year of operation as identified by the Effective Date on the Operating Certificate issued at project completion. For example, if the Operating Certificate Effective Date is June 15, 2017, the first report is due to the Department no later than July 15, 2018. The Department reserves the right to require continued reporting beyond the two year period. [RNR]

Council Action Date

**August 4, 2016**

## Need Analysis

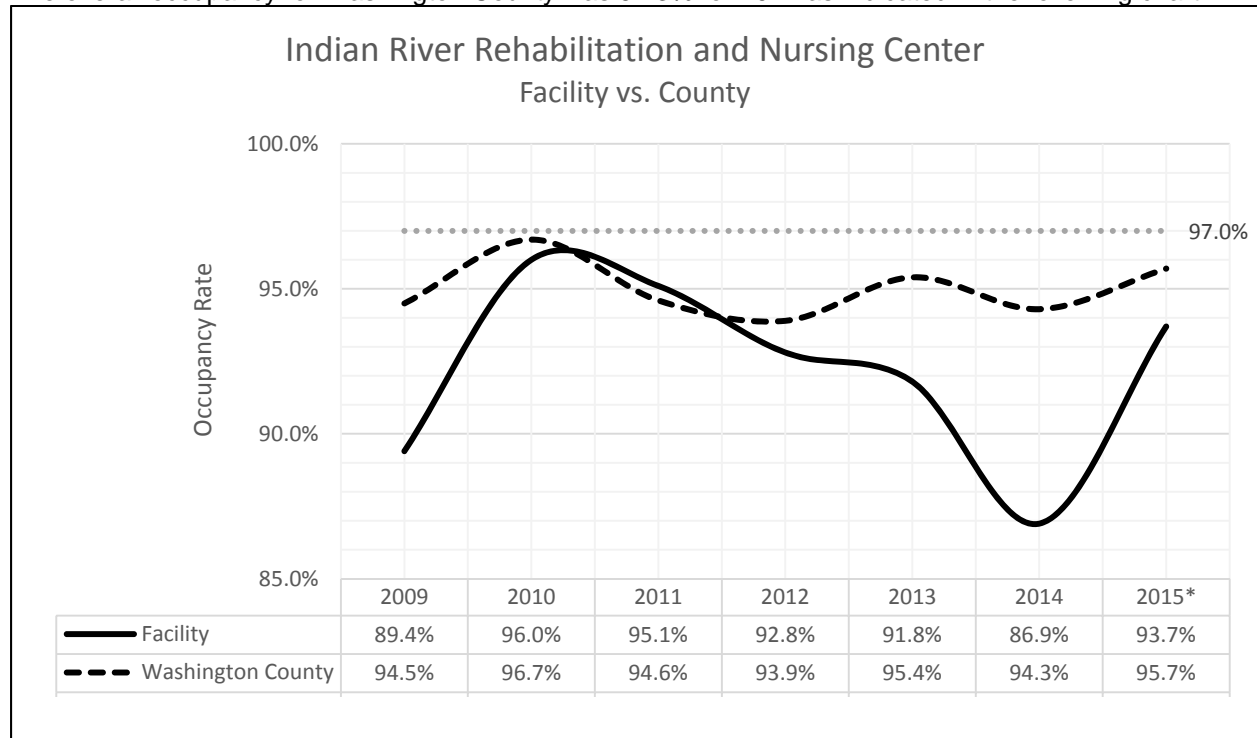
### Analysis

There is currently a need for 24 beds in Washington County as indicated in the following table:

#### RHCF Need – Washington County

2016 Projected Need	552
Current Beds	528
Beds Under Construction	0
Total Resources	528
Unmet Need	24

The overall occupancy for Washington County was 94.3% for 2014 as indicated in the following chart:



\*unaudited; facility reported data

Indian River Rehabilitation and Nursing Center's (Indian River) occupancy was 92.8% in 2012, 91.8% in 2013, and 86.9% in 2014. In July 2014, due to significant systemic deficiencies, Indian River was designated as a CMS "Special Focus Facility". According to the applicant, the primary reasons for the designation included the following:

- 5 changes in Administrator;
- 7 changes in DNS/Nursing Admin;
- Staff destabilization and increased reliance on agency staffing;
- Multiple deficiencies (80+) at G level or higher and many repeats;
- Medical staff changeover – Medical Director changes;
- Lack of quality external resources;
- Multiple turnover in Nursing Leadership (unit managers, supervisors); and
- Inability to recruit and retain for all positions, especially CNAs and LPNs

In December 2014, Kenneth Rozenberg, the proposed managing member, obtained 9% ownership interest and, over the next 15 months, implemented measures to correct and prevent recurrence of

systemic deficiencies, improve operations, stabilize staffing, and enhance care provided to residents. This resulted in graduation from the Special Focus Facility program effective March 30, 2016.

Since graduation from the program, there was significant improvement shown in 2015 over 2014, when the occupancy rate rose nearly 7% to 93.7%. Current occupancy, as of June 15, 2016, is 93.4%. The facility has been working with hospital discharge planners and engaging in community outreach to convey the improvements that have been made at Indian River. The applicant and the Department recognizes that it will take time for Indian River to regain the confidence of providers, discharge planners, and community members. The applicant further intends to implement the following new programs/services at the facility:

- Tracheostomy Care;
- Cardiac Rehabilitation;
- Enhanced Wound Care;
- IV Therapy;
- Complex Clinical Care; and
- Stroke Recovery Program

These new programs/services will further allow Indian River to care for higher acuity residents, prevent unnecessary hospitalizations, and ultimately increase occupancy. Finally, the applicant notes that the stroke recovery program will be the first in any facility within Washington County.

Below is the facility's CMI over the last few years:

<b>CMI</b>	<b>2013</b>	<b>2014</b>	<b>Current</b>
Overall Facility	1.2544	1.2212	1.2688
Medicaid Only	1.1898	1.1657	1.2231

#### Access

Regulations indicate that the Medicaid patient admissions standard shall be 75% of the annual percentage of all Medicaid admissions for the long term care planning area in which the applicant facility is located. Such planning area percentage shall not include residential health care facilities that have an average length of stay 30 days or fewer. If there are four or fewer residential health care facilities in the planning area, the applicable standard for a planning area shall be 75% of the planning area percentage of Medicaid admissions, or of the Health Systems Agency area Medicaid admissions percentage, whichever is less. In calculating such percentages, the Department will use the most current data which have been received and analyzed by the Department.

An applicant will be required to make appropriate adjustments in its admission policies and practices so that the proportion of its own annual Medicaid patient's admissions is at least 75% of the planning area percentage or the Health Systems Agency percentage, whichever is applicable.

Indian River Rehabilitation and Nursing Center's Medicaid admissions of 25.8% in 2013 and 39.1% in 2014 exceeded Washington County's 75% rates in 2013 and 2014 of 18.3% and 19.8%, respectively.

#### Recommendation

**From a need perspective, contingent approval is recommended.**



## Program Analysis

### Facility Information

	Existing	Proposed
Facility Name	Indian River Rehabilitation and Nursing Center	Granville Center for Rehabilitation and Nursing
Address	17 Madison Street, Granville NY 12832	Same
RHCF Capacity	122	Same
ADHC Program Capacity	N/A	Same
Type of Operator	Limited Liability Company	Limited Liability Company
Class of Operator	Proprietary	Proprietary
Operator	IROP, LLC	IR Operations Associates, LLC
	<u>Members</u>	<u>Members</u>
	Mosche Scheiner 60%	Kenneth Rozenberg 85%
	Nathan Stern 31%	Jeffrey Sicklick 5%
	Kenneth Rozenberg 9%	Nathan Goldman 5%
		Maxwell Mase 5%

### Character and Competence - Background

#### Facilities Reviewed

##### Nursing Homes

Boro Park Center for Rehabilitation and Healthcare	05/2011 to present
Bronx Center for Rehabilitation and Health Care	06/2006 to present
Brooklyn Center for Rehabilitation and Residential Health Care	05/2007 to present
Buffalo Center for Rehabilitation and Nursing (formerly Delaware Nursing & Rehabilitation Center)	06/2014 to present
Bushwick Center for Rehabilitation and Health Care (formerly Wartburg Lutheran Home for the Aging)	06/2008 to present
Corning Center for Rehabilitation	07/2013 to present
Daughters of Jacob Nursing Home Company Inc.	08/2013 to present
The Grand Rehabilitation and Nursing at Pawling (formerly Dutchess Center for Rehabilitation and Healthcare)	06/2006 to 3/31/16
Essex Center for Rehabilitation and Health Care	03/2014 to present
Fulton Center for Rehabilitation and Healthcare	04/2012 to present
Holliswood Center for Rehabilitation and Healthcare	11/2010 to 03/21/16
Hope Center for HIV and Nursing Care	04/2015 to present
Indian River Rehabilitation and Nursing Center	12/2014 to present
Northwoods Rehabilitation and Nursing Center at Moravia	11/2014 to 03/03/16
The Grand Rehabilitation and Nursing at Queens (formerly known as Queens Center for Rehabilitation and Residential Health Care)	06/2006 to 03/31/16
Richmond Center for Rehabilitation and Specialty Healthcare	04/2012 to present
Steuben Center for Rehabilitation and Healthcare	07/2014 to present
The Grand Rehabilitation and Nursing at Chittenango (formerly Chittenango Center for Rehabilitation and Health Care)	07/2008 to present
(formerly Stonehedge Health & Rehabilitation Center - Chittenango)	
The Grand Rehabilitation and Nursing at Rome (formerly Rome Center for Rehabilitation and Health Care)	07/2008 to present
(formerly Stonehedge Health & Rehabilitation Center - Rome)	
University Nursing Home	06/2006 to present
Washington Center for Rehabilitation and Health Care	02/2014 to present
Waterfront Center for Rehabilitation and Health Center	08/2011 to present
Williamsbridge Manor Nursing Home	06/2006 to present

<u>Rhode Island Nursing Homes</u>	
Banister Center for Rehab	02/2016 to present
Park View Center for Rehabilitation & Healthcare	05/20/16 to present
<u>Dialysis Centers</u>	
Bronx Center for Renal Dialysis	01/2011 to present
Bushwick Center for Renal Dialysis	06/2014 to present
<u>Adult Homes</u>	
Washington Center Adult Home (AH)	02/2014 to present
<u>Certified Home Health Agency</u>	
Alpine Home Health Care (CHHA)	07/2008 to present
<u>Licensed Home Care Services Agency</u>	
Amazing Home Care (LHCSA)	06/2006 to present
<u>Ambulance Company</u>	
Senior Care Emergency Ambulance Services, Inc. (EMS)	06/2006 to present
<u>Managed Long Term Care Company</u>	
Centers Plan for Health Living (MLTC)	01/2013 to present

### Individual Background Review

**Kenneth Rozenberg** is a New York licensed nursing home administrator, in good standing, and licensed paramedic, in good standing. He has been employed as CEO of Bronx Center for Rehabilitation and Health Care since January 1998. Mr. Rozenberg is the CEO of Centers Health Care, formerly Centers for Specialty Care Group, in which he has a 50% ownership interest. Mr. Rozenberg discloses the following health facility interests:

Boro Park Center for Rehabilitation and Healthcare [97%]	05/2011 to present
Bronx Center for Rehabilitation and Health Care [95%]	10/1997 to present
Brooklyn Center for Rehabilitation and Residential Health Care [95%]	05/2007 to present
Buffalo Center for Rehabilitation and Nursing [90%]	12/2015 to present
Bushwick Center for Rehabilitation and Health Care [98%]	05/2011 to present
Corning Center for Rehabilitation [58%]	07/2013 to present
The Grand Rehabilitation and Nursing at Pawling	08/2004 to 03/31/16
Essex Center for Rehabilitation and Health Care [90%]	03/2014 to present
Fulton Center for Rehabilitation and Healthcare [81%]	04/2012 to present
Holliswood Center for Rehabilitation and Healthcare [85.5%]	11/2010 to 03/21/16
Hope Center for HIV and Nursing Care [95%]	04/2015 to present
Indian River Rehabilitation and Nursing Center [9%]	12/2014 to present
Northwoods Rehabilitation and Nursing Center at Moravia [10%]	11/2014 to 03/03/16
The Grand Rehabilitation and Nursing at Queens [48%]	10/2004 to 03/31/16
Richmond Center for Rehabilitation and Specialty Healthcare [95%]	04/2012 to present
Steuben Center for Rehabilitation and Healthcare [92%]	07/2014 to present
The Grand Rehabilitation and Nursing at Chittenango [62%]	05/2011 to present
The Grand Rehabilitation and Nursing at Rome [62%]	05/2011 to present
University Nursing Home [95%]	08/2001 to present
Washington Center for Rehabilitation and Healthcare [90%]	02/2014 to present
Waterfront Center for Rehabilitation [81%]	12/2012 to present
Williamsbridge Manor Nursing Home [95%]	11/1996 to present
Banister Center for Rehab (RI) [5%]	02/2016 to present
Park View Center for Rehabilitation and Healthcare (RI) [5%]	05/2016 to present
Stonehedge Health & Rehabilitation Center – Rome (REC)	07/2008 to 04/2011
Stonehedge Health & Rehab Center – Chittenango (REC)	07/2008 to 04/2011
Wartburg Lutheran Home for the Aging (REC)	06/2008 to 05/2011
Waterfront Center for Rehabilitation (REC)	08/2011 to 12/2012
Delaware Nursing & Rehab Center (REC)	06/2014 to 12/2015

Daughters of Jacob Nursing Home Company Inc. (REC) [100%]	08/2013 to present
Washington Center Adult Home (AH) [60%]	02/2014 to present
Center Plan for Health Living (MLTC) [60%]	01/2013 to present
Alpine Home Health Care (CHHA) [100%]	07/2008 to present
Amazing Home Care (LHCSA) [33%]	05/2006 to present
Senior Care Emergency Ambulance Services, Inc. (EMS) [40%]	06/2005 to present
Bronx Center for Renal Dialysis	01/2011 to present
Bushwick Center for Renal Dialysis	06/2014 to present

Daughters of Jacob Nursing Home Company is being shown as still under receivership with Kenneth Rozenberg as sole receiver. CON #132128 to establish DOJ Operations Associates, LLC received final PHHPC approval on 3/2/2015 but the transaction has yet to be finalized.

On 4/14/2016 Public Health and Health Planning Council gave approval for Mr. Rozenberg to become an operator of the five facilities listed below. These facilities are not included in Mr. Rozenberg's character and competence because the transactions have not been completed.

- CON # 151260 Nanuet Center for Rehabilitation and Nursing
- CON # 152296 Monsey Center for Rehabilitation and Nursing
- CON # 152295 Haverstraw Center for Rehabilitation and Nursing
- CON # 161109 Allerton Center for Rehabilitation and Nursing
- CON # 161110 Tibbits Center for Rehabilitation and Nursing

**Jeffrey N. Sicklick** is a nursing home administrator in good standing in the states of New York and New Jersey. Mr. Sicklick has been employed as Administrator at Bronx Center for Rehabilitation & Health Care since October, 1997. Mr. Sicklick discloses the following health facility interests:

Boro Park Center for Rehabilitation and Healthcare	05/2011 to 04/2016
Buffalo Center for Rehabilitation and Nursing [10%]	12/2015 to present
Bushwick Center for Rehabilitation and Health Care [2%]	05/2011 to present
Corning Center for Rehabilitation [9%]	07/2013 to present
Dutchess Center for Rehabilitation and Healthcare	08/2004 to 11/2015
Essex Center for Rehabilitation and Health Care [5%]	03/2014 to present
Fulton Center for Rehabilitation and Healthcare [9%]	04/2012 to present
Holliswood Center for Rehabilitation and Healthcare [2.5%]	05/2013 to present
Queens Center for Rehabilitation and Residential Health Care	02/2008 to 10/2015
Richmond Center for Rehabilitation and Specialty Healthcare [3%]	04/2012 to present
Steuben Center for Rehab [3%]	07/2014 to present
The Grand Rehabilitation and Nursing at Chittenango [8%]	05/2011 to present
The Grand Rehabilitation and Nursing at Rome [8%]	05/2011 to present
Washington Center for Rehabilitation and Healthcare [10%]	02/2014 to present
Waterfront Center for Rehabilitation [19%]	01/2013 to present
Washington Center Adult Home (AH) [10%]	02/2014 to present

On 4/14/2016 Public Health and Health Planning Council gave approval for Mr. Sicklick to become an operator of the five facilities listed below. These facilities are not included in Mr. Sicklick's character and competence because the transactions have not been completed.

- CON # 151260 Nanuet Center for Rehabilitation and Nursing
- CON #152296 Monsey Center for Rehabilitation and Nursing
- CON #152295 Haverstraw Center for Rehabilitation and Nursing
- CON # 161109 Allerton Center for Rehabilitation and Nursing
- CON # 161110 Tibbits Center for Rehabilitation and Nursing

**Nathan Goldman** is a New York licensed nursing home administrator, in good standing. He reports employment as the Administrator of Daughters of Jacob Nursing Home located in Bronx, NY, since January, 2014. Mr. Goldman lists Mt. Laurel Center for Rehab in New Jersey as his employer from 4/2013 to 1/2014. Mr. Goldman discloses no previous ownership interest in any health facilities.

**Maxwell Mase** has been employed at Centers Health Care as the Director of Revenue Cycle since 2/2010. Previous to this he attended various schools. Mr. Mase discloses no previous ownership interest in any health facilities.

#### Character and Competence - Analysis

No negative information has been received concerning the character and competence of the above applicants identified as new members.

A review of operations of Bronx Center for Rehabilitation and Health Care for the period identified above reveals the following:

- The facility was fined \$2,000 pursuant to a Stipulation and Order NH-07-079 issued October 23, 2007 for surveillance findings on April 27, 2007. Deficiencies were found under 10 NYCRR 415.12 Quality of Care and 415.12(i)(1), Quality of Care: Nutrition.
- The facility was fined \$4,000 pursuant to a Stipulation and Order NH-11-047 issued August 25, 2011 for surveillance findings on April 16, 2010. Deficiencies were found under 10 NYCRR 415.12 (h)(2) Quality of Care: Accidents and Supervision and 415.26 Administration.
  - A federal CMP of \$36,450 was assessed for the April 16, 2010 survey findings.

An assessment of the underlying causes of the above enforcements determined that they were not recurrent in nature and the operator investigated the circumstances surrounding the violation, and took steps which a reasonably prudent operator would take to prevent the recurrence of the violation.

A review of operations of Essex Center for Rehabilitation and Health Care for the period identified above reveals the following:

- The facility was fined \$6,000 pursuant to a Stipulation and Order NH 16-116 issued March 9, 2016 for surveillance findings on August 19, 2015. Deficiencies were found under 10 NYCRR 415.12 Quality of Care: Highest Practical Potential; 415.26 Administration; and 415.27(a-c) Administration: Quality Assessment and Assurance.

A review of operations of Fulton Center for Rehabilitation and Healthcare for the period identified above reveals the following:

- The facility was fined \$52,000 pursuant to a Stipulation and Order NH-16-004 issued April 23, 2015 for surveillance findings on June 11, 2012, May 5, 2013, and November 21, 2013. Deficiencies were found under 10 NYCRR 415.12 Quality of Care: Highest Practical Potential; 415.12(i)(1) Quality of Care: Nutrition; 415.12(h)(1) Quality of Care: Accidents/Supervision; 415.12(m)(2) Quality of Care: Medication Errors; 415.12(i)(1) Quality of Care: Nutrition; 415.12(c)(2) Quality of Care: Pressure Sores; 415.26 Administration; 415.27(a-c) Quality Assurance; 415.3(e)(2)(ii)(b) Notification of Changes; and 415.4(b)(1)(2)(3) Investigative/Report Allegations.
  - A federal CMP of \$975 was assessed for the June 11, 2012 survey findings.
  - A federal CMP of \$11,895 was assessed for the May 15, 2013 survey findings.
  - A federal CMP of \$10,000 was assessed for the November 21, 2013 survey findings.
- The facility was fined \$10,000 pursuant to a Stipulation and Order NH-12-39 issued on September 17, 2012 for surveillance findings on March 24, 2014. Deficiencies were found under 10 NYCRR 415.12(c)(1)(2) Quality of Care: Pressure Sores.

An assessment of the underlying causes of the above enforcements determined that they were not recurrent in nature and the operator investigated the circumstances surrounding the violation, and took steps which a reasonably prudent operator would take to prevent the recurrence of the violation. Fulton Center was a former County facility that had a high turnover of the facility's County employed staff after the current operators took over in April of 2012. The current operators had a period of transition after takeover where they had to hire and train new staff at the facility in order to maintain staffing levels needed.

A review of operations of Northwoods Rehabilitation and Nursing Center at Moravia for the period identified above reveals the following:

- The facility was fined \$2,000 pursuant to a Stipulation and Order NH-16-066 issued January 13, 2016 for surveillance findings on February 6, 2015. Deficiencies were found under 10 NYCRR 415.26 Administration.

- A federal CMP of \$4,842.50 was assessed for the February 6, 2015 survey findings.

A review of operations of Richmond Center for Rehabilitation and Specialty Healthcare for the period identified above reveals the following:

- The facility was fined \$18,000 pursuant to a Stipulation and Order issued for surveillance findings on April 24, 2012. Deficiencies were found under 10 NYCRR 415.4(b) Free from Abuse/Involuntary Seclusion; 415.4(b)(1)(ii) Investigate Report Allegations; 414.4(b) Develop/Implement Abuse/Neglect Policies; 415.11(c)(2)(i-iii) Care Planning; 415.12(f)(1) Mental/Psychological Difficulties; 415.12(h)(1)(2) Quality of Care: Accidents/Supervision; 415.26 Administration; 415.15(a) Medical Director; and 415.27 (a-c) Quality Assurance.
  - A federal CMP of \$27,527.50 was assessed for the April 24, 2012 survey findings.
- The facility was fined \$2,000 pursuant to a Stipulation and Order NH-16-041 issued January 13, 2016 for surveillance findings on October 24, 2013. Deficiencies were found under 10 NYCRR 415.12(h)(2) Quality of Care: Accident Free Environment.
- The facility was fined \$10,000 pursuant to a Stipulation and Order NH-16-118 issued for surveillance findings on March 21, 2014. Deficiencies were found under 10 NYCRR 415.12(h)(2) Quality of Care: Accidents.

An assessment of the underlying causes of the above enforcements determined that they were not recurrent in nature and the operator investigated the circumstances surrounding the violation, and took steps which a reasonably prudent operator would take to prevent the recurrence of the violation. Richmond Center has 300 certified beds with 72 of those beds servicing neurobehavioral residents in dedicated neurobehavioral units. This population can be difficult to serve and the initial survey findings in 2012 reflect a transition of this facility immediately after the current operators took over in April of 2012, with this initial enforcement occurring days after the official transition of ownership.

A review of the operations of The Grand Rehabilitation and Nursing at Chittenango (formerly Chittenango Center for Rehabilitation and Health Care; Stonehedge Health & Rehabilitation Center - Chittenango) for the period identified above reveals the following:

- The facility was fined \$4,000 pursuant to a Stipulation and Order NH-10-053 issued November 15, 2010 for surveillance findings on October 22, 2009. Deficiencies were found under 10 NYCRR 415.12(h)(1,2) Quality of Care: Accidents and Supervision and 415.26(b)(3)(4) Governing Body.
  - A federal CMP of \$5,200 was assessed for the October 22, 2009 survey findings.
- The facility was fined \$20,000 pursuant to a Stipulation and Order NH-12-010 issued February 17, 2012 for surveillance findings on January 20, 2011. Deficiencies were found under 10 NYCRR 415.12(c)(1)(2) Quality of Care: Pressure Sores and NYCRR 415.12(d)(1) and Quality of Care: Catheters.
- A federal CMP of \$3,250 was assessed for July 23, 2012 survey findings.

An assessment of the underlying causes of the above enforcements determined that they were not recurrent in nature and the operator investigated the circumstances surrounding the violation, and took steps which a reasonably prudent operator would take to prevent the recurrence of the violation. State enforcements for surveys on October 22, 2009 and January 20, 2011 came when the facility was under receivership. The facility has experienced a state enforcement free period since permanent establishment of the current operators in May of 2011.

A review of the operations of The Grand Rehabilitation and Nursing at Rome (formerly Rome Center for Rehabilitation and Health Care; Stonehedge Health & Rehabilitation Center - Rome) for the period identified above reveals the following:

- A federal CMP of \$1,600 was assessed for May 18, 2011 survey findings.

A review of the operations of Washington Center for Rehabilitation and Healthcare for the period identified above reveals the following:

- The facility was fined \$4,000 pursuant to a Stipulation and Order NH-16-134 issued April 6, 2016 for surveillance findings on September 11, 2015. Deficiencies were found under 10 NYCRR 415.12(h)(1) Quality of Care: Accident Free Environment; 415.27(a-c) Administration: Quality Assessment and Assurance.
  - A federal CMP of \$5,900 was assessed for September 11, 2015 survey findings.

A review of the operations of Waterfront Center for Rehabilitation and Healthcare for the period identified above reveals the following:

- The facility was fined \$2,000 pursuant to a Stipulation and Order NH-13-014 issued April 24, 2013 for surveillance findings on September 27, 2011. Deficiencies were found under 10 NYCRR 415.12(h)(1)(2) Quality of Care: Accidents and Supervision.
  - A federal CMP of \$1,625 was assessed for the September 27, 2011 survey findings.
- The facility was fined \$2,000 pursuant to a Stipulation and Order NH-16-135 issued for surveillance findings on May 23, 2012. Deficiencies were found under 10 NYCRR 415.12(c)(2) Quality of Care: Pressure Sores.
- The facility was fined \$24,000 pursuant to a Stipulation and Order NH-16-147 issued April 19, 2016 for surveillance findings on November 6, 2015. Deficiencies were found under 10 NYCRR 415.12(m)(2) Quality of Care: No Significant Med Errors; 415.12 Quality of Care: Highest Practicable Potential; 415.12(l)(1) Quality of Care: Unnecessary Drugs; 415.18(a) Pharmacy Services: Facility Must Provide Routine and Emergency Drugs in a Timely Manner; 415.18(c)(2) Pharmacy Services: the Drug Regimen of Each Resident Must be Reviewed at Least Once a Month by Licensed Pharmacist; 415.4(b)(2)(3) Investigate/Report Allegations/Individuals; 415.26 Administration; and 415.27(c)(2)(3)(v) Administration: Quality Assessment and Assurance.

An assessment of the underlying causes of the above enforcements determined that they were not recurrent in nature and the operator investigated the circumstances surrounding the violation, and took steps which a reasonably prudent operator would take to prevent the recurrence of the violation. The recent November 6, 2015 enforcement was mostly related to medication administration and a new eMAR. In response to this issue, the operator brought in Centers Health Care clinical consulting staff to help train facility staff and mitigate any potential harm. The operator also conducted a review of eMAR in all facilities operated and developed new audit tools based on the survey findings.

A review of Williamsbridge Manor Nursing Home for the period identified above reveals the following:

- The facility was fined \$1,000 pursuant to a Stipulation and Order NH-08- 039 issued July 8, 2008 for surveillance findings of December 19, 2007. A deficiency was found under 10 NYCRR 415.12 Quality of Care.

A review of Alpine Home Health Care, for the periods identified above, reveals the following:

- A fine of \$1,000 was issued on February 3, 2015 for not responding to Emergency Preparedness survey.

A review of the following facilities, for the periods identified above, reveal no enforcements:

Boro Park Center for Rehabilitation and Healthcare, Brooklyn Center for Rehabilitation and Residential Health Care, Buffalo Center for Rehabilitation and Nursing, Bushwick Center for Rehabilitation and Health Care, Corning Center for Rehabilitation, Daughters of Jacob Nursing Home Company, The Grand Rehabilitation and Nursing at Pawling, Holliswood Center for Rehabilitation and Healthcare, Hope Center for HIV and Nursing Care, Indian River Rehabilitation and Nursing Center, The Grand Rehabilitation and Nursing at Queens, Steuben Center for Rehabilitation and Healthcare, University Nursing Home, Banister Center for Rehab in Rhode Island, Park View Center for Rehabilitation & Healthcare in Rhode Island, Amazing Home Care, Senior Care Emergency Ambulance Services, Inc., Center Plan for Health Living, and Washington Center Adult Home.

## Quality Review

Provider Name	Overall	Health Inspection	MDS Quality Measures
Indian River Rehabilitation and Nursing Center	*	*	*
Boro Park Center for Nursing and Rehab Center	****	****	*****
Bronx Center for Rehab Health	**	***	****
Brooklyn Gardens Nursing & Rehabilitation Center	***	***	*****
Buffalo Center for Rehabilitation and Nursing	**	*	*****
Bushwick Center for Rehab and Health Care	*****	****	*****
Corning Center for Rehabilitation and Healthcare	*	*	***
Daughters of Jacob Nursing Home Co, Inc	*	**	****
Essex Center for Rehabilitation and Healthcare	*	*	*
Fulton Center for Rehabilitation and Healthcare	*	*	*
Hope Center for H I V and Nursing Care	*****	****	*****
Richmond Center for Rehab and Specialty H C	**	**	*
Steuben Center for Rehabilitation and Healthcare	**	***	**
The Grand Rehabilitation & Nursing at Chittenango	***	**	*****
The Grand Rehabilitation and Nursing at Rome	*	*	****
University Nursing Home	*****	****	*****
Washington Center for Rehabilitation & Healthcare	**	*	**
Waterfront Center for Rehabilitation & Healthcare	*	*	***
Williamsbridge Manor N H	*****	*****	*****
Bannister Ctr for Rehabilitation and Health Care	*	*	***
Park View Nursing Home	***	**	***

## Project Review

This application proposes to establish IR Operations Associates LLC as the new operator of the 122-bed residential health care facility located at 17 Madison Street, Granville currently operated as Indian River Rehabilitation and Nursing Center. The facility will be operated as Granville Center for Rehabilitation and Nursing. The applicant plans to implement a stroke recovery program at the facility. No other changes to the program are anticipated, and no physical environmental changes are proposed in this application.

Indian River Rehabilitation and Nursing Center was declared a CMS Special Focus facility prior to Kenneth Rozenberg obtaining a 9% interest in the current operating LLC. Mr. Rozenberg was brought into the operating structure to help stabilize the facility as he operates another RHCF in the County,

Washington Center for Rehabilitation and Healthcare. Mr. Rozenberg has committed resources to help stabilize Indian River and the facility has graduated from its Special Focus designation.

Kenneth Rozeberg is CEO and 50% owner of Centers Health Care (Centers), formerly Centers for Specialty Care Group, which provides administrative services (payroll, billing, accounts payable) as well as clinical and administrative consulting services to health care facilities. It is the intent of the proposed operators to continue the current contract with Centers for general administrative services (payroll, billing, accounts payable) as well as clinical and administrative consulting services. It should be noted that Centers does not have any direct ownership interest in the operations of residential health care facilities in New York State, nor is it proposed through this application that it will have a direct ownership interest in this facility. Despite the common ownership of one of its members, the facility will be a wholly independent and distinct legal entity, in no way controlled by Centers.

It is common for Kenneth Rozenberg to contract with Centers for the facilities in which he has ownership interest. Centers provides administrative and clinical support to his skilled nursing interests across the State. To accomplish this task Centers employs a regional office type approach with central corporate resources as well as local resources that can provide timely services and regionally knowledgeable clinical staff to facilities with whom they contract.

**Conclusion**

No negative information has been received concerning the character and competence of the proposed applicants. All health care facilities are in substantial compliance with all rules and regulations. The individual background review indicates the applicants have met the standard for approval as set forth in Public Health Law §2801-a(3).

**Recommendation**

**From a programmatic perspective, approval is recommended.**

**Financial Analysis**

**Asset Transfer Agreement**

The applicant submitted an executed APA for the transfer of the operations, which is summarized below:

Date:	December 31, 2013
Premises:	The RHCF located at 17 Madison Street, Granville, New York
Seller:	IROP, LLC
Purchaser:	IP Operations Associates, LLC
Assets Acquired:	Business and operation of the Facility, all leasehold improvements, furniture, fixtures, equipment, appliances, tools and other tangible personal property owned or leased by Seller, all inventory, supplies, and other articles of personal property, all resident funds held in trust, the name "Indian River Rehabilitation and Nursing Center" and any and all other trade names, logos, trademarks associated with the Facility, all security deposits and prepayments, if any, for future services held by Seller, all menus, policies and procedures or manuals and computer software, all resident/patient records relating to the Facility, goodwill, copies of all other books and records relating to the Facility, all rate increases and/or lump sum payments, resulting from rate appeals, all accounts receivable, regardless of when billed, relating to services rendered by the Facility at any time on or after the Effective Date and the lease by and between Seller as tenant and the owner as landlord of the Premises under which Seller operates the Facility at the Premises.
Excluded Assets:	All insurance policies, all union contracts and collective bargaining agreements, all rate increases resulting from rate appeals, audits or otherwise, with respect to third party payments, which become effective or paid on or after



	the Effective Date for services rendered by the Facility, all real estate tax refunds, cash including all petty cash, funds from all rate adjustments and appeals relating to dates of service prior to the Effective and all accounts receivable and other rights to payment from third parties arising from and related to the period of time prior to the Effective Date.
Assumed Liabilities:	Trade payables totaling \$975,000 at closing.
Purchase Price:	Buyer's assumption at closing of trade payables liability (\$975,000) and obligations related to operation of Facility and/or Basic Assets arising on and after the effective date of this APA.

The applicant has submitted an affidavit, which is acceptable to the Department, in which the applicant agrees, notwithstanding any agreement, arrangement or understanding between the applicant and the transferor to the contrary, to be liable and responsible for any Medicaid overpayments, made to the facility and/or surcharges, assessments, or fees due from the transferor pursuant to Article 28 of the Public Health Law with respect to the period of time prior to the applicant acquiring its interest, without releasing the Seller of its liability and responsibility. Currently, there are no outstanding Medicaid liabilities or assessments due.

#### Real Estate Purchase Agreement (Land Sale Contract)

The applicant submitted an executed real estate purchase agreement for the site they will occupy, which is summarized below:

Date:	December 31, 2013
Premises:	17 Madison Street, Granville, New York
Seller:	IRRE, LLC
Buyer:	IR Real Estate Associates LLC
Purchase Price:	\$500,000 plus the assumption of the mortgage (Heartland Bank), insured by HUD. The principal balance due was \$6,918,393.48 as of May 1, 2016.
Payment of Purchase Price:	\$50,000 paid and held in escrow \$450,000 due at closing

The members of IR Real Estate Associates, LLC are Daryl Hagler (99%) and Jonathan Hagler (1%). The proposed realty members paid \$50,000 upon execution of the Land Sale Contract. The remaining \$450,000 will be financed at an interest rate of 5% for a ten-year term and 25-year amortization period. Greystone Funding Corporation has provided a bank letter of interest. Daryl Hagler has submitted an affidavit indicating that he will fund the balloon payment if refinancing is not available.

#### Lease Rental Agreement

The applicant submitted the executed lease rental agreement for the nursing home site they will occupy, which is summarized below:

Date:	December 1, 2015
Premises:	The site located at 17 Madison Street, Granville, New York
Lessor:	IR Real Estate Associates, LLC
Lessee:	IR Operations Associates, LLC
Term:	10 years
Rental:	\$1,400,000 per year
Provisions:	Lessee is responsible for insurance, maintenance, utilities and real estate taxes.

The lease agreement is a non-arm's length arrangement. The applicant submitted an affidavit attesting that there is a relationship between IR Real Estate Associates, LLC and IR Operations Associates, LLC in that that the members of each entity have previous business relationships involving real estate transactions of other nursing homes.

## Operating Budget

The applicant has submitted an operating budget, in 2016 dollars, for the first year after the change in operator, summarized below:

<u>Revenues</u>	<u>Current Year (2015)</u>		<u>Year One</u>	
	<u>Per Diem</u>	<u>Total</u>	<u>Per Diem</u>	<u>Total</u>
Medicaid MC	\$322.44	\$188,825	\$293.00	\$194,552
Medicaid FFS	213.80	6,784,648	215.25	7,041,904
Medicare FFS	802.60	1,370,833	473.00	832,953
Medicare MC	322.44	819,960	322.44	845,433
Commercial FFS	317.93	1,013,256	350.00	1,150,100
Commercial MC	238.24	52,413	238.24	54,081
Private Pay	405.41	<u>405,005</u>	388.00	<u>399,640</u>
Total Revenues		\$10,634,940		\$10,518,663
 <u>Expenses</u>				
Operating	\$214.94	\$8,819,864	\$200.39	\$8,477,598
Capital	<u>27.57</u>	<u>1,131,313</u>	<u>42.26</u>	<u>1,787,853</u>
Total Expenses	\$242.51	\$9,951,177	\$242.65	\$10,265,451
Net Income		<u>\$683,763</u>		<u>\$253,212</u>
Utilization (Pt Days)		41,035		42,305
Occupancy		92.15%		95.00%
Breakeven				92.87%

Utilization broken down by payor source for the current year (2015) and the first year is as follows:

	<u>Current Year</u>	<u>Year One</u>
Medicaid Managed Care	1.57%	1.57%
Medicaid FFS	77.33%	77.33%
Medicare FFS	4.16%	4.16%
Medicare Managed Care	6.20%	6.20%
Commercial FFS	7.77%	7.77%
Commercial MC	.54%	.54%
Private Pay	2.43%	2.43%

The following is noted with respect to the submitted operating budget:

- Revenue assumptions are based on the current market rates for Medicare, commercial and private payors. The Medicare FFS rate is decreasing due to \$201,364 in revenues being allocated to Medicare Part B in the current year. Medicaid rate is based on the facility's 2016 Medicaid pricing rate.
- Expense assumptions are based on the facility's 2014 RHCF cost report, with the majority of expenses reduced by 2.5 % to reflect economies of scale achieved through renegotiated vendor contracts and centralization of administrative expenses.
- A reduction in salaries and employee benefits is attributed to changes in the staffing model that will result in minor FTE reductions.
- Reduction in the remaining expense categories will be achieved through anticipated renegotiation of existing contracts, and where appropriate, the use of vendors that are currently utilized in connection with other facilities operated by the applicant.
- The increase in patient days is based upon the following factors:
  - The facility has graduated from the CMS Special Focus Facility Program and the applicant's experience as a seasoned operator will insure continued improvement of all aspects of the facility's operations;
  - The applicant will strengthened relationships with hospital discharge planners; and
  - The applicant will implement new programs at the facility to provide the following additional services: tracheostomy care, cardiac rehabilitation, enhanced wound care, IV therapy and complex clinical care.

## Capability and Feasibility

The purchase price for the acquisition of the operating interests is the assumption of liabilities at closing consisting of trade payables of \$975,000, and obligations related to the operation of Facility and/or Basic Assets arising on and after the effective date of the APA. The purchase price for the real estate interests is \$500,000 plus the assumption of the HUD mortgage, which totaled \$6,918,393.48 as of May 1, 2016. The proposed members of the real estate entity provided \$50,000 upon execution of the realty purchase agreement. The remaining \$450,000 will be financed at an interest rate of 5% for a ten-year term and 25-year amortization period. A bank letter of interest has been provided. Daryl Hagler has submitted an affidavit indicating that he will fund the balloon payment if refinancing is not available. BFA Attachment A shows the personal net worth statement of Daryl Hagler, which indicates sufficient funds are available to fund the balloon payment if refinancing is not available.

Working capital requirements are estimated at \$1,710,910 based on two months of first year expenses. The applicant will finance \$855,455 at an interest rate of 5% for a five-year term. The remaining \$855,455 will be provided as equity via the proposed members of IR Operations Associates, LLC. BFA Attachment A is the personal net worth statements of the proposed members of IR Operations Associates, LLC, which indicates the availability of sufficient funds for the equity contribution. Kenneth Rozenberg has submitted an affidavit indicating that he will provide equity disproportionate to his ownership interests.

BFA Attachment C shows the pro forma balance sheet as of the first day of operation, which indicates a positive net asset position of \$855,454. It is noted that assets include \$975,000 in goodwill, which is not a liquid resource, nor is it recognized for Medicaid reimbursement purposes. Excluding goodwill, the net asset position is a negative members' equity position of \$119,546.

The submitted budget indicates a net income of \$253,212 during the first year subsequent to the change in operator. Revenues are based on current reimbursement methodologies. The budget appears reasonable.

A transition of nursing home (NH) residents to Medicaid managed care is currently being implemented statewide. Under the managed care construct, Managed Care Organizations (MCOs) negotiate payment rates directly with NH providers. A department policy, as described in the "Transition of Nursing Home Benefit and Population into Managed Care Policy Paper," provided guidance requiring MCOs to pay the benchmark Medicaid FFS rate, or a negotiated rate acceptable to both plans and NH, for three years after a county has been deemed mandatory for NH population enrollment. As a result, the benchmark FFS rate remains a viable basis for assessing Medicaid NH revenues through the transition period.

BFA Attachment B is the financial summary of Indian River Rehabilitation and Nursing Center from 2013 through 2015. As shown, the entity had an average negative working capital position and an average positive net asset position for the period. The reason for the average negative working capital position is because of historical losses. Also, the entity incurred average losses of \$706,607 from 2013 through 2015. The applicant indicated that the reason for the losses is due to operational inefficiencies and low utilization attributable to the facility's designation as a CMS Special Focus Facility. The applicant indicated that occupancy improved in 2015, which led the facility to achieve positive net income.

BFA Attachment F is 2013-2015 financial summaries of the RHC's the proposed members have ownership interest in. The facilities have maintained an average positive net asset position and had positive income from operations for the period shown. Some of the facilities had a negative working capital position in 2014 due to CMI and capital reimbursement changes, and vacation and sick time accruals. The applicant indicated that the reason for the losses for Bushwick (2013) and Chittenango Center (2012) was the result of a capital audit take-back.

Subject to the noted contingencies, the applicant has demonstrated the capability to proceed in a financially feasible manner.

## Recommendation

**From a financial perspective, contingent approval is recommended.**

## Attachments

- BFA Attachment A Personal net worth statements for proposed members of operation and real estate entities.
- BFA Attachment B Financial Summary- Indian River Rehabilitation and Nursing Center
- BFA Attachment C Pro Forma Balance Sheet
- BFA Attachment D Financial Summaries of members affiliated RHCF's
- BFA Attachment E Applicant's ownership interest in affiliated RHCF's

RESOLUTION

RESOLVED, that the Public Health and Health Planning Council, pursuant to the provisions of Section 2801-a of the Public Health Law, on this 4th day of August, 2016 having considered any advice offered by the Regional Health Systems Agency, the staff of the New York State Department of Health, and the Establishment and Project Review Committee of this Council and after due deliberation, hereby proposes to approve the following application to establish IR Operations Associates LLC as the new operator of the 122-bed residential health care facility located at 17 Madison Street, Granville currently operated as Indian River Rehabilitation and Nursing Center, and with the contingencies, if any, as set forth below and providing that each applicant fulfills the contingencies and conditions, if any, specified with reference to the application, and be it further

RESOLVED, that upon fulfillment by the applicant of the conditions and contingencies specified for the application in a manner satisfactory to the Public Health and Health Planning Council and the New York State Department of Health, the Secretary of the Council is hereby authorized to issue the approval of the Council of the application, and be it further

RESOLVED, that any approval of this application is not to be construed as in any manner releasing or relieving any transferor (of any interest in the facility that is the subject of the application) of responsibility and liability for any Medicaid (Medicaid Assistance Program -- Title XIX of the Social Security Act) or other State fund overpayments made to the facility covering the period during which any such transferor was an operator of the facility, regardless of whether the applicant or any other entity or individual is also responsible and liable for such overpayments, and the State of New York shall continue to hold any such transferor responsible and liable for any such overpayments, and be it further

RESOLVED, that upon the failure, neglect or refusal of the applicant to submit documentation or information in order to satisfy a contingency specified with reference to the application, within the stated time frame, the application will be deemed abandoned or withdrawn by the applicant without the need for further action by the Council, and be it further

RESOLVED, that upon submission of documentation or information to satisfy a contingency specified with reference to the application, within the stated time frame, which documentation or information is not deemed sufficient by Department of Health staff, to satisfy the contingency, the application shall be returned to the Council for whatever action the Council deems appropriate.

NUMBER:

161279 E

FACILITY/APPLICANT:

IR Operations Associates LLC  
d/b/a Granville Center for Rehabilitation and  
Nursing

APPROVAL CONTINGENT UPON:

1. Submission of a commitment signed by the applicant which indicates that, within two years from the date of the council approval, the percentage of all admissions who are Medicaid and Medicare/Medicaid eligible at the time of admission will be at least 75 percent of the planning area average of all Medicaid and Medicare/Medicaid admissions, subject to possible adjustment based on factors such as the number of Medicaid patient days, the facility's case mix, the length of time before private paying patients became Medicaid eligible, and the financial impact on the facility due to an increase in Medicaid admissions. [RNR]
2. Submission of a plan to continue to enhance access to Medicaid residents. At a minimum, the plan should include, but not necessarily be limited to, ways in which the facility will:
  - a. Reach out to hospital discharge planners to make them aware of the facility's Medicaid Access Program;
  - b. Communicate with local hospital discharge planners on a regular basis regarding bed availability at the nursing facility; and
  - c. Identify community resources that serve the low-income and frail elderly population who may eventually use the nursing facility, and inform them about the facility's Medicaid Access policy. [RNR]
3. Submission of a commitment, signed by the applicant, to submit annual reports to the DOH, for at least two years, demonstrating substantial progress with the implementation of the plan. These reports should include, but not be limited to:
  - a. Describing how the applicant reached out to hospital discharge planners to make them aware of the facility's Medicaid Access Program;
  - b. Indicating that the applicant communicated with local hospital discharge planners on a regular basis regarding bed availability at the nursing facility;
  - c. Identifying the community resources that serve the low-income and frail elderly population that have used, or may eventually use, the nursing facility, and confirming they were informed about the facility's Medicaid Access policy.
  - d. Documentation pertaining to the number of referrals and the number of Medicaid admissions; and
  - e. Other factors as determined by the applicant to be pertinent. [RNR]
4. Submission of an executed working capital loan commitment, acceptable to the Department of Health. [BFA]
5. Submission of approval from the United States Department of Housing and Urban Development (HUD) for the assumption of the real estate mortgage. [BFA]
6. Submission of a photocopy of a signed amended Operating Agreement, which is acceptable to the Department. [CSL]

APPROVAL CONDITIONAL UPON:

1. The project must be completed within one year from the date of the Public Health and Health Planning Council recommendation letter. Failure to complete the project within the prescribed time shall constitute an abandonment of the application by the applicant and an expiration of the approval. [PMU]

2. Within two years from the date of council approval, the percentage of all admissions who are Medicaid and Medicare/Medicaid eligible at the time of admission will be at least 75 percent of the planning area average as prescribed by the related contingency. Once the Medicaid patient admissions standard is reached, the facility shall not reduce its proportion of Medicaid patient admissions below the 75 percent standard unless and until the applicant, in writing, requests the approval of the Department to adjust the 75 percent standard and the Department's written approval is obtained. [RNR]
3. Submission of annual reports to the Department for at least two years demonstrating substantial progress with the implementation of the facility's Medicaid Access Plan as prescribed by the related contingency. Reports will be due within 30 days of the conclusion of each year of operation as identified by the Effective Date on the Operating Certificate issued at project completion. For example, if the Operating Certificate Effective Date is June 15, 2017, the first report is due to the Department no later than July 15, 2018. The Department reserves the right to require continued reporting beyond the two year period. [RNR]

Documentation submitted to satisfy the above-referenced contingencies shall be submitted within sixty (60) days. Enter a **complete** response to each **individual** contingency via the New York State Electronic Certificate of Need (NYSE-CON) system by the due date(s) reflected in the *Contingencies Tab in NYSE-CON*.



**Project # 161036-E  
Tender Loving Care, an Amedisys Company**

**Program:** Certified Home Health Agency  
**Purpose:** Establishment

**County:** Nassau  
**Acknowledged:** January 27, 2016

**Executive Summary**

**Description**

Tender Loving Care Health Care Services of Nassau Suffolk, LLC d/b/a Tender Loving Care, an Amedisys Company (TLC), is an existing for-profit New York State Article 36 Certified Home Health Agency (CHHA) located at 960 South Broadway, Hicksville (Nassau County). TLC requests approval to acquire the assets of the Visiting Nurse Association of Long Island, Inc. (VNALI), a not-for profit CHHA located at 100 Garden City (Nassau County).

On June 10, 2015, VNALI filed a voluntary petition of reorganization under Chapter 11 of the Bankruptcy Code. On October 15, 2015, TLC and the VNALI entered into an Agreement of Sale contingent upon the "Final Order" from the Bankruptcy Court for the Eastern District of New York (Case 15-72490-LAS), approval by the New York State Attorney General, and an order from the New York State Supreme Court approving the sale of the non-profit CHHA to a for-profit CHHA.

Currently, TLC is authorized to provide CHHA services in Nassau and Suffolk Counties, and VNALI is authorized to provide CHHA services in Nassau, Suffolk, Kings, and Queens Counties. Upon approval, operation of this CHHA will continue (under ownership of TLC) to serve Nassau, Suffolk, Kings, and Queens Counties from its current sole practice location at 100 Garden City Plaza, Suite 100, Garden City, New York 11530 (Nassau County), and will continue to provide the authorized services of Home Health Aide, Medical Social Services, Medical Supplies / Equipment / Appliances, Nursing, Nutrition, Occupational Therapy, Physical Therapy, and Speech Language

Pathology. The Department accepted VNALI's closure plan for its Long Term Home Health Care Program (LTHHCP) on February 23, 2016.

TLC is subsidiary of Amedisys, Inc., a national home care and hospice company that operates in 34 states and, as of December 31, 2014, owned and operated 316 Medicare-certified home health care agencies and 80 Medicare-certified Hospice programs. Amedisys, Inc.'s corporate office is located at 5959 S. Sherwood Forest Boulevard, Baton Rouge, Louisiana. BFA Attachment C presents the organizational chart after the acquisition.

**OPCHSM Recommendation**  
Contingent Approval

**Need Summary**  
TLC proposes to acquire the assets of VNALI and maintain the current service lines to ensure continuity of care for the residents of affected counties.

**Program Summary**  
A review of all personal qualifying information indicates nothing in the background of the board members and officers of Amedisys, Inc., Amedisys Holding, LLC, Amedisys TLC Acquisitions, LLC, TLC Holdings I, LLC, TLC Health Care Services, LLC and Tender Loving Care Health Care Services of Nassau Suffolk, LLC d/b/a Tender Loving Care, an Amedisys Company, to adversely affect their positions on the boards or as officers. The applicant has the appropriate character and competence under Article 36 of the Public Health Law.



## Financial Summary

There are no project costs associated with this application. The acquisition price for VNALI is \$4,600,000 to be funded from Amedisys, Inc.'s and Amedisys Holding, LLC's existing borrowing of a \$300,000,000 Senior Secured Credit Facility, of which \$179,000,000 is available as of December 3, 2015. The Credit Facility is composed of a syndicate of ten lenders and has a maturity date of August 28, 2020, with Bank of American, N.A. serving as the Administrative Agent. The projected budget is as follows:

	<u>Year One</u>	<u>Year Three</u>
Revenues	\$20,421,102	\$22,784,485
Expenses	<u>13,459,706</u>	<u>15,074,871</u>
Gain/(Loss)	\$6,961,396	\$7,709,614

## Recommendations

Health Systems Agency

There will be no HSA recommendation for this project.

Office of Primary Care and Health Systems Management

**Approval contingent upon:**

1. Submission of an executed building lease, acceptable to the Department of Health. [BFA]
2. Submission of a copy of the "Final Order" from the Bankruptcy Court for the Eastern District of New York (Case 15-72490-LAS), acceptable to the Department of Health. [BFA]
3. Submission of a photocopy of executed amended Articles of Organization of Tender Loving Care Health Care Services of Nassau Suffolk, LLC, which is acceptable to the department. [CSL]
4. Submission of a photocopy of an executed amended Certification of Formation of TLC Health Care Services, LLC, which is acceptable to the department. [CSL]
5. Submission of a photocopy of an executed amended Operating Agreement of TLC Health Care Services, LLC, which is acceptable to the department. [CSL]

**Approval conditional upon:**

1. The project must be completed within one year from the date of the Public Health and Health Planning Council recommendation letter. Failure to complete the project within the prescribed time shall constitute an abandonment of the application by the applicant and an expiration of the approval. [PMU]

Council Action Date

**August 4, 2016**

# Need Analysis

## Analysis

The services currently offered by Tender Loving Care Health Care Services of Nassau Suffolk, LLC are listed below.

<b>Table 1: Tender Loving Care Health Care Services of Nassau Suffolk, LLC Current Certified Services</b>	
<b>Source: HFIS, 2015</b>	
Baseline Services - CHHA	Nutritional
Home Health Aide	Therapy - Occupational
Medical Social Services	Therapy - Physical
Medical Supplies Equipment and Appliances	Therapy - Speech Language Pathology
Nursing	

The services offered by the Visiting Nurse Association of Long Island, Inc., are listed below.

<b>Table 2: Visiting Nurse Association of Long Island, Inc. Current Certified Services.</b>	
<b>Source: HFIS, 2015</b>	
Baseline Services - CHHA	Nutritional
Home Health Aide	Therapy - Occupational
Medical Social Services	Therapy - Physical
Medical Supplies Equipment and Appliances	Therapy - Speech Language Pathology
Nursing	

The proposed staffing plan is summarized in Table 3 below.

<b>Table 3: Program Staffing Plan</b>	
<b>Source: Applicant</b>	
<b>Service</b>	<b>Full-Time Equivalents</b>
Home Health Aide	5
Medical Social Services	2
Nursing	51
Nutritional/Dietician	3
Occupational Therapy	7
Physical Therapy	25
Speech Pathology	5

The applicant is predicting 4,590 patients and 107,283 visits in Year One after approval and 5,141 patients with 119,705 visits in Year Three.

As an existing CHHA, Tender Loving Care Health Care Services of Nassau Suffolk, LLC conforms to the need requirements set forth in Section 760.5. The applicant states that this service will conform to the same standards, including providing care to underserved populations and alternate care hospital patients, with the goal of reducing preventable hospital admissions. The applicant is committed to a two-percent charity care patient mix.

## Conclusion

While this project would have no impact on existing service lines, successful conclusion of this acquisition would ensure that residents of Queens, Kings, Nassau and Suffolk Counties will continue to have access to the services currently provided by the Visiting Nurses Association of Long Island, Inc.

Recommendation

**From a need perspective, approval is recommended.**

## Program Analysis

### Review Summary

The current proposal seeks approval for Tender Loving Care Health Care Services of Nassau Suffolk, LLC d/b/a Tender Loving Care, an Amedisys Company, a proprietary New York State limited liability company, to become the new owner and operator of the Article 36 CHHA currently owned and operated by Visiting Nurse Association of Long Island, Inc., a voluntary not-for-profit corporation. Under its new ownership of Tender Loving Care Health Care Services of Nassau Suffolk, LLC, and new name of Tender Loving Care, an Amedisys Company, this CHHA will continue to be approved to serve Nassau, Suffolk, Kings, and Queens Counties from its current sole practice location at 100 Garden City Plaza, Suite 100, Garden City, New York 11530 (Nassau County), and will continue to provide the authorized services of Home Health Aide, Medical Social Services, Medical Supplies / Equipment / Appliances, Nursing, Nutrition, Occupational Therapy, Physical Therapy, and Speech Language Pathology.

Tender Loving Care Health Care Services of Nassau Suffolk, LLC d/b/a Tender Loving Care, an Amedisys Company, will also continue to separately operate its current separate and distinct Article 36 CHHA approved to serve Nassau and Suffolk Counties from its main parent office practice location at 960 South Broadway, Suite 110-A, Hicksville, New York 11801 (Nassau County), and an approved branch office additional practice location at 1721 North Ocean Avenue, Suite A, Medford, New York 11763 (Suffolk County). Tender Loving Care Health Care Services of Erie Niagara, LLC d/b/a Amedisys Home Health Care, a sibling proprietary New York State limited liability company, will also continue to separately operate its current separate and distinct Article 36 CHHA approved to serve Chautauqua, Erie, and Niagara Counties from its main parent office practice location at 1127 Wehrle Drive, Suite 50, Amherst, New York 14221 (Erie County), and an approved branch office additional practice location at 6932 Williams Road, Suite 1200, Niagara Falls, New York 14304 (Niagara County).

The sole member and manager of the applicant Tender Loving Care Health Care Services of Nassau Suffolk, LLC d/b/a Tender Loving Care, an Amedisys Company (and of its sibling Tender Loving Care Health Care Services of Erie Niagara, LLC d/b/a Amedisys Home Health Care) is TLC Health Care Services, LLC, a proprietary Delaware limited liability company, whose sole member and manager is TLC Holdings I, LLC, a proprietary Delaware limited liability company, whose sole member and manager is Amedisys TLC Acquisition, LLC, a proprietary Louisiana limited liability company, whose sole member and manager is Amedisys Holding, LLC, a proprietary Louisiana limited liability company, whose sole member and manager is Amedisys, Inc., a proprietary publicly traded Delaware business corporation (NASDAQ: AMED). (see Programmatic Attachment A: Amedisys Organizational Charts)

Amedisys, Inc., a proprietary publicly traded business corporation formed in Delaware, is the ultimate parent entity of the applicant Tender Loving Care Health Care Services of Nassau Suffolk, LLC d/b/a Tender Loving Care, an Amedisys Company. Amedisys, Inc. is authorized to issue 60,000,000 shares of common stock and 5,000,000 shares of preferred stock, both with par value of \$.001 per share, for a total of 65,000,000 shares of stock authorized. Of the 60,000,000 shares of common stock, 33,340,512 shares are currently issued and outstanding, 1,508,954 shares are currently held as treasury shares, and 25,150,534 shares are currently unissued. Of the 5,000,000 shares of preferred stock, no shares are currently issued and outstanding, or held as treasury shares. All shares of preferred stock are currently unissued.

The stockholders of Amedisys, Inc. are a diverse group of owners including individuals, private investment funds, mutual funds, etc. Shares of Amedisys, Inc. held by each fund are for the benefit of the fund's investors. Each fund's percentage of ownership in the publicly traded corporation will vary from time to time. Both mutual funds and private investment funds are required by the Securities and Exchange Commission (SEC) to disclose direct or indirect stock ownership of greater than 5% of a publicly traded corporation's outstanding stock. The applicant confirms that for SEC reporting purposes,

the investment funds of KKR Credit Advisors (US), LLC (affiliated with the private equity investment firm of Kohlberg, Kravis, Roberts, and Company, LP) and BlackRock, Inc. (which consists of BlackRock Institutional Trust Company NA, BlackRock Financial Management Inc., BlackRock Investment Management (UK) Ltd., BlackRock Investment Management LLC, BlackRock Asset Management Ireland Ltd., BlackRock Asset Management Canada Ltd., BlackRock Investment Management (Australia) Ltd., BlackRock Advisors (UK) Ltd., BlackRock Asset Management Australia Ltd., BlackRock International Ltd., and BlackRock Japan Company, Ltd.), have filed disclosures with the SEC indicating each possesses dispositive authority for 10% or more of the outstanding shares of Amedisys, Inc. stock, and therefore, at the current time, each of these two investment funds possesses 10% or more of the shares of Amedisys, Inc. stock. Amedisys, Inc. reviewed the relationships that these two families of investment funds have with the Amedisys, Inc. corporation, and has determined that, although each of the two named families of investment funds is currently a 10% or greater owner of the corporation's stock, neither entity has any day-to-day role in the management activities of the corporation's health care operations, and neither entity has any control or input into any of the health care operations within the Amedisys, Inc. corporate structure.

Pursuant to Delaware law, all affairs of Amedisys, Inc. are managed by, or under the direction of, the corporation's Board of Directors, as identified below. Anti-takeover provisions in the corporation's By-Laws, including advance notice requirements for Board of Director nominations and any shareholder proposals, would discourage any one shareholder from assuming control of the corporation or any of its operations. Although KKR Credit Advisors (US), LLC does appoint one representative on the Amedisys, Inc. Board of Directors, that board member is one of the eight Amedisys, Inc. board members who are designated independent board members, who are not employed by Amedisys, Inc. and who have no authority or control over the day-to-day health care provider business operations of the publicly traded Amedisys, Inc., or any of its subsidiaries (see below for the disclosures of the governing body and officers of Amedisys, Inc.). Therefore, the applicant has determined that for this proposal, the governing body of Amedisys, Inc. has 100% control of Amedisys, Inc., and no other individuals or legal entities will have any authority or operating control to influence any of the health care operations included in the Amedisys, Inc. corporate structure. In addition, the two families of investment funds named above have each submitted signed and notarized affidavits confirming that, despite owning 10% or more of the publicly traded stock of Amedisys, Inc., and in the case of KKR Credit Advisors (US), LLC, despite appointing one independent member to the Board of Directors of Amedisys, Inc., neither of these named 10% or more stockholders has, nor would have, nor would seek to have, the ability to exercise any control over the actions, management, or policies of Amedisys, Inc., or of the individual health care operations and providers that fall under the corporate jurisdiction of Amedisys, Inc.

Amedisys, Inc. operates 332 home health agency provider practice locations, 81 hospice provider practice locations, and 10 personal care provider practice locations, for a total of 423 separate practice locations located in 34 states and the District of Columbia. The complete list of the affiliated home health agency and hospice providers and their practice locations, by state, has been included in the application and a copy is attached (see Programmatic Attachment B: Amedisys, Inc., Providers / Facilities). All providers listed on Programmatic Attachment B are therefore affiliated with each board member and each officer named below. Other than KKR Credit Advisors (US), LLC and the BlackRock, Inc. family of funds, as identified and discussed in detail above, there are no other stockholders at this time that own 10% or more of the publicly traded stock of Amedisys, Inc.

The governing body and officers of Amedisys, Inc., the ultimate parent entity of the applicant, consists of the members of the Board of Directors listed in the following table. None will contribute any capital toward the proposed change of ownership. The applicant notes that Mr. Paul Kusserow (President/CEO) and Mr. Ronald LaBorde (Vice Chairman/CFO) are the only two board members who are actually employed by Amedisys, Inc., and who have any authority and control over the day-to-day health care provider business operations of Amedisys, Inc., and all of its subsidiaries. The remaining eight board members are independent board members who are not employed by Amedisys, Inc., and who do not possess authority or control over the day-to-day health care provider business operations of the publicly traded Amedisys, Inc., or of any of its subsidiaries.

<p>Donald A. Washburn, Chairperson</p> <p>Self-Employed Private Investor. Retired. Former Executive VP, Northwest Airlines; Former Senior VP, Marriott Corporation.</p>	<p>Paul B. Kusserow</p> <p>President and Chief Executive Officer, Amedisys, Inc.</p>
<p>Ronald A. LaBorde, CPA (LA)</p> <p>Vice Chairman and Chief Financial Officer, Amedisys, Inc.; Sole Member, Board of Managers, Tender Loving Care Health Care Services of Nassau Suffolk, LLC d/b/a Tender Loving Care, an Amedisys Company.</p>	<p>Linda J. Hall</p> <p>Retired. Former CEO, Accurate Home Healthcare (Home Health); Former Project Executive, UnitedHealth Group (Health Insurance and Information Technology)</p> <p>Affiliations: DentaQuest (Commercial and Government Dental and Vision Benefit Programs), Ascension Ventures (Health Care Devices, Services, and Information Technology Venture Fund), Retrace Health (Telemedicine Technology)</p>
<p>Bruce D. Perkins</p> <p>Strategic Executive, MCCI Group Holdings (Physicians' Practice and Medical Services Group)</p>	<p>Jake L. Netterville, CPA (LA)</p> <p>CPA, Postlethwaite and Netterville (Accounting Firm)</p>
<p>Nathaniel M. Zilkha</p> <p>Co-Head of Credit and Special Situations Strategy, Kohlberg, Kravis, Roberts, and Company, LP (Private Equity Firm)</p>	<p>Jeffrey A. Rideout, MD (CA)</p> <p>President and CEO, Integrated Healthcare Association (Quality Improvement Leadership Stakeholder Group); Consultant, Rideout Advisors (Venture Capital Investing and Consulting); Senior Advisor, GE Ventures (New Business Development for Digital Health and Therapeutics); Senior Advisor, American Heart Association Worksite Wellness Initiative; Consulting Professor, Stanford University School of Medicine and UC Berkeley School of Business.</p>
<p>Julie D. Klapstein</p> <p>Retired. Former CEO, Availity, LLC (Healthcare Software and IT Services).</p>	<p>Richard A. Lechleiter</p> <p>President, Catholic Education Foundation (Not-for-Profit Education). Retired. Former Executive Vice President and Chief Financial Officer, Kindred Healthcare, Inc. (Home Health)</p>

The officers of Amedisys Holding, LLC; Amedisys TLC Acquisitions, LLC; TLC Holdings I, LLC; and TLC Health Care Services, LLC, the parent entities outlined in the organizational structure between the ultimate parent entity and the applicant, are identical, and are as follows:

<p>Paul B. Kusserow President and Chief Executive Officer Amedisys, Inc. (Disclosed above)</p>	<p>Ronald A. LaBorde, CPA Vice Chairman and Chief Financial Officer Amedisys, Inc. (Disclosed above)</p>
--	--

The sole member of the Board of Managers of the applicant Tender Loving Care Health Care Services of Nassau Suffolk, LLC d/b/a Tender Loving Care, an Amedisys Company, is as follows:

Ronald A. La Borde, CPA Vice Chairman and Chief Financial Officer Amedisys, Inc. (Disclosed above)
---

The officers of the applicant Tender Loving Care Health Care Services of Nassau Suffolk, LLC d/b/a Tender Loving Care, an Amedisys Company, are as follows

Paul B. Kusserow, President President and Chief Executive Officer Amedisys, Inc. (Disclosed above)	Ronald A. La Borde, CPA, Vice President Vice Chairman and Chief Financial Officer Amedisys, Inc. (Disclosed above)
Scott G. Ginn, CPA (LA), Treasurer Senior Vice President of Finance and Accounting Amedisys, Inc.	Jennifer R. Guckert, Esq. (LA, MS, FL, TN), Secretary Vice President and Associate General Counsel Amedisys, Inc.

The applicant has confirmed that the proposed financial/referral structure has been assessed in light of anti-kickback and self-referral laws, and with the consultation of legal counsel, it is concluded that proceeding with the proposal is appropriate.

A search of all of the above named board members, officers, employers, and affiliations revealed no matches on either the NYS Medicaid Disqualified Provider List or the federal Office of the Inspector General's Provider Exclusion List. The Louisiana State Board of Certified Public Accountants reports that Mr. LaBorde's CPA license is currently inactive, Mr. Netterville's CPA license is currently active, Mr. Ginn's CPA license is currently active, and none have had any adverse findings or actions recorded against his license. The California Department of Consumer Affairs, State Medical Board, reports that Dr. Rideout's California medical license is registered and active, with no adverse findings or actions recorded against his medical license. Current Certificates of Good Standing from Tennessee, Louisiana, Mississippi, and Florida have been submitted, confirming Ms. Guckert's attorney licenses are current and in good standing. The applicant has provided the attached description and disclosure of various legal actions involving Amedisys, Inc. (see Programmatic Attachment C: Amedisys Legal Actions).

The NYSDOH Division of Home and Community Based Services reviewed the compliance histories of both Tender Loving Care Health Care Services of Nassau Suffolk, LLC d/b/a Tender Loving Care, an Amedisys Company, and Tender Loving Care Health Care Services of Erie Niagara, LLC d/b/a Amedisys Home Health Care, the two Amedisys Article 36 CHHAs currently operating in New York State. It has been determined that both certified home health agencies are currently in compliance, with no history of any condition level noncompliance and no history of any enforcement actions having been taken against either CHHA.

To date, the following states have responded to requests for out-of-state compliance status and enforcement history for each of the out-of-state health care providers included in the Amedisys, Inc. corporate structure, as listed on Attachment B: Arizona, Arkansas, California, Connecticut, Delaware, Georgia, Illinois, Indiana, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Mississippi, Missouri, New Hampshire, New Jersey, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, Tennessee, Washington, West Virginia, and Wisconsin. Arkansas reported that, within the previous seven years, four Amedisys, Inc. home health agencies had condition level non-compliance that did not result in enforcement action, and that all Amedisys, Inc. providers are now back in current compliance. Georgia reported that, within the previous seven years, five Amedisys, Inc. home health agencies had condition level non-compliance, and that one Amedisys, Inc. home health agency had a civil penalty imposed, but that all Amedisys, Inc. providers are now back in current compliance. Massachusetts reported that that they do not have the resources to conduct reviews of, or to report on,

compliance and enforcement histories. The remaining states have all reported that their Amedisys, Inc. providers are all in current compliance, with no enforcement actions taken against any of their Amedisys, Inc. providers within the previous seven years.

For the four states and the District of Columbia that failed to respond to requests for compliance, the applicant has submitted signed and notarized affidavits stating that, to the best of their knowledge, the following is the enforcement history for their Amedisys providers in those states that failed to respond: In Alabama and in Virginia, all health care facilities affiliated with Amedisys, Inc. are currently in compliance, with no enforcement actions taken during the time period 2009 through 2016. In District of Columbia, all health care facilities affiliated with Amedisys, Inc. are currently in compliance, with an enforcement action taken against Tender Loving Care Health Care Services Southeast, LLC, based on a March, 2015 survey citing a violation in In-Service Patient/Caregiver Education. This enforcement action was resolved with a \$2,000 civil penalty. In Texas, all health care facilities affiliated with Amedisys, Inc. are currently in compliance, with an enforcement action taken against Amedisys Hospice, LLC, based on a September, 2009 survey citing a violation in Failure to Have Written Policy on Advanced Directives, Failure to Ensure Care Provided According to Patient's Plan of Care, and Failure to Provide Client with Written Statement on How to Voice Grievances. This enforcement action was resolved with a \$2,000 civil penalty. In Florida, all health care facilities affiliated with Amedisys, Inc. are currently in compliance, with: 1) an enforcement action taken against Amedisys Florida, LLC, based on a July, 2015 survey citing a violation in Criminal Background Screening Violation. This enforcement action was resolved with a \$500 civil penalty, 2) an enforcement action taken against Housecall Home Health, LLC, based on a December, 2014 survey citing a violation in Criminal Background Screening Violation. This enforcement action was resolved with a \$500 civil penalty, and 3) an enforcement action was taken against another Housecall Home Health, LLC, based on a September, 2014 survey citing a violation in Criminal Background Screening Violation. This enforcement action was resolved with a \$500 civil penalty.

A review of all personal qualifying information indicates there is nothing in the background of the board members and officers of Amedisys, Inc., Amedisys Holding, LLC, Amedisys TLC Acquisitions, LLC, TLC Holdings I, LLC, TLC Health Care Services, LLC and Tender Loving Care Health Care Services of Nassau Suffolk, LLC d/b/a Tender Loving Care, an Amedisys Company, to adversely affect their positions on the boards or as officers. The applicant has the appropriate character and competence under Article 36 of the Public Health Law.

Recommendation

**From a programmatic perspective, approval is recommended.**

## Financial Analysis

### Background

In October 2012, VNALI submitted a Vital Access Provider (VAP) program application to the New York State Department of Health, in collaboration with Catholic Health Services of Long Island (CHSLI), requesting funding assistance for the merger of VNALI into CHSLI's healthcare system. In December 2013, VNALI was awarded a total of \$4,281,840 in VAP funding to transition into CHSLI, with funds to be disbursed over two years (\$3,204,920 in 2014 and \$1,076,920 in 2015). On August 13, 2014, New York State disbursed \$1,602,460 to VNALI, which represented 50% (the State's share) of the 2014 VAP award payment. Since VAP awards are Medicaid payments, they are subject to CMS approval for the federal match (50%). CMS approval of the State Plan Amendment (SPA) enabling this federal match did not materialize, and no further State payments were authorized. A bankruptcy petition (Case No. 8-15-72490) was filed in the United States Bankruptcy Court for the Eastern District of New York on behalf of VNALI on June 10, 2015.



### Agreement of Sale

The applicant has submitted an executed agreement of sale to acquire substantially all of the “Seller” or the “Debtor” business assets, effective with approval of the Public Health and Health Planning Council (PHHPC), the “Final Order” from the Bankruptcy Court for the Eastern District of New York (Case 15-72490-LAS), approval by the New York State Attorney General, and the order from the New York State Supreme court approving the sale of a non-profit CHHA to a for-profit CHHA. The terms are summarized below:

Date:	October 15, 2015
Seller/Debtor:	Visiting Nurse Association of Long Island, Inc.(Bankruptcy Petition 8-15-72490-LAS)
Purchaser:	Amedisys, Inc. or its designee
Assets Transferred:	All rights, title and interest in the business assets. Included assets: CHHA NYS Operating Certificate for Suffolk, Nassau, Queens and Kings Counties; Medicare and Medicaid Provider numbers; all other licensers, permits and governmental authorizations assignable; tangible and intangible assets used in the business; permitted records; applicable warranties; contracts and agreements; intellectual property rights and trademarks; books and records relating to business operations; phone numbers, website, the name “Visiting Nurse Association of Long Island;” and good-will and going concern value.
Excluded Assets:	Pre-closing: tax refunds, cash and cash equivalents, deposits, third party claims, accounts receivables and insurance benefits. Accounts in the name of seller (bank, brokerage and lockboxes), corporate records and capital stock.
Assumed Liabilities:	Pre-Petition Claims and the Post-Petition Administrative Claims, (both are subject to Purchase Price cap (which is the \$4,600,000 purchase price shown below).
Purchase Price:	\$4,600,000
Payment:	\$460,000 escrow deposit (paid at the time of signing) \$4,140,000 due at closing.

The purchase price is proposed to be satisfied from the existing \$300,000,000 Senior Secured Credit Facility with a maturity date of August 28, 2020, of which \$179,000,000 is available as of December 3, 2015. The Credit Facility is a syndicate of ten lenders with Bank of America, N.A. serving as the Administrative Agent.

BFA Attachments A and B are Amedisys, Inc. and Subsidiaries’ 2014 certified financial statement and their third quarter 10-Q filing, respectively, which document sufficient resources to meet the funding requirement.

The applicant has submitted an original affidavit, which is acceptable to the Department, in which the applicant agrees, notwithstanding any agreement, arrangement or understanding between the applicant and the transferor to the contrary, to be liable and responsible for any Medicaid overpayments made to the facility and/or surcharges, assessments or fees due from the transferor pursuant to Article 28 of the Public Health Law with respect to the period of time prior to the applicant acquiring its interest, without releasing the transferor of its liability and responsibility. The facility has a nominal outstanding Medicaid Assessment liability as of March 2, 2016.

### Lease Agreement

A draft lease has been submitted to lease the real property. The terms are summarized below:

Premises:	Located at 100 Garden City Plaza, Suite, Garden City, NY 11530
Owner/Landlord:	TLC GCP Owner, LLC
Lessee:	Tender Loving Care Health Care Services of Nassau Suffolk, LLC
Term:	7 years
Rent:	\$178,956 per year, including electric. (\$14,913 per month) Rent will increase approximately 3.2% per year.
Provisions:	Maintenance and increase in taxes and utilities.

The applicant has confirmed that the lease arrangement is an arm's length agreement.

### Operating Budget

The applicant has submitted its current (2015) and projected first and third year operating budgets, in 2016 dollars, as summarized below:

	<u>Current (2015)</u>	<u>Year One</u>	<u>Year Three</u>
<b>Revenues</b>			
Medicare	\$14,860,843	\$18,637,598	\$20,795,743
Commercial	318,067	398,901	445,092
Private Pay	1,347,325	1,689,736	1,885,399
Charity Care	<u>-341,749</u>	<u>-305,133</u>	<u>-341,749</u>
<b>Total Revenues</b>	<b>\$16,184,486</b>	<b>\$20,421,102</b>	<b>\$22,784,485</b>
<b>Expenses</b>			
Operating	\$10,590,612	13,116,211	\$14,690,156
Capital	<u>274,796</u>	<u>343,495</u>	<u>384,715</u>
<b>Total Expenses</b>	<b>\$10,865,408</b>	<b>\$13,459,706</b>	<b>\$15,074,871</b>
<b>Net Income (Loss)</b>	<b><u>\$5,319,078</u></b>	<b><u>\$6,961,396</u></b>	<b><u>\$7,709,614</u></b>
Utilization-cases	3,672	4,590	5,141
Utilization-visits	85,548	107,283	119,705
Utilization -hours	1,652	2,761	3,080

Utilization by payor source for the first and third years is anticipated as follows:

	<u>Current Year</u>	<u>Year One</u>	<u>Year Three</u>
Medicare	84.1%	84.1%	84.1%
Commercial	1.8%	1.8%	1.8%
Private Pay	12.1%	12.1%	12.1%
Charity	2.0%	2.0%	2.0%

Charity care is expected to be 2%. Their policy is to assess individuals based on income, expenses and unusual care needs to determine eligibility for reduced fees and/or charity care. Their commitment includes providing uncompensated services to uninsured patients lacking the financial resources to pay, as well as funding needed programs that are not self-supporting through existing reimbursement programs.

Rate and revenue projections are as follows:

- The majority of the applicant's business is Medicare, and its revenue is based on an average episodic payment of \$3,650 (actual weighted average rate received by the applicant's Medford and Hicksville locations over the prior 12 months). The applicant expects the episodic rate to decline 1% in years one through three, and then increase by 1% in years four and five.
- Commercial and private pay revenue assumes that future volumes from the new Garden City location will closely match the rates of the existing Hicksville and Medford locations. The applicant's average case mix was 1.06. The applicant did not forecast any Medicaid revenues in the first and thirds years because their Medford and Hicksville locations have not had a material volume of Medicaid patients and they did not foresee a change in the payor/revenue mix.

Expenses are based on historical experience adjusted for an increase in projected volume.

Utilization was based on the applicant's Medford and Hicksville current year average weighted daily census, with adjusted growth at 25% by the first year and another 15% by the end of the third year for the new Garden City location. Breakeven point is approximately 2.7 months of revenue.

### Capability and Feasibility

The \$4,600,000 purchase price for the CHHA assets will be funded from the existing \$300,000,000 Senior Secured Credit Facility of Amedisys, Inc. and Amedisys Holding, LLC, of which \$179,000,000 is available as of December 3, 2015. The Credit Facility is a syndicate of ten lenders and has a maturity date of August 28, 2020.

The working capital requirement is estimated at \$432,383 based on two months of first year incremental expenses (change between current year and first year). Funds will be provided from ongoing operations of TLC or cash on hand from Amedisys, Inc. A review of BFA Attachments A and B shows sufficient liquid resources to meet this requirement.

TLC projects the first and third years will show a surplus of \$6,961,396 and \$7,709,614, respectively. BFA Attachment D is the pro forma balance sheet, which shows current equity of \$5,758,469 that is expected grow to \$13,024,998 by the end of the first year. The budget appears to be reasonable.

Review of BFA Attachments A and B, Amedisys, Inc.'s 2013-2014 certified financial summary and 2015 third quarter 10-Q, shows working capital turned to positive in 2015, and during this period the organization maintain an average equity position of \$388,071,667. In 2012 and 2013, Amedisys, Inc. incurred losses as the result of writing off \$162.1 million for impairment of goodwill and other intangibles in 2012, and recording a \$150 million settlement with the U.S. Department of Justice during 2013. From 2014 through the third quarter of 2015, Amedisys, Inc. showed positive net income.

### Recommendation

**From a financial perspective, contingent is recommended.**

## Attachments

BFA Attachment A	Financial Summary, Amedisys, Inc. and Subsidiaries 2013 and 2014 certified financial statements
BFA Attachment B	Financial Summary, Amedisys, Inc. and Subsidiaries 2015, 3 <sup>rd</sup> quarter 10-Q
BFA Attachment C	Organizational Chart for Amedisys, Inc. - TLC.
BFA Attachment D	Pro Forma Balance Sheet
BFA Attachment E	Financial Summary, Visiting Nurse Association of Long Island, Inc. 2013 and 2014 certified financial statements
Programmatic Attachment A	Amedisys Organizational Charts
Programmatic Attachment B	Amedisys Providers / Facilities
Programmatic Attachment C	Amedisys Legal Matters

RESOLUTION

RESOLVED, that the Public Health and Health Planning Council, pursuant to the provisions of Section 3606 of the Public Health Law, on this 4th day of August, 2016, having considered any advice offered by the Regional Health Systems Agency, the staff of the New York State Department of Health, and the Establishment and Project Review Committee of this Council, and after due deliberation, hereby approves the following application to acquire the Visiting Nurse Association of Long Island, Inc. Certified Home Health Agency, and with the contingencies, if any, as set forth below and providing that each applicant fulfills the contingencies and conditions, if any, specified with reference to the application, and be it further

RESOLVED, that upon fulfillment by the applicant of the conditions and contingencies specified for the application in a manner satisfactory to the Public Health and Health Planning Council and the New York State Department of Health, the Secretary of the Council is hereby authorized to issue the approval of the Council of the application, and be it further

RESOLVED, that upon the failure, neglect or refusal of the applicant to submit documentation or information in order to satisfy a contingency specified with reference to the application, within the stated time frame, the application will be deemed abandoned or withdrawn by the applicant without the need for further action by the Council, and be it further

RESOLVED, that upon submission of documentation or information to satisfy a contingency specified with reference to the application, within the stated time frame, which documentation or information is not deemed sufficient by Department of Health staff, to satisfy the contingency, the application shall be returned to the Council for whatever action the Council deems appropriate.

NUMBER

APPLICANT/FACILITY

161036 E

Tender Loving Care, An Amedisys Company

APPROVAL CONTINGENT UPON:

1. Submission of an executed building lease, acceptable to the Department of Health. [BFA]
2. Submission of a copy of the “Final Order” from the Bankruptcy Court for the Eastern District of New York (Case 15-72490-LAS), acceptable to the Department of Health. [BFA]
3. Submission of a photocopy of executed amended Articles of Organization of Tender Loving Care Health Care Services of Nassau Suffolk, LLC, which is acceptable to the department. [CSL]
4. Submission of a photocopy of an executed amended Certification of Formation of TLC Health Care Services, LLC, which is acceptable to the department. [CSL]
5. Submission of a photocopy of an executed amended Operating Agreement of TLC Health Care Services, LLC, which is acceptable to the department. [CSL]

APPROVAL CONDITIONED UPON:

1. The project must be completed within one year from the date of the Public Health and Health Planning Council recommendation letter. Failure to complete the project within the prescribed time shall constitute an abandonment of the application by the applicant and an expiration of the approval. [PMU]

Documentation submitted to satisfy the above-referenced contingencies shall be submitted within sixty (60) days. Enter a **complete** response to each **individual** contingency via the New York State Electronic Certificate of Need (NYSE-CON) system by the due date(s) reflected in the *Contingencies Tab in NYSE-CON*.

Licensed Home Care Services Agency  
Character and Competence Staff Review

Name of Agency: Boulevard ALP LHCSA Operations, L.L.C.  
d/b/a Boulevard Home Care Associates  
Address: Fresh Meadows  
County: Queens  
Structure: Limited Liability Company  
Application Number: 161006

Description of Project:

Boulevard ALP LHCSA Operations, L.L.C. d/b/a Boulevard Home Care Associates, a to-be-established limited liability company, requests approval for a change in ownership of a licensed home care services agency under Article 36 of the Public Health Law.

Frances Marx d/b/a Boulevard ALP Associates, a sole proprietorship, was previously approved as a home care services agency by the Public Health Council at its May 20, 1994 meeting and subsequently licensed as 9448L001.

This LHCSA will be associated with the assisted living program operated by Boulevard ALP Associates, L.L.C. Upon approval of this application, the limited liabilities companies operating the LHCSA and the ALP will have identical membership.

The sole member of Boulevard ALP LHCSA Operations, L.L.C. d/b/a Boulevard Home Care Associates will be the following individual:

David Marx, Esq.  
President/Principal Shareholder, Manhattan Regional Center  
Owner/Managing Member, DSM Design Group, LLC  
Executive Director, Atria Builders, LLC

Affiliations

Boulevard ALP Associates, L.L.C.

A Certificate of Good Standing has been received for the attorney associated with this application.

A search of the individual named above revealed no matches on either the Medicaid Disqualified Provider List or the OIG Exclusion List.

The applicant proposes to serve the residents of the following counties from an office located at 71-61 159<sup>th</sup> Street, Fresh Meadows, New York 11365:

Queens	Kings	New York
Nassau	Richmond	Bronx

The applicant proposes to provide the following health care services:

Nursing	Home Health Aide	Personal Care
Physical Therapy	Occupational Therapy	Speech-Language Pathology

The information provided by the Division of Adult Care Facilities and Assisted Living Surveillance has indicated that the applicant has provided sufficient supervision to prevent harm to the health, safety and welfare of residents and to prevent recurrent code violations.

Review of the Personal Qualifying Information indicates that the applicant has the required character and competence to operate a licensed home care services agency.

Contingency

Submission of any and all information requested by the Division of Legal Affairs, in a form and manner acceptable to the Department.

Recommendation: Contingent Approval

Date: June 28, 2016





A seven (7) year review of the operations of the following facilities/agencies was performed as part of this review (unless otherwise noted):

- Marabi Homecare Agency, Inc.
- Dependable Care, LLC d/b/a Hopeton Care (8/2010 – Present)

The information provided by the Division of Home and Community Based Services has indicated that the applicant has provided sufficient supervision to prevent harm to the health, safety and welfare of residents and to prevent recurrent code violations.

Review of the Personal Qualifying Information indicates that the applicant has the required character and competence to operate a licensed home care services agency.

Contingency

Submission of any and all information requested by the Division of Legal Affairs, in a form and manner acceptable to the Department.

Recommendation: Contingent Approval

Date: June 14, 2016

Licensed Home Care Services Agency  
Character and Competence Staff Review

Name of Agency: Life Quality Homecare Agency, Inc.  
Address: Brooklyn  
County: Kings  
Structure: For-Profit Corporation  
Application Number: 161281

Description of Project:

Life Quality Homecare Agency, Inc., a business corporation, requests approval for a change in stock ownership of a licensed home care services agency under Article 36 of the Public Health Law.

Life Quality Homecare Agency, Inc. was previously approved as a home care services agency by the Public Health and Health Planning Council at its February 7, 2013 meeting and subsequently licensed as 1995L001. At that time, the shares were owned by Liya Melkadze (100 shares) and Alla Tsimerman (100 shares).

The purpose of this application is to transfer all 200 shares of stock to Marianna Levin, RN. The applicant has proposed entering into a management agreement that is currently under review by the Department.

The Board of Directors of Life Quality Homecare Agency, Inc. is comprised of the following individual:

Marianna Levin, RN, Director/Administrator  
Administrator, Life Quality Homecare Agency, Inc.  
Director of Education Outreach, Americare (CHHA)  
RN, Elderserve (MLTC)

A search of the individual named above revealed no matches on either the Medicaid Disqualified Provider List or the OIG Exclusion List.

The Office of the Professions of the State Education Department indicates no issues with the license of the health care professional associated with this application.

The applicant proposes to serve the residents of the following counties from an office located at 2938 Avenue X, Brooklyn, New York 11235:

Kings	Queens	New York
Bronx	Richmond	

The applicant proposes to provide the following health care services:

Nursing	Home Health Aide	Personal Care Aide
Physical Therapy	Occupational Therapy	Speech-Language Pathology
Audiology	Medical Social Services	

Review of the Personal Qualifying Information indicates that the applicant has the required character and competence to operate a licensed home care services agency.

Contingency

Submission of any and all information requested by the Division of Legal Affairs, in a form and manner acceptable to the Department.

Recommendation: Contingent Approval  
Date: May 25, 2016

## RESOLUTION

RESOLVED, that the Public Health and Health Planning Council, pursuant to the provisions of Section 3605 of the Public Health Law, on this 4th day of August, 2016, having considered any advice offered by the staff of the New York State Department of Health and the Establishment and Project Review Committee of the Council, and after due deliberation, hereby approves the following applications for licensure, and with the contingencies, if any, as set forth below and providing that each applicant fulfills the contingencies and conditions, if any, specified with reference to the application, and be it further

RESOLVED, that upon fulfillment by the applicant of the conditions and contingencies specified for the application in a manner satisfactory to the Public Health and Health Planning Council and the New York State Department of Health, the Secretary of the Council is hereby authorized to issue the approval of the Council of the application, and be it further

RESOLVED, that upon the failure, neglect or refusal of the applicant to submit documentation or information in order to satisfy a contingency specified with reference to the application, within the stated time frame, the application will be deemed abandoned or withdrawn by the applicant without the need for further action by the Council, and be it further

RESOLVED, that upon submission of documentation or information to satisfy a contingency specified with reference to the application, within the stated time frame, which documentation or information is not deemed sufficient by Department of Health staff, to satisfy the contingency, the application shall be returned to the Council for whatever action the Council deems appropriate.

<u>NUMBER:</u>	<u>FACILITY:</u>
161006 E	Boulevard ALP LHCSA Operations, LLC d/b/a Boulevard Home Care Associates (Queens, Nassau, Kings, Richmond, New York and Bronx Counties)
161222 E	Marabi Homecare Agency, Inc. d/b/a First Class Home Health Care of New York (Bronx, Kings, Nassau, New York, Queens and Richmond Counties)
161281 E	Life Quality Homecare Agency, Inc. (Kings, Bronx, Queens, Richmond and New York Counties)



## MEMORANDUM

**To:** Public Health and Health Planning Council

**From:** Richard J. Zahrlauter, General Counsel

**Date:** June 8, 2016

**Subject:** Proposed Dissolution of Cabrini Center for Nursing and Rehabilitation, Inc.

---

Cabrini Center for Nursing and Rehabilitation, Inc. requests Public Health and Health Planning Council approval of its proposed dissolution in accordance with the requirements of Not-For-Profit Law § 1002(c) and § 1003, as well as 10 NYCRR Part 650.

Cabrini Center for Nursing and Rehabilitation, Inc. is a Not-For-Profit corporation incorporated in 1993, and is licensed to operate an article 28 facility. The corporation ceased operations on in 2012 when it sold its facilities with the consent of the Public Health and Health Planning Council and approval by the New York State Attorney General's Office and Supreme Court.

Attached is a letter from Anita L. Pelletier explaining the need for the proposed dissolution, a 2014 Form 990 stating the assets and liabilities of the corporation, a plan of dissolution, board resolutions authorizing the proposed dissolution, a Proposed Certificate of Dissolution for Cabrini Center for Nursing and Rehabilitation, Inc., and a Proposed Verified Petition for Approval of Certificate of Dissolution for Cabrini Center for Nursing and Rehabilitation, Inc..

The proposed Certificate of Dissolution of Cabrini Center for Nursing and Rehabilitation, Inc. is in legally acceptable form.

Attachments.



NIXON PEABODY LLP  
ATTORNEYS AT LAW

NIXONPEABODY.COM  
@NIXONPEABODYLLP

Anita L. Pelletier  
*Counsel*  
T 585-263-1164  
F 866-947-0499  
apelletier@nixonpeabody.com

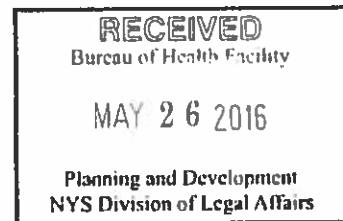
Nixon Peabody LLP  
1300 Clinton Square  
Rochester, NY 14604-1792  
585-263-1000

May 25, 2016

**VIA FEDERAL EXPRESS**

New York Department of Health  
Division of Legal Affairs  
Corning Tower, Room 2464  
Empire State Plaza  
Albany, New York 12237

RE: **Cabrini Center for Nursing and Rehabilitation, Inc.  
Dissolution**



Dear Sir or Madam:

We are writing to respectfully request the approval of the enclosed Certificate of Dissolution for Cabrini Center for Nursing and Rehabilitation (the "Corporation") by the Public Health and Health Planning Council ("PHHPC").

The Corporation sold its facilities in 2012 upon consent of PHHPC and approval by the New York State Attorney General's Office and Supreme Court. Since the sale of its facilities the Corporation worked toward winding up its affairs to dissolve.

At this time the Corporation requests consent from PHHPC to distribute its remaining assets and dissolve. Copies the following proposed materials in support of the Corporation's application for approval of its dissolution are enclosed:

1. Verified Petition, with all available exhibits;
2. Plan of Dissolution and Distribution of Assets (Exhibit H of Petition); and
3. Certificate of Dissolution of the Corporation.

Thank you for your time and attention to this matter. Should you require any additional information please do not hesitate to contact me.

Very truly yours,

Anita L. Pelletier

AP/lrr  
Enclosures

**CERTIFICATE OF DISSOLUTION  
OF  
CABRINI CENTER FOR NURSING AND REHABILITATION  
Under Section 1003 of the Not-for-Profit Corporation Law**

THE UNDERSIGNED, being the \_\_\_\_\_ of Cabrini Center for Nursing and Rehabilitation (the "Corporation"), does hereby certify:

1. The name of this Corporation is Cabrini Center for Nursing and Rehabilitation. The name under which the Corporation was originally formed was Cabrini Nursing Home.

2. The Certificate of Incorporation of the Corporation was filed in the office of the Secretary of State of the State of New York on July 20, 1993.

3. The names and addresses of the directors and officers of the Corporation are as follows:

4.

<u>Name and Address</u>	<u>Title</u>	<u>Name and Address</u>	<u>Title</u>
Michael Hoffman 7 High Acres Drive Thornwood, New York 10594	Trustee/Chair	David DeCerbo, Esq. 426 Park Avenue Manhasset, New York 11030	Trustee
Sr. Diane Olmstead, MSC 220 East 19 <sup>th</sup> Street 4J New York, NY 10003	Trustee/ Vice Chair	Robert Davis Kennedy, MD 2 Tudor Place, Apt. 11BS New York, NY 10017	Trustee
Patricia Krasnausky 8 Midland Gardens, 4G Bronxville, NY 10708	Secretary	Sr. Antonina Avitabile, MSC 215 East 21st Street New York, NY 10010	Trustee
David Arditti 112 Shelter Road Stamford, CT 06903	Treasurer	James Lee 417 Grand Street, Apt. D 1705 New York, New York 10002	Trustee

5. At the time of dissolution, the Corporation is a charitable corporation.

6. The Corporation elects to dissolve.

7. At the time the Corporation authorized its plan of dissolution, the Corporation did not hold assets that were legally required to be used for a particular purpose pursuant to the New York N-PCL.

8. The Board of Trustees approved a Plan of Dissolution and Distribution of Assets by majority vote of the entire Board of Trustees. The sole member of the Corporation approved the Plan of Dissolution and Distribution of Assets by written consent.

9. On \_\_\_\_\_, 2016, the Attorney General of the State of New York approved the Plan of Dissolution and Distribution of Assets.

10. Approval of the dissolution of the Corporation by the New York State Department of Health is attached hereto.

11. The Corporation has carried out the Plan of Dissolution and Distribution of Assets.

12. Prior to the filing of this Certificate with the Department of State, the endorsement of the Attorney General will be stamped below.

IN WITNESS WHEREOF, the undersigned has signed this Certificate this \_\_\_\_ day of \_\_\_\_\_, 2016.

---

Name:

Title:



**CERTIFICATE OF DISSOLUTION**  
**OF**  
**CABRINI CENTER FOR NURSING AND REHABILITATION**  
**Under Section 1003 of the Not-for-Profit Corporation Law**

**FILED BY:**

**Nixon Peabody LLP**  
**1300 Clinton Square**  
**Rochester, New York 14604**

ATTORNEY GENERAL OF THE STATE OF NEW YORK  
COUNTY OF NEW YORK

---

In the Matter of the Application of

CABRINI CENTER FOR NURSING AND  
REHABILITATION

**VERIFIED PETITION**

For Approval of Plan of Dissolution and Distribution of  
Assets pursuant to Section 1002 of the Not-for-Profit  
Corporation Law

---

TO: ATTORNEY GENERAL OF THE STATE OF NEW YORK  
CHARITIES BUREAU, 120 BROADWAY, 3<sup>RD</sup> FL., NEW YORK, NY 10271

Petitioner, Cabrini Center for Nursing and Rehabilitation, by its attorneys, Nixon Peabody LLP, Anita L. Pelletier, Esq., for its Petition herein respectfully alleges:

1. The name of Petitioner is Cabrini Center for Nursing and Rehabilitation. The principal office was located in New York County, New York. Petitioner was formed on July 20, 1993 under Section 402 of the Not-for-Profit Corporations Law of the State of New York. A copy of Petitioner's Certificate of Incorporation and By-laws are attached as **Exhibit A** and **Exhibit B** respectively.

2. The names and residence addresses of the Trustees and officers of Petitioner are listed below.

<u>Name and Address</u>	<u>Title</u>	<u>Name and Address</u>	<u>Title</u>
Michael Hoffman 7 High Acres Drive Thornwood, New York 10594	Trustee/Chair	David DeCerbo, Esq. 426 Park Avenue Manhasset, New York 11030	Trustee
Sr. Diane Olmstead, MSC 220 East 19 <sup>th</sup> Street 4J New York, NY 10003	Trustee/ Vice Chair	Robert Davis Kennedy, MD 2 Tudor Place, Apt. 11BS New York, NY 10017	Trustee
Patricia Krasnauskay 8 Midland Gardens, 4G Bronxville, NY 10708	Secretary	Sr. Antonina Avitabile, MSC 215 East 21st Street New York, NY 10010	Trustee
David Arditti 112 Shelter Road Stamford, CT 06903	Treasurer	James Lee 417 Grand Street, Apt. D 1705 New York, New York 10002	Trustee

3. Petitioner was formed “to serve the aged, disabled and chronically impaired persons by establishing and operating a residential health care facility consisting of nursing beds and non-occupancy services”.

4. Petitioner is a charitable corporation under Section 201 of the Not-for-Profit Corporation Law.

5. The statement of assets and liabilities of Petitioner as of \_\_\_\_\_, 2016, is attached hereto as **Exhibit C**.

6. No gifts or other property are being held for restricted use by Petitioner.

7. Dissolution of Petitioner is contemplated and assets are to be distributed in accordance with the Plan of Dissolution and Distribution of Assets.

8. Pursuant to Petitioner’s purposes as set forth in its Certificate of Incorporation, Petitioner’s Board of Trustees determined that it was just and proper to distribute any remaining assets after payment of liabilities (“Net Assets”) to Cabrini of Westchester (the “Recipient”).

9. The Recipient is a well-established and fiscally sound non-profit organization that is tax-exempt under Internal Revenue Code Section 501(c)(3). The Recipient’s programs include operating skilled nursing healthcare facilities for the elderly. A copy of the Recipient’s Restated Certificate of Incorporation and IRS Determination Letter confirming its exempt status and are attached hereto as **Exhibits D** and **E**, respectively.

10. The Recipient is operated for purposes that are substantially similar to those previously conducted by Petitioner.

11. A copy of the Recipient’s 2014 Form 990 is included as **Exhibit F**.

12. Petitioner’s Board of Trustees, by unanimous vote, authorized and adopted the Plan of Dissolution and Distribution of Assets and authorized the winding up of the affairs of Petitioner in accordance with Section 1003 of the Not-for-Profit Corporation Law at a meeting duly noticed and held on May 4, 2016. At the time of the meeting Petitioner had six (6) Board members, of which six (6) members were present at the meeting and six (6) voted in favor of the dissolution and distribution of assets. A copy of the authorizing resolutions of the Board and the certified Plan of Dissolution and Distribution of Assets adopted by the Board are attached hereto as **Exhibits G** and **H**, respectively.

13. Petitioner recommended approval of the Plan of Dissolution and Distribution of Assets to its sole member, Cabrini Eldercare Consortium, Inc., and at a meeting duly noticed and held on May 13, 2016, the sole member of Petitioner approved the Plan of Dissolution and Distribution of Assets. A copy of the approving resolutions of the sole member is attached hereto as **Exhibit I**.

14. Approval of the dissolution of Petitioner is required by the Department of Health (“DOH”). A copy of the DOH consent is attached hereto as **Exhibit J**.

15. No previous application has been made for the relief requested herein.

WHEREFORE, Petitioner prays that the Attorney General approve the Plan of Dissolution and Distribution of Assets of Cabrini Center for Nursing and Rehabilitation, a not-for-profit corporation, pursuant to the Not-for-Profit Corporation Law Section 1002.

Dated: \_\_\_\_\_, 2016

NIXON PEABODY LLP

By: \_\_\_\_\_  
Anita L. Pelletier, Esq.  
1300 Clinton Square  
Rochester, New York 14604

**VERIFICATION**

STATE OF NEW YORK    )  
  :SS  
COUNTY OF NEW YORK )

I, Patricia Krasnausky, being duly sworn deposes and says:

I am the Secretary of Cabrini Center for Nursing and Rehabilitation, the corporation named in the above Petition and make this verification at the direction of its Board of Trustees. I have read the foregoing Petition and know the contents thereof, and the same is true of my own knowledge, except those matters that are stated on information and belief and as to those matters I believe them to be true.

\_\_\_\_\_  
Name: Patricia Krasnausky  
Title: Secretary

Sworn to before me this \_\_\_\_\_  
day of \_\_\_\_\_, 2016

\_\_\_\_\_  
Notary Public

**CABRINI CENTER FOR NURSING AND REHABILITATION**

*PETITION EXHIBITS  
Plan of Dissolution and Distribution of Assets*

<b><u>Exhibit</u></b>	<b><u>Document</u></b>
A	Petitioner Certificate of Incorporation, as amended
B	Petitioner By-laws
C	Petitioner Statement of Assets & Liabilities
D	Recipient Amended and Restated Certificate of Incorporation
E	Recipient IRS Determination Letter
F	Recipient 2014 Form 990
G	Petitioner Board Resolution Approving Plan
H	Plan of Dissolution and Distribution of Assets
I	Sole Member Approval of Plan
J	DOH Consent

“Petitioner”           CabrinI Center for Nursing and Rehabilitation  
“Recipient”            CabrinI of Westchester  
“Sole Member”        CabrinI Eldercare Consortium, Inc.  
“DOH”                 NYS Department of Health

F930720000034

CERTIFICATE OF INCORPORATION

OF

CABRINI NURSING HOME

Under Section 402 of the  
Not-for-Profit Corporation Law

The undersigned, for the purpose of forming a corporation under Section 402 of the Not-for-Profit Corporation Law, hereby certify:

FIRST: The name of the proposed corporation is CABRINI NURSING HOME (hereinafter referred to as the "Corporation").

SECOND: The Corporation is not formed for pecuniary profit or financial gain. All income and earnings of the Corporation shall be used exclusively for its corporate purposes. The Corporation is a corporation as defined in subparagraph (a)(5) of Section 102 (Definitions) of the Not-for-Profit Corporation Law. The Corporation is a Type B Corporation under Section 201 of the Not-for-Profit Corporation Law.

THIRD: The purposes for which the Corporation is formed are as follows:

- (a) To serve the aged, disabled and chronically impaired persons by establishing and operating a residential health care facility consisting of nursing facility beds and

1

non-occupancy services, pursuant to Article 28 of the Public Health Law of the State of New York.

(b) To buy, own, sell, convey, assign, mortgage, or lease any interest in real estate and personal property and to construct, maintain and operate improvements thereon necessary or incident to the foregoing purposes.

(c) To borrow money and issue evidence of indebtedness in furtherance of any or all of the objects of its business, and to secure the same by mortgage, pledge or other lien on the Corporation's property.

In furtherance of the foregoing, the Corporation shall have all of the general and special powers set forth in Section 202 of the Not-for-Profit Corporation Law.

FOURTH: (a) No part of the net earnings of the Corporation shall inure to the benefit of any member (other than an organization qualified under Section 501(c)(3) of the Internal Revenue Code of 1986), trustee, director, or officer of the Corporation or any private individual, except that reasonable compensation may be paid for services rendered to or for the Corporation. No member (other than an organization qualified under Section 501(c)(3) of the Internal Revenue Code



of 1986), trustee, or officer of the Corporation or any private individual shall be entitled to share in the distribution of any of the corporate assets upon dissolution of the Corporation.

(b) No substantial part of the activities of the Corporation shall be carrying on propaganda, or otherwise attempting to influence legislation, except as otherwise provided by Internal Revenue Code Section 501(h). The Corporation shall not participate or intervene, by any means including the publication or distribution of statements, in any political campaign on behalf of or in opposition to any candidate for public office.

(c) Notwithstanding any other provision of this Certificate, the Corporation is organized exclusively for one or more of the following purposes: religious, charitable, scientific, testing for public safety, literary, or educational purposes, or to foster national or international amateur sports competition, or for the prevention of cruelty to children or animals, as specified in Section 501(c)(3) of the Internal Revenue Code of 1986, and shall not carry on any activities not permitted to be carried on by a corporation exempt from Federal Income tax under Section 501(c)(3) of the Internal Revenue Code of 1986.

(d) In the event of the liquidation, dissolution, or winding up of the Corporation, whether voluntary or involuntary or by operation of law, all of the remaining assets and property of the Corporation shall, after necessary expenses thereof, be distributed to such organizations as shall qualify under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, subject to an order of a Justice of the Supreme Court of the State of New York.

FIFTH: The principal office of the Corporation is to be located in the County of New York, State of New York.

SIXTH: The number of directors shall be not less than three (3).

SIXTH: The names and residences of the initial directors of the Corporation are:

Jeffrey Frerichs  
40 Ravensdale Road  
Hastings-on-Hudson, N.Y. 10706

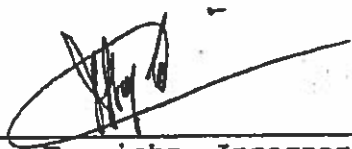
Rick N. Jacobs  
731 Norman Place  
Westfield, N.J. 07090

Sr. Pietrina Raccuglia, M.S.C.  
Provincial of the Eastern Province  
Missionary Sisters of the Sacred Heart  
222 East 19th Street, Apt. 5B  
New York, New York 10003

SEVENTH: The Corporation designates the Secretary of State of the State of New York as its agent upon whom process against it may be served. The post office address to which the Secretary of State shall mail a copy of any process served upon him is as follows:

David DeCerbo, Esq.  
Nixon, Hargrave, Devans & Doyle  
990 Stewart Avenue  
Garden City, New York 11530

IN WITNESS WHEREOF, the undersigned incorporator, being at least eighteen years of age, has signed this certificate this 17<sup>th</sup> day of November, 1992, and hereby affirms the truth of the statements contained herein under penalty of perjury.



---

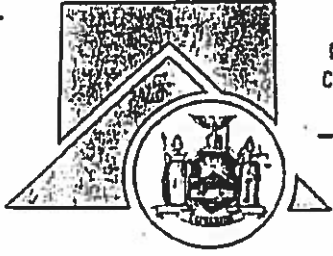
Jeffrey Frerichs, Incorporator  
c/o Cabrini Medical Center  
227 East 19th Street  
New York, New York 10003

STATE OF NEW YORK     )  
                                  :  
COUNTY OF NEW YORK    )

On this 17<sup>th</sup> day of November, 1991, before me personally came Jeffrey Freuchs to me known and known to me to be the person described in and who executed the foregoing Certificate of Incorporation and he duly acknowledged to me that he executed the same.

Catherine M. Lambertini  
Notary Public

CATHERINE M. LAMBERTINI  
NOTARY PUBLIC, State of New York  
No. 31-4938733  
Qualified in New York County  
Commission Expires Apr. 1, 1994



STATE OF NEW YORK  
DEPARTMENT OF HEALTH  
CORNING TOWER BUILDING  
ALBANY, N.Y. 12237

# PUBLIC HEALTH COUNCIL

---

July 13, 1993

Mr. Jeffrey Frerichs  
Cabrini Medical Center  
227 East 19th Street  
New York, New York 10003

Re: Certificate of Incorporation of Cabrini Nursing Home

Dear Mr. Frerichs:

AFTER INQUIRY and INVESTIGATION and in accordance with action taken at a meeting of the Public Health Council held on the 19th day of March, 1993, I hereby certify that the Public Health Council consents to the filing of the Certificate of Incorporation of Cabrini Nursing Home, dated November 17, 1992.

Sincerely,

Karen S. Westervelt  
Executive Secretary

7

1939720000034

ICE

STATE OF NEW YORK  
DEPARTMENT OF STATE

FILED JUL 20 1993

TAX \$ None

BY: PAB New York

RECEIVED  
JUL 19 2 02 PM '93

CERTIFICATE OF INCORPORATION  
OF  
CABRINI NURSING HOME

JUL 20 10 24 AM '93

OK  
PAB

*[Signature]*  
PAB

State of New York } ss.  
Department of State }

I hereby certify that I have compared the annexed copy with the original document filed by the Department of State and that the same is a correct transcript of said original.

JUL 20 1993

Witness my hand and seal of the Department of State on

  
*Philip J. Saffell*  
Secretary of State

DOS-200 (12/87)

State of New York } ss.  
Department of State }

I hereby certify that the annexed copy has been compared with the original document in the custody of the Secretary of State and that the same is a true copy of said original.

Witness my hand and seal of the Department of State on

DEC 16 1996



*J. Clark*

Special Deputy Secretary of State

DOS-1266 (5/96)

FILING RECEIPT

ENTITY NAME : CABRINI CENTER FOR NURSING AND REHABILITATION

DOCUMENT TYPE : AMENDMENT (DOMESTIC NFP) COUNTY: NEW YORK  
PROCESS NAME

SERVICE COMPANY : \*\* NO SERVICE COMPANY \*\* SERVICE CODE: 00

FILED: 12/12/1996 DURATION: \*\*\*\*\* CASH #: 961212000292 FILM #: 961212000:

ADDRESS FOR PROCESS  
THE CORPORATION, ATTN: ADMINISTRATOR  
542 EAST FIFTH STREET  
NEW YORK, NY 10009

REGISTERED AGENT



FILER	FEE	PAYMENTS
MARGARET D. KRANZ, ESQ., GENERAL CNSL. CABRINI MEDICAL CENTER 227 EAST 19TH STREET NEW YORK, NY 10003	FILING : 30.00 TAX : 0.00 CERT : 0.00 COPIES : 10.00 HANDLING: 0.00	CASH : 0.00 CHECK : 40.00 BILLED: 0.00 REFUND: 0.00
TOTAL		40.00



F-961212000272

CERTIFICATE OF AMENDMENT  
OF THE  
CERTIFICATE OF INCORPORATION  
OF  
CABRINI NURSING HOME

\_\_\_\_\_  
Under Section 803 of the Not-for Profit Corporation Law  
\_\_\_\_\_

Pursuant to the provisions of Section 803 of the Not-for-Profit Corporation Law, the undersigned, being the President of the Board of Trustees, of CABRINI NURSING HOME, does hereby certify:

1. The name of the corporation is CABRINI NURSING HOME (hereinafter referred to as the "Corporation"). The corporation was formed under the name Cabrini Nursing Home by the filing with the Department of State, Albany, New York, on July 20, 1993.
2. The Corporation is a corporation as defined in subparagraph (a) (5) of Section 102 of the Not-for-Profit Corporation Law.
3. The Corporation is a Type B not-for-profit corporation under Section 201 of the Not-for-Profit Corporation Law and shall continue to be a Type B not-for-profit corporation under Section 201 of the Not-for-Profit Corporation law after the effectiveness of this Certificate of Amendment.
4. The certificate of incorporation is hereby amended to change the name of the Corporation. Paragraph FIRST of the Certificate of Incorporation is hereby amended pursuant to Section 801(b)(1) of the Not-for-Profit Corporation Law to read as follows:  

FIRST. The name of the Corporation is the Cabrini Center for Nursing and Rehabilitation (hereinafter referred to as the "Corporation").
5. This Amendment of the Certificate of Incorporation was authorized by majority vote of the members of the Corporation entitled to vote thereon at a meeting as provided in subparagraph (1), paragraph (a) of Section 802 of the Not-for-Profit Corporation Law.

6. The Corporation designates the Secretary of State of the State of New York as its agent upon whom process against it may be served. The post office address to which the Secretary of State shall mail a copy of any process served upon him is as follows:

Administrator  
The Cabrini Center for Nursing and Rehabilitation  
542 East Fifth Street  
New York, New York 10009.

IN WITNESS WHEREOF, the Certificate of Amendment has been signed this 5th  
day of December 1996.



Name: Jeffrey Frerichs  
Title: President

Sr. Pietrina Raccuglia, M.S.C.  
Name: Sr. Pietrina Raccuglia, M.S.C.  
Secretary

STATE OF NEW YORK )  
  :  
COUNTY OF NEW YORK )

ss.:

Sr. Pietrina Raccuglia, M.S.C., being duly sworn, deposes and says that she is the Provincial of Cabrini Nursing Home, the Corporation named in the foregoing Certificate of Amendment; that she has read and signed the same and that the statements contained therein are true.

Sr. Pietrina Raccuglia, M.S.C.  
Name: Sr. Pietrina Raccuglia M.S.C.  
Title: Secretary

Sworn to before me this  
9<sup>th</sup> day of December 1996.

Helena Barber  
Notary Public

HELENA A. BARBER  
Notary Public, State of New York  
No. 31-4755369  
Qualified In New York County  
Commission Expires 12/31/97

STATE OF NEW YORK )  
 )  
COUNTY OF NEW YORK )

ss.:

Jeffrey Frerichs, being duly sworn, deposes and says that he is the President of Cabrini Nursing Home, the Corporation named in the foregoing Certificate of Amendment; that he has read and signed the same and that the statements contained therein are true.



Name: Jeffrey Frerichs  
Title: President

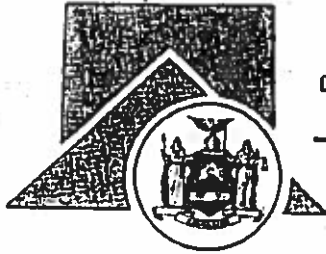
Sworn to before me this  
5<sup>th</sup> day of December 1996.

*Catherine M. Lambertini*

Notary Public

CATHERINE M. LAMBERTINI  
NOTARY PUBLIC, State of New York  
No. 31-4080723  
Qualified in New York County  
Commission Expires Aug 1 1998

4



STATE OF NEW YORK  
DEPARTMENT OF HEALTH  
CORNING TOWER BUILDING  
ALBANY, N. Y. 12237

# PUBLIC HEALTH COUNCIL

October 2, 1996

Ms. Margaret D. Kranz  
Vice President and General Counsel  
Cabrini Medical Center  
227 East 19th Street  
New York, NY 10003

Re: Certificate of Amendment of the Certificate of Incorporation of Cabrini Nursing Home

Dear Ms. Kranz:

AFTER INQUIRY and INVESTIGATION and in accordance with action taken at a meeting of the Public Health Council held on the 27th day of September, 1996, I hereby certify that the Certificate of Amendment to the Certificate of Incorporation of Cabrini Nursing Home hereafter to be known as Cabrini Center for Nursing and Rehabilitation dated May 23, 1996 is approved.

Sincerely,

Karen S. Westervelt  
Executive Secretary

5

**RESOLUTION**

**RESOLVED, that the Public Health Council, on this 27th day of September, 1996, approves the filing of the Certificate of Amendment to the Certificate of Incorporation of Cabrini Nursing Home, hereafter to be known as Cabrini Center for Nursing and Rehabilitation, dated May 23, 1996.**

6

961212000272

Cert. of Amendment  
of  
Cabriní Nursing Home  
(Under Sec. 803 NPCL)

STATE OF NEW YORK  
DEPARTMENT OF STATE  
FILED DEC. 12 1996  
TAX S \_\_\_\_\_  
BY: JAH  
New York

7  
Margaret D. Kranz, Esq.  
General Counsel  
Cabriní Medical Center  
227 East 19<sup>th</sup> Street  
New York, New York 10003  
(212) 995-7139

961212000272

State of New York }  
Department of State } ss:

*I hereby certify that the annexed copy has been compared with the original document in the custody of the Secretary of State and that the same is a true copy of said original.*

*Witness my hand and seal of the Department of State on*

**July 31, 2006**



A handwritten signature in black ink, appearing to be "D. J. ...", is written over the seal area.

*Special Deputy Secretary of State*



F 060712 000 / 79

**CERTIFICATE OF AMENDMENT  
OF THE  
CERTIFICATE OF INCORPORATION  
OF  
CABRINI CENTER FOR NURSING AND REHABILITATION**

**Under Section 803 of the Not-for-Profit Corporation Law**

The undersigned, being the President and Secretary of Cabrini Center for Nursing and Rehabilitation ("the Corporation"), respectively, in order to amend the Corporation's Certificate of Incorporation, certify that:

**FIRST:** The name of the Corporation is Cabrini Center for Nursing and Rehabilitation. The Corporation was formed under the name Cabrini Nursing-Home.

**SECOND:** The Certificate of Incorporation of the Corporation was filed by the Department of State of the State of New York on July 20, 1993 pursuant to the Not-for-Profit Corporation Law.

**THIRD:** The Corporation is a corporation as defined in subparagraph (a)(5) of Section 102 of the Not-for-Profit Corporation Law. The Corporation is a Type B corporation under Section 201 of the Not-for-Profit Corporation Law, and after the amendment of its Certificate effected herein, the Corporation shall be a Type B corporation under Section 201.

**FOURTH:** The Certificate of Incorporation is hereby amended to effect the following:

**(A)** To amend Paragraph **THIRD** relating to the purposes of the Corporation, presently reading in its entirety as follows:

**"THIRD.** The purposes for which the corporation is formed are as follows:

(a) To serve the aged, disabled and chronically impaired persons by establishing and operating a Catholic residential health care facility consisting of nursing facility beds and non-occupancy services, pursuant to Article 28 of the Public Health Law of the State of New York.

(b) To buy, own, sell, convey, assign, mortgage, or lease any interest in real estate and personal property and to construct, maintain and operate improvements thereon necessary or incident to the foregoing purposes.

In furtherance of the foregoing, the Corporation shall have all of the general and special powers set forth in Section 202 of the Not-for-Profit Corporation Law."

**(B)** Paragraph **THIRD** is amended to read in its entirety as follows:

**"THIRD.** The purposes for which the corporation is formed are as follows:

- 2 -

- (a) To serve the aged, disabled and chronically impaired persons by establishing and operating a residential health care facility consisting of nursing facility beds and non-occupancy services, pursuant to Article 28 of the Public Health Law of the State of New York;
- (b) To buy, own, sell, convey, assign, mortgage, or lease any interest in real estate and personal property and to construct, maintain and operate improvements thereon necessary or incident to the foregoing purposes;
- (c) To borrow and issue evidence of indebtedness in furtherance of any or all of the objects of business, and to secure the same by mortgage, pledge or other liens on the Corporation's property;
- (d) To benefit, promote, support, by gift or otherwise, the qualifying religious, charitable and educational works operated by or in connection with the Missionary Sisters of the Sacred Heart of Jesus, Stella Maris province, a religious institute of women of the Roman Catholic Church which is exempt from federal income taxation under Section 501 (c) (3) of the Code.

The Members, Trustees and officers of the Corporation shall carry out these purposes in accord with the teachings and law of the Roman Catholic Church including the Ethical and Religious Directives for Catholic Healthcare Facilities as promulgated by the United States Conference of Catholic Bishops as amended from time to time and as interpreted by the Bishop of the Diocese in which this Corporation pursues its purposes. Further, the Members, Trustees and officers shall fulfill these purposes in accord with the philosophy of the Missionary Sisters of the Sacred Heart as set forth in the Mission Standards adopted and presented from time to time by the Members to the Trustees without regard to race, creed, color, gender, age or national origin.

In furtherance of the foregoing, the Corporation shall have all of the general and special powers set forth in Section 202 of the Not-for-Profit Corporation Law."

(C) To amend Paragraph F OURTH(d) relating to dissolution of the Corporation, presently reading in its entirety as follows:

"(d) In the event of the liquidation, dissolution, or winding up of the corporation, whether voluntary or involuntary or by operation of law, all of the remaining assets and property of the Corporation shall, after necessary expenses thereof, be distributed to such organizations as shall qualify under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, subject to an order of a justice of the Supreme Court of the State of New York."

(D) Paragraph FOURTH(d) is amended to read in its entirety as follows:

"(d) Upon the dissolution of the Corporation, the Members of the Corporation, after the Board of Trustees has provided for the payment of all of the liabilities of the Corporation, shall approve the Plan of Distribution prepared by the Board which shall dispose of all of the assets of the Corporation in such manner or to

organizations affiliated with the Missionary Sisters of the Sacred Heart of Jesus (or its canonical successor) as organized and operated exclusively for religious, educational or charitable purposes and shall qualify at the time as an exempt organization or organizations under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (or the corresponding provision of any future United States Internal Revenue Law). The Members shall present the Petition for Dissolution to the Court, as required by the Not-for-Profit Corporation Law of the State of New York."

(E) The following is added as Paragraph EIGHTH:

"EIGHTH. The following powers are specifically reserved to the Members, in addition to those provided by the New York Not-for-Profit Corporation Law and common law:

- (i) To approve recommended changes in the philosophy, mission and values of the Corporation and to adopt and present to the Board standards, as amended, modified or supplemented from time to time (the "Mission Standards"), which at the direction of the Members may be requested from the Province or proposed by the Corporation;
- (ii) To amend, change, restate, alter, modify or repeal the Corporation's Certificate of Incorporation;
- (iii) To approve the use of the names 'Cabrini' and 'Missionary Sisters of the Sacred Heart of Jesus';
- (iv) To adopt, amend, alter, modify or repeal Bylaws of the Corporation;
- (v) To determine the distribution of the Corporation's assets upon dissolution;
- (vi) To approve, upon action initiated and resolution adopted by the Board of Trustees: (a) the granting of a security interest in or the encumbrance of any assets or property owned by the Corporation and the (b) sale, transfer or other disposition of real or personal property of the Corporation, either of which exceeds the threshold amounts as set from time to time by the Members;
- (vii) To approve any merger, consolidation, dissolution, fundamental reorganization or liquidation of the Corporation;
- (viii) To interview and approve the semi-finalists for the office of President/Chief Executive Officer and to participate in the Board evaluation processes as further set forth in the Bylaws;
- (ix) To elect the non-ex-officio Trustees of the Board and to remove any or all of the non-ex-officio Trustees, with or without cause;



(x) To receive audited financial statements, mission compliance plans and reports and

"other reports and recommendations of consultants or accrediting agencies and other information relevant to the operations of the Corporation as the Members may from time to time request; and

(xii) To approve the organizational documents, including without limitation the certificate of incorporation, articles of incorporation, bylaws, etc. of any, direct or indirect, subsidiary or auxiliary of the Corporation.

(G) The following is added as Paragraph NINTH:


"NINTH: In the event of the liquidation, dissolution or winding up of the corporation, whether voluntary or involuntary or by operation of law, all of the remaining assets and property of the Corporation shall, after necessary expenses thereof, be distributed to one or more organizations which are then qualified under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (or the corresponding provision of any future United States Internal Revenue Law) which the Provincial Council of the Missionary Sisters of the Sacred Heart of Jesus, Stella Maris Province, or its Canonical Successor, is the sole corporate Member, to be used in such manner as in the judgment of a Justice of the Supreme Court of the State of New York will best accomplish the general purposes for which this Corporation was formed."

FIFTH: The above amendments to the Certificate of Incorporation were authorized by majority vote of the Members of the Corporation entitled to vote thereon at a meeting as provided in subparagraph (1), paragraph (a) of Section 802 of the Not-for-Profit Corporation Law.

SIXTH: The Secretary of State of the State of New York is hereby designated as the agent of the Corporation upon whom process in any action or proceeding against the Corporation may be served. The post office address to which the Secretary of State shall mail a copy of any such process so served is:

Cabrini Center for Nursing and Rehabilitation  
542 East Fifth Street  
New York, New York 10009

IN WITNESS WHEREOF, we have made and subscribed this certificate and hereby affirm under the penalties of perjury that its contents are true this 25<sup>th</sup> day of August, 2004.

  
(Signature)  
Patricia Krasnauskay  
President

  
(Signature)  
Deirdre Kelly  
Assistant Secretary

4

STATE OF NEW YORK )

COUNTY OF NEW YORK ) ss.:

On this 25<sup>th</sup> day of August, 2004, before me personally came Deirdre Kelly to me known and known to me to be the person described in and who executed the foregoing Certificate of Incorporation and she duly acknowledged to me that she executed the same.

*[Handwritten Signature]*  
\_\_\_\_\_  
Notary Public



DORCAS ROBLES-CAMPOS  
Notary Public, State of New York  
No. 0190506880  
Qualified in New York County  
Commission Expires Sept. 23, 2006

5

STATE OF NEW YORK )

COUNTY OF NEW YORK ) ss.:

On this 25<sup>th</sup> day of August, 2004, before me personally came Patricia Krasnauky to me known and know, & to me to be the person described in and who executed the foregoing Certificate of Incorporation and she duly acknowledged to me that she executed the same.



*Dorcas Robles Campos*

Notary Public

DORCAS ROBLES-CAMPOS  
Notary Public, State of New York  
No. 07R05060380  
Qualified in New York County  
Commission Expires Sept 23, 2006

6



STATE OF NEW YORK  
DEPARTMENT OF HEALTH  
CORNING TOWER BUILDING  
ALBANY, N.Y. 12257

# PUBLIC HEALTH COUNCIL

October 4, 2005

Mr. Loren Ratner, Esq.  
Nixon Peabody LLP  
990 Stewart Avenue  
Garden City, New York 11530

Re: Certificate of Amendment of the Certificate of Incorporation of Cabrini Center for  
Nursing and Rehabilitation

Dear Mr. Ratner:

AFTER INQUIRY and INVESTIGATION and in accordance with action taken at a meeting of the Public Health Council held on the 30<sup>th</sup> day of September, 2005, I hereby certify that the Public Health Council consents to the filing of the Certificate of Amendment of the Certificate of Incorporation of Cabrini Center for Nursing and Rehabilitation, dated August 25, 2004.

Sincerely,

Donna W. Peterson  
Executive Secretary

cc: Ms. Margaret Kranz

/rmd

7

The undersigned, a justice of the Supreme Court of the State of New York for the First Judicial District, in which the office of the Corporation is to be located, hereby approves the foregoing Certificate of Amendment of the Certificate of Incorporation of Cabrini Center for Nursing and Rehabilitation and consents that the same be filed.

*Phyllis Gangel-Jacob*  
\_\_\_\_\_  
Justice, Supreme Court

Dated: JUL - 6 2006

**PHYLLIS GÄNGEL-JACOB**

THE ATTORNEY GENERAL HAS NO OBJECTION TO THE GRANTING OF JUDICIAL APPROVAL HEREON, ACKNOWLEDGES RECEIPT OF STATUTORY NOTICE AND DEMANDS SERVICE OF THE FILED CERTIFICATE. SAID NO OBJECTION IS CONDITIONED ON SUBMISSION OF THE MATTER TO THE COURT WITHIN 90 DAYS HEREAFTER.

*Leona Weiser*  
\_\_\_\_\_  
ASSISTANT ATTORNEY GENERAL      DATE

*June 27, 2006*

8



**BY-LAWS**

**OF**

**Cabrini Center for Nursing and Rehabilitation, Inc.**

A Not-for-Profit Corporation

In the State of New York

Adopted by Ex-Officio Members: April 8, 2003

Amended by Ex-Officio Members: September 13, 2010

Amended by Ex-Officio Members: February 21, 2012

## ARTICLE I

### NAME

The name of this corporation shall be Cabrini Center for Nursing and Rehabilitation, Inc., hereinafter referred to as the Corporation.

## ARTICLE II

### PURPOSE

#### Section 1. General Purposes

The Corporation shall be organized and operated exclusively for charitable, religious, educational and scientific purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, or corresponding provisions of any subsequent federal tax laws (the "Code"). The Corporation shall have no power to act in a manner which is not exclusively within the contemplation of Section 501(c)(3) of the Code, and the Corporation shall not engage directly or indirectly in any activity which would prevent it from qualifying, and continuing to qualify, as a Corporation as described in Section 501(c)(3) of the Code. Without limiting the generality of the foregoing, the purposes for which the Corporation is to be formed are

to operate nursing home accommodations for sick, invalid, infirm, disabled or convalescent persons of low income, and to this end to plan, construct, erect, build, acquire, alter, reconstruct, rehabilitate, own, maintain and operate a nursing home project pursuant to the terms and provisions of the Public Health Law.

#### Section 2. Powers

The Corporation also has such powers as are now, or hereafter may be, granted by the Not-For-Profit Corporation Law of the State of New York.

#### Section 3. Activities and Operations

As a not-for-profit corporation:

- (a) The Corporation will not be operated for pecuniary gain or profit, incidental or otherwise, of any private individual. No part of the net earnings of the Corporation shall inure to the benefit of, or be distributable to its Members, Trustees, officers or other private individuals, except to the extent permitted by New York statutes and except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered to or for the Corporation.
- (b) No substantial part of the activities of the Corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the Corporation shall not participate in, or intervene in (including the publishing or distribution of

statements) any political campaign on behalf of or in opposition to any candidate for public office in violation of any provisions applicable to corporations exempt from taxation under Section 501(a) as organizations described in Section 501(c)(3) of the Code and the regulations promulgated thereunder as they now exist or as they may be hereafter amended.

- (c) Notwithstanding any other provisions of these Bylaws, the Corporation shall not carry on any activity not permitted to be carried on by (i) a corporation exempt from federal income tax under Section 501(c)(3) of the Code, or (ii) a corporation, contributions to which are deductible under Section 170(c)(2) of the Code.
- (d) This corporation shall serve all persons without regard to race, creed, color, gender, age or national origin.

### ARTICLE III

#### OFFICES

The Corporation shall have and continuously maintain in the State of New York, a registered office and a registered agent, whose office is identical with such registered office, and may have other offices within or outside of the State of New York as may from time-to-time be determined by the board of trustees of the Corporation (the "Board" or "Board of Trustees").

### ARTICLE IV

#### MEMBERS OF THE CORPORATION

##### Section 1. Membership

There shall be one (1) Member of the Corporation who shall be Cabrini Eldercare Consortium, Inc.

##### Section 2. Powers of the Members

The Member of the Corporation shall be qualified to vote in accord with the provisions of these Bylaws on any issue that may properly come before any meeting of the Member of the Corporation. In recognition of the responsibility of the Member to carry out its duties effectively, the following powers are reserved to the Member of this Corporation in accord with subsections (a) and (b) of this Section 3 and no action shall be binding upon or effective in the Corporation in matters reserved to the Member unless adopted or approved by the Member in accord with the provisions of these Bylaws:

- (a) The affirmative vote of the Member shall be required for the exercise of any or all

of the following powers, which shall be exclusive powers of the Member:

- (i) To approve recommended changes in the philosophy, mission and values of the Corporation and to adopt and present to the Board standards, as amended, modified or supplemented from time to time;
- (ii) To amend, change, restate, alter, modify or repeal the Corporation's Certificate of Incorporation;
- (iii) To adopt, amend, alter, modify or repeal these Bylaws, in accord with Article XVII of the Bylaws;
- (iv) To determine the distribution of the Corporation's assets upon dissolution.
- (v) To approve, upon action initiated and resolution adopted by the Board of Trustees: (a) the granting of a security interest in or the encumbrance of any assets or property owned by the Corporation and the (b) sale, transfer or other disposition of real or personal property of the Corporation, either of which exceeds the threshold amounts as set from time to time by the Member.
- (vi) To approve any merger, consolidation, dissolution, fundamental reorganization or liquidation of the Corporation.
- (vii) To the appointment of President/Chief Executive Officer and to participate in the Board evaluation processes of the President/Chief Executive Officer.
- (viii) To elect the Trustees of the Board and to remove any or all of the Trustees, with or without cause.
- (ix) To receive audited financial statements, mission compliance plans and reports and other reports and recommendations of consultants or accrediting agencies and other information relevant to the operations of the Corporation the Member may from time to time request.
- (x) To approve the organizational documents, including without limitation the certificate of incorporation, articles of incorporation, bylaws, etc. of any, direct or indirect, subsidiary or auxiliary of the Corporation.

## ARTICLE V

### MEETINGS OF THE MEMBER

#### Section 1. Annual Meeting

The annual meeting of the Member of the Corporation shall be at a time designated by the Member, in the offices of the Corporation or at such other place convenient to the Member, for the election of the Trustees, and such other business as may come before said meeting.

#### Section 2. Special Meetings of the Members

Special meetings of the Member of the Corporation may be called at any time by the Member, by a vote of the Member or in response to a request by the Chairperson of Trustees, or a majority vote of the Board of Trustees or the President/Chief Executive Officer requesting the Member to act on a recommendation made to the Member, by the Trustees. The Member shall call a special meeting to consider the request for action submitted by a majority of the Board of Trustees or the President/Chief Executive Officer.

#### Section 3. Place of Meeting

The Member may designate any place, either within or outside the State of New York, as the place for any Annual or Special Meeting of the Member. If no designation is made, the place of meeting shall be the registered office of the Corporation in the State of New York.

#### Section 4. Notice of Meetings

The Member shall send a written notice stating the place, day and hour of any meeting, and in the case of a special meeting, the purpose(s) for which the meeting is called, either personally or by first class or by certified mail, to the Member not less than ten (10) nor more than fifty (50) days before the date of the meeting. Notice may also be given by fax or e-mail at least five (5) days before the date of such meeting unless a longer notice is required by law. If mailed, the notice of a meeting shall be deemed to be delivered when deposited in the United States mail, postage prepaid, addressed to the Member at his address as it appears on the record of the Corporation, or by the fax or e-mail confirmation record.

#### Section 5. Informal Action by Member

Any action required to be taken at a meeting of the Member or any other action which may be taken at a meeting of the Member, may be taken without a meeting, if consent in writing, setting forth the action so taken, shall be signed by the Member entitled to vote with respect to the subject matter thereof.

#### Section 6. Quorum

The Member (including presence by telephonic means) shall constitute a quorum at any meeting of the Member. Within five business days of the first adjourned meeting, the Member shall

convene a meeting or provide that the business of the Member shall be affected through the provisions of Section 5 of this Article or a meeting of proxies or through telephonic means.

Section 7. Manner of Acting

- (a) The affirmative vote of the Member at a meeting at which the Member is present shall be required for an action of the Members to be binding upon or effective in the Corporation.
- (b) Member's Access to Institutional Reports and Consultants The Member shall be entitled to request and receive advice and information directly from any consultant of the Corporation, and may rely upon the advice of professional consultants, legal, financial or otherwise hired by the Board of Trustees or any person authorized by the Board of Trustees or the President/Chief Executive Officer. Unless otherwise specifically approved by Member and the Board of Trustees, each contract of engagement with professional consultants (including without limitation legal, financial or other business or academic professionals) shall identify the Corporation as the client and all such consultants shall report to the Member, the Chairperson of the Board of Trustees and the President/Chief Executive Officer. In the event the Member believes it necessary to engage separate legal or financial consultants with respect to or in the exercise of the powers of the Member, the Member shall first consult with the Chairperson of the Trustees and after such consultation, the Member may engage consultant(s). Fees and costs of such an engagement shall be the responsibility of the Corporation and such may be authorized by the Member after consultation with the Chairperson of the Board of Trustees.

Section 8. Attendance by Telephone

The Member may participate in any meeting through the use of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

## ARTICLE VI

### BOARD OF TRUSTEES

Section 1. Power of the Board of Trustees

Subject to the voting rights and powers of the Member, the Certificate of Incorporation of the Corporation and the New York Not-For-Profit Corporation Law, the Board of Trustees shall exercise the powers of the Corporation, shall have the authority to manage the business and affairs of the Corporation and shall control its property and shall have the power and authority to do and perform all acts or functions permitted by law.

Section 2. Responsibilities of the Board

The primary responsibilities of the Board of Trustees shall be the solicitation and supervision of the funds needed for the development of the Corporation, oversight of the management of the resources, facilities, and endowments of the Corporation, and selection and evaluation of the Corporation's President/Chief Executive Officer. More specifically, these responsibilities shall include, but shall not be limited to, the following:

- (a) to review periodically the Corporation's mission and purpose;
- (b) to evaluate annually the performance of, and relationship among, the Board, the Members and the administration of the Corporation;
- (c) to appoint the President/Chief Executive Officer
- (d) to oversee and support the President/Chief Executive Officer, who shall be responsible to the Board of Trustees for the administration of the Corporation;
- (e) to terminate the President/Chief Executive Officer, with or without cause;
- (f) prior to any term renewal, and otherwise on an annual basis, to conduct evaluations of the performance of the President/Chief Executive Officer;
- (g) to appoint the Administrator of the Nursing Home
- (h) prior to any contract renewal, and otherwise on a regular basis, to conduct evaluations of the Administrator through the President/Chief Executive Officer in a process approved by the Board of Trustees.
- (i) to establish and support, through individual contributions and solicitation of the support of others, fund-raising goals appropriate to the Corporation's present and future needs, and to participate actively in setting and carrying out strategies to secure sources of support for the Corporation's programs and facilities;
- (j) to authorize the Corporation's officers to accept gifts or bequests made to the Corporation subject to policies and guidelines set by the Board of Trustees;
- (k) to oversee the general financial administration of the Corporation, including the approval of annual budgets consistent with any strategic plan adopted by the Trustees;
- (l) to approve a report of the activities of the Corporation and of the Board of Trustees to be delivered to the Member and to meet at least annually jointly with the Member.

- (m) to authorize the Corporation, subject to any necessary approval of the Member as set forth in Article IV, Section 3 (c) (i) of these By-laws, to incur debts and secure the same by mortgaging and/or pledging its assets; and
- (n) to retain professional advisors such as attorneys and accountants to assist the Board of Trustees and administration. Unless otherwise specifically approved by the Member and the Board of Trustees, each contract of engagement with professional consultants (including without limitation legal, financial or other business or academic professionals) shall identify the Corporation as the client and all such consultants shall provide reports to the Member, the Chairperson of the Board of Trustees and the President/Chief Executive Officer.

The Board of Trustees shall have all other powers necessary to carry out any other functions which are permitted by the Corporation's Certificate of Incorporation or these By-laws, except as limited by law.

**Section 3. Direction of the Board of Trustees**

The function and business of the Corporation, except as otherwise provided herein, shall be directed by a Board of Trustees whose manner of selection and term of office are set forth herein.

**Section 4. Nature, Number and Qualifications**

The Board of Trustees (the "Trustees") shall be composed of between three (3) and twenty-one (21) persons, the number to be determined from time to time by resolution of the Board. None of the Trustees need be residents of the State of New York. In accordance with the provisions of § 2853 of the Public Health Law, one additional Trustee may be designated by the Commissioner of Health of the State of New York.

**Section 5. Election of Non Ex-Officio Trustees**

The Trustees shall be elected by the Member.

5.1 Term of Office: Each trustee shall serve for a term not to exceed three (3) years and shall hold office until such trustee's term expires and thereafter until such trustee's successor shall have been elected and qualified, or until such trustee's earlier death, resignation or removal. Trustees shall be eligible for reelection to the Board of Trustees.

**Section 6. Vacancy**

In the event that any Trustee shall be absent without excuse for three (3) consecutive regular meetings of the Board of Trustees after due notice of such meetings has been given, such absences may be deemed by the Board to constitute a resignation from the Board of Trustees by such Trustee, and the Board of Trustees at the meeting (regular or special), if it so deems there to be a resignation, next following the last of such absences may accept or reject such resignation.



If such resignation is accepted, or a Trustee vacancy exists for any other reason such as in case of death or resignation, the Member of the Corporation may elect a successor Trustee to fill the balance of the term of the Trustee whose resignation has been accepted or for which the vacancy exists.

#### Section 7. Removal

Any or all of the Trustees may be removed for cause by vote of the Trustees subject to the approval of the Member provided there is a quorum of not less than a majority of the entire Board of Trustees present at the meeting of Trustees at which such action is taken. Any or all of the Trustees may be removed with or without cause by vote of the Member of the Corporation.

#### Section 8. Meetings of the Board of Trustees

The Board of Trustees shall hold no less than four (4) regular meetings each year, at the Corporation. The annual meeting (the "Annual Meeting") of the Board of Trustees shall be in the last quarter of the fiscal year.

#### Section 9. Special Meetings of the Board of Trustees

Special meetings of the Board of Trustees may be called by the Chairperson of the Board of Trustees. Written notice of such meetings shall be mailed to each Trustee at least seven (7) days prior to the date set for the special meeting or telefaxed or e-mailed with confirmation of receipt at least three (3) days prior to the date set for the Special Meeting. Such notice shall state the purpose for which the special meeting has been called, and no other business other than stated in the notice shall be transacted at such special meeting. A quorum of Trustees must be present at any special meeting.

#### Section 10. Notice of Meetings of the Board of Trustees

10.1 Notice: The Chairperson shall give at least seven (7) days written notice of each regular meeting to each Trustee and shall include in such notice, an agenda and other information of the business to be considered at such meeting. If the date, time and place of the regular meetings of the board of trustees shall have been established and provided to the trustees, this provision of the By-laws shall be construed only as directory to the Chairperson, it being expressly provided hereby that failure to give notice of the time or place of any regular meeting, or of the business to be conducted at such meeting, shall in no way affect the validity of any action otherwise properly taken by the Board of Trustees at such regular meeting, except when such notice is expressly required by law, the Corporation's Certificate of Incorporation, or these By-laws.

10.2 Waiver of Notice: Any trustee may submit a signed Waiver of Notice before or after the meeting for which notice is waived. Notice is also waived by a trustee who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to him/her.

Section 11. Quorum and Action of the Corporation

11.1 For regular or special meetings of the Board of Trustees, a quorum shall be a majority of the voting Trustees in office. For meetings of a committee of the Board, a majority of Committee Members then in office shall constitute a quorum.

11.2 When a quorum is present, a majority vote (i.e. a majority of the votes cast, ignoring blanks) is sufficient for the adoption of any motion that is in order, unless the rules of the assembly require a larger vote for its adoption.

Section 12. Consent of Trustees in Lieu of Meeting

Any action required or permitted to be taken by the Board of Trustees or any committee thereof maybe taken without a meeting if all Trustees of the Board or members of the committee consent in writing to the adoption of a resolution authorizing the action. The resolutions and the written consents thereto shall be filed with the minutes of the proceedings of the Board or of committee, as the case may be.

Section 13. Conference Telephone Meetings

Any one or more Trustees or any committee thereof may participate in a meeting of the Board or committee, as the case may be, by means of a conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time. Participation by such means shall constitute presence in person at such meeting.

Section 14. Committees

- (a) Quality Assessment and Assurance Committee. The Quality Assessment and Assurance Committee shall consist of at least one (1) member of the Board of Trustees who is not otherwise affiliated with the nursing home in an employment or contractual basis, as well as at least the following staff: the Administrator of the nursing home, or designee, the Director of Nursing Services, a physician designated by the facility, and at least three other members of the nursing facility staff. The Committee shall meet at least quarterly, have a written plan which describes the program and responsibilities of participants, consults at least quarterly with the Resident Council for recommendations, and reports its activities to the Board of Trustees at least quarterly.
- (b) Audit Committee. The Audit Committee shall consist of at least three (3) individuals, at least two of whom shall be members of the Board of Trustees, as appointed by the Chairperson of the Board of Trustees. The responsibilities of the Audit Committee shall be set forth in the Consolidated Audit Committee Charter of the Corporation.
- (c) Procedures, Other Committees: Other committees may be authorized by the Board of Trustees. Meetings of the above-mentioned committees may be attended by non-committee members upon invitation by a member of the committee in

question. Members of each of the above committees may be appointed by the Board of Trustees for such term as may be deemed appropriate. The frequency of committee meetings and the format of committee reports shall be determined by the Chairperson of the Board of Trustees except as otherwise provided by law.

Unless otherwise specified in these By-laws, Committees shall be composed of three (3) or more Trustees. The Chairperson of the Board and the President/Chief Executive Officer shall be *ex officio* members of all committees, except that the President/Chief Executive Officer shall not participate in committees if they are engaged in the evaluation, compensation or selection of the President/Chief Executive Officer. When appropriate, non-Trustees may be asked by the Chairperson of the Board of Trustees to serve in an advisory non-voting capacity on any of the above committees. Procedures for committee meetings shall follow those procedures set forth in Article VI for meetings of the Board of Trustees.

## ARTICLE VII

### OFFICERS OF THE CORPORATION

#### Section 1. Officers

The Officers of the Board of Trustees shall be a Chairperson, a Vice Chairperson, a Secretary, a Treasurer and such other officers elected in accordance with the provisions of this Article. The Board of Trustees may elect such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers to have the authority and perform the duties prescribed from time to time by the Board of Trustees. Any two or more offices, except that of the Chairperson and Secretary, may be held by the same person.

#### Section 2. Election and Term of Office

The officers of the Board of Trustees shall be elected annually by the Board of Trustees at the regular annual meeting of the Board of Trustees. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently possible. New offices may be created and filled at any meeting of the Board of Trustees. Each officer shall hold office for one year and until his/her successor shall have been duly elected and shall have been qualified. Election of an officer shall not of itself create any contract rights.

#### Section 3. Removal

Any officer elected by the Board of Trustees may be removed, with or without cause, by the Board of Trustees whenever in its judgment the best interests of the Corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the officer so removed.

#### Section 4. Vacancies

A vacancy in any office because of death, resignation, disqualification or otherwise, may be filled

by a majority vote of the Board of Trustees for the unexpired portion of the term.

**Section 5.     Chairperson**

The Chairperson of the Board shall preside at all meetings of the Board of Trustees at which the Chairperson is present. The Chairperson of the Board shall also perform such other duties as may be assigned from time to time by the Board. S/he may sign, with the Secretary of the Board or any other proper officer of the Corporation authorized by the Board of Trustees, any deeds, mortgages, bonds, contracts, diplomas or other instruments which the Board of Trustees have authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Trustees or by these By-laws or by law to some other officer or agent of the Corporation; and, in general, shall perform all duties as may be prescribed by the Board of Trustees from time to time.

**Section 6.     Vice Chairperson**

In the absence of the Chairperson of the Board or in the event of his/her inability or refusal to act, the Vice Chairperson (or in the event there is more than one Vice Chairperson, the Vice Chairperson in order of their election) shall perform the duties of the Chairperson of the Board, and when so acting shall have all the powers of and be subject to all the restrictions upon the Chairperson of the Board. Any Vice Chairperson shall perform such other duties as from time to time may be assigned to him/her by the Chairperson of the Board or the Board of Trustees.

**Section 7.     Secretary**

The Secretary of the Board shall keep the minutes of the meetings of the Board of Trustees in one or more books provided for that purpose; keep an accurate list of the names of the Members and the Trustees and their mailing addresses; give all notices in accordance with the provisions of these By-laws or as required by law; be custodian of the corporate records and of the seal of the Corporation, and affix the seal of the Corporation on all documents, the execution of which on behalf of the Corporation under its seal is duly authorized in accordance with the provisions of these By-laws; keep a register of the addresses of the Members which shall be furnished to the Secretary of the Board by each; and, in general, shall perform all duties incident to the office of Secretary of the Board and such other duties as from time to time may be assigned to him/her by the Chairperson of the Board or by the Board of Trustees.

**Section 8.     Treasurer**

The Treasurer shall have charge and custody of and be responsible for all funds and securities of the Corporation; receive and give receipts for monies due and payable to the Corporation from any source whatsoever, and deposit all such moneys in the name of the Corporation in such banks, trust companies, or other depositories; and, in general, shall perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him/her by the Chairperson of the Board or by the Board of Trustees.

**ARTICLE VIII**  
**ADMINISTRATION**

**Section 1.     President/Chief Executive Officer**

The President/Chief Executive Officer shall be appointed by the Board of Trustees under Article VI, Section 2 (e). The President/Chief Executive Officer shall be the principal executive officer of the Corporation and shall, in general, supervise the business and implement the policies of the Corporation. The President/Chief Executive Officer shall serve *ex officio* without vote as a member of all Committees of the Board, except as they are engaged in the evaluation, compensation or selection of the President/Chief Executive Officer. As the principal executive officer of the Corporation, the President/Chief Executive Officer shall have such credentials and exercise such leadership and supervision as will promote the efficiency and effectiveness of the mission of the Corporation.

**Section 2.     Responsibilities of the President/Chief Executive Officer**

The President/Chief Executive Officer is the chief administrative officer of the Corporation. The President/Chief Executive Officer shall be responsible for:

- (a) Carrying out all policies established by the Board of Trustees;
- (b) Development and submission to the Board of Trustees for approval of a plan of organization of the personnel and others concerned with the operation of the Corporation;
- (c) Preparation of an annual budget showing the expected receipts and expenditures, as required by the Board of Trustees;
- (d) Selection, employment, control and discharge of employees and development and maintenance of personnel policies and practices for the Corporation;
- (e) Maintenance of physical properties in a good state of repair and operating condition;
- (f) Supervision of business affairs to ensure that funds are collected and expended to the best possible advantage;
- (g) Cooperation with the Medical Staff, and with all concerned with rendering professional services, to the end that high quality care may be rendered to the patients.
- (h) Presentation to the Board of Trustees or its authorized committee, of periodic reports reflecting the professional service and financial activities

of the Corporation, and preparation and submission of such special reports as may be required by the Board of Trustees;

- (i) Attendance at all meetings of the Board of Trustees and committees thereof as s/he may deem appropriate;
- (j) Development, submission and implementation of all plans to correct operational deficiencies identified by regulatory agencies on a timely basis and reporting to the Board of Trustees progress in the development and carrying out of corrections; and
- (k) Performance of other duties that may be necessary in the best interest of the Corporation.

### Section 3. Appointment, Evaluation and Termination of the President/Chief Executive Officer

The President/Chief Executive Officer shall be appointed by the Board of Trustees. The duties of the President/Chief Executive Officer and the term of office shall be established by the Board. Prior to any term renewal, and otherwise no less than annually, the President/Chief Executive Officer shall be evaluated by the Board of Trustees. The President/Chief Executive Officer may be removed, with or without cause, by action of either the Board of Trustees or the Member both in accord with the established evaluation process. This evaluation process is approved by the Members without prejudice to the power of the Trustees to remove the President pursuant to Article VI, Section 2 (g).

### Section 4. Administrator

A New York State licensed nursing home administrator (the "Administrator") will be employed, in accordance with the Rules and Regulations of New York State Department of Health, whose responsibility will be to administer the nursing facility. If the Administrator is not the Chief Executive Officer, s/he shall report to the President/ Chief Executive Officer or to his/her designee in the organization. The Administrator shall, in general, supervise and implement the health care policies of the Nursing Home Facility under the direction of the President/Chief Executive Officer. The Administrator shall, like the President/Chief Executive Officer, be the spokesperson for both the health care activities of the Corporation and its Catholic, Cabrini mission. The Administrator shall participate actively in leadership programs as set forth in the Mission Standards promulgated by the Members.

### Section 5. Appointment, Evaluation and Termination of the Administrator.

The Administrator shall be appointed by the Board of Trustees. The Board of Trustees shall appoint an administrator who is eligible for such appointment and who functions in accord with § 415.26 of the Code Rules and Regulations of the New York State Department of Health. The Administrator shall be employed under the terms established by the Board of Trustees. Prior to any term renewal, and otherwise on a regular basis, the Administrator shall be evaluated in a

process determined by the Board of Trustees. The Administrator may be terminated by the Board of Trustees, with or without cause.

**Section 6. Authority and Duties of the Medical Director**

The authority and duties of the Corporation's Medical Director shall be as described in the Corporation's official job description of such position and shall be delineated in a formal agreement between the Corporation and the Medical Director. The Medical Director shall periodically report to the Board of Trustees on the quality of medical care and such other matters as requested by the Board of Trustees.

**ARTICLE IX**

**Indemnification and Insurance**

**Section 1. Authorized Indemnification**

Unless prohibited by law or Section 2 of this Article IX, the Corporation shall indemnify any person ("Indemnified Person") made, or threatened to be made, a party in any action or proceeding, whether civil, criminal, administrative, investigative or otherwise, including any action by or in the right of the Corporation, by reason of the fact that he (or his testator or intestate), whether before or after adoption of this By-law, (a) is or was a Member, Trustee or officer of the Corporation or **serves on a committee** or (b) in addition is serving or served, in any capacity, at the request of the Corporation, any other corporation, or any partnership, joint venture, trust, employee benefit plan or other enterprise. The indemnification shall be against all judgments, fines, penalties, amounts paid in settlement (provided the Corporation shall have consented to such settlement) and reasonable expenses, including attorneys, fees and costs of investigation, incurred by an Indemnified Person with respect to any such threatened or actual action or proceeding, and any appeal thereof.

**Section 2. Prohibited Indemnification**

The Corporation shall not indemnify any person if a judgment or other final adjudication adverse to the Indemnified Person (or the person whose actions are the basis for the action or proceeding) established, or the Board of Trustees in good faith determines, that such person's acts were committed in bad faith or were the result of active and deliberate dishonesty and were material to the cause of action so adjudicated or that he personally gained in fact a financial profit or other advantage to which he was not legally entitled.

**Section 3. Advance of Expenses**

The Corporation shall, on request of any Indemnified Person who is or may be entitled to be indemnified by the Corporation, pay or promptly reimburse the Indemnified Person's reasonably incurred expenses in connection with a threatened or actual action or proceeding prior to its final

disposition. However, no such advancement of expenses shall be made unless the Indemnified Person makes a binding, written commitment to repay the Corporation, with interest, for any amount advanced for which it is ultimately determined that he is not entitled to be indemnified under the law or Section 2 of this Article IX. An Indemnified Person shall cooperate in good faith with any request by the Corporation that common legal counsel be used by the parties to such action or proceeding who are similarly situated unless it would be inappropriate to do so because of actual or potential conflicts between the interests of the parties.

#### Section 4. Indemnification of Others

Unless prohibited by law or Section 2 of this Article IX, the Board of Trustees may approve Corporation indemnification as set forth in Section 1 of this Article IX, and advancement of expenses as set forth in Section 3 of this Article IX, to a person (or the testator or intestate of a person) who is or was employed by the Corporation or who is or was a volunteer for the Corporation, and who is made or threatened to be made, a party in any action or proceeding, by reason of the fact of such employment or volunteer activity, including actions undertaken in connection with service at the request of the Corporation in any capacity for any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise.

#### Section 5. Determination of Indemnification

Indemnification mandated by a final order of a court of competent jurisdiction will be paid. After termination or disposition of any actual or threatened action or proceeding against an Indemnified Person, if indemnification has not been ordered by a court the Board of Trustees shall, upon written request by the Indemnified Person, determine whether and to what extent indemnification is permitted pursuant to these By-laws. Before indemnification can be paid the Board of Trustees must explicitly find that such indemnification will not violate the provisions of Section 2 of this Article IX. No Trustee with a personal interest in the outcome, or who is a party to such actual or threatened action or proceeding concerning which indemnification is sought, shall participate in this determination. If a quorum of disinterested trustees is not obtainable, the Board of Trustees shall act only after receiving the opinion in writing of independent legal counsel that indemnification is proper in the circumstances under then applicable law and these By-laws.

#### Section 6. Binding Effect

Any person entitled to indemnification under these By-laws has a legally enforceable right to indemnification, which cannot be abridged by amendment of these By-laws with respect to any event, action or omission occurring prior to the date of such amendment. The Corporation's obligation to indemnify under this Article IX or Section 721, *et seq.* of the Not-for-Profit Corporation Law shall be premised upon the use of common counsel authorized by the Corporation and continued cooperation in good faith with any request by the Corporation during any action or proceeding.



Section 7. Insurance

The Corporation shall purchase trustees' and officers' liability insurance, in an amount and on such terms as are authorized and approved by the Board of Trustees. To the extent permitted by law, such insurance may insure the Corporation for any obligation it incurs as a result of this Article IX or operation of law and it may insure directly the Members, Trustees, officers, employees or volunteers of the Corporation for liabilities against which they are not entitled to indemnification under this Article IX as well as for liabilities against which they are entitled or permitted to be indemnified by the Corporation.

Section 8. Nonexclusive Rights

Except as otherwise provided, the provisions of this Article shall not limit or exclude any other rights to which any person may be entitled under law or contract. The Board of Trustees is authorized to enter into agreements on behalf of the Corporation with any Member, Trustee, officer, employee or volunteer providing them rights to indemnification or advancement of expenses in connection with potential indemnification in addition to the provisions therefore in this Article subject in all cases to the limitations of Section 2 of this Article IX.

## ARTICLE X

### CONFLICTS OF INTEREST

- (a) The relationship between the Corporation and its Trustees and officers, is one, which carries with it a strict duty of loyalty and fidelity. They shall exercise the utmost good faith in all transactions touching upon their duties at the Corporation and its property. They shall not use their positions of knowledge gained there from so that a conflict might arise between the interest of the Corporation and that of the individual Trustee or officer.
- (b) Any contract or other transaction between the Corporation and one of its Trustees or officers or between the Corporation and any other corporation, firm, association or other entity in which one or more of the Corporation's Trustees or officers have a substantial financial interest therein, not otherwise prohibited by federal, state or municipal statutory or administrative law, must be in compliance with the following conditions:
  - (1) The relevant and material facts of such Trustee's or officer's interest in such contract or transaction are fully disclosed in good faith and in advance by the interest individual and such facts are reflected in the minutes of the Board, and
  - (2) In the judgment of the Board, the contract or other transactions is as fair and reasonable to the Corporation as would otherwise then be obtained by it and such determination is indicated in the minutes of the Board, and

- (3) The Board authorizes such contract or transaction by a resolution adopted by a vote of at least two-thirds (2/3) of the voting Trustees present at a meeting at which a quorum is present, and
  - (4) If the interested individual shall be a Trustee, his/her presence shall not be counted in determining the presence of a quorum at the meeting at which the Board authorizes such contract or transaction, he/she shall not be present in the room at the time the vote is taken, and he/she shall not participate in the deliberations nor use personal influence in the matter.
- (c) For the purpose of this Article, a Trustee or officer shall be deemed to have a direct or indirect substantial financial interest in any corporation, firm, association or other entity (1) in which s/he, together with her/his parents and spouse, and all descendents of either of her/his parents and spouse, have an aggregate beneficial equity of 10 percent or more, or (2) of which s/he is an officer or employee.

## ARTICLE XI

### DISSOLUTION AND DISTRIBUTION OF ASSETS

In the event of the liquidation, dissolution, or winding up of the Corporation, whether voluntary or involuntary or by operation of law, all of the remaining assets and property of the Corporation shall, after necessary expenses thereof be distributed to one or more organizations which are then qualified under Section 501(c) (3) of the Internal Revenue Code of 1986, as amended (or the corresponding provision of any future United States Internal Revenue Law) to be used in such manner as in the judgment of a Justice of the Supreme Court of the State of New York will best accomplish the general purposes for which this Corporation was formed.

## ARTICLE XII

### MISCELLANEOUS

#### Section 1. Signature on Checks and Drafts

All checks, drafts and other orders for the payment of money out of the funds of the Corporation, and all notes or other evidences of indebtedness of the Corporation, shall be signed on behalf of the Corporation in such manner as shall from time to time be determined by resolution of the Board of Trustees.

#### Section 2. Official Seal

The Official Seal of the Corporation shall consist of a circle within a circle. The outer circle shall contain the words "Cabrini Center for Nursing and Rehabilitation, Inc.", and the inner circle, "Incorporated, New York, 1993".

## **ARTICLE XIII**

### **BOOKS AND RECORDS**

The Corporation shall keep correct and complete books and records of account; and also shall keep minutes of the proceedings of its Members, Board of Trustees, and committees having any of the authority of the Board of Trustees; and shall keep at the registered or principal office a record giving the names and addresses of all Trustees and Members. All books and records of the Corporation may be inspected by any Member for any proper purpose at any reasonable time.

## **ARTICLE XIV**

### **FISCAL YEAR**

The fiscal year of the Corporation shall begin on the first day of January and end on the last day of December in each year.

## **ARTICLE XV**

### **WAIVER OF NOTICE**

Whenever any notice is required to be given under the provisions of the General Not-for-Profit Corporation Act of New York or under the provisions of these By-laws, a waiver thereof in writing signed by the persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

## **ARTICLE XVI**

### **AMENDMENT OF BY-LAWS**

The By-laws of the Corporation may be adopted, amended, altered, modified or repealed only by the Member. The action of the Member on adoption, amendment, alteration, modification or repeal of the Bylaws shall be final and binding upon the Corporation. These Bylaws shall not be subject to adoption, amendment, alteration, modification or repeal by the Board of Trustees. Not less than every three (3) successive years, the Trustees and Member of the Corporation, at the Annual Meeting of the Member and of the Trustees, shall review these By-laws for the purpose of considering or recommending, as the case may be, any appropriate amendments thereto.

## **ARTICLE XVII**

### **CERTIFICATE OF INCORPORATION**

The Certificate of Incorporation may be amended, changed, restated, altered, modified or repealed only by the Member in accord with the provisions of Article IV, Section 3 (a) (ii).

**EXHIBIT C**

**Statement of Assets & Liabilities**

*pending*

F060127000828

**AMENDED AND RESTATED CERTIFICATE OF INCORPORATION  
OF  
CABRINI OF WESTCHESTER**

**Under Section 805 of the New York Not-for-Profit Corporation Law**

The undersigned, being the President and Secretary of Cabrini of Westchester ("the Corporation"), respectively, in order to amend the Corporation's Certificate of Incorporation, certify that:

**FIRST:** The name of the Corporation is Cabrini of Westchester. The Corporation was formed under the name St. Cabrini Nursing Home, Inc.

**SECOND:** The Certificate of Incorporation of the Corporation was filed by the Department of State of the State of New York on March 19, 1969, pursuant to the Membership Corporations Law and the Public Health Law.

**THIRD:** The Corporation is a corporation as defined in subparagraph (a)(5) of Section 102 of the Not-for-Profit Corporation Law. The Corporation is a Type D corporation under Section 201 of the Not-for-Profit Corporation Law with members, and after the amendment of its Certificate effected herein, the Corporation shall be a Type D corporation with members under Section 201.

**FOURTH:** The Certificate of Incorporation is amended to effect the following amendments authorized by the Not-For-Profit-Corporation Law (the "N-PCL"):

(a) To amend Paragraph "V" relating to the numbers of directors, presently reading in its entirety as follows:

"The number of directors of the Company shall not be less than three nor more than fifteen. Directors shall be elected by the members of the Company. One additional director may be designated by the Commissioner of Health of the State of New York (hereinafter referred to as the "Commissioner"). In the absence of fraud or bad faith said additional director appointed by the Commissioner shall not be personally liable for the debts, obligations or liabilities of the Company."

(b) Paragraph "V" is amended to read in its entirety as follows:

"The number of Directors of the Corporation shall be not less than three. The exact number of Directors shall be set forth in the By-Laws."

(c) To amend Paragraph "XII" containing federal tax-exemption language, presently reading in its entirety as follows:

"The Company is organized and shall be operated as a non-profit organization, shall not have power to issue certificates of stock or to declare or pay dividends, and shall be operated exclusively for the purposes enumerated in Article II hereof, thereby to lessen the burdens of government and promote social welfare. No part of the net income or net earnings of the Company shall inure to the benefit or profit of any private

- 2 -

individual, firm or corporation. No officer or employee of the Company shall receive or be lawfully entitled to receive any pecuniary benefits from the operation thereof except as reasonable compensation for services. No member or director of the Company shall receive any salary, other compensation or pecuniary profit of any kind for services as such member or director other than reimbursement of actual and necessary expenses incurred in the performance of his duties.

Upon the dissolution of the Company, the Board of Directors shall, after paying or making provisions for the payment of all of the liabilities of the Company, distribute all of the remaining assets of the Company exclusively for the purposes of the Company or for a similar public use or purpose, to such organization or organizations organized and operating exclusively for charitable purposes as shall at the time qualify as an exempt organization or organizations under Section 501(c)(3) of the Internal Revenue Code of 1954 as the shall then be in force, or the corresponding provision of any future United States Internal Revenue Law, or to the United States of America, the State of New York, or a local government within the State of New York, as the Board of Directors shall determine, or in the absence of such determination by the Board of Directors, such assets shall be distributed by the Supreme Court of the State of New York or such other qualified exempt organization or organizations as in the judgment of the Court will best accomplish the general purposes or a similar public use or purpose of this Company. In no event shall the assets of this Company upon dissolution be distributed to a director, officer, employee or member of this Company.

The dissolution of this Company and any distribution of the assets of this Company incident thereto shall be subject to such law, if any, then in force as may require the approval or consent thereto by any Court or Judge thereof having jurisdiction or by any governmental department or agency or official thereof."

(d) Paragraph "XII" is amended to read in its entirety as follows:

"(a) No part of the net income or net earnings of the corporation shall inure to the benefit or profit of any director, or officer of the Corporation or any private individual, firm, corporation or association except that reasonable compensation may be paid for services rendered to or for the Corporation. No director or officer of the Corporation or any private individual shall be entitled to share in the distribution of any of the corporate assets on dissolution of the Corporation.

(b) No substantial part of the activities of the Corporation shall be carrying on propaganda, or otherwise attempting to influence legislation, except as otherwise provided by Section 501(h) of the Internal Revenue Code of 1986 (as now in effect or may hereafter be amended) (the "Code"). The Corporation shall not participate or intervene (including the publication or distribution of statements) in any political campaign on behalf of, or in opposition to, any candidate for public office.

(c) Notwithstanding any other provision of this Certificate, the Corporation is organized exclusively for charitable and educational purposes, as specified in Section 501(c)(3) of the Code. The Corporation shall not carry on any activities not permitted to be carried on (i) by a corporation exempt from Federal income tax under Section 501(c)(3) of the Code; or (ii) by a corporation contributions to which are deductible under Section 170(c)(2) of the Code."

- 3 -

(e) To add Paragraph XI to include provisions required by the Department of Housing and Urban Development ("HUD") pursuant to Chapter 12 of HUD's MAP Guidelines, to read as follows:

"XI (a) If any of the provisions of the Corporation's Certificate of Incorporation (as amended) or By-Laws (the "Organizational Documents") conflict with the terms of the note; mortgage, deed of trust or security deed; security agreement or HUD Regulatory Agreement (the "HUD Loan Documents"), the provisions of the HUD Loan Documents will control.

(b) No provision required by HUD to be inserted into the Organizational Documents may be amended without prior HUD approval, so long as HUD is the insurer or holder of the note of the Corporation.

(c) No provision in the Organizational Documents that results in any of the following will have any force or effect without the prior written consent of HUD:

- (1) Any amendment that modifies the duration of the Corporation as the mortgagor entity;
- (2) Any amendment that activates the requirement that a HUD previous participation certification be obtained from any additional member.
- (3) Any amendment that in any way affects the note, mortgage, deed of trust or security deed, and security agreement on the project financed by the HUD-insured loan (the "Project") or the Regulatory Agreement between HUD and the Corporation as the mortgagor entity;
- (4) Any amendment that would authorize any member other than the Manager/General Partner or pre-approved Successor/General Partner to bind the Corporation for all matters concerning the project which require HUD's consent or approval;
- (5) A change in the General Partner/Manager or pre-approved Successor/Manager of the Corporation as the mortgagor entity; or
- (6) Any change in a guarantor of any obligation to the Secretary of HUD.

(d) The Corporation as the mortgagor entity will remain as a single asset entity.

(e) The Corporation as the mortgagor entity is authorized to execute a note, mortgage, deed of trust or security deed and security agreement in order to secure a loan to be insured by the Secretary of HUD (the Secretary) and to execute the Regulatory Agreement and other documents required by the Secretary in connection with the HUD-insured loan.

- 4 -

(f) The Corporation as the mortgagor entity has authority to enter into the HUD Loan Documents and to comply with the requirements of the FHA insurance program.

(g) Any incoming member/owner must as a condition of receiving an interest in the Corporation as the mortgagor entity agree to be bound by the note, mortgage, deed of trust or security deed, security agreement, the Regulatory Agreement and any other documents required in connection with the HUD insured loan to the same extent and on the same terms as the other members.

(h) Notwithstanding any other provisions of this Certificate, upon any dissolution, no title or right to possession and control of the Project, and no right to collect the rents from the Project, shall pass to any person who is not bound by the Regulatory Agreement in a manner satisfactory to the Secretary.

(i) The members, partners, officers and directors and any assignee of a partner/member are liable in their individual capacity to HUD for:

- (1) Funds or property of the Project coming into its possession, which by the provisions of the Regulatory Agreement, the person or entity is not entitled to retain;
- (2) Its own acts and deeds, or acts and deeds of others which it has authorized, in violation of the provisions of the Regulatory Agreement;
- (3) The acts and deeds of affiliates, as defined in the Regulatory Agreement, which the person or entity has authorized in violation of the provisions of the Regulatory Agreement; and
- (4) As otherwise provided by law.

(j) The Corporation as the mortgagor entity shall not voluntarily be dissolved or convert to another form of entity without the prior written approval of HUD.

(k) The Corporation as the mortgagor entity has designated Patricia Krasnauskay as its official representative for all matters concerning the Project which require HUD consent or approval. The signature of this person will bind the Corporation as the mortgagor entity in all such matters. The Corporation as the mortgagor entity may from time to time appoint a new representative to perform this function, but within three (3) business days of doing so will provide HUD with written notification of the name, address, and telephone number of its new representative. When a person other than the person identified above has full or partial authority of management of the Project, the Corporation as the Mortgagor entity will promptly provide HUD with the name of that person and the nature of that person's management authority."

(l) To add Paragraph XII to include language relating to Article 28A of the Public Health Law, to read as follows:



- 5 -

"XII This Corporation shall no longer be governed by Article 28A of the Public Health Law and shall not be subject to the provisions thereof."

(g) To omit Paragraphs "VI", "VII" and "XIII" relating to the initial directors and incorporators of the Corporation.

(h) To delete the following Paragraphs in their entirety as follows and renumber remaining paragraphs accordingly:

- Paragraph "IX" relating to real property;
- Paragraph "X" relating public purpose; and
- Paragraph "XI" containing federal tax-exemption language.

(i) To renumber the remaining Articles accordingly.

FIFTH: This amendment and restatement of the Certificate of Incorporation was authorized by unanimous written consent of the Members of the Corporation entitled to vote thereon.

SIXTH: The Corporation's Certificate of Incorporation is restated as amended herein to read as follows:

I The name of the Corporation is CABRINI OF WESTCHESTER (hereinafter referred to as the "Corporation").

II. The Corporation is a corporation as defined in subparagraph (a)(5) of Section 102 of the Not-For-Profit Corporation Law (hereinafter referred to as "N-PCL") and is a Type D corporation under N-PCL § 201.

III. "The purposes for which the Corporation is formed are:

(a) To operate Catholic nursing home accommodations for sick, invalid, infirm, disabled or convalescent persons of low income, and to this end to plan, construct, erect, build, acquire, alter, reconstruct, rehabilitate, own, maintain and operate a nursing home project pursuant to the terms and provisions of the Public Health Law; and

(b) To benefit, promote, support, by gift or otherwise, the qualifying religious, charitable and educational works operated by or in connection with the Missionary Sisters of the Sacred Heart of Jesus, Stella Maria province, a religious institute of women of the Roman Catholic Church which is exempt from federal income taxation under Section 501(c)(3) of the Code.

The Members, Trustees and officers of the Corporation shall carry out these purposes in accord with the teachings and law of the Roman Catholic Church including the Ethical and Religious Directives for Catholic Healthcare Facilities as promulgated by the United States Conference of Catholic Bishops as amended from time to time and as interpreted by the Bishop of the Diocese in which this Corporation pursues its purposes. Further, the Members, Trustees and officers shall fulfill these purposes in

- 6 -

accord with the philosophy of the Missionary Sisters of the Sacred Heart as set forth in the Mission Standards adopted and presented from time to time by the Members to the Trustees without regard to race, creed, color, gender, age or national origin.

IV. The territory in which the operations of the Corporation will be principally conducted is the State of New York.

V. The office of the Corporation is to be located in the County of Westchester, State of New York.

VI. The number of Directors of the Corporation shall be not less than three or more than fifteen. The exact number of Directors shall be set forth in the By-Laws.

VII. The duration of the Corporation shall be perpetual.

VIII. (a) No part of the net income or net earnings of the corporation shall inure to the benefit or profit of any director, or officer of the Corporation or any private individual, firm, corporation or association except that reasonable compensation may be paid for services rendered to or for the Corporation. No director or officer of the Corporation or any private individual shall be entitled to share in the distribution of any of the corporate assets on dissolution of the Corporation.

(b) No substantial part of the activities of the Corporation shall be carrying on propaganda, or otherwise attempting to influence legislation, except as otherwise provided by Section 501(h) of the Internal Revenue Code of 1986 (as now in effect or may hereafter be amended) (the "Code"). The Corporation shall not participate or intervene (including the publication or distribution of statements) in any political campaign on behalf of, or in opposition to, any candidate for public office.

(c) Notwithstanding any other provision of this Certificate, the Corporation is organized exclusively for charitable and educational purposes, as specified in Section 501(c)(3) of the Code. The Corporation shall not carry on any activities not permitted to be carried on (i) by a corporation exempt from Federal income tax under Section 501(c)(3) of the Code; or (ii) by a corporation contributions to which are deductible under Section 170(c)(2) of the Code.

IX. The following powers are specifically reserved to the Members, in addition to those provided by the New York Not-for-Profit Corporation Law and common law:

(a) To approve recommended changes in the philosophy, mission and values of the Corporation and to adopt and present to the Board standards, as amended, modified or supplemented from time to time (the "Mission Standards");

(b) To amend, change, restate, alter, modify or repeal the Corporation's Certificate of Incorporation;

(c) To approve the use of the names 'Cabrini' and 'Missionary Sisters of the Sacred Heart of Jesus';

- 7 -

(d) To adopt, amend, alter, modify or repeal the By-laws of the Corporation;

(e) To determine the distribution of the Corporation's assets upon dissolution;

(f) To approve, upon action initiated and resolution adopted by the Board of Trustees: (a) the granting of a security interest or the encumbrance of any assets or property owned by the Corporation and the (b) sale, transfer or other disposition of real or personal property of the Corporation, either of which exceeds the threshold amounts as set from time to time by the Members;

(g) To approve any merger, consolidation, dissolution, fundamental reorganization or liquidation of the Corporation;

(h) To interview and approve the semi-finalists for the office of President/Chief Executive Officer and to participate in the Board evaluation processes as further set forth in the Bylaws;

(i) To elect the non-ex-officio Trustees of the Board and to remove any or all of the non-ex-officio Trustees, with or without cause;

(j) To receive audited financial statements, mission compliance plans and reports and other reports and recommendations of consultants or accrediting agencies and other information relevant to the operations of the Corporation as the Members may from time to time request; and

(k) To approve the organizational documents, including without limitation the certificate of incorporation, articles of incorporation, bylaws, etc. of any, direct, or indirect, subsidiary or auxiliary of the Corporation.

X. In the event of the liquidation, dissolution or winding up of the corporation, whether voluntary or involuntary or by operation of law, all of the remaining assets and property of the Corporation shall, after necessary expenses thereof, be distributed to one or more organizations which are then qualified under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (or the corresponding provision of any future United States Internal Revenue Law) which the Provincial Council of the Missionary Sisters of the Sacred Heart of Jesus, Stella Maris Province, or its Canonical Successor, is the sole corporate Member, to be used in such manner as in the judgment of a Justice of the Supreme Court of the State of New York will best accomplish the general purposes for which this Corporation was formed.

XI. (a) If any of the provisions of the Corporation's Certificate of Incorporation (as amended) or By-Laws (the "Organizational Documents") conflict with the terms of the note; mortgage, deed of trust or security deed; security agreement or HUD Regulatory Agreement (the "HUD Loan Documents"), the provisions of the HUD Loan Documents will control.

(b) No provision required by HUD to be inserted into the Organizational Documents may be amended without prior HUD approval, so long as HUD is the insurer or holder of the note of the Corporation.

- 8 -

(c) No provision in the Organizational Documents that results in any of the following will have any force or effect without the prior written consent of HUD:

- (1) Any amendment that modifies the duration of the Corporation as the mortgagor entity;
- (2) Any amendment that activates the requirement that a HUD previous participation certification be obtained from any additional member.
- (3) Any amendment that in any way affects the note, mortgage, deed of trust or security deed, and security agreement on the project financed by the HUD-insured loan (the "Project") or the Regulatory Agreement between HUD and the Corporation as the mortgagor entity;
- (4) Any amendment that would authorize any member other than the Manager/General Partner or pre-approved Successor/General Partner to bind the Corporation for all matters concerning the project which require HUD's consent or approval;
- (5) A change in the General Partner/Manager or pre-approved Successor/Manager of the Corporation as the mortgagor entity; or
- (6) Any change in a guarantor of any obligation to the Secretary of HUD.

(d) The Corporation as the mortgagor entity will remain as a single asset entity.

(e) The Corporation as the mortgagor entity is authorized to execute a note, mortgage, deed of trust or security deed and security agreement in order to secure a loan to be insured by the Secretary of HUD (the Secretary") and to execute the Regulatory Agreement and other documents required by the Secretary in connection with the HUD-insured loan.

(f) The Corporation as the mortgagor entity has authority to enter into the HUD Loan Documents and to comply with the requirements of the FHA insurance program.

(g) Any incoming member/owner must as a condition of receiving an interest in the Corporation as the mortgagor entity agree to be bound by the note, mortgage, deed of trust or security deed, security agreement, the Regulatory Agreement and any other documents required in connection with the HUD insured loan to the same extent and on the same terms as the other members.

(h) Notwithstanding any other provisions of this Certificate, upon any dissolution, no title or right to possession and control of the Project, and no right to

- 9 -

collect the rents from the Project, shall pass to any person who is not bound by the Regulatory Agreement in a manner satisfactory to the Secretary.

(i) The members, partners, officers and directors and any assignee of a partner/member are liable in their individual capacity to HUD for:

- (1) Funds or property of the Project coming into its possession, which by the provisions of the Regulatory Agreement, the person or entity is not entitled to retain;
- (2) Its own acts and deeds, or acts and deeds of others which it has authorized, in violation of the provisions of the Regulatory Agreement;
- (3) The acts and deeds of affiliates, as defined in the Regulatory Agreement, which the person or entity has authorized in violation of the provisions of the Regulatory Agreement; and
- (4) As otherwise provided by law.

(j) The Corporation as the mortgagor entity shall not voluntarily be dissolved or convert to another form of entity without the prior written approval of HUD.

(k) The Corporation as the mortgagor entity has designated Patricia Krasnausky as its official representative for all matters concerning the Project which require HUD consent or approval. The signature of this person will bind the Corporation as the mortgagor entity in all such matters. The Corporation as the mortgagor entity may from time to time appoint a new representative to perform this function, but within three (3) business days of doing so will provide HUD with written notification of the name, address, and telephone number of its new representative. When a person other than the person identified above has full or partial authority of management of the Project, the Corporation as the Mortgagor entity will promptly provide HUD with the name of that person and the nature of that person's management authority.

XII. This Corporation shall no longer be governed by Article 28A of the Public Health Law and shall not be subject to the provisions thereof

XIII. The Secretary of State of the State of New York is hereby designated as the agent of the Corporation upon whom process in any action or proceeding against the Corporation may be served. The post office address to which the Secretary of State shall mail a copy of any such process so served is:

Cabrini of Westchester  
115 Broadway  
Dobbs Ferry, New York 10522

IN WITNESS WHEREOF, we have made and subscribed this certificate and hereby affirm under the penalties of perjury that its contents are true this 7th day of October, 2005.

*Robert J. Davito*

\_\_\_\_\_  
Name: Robert J. Davito  
Vice President/Chief Financial Officer

*Catherine Garry*

\_\_\_\_\_  
Name: Catherine Garry  
Secretary



STATE OF NEW YORK  
DEPARTMENT OF HEALTH  
CORNING TOWER BUILDING  
ALBANY, N.Y. 12237

# PUBLIC HEALTH COUNCIL

November 21, 2005

Ms. Anita Pelletier  
Nixon Peabody LLP  
Clinton Square  
P.O. Box 31051  
Rochester, New York 14603-1051

Re: Amended and Restated Certificate of Incorporation of Cabrini of Westchester

Dear Ms. Pelletier:

AFTER INQUIRY and INVESTIGATION, and in accordance with action taken at a meeting of the Public Health Council held on the 18<sup>th</sup> day of November, 2005, I hereby certify that the Public Health Council consents to the filing of the Amended and Restated Certificate of Incorporation of Cabrini of Westchester, dated October 7, 2005.

Sincerely,

  
Donna W. Peterson  
Executive Secretary

/md

F060427000828

AMENDED AND RESTATED CERTIFICATE OF INCORPORATION  
OF  
CABRINI OF WESTCHESTER

Under Section 805 of the New York Not-for-Profit Corporation Law

RECEIVED  
2006 APR 25 PM 1:16

LCS  
DRAWDOWN - #AL

lcc  
STATE OF NEW YORK  
DEPARTMENT OF STATE

FILED APR 27 2006

TAXS  
NY: WEST

Filed by:

Nixon Peabody LLP  
1300 Clinton Square  
Rochester, New York 14604

Customer Ref. # 10385

12

880



**Return of Organization Exempt From Income Tax**  
Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

Department of the Treasury  
Internal Revenue Service

Do not enter social security numbers on this form as it may be made public.  
Information about Form 990 and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990)

**A** For the 2014 calendar year, or tax year beginning and ending

**B** Check if applicable:  
 Address change  
 Name change  
 Initial return  
 Final return/terminated  
 Amended return  
 Application pending

**C** Name of organization: **CABRINI OF WESTCHESTER**  
 Doing business as  
 Number and street (or P.O. box if mail is not delivered to street address) Room/suite  
**115 BROADWAY**  
 City or town, state or province, country, and ZIP or foreign postal code  
**DOBBS FERRY, NY 10522**

**D** Employer identification number: **23-7063399**

**E** Telephone number: **914-693-6800**

**G** Gross receipts \$: **44,792,271.**

**H(a)** Is this a group return for subordinates? Yes  No  **X**

**H(b)** Are all subordinates included? Yes  No

If "No," attach a list. (see instructions)

**H(c)** Group exemption number ▶

**I** Tax-exempt status:  501(c)(3)  501(c) ( ) (insert no.)  4947(a)(1) or  527

**J** Website: ▶ **CABRINI-ELDERCARE.ORG**

**K** Form of organization:  Corporation  Trust  Association  Other ▶

**L** Year of formation: **1967** **M** State of legal domicile: **NY**

**Part I Summary**

**1** Briefly describe the organization's mission or most significant activities: **SEE SCHEDULE O**

**2** Check this box  if the organization discontinued its operations or disposed of more than 25% of its net assets.

<b>3</b> Number of voting members of the governing body (Part VI, line 1a)	<b>3</b>	<b>11</b>
<b>4</b> Number of independent voting members of the governing body (Part VI, line 1b)	<b>4</b>	<b>11</b>
<b>5</b> Total number of individuals employed in calendar year 2014 (Part V, line 2a)	<b>5</b>	<b>527</b>
<b>6</b> Total number of volunteers (estimate if necessary)	<b>6</b>	<b>93</b>
<b>7a</b> Total unrelated business revenue from Part VIII, column (C), line 12	<b>7a</b>	<b>0.</b>
<b>7b</b> Net unrelated business taxable income from Form 990-T, line 34	<b>7b</b>	<b>0.</b>

	Prior Year	Current Year
<b>8</b> Contributions and grants (Part VIII, line 1h)	279,176.	778,534.
<b>9</b> Program service revenue (Part VIII, line 2g)	45,818,003.	43,250,339.
<b>10</b> Investment income (Part VIII, column (A), lines 3, 4, and 7d)	11,611.	-20,072.
<b>11</b> Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	361,353.	660,611.
<b>12</b> Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	46,470,143.	44,669,412.
<b>13</b> Grants and similar amounts paid (Part IX, column (A), lines 1-3)	0.	0.
<b>14</b> Benefits paid to or for members (Part IX, column (A), line 4)	0.	0.
<b>15</b> Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	27,667,098.	27,435,654.
<b>16a</b> Professional fundraising fees (Part IX, column (A), line 11e)	0.	0.
<b>b</b> Total fundraising expenses (Part IX, column (D), line 25) ▶ <b>0.</b>		
<b>17</b> Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	19,963,469.	18,612,938.
<b>18</b> Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	47,630,567.	46,048,592.
<b>19</b> Revenue less expenses. Subtract line 18 from line 12	-1,160,424.	-1,379,180.

	Beginning of Current Year	End of Year
<b>20</b> Total assets (Part X, line 16)	72,081,466.	69,357,287.
<b>21</b> Total liabilities (Part X, line 26)	56,486,991.	55,141,329.
<b>22</b> Net assets or fund balances. Subtract line 21 from line 20	15,594,475.	14,215,958.

**Part II Signature Block**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

**Sign Here**

Signature of officer: **PATRICIA KRASNAUSKY, PRESIDENT** Date: \_\_\_\_\_  
 Type or print name and title

**Paid Preparer Use Only**

Print/Type preparer's name: **GARRETT M. HIGGINS** Preparer's signature: **GARRETT M. HIGGINS** Date: **11/14/15** Check if self-employed  PTIN: **P00543209**  
 Firm's name: **O'CONNOR DAVIES, LLP** Firm's EIN: **27-1728945**  
 Firm's address: **500 MAMARONECK AVENUE HARRISON, NY 10528-1633** Phone no. **914-381-8900**

Part III Statement of Program Service Accomplishments

X

Check if Schedule O contains a response or note to any line in this Part III

1 Briefly describe the organization's mission: CABRINI OF WESTCHESTER (CW), WITH A FOCUS ON ELDERCARE AND OUTREACH TO THE COMMUNITY, IS COMMITTED, IN THE TRADITION OF MOTHER CABRINI, TO BRING GOD'S LOVE TO THE WORLD THROUGH PERSONALIZED, COMPASSIONATE AND QUALITY SERVICE WITH AN EMPHASIS ON JUSTICE AND RESPECT FOR ALL.

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? Yes No X

If "Yes," describe these new services on Schedule O. Yes No X

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? Yes No X

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code: ) (Expenses \$ 38,290,010. including grants of \$ ) (Revenue \$ 39,608,306.) ST. CABRINI NURSING HOME HAS A LONG TRADITION OF PROVIDING COMPASSIONATE CARE FOR THE ELDERLY, CHRONICALLY ILL AND DISABLED THROUGH ITS SKILLED NURSING, SUB-ACUTE/SHORT TERM REHABILITATION AND RESPITE CARE PROGRAMS AND CONTINUOUSLY ADAPTS TO THE CHANGING NEEDS OF THE COMMUNITY. ST. CABRINI NURSING HOME, LOCATED IN DOBBS FERRY, NY, IS A NOT-FOR-PROFIT 304 BED, SKILLED NURSING FACILITY ESTABLISHED IN 1973 UNDER THE SPONSORSHIP OF THE MISSIONARY SISTERS OF THE SACRED HEART OF JESUS. ON THE LEADING EDGE OF ELDER CARE, IT IS KNOWN FOR ITS STELLAR HEALTH CARE COMBINED WITH A CONTEMPORARY, COMPASSIONATE AND SPIRITUAL ENVIRONMENT.

4b (Code: ) (Expenses \$ 2,219,193. including grants of \$ ) (Revenue \$ 2,203,885.) THE PREMIER ELDER CARE FACILITY EMBRACES A "PERSON CENTERED" APPROACH LONG TERM HOME CARE - CABRINI OF WESTCHESTER'S LONG TERM HOME HEALTH CARE PROGRAM (LTHHCP) HAS PROVIDED HOME CARE TO WESTCHESTER COUNTY RESIDENTS SINCE 1984. THE GOAL OF THE PROGRAM IS TO PREVENT OR DELAY INSTITUTIONAL PLACEMENT FOR INDIVIDUALS WITH CHRONIC ILLNESSES OR DISABILITIES, INCLUDING THE FRAIL ELDERLY.

THE PROGRAM AIMS TO PROVIDE THE SERVICES AND A SKILLED LEVEL OF CARE FOUND IN NURSING HOMES. ACCORDINGLY THE PROGRAM IS OFTEN REFERRED TO AS "NURSING HOME WITHOUT WALLS." THE LTHHCP IS COMMITTED TO THE PROVISION OF QUALITY HOME CARE SERVICES TO INDIVIDUALS IN THE COMMUNITY. THE GOAL OF THE PROGRAM IS TO PROVIDE PATIENTS WITH COMPREHENSIVE AND COORDINATED SERVICES. AN INDIVIDUALIZED PLAN OF CARE

4c (Code: ) (Expenses \$ 1,333,325. including grants of \$ ) (Revenue \$ 1,438,148.) THE GOAL OF THE MONSIGNOR TERENCE ATTRIDGE ADULT DAY HEALTH CENTER (ADHC) IS TO HELP ADULTS WITH SPECIAL MEDICAL NEEDS REMAIN IN THE COMMUNITY BY PROVIDING A HEALTH SUPPORTIVE DAYTIME ENVIRONMENT THAT PROMOTES PHYSICAL, MENTAL AND EMOTIONAL WELL BEING.

CABRINI OF WESTCHESTER'S ADHC PROGRAM SERVES INDIVIDUALS WITH CHRONIC ILLNESSES, DISABILITIES, COGNITIVE IMPAIRMENTS AND SPECIAL NEEDS THAT REQUIRE ASSESSMENT AND MONITORING ON A REGULAR BASIS, AS WELL AS THE FRAIL ELDERLY, ARE ELIGIBLE TO ATTEND THE PROGRAM.

THE PROGRAM PROVIDES TRANSPORTATION TO ALL REGISTRANTS AS WELL AS THE FOLLOWING ON-SITE SERVICES 6 DAYS A WEEK: MEDICAL CARE, FEATURING

4d Other program services (Describe in Schedule O.) (Expenses \$ 699,510. including grants of \$ ) (Revenue \$ )

4e Total program service expenses 42,542,038.

**Part IV Checklist of Required Schedules**

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A</i>	X	
2 Is the organization required to complete Schedule B, Schedule of Contributors?	X	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I</i>		X
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II</i>	X	
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? <i>If "Yes," complete Schedule C, Part III</i>		X
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? <i>If "Yes," complete Schedule D, Part I</i>		X
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? <i>If "Yes," complete Schedule D, Part II</i>		X
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III</i>		X
9 Did the organization report an amount in Part X, line 21, for escrow or custodial account liability; serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? <i>If "Yes," complete Schedule D, Part IV</i>	X	
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V</i>		X
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI</i>	X	
b Did the organization report an amount for investments - other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VII</i>		X
c Did the organization report an amount for investments - program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VIII</i>		X
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part IX</i>	X	
e Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X</i>	X	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? <i>If "Yes," complete Schedule D, Part X</i>	X	
12a Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI and XII</i>	X	
b Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional</i>	X	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i>		X
14a Did the organization maintain an office, employees, or agents outside of the United States?		X
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? <i>If "Yes," complete Schedule F, Parts I and IV</i>		X
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or other assistance to or for any foreign organization? <i>If "Yes," complete Schedule F, Parts II and IV</i>		X
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or other assistance to or for foreign individuals? <i>If "Yes," complete Schedule F, Parts III and IV</i>		X
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? <i>If "Yes," complete Schedule G, Part I</i>		X
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II</i>	X	
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III</i>		X
20a Did the organization operate one or more hospital facilities? <i>If "Yes," complete Schedule H</i>		X
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?		

**Part IV Checklist of Required Schedules** (continued)

	Yes	No
21 Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or domestic government on Part IX, column (A), line 17? If "Yes," complete Schedule I, Parts I and II		X
22 Did the organization report more than \$5,000 of grants or other assistance to or for domestic individuals on Part IX, column (A), line 27? If "Yes," complete Schedule I, Parts I and III		X
23 Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? If "Yes," complete Schedule J	X	
24a Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a	X	
b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		X
c Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?		X
d Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?		X
25a Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I		X
b Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I		X
26 Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? If "Yes," complete Schedule L, Part II		X
27 Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? If "Yes," complete Schedule L, Part III		X
28 Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions):		
a A current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV		X
b A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV		X
c An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? If "Yes," complete Schedule L, Part IV		X
29 Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M		X
30 Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If "Yes," complete Schedule M		X
31 Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I		X
32 Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete Schedule N, Part II		X
33 Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Schedule R, Part I		X
34 Was the organization related to any tax-exempt or taxable entity? If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1	X	
35a Did the organization have a controlled entity within the meaning of section 512(b)(13)?	X	
b If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Schedule R, Part V, line 2	X	
36 Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? If "Yes," complete Schedule R, Part V, line 2		X
37 Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? If "Yes," complete Schedule R, Part VI		X
38 Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19?	X	

Note. All Form 990 filers are required to complete Schedule O

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response or note to any line in this Part V

Input box for Schedule O

Table with columns for question numbers (1a-14b), Yes/No checkboxes, and numerical responses (e.g., 84, 0, 527, 7d). Includes questions about Form 1096, Form W-2G, backup withholding, Form W-3, federal employment tax returns, unrelated business gross income, foreign accounts, prohibited tax shelter transactions, charitable contributions, and Form 8282.

**Part VI Governance, Management, and Disclosure** For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.

Check if Schedule O contains a response or note to any line in this Part VI

**Section A. Governing Body and Management**

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year. If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O.		
	11		
b	Enter the number of voting members included in line 1a, above, who are independent		
	11		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		X
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, or trustees, or key employees to a management company or other person?		X
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		X
5	Did the organization become aware during the year of a significant diversion of the organization's assets?		X
6	Did the organization have members or stockholders?	X	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	X	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	X	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:		
a	The governing body?	X	
b	Each committee with authority to act on behalf of the governing body?	X	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		X

**Section B. Policies** (This Section B requests information about policies not required by the Internal Revenue Code.)

		Yes	No
10a	Did the organization have local chapters, branches, or affiliates?		X
b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?		
10b			
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	X	
b	Describe in Schedule O the process, if any, used by the organization to review this Form 990.		
12a	Did the organization have a written conflict of interest policy? If "No," go to line 13	X	
b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	X	
c	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	X	
12c		X	
13	Did the organization have a written whistleblower policy?	X	
14	Did the organization have a written document retention and destruction policy?	X	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?		
a	The organization's CEO, Executive Director, or top management official	X	
b	Other officers or key employees of the organization	X	
	If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions).		
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?		X
b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?		
16b			

**Section C. Disclosure**

17	List the states with which a copy of this Form 990 is required to be filed	NONE
18	Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request <input type="checkbox"/> Other (explain in Schedule O)	
19	Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.	
20	State the name, address, and telephone number of the person who possesses the organization's books and records:	
	DAVID ARDITTI - 914-693-6800	
	115 BROADWAY, DOBBS FERRY, NY 10522	

**Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors**

Check if Schedule O contains a response or note to any line in this Part VII

**Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees**

1a Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's current officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization's current key employees, if any. See instructions for definition of "key employee."
- List the organization's five current highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.
- List all of the organization's former officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's former directors or trustees that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons.

Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee.

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) ST. ARLENE VAN DUSEN, MSC BOARD MEMBER	0.40 0.20	X						0.	0.	0.
(2) SR. CATHERINE GARRY, MSC SECRETARY	0.40 0.20	X		X				0.	0.	0.
(3) DR. RALPH LUCARIELLO CHAIRMAN	0.60 0.10	X		X				0.	0.	0.
(4) DONALD AMORUSO BOARD MEMBER	0.60 0.20	X						0.	0.	0.
(5) MARY SHANNON LITTLE BOARD MEMBER-TERM ENDED AUG. 2014	0.30 0.10	X						0.	0.	0.
(6) SYMRA BRANDON BOARD MEMBER	0.50 0.10	X						0.	0.	0.
(7) JOAN MOONEY BOARD MEMBER	0.30 0.10	X						0.	0.	0.
(8) JAMES BUTLER TREASURER	0.60 0.20	X		X				0.	0.	0.
(9) CHRISTOPHER WATSON BOARD MEMBER-TERM ENDED DEC. 2014	0.30 0.10	X						0.	0.	0.
(10) JAMES MIGLIORE VICE CHAIRMAN	0.50 0.20	X		X				0.	0.	0.
(11) PETER DICAPUA BOARD MEMBER	0.40 0.10	X						0.	0.	0.
(12) FRANK A. CORVINO BOARD MEMBER	0.30 0.10	X						0.	0.	0.
(13) ROBERT CELEBERTI BOARD MEMBER	0.50 0.10	X						0.	0.	0.
(14) PATRICIA KRASNAUSKY PRESIDENT AND CEO	36.70 0.80			X				316,857.	0.	29,708.
(15) DAVID ARDITTI VICE PRESIDENT, CFO	33.70 3.90			X				221,094.	0.	43,966.
(16) SUSAN STRANGIO ASSISANT SECRETARY	37.20 0.30			X				52,630.	0.	21,003.
(17) BARBARA GAUGHAN VP OPERATIONS/ADMIN	37.50				X			180,891.	0.	21,069.





**Part VIII Statement of Revenue**

Check if Schedule O contains a response or note to any line in this Part VIII

		(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512 - 514	
Contributions, Gifts, Grants and Other Similar Amounts	1 a Federated campaigns	1a				
	b Membership dues	1b				
	c Fundraising events	1c	228,582.			
	d Related organizations	1d				
	e Government grants (contributions)	1e	226,172.			
	f All other contributions, gifts, grants, and similar amounts not included above	1f	323,780.			
	g Noncash contributions included in lines 1a-1f. \$					
	<b>h Total. Add lines 1a-1f</b>		<b>778,534.</b>			
Program Service Revenue	<b>Business Code</b>					
	2 a MEDICAID REVENUE	623000	30,403,564.	30,403,564.		
	b MEDICARE REVENUE	623000	8,383,152.	8,383,152.		
	c PRIVATE FEES	623000	3,786,325.	3,786,325.		
	d OTHER PATIENT REVENUE	623000	677,298.	677,298.		
	e					
	f All other program service revenue					
<b>g Total. Add lines 2a-2f</b>		<b>43,250,339.</b>				
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts)		11,501.		11,501.	
	4 Income from investment of tax-exempt bond proceeds					
	5 Royalties					
	6 a Gross rents	(i) Real	15,038.			
		(ii) Personal	0.			
		c Rental income or (loss)	15,038.			
	d Net rental income or (loss)		15,038.		15,038.	
	7 a Gross amount from sales of assets other than inventory	(i) Securities	18,427.			
		(ii) Other				
		b Less: cost or other basis and sales expenses	50,000.			
		c Gain or (loss)	-31,573.			
	d Net gain or (loss)		-31,573.		-31,573.	
	8 a Gross income from fundraising events (not including \$ 228,582. of contributions reported on line 1c). See Part IV, line 18	a	38,625.			
		b Less: direct expenses	72,859.			
		c Net income or (loss) from fundraising events		-34,234.		-34,234.
9 a Gross income from gaming activities. See Part IV, line 19	a					
	b Less: direct expenses					
	c Net income or (loss) from gaming activities					
10 a Gross sales of inventory, less returns and allowances	a					
	b Less: cost of goods sold					
	c Net income or (loss) from sales of inventory					
<b>Miscellaneous Revenue</b>		<b>Business Code</b>				
11 a MANAGEMENT FEE	900099	477,920.		477,920.		
b OTHER OPERATING INCOME	900099	107,364.		107,364.		
c REBATES	900099	51,293.		51,293.		
d All other revenue	900099	43,230.		43,230.		
e Total. Add lines 11a-11d		679,807.				
<b>12 Total revenue. See instructions.</b>		<b>44,669,412.</b>	<b>43,250,339.</b>	<b>0.</b>	<b>640,539.</b>	

**Part IX Statement of Functional Expenses**

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).

Check if Schedule O contains a response or note to any line in this Part IX

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21				
2 Grants and other assistance to domestic individuals. See Part IV, line 22				
3 Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	887,218.		887,218.	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	18,557,322.	17,768,515.	788,807.	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	1,708,961.	1,611,154.	97,807.	
9 Other employee benefits	4,155,117.	3,821,049.	334,068.	
10 Payroll taxes	2,127,036.	2,018,681.	108,355.	
11 Fees for services (non-employees):				
a Management				
b Legal	101,159.		101,159.	
c Accounting	55,642.		55,642.	
d Lobbying	3,813.		3,813.	
e Professional fundraising services. See Part IV, line 17				
f Investment management fees				
g Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Sch O.)	1,326,721.	1,232,737.	93,984.	
12 Advertising and promotion	49,604.	46,343.	3,261.	
13 Office expenses	2,126,353.	1,940,915.	185,438.	
14 Information technology				
15 Royalties				
16 Occupancy	3,876,627.	3,781,881.	94,746.	
17 Travel	27,209.	17,984.	9,225.	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest				
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	3,930,114.	3,867,521.	62,593.	
23 Insurance	238,038.	2,727.	235,311.	
24 Other expenses. Itemize expenses not covered above. (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a <b>PURCHASED &amp; CONTRACTED</b>	2,275,600.	1,881,130.	394,470.	
b <b>NYS CASH RECEIPTS ASSES</b>	2,197,045.	2,197,045.		
c <b>BAD DEBT EXPENSE</b>	952,573.	952,573.		
d <b>MEDICATIONS</b>	674,428.	674,428.		
e All other expenses	778,012.	727,355.	50,657.	
25 Total functional expenses. Add lines 1 through 24e	46,048,592.	42,542,038.	3,506,554.	0.
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation.				

Check here  if following SOP 98-2 (ASC 958-720)

**Part X Balance Sheet**

Check if Schedule O contains a response or note to any line in this Part X

		(A) Beginning of year		(B) End of year	
Assets	1	Cash - non-interest-bearing	1,110,796.	1	797,869.
	2	Savings and temporary cash investments	1,552,875.	2	1,486,054.
	3	Pledges and grants receivable, net	42,815.	3	283,192.
	4	Accounts receivable, net	5,886,145.	4	4,485,818.
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L		5	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instr). Complete Part II of Sch L		6	
	7	Notes and loans receivable, net		7	
	8	Inventories for sale or use	64,179.	8	64,179.
	9	Prepaid expenses and deferred charges	536,511.	9	545,573.
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a 85,905,703.		
	b	Less: accumulated depreciation	10b 43,996,109.		
	10c		44,841,470.	10c	41,909,594.
	11	Investments - publicly traded securities	10,255.	11	10,919.
	12	Investments - other securities. See Part IV, line 11	50,000.	12	18,427.
	13	Investments - program-related. See Part IV, line 11		13	
	14	Intangible assets		14	
15	Other assets. See Part IV, line 11	17,986,420.	15	19,755,662.	
16	<b>Total assets.</b> Add lines 1 through 15 (must equal line 34)	72,081,466.	16	69,357,287.	
Liabilities	17	Accounts payable and accrued expenses	5,158,646.	17	4,139,727.
	18	Grants payable		18	
	19	Deferred revenue		19	
	20	Tax-exempt bond liabilities	48,075,166.	20	47,263,599.
	21	Escrow or custodial account liability. Complete Part IV of Schedule D	218,838.	21	149,126.
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L		22	
	23	Secured mortgages and notes payable to unrelated third parties		23	
	24	Unsecured notes and loans payable to unrelated third parties		24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D	3,034,341.	25	3,588,877.
	26	<b>Total liabilities.</b> Add lines 17 through 25	56,486,991.	26	55,141,329.
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.				
	27	Unrestricted net assets	15,574,475.	27	14,184,108.
	28	Temporarily restricted net assets	20,000.	28	31,850.
	29	Permanently restricted net assets		29	
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds		30	
	31	Paid-in or capital surplus, or land, building, or equipment fund		31	
	32	Retained earnings, endowment, accumulated income, or other funds		32	
33	<b>Total net assets or fund balances</b>	15,594,475.	33	14,215,958.	
34	<b>Total liabilities and net assets/fund balances</b>	72,081,466.	34	69,357,287.	

**Part XI Reconciliation of Net Assets**

Check if Schedule O contains a response or note to any line in this Part XI

1	Total revenue (must equal Part VIII, column (A), line 12)	1	44,669,412.
2	Total expenses (must equal Part IX, column (A), line 25)	2	46,048,592.
3	Revenue less expenses. Subtract line 2 from line 1	3	-1,379,180.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	15,594,475.
5	Net unrealized gains (losses) on investments	5	663.
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	0.
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	14,215,958.

**Part XII Financial Statements and Reporting**

Check if Schedule O contains a response or note to any line in this Part XII

		Yes	No
1	Accounting method used to prepare the Form 990: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.		
2a	Were the organization's financial statements compiled or reviewed by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both: <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		X
2b	Were the organization's financial statements audited by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both: <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input checked="" type="checkbox"/> Both consolidated and separate basis	X	
2c	If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.	X	
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	X	
3b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	X	

Form 990 (2014)



**Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

**Section A. Public Support**

Calendar year (or fiscal year beginning in) ▶	(a) 2010	(b) 2011	(c) 2012	(d) 2013	(e) 2014	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public support. Subtract line 5 from line 4						

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ▶	(a) 2010	(b) 2011	(c) 2012	(d) 2013	(e) 2014	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.)						
11 Total support. Add lines 7 through 10						
12 Gross receipts from related activities, etc. (see instructions)					12	
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here <input type="checkbox"/>						

**Section C. Computation of Public Support Percentage**

14 Public support percentage for 2014 (line 6, column (f) divided by line 11, column (f))	14	%
15 Public support percentage from 2013 Schedule A, Part II, line 14	15	%
16a 33 1/3% support test - 2014. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization <input type="checkbox"/>		
b 33 1/3% support test - 2013. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization <input type="checkbox"/>		
17a 10% -facts-and-circumstances test - 2014. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization <input type="checkbox"/>		
b 10% -facts-and-circumstances test - 2013. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization <input type="checkbox"/>		
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions <input type="checkbox"/>		

**Part III Support Schedule for Organizations Described in Section 509(a)(2)**

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

**Section A. Public Support**

Calendar year (or fiscal year beginning in) ▶	(a) 2010	(b) 2011	(c) 2012	(d) 2013	(e) 2014	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")	316,705.	286,601.	271,444.	279,176.	778,534.	1,932,460.
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose	41,320,629.	49,200,449.	45,058,376.	45,818,003.	43,250,339.	224,647,796.
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5	41,637,334.	49,487,050.	45,329,820.	46,097,179.	44,028,873.	226,580,256.
7a Amounts included on lines 1, 2, and 3 received from disqualified persons	46,900.	34,730.	19,650.	36,905.	55,655.	193,840.
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						0.
c Add lines 7a and 7b	46,900.	34,730.	19,650.	36,905.	55,655.	193,840.
8 Public support (Support line 7c from line 8)						226,386,416.

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ▶	(a) 2010	(b) 2011	(c) 2012	(d) 2013	(e) 2014	(f) Total
9 Amounts from line 8	41,637,334.	49,487,050.	45,329,820.	46,097,179.	44,028,873.	226,580,256.
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources	23,305.	40,437.	45,921.	23,049.	26,539.	159,251.
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b	23,305.	40,437.	45,921.	23,049.	26,539.	159,251.
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on				17,835.		17,835.
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI)	88,599.	43,455.	84,428.	331,531.	679,807.	1,227,820.
13 Total support. (Add lines 9, 10c, 11, and 12)	41,749,238.	49,570,942.	45,460,169.	46,469,594.	44,735,219.	227,985,162.

14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here

**Section C. Computation of Public Support Percentage**

15 Public support percentage for 2014 (line 8, column (f) divided by line 13, column (f))	15	99.30 %
16 Public support percentage from 2013 Schedule A, Part III, line 15	16	99.54 %

**Section D. Computation of Investment Income Percentage**

17 Investment income percentage for 2014 (line 10c, column (f) divided by line 13, column (f))	17	.07 %
18 Investment income percentage from 2013 Schedule A, Part III, line 17	18	.07 %

19a 33 1/3% support tests - 2014. If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization

b 33 1/3% support tests - 2013. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization

20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions

**Part IV Supporting Organizations**

(Complete only if you checked a box on line 11 of Part I. If you checked 11a of Part I, complete Sections A and B. If you checked 11b of Part I, complete Sections A and C. If you checked 11c of Part I, complete Sections A, D, and E. If you checked 11d of Part I, complete Sections A and D, and complete Part V.)

**Section A. All Supporting Organizations**

	Yes	No
1 Are all of the organization's supported organizations listed by name in the organization's governing documents? If "No" describe in Part VI how the supported organizations are designated. If designated by class or purpose, describe the designation. If historic and continuing relationship, explain.		
2 Did the organization have any supported organization that does not have an IRS determination of status under section 509(a)(1) or (2)? If "Yes," explain in Part VI how the organization determined that the supported organization was described in section 509(a)(1) or (2).		
3a Did the organization have a supported organization described in section 501(c)(4), (5), or (6)? If "Yes," answer (b) and (c) below.		
b Did the organization confirm that each supported organization qualified under section 501(c)(4), (5), or (6) and satisfied the public support tests under section 509(a)(2)? If "Yes," describe in Part VI when and how the organization made the determination.		
c Did the organization ensure that all support to such organizations was used exclusively for section 170(c)(2)(B) purposes? If "Yes," explain in Part VI what controls the organization put in place to ensure such use.		
4a Was any supported organization not organized in the United States ("foreign supported organization")? If "Yes" and if you checked 11a or 11b in Part I, answer (b) and (c) below.		
b Did the organization have ultimate control and discretion in deciding whether to make grants to the foreign supported organization? If "Yes," describe in Part VI how the organization had such control and discretion despite being controlled or supervised by or in connection with its supported organizations.		
c Did the organization support any foreign supported organization that does not have an IRS determination under sections 501(c)(3) and 509(a)(1) or (2)? If "Yes," explain in Part VI what controls the organization used to ensure that all support to the foreign supported organization was used exclusively for section 170(c)(2)(B) purposes.		
5a Did the organization add, substitute, or remove any supported organizations during the tax year? If "Yes," answer (b) and (c) below (if applicable). Also, provide detail in Part VI, including (i) the names and EIN numbers of the supported organizations added, substituted, or removed, (ii) the reasons for each such action, (iii) the authority under the organization's organizing document authorizing such action, and (iv) how the action was accomplished (such as by amendment to the organizing document).		
b Type I or Type II only. Was any added or substituted supported organization part of a class already designated in the organization's organizing document?		
c Substitutions only. Was the substitution the result of an event beyond the organization's control?		
6 Did the organization provide support (whether in the form of grants or the provision of services or facilities) to anyone other than (a) its supported organizations; (b) individuals that are part of the charitable class benefited by one or more of its supported organizations; or (c) other supporting organizations that also support or benefit one or more of the filing organization's supported organizations? If "Yes," provide detail in Part VI.		
7 Did the organization provide a grant, loan, compensation, or other similar payment to a substantial contributor (defined in IRC 4958(c)(3)(C)), a family member of a substantial contributor, or a 35-percent controlled entity with regard to a substantial contributor? If "Yes," complete Part I of Schedule L (Form 990).		
8 Did the organization make a loan to a disqualified person (as defined in section 4958) not described in line 7? If "Yes," complete Part I of Schedule L (Form 990).		
9a Was the organization controlled directly or indirectly at any time during the tax year by one or more disqualified persons as defined in section 4946 (other than foundation managers and organizations described in section 509(a)(1) or (2))? If "Yes," provide detail in Part VI.		
b Did one or more disqualified persons (as defined in line 9(a)) hold a controlling interest in any entity in which the supporting organization had an interest? If "Yes," provide detail in Part VI.		
c Did a disqualified person (as defined in line 9(a)) have an ownership interest in, or derive any personal benefit from, assets in which the supporting organization also had an interest? If "Yes," provide detail in Part VI.		
10a Was the organization subject to the excess business holdings rules of IRC 4943 because of IRC 4943(f) (regarding certain Type II supporting organizations, and all Type III non-functionally integrated supporting organizations)? If "Yes," answer (b) below.		
b Did the organization have any excess business holdings in the tax year? (Use Schedule C, Form 4720, to determine whether the organization had excess business holdings.)		



**Part IV Supporting Organizations** (continued)

	Yes	No
11 Has the organization accepted a gift or contribution from any of the following persons?		
a A person who directly or indirectly controls, either alone or together with persons described in (b) and (c) below, the governing body of a supported organization?		
b A family member of a person described in (a) above?		
c A 35% controlled entity of a person described in (a) or (b) above? If "Yes" to a, b, or c, provide detail in Part VI.		

**Section B. Type I Supporting Organizations**

	Yes	No
1 Did the directors, trustees, or membership of one or more supported organizations have the power to regularly appoint or elect at least a majority of the organization's directors or trustees at all times during the tax year? If "No," describe in Part VI how the supported organization(s) effectively operated, supervised, or controlled the organization's activities. If the organization had more than one supported organization, describe how the powers to appoint and/or remove directors or trustees were allocated among the supported organizations and what conditions or restrictions, if any, applied to such powers during the tax year.		
2 Did the organization operate for the benefit of any supported organization other than the supported organization(s) that operated, supervised, or controlled the supporting organization? If "Yes," explain in Part VI how providing such benefit carried out the purposes of the supported organization(s) that operated, supervised, or controlled the supporting organization.		

**Section C. Type II Supporting Organizations**

	Yes	No
1 Were a majority of the organization's directors or trustees during the tax year also a majority of the directors or trustees of each of the organization's supported organization(s)? If "No," describe in Part VI how control or management of the supporting organization was vested in the same persons that controlled or managed the supported organization(s).		

**Section D. Type III Supporting Organizations**

	Yes	No
1 Did the organization provide to each of its supported organizations, by the last day of the fifth month of the organization's tax year, (1) a written notice describing the type and amount of support provided during the prior tax year, (2) a copy of the Form 990 that was most recently filed as of the date of notification, and (3) copies of the organization's governing documents in effect on the date of notification, to the extent not previously provided?		
2 Were any of the organization's officers, directors, or trustees either (i) appointed or elected by the supported organization(s) or (ii) serving on the governing body of a supported organization? If "No," explain in Part VI how the organization maintained a close and continuous working relationship with the supported organization(s).		
3 By reason of the relationship described in (2), did the organization's supported organizations have a significant voice in the organization's investment policies and in directing the use of the organization's income or assets at all times during the tax year? If "Yes," describe in Part VI the role the organization's supported organizations played in this regard.		

**Section E. Type III Functionally-Integrated Supporting Organizations**

1 Check the box next to the method that the organization used to satisfy the Integral Part Test during the year (see instructions):		
a <input type="checkbox"/> The organization satisfied the Activities Test. Complete line 2 below.		
b <input type="checkbox"/> The organization is the parent of each of its supported organizations. Complete line 3 below.		
c <input type="checkbox"/> The organization supported a governmental entity. Describe in Part VI how you supported a government entity (see instructions).		
2 Activities Test. Answer (a) and (b) below.		
a Did substantially all of the organization's activities during the tax year directly further the exempt purposes of the supported organization(s) to which the organization was responsive? If "Yes," then in Part VI identify those supported organizations and explain how these activities directly furthered their exempt purposes, how the organization was responsive to those supported organizations, and how the organization determined that these activities constituted substantially all of its activities.		
b Did the activities described in (a) constitute activities that, but for the organization's involvement, one or more of the organization's supported organization(s) would have been engaged in? If "Yes," explain in Part VI the reasons for the organization's position that its supported organization(s) would have engaged in these activities but for the organization's involvement.		
3 Parent of Supported Organizations. Answer (a) and (b) below.		
a Did the organization have the power to regularly appoint or elect a majority of the officers, directors, or trustees of each of the supported organizations? Provide details in Part VI.		
b Did the organization exercise a substantial degree of direction over the policies, programs, and activities of each of its supported organizations? If "Yes," describe in Part VI the role played by the organization in this regard.		

**Part V Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations**

1  Check here if the organization satisfied the Integral Part Test as a qualifying trust on Nov. 20, 1970. See instructions. All other Type III non-functionally integrated supporting organizations must complete Sections A through E.

Section A - Adjusted Net Income		(A) Prior Year	(B) Current Year (optional)
1	Net short-term capital gain	1	
2	Recoveries of prior-year distributions	2	
3	Other gross income (see instructions)	3	
4	Add lines 1 through 3	4	
5	Depreciation and depletion	5	
6	Portion of operating expenses paid or incurred for production or collection of gross income or for management, conservation, or maintenance of property held for production of income (see instructions)	6	
7	Other expenses (see instructions)	7	
8	<b>Adjusted Net Income</b> (subtract lines 5, 6 and 7 from line 4)	8	
Section B - Minimum Asset Amount		(A) Prior Year	(B) Current Year (optional)
1	Aggregate fair market value of all non-exempt-use assets (see instructions for short tax year or assets held for part of year):		
a	Average monthly value of securities	1a	
b	Average monthly cash balances	1b	
c	Fair market value of other non-exempt-use assets	1c	
d	<b>Total</b> (add lines 1a, 1b, and 1c)	1d	
e	Discount claimed for blockage or other factors (explain in detail in Part VI):		
2	Acquisition indebtedness applicable to non-exempt-use assets	2	
3	Subtract line 2 from line 1d	3	
4	Cash deemed held for exempt use. Enter 1-1/2% of line 3 (for greater amount, see instructions).	4	
5	Net value of non-exempt-use assets (subtract line 4 from line 3)	5	
6	Multiply line 5 by .035	6	
7	Recoveries of prior-year distributions	7	
8	<b>Minimum Asset Amount</b> (add line 7 to line 6)	8	
Section C - Distributable Amount			Current Year
1	Adjusted net income for prior year (from Section A, line 8, Column A)	1	
2	Enter 85% of line 1	2	
3	Minimum asset amount for prior year (from Section B, line 8, Column A)	3	
4	Enter greater of line 2 or line 3	4	
5	Income tax imposed in prior year	5	
6	<b>Distributable Amount.</b> Subtract line 5 from line 4, unless subject to emergency temporary reduction (see instructions)	6	
7	<input type="checkbox"/> Check here if the current year is the organization's first as a non-functionally-integrated Type III supporting organization (see instructions).		

Schedule A (Form 990 or 990-EZ) 2014

**Part V** Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations (continued)

Section D - Distributions		Current Year
1	Amounts paid to supported organizations to accomplish exempt purposes	
2	Amounts paid to perform activity that directly furthers exempt purposes of supported organizations, in excess of income from activity	
3	Administrative expenses paid to accomplish exempt purposes of supported organizations	
4	Amounts paid to acquire exempt-use assets	
5	Qualified set aside amounts (prior IRS approval required)	
6	Other distributions (describe in Part VI). See instructions.	
7	<b>Total annual distributions.</b> Add lines 1 through 6.	
8	Distributions to attentive supported organizations to which the organization is responsive (provide details in Part VI). See instructions.	
9	Distributable amount for 2014 from Section C, line 6	
10	Line 8 amount divided by Line 9 amount	

Section E - Distribution Allocations (see instructions)	(i) Excess Distributions	(ii) Underdistributions Pre-2014	(iii) Distributable Amount for 2014
1	Distributable amount for 2014 from Section C, line 6		
2	Underdistributions, if any, for years prior to 2014 (reasonable cause required-see instructions)		
3	Excess distributions carryover, if any, to 2014:		
a			
b			
c			
d			
e	From 2013		
f	<b>Total of lines 3a through e</b>		
g	Applied to underdistributions of prior years		
h	Applied to 2014 distributable amount		
i	Carryover from 2009 not applied (see instructions)		
j	Remainder. Subtract lines 3g, 3h, and 3i from 3f.		
4	Distributions for 2014 from Section D, line 7: \$		
a	Applied to underdistributions of prior years		
b	Applied to 2014 distributable amount		
c	Remainder. Subtract lines 4a and 4b from 4.		
5	Remaining underdistributions for years prior to 2014, if any. Subtract lines 3g and 4a from line 2 (if amount greater than zero, see instructions).		
6	Remaining underdistributions for 2014. Subtract lines 3h and 4b from line 1 (if amount greater than zero, see instructions).		
7	<b>Excess distributions carryover to 2015.</b> Add lines 3j and 4c.		
8	<b>Breakdown of line 7:</b>		
a			
b			
c			
d	Excess from 2013		
e	Excess from 2014		

Schedule A (Form 990 or 990-EZ) 2014

**Part VI** Supplemental information. Provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12.  
Also complete this part for any additional information. (See instructions).

**SCHEDULE A, PART III, LINE 12, EXPLANATION FOR OTHER INCOME:**

**MISCELLANEOUS**

2010 AMOUNT: \$ 2,044.

2011 AMOUNT: \$ 2,531.

2012 AMOUNT: \$ 3,774.

2013 AMOUNT: \$ 142,276.

2014 AMOUNT: \$ 107,364.

**GIFT SHOP**

2010 AMOUNT: \$ 27,072.

2011 AMOUNT: \$ 26,099.

2012 AMOUNT: \$ 24,728.

2013 AMOUNT: \$ 40,282.

2014 AMOUNT: \$ 37,769.

**VENDING MACHINES**

2010 AMOUNT: \$ 1,782.

2011 AMOUNT: \$ 1,900.

2012 AMOUNT: \$ 1,343.

2014 AMOUNT: \$ 1,299.

**CASH REBATES ON PURCHASES**

2010 AMOUNT: \$ 10,327.

2011 AMOUNT: \$ 9,455.

2012 AMOUNT: \$ 22,024.

2013 AMOUNT: \$ 14,730.

2014 AMOUNT: \$ 51,293.

**Part VI** Supplemental Information. Provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12.  
Also complete this part for any additional information. (See instructions).

**INSURANCE RECOVERY**

2010 AMOUNT: \$ 17,360.

**DINING ROOM**

2010 AMOUNT: \$ 30,014.

**MEDICAL RECORD ABSTRACTS**

2011 AMOUNT: \$ 3,470.

2012 AMOUNT: \$ 7,212.

2013 AMOUNT: \$ 6,190.

2014 AMOUNT: \$ 4,162.

**MANAGEMENT FEE**

2012 AMOUNT: \$ 25,347.

2013 AMOUNT: \$ 128,053.

2014 AMOUNT: \$ 477,920.

**Schedule A** **Payments from Disqualified Persons** **2014**  
**Included on Part III, Line 7a**

**\*\* Do Not File \*\***  
**\*\*\* Not Open to Public Inspection \*\*\***

Payer's Name	2010 Amount	2011 Amount	2012 Amount	2013 Amount	2014 Amount
KENNETH KAUFMANN	21,500.	10,000.	0.	0.	0.
DONALD AMORUSO	4,150.	2,450.	3,025.	2,760.	5,475.
SYMRA BRANDON	325.	400.	150.	0.	0.
JAMES BUTLER	1,000.	0.	4,000.	5,000.	5,000.
SR. CATHERINE GARRY, MSC	25.	10.	150.	0.	225.
DR. RALPH LUCARIELLO	650.	1,150.	1,950.	0.	8,750.
JAMES A. SMITH	2,900.	2,500.	0.	0.	0.
SR. ARLENE VAN DUSEN, MSC	775.	220.	150.	500.	700.
PATRICIA KRASNAUSKY	12,545.	12,865.	7,365.	10,450.	11,330.
BARBARA GAUGHAN	2,445.	2,120.	210.	2,120.	1,750.
DAVID ARDITTI	585.	440.	425.	600.	625.
JAMES MIGLIORE	0.	1,525.	1,725.	1,700.	3,800.
CHRISTOPHER WATSON	0.	1,000.	500.	0.	0.
JOHN ASTORINA	0.	50.	0.	0.	0.
RALPH LUCARIELLO	0.	0.	0.	2,050.	0.
PETER DICAPUA	0.	0.	0.	100.	3,200.
SYMRA BRANDON	0.	0.	0.	225.	700.
MARY SHANNON LITTLE	0.	0.	0.	11,400.	12,300.
RICHARD CELIBERTI	0.	0.	0.	0.	1,000.
JOAN MOONEY	0.	0.	0.	0.	800.
<b>Total to Schedule A, Part III, Line 7a</b>	<b>46,900.</b>	<b>34,730.</b>	<b>19,650.</b>	<b>36,905.</b>	<b>55,655.</b>

**Schedule B**  
(Form 990, 990-EZ,  
or 990-PF)

Department of the Treasury  
Internal Revenue Service

**Schedule of Contributors**

▶ Attach to Form 990, Form 990-EZ, or Form 990-PF.  
▶ Information about Schedule B (Form 990, 990-EZ, or 990-PF) and  
its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No. 1545-0047

**2014**

Name of the organization

**CABRINI OF WESTCHESTER**

Employer identification number

**23-7063399**

Organization type (check one):

Filers of:

Section:

Form 990 or 990-EZ

501(c)( 3 ) (enter number) organization

4947(a)(1) nonexempt charitable trust not treated as a private foundation

527 political organization

Form 990-PF

501(c)(3) exempt private foundation

4947(a)(1) nonexempt charitable trust treated as a private foundation

501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule**.

**Note.** Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.

**General Rule**

For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, contributions totaling \$5,000 or more (in money or property) from any one contributor. Complete Parts I and II. See instructions for determining a contributor's total contributions.

**Special Rules**

For an organization described in section 501(c)(3) filing Form 990 or 990-EZ that met the 33 1/3% support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), that checked Schedule A (Form 990 or 990-EZ), Part II, line 13, 16a, or 16b, and that received from any one contributor, during the year, total contributions of the greater of (1) \$5,000 or (2) 2% of the amount on (i) Form 990, Part VIII, line 1h, or (ii) Form 990-EZ, line 1. Complete Parts I and II.

For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, total contributions of more than \$1,000 *exclusively* for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals. Complete Parts I, II, and III.

For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions *exclusively* for religious, charitable, etc., purposes, but no such contributions totaled more than \$1,000. If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Do not complete any of the parts unless the General Rule applies to this organization because it received *nonexclusively* religious, charitable, etc., contributions totaling \$5,000 or more during the year ..... ▶ \$ \_\_\_\_\_

**Caution.** An organization that is not covered by the General Rule and/or the Special Rules does not file Schedule B (Form 990, 990-EZ, or 990-PF), but it must answer "No" on Part IV, line 2, of its Form 990; or check the box on line H of its Form 990-EZ or on its Form 990-PF, Part I, line 2, to certify that it does not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990, 990-EZ, or 990-PF. Schedule B (Form 990, 990-EZ, or 990-PF) (2014)

Name of organization <b>CABRINI OF WESTCHESTER</b>	Employer identification number <b>23-7063399</b>
---	---

**Part I Contributors** (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
1	MR. & MRS. DONALD AMORUSO 463 OLD SLEEPY HOLLOW ROAD PLEASANTVILLE, NY 10570	\$ 5,475.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
2	ANDRON CONSTRUCTION 21 ANDERSON LANE GOLDENS BRIDGE, NY 10526	\$ 5,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
3	ARCH CARE 205 LEXINGTON AVENUE, 2ND FLOOR NEW YORK, NY 10016	\$ 7,500.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
4	MR. & MRS. JASON ATLAS 9 SUNCREST DRIVE DIX HILLS, NY 11746	\$ 5,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
5	MR. & MRS. ROBERT A. BARON 10 CRICKET LANE DOBBS FERRY, NY 10522	\$ 6,050.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
6	MR. & MRS. JAMES BUTLER 100 OLD JACKSON AVENUE SCARSDALE, NY 10583	\$ 5,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)



Name of organization <b>CABRINI OF WESTCHESTER</b>	Employer identification number <b>23-7063399</b>
---	---

**Part I Contributors** (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
7	COOL INSURING AGENCY 784 TROY SCHENECTADY ROAD LATHAM, NY 12110	\$ 5,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
8	MR. & MRS. JOHN DIMLING 9 BERTHA AVENUE IRVINGTON, NY 10533	\$ 6,600.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
9	THE ESTATE OF MARY TURBIDY C/O MARTIN W. RONAN, JR., 17 DANTE STREET LARCHMONT, NY 10538	\$ 170,018.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
10	FDR SERVICES CORP. ONE AMES COURT, SUITE 204 PLAINVIEW, NY 11803	\$ 5,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
11	GREENWICH HOSPITAL 5 PERRYRIDGE RD GREENWICH, CT 06830	\$ 10,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
12	THE HOFFMAN BROTHERS FOUNDATION, INC. C/O CHANGING OUR WORLD, 220 E. 42ND STREET, 5TH FLOOR NEW YORK, NY 10017	\$ 5,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)

Name of organization <b>CABRINI OF WESTCHESTER</b>	Employer identification number <b>23-7063399</b>
---	---

**Part I Contributors** (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
13	HUDSON VALLEY BANK 21 SCARSDALE RD YONKERS, NY 10707-3204	\$ 5,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
14	MR. & MRS. KENNETH KAUFMANN 15 KELBOURNE AVENUE N. TARRYTOWN, NY 10591-1318	\$ 6,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
15	PATRICIA KRASNAUSKY 8 MIDLAND GARDENS, APT. 4G BRONXVILLE, NY 10708	\$ 11,330.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
16	DR. & MRS. RALPH LUCARIELLO ONE VILLAGE LANE BRONXVILLE, NY 10708	\$ 8,750.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
17	DAVID B. LYONS 563 BEDFORD ROAD SLEEPY HOLLOW, NY 10591	\$ 15,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
18	EUGENE R. MCGRATH 13320 SABAL CHASE PALM BEACH GARDENS, FL 33418	\$ 7,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)

Name of organization <b>CABRINI OF WESTCHESTER</b>	Employer identification number <b>23-7063399</b>
---	---

**Part I Contributors** (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
19	MISSIONARY SISTERS OF THE SACRED HEART OF JESUS STELLA MARIS PROVINCIAL OFFICE, 222 EAST 19TH STREET  NEW YORK, NY 10003	\$ 6,100.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
20	MONTEFIORE MEDICAL CENTER  600 EAST 233RD STREET  BRONX, NY 10466	\$ 5,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
21	O'CONNOR DAVIES  500 MAMARONECK AVE, SUITE 104  HARRISON, NY 10528	\$ 5,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
22	PATIENT CARE ASSOCIATES, INC.  141 HALSTEAD AVENUE, SUITE 304  MAMARONECK, NY 10543	\$ 10,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
23	PRIME CARE PHARMACY SERVICES, INC.  5 ODELL PLAZA, SUITES B & C  YONKERS, NY 10701	\$ 15,020.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
24	MARY ANNE RASMUSSEN  166 EAST 63RD STREET  NEW YORK, NY 10021	\$ 10,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)

Name of organization <b>CABRINI OF WESTCHESTER</b>	Employer identification number <b>23-7063399</b>
---	---

**Part I Contributors** (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
25	FREDERICK B. SCHEETZ BREIER-SCHEETZ PROPERTIES, PO BOX 2366 SEATTLE, WA 98111	\$ 5,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
26	MARY SHANNON LITTLE 17 W. 9TH STREET, APT. 1 NEW YORK, NY 10011-8992	\$ 12,300.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
27	SISTERS OF ST. FRANCIS OF PEACE 20 RIDGE STREET HAVERSTRAW, NY 10927	\$ 5,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
28	ST. FAITH'S HOUSE FOUNDATION PO BOX 308 ARDSLEY-ON-HUDSON, NY 10503-0308	\$ 15,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
29	ST. JOHN'S RIVERSIDE HOSPITAL - DOBBS FERRY PAVILION 128 ASHFORD AVENUE DOBBS FERRY, NY 10522-1924	\$ 5,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
30	THE ESTATE OF MARY VAN PELT C/O LANDSBERG BENNETT, 252 WEST MARION AVE, SUITE 200 PUNTA GORDA, FL 33950	\$ 6,441.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)

Name of organization <b>CABRINI OF WESTCHESTER</b>	Employer identification number <b>23-7063399</b>
---	---

**Part I Contributors** (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
31	TWIN MED MEDICAL LLC 11333 GREENSTONE AVENUE SANTA FE SPRINGS, CA 90670	\$ 7,500.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
32	WESTCHESTER AMBULETTE SERVICE, INC. 58 PALISADE AVENUE YONKERS, NY 10701	\$ 7,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
33	WESTCHESTER HISPANIC COALITION 46 WALLER AVENUE WHITE PLAINS, NY 10605	\$ 10,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
34	NYS DEPARTMENT OF HEALTH CORNING TOWER EMPIRE STATE PLAZA ALBANY, NY 12237	\$ 226,172.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
		\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
		\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)

Name of organization

Employer identification number

**CABRINI OF WESTCHESTER**

**23-7063399**

**Part II Noncash Property** (see instructions). Use duplicate copies of Part II if additional space is needed.

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
	_____ _____ _____	\$ _____	_____
	_____ _____ _____	\$ _____	_____
	_____ _____ _____	\$ _____	_____
	_____ _____ _____	\$ _____	_____
	_____ _____ _____	\$ _____	_____
	_____ _____ _____	\$ _____	_____
	_____ _____ _____	\$ _____	_____
	_____ _____ _____	\$ _____	_____

Name of organization <b>CABRINI OF WESTCHESTER</b>	Employer identification number <b>23-7063399</b>
---	---

**Part III** Exclusively religious, charitable, etc., contributions to organizations described in section 501(c)(7), (8), or (10) that total more than \$1,000 for the year from any one contributor. Complete columns (a) through (e) and the following line entry. For organizations completing Part III, enter the total of exclusively religious, charitable, etc. contributions of \$1,000 or less for the year. (Enter this info. once) ▶ \$ \_\_\_\_\_  
Use duplicate copies of Part III if additional space is needed.

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift	
Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift	
Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift	
Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift	
Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

**SCHEDULE C**  
**(Form 990 or 990-EZ)**

**Political Campaign and Lobbying Activities**

OMB No 1545-0047

**2014**

Open to Public Inspection

Department of the Treasury  
Internal Revenue Service

For Organizations Exempt From Income Tax Under section 501(c) and section 527  
▶ **Complete if the organization is described below.** ▶ Attach to Form 990 or Form 990-EZ.  
▶ Information about Schedule C (Form 990 or 990-EZ) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

If the organization answered "Yes," to Form 990, Part IV, line 3, or Form 990-EZ, Part V, line 46 (Political Campaign Activities), then

- Section 501(c)(3) organizations. Complete Parts I-A and B. Do not complete Part I-C.
- Section 501(c) (other than section 501(c)(3)) organizations: Complete Parts I-A and C below. Do not complete Part I-B.
- Section 527 organizations: Complete Part I-A only.

If the organization answered "Yes," to Form 990, Part IV, line 4, or Form 990-EZ, Part VI, line 47 (Lobbying Activities), then

- Section 501(c)(3) organizations that have filed Form 5768 (election under section 501(h)): Complete Part II-A. Do not complete Part II-B.
- Section 501(c)(3) organizations that have NOT filed Form 5768 (election under section 501(h)): Complete Part II-B. Do not complete Part II-A.

If the organization answered "Yes," to Form 990, Part IV, line 5 (Proxy Tax) (see separate instructions) or Form 990-EZ, Part V, line 35c (Proxy Tax) (see separate instructions), then

- Section 501(c)(4), (5), or (6) organizations: Complete Part III.

Name of organization **CABRINI OF WESTCHESTER** Employer identification number **23-7063399**

**Part I-A** Complete if the organization is exempt under section 501(c) or is a section 527 organization.

- 1 Provide a description of the organization's direct and indirect political campaign activities in Part IV.
- 2 Political expenditures ..... ▶ \$ \_\_\_\_\_
- 3 Volunteer hours .....

**Part I-B** Complete if the organization is exempt under section 501(c)(3).

- 1 Enter the amount of any excise tax incurred by the organization under section 4955 ..... ▶ \$ \_\_\_\_\_
- 2 Enter the amount of any excise tax incurred by organization managers under section 4955 ..... ▶ \$ \_\_\_\_\_
- 3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year?  Yes  No
- 4a Was a correction made?  Yes  No
- b If "Yes," describe in Part IV.

**Part I-C** Complete if the organization is exempt under section 501(c), except section 501(c)(3).

- 1 Enter the amount directly expended by the filing organization for section 527 exempt function activities ..... ▶ \$ \_\_\_\_\_
- 2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities ..... ▶ \$ \_\_\_\_\_
- 3 Total exempt function expenditures. Add lines 1 and 2. Enter here and on Form 1120-POL, line 17b ..... ▶ \$ \_\_\_\_\_
- 4 Did the filing organization file Form 1120-POL for this year?  Yes  No
- 5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments. For each organization listed, enter the amount paid from the filing organization's funds. Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC). If additional space is needed, provide information in Part IV.

(a) Name	(b) Address	(c) EIN	(d) Amount paid from filing organization's funds. If none, enter -0-	(e) Amount of political contributions received and promptly and directly delivered to a separate political organization. If none, enter -0-

For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Schedule C (Form 990 or 990-EZ) 2014

LHA  
432041  
10-21-14



**Part II-A** Complete if the organization is exempt under section 501(c)(3) and filed Form 5768 (election under section 501(h)).

A Check  if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures).

B Check  if the filing organization checked box A and "limited control" provisions apply.

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)		(a) Filing organization's totals	(b) Affiliated group totals												
1 a Total lobbying expenditures to influence public opinion (grass roots lobbying)															
b Total lobbying expenditures to influence a legislative body (direct lobbying)															
c Total lobbying expenditures (add lines 1a and 1b)															
d Other exempt purpose expenditures															
e Total exempt purpose expenditures (add lines 1c and 1d)															
f Lobbying nontaxable amount. Enter the amount from the following table in both columns.															
<table border="1"> <thead> <tr> <th>If the amount on line 1e, column (a) or (b) is:</th> <th>The lobbying nontaxable amount is:</th> </tr> </thead> <tbody> <tr> <td>Not over \$500,000</td> <td>20% of the amount on line 1e</td> </tr> <tr> <td>Over \$500,000 but not over \$1,000,000</td> <td>\$100,000 plus 15% of the excess over \$500,000.</td> </tr> <tr> <td>Over \$1,000,000 but not over \$1,500,000</td> <td>\$175,000 plus 10% of the excess over \$1,000,000.</td> </tr> <tr> <td>Over \$1,500,000 but not over \$17,000,000</td> <td>\$225,000 plus 5% of the excess over \$1,500,000.</td> </tr> <tr> <td>Over \$17,000,000</td> <td>\$1,000,000.</td> </tr> </tbody> </table>		If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000.	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000.	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000.	Over \$17,000,000	\$1,000,000.		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:														
Not over \$500,000	20% of the amount on line 1e														
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000.														
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000.														
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000.														
Over \$17,000,000	\$1,000,000.														
g Grassroots nontaxable amount (enter 25% of line 1f)															
h Subtract line 1g from line 1a. If zero or less, enter -0-															
i Subtract line 1f from line 1c. If zero or less, enter -0-															
j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?			<input type="checkbox"/> Yes <input type="checkbox"/> No												

**4-Year Averaging Period Under section 501(h)**

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the separate instructions for lines 2a through 2f.)

**Lobbying Expenditures During 4-Year Averaging Period**

Calendar year (or fiscal year beginning in)	(a) 2011	(b) 2012	(c) 2013	(d) 2014	(e) Total
2a Lobbying nontaxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots nontaxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

Schedule C (Form 990 or 990-EZ) 2014

**Part II-B** Complete if the organization is exempt under section 501(c)(3) and has NOT filed Form 5768 (election under section 501(h)).

For each "Yes," response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.	(a)		(b)
	Yes	No	Amount
1 During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:			
a Volunteers?		X	
b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		X	
c Media advertisements?		X	
d Mailings to members, legislators, or the public?		X	
e Publications, or published or broadcast statements?		X	
f Grants to other organizations for lobbying purposes?		X	
g Direct contact with legislators, their staffs, government officials, or a legislative body?		X	
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		X	
i Other activities?	X		3,813.
j Total. Add lines 1c through 1i			3,813.
2a Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		X	
b If "Yes," enter the amount of any tax incurred under section 4912			
c If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

**Part III-A** Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6).

	Yes	No
1 Were substantially all (90% or more) dues received nondeductible by members?	1	
2 Did the organization make only in-house lobbying expenditures of \$2,000 or less?	2	
3 Did the organization agree to carry over lobbying and political expenditures from the prior year?	3	

**Part III-B** Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6) and if either (a) BOTH Part III-A, lines 1 and 2, are answered "No," OR (b) Part III-A, line 3, is answered "Yes."

1 Dues, assessments and similar amounts from members	1	
2 Section 162(e) nondeductible lobbying and political expenditures (do not include amounts of political expenses for which the section 527(f) tax was paid).		
a Current year	2a	
b Carryover from last year	2b	
c Total	2c	
3 Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues	3	
4 If notices were sent and the amount on line 2c exceeds the amount on line 3, what portion of the excess does the organization agree to carryover to the reasonable estimate of nondeductible lobbying and political expenditure next year?	4	
5 Taxable amount of lobbying and political expenditures (see instructions)	5	

**Part IV** Supplemental Information

Provide the descriptions required for Part I-A, line 1; Part I-B, line 4; Part I-C, line 5; Part II-A (affiliated group list); Part II-A, lines 1 and 2 (see instructions); and Part II-B, line 1. Also, complete this part for any additional information.

**PART II-B, LINE 1, LOBBYING ACTIVITIES:**

**THE PORTION OF THE MEMBERSHIP DUES PAID TO NURSING HOME ASSOCIATIONS THAT IS RELATED TO LOBBYING ACTIVITIES.**

\_\_\_\_\_

\_\_\_\_\_

**SCHEDULE D**  
(Form 990)

Department of the Treasury  
Internal Revenue Service

**Supplemental Financial Statements**

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b.  
▶ Attach to Form 990.

▶ Information about Schedule D (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No 1545-0047

**2014**  
Open to Public Inspection

Name of the organization

CABRINI OF WESTCHESTER

Employer identification number  
23-7063399

**Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts.** Complete if the organization answered "Yes" to Form 990, Part IV, line 6.

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year		
2 Aggregate value of contributions to (during year)		
3 Aggregate value of grants from (during year)		
4 Aggregate value at end of year		
5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control?		<input type="checkbox"/> Yes <input type="checkbox"/> No
6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit?		<input type="checkbox"/> Yes <input type="checkbox"/> No

**Part II Conservation Easements.** Complete if the organization answered "Yes" to Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply):

Preservation of land for public use (e.g., recreation or education)  Preservation of a historically important land area

Protection of natural habitat  Preservation of a certified historic structure

Preservation of open space

2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year.

	Held at the End of the Tax Year
a Total number of conservation easements	2a
b Total acreage restricted by conservation easements	2b
c Number of conservation easements on a certified historic structure included in (a)	2c
d Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register	2d

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ▶ \_\_\_\_\_

4 Number of states where property subject to conservation easement is located ▶ \_\_\_\_\_

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds?  Yes  No

6 Staff and volunteer hours devoted to monitoring, inspecting, and enforcing conservation easements during the year ▶ \_\_\_\_\_

7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ▶ \$ \_\_\_\_\_

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)?  Yes  No

9 In Part XIII, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements.

**Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.**

Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items.

b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items:

(i) Revenue included in Form 990, Part VIII, line 1 ▶ \$ \_\_\_\_\_

(ii) Assets included in Form 990, Part X ▶ \$ \_\_\_\_\_

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items:

a Revenue included in Form 990, Part VIII, line 1 ▶ \$ \_\_\_\_\_

b Assets included in Form 990, Part X ▶ \$ \_\_\_\_\_

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule D (Form 990) 2014

432051  
10-01-14

**Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets** (continued)

3 Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply):

- a  Public exhibition
- b  Scholarly research
- c  Preservation for future generations
- d  Loan or exchange programs
- e  Other \_\_\_\_\_

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII.

5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection?  Yes  No

**Part IV Escrow and Custodial Arrangements.** Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X?  Yes  No

b If "Yes," explain the arrangement in Part XIII and complete the following table:

	Amount
c Beginning balance	1c
d Additions during the year	1d
e Distributions during the year	1e
f Ending balance	1f

2a Did the organization include an amount on Form 990, Part X, line 21, for escrow or custodial account liability?  Yes  No

b If "Yes," explain the arrangement in Part XIII. Check here if the explanation has been provided in Part XIII

**Part V Endowment Funds.** Complete if the organization answered "Yes" to Form 990, Part IV, line 10.

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance					
b Contributions					
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as:

- a Board designated or quasi-endowment  %
  - b Permanent endowment  %
  - c Temporarily restricted endowment  %
- The percentages in lines 2a, 2b, and 2c should equal 100%.

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:

	Yes	No
(i) unrelated organizations	3a(i)	
(ii) related organizations	3a(ii)	
b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?	3b	

4 Describe in Part XIII the intended uses of the organization's endowment funds.

**Part VI Land, Buildings, and Equipment.**

Complete if the organization answered "Yes" to Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		210,000.		210,000.
b Buildings		65,518,524.	27,881,102.	37,637,422.
c Leasehold improvements		344,815.	331,589.	13,226.
d Equipment		19,832,364.	15,783,418.	4,048,946.
e Other				
Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10c.)				41,909,594.

**Part VII Investments - Other Securities.**

Complete if the organization answered "Yes" to Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other		
(A)		
(B)		
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
<b>Total.</b> (Col. (b) must equal Form 990, Part X, col. (B) line 12.)		

**Part VIII Investments - Program Related.**

Complete if the organization answered "Yes" to Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

(a) Description of investment	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
<b>Total.</b> (Col. (b) must equal Form 990, Part X, col. (B) line 13.)		

**Part IX Other Assets.**

Complete if the organization answered "Yes" to Form 990, Part IV, line 11d. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1) DUE FROM CABRINI CARE AT HOME	2,632,996.
(2) DEFERRED FINANCING COSTS	2,168,183.
(3) DASNY ESCROW ACCOUNTS	11,308,178.
(4) ESTIMATED DUE FROM THIRD PARTY PAYORS	2,650,000.
(5) INSURANCE GROSS UP	991,000.
(6) DUE FROM CABRINI HOUSING	5,305.
(7)	
(8)	
(9)	
<b>Total.</b> (Column (b) must equal Form 990, Part X, col. (B) line 15.)	19,755,662.

**Part X Other Liabilities.**

Complete if the organization answered "Yes" to Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

1. (a) Description of liability	(b) Book value
(1) Federal income taxes	
(2) ESTIMATED DUE TO THIRD-PARTY	
(3) PAYORS	1,189,000.
(4) BOND ISSUANCE PREMIUMS	1,408,877.
(5) INSURANCE GROSSUP	991,000.
(6)	
(7)	
(8)	
(9)	
<b>Total.</b> (Column (b) must equal Form 990, Part X, col. (B) line 25.)	3,588,877.

2. Liability for uncertain tax positions. In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740). Check here if the text of the footnote has been provided in Part XIII

**Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return.**

Complete if the organization answered "Yes" to Form 990, Part IV, line 12a.

1	Total revenue, gains, and other support per audited financial statements		1	51,522,713.
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12:			
	a Net unrealized gains (losses) on investments	2a		663.
	b Donated services and use of facilities	2b		
	c Recoveries of prior year grants	2c		
	d Other (Describe in Part XIII.)	2d		7,086,137.
	e Add lines 2a through 2d		2e	7,086,800.
3	Subtract line 2e from line 1		3	44,435,913.
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1:			
	a Investment expenses not included on Form 990, Part VIII, line 7b	4a		
	b Other (Describe in Part XIII.)	4b		233,499.
	c Add lines 4a and 4b		4c	233,499.
5	Total revenue. Add lines 3 and 4c. (This must equal Form 990, Part I, line 12.)		5	44,669,412.

**Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return.**

Complete if the organization answered "Yes" to Form 990, Part IV, line 12a.

1	Total expenses and losses per audited financial statements		1	53,396,225.
2	Amounts included on line 1 but not on Form 990, Part IX, line 25:			
	a Donated services and use of facilities	2a		
	b Prior year adjustments	2b		
	c Other losses	2c		
	d Other (Describe in Part XIII.)	2d		7,581,132.
	e Add lines 2a through 2d		2e	7,581,132.
3	Subtract line 2e from line 1		3	45,815,093.
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:			
	a Investment expenses not included on Form 990, Part VIII, line 7b	4a		
	b Other (Describe in Part XIII.)	4b		233,499.
	c Add lines 4a and 4b		4c	233,499.
5	Total expenses. Add lines 3 and 4c. (This must equal Form 990, Part I, line 18.)		5	46,048,592.

**Part XIII Supplemental Information.**

Provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4; Part IV, lines 1b and 2b; Part V, line 4; Part X, line 2; Part XI, lines 2d and 4b, and Part XII, lines 2d and 4b. Also complete this part to provide any additional information.

**PART IV, LINE 2B:**

RESIDENTS' FUNDS ARE HELD BY THE ORGANIZATION ON BEHALF OF THE RESIDENTS.  
 SUCH FUNDS REPRESENT LIVING ALLOWANCES RECEIVED BY RESIDENTS AS WELL AS  
 OTHER RESIDENTS' FUNDS DEPOSITED WITH THE ORGANIZATION FOR SAFEKEEPING.  
 THE FUNDS ARE DISBURSED BY THE ORGANIZATION AT THE REQUEST OF, OR ON  
 BEHALF OF, RESIDENTS FOR THEIR PERSONAL USE.

**PART X, LINE 2:**

THE ORGANIZATION RECOGNIZES THE EFFECT OF INCOME TAX POSITIONS ONLY IF  
 THOSE POSITIONS ARE MORE LIKELY THAN NOT OF BEING SUSTAINED. MANAGEMENT  
 HAS DETERMINED THAT THE ORGANIZATION HAD NO UNCERTAIN TAX POSITIONS THAT  
 WOULD REQUIRE FINANCIAL STATEMENT RECOGNITION. THE ORGANIZATION IS NO

Part XIII Supplemental Information (continued)

LONGER SUBJECT TO EXAMINATION BY THE APPLICABLE TAXING JURISDICTIONS FOR PERIODS PRIOR TO 2011.

PART XI, LINE 2D - OTHER ADJUSTMENTS:

INCOME ATTRIBUTABLE TO RELATED PARTIES 7,086,137.

PART XI, LINE 4B - OTHER ADJUSTMENTS:

ELIMINATIONS ON CONSOLIDATED FINANCIAL STATEMENTS 233,499.

PART XII, LINE 2D - OTHER ADJUSTMENTS:

EXPENSES ATTRIBUTABLE TO RELATED PARTIES 7,581,132.

PART XII, LINE 4B - OTHER ADJUSTMENTS:

ELIMINATIONS ON CONSOLIDATED FINANCIAL STATEMENTS 233,499.





**Part II Fundraising Events.** Complete if the organization answered "Yes" to Form 990, Part IV, line 18, or reported more than \$15,000 of fundraising event contributions and gross income on Form 990-EZ, lines 1 and 6b. List events with gross receipts greater than \$5,000.

		(a) Event #1	(b) Event #2	(c) Other events	(d) Total events (add col. (a) through col. (c))	
		ANNUAL DINNER (event type)	CIS EVENT (event type)	NONE (total number)		
Revenue	1	Gross receipts	235,097.	32,110.		267,207.
	2	Less: Contributions	203,222.	25,360.		228,582.
	3	Gross income (line 1 minus line 2)	31,875.	6,750.		38,625.
Direct Expenses	4	Cash prizes				
	5	Noncash prizes				
	6	Rent/facility costs	33,609.	6,640.		40,249.
	7	Food and beverages				
	8	Entertainment	200.	200.		400.
	9	Other direct expenses	28,333.	3,877.		32,210.
	10	Direct expense summary. Add lines 4 through 9 in column (d)				72,859.
	11	Net income summary. Subtract line 10 from line 3, column (d)				-34,234.

**Part III Gaming.** Complete if the organization answered "Yes" to Form 990, Part IV, line 19, or reported more than \$15,000 on Form 990-EZ, line 6a.

		(a) Bingo	(b) Pull tabs/instant bingo/progressive bingo	(c) Other gaming	(d) Total gaming (add col. (a) through col. (c))	
Revenue	1	Gross revenue				
	2	Cash prizes				
Direct Expenses	3	Noncash prizes				
	4	Rent/facility costs				
	5	Other direct expenses				
	6	Volunteer labor	<input type="checkbox"/> Yes _____ % <input type="checkbox"/> No	<input type="checkbox"/> Yes _____ % <input type="checkbox"/> No	<input type="checkbox"/> Yes _____ % <input type="checkbox"/> No	
	7	Direct expense summary. Add lines 2 through 5 in column (d)				
	8	Net gaming income summary. Subtract line 7 from line 1, column (d)				

9 Enter the state(s) in which the organization conducts gaming activities: \_\_\_\_\_

a Is the organization licensed to conduct gaming activities in each of these states?  Yes  No

b If "No," explain: \_\_\_\_\_

10a Were any of the organization's gaming licenses revoked, suspended or terminated during the tax year?  Yes  No

b If "Yes," explain: \_\_\_\_\_

11 Does the organization conduct gaming activities with nonmembers?  Yes  No

12 Is the organization a grantor, beneficiary or trustee of a trust or a member of a partnership or other entity formed to administer charitable gaming?  Yes  No

13 Indicate the percentage of gaming activity conducted in:
a The organization's facility
b An outside facility

Table with 2 columns: Percentage, %

14 Enter the name and address of the person who prepares the organization's gaming/special events books and records:
Name
Address

15a Does the organization have a contract with a third party from whom the organization receives gaming revenue?  Yes  No

b If "Yes," enter the amount of gaming revenue received by the organization and the amount of gaming revenue retained by the third party

c If "Yes," enter name and address of the third party:

Name
Address

16 Gaming manager information:

Name

Gaming manager compensation \$

Description of services provided

Director/officer Employee Independent contractor

17 Mandatory distributions:

a Is the organization required under state law to make charitable distributions from the gaming proceeds to retain the state gaming license?  Yes  No

b Enter the amount of distributions required under state law to be distributed to other exempt organizations or spent in the organization's own exempt activities during the tax year \$

Part IV Supplemental Information. Provide the explanations required by Part I, line 2b, columns (ii) and (v), and Part III, lines 9, 9b, 10b, 15b, 15c, 16, and 17b, as applicable. Also provide any additional information (see instructions).



**SCHEDULE J  
(Form 990)**

**Compensation Information**

OMB No. 1545-0047

**2014**

Open to Public Inspection

Department of the Treasury  
Internal Revenue Service

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees  
▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 23.  
▶ Attach to Form 990.

▶ Information about Schedule J (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990)

Name of the organization

**CABRINI OF WESTCHESTER**

Employer identification number  
**23-7063399**

**Part I Questions Regarding Compensation**

	Yes	No								
<p><b>1a</b> Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.</p> <table border="0"> <tr> <td><input type="checkbox"/> First-class or charter travel</td> <td><input type="checkbox"/> Housing allowance or residence for personal use</td> </tr> <tr> <td><input type="checkbox"/> Travel for companions</td> <td><input type="checkbox"/> Payments for business use of personal residence</td> </tr> <tr> <td><input type="checkbox"/> Tax indemnification and gross-up payments</td> <td><input type="checkbox"/> Health or social club dues or initiation fees</td> </tr> <tr> <td><input type="checkbox"/> Discretionary spending account</td> <td><input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef)</td> </tr> </table>	<input type="checkbox"/> First-class or charter travel	<input type="checkbox"/> Housing allowance or residence for personal use	<input type="checkbox"/> Travel for companions	<input type="checkbox"/> Payments for business use of personal residence	<input type="checkbox"/> Tax indemnification and gross-up payments	<input type="checkbox"/> Health or social club dues or initiation fees	<input type="checkbox"/> Discretionary spending account	<input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef)		
<input type="checkbox"/> First-class or charter travel	<input type="checkbox"/> Housing allowance or residence for personal use									
<input type="checkbox"/> Travel for companions	<input type="checkbox"/> Payments for business use of personal residence									
<input type="checkbox"/> Tax indemnification and gross-up payments	<input type="checkbox"/> Health or social club dues or initiation fees									
<input type="checkbox"/> Discretionary spending account	<input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef)									
<b>b</b> If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain	<b>1b</b>									
<b>2</b> Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, and officers, including the CEO/Executive Director, regarding the items checked in line 1a?	<b>2</b>									
<p><b>3</b> Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III.</p> <table border="0"> <tr> <td><input type="checkbox"/> Compensation committee</td> <td><input type="checkbox"/> Written employment contract</td> </tr> <tr> <td><input checked="" type="checkbox"/> Independent compensation consultant</td> <td><input checked="" type="checkbox"/> Compensation survey or study</td> </tr> <tr> <td><input type="checkbox"/> Form 990 of other organizations</td> <td><input checked="" type="checkbox"/> Approval by the board or compensation committee</td> </tr> </table>	<input type="checkbox"/> Compensation committee	<input type="checkbox"/> Written employment contract	<input checked="" type="checkbox"/> Independent compensation consultant	<input checked="" type="checkbox"/> Compensation survey or study	<input type="checkbox"/> Form 990 of other organizations	<input checked="" type="checkbox"/> Approval by the board or compensation committee				
<input type="checkbox"/> Compensation committee	<input type="checkbox"/> Written employment contract									
<input checked="" type="checkbox"/> Independent compensation consultant	<input checked="" type="checkbox"/> Compensation survey or study									
<input type="checkbox"/> Form 990 of other organizations	<input checked="" type="checkbox"/> Approval by the board or compensation committee									
<b>4</b> During the year, did any person listed in Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization:										
<b>a</b> Receive a severance payment or change-of-control payment?	<b>4a</b>	<b>X</b>								
<b>b</b> Participate in, or receive payment from, a supplemental nonqualified retirement plan?	<b>4b</b>	<b>X</b>								
<b>c</b> Participate in, or receive payment from, an equity-based compensation arrangement?	<b>4c</b>	<b>X</b>								
If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.										
<b>Only section 501(c)(3), 501(c)(4), and 501(c)(29) organizations must complete lines 5-9.</b>										
<b>5</b> For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:										
<b>a</b> The organization?	<b>5a</b>	<b>X</b>								
<b>b</b> Any related organization?	<b>5b</b>	<b>X</b>								
If "Yes" to line 5a or 5b, describe in Part III.										
<b>6</b> For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:										
<b>a</b> The organization?	<b>6a</b>	<b>X</b>								
<b>b</b> Any related organization?	<b>6b</b>	<b>X</b>								
If "Yes" to line 6a or 6b, describe in Part III.										
<b>7</b> For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	<b>7</b>	<b>X</b>								
<b>8</b> Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III	<b>8</b>	<b>X</b>								
<b>9</b> If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?	<b>9</b>									

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule J (Form 990) 2014





**SCHEDULE K**  
(Form 990)  
Department of the Treasury  
Internal Revenue Service

Supplemental Information on Tax-Exempt Bonds  
Complete if the organization answered "Yes" on Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Part VI.  
Attach to Form 990. Information about Schedule K (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No. 1545-0047  
**2014**  
Open to Public Inspection

Name of the organization

**CABRINI OF WESTCHESTER**

Employer identification number  
**23-7063399**

**Part I Bond Issues** SEE PART VI FOR COLUMN (F) CONTINUATIONS

(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Released		(h) On behalf of issuer		(i) Pooled financing	
						Yes	No	Yes	No	Yes	No
DORMITORY AUTHORITY OF THE STATE OF NEW YORK	14-60002936	4983QZ36	10/12/06	55,043,364	MODERNIZATION PROJECT AT CABRINI		X		X		X
B											
C											
D											

**Part II Proceeds**

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
1 Amount of bonds retired								
2 Amount of bonds legally defeased								
3 Total proceeds of issue		54,292,424						
4 Gross proceeds in reserve funds								
5 Capitalized interest from proceeds								
6 Proceeds in refunding escrows								
7 Issuance costs from proceeds								
8 Credit enhancement from proceeds								
9 Working capital expenditures from proceeds								
10 Capital expenditures from proceeds		750,940						
11 Other spent proceeds								
12 Other unspent proceeds								
13 Year of substantial completion		2006						

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
14 Were the bonds issued as part of a current refunding issue?		X						
15 Were the bonds issued as part of an advance refunding issue?		X						
16 Has the final allocation of proceeds been made?	X							
17 Does the organization maintain adequate books and records to support the final allocation of proceeds?	X							

**Part III Private Business Use**

1 Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds?								
2 Are there any lease arrangements that may result in private business use of bond-financed property?		X						

**Part III Private Business Use (Continued)**

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
3a								
3b		X						
3c		X						
3d								
4								
5								
6								
7		X						
8a		X						
8b								
8c								
9								

**Part IV Arbitrage**

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
1		X						
2								
2a		X						
2b		X						
2c		X						
3								
4a		X						
4b		X						
4c								
4d								
4e								





**SCHEDULE O**  
(Form 990 or 990-EZ)

Department of the Treasury  
Internal Revenue Service

**Supplemental Information to Form 990 or 990-EZ**

Complete to provide information for responses to specific questions on  
Form 990 or 990-EZ or to provide any additional information.  
▶ Attach to Form 990 or 990-EZ.

▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990)

OMB No. 1545-0047

**2014**

Open to Public  
Inspection

Name of the organization

CABRINI OF WESTCHESTER

Employer identification number  
23-7063399

FORM 990, PART I, LINE 1

OUR PLETHORA OF SERVICES INCLUDES: NURSING HOME CARE, FEATURING 24-HOUR  
SKILLED NURSING CARE, SPECIALIZED PROGRAMS INCLUDING SHORT-TERM  
REHABILITATION, ALZHEIMER'S AND DEMENTIA CARE, RESPITE CARE,  
NUTRITIONAL PROGRAMS, SOCIAL WORK SERVICES, PSYCHOLOGY SERVICES,  
HOSPICE PROGRAMS, PASTORAL CARE AND RECREATIONAL ACTIVITIES.

ADULT DAY CARE, SERVES BOTH FRAIL ELDERS AND ADULTS WITH SPECIAL  
MEDICAL NEEDS, ENABLING THEM TO REMAIN IN THE COMMUNITY BY PROVIDING A  
MEDICALLY SUPPORTIVE AND SOCIALLY STIMULATING ENVIRONMENT THAT PROMOTES  
THEIR PHYSICAL, MENTAL, SPIRITUAL AND EMOTIONAL WELL BEING.

LONG TERM HOME HEALTH CARE PROGRAM, SEEKS TO PREVENT OR DELAY  
INSTITUTIONAL PLACEMENT FOR INDIVIDUALS WITH CHRONIC ILLNESSES OR  
DISABILITIES BY PROVIDING HOME HEALTH SERVICES TO FRAIL ELDERLY AND  
ADULTS WITH MEDICAL NEEDS IN THE COMMUNITY.

IN ADDITION, CABRINI OF WESTCHESTER IS DEDICATED TO MEETING THE NEEDS  
OF WESTCHESTER COUNTY'S GROWING IMMIGRANT POPULATION. "CABRINI  
IMMIGRANT SERVICES" PROVIDES ASSISTANCE WITH NATURALIZATION AND  
IMMIGRATION ISSUES, AID IN PROCURING BENEFITS, PROVISION OF HEALTH  
SCREENING AND REFERRALS, AND ESOL PROGRAMS.

FORM 990, PART III, LINE 1, DESCRIPTION OF ORGANIZATION MISSION:

SPONSORED BY THE MISSIONARY SISTERS OF THE SACRED HEART OF JESUS, CW IS

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Schedule O (Form 990 or 990-EZ) (2014)

432211  
08-27-14

Name of the organization

CABRINI OF WESTCHESTER

Employer identification number  
23-7063399

COMPRISED OF ST. CABRINI NURSING HOME, ST. CABRINI LONG TERM HOME HEALTH CARE PROGRAM, MONSIGNOR TERRENCE ATTRIDGE ADULT DAY HEALTH PROGRAM AND CABRINI IMMIGRANT SERVICES. IN KEEPING WITH THE LEGACY OF MOTHER CABRINI, EACH OF THE PROGRAMS AND SERVICES OFFERED BY CW ARE FOCUSED ON MEETING THE NEEDS OF SOCIETY'S MOST VULNERABLE AND UNDERSERVED: THE GROWING POPULATION OF FRAIL ELDERS AND OUR VAST IMMIGRANT POPULATION.

FORM 990, PART III, LINE 4A, PROGRAM SERVICE ACCOMPLISHMENTS: TO CARE IN WHICH PEOPLE, NOT ROUTINES ARE THE PRIORITY. ST. CABRINI NURSING HOME'S COMMITMENT TO THIS PHILOSOPHY IS EVIDENT IN THE HOME-LIKE ATMOSPHERE THAT RESULTED FROM A \$55 MILLION MODERNIZATION PROJECT (COMPLETED IN 2010) THAT EXPANDED AND RENOVATED THE FACILITY TO ADD THE SPACE AND DETAILS REQUIRED TO PROVIDE ENHANCED PRIVACY, DIGNITY AND RESPECT FOR EACH PATIENT AND RESIDENT.

THIS RENOVATION PUT CABRINI ON THE MAP AS A MODEL FOR FIRST-RATE NURSING HOMES AND, IN 2012, ST. CABRINI NURSING HOME WAS NAMED ONE OF THE TOP NURSING HOMES IN NEW YORK STATE BY U.S. NEWS AND WORLD REPORT. TODAY, ST. CABRINI NURSING HOME IS A CONTEMPORARY AND SPACIOUS HOME THAT EXUDES A WARM AND WELCOMING ATMOSPHERE AND OFFERS ALL OF THE AMENITIES AND COMFORTS OF HOME.

THE LOBBY WITH ITS DECORATIVE DETAILS IS BOTH IMPRESSIVE AND INVITING AS IT LEADS TO "MAIN STREET." STROLLING DOWN MAIN STREET, INDIVIDUALS MAY BROWSE IN THE GIFT SHOP WHICH OFFERS THE LATEST FASHION TRENDS, UNIQUE GIFTS, CARDS, TOILETRIES AND SUNDRIES, PERUSE THE ART GALLERY, ENJOY A SNACK IN THE BUSTLING CAFE OR GET PAMPERED IN THE BEAUTY

432212  
08-27-14

Schedule O (Form 990 or 990-EZ) (2014)

50

10391114 756359 361535.0

2014.05010 CABRINI OF WESTCHESTER

36153501

Name of the organization

CABRINI OF WESTCHESTER

Employer identification number  
23-7063399

PARLOR.

THE FOCAL POINT OF MAIN STREET IS THE TRANQUIL CHAPEL FEATURING CUSTOM STAINED GLASS WINDOWS AND MODERN CHRISTIAN ICONOGRAPHY. MASS IS OFFERED EVERY MORNING IN THE CHAPEL AND IT SERVES AS THE SPIRITUAL HOME FOR PATIENTS, RESIDENTS, VISITORS AND STAFF. SERVICES MAY ALSO BE VIEWED IN-ROOM VIA TELEVISION.

THE REHABILITATION GYM FEATURES STATE-OF-THE-ART EQUIPMENT AND IS ALSO CENTRALLY LOCATED ON MAIN STREET. THE AREA IS IMMERSSED IN NATURAL SUNLIGHT AND FACES THE HOME'S FRONT LAWN AND KOI POND. THE EXPANSIVE REHABILITATION AREA OFFERS DESIGNATED AREAS FOR PHYSICAL THERAPY, OCCUPATIONAL THERAPY, AS WELL AS AUDIOLOGY AND SPEECH THERAPY.

ADJACENT TO THE GYM AND AVIARY IS THE HOME'S DESIGNATED SHORT TERM REHABILITATION UNIT, A HAVEN TO ALL THOSE WHO COME THROUGH THE HOME'S DOORS FOR A SHORT-TERM REHABILITATIVE STAY WITH THE GOAL OF RETURNING HOME QUICKLY AND FUNCTIONING AT THEIR OPTIMAL LEVEL.

THE RESIDENTIAL AREAS OF THE HOME CONSIST OF 14 NEIGHBORHOODS THAT PROMOTE A FEELING OF COMMUNITY AND INDEPENDENCE. WITHIN THE NEIGHBORHOODS, COUNTRY KITCHENS SERVE HOME COOKED MEALS IN A RESTAURANT STYLE MANNER. LOUNGES PROVIDE ADDITIONAL AREAS FOR TAKING PART IN GROUP ACTIVITIES OR RELAXING WITH FRIENDS AND FAMILY. SEPARATE MULTI-PURPOSE ROOMS ARE PERFECT FOR SPECIAL EVENTS SUCH AS PARTIES AND FAMILY GATHERINGS. SEVEN BALCONIES WITH BREATHTAKING VIEWS OF THE HUDSON RIVER PROVIDE PATIENTS, RESIDENTS AND VISITORS WITH WONDERFUL OUTDOOR AREAS TO SOCIALIZE AND ENJOY THE SERENE PARK LIKE SETTING.

AS A RESULT OF THE RENOVATION, THERE ARE 134 PRIVATE ROOMS AND THE

432212  
08-27-14

Schedule O (Form 990 or 990-EZ) (2014)

51

10391114 756359 361535.0

2014.05010 CABRINI OF WESTCHESTER

36153501

Name of the organization

CABRINI OF WESTCHESTER

Employer identification number

23-7063399

DOUBLE ROOMS ARE SPACIOUS AND COMFORTABLE. EACH ROOM BOASTS ON-LINE ACCESSIBILITY, INDIVIDUAL CLIMATE CONTROLS, AND ALL ROOMS HAVE PERSONAL TOILETRY CABINETS IN THE PRIVATE AND SPACIOUS BATHROOMS. MANY ROOMS ALSO OFFER IMPRESSIVE VIEWS OF THE HUDSON RIVER AND ALL FEATURE WARM, CONTEMPORARY STYLE FURNISHINGS AND DECOR.

IN 2014, ST. CABRINI NURSING HOME PROVIDED 108,649 DAYS OF SKILLED NURSING SERVICES TO 864 ELDERS, 360 OF WHICH RETURNED HOME TO THE COMMUNITY AFTER COMPLETING SUB-ACUTE/SHORT TERM REHABILITATION TREATMENT.

CABRINI'S SUB-ACUTE/SHORT TERM REHABILITATION PROGRAM CONTINUES TO BE A FOCAL POINT FOR THE HOME ENABLING US TO USE OUR EXPERTISE TO PROMOTE INDEPENDENCE AND A RAPID RETURN TO HOME FOR INDIVIDUALS FOLLOWING A BROAD RANGE OF SURGICAL PROCEDURES, STROKE, AMPUTATION, INJURIES AND ILLNESS. THE PROGRAM OFFERS STATE-OF-THE-ART REHABILITATION AND CLINICALLY COMPLEX CARE IN A NURTURING, SPIRITUAL ENVIRONMENT. CUSTOM CARE-PLANS ARE DEVELOPED BY A MULTIDISCIPLINARY TEAM INCLUDING THE HOME'S FULL-TIME MEDICAL DIRECTOR, A BOARD CERTIFIED GERIATRICIAN, BOARD CERTIFIED INTERNISTS, PHYSICAL THERAPISTS, OCCUPATIONAL THERAPISTS, SPEECH THERAPISTS, SOCIAL WORKERS AS WELL AS A COMPLETE ROSTER OF PROFESSIONAL NURSING STAFF. THE ACCOMPLISHED STAFF OF EXPERTS ADMINISTERS A FULL SPECTRUM OF SERVICES INCLUDING PHYSICAL AND OCCUPATIONAL THERAPY, SPEECH AND LANGUAGE THERAPY, SWALLOWING THERAPY, NUTRITION SERVICES, PSYCHOLOGICAL/SOCIAL WORK SUPPORT, ORTHOPEDIC AND PHYSIATRY CLINICS, AND ORTHOTIC AND PROSTHETIC SERVICES.

ST. CABRINI NURSING HOME IS ALSO PROUD TO CONTINUE TO MEET THE NEEDS OF

432212  
08-27-14

Schedule O (Form 990 or 990-EZ) (2014)

Name of the organization

CABRINI OF WESTCHESTER

Employer identification number

23-7063399

THE AGING RELIGIOUS MEN AND WOMEN. MANY RELIGIOUS CONGREGATIONS HAVE BEEN CONCERNED WITH MEETING THE GROWING NEEDS OF THEIR FRAIL ELDER MEMBERS. FOR THE PAST 14 YEARS, ST. CABRINI NURSING HOME HAS PROVIDED LONG TERM CARE SERVICES FOR THE MISSIONARY SISTERS OF THE SACRED HEART OF JESUS, ST. CABRINI'S SPONSOR. IN MORE RECENT YEARS, THE HOME REALIZED A SIGNIFICANT INCREASE IN THE NUMBER OF RELIGIOUS AND PRIESTS IN NEED OF BOTH SHORT TERM REHABILITATION AND LONG TERM CARE. IN RESPONSE TO THIS GROWING NEED AN INTER-CONGREGATIONAL NEIGHBORHOOD HAS BEEN DEVOTED TO MEMBERS OF RELIGIOUS ORDERS. TO THIS END, THE RENOVATION OF THE HOME HAS TRULY ENABLED US TO LIVE OUR MISSION AS BEARERS OF GOD'S LOVE REACHING OUT IN COMPASSION, RESPECT, DIGNITY AND EXCELLENCE BY MEETING THE LONG TERM NEEDS OF SPECIAL POPULATIONS.

ST. CABRINI NURSING HOME STRIVES TO CONTINUE TO MEET THE CHANGING NEEDS OF ELDERS AND THE COMMUNITY BY EMBRACING THE ONGOING ADVANCES IN MEDICINE, TECHNOLOGY AND HEALTHCARE REFORM IN ORDER TO BEST ADDRESS EACH INDIVIDUAL'S NEEDS. ST. CABRINI NURSING HOME TAKES GREAT PRIDE IN PROVIDING A STATE-OF-THE-ART FACILITY, EXCELLENT CARE, COMPASSIONATE STAFF AND A MYRIAD OF THERAPEUTIC ACTIVITIES TO ALL THOSE IN NEED - ALL IN THE TRADITION OF MOTHER CABRINI.

FORM 990, PART III, LINE 4B, PROGRAM SERVICE ACCOMPLISHMENTS:  
IS DEVELOPED, BY THE NURSE COORDINATOR, WITH THE GOAL OF ENABLING PATIENTS TO REMAIN IN THEIR HOME FOR AS LONG AS POSSIBLE. THE FOCUS HAS BEEN TO PROVIDE SERVICES TO THE FRAIL ELDERLY, DISABLED, AND CHRONICALLY ILL. THE LTHHCP SERVICES ARE PROVIDED TO THOSE RESIDING IN WESTCHESTER COUNTY.

Name of the organization

CABRINI OF WESTCHESTER

Employer identification number

23-7063399

AMONG THE PATIENT CARE AND SUPPORT SERVICES OFFERED THROUGH THE LTHHCP ARE THE FOLLOWING: SKILLED NURSING, PHYSICAL AND OCCUPATIONAL THERAPY, SPEECH LANGUAGE PATHOLOGY, AUDIOLOGY, MEDICAL SOCIAL WORKER, HOUSEKEEPER, HOMEMAKER, HOME HEALTH AIDES, PERSONAL CARE WORKERS, NUTRITIONAL COUNSELING, RESPIRATORY THERAPY, LABORATORY TESTING, MEDICAL TRANSPORTATION, DURABLE MEDICAL EQUIPMENT AND SUPPLIES, TELEHEALTH MONITORING, PERSONAL EMERGENCY RESPONSE SYSTEM AND HEALTH SERVICES.

IN 2014, CW'S LTHHCP UNDUPLICATED CENSUS WAS 302. ON DECEMBER 31, 2014 CARE WAS GIVEN TO 869 PATIENTS IN THEIR PLACES OF RESIDENCE. OVERALL, THE PROGRAM ADMITTED 567 NEW PATIENTS IN 2014.

FORM 990, PART III, LINE 4C, PROGRAM SERVICE ACCOMPLISHMENTS:

PRIMARY CARE, NURSING CARE, SOCIAL WORK SUPPORT, MEDICATION ADMINISTRATION, DENTAL, PODIATRY, AUDIOLOGY, PSYCHIATRY/PSYCHOLOGY, RADIOLOGY AND LAB SERVICES, OPHTHALMOLOGY/OPTOMETRY, REHABILITATION, INCLUDING PHYSICAL THERAPY, OCCUPATIONAL THERAPY AND SPEECH AND LANGUAGE PATHOLOGY AS WELL AS DIETARY SUPERVISION/MEALS. THE PROGRAM ALSO OFFERS EXTENSIVE THERAPEUTIC RECREATION ACTIVITIES, SUCH AS ART THERAPY, PET VISITS, HORTICULTURAL THERAPY, EXERCISE AND WELLNESS PROGRAMS, MUSIC AND ENTERTAINMENT, SPECIAL SEASONAL AND HOLIDAY EVENTS, DISCUSSION GROUPS, CRAFTS, MOVIES AND COMMUNITY TRIPS. OTHER SPECIALIZED PROGRAMS PROVIDED ARE PERSONAL HYGIENE AND GROOMING INCLUDING BEAUTY SALON AND BARBER SHOP SERVICES. RELIGIOUS AND SPIRITUAL PROGRAMS ARE ALSO OFFERED.

IN 2014, THE ADHC SERVED 76 REGISTRANTS AND PROVIDED 13,246 VISITS.

332212  
08-27-14

Schedule O (Form 990 or 990-EZ) (2014)

54

10391114 756359 361535.0

2014.05010 CABRINI OF WESTCHESTER

36153501

Name of the organization

CABRINI OF WESTCHESTER

Employer identification number

23-7063399

THE PROGRAM CONTINUES TO MAINTAIN ITS AFFILIATION WITH LOCAL COLLEGES TO ENABLE STUDENTS TO COMPLETE INTERNSHIPS AND FIELD PLACEMENT PRACTICUMS. THE SCHOOLS INCLUDE: COCHRAN SCHOOL FOR NURSING, COLLEGE OF NEW ROCHELLE (NURSING), MERCY COLLEGE (SOCIAL WORK, OCCUPATIONAL THERAPY AND MENTAL HEALTH COUNSEL), FORDHAM UNIVERSITY SOCIAL WORK, WESTCHESTER COMMUNITY COLLEGE (SOCIAL WORK), NEW YORK UNIVERSITY GRADUATE SCHOOL OF SOCIAL WORK AND LEHMAN COLLEGE (SOCIAL WORK). STUDENT INTERNS ARE SUPERVISED ON A WEEKLY BASIS BY THE CLINICAL COORDINATOR/ASST. DIRECTOR, AND THE PROGRAM DIRECTOR. APPROXIMATELY 40 STUDENTS BENEFIT FROM THIS SERVICE ON AN ANNUAL BASIS.

THE PROGRAM DIRECTOR FACILITATES A MONTHLY CAREGIVER SUPPORT GROUP AT THE CENTER WHICH INCLUDES WESTCHESTER COUNTY RESIDENTS AND CLIENTS/ RESIDENTS OF ST. CABRINI NURSING HOME. REFRESHMENTS ARE SERVED TO THE GROUP PARTICIPANTS, AND GUEST SPEAKERS ARE ENGAGED BY CABRINI TO ADDRESS CARE GIVING ISSUES. APPROXIMATELY SIXTY INDIVIDUALS BENEFIT FROM THIS SERVICE ON AN ANNUAL BASIS.

IN AUGUST 2013, CABRINI OF WESTCHESTER OPENED THE SOCIAL ADULT DAY PROGRAM, MONDAY THROUGH FRIDAY, TO SERVE COMMUNITY INDIVIDUALS 55 YEARS AND OLDER, WHO ARE MEMORY AND/OR PHYSICALLY IMPAIRED AND SOCIALLY ISOLATED. THE PROGRAM PROVIDES A VARIETY OF SERVICES INCLUDING THERAPEUTIC RECREATION, PERSONAL CARE/ASSISTANCE, CASE MANAGEMENT, NUTRITIONAL SERVICES INCLUDING TWO MEALS PER DAY, RESPITE FOR CAREGIVERS INCLUDING CAREGIVER SUPPORT GROUPS, TRANSPORTATION, AND ON-SITE PODIATRY, PSYCHOLOGICAL AND HAIRDRESSING SERVICES. SIXTEEN INDIVIDUALS PARTICIPATED IN THE PROGRAM IN 2014 AND 786 VISITS WERE PROVIDED.

132212  
08-27-14

Schedule O (Form 990 or 990-EZ) (2014)

55

10391114 756359 361535.0

2014.05010 CABRINI OF WESTCHESTER

36153501



Name of the organization

CABRINI OF WESTCHESTER

Employer identification number

23-7063399

FORM 990, PART III, LINE 4D, OTHER PROGRAM SERVICES:

CABRINI IMMIGRANT SERVICES' (CIS) STOREFRONT LOCATION IN DOBBS FERRY, NY SERVES THE IMMIGRANT COMMUNITIES IN THE "RIVERTOWNS" OF WESTCHESTER COUNTY, NEW YORK. CIS PROVIDES INSTRUCTION IN ENGLISH TO ADULTS, LEGAL REFERRALS AND ASSISTANCE WITH IMMIGRATION AND DOCUMENTATION, JOB REFERRALS AND SKILLS TRAINING, ACCESS TO HEALTHCARE, EDUCATION, SOCIAL SERVICES AND ENCULTURATION PROGRAMS. IT ALSO OFFERS AN AFTER-SCHOOL HOMEWORK PROGRAM FOR CHILDREN IN GRADES 1-6 WHO ATTEND THE LOCAL ELEMENTARY SCHOOL. SINCE ITS FOUNDING IN 1999, CIS HAS SERVED IMMIGRANTS FROM 106 COUNTRIES.

DEMOGRAPHICALLY, THROUGHOUT WESTCHESTER COUNTY, IMMIGRANTS COMPRISE THE LARGEST COMPONENT OF POPULATION CHANGE OVER THE PAST DECADE. SUCH POPULATION TRENDS ARE EXPECTED TO CONTINUE AND WE WILL SEE AN INCREASE IN THE NUMBER OF IMMIGRANTS IN THIS COUNTY.

IN 2014, WITH A FTE STAFF OF 1.375 EMPLOYEES AND AN AVERAGE OF 35 MONTHLY ADULT VOLUNTEERS, CIS SERVICED A TOTAL OF 1467 INDIVIDUALS: 85 INDIVIDUALS RECEIVED ESL SERVICES; 45 CHILDREN WERE SUPPORTED ACADEMICALLY DURING THE SCHOOL YEAR AND SUMMER SUPPORT PROGRAMS; 336 LEGAL CONSULTATION APPOINTMENTS WERE HELD; 263 INDIVIDUALS RECEIVED INFORMATION, ASSISTANCE AND REFERRALS OVER THE PHONE AND IN PERSON FOR IMMIGRATION ISSUES, SOCIAL SERVICES, HEALTHCARE REFERRALS, JOB ASSISTANCE AND BENEFITS HELP. 150 INDIVIDUALS BENEFITTED FROM CLOTHING, FOOD, HOLIDAY GIFTS, SCHOOL SUPPLIES AND OTHER DISTRIBUTION SERVICES. 2,800 CONTACTS, REQUESTS AND INQUIRIES WERE RESPONDED TO DURING THE COURSE OF 2014.

EDUCATIONAL SERVICES ARE THE FOUNDATIONAL CORNERSTONE OF OFFERINGS

TRADITIONALLY PROVIDED BY CIS, INCLUDING ENGLISH AS A SECOND LANGUAGE,

432212  
08-27-14

Schedule O (Form 990 or 990-EZ) (2014)

Name of the organization

CABRINI OF WESTCHESTER

Employer identification number

23-7063399

CITIZENSHIP TEST PREPARATION AND ASSISTANCE WITH HIGHER EDUCATION. CIS

CONTINUES ITS 100% SUCCESS RATE IN PREPARING AN INCREASING NUMBER OF

CLIENTS FOR CITIZENSHIP, WELCOMING 20 NEW CITIZENS. SEVERAL ESL

STUDENTS WERE ASSISTED WITH COLLEGE APPLICATIONS AND COURSEWORK. IN

ADDITION, 6 PARENT SUPPORT WORKSHOP SESSIONS WERE ALSO OFFERED.

IN 2014, THE PARTNERSHIP BETWEEN CIS AND SPRING COMMUNITY PARTNERS

CONTINUED TO ADVANCE THE MISSION TO INCREASE ACCESS AND AVAILABILITY OF

RESOURCES AND OPPORTUNITIES TO CHILDREN IN NEED. 75 CIS CHILDREN

BENEFITTED FROM PROGRAMS INCLUDING PARTIAL SCHOLARSHIPS TO PRE-SCHOOL

AND SUMMER CAMP, WINTER CLOTHING AND BACK TO SCHOOL SUPPLIES, MUSICAL

INSTRUMENT LESSONS AND PARTICIPATION IN SPORTS AND ACADEMIC ENRICHMENT

PROGRAMS.

CIS CONTINUED TO COLLABORATE WITH THE FOLLOWING LOCAL AGENCIES AND

ORGANIZATION TO HELP ASSIST AND MEET THE NEEDS OF THEIR CLIENTS:

SPRING COMMUNITY PARTNERS, HUDSON VALLEY COMMUNITY COALITION,

WESTCHESTER HISPANIC COALITION, CATHOLIC CHARITIES, CATHOLIC LEGAL

IMMIGRATION NETWORK, NEW YORK IMMIGRATION COALITION, CABRINI IMMIGRANT

SERVICES - NEW YORK CITY, ST. JOHN'S RIVERSIDE HEALTH SYSTEM AND FAMILY

PRACTICE CLINICS, SANCTUARY, MY SISTERS PLACE-SHELTER FOR DOMESTIC

VIOLENCE VICTIMS, FAMILY-TO-FAMILY FOOD DISTRIBUTION, JUSTICE FOR

IMMIGRANTS, OPEN DOOR, FAMILY HEALTH SERVICES, DOBBS FERRY RECREATION,

CURIOUS-ON-HUDSON, AMONG OTHERS.

EXPENSES \$ 699,510. INCLUDING GRANTS OF \$ 0. REVENUE \$ 0.

FORM 990, PART VI, SECTION A, LINE 6:

THERE SHALL BE EX-OFFICIO MEMBERS OF THE CORPORATION WHO SHALL BE DIVIDED

INTO TWO CLASSES, CLASS A AND CLASS B, WHICH MAY APPOINT ADDITIONAL MEMBERS

TO A THIRD CLASS, CLASS C, IN ACCORDANCE WITH SUBSECTIONS (B) (I) AND (II),

332212  
08 27 14

Schedule O (Form 990 or 990-EZ) (2014)

57

10391114 756359 361535.0

2014.05010 CABRINI OF WESTCHESTER

36153501

Name of the organization

CABRINI OF WESTCHESTER

Employer identification number

23-7063399

AS FOLLOWS:

(A) CLASS A SHALL BE COMPRISED OF THAT INDIVIDUAL WHO HOLDS THE OFFICE OF PROVINCIAL (HEREINAFTER THE "CLASS A MEMBER" OR "PROVINCIAL ") OF THE MISSIONARY SISTERS OF THE SACRED HEART OF JESUS, STELLA MARIS PROVINCE OR ITS CANONICAL SUCCESSOR (HEREINAFTER THE "RELIGIOUS INSTITUTE"). THE CLASS A MEMBER SHALL BE A VOTING EX-OFFICIO MEMBER OF THE CORPORATION. CLASS B SHALL BE COMPRISED OF THOSE INDIVIDUALS WHO HOLD THE OFFICE OF PROVINCIAL COUNCILORS (HEREINAFTER THE "CLASS B MEMBERS" OR THE "COUNCILORS") OF THE RELIGIOUS INSTITUTE. THE CLASS B MEMBERS SHALL BE VOTING EX-OFFICIO MEMBERS OF THE CORPORATION. THE CLASS A MEMBERS AND THE CLASS B MEMBERS ARE COLLECTIVELY REFERRED TO AS "EX-OFFICIO MEMBERS."

(B) THE EX -OFFICIO MEMBERS MAY FROM TIME TO TIME BY A MAJORITY VOTE APPOINT MEMBERS OF CLASS C AS FOLLOWS:

(I) A NON-COUNCIL MEMBER OF THE RELIGIOUS INSTITUTE MAY BE APPOINTED TO SIT AS A VOTING MEMBER OF THIS CORPORATION FOR A TERM TO BE SET BY THE APPOINTING EX-OFFICIO MEMBERS, WHICH TERM SHALL BE STATED IN THE APPOINTING RESOLUTION. THE CLASS C MEMBER SO APPOINTED (HEREINAFTER THE "CLASS C MISSIONARY SISTER MEMBER") MAY BE REMOVED, WITH OR WITHOUT CAUSE, DURING SAID TERM BY A RESOLUTION ADOPTED BY THE EX-OFFICIO MEMBERS; AND

(II) IN ADDITION TO THE CLASS C MISSIONARY SISTER MEMBER, THE EX-OFFICIO MEMBERS EX-OFFICIO MEMBERS MAY, FROM TIME TO TIME, APPOINT A TRUSTEE, INCLUDING HONORARY TRUSTEES, AS A VOTING MEMBER OF CLASS C (HEREINAFTER REFERRED TO AS "CLASS C TRUSTEE MEMBER. ") IF THE EX -OFFICIO MEMBERS ADOPT

A RESOLUTION PROVIDING FOR A CLASS C TRUSTEE MEMBER, THE EX-OFFICIO MEMBERS

432212  
08 27 14

Schedule O (Form 990 or 990-EZ) (2014)

Name of the organization

CABRINI OF WESTCHESTER

Employer identification number  
23-7063399

MAY APPOINT A CLASS C TRUSTEE MEMBER WITH A VOTE FOR A ONE (1) YEAR TERM. IF THE EX -OFFICIO MEMBERS EXERCISE THE RIGHT TO APPOINT A CLASS C TRUSTEE MEMBER PURSUANT TO THE PROVISIONS OF THIS SUBSECTION (B) (II), THE APPOINTMENT SHALL BE MADE AND BECOME EFFECTIVE AT AN ANNUAL MEETING OF THE MEMBERS PURSUANT TO ARTICLE V, SECTION 1 OF THESE BYLAWS AND SHALL TERMINATE AT THE END OF THE BUSINESS DAY IMMEDIATELY PRIOR TO THE NEXT ANNUAL MEETING FOLLOWING THE EFFECTIVE DATE OF OFFICE IN THE APPOINTING RESOLUTION.

(C) THE EX-OFFICIO MEMBERS, THE CLASS C MISSIONARY SISTER MEMBER, IF APPOINTED PURSUANT TO SUBSECTION (B) ABOVE; AND THE CLASS C TRUSTEE MEMBER, IF APPOINTED PURSUANT TO SUBSECTION (B) ABOVE, COLLECTIVELY SHALL BE REFERRED TO IN THESE BYLAWS AS THE "MEMBERS."

(D) THE PROVINCIAL AND THE PROVINCIAL COUNCILORS SHALL SERVE AS EX-OFFICIO MEMBERS OF THE CORPORATION DURING THEIR TERM IN OFFICE AS PROVINCIAL AND MEMBERS OF THE PROVINCIAL COUNCIL OF THE RELIGIOUS INSTITUTE. MEMBERS CEASING TO FUNCTION AS PROVINCIAL OR AS MEMBERS OF THE PROVINCIAL COUNCIL SHALL CEASE TO BE EX-OFFICIO MEMBERS OF THE CORPORATION. A CERTIFIED RESOLUTION OF THE SECRETARY OF THE RELIGIOUS INSTITUTE NAMING THE VALIDLY ELECTED AND CANONICALLY INSTALLED PROVINCIAL AND PROVINCIAL COUNCIL SHALL BE BINDING IN THIS MATTER.

THE APPOINTMENT OR REAPPOINTMENT OF EITHER OR BOTH OF THE CLASS C MISSIONARY SISTER MEMBER AND/OR THE CLASS C TRUSTEE MEMBER SHALL REQUIRE THE AFFIRMATIVE ACTION'S OF THE EX-OFFICIO MEMBERS AT EACH ANNUAL MEETING. FAILURE OF THE EX-OFFICIO MEMBERS TO TAKE ACTION BY RESOLUTION ANNUALLY SHALL MEAN THAT THERE IS NO CLASS C MISSIONARY SISTER MEMBER OR CLASS C

432212  
08-27-14

Schedule O (Form 990 or 990-EZ) (2014)

Name of the organization

CABRINI OF WESTCHESTER

Employer identification number

23-7063399

TRUSTEE MEMBER, AS THE CASE MAY BE, FOR THE YEAR FOLLOWING THE ANNUAL MEETING AT WHICH THE APPOINTMENT OR ITS RENEWAL WAS TO HAVE BEEN TAKEN BY A RESOLUTION. FOR PURPOSES OF TAKING CORPORATE ACTION FOR APPOINTING MEMBERS PURSUANT TO SECTION L(B), ALL POWER SHALL BE VESTED SOLELY IN THE EX-OFFICIO MEMBERS.

FORM 990, PART VI, SECTION A, LINE 7A:

THE MISSIONARY SISTERS OF SACRED HEART OF JESUS HAVE THE POWER TO ELECT MEMBERS OF THE GOVERNING BODY AFTER THE NOMINATING COMMITTEE SENDS THEM A NOMINATION FOR THE BOARD.

FORM 990, PART VI, SECTION A, LINE 7B:

THE MEMBERS HAVE THE RIGHT TO AMEND THE BY-LAWS AND CERTIFICATE OF INCORPORATION, AND APPROVE SUBSTANTIAL TRANSACTIONS.

FORM 990, PART VI, SECTION B, LINE 11:

CABRINI OF WESTCHESTER HAS ITS FORM 990 PREPARED BY AN OUTSIDE ACCOUNTING FIRM AND HAS ESTABLISHED THE FOLLOWING REVIEW PROCESS TO ENSURE THAT THE INFORMATION REPORTED IS COMPLETE AND ACCURATE. WHEN THE FORM 990 HAS BEEN PREPARED, REVIEWED BY MANAGEMENT AND IS READY TO BE FILED WITH THE INTERNAL REVENUE SERVICE, IT IS ELECTRONICALLY SENT TO THE BOARD MEMBERS OF THE ORGANIZATION FOR ANY COMMENTS. ANY COMMENTS ARE THEN GROUPED, SUMMARIZED AND PROVIDED TO THE OUTSIDE ACCOUNTANTS. EACH ISSUE IS DOCUMENTED AND ADDRESSED UNTIL THE RETURN IS FINALIZED AND APPROVED FOR FILING.

FORM 990, PART VI, SECTION B, LINE 12C:

THE CONFLICT OF INTEREST POLICY IS APPLICABLE TO DIRECTORS, OFFICERS, AND TO ALL EMPLOYEES WHO CAN INFLUENCE THE ACTIONS OF THE ORGANIZATION.

132212  
08-27-14

Schedule O (Form 990 or 990-EZ) (2014)

60

10391114 756359 361535.0

2014.05010 CABRINI OF WESTCHESTER

36153501

Name of the organization

CABRINI OF WESTCHESTER

Employer identification number

23-7063399

ANNUALLY, EACH DIRECTOR, OFFICER, AND MANAGEMENT EMPLOYEE HAS TO COMPLETE A CONFLICT OF INTEREST DISCLOSURE STATEMENT, WHICH WILL INFORM THE ORGANIZATION OF ANY POTENTIAL OR ACTUAL CONFLICTS A PERSON MAY HAVE. IF ANYTHING SHOULD CHANGE AFTER SIGNING THE POLICY, THE PERSON IS REQUIRED TO NOTIFY THE CEO OR BOARD CHAIR REGARDING THE CONFLICT.

TRANSACTIONS WITH PARTIES WITH WHOM A CONFLICTING INTEREST EXISTS MAY BE UNDERTAKEN ONLY IF ALL OF THE FOLLOWING ARE OBSERVED:

1. THE CONFLICTING INTEREST IS FULLY DISCLOSED;
2. THE PERSON WITH THE CONFLICT OF INTEREST IS EXCLUDED FROM THE DISCUSSION AND APPROVAL OF SUCH TRANSACTION;
3. A COMPETITIVE BID OR COMPARABLE VALUATION EXISTS; AND
4. THE [BOARD OR A DULY CONSTITUTED COMMITTEE THEREOF] HAS DETERMINED THAT THE TRANSACTION IS IN THE BEST INTEREST OF THE ORGANIZATION.

DISCLOSURE IN THE ORGANIZATION SHOULD BE MADE TO THE CHIEF EXECUTIVE OFFICER (OR IF SHE OR HE IS THE ONE WITH THE CONFLICT, THEN TO THE BOARD CHAIR), WHO SHALL BRING THE MATTER TO THE ATTENTION OF THE AUDIT COMMITTEE OF THE BOARD. DISCLOSURE INVOLVING DIRECTORS SHOULD BE MADE TO THE BOARD CHAIR, (OR IF SHE OR HE IS THE ONE WITH THE CONFLICT, THEN TO THE BOARD VICE-CHAIR) WHO SHALL BRING THESE MATTERS TO THE AUDIT COMMITTEE OF THE BOARD.

THE AUDIT COMMITTEE OF THE BOARD SHALL DETERMINE WHETHER A CONFLICT EXISTS AND IN THE CASE OF AN EXISTING CONFLICT, WHETHER THE CONTEMPLATED TRANSACTION MAY BE AUTHORIZED AS JUST, FAIR, AND REASONABLE TO CCNR. THE DECISION OF THE AUDIT COMMITTEE OF THE BOARD ON THESE MATTERS WILL REST IN

332212  
08-27-14

Name of the organization

CABRINI OF WESTCHESTER

Employer identification number

23-7063399

THEIR SOLE DISCRETION, AND THEIR CONCERN MUST BE THE WELFARE OF CCNR AND THE ADVANCEMENT OF ITS PURPOSE.

FORM 990, PART VI, SECTION B, LINE 15:

COMPENSATION PAID TO THE PRESIDENT IS DETERMINED BY A RELATED ENTITY, CABRINI OF WESTCHESTER, USING THE FOLLOWING PROCESS:

AN EXECUTIVE COMPENSATION AND BENEFITS SURVEY WAS UNDERTAKEN BY AN INDEPENDENT THIRD PARTY IN 2012. DATA FROM 29 ORGANIZATIONS WITH SIMILAR OPERATIONS WAS COLLECTED AND ANALYZED. THE POSITIONS SURVEYED INCLUDED THE:

PRESIDENT AND CEO

VICE PRESIDENT AND CFO

VICE PRESIDENT AND ADMINISTRATOR

VICE PRESIDENT OF EXTERNAL AFFAIRS (MARKETING, DEVELOPMENT AND PUBLIC RELATIONS)

IN ALL CASES CABRINI SALARIES WERE BELOW THE 50TH PERCENTILE FOR COMPARABLY SIZED FACILITIES IN CABRINI'S GEOGRAPHIC REGION. IN ADDITION, ANY INCREASE FOR THESE POSITIONS, IF GIVEN, ARE LIMITED TO THE SAME PERCENT INCREASE GRANTED TO ALL NON-UNION STAFF AND MUST BE APPROVED BY THE BOARD OF DIRECTORS. SUCH APPROVAL IS DOCUMENTED IN THE MINUTES OF THE BOARD MEETING.

FORM 990, PART VI, SECTION C, LINE 18:

THE ORGANIZATION MAKES ITS FORM 990 AVAILABLE FOR PUBLIC INSPECTION AS REQUIRED UNDER INTERNAL REVENUE CODE SECTION 6104 BY POSTING IT ON

GUIDESTAR.ORG. FORMS 990 AND 1023 ARE ALSO AVAILABLE FOR PUBLIC INSPECTION

432212 08-27-14

Name of the organization

CABRINI OF WESTCHESTER

Employer identification number

23-7063399

UPON WRITTEN REQUEST AT 115 BROADWAY, DOBBS FERRY, NY 10522.

THE ORGANIZATION ALSO FILES AN ANNUAL COST REPORT WITH THE NEW YORK STATE DEPARTMENT OF HEALTH WHICH CONTAINS FINANCIAL STATEMENTS AND RELATED NOTE DISCLOSURES. THIS COST REPORT IS AVAILABLE TO THE PUBLIC UPON REQUEST.

FORM 990, PART VI, SECTION C, LINE 19:

THE ORGANIZATION'S GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY AND FINANCIAL STATEMENTS ARE AVAILABLE FOR PUBLIC INSPECTION UPON WRITTEN REQUEST AT 115 BROADWAY, DOBBS FERRY, NY 10522.

FORM 990, PART XII, LINE 2C

THE ORGANIZATION HAS A COMMITTEE THAT ASSUMES RESPONSIBILITY FOR OVERSIGHT OF THE AUDIT OF ITS FINANCIAL STATEMENTS AND SELECTION OF AN INDEPENDENT ACCOUNTANT. THIS PROCESS DID NOT CHANGE FROM THE PRIOR YEAR.







**Part V Transactions With Related Organizations** Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35b, or 36.

**Note.** Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule.

**1** During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

- a** Receipt of (i) interest, (ii) annuities, (iii) royalties, or (iv) rent from a controlled entity
- b** Gift, grant, or capital contribution to related organization(s)
- c** Gift, grant, or capital contribution from related organization(s)
- d** Loans or loan guarantees to or for related organization(s)
- e** Loans or loan guarantees by related organization(s)
- f** Dividends from related organization(s)
- g** Sale of assets to related organization(s)
- h** Purchase of assets from related organization(s)
- i** Exchange of assets with related organization(s)
- j** Lease of facilities, equipment, or other assets to related organization(s)
- k** Lease of facilities, equipment, or other assets from related organization(s)
- l** Performance of services or membership or fundraising solicitations for related organization(s)
- m** Performance of services or membership or fundraising solicitations by related organization(s)
- n** Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)
- o** Sharing of paid employees with related organization(s)
- p** Reimbursement paid to related organization(s) for expenses
- q** Reimbursement paid by related organization(s) for expenses
- r** Other transfer of cash or property to related organization(s)
- s** Other transfer of cash or property from related organization(s)

**2** If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds.

(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved	Yes	No
(1) CABRINI CARE AT HOME	L	311,476. BOOK VALUE	BOOK VALUE		X
(2) CABRINI HDFC	L	50,694. BOOK VALUE	BOOK VALUE		X
(3) CABRINI CARE AT HOME	D	2,632,996. BOOK VALUE	BOOK VALUE		X
(4)					
(5)					
(6)					



**Part VII** Supplemental Information

Provide additional information for responses to questions on Schedule R (see instructions).

Lined area for supplemental information.

## RESOLUTION

RESOLVED, that the Public Health and Health Planning Council, on this 4th day of August, 2016, approves the filing of the Certificate of Dissolution of Cabrini Center for Nursing and Rehabilitation, Inc., as attached.



## MEMORANDUM

**To:** Public Health and Health Planning Council  
**From:** Richard J. Zahnlester, General Counsel  
**Date:** June 3, 2016  
**Subject:** Proposed Dissolution of Tioga Healthcare Facility, Inc.

---

Tioga Healthcare Facility, Inc. (THF) requests Public Health and Health Planning Council approval of its proposed dissolution in accordance with the requirements of Not-For-Profit Law § 1002(c) and § 1003, as well as 10 NYCRR Part 650.

THF is a Not-For-Profit corporation incorporated in 1929, and is licensed to operate an article 28 facility. The corporation ceased operations on December 31, 2007 when the corporation's assets were purchased by ElderWood Affiliates, Inc. (d/b/a ElderWood Senior Care). THF currently exists only on paper, as it is non-operational and has no remaining assets and liabilities.

Attached are letters from Joseph A. Scopelliti, M.D., President and CEO of The Guthrie Clinic (The Guthrie Clinic, formerly Guthrie Healthcare System, is the sole member of THF) explaining the need for the proposed dissolution, an assets and liabilities statement for the period ending December 31, 2007, a plan of dissolution, a board resolution authorizing the proposed dissolution, a Certificate of Dissolution for THF, and a Verified Petition for Approval of Certificate of Dissolution for THF.

The proposed Certificate of Dissolution of THF is in legally acceptable form.

Attachments.



888-448-8474  
www.Guthrie.org

May 24, 2016

**VIA ELECTRONIC MAIL**

Eric J. Mantey, Esq.  
NYS Department of Health  
Division of Legal Affairs  
Bureau of Health Facility Planning and Development  
2462 Corning Tower, Empire State Plaza  
Albany, NY 12237-0031

Dear Mr. Mantey:

In response to your request and in connection with the proposed dissolution of Tioga Healthcare Facility, Inc. ("THF"), below is a brief summary of THF's organizational and operational history.

THF was incorporated on June 19, 1929 as a Type B corporation under Section 402 of the Not-For-Profit Corporation Law of the State of New York. Pursuant to THF's Certificate of Incorporation, THF was formed for exclusively charitable purposes including to organize, establish, manage and operate one or more assisted living facilities and a home care services agency and to engage in any other activity designed to promote the purposes of THF. THF has been recognized by the IRS as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. THF's sole corporate member is The Guthrie Clinic (formerly known as Guthrie Healthcare System).

THF had been licensed by the NYS Department of Health to operate a 40-resident Assisted Living Program under Article 46-B of the New York Public Health Law. Specifically, THF provided assisted living (24-hour assistance) with 25 assisted living beds and enriched living (independent living with some assistance) with 8 enriched housing apartments in a separate residence known as Tioga Senior Living located in Waverly, New York.

THF was also licensed as a long-term home health care services agency (under Article 46-B of the New York Public Health Law) in Broome, Chemung, Tioga and Tompkins counties, including Nursing, Home Health Aide, Personal Care, Physical Therapy, Occupational Therapy, Respiratory Therapy, Speech Language Pathology, Medical Social Work and Nutrition. The home care services agency license was only used to serve the residents of the assisted living facility.

THF ceased operations on December 31, 2007 when it consummated a transaction whereby it sold substantially all of its assets to designated affiliates of ElderWood Affiliates, Inc. (d/b/a ElderWood Senior Care). Pursuant to the terms of the asset purchase agreement, to the extent transferrable, THF transferred all governmental permits, licenses and registrations to ElderWood upon consummation of the





888-448-8474  
www.Guthrie.org

Letter to Eric J. Mantey, Esq.  
May 24, 2016  
Page 2 of 2

transaction (and to the extent not transferrable, such permits, licenses and registrations were effectively surrendered on December 31, 2007 when THF ceased operations thereunder and never renewed such permits, licenses and registrations). Shortly thereafter, THF divested itself of its remaining assets and satisfied any remaining liabilities.

Dissolution is being requested to orderly wind up and finalize the affairs of THF, which is currently a non-operational organization with no remaining assets or liabilities.

Please let us know if you have any questions or if you need any additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Scopelliti".

Joseph A. Scopelliti, M.D.  
President & CEO  
The Guthrie Clinic

Tioga Healthcare Facility  
Working Balance Sheet  
For the Period Ending December 31, 2007

	Beginning Balance	Net Activity	Ending Balance
<b>Current Assets</b>			
110500 Cash-Gen Oper #3740033992	106,911	-106,911	0
110505 Cash-Sec Dep #67690206	16,167	-16,167	0
Cash and Cash Equivalents	123,078	-123,078	0
Notes Receivable - Affiliate	0	0	0
130000 Account Receivable	10,468	-10,468	0
130600 A/R-Asst Liv/Enr Housing	167,134	-167,134	0
135000 Res For Bad Dabt	(70,652)	70,652	0
140000 Reserve For Contr Allow	0	0	0
Accounts Receivable, Net of allowance for doubtful accounts of	106,950	-106,950	0
Notes Receivable	0	0	0
Inventories	0	0	0
142000 Int Rec-Investment	386	-386	0
142010 Div Rec-Investments	7	-7	0
145000 Accts Rec-Other	54	-54	0
180000 Prepd Prof Liab Insurance	1,354	-1,354	0
180010 Prepd Other Insurance	3,042	-3,042	0
180030 Prepd Maint Contracts	2,377	-2,377	0
180040 Prepd Dues & Subscription	0	0	0
180050 Prepd Property Tax	16,208	-16,208	0
180080 Prepaid Workers Compensation	388	-388	0
180300 Prepd Other Expenses	167	-167	0
Prepaid Expenses and Other Assets	23,983	-23,983	0
Demand Note Receivable - Guthrie Clinic Ltd.	0	0	0
Capital Sublease Receivable - Guthrie Clinic Ltd.	0	0	0
145114 A/R-Guthrie Clinic	(35)	35	0
Receivable from Guthrie Clinic Ltd.	(35)	35	0
142050 Int Rec-Donations	38	-38	0
150000 Due To/From Affiliates	(9,244)	9,244	0
150600 Donations Receivable	414	-414	0
150650 Pension Receivable/Payable	42,743	-42,743	0
Due from Affiliates	33,951	-33,951	0
<b>Total Current Assets</b>	<b>287,927</b>	<b>(287,927)</b>	<b>0</b>
<b>Assets limited as to use:</b>			
Investment - Trustee Held	0	0	0
Board Designated Funds	0	0	0
118705 Restricted Grants	838	-838	0
Temporarily and Permanently Restricted Funds	838	-838	0
158498 Investment-M&I Trust Captive	41,744	-41,744	0
165000 Malprac Captive Ins Funding	8,151	-8,151	0
165010 Malprac Buffer Self Ins-GHS	16,119	-16,119	0
Self Insurance Trust Funds	66,014	-66,014	0
190525 Patient Escrow #67690214	5,078	-5,078	0
Patient Escrow	5,078	-5,078	0
<b>Total Assets limited as to use</b>	<b>71,930</b>	<b>(71,930)</b>	<b>0</b>
<b>Other Assets</b>			
Investment	0	0	0
Notes Receivable, LT - Affiliates, net of current portion	0	0	0
Notes Receivable, net of current portion	0	0	0
Capital Sublease Receivable, net of current portion	0	0	0
Receivable from Guthrie Clinic, net of current portion	0	0	0
170100 Land	3,736	-3,736	0
170150 Land Improvements	141,926	-141,926	0
170200 Buildings	5,639,796	-5,639,796	0
170300 Fixed Equipment	123,164	-123,164	0
170400 Movable Equipment	334,759	-334,759	0
175150 Acc Depr-Land Imp	(124,471)	124,471	0
175200 Acc Depr-Buildings	(4,475,050)	4,475,050	0
175300 Acc Depr-Fixed Equip	(96,863)	96,863	0
175400 Acc Depr-Movable Equip	(278,661)	278,661	0
Property, Plant & Equipment, net	1,268,335	-1,268,335	0
Other Assets, net	0	0	0

Tioga Healthcare Facility  
Working Balance Sheet  
For the Period Ending December 31, 2007

	Beginning Balance	Net Activity	Ending Balance
Prepaid Pension, Cost	0	0	0
Total Other Assets	1,268,335	(1,268,335)	0
<b>Total Assets</b>	<b>1,628,192</b>	<b>(1,628,192)</b>	<b>0</b>
<b>Current Liabilities</b>			
Notes Payable - Line of credit	0	0	0
Current maturities of long-term obligations	0	0	0
Notes Payable - Affiliate - Current	0	0	0
Due to Affiliates	0	0	0
240000 Accounts Payable-Trade	2,388	-2,388	0
240540 Accr Exp-Other	15,055	-15,055	0
240545 Accr Exp-Investments	31	-31	0
240559 Accr Exp-Worker'S Comp	977	-977	0
240561 Accr Exp-Prof Liab Ins	3,402	-3,402	0
270310 Security Deposits	16,167	-16,167	0
Accrued Expenses & Accounts Payable	38,020	-38,020	0
220100 Salaries & Wages Payable	17,279	-17,279	0
220210 Soc Sec Tax Withheld	3,153	-3,153	0
220300 Other Misc Payable	(25)	25	0
Accrued Payroll, Taxes and Other	20,407	-20,407	0
230245 Vacation Payable	27,397	-27,397	(0)
Accrued Vacation	27,397	-27,397	(0)
Accrued Interest	0	0	0
255500 A/P-NYPHRM Region Pool	(10)	10	0
255510 A/P-NYPHRM State Pool	(4)	4	0
Third Party Payable	(14)	14	0
280540 Def Income-Sc Res Libr	38,431	-38,431	0
Other	38,431	-38,431	0
<b>Total Current Liabilities</b>	<b>124,240</b>	<b>(124,240)</b>	<b>(0)</b>
<b>Other Liabilities</b>			
Due to Affiliates	0	0	0
Demand Notes Payable - Affiliates, net of current portion	0	0	0
Long Term Debts	0	0	0
292525 Patient Escrow 6769-021-4	5,078	-5,078	0
Patient Escrow	5,078	-5,078	0
Accrued Pension Costs	0	0	0
272100 Asset Retirement Obligation	2,739,879	-2,739,879	0
272559 Accr Exp-Workers Comp LT	14,922	-14,922	0
272561 Accr Exp-Prof Liab Ins LT	59,832	-59,832	0
Other Liabilities	2,814,633	-2,814,633	0
<b>Total Other Liabilities</b>	<b>2,819,711</b>	<b>(2,819,711)</b>	<b>0</b>
<b>Total Liabilities</b>	<b>2,943,952</b>	<b>-2,943,952</b>	<b>(0)</b>
<b>Net Assets</b>			
330400 Equity Transfers	585,879	-585,879	0
Equity Transfers	585,879	-585,879	0
Accumulated Earnings - Current Year	(91,958)	2,533,337	2,441,379
330100 Accum Earnings-Prior Yrs	(4,087,930)	1,646,551	(2,441,379)
330200 Accum Earnings	1,536,404	-1,536,404	0
330520 Plant Fund Balance	651,183	-651,183	0
330650 Minimum Pension Fund Liability	91,415	-91,415	0
Unrestricted	(1,808,929)	-632,450	(2,441,379)
310005 Temporary-Grants	(838)	838	0
310400 Restricted Fund 1/94	86	-86	0
Temporarily restricted	(752)	752	0
Permanently restricted	0	0	0
<b>Total Net Assets</b>	<b>(1,315,760)</b>	<b>1,315,760</b>	<b>0</b>
<b>Total Liabilities and Net Assets</b>	<b>1,628,192</b>	<b>-1,628,192</b>	<b>(0)</b>

**Plan of Dissolution**

**Of**

**Tioga Healthcare Facility, Inc.**

The Board of Directors of Tioga Healthcare Facility, Inc. (the "corporation"), at a meeting duly convened on the 23<sup>rd</sup> day of May, 2012, pursuant to notice given in accordance with the law, a quorum being present at all times, having considered the advisability of voluntarily dissolving the corporation, and it being the majority opinion of the Board of Directors that dissolution is advisable and it is in the best interests of the corporation to effect such a dissolution, and the Board of Directors having adopted, by majority vote, a Plan for a voluntary dissolution of the corporation, does hereby resolve that the corporation be dissolved in accordance with the following Plan:

1. Upon resolution of the Board of Directors adopting a Plan of Dissolution, the Board of Directors shall submit the plan to a vote of the member, Guthrie Healthcare System ("GHS"), as well as Guthrie Health pursuant to its authority under the Alignment Agreement for approval.
2. No approval of the dissolution of the corporation is required by any government agency or officer.
3. The corporation has no assets or liabilities.
4. Within ten (10) days after the authorization of the Plan of Dissolution by a vote of the Board of Directors, or by GHS as member, a certified copy of the Plan shall be filed with the Attorney General of the State of New York pursuant to N-PCL §1002(d).
5. A Certificate of Dissolution shall be executed and all approvals required under Section 1003 of the Not-for-Profit Corporation Law shall be attached thereto.

Certification

I, Kenneth R. Levitzky, Esq, Chairman, Board of Directors of Tioga Healthcare Facility, Inc. hereby certify under penalties for perjury that a meeting of the Board of Directors of Tioga Healthcare Facility, Inc. was duly held at 5:00pm on May 23, 2012 at Troy Community Hospital and the within Plan of Dissolution was duly submitted and passed by a majority of the Board of Directors.

 \_\_\_\_\_

Name: Kenneth R. Levitzky, Esq

Title: Chairman, Board of Directors

Dated the 23<sup>rd</sup> day of May, 2012

**RESOLUTIONS OF THE BOARD OF DIRECTORS**  
**GUTHRIE HEALTHCARE SYSTEM**  
**MEETING OF July 20, 2012**

WHEREAS, Guthrie Healthcare System ("GHS") is the sole member of certain inactive corporations that have no assets and no liabilities, including Dar-Way Nursing Home, Inc., Tioga Healthcare Facility, Inc. and Tioga Nursing Facility, Inc.; and

WHEREAS, Dar-Way Nursing Home, Inc. is a Pennsylvania nonprofit corporation that has been recognized by the Internal Revenue Service as a tax-exempt organization described in Section 501(c)(3) of the Code that last conducted business on October 1, 2004; and

WHEREAS, Tioga Healthcare Facility, Inc. is a New York not-for-profit corporation that has been recognized by the Internal Revenue Service as a tax-exempt organization described in Section 501(c)(3) of the Code that last conducted business on December 31, 2007; and

WHEREAS, Tioga Nursing Facility, Inc. is a New York not-for-profit corporation that has been recognized by the Internal Revenue Service as a tax-exempt organization described in Section 501(c)(3) of the Code that last conducted business on December 31, 2007; and

WHEREAS, Pennsylvania corporations that have ceased doing business and divested themselves of their assets, in lieu of dissolution, may be relieved of the responsibility for filing corporation tax reports by filing an Out of Existence/Withdrawal Affidavit; and

WHEREAS, New York not-for-profit corporations wishing to dissolve must fulfill the requirements of Article 10 of the New York Not-for-Profit Corporation Law for a simplified dissolution, which require, among other things, a Plan of Dissolution that has been authorized by the member; and

WHEREAS, it has been proposed that Dar-Way Nursing Home, Inc. file an out of existence/withdrawal affidavit and that Tioga Healthcare Facility, Inc. and Tioga Nursing Facility, Inc. be dissolved.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The filing of an Out of Existence/Withdrawal Affidavit for Dar-Way Nursing Home, Inc. is hereby authorized, adopted, and approved by GHS in its capacity as member of Dar-Way Nursing Home, Inc.
2. The Plan of Dissolution for Tioga Healthcare Facility, Inc. in the form attached hereto as Exhibit A is hereby authorized, adopted, and approved by GHS in its capacity as member of Tioga Healthcare Facility, Inc.
3. The Plan of Dissolution for Tioga Nursing Facility, Inc. in the form attached hereto as Exhibit B is hereby authorized, adopted, and approved by GHS in its capacity as member of Tioga Nursing Facility, Inc.

4. All actions heretofore taken by officers and directors in connection with the foregoing matters are hereby approved, ratified and confirmed in all respects.
5. The officers and directors, together with counsel, are hereby authorized to take such other actions and to execute and file such other documents, instruments and agreements as may be necessary or appropriate, in the opinion of the officers and directors, with the advice of counsel to accomplish the actions contemplated by the foregoing Resolutions.
6. That the Secretary is hereby directed to record these Resolutions in the minutes of this meeting and certify the same.

Now therefore, effective July 20, 2012.

Certification

I, William H. Ransom III, Chairman of Guthrie Healthcare System Board, hereby certify under penalties for perjury that a meeting of the Board of Directors of the Guthrie Healthcare System was duly held at 1:30 pm on July 20, 2012 at Sayre, Pennsylvania and the Plan of Dissolution was approved by two-thirds or greater majority vote.



Name: William H. Ransom III

Title: Chair

Dated the 20<sup>th</sup> day of July, 2012



**RESOLUTIONS OF THE BOARD OF DIRECTORS**  
**GUTHRIE HEALTH**  
**MEETING OF July 20, 2012**

WHEREAS, pursuant to the Alignment Agreement, Guthrie Health has the authority to approve certain transactions involving Guthrie Health system members; and

WHEREAS, those Guthrie Health system members include, among others, Dar-Way Nursing Home, Inc., Tioga Healthcare Facility, Inc. and Tioga Nursing Facility, Inc., each of which is an inactive corporation that has no assets and no liabilities; and

WHEREAS, Dar-Way Nursing Home, Inc. is a Pennsylvania nonprofit corporation that has been recognized by the Internal Revenue Service as a tax-exempt organization described in Section 501(c)(3) of the Code that last conducted business on October 1, 2004; and

WHEREAS, Tioga Healthcare Facility, Inc. is a New York not-for-profit corporation that has been recognized by the Internal Revenue Service as a tax-exempt organization described in Section 501(c)(3) of the Code that last conducted business on December 31, 2007; and

WHEREAS, Tioga Nursing Facility, Inc. is a New York not-for-profit corporation that has been recognized by the Internal Revenue Service as a tax-exempt organization described in Section 501(c)(3) of the Code that last conducted business on December 31, 2007; and

WHEREAS, Pennsylvania corporations that have ceased doing business and divested themselves of their assets, in lieu of dissolution, may be relieved of the responsibility for filing corporation tax reports by filing an Out of Existence/Withdrawal Affidavit; and

WHEREAS, New York not-for-profit corporations wishing to dissolve must fulfill the requirements of Article 10 of the New York Not-for-Profit Corporation Law for a simplified dissolution, which require, among other things, a Plan of Dissolution that has been authorized and approved; and

WHEREAS, it has been proposed that Dar-Way Nursing Home, Inc. file an out of existence/withdrawal affidavits and that Tioga Healthcare Facility, Inc. and Tioga Nursing Facility, Inc. be dissolved.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The filing of an Out of Existence/Withdrawal Affidavit for Dar-Way Nursing Home, Inc. is hereby authorized, adopted, and approved by Guthrie Health pursuant to its authority under the Alignment Agreement.
2. The Plan of Dissolution for Tioga Healthcare Facility, Inc. in the form attached hereto as Exhibit A is hereby authorized, adopted, and approved by Guthrie Health pursuant to its authority under the Alignment Agreement.

3. The Plan of Dissolution for Tioga Nursing Facility, Inc. in the form attached hereto as Exhibit B is hereby authorized, adopted, and approved by Guthrie Health pursuant to its authority under the Alignment Agreement.
4. All actions heretofore taken by officers and directors in connection with the foregoing matters are hereby approved, ratified and confirmed in all respects.
5. The officers and directors, together with counsel, are hereby authorized to take such other actions and to execute and file such other documents, instruments and agreements as may be necessary or appropriate, in the opinion of the officers and directors, with the advice of counsel to accomplish the actions contemplated by the foregoing Resolutions.
6. That the Secretary is hereby directed to record these Resolutions in the minutes of this meeting and certify the same.

Now therefore, effective July 20, 2012

## Exhibit A

### **Plan of Dissolution**

**Of**

### **Tioga Healthcare Facility, Inc.**

The Board of Directors of Tioga Healthcare Facility, Inc. (the "corporation"), at a meeting duly convened on the 23<sup>rd</sup> day of May, 2012, pursuant to notice given in accordance with the law, a quorum being present at all times, having considered the advisability of voluntarily dissolving the corporation, and it being the majority opinion of the Board of Directors that dissolution is advisable and it is in the best interests of the corporation to effect such a dissolution, and the Board of Directors having adopted, by majority vote, a Plan for a voluntary dissolution of the corporation, does hereby resolve that the corporation be dissolved in accordance with the following Plan:

1. Upon resolution of the Board of Directors adopting a Plan of Dissolution, the Board of Directors shall submit the plan to a vote of the member, Guthrie Healthcare System ("GHS"), as well as Guthrie Health pursuant to its authority under the Alignment Agreement for approval.
2. No approval of the dissolution of the corporation is required by any government agency or officer.
3. The corporation has no assets or liabilities.
4. Within ten (10) days after the authorization of the Plan of Dissolution by a vote of the Board of Directors, or by GHS as member, a certified copy of the Plan shall be filed with the Attorney General of the State of New York pursuant to N-PCL §1002(d).
5. A Certificate of Dissolution shall be executed and all approvals required under Section 1003 of the Not-for-Profit Corporation Law shall be attached thereto.

Certification

I, Kenneth R. Levitzky, Esq, Chairman, Board of Directors of Tioga Healthcare Facility, Inc. hereby certify under penalties for perjury that a meeting of the Board of Directors of Tioga Healthcare Facility, Inc. was duly held at 5:00pm on May 23, 2012 at Troy Community Hospital and the within Plan of Dissolution was duly submitted and passed by a majority of the Board of Directors.

  
Name: Kenneth R. Levitzky, Esq  
Title: Chairman, Board of Directors

Dated the 23<sup>rd</sup> day of May, 2012

# Certificate of Dissolution

of

Tioga Healthcare Facility, Inc.

Pursuant to § 1003 of the Not-for-Profit Corporation Law

I, Kenneth R. Levitsky, Esq., Chairman of the Board of Directors of Tioga Healthcare Facility, Inc., hereby certify:

1. The name of this corporation is Tioga Healthcare Facility, Inc. (the "Corporation"). The Corporation was formed under the name Tioga County General Hospital.
2. The Certificate of Incorporation of the Corporation was filed by the Department of State of the State of New York on the 19<sup>th</sup> day of June, 1929.
3. The names and addresses of each of the directors and officers of the Corporation and the title of each are as follows:

<b>Name</b>	<b>Director/Officer/Title</b>	<b>Address</b>
Kenneth R. Levitzky, Esq.	Chairman	One Guthrie Square Sayre, PA 18840
Janet Lewis	Secretary & Treasurer	One Guthrie Square Sayre, PA 18840
Staci Covey	President & Board Member	One Guthrie Square Sayre, PA 18840
Jerry E. Carr	Board Member	One Guthrie Square Sayre, PA 18840
Vance A. Good, MD	Board Member	One Guthrie Square Sayre, PA 18840
Edward L. Jones, MD	Board Member	One Guthrie Square Sayre, PA 18840
Richard S. MacIntire	Board Member	One Guthrie Square Sayre, PA 18840
William E. Miller	Board Member	One Guthrie Square Sayre, PA 18840
Meade T. Murtland	Board Member	One Guthrie Square Sayre, PA 18840
Richard M. Robinson	Board Member	One Guthrie Square Sayre, PA 18840
Denise Ives	Board Member	One Guthrie Square Sayre, PA 18840

Marie Droege	Board Member	One Guthrie Square Sayre, PA 18840
--------------	--------------	---------------------------------------

4. Dissolution of the Corporation was authorized by a majority vote of the Board of Directors of the Corporation. Dissolution of the Corporation was also authorized and approved by Guthrie Healthcare System, sole member of the Corporation, as well as Guthrie Health.
5. The Corporation elects to dissolve.
6. At the time of dissolution, the Corporation is a Type B corporation.
7. The Corporation filed with the Attorney General a certified copy of its Plan of Dissolution.
8. A copy of the Plan of Dissolution, which contains the statement prescribed by paragraph (b) of section 1001 of the Not-for-Profit Corporation Law that at the time of dissolution the Corporation had no assets or liabilities, has been duly filed with the Attorney General.
9. At the time of the authorization of its Plan of Dissolution, the Corporation did not hold any assets that are legally required to be used for a particular purpose pursuant to the Not-for-Profit Corporation Law.
10. Prior to the filing of this Certificate with the Department of State, the endorsement of the Attorney General will be attached.

IN WITNESS WHEREOF, the undersigned has signed this Certificate of Dissolution of Tioga Healthcare Facility, Inc. this \_\_\_\_ day of \_\_\_\_\_, 2016.

By: \_\_\_\_\_  
Kenneth R. Levitsky, Esq.  
Chairman of the Board of Directors

**Certificate of Dissolution**  
**of**  
**Tioga Healthcare Facility, Inc.**

**Pursuant to § 1003 of the Not-for-Profit Corporation Law**

**Filed by:**

**Melissa M. Zeiders  
c/o Stevens & Lee  
17 North 2<sup>nd</sup> Street, 16th Floor  
Harrisburg, PA 17111**

**VERIFIED PETITION FOR APPROVAL OF  
CERTIFICATE OF DISSOLUTION**

---

In the Matter of the Application of	:	
Tioga Healthcare Facility, Inc.	:	VERIFIED PETITION
For Approval of Certificate of Dissolution	:	
Pursuant to Section 1002 of the	:	
Not-for-Profit Corporation Law.	:	

---

TO: THE ATTORNEY GENERAL OF THE STATE OF NEW YORK  
 OFFICE OF THE ATTORNEY GENERAL  
 Binghamton Regional Office  
 44 Hawley Street, 17th Floor  
 Binghamton, NY 13901-4433

Petitioner, Tioga Healthcare Facility, Inc., (the "Corporation") by Kenneth R. Levitsky, Esq., Chairman of the Board of Directors of the Corporation for its Verified Petition alleges:

1. The Corporation, whose principal address is 37 North Chemung Street, Waverly, New York 14892, was incorporated pursuant to New York's Not-for-Profit Corporation Law on June 19, 1929. A copy of the Certificate of Incorporation is attached as Exhibit A.
2. The names, addresses and titles of the Corporation's directors and officers are as follows:

Name	Director/Officer/Title	Address
Kenneth R. Levitzky, Esq.	Chairman	One Guthrie Square Sayre, PA 18840
Janet Lewis	Secretary & Treasurer	One Guthrie Square Sayre, PA 18840
Staci Covey	President & Board Member	One Guthrie Square Sayre, PA 18840
Jerry E. Carr	Board Member	One Guthrie Square Sayre, PA 18840
Vance A. Good, MD	Board Member	One Guthrie Square Sayre, PA 18840
Edward L. Jones, MD	Board Member	One Guthrie Square Sayre, PA 18840
Richard S. MacIntire	Board Member	One Guthrie Square Sayre, PA 18840
William E. Miller	Board Member	One Guthrie Square Sayre, PA 18840
Meade T. Murtland	Board Member	One Guthrie Square Sayre, PA 18840



Richard M. Robinson	Board Member	One Guthrie Square Sayre, PA 18840
Denise Ives	Board Member	One Guthrie Square Sayre, PA 18840
Marie Droege	Board Member	One Guthrie Square Sayre, PA 18840

3. The purposes for which the Corporation was formed are exclusively charitable, and are to promote the availability of high quality health care services in Tioga County and the adjoining and surrounding regions by undertaking, without limitation, to:

a. Organize, establish, manage and operate a comprehensive freestanding ambulatory health care center providing diagnostic, treatment and freestanding ambulatory surgery services and which is duly licensed and has obtained all approvals required under the Public Health Law of the State of New York;

b. Organize, establish, manage and operate an assisted living facility or facilities, provided that before such facility or facilities are operated, it shall obtain all approvals required by the Public Health Law and/or applicable law;

c. Organize, establish, manage and operate a home care services agency provided that before such agency is operated, it shall obtain all approvals required by the Public Health Law and/or other applicable law;

d. Solicit, accept and receive moneys, legacies, gifts, grants, contributions, endowments and property of any kind, real or personal, tangible or intangible, or any undivided interest therein, without limitation as to amount or value, and to hold, invest, reinvest, manage and otherwise dispose of the same and the income therefrom;

e. Engage in any other activity designed to promote the purposes of the Corporation, which may be lawfully undertaken by the Corporation under the Not-for-Profit Corporation Law of the State of New York; and

f. Carry out all powers conferred by the Not-for-Profit Corporation Law of the State of New York including, without limitation, the power to solicit contributions for the charitable purposes set forth above.

4. The Corporation is a Type B charitable corporation.

5. A meeting for the Board of Directors of the Corporation was held pursuant to duly given notice on May 23, 2012 at which a resolution was duly passed by a majority of the Directors of the Corporation adopting a Plan and authorizing the filing of a Certificate of Dissolution in accordance with Section 1003 of the Not-for-Profit Corporation Law. A copy of the Plan, executed by the Chairman of the Board of Directors is attached hereto as Exhibit B.

6. Guthrie Healthcare System, sole member of the Corporation, approved the dissolution by a two-thirds or greater majority vote. Resolutions of the Board of Directors of Guthrie Healthcare System authorizing and approving the Plan of Dissolution of the Corporation are attached hereto as Exhibit C. Guthrie Health also approved the dissolution by a two-thirds or greater majority vote. Resolutions of the Board of Directors of Guthrie Health authorizing and approving the Plan of Dissolution of the Corporation are attached hereto as Exhibit D.

7. A certified copy of the Corporation's Plan of Dissolution was filed with the Office of the Attorney General.

8. The Corporation has no assets or liabilities and its final report showing zero assets have been filed with the Attorney General.

9. Approval of the dissolution of the Corporation must be obtained from the New York State Department of Health, a copy of which approval is attached hereto as Exhibit E.

10. With this Petition, the original Certificate of Dissolution is being submitted to the Attorney General for approval pursuant to Not-for-Profit Corporation Law Section 1003.

WHEREFORE, petitioner requests that the Attorney General approve the Certificate of Dissolution of Tioga Healthcare Facility, Inc., a not-for-profit corporation, pursuant to Not-for-Profit Corporation Law Section 1003.

IN WITNESS WHEREFORE, the Corporation has caused this Petition to be executed this \_\_\_ day of \_\_\_\_\_, 2016.

By: \_\_\_\_\_  
Kenneth R. Levitsky, Esq.  
Chairman of the Board of Directors

**Verification**

STATE OF NEW YORK)

COUNTY OF TIOGA) :SS.:

Kenneth R. Levitsky, being duly sworn, deposes and says:

I am the Chairman of the Board of Tioga Healthcare Facility, Inc., the corporation named in the above Petition and make this verification at the direction of its Board of Directors. I have read the foregoing Petition and know the contents thereof to be true of my knowledge, except those matters that are stated on information and believe and as to those matters I believe them to be true.

---

Sworn to before me this \_\_\_\_ day of  
\_\_\_\_\_, 2016.

---

Notary Public

RESOLUTION

RESOLVED, that the Public Health and Health Planning Council, on this 4th day of August, 2016, approves the filing of the Certificate of Dissolution of Tioga Healthcare Facility, Inc., dated May 23, 2012.



## MEMORANDUM

**To:** Public Health and Health Planning Council  
**From:** Richard J. Zahnleuter, General Counsel  
**Date:** June 3, 2016  
**Subject:** Proposed Dissolution of Tioga Nursing Facility, Inc.

---

Tioga Nursing Facility, Inc. (TNF) requests Public Health and Health Planning Council approval of its proposed dissolution in accordance with the requirements of Not-For-Profit Law § 1002(c) and § 1003, as well as 10 NYCRR Part 650.

TNF is a Not-For-Profit corporation incorporated in 1989, and is licensed to operate an article 28 facility. The corporation ceased operations on December 31, 2007 when the corporation's assets were purchased by ElderWood Affiliates, Inc. (d/b/a ElderWood Senior Care). TNF currently exists only on paper, as it is non-operational and has no remaining assets and liabilities.

Attached are letters from Joseph A. Scopelliti, M.D., President and CEO of The Guthrie Clinic (The Guthrie Clinic, formerly Guthrie Healthcare System, is the sole member of TNF) explaining the need for the proposed dissolution, an assets and liabilities statement for the period ending December 31, 2007, a plan of dissolution, a board resolution authorizing the proposed dissolution, a Certificate of Dissolution for TNF, and a Verified Petition for Approval of Certificate of Dissolution for TNF.

The proposed Certificate of Dissolution of TNF is in legally acceptable form.

Attachments.



888-448-8474  
www.Guthrie.org

May 24, 2016

**VIA ELECTRONIC MAIL**

Eric J. Mantey, Esq.  
NYS Department of Health  
Division of Legal Affairs  
Bureau of Health Facility Planning and Development  
2462 Corning Tower, Empire State Plaza  
Albany, NY 12237-0031

Dear Mr. Mantey:

In response to your request and in connection with the proposed dissolution of Tioga Nursing Facility, Inc. ("TNF"), below is a brief summary of TNF's organizational and operational history.

TNF was incorporated on March 3, 1989 as a Type B corporation under Section 402 of the Not-For-Profit Corporation Law of the State of New York. Pursuant to TNF's Certificate of Incorporation, TNF was formed for exclusively charitable purposes including to own, operate and maintain a residential health care facility at one or more sites and to engage in any other activity designed to promote the purposes of TNF. TNF has been recognized by the IRS as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. TNF's sole corporate member is The Guthrie Clinic (formerly known as Guthrie Healthcare System).

TNF had been licensed by the NYS Department of Health as a nursing home under Article 28 of the New York Public Health Law. Specifically, TNF operated a 211-bed skilled nursing facility for the elderly and other patients requiring long term care, which facility was known as Tioga Senior Living located in Waverly, New York. Services provided at TNF included: skilled nursing care; intermediate nursing care; physical therapy; occupational therapy; speech and audiology services; podiatry services; dental services; respite care; recreational activity programs; nutritional counseling; medical social services; and pharmaceutical services.

TNF also operated a twenty-five (25) registrant licensed Adult Day Health Care program and held a limited service laboratory registration.

TNF ceased operations on December 31, 2007 when it consummated a transaction whereby it sold substantially all of its assets to designated affiliates of ElderWood Affiliates, Inc. (d/b/a ElderWood Senior Care). Pursuant to the terms of the asset purchase agreement, to the extent transferrable, TNF transferred all governmental permits, licenses and registrations to ElderWood upon consummation of the transaction (and to the extent not transferrable, such permits, licenses and registrations were effectively surrendered on December 31, 2007 when TNF ceased operations thereunder and never renewed such



888-448-8474  
www.Guthrie.org

Letter to Eric J. Mantey, Esq.  
May 24, 2016  
Page 2 of 2

permits, licenses and registrations). Shortly thereafter, TNF divested itself of its remaining assets and satisfied any remaining liabilities.

Dissolution is being requested to orderly wind up and finalize the affairs of TNF, which is currently a non-operational organization with no remaining assets or liabilities.

Please let us know if you have any questions or if you need any additional information.

Sincerely

A handwritten signature in black ink, appearing to read 'JAS', with a long horizontal line extending to the right.

Joseph A. Scopelliti, M.D.  
President & CEO  
The Guthrie Clinic

Tioga Nursing Facility  
Working Balance Sheet  
For the Period Ending December 31, 2007

	Beginning Balance	Net Activity	Ending Balance
<b>Current Assets</b>			
110130 Petty Cash-Bus Office	100	-100	0
110132 Petty Cash - Residents	2,000	-2,000	0
110143 Change Fund-Cafeteria	100	-100	0
110510 Cash-Gen Oper #3952903007	751,478	-751,478	0
Cash and Cash Equivalents	753,678	-753,678	0
Notes Receivable - Affiliate	0	0	0
130000 Account Receivable	2,882,366	-2,882,366	0
135000 Res For Bad Debt	(1,073,693)	1,073,693	0
140000 Reserve For Contr Allow	(149,610)	149,610	0
Accounts Receivable, Net of allowance for doubtful accounts of	1,659,063	-1,659,063	0
Notes Receivable	0	0	0
160500 Inventory-Dietary	20,662	-20,662	0
Inventories	20,662	-20,662	0
142000 Int Rec-Investment	61,652	-61,652	0
142005 Int Rec-General Fund	2,087	-2,087	0
142010 Div Rec-Investments	8,385	-8,385	0
142480 Int Rec-DSRF Income 2002A	15,824	-15,824	0
142481 Int Rec-DSF - 2002A	584	-584	0
142496 Int Rec-DSF 2007	975	-975	0
142900 Swap Contract Receivable 2007	4,500	-4,500	0
145000 Accts Rec-Other	9,963	-9,963	0
145407 Pledge Receivable	5,000	-5,000	0
145420 Accts Rec-Benefit Premiums	9,453	-9,453	0
180000 Prepd Prof Liab Insurance	15,536	-15,536	0
180010 Prepd Other Insurance	12,921	-12,921	0
180030 Prepd Maint Contracts	3,466	-3,466	0
180040 Prepd Dues & Subscription	0	0	0
180060 Prepd Pharmacy	11,799	-11,799	0
180080 Prepaid Workers Compensation	5,679	-5,679	0
180090 Prepaid Investment Expense	0	0	0
180300 Prepd Other Expenses	3,773	-3,773	0
Prepaid Expenses and Other Assets	171,597	-171,597	0
Demand Note Receivable - Guthrie Clinic Ltd.	0	0	0
Capital Sublease Receivable - Guthrie Clinic Ltd.	0	0	0
145114 A/R-Guthrie Clinic	(8,843)	8,843	0
Receivable from Guthrie Clinic Ltd.	(8,843)	8,843	0
141511 Int Rec-Funded Deprec Loan	41,667	-41,667	0
142050 Int Rec-Donations	17,097	-17,097	0
150000 Due To/From Affiliates	(1,234,871)	1,234,871	0
150600 Donations Receivable	12,562	-12,562	0
150650 Pension Receivable/Payable	(89,104)	89,104	0
Due from Affiliates	(1,252,650)	1,252,650	0
<b>Total Current Assets</b>	<b>1,343,508</b>	<b>(1,343,508)</b>	<b>0</b>
<b>Assets limited as to use:</b>			
161520 Redemption Fund #22440	0	0	0
161800 Investment-DSRF-2002A	529,806	-529,806	0
161805 Investment-DSF-2002A	4	-4	0
161885 Investment-DSF-2007	0	0	0
Investment - Trustee Held	529,810	-529,810	0
120510 Cash-NCB-Fund Dep-22466	14,121,808	-14,121,808	0
Board Designated Funds	14,121,808	-14,121,808	0
Temporarily and Permanently Restricted Funds	0	0	0
158498 Investment-M&I Trust Captive	629,238	-629,238	0
165000 Malprac Captive Ins Funding	114,632	-114,632	0
165010 Malprac Buffer Self Ins-GHS	215,224	-215,224	0
Self Insurance Trust Funds	959,094	-959,094	0
192540 Patient Escrow #3952804015	17,771	-17,771	0
192545 Patient Escrow #15004201119416	27,520	-27,520	0
Patient Escrow	45,291	-45,291	0
<b>Total Assets limited as to use</b>	<b>15,656,002</b>	<b>(15,656,002)</b>	<b>0</b>
<b>Other Assets</b>			



Tioga Nursing Facility  
Working Balance Sheet  
For the Period Ending December 31, 2007

	Beginning Balance	Net Activity	Ending Balance
158495 Investments-90-0126-64-0	0	0	0
Investment	0	0	0
157511 Loan Rec-Funded Deprec Loan	2,000,000	-2,000,000	0
Notes Receivable, LT - Affiliates, net of current portion	2,000,000	-2,000,000	0
Notes Receivable, net of current portion	0	0	0
Capital Sublease Receivable, net of current portion	0	0	0
Receivable from Guthrie Clinic, net of current portion	0	0	0
170100 Land	64,568	-64,568	0
170150 Land Improvements	148,995	-148,995	0
170200 Buildings	11,396,836	-11,396,836	0
170300 Fixed Equipment	284,503	-284,503	0
170400 Movable Equipment	1,875,653	-1,875,653	0
170450 Software	246,193	-246,193	0
175150 Acc Depr-Land Imp	(65,353)	65,353	0
175200 Acc Depr-Buildings	(8,226,558)	8,226,558	0
175300 Acc Depr-Fixed Equip	(224,377)	224,377	0
175400 Acc Depr-Movable Equip	(1,468,916)	1,468,916	0
175450 Acc Depr-Software	(246,193)	246,193	0
Property, Plant & Equipment, net	3,785,352	-3,785,352	0
190305 Deferred Asset	189,635	-189,635	0
190421 Financing Costs 2002	2,246	-2,246	0
190520 Deferred Reimbursement-MA	73,966	-73,966	0
190805 Amort-Financing Costs-2002	(433)	433	0
190810 Financing Costs 2002A	23,566	-23,566	0
190811 Amort-Financing Costs-2002A	(4,608)	4,608	0
190880 Financing Costs 2007	61,605	-61,605	0
190881 Amort-Financing Costs-2007	(1,645)	1,645	0
195407 Pledge Receivable-LT	10,652	-10,652	0
Other Assets, net	354,983	-354,983	0
Prepaid Pension, Cost	0	0	0
Total Other Assets	<u>6,140,335</u>	<u>(6,140,335)</u>	<u>0</u>
Total Assets	<u>23,139,845</u>	<u>(23,139,845)</u>	<u>0</u>

Current Liabilities

Notes Payable - Line of credit	0	0	0
Current maturities of long-term obligations	0	0	0
Notes Payable - Affiliate - Current	0	0	0
261511 Int Pay-Funded Deprec Loan	41,667	-41,667	0
Due to Affiliates	41,667	-41,667	0
240000 Accounts Payable-Trade	39,357	-39,357	0
240540 Accr Exp-Other	110,317	-110,317	0
240545 Accr Exp-Investments	17,469	-17,469	0
240559 Accr Exp-Worker'S Comp	73,914	-73,914	0
240561 Accr Exp-Prof Liab Ins	39,123	-39,123	0
Accrued Expenses & Accounts Payable	280,179	-280,179	0
220100 Salaries & Wages Payable	406,426	-406,426	0
220210 Soc Sec Tax Withheld	67,745	-67,745	0
220270 Savings Bonds Payable	50	-50	0
220300 Other Misc Payable	95	-95	0
220600 Employee Union Dues Payable	(95)	95	0
Accrued Payroll, Taxes and Other	474,221	-474,221	0
230245 Vacation Payable	495,352	-495,352	(0)
Accrued Vacation	495,352	-495,352	(0)
260810 Int Pay-GH-2002A refinancing	(0)	0	0
260880 Int Pay-GH-2007	0	0	0
Accrued Interest	0	0	0
155670 Accts Rec-Medical Asst	(91,903)	91,903	0
255610 Accts Pay-Medical Asst	287,075	-287,075	0
255620 Accts Pay-Third Party	176,901	-176,901	0
Third Party Payable	372,073	-372,073	0
270505 Acct Pay-NYS Cash Assessment	50,726	-50,726	0
274900 Swap Contract Pay FMV 2007	215,956	-215,956	0

Tioga Nursing Facility  
Working Balance Sheet  
For the Period Ending December 31, 2007

	Beginning Balance	Net Activity	Ending Balance
280150 Deferred Income	(0)	0	0
280550 Deferred Income	203,670	-203,670	0
Other	470,352	-470,352	0
<b>Total Current Liabilities</b>	<b>2,133,844</b>	<b>(2,133,844)</b>	<b>(0)</b>
<b>Other Liabilities</b>			
Due to Affiliates	0		
281511 Loan Pay-Funded Deprec Loan	2,000,000	-2,000,000	0
Demand Notes Payable - Affiliates, net of current portion	2,000,000	-2,000,000	0
190820 Bond Discount 2002A	(21,936)	21,936	0
290810 Loan Pay-GH-2002A refinanced	1,570,696	-1,570,696	0
290880 Loan Pay-GH-2007	6,627,645	-6,627,645	0
Long Term Debts	8,176,405	-8,176,405	0
292540 Patient Escr #339-72564-8	17,771	-17,771	0
292545 Patient Escr #339-69369-0	27,520	-27,520	0
Patient Escrow	45,291	-45,291	0
Accrued Pension Costs	0	0	0
270510 Acct Pay-NYS Sales Tax	0	0	0
272100 Asset Retirement Obligation	2,061,420	-2,061,420	0
272559 Acct Exp-Workers Comp LT	1,271,062	-1,271,062	0
272561 Acct Exp-Prof Liab Ins LT	586,261	-586,261	0
Other Liabilities	3,918,743	-3,918,743	0
<b>Total Other Liabilities</b>	<b>14,140,439</b>	<b>(14,140,439)</b>	<b>0</b>
<b>Total Liabilities</b>	<b>16,274,284</b>	<b>-16,274,284</b>	<b>(0)</b>
<b>Net Assets</b>			
330400 Equity Transfers	(196,711)	196,711	0
Equity Transfers	(196,711)	196,711	0
Accumulated Earnings - Current Year	(674,176)	3,235,188	2,561,012
330100 Accum Earnings-Prior Yrs	6,995,094	-9,556,106	(2,561,012)
330200 Accum Earnings	387,889	-387,889	0
330500 Cap Initial Occup Income	81,305	-81,305	0
330510 Value Of Donated Prop-TGH	70,275	-70,275	0
330531 OP Escrow Res-Replace	1,575	-1,575	0
330533 Earnings On Reserve Bal	(7,269)	7,269	0
330535 Due To/From Operat Fund	5,694	-5,694	0
330650 Minimum Pension Fund Liability	172,630	-172,630	0
Unrestricted	7,707,193	-10,268,205	(2,561,012)
310400 Restricted Fund 1/94	29,256	-29,256	0
Temporarily restricted	29,256	-29,256	0
Permanently restricted	0	0	0
<b>Total Net Assets</b>	<b>6,865,561</b>	<b>(6,865,561)</b>	<b>0</b>
<b>Total Liabilities and Net Assets</b>	<b>23,139,845</b>	<b>-23,139,845</b>	<b>0</b>

## Plan of Dissolution

Of

### Tioga Nursing Facility, Inc.

The Board of Directors of Tioga Nursing Facility, Inc. (the "corporation"), at a meeting duly convened on the 23<sup>rd</sup> day of May, 2012, pursuant to notice given in accordance with the law, a quorum being present at all times, having considered the advisability of voluntarily dissolving the corporation, and it being the majority opinion of the Board of Directors that dissolution is advisable and it is in the best interests of the corporation to effect such a dissolution, and the Board of Directors having adopted, by majority vote, a Plan for a voluntary dissolution of the corporation, does hereby resolve that the corporation be dissolved in accordance with the following Plan:

1. Upon resolution of the Board of Directors adopting a Plan of Dissolution, the Board of Directors shall submit the plan to a vote of the member, Guthrie Healthcare System ("GHS"), as well as Guthrie Health pursuant to its authority under the Alignment Agreement for approval.
2. No approval of the dissolution of the corporation is required by any government agency or officer.
3. The corporation has no assets or liabilities.
4. Within ten (10) days after the authorization of the Plan of Dissolution by a vote of the Board of Directors, or by GHS as member, a certified copy of the Plan shall be filed with the Attorney General of the State of New York pursuant to N-PCL §1002(d).
5. A Certificate of Dissolution shall be executed and all approvals required under Section 1003 of the Not-for-Profit Corporation Law shall be attached thereto.

Certification

I, Kenneth R. Levitzky, Esq, Chairman, Board of Directors of Tioga Nursing Facility, Inc. hereby certify under penalties for perjury that a meeting of the Board of Directors of Tioga Nursing Facility, Inc. was duly held at 5:00pm on May 23, 2012 at Troy Community Hospital and the within Plan of Dissolution was duly submitted and passed by a majority of the Board of Directors.

Kenneth R. Levitzky  
Name: Kenneth R. Levitzky, Esq  
Title: Chairman, Board of Directors

Dated the 23<sup>rd</sup> day of MAY, 2012

**RESOLUTIONS OF THE BOARD OF DIRECTORS**  
**GUTHRIE HEALTHCARE SYSTEM**  
**MEETING OF July 20, 2012**

WHEREAS, Guthrie Healthcare System ("GHS") is the sole member of certain inactive corporations that have no assets and no liabilities, including Dar-Way Nursing Home, Inc., Tioga Healthcare Facility, Inc. and Tioga Nursing Facility, Inc.; and

WHEREAS, Dar-Way Nursing Home, Inc. is a Pennsylvania nonprofit corporation that has been recognized by the Internal Revenue Service as a tax-exempt organization described in Section 501(c)(3) of the Code that last conducted business on October 1, 2004; and

WHEREAS, Tioga Healthcare Facility, Inc. is a New York not-for-profit corporation that has been recognized by the Internal Revenue Service as a tax-exempt organization described in Section 501(c)(3) of the Code that last conducted business on December 31, 2007; and

WHEREAS, Tioga Nursing Facility, Inc. is a New York not-for-profit corporation that has been recognized by the Internal Revenue Service as a tax-exempt organization described in Section 501(c)(3) of the Code that last conducted business on December 31, 2007; and

WHEREAS, Pennsylvania corporations that have ceased doing business and divested themselves of their assets, in lieu of dissolution, may be relieved of the responsibility for filing corporation tax reports by filing an Out of Existence/Withdrawal Affidavit; and

WHEREAS, New York not-for-profit corporations wishing to dissolve must fulfill the requirements of Article 10 of the New York Not-for-Profit Corporation Law for a simplified dissolution, which require, among other things, a Plan of Dissolution that has been authorized by the member; and

WHEREAS, it has been proposed that Dar-Way Nursing Home, Inc. file an out of existence/withdrawal affidavit and that Tioga Healthcare Facility, Inc. and Tioga Nursing Facility, Inc. be dissolved.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The filing of an Out of Existence/Withdrawal Affidavit for Dar-Way Nursing Home, Inc. is hereby authorized, adopted, and approved by GHS in its capacity as member of Dar-Way Nursing Home, Inc.
2. The Plan of Dissolution for Tioga Healthcare Facility, Inc. in the form attached hereto as Exhibit A is hereby authorized, adopted, and approved by GHS in its capacity as member of Tioga Healthcare Facility, Inc.
3. The Plan of Dissolution for Tioga Nursing Facility, Inc. in the form attached hereto as Exhibit B is hereby authorized, adopted, and approved by GHS in its capacity as member of Tioga Nursing Facility, Inc.

4. All actions heretofore taken by officers and directors in connection with the foregoing matters are hereby approved, ratified and confirmed in all respects.
5. The officers and directors, together with counsel, are hereby authorized to take such other actions and to execute and file such other documents, instruments and agreements as may be necessary or appropriate, in the opinion of the officers and directors, with the advice of counsel to accomplish the actions contemplated by the foregoing Resolutions.
6. That the Secretary is hereby directed to record these Resolutions in the minutes of this meeting and certify the same.

Now therefore, effective July 20, 2012.

Certification

I, William H. Ransom III, Chairman of Guthrie Healthcare System Board, hereby certify under penalties for perjury that a meeting of the Board of Directors of the Guthrie Healthcare System was duly held at 1:30 pm on July 20, 2012 at Sayre, Pennsylvania and the Plan of Dissolution was approved by two-thirds or greater majority vote.



Name: William H. Ransom III

Title: Chair

Dated the 20<sup>th</sup> day of July, 2012

**RESOLUTIONS OF THE BOARD OF DIRECTORS**  
**GUTHRIE HEALTH**  
**MEETING OF July 20, 2012**

WHEREAS, pursuant to the Alignment Agreement, Guthrie Health has the authority to approve certain transactions involving Guthrie Health system members; and

WHEREAS, those Guthrie Health system members include, among others, Dar-Way Nursing Home, Inc., Tioga Healthcare Facility, Inc. and Tioga Nursing Facility, Inc., each of which is an inactive corporation that has no assets and no liabilities; and

WHEREAS, Dar-Way Nursing Home, Inc. is a Pennsylvania nonprofit corporation that has been recognized by the Internal Revenue Service as a tax-exempt organization described in Section 501(c)(3) of the Code that last conducted business on October 1, 2004; and

WHEREAS, Tioga Healthcare Facility, Inc. is a New York not-for-profit corporation that has been recognized by the Internal Revenue Service as a tax-exempt organization described in Section 501(c)(3) of the Code that last conducted business on December 31, 2007; and

WHEREAS, Tioga Nursing Facility, Inc. is a New York not-for-profit corporation that has been recognized by the Internal Revenue Service as a tax-exempt organization described in Section 501(c)(3) of the Code that last conducted business on December 31, 2007; and

WHEREAS, Pennsylvania corporations that have ceased doing business and divested themselves of their assets, in lieu of dissolution, may be relieved of the responsibility for filing corporation tax reports by filing an Out of Existence/Withdrawal Affidavit; and

WHEREAS, New York not-for-profit corporations wishing to dissolve must fulfill the requirements of Article 10 of the New York Not-for-Profit Corporation Law for a simplified dissolution, which require, among other things, a Plan of Dissolution that has been authorized and approved; and

WHEREAS, it has been proposed that Dar-Way Nursing Home, Inc. file an out of existence/withdrawal affidavits and that Tioga Healthcare Facility, Inc. and Tioga Nursing Facility, Inc. be dissolved.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The filing of an Out of Existence/Withdrawal Affidavit for Dar-Way Nursing Home, Inc. is hereby authorized, adopted, and approved by Guthrie Health pursuant to its authority under the Alignment Agreement.
2. The Plan of Dissolution for Tioga Healthcare Facility, Inc. in the form attached hereto as Exhibit A is hereby authorized, adopted, and approved by Guthrie Health pursuant to its authority under the Alignment Agreement.



3. The Plan of Dissolution for Tioga Nursing Facility, Inc. in the form attached hereto as Exhibit B is hereby authorized, adopted, and approved by Guthrie Health pursuant to its authority under the Alignment Agreement.
4. All actions heretofore taken by officers and directors in connection with the foregoing matters are hereby approved, ratified and confirmed in all respects.
5. The officers and directors, together with counsel, are hereby authorized to take such other actions and to execute and file such other documents, instruments and agreements as may be necessary or appropriate, in the opinion of the officers and directors, with the advice of counsel to accomplish the actions contemplated by the foregoing Resolutions.
6. That the Secretary is hereby directed to record these Resolutions in the minutes of this meeting and certify the same.

Now therefore, effective July 20, 2012

## Exhibit B

### Plan of Dissolution

Of

### Tioga Nursing Facility, Inc.

The Board of Directors of Tioga Nursing Facility, Inc. (the "corporation"), at a meeting duly convened on the 23<sup>rd</sup> day of May, 2012, pursuant to notice given in accordance with the law, a quorum being present at all times, having considered the advisability of voluntarily dissolving the corporation, and it being the majority opinion of the Board of Directors that dissolution is advisable and it is in the best interests of the corporation to effect such a dissolution, and the Board of Directors having adopted, by majority vote, a Plan for a voluntary dissolution of the corporation, does hereby resolve that the corporation be dissolved in accordance with the following Plan:

1. Upon resolution of the Board of Directors adopting a Plan of Dissolution, the Board of Directors shall submit the plan to a vote of the member, Guthrie Healthcare System ("GHS"), as well as Guthrie Health pursuant to its authority under the Alignment Agreement for approval.
2. No approval of the dissolution of the corporation is required by any government agency or officer.
3. The corporation has no assets or liabilities.
4. Within ten (10) days after the authorization of the Plan of Dissolution by a vote of the Board of Directors, or by GHS as member, a certified copy of the Plan shall be filed with the Attorney General of the State of New York pursuant to N-PCL §1002(d).
5. A Certificate of Dissolution shall be executed and all approvals required under Section 1003 of the Not-for-Profit Corporation Law shall be attached thereto.

Certification

I, Kenneth R. Levitzky, Esq, Chairman, Board of Directors of Tioga Nursing Facility, Inc. hereby certify under penalties for perjury that a meeting of the Board of Directors of Tioga Nursing Facility, Inc. was duly held at 5:00pm on May 23, 2012 at Troy Community Hospital and the within Plan of Dissolution was duly submitted and passed by a majority of the Board of Directors.

Kenneth R. Levitzky  
Name: Kenneth R. Levitzky, Esq  
Title: Chairman, Board of Directors

Dated the 23<sup>rd</sup> day of MAY, 2012

Certification

I, William H. Ransom III, Secretary of Guthrie Health hereby certify under penalties for perjury that a meeting of the Board of Directors of Guthrie Health was duly held at 8:00AM on July 20, 2012 at the Corning Country Club in Corning, NY, and that the Tioga Nursing Facility Plan of Dissolution was approved by two-thirds or greater majority vote.



Name: William H. Ransom III

Title: Secretary, Guthrie Health Board of Directors

Dated the 20<sup>th</sup> day of July, 2012

# Certificate of Dissolution

of

Tioga Nursing Facility, Inc.

Pursuant to § 1003 of the Not-for-Profit Corporation Law

---

I, Kenneth R. Levitsky, Esq., Chairman of the Board of Directors of Tioga Nursing Facility, Inc., hereby certify:

1. The name of this corporation is Tioga Nursing Facility, Inc. (the "Corporation").
2. The Certificate of Incorporation of the Corporation was filed by the Department of State of the State of New York on the 3<sup>rd</sup> day of March, 1989.
3. The names and addresses of each of the directors and officers of the Corporation and the title of each are as follows:

<b>Name</b>	<b>Director/Officer/Title</b>	<b>Address</b>
Kenneth R. Levitzky, Esq.	Chairman	One Guthrie Square Sayre, PA 18840
Janet Lewis	Secretary & Treasurer	One Guthrie Square Sayre, PA 18840
Staci Covey	President & Board Member	One Guthrie Square Sayre, PA 18840
Jerry E. Carr	Board Member	One Guthrie Square Sayre, PA 18840
Vance A. Good, MD	Board Member	One Guthrie Square Sayre, PA 18840
Edward L. Jones, MD	Board Member	One Guthrie Square Sayre, PA 18840
Richard S. MacIntire	Board Member	One Guthrie Square Sayre, PA 18840
William E. Miller	Board Member	One Guthrie Square Sayre, PA 18840
Meade T. Murtland	Board Member	One Guthrie Square Sayre, PA 18840
Richard M. Robinson	Board Member	One Guthrie Square Sayre, PA 18840
Denise Ives	Board Member	One Guthrie Square Sayre, PA 18840

Marie Droege	Board Member	One Guthrie Square Sayre, PA 18840
--------------	--------------	---------------------------------------

4. Dissolution of the Corporation was authorized by a majority vote of the Board of Directors of the Corporation. Dissolution of the Corporation was also authorized and approved by Guthrie Healthcare System, sole member of the Corporation, as well as Guthrie Health.
5. The Corporation elects to dissolve.
6. At the time of dissolution, the Corporation is a Type B corporation.
7. The Corporation filed with the Attorney General a certified copy of its Plan of Dissolution.
8. A copy of the Plan of Dissolution, which contains the statement prescribed by paragraph (b) of section 1001 of the Not-for-Profit Corporation Law that at the time of dissolution the Corporation had no assets or liabilities, has been duly filed with the Attorney General.
9. At the time of the authorization of its Plan of Dissolution, the Corporation did not hold any assets that are legally required to be used for a particular purpose pursuant to the Not-for-Profit Corporation Law.
10. Prior to the filing of this Certificate with the Department of State, the endorsement of the Attorney General will be attached.

IN WITNESS WHEREOF, the undersigned has signed this Certificate of Dissolution of Tioga Nursing Facility, Inc. this \_\_\_\_ day of \_\_\_\_\_, 2016.

By: \_\_\_\_\_  
Kenneth R. Levitsky, Esq.  
Chairman of the Board of Directors

**Certificate of Dissolution**  
**of**  
**Tioga Nursing Facility, Inc.**

**Pursuant to § 1003 of the Not-for-Profit Corporation Law**

**Filed by:**

**Melissa M. Zeiders  
c/o Stevens & Lee  
17 North 2<sup>nd</sup> Street, 16th Floor  
Harrisburg, PA 17111**

**VERIFIED PETITION FOR APPROVAL OF  
CERTIFICATE OF DISSOLUTION**

In the Matter of the Application of Tioga Nursing Facility, Inc. For Approval of Certificate of Dissolution Pursuant to Section 1002 of the Not-for-Profit Corporation Law.	: : : : :	VERIFIED PETITION
---	-----------------------	-------------------

**TO: THE ATTORNEY GENERAL OF THE STATE OF NEW YORK**  
**OFFICE OF THE ATTORNEY GENERAL**  
 Binghamton Regional Office  
 44 Hawley Street, 17th Floor  
 Binghamton, NY 13901-4433

Petitioner, Tioga Nursing Facility, Inc., (the "Corporation") by Kenneth R. Levitsky, Esq., Chairman of the Board of Directors of the Corporation for its Verified Petition alleges:

1. The Corporation, whose principal address is 37 North Chemung Street, Waverly, New York 14892, was incorporated pursuant to New York's Not-for-Profit Corporation Law on March 3, 1989. A copy of the Certificate of Incorporation is attached as Exhibit A.
2. The names, addresses and titles of the Corporation's directors and officers are as follows:

Name	Director/Officer/Title	Address
Kenneth R. Levitzky, Esq.	Chairman	One Guthrie Square Sayre, PA 18840
Janet Lewis	Secretary & Treasurer	One Guthrie Square Sayre, PA 18840
Staci Covey	President & Board Member	One Guthrie Square Sayre, PA 18840
Jerry E. Carr	Board Member	One Guthrie Square Sayre, PA 18840
Vance A. Good, MD	Board Member	One Guthrie Square Sayre, PA 18840
Edward L. Jones, MD	Board Member	One Guthrie Square Sayre, PA 18840
Richard S. MacIntire	Board Member	One Guthrie Square Sayre, PA 18840
William E. Miller	Board Member	One Guthrie Square Sayre, PA 18840
Meade T. Murtland	Board Member	One Guthrie Square Sayre, PA 18840



Richard M. Robinson	Board Member	One Guthrie Square Sayre, PA 18840
Denise Ives	Board Member	One Guthrie Square Sayre, PA 18840
Marie Droege	Board Member	One Guthrie Square Sayre, PA 18840

3. The purposes for which the Corporation was formed are exclusively charitable and are:
- a. To own, operate and maintain a residential health care facility at one or more sites, provided that before any such site(s) are operated, the prior approval of the Public Health Council shall be obtained;
  - b. To solicit, accept and receive moneys, legacies, gifts, grants, contributions, endowments and property of any kind, real or personal, tangible or intangible, or any undivided interest therein, without limitation as to amount or value, and to hold, invest, reinvest, manage and otherwise dispose of same and the income therefrom; and
  - c. To engage in any other activity designed to promote the purposes of the Corporation which may be lawfully undertaken by the Corporation under the Public Health Law and the Not-for-Profit Corporation Law.
4. The Corporation is a Type B charitable corporation.
5. A meeting for the Board of Directors of the Corporation was held pursuant to duly given notice on May 23, 2012 at which a resolution was duly passed by a majority of the Directors of the Corporation adopting a Plan and authorizing the filing of a Certificate of Dissolution in accordance with Section 1003 of the Not-for-Profit Corporation Law. A copy of the Plan, executed by the Chairman of the Board of Directors is attached hereto as Exhibit B.
6. Guthrie Healthcare System, sole member of the Corporation, approved the dissolution by a two-thirds or greater majority vote. Resolutions of the Board of Directors of Guthrie Healthcare System authorizing and approving the Plan of Dissolution of the Corporation are attached hereto as Exhibit C. Guthrie Health also approved the dissolution by a two-thirds or greater majority vote. Resolutions of the Board of Directors of Guthrie Health authorizing and approving the Plan of Dissolution of the Corporation are attached hereto as Exhibit D.
7. A certified copy of the Corporation's Plan of Dissolution was filed with the Office of the Attorney General.
8. The Corporation has no assets or liabilities and its final report showing zero assets have been filed with the Attorney General.
9. Approval of the dissolution of the Corporation must be obtained from the New York State Department of Health, a copy of which approval is attached hereto as Exhibit E.

10. With this Petition, the original Certificate of Dissolution is being submitted to the Attorney General for approval pursuant to Not-for-Profit Corporation Law Section 1003.

WHEREFORE, petitioner requests that the Attorney General approve the Certificate of Dissolution of Tioga Nursing Facility, Inc., a not-for-profit corporation, pursuant to Not-for-Profit Corporation Law Section 1003.

IN WITNESS WHEREFORE, the Corporation has caused this Petition to be executed this \_\_\_ day of \_\_\_\_\_, 2016.

By: \_\_\_\_\_  
Kenneth R. Levitsky, Esq.  
Chairman of the Board of Directors

**Verification**

STATE OF NEW YORK)

COUNTY OF TIOGA) :SS.:

Kenneth R. Levitsky, being duly sworn, deposes and says:

I am the Chairman of the Board of Tioga Nursing Facility, Inc., the corporation named in the above Petition and make this verification at the direction of its Board of Directors. I have read the foregoing Petition and know the contents thereof to be true of my knowledge, except those matters that are stated on information and believe and as to those matters I believe them to be true.

\_\_\_\_\_

Sworn to before me this \_\_\_\_ day of  
\_\_\_\_\_, 2016.

\_\_\_\_\_  
Notary Public

RESOLUTION

RESOLVED, that the Public Health and Health Planning Council, on this 4th day of August, 2016, approves the filing of the Certificate of Dissolution of Tioga Nursing Facility, Inc., dated May 23, 2012.



## MEMORANDUM

**To:** Public Health and Health Planning Council  
**From:** Richard J. Zahnleuter, General Counsel  
**Date:** June 17, 2016  
**Subject:** Sisters of Charity Health Care System Nursing Home, Inc.  
Proposed Certificate of Dissolution

---

Sisters of Charity Health Care System Nursing Home, Inc. (Sisters of Charity) has requested the consent of the Public Health and Health Planning Council (PHHPC) to its proposed Certificate of Dissolution.

Sisters of Charity is a New York not-for-profit corporation. Counsel for Sisters of Charity advises that Saint Vincent's Catholic Medical Centers of New York (SVCMC) is the sole member of Sisters of Charity; that on April 14, 2010, SVCMC and Sisters of Charity filed voluntary petitions seeking bankruptcy protection under Chapter 11 of the United States Bankruptcy Code; and that Sisters of Charity sold substantially all of its assets and ceased operations on or about April 1, 2012. We have confirmed that the sale was approved by PHHPC.

Dissolution of Sisters of Charity may not occur without the consent of PHHPC pursuant to Not-for-Profit Corporation Law Sections 1002(c) and 1003(b), and 10 NYCRR Part 650.

Attached are the following with regard to this matter:

Letter from counsel for Sisters of Charity.

Certificate of Incorporation.

Plan of Dissolution.

Proposed Certificate of Dissolution.

The proposed Certificate of Dissolution is in legally acceptable form.

May 2, 2016

File Number: 46RZ-218940

**VIA FEDEX AND ELECTRONIC MAIL**

Mark Noordsy, Esq.  
Senior Attorney  
Division of Legal Affairs  
NYS Department of Health  
The Corning Tower  
Albany, New York 12237  
Tel: (518) 473-3303  
E-mail: mark.noordsy@health.ny.gov

Re: Request for Consent to Dissolution of  
Sisters of Charity Health Care System Nursing Home, Inc.,  
Bishop Francis J. Mugavero Center for Geriatric Care, Inc., and  
St. Jerome's Health Services Corporation d/b/a Holy Family Home

Dear Mr. Noordsy:

We represent Saint Vincents Catholic Medical Centers of New York, a New York not-for-profit corporation ("SVCMC"), and the following three of its not-for-profit subsidiaries:

- (i) Sisters of Charity Health Care System Nursing Home, Inc., a New York not-for-profit corporation ("Sisters of Charity");
- (ii) St. Jerome's Health Services Corporation d/b/a Holy Family Home ("St. Jerome"), a New York not-for-profit corporation; and
- (iii) Bishop Francis J. Mugavero Center for Geriatric Care, Inc., a New York not-for-profit corporation ("Bishop Francis" and, together with Sisters of Charity and St. Jerome, collectively the "Nursing Homes").

We are writing on behalf of SVCMC and the Nursing Homes to request letters from the Public Health and Health Planning Council (the "PHHPC") consenting to the dissolution of each of the Nursing Homes pursuant to Section 1002 of the New York Not-for-Profit Corporation Law (the "NPCL"), and a letter from the Commissioner of the Department of Health (the "Commissioner") consenting to the dissolution of Sisters of Charity.

# SheppardMullin

Mark Noordsy, Esq.  
Division of Legal Affairs  
New York State Department of Health  
May 2, 2016  
Page 2

By way of background, SVCMC is the sole member of each of the Nursing Homes. Each Nursing Home was formed and has historically operated for the purposes of owning, maintaining and operating one or more nursing homes, residential health care facilities, skilled nursing facilities, long term care facilities and/or intermediate care facilities. On April 14, 2010, SVCMC and substantially all of its subsidiaries, including the Nursing Homes, filed voluntary petitions seeking bankruptcy protection under Chapter 11 of the United States Bankruptcy Code. Over the course of the next several years, each of the Nursing Homes sold substantially all of its assets and operations, terminated their Article 28 licenses and ceased all operations.<sup>1</sup>

The Nursing Homes have no assets, do not conduct any operations, and do not have any plans or intent to conduct any operations in the future. Accordingly, the Board of Directors of each of the Nursing Homes has determined that dissolution of their respective Nursing Home is appropriate and authorized the dissolution of such Nursing Home by unanimous written consent. The dissolution of the Nursing Homes was also approved by SVCMC, as sole corporate member of each of the Nursing Homes. A copy of each Nursing Home's (a) Certificate of Incorporation, (b) Plan of Dissolution and Distribution of Assets, and (c) proposed Certificate of Dissolution, are enclosed herewith. The Plan of Dissolution and Distribution of Assets and the proposed Certificate of Dissolution have been authorized and approved by their respective Boards of Directors and SVCMC, in its capacity as the sole member of each Nursing Home.

Pursuant to Section 1002(c) of the NPCL, "[w]henver a statute creating, or authorizing the formation of, a corporation requires approval by a governmental body or officer for the formation of such corporation, dissolution shall not be authorized without the approval of such body or officer." Accordingly, as approval of the PHHPC was required in connection with the formation of each of the Nursing Homes, SVCMC and the Nursing Homes hereby request separate letters from the PHHPC consenting to the dissolution of the three Nursing Homes - Sisters of Charity, St. Jerome's, and Bishop Francis - and the filing of each such entity's proposed Certificate of Dissolution with the New York State Department of State. In addition, as approval of the Commissioner was required in connection with the formation of Sisters of Charity, SVCMC and Sisters of Charity hereby request a letter from the Commissioner consenting to the dissolution of Sisters of Charity.

---

<sup>1</sup> Bishop Francis sold substantially all of its assets on March 24, 2011. St. Jerome's sold substantially all of its assets on January 19, 2012. Sisters of Charity sold substantially all of its assets on April 1, 2012.

# SheppardMullin

Mark Noordsy, Esq.  
Division of Legal Affairs  
New York State Department of Health  
May 2, 2016  
Page 3

We greatly appreciate your prompt consideration and attention to this matter. Please do not hesitate to contact me if you need additional information.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Jay E. Gerzog".

Jay E. Gerzog  
for SHEPPARD, MULLIN, RICHTER & HAMPTON LLP

SMRH:225223307.4  
Encl.



F901009000004  
UNI

**CERTIFICATE OF INCORPORATION**

OF

**SISTERS OF CHARITY HEALTH CARE SYSTEM NURSING HOME, INC.**

Under Section 402 of the  
Not-For-Profit Corporation Law  
and Article 28-A the Public Health Law

I, the undersigned incorporator, being a natural person over the age of eighteen years of age, for the purpose of forming a Nursing Home Company pursuant to Section 402 of the Not-For-Profit Corporation Law and Article 28-A of the Public Health Law of the State of New York, do hereby certify:

FIRST: The name of the Corporation is SISTERS OF CHARITY HEALTH CARE SYSTEM NURSING HOME, INC. (hereinafter referred to as the "Corporation").

SECOND: The Corporation is a corporation as defined in Subparagraph (a)(5) of Section 102 of the Not-For-Profit Corporation Law and is a Type D corporation as defined in Section 201 of said Not-For-Profit Corporation Law.

THIRD: The purpose for which the Corporation is formed is to plan, construct, erect, build, acquire, alter, reconstruct, rehabilitate, own, maintain and operate one or more nursing home projects pursuant to the terms and provisions of Articles 28 and 28-A of the Public Health Law and to do any other act or thing incidental to or connected with the foregoing purposes or in

advancement thereof, which may be lawfully undertaken by the Corporation.

FOURTH: The Corporation shall be a membership corporation. The sole member of the Corporation shall be Sisters of Charity Health Care System Corporation (the "Member"), a corporation as defined in subparagraph (a)(5) of Section 102 of the Not-for-Profit Corporation Law. The Member shall be the established co-operator of the nursing home facilities to be also operated by the Corporation for the duration thereof and shall remain subject to the supervision and control of the Commissioner of Health of the State of New York (the "Commissioner"), with respect to its duties as Member, pursuant to the provisions of Articles 28 and 28-A of the Public Health Law, and shall have the authority, as further set forth in the By-laws, to:

- (i) Set the objectives and goals of the Corporation;
- (ii) Approve annual operating and capital expenditure budgets;
- (iii) Approve major borrowings and financings;
- (iv) Approve major capital expenditures by the Corporation which require Certificate of Need applications to the New York State Department of

Health pursuant to Article 28 of Article 28-A of the New York State Public Health law;

- (v) Approve any affiliation agreements with other health care providers for the sharing of or provision of programs, services and manpower solely for accomplishing exempt purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code");
- (vi) Adopt a long range Master Plan for the orderly . . . . . development of the Corporation's services and physical facilities;
- (vii) Establish with the Corporation's Board of Directors a framework of approved and issued policies and programs for the Corporation; and
- (viii) Approve:
  - a. The amendment of the Corporation's Bylaws or the adoption of revised or additional Bylaws;
  - b. The amendment of the Corporation's Certificate of Incorporation;

c. Any change in the general character of the operation of the Corporation as a Skilled nursing facility under the auspices of the Roman Catholic Archdiocese of New York;

d. The purchase, sale mortgage, or lease of real property of the Corporation, other than in the ordinary course of business, or the sale of all, or substantially all, of its assets;

e. The consolidation of the Corporation with another membership corporation organized for purposes and activities which are exempt purposes and activities within the meaning of Section 501(c)(3) of the Code; and

f. The dissolution of the Corporation.

(ix) To take such other actions as may be within the authority of the member as set forth in the By-laws.

FIFTH: The number of directors of the Corporation shall be not less than three nor more than thirty-five. One additional director may be designated by the Commissioner. No director or officer shall be personally liable to the Corporation or its

Members for damages for any breach of duty as a director or officer, except that any director or officer shall be liable if a judgment or final adjudication adverse to him or her establishes that his or her acts or omissions were committed in bad faith or were the result of active and deliberate dishonesty and were material to the cause of action so adjudicated or involved a knowing violation of law or that he or she personally gained in fact a financial profit or other advantage to which he or she was not legally entitled. Notwithstanding the foregoing, in the absence of fraud or bad faith, the director appointed by the Commissioner shall not be personally liable for the debts, obligations or liabilities of the Corporation. Neither the amendment nor repeal of this Paragraph shall eliminate or in any way limit the effect of this Paragraph in respect to any act occurring or any cause of action, suit or claim accruing or arising prior to the enactment of such amendment or repeal.

SIXTH: The real property of the Corporation shall not be sold, transferred, encumbered or assigned except as permitted by the provisions of Article 28-A of the Public Health Law.

SEVENTH: The Corporation has been organized exclusively to serve a public purpose and it shall be and remain subject to the supervision and control of the Commissioner pursuant to the provisions of Article 28 and 28-A of the Public Health Law.

EIGHTH: All income and earnings of the Corporation shall be used exclusively for its corporate purposes.

NINTH: No part of the net income or net earnings of the Corporation shall inure to the benefit or profit of any private individual, firm or corporation, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth herein.

TENTH: The Corporation shall be managed by its Board of Directors except to the extent that policies and planning functions are to be exercised with respect to it by its Member in accordance with this Certificate and with its By-Laws.

ELEVENTH: The office of the Corporation shall be located in the County of Richmond, State of New York.

TWELFTH: The duration of the Corporation shall be for a period of from the date of filing of this Certificate of Incorporation by the Secretary of State until February 23, 1991.

THIRTEENTH: The Secretary of State of the State of New York is hereby designated the agent of the Corporation upon whom process against it may be served. The post office address to which the Secretary of State shall mail a copy of any process against the

Corporation served upon him as agent of the Corporation is SISTERS OF CHARITY HEALTH CARE SYSTEM NURSING HOME, INC., c/o President, Sisters of Charity Health Care System Corporation, Bay Street and Vanderbilt Avenue, Staten Island, New York 10304.

FOURTEENTH: In furtherance of the purposes set forth herein, the Corporation shall have the powers conferred on corporations by Section 202 of the Not-For-Profit Corporation Law and shall have the powers and be subject to the limitations set forth in Section 2856 of the Public Health Law.

Notwithstanding anything contained in this Certificate of Incorporation to the contrary, however, the following provisions shall apply:

- (a) No substantial part of the activities of the Corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the Corporation shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of any candidate for public office;
- (b) The Corporation shall not directly or indirectly engage in or include among its purposes any of the activities set forth in subsections (b) through (o), (q), (s), and (u) of Section 404 of the Not-For-Profit Corporation Law

of the State of New York without having the approvals or consents required by such subsections;

- (c) The Corporation shall not exercise any power or authority, nor shall it engage in any activity that would prevent the Corporation from qualifying (and continuing to qualify as) an exempt organization under Section 501(c)(3) of the Code.

FIFTEENTH: In the event of the dissolution of the Corporation, all of the remaining assets and property of the Corporation shall, after payment of necessary expenses thereof and upon approval of a Justice of the Supreme Court of the State of New York, be distributed to such organizations as shall qualify under Section 501(c)(3) of the Code or to another organization to be used in such manner as in the judgment of a Justice of the Supreme Court of the State of New York will best accomplish the general purposes for which this Corporation was formed.



IN WITNESS WHEREOF, I have made, subscribed and acknowledged  
this Certificate of Incorporation, this 14<sup>th</sup> day of August, 1990.



John J. DePierro  
Incorporator  
104-11 110th Street  
Richmond Hill, New York 11419

STATE OF NEW YORK )  
COUNTY OF Richmond ) SS.:

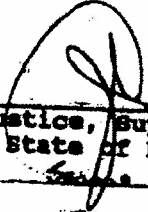
On this 14<sup>th</sup> day of August, 1990, before me personally  
came John J. DePierro to me known and known to me to be the person  
described in and who executed the foregoing Certificate of  
Incorporation and he duly acknowledged me to me that he severally  
and independently executed the same.

Clare J. Ambrosio  
Notary Public

Clare J. Ambrosio  
CLARE J. AMBROSIO  
Notary Public, State of New York  
No. 43-580833  
Quainton II Richmond County  
Commission Expires Oct 31 1990

I, John Leone a Justice of the Supreme Court of the State of New York, Section 1 Judicial District, do hereby approve the foregoing Certificate of Incorporation of SISTERS OF CHARITY HEALTH CARE SYSTEM NURSING HOME, INC., and consent that the same be filed.

Dated: OCT - 1 1990  
51, New York

  
Justice, Supreme Court of the State of New York  
Section 1 Judicial District

The undersigned has no objection to the granting of judicial approval to the attached Certificate of Incorporation and waives statutory notice:

Robert Abrams  
Attorney General  
State of New York

By: \_\_\_\_\_  
Dated: \_\_\_\_\_

SCNCSER, INC

*August 15, 1990*  
THE UNDERSIGNED HAS NO OBJECTION TO THE GRANTING OF JUDICIAL APPROVAL HEREON AND WAIVES STATUTORY NOTICE.

ROBERT ABRAMS, ATTORNEY GEN.  
STATE OF NEW YORK

*by Howard Holt*  
HOWARD HOLT  
Associate Attorney

lly  
son  
of  
lly



STATE OF NEW YORK  
DEPARTMENT OF HEALTH  
CORNING TOWER BUILDING  
ALBANY, N.Y. 12237

# PUBLIC HEALTH COUNCIL

September 19, 1990

Ms. Diana J. Lee  
Kalkines, Arky, Zall & Bernstein  
1675 Broadway  
New York, NY 10019

Re: Certificate of Incorporation of Sisters of Charity Health Care System  
Nursing Home, Inc.

Dear Ms. Lee:

AFTER INQUIRY and INVESTIGATION and in accordance with action taken at a meeting of the Public Health Council held on the 23rd day of February, 1990, I hereby certify that the Public Health Council consents to the filing of the Certificate of Incorporation of Sisters of Charity Health Care System Nursing Home, Inc., dated August 14, 1990.

Sincerely,

Karen S. Westervelt  
Executive Secretary

Attachment

12




DAVID AXELROD M.D.  
COMMISSIONER

STATE OF NEW-YORK  
DEPARTMENT OF HEALTH  
ALBANY

CONSENT  
TO FILING A CERTIFICATE OF INCORPORATION  
BY THE  
COMMISSIONER

I, DAVID AXELROD, M.D., Commissioner of Health of the State of New York, do this *27th* day of September, 1990, consent to the filing with the Secretary of State of the Certificate of Incorporation of Sisters of Charity Health Care System Nursing Home, Inc., as executed on the 14th of August, 1990 pursuant to Section 2854 of the Public Health Law.

  
David Axelrod, M.D.  
Commissioner of Health

13

F901009000064

UNI

CERTIFICATE OF INCORPORATION

OF

SISTERS OF CHARITY HEALTH CARE SYSTEM NURSING HOME, INC.

Under Section 402 of the Not-for-Profit Corporation Law  
and Article 28-A of the Public Health Law

State of New York  
Department of State  
A True Copy of the Original  
Filed in the Office of

OCT 9 1990

Notary Public and Official  
of the Department of  
State, New York, N.Y.  
Secretary of State

FILED  
OCT 9 6 52 AM '90

*type D*

*Duration  
2/23/91*

CC

Kalkines Arky Zall & Bernstein  
1675 Broadway - 2<sup>nd</sup> Floor  
New York, New York 10019

STATE OF NEW YORK  
DEPARTMENT OF STATE

FILED OCT 09 1990

TAXES 1  
BY YCC

06. HV 00 11 16 1990

RECEIVED

14

Rich

901009000081

State of New York )  
Department of State ) ss:

*I hereby certify that the annexed copy has been compared with the original document filed by the Department of State and that the same is a true copy of said original.*

*Witness my hand and seal of the Department of State on*

**March 9, 2005**



A handwritten signature in black ink, appearing to read "R. A. S.", is written over the printed title.

*Secretary of State*

PLAN OF DISSOLUTION

OF

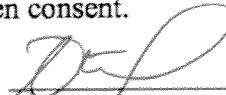
SISTERS OF CHARITY HEALTH CARE SYSTEM NURSING HOME, INC.

The Board of Directors of Sisters of Charity Health Care System Nursing Home, Inc. (the "Corporation"), acting by unanimous written consent without a meeting, having considered the advisability of voluntarily dissolving the Corporation and it being the unanimous opinion of the Board that the dissolution of the Corporation is advisable and in the best interests of the Corporation, does hereby adopt and recommend to the sole member of the Corporation the following plan of dissolution:

1. Following resolution of the Board of Directors adopting a Plan of Dissolution, the Board of Directors shall submit the plan to a vote of the sole member of the Corporation for approval.
2. Approval of the dissolution of the Corporation is required to be obtained from the Public Health and Health Planning Council of the New York State Department of Health.
3. The Corporation has no assets to distribute and no liabilities.
4. The Certificate of Dissolution shall be signed by an authorized director or officer and all required approvals shall be attached thereto.

**CERTIFICATION**

I, Steven R. Korf, President of Sisters of Charity Health Care System Nursing Home, Inc., hereby certify under penalty of perjury that the foregoing Plan of Dissolution was duly adopted by unanimous written consent of the Board of Directors of Sisters of Charity Health Care System Nursing Home, Inc, and was approved by the sole member of Saint Vincents Catholic Medical Centers of New York by unanimous written consent.

  
\_\_\_\_\_  
Steven R. Korf  
President  
Sisters of Charity Health Care System  
Nursing Home, Inc.  
Dated the 20<sup>th</sup> day of April, 2016



**CERTIFICATE OF DISSOLUTION  
OF  
SISTERS OF CHARITY HEALTH CARE SYSTEM NURSING HOME, INC**

**UNDER SECTION 1003 OF THE NOT-FOR-PROFIT CORPORATION LAW**

I, Steven R. Korf, being the President of Sisters of Charity Health Care System Nursing Home, Inc. (the "Corporation"), hereby certify:

1. The name of the Corporation (the "Corporation") is Sisters of Charity Health Care System Nursing Home, Inc.

2. The Certificate of Incorporation of the Corporation was filed by the Department of State of the State of New York on 10/09/1990.

3. The names and addresses of the Corporation's officers and directors are:

<u>Name</u>	<u>Title</u>	<u>Address</u>
Steven R. Korf	President	1595-14 North Central Ave, Valley Stream, NY 11580
Jennifer Coffey		44 Westminster Dr., West Hartford, CT 06107
Carolyn Gaver		9306 Ravenscroft Rd, Clifton, NJ 07013

4. The dissolution of the Corporation was authorized by (a) the unanimous vote of the Board pursuant to Section 1001(a) of the New York Not-for-Profit Corporation Law ("NPCL"), and (b) the affirmative vote of the sole member of the Corporation pursuant to Section 1002, Section 613(c) and Section 608 of the NPCL.

5. The Corporation elects to dissolve.


6. At the time of its dissolution, the Corporation is a charitable corporation within the meaning of Section 201(c) of the NPCL.

7. The Corporation will file with the Attorney General of the State of New York (the "Attorney General") a petition for Approval of the Certificate of Dissolution with the original certified Plan of Dissolution.

8. At the time of authorization of the Corporation's Plan of Dissolution and Distribution of Assets pursuant to NPCL Section 1002, the Corporation had no assets or liabilities and did not hold any assets required to be used for a particular purpose.

9. Prior to the filing of this Certificate of Dissolution with the Department of State, the endorsement of the Attorney General will be attached.

IN WITNESS WHEREOF, the undersigned has signed this Certificate of Dissolution this <sup>11</sup> day of April, 2016.

  
\_\_\_\_\_  
Steven R. Korf  
President

**CERTIFICATE OF DISSOLUTION**  
**OF**  
**SISTERS OF CHARITY HEALTH CARE SYSTEM NURSING HOME, INC.**

**Pursuant to § 1003 of the Not-for-Profit Corporation Law**

Filed by:

Jay Gerzog, Esq.  
Sheppard, Mullin, Richter & Hampton LLP  
30 Rockefeller Plaza  
New York, NY 10112

RESOLUTION

RESOLVED, that the Public Health and Health Planning Council, on this 4th day of August, 2016, approves the filing of the Certificate of Dissolution of Sisters of Charity Health Care System Nursing Home, Inc., dated April 20, 2016.



## MEMORANDUM

**To:** Public Health and Health Planning Council  
**From:** Richard J. Zahnleuter, General Counsel  
**Date:** June 17, 2016  
**Subject:** St. Jerome's Health Services Corporation d/b/a Holy Family Home  
Proposed Certificate of Dissolution

---

St. Jerome's Health Services Corporation d/b/a Holy Family Home (St. Jerome) has requested the consent of the Public Health and Health Planning Council (PHHPC) to its proposed Certificate of Dissolution.

St. Jerome is a New York not-for-profit corporation. Counsel for St. Jerome advises that Saint Vincent's Catholic Medical Centers of New York (SVCMC) is the sole member of St. Jerome; that on April 14, 2010, SVCMC and St. Jerome filed voluntary petitions seeking bankruptcy protection under Chapter 11 of the United States Bankruptcy Code; and that St. Jerome sold substantially all of its assets and ceased operations on or about January 19, 2012. We have confirmed that the sale was approved by PHHPC.

Dissolution of St. Jerome may not occur without the consent of PHHPC pursuant to Not-for-Profit Corporation Law Sections 1002(c) and 1003(b), and 10 NYCRR Part 650.

Attached are the following with regard to this matter:

Letter from counsel for St. Jerome.

Certificate of Incorporation.

Plan of Dissolution.

Proposed Certificate of Dissolution.

The proposed Certificate of Dissolution is in legally acceptable form.

# SheppardMullin

Sheppard, Mullin, Richter & Hampton LLP  
30 Rockefeller Plaza  
New York, New York 10112-0015  
212.653.8700 main  
212.653.8701 fax  
www.sheppardmullin.com

Jay E. Gerzog  
212.653.8465 direct  
JGerzog@sheppardmullin.com

May 2, 2016

File Number: 46RZ-218940

## VIA FEDEX AND ELECTRONIC MAIL

Mark Noordsy, Esq.  
Senior Attorney  
Division of Legal Affairs  
NYS Department of Health  
The Corning Tower  
Albany, New York 12237  
Tel: (518) 473-3303  
E-mail: mark.noordsy@health.ny.gov

Re: Request for Consent to Dissolution of  
Sisters of Charity Health Care System Nursing Home, Inc.,  
Bishop Francis J. Mugavero Center for Geriatric Care, Inc., and  
St. Jerome's Health Services Corporation d/b/a Holy Family Home

Dear Mr. Noordsy:

We represent Saint Vincents Catholic Medical Centers of New York, a New York not-for-profit corporation ("SVCMC"), and the following three of its not-for-profit subsidiaries:

- (i) Sisters of Charity Health Care System Nursing Home, Inc., a New York not-for-profit corporation ("Sisters of Charity");
- (ii) St. Jerome's Health Services Corporation d/b/a Holy Family Home ("St. Jerome"), a New York not-for-profit corporation; and
- (iii) Bishop Francis J. Mugavero Center for Geriatric Care, Inc., a New York not-for-profit corporation ("Bishop Francis" and, together with Sisters of Charity and St. Jerome, collectively the "Nursing Homes").

We are writing on behalf of SVCMC and the Nursing Homes to request letters from the Public Health and Health Planning Council (the "PHHPC") consenting to the dissolution of each of the Nursing Homes pursuant to Section 1002 of the New York Not-for-Profit Corporation Law (the "NPCL"), and a letter from the Commissioner of the Department of Health (the "Commissioner") consenting to the dissolution of Sisters of Charity.

# SheppardMullin

Mark Noordsy, Esq.  
Division of Legal Affairs  
New York State Department of Health  
May 2, 2016  
Page 2

By way of background, SVCMC is the sole member of each of the Nursing Homes. Each Nursing Home was formed and has historically operated for the purposes of owning, maintaining and operating one or more nursing homes, residential health care facilities, skilled nursing facilities, long term care facilities and/or intermediate care facilities. On April 14, 2010, SVCMC and substantially all of its subsidiaries, including the Nursing Homes, filed voluntary petitions seeking bankruptcy protection under Chapter 11 of the United States Bankruptcy Code. Over the course of the next several years, each of the Nursing Homes sold substantially all of its assets and operations, terminated their Article 28 licenses and ceased all operations.<sup>1</sup>

The Nursing Homes have no assets, do not conduct any operations, and do not have any plans or intent to conduct any operations in the future. Accordingly, the Board of Directors of each of the Nursing Homes has determined that dissolution of their respective Nursing Home is appropriate and authorized the dissolution of such Nursing Home by unanimous written consent. The dissolution of the Nursing Homes was also approved by SVCMC, as sole corporate member of each of the Nursing Homes. A copy of each Nursing Home's (a) Certificate of Incorporation, (b) Plan of Dissolution and Distribution of Assets, and (c) proposed Certificate of Dissolution, are enclosed herewith. The Plan of Dissolution and Distribution of Assets and the proposed Certificate of Dissolution have been authorized and approved by their respective Boards of Directors and SVCMC, in its capacity as the sole member of each Nursing Home.

Pursuant to Section 1002(c) of the NPCL, "[w]henver a statute creating, or authorizing the formation of, a corporation requires approval by a governmental body or officer for the formation of such corporation, dissolution shall not be authorized without the approval of such body or officer." Accordingly, as approval of the PHHPC was required in connection with the formation of each of the Nursing Homes, SVCMC and the Nursing Homes hereby request separate letters from the PHHPC consenting to the dissolution of the three Nursing Homes - Sisters of Charity, St. Jerome's, and Bishop Francis - and the filing of each such entity's proposed Certificate of Dissolution with the New York State Department of State. In addition, as approval of the Commissioner was required in connection with the formation of Sisters of Charity, SVCMC and Sisters of Charity hereby request a letter from the Commissioner consenting to the dissolution of Sisters of Charity.

---

<sup>1</sup> Bishop Francis sold substantially all of its assets on March 24, 2011. St. Jerome's sold substantially all of its assets on January 19, 2012. Sisters of Charity sold substantially all of its assets on April 1, 2012.

# SheppardMullin

Mark Noordsy, Esq.  
Division of Legal Affairs  
New York State Department of Health  
May 2, 2016  
Page 3

We greatly appreciate your prompt consideration and attention to this matter. Please do not hesitate to contact me if you need additional information.

Very truly yours,



Jay E. Gerzog  
for SHEPPARD, MULLIN, RICHTER & HAMPTON LLP

SMRH:225223307.4  
Encl.



**Certificate of Incorporation**

of

**St. Jerome's Health Services Corporation**

**Under Section 402 of the Not-for-Profit  
Corporation Law**

The undersigned incorporator, for the purpose of forming a Not-for-Profit Corporation under the laws of the State of New York, hereby certifies:

**FIRST:** The name of the Corporation is St. Jerome's Health Services Corporation (hereinafter referred to as the "Corporation").

**SECOND:** The Corporation is a Corporation as defined in subparagraph (a)(5) of Section 102 of the Not-for-Profit Corporation Law and is a Type B Corporation as defined in Section 201 of the Not-for-Profit Corporation Law.

**THIRD:** The purposes for which the Corporation is formed are:

(a) to plan, construct, erect, build, acquire, alter, reconstruct, rehabilitate, own, maintain and operate one or more nursing home, residential health care facilities, skilled nursing facilities, long term care facilities and intermediate care facilities pursuant to the Public Health Law;

(b) to plan, construct, erect, build, acquire, alter, reconstruct, rehabilitate, own, maintain and operate one or more hospice facilities or units pursuant to Article 40 of the

Public Health Law to provide a coordinated program of care for treating terminally ill patients and their families as a unit, by providing palliative and supportive care to meet the special needs arising out of physical, psychological, spiritual, social and economic stresses which are experienced during the final stages of illness and during dying and bereavement provided that the Corporation shall not operate or hold itself out as operating a hospice until all approvals required by law have been obtained; and

(c) to provide home care services, including long-term health care programs, directly or through the maintenance and operation of a home care services agency, pursuant to Article 56 of the Public Health Law, consisting of nursing, home health aide and other therapeutic and related services of a preventive, therapeutic, rehabilitative health guidance and/or supportive nature to persons at home provided that the Corporation shall not operate or hold itself out as operating a home care services agency until all approvals required by law have been obtained; and

(d) to take any and all actions which are incidental to and not inconsistent with the foregoing purposes of the Corporation and which are lawful for not-for-profit corporations.

FOURTH: The Corporation shall have all power enumerated in Section 202 of the Not-for-Profit Corporation

law. The corporation is authorized by resolution of the Board of Directors to accept subventions from members or non-members on terms and conditions not inconsistent with the Not-for-Profit Corporation Law of the State of New York, and to issue certificates therefor. The Corporation is empowered to do and perform all acts reasonably necessary to accomplish the purposes of the Corporation, including the execution of a Regulatory Agreement with the Secretary of Housing and Urban Development, acting by and through the Federal Housing Commissioner, and of such other instruments and undertakings as may be necessary to enable the Corporation to secure the benefits of financing with the assistance of mortgage insurance under the provisions of the National Housing Act, as amended, or as may be required by any governmental body giving financial assistance to the Corporation. Such Regulatory Agreement and other instruments and undertakings shall remain binding upon the Corporation and its successors and assigns so long as a mortgage on the Corporation's property is insured or held by the Secretary of Housing and Urban Development.

FIFTH: The Corporation is organized exclusively for charitable, religious, educational, and scientific purposes, and the Corporation shall not carry on any activities not permitted to be carried on by a corporation exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

No substantial part of the activities of the Corporation shall consist in carrying on propaganda or otherwise attempting to influence legislation (except to the extent authorized by SECTION 501(h) of the Internal Revenue Code of 1986, as amended, during any fiscal year or years in which the Corporation has chosen to utilize the benefits authorized by that statutory provision). The Corporation shall not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of any candidate for public office.

SIXTH: The office of the Corporation shall be located in the County of Queens, State of New York.

SEVENTH: The names and addresses of the initial directors are:

NAME	ADDRESS
Sister St. Gerard Marks	86-18 58th Ave. Elmhurst, New York 11373
Eileen M. Nolan, O.P.	35-19 157th Ave. Flushing, New York 11354
John Salandra	45 Greenwood Lane Valhalla, New York 10595

EIGHTH: No part of the assets, income or net earnings of the Corporation shall inure to the benefit of any member, director, trustee, officer or employee of the Corporation, or to any private individual, except that reasonable compensation may be paid for services in effecting one or more purposes of

the Corporation. All income and earnings of the Corporation shall be used exclusively for its corporate purposes.

NINTH: In the event of dissolution of the Corporation, no distribution of any of the property or assets of the Corporation shall be made to any member, director, trustee, officer or employee of the Corporation, or to any private individual, but all of such property and assets, after paying or making provisions for the payment of all of its liabilities, shall be distributed to accomplish the charitable, religious, educational and scientific purposes for which this Corporation is organized to such health related organizations or corporations as shall qualify under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and as selected by the members of the Corporation, subject to an order of a Justice of the Supreme Court of the State of New York.

TENTH: In the event that the Corporation shall at any time be a private foundation within the meaning of Section 509 of the Internal Revenue Code of 1986, as amended (or the corresponding provisions of any subsequent law) the Corporation, so long as it shall be such a private foundation, shall distribute such income as may be necessary in each taxable year at such time and in such manner as not to subject the Corporation to tax under Section 4942 of said Code, and shall be absolutely prohibited from and shall refrain from engaging in the following acts:

(a) any act of self-dealing as defined in Section 4941(d) of said Code;

(b) retaining any excess business holdings as defined in Section 4943(c) of said Code;

(c) making any investment in such manner as to subject the Corporation to tax under Section 4944 of said Code; and

(d) making any taxable expenditures, as defined in Section 4945(d) of said Code.

**ELEVENTH:** The Secretary of State is hereby designated agent of the Corporation upon whom process against the Corporation may be served. The post office address within the State of New York to which the Secretary of State shall mail a copy of any process against the Corporation served upon the Secretary of State is:

St. Jerome's Health Services Corporation  
88-25 153 Street  
Jamaica, New York 11432

**TWELFTH:** All references herein to provisions of the Internal Revenue Code of 1986, as amended, shall be deemed to include both amendments thereto and statutes which succeed such provisions.

**THIRTEENTH:** Prior to delivery to the Department of State for filing, all approvals or consents required by law before this Certificate may be filed will be endorsed hereon or annexed hereto.

FOURTEENTH: So long as a mortgage on the Corporation's property is insured or held by the Secretary of Housing and Urban Development, this Certificate may not be amended without the prior written approval of said Secretary.

IN WITNESS WHEREOF, the undersigned, being at least eighteen years of age, has subscribed and affirmed this Certificate as true under the penalties of perjury this 10th day of February, 1989.

  
John J. Lynch,  
Incorporator

101 Park Avenue  
New York, NY 10178

APPROVAL OF JUSTICE OF SUPREME COURT

I, HON. EDWIN KASSOFF, a Justice of the  
Supreme Court of the State of New York of the 11<sup>th</sup>  
Judicial District, in which the office of the Corporation is to  
be located, do hereby approve the foregoing Certificate of St.  
Jerome's Health Services Corporation and consent that the same  
be filed.

*Edwin Kassoff*  
Justice of the Supreme Court

Dated: March 29, 1989

March 23, 1989

THE UNDERSIGNED HAS NO OBJECTION  
TO THE GRANTING OF JUDICIAL  
APPROVAL HEREON AND WAIVES  
SIX MONTHS NOTICE.

ROBERT ABRAMS, ATTORNEY GEN.  
STATE OF NEW YORK

by Howard Holt  
HOWARD HOLT  
Associate Attorney





STATE OF NEW YORK  
DEPARTMENT OF HEALTH  
CORNING TOWER BUILDING  
ALBANY, N.Y. 12237

# PUBLIC HEALTH COUNCIL

Morton P. Hyman  
Chairman

March 16, 1989

Mr. Thomas E. Chardavoine  
Consultant  
St. Jerome's Health Services Corporation  
1740 84th Street  
Brooklyn, NY 11234

Re: Certificate of Incorporation of St. Jerome's Health Services Corporation

Dear Mr. Chardavoine:

AFTER INQUIRY AND INVESTIGATION and in accordance with action taken at a meeting of the Public Health Council held on the 20th day of January, 1989, I hereby certify that the Public Health Council consents to the filing of the Certificate of Incorporation of St. Jerome's Health Services Corporation, dated February 10, 1989.

Sincerely,

*Karen S. Westervelt*  
Karen S. Westervelt  
Executive Secretary

9

*Handwritten signature*

KILLEY DRYE & WARREN  
10 PARK AVENUE, NEW YORK 10178  
208-7600

*Blacked-out stamp area*

MEMBER OF HEALTH SERVICE  
CORPORATION

CERTIFICATE  
OF  
INCORPORATION

E760209

*Handwritten number*  
10

*Handwritten date and initials*  
JUL 2 3-30-89  
12:12 pm

*Handwritten initials*  
JK

OFFICE OF THE  
SECRETARY OF STATE

NEW YORK, N.Y. 10000

STATE OF NEW YORK

**STATE OF NEW YORK**  
**DEPARTMENT OF STATE**

I hereby certify that the annexed copy has been compared with the original document in the custody of the Secretary of State and that the same is a true copy of said original.

WITNESS my hand and official seal of the  
Department of State, at the City of Albany, on  
August 9, 2007.



*Paul LaPointe*

Paul LaPointe  
Special Deputy Secretary of State

CSC 45  
DRAW DOWN

F 031002000815

CERTIFICATE OF AMENDMENT  
OF THE  
CERTIFICATE OF INCORPORATION  
OF  
ST. JEROME'S HEALTH SERVICES CORPORATION

Under Section 803 of the  
Not-for-Profit Corporation Law

It is hereby certified that:

1. The name of the corporation is St. Jerome's Health Services Corporation (the "Corporation").

2. The Certificate of Incorporation of the Corporation was filed by the Department of State on March 30, 1989. The Corporation was formed under the Not-for-Profit Corporation Law.

3. The Corporation is a corporation as defined in subparagraph (a)(5) of Section 102 of the Not-for-Profit Corporation Law and is a Type B corporation as defined in Section 201 of the Not-for-Profit Corporation Law.

4. The Certificate of Incorporation of the Corporation is amended to insert the following immediately following Article FOURTEENTH thereof as Article FIFTEENTH:

**FIFTEENTH:** The member of the Corporation shall have decision-making authority over any of the following with respect to the Corporation:

(a) the approval of the appointment or dismissal of the administrator or other chief operating officer of the Corporation;

(b) the approval of annual operating and capital expenditure budgets of the Corporation,

(c) the approval of certificate of need applications filed by or on behalf of the Corporation; and


(d) the approval of management contracts of the Corporation.

5. This Certificate of Amendment was authorized by unanimous written consent, dated February 25, 2000, of the members of the Corporation entitled to vote thereon pursuant to Section 614 of the Not-for-Profit Corporation Law.

6. The Secretary of State is hereby designated agent of the Corporation upon whom process against the Corporation may be served. The post office address within the State of New York to which the Secretary of State shall mail a copy of any process against the Corporation served upon the Secretary of State is:

St. Jerome's Health Services Corporation  
88-125 153 Street  
Jamaica, New York 11432

IN WITNESS WHEREOF, the undersigned <sup>has</sup> subscribed and affirmed this Certificate as true under the penalties of perjury this 2<sup>d</sup> day of Feb 2000.

  
John A. Salandra  
Vice President - Finance



STATE OF NEW YORK  
DEPARTMENT OF HEALTH  
CORNING TOWER BUILDING  
ALBANY, N.Y. 12237

# PUBLIC HEALTH COUNCIL

"REISSUED"

September 24, 2003

Dr. Karl P. Adler  
President & CEO  
St. Vincents Hospital & Medical  
Center of New York  
170 West 12<sup>th</sup> Street  
New York, New York 10011

Re: Certificate of Amendment of the Certificate of Incorporation of St. Jerome's Health Services Corporation

Dear Dr. Adler:

AFTER INQUIRY and INVESTIGATION and in accordance with action taken at a meeting of the Public Health Council held on the 22<sup>nd</sup> day of October, 1999, I hereby certify that the Public Health Council consents to the filing of the Certificate of Amendment of the Certificate of Incorporation of St. Jerome's Health Services Corporation, dated February 25, 2000.

Sincerely,

*Donna Peterson*  
Karen S. Westervelt *for*  
Executive Secretary

3

CSC 45  
DRAW DOWN F 081002000 815

CERTIFICATE OF INCORPORATION  
OF  
ST. JEROME'S HEALTH SERVICES CORPORATION

Section 803 of the Not-for-Profit Corporation Law

*ht*

Filer: Garfunkel Wild & Travis  
Suite 503  
111 Great Neck Rd.  
Great Neck, NY 11021-5405  
Cust. Ref#265196Hxm

DRAWDOWN

ICC  
STATE OF NEW YORK  
DEPARTMENT OF STATE

OCT 02 2003

FILED  
TAXS  
BY: MMK

*Queens*

FILED

2003 OCT -2 PM 4:07

2003 OCT -2 PM 12:06

RECEIVED

4

857

**STATE OF NEW YORK**  
**DEPARTMENT OF STATE**

I hereby certify that the annexed copy has been compared with the original document in the custody of the Secretary of State and that the same is a true copy of said original.

WITNESS my hand and official seal of the  
Department of State, at the City of Albany, on  
August 9, 2007.



*Paul LaPointe*

Paul LaPointe  
Special Deputy Secretary of State



PLAN OF DISSOLUTION

OF


ST. JEROME'S HEALTH SERVICES CORPORATION  
D/B/A HOLY FAMILY HOME

The Board of Directors of St. Jerome's Health Services Corporation D/B/A Holy Family Home (the "Corporation"), acting by unanimous written consent without a meeting, having considered the advisability of voluntarily dissolving the Corporation and it being the unanimous opinion of the Board that the dissolution of the Corporation is advisable and in the best interests of the Corporation, does hereby adopt and recommend to the sole member of the Corporation the following plan of dissolution:

1. Following resolution of the Board of Directors adopting a Plan of Dissolution, the Board of Directors shall submit the plan to a vote of the sole member of the Corporation for approval.
2. Approval of the dissolution of the Corporation is required to be obtained from the Public Health and Health Planning Council of the New York State Department of Health.
3. The Corporation has no assets to distribute and no liabilities.
4. The Certificate of Dissolution shall be signed by an authorized director or officer and all required approvals shall be attached thereto.

**CERTIFICATION**

I, Steven R. Korf, President of St. Jerome's Health Care Services Corporation D/B/A Holy Family Home hereby certify under penalty of perjury that the foregoing Plan of Dissolution was duly adopted by unanimous written consent of the Board of Directors of St. Jerome's Health Services Corporation D/B/A Holy Family Home and was approved by the sole member of Saint Vincents Catholic Medical Center of New York by unanimous written consent.

  
\_\_\_\_\_  
Steven R. Korf  
President  
St. Jerome's Health Services Corporation  
Dated the 08<sup>th</sup> day of April, 2016

**CERTIFICATE OF DISSOLUTION  
OF  
ST. JEROME'S HEALTH SERVICES CORPORATION  
D/B/A HOLY FAMILY HOME**

**UNDER SECTION 1003 OF THE NOT-FOR-PROFIT CORPORATION LAW**

I, Steven R. Korf, being the President of St. Jerome's Health Services Corporation D/B/A Holy Family Home (the "Corporation"), hereby certify:

1. The name of the Corporation (the "Corporation") is St. Jerome's Health Services Corporation D/B/A Holy Family Home.
2. The Certificate of Incorporation of the Corporation was filed by the Department of State of the State of New York on 3/30/1989.
3. The names and addresses of the Corporation's officers and directors are:

<u>Name</u>	<u>Title</u>	<u>Address</u>
Steven R. Korf	President	1595-14 North Central Ave, Valley Stream, NY 11580
Jennifer Coffey		44 Westminster Dr., West Hartford, CT 06107
Carolyn Gaver		9306 Ravenscroft Rd, Clifton NJ 07013


4. The dissolution of the Corporation was authorized by (a) the unanimous vote of the Board pursuant to Section 1001(a) of the New York Not-for-Profit Corporation Law ("NPCL"), and (b) the affirmative vote of the sole member of the Corporation pursuant to Section 1002, Section 613(c) and Section 608 of the NPCL.
5. The Corporation elects to dissolve.
6. At the time of its dissolution, the Corporation is a charitable corporation within the meaning of Section 201(c) of the NPCL.

7. The Corporation will file with the Attorney General of the State of New York (the "Attorney General") a petition for Approval of the Certificate of Dissolution with the original certified Plan of Dissolution.

8. At the time of authorization of the Corporation's Plan of Dissolution and Distribution of Assets pursuant to NPCL Section 1002, the Corporation had no assets or liabilities and did not hold any assets required to be used for a particular purpose.

9. Prior to the filing of this Certificate of Dissolution with the Department of State, the endorsement of the Attorney General will be attached.

IN WITNESS WHEREOF, the undersigned has signed this Certificate of Dissolution this 11<sup>th</sup> day of April, 2016.

  
\_\_\_\_\_  
Steven R. Korf  
President

**CERTIFICATE OF DISSOLUTION**  
**OF**  
**ST. JEROME'S HEALTH SERVICES CORPORATION**  
**D/B/A HOLY FAMILY HOME**

**Pursuant to § 1003 of the Not-for-Profit Corporation Law**

Filed by:

Jay Gerzog, Esq.  
Sheppard, Mullin, Richter & Hampton LLP  
30 Rockefeller Plaza  
New York, NY 10112

RESOLUTION

RESOLVED, that the Public Health and Health Planning Council, on this 4th day of August, 2016, approves the filing of the Certificate of Dissolution of St. Jerome's Health Services Corporation d/b/a Holy Family Home, dated April 20, 2016.



## MEMORANDUM

**To:** Public Health and Health Planning Council

**From:** Richard J. Zahnleuter, General Counsel

**Date:** June 17, 2016

**Subject:** Bishop Francis J. Mugavero Center for Geriatric Care, Inc.  
Proposed Certificate of Dissolution

---

Bishop Francis J. Mugavero Center for Geriatric Care, Inc. (Bishop Francis) has requested the consent of the Public Health and Health Planning Council (PHHPC) to its proposed Certificate of Dissolution.

Bishop Francis is a New York not-for-profit corporation. Counsel for Bishop Francis advises that Saint Vincent's Catholic Medical Centers of New York (SVCMC) is the sole member of Bishop Francis; that on April 14, 2010, SVCMC and Bishop Francis filed voluntary petitions seeking bankruptcy protection under Chapter 11 of the United States Bankruptcy Code; and that Bishop Francis sold substantially all of its assets and ceased operations on or about March 24, 2011. We have confirmed that the sale was approved by PHHPC.

Dissolution of Bishop Francis may not occur without the consent of PHHPC pursuant to Not-for-Profit Corporation Law Sections 1002(c) and 1003(b), and 10 NYCRR Part 650.

Attached are the following with regard to this matter:

Letter from counsel for Bishop Francis.

Certificate of Incorporation.

Plan of Dissolution.

Proposed Certificate of Dissolution.

The proposed Certificate of Dissolution is in legally acceptable form.

# SheppardMullin

Sheppard, Mullin, Richter & Hampton LLP  
30 Rockefeller Plaza  
New York, New York 10112-0015  
212.653.8700 main  
212.653.8701 fax  
www.sheppardmullin.com

Jay E. Gerzog  
212.653.8465 direct  
JGerzog@sheppardmullin.com

May 2, 2016

File Number: 46RZ-218940

## VIA FEDEX AND ELECTRONIC MAIL

Mark Noordsy, Esq.  
Senior Attorney  
Division of Legal Affairs  
NYS Department of Health  
The Corning Tower  
Albany, New York 12237  
Tel: (518) 473-3303  
E-mail: mark.noordsy@health.ny.gov

Re: Request for Consent to Dissolution of  
Sisters of Charity Health Care System Nursing Home, Inc.,  
Bishop Francis J. Mugavero Center for Geriatric Care, Inc., and  
St. Jerome's Health Services Corporation d/b/a Holy Family Home

Dear Mr. Noordsy:

We represent Saint Vincents Catholic Medical Centers of New York, a New York not-for-profit corporation ("SVCMC"), and the following three of its not-for-profit subsidiaries:

- (i) Sisters of Charity Health Care System Nursing Home, Inc., a New York not-for-profit corporation ("Sisters of Charity");
- (ii) St. Jerome's Health Services Corporation d/b/a Holy Family Home ("St. Jerome"), a New York not-for-profit corporation; and
- (iii) Bishop Francis J. Mugavero Center for Geriatric Care, Inc., a New York not-for-profit corporation ("Bishop Francis" and, together with Sisters of Charity and St. Jerome, collectively the "Nursing Homes").

We are writing on behalf of SVCMC and the Nursing Homes to request letters from the Public Health and Health Planning Council (the "PHHPC") consenting to the dissolution of each of the Nursing Homes pursuant to Section 1002 of the New York Not-for-Profit Corporation Law (the "NPCL"), and a letter from the Commissioner of the Department of Health (the "Commissioner") consenting to the dissolution of Sisters of Charity.

# SheppardMullin

Mark Noordsy, Esq.  
Division of Legal Affairs  
New York State Department of Health  
May 2, 2016  
Page 2

By way of background, SVCMC is the sole member of each of the Nursing Homes. Each Nursing Home was formed and has historically operated for the purposes of owning, maintaining and operating one or more nursing homes, residential health care facilities, skilled nursing facilities, long term care facilities and/or intermediate care facilities. On April 14, 2010, SVCMC and substantially all of its subsidiaries, including the Nursing Homes, filed voluntary petitions seeking bankruptcy protection under Chapter 11 of the United States Bankruptcy Code. Over the course of the next several years, each of the Nursing Homes sold substantially all of its assets and operations, terminated their Article 28 licenses and ceased all operations.<sup>1</sup>

The Nursing Homes have no assets, do not conduct any operations, and do not have any plans or intent to conduct any operations in the future. Accordingly, the Board of Directors of each of the Nursing Homes has determined that dissolution of their respective Nursing Home is appropriate and authorized the dissolution of such Nursing Home by unanimous written consent. The dissolution of the Nursing Homes was also approved by SVCMC, as sole corporate member of each of the Nursing Homes. A copy of each Nursing Home's (a) Certificate of Incorporation, (b) Plan of Dissolution and Distribution of Assets, and (c) proposed Certificate of Dissolution, are enclosed herewith. The Plan of Dissolution and Distribution of Assets and the proposed Certificate of Dissolution have been authorized and approved by their respective Boards of Directors and SVCMC, in its capacity as the sole member of each Nursing Home.

Pursuant to Section 1002(c) of the NPCL, "[w]henver a statute creating, or authorizing the formation of, a corporation requires approval by a governmental body or officer for the formation of such corporation, dissolution shall not be authorized without the approval of such body or officer." Accordingly, as approval of the PHHPC was required in connection with the formation of each of the Nursing Homes, SVCMC and the Nursing Homes hereby request separate letters from the PHHPC consenting to the dissolution of the three Nursing Homes - Sisters of Charity, St. Jerome's, and Bishop Francis - and the filing of each such entity's proposed Certificate of Dissolution with the New York State Department of State. In addition, as approval of the Commissioner was required in connection with the formation of Sisters of Charity, SVCMC and Sisters of Charity hereby request a letter from the Commissioner consenting to the dissolution of Sisters of Charity.

---

<sup>1</sup> Bishop Francis sold substantially all of its assets on March 24, 2011. St. Jerome's sold substantially all of its assets on January 19, 2012. Sisters of Charity sold substantially all of its assets on April 1, 2012.



# SheppardMullin

Mark Noordsy, Esq.  
Division of Legal Affairs  
New York State Department of Health  
May 2, 2016  
Page 3

We greatly appreciate your prompt consideration and attention to this matter. Please do not hesitate to contact me if you need additional information.

Very truly yours,



Jay E. Gerzog  
for SHEPPARD, MULLIN, RICHTER & HAMPTON LLP

SMRH:225223307.4  
Encl.

CT

CERTIFICATE OF INCORPORATION

of **F920102000017**

BISHOP FRANCIS J. MUGAVERO CENTER FOR GERIATRIC CARE, INC.

Under Section 402 of the Not-for-Profit  
Corporation Law

The undersigned incorporator, for the purpose of forming a Not-for-Profit Corporation under the laws of the State of New York, hereby certifies:

FIRST: The name of the Corporation is Bishop Francis J. Mugavero Center for Geriatric Care, Inc. (hereinafter referred to as the "Corporation").

SECOND: The Corporation is a corporation as defined in subparagraph (a)(5) of Section 102 of the Not-for-Profit Corporation Law and is a Type B Corporation as defined in Section 201 of the Not-for-Profit Corporation Law.

THIRD: The purposes for which the Corporation is formed are:

(a) to plan, construct, erect, build, acquire, alter, reconstruct, rehabilitate, own, maintain and operate one or more nursing home, residential health care facilities, skilled nursing facilities, long term care facilities and intermediate care facilities pursuant to the Public Health Law;

(b) to plan, construct, erect, build, acquire, alter, reconstruct, rehabilitate, own, maintain and operate one or more hospice facilities or units pursuant to Article 40 of the

1

Public Health Law to provide a coordinated program of care for treating terminally ill patients and their families as a unit, by providing palliative and supportive care to meet the special needs arising out of physical, psychological, spiritual, social and economic stresses which are experienced during the final stages of illness and during dying and bereavement provided that the Corporation shall not operate or hold itself out as operating a hospice until all approvals required by law have been obtained; and

(c) to provide home care services, including long term health care programs, directly or through the maintenance and operation of a home care services agency, pursuant to Article 36 of the Public Health Law, consisting of nursing, home health aide and other therapeutic and related services of a preventive, therapeutic, rehabilitative health guidance and/or supportive nature to persons at home provided that the Corporation shall not operate or hold itself out as operating a home care services agency until all approvals required by law have been obtained; and

(d) to take any and all actions which are incidental to and not inconsistent with the foregoing purposes of the Corporation and which are lawful for not-for-profit corporations.

FOURTH: The Corporation shall have all power enumerated in Section 202 of the Not-for-Profit Corporation

Law. The corporation is authorized by resolution of the Board of Directors to accept subventions from members or non-members on terms and conditions not inconsistent with the Not-for-Profit Corporation Law of the State of New York, and to issue certificates therefor. The Corporation is empowered to do and perform all acts reasonably necessary to accomplish the purposes of the Corporation, including the execution of a Regulatory Agreement with the Secretary of Housing and Urban Development, acting by and through the Federal Housing Commissioner, and of such other instruments and undertakings as may be necessary to enable the Corporation to secure the benefits of financing with the assistance of mortgage insurance under the provisions of the National Housing Act, as amended, or as may be required by any governmental body giving financial assistance to the Corporation. Such Regulatory Agreement and other instruments and undertakings shall remain binding upon the Corporation and its successors and assigns so long as a mortgage on the Corporation's property is insured or held by the Secretary of Housing and Urban Development.

FIFTH: The Corporation is organized exclusively for charitable, religious, educational, and scientific purposes, and the Corporation shall not carry on any activities not permitted to be carried on by a corporation exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

No substantial part of the activities of the Corporation shall consist in carrying on propaganda or otherwise attempting to influence legislation (except to the extent authorized by Section 501(h) of the Internal Revenue Code of 1986, as amended, during any fiscal year or years in which the Corporation has chosen to utilize the benefits authorized by that statutory provision). The Corporation shall not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of any candidate for public office.

SIXTH: The office of the Corporation shall be located in the County of Queens, State of New York.

SEVENTH: The names and addresses of the initial directors are:

<u>Names</u>	<u>Addresses</u>
Sister St. Gerard Marks	86-18 58th Ave. Elmhurst, New York 11373
Eileen M. Nolan, O.P.	35-19 157th Ave. Flushing, New York 11354
John Salandra	45 Greenwood Lane Valhalla, New York 10595

EIGHTH: No part of the assets, income or net earnings of the Corporation shall inure to the benefit of any member, director, trustee, officer or employee of the Corporation, or to any other private individual, except that reasonable compensation may be paid for services in effecting one or more

purposes of the Corporation. All income and earnings of the Corporation shall be used exclusively for its corporate purposes.

NINTH: In the event of dissolution of the Corporation, no distribution of any of the property or assets of the Corporation shall be made to any private Member, director, trustee, officer or employee of the Corporation, or to any other private individual, but all of such property and assets, after paying or making provisions for the payment of all of its liabilities, shall be distributed to accomplish the charitable, religious, educational and scientific purposes for which this Corporation is organized to such health related organizations or corporations as shall qualify under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and as selected by the members of the Corporation, subject to an order of a Justice of the Supreme Court of the State of New York.

TENTH: In the event that the Corporation shall at any time be a private foundation within the meaning of Section 509 of the Internal Revenue Code of 1986, as amended (or the corresponding provisions of any subsequent law) the Corporation, so long as it shall be such a private foundation, shall distribute such income as may be necessary in each taxable year at such time and in such manner as not to subject the Corporation to tax under Section 4942 of said Code, and

shall be absolutely prohibited from and shall refrain from engaging in the following acts:

(a) any act of self-dealing as defined in Section 4941(d) of said Code;

(b) retaining any excess business holdings as defined in Section 4943(c) of said Code;

(c) making any investment in such manner as to subject the Corporation to tax under Section 4944 of said Code; and

(d) making any taxable expenditures, as defined in Section 4945(d) of said Code.

ELEVENTH: The duration of the Corporation shall be for a period from the date of the filing of this Certificate of Incorporation by the Secretary of State until September 26, 1993.

~~TWELFTH~~ The Secretary of State is hereby designated agent of the Corporation upon whom process against the Corporation may be served. The post office address within the State of New York to which the Secretary of State shall mail a copy of any process against the Corporation served upon the Secretary of State is:

Bishop Francis J. Mugavero Center  
for Geriatric Care, Inc.  
88-25 153 Street  
Jamaica, New York 11432

THIRTEENTH: All references herein to provisions of the Internal Revenue Code of 1986, as amended, shall be deemed

to include both amendments thereto and statutes which succeed such provisions.

FOURTEENTH: Prior to delivery to the Department of State for filing, all approvals or consents required by law before this Certificate may be filed will be endorsed hereon or annexed hereto.

FIFTEENTH: So long as a mortgage on the Corporation's property is insured or held by the Secretary of Housing and Urban Development, this Certificate may not be amended without the prior written approval of said Secretary.

IN WITNESS WHEREOF, the undersigned, being at least eighteen years of age, has subscribed and affirmed this Certificate as true under the penalties of perjury this 17th day of October, 1991.

  
John J. Lynagh,  
Incorporator

101 Park Avenue  
New York, NY 10178



APPROVAL OF JUSTICE OF SUPREME COURT

HON. FRED T. SANTUCCI

I, \_\_\_\_\_, a Justice of the  
Supreme Court of the State of New York of the 11<sup>th</sup>  
Judicial District, in which the Office of the Corporation is to  
be located, do hereby approve the foregoing Certificate of  
Bishop Francis J. Mugavero Center for Geriatric Care, Inc. and  
consent that the same be filed.

  
Justice of the Supreme Court

Dated:

November 22, 1991

THE UNDERSIGNED HAS NO OBJECTION  
TO THE GRANTING OF JUDICIAL  
APPROVAL HEREON AND WAIVES  
STATUTE

ROBERT F. HOLT, ATTORNEY GEN.  
STATE OF NEW YORK

by *Howard Holt*

ROBERT F. HOLT  
Attorney General



STATE OF NEW YORK  
DEPARTMENT OF HEALTH  
CORNING TOWER BUILDING  
ALBANY, N.Y. 12237

# PUBLIC HEALTH COUNCIL

November 1, 1991

Mr. Thomas K. Chardavoine  
Vice President, Public Affairs  
Catholic Medical Center of Brooklyn  
and Queens, Inc.  
88-25 153rd Street  
Jamaica, NY 11432

Re: Certificate of Incorporation of Bishop Francis J. Mugavero Center for Geriatric Care, Inc.

Dear Mr. Chardavoine:

AFTER INQUIRY and INVESTIGATION and in accordance with action taken at a meeting of the Public Health Council held on the 27th day of September, 1991, I hereby certify that the Public Health Council consents to the filing of the Certificate of Incorporation of Bishop Francis J. Mugavero Center for Geriatric Care, Inc., dated October 17, 1991 for a limited life duration expiring on September 27, 1993.

Sincerely,

Karen S. Westervelt  
Executive Secretary

RECEIVED

NOV 1 1991  
CATHOLIC MEDICAL CENTER

9

SUPREME COURT OF THE STATE OF NEW YORK  
COUNTY OF QUEENS

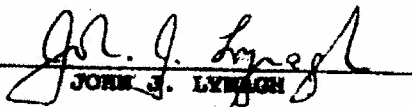
In the Matter of:

THE CERTIFICATE OF INCORPORATION  
OF BISHOP FRANCIS J. MUGAVERO  
CENTER FOR GERIATRIC CARE, INC.

AFFIRMATION OF  
JOHN J. LYNAGH

JOHN J. LYNAGH affirms the following under the penalties  
of perjury pursuant to CPLR Rule 2106:

1. I am an attorney admitted to practice before the  
Courts of the State of New York and a partner in the law firm of  
Kelley Drye & Warren, attorneys for the proposed corporation,  
BISHOP FRANCIS J. MUGAVERO CENTER FOR GERIATRIC CARE, INC. (the  
"Corporation").
2. Upon the direction of our client, Catholic Medical  
Center of Brooklyn and Queens, Inc., an entity controlled by the  
Roman Catholic Diocese of Brooklyn, I prepared and caused to be  
filed with the New York State Attorney General's Office a  
proposed Certificate of Incorporation for a corporation to be  
named "Bishop Francis J. Mugavero Center for Geriatric Care,  
Inc." On or about November 22, 1991 such office stated that it  
had no objection to the granting of judicial approval of such  
Certificate and waived statutory notice.
3. The use of the name "BISHOP FRANCIS J. MUGAVERO"  
with respect to the proposed corporation has been approved by the  
requisite entity controlled by the Diocese of Brooklyn.

  
JOHN J. LYNAGH

Dated: New York, New York  
November 27, 1991

F920102000018

STATE OF NEW YORK  
COUNTY OF NEW YORK

CERTIFICATE OF INCORPORATION

OF

BISHOP FRANCIS J. MUGAVERO  
CENTER FOR GERIATRIC CARE, INC.

Under Section 402 of the  
Not-for-Profit Corporation Law

FILED

ICC

STATE OF NEW YORK  
DEPARTMENT OF STATE

FILED JAN 02 1992

TAX \$

BY *yc*

*Queens*

*AA-IPRB*  
*9/22/93*  
*division*

AMERICAN  
INTERNATIONAL  
CORPORATION

*Harold S. Nbol, Esq.*  
KELLEY DRYE & WARREN  
101 PARK AVENUE, NEW YORK 10078  
800-77800

*7699*

*26 JAN 22 8 2 57*

920102000018

JAN 10 10 00 AM '92

State of New York  
Department of State  
A True Copy of the Original  
Filed in This Office  
JAN 02 1992  
CLERK

***STATE OF NEW YORK***  
***DEPARTMENT OF STATE***

I hereby certify that the annexed copy has been compared with the original document in the custody of the Secretary of State and that the same is a true copy of said original.

WITNESS my hand and official seal of the  
Department of State, at the City of Albany, on  
August 10, 2007.



*Paul LaPointe*

Paul LaPointe  
Special Deputy Secretary of State

930312000220

CERTIFICATE OF AMENDMENT  
OF THE  
CERTIFICATE OF INCORPORATION  
OF

BISHOP FRANCIS J. MUGAVERO CENTER FOR GERIATRIC CARE, INC.

UNDER SECTION 803 OF THE NOT-FOR-PROFIT CORPORATION LAW

We, the undersigned, being the Chairman and Secretary of the Board of Directors of the Bishop Francis J. Mugavero Center for Geriatric Care, Inc., do hereby certify:

- (1) The name of the corporation is Bishop Francis J. Mugavero Center for Geriatric Care, Inc.
- (2) The certificate of incorporation of Bishop Francis J. Mugavero Center for Geriatric Care, Inc. was filed by the Department of State on the 2nd day of January, 1992. The said corporation was formed under the Not-For-Profit Corporation Law of the State of New York.
- (3) The Bishop Francis J. Mugavero Center for Geriatric Care, Inc. is a corporation as defined in subparagraph (a) (5) of section 102 of the Not-For-Profit Corporation Law and is a Type B corporation under section 201 of said law.
- (4) The certificate of incorporation of Bishop Francis J. Mugavero Center for Geriatric Care, Inc. is hereby amended by deleting therefrom the provision designated as paragraph ELEVENTH, which provision is restrictive of the duration of the corporation, to wit, the provision which reads as follows:

ELEVENTH: The duration of the Corporation shall be for a period from the date of the filing of this Certificate of Incorporation by the Secretary of State until September 26, 1993.

- (5) This amendment to the certificate of incorporation of Bishop Francis J. Mugavero



STATE OF NEW YORK  
DEPARTMENT OF HEALTH  
CORNING TOWER BUILDING  
ALBANY, N.Y. 12237

# PUBLIC HEALTH COUNCIL



February 8, 1993 RECEIVED

FEB 9 1993  
WILLIAM J. JACOBI / PUBLIC AFFAIRS  
CATHOLIC MEDICAL CENTER

Mr. Thomas K. Chardavoynes  
Vice President/Public Affairs  
Catholic Medical Center of  
Brooklyn and Queens, Inc.  
88-25 153rd Street  
Jamaica, NY 11432

Re: Certificate of Amendment of the Certificate of Incorporation  
of Bishop Francis J. Mugavero Center for Geriatric Care,  
Inc.

Dear Mr. Chardavoynes:

AFTER INQUIRY and INVESTIGATION and in accordance with  
action taken at a meeting of the Public Health Council held on  
the 27th day of September, 1991, I hereby certify that the Public  
Health Council consents to the filing of the Certificate of  
Amendment to the Certificate of Incorporation of Bishop Francis  
J. Mugavero Center for Geriatric Care, Inc., dated February 5,  
1993.

Sincerely,

A handwritten signature in cursive script, appearing to read "Karen S. Westervelt".

Karen S. Westervelt  
Executive Secretary

3



The undersigned has no objection to the granting of Judicial approval hereon and waives statutory notice.

I, \_\_\_\_\_, do hereby object to the granting of JUDICIAL APPROVAL and WAIVES STATUTORY NOTICE.

ROBERT ABRAMS  
ATTORNEY GENERAL  
STATE OF NEW YORK

by: \_\_\_\_\_

ROBERT ABRAMS, ATTORNEY GEN.  
STATE OF NEW YORK

by *Laura Aversa*  
*February 25, 1993*  
ASSISTANT ATTORNEY GENERAL

Date: \_\_\_\_\_

I, Joan Marie Durante, a Justice of the Supreme Court of the State of New York for the Eleventh Judicial District do hereby approve the foregoing Certificate of Amendment of the Certificate of Incorporation of Bishop Francis J. Mugavero Center For Parish Care, Inc. and consent that the same be filed.

Date: February 25, 1993

*Joan Marie Durante*  
JSC

4

F980812000270

*Mu*

CERTIFICATE

OF

AMENDMENT

OF

Certificate

OF

Incorporation

Bishop Francis J. Nugavero  
Center for Geriatric Care, Inc.

Mildred A. Shanley  
Attorney at Law  
86-25 153rd Street  
Jamaica, New York 11432

STATE OF NEW YORK  
DEPARTMENT OF STATE  
FILED MAR 12 1993  
FILED 0  
BY JWJ  
QUEENS

5

**STATE OF NEW YORK**  
**DEPARTMENT OF STATE**

I hereby certify that the annexed copy has been compared with the original document in the custody of the Secretary of State and that the same is a true copy of said original.



WITNESS my hand and official seal of the  
Department of State, at the City of Albany, on  
August 10, 2007.

*Paul LaPointe*

Paul LaPointe  
Special Deputy Secretary of State

93042900093

**CERTIFICATE OF SECOND AMENDMENT**  
**OF THE**  
**CERTIFICATE OF INCORPORATION**  
**OF**  
**BISHOP FRANCIS J. MUGAVERO CENTER FOR GERIATRIC CARE, INC.**  
**UNDER SECTION 803 OF THE NOT-FOR-PROFIT CORPORATION LAW**

We, the undersigned, being the Chairman and Secretary of the Board of Directors of the Bishop Francis J. Mugavero Center for Geriatric Care, Inc., do hereby certify:

- (1) The name of the corporation is Bishop Francis J. Mugavero Center for Geriatric Care, Inc.
- (2) The certificate of incorporation of Bishop Francis J. Mugavero Center for Geriatric Care, Inc. was filed by the Department of State on the 2nd day of January, 1992. The said corporation was formed under the Not-For-Profit Corporation Law of the State of New York.
- (3) The certificate of incorporation of Bishop Francis J. Mugavero Center for Geriatric Care, Inc. was amended by one previous amendment, said amendment having been filed by the New York State, Secretary of State on March 12, 1993.
- (4) The Bishop Francis J. Mugavero Center for Geriatric Care, Inc. is a corporation as defined in subparagraph (a)(5) of section 102 of the Not-For-Profit Corporation Law and is a Type B corporation under section 201 of said Law.
- (5) The certificate of incorporation of Bishop Francis J. Mugavero Center for Geriatric Care, Inc. is hereby amended in the following respects:
  - (a) Paragraph EIGHTH of said certificate of incorporation, which sets forth a limitation on the use of the Corporation's income is hereby amended to read as follows:

**EIGHTH:** No part of the assets, income or net earnings, of the corporation shall inure to the benefit of any member, director, trustee, officer or employee of the corporation, or to any other private individual, except that reasonable compensation may be paid for the services in effecting one or more purposes of the corporation; provided, however, that as long as a mortgage on the

Corporation's property is insured or held by the Secretary of Housing and Urban Development, no compensation shall be paid to any member, director, trustee or officer of the Corporation. The Corporation is irrevocably dedicated to and operated exclusively for non profit purposes. All income and earnings of the Corporation shall be used exclusively for its corporate purposes.

(b) Paragraph NINTH of said certificate of incorporation, which sets forth distribution of property or assets of the Corporation upon dissolution is hereby amended to read as follows:

**NINTH:** In the event of dissolution of the Corporation, no distribution of any of the property or assets of the Corporation shall be made to any private member, director, trustee, officer or employee of the Corporation, or to any other private individual, but all of such property and assets, after paying or making provisions for the payment of all of its liabilities, shall be distributed to accomplish the charitable, religious, educational and scientific purposes for which this Corporation is organized to such health related organizations or corporations as shall qualify under Section 501(c) (3) of the Internal Revenue Code of 1986, as amended, and as selected by members of the Corporation, subject to an order of a Justice of the Supreme Court of the State of New York. The Corporation shall at all times have the authority and power to convey its property to the Secretary of Housing and Urban Development or his/her nominee.

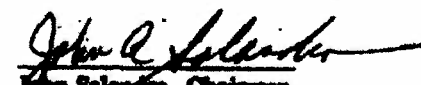
(c) A new paragraph SIXTEENTH is hereby added to said certificate of incorporation to read as follows:

**SIXTEENTH:** The duration of this Corporation shall be perpetual.

(6) This amendment to the certificate of incorporation of Bishop Francis J. Mugavero Center for Geriatric Care, Inc. was authorized, as required by its By-Laws, by the affirmative vote of the Member entitled to vote thereon at a meeting of the Executive Committee of the Member duly called and held on the 12th day of March, 1993, and by the consent of a majority of the members of the entire Board of Directors of Bishop Francis J. Mugavero Center for Geriatric Care, Inc. voting in person at a meeting duly called and held for that purpose on the 23rd day of March, 1993.

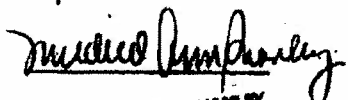
(7) The Secretary of the State of New York is hereby designated the agent of the Corporation upon whom process against it may be served. The post office address to which the Secretary of State shall mail a copy of any process against the Corporation served upon him as agent of the Corporation is 88-25 153rd Street, Jamaica, New York 11432.

IN WITNESS WHEREOF, the undersigned have made and subscribed this certificate and hereby affirm it to be true under the penalties of perjury this 29th day of March, 1993.

  
John Salas, Chairman

  
Eileen Nolan, O.P., Secretary

State of New York )  
County of Queens ) SS:  
Sworn to before me this  
29<sup>th</sup> day of March, 1993.

  
MILDRED ANN SHANLEY  
Notary Public, State of New York  
No. 41-387058  
Qualified in Queens County  
Commission Expires March 30, 1993

The undersigned has no objection to the granting of Judicial approval hereon and waives statutory notice.

THE UNDERSIGNED HAS NO OBJECTION TO THE GRANTING OF JUDICIAL APPROVAL HEREON AND WAIVES STATUTORY NOTICE.

ROBERT ABRAMS  
ATTORNEY GENERAL  
STATE OF NEW YORK

by:

ROBERT ABRAMS, ATTORNEY GEN.  
STATE OF NEW YORK

*Laura J. De...*  
1953  
ATTORNEY GENERAL

Date: \_\_\_\_\_

I, MON. ROSMO J. DI TUCCH, a Justice of the Supreme Court of the State of New York for the 11TH Judicial District do hereby approve the foregoing Certificate of Amendment of the Certificate of Incorporation of Bishop Francis J. Moynihan Center For Geriatric Care Inc. and consent that the same be filed.

Date: April 16, 1993

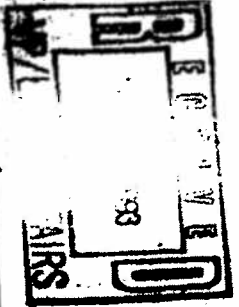
ENTR:

*Robert J. DiTucci*

MON. ROSMO J. DI TUCCH

4

F 98042900013



CERTIFICATE  
OF  
ASSIGNMENT  
OF  
CERTIFICATE  
OF  
INCORPORATION  
OF  
BISHOP FRANCIS J. MESAVERO  
CENTER FOR GERIATRIC CARE, INC.

Mildred A. Shanley  
Attorney-at-Law  
88-25 153rd Street  
Jamaica, New York 11432

RECEIVED  
APR 14 11 56  
SUPREME COURT  
OF THE STATE OF NEW YORK

5-CC

STATE OF NEW YORK  
DEPARTMENT OF STATE  
FILED APR 29 1993

TAXES 0  
BY: JMS

QUEENS

5

98042900013



***STATE OF NEW YORK***  
***DEPARTMENT OF STATE***

I hereby certify that the annexed copy has been compared with the original document in the custody of the Secretary of State and that the same is a true copy of said original.



WITNESS my hand and official seal of the Department of State, at the City of Albany, on August 10, 2007.

*Paul LaPointe*

Paul LaPointe  
Special Deputy Secretary of State

**CSC 45  
DRAW DOWN**

F031002000810

**CERTIFICATE OF AMENDMENT  
OF THE  
CERTIFICATE OF INCORPORATION  
OF  
BISHOP FRANCIS J. MUGAVERO CENTER FOR GERIATRIC CARE, INC.**

**Under Section 803 of the  
Not-for-Profit Corporation Law**

It is hereby certified that:

1. The name of the corporation is Bishop Francis J. Mugavero Center for Geriatric Care, Inc. (the "Corporation").

2. The Certificate of Incorporation of the Corporation was filed by the Department of State on January 2, 1992. The Corporation was formed under the Not-for-Profit Corporation Law.

3. The Corporation is a corporation as defined in subparagraph (a)(5) of Section 102 of the Not-for-Profit Corporation Law and is a Type B corporation as defined in Section 201 of the Not-for-Profit Corporation Law.

4. The Certificate of Incorporation of the Corporation is amended to insert the following immediately following Article SIXTEENTH thereof as Article SEVENTEENTH:

**SEVENTEENTH:** The member of the Corporation shall have decision-making authority over any of the following with respect to the Corporation:

(a) the approval of the appointment or dismissal of the administrator or other chief operating officer of the Corporation;

(b) the approval of annual operating and capital expenditure budgets of the Corporation;

(c) the approval of certificate of need applications filed by or on behalf of the Corporation; and

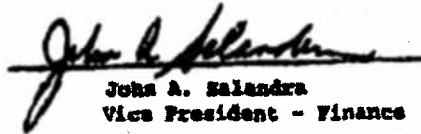
(d) the approval of management contracts of the Corporation.

5. This Certificate of Amendment was authorized by unanimous written consent, dated February 25, 2000, of the members of the Corporation entitled to vote thereon pursuant to Section 614 of the Not-for-Profit Corporation Law.

6. The Secretary of State is hereby designated agent of the Corporation upon whom process against the Corporation may be served. The post office address within the State of New York to which the Secretary of State shall mail a copy of any process against the Corporation served upon the Secretary of State is:

Bishop Francis J. Mugavero Center for Geriatric Care, Inc.  
88-123 133 Street  
Jamaica, New York 11432

has  
IN WITNESS WHEREOF, the undersigned have subscribed and affirmed this  
Certificate as true under the penalties of perjury this 21 day of DEC, 2000.

  
John A. Salandra  
Vice President - Finance



STATE OF NEW YORK  
DEPARTMENT OF HEALTH  
CORNING TOWER BUILDING  
ALBANY, N.Y. 12237

# PUBLIC HEALTH COUNCIL

---

"REISSUED"

September 24, 2003

Dr. Karl P. Adler  
President & CEO  
St. Vincent's Hospital & Medical  
Center of New York  
170 West 12<sup>th</sup> Street  
New York, New York 10011

Re: Certificate of Amendment of the Certificate of Incorporation of Bishop Francis J.  
Mugavero Center for Geriatric Care, Inc.

Dear Dr. Adler:

AFTER INQUIRY and INVESTIGATION and in accordance with action taken at a meeting of the Public Health Council held on the 22<sup>nd</sup> day of October, 1999, I hereby certify that the Public Health Council consents to the filing of the Certificate of Amendment of the Certificate of Incorporation of Bishop Francis J. Mugavero Center for Geriatric Care, Inc., dated February 25, 2000.

Sincerely,

*Dona Peterson*

Karen S. Westervelt  
Executive Secretary

3

F 031002000810 CSC 45  
DRAW DOWN

CERTIFICATE OF AMENDMENT

OF

BISHOP FRANCIS J. MUGAVERO CENTER FOR GERIATRIC CARE, INC.

Section 803 of the Not-for-Profit Corporation Law

ICC  
STATE OF NEW YORK  
DEPARTMENT OF STATE

OCT 02 2003

Filer: Garfunkel Wild & Travis  
Suite 503  
111 Great Neck Rd.  
Great Neck, NY 11021-5405  
Cus# Ref#265196Hxm

FILED  
TAXS  
BY: MMK

Queens

FILED  
DRAWDOWN  
2003 OCT -2 PM 12:06

RECEIVED  
2003 OCT -2 PM 12:06

4

852

**STATE OF NEW YORK**  
**DEPARTMENT OF STATE**

I hereby certify that the annexed copy has been compared with the original document in the custody of the Secretary of State and that the same is a true copy of said original.



WITNESS my hand and official seal of the  
Department of State, at the City of Albany, on  
August 9, 2007.

*Paul LaPointe*

Paul LaPointe  
Special Deputy Secretary of State

PLAN OF DISSOLUTION

OF

BISHOP FRANCIS J. MUGAVERO CENTER FOR GERIATRIC CARE, INC.

The Board of Directors of Bishop Francis J. Mugavero Centers for Geriatric Care, Inc.,(the "Corporation"), acting by unanimous written consent without a meeting, having considered the advisability of voluntarily dissolving the Corporation and it being the unanimous opinion of the Board that the dissolution of the Corporation is advisable and in the best interests of the Corporation, does hereby adopt and recommend to the sole member of the Corporation the following plan of dissolution:

1. Following resolution of the Board of Directors adopting a Plan of Dissolution, the Board of Directors shall submit the plan to a vote of the sole member of the Corporation for approval.
2. Approval of the dissolution of the Corporation is required to be obtained from the Public Health and Health Planning Council of the New York State Department of Health.
3. The Corporation has no assets to distribute and no liabilities.
4. The Certificate of Dissolution shall be signed by an authorized director or officer and all required approvals shall be attached thereto.

**CERTIFICATION**

I, Steven R. Korf, President of Bishop Francis J. Mugavero Centers for Geriatric Care, Inc. hereby certify under penalty of perjury that the foregoing Plan of Dissolution was duly adopted by unanimous written consent of the Board of Directors of Bishop Francis J. Mugavero Center for Geriatric Care, Inc. and was approved by the sole member of Saint Vincents Catholic Medical Centers of New York by unanimous written consent.

  
\_\_\_\_\_  
Steven R. Korf  
President

Bishop Francis J. Mugavero Center for  
Geriatric Care, Inc

Dated the April day of 20<sup>TH</sup>, 2016

**CERTIFICATE OF DISSOLUTION  
OF  
BISHOP FRANCIS J. MUGAVERO CENTER FOR GERIATRIC CARE, INC.**

**UNDER SECTION 1003 OF THE NOT-FOR-PROFIT CORPORATION LAW**

I, Steven R. Korf, being the President of Bishop Francis J. Mugavero Center For Geriatric Care, Inc.,(the "Corporation"), hereby certify:

1. The name of the Corporation (the "Corporation") is Bishop Francis J. Mugavero Center for Geriatric Care, Inc.

2. The Certificate of Incorporation of the Corporation was filed by the Department of State of the State of New York on 1/02/1992.

3. The names and addresses of the Corporation's officers and directors are:

<u>Name</u>	<u>Title</u>	<u>Address</u>
Steven R. Korf	President	1595-14 North Central Ave Valley Stream NY 11580
Jennifer Coffey		44 Westminster Dr., West Hartford CT 06107
Carolyn Gaver		9306 Ravenscroft Rd, Clifton NJ 07013

4. The dissolution of the Corporation was authorized by (a) the unanimous vote of the Board pursuant to Section 1001(a) of the New York Not-for-Profit Corporation Law ("NPCL"), and (b) the affirmative vote of the sole member of the Corporation pursuant to Section 1002, Section 613(c) and Section 608 of the NPCL.

5. The Corporation elects to dissolve.

6. At the time of its dissolution, the Corporation is a charitable corporation within the meaning of Section 201(c) of the NPCL.




7. The Corporation will file with the Attorney General of the State of New York (the "Attorney General") a petition for Approval of the Certificate of Dissolution with the original certified Plan of Dissolution.

8. At the time of authorization of the Corporation's Plan of Dissolution and Distribution of Assets pursuant to NPCL Section 1002, the Corporation had no assets or liabilities and did not hold any assets required to be used for a particular purpose.

9. Prior to the filing of this Certificate of Dissolution with the Department of State, the endorsement of the Attorney General will be attached.

IN WITNESS WHEREOF, the undersigned has signed this Certificate of Dissolution this 11<sup>th</sup> day of April, 2016.

  
\_\_\_\_\_  
Steven R. Korf  
President

**CERTIFICATE OF DISSOLUTION**  
**OF**  
**BISHOP FRANCIS J. MUGAVERO CENTER FOR GERIATRIC CARE, INC.**

**Pursuant to § 1003 of the Not-for-Profit Corporation Law**

Filed by:

Jay Gerzog, Esq.  
Sheppard, Mullin, Richter & Hampton LLP  
30 Rockefeller Plaza  
New York, NY 10112

RESOLUTION

RESOLVED, that the Public Health and Health Planning Council, on this 4th day of August, 2016, approves the filing of the Certificate of Dissolution of Bishop Francis J Mugavero Center for Geriatric Care, Inc., dated April 20, 2016.



## MEMORANDUM

**To:** Public Health and Health Planning Council

**From:** Richard J. Zahnleuter  
General Counsel

**Date:** June 13, 2016

**Subject:** Proposed Change of Assumed Name of Beth Israel Medical Center

---

Beth Israel Medical Center requests approval to change its assumed name to Phillips School of Nursing at Mount Sinai Beth Israel. The applicant's current assumed name was previously approved by the Public Health and Health Planning Council (PHHPC). Attached is the proposed Certificate of Assumed Name.

The assumed name will be used for Beth Israel Medical Center's school of nursing. The change is desired so that the merger between Mount Sinai Health System with Beth Israel Medical Center is reflected in the school's name. PHHPC approval of the assumed name change is required pursuant to 10 NYCRR § 600.11(a)(3) and 10 NYCRR § 401.3(b).

There is no legal objection to the proposed assumed name change, and the proposed Certificate of Assumed Name is in legally acceptable form.

Attachments.

**GARFUNKEL WILD, P.C.**

ATTORNEYS AT LAW

111 GREAT NECK ROAD • GREAT NECK, NEW YORK 11021

TEL (516) 393-2200 • FAX (516) 466-5964

www.garfunkelwild.com

JESSICA F. SONPAL

Associate

Licensed in NY, NJ

Email: [jsonpal@garfunkelwild.com](mailto:jsonpal@garfunkelwild.com)

Direct Dial: (516) 393-2530

FILE NO.: 13704.0020

December 7, 2015

**By FedEx**

New York State Department of Health  
Bureau of Project Management  
Corning Tower, Room 1842  
Empire State Plaza  
Albany, New York 12237

Re: Approval of Assumed Name of Beth Israel Medical Center

Dear Sir or Madam:


We are counsel to Beth Israel Medical Center ("Beth Israel") and we write to request approval of the following assumed name of Beth Israel pursuant to 10 NYCRR § 401.3(b):

**Phillips School of Nursing at Mount Sinai Beth Israel**

Beth Israel intends to use the assumed name Phillips School of Nursing at Mount Sinai Beth Israel for its school of nursing to reflect the merger of Mount Sinai Health System with Beth Israel Medical Center. For your review, we have attached the proposed Certificate of Assumed Name which would be filed with the New York State Department of State to establish the assumed name for Beth Israel.

Please let us know if you have any questions or if you require any further information. Thank you for your attention to this matter.

Best regards,



Jessica F. Sonpal

Enclosures

cc: Nina Brodsky, Esq.

NEW YORK

NEW JERSEY

CONNECTICUT

STATE OF NEW YORK  
THE STATE EDUCATION DEPARTMENT  
Albany, New York

**CONSENT TO FILING WITH THE DEPARTMENT OF STATE  
(Assumed Name)**

Consent is hereby given to the filing by

**Beth Israel Medical Center**

[name of entity]

of the annexed certificate of assumed name of

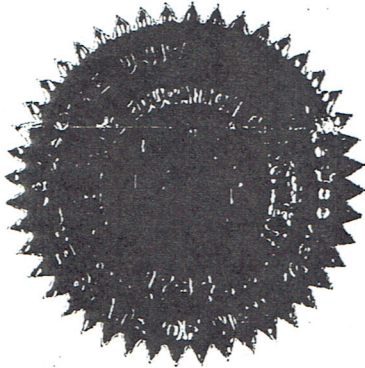
**Phillips School of Nursing at Mount Sinai Beth Israel**

[assumed name]

pursuant to the applicable provisions of the Education Law, the Not-for-Profit Corporation Law, the Business Corporation Law, the Limited Liability Company Law or any other applicable statute.

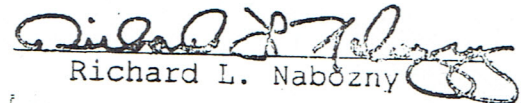
This consent is issued solely for purposes of filing the annexed document by the Department of State and shall not be construed as approval by the Board of Regents, the Commissioner of Education or the State Education Department of the purposes or objects of such entity, nor shall it be construed as giving the officers or agents of such entity the right to use the name of the Board of Regents, the Commissioner of Education, the University of the State of New York or the State Education Department in its publications or advertising matter.

IN WITNESS WHEREOF this instrument is executed and the seal of the State Education Department is affixed.



MaryEllen Elia  
Commissioner of Education

By:

  
Richard L. Nabozny

Commissioner's authorized designee

Date

2-17-2016

**THIS DOCUMENT IS NOT VALID WITHOUT THE SIGNATURE OF THE  
COMMISSIONER'S AUTHORIZED DESIGNEE AND THE OFFICIAL SEAL OF THE  
STATE EDUCATION DEPARTMENT.**



Division of Corporations, State Records and Uniform Commercial Code

New York State Department of State Division of Corporations, State Records and Uniform Commercial Code One Commerce Plaza 99 Washington Avenue Albany, NY 12231 www.dos.ny.gov

Certificate of Assumed Name Pursuant to General Business Law §130

1. REAL NAME OF ENTITY:

Beth Israel Medical Center

1a. FICTITIOUS NAME, IF ANY, OF FOREIGN ENTITY (Not Assumed Name):

2. FORMED OR AUTHORIZED UNDER THE FOLLOWING NEW YORK LAW (Check one):

- Business Corporation Law, Limited Liability Company Law, Religious Corporations Law, Education Law, Not-for-Profit Corporation Law, Revised Limited Partnership Act, Other (specify law):

3. ASSUMED NAME:

Phillips School of Nursing at Mount Sinai Beth Israel

4. PRINCIPAL PLACE OF BUSINESS IN NEW YORK STATE (MUST INCLUDE NUMBER AND STREET). IF NONE, CHECK THIS BOX AND PROVIDE OUT-OF-STATE ADDRESS:

One Gustave L. Levy Place, New York, New York 10029

5. COUNTY(IES) IN WHICH ENTITY DOES OR INTENDS TO DO BUSINESS: ALL COUNTIES (or check applicable county(ies) below)

- Grid of New York State counties with checkboxes. Albany, Cattaraugus, Chenango, Delaware, Franklin, Hamilton, Lewis, Montgomery, Allegany, Cayuga, Clinton, Dutchess, Fulton, Herkimer, Livingston, Nassau, Bronx, Chautauque, Columbia, Erie, Genesee, Jefferson, Madison, New York, Broome, Chemung, Cortland, Essex, Graene, Kings, Monroe, Niagara, Oneida, Orleans, Queens, St. Lawrence, Schuyler, Sullivan, Warren, Wyoming, Onondaga, Oswego, Rensselaer, Saratoga, Seneca, Toga, Washington, Yates, Ontario, Otsego, Richmond, Schenectady, Steuben, Tompkins, Wayne, Orange, Putnam, Rockland, Schoharie, Suffolk, Ulster, Westchester.

6. ADDRESS OF EACH LOCATION, INCLUDING NUMBER AND STREET, IF ANY, OF EACH PLACE WHERE THE ENTITY CARRIES ON, CONDUCTS OR TRANSACTS BUSINESS IN NEW YORK STATE. Use page 2 if needed. The address(es) must be a number and street, city, state and zip code. The address(es) must be within the county(ies) indicated in paragraph 5.

If none, check the box: No New York State Business Location.

One Gustave L. Levy Place, New York, New York 10029
776 Avenue of the Americas, 4th Floor, New York, New York 10001-6354

Name of Signer: Nina Brodsky Signature: [Handwritten Signature]

Capacity of Signer (Check one): Authorized Person, Officer of the Corporation, General Partner of the Limited Partnership, Member of the Limited Liability Company, Manager of the Limited Liability Company

FILER: Name: Garfunkel Wild, P.C.

Mailing Address: 111 Great Neck Road, 6th Floor

City, State and Zip Code: Great Neck, New York 11021

NOTE: You are not required to use this form. This certificate should be prepared under the guidance of an attorney.

FEE: Limited Liability Companies and Limited Partnerships - \$25. Corporations - \$25 plus the fee for each county indicated in paragraph 5. The additional fee for each county within New York City (Bronx, Kings, New York, Queens and Richmond) is \$100 additional. The fee for each county outside New York City is \$25. Checks over \$500 must be certified.

Page 2 (If needed)

6. ADDRESS OF EACH LOCATION, INCLUDING NUMBER AND STREET, IF ANY, OF EACH PLACE WHERE THE ENTITY CARRIES ON OR CONDUCTS OR TRANSACTS BUSINESS IN NEW YORK STATE: (Continued)

---

*(For office use only)*



## RESOLUTION

RESOLVED, that the Public Health and Health Planning Council, on this 4<sup>th</sup> day of August, 2016, approves the filing of the Certificate of Assumed Name of Beth Israel Medical Center, hereafter to be known as Phillips School of Nursing at Mount Sinai Beth Israel, dated February 17, 2016.



**Project # 161234-B  
Hudson Yards Surgery Center, LLC**

**Program:** Diagnostic and Treatment Center    **County:** New York  
**Purpose:** Establishment and Construction    **Acknowledged:** April 11, 2016

**Executive Summary**

**Description**

Hudson Yards Surgery Center, LLC, a New York limited liability company, requests approval to establish and construct an Article 28 freestanding ambulatory surgery center (FASC) to be located at 450 West 31<sup>st</sup> Street, New York (New York County). The facility will be certified as a single-specialty FASC specializing in ophthalmology services.

The proposed FASC will consists of three operating rooms (one Class A and two Class B), as well as all required support space. Hudson Yards Surgery Center, LLC will enter into a sublease agreement to rent approximately 4,907 gross square feet on the second floor co-op space in an existing commercial high rise building. The building is equipped with full sprinkler and fire alarm coverage, as well as elevators and stairway exits to the first floor.

John J. Khadem, M.D. is the sole member/manager of Hudson Yards Surgery Center, LLC and will serve as Medical Director. Dr. Khadem is a board-certified ophthalmologist in private practice who has a 25-year career in the field of ophthalmology.

**OPCHSM Recommendation**

Contingent approval with an expiration of the operating certificate five years from the date of its issuance.

**Need Summary**

The applicant projects 3,700 procedures in Years One and Three, with Medicaid at 6% and charity care at 2%.

**Program Summary**

Based on the results of this review, a favorable recommendation can be made regarding the facility's current compliance pursuant to 2802-(3)(e) of the New York State Public Health Law.

**Financial Summary**

Total project cost of \$3,835,615, will be met with \$383,563 equity from the proposed member and a bank loan for \$3,452,052 at 4.0% interest for a ten-year term. JP Morgan Chase & Co. has provided a letter of interest for the financing at the stated terms. The projected budget is as follows:

Revenues	\$2,032,657
Expenses	<u>1,943,609</u>
Net Income	\$89,048

## Recommendations

Health Systems Agency

There will be no HSA recommendation for this project.

Office of Primary Care and Health Systems Management

**Approval with an expiration of the operating certificate five years from the date of its issuance, contingent upon:**

1. Submission of a check for the amount enumerated in the approval letter, payable to the New York State Department of Health. Public Health Law Section 2802.7 states that all construction applications requiring review by the Public Health and Health Planning Council shall pay an additional fee of fifty-five hundredths of one percent of the total capital value of the project, exclusive of CON fees. [PMU]
2. Submission of an executed loan commitment, acceptable to the Department of Health. [BFA]
3. Submission of an executed working capital loan commitment, acceptable to the Department of Health. [BFA]
4. Submission of an executed transfer and affiliation agreement, acceptable to the Department with a local acute care hospital. [HSP]
5. Submission by the governing body of the ambulatory surgery center of an Organizational Mission Statement which identifies, at a minimum, the populations and communities to be served by the center, including underserved populations (such as racial and ethnic minorities, women and handicapped persons) and the center's commitment to meet the health care needs of the community, including the provision of services to those in need regardless of ability to pay. The statement shall also include commitment to the development of policies and procedures to assure that charity care is available to those who cannot afford to pay. [RNR]
6. Submission of a statement, acceptable to the Department, that the applicant will consider creating or entering into an integrated system of care that will reduce the fragmentation of the delivery system, provide coordinated care for patients, and reduce inappropriate utilization of services. The applicant will agree to submit a report to the Department beginning in the second year of operation and each year thereafter detailing these efforts and the results. [RNR]
7. Submission of a signed agreement with an outside, independent entity, acceptable to the Department, to provide annual reports to DOH following the completion of each full year of operation. Reports will be due within 60 days of the conclusion of each year of operation as identified by the Effective Date on the Operating Certificate issued at project completion. Each report is for a full operational year and is not calendar year based. For example, if the Operating Certificate Effective Date is June 15, 2018, the first report is due to the Department no later than August 15, 2019. Reports must include:
  - a. Actual utilization including procedures;
  - b. Breakdown of visits by payor source;
  - c. Percentage of charity care provided by visits;
  - d. Number of patients who needed follow-up care in a hospital within seven days after ambulatory surgery;
  - e. Number of emergency transfers to a hospital;
  - f. Number of nosocomial infections recorded;
  - g. A brief list of all efforts made to secure charity cases; and
  - h. A brief description of the progress of contract negotiations with Medicaid managed care plans. [RNR]
8. The submission of State Hospital Code (SHC) Drawings for review and approval, as described in BAEFP Drawing Submission Guidelines DSG-03 Outpatient Facilities. [AER]
9. Submission of a photocopy of an executed and completed facility lease agreement, acceptable to the Department. [CSL]
10. Submission of a photocopy of the applicant's executed, amended and completed operating agreement, which is acceptable to the Department. [CSL]

**Approval conditional upon:**

1. The project must be completed within three years from the date of the Public Health and Health Planning Council recommendation letter. Failure to complete the project within the prescribed time shall constitute an abandonment of the application by the applicant and an expiration of the approval. [PMU]
2. Construction must start on or before January 1, 2017 and construction must be completed by June 30, 2017, presuming the Department has issued a letter deeming all contingencies have been satisfied prior to commencement. In accordance with 10 NYCRR Section 710.10(a), if construction is not started on or before the start date this shall constitute abandonment of the approval. It is the responsibility of the applicant to request prior approval for any changes to the start and completion dates. [PMU]
3. The staff of the facility must be separate and distinct from staff of other entities. [HSP]
4. The signage must clearly denote the facility is separate and distinct from other adjacent entities. [HSP]
5. The entrance to the facility must not disrupt any other entity's clinical program space. [HSP]
6. The clinical space must be used exclusively for the approved purpose. [HSP]
7. The submission of annual reports to the Department as prescribed by the related contingency, each year, for the duration of the limited life approval of the facility. [RNR]

Council Action Date

**August 4, 2016**

## Need Analysis

### Analysis

The service area consists of New York County which has a total of 15 freestanding ambulatory surgery centers: seven multi-specialty ASCs and eight single-specialty ASCs. The table below shows the number of patient visits at ambulatory surgery centers in New York County for 2014 & 2015.

ASC Type	Facility Name	Total Patient Visits	
		2014	2015
Single	Carnegie Hill Endo, LLC	11,426	11,898
Multi	Center for Specialty Care	3,885	3,759
Single	East Side Endoscopy	9,284	9,302
Multi	Fifth Avenue Surgery Center	1,544	751
Multi	Gramercy Park Digestive Disease <sup>1</sup>	9,343	9,586
Multi	Gramercy Surgery Center, Inc.	2,667	3,030
Single	Kips Bay Endoscopy Center LLC	9,084	9,561
Single	Manhattan Endoscopy Ctr., LLC	12,656	12,293
Multi	Manhattan Surgery Center <sup>1</sup>	2,502	3,088
Single	Mid- Manhattan Surgi-Center	3,900	3,360
Multi	Midtown Surgery Center, LLC	3,161	2,598
Single	Retinal Ambulatory Surgery Ctr.	1,984	2,963
Multi	Surgicare of Manhattan, LLC	3,734	4,439
Single	West Side GI	12,549	14,608
Single	Yorkville Endoscopy Center	10,685	8,596
Total		98,404	99,832

Source: SPARCS-2016

<sup>1</sup> The number of patient visits for 2015 is through September.

For all ambulatory surgery centers in New York County, the total number of patient visits was 98,404 in 2014 and 99,832 in 2015, a 1.5% year-to-year increase (although two ASC's have only reported through September 2015). For the Ophthalmology ASCs in the county, the number of patient visits was 5,884 in 2014 and 6,323 in 2015, a 7.5% year-to-year increase.

The population of New York County in 2010 was 1,585,873, with 214,153 individuals (13.5%) aged 65 and older. This is the primary population group utilizing ophthalmology ambulatory surgery services. Per Cornell Program on Applied Demographics (PAD) projection data, this population group is estimated to grow to 264,334 by 2025 and represents 16.4% of the projected population of 1,615,772.

The applicant projects 3,700 procedures in Year One and 4,477 in Year Three. These projections are based on the current practices of participating surgeons. The table below shows the projected payor source utilization for Years 1 and 3.

Projections-161234	Year 1 Volume	Year 1 %	Year 3 Volume	Year 3 %
Commercial Ins - FFS	925	25.0%	1,030	23.0%
Commercial Ins - MC	666	18.0%	895	20.0%
Medicare	1,702	46.0%	2,059	46.0%
Medicaid	222	6.0%	269	6.0%
Private pay	111	3.0%	134	3.0%
Charity Care	74	2.0%	90	2.0%
Total	3,700	100.0%	4,477	100.0%

The Center initially plans to obtain contracts with the following Medicaid Managed care plans: Affinity, Fidelis, Healthfirst and Metro Plus. Upon approval of this project, the applicant plans to reach out to three Federally Qualified Health Centers (FQHC)'s: Joseph P Addabbo Family Health Center, William F Ryan Center and Urban Health Plan, in order to provide services to the underinsured. Other outreach efforts include working with the Mt. Sinai Doctors Brooklyn Heights multispecialty group practice to assist in providing retina services. The center's doctors are working with Manhattan Eye, Ear, & Throat Hospital (MEETH) and Northwell HealthPlex regarding providing primary ophthalmology and retina services once the center is operational.

**Conclusion**

Approval of this project will provide increased access to Ophthalmology surgery services for the communities of New York County.

**Recommendation**

**From a need perspective, contingent approval with an expiration of the operating certificate five years from the date of its issuance is recommended.**

**Program Analysis**

**Project Proposal**

<b>Proposed Operator</b>	Hudson Yards Surgery Center, LLC
<b>Doing Business As</b>	Hudson Yards Surgery Center
<b>Site Address</b>	450 West 31st Street New York, NY (New York County)
<b>Surgical Specialties</b>	Single Specialty: Ophthalmology
<b>Operating Rooms</b>	2 (Class B)
<b>Procedure Rooms</b>	1 (Class A)
<b>Hours of Operation</b>	Monday through Friday from 8:00 am to 6:00 pm (Extended as necessary to accommodate patient needs)
<b>Staffing (1<sup>st</sup> Year / 3<sup>rd</sup> Year)</b>	6.2 FTEs / 9.2 FTEs
<b>Medical Director(s)</b>	John J. Khadem, MD
<b>Emergency, In-Patient and Backup Support Services Agreement and Distance</b>	Expected to be provided by Manhattan Eye, Ear and Throat Hospital of Lennox Hill Hospital 3 miles / 27 minutes
<b>On-call service</b>	The surgeon's, as well as the Center's and back-up hospital's contact information and an after-hours contact number will all be provided to patients as part of discharge instructions.

**Character and Competence**

The sole member/manager of Hudson Yards Surgery Center, LLC is:

<u>Name</u>	<u>Interest</u>
John J. Khadem, MD	100%

Dr. Khadem is a board-certified practicing ophthalmologist in private practice. Dr. Khadem earned both his medical degree and a Master's in Public Health from Columbia University. In addition, he has completed several clinical, research, and surgical fellowships and has 25 years of experience in the field of ophthalmology.

Staff from the Division of Certification & Surveillance reviewed the disclosure information submitted regarding licenses held, formal education, training in pertinent health and/or related areas, employment history, a record of legal actions, and a disclosure of the applicant's ownership interest in other health care facilities. Licensed individuals were checked against the Office of Medicaid Management, the Office of Professional Medical Conduct, and the Education Department databases as well as the US Department of Health and Human Services Office of the Inspector General Medicare exclusion database.

#### Integration with Community Resources

The Center will ensure that patients have access to primary care services through expansion of the Transfer and Affiliation Agreement with Manhattan Eye, Ear and Throat Hospital (MEETH), a division of Lenox Hill Hospital (LHH), to include primary and other specialty services, as needed. Outreach to the underserved will include participation in community health events and religious institutions to ensure the local community is aware of their services and the facility's relationship with MEETH/LHH. Patients will not be excluded based on ability to pay and charity care will be provided.

The applicant intends on utilizing an Electronic Medical Record but has not yet identified the specific system it will be using. The facility has indicated interest in becoming a part of an Accountable Care Organization (ACO) and has made inquiries to MEETH/LHH in an effort to establish a mutual network relationship, as well as express its desire to integrate into a Regional Health Information Organization (RHIO)/Health Information Exchange (HIE).

#### Recommendation

**From a programmatic perspective, contingent approval is recommended.**

## Financial Analysis

#### Master Lease/Sublease Rental Agreement

The subject space is a co-op building in New York City and the master lease is between the owners of the space, HeyKal (which is a related entity owned by the applicant John Khadem, M.D.) and the co-op corporation.

The applicant has submitted an executed sublease assignment agreement, summarized below:

Date:	December 18, 2015
Premises	4,907 square feet located at Unit 2 South 450 West 31 <sup>st</sup> Street, New York, New York.
Sublessor	Heykal Properties, LLC
Sublessee	Hudson Yards Surgery Center, LLC
Term	20 years
Rental	\$450,024 annually (\$91.71 per sq. ft.). The rent payment is based on \$37,500 plus the proposed improvements of the space.
Provisions	The sublessor shall be responsible for real estate taxes and utilities.

The applicant submitted letters from two New York State licensed realtors attesting to the reasonableness of the per square foot rental. The applicant has indicated that the sublease agreement is a non-arm's length lease agreement. There is a relationship between HeyKal Properties, LLC and Hudson Yards Surgery Center, LLC in that there are members in common.

Total Project Cost and Financing

Total project cost, which is for renovations and the acquisition of moveable equipment, is estimated at \$3,835,615, further broken down as follows:

Renovation and Demolition	\$2,260,658
Design Contingency	226,066
Construction Contingency	226,066
Architect/Engineering Fees	226,066
Other Fees (Consultant)	130,625
Moveable Equipment	572,514
Financing Costs	109,260
Interim Interest Expense	61,390
CON Fee	2,000
Additional Processing Fee	<u>20,970</u>
Total Project Cost	\$3,835,615

Project costs are based on a construction start date of January 1, 2017, and a six-month construction period.

The applicant's financing plan appears as follows:

Equity (Member)	\$383,563
Bank Loan (4.0% for a ten-year term)	3,452,052

Operating Budget

The applicant has submitted an operating budget, in 2016 dollars, during the first and third years of operation, summarized below:

Revenues	Year One		Year Three	
	Per Visit	Total	Per Visit	Total
Medicaid MC	\$316.68	\$70,302	\$291.90	\$78,522
Medicare MC	\$301.84	513,748	\$301.91	621,635
Commercial MC	\$730.79	486,708	\$767.68	687,070
Commercial FFS	\$730.79	675,985	\$762.68	785,223
Private Pay	\$321.55	<u>35,692</u>	\$292.99	<u>39,261</u>
Gross Revenues		\$1,782,435		\$2,211,711
Less Bad Debt/Other		<u>-148,342</u>		<u>-179,054</u>
Net Revenues		\$1,634,093		\$2,032,657
<u>Expenses</u>				
Operating	\$266.31	\$985,364	\$303.79	\$1,360,075
Capital	<u>155.62</u>	<u>575,773</u>	<u>130.34</u>	<u>583,534</u>
Total Expenses	\$421.93	\$1,561,137	\$434.13	\$1,943,609
Net Income		\$72,956		\$89,048
Utilization (Procedures)		3,700		4,477
Cost Per Procedure		\$421.93		\$434.13



Utilization broken down by payor source during the first and third years is as follows:

	<u>Years One &amp; Three</u>
Medicaid MC	6.00%
Medicare MC	46.00%
Commercial MC	18.00%
Commercial FFS	25.00%
Private Pay	3.00%
Charity Care	2.00%

Revenue and expense assumptions are based on the historical experience of other ambulatory surgery centers providing ophthalmology services. Utilization assumptions are based on the past surgical volume of Dr. Khadem from his private medical practice, and projections from proposed physicians who will be utilizing the surgery center. The applicant has submitted letters from two physicians acknowledging their intent to perform ophthalmology surgery procedures at the facility upon PHHPC approval to operate, which includes their historical patient ambulatory surgical volume in support of their utilization projections.

#### Capability and Feasibility

Total project cost of \$3,635,615 will be met with equity of \$383,563 from the proposed member and a bank loan for \$3,452,052 at 4.0% interest with a ten-year term. JP Morgan Chase & Co. has submitted a letter of interest in regard to the financing at the stated terms.

Working capital requirements are estimated at \$323,936, which is equivalent to two months of third year expenses. The applicant will finance \$161,968 at an interest rate of 4.0% for a five-year term. The remaining \$161,968 will be provided via equity from the proposed member. BFA Attachment A is the personal net worth statement of the proposed member of Hudson Yards Surgery Center, LLC, which indicates the availability of sufficient funds for the equity contributions. BFA Attachment B is the pro forma balance sheet as of the first day of operation, which indicates a positive net asset position of \$545,331.

The submitted budget indicates a net income of \$72,956 and \$89,048 during the first and third year, respectively. Revenues are based on current reimbursement methodologies for ophthalmology services. The submitted budget appears reasonable.

Subject to the noted contingencies, the applicant has demonstrated the capability to proceed in a financially feasible manner.

#### Recommendation

**From a financial perspective, contingent approval is recommended.**

## Supplemental Information

The Department reached out to the following hospitals asking for information on the impact of the proposed ambulatory surgery center (ASC) in their service areas. No responses were received.

Mount Sinai West  
1000 Tenth Avenue  
New York, New York

New York Eye and Ear Infirmary  
of Mount Sinai  
310 East 14<sup>th</sup> Street  
New York, New York

NYU Hospitals Center  
550 First Avenue  
New York, New York

Mount Sinai Beth Israel  
First Avenue at 16<sup>th</sup> Street  
New York, New York

Bellevue Hospital Center  
462 First Avenue  
New York, New York

NYU Hospital for Joint Diseases  
301 East 17<sup>th</sup> Street  
New York, New York

### DOH Comment

The absence of any comments in opposition to this application from hospitals in the proposed service area provides no basis for reversal or modification of the recommendation for five-year, limited life approval of the proposed ASC based on public need, financial feasibility and operator character and competence.

## Attachments

BFA Attachment A  
BFA Attachment B  
BPNR Attachment

Personal net worth statement for the Proposed member  
Pro forma balance sheet  
Map

## RESOLUTION

RESOLVED, that the Public Health and Health Planning Council, pursuant to the provisions of Section 2801-a of the Public Health Law, on this 4th day of August, 2016 having considered any advice offered by the Regional Health Systems Agency, the staff of the New York State Department of Health, and the Establishment and Project Review Committee of this Council and after due deliberation, hereby proposes to approve the following application to establish and construct a single specialty ambulatory surgery center for Ophthalmology to be located at 450 West 31st Street, New York, and with the contingencies, if any, as set forth below and providing that each applicant fulfills the contingencies and conditions, if any, specified with reference to the application, and be it further

RESOLVED, that upon fulfillment by the applicant of the conditions and contingencies specified for the application in a manner satisfactory to the Public Health and Health Planning Council and the New York State Department of Health, the Secretary of the Council is hereby authorized to issue the approval of the Council of the application, and be it further

RESOLVED, that any approval of this application is not to be construed as in any manner releasing or relieving any transferor (of any interest in the facility that is the subject of the application) of responsibility and liability for any Medicaid (Medicaid Assistance Program -- Title XIX of the Social Security Act) or other State fund overpayments made to the facility covering the period during which any such transferor was an operator of the facility, regardless of whether the applicant or any other entity or individual is also responsible and liable for such overpayments, and the State of New York shall continue to hold any such transferor responsible and liable for any such overpayments, and be it further

RESOLVED, that upon the failure, neglect or refusal of the applicant to submit documentation or information in order to satisfy a contingency specified with reference to the application, within the stated time frame, the application will be deemed abandoned or withdrawn by the applicant without the need for further action by the Council, and be it further

RESOLVED, that upon submission of documentation or information to satisfy a contingency specified with reference to the application, within the stated time frame, which documentation or information is not deemed sufficient by Department of Health staff, to satisfy the contingency, the application shall be returned to the Council for whatever action the Council deems appropriate.

NUMBER:

161234 B

FACILITY/APPLICANT:

Hudson Yards Surgery Center, LLC

APPROVAL CONTINGENT UPON:

**Approval with an expiration of the operating certificate five years from the date of its issuance, contingent upon:**

1. Submission of a check for the amount enumerated in the approval letter, payable to the New York State Department of Health. Public Health Law Section 2802.7 states that all construction applications requiring review by the Public Health and Health Planning Council shall pay an additional fee of fifty-five hundredths of one percent of the total capital value of the project, exclusive of CON fees. [PMU]
2. Submission of an executed loan commitment, acceptable to the Department of Health. [BFA]
3. Submission of an executed working capital loan commitment, acceptable to the Department of Health. [BFA]
4. Submission of an executed transfer and affiliation agreement, acceptable to the Department with a local acute care hospital. [HSP]
5. Submission by the governing body of the ambulatory surgery center of an Organizational Mission Statement which identifies, at a minimum, the populations and communities to be served by the center, including underserved populations (such as racial and ethnic minorities, women and handicapped persons) and the center's commitment to meet the health care needs of the community, including the provision of services to those in need regardless of ability to pay. The statement shall also include commitment to the development of policies and procedures to assure that charity care is available to those who cannot afford to pay. [RNR]
6. Submission of a statement, acceptable to the Department, that the applicant will consider creating or entering into an integrated system of care that will reduce the fragmentation of the delivery system, provide coordinated care for patients, and reduce inappropriate utilization of services. The applicant will agree to submit a report to the Department beginning in the second year of operation and each year thereafter detailing these efforts and the results. [RNR]
7. Submission of a signed agreement with an outside, independent entity, acceptable to the Department, to provide annual reports to DOH following the completion of each full year of operation. Reports will be due within 60 days of the conclusion of each year of operation as identified by the Effective Date on the Operating Certificate issued at project completion. Each report is for a full operational year and is not calendar year based. For example, if the Operating Certificate Effective Date is June 15, 2018, the first report is due to the Department no later than August 15, 2019. Reports must include:
  - a. Actual utilization including procedures;
  - b. Breakdown of visits by payor source;
  - c. Percentage of charity care provided by visits;
  - d. Number of patients who needed follow-up care in a hospital within seven days after ambulatory surgery;
  - e. Number of emergency transfers to a hospital;
  - f. Number of nosocomial infections recorded;
  - g. A brief list of all efforts made to secure charity cases; and

- h. A brief description of the progress of contract negotiations with Medicaid managed care plans. [RNR]
8. The submission of State Hospital Code (SHC) Drawings for review and approval, as described in BAEFP Drawing Submission Guidelines DSG-03 Outpatient Facilities. [AER]
9. Submission of a photocopy of an executed and completed facility lease agreement, acceptable to the Department. [CSL]
10. Submission of a photocopy of the applicant's executed, amended and completed operating agreement, which is acceptable to the Department. [CSL]

APPROVAL CONDITIONAL UPON:

1. The project must be completed within three years from the date of the Public Health and Health Planning Council recommendation letter. Failure to complete the project within the prescribed time shall constitute an abandonment of the application by the applicant and an expiration of the approval. [PMU]
2. Construction must start on or before January 1, 2017 and construction must be completed by June 30, 2017, presuming the Department has issued a letter deeming all contingencies have been satisfied prior to commencement. In accordance with 10 NYCRR Section 710.10(a), if construction is not started on or before the start date this shall constitute abandonment of the approval. It is the responsibility of the applicant to request prior approval for any changes to the start and completion dates. [PMU]
3. The staff of the facility must be separate and distinct from staff of other entities. [HSP]
4. The signage must clearly denote the facility is separate and distinct from other adjacent entities. [HSP]
5. The entrance to the facility must not disrupt any other entity's clinical program space. [HSP]
6. The clinical space must be used exclusively for the approved purpose. [HSP]
7. The submission of annual reports to the Department as prescribed by the related contingency, each year, for the duration of the limited life approval of the facility. [RNR]

Documentation submitted to satisfy the above-referenced contingencies shall be submitted within sixty (60) days. Enter a **complete** response to each **individual** contingency via the New York State Electronic Certificate of Need (NYSE-CON) system by the due date(s) reflected in the *Contingencies Tab in NYSE-CON*.



**Project # 152212-E**  
**Surge Rehabilitation and Nursing LLC**

**Program:** Residential Health Care Facility  
**Purpose:** Establishment

**County:** Suffolk  
**Acknowledged:** October 13, 2015

**Executive Summary**

**Description**

Surge Rehabilitation and Nursing LLC, a to-be-formed New York limited liability company, requests approval to be established as the new operator of Oak Hollow Nursing Center (Oak Hollow), a 164-bed, proprietary, Article 28 residential health care facility (RHCF) located at 49 Oakcrest Avenue, Middle Island (Suffolk County). A separate entity, Oakcrest Ave Realty LLC, will acquire the real property. As part of this application, there will be a reduction of 15 RHCF beds, bringing the total number of certified beds down to 149. There will be no change in services provided.

On September 30, 2014, Oak Hollow NC Corp, the current operator of the skilled nursing facility, entered into an Asset Purchase Agreement (APA) with Issac Laufer, on behalf of the to-be-formed entity Surge Rehabilitation and Nursing LLC, for the sale and acquisition of the operating interests of the RHCF. The APA will be effectuated upon Public Health and Health Planning Council (PHHPC) approval of this CON. Concurrently, Mid Island RE LLC, the current real property owner, entered into a Real Estate Purchase Agreement (REPA) with Oakcrest Ave Realty LLC for the sale and acquisition of the real property interest of the nursing facility. There is a relationship between Surge Rehabilitation and Nursing LLC and Oakcrest Ave Realty LLC in that the entities have common members. The applicant will lease the facility from Oakcrest Ave Realty LLC.

Ownership of the operations before and after the requested change is as follows:

Current Operator  
Crest Hall Corp.

<u>Members</u>	<u>%</u>
Elliot A. Dimant	40%
Kevin B. Teitler	40%
Dr. Rose Dimant	10%
Issac Laufer	5%
Dr. Jacob Dimant	5%

Proposed Operator

Surge Rehabilitation and Nursing LLC	
<u>Members</u>	<u>%</u>
Issac Laufer	50.00%
Max Lebowitz	16.66%
Chaim Lebowitz	16.66%
Moshe Braver	16.66%

The applicant notes that the membership percentages add to 99.98% due to rounding.

Concurrently under review is CON 152211 (Quantum Rehabilitation and Nursing LLC), in which the same proposed members are seeking approval to be established as the new operator of Lakeview Rehabilitation and Care Center (Lakeview), which is also located on Oakcrest Avenue in Middle Island.

OPCHSM Recommendation  
Contingent Approval

Need Summary  
The change in ownership will include the decertification of 15 beds.

### Program Summary

No negative information has been received concerning the character and competence of the proposed applicants. No administrative services or consulting agreements are proposed in this application. The applicant will decertify 15 beds as a result of this application. No other changes in the program or physical environment are proposed in this application. All health care facilities are in substantial compliance with all rules and regulations. The character and competence review indicates the applicants have met the standard to provide a substantially consistent high level of care as set forth in Public Health Law §2801-a (3).

### Financial Summary

The purchase price of \$3,500,000 for the operating interests will be met with \$875,000 in members' equity and a bank loan for \$2,625,000

at 5.5% interest for a ten-year term and 25-year amortization. Oakcrest Ave Realty LLC will purchase the real property on which Lakeview and Oak Hollow are situated for \$22,400,000 to be funded with \$5,600,000 in members' equity and a bank loan for \$16,800,000 at 5.5% interest for a ten-year term and 25-year amortization. M&T Bank has provided letters of interest related to the operating and realty financings. There are no project costs associated with this proposal. The projected budget is as follows:

Revenues	\$16,470,800
Expenses	<u>\$15,917,735</u>
Gain	\$553,065

## Recommendations

Health Systems Agency

There will be no HSA recommendation for this project.

Office of Primary Care and Health Systems Management

### **Approval contingent upon:**

1. Submission of a commitment signed by the applicant which indicates that, within two years from the date of the council approval, the percentage of all admissions who are Medicaid and Medicare/Medicaid eligible at the time of admission will be at least 75 percent of the planning area average of all Medicaid and Medicare/Medicaid admissions, subject to possible adjustment based on factors such as the number of Medicaid patient days, the facility's case mix, the length of time before private paying patients became Medicaid eligible, and the financial impact on the facility due to an increase in Medicaid admissions. [RNR]
2. Submission of a plan to continue to enhance access to Medicaid residents. At a minimum, the plan should include, but not necessarily be limited to, ways in which the facility will:
  - a. Reach out to hospital discharge planners to make them aware of the facility's Medicaid Access Program;
  - b. Communicate with local hospital discharge planners on a regular basis regarding bed availability at the nursing facility; and
  - c. Identify community resources that serve the low-income and frail elderly population who may eventually use the nursing facility, and inform them about the facility's Medicaid Access policy. [RNR]
3. Submission of a commitment, signed by the applicant, to submit annual reports to the DOH, for at least two years, demonstrating substantial progress with the implementation of the plan. These reports should include, but not be limited to:
  - a. Describing how the applicant reached out to hospital discharge planners to make them aware of the facility's Medicaid Access Program;
  - b. Indicating that the applicant communicated with local hospital discharge planners on a regular basis regarding bed availability at the nursing facility;
  - c. Identifying the community resources that serve the low-income and frail elderly population that have used, or may eventually use, the nursing facility, and confirming they were informed about the facility's Medicaid Access policy.
  - d. Documentation pertaining to the number of referrals and the number of Medicaid admissions; and
  - e. Other factors as determined by the applicant to be pertinent. [RNR]
4. Submission of an executed loan commitment for the purchase of the operations of the RHCF, acceptable to the Department of Health. [BFA]
5. Submission of an executed working capital loan commitment, acceptable to the Department of Health. [BFA]
6. Submission of an executed real property loan commitment, acceptable to the Department of Health. [BFA]
7. Submission of an executed lease agreement, acceptable to the Department of Health. [BFA]
8. Submission of an executed asset purchase agreement, acceptable to the Department of Health. [BFA]
9. Submission of a floor plan or sketch showing the 15 beds to be decertified and the surrounding nursing units. [LTC]
10. Submission of a photocopy of the articles of organization of Surge Rehabilitation and Nursing LLC, which is acceptable to the department. [CSL]
11. Submission of a photocopy of the operating agreement of Surge Rehabilitation and Nursing LLC, which is acceptable to the department. [CSL]
12. Submission of a photocopy of the property lease between Surge Rehabilitation and Nursing LLC and Oakcrest Ave Realty LLC, which is acceptable to the department. [CSL]



**Approval conditional upon:**

1. The project must be completed within one year from the date of the Public Health and Health Planning Council recommendation letter. Failure to complete the project within the prescribed time shall constitute an abandonment of the application by the applicant and an expiration of the approval. [PMU]
2. Within two years from the date of council approval, the percentage of all admissions who are Medicaid and Medicare/Medicaid eligible at the time of admission will be at least 75 percent of the planning area average as prescribed by the related contingency. Once the Medicaid patient admissions standard is reached, the facility shall not reduce its proportion of Medicaid patient admissions below the 75 percent standard unless and until the applicant, in writing, requests the approval of the Department to adjust the 75 percent standard and the Department's written approval is obtained. [RNR]
3. Submission of annual reports to the Department for at least two years demonstrating substantial progress with the implementation of the facility's Medicaid Access Plan as prescribed by the related contingency. Reports will be due within 30 days of the conclusion of each year of operation as identified by the Effective Date on the Operating Certificate issued at project completion. For example, if the Operating Certificate Effective Date is June 15, 2017, the first report is due to the Department no later than July 15, 2018. The Department reserves the right to require continued reporting beyond the two year period. [RNR]

Council Action Date

**August 4, 2016**

# Need Analysis

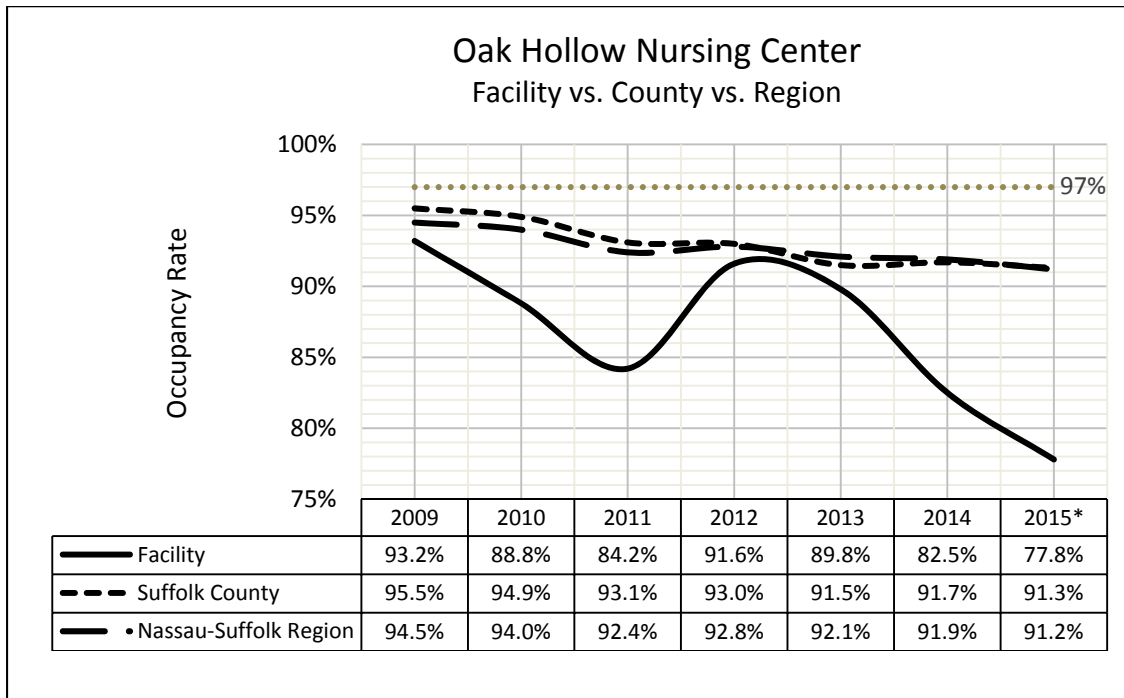
## Analysis

There is a need for 1,724 beds in the Nassau-Suffolk Region based on the current need methodology:

### RHCF Need – Nassau-Suffolk Region

2016 Projected Need	16,962
Current Beds	15,352
Beds Under Construction	-393
Total Resources	14,959
Unmet Need	2,003

Oak Hollow Nursing Center's occupancy was 91.6% in 2012, 89.8% in 2013, and 82.5% in 2014. According to the applicant, low occupancy is a result of the facility's emphasis on short-term, sub-acute rehabilitative care; declining occupancy beginning in 2013 is attributed to a transfer of ownership giving family members of the original operators majority percentage ownership of the facility. The overall occupancy for Suffolk County was 91.9% for 2014.



\*unaudited; facility reported data

The applicant intends to increase occupancy in the following ways:

- Decertify 15 beds:
  - By reducing beds at this facility, not only will occupancy improve, but there will be enough space to create other programs, such as a dialysis center or another type of outpatient facility, which may have a community benefit. The reduction will not result in more than two beds in a room and the facility will maintain over 10% single-bedded rooms;

- Change the model of care to one that directly supports DSRIP and community need as follows:
  - Implement the INTERACT model to reduce and prevent hospital readmissions;
  - Contract with eight out of the 16 Managed Long Term Care Plans in Suffolk County to help facilitate admissions to Oak Hollow's short-term rehabilitation program, which includes a neurorehabilitation component for individuals with brain impairments, with a goal of returning individuals to the least restrictive environment in the community;
  - Train and certify staff to provide IV therapy services;
  - Integrate palliative care into the care model; and
  - Continue a pulmonary rehabilitation program.

#### Access

Regulations indicate that the Medicaid patient admissions standard shall be 75% of the annual percentage of all Medicaid admissions for the long term care planning area in which the applicant facility is located. Such planning area percentage shall not include residential health care facilities that have an average length of stay 30 days or fewer. If there are four or fewer residential health care facilities in the planning area, the applicable standard for a planning area shall be 75% of the planning area percentage of Medicaid admissions, or of the Health Systems Agency area Medicaid admissions percentage, whichever is less. In calculating such percentages, the Department will use the most current data which have been received and analyzed by the Department. An applicant will be required to make appropriate adjustments in its admission policies and practices so that the proportion of its own annual Medicaid patient's admissions is at least 75% of the planning area percentage or the Health Systems Agency percentage, whichever is applicable.

Oak Hollow Nursing Center's Medicaid admissions of 30.0% in 2013 and 40.9% in 2014 exceeded the Suffolk County 75% rates of 19.4% in 2013 and 16.7% in 2014.

#### Conclusion

The reduction in beds will assist in right-sizing the RHCF resources in the community.

#### Recommendation

**From a need perspective, contingent approval is recommended.**

## Program Analysis

### Facility Information

	Existing	Proposed
Facility Name	Oak Hollow Nursing Center	Surge Rehabilitation and Nursing LLC
Address	49 Oakcrest Avenue Middle Island, NY. 11953	Same
RHCF Capacity	164	149
ADHC Program Capacity	N/A	N/A
Type of Operator	Corporation	Limited Liability Company
Class of Operator	Proprietary	Proprietary
Operator	Oak Hollow NC Corp.	Surge Rehabilitation and Nursing LLC  <u>Managing Member</u> Isaac Laufer 50.00%  <u>Additional Members</u> Chaim Lebowitz 16.66% Max Lebowitz 16.66% Moshe Braver 16.66%

### Character and Competence - Background

#### Facilities Reviewed

##### Nursing Homes

Glen Cove Center for Nursing and Rehabilitation	05/2006 to present
Marquis Rehabilitation and Nursing Center	05/2006 to present
Sutton Park Center for Nursing and Rehabilitation	06/2005 to present
North Westchester Restorative Therapy and Nursing Center	01/2006 to present
Momentum at South Bay for Rehabilitation and Nursing	11/2010 to present
Lynbrook Restorative Therapy and Nursing	01/2011 to present
Excel at Woodbury for Rehabilitation and Nursing, LLC	08/2013 to present
Oasis for Rehabilitation and Nursing Center	10/2013 to present

#### Individual Background Review

**Isaac Laufer** lists his employment as the Director of Long Island Care Center located in Flushing, New York, Marquis Care Center and Glen Cove Center for Nursing and Rehabilitation in Glen Cove, and Sutton Park Center for Nursing and Rehabilitation in New Rochelle. He is also currently the Executive Director of North Westchester Restorative Therapy and Nursing located in Mohegan Lake, New York, East Rockaway Center in Lynbrook, Suffolk Restorative Therapy and Nursing in East Islip, Excel at Woodbury for Rehabilitation and Nursing in Woodbury, and Oasis for Rehabilitation and Nursing Center located in Moriches. Mr. Laufer discloses the following health facility ownership interests:

Glen Cove Center for Nursing and Rehabilitation (5%)	03/1998 to present
Marquis Rehabilitation and Nursing Center (3%)	03/1998 to present
Sutton Park Center for Nursing and Rehabilitation (23%)	01/1998 to present
North Westchester Restorative Therapy and Nursing Center (30%)	01/2006 to present
Momentum at South Bay for Rehabilitation and Nursing (50%)	11/2010 to present
Lynbrook Restorative Therapy and Nursing (50%)	01/2011 to present
Excel at Woodbury for Rehabilitation and Nursing, LLC (50%)	08/2013 to present
Oasis for Rehabilitation and Nursing Center (50%)	10/2013 to present

**Chaim Lebowitz** lists his employment as the manager of GIT LEB LLC, a real estate management company located in Brooklyn, New York. Mr. Lebowitz discloses the following health facility ownership interests:

Momentum at South Bay for Rehabilitation and Nursing (25%)	11/2010 to present
Lynbrook Restorative Therapy and Nursing (25%)	01/2011 to present
North Westchester Restorative Therapy and Nursing Center (9.95%)	01/2013 to present
Excel at Woodbury for Rehabilitation and Nursing, LLC (25%)	08/2013 to present
Oasis for Rehabilitation and Nursing Center (25%)	10/2013 to present

**Max Lebowitz** is the owner of Mochan Painting Supplies of Brooklyn, a paint retailer located in Brooklyn, New York. Mr. Lebowitz discloses the following health facility ownership interests:

Momentum at South Bay for Rehabilitation and Nursing (25%)	11/2010 to present
Lynbrook Restorative Therapy and Nursing (25%)	01/2011 to present
North Westchester Restorative Therapy and Nursing Ctr (20.05%)	01/2011 to present
Excel at Woodbury for Rehabilitation and Nursing, LLC (25%)	08/2013 to present
Oasis for Rehabilitation and Nursing Center (25%)	10/2013 to present

**Moshe Braver** is a New York State licensed EMT and paramedic and is considered to be in good standing. Additionally, Mr. Braver is a notary public. He currently volunteers as a full-time paramedic at Chevra Hatzalah, a volunteer ambulance company located in Brooklyn, New York. Moshe Braver was previously the operator of Staff Blue NJ, a staffing agency located in Rosella, New Jersey. Mr. Braver discloses ownership interest in the following health facilities:

North Westchester Restorative Therapy and Nursing Center (40%)	01/2011 to present
--	--------------------

#### Character and Competence - Analysis

No negative information has been received concerning the character and competence of the above applicants.

A review of operations for Glen Cove Center for Nursing and Rehabilitation for the period identified above reveals:

- The facility was fined \$10,000 pursuant to Stipulation and Order 16-130 issued for surveillance findings on September 25, 2014. Deficiencies were found under 10NYCRR 415.12 Quality of Care: Highest Practicable Potential.
- The facility was fined \$12,000 pursuant to Stipulation and Order 16-167 issued for surveillance findings on October 9, 2015. Deficiencies were found under 10 NYCRR 415(e)(2)(ii)(b) Notification of Changes and 10 NYCRR 415.12(c)(1) – Quality of Care: Pressure Sores.

A review of operations for Momentum at South Bay for Rehabilitation and Nursing for the period identified above reveals:

- The facility was fined \$2000 pursuant Stipulation and Order 16-077 issued January 13, 2016 for surveillance findings on April 9, 2014. Deficiencies were found under 10NYCRR 415.12 Quality of Care: Highest Practicable Potential.
- The facility was fined \$4,000 pursuant Stipulation and Order 16-168 issued May 31, 2016 for surveillance findings on September 15, 2015. Deficiencies were found under 10NYCRR 415.12 Quality of Care: Highest Practicable Potential and 10NYCRR 415.26 Administration.

An assessment of the underlying causes of the above enforcements determined that they were not recurrent in nature and the operator investigated the circumstances surrounding the violation, and took steps which a reasonably prudent operator would take to prevent the recurrence of the violation.

A review of operations for Marquis Rehabilitation and Nursing Center for the period identified above reveals:

- The facility was fined \$8,000 pursuant Stipulation and Order 16-108 issued March 1, 2016 for surveillance findings on April 3, 2013. Deficiencies were found under 10NYCRR 415.12(h)(1) Quality of Care: Accident Free Environment, 10NYCRR 415.15(a) Administration: Medical Director, 10NYCRR 415.26 Administration and 10NYCRR 415.27(a-c) Administration: Quality Assessment and Assurance.
- The facility incurred a civil monetary penalty of \$5,525 for the period of April 3, 2013 to April 3, 2013.

A review of operations for Sutton Park Center for Nursing and Rehabilitation for the period identified above reveals:

- The facility was fined \$2,000 pursuant to Stipulation and Order 07-069 issued August 20, 2007 for surveillance findings on November 29, 2006. Deficiencies were found under 10 NYCRR 415.12(h)(2) – Quality of Care: Accidents.
- The facility incurred a civil monetary penalty of \$18,937.50 for the period of November 29, 2006 to December 28, 2006.
- The facility was fined \$2,000 pursuant to Stipulation and Order 09-043 issued October 28, 2009 for surveillance findings on September 26, 2008. Deficiencies were found under 10 NYCRR 415.12(h)(2) – Quality of Care: Accidents.
- The facility was fined \$4,000 pursuant to Stipulation and Order 10-015 issued April 30, 2010 for surveillance findings on June 18, 2009. Deficiencies were found under 10 NYCRR 415.12 – Quality of Care and 10 NYCRR 415.27 – Quality Assessment and Assurance.
- The facility incurred a civil monetary penalty of \$32,630 for the period of June 17, 2009 to July 7, 2009.
- The facility was fined \$4,000 pursuant Stipulation and Order 10-042 issued October 19, 2010 for surveillance findings on October 7, 2009. Deficiencies were found under 10 NYCRR 415.12 – Quality of Care: Highest Practical Potential and 10 NYCRR 415.12(c)(1) – Quality of Care: Unnecessary Drugs.
- The facility was fined \$10,000 pursuant to Stipulation and Order 11-026 issued May 24, 2011 for surveillance findings on January 19, 2010. Deficiencies were found under 10 NYCRR 415.12(c)(1) – Quality of Care: Pressure Sores.

An assessment of the underlying causes of the above enforcements determined that they were not recurrent in nature and the operator investigated the circumstances surrounding the violation, and took steps which a reasonably prudent operator would take to prevent the recurrence of the violation. This can be evidenced by the fact that the facility has not had a survey resulting in an enforcement since January 19, 2010 and is now operating as a CMS 4-star facility with a corresponding CMS 4-star rating in health inspections.

A review of operations for North Westchester Restorative Therapy and Nursing Center, Lynbrook Restorative Therapy and Nursing, Excel at Woodbury for Rehabilitation and Nursing, LLC, and Oasis for Rehabilitation and Nursing Center for the time periods indicated above revealed that there were no enforcements.

Quality Review

Provider Name	Overall	Health Inspection	MDS Quality Measures
Oak Hollow Nursing Center	***	**	****
Glen Cove Center for Nursing	**	*	***
Marquis Rehabilitation & Nursing Center	*	*	****
Sutton Park Ctr Nursing Rehab	****	****	****
North Westchester Restorative Therapy & N C	****	****	***
Momentum at South Bay For Rehabilitation and Nursing	**	*	*****
Lynbrook Restorative Therapy and Nursing	*	**	****
Woodbury Center for Health Care	*****	****	*****
Oasis Rehabilitation and Nursing, LLC	***	***	**

Project Review

This application proposes to establish Surge Rehabilitation and Nursing LLC as the new operator of Lakeview Rehabilitation and Care Center. The facility will be operated under the name Surge Rehabilitation and Nursing as a result of this transaction. This application proposes a reduction of fifteen RHCf beds. The applicant will be required to provide plans showing the specific rooms in which beds will be decertified and affected nursing units, which results in the addition of a contingency to this project. No other changes in the program or physical environment are proposed in this application. No administrative services or consulting agreements are proposed in this application. All health care facilities are in substantial compliance with all rules and regulations.

Conclusion

The individual background review indicates the applicants have met the standard for approval as set forth in Public Health Law §2801-a(3).

Recommendation

**From a programmatic perspective, contingent approval is recommended.**

## Financial Analysis

### Asset Purchase Agreement

The applicant has submitted a draft APA to acquire the operating interests of the RHCF. The agreement will be effective upon PHHPC approval. The terms of the agreement are summarized below:

Date:	September 30, 2014
Seller:	Oak Hollow NC Corp. d/b/a Oak Hollow Nursing Center
Purchaser:	Issac Laufer, on behalf of an entity to be formed
Assets Transferred:	Equipment, Leasehold Improvements, Acquired Contracts, assignable licenses and other tangible or intangible, assets, property interests or rights of Seller used in connection with the Facility including, but not limited to: all licenses, permits, certificates, accreditations and certificates of occupancy, consents, approvals, waivers and other authorizations which are used, or may be used, in connection with the Facility; furniture, fixtures, improvements, furnishings, equipment, machinery, tools, office equipment, and all other fixed assets and items of tangible personal property; personnel records of Seller's employees, resident agreements, resident lists, resident records, inspection reports, advertising and promotional materials, directory listings, telephone numbers, and mailing lists, if any; supplies and inventories of the Facility; vehicles, automobiles, vans and buses used by the Facility; telephone numbers, fax numbers, email addresses, websites and domain names used exclusively by or associated with the Facility; warranties relating to the Facility; the name "Oak Hollow Nursing Center", and any derivatives of the same; trade names, trademarks, service marks, symbols, logos, know-how, copyrights and other proprietary materials or intellectual property rights; claims and causes of action of Seller against any third parties; accounts receivable of Seller for services rendered on and after the Effective Date; amounts paid by Medicaid to the Facilities under the Universal Settlement; and all other assets of Seller of the foregoing nature purchased or acquired by Seller between the date hereof and the Closing Date.
Excluded Assets:	All Existing Accounts Receivables; Cash; refunds of any and all federal and state taxes in respect of any period prior to the Effective Date;
Assumed Liabilities:	All liabilities of Seller on and after the Effective Date including but not limited to: liabilities of Seller under Health Insurance Trust of New York, in an amount equal to Six Hundred Nine Thousand and Nine Dollars (\$609,009); liabilities and obligations of Seller under all the Acquired Contracts; and accounts payable of Seller for obligations incurred on and after the Effective Date, including, but not limited to, trade accounts payable, accrued payroll expenses,
Purchase Price:	\$3,500,000 allocated to the purchase of the operating interest (equals \$28,400,000 less the purchase prices paid for the purchase of the operations of Lakeview and the real property upon which Oak Hollow and Lakeview sit).
Payment:	Paid at closing with immediately available funds

The purchase price allocated to the RHCF is proposed to be satisfied as follows:

Equity - Surge Rehabilitation and Nursing LLC Members	\$875,000
Loan - 10 years, 5.50%, 25-year amortization	<u>\$2,625,000</u>
Total	\$3,500,000

M&T Bank has provided a letter of interest at the stated terms.

BFA Attachment A is the net worth statements for the proposed members of Surge Rehabilitation and Nursing LLC, which shows sufficient resources to meet the equity requirement.



Issac Laufer, Chaim Lebowitz and Max Lebowitz have provided affidavits committing to personally fund the balloon payment on the proposed loan, should terms acceptable to the Department of Health be unavailable at the time of refinancing. In recognition of a liquid asset shortfall, the aforementioned members have provided affidavits to contribute resources disproportionate their ownership interest to fund the balloon payment.

The applicant has submitted an original affidavit, which is acceptable to the Department, in which the applicant agrees, notwithstanding any agreement or understanding between the applicant and the transferor to the contrary, to be liable and responsible for any Medicaid overpayments made to the facility and/or surcharges, assessments or fees due from the transferor pursuant to Article 28 of the Public Health Law with respect to the period of time prior to the applicant acquiring its interest, without releasing the transferor of its liability and responsibility. The facility has no current outstanding Medicaid liabilities.

#### Purchase and Sale Agreement for the Real Property

The applicant has submitted an executed REPA, the terms of which are summarized below

Date:	September 30, 2014
Seller/Realty:	Mid Island RE LLC
Purchaser Realty:	Issac Laufer, on behalf of an entity to be formed
Asset Transferred Realty:	49-63 Oakcrest Avenue, Middle Island, NY
Purchase Price:	\$22,400,000 allocated to the purchase of the real property on which Lakeview and Oak Hollow RHCfs are situated (equals \$28,400,000 less purchase prices paid for the operations of Oak Hollow and Lakeview RHCfs)
Payment of Purchase Price	Paid at closing with immediately available funds

The purchase price allocated to the real property is proposed to be satisfied as follows:

Equity - Oakcrest Ave Realty LLC Members	\$5,600,000
Loan - 10 years, 5.50%, 25-year amortization	<u>\$16,800,000</u>
Total	\$22,400,000

M&T Bank has provided a letter of interest at the stated terms.

Issac Laufer, Chaim Lebowitz and Max Lebowitz have provided affidavits committing to personally fund the balloon payment on the proposed loan, should terms acceptable to the Department of Health be unavailable at the time of refinancing. In recognition of a liquid asset shortfall, the aforementioned members have provided affidavits to contribute resources disproportionate their ownership interest to fund the balloon payment.

#### Lease Agreement

A draft lease has been submitted to lease the RHCf's real property. The terms are summarized below:

Premises:	The buildings, parking areas, fixtures, and other improvements upon which the Oak Hollow Nursing Center has been erected
Owner/Landlord:	Oakcrest Ave Realty LLC
Lessee:	Surge Rehabilitation and Nursing LLC (to-be-formed LLC)
Term:	323 months
Rent:	\$1,020,000 per annum (\$85,000 per month)
Provisions:	Triple Net

The lease arrangement is a non-arm's length agreement. The applicant acknowledges that the membership of the operating entity and the landlord are the same.

## Operating Budget

The applicant has provided an operating budget, in 2016 dollars, for the first year subsequent to the change in ownership.

	<u>Per Diem</u>	<u>Current Year</u>	<u>Per Diem</u>	<u>First Year</u>
<b>Revenues</b>				
Commercial	\$253.83	\$651,076	\$248.16	\$360,200
Medicare	\$599.77	\$3,028,858	\$583.58	\$5,410,800
Medicaid	\$227.02	\$9,299,261	\$248.39	\$10,117,400
Private Pay	\$364.58	\$290,570	\$424.98	\$535,600
All Other		<u>\$99,526</u>		<u>\$46,800</u>
<b>Total Revenues</b>		<b>\$13,369,291</b>		<b>\$16,470,800</b>
<b>Expenses</b>				
Operating	\$260.63	\$12,868,690	\$257.36	\$13,950,100
Capital	<u>\$17.28</u>	<u>\$853,277</u>	<u>\$33.94</u>	<u>\$1,967,635</u>
<b>Total Expenses</b>	<b>\$277.91</b>	<b>\$13,721,967</b>	<b>\$291.30</b>	<b>\$15,917,735</b>
<b>Net Income</b>		<b><u>(\$352,676)</u></b>		<b><u>\$553,065</u></b>
<b>Total Patient Days</b>		<b>49,375</b>		<b>52,751</b>
<b>Utilization %</b>		<b>82%</b>		<b>97%</b>

The following is noted with respect to the submitted budget:

- The Current Year reflects the facility's 2014 payor and 2014 RHCF-4 cost report information. The applicant attributes the loss in the Current Year to \$691,448 in accounts receivable written off as bad debt.
- Revenue Assumptions: The applicant projected their Private Pay rate based on 2014 average rates in effect for Oak Hollow Nursing Center. All other rates, including Medicare and Medicaid rates, were projected based on the current Managed Care rates in place.
- Other operating revenue consists of cash discounts, vending machines, medical records and miscellaneous revenue.
- Expense Assumptions: The applicant projects an increase of \$1,772,842 in salaries and benefits in Year One concurrent with an anticipated increase in utilization. The increase in expense is partially offset by a reduction in Bad Debt expense and Legal Fees incurred because of collection issues.
- Not included as a part of this application, the proposed operator anticipates making \$2,526,000 in capital improvements to remodel 80 rooms and the first and second floor corridors; renovate the gym; and elevator maintenance. When necessary, member equity will be used to address the capital improvement costs.
- Utilization Assumptions: The applicant anticipates achieving an occupancy rate of 97% in Year One through the implementation of the following initiatives: a model to Reduce Potentially Preventable Conditions and Hospital Admission/Readmission; Mandatory Enrollment in MLTC Plans/Health Home Conversion; Provision of Transfusion and IV Therapy Services; Palliative Care; and a Pulmonary Rehabilitation Program.
- With the 15 bed reduction, RHCF utilization is projected at 97% in the first year.
- Utilization by payor source for the current and first year is as follows:

	<u>Current Year</u>	<u>Year One</u>
Commercial	5.19%	2.75%
Medicare	10.23%	17.64%
Medicaid	82.96%	77.22%
Private Pay	1.61%	2.39%
- Year One breakeven utilization is projected at 94% or 51,122 patient days.

## Capability and Feasibility

There are no project costs associated with this application. Issac Laufer, on behalf of the to-be-formed Surge Rehabilitation and Nursing LLC, has agreed to acquire the RHC's operations for \$3,500,000. The acquisition price will be met with members' equity of \$875,000 and a bank loan of \$2,625,000 at the above stated terms. M&T Bank has provided a letter of interest. Oakcrest Ave Realty LLC, the applicant's landlord, is purchasing the real property for \$22,400,000. The acquisition price will be met with \$5,600,000 in members' equity and a \$22,400,000 loan at the above stated terms. M&T Bank has provided a letter of interest at the stated terms.

Working capital requirements are estimated at \$2,286,995 based on two months of first year expenses, and will be satisfied with members' equity. Review of the proposed operating members' net worth statements (BFA Attachment B) shows sufficient assets overall to meet the equity requirement, but liquid resources may not be available in proportion to the members proposed ownership interest. Issac Laufer, Max Lebowitz and Chaim Lebowitz have provided affidavits stating that they are willing to contribute resources disproportionate to their ownership interest. BFA Attachment C is Oak Hollow's (to-be Surge Rehabilitation and Nursing LLC) pro forma balance sheet as of the first day of operation, which indicates a positive members' equity of \$3,275,000. Assets include \$2,625,000 in goodwill which is not a liquid resource nor is it recognized for Medicaid reimbursement. If goodwill is eliminated, the total members' equity is reduced to \$650,000.

The submitted budget projects net income of \$553,065 for year one with an increase in utilization. The applicant anticipates achieving the utilization increase through implementation of the following: utilization of the INTERACT model to work with local hospitals to accelerate discharges and reduce hospital readmissions; the applicant has entered into contracts with nine of the 16 MLTCPs in Suffolk County; training and certification of nurses to start lines for hydration; integration of palliative care; and integration of a pulmonary rehabilitation program. The applicant anticipates the increase in utilization will yield an additional \$3,101,509 in revenue based on an increase of 3,376 patient days, offset by an additional \$2,195,768 in expenses. The applicant's projected increase in expenses is primarily derived from a \$1,772,842 increase in Wages and Benefits and a \$993,496 increase in Depreciation and Rent, offset in part by a \$393,565 reduction in Other Direct Expenses between the Current Year and Year One. The savings come from a reduction in Bad Debt expense and Legal Fees, offset by an increase in the facility's Medicaid Assessment. The applicant believes the current year's legal fees were abnormally high due to an outsized number of collection issues. The budget appears reasonable.

A transition of nursing home (NH) residents to Medicaid managed care is currently being implemented statewide. Under the managed care construct, Managed Care Organizations (MCOs) will negotiate payment rates directly with NH providers. A department policy, as described in the "Transition of Nursing Home Benefit and Population into Managed Care Policy Paper," provided guidance requiring MCOs to pay the benchmark Medicaid FFS rate, or a negotiated rate acceptable to both plans and NH, for three years after a county has been deemed mandatory for NH population enrollment. As a result, the benchmark FFS rate remains a viable basis for assessing NH revenues through the transition period.

BFA Attachment D, financial summary of Oak Hollow NC Corp d/b/a Oak Hollow Nursing Center indicates that the facility had a negative working capital position in 2013, which the applicant attributes to related party loans that were acquired to purchase the assets of Oak Hollow. According to the applicant, Oak Hollow NC experienced a negative working capital position in 2012 and 2013 due to the related party loans. They note that, during 2014, Oak Hollow made the determination that \$691,448 in accounts receivable was uncollectable and was subsequently written off as bad debt. Without the bad debt expense the applicant indicates the facility would have shown a profit. It is noted that facility demonstrates \$1,298,303 in net income from operations for the twelve months ending December 31, 2015. Otherwise, the facility has maintained positive working capital, a positive equity position and generated an operating surplus.

BFA Attachment E, financial summary of the proposed members affiliated RHCFS, shows the facilities have maintained positive net income from operations for the periods shows with the exception of the following:

- Montclair Care Center d/b/a Marquis Care Center had a negative working capital position during 2015, which the applicant attributes to a note payable in the amount of \$2.5 million (\$357,143 of which was classified as current liabilities) used for renovations of the facility. The applicant believes the renovations will increase future profits. It is noted that the facility demonstrates a net profit through July 31, 2015.
- Sutton Park Center for Nursing and Rehabilitation, LLC had a negative working capital position during 2015, which the applicant attributes to a note payable in the amount of \$2.5 million (\$357,000 of which was classified as current liabilities) used for renovations of the facility. The applicant believes the renovations will increase future profits. The applicant states additional related party loans were acquired adding another \$263,000 in current liabilities. It is noted that the facility demonstrates a net profit through July 31, 2015.
- North Westchester Restorative Therapy and Nursing Center had a negative working capital position during 2015, which the applicant attributes to \$616,306 in renovations through December 31, 2015. The applicant notes that the facility made a net profit through December 31, 2015.
- Suffolk Restorative Therapy and Nursing had a negative working capital position, which the applicant attributes to the writing off of \$489,701 in bad debt. The applicant states the facility will use 2015 profits to address the working capital position.
- Oasis Rehabilitation and Nursing had a negative working capital position during 2015, which the applicant attributes to writing off \$226,462 in bad debt. The applicant states the facility will use 2015 profits to address the working capital position.
- Excel at Woodbury has a negative working capital position, which the applicant attributes to a \$3.6 million note payable, used for renovations (\$330,000 of which was classified as current liabilities) and the writing off of \$138,565 in bad debt. The applicant believes the renovations will increase future profits and 2015 profits will be used to address the working capital position.

Based on the preceding and subject to the noted contingencies, the applicant has demonstrated the capability to proceed in a financially feasible manner and contingent approval is recommended.

Recommendation

**From a financial perspective, contingent approval is recommended.**

## Attachments

BFA Attachment A	Net Worth Statements, Proposed Members of Surge Rehabilitation and Nursing LLC
BFA Attachment B	Organizational Chart
BFA Attachment C	Pro Forma Balance Sheet, Surge Rehabilitation and Nursing LLC
BFA Attachment D	Financial Summary, Oak Hollow NC Corp d/b/a Oak Hollow Nursing Center
BFA Attachment E	Financial Summary, Affiliated Nursing Homes

RESOLUTION

RESOLVED, that the Public Health and Health Planning Council, pursuant to the provisions of Section 2801-a of the Public Health Law, on this 4th day of August, 2016 having considered any advice offered by the Regional Health Systems Agency, the staff of the New York State Department of Health, and the Establishment and Project Review Committee of this Council and after due deliberation, hereby proposes to approve the following application to establish Surge Rehabilitation and Nursing LLC as the new operator of the 164-bed residential health care facility (RHCF) located at 49 Oakcrest Avenue, Middle Island, currently operated as Oak Hollow Nursing Center, and decertify 15 RHCF beds, and with the contingencies, if any, as set forth below and providing that each applicant fulfills the contingencies and conditions, if any, specified with reference to the application, and be it further

RESOLVED, that upon fulfillment by the applicant of the conditions and contingencies specified for the application in a manner satisfactory to the Public Health and Health Planning Council and the New York State Department of Health, the Secretary of the Council is hereby authorized to issue the approval of the Council of the application, and be it further

RESOLVED, that any approval of this application is not to be construed as in any manner releasing or relieving any transferor (of any interest in the facility that is the subject of the application) of responsibility and liability for any Medicaid (Medicaid Assistance Program -- Title XIX of the Social Security Act) or other State fund overpayments made to the facility covering the period during which any such transferor was an operator of the facility, regardless of whether the applicant or any other entity or individual is also responsible and liable for such overpayments, and the State of New York shall continue to hold any such transferor responsible and liable for any such overpayments, and be it further

RESOLVED, that upon the failure, neglect or refusal of the applicant to submit documentation or information in order to satisfy a contingency specified with reference to the application, within the stated time frame, the application will be deemed abandoned or withdrawn by the applicant without the need for further action by the Council, and be it further

RESOLVED, that upon submission of documentation or information to satisfy a contingency specified with reference to the application, within the stated time frame, which documentation or information is not deemed sufficient by Department of Health staff, to satisfy the contingency, the application shall be returned to the Council for whatever action the Council deems appropriate.

NUMBER:

FACILITY/APPLICANT:

152212 E

Surge Rehabilitation and Nursing LLC

APPROVAL CONTINGENT UPON:

1. Submission of a commitment signed by the applicant which indicates that, within two years from the date of the council approval, the percentage of all admissions who are Medicaid and Medicare/Medicaid eligible at the time of admission will be at least 75 percent of the planning area average of all Medicaid and Medicare/Medicaid admissions, subject to possible adjustment based on factors such as the number of Medicaid patient days, the facility's case mix, the length of time before private paying patients became Medicaid eligible, and the financial impact on the facility due to an increase in Medicaid admissions. [RNR]
2. Submission of a plan to continue to enhance access to Medicaid residents. At a minimum, the plan should include, but not necessarily be limited to, ways in which the facility will:
  - a. Reach out to hospital discharge planners to make them aware of the facility's Medicaid Access Program;
  - b. Communicate with local hospital discharge planners on a regular basis regarding bed availability at the nursing facility; and
  - c. Identify community resources that serve the low-income and frail elderly population who may eventually use the nursing facility, and inform them about the facility's Medicaid Access policy. [RNR]
3. Submission of a commitment, signed by the applicant, to submit annual reports to the DOH, for at least two years, demonstrating substantial progress with the implementation of the plan. These reports should include, but not be limited to:
  - a. Describing how the applicant reached out to hospital discharge planners to make them aware of the facility's Medicaid Access Program;
  - b. Indicating that the applicant communicated with local hospital discharge planners on a regular basis regarding bed availability at the nursing facility;
  - c. Identifying the community resources that serve the low-income and frail elderly population that have used, or may eventually use, the nursing facility, and confirming they were informed about the facility's Medicaid Access policy.
  - d. Documentation pertaining to the number of referrals and the number of Medicaid admissions; and
  - e. Other factors as determined by the applicant to be pertinent. [RNR]
4. Submission of an executed loan commitment for the purchase of the operations of the RHCF, acceptable to the Department of Health. [BFA]
5. Submission of an executed working capital loan commitment, acceptable to the Department of Health. [BFA]
6. Submission of an executed real property loan commitment, acceptable to the Department of Health. [BFA]
7. Submission of an executed lease agreement, acceptable to the Department of Health. [BFA]
8. Submission of an executed asset purchase agreement, acceptable to the Department of Health. [BFA]
9. Submission of a floor plan or sketch showing the 15 beds to be decertified and the surrounding nursing units. [LTC]
10. Submission of a photocopy of the articles of organization of Surge Rehabilitation and Nursing LLC, which is acceptable to the department. [CSL]

11. Submission of a photocopy of the operating agreement of Surge Rehabilitation and Nursing LLC, which is acceptable to the department. [CSL]
12. Submission of a photocopy of the property lease between Surge Rehabilitation and Nursing LLC and Oakcrest Ave Realty LLC, which is acceptable to the department. [CSL]

APPROVAL CONDITIONAL UPON:

1. The project must be completed within one year from the date of the Public Health and Health Planning Council recommendation letter. Failure to complete the project within the prescribed time shall constitute an abandonment of the application by the applicant and an expiration of the approval. [PMU]
2. Within two years from the date of council approval, the percentage of all admissions who are Medicaid and Medicare/Medicaid eligible at the time of admission will be at least 75 percent of the planning area average as prescribed by the related contingency. Once the Medicaid patient admissions standard is reached, the facility shall not reduce its proportion of Medicaid patient admissions below the 75 percent standard unless and until the applicant, in writing, requests the approval of the Department to adjust the 75 percent standard and the Department's written approval is obtained. [RNR]
3. Submission of annual reports to the Department for at least two years demonstrating substantial progress with the implementation of the facility's Medicaid Access Plan as prescribed by the related contingency. Reports will be due within 30 days of the conclusion of each year of operation as identified by the Effective Date on the Operating Certificate issued at project completion. For example, if the Operating Certificate Effective Date is June 15, 2017, the first report is due to the Department no later than July 15, 2018. The Department reserves the right to require continued reporting beyond the two year period. [RNR]

Documentation submitted to satisfy the above-referenced contingencies shall be submitted within sixty (60) days. Enter a **complete** response to each **individual** contingency via the New York State Electronic Certificate of Need (NYSE-CON) system by the due date(s) reflected in the *Contingencies Tab in NYSE-CON*.



**Project # 152211-E  
Quantum Rehabilitation and Nursing LLC**

**Program:** Residential Health Care Facility  
**Purpose:** Establishment

**County:** Suffolk  
**Acknowledged:** October 13, 2015

**Executive Summary**

**Description**

Quantum Rehabilitation and Nursing LLC, a to-be-formed New York State limited liability company, requests approval to be established as the new operator of Lakeview Rehabilitation and Care Center (Lakeview), a 120-bed, proprietary, Article 28 residential health care facility (RHCF) located at 63 Oakcrest Avenue, Middle Island (Suffolk County). A separate entity, Oakcrest Ave Realty LLC, will acquire the real property. There will be no change in services provided.

On September 30, 2014, Crest Hall Corp., the current operator of the RHCF, entered into an Asset Purchase Agreement (APA) with Issac Laufer, on behalf of the to-be-formed entity Quantum Rehabilitation and Nursing LLC, for the sale and acquisition of the operating interests of the RHCF. The APA will be effectuated upon Public Health and Health Planning Council (PHHPC) approval. Concurrently, Mid Island RE LLC, the current real property owner, entered into a Real Estate Purchase Agreement (REPA) with Oakcrest Ave Realty LLC for the sale and acquisition of the real property interest of the nursing facility. There is a relationship between Quantum Rehabilitation and Nursing LLC and Oakcrest Ave Realty LLC in that the entities have common members. The applicant will lease the facility from Oakcrest Ave Realty LLC.

Ownership of the operations before and after the requested change is as follows:

Current Operator  
Crest Hall Corp.

<u>Members</u>	<u>%</u>
Elliot A. Dimant	40%
Kevin B. Teitler	40%
Dr. Rose Dimant	10%
Dr. Jacob Dimant	5%
Issac Laufer	5%

Proposed Operator

Quantum Rehabilitation and Nursing LLC	
<u>Members</u>	<u>%</u>
Issac Laufer	50.00%
Max Lebowitz	16.66%
Chaim Lebowitz	16.66%
Moshe Braver	16.66%

The applicant notes that the membership percentages add to 99.98% due to rounding.

Concurrently under review is CON 152212 (Surge Rehabilitation and Nursing LLC), in which the same proposed members are seeking approval to be established as the new operator of Oak Hollow Nursing Center (Oak Hollow), which is also located on Oakcrest Avenue in Middle Island.

OPCHSM Recommendation  
Contingent Approval

Need Summary  
This application will not result in a change to beds or services.



### Program Summary

No negative information has been received concerning the character and competence of the proposed applicants. No changes in the program or physical environment are proposed in this application. No administrative services or consulting agreements are proposed in this application. All health care facilities are in substantial compliance with all rules and regulations. The character and competence review indicates the applicants have met the standard to provide a substantially consistent high level of care as set forth in Public Health Law §2801-a (3).

### Financial Summary

The purchase price of \$2,500,000 for the operating interests will be met with \$625,000 in members' equity and a bank loan for \$1,875,000

at 5.5% interest for a ten-year term and 25-year amortization. Oakcrest Ave Realty, LLC will purchase the real property on which Lakeview and Oak Hollow are situated for \$22,400,000 to be funded with \$5,600,000 in members' equity and a bank loan for \$16,800,000 at 5.5% interest for a ten-year term and 25-year amortization. M&T Bank has provided letters of interest related to the operating and realty financings. There are no project costs associated with this proposal. The projected budget is as follows:

Revenues	\$13,994,700
Expenses	<u>\$12,684,603</u>
Gain	\$1,310,097

## Recommendations

Health Systems Agency

There will be no HSA recommendation for this project.

Office of Primary Care and Health Systems Management

**Approval contingent upon:**

1. Submission of an executed loan commitment for the purchase of the RHC operations, acceptable to the Department of Health. [BFA]
2. Submission of an executed working capital loan commitment, acceptable to the Department of Health. [BFA]
3. Submission of an executed real property loan commitment, acceptable to the Department of Health. [BFA]
4. Submission of a commitment signed by the applicant which indicates that, within two years from the date of the council approval, the percentage of all admissions who are Medicaid and Medicare/Medicaid eligible at the time of admission will be at least 75 percent of the planning area average of all Medicaid and Medicare/Medicaid admissions, subject to possible adjustment based on factors such as the number of Medicaid patient days, the facility's case mix, the length of time before private paying patients became Medicaid eligible, and the financial impact on the facility due to an increase in Medicaid admissions. [RNR]
5. Submission of a plan to continue to enhance access to Medicaid residents. At a minimum, the plan should include, but not necessarily be limited to, ways in which the facility will:
  - a. Reach out to hospital discharge planners to make them aware of the facility's Medicaid Access Program;
  - b. Communicate with local hospital discharge planners on a regular basis regarding bed availability at the nursing facility; and
  - c. Identify community resources that serve the low-income and frail elderly population who may eventually use the nursing facility, and inform them about the facility's Medicaid Access policy. [RNR]
6. Submission of a commitment, signed by the applicant, to submit annual reports to the DOH, for at least two years, demonstrating substantial progress with the implementation of the plan. These reports should include, but not be limited to:
  - a. Describing how the applicant reached out to hospital discharge planners to make them aware of the facility's Medicaid Access Program;
  - b. Indicating that the applicant communicated with local hospital discharge planners on a regular basis regarding bed availability at the nursing facility;
  - c. Identifying the community resources that serve the low-income and frail elderly population that have used, or may eventually use, the nursing facility, and confirming they were informed about the facility's Medicaid Access policy.
  - d. Documentation pertaining to the number of referrals and the number of Medicaid admissions; and
  - e. Other factors as determined by the applicant to be pertinent. [RNR]

**Approval conditional upon:**

1. The project must be completed within one year from the date of the Public Health and Health Planning Council recommendation letter. Failure to complete the project within the prescribed time shall constitute an abandonment of the application by the applicant and an expiration of the approval. [PMU]
2. Within two years from the date of council approval, the percentage of all admissions who are Medicaid and Medicare/Medicaid eligible at the time of admission will be at least 75 percent of the planning area average as prescribed by the related contingency. Once the Medicaid patient admissions standard is reached, the facility shall not reduce its proportion of Medicaid patient admissions below the 75 percent standard unless and until the applicant, in writing, requests the

approval of the Department to adjust the 75 percent standard and the Department's written approval is obtained. [RNR]

3. Submission of annual reports to the Department for at least two years demonstrating substantial progress with the implementation of the facility's Medicaid Access Plan as prescribed by the related contingency. Reports will be due within 30 days of the conclusion of each year of operation as identified by the Effective Date on the Operating Certificate issued at project completion. For example, if the Operating Certificate Effective Date is June 15, 2017, the first report is due to the Department no later than July 15, 2018. The Department reserves the right to require continued reporting beyond the two year period. [RNR]

Council Action Date

**August 4, 2016**

# Need Analysis

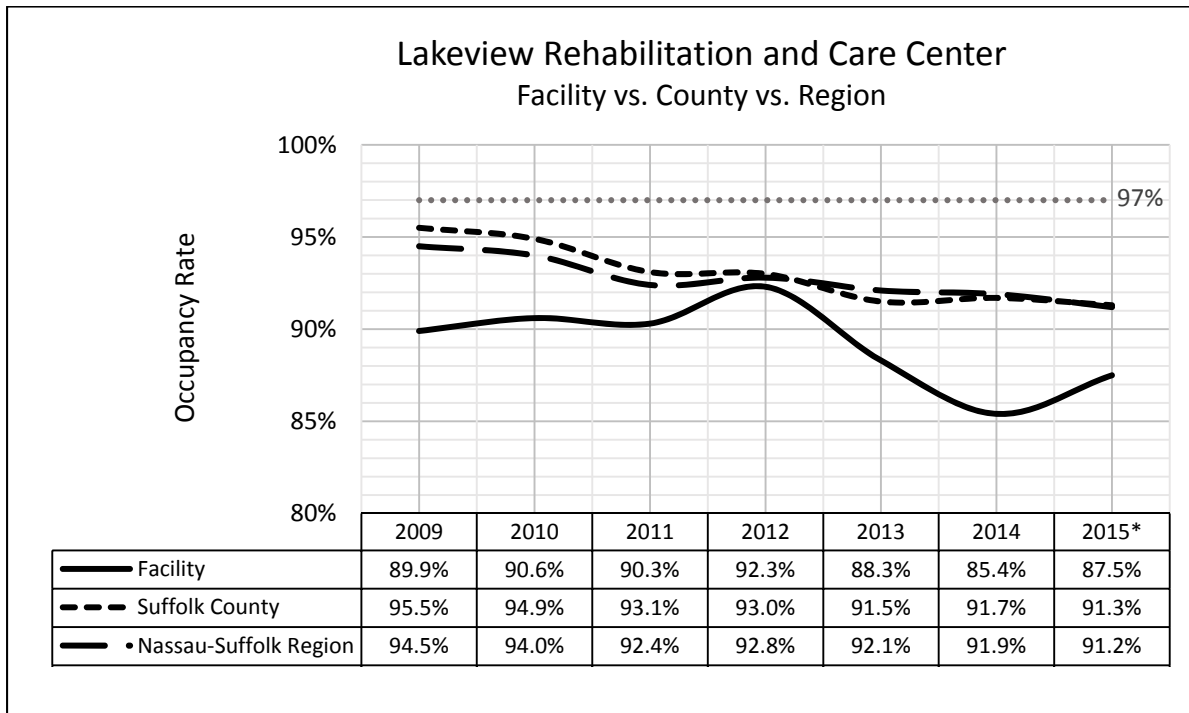
## Analysis

There is a need for 2,003 beds in the Nassau-Suffolk Region based on the current need methodology.

### RHCF Need – Nassau-Suffolk Region

2016 Projected Need	16,962
Current Beds	15,352
Beds Under Construction	-393
Total Resources	14,959
Unmet Need	2,003

Lakeview Rehabilitation and Care Center's occupancy was 92.3% in 2012, 88.3% in 2013, and 85.4% in 2014. Declining occupancy beginning in 2013 is attributed to a transfer of ownership giving family members of the original operators majority percentage ownership of the facility. The overall occupancy for Suffolk County was 91.7% for 2014.



\*unaudited; facility reported data

The applicant intends to increase occupancy by changing the model of care to one that directly supports DSRIP and community need as follows:

- Implement the INTERACT model to reduce and prevent hospital readmissions;
- Contract with eight out of the 16 Managed Long Term Care Plans in Suffolk County to facilitate admissions to the facility's short-term rehabilitation program which includes a neurorehabilitation component for individuals with brain impairments, with a goal of returning individuals to the least restrictive environment in the community;
- Train and certify staff to provide IV therapy services;
- Integrate palliative care into the care model; and
- Continue a pulmonary rehabilitation program.

The applicant has also submitted an application to become the established operator of Oak Hollow Nursing Center (Oak Hollow) under CON #152212. In that application, 15 beds will be decertified. Oak

Hollow is located 92 feet, or 1 minute away, from Lakeview Rehabilitation and Care Center (Lakeview). The bed reduction at Oak Hollow will not only improve occupancy at that facility, but the newly available space may be utilized to develop a program, such as a dialysis center or other outpatient services, that could have a positive impact on the entire community, including Lakeview. As a result, no bed reduction is being proposed for this subject facility.

**Access**

Regulations indicate that the Medicaid patient admissions standard shall be 75% of the annual percentage of all Medicaid admissions for the long term care planning area in which the applicant facility is located. Such planning area percentage shall not include residential health care facilities that have an average length of stay 30 days or fewer. If there are four or fewer residential health care facilities in the planning area, the applicable standard for a planning area shall be 75% of the planning area percentage of Medicaid admissions, or of the Health Systems Agency area Medicaid admissions percentage, whichever is less. In calculating such percentages, the Department will use the most current data which have been received and analyzed by the Department. An applicant will be required to make appropriate adjustments in its admission policies and practices so that the proportion of its own annual Medicaid patient’s admissions is at least 75% of the planning area percentage or the Health Systems Agency percentage, whichever is applicable.

Lakeview Rehabilitation and Care Center’s Medicaid admissions for 2013 and 2014 are 28.1% and 32.4%, respectively. This facility exceeded Suffolk County’s 75% Medicaid admission threshold rates in 2013 and 2014 of 19.4% and 16.7%, respectively.

**Conclusion**

In conjunction with the related CON 152212, Oak Hollow, the combined proposals assist in right-sizing the RHCF resources in the community.

**Recommendation**

**From a need perspective, contingent approval is recommended.**

**Program Analysis**

**Facility Information**

	Existing	Proposed
Facility Name	Lakeview Rehabilitation and Care Center	Quantum Rehabilitation and Nursing LLC
Address	63 Oakcrest Avenue Middle Island, NY. 11953	Same
RHCF Capacity	120	Same
ADHC Program Capacity	N/A	N/A
Type of Operator	Corporation	Limited Liability Company
Class of Operator	Proprietary	Proprietary
Operator	Crest Hall Corp.	Quantum Rehabilitation and Nursing LLC  <u>Managing Member</u> Isaac Laufer 50.00%  <u>Additional Members</u> Chaim Lebowitz 16.66% Max Lebowitz 16.66% Moshe Braver 16.66%

## Character and Competence - Background

### Facilities Reviewed

#### Nursing Homes

Glen Cove Center for Nursing and Rehabilitation	05/2006 to present
Marquis Rehabilitation and Nursing Center	05/2006 to present
Sutton Park Center for Nursing and Rehabilitation	06/2005 to present
North Westchester Restorative Therapy and Nursing Center	01/2006 to present
Momentum at South Bay for Rehabilitation and Nursing	11/2010 to present
Lynbrook Restorative Therapy and Nursing	01/2011 to present
Excel at Woodbury for Rehabilitation and Nursing, LLC	08/2013 to present
Oasis for Rehabilitation and Nursing Center	10/2013 to present

### Individual Background Review

**Isaac Laufer** lists his employment as the Director of Long Island Care Center located in Flushing, New York, Marquis Care Center and Glen Cove Center for Nursing and Rehabilitation in Glen Cove, and Sutton Park Center for Nursing and Rehabilitation in New Rochelle. He is also currently the Executive Director of North Westchester Restorative Therapy and Nursing located in Mohegan Lake, New York, East Rockaway Center in Lynbrook, Suffolk Restorative Therapy and Nursing in East Islip, Excel at Woodbury for Rehabilitation and Nursing in Woodbury, and Oasis for Rehabilitation and Nursing Center located in Moriches. Mr. Laufer discloses the following health facility ownership interests:

Glen Cove Center for Nursing and Rehabilitation (5%)	03/1998 to present
Marquis Rehabilitation and Nursing Center (3%)	03/1998 to present
Sutton Park Center for Nursing and Rehabilitation (23%)	01/1998 to present
North Westchester Restorative Therapy and Nursing Center (30%)	01/2006 to present
Momentum at South Bay for Rehabilitation and Nursing (50%)	11/2010 to present
Lynbrook Restorative Therapy and Nursing (50%)	01/2011 to present
Excel at Woodbury for Rehabilitation and Nursing, LLC (50%)	08/2013 to present
Oasis for Rehabilitation and Nursing Center (50%)	10/2013 to present

**Chaim Lebowitz** lists his employment as the manager of GIT LEB LLC, a real estate management company located in Brooklyn, New York. Mr. Lebowitz discloses the following health facility ownership interests:

Momentum at South Bay for Rehabilitation and Nursing (25%)	11/2010 to present
Lynbrook Restorative Therapy and Nursing (25%)	01/2011 to present
North Westchester Restorative Therapy and Nursing Center (9.95%)	01/2013 to present
Excel at Woodbury for Rehabilitation and Nursing, LLC (25%)	08/2013 to present
Oasis for Rehabilitation and Nursing Center (25%)	10/2013 to present

**Max Lebowitz** is the owner of Mochan Painting Supplies of Brooklyn, a paint retailer located in Brooklyn, New York. Mr. Lebowitz discloses the following health facility ownership interests:

Momentum at South Bay for Rehabilitation and Nursing (25%)	11/2010 to present
Lynbrook Restorative Therapy and Nursing (25%)	01/2011 to present
North Westchester Restorative Therapy and Nursing Ctr (20.05%)	01/2011 to present
Excel at Woodbury for Rehabilitation and Nursing, LLC (25%)	08/2013 to present
Oasis for Rehabilitation and Nursing Center (25%)	10/2013 to present

**Moshe Braver** is a New York State licensed EMT and paramedic and is considered to be in good standing. Additionally, Mr. Braver is a notary public. He currently volunteers as a full-time paramedic at Chevra Hatzalah, a volunteer ambulance company located in Brooklyn, New York. Moshe Braver was previously the operator of Staff Blue NJ, a staffing agency located in Rosella, New Jersey. Mr. Braver discloses ownership interest in the following health facilities:

North Westchester Restorative Therapy and Nursing Center (40%)	01/2011 to present
--	--------------------

## Character and Competence - Analysis

No negative information has been received concerning the character and competence of the above applicants.

A review of operations for Glen Cove Center for Nursing and Rehabilitation for the period identified above reveals:

- The facility was fined \$10,000 pursuant to Stipulation and Order 16-130 issued for surveillance findings on September 25, 2014. Deficiencies were found under 10NYCRR 415.12 Quality of Care: Highest Practicable Potential.
- The facility was fined \$12,000 pursuant to Stipulation and Order 16-167 issued for surveillance findings on October 9, 2015. Deficiencies were found under 10 NYCRR 415(e)(2)(ii)(b) Notification of Changes and 10 NYCRR 415.12(c)(1) – Quality of Care: Pressure Sores.

A review of operations for Momentum at South Bay for Rehabilitation and Nursing for the period identified above reveals:

- The facility was fined \$2000 pursuant Stipulation and Order 16-077 issued January 13, 2016 for surveillance findings on April 9, 2014. Deficiencies were found under 10NYCRR 415.12 Quality of Care: Highest Practicable Potential.
- The facility was fined \$4,000 pursuant Stipulation and Order 16-168 issued May 31, 2016 for surveillance findings on September 15, 2015. Deficiencies were found under 10NYCRR 415.12 Quality of Care: Highest Practicable Potential and 10NYCRR 415.26 Administration.

An assessment of the underlying causes of the above enforcements determined that they were not recurrent in nature and the operator investigated the circumstances surrounding the violation, and took steps which a reasonably prudent operator would take to prevent the recurrence of the violation.

A review of operations for Marquis Rehabilitation and Nursing Center for the period identified above reveals:

- The facility was fined \$8,000 pursuant Stipulation and Order 16-108 issued March 1, 2016 for surveillance findings on April 3, 2013. Deficiencies were found under 10NYCRR 415.12(h)(1) Quality of Care: Accident Free Environment, 10NYCRR 415.15(a) Administration: Medical Director, 10NYCRR 415.26 Administration and 10NYCRR 415.27(a-c) Administration: Quality Assessment and Assurance.
- The facility incurred a civil monetary penalty of \$5,525 for the period of April 3, 2013 to April 3, 2013.

A review of operations for Sutton Park Center for Nursing and Rehabilitation for the period identified above reveals:

- The facility was fined \$2,000 pursuant to Stipulation and Order 07-069 issued August 20, 2007 for surveillance findings on November 29, 2006. Deficiencies were found under 10 NYCRR 415.12(h)(2) – Quality of Care: Accidents.
- The facility incurred a civil monetary penalty of \$18,937.50 for the period of November 29, 2006 to December 28, 2006
- The facility was fined \$2,000 pursuant to Stipulation and Order 09-043 issued October 28, 2009 for surveillance findings on September 26, 2008. Deficiencies were found under 10 NYCRR 415.12(h)(2) – Quality of Care: Accidents.
- The facility was fined \$4,000 pursuant to Stipulation and Order 10-015 issued April 30, 2010 for surveillance findings on June 18, 2009. Deficiencies were found under 10 NYCRR 415.12 – Quality of Care and 10 NYCRR 415.27 – Quality Assessment and Assurance.
- The facility incurred a civil monetary penalty of \$32,630 for the period of June 17, 2009 to July 7, 2009
- The facility was fined \$4,000 pursuant Stipulation and Order 10-042 issued October 19, 2010 for surveillance findings on October 7, 2009. Deficiencies were found under 10 NYCRR 415.12 – Quality of Care: Highest Practical Potential and 10 NYCRR 415.12(c)(1) – Quality of Care: Unnecessary Drugs.
- The facility was fined \$10,000 pursuant to Stipulation and Order 11-026 issued May 24, 2011 for surveillance findings on January 19, 2010. Deficiencies were found under 10 NYCRR 415.12(c)(1) – Quality of Care: Pressure Sores.

An assessment of the underlying causes of the above enforcements determined that they were not recurrent in nature and the operator investigated the circumstances surrounding the violation, and took steps which a reasonably prudent operator would take to prevent the recurrence of the violation. This

can be evidenced by the fact that the facility has not had a survey resulting in an enforcement since January 19, 2010 and is now operating as a CMS 4-star facility with a corresponding CMS 4-star rating in health inspections.

A review of operations for North Westchester Restorative Therapy and Nursing Center, Lynbrook Restorative Therapy and Nursing, Excel at Woodbury for Rehabilitation and Nursing, LLC, and Oasis for Rehabilitation and Nursing Center for the time periods indicated above revealed that there were no enforcements.

Quality Review

<b>Provider Name</b>	<b>Overall</b>	<b>Health Inspection</b>	<b>MDS Quality Measures</b>
Lakeview Rehabilitation And Care Center	*	*	***
Glen Cove Center For Nursing	**	*	***
Marquis Rehabilitation & Nursing Center	*	*	****
Sutton Park Ctr Nursing Rehab	****	****	****
North Westchester Restorative Therapy & N C	****	****	***
Momentum At South Bay For Rehabilitation And Nursing	**	*	*****
Lynbrook Restorative Therapy And Nursing	*	**	****
Woodbury Center For Health Care	*****	****	*****
Oasis Rehabilitation And Nursing, LLC	***	***	**

Project Review

This application proposes to establish Quantum Rehabilitation and Nursing LLC as the new operator of Lakeview Rehabilitation and Care Center. The facility will be operated under the name Quantum Rehabilitation and Nursing as a result of this transaction.

No changes in the program or physical environment are proposed in this application. No administrative services or consulting agreements are proposed in this application. All health care facilities are in substantial compliance with all rules and regulations.

Conclusion

The individual background review indicates the applicants have met the standard for approval as set forth in Public Health Law §2801-a(3).

Recommendation

**From a programmatic perspective, approval is recommended.**



## Financial Analysis

### Asset Purchase Agreement

The applicant has submitted an executed APA to acquire the operating interests of the RHCF. The agreement will be effective upon PHHPC approval of this CON. The terms of the agreement are summarized below:

Date:	September 30, 2014
Seller:	Crest Hall Corp.
Purchaser:	Issac Laufer, on behalf of to-be-formed Quantum Rehabilitation and Nursing, LLC
Assets Transferred:	Equipment, leasehold improvements, acquired contracts, assignable licenses and other tangible or intangible assets, property interests or rights of Seller used in connection with the Facility including: permits, certificates, consents, approvals, waivers and other authorizations; furniture, fixtures, machinery, tools, office equipment and fixed assets; personnel records and resident agreements, lists, records; advertising and promotional materials; supplies; vehicles; telephone and fax numbers, e-mail addresses, websites and domain names; third party warranties; the name "Lakeview Rehabilitation and Care Center"; copyrights and other proprietary materials; claims and causes of against third parties; and accounts receivable for services after the effective date.
Excluded Assets:	Existing accounts receivable; cash, other than security and utility deposits in respect of acquired contracts; refunds of federal and states taxes from period prior to the effective date; minute book or stock records of the seller; names, trademarks and rights related to "Senior Med", "Senior Med LLC" and "Senior Med Health System"; mobile phones used by Lakeview and Oak Hollow employees under the Verizon Wireless Contract with Senior Med Management LLC; property belonging to Crown Nursing and Rehabilitation Center located at the business office at the Facility and the joint property of Oak Hollow, Lakeview and Crown Nursing, as agreed by the parties; personal property of Jacob Dimant and/or Elliot Dimant; Accounts Receivable subject to adjustment; recovery of amounts which are related to the 1996-97 Base Rate Reduction; and recovery of bad debt related to receivables that have been written off prior to the effective date.
Assumed Liabilities:	All liabilities of Seller on and after the Effective Date including but not limited to: \$159,869 under Health Insurance Trust of New York, liabilities and obligations under the Acquired contracts; accounts payable of Seller for obligations incurred on and after the Effective Date; all liabilities from operation of facility, including but not limited to, MDS Audit, potential liability from Medicaid Fraud Control Unit investigation, potential liability from outstanding violations issued by County of Suffolk and NAMI audit, unless excluded; union agreements; and legal costs incurred with tax certiorari appeal.
Excluded Liabilities:	Liabilities arising from loans to related parties of Seller; loans from shareholders prior to effective date; liability from malpractice or willful misconduct prior to the effective date; and liability due to Shore Pharmacy.
Purchase Price:	\$2,500,000 allocated to the purchase of the operating interests (equals \$28,400,000 less the purchase prices paid for the purchase of the operations of Oak Hollow and the real property upon which Lakeview and Oak Hollow and Lakeview sit).
Payment:	Paid at closing with immediately available funds

The purchase price allocated to the RHCF operations is proposed to be satisfied as follows:

Equity - Quantum Rehabilitation and Nursing, LLC Members	\$625,000
Loan - 10 years, 5.50%, 25-year amortization	<u>\$1,875,000</u>
Total	\$2,500,000

M&T Bank has provided a letter of interest at the stated terms.

BFA Attachment A is the net worth statements for the proposed members of Quantum Rehabilitation and Nursing LLC, which indicates sufficient liquid assets for the equity contribution.

Issac Laufer, Chaim Lebowitz and Max Lebowitz have provided affidavits committing to personally fund the balloon payment on the proposed loan, should terms acceptable to the Department be unavailable at the time of refinancing. In recognition of a liquid asset shortfall, the aforementioned members have provided affidavits to contribute resources disproportionate their ownership interest to fund the balloon payment.

The applicant has submitted an original affidavit, which is acceptable to the Department, in which the applicant agrees, notwithstanding any agreement or understanding between the applicant and the transferor to the contrary, to be liable and responsible for any Medicaid overpayments made to the facility and/or surcharges, assessments or fees due from the transferor pursuant to Article 28 of the Public Health Law with respect to the period of time prior to the applicant acquiring its interest, without releasing the transferor of its liability and responsibility. As of February 16, 2016, the facility had only a nominal Medicaid liability of \$2,964 due to a retroactive rate adjustment.

#### Purchase and Sale Agreement for the Real Property

The applicant has submitted an executed REPA, the terms of which are summarized below:

Date:	September 30, 2014
Seller/Realty:	Mid Island RE LLC
Purchaser Realty:	Issac Laufer, on behalf of to-be-formed (Oakcrest Ave Realty LLC)
Asset Transferred Realty:	49-63 Oakcrest Avenue, Middle Island, NY
Purchase Price:	\$22,400,000 allocated to the purchase of the real property on which Lakeview and Oak Hollow RHCfs are situated (equals \$28,400,000 less purchase prices paid for the operations of Oak Hollow and Lakeview RHCfs).
Payment of Purchase Price:	Due at Closing with immediately available funds

The purchase price allocated to the real property is proposed to be satisfied as follows:

Equity - Oakcrest Ave Realty LLC Members	\$5,600,000
Loan - 10 years, 5.50%, 25-year amortization	<u>\$16,800,000</u>
Total	\$22,400,000

M&T Bank has provided a letter of interest at the stated terms.

Issac Laufer, Chaim Lebowitz and Max Lebowitz have provided affidavits committing to personally fund the balloon payment on the proposed loan, should terms acceptable to the Department of Health be unavailable at the time of refinancing. In recognition of a liquid asset shortfall, the aforementioned members have provided affidavits to contribute resources disproportionate their ownership interest to fund the balloon payment.

#### Lease Agreement

The applicant has submitted an executed lease agreement, the terms of which are summarized below:

Premises:	63 Oakcrest Avenue, Middle Island, NY 11953
Owner/Landlord:	Oakcrest Ave Realty LLC
Lessee:	Quantum Rehabilitation and Nursing LLC
Term:	323 months
Rent:	\$1,020,000 per annum (\$85,000 per month)
Provisions:	Triple Net

The lease arrangement is a non-arm's length agreement. The applicant acknowledges that the membership of the operating entity and the landlord are the same.

## Operating Budget

The applicant has provided an operating budget, in 2016 dollars, for the first year subsequent to the change in ownership

	<u>Per Diem</u>	<u>Current Year</u>	<u>Per Diem</u>	<u>First Year</u>
<b>Revenues</b>				
Commercial	\$367.64	\$817,632	\$265.33	\$309,900
Medicare	\$625.53	\$2,403,299	\$601.31	\$4,506,200
Medicaid	\$234.06	\$7,115,151	\$265.56	\$8,712,000
Private Pay	\$410.23	\$380,280	\$424.93	\$431,300
All Other		<u>\$49,053</u>		<u>\$35,300</u>
<b>Total Revenues</b>		<b>\$10,765,415</b>		<b>\$13,994,700</b>
<b>Expenses</b>				
Operating	\$260.22	\$9,730,177	\$261.56	\$11,111,901
Capital	<u>\$17.26</u>	<u>\$645,441</u>	<u>\$36.85</u>	<u>\$1,565,602</u>
<b>Total Expenses</b>	<b>\$277.48</b>	<b>\$10,375,618</b>	<b>\$298.41</b>	<b>\$12,677,503</b>
<b>Net Income</b>		<b><u>\$389,797</u></b>		<b><u>\$1,317,197</u></b>
<b>Total Patient Days</b>		<b>37,392</b>		<b>42,483</b>
<b>Utilization %</b>		<b>85%</b>		<b>97%</b>

The following is noted with respect to the submitted operating budget:

- The current year reflects the facility's 2014 payor and 2014 RHCF-4 cost report information.
- Revenue Assumptions: The applicant projected their Medicare rate based on the full federal rates in 2013 and increased by 2.5%. The Private Pay rate was based on 2014 average rates in effect for Lakeview Care Center. All other rates, including the Medicaid rate, were projected based on the current Managed Care rates in place.
- Other operating revenue includes cash discounts and vending machine income.
- Expense Assumptions: In Year One, the applicant projects an increase in expenses, primarily due to a projected \$1,969,906 increase in salaries and benefits concurrent with an increase of 21.6 FTEs and an anticipated increase in utilization. The increase in expenses is partially offset by a reduction in Professional Fees and other direct expenses. The applicant anticipates that the reduction can be achieved because the prior operator had an abnormal number of collections difficulties and retained the services of legal counsel for collection matters.
- Not included as part of this application, the proposed operator anticipates making \$2,594,468 in fixed asset additions, including the following: elevator maintenance; remodeling 80 rooms; commercial zone irrigation system; installation of RoamAlert on the server; computer install and set up; food processor; install duplex receptacles; printer; remodeling the first and second floor corridors; and gym/PT dining room renovations. When necessary, member equity will be used to address the capital improvement costs.
- Utilization Assumptions: RHCF utilization is projected at 97% in the first year.

	<u>Current Year</u>	<u>Year One</u>
<i>Medicare</i>	10.3%	17.6%
<i>Medicaid</i>	81.3%	77.2%
<i>Private Pay/Other</i>	8.4%	5.2%

- As of December 31, 2015, the applicant's year-to-date utilization by payor source as follows: Medicare 32.44%, Medicaid 59.07% and Private Pay/Other 8.49% (BFA Attachment D).
- Year One breakeven utilization is projected at 87% or 38,106 patient days.

## Capability and Feasibility

There are no project costs associated with this application. Issac Laufer, on behalf of the to-be-formed Quantum Rehabilitation and Nursing LLC, has agreed to acquire the RHCF's operations for \$2,500,000. The acquisition price will be met with members' equity of \$625,000 and a bank loan of \$1,875,000 at the above stated terms. M&T Bank has provided a letter of interest. Oakcrest Ave Realty, LLC, the applicant's landlord, is purchasing the real property for \$22,400,000. The acquisition price will be met

with \$5,600,000 in members' equity and a \$22,400,000 loan at the above stated terms. M&T Bank has provided a letter of interest at the stated terms.

Working Capital requirements are estimated at \$2,114,051 based on two months of first year expenses, and will be satisfied with members' equity. Review of the proposed operating members' net worth statements (BFA Attachment B) shows sufficient assets overall to meet the equity requirement, but liquid resources may not be available in proportion to the members proposed ownership interest. Issac Laufer, Max Lebowitz and Chaim Lebowitz have provided affidavits stating that they are willing to contribute resources disproportionate to their ownership interest. BFA Attachment C is Lakeview's (to-be Quantum Rehabilitation and Nursing LLC) pro forma balance sheet as of the first day of operation, which indicates a positive members' equity of \$3,080,000. Assets include \$2,500,000 in goodwill, which is not a liquid resource nor is it recognized for Medicaid reimbursement. If goodwill is eliminated, the total members' equity is reduced to \$508,000.

The submitted budget projects net income of \$1,317,197 for Year One with an increase in utilization. The applicant anticipates achieving the utilization increase through implementation of the following: utilization of the INTERACT model to work with local hospitals to accelerate discharges and reduce hospital readmissions; the applicant has entered into negotiations with the 16 MLTCPs and six MMCPs in Suffolk County; training and certification of nurses to start lines for hydration; integration of palliative care; and integration of a pulmonary rehabilitation program. The applicant anticipates the increase in utilization will yield an additional \$3,229,285 in revenue based on an increase of 5,091 patient days, offset by an additional \$2,301,885 in expenses. The applicant's projected increase in expenses are primarily derived from a \$1,473,005 increase in Wages and Benefits and a \$920,161 increase in Depreciation and Rent, offset in part by a \$429,671 reduction in Administrative Costs between the Current Year and Year One. The savings come from a reduction in Bad Debt expense and Legal Fees, offset by an increase in the facility's Medicaid Assessment. The applicant believes the current year's legal fees were abnormally high due to an outsized number of collection issues. The budget appears reasonable.

A transition of nursing home (NH) residents to Medicaid managed care is currently being implemented statewide. Under the managed care construct, Managed Care Organizations (MCOs) will negotiate payment rates directly with NH providers. A department policy, as described in the "Transition of Nursing Home Benefit and Population into Managed Care Policy Paper," provided guidance requiring MCOs to pay the benchmark Medicaid FFS rate, or a negotiated rate acceptable to both plans and NH, for three years after a county has been deemed mandatory for NH population enrollment. As a result, the benchmark FFS rate remains a viable basis for assessing NH revenues through the transition period.

BFA Attachment D, financial summary of Crest Hall Corp. d/b/a Lakeview Rehabilitation and Care Center, indicates that the facility had a negative working capital position in 2013, which the applicant attributes to related party loans that were acquired to purchase the assets of the Crest Hall Health Related Facility. Otherwise, the facility has maintained positive working capital, a positive equity position and generated an operating surplus.

BFA Attachment E, financial summary of the proposed members affiliated RHCs, shows the facilities have maintained positive net income from operations for the periods shows with the exception of the following:

- Montclair Care Center d/b/a Marquis Care Center had a negative working capital position during 2015, which the applicant attributes to a note payable in the amount of \$2.5 million (\$357,143 of which was classified as current liabilities) used for renovations of the facility. The applicant believes the renovations will increase future profits. It is noted that the facility demonstrates a net profit through July 31, 2015.
- Sutton Park Center for Nursing and Rehabilitation, LLC had a negative working capital position during 2015, which the applicant attributes to a note payable in the amount of \$2.5 million (\$357,000 of which was classified as current liabilities) used for renovations of the facility. The applicant believes the renovations will increase future profits. The applicant states additional related party loans were acquired adding another \$263,000 in current liabilities. It is noted that the facility demonstrates a net profit through July 31, 2015.

- North Westchester Restorative Therapy and Nursing Center had a negative working capital position during 2015, which the applicant attributes to \$616,306 in renovations through December 31, 2015. The applicant notes that the facility made a net profit through December 31, 2015.
- Suffolk Restorative Therapy and Nursing had a negative working capital position, which the applicant attributes to the writing off of \$489,701 in bad debt. The applicant states the facility will use 2015 profits to address the working capital position.
- Oasis Rehabilitation and Nursing had a negative working capital position during 2015, which the applicant attributes to writing off \$226,462 in bad debt. The applicant states the facility will use 2015 profits to address the working capital position.
- Excel at Woodbury has a negative working capital position, which the applicant attributes to a \$3.6 million note payable, used for renovations (\$330,000 of which was classified as current liabilities) and the writing off of \$138,565 in bad debt. The applicant believes the renovations will increase future profits and 2015 profits will be used to address the working capital position.

Based on the preceding and subject to the noted contingencies, the applicant has demonstrated the capability to proceed in a financially feasible manner.

Recommendation

**From a financial perspective, contingent approval is recommended.**

Attachments
-------------

- |                  |   |
|------------------|---|
| BFA Attachment A | Net Worth Statements, Proposed Members of Quantum Rehabilitation and Nursing, LLC |
| BFA Attachment B | Organizational Chart  |
| BFA Attachment C | Pro Forma Balance Sheet, Lakeview Rehabilitation and Care Center                  |
| BFA Attachment D | Financial Summary, Crest Hall Corp. d/b/a Lakeview Rehabilitation and Care Center |
| BFA Attachment E | Financial Summary, Affiliated Residential Health Care Facilities                  |

RESOLUTION

RESOLVED, that the Public Health and Health Planning Council, pursuant to the provisions of Section 2801-a of the Public Health Law, on this 4th day of August, 2016 having considered any advice offered by the Regional Health Systems Agency, the staff of the New York State Department of Health, and the Establishment and Project Review Committee of this Council and after due deliberation, hereby proposes to approve the following application to establish Quantum Rehabilitation and Nursing LLC as the new operator of the 120-bed residential health care facility located at 63 Oakcrest Avenue, Middle Island, currently operated as Lakeview Rehabilitation and Care Center, and with the contingencies, if any, as set forth below and providing that each applicant fulfills the contingencies and conditions, if any, specified with reference to the application, and be it further

RESOLVED, that upon fulfillment by the applicant of the conditions and contingencies specified for the application in a manner satisfactory to the Public Health and Health Planning Council and the New York State Department of Health, the Secretary of the Council is hereby authorized to issue the approval of the Council of the application, and be it further

RESOLVED, that any approval of this application is not to be construed as in any manner releasing or relieving any transferor (of any interest in the facility that is the subject of the application) of responsibility and liability for any Medicaid (Medicaid Assistance Program -- Title XIX of the Social Security Act) or other State fund overpayments made to the facility covering the period during which any such transferor was an operator of the facility, regardless of whether the applicant or any other entity or individual is also responsible and liable for such overpayments, and the State of New York shall continue to hold any such transferor responsible and liable for any such overpayments, and be it further

RESOLVED, that upon the failure, neglect or refusal of the applicant to submit documentation or information in order to satisfy a contingency specified with reference to the application, within the stated time frame, the application will be deemed abandoned or withdrawn by the applicant without the need for further action by the Council, and be it further

RESOLVED, that upon submission of documentation or information to satisfy a contingency specified with reference to the application, within the stated time frame, which documentation or information is not deemed sufficient by Department of Health staff, to satisfy the contingency, the application shall be returned to the Council for whatever action the Council deems appropriate.

NUMBER:

FACILITY/APPLICANT:

152211 E

Quantum Rehabilitation and Nursing

APPROVAL CONTINGENT UPON:

1. Submission of an executed loan commitment for the purchase of the RHCF operations, acceptable to the Department of Health. [BFA]
2. Submission of an executed working capital loan commitment, acceptable to the Department of Health. [BFA]
3. Submission of an executed real property loan commitment, acceptable to the Department of Health. [BFA]
4. Submission of a commitment signed by the applicant which indicates that, within two years from the date of the council approval, the percentage of all admissions who are Medicaid and Medicare/Medicaid eligible at the time of admission will be at least 75 percent of the planning area average of all Medicaid and Medicare/Medicaid admissions, subject to possible adjustment based on factors such as the number of Medicaid patient days, the facility's case mix, the length of time before private paying patients became Medicaid eligible, and the financial impact on the facility due to an increase in Medicaid admissions. [RNR]
5. Submission of a plan to continue to enhance access to Medicaid residents. At a minimum, the plan should include, but not necessarily be limited to, ways in which the facility will:
  - a. Reach out to hospital discharge planners to make them aware of the facility's Medicaid Access Program;
  - b. Communicate with local hospital discharge planners on a regular basis regarding bed availability at the nursing facility; and
  - c. Identify community resources that serve the low-income and frail elderly population who may eventually use the nursing facility, and inform them about the facility's Medicaid Access policy. [RNR]
6. Submission of a commitment, signed by the applicant, to submit annual reports to the DOH, for at least two years, demonstrating substantial progress with the implementation of the plan. These reports should include, but not be limited to:
  - a. Describing how the applicant reached out to hospital discharge planners to make them aware of the facility's Medicaid Access Program;
  - b. Indicating that the applicant communicated with local hospital discharge planners on a regular basis regarding bed availability at the nursing facility;
  - c. Identifying the community resources that serve the low-income and frail elderly population that have used, or may eventually use, the nursing facility, and confirming they were informed about the facility's Medicaid Access policy.
  - d. Documentation pertaining to the number of referrals and the number of Medicaid admissions; and
  - e. Other factors as determined by the applicant to be pertinent. [RNR]

APPROVAL CONDITIONAL UPON:

1. The project must be completed within one year from the date of the Public Health and Health Planning Council recommendation letter. Failure to complete the project within the prescribed time shall constitute an abandonment of the application by the applicant and an expiration of the approval. [PMU]

2. Within two years from the date of council approval, the percentage of all admissions who are Medicaid and Medicare/Medicaid eligible at the time of admission will be at least 75 percent of the planning area average as prescribed by the related contingency. Once the Medicaid patient admissions standard is reached, the facility shall not reduce its proportion of Medicaid patient admissions below the 75 percent standard unless and until the applicant, in writing, requests the approval of the Department to adjust the 75 percent standard and the Department's written approval is obtained. [RNR]
3. Submission of annual reports to the Department for at least two years demonstrating substantial progress with the implementation of the facility's Medicaid Access Plan as prescribed by the related contingency. Reports will be due within 30 days of the conclusion of each year of operation as identified by the Effective Date on the Operating Certificate issued at project completion. For example, if the Operating Certificate Effective Date is June 15, 2017, the first report is due to the Department no later than July 15, 2018. The Department reserves the right to require continued reporting beyond the two year period. [RNR]

Documentation submitted to satisfy the above-referenced contingencies shall be submitted within sixty (60) days. Enter a **complete** response to each **individual** contingency via the New York State Electronic Certificate of Need (NYSE-CON) system by the due date(s) reflected in the *Contingencies Tab in NYSE-CON*.





**Project # 161185-E  
Cedar Manor Acquisition 1 LLC d/b/a Cedar Manor Nursing  
& Rehabilitation Center**

**Program:** Residential Health Care Facility  
**Purpose:** Establishment

**County:** Westchester  
**Acknowledged:** March 29, 2016

**Executive Summary**

**Description**

Cedar Manor Acquisition I, LLC, a Delaware limited liability company, requests approval to be established as the new operator of Cedar Manor Nursing & Rehabilitation Center, a 153-bed, proprietary Article 28 residential health care facility (RHCF) located at 32 Cedar Lane, Ossining (Westchester County). There will be no change in the number of beds or licensed services.

On January 26, 2016, Cedar Manor, Inc. entered into an Asset Purchase Agreement (APA) with Cedar Manor Acquisition I, LLC for the sale and acquisition of the operating interests of the RHCF. Concurrently, the realty owner, Cedar Manor Realty, LLC, entered into a Real Estate Purchase Agreement (REPA) with Cedar Manor Property Acquisition, LLC for the sale and acquisition of the facility's real property. On July 22, 2016, a first amendment to the APA was submitted by the applicant to correct an error in the aggregate purchase price for the operations and realty from \$23,175,000 to \$23,715,000. The APA and REPA will close simultaneously upon approval of this application by the Public Health and Health Planning Council (PHHPC). There is a relationship between Cedar Manor Acquisition I, LLC and Cedar Manor Property Acquisition, LLC in that the entities have several members in common. The applicant will lease the premises from Cedar Manor Property Acquisition, LLC.

Ownership of the operations before and after the requested change is as follows:

<u>Current Operator</u>	
Cedar Manor, Inc.	
Debra Sabato	100%

<u>Proposed Operator</u>	
Cedar Manor Acquisition I, LLC	
<u>Members</u>	
Cedar Manor Holdings I, LLC	50%
Zipporah Farkas	33.33%
Joseph Schlanger	33.33%
Lizer Jozefovic	33.33%
ZBL Cedar Manor, LLC	50%
Joel Zupnick	66.66%
Joel Leifer	33.33%

BFA Attachment C presents the Current and Proposed Owners of the real property.

OPCHSM Recommendation  
Contingent Approval

**Need Summary**

There will be no changes to beds at this facility. Cedar Manor Nursing and Rehabilitation Center's occupancy was 89.4% in 2012, 90.5% in 2013, and 93.9% in 2014. Current occupancy, as of May 11, 2016 is 96.1%, with six vacant beds.

**Program Summary**

No negative information has been received concerning the character and competence of the proposed applicants identified as new members. No changes in the program or physical environment are proposed in this application.

No administrative services or consulting agreements are disclosed in this application.

All health care facilities are in substantial compliance with all rules and regulations. The individual background review indicates the applicants have met the standard for approval as set forth in Public Health Law §2801-a(3).

#### Financial Summary

Cedar Manor Acquisition I, LLC will acquire the RHCf operating assets for \$890,000, which will be funded from members' equity. Cedar Manor Property Acquisition, LLC will purchase the real property for \$22,825,000 funded by \$1,967,500 in members' equity and a ten-year loan for \$20,857,500 at 7.5% interest, amortized over 20 years. Harborview Capital Partners has provided a letter of interest for the loan at the stated terms. There are no project costs associated with this application. The projected budget is as follows:

	<u>Year One</u>
Revenues	\$18,908,200
Expenses	<u>17,561,700</u>
Net Income	\$1,346,500

## Recommendations

Health Systems Agency

There will be no HSA recommendation for this project.

Office of Primary Care and Health Systems Management

**Approval contingent upon:**

1. Submission of an executed copy of the authority to conduct business in New York State, acceptable to the Department of Health. [BFA]
2. Submission of an executed working capital loan commitment, acceptable to the Department of Health. [BFA]
3. Submission of an executed real property loan commitment, acceptable to the Department of Health. [BFA]
4. Submission of an executed Administrative Services Agreement, acceptable to the Department of Health. [BFA]
5. Submission of an executed lease agreement, acceptable to the Department of Health. [BFA]
6. Submission of a commitment signed by the applicant which indicates that, within two years from the date of the council approval, the percentage of all admissions who are Medicaid and Medicare/Medicaid eligible at the time of admission will be at least 75 percent of the planning area average of all Medicaid and Medicare/Medicaid admissions, subject to possible adjustment based on factors such as the number of Medicaid patient days, the facility's case mix, the length of time before private paying patients became Medicaid eligible, and the financial impact on the facility due to an increase in Medicaid admissions. (RNR)
7. Submission of a plan to continue to enhance access to Medicaid residents. At a minimum, the plan should include, but not necessarily be limited to, ways in which the facility will:
  - a. Reach out to hospital discharge planners to make them aware of the facility's Medicaid Access Program;
  - b. Communicate with local hospital discharge planners on a regular basis regarding bed availability at the nursing facility; and
  - c. Identify community resources that serve the low-income and frail elderly population who may eventually use the nursing facility, and inform them about the facility's Medicaid Access policy. (RNR)
8. Submission of a commitment, signed by the applicant, to submit annual reports to the DOH, for at least two years, demonstrating substantial progress with the implementation of the plan. These reports should include, but not be limited to:
  - a. Describing how the applicant reached out to hospital discharge planners to make them aware of the facility's Medicaid Access Program;
  - b. Indicating that the applicant communicated with local hospital discharge planners on a regular basis regarding bed availability at the nursing facility;
  - c. Identifying the community resources that serve the low-income and frail elderly population that have used, or may eventually use, the nursing facility, and confirming they were informed about the facility's Medicaid Access policy.
  - d. Documentation pertaining to the number of referrals and the number of Medicaid admissions; and
  - e. Other factors as determined by the applicant to be pertinent. (RNR)
9. Submission of a photocopy of a signed Application for Authority to do Business in New York, which is acceptable to the Department. [CSL]
10. Submission of a photocopy of a signed Certificate of Assumed Name, which is acceptable to the Department. [CSL]
11. Submission of a photocopy of a signed amended Operating Agreement, which is acceptable to the Department. [CSL]
12. Submission of a photocopy of the signed Real Property Purchase Agreement, which is acceptable to the Department. [CSL]
13. Submission of photocopies of signed Articles of Organization for the LLC 2d Level Members of the Applicant, which are acceptable to the Department. [CSL]

**Approval conditional upon:**

1. The project must be completed within one year from the date of the Public Health and Health Planning Council recommendation letter. Failure to complete the project within the prescribed time shall constitute an abandonment of the application by the applicant and an expiration of the approval. [PMU]
2. Within two years from the date of council approval, the percentage of all admissions who are Medicaid and Medicare/Medicaid eligible at the time of admission will be at least 75 percent of the planning area average as prescribed by the related contingency. Once the Medicaid patient admissions standard is reached, the facility shall not reduce its proportion of Medicaid patient admissions below the 75 percent standard unless and until the applicant, in writing, requests the approval of the Department to adjust the 75 percent standard and the Department's written approval is obtained. [RNR]
3. Submission of annual reports to the Department for at least two years demonstrating substantial progress with the implementation of the facility's Medicaid Access Plan as prescribed by the related contingency. Reports will be due within 30 days of the conclusion of each year of operation as identified by the Effective Date on the Operating Certificate issued at project completion. For example, if the Operating Certificate Effective Date is June 15, 2017, the first report is due to the Department no later than July 15, 2018. The Department reserves the right to require continued reporting beyond the two year period. [RNR]

Council Action Date

**August 4, 2016**

# Need Analysis

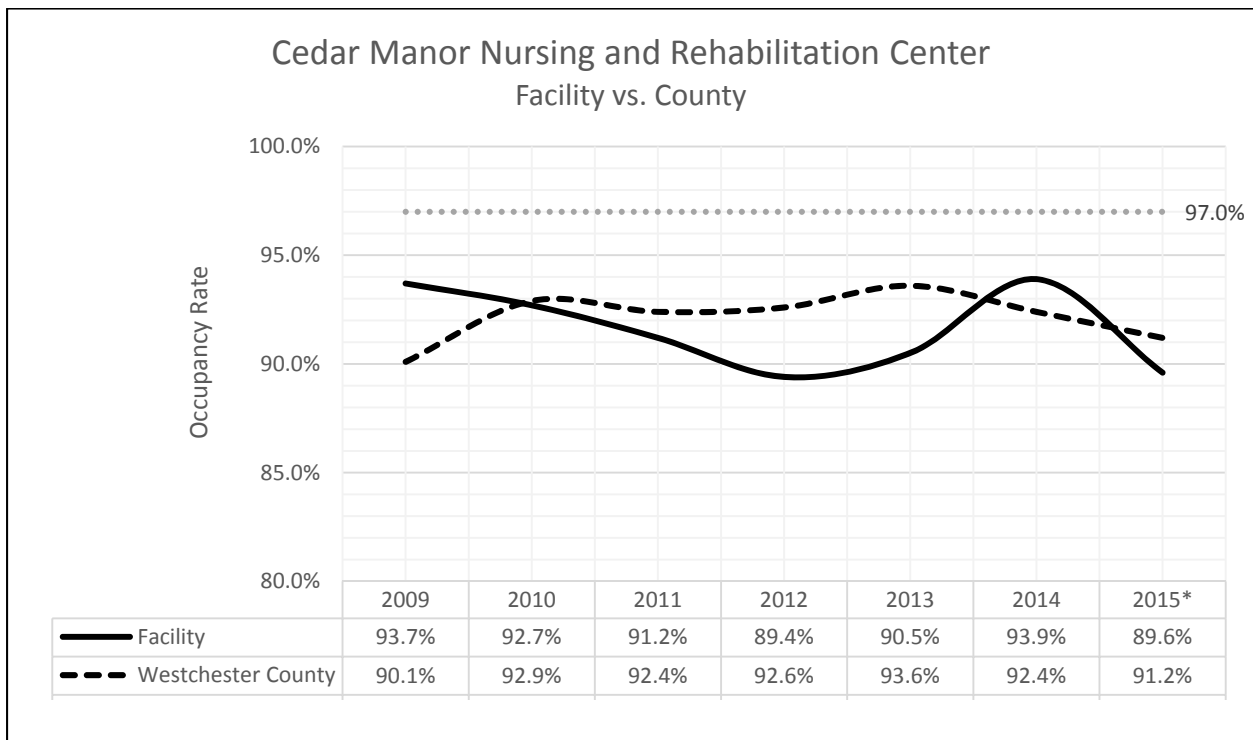
## Analysis

Per the current need methodology there is currently a need for 498 beds in Westchester County as indicated in the following table:

### RHCF Need – Westchester County

<b>2016 Projected Need</b>	6,716
<b>Current Beds</b>	6,066
<b>Beds Under Construction</b>	152
<b>Total Resources</b>	6,218
<b>Unmet Need</b>	498

Cedar Manor Nursing and Rehabilitation Center's (Cedar Manor) occupancy was 89.4% in 2012, 90.5% in 2013, and 93.9% in 2014. Cedar Manor has been designated as a "safety-net" nursing home by the Department through the DSRIP process, meaning the facility provides skilled nursing care to the underserved and vulnerable populations of Westchester County. According to the applicant, the historical low occupancy at this facility, including 2015, was due to poor performance on the part of the marketer. The marketer resigned in November 2014 and a replacement wasn't found until April 2015. Significantly, during the first five months of 2016, occupancy has increased and has consistently been at or near the Department's planning optimum of 97%. The overall occupancy for Westchester County was 92.4% for 2014 as indicated in the following chart:



\*unaudited; facility reported data

The applicant reviewed the programs/services of the five nursing homes within a five-mile radius and claims the area is lacking the following services:

- Wound Care;
- Palliative Care;
- Transfusion Services;
- IV Therapy; and
- Evidence-based medicine/protocols through the implementation of INTERACT to improve care and reduce the frequency of potentially avoidable transfers to acute hospitals.

The applicant plans to change the model of care and further improve occupancy and efficiency at the facility via the following processes:

- Reduce Potentially Preventable Conditions and Hospital Admission/Readmission: Using the INTERACT model, Cedar Manor will work closely with local hospitals to reduce acute care length of stay at the hospitals by accelerating patient discharge, and more importantly, putting in place a program that will substantially eliminate hospital readmissions. The applicant is currently in discussions with Phelps Memorial and Northern Westchester Hospitals.
- Congestive Heart Failure Program: As a subset of the aforementioned INTERACT model, Cedar Manor will implement a program that will monitor residents with congestive heart failure on a daily basis for early identification of potential instability and intervention to avoid hospitalization. This innovative program will use cutting-edge technology to monitor fluid concentration in the lungs, a key identifier of congestive heart failure.
- Mandatory Enrollment in MLTC Plans/Health Home Conversion: Cedar Manor has entered into contracts with 8 of the 15 MLTCPs in Westchester County: CenterLight (2 plans), Home First/Elderplan (2 plans), VNSNY Choice (2 plans), Guildnet, and Fidelis Care at Home to accept their enrollees who need nursing home care. It is expected that these collaborations will help simplify admissions to the facility's short-term rehab program, which includes a cardiac rehabilitation component for individuals with various cardiac conditions with a goal of returning them to the least restrictive environment in the community.
- Provision of Transfusion and IV Therapy Services: Cedar Manor will train and certify nurses to start lines for hydration and intravenous therapy which will greatly impact unnecessary hospitalizations, reducing acute inpatient utilization.
- Palliative Care: Cedar Manor will integrate palliative care into the care model in order to increase access to services for residents with serious illnesses and those at end of life. This ensures that care and end of life planning needs are understood, addressed, and met prior to decisions to seek further aggressive or hospice care. Furthermore, this ensures pain and other comfort issues are managed and further health changes are planned for, thereby further avoiding unnecessary emergency room visits and hospital admissions.
- Pulmonary Rehabilitation Program: Cedar Manor already has put this program in place to help individuals manage and minimize the debilitating effects of pulmonary disease, including COPD, pulmonary fibrosis, and emphysema. Under the direction of a pulmonologist, an interdisciplinary team consisting of respiratory, physical, and occupational therapists, registered dietitians along with rehabilitation nursing, design an individualized treatment plan for every resident enrolled in the program. Residents gain a better understanding of the disease process and are shown techniques to better manage stress and anxiety, and are educated on how nutrition and diet relate to their condition.
- Ethno-cultural Program: The applicant has identified a growing ethnic population both in the local community as well as in the facility. This population (Dominican, Guatemalan, Honduran, Ecuadorian, Asian Indian, Korean, Chinese, except Taiwanese, and Pakistani) have specific ethno-cultural needs, including linguistic, spiritual and dietary needs. The implementation of an ethno-cultural program, with small ethnic neighborhoods, will help to smooth a resident's adjustment to being in a nursing home, keep them engaged in social activities, and provide holistic care, which meets the health and spiritual needs of the resident.

**Access**

Regulations indicate that the Medicaid patient admissions standard shall be 75% of the annual percentage of all Medicaid admissions for the long term care planning area in which the applicant facility is located. Such planning area percentage shall not include residential health care facilities that have an average length of stay 30 days or fewer. If there are four or fewer residential health care facilities in the planning area, the applicable standard for a planning area shall be 75% of the planning area percentage of Medicaid admissions, or of the Health Systems Agency area Medicaid admissions percentage, whichever is less. In calculating such percentages, the Department will use the most current data which have been received and analyzed by the Department. An applicant will be required to make appropriate adjustments in its admission policies and practices so that the proportion of its own annual Medicaid patient's admissions is at least 75% of the planning area percentage or the Health Systems Agency percentage, whichever is applicable.

Cedar Manor Nursing and Rehabilitation Center's Medicaid admissions of 22.5% in 2013 and 28.4% in 2014 exceeded Westchester County's 75% rates in 2013 and 2014 of 21.5% and 18.8%, respectively.

**Conclusion**

Contingent approval is being recommended to maintain a much needed resource to meet the needs of the residents and address the applicant-identified program/service gaps in nearby nursing homes in Westchester County.

**Recommendation**

**From a need perspective, contingent approval is recommended.**

<b>Program Analysis</b>
-------------------------

**Facility Information**

	<b>Existing</b>	<b>Proposed</b>
<b>Facility Name</b>	Cedar Manor Nursing and Rehabilitation Center	Same
<b>Address</b>	Cedar Lane Ossining, NY 10562	Same
<b>RHCF Capacity</b>	153	Same
<b>ADHC Program Capacity</b>	N/A	Same
<b>Type of Operator</b>	Proprietary	Proprietary
<b>Class of Operator</b>	Corporation	Limited Liability Company
<b>Operator</b>	Cedar Manor, Inc.	Cedar Manor Acquisition I LLC Cedar Manor Holdings            50% Lizer Jozefovic            33.33% Zipporah Farkas            33.33% Joseph Schlanger            33.33%  ZBL Cedar Manor LLC            50% Joel Leifer            33.33% Joel Zupnick            66.66%

## Character and Competence – Background

### Facilities Reviewed

#### Nursing Homes

Middletown Park Rehabilitation and Health Care Center	3/10 to present
North Westchester Restorative Therapy and Nursing Center	12/2010 to 09/2011
Putnam Nursing and Rehabilitation Center	7/14 to present
Salem Hills Rehabilitation and Nursing Center	10/05 to present
Seagate Rehabilitation and Nursing Center	12/14 to present
Sky View Rehabilitation and Health Care Center	10/13 to present
Waterview Hills Rehabilitation and Health Care Center	10/05 to present
Bay Vue Nursing and Rehabilitation Center (FL)	06/15 to present
Krystal Bay Nursing and Rehabilitation Center (FL)	05/13 to present
West Broward Rehabilitation and Health Care (FL)	06/10 to present
Lackawanna Health and Rehab Center (PA)	11/11 to present
Lakeview Rehab and Care Center (NJ)	09/15 to present
Warren Haven Nursing Home (NJ)	09/15 to present

#### Assisted Living Facility

Residence at Bay View (FL)	06/15 to present
----------------------------	------------------

#### Licensed Home Care Services Agency (LHCSA)

Pella Care, LLC	01/2005 to present
-----------------	--------------------

### Individual Background Review

**Lizer Jozefovic** lists his employment as managing partner of Epic Healthcare Management LLC, (Epic) an administrative and back office service company for Skyview Rehabilitation and Healthcare, Waterview Hills Rehabilitation and Healthcare, Salem Hills Rehabilitation and Healthcare, Middletown Park Rehabilitation and Health Care and Putnam Nursing and Rehabilitation Center. There are no written agreements between Epic and the aforementioned nursing homes. Staff has reviewed the operating agreement for Epic. Mr. Jozefovic holds expired nursing home administrator licenses from New York and New Jersey, and a Bachelor of Arts from Yeshiva Gedola of Los Angeles. Mr. Jozefovic discloses the following health facility ownership interests:

#### Nursing Homes

Middletown Park Rehabilitation and Health Care Center (29%)	3/10 to present
Putnam Nursing and Rehabilitation Center (42%)	7/14 to present
Salem Hills Rehab and Health Care (70.10%)	0/05 to present
Sky View Rehabilitation and Health Care Center (25.5%)	10/13 to present
Waterview Hills Rehabilitation and Health Care Center (70.10%)	10/05 to present
Bay Vue Nursing and Rehabilitation Center (FL) (15%)	06/15 to present
Krystal Bay Nursing and Rehabilitation Center (FL) (12.5%)	05/13 to present
West Broward Rehabilitation and Health Care (FL) (17.50%)	06/10 to present
Lackawanna Health and Rehab Center (PA) (10%)	11/11 to present

#### Assisted Living Facility

Residence at Bayview (FL) (15%)	06/15 to present
---------------------------------	------------------

#### LHCSA

Epic HomeCare, LLC (pending) (50%)	
------------------------------------	--

**Zipporah Farkas** indicates no employment history. Ms. Farkas has a high school diploma from Bais Yaakov of Spring Valley and discloses no health facility ownership interests.

**Joseph Schlanger** is the executive director of Warren Haven Nursing Home in Oxford, NJ. Mr. Schlanger holds a BHL degree from Israel Torah Research Institute. Mr. Schlanger discloses the following health facility ownership interest:

Warren Haven Nursing Home (NJ) (32.5%)	09/15 to present
--	------------------



**Joel Leifer** is the administrative director of Atrium Center for Rehabilitation, a nursing home in Brooklyn, and administrative director of Staten Island Care Center, a nursing home on Staten Island. Mr. Leifer holds a BS in Business Management from Touro College, and discloses the following nursing home ownership interest:

Lakeview Rehab and Care Center (NJ) 09/15 to present  
 Mr. Leifer has been approved (142146) to become an owner of Cold Spring Nursing and Rehabilitation Center.

**Joel Zupnick** is employed as the vice president of EMPRO, Inc., a healthcare staffing agency based in Brooklyn, vice president of HHCNY Inc., a healthcare staffing agency in Brooklyn, vice president of Specialty Rx, Inc., a long term care pharmacy company in New Jersey, and the Chief Financial Officer for Pella Care, LLC, a licensed home care services agency. Mr. Zupnick indicates he has attended several schools but has not received a degree. He discloses the following health facility ownership interests:

Nursing Homes  
 North Westchester Restorative Therapy and Nursing Center 12/2010 to 09/2011  
 Seagate Rehabilitation and Nursing Center (25%) 12/14 to present

LHCSA  
 Pella Care, LLC 01/2005 to present

**Character and Competence - Analysis**

No negative information has been received concerning the character and competence of the applicants.

A review of operations of Middletown Park Rehabilitation and Health Care Center, North Westchester Restorative Therapy and Nursing Center, Putnam Nursing and Rehabilitation Center, Salem Hills Rehabilitation and Nursing Center, Seagate Rehabilitation and Nursing Center, Sky View Rehabilitation and Health Care Center, Waterview Hills Rehabilitation and Health Care Center, Bay Vue Nursing and Rehabilitation Center (FL), Krystal Bay Nursing and Rehabilitation Center (FL), West Broward Rehabilitation and Health Care (FL), Warren Haven Nursing Home (NJ), Lakeview Rehabilitation and Care Center (NJ) and Lackawanna Health and Rehab Center (PA) for the time periods identified above reveals that there were no enforcements.

A review of Pella Care, LLC for the time period identified above reveals that there were no enforcements.

A review of Residence at Bay Vue (FL) for the time period identified above reveals that there were no legal actions/enforcements.

**Quality Review**

Provider Name	Overall	Health Inspection	MDS Quality Measures
Cedar Manor Nursing & Rehabilitation Center	****	****	****
Middletown Park Rehabilitation & H C C	*****	*****	*****
Putnam Nursing And Rehabilitation Center	*	***	*
Salem Hills Rehabilitation And Nursing Ctr	*****	*****	*****
Seagate Rehabilitation And Nursing Center	***	****	****
Sky View Rehabilitation & Health Care Center L L C	***	****	****
Waterview Hills Rehabilitation And Nrsng Ctr	****	****	****
Bay Vue Nursing And Rehabilitation Center	****	***	*****

Provider Name	Overall	Health Inspection	MDS Quality Measures
Krystal Bay Nursing And Rehabilitation	*****	****	*****
West Broward Rehabilitation And Healthcare	*****	****	*****
Lackawanna Health And Rehab Center	*	*	**
Lakeview Rehabilitation And Care Center	*	**	**
Warren Haven Rehab And Nursing Center	**	***	**

Based on CMS Provider Rating dated 5/1/2016

#### Project Review

This application proposes to establish Cedar Manor Acquisition I, LLC as the new operator of Cedar Manor Nursing and Rehabilitation Center. The facility will continue to use its existing name under the new ownership.

No changes in the program or physical environment are proposed in this application. The applicant has not disclosed any consulting or administrative services contracts.

#### Conclusion

No negative information has been received concerning the character and competence of the proposed applicants. All health care facilities are in substantial compliance with all rules and regulations. The individual background review indicates the applicants have met the standard for approval as set forth in Public Health Law §2801-a(3).

#### Recommendation

**From a programmatic perspective, approval is recommended.**

## Financial Analysis

#### Asset Purchase Agreement

The applicant has submitted an executed asset purchase agreement to acquire the RHC's operating interest. The agreement will become effectuated upon approval. The terms are summarized below:

Date:	January 26, 2016, as amended July 22, 2016
Seller:	Cedar Manor, Inc.
Buyer:	Cedar Manor Acquisition I, LLC
Asset Acquired:	Business and operation of the Facility; leasehold improvements, furniture, fixtures and equipment owned or leased by Seller; inventory, supplies, other articles of personal property; transferable contracts, agreements, leases and undertakings; Resident funds held in trust; The name "Cedar Manor Nursing & Rehabilitation Center"; security deposits and prepayments; manuals/computer software; resident /patient records; Goodwill; all books and records relating to the Facility; licenses and permits; Medicare and Medicaid provider numbers; rate increases and/or lump sum or other payments, resulting from rate appeals, audits or otherwise; patient claims accounts receivable on and after Closing Date; leases; and assets of Seller relating to the Facility.
Excluded Assets:	Real Estate which is the subject of the Real Estate Contract; any claims, lawsuits, liabilities, obligations, contracts, agreements or debts of seller; any taxes or other obligations or liability of seller prior to closing date.
Assumption of Liabilities:	Liabilities and obligations arising with respect to the operation of the Facility on and after the Closing Date.

Total Purchase Price:	\$23,715,000 (\$890,000 allocated to operations, \$22,825,000 allocated to real property)
Price Allocated to Operations:	\$890,000 RHCF (purchase price less real property appraised value)
Payment (Operations):	\$250,000 Escrow deposit at signing; and \$640,000 due at closing

The APA provides that if closing does not occur by the one-year anniversary of the execution date, then additional deposits will be required. Upon Closing, the applicant will retain the nursing home license, supplies on hand, and the equipment necessary to operate the facility.

The purchase price of the operations will be satisfied as follows:

Equity – Cedar Manor Acquisition I, LLC Members \$890,000

BFA Attachment A is the net worth summary of the members of Cedar Manor Acquisition I, LLC, which reveals sufficient resources to meet the equity requirement.

The applicant has submitted an original affidavit, which is acceptable to the Department, in which the applicant agrees, notwithstanding any agreement, arrangement or understanding between the applicant and the transferor to the contrary, to be liable and responsible for any Medicaid overpayments made to the facility and/or surcharges, assessments or fees due from the transferor pursuant to Article 28 of the Public Health Law with respect to the period of time prior to the applicant acquiring its interest, without releasing the transferor of its liability and responsibility. The facility had no outstanding Medicaid liabilities as of April 20, 2016.

#### Purchase and Sale Agreement for the Real Property

The applicant has submitted an executed real estate purchase agreement related to the purchase of the RHCF's real property. The agreement will close concurrent with the APA upon approval of this CON. The terms are summarized below:

Date:	January 26, 2016
Seller:	Cedar Manor Realty, LLC
Buyer:	Cedar Manor Property Acquisition LLC
Purchase Price allocated to Real Property:	\$22,825,000 (appraised value of real property at closing - currently estimated as follows: Land at \$800,000, Building at \$7,200,000, and Goodwill at \$14,825,000).
Payment of Purchase Price:	\$500,000 Escrow deposit at signing; and \$22,325,000 due at closing

The purchase price of real property is proposed to be satisfied as follows:

Equity – Cedar Manor Property Acquisition, LLC Members \$ 1,967,500  
 Loan – 10 years, 20-years amortizing, at 7.5% Interest \$20,857,500  
 Total \$22,825,000

BFA Attachment B is the net worth summaries of the proposed members of Cedar Manor Property Acquisition, LLC that reveals sufficient resources to meet the equity requirements. A letter of interest has been provided by Harborview Capital Partners to finance the above referenced purchases.

It is noted that liquid resources may not be available in proportion to the proposed ownership interests. Joel Zupnick and Joel Leifer, members of Cedar Manor Acquisition I, LLC, and Cedar Manor Property Acquisition, LLC and Cheskel Berkowitz, member of Cedar Manor Property Acquisition, LLC have provided affidavits stating that they are willing to contribute resources disproportionate to their membership interest in the operating and realty entities to make up any members' equity shortfall in contributing to the purchase price and/or working capital needs.

The members of the realty entity, Cedar Manor Property Acquisition, LLC, have provided affidavits, disproportionate to their membership interests, to fund the real property loan balloon payment, should terms acceptable to the Department be unavailable at the time of refinancing.

#### Lease Agreement

A draft lease has been submitted to lease the RHCf real property. The terms are summarized below:

Premises:	153-bed RHCf located at 32 Cedar Lane, Ossining, NY 10562
Landlord:	Cedar Manor Property Acquisition, LLC
Lessee:	Cedar Manor Acquisition I, LLC
Term:	30 Years
Rental:	\$2,016,300 per annum (\$168,025 paid per month).
Provisions:	Triple Net

The applicant has submitted an affidavit attesting the lease agreement will be non-arm's length agreement in that the entities have several members are common.

#### Administrative Service Agreement

The applicant submitted a draft administrative service agreement (ASA). The terms are summarized below:

Contractor:	Cedar JFS Management, LLC
Facility:	Cedar Manor Acquisition I, LLC
Services Provided:	Administration, consulting and advisory services related to RHCf's operational functions, overseeing billings and collections, preparing budgets and financial reports, with the approval of the Governing Body entered into agreements relating to the facility, maintain all insurance policies, overseeing compliance and quality improvements programs, developing marketing program.
Term:	Operator - terminated any time with 10 days written notice. Contractor-terminate with 60 days written notice.
Fee:	\$556,000 annually (paid monthly at \$46,334 per month)

The three members of the ASA provider, Zipporah Farkas, Joseph Schlanger, and Lizer Jozefovic, are members of the proposed operator, Cedar Manor Acquisition I, LLC.

#### Operating Budget

The applicant has provided an operating budget, in 2016 dollars, for the first year of operation subsequent to the change in ownership. The budget is summarized below:

	<u>Current Year (2014)</u>		<u>Year One</u>	
	<u>Per Diem</u>	<u>Total</u>	<u>Per Diem</u>	<u>Total</u>
<u>Revenue</u>				
Medicaid-FFS	\$229.37	\$7,614,781	\$229.72	\$7,879,400
Medicare-FFS	\$515.72	\$5,559,413	\$668.45	\$7,444,500
Private Pay & other	\$389.12	<u>\$3,303,985</u>	\$410.43	<u>\$3,584,300</u>
Total Revenue		\$16,478,179		\$18,908,200
<u>Expenses</u>				
Operating	\$281.95	\$14,781,590	\$281.04	\$15,223,500
Capital	<u>\$12.89</u>	<u>\$675,792</u>	<u>\$ 43.16</u>	<u>\$2,338,200</u>
Total Expenses	\$294.84	\$15,457,382	\$324.20	\$17,561,700
Net Income		\$1,020,797		\$1,346,500
Utilization (Patient Days)		52,426		54,170

Occupancy

94%

97%

The following is noted with respect to the submitted RHCf operating budget:

- The current year reflects the facility's 2014 revenues and expenses.
- Medicaid revenue is based on the facility's current 2016 Medicaid Regional Pricing rate. The current year Medicare rate is the actual daily rate experienced by the facility during 2014 and the forecasted year one Medicare rate is projected to increase as the applicant plans to provide rehabilitation services to residents with higher acuity needs, ensuring that therapies are provided up to seven days a week to improve outcomes. Private Pay rate is the actual daily rate of Cedar Manor for the year 2014, adjusted based on a comparison to facilities in the immediate services area.
- Expense assumptions are based on the current operator's model and then adjusted based on the applicant's experience. The applicant expects to reduce the staffing in the dietary, housekeeping and laundry departments and by outsourcing these services.
- The projected utilization for the facility is 97% in Year One and Year Three. It is noted that utilization for the past three years has averaged around 91.48% and occupancy was 96.1% as of May 11, 2016.

- Utilization by payor source for the first year after the change in ownership is summarized below:

<u>Payors</u>	<u>Current Year</u>	<u>Year One</u>
Medicaid-FFS	63.32%	63.32%
Medicare-FFS	20.56%	20.56%
Private Pay	16.12%	16.12%
Total	100.00%	100.00%

- The breakeven utilization is projected at 90.09% or 50,401 patient days.

#### Capability and Feasibility

The purchase price for the RHCf's operating interest is \$890,000 to be funded from members' equity. Cedar Manor Property Acquisition, LLC will purchase the real property for \$22,825,000 to be funded via \$1,967,500 in members' equity and a \$20,857,500 loan at the above stated terms. Harborview Capital Partners has provided a letter of interest for the loan. BFA Attachments A and B are the members' net worth summaries, which show sufficient assets to complete the transactions. There are no project costs associated with this application.

The working capital requirement is estimated at \$2,926,950 based on two months of Year One expenses. The applicant will provide \$1,463,475 from the members' equity with the remaining \$1,463,475 to be satisfied through a five-year term loan at 7.50% interest. A letter of interest has been provided by Harborview Capital Partners. The members have sufficient liquid resources to meet both the project equity and working capital requirements. As previously stated, liquid resources may not be available in proportion to the proposed members' ownership interests in the operating and realty entities. Joel Zupnick and Joel Leifer, members of the proposed operating and realty entities, and Cheskel Berkowitz, a member of the realty entity, have submitted affidavits stating they are willing to contribute resources disproportionate to their membership interest in the operating and realty entities to cover the purchase price and working capital equity needs. Additionally, the members of the realty entity provided affidavits stating they are willing to fund the balloon payment, disproportionate to their membership interests in Cedar Manor Property Acquisition, LLC, should terms acceptable to the Department be unavailable at the time of refinancing.

The submitted budget projects net profit of \$1,346,500 in Year One after the change in ownership. Revenues are estimated to increase by approximately \$2,430,021 or 15% based on the increase in occupancy (going from 94% to 97%) plus an increase in the Medicare rate. Overall expenses are expected to increase by \$2,104,318, due to a \$441,910 increase in operating expenses and a \$1,662,408 increase in interest and rent expense. The increase in operating expenses is primarily due to a \$1,863,867 decrease in the salaries/wages and fringe benefits offset by a \$2,698,260 increase in purchased services, and a \$392,483 decrease in other direct operating expenses including medical/non-medical supplies and professional fees. The budget was created taking into consideration the proposed new owners' experience in operating similar sized facilities. BFA Attachment F is the pro forma balance sheets of Cedar Manor Acquisition I, LLC and Cedar Manor Property Acquisition, LLC, which shows the

operation entity will start with \$2,353,500 in member's equity and the realty entity will start with \$1,967,500 in members' equity. The budget appears reasonable.

A transition of nursing home (NH) residents to Medicaid managed care is underway statewide. Under the managed care construct, Managed Care Organizations (MCOs) negotiate payment rates directly with NH providers. A department policy described in the "Transition of Nursing Home Benefit and Population into Managed Care Policy Paper" provided guidance requiring MCOs to pay the benchmark Medicaid FFS rate, or a negotiated rate acceptable to both plans and NH, for three years after a county was deemed mandatory for NH population enrollment. As a result, the benchmark FFS rate remains a viable basis for assessing Medicaid NH revenues through the transition period. Westchester County has transitioned to Medicaid Managed Care for new enrollees.

BFA Attachment D is the 2013-2015 Financial Summary of Cedar Manor, Inc. As shown, the entity had an average positive working capital position of \$2,158,455, average positive net assets of \$4,655,543, and an average positive income of \$1,370,030 for the period. During this period, the facility's average occupancy was 91.48%. BFA Attachment E is the certified financial statement of Cedar Manor Nursing & Rehabilitation Center for 2015, which shows that the RHC had a positive working capital position of \$3,307,168 and positive net assets position of \$5,796,621 and generated \$2,292,744 in net income. BFA Attachment G is a Financial Summary of the proposed members' affiliated nursing homes. The affiliated RHCs show an average positive net asset and an average positive net income position for the period shown with the exception of a net loss for Putnam Nursing Home and average negative working capital positions for the following:

- Skyview Rehab & Health Center's negative working capital is the result of receiving an inter-company loan that is considered a current obligation, and experiencing a loss in 2013. The facility generated net income of \$587,819 in 2014 and \$207,952 through August 31, 2015.
- Waterview Hills Rehabilitation and Salem Hills Rehabilitation had a negative working capital position for the period. Both facilities and the realty entity are owned by Lizer Jozefovic and located on same property and campus. The consolidated financial statement of all three entities for 2015 shows a positive working capital position.
- Seagate Rehab & Healthcare was acquired by Joel Zupnick in December 2014 and its negative working capital is the result of receiving an Inter-Company loan that is considered to be a current obligation. The facility generated net income in 2015.
- Middletown Park Rehabilitation had a negative working capital due to a mortgage (bridge loan to HUD financing) on the facility for \$20 million, which is treated as a current liability on the financial statement. The facility has received approval for a HUD financing to be closed by August 2016, at which time the greater portion of the loan will be classified as long term.
- Putnam Nursing & Rehab's negative working capital is due to the facility's poor condition. The current operator purchased the facility in July 2014, and plans for major renovations that will likely make the facility profitable and improve the working capital position.

Based on the preceding, the applicant has demonstrated the capability to proceed in a financially feasible manner

Recommendation

**From a financial perspective, contingent approval is recommended.**

## Attachments

BFA Attachment A	Net Worth of Proposed Members, Cedar Manor Acquisition I, LLC
BFA Attachment B	Net Worth of Proposed Realty Members, Cedar Manor Property Acquisition, LLC
BFA Attachment C	Current & Proposed Owners of the Real Property
BFA Attachment D	Financial Summary of Cedar Manor, Inc.
BFA Attachment E	2015 Certified Financial Statement of Cedar Manor, Inc.
BFA Attachment F	Pro Forma Balance Sheet, Cedar Manor Acquisition 1, LLC and Cedar Manor Property Acquisition, LLC.



**Current & Proposed Owners of Realty  
 Cedar Manor Nursing & Rehabilitation Center**

Current Realty Owner		Proposed Realty Owner	
Cedar Manor Realty, LLC		Cedar Manor Property Acquisition, LLC	
Members:	%	Members:	%
Debra Sabato	100%	32 Cedar LN Realty LLC	50%
		Zipporah Farkas	33.33%
		Joseph Schlanger	33.33%
		Lizer Josefovic	33.34%
		Cedar Manor ZB1 Realty, LLC	50%
		Joel Zupnick	33.33%
		Cheskel Berkowitz	33.33%
		Joel Leifer	33.34%



Financial Summary

Cedar Manor, Inc  
d/b/a Cedar Manor Nursing & Rehab Center

FISCAL PERIOD ENDED	<u>12/31/2015</u>	<u>12/31/2014</u>	<u>12/31/2013</u>
ASSETS - CURRENT	\$5,235,935	\$3,805,000	\$3,843,363
ASSETS - FIXED AND OTHER	2,489,453	2,447,191	2,554,619
LIABILITIES - CURRENT	1,928,767	1,980,981	2,499,184
LIABILITIES - LONG-TERM	<u>0</u>	<u>0</u>	<u>0</u>
EQUITY	\$5,796,621	\$4,271,210	\$3,898,798
<hr/>			
INCOME	\$18,311,185	\$16,482,794	\$15,922,302
EXPENSE	<u>16,025,746</u>	<u>15,460,382</u>	<u>15,120,063</u>
NET INCOME	\$2,285,439	\$1,022,412	\$802,239
<hr/>			
NUMBER OF BEDS	153	153	153
PERCENT OF OCCUPANCY (DAYS)	90.05%	93.90%	90.50%
<hr/>			
PERCENT OCCUPANCY (DAYS):			
MEDICAID	55.54%	63.30%	59.30%
MEDICARE	16.00%	20.60%	20.80%
PRIVATE/OTHER	28.46%	16.10%	19.90%
<hr/>			
Average Working Capital	\$2,158,455		
Average Net Assets	\$4,655,543		
Average Net Income (Loss)	\$1,370,030		
Average Occupancy	91.48%		

**Cedar Manor, Inc.**  
Balance Sheets

Project# 161185  
BFA Attachment-E

	December 31,	
	2015	2014
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,147,521	\$ 732,583
Accounts receivable, net	3,962,795	2,960,406
Prepaid expenses and other current assets	51,680	44,163
Inventory	31,628	31,513
Patient funds	42,311	36,335
Total Current Assets	5,235,935	3,805,000
Property and equipment, net	2,324,567	2,282,305
Goodwill	164,886	164,886
	<b>\$ 7,725,388</b>	<b>\$ 6,252,191</b>
 <b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>		
<b>Current Liabilities</b>		
Borrowings under line of credit	\$ 469,513	\$ 569,713
Accounts payable and accrued expenses	629,202	548,315
Accrued payroll and related liabilities	647,353	729,661
Due to third party payors	43,174	-
Patient funds held in trust	42,311	36,435
Deferred revenue - patient deposits	97,214	96,857
Total Current Liabilities	1,928,767	1,980,981
<b>Shareholder's Equity</b>		
Common stock no par value, 200 shares authorized, issued and outstanding	150,000	150,000
Retained earnings	5,646,621	4,121,210
Total Shareholders' Equity	5,796,621	4,271,210
	<b>\$ 7,725,388</b>	<b>\$ 6,252,191</b>

**Cedar Manor, Inc.**  
**Statements of Operations**

Project# 161185  
 BFA Attachment-E Cont

	Year Ended December 31,	
	2015	2014
<b>REVENUE</b>		
Net patient service revenue	\$ 18,233,398	\$ 16,375,756
Other operating revenue	77,787	102,423
Total Revenue	18,311,185	16,478,179
 <b>EXPENSES</b>		
Professional care of residents	6,830,092	6,816,344
Administrative	1,357,829	1,225,524
Service departments	2,956,047	2,957,658
Nondepartmental	4,881,778	4,457,856
Total Expenses	16,025,746	15,457,382
Excess of Revenue Over Expenses from Operations	2,285,439	1,020,797
 Nonoperating Income		
Interest income	10,305	4,615
Net Income Before Provision for Income Taxes	2,295,744	1,025,412
Income tax provision	3,000	3,000
Net Income	\$ 2,292,744	\$ 1,022,412

**CEDAR MANOR ACQUISITION I LLC**  
**(a limited liability company)**  
**BALANCE SHEET**  
**JANUARY 1, 2017**

**ASSETS**

**Current assets**

Cash and cash equivalents	\$ 2,927,000
Supplies on hand	<u>10,000</u>
<b>Total current assets</b>	<b>2,937,000</b>

Property and equipment - net	240,000
Intangible assets - net	<u>640,000</u>

<b>TOTAL ASSETS</b>	<b>\$ <u><u>3,817,000</u></u></b>
---------------------	-----------------------------------

**LIABILITIES AND MEMBERS' EQUITY**

**Current liabilities**

Working capital loan	\$ <u>1,463,500</u>
<b>Total liabilities</b>	<b>1,463,500</b>

<b>Members' equity</b>	<b><u>2,353,500</u></b>
------------------------	-------------------------

<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<b>\$ <u><u>3,817,000</u></u></b>
--	-----------------------------------

**CEDAR REALTY 1 LLC**  
**(a limited liability company)**  
**BALANCE SHEET**

Project# 161185  
BFA Attachment-F Cont

**Pro Forma Balance Sheet -Realty**

**ASSETS**

Property and equipment - net  
Goodwill - net

\$ 8,000,000  
14,825,000

**TOTAL ASSETS**

\$ 22,825,000

**LIABILITIES AND MEMBERS' EQUITY**

**Liabilities**

Mortgage payable  
**Total liabilities**

\$ 20,857,500  
20,857,500

**Members' equity**

1,967,500

**TOTAL LIABILITIES AND MEMBERS' EQUITY**

\$ 22,825,000

Cedar Manor Acquisition 1, LLC  
Members' Ownership In affiliated RHCF

RHCF:	Beds	Date	NY Location	Lizer Jozefovic	Joel Zupnick	Joel Leifer	Joseph Schlanger
Sky View Rehab & Health Care Center, LLC-RHCF	192	Oct-13	Croton on Hudson	25.50%			
Salem Hills Rehab & Health Care-RHCF	126	Oct-05	Purdy	70.10%			
Waterview Hills Rehab & Health Care-RHCF	130	Oct-05	Purdy	70.10%			
Seagate Rehab & Nursing Center-RHCF	380	Dec-14	Brooklyn		25.00%		
Cold Spring Hills Center for Nursing & Rehab-RHCF	582	Apr-16	Woodbury			25.00%	
Middletown Park Rehabilitation & Health Care Center	230	Mar-10	Middletown	29.00%			
Putnam Rehabilitation & Health Care Center	160	Jul-16	Holmes	42.00%			

**Financial Summary of Affiliated RHC  
Cedar Manor Acquisition 1, LLC**

**Skyview Rehabilitation & Health Care Center, LLC**

	Internal		
	<u>8/31/2015</u>	<u>2014</u>	<u>2013</u>
Current Assets	\$3,531,822	\$3,939,624	\$4,321,853
Non-Current Assets	<u>12,725,242</u>	<u>12,735,897</u>	<u>17,635,854</u>
Total Assets	\$16,257,064	\$16,675,521	\$21,957,707
Current Liabilities	14,811,180	14,985,373	5,659,289
Long Term Liabilities	<u>328,290</u>	<u>454,992</u>	<u>16,212,935</u>
Total Liabilities	15,139,470	15,440,365	21,872,224
Net Assets	\$1,117,594	\$1,235,156	\$85,483
Working Capital Position	(\$11,279,358)	(\$11,045,749)	(\$1,337,436)
Operating Revenues	\$15,164,156	\$22,474,275	\$20,857,409
Operating Expenses	<u>14,956,204</u>	<u>21,886,456</u>	<u>22,569,538</u>
Operating Net Income	\$207,952	\$587,819	(\$1,712,129)

**Salem Hill Rehabilitation & Healthcare, LLC**

	Internal		
	<u>12/31/2015</u>	<u>2014</u>	<u>2013</u>
Current Assets	\$2,968,136	\$2,968,970	\$2,546,483
Non-Current Assets	<u>5,677,017</u>	<u>6,059,670</u>	<u>5,401,016</u>
Total Assets	\$8,645,153	\$9,028,640	\$7,947,499
Current Liabilities	1,928,098	2,119,056	2,768,215
Long Term Liabilities	<u>4,292,004</u>	<u>4,888,952</u>	<u>3,426,213</u>
Total Liabilities	6,220,102	7,008,008	6,194,428
Net Assets	\$2,425,051	\$2,020,632	\$1,753,071
Working Capital Position	\$1,040,038	\$849,914	(\$221,732)
Operating Revenues	\$12,992,333	\$12,627,212	\$12,026,994
Operating Expenses	<u>12,493,444</u>	<u>12,290,477</u>	<u>12,077,814</u>
Operating Net Income	\$498,889	\$336,735	(\$50,820)

**Seagate Rehabilitation & Healthcare Center**

	Internal		
	<u>12/31/2015</u>	<u>2014</u>	<u>2013</u>
Current Assets	\$7,229,507	\$3,559,557	
Non-Current Assets	<u>20,000,765</u>	<u>18,004,042</u>	
Total Assets	\$27,230,272	\$21,563,599	\$0
Current Liabilities	8,360,801	4,026,778	
Long Term Liabilities	<u>15,242,375</u>	<u>15,457,772</u>	
Total Liabilities	23,603,176	19,484,550	0
Net Assets	\$3,627,096	\$2,079,049	\$0
Working Capital Position	(\$1,131,294)	(\$467,221)	\$0
Operating Revenues	\$47,338,849	\$2,306,293	
Operating Expenses	<u>42,825,079</u>	<u>2,151,386</u>	
Operating Net Income	\$4,513,770	\$154,907	\$0

**Financial Summary of Affiliated RHCF**

**Waterview Hills Rehabilitation & Healthcare**

	<u>Internal</u> <u>12/31/2015</u>	<u>2014</u>	<u>2013</u>
Current Assets	\$3,028,400	\$2,979,504	\$2,793,875
Non-Current Assets	<u>1,600,999</u>	<u>9,901,174</u>	<u>9,061,113</u>
Total Assets	\$4,629,399	\$12,880,678	\$11,854,988
Current Liabilities	4,499,737	3,315,139	3,627,503
Long Term Liabilities	<u>64,039</u>	<u>103,457</u>	<u>83,820</u>
Total Liabilities	4,563,776	3,418,596	3,711,323
Net Assets	\$65,623	\$9,462,082	\$8,143,665
Working Capital Position	(\$1,471,337)	(\$335,635)	(\$833,628)
Operating Revenues	\$14,957,513	\$15,237,864	\$13,768,443
Operating Expenses	<u>14,245,341</u>	<u>13,902,482</u>	<u>13,730,571</u>
Operating Net Income	\$712,172	\$1,335,382	\$37,872

**Middletown Park Rehabilitation & Health**

	<u>12/31/2015</u>	<u>2014</u>	<u>2013</u>
Current Assets	\$6,715,521	\$5,561,000	\$6,425,000
Non-Current Assets	<u>11,599,078</u>	<u>10,274,000</u>	<u>7,303,000</u>
Total Assets	\$18,314,599	\$15,835,000	\$13,728,000
Current Liabilities	6,686,368	13,195,000	12,056,000
Long Term Liabilities	<u>7,637,392</u>	<u>194,000</u>	<u>275,000</u>
Total Liabilities	14,323,760	13,389,000	12,331,000
Net Assets	\$3,990,839	\$2,446,000	\$1,397,000
Working Capital Position	\$29,153	(\$7,634,000)	(\$5,631,000)
Operating Revenues	\$24,329,776	\$23,556,000	\$21,508,000
Operating Expenses	<u>22,334,288</u>	<u>22,486,000</u>	<u>22,520,000</u>
Operating Net Income	\$1,995,488	\$1,070,000	(\$1,012,000)

**Putnam Nursing & Rehab Center**

	<u>12/31/2015</u>	From 07/2014 <u>12/31/2014</u>	<u>2013</u>
Current Assets	\$1,923,840	\$2,480,301	\$2,107,000
Non-Current Assets	<u>4,924,533</u>	<u>4,788,257</u>	<u>589,000</u>
Total Assets	\$6,848,373	\$7,268,558	\$2,696,000
Current Liabilities	4,111,443	3,390,334	2,818,000
Long Term Liabilities	<u>3,820,672</u>	<u>3,891,522</u>	<u>1,052,000</u>
Total Liabilities	7,932,115	7,281,856	3,870,000
Net Assets	(\$1,083,742)	(\$13,298)	(\$1,174,000)
Working Capital Position	(\$2,187,603)	(\$910,033)	(\$711,000)
Operating Revenues	\$10,678,153	\$5,114,690	\$10,321,000
Operating Expenses	<u>11,568,597</u>	<u>5,127,988</u>	<u>10,367,000</u>
Operating Net Income	(\$890,444)	(\$13,298)	(\$46,000)

\* Cold Spring was acquired in April 2016. Financial not available.



RESOLUTION

RESOLVED, that the Public Health and Health Planning Council, pursuant to the provisions of Section 2801-a of the Public Health Law, on this 4th day of August, 2016 having considered any advice offered by the Regional Health Systems Agency, the staff of the New York State Department of Health, and the Establishment and Project Review Committee of this Council and after due deliberation, hereby proposes to approve the following application to establish Cedar Manor Acquisition 1 LLC as the new operator of Cedar Manor Nursing & Rehabilitation Center, a 153-bed residential health care facility located at Cedar Lane, Ossining, and with the contingencies, if any, as set forth below and providing that each applicant fulfills the contingencies and conditions, if any, specified with reference to the application, and be it further

RESOLVED, that upon fulfillment by the applicant of the conditions and contingencies specified for the application in a manner satisfactory to the Public Health and Health Planning Council and the New York State Department of Health, the Secretary of the Council is hereby authorized to issue the approval of the Council of the application, and be it further

RESOLVED, that any approval of this application is not to be construed as in any manner releasing or relieving any transferor (of any interest in the facility that is the subject of the application) of responsibility and liability for any Medicaid (Medicaid Assistance Program -- Title XIX of the Social Security Act) or other State fund overpayments made to the facility covering the period during which any such transferor was an operator of the facility, regardless of whether the applicant or any other entity or individual is also responsible and liable for such overpayments, and the State of New York shall continue to hold any such transferor responsible and liable for any such overpayments, and be it further

RESOLVED, that upon the failure, neglect or refusal of the applicant to submit documentation or information in order to satisfy a contingency specified with reference to the application, within the stated time frame, the application will be deemed abandoned or withdrawn by the applicant without the need for further action by the Council, and be it further

RESOLVED, that upon submission of documentation or information to satisfy a contingency specified with reference to the application, within the stated time frame, which documentation or information is not deemed sufficient by Department of Health staff, to satisfy the contingency, the application shall be returned to the Council for whatever action the Council deems appropriate.

NUMBER:

161185 E

FACILITY/APPLICANT:

Cedar Manor Acquisition 1 LLC  
d/b/a Cedar Manor Nursing & Rehabilitation  
Center

APPROVAL CONTINGENT UPON:

1. Submission of an executed copy of the authority to conduct business in New York State, acceptable to the Department of Health. [BFA]
2. Submission of an executed working capital loan commitment, acceptable to the Department of Health. [BFA]
3. Submission of an executed real property loan commitment, acceptable to the Department of Health. [BFA]
4. Submission of an executed Administrative Services Agreement, acceptable to the Department of Health. [BFA]
5. Submission of an executed lease agreement, acceptable to the Department of Health. [BFA]
6. Submission of a commitment signed by the applicant which indicates that, within two years from the date of the council approval, the percentage of all admissions who are Medicaid and Medicare/Medicaid eligible at the time of admission will be at least 75 percent of the planning area average of all Medicaid and Medicare/Medicaid admissions, subject to possible adjustment based on factors such as the number of Medicaid patient days, the facility's case mix, the length of time before private paying patients became Medicaid eligible, and the financial impact on the facility due to an increase in Medicaid admissions. (RNR)
7. Submission of a plan to continue to enhance access to Medicaid residents. At a minimum, the plan should include, but not necessarily be limited to, ways in which the facility will:
  - a. Reach out to hospital discharge planners to make them aware of the facility's Medicaid Access Program;
  - b. Communicate with local hospital discharge planners on a regular basis regarding bed availability at the nursing facility; and
  - c. Identify community resources that serve the low-income and frail elderly population who may eventually use the nursing facility, and inform them about the facility's Medicaid Access policy. (RNR)
8. Submission of a commitment, signed by the applicant, to submit annual reports to the DOH, for at least two years, demonstrating substantial progress with the implementation of the plan. These reports should include, but not be limited to:
  - a. Describing how the applicant reached out to hospital discharge planners to make them aware of the facility's Medicaid Access Program;
  - b. Indicating that the applicant communicated with local hospital discharge planners on a regular basis regarding bed availability at the nursing facility;
  - c. Identifying the community resources that serve the low-income and frail elderly population that have used, or may eventually use, the nursing facility, and confirming they were informed about the facility's Medicaid Access policy.
  - d. Documentation pertaining to the number of referrals and the number of Medicaid admissions; and
  - e. Other factors as determined by the applicant to be pertinent. (RNR)
9. Submission of a photocopy of a signed Application for Authority to do Business in New York, which is acceptable to the Department. [CSL]
10. Submission of a photocopy of a signed Certificate of Assumed Name, which is acceptable to the Department. [CSL]

11. Submission of a photocopy of a signed amended Operating Agreement, which is acceptable to the Department. [CSL]
12. Submission of a photocopy of the signed Real Property Purchase Agreement, which is acceptable to the Department. [CSL]
13. Submission of photocopies of signed Articles of Organization for the LLC 2d Level Members of the Applicant, which are acceptable to the Department. [CSL]

APPROVAL CONDITIONAL UPON:

1. The project must be completed within one year from the date of the Public Health and Health Planning Council recommendation letter. Failure to complete the project within the prescribed time shall constitute an abandonment of the application by the applicant and an expiration of the approval. [PMU]
2. Within two years from the date of council approval, the percentage of all admissions who are Medicaid and Medicare/Medicaid eligible at the time of admission will be at least 75 percent of the planning area average as prescribed by the related contingency. Once the Medicaid patient admissions standard is reached, the facility shall not reduce its proportion of Medicaid patient admissions below the 75 percent standard unless and until the applicant, in writing, requests the approval of the Department to adjust the 75 percent standard and the Department's written approval is obtained. [RNR]
3. Submission of annual reports to the Department for at least two years demonstrating substantial progress with the implementation of the facility's Medicaid Access Plan as prescribed by the related contingency. Reports will be due within 30 days of the conclusion of each year of operation as identified by the Effective Date on the Operating Certificate issued at project completion. For example, if the Operating Certificate Effective Date is June 15, 2017, the first report is due to the Department no later than July 15, 2018. The Department reserves the right to require continued reporting beyond the two year period. [RNR]

Documentation submitted to satisfy the above-referenced contingencies shall be submitted within sixty (60) days. Enter a **complete** response to each **individual** contingency via the New York State Electronic Certificate of Need (NYSE-CON) system by the due date(s) reflected in the *Contingencies Tab in NYSE-CON*.



**Project # 161245-E  
Dominican Sisters Family Health Service, Inc.**

**Program:** Certified Home Health Agency  
**Purpose:** Establishment

**County:** Westchester  
**Acknowledged:** April 11, 2016

**Executive Summary**

**Description**

Dominican Sisters Family Health Service, Inc. (DSFHS), a New York not-for-profit corporation with its principal office located at 299 North Highland Avenue, Ossining (Westchester County), requests approval to establish Catholic Health Care System d/b/a Archcare (CHCS) as its sole corporate member. DSFHS operates an Article 36 Certified Home Health Agency (CHHA) and a Long Term Home Health Care Program (LTHHCP).

According to the corporation's by-laws, DSFHS's current sole members (parents) are The Major Superiors, or their delegates, of the following religious institutes: Dominican Sisters of Blauvelt, Dominican Sisters of Hope, Dominican Sisters of Sparkill, and Franciscan Sisters of Allegany.

The current proposal seeks to dis-establish The Major Superiors, or their delegates as the sole member (parent) entities, and to establish Catholic Health Care System, d/b/a Archcare as the new sole member (parent) corporation of Dominican Sisters Family Health Service, Inc. The sole member (parent) corporation of Catholic Health Care System, d/b/a Archcare, is Providence Health Services, a not-for-profit corporation.

CHCS operates a full continuum of health services, with facility and agency locations throughout New York City and Westchester County. In addition, CHCS is the sole corporate

member to two existing CHHA's that provide home care services throughout the five New York City counties and Westchester. DSFHS provides family-focused home care services and programs. They are authorized to provide CHHA services in 11 counties and LTHHCP services in six counties as follows:

- CHHA Counties: Bronx, Kings, Nassau, New York, Orange, Putnam, Queens, Richmond, Rockland, Suffolk and Westchester.
- LTHHCP Counties: Bronx, Kings, New York, Queens, Suffolk and Westchester.

DSFHS and CHCS anticipate that this collaboration will enable an expansion of services in many regions of the Archdiocese, including the Hudson Valley, strengthen the future of Catholic-sponsored healthcare and social services in the community, and enhance their overall financial performance. DSFHS and CHCS have complementary mission, vision, and values, and seek to ensure viability and sustainability of Catholic home health care for the future.

BFA Attachments A and B present the organizational charts before and after change in sponsorship.

OPCHSM Recommendation  
Contingent Approval

### Need Summary

The proposed establishment of CHCS as the sole corporate member of DSFHS will have no immediate impact on operations and will provide opportunities for cost-savings and increased referrals.

### Program Summary

A review of all personal qualifying information indicates there is nothing in the background of the board members of Providence Health Services, or Catholic Health Care System, d/b/a Archcare, to adversely affect their positions on the boards. The applicant has the appropriate character and competence under Article 36 of the Public Health Law.

### Financial Summary

There are no project costs associated with this application. There is no acquisition cost or purchase agreement involved in the transition of Catholic Health Care System as the sole corporate member of Dominican Sisters Family Health Service. The projected budget is as follows:

	<u>Year One</u>	<u>Year Three</u>
Revenues	\$47,939,476	\$48,526,864
Expenses	<u>47,526,194</u>	<u>48,423,857</u>
Gain/(Loss)	\$413,282	\$103,107

## Recommendations

Health Systems Agency

There will be no HSA recommendation for this project.

Office of Primary Care and Health Systems Management

**Approval contingent upon:**

1. Submission of the applicant's amended and executed Lease Agreement, acceptable to the Department. [CSL]
2. Submission of a photocopy of the executed Amended and Restated Certificate of Incorporation of the Dominican Sisters Family Health Service, Inc., acceptable to the Department. [CSL]
3. Submission of a photocopy of Catholic Healthcare System's executed bylaws, acceptable to the Department. [CSL]

**Approval conditional upon:**

1. The project must be completed within one year from the date of the Public Health and Health Planning Council recommendation letter. Failure to complete the project within the prescribed time shall constitute an abandonment of the application by the applicant and an expiration of the approval. [PMU]

Council Action Date

**August 4, 2016**

## Need Analysis

### Analysis

The services currently offered by Dominican Sisters Family Health Service, Inc. are provided below. The establishment of Catholic Health Care System as sole corporate member will have no immediate impact on these services.

- Baseline Services – CHHA
- Home Health Aide
- Medical Social Services
- Medical Supplies Equipment and Appliances
- Nursing
- Nutritional
- Therapy – Occupational
- Therapy – Physical
- Therapy – Respiratory
- Therapy – Speech Language Pathology

### Conclusion

Dominican Sisters Family Health Service, Inc. is an existing CHHA that has established relationships with hospitals and other health providers in its service area, and an existing patient base. The establishment of Catholic as an active parent will provide the CHHA with additional opportunities without disrupting patient services.

### Recommendation

**From a need perspective, approval is recommended.**

## Program Analysis

### Program Description

Dominican Sisters Family Health Service, Inc. is a not-for-profit corporation which operates an Article 36 Certified Home Health Agency (CHHA) and Long Term Home Health Care Program (LTHHCP). The current proposal seeks to dis-establish the current sole member and establish Catholic Health Care System, d/b/a Archcare, a not-for-profit corporation, as the new sole member (parent) corporation of Dominican Sisters Family Health Service, Inc. The sole member (parent) corporation of Catholic Health Care System, d/b/a Archcare, is Providence Health Services, a not-for-profit corporation.

In addition to becoming the sole member corporation of Dominican Sisters Family Health Service, Inc., Catholic Health Care System, d/b/a Archcare is also the member corporation of the following operational, and previously operational, health care corporations:

- Empire State Home Care Services, Inc. (CHHA),
- Calvary Hospital, Inc. - including Calvary Hospital (Hospital), Calvary Hospital Home Health Agency (CHHA), and Calvary Hospital Home Health Agency and Hospice Care (Hospice),
- Carmel Richmond Healthcare and Rehabilitation Center (RHCF),
- Ferncliff Nursing Home (RHCF),
- Mary Manning Walsh Nursing Home (RHCF),
- Terence Cardinal Cooke Health Care Center (RHCF),
- St. Vincent DePaul Residence (RHCF),
- St. Vincent DePaul Assisted Living Program (AH/ALP),
- St. Vincent DePaul Licensed Home Care Services Agency (ALP's LHCSA),
- CMLTC, Inc., d/b/a Archcare Senior Life (PACE Program), and d/b/a Archcare Community Life (Managed Long Term Care Plan),

- CSNP, LLC, d/b/a Archcare Advantage (Medicare Advantage Special Needs Plan),
- Kateri Residence RHCF, sold/changed ownership and name August 28, 2013,
- St. Teresa's Nursing and Rehabilitation Center RHCF, sold/changed ownership and name February 1, 2013,
- Empire State Home Care Services, Inc. LTHHCP, voluntarily closed July 1, 2013,
- Visiting Nurse Association of Brooklyn, Inc. CHHA and LTHHCP, voluntarily closed November 1, 2013.

All of the above health care facilities and providers in the Catholic Health Care System, d/b/a Archcare corporate structure are listed as affiliations for each board member named below.

The governing body of the new ultimate member (parent) corporation, Providence Health Services, consists of the following board members:

Cardinal Timothy M. Dolan Archbishop, Archdiocese of New York (Religious Organization)	Bishop Gerald T. Walsh Vicar for Clergy, Archdiocese of New York (Religious Organization) Additional Affiliations 2009 - 2016: Isabella Geriatric Center, Inc. (RHCF, ADHCP, and LTHHCP), Isabella Care at Home, Inc. (CHHA), Isabella Visiting Care, Inc. (LHCSA)
Monsignor Gregory A. Mustaciuolo, Esq. Vicar General, Archdiocese of New York (Religious Organization)	William Whiston Chief Financial Officer, Archdiocese of New York (Religious Organization)

The governing body of the new member (parent) corporation, Catholic Health Care System, d/b/a Archcare, consists of the following board members:

Francis J. Serbaroli, Esq. (Chairperson) Partner/Shareholder, Greenberg Traurig, LLP (Law Firm)	Karl P. Adler, MD (Vice-Chairperson / Secretary) Archbishop's Delegate for Healthcare, Archdiocese of New York (Religious Organization). Retired CEO, New York Medical College (Medical School). Additional Affiliations 2009 - 2016: St. Vincent's Hospital, St. Francis Hospital, Center for Comprehensive Health Practice (D&TC)
Thomas M. O'Brien (Vice-Chairperson) President and Chief Executive Officer, Sun National Bank (Banking)	Monsignor Gregory A. Mustaciuolo, Esq. (disclosed above)
Thomas E. Alberto, CPA Retired Director of Audit and Quality Assurance, Deloitte and Touche, LLP (Accounting Firm)	Tara A. Cortes, PhD, RN Executive Director / Professor, New York University College of Nursing, The Hartford Institute for Geriatric Nursing (Higher Education)
John T. Dunlap, Esq. (NY and Ontario, Canada) Partner, Dunnington, Bartholow, and Miller, LLP (Law Firm)	Monsignor Charles J. Fahey, LMSW Retired Professor, Fordham University (Higher Education) Additional Affiliations 2009 - 2016: Isabella Geriatric Center, Inc. (RHCF, ADHCP, and LTHHCP), Isabella Care at Home, Inc. (CHHA), Isabella Visiting Care, Inc. (LHCSA)
Thomas J. Fahey, Jr., MD Senior Vice President of Clinical Program Development, Memorial Sloan Kettering, Evelyn	Eric P. Feldmann, Real Estate Broker



H. Lauder Breast Cancer Center (Cancer Health Care) Additional Affiliation 2009 - 2016: Cornell University Medical College (Medical Education)	Retired Chief Executive Officer / Executive Director, Sisters of Charity Housing Development Corporation (Affordable Housing)
Rory Kelleher, Esq. Senior Counsel, Sidley Austin, LLP (Law Firm)	Scott P. La Rue, Registered Dietician / Nutritionist Chief Executive Officer / President, Catholic Health Care System, d/b/a Archcare (NFP Health Care System) Additional Affiliation 2009 - 2016: Providence Rest (RHCF and ADHCP)
Kathryn K. Rooney, Esq. Self Employed, Law Offices of Kathryn K. Rooney (Law Firm) Additional Affiliations 2009 - 2016: Richmond University Medical Center (Hospital), Homemakers of Staten Island, Inc., d/b/a Safe Harbor Healthcare Services (LHCSA)	Sister Mary Cecile Swanton Pastoral Associate / Faith Formation, St. James of the Marches Parish (Religious Congregation)
Gerald T. Sweeney Chief Information Officer, HealthFirst (Medicare and Medicaid HMOs/Managed Care Plans)	Paul Travers Senior Vice President of Client Services and Administration, Mutual of America (Capital Management)
Gennaro J. Vasile Retired Senior Advisor, Freed-Maxick Healthcare Consulting (Business Development Consulting), Owner and Principal, Integrated Management Solutions (Business Management Consulting)	

The applicant has confirmed that the proposed financial/referral structure has been assessed in light of anti-kickback and self-referral laws and with the benefit of legal counsel, prior to proceeding with the proposal.

A search of all of the above named board members, employers, and affiliations revealed no matches on either the Medicaid Disqualified Provider List or the Office of the Inspector General's Provider Exclusion List.

The NYS Education Department's Office of the Professions, NYSDOH Office of Professional Medical Conduct, NYSDOH Physician Profile, NYS Department of State Occupational Licensing, NYS Unified Court System, and the Law Society of Upper Canada have all indicated that there are no adverse findings, or disciplinary actions or issues, recorded in regard to the licensure of the health professionals and other licensed professionals associated with this application. We have received current Certificates of Good Standing from New York State and Ontario, Canada, for all of the attorneys listed above.

The NYS Department of Health Division of Hospitals and Diagnostic and Treatment Centers has reviewed the compliance histories of the affiliated Hospitals, and Diagnostic and Treatment Center, for the time period 2009 through 2016, and reported that during that time period, the affiliated Hospitals, and Diagnostic and Treatment Center, have all remained in compliance with no history of enforcement action taken.

The NYS Department of Health Division of Nursing Homes and Intermediate Care Facilities/IID reviewed the compliance histories of all affiliated Nursing Homes, and Adult Day Health Care Programs, for the time period 2009 to 2016 and found the following:

- An enforcement action was taken against Mary Manning Walsh Nursing Home in 2015 based on a January, 2013 survey citing violations in 10 NYCRR 415.12(h)(1) Quality of Care: Accidents/Supervision, 415.26 Administration, and 415.27(a-c) Quality Assurance. This enforcement action was resolved with a \$6000 civil penalty. In addition, a federal Civil Monetary Penalty of \$6500 was also imposed against, and paid by, the facility.
- An enforcement action was taken against Terence Cardinal Cooke Health Care Center in 2011 based on an April, 2010 survey citing violations in 10 NYCRR 415.12 Quality of Care: Highest Practicable Potential. This enforcement action was resolved with a \$2000 civil penalty. An additional enforcement action was taken against Terence Cardinal Cooke Health Care Center in 2015 based on a September, 2013 survey citing violations in 10 NYCRR 415.29(b) Physical Environment: Emergency Power. This enforcement action was also resolved with a \$2000 civil penalty.
- An enforcement action was taken against Ferncliff Nursing Home in 2013 based on an April, 2011 survey citing violations in 10 NYCRR 415.11(c)(3)(i) Service Meets Professional Standards, 415.12 Quality of Care: Highest Practicable Potential, 415.15(b)(2)(ii) Physician Visits Review Notes/Care/Orders, 415.18(c)(2) Drug Regimen Review/Report Irregular/Act On, 415.15(a) Medical Director, and 415.26 Administration. This enforcement action was resolved with a \$20,000.01 civil penalty, paid in three monthly installments of \$6666.67. In addition, a federal Civil Monetary Penalty of \$37,700 was also imposed against, and paid by, the facility.

The Division of Home and Community Based Services reviewed the compliance histories of all affiliated Certified Home Health Agencies, Long Term Home Health Care Programs, Licensed Home Care Services Agencies, and Hospices, for the time period 2009 to 2016, and reported that during that time period, the affiliated Certified Home Health Agencies, Long Term Home Health Care Programs, Licensed Home Care Services Agencies, and Hospices have all remained in compliance with no history of enforcement action taken.

The NYS Department of Health Division of Adult Care Facilities and Assisted Living has reviewed the compliance history of the affiliated Adult Home/Assisted Living Program for the time period 2009 through 2016, and reported that during that time period, the affiliated Adult Home/Assisted Living Program has remained in compliance with no history of enforcement action taken.

The NYS Department of Health Office of Health Insurance Programs, Bureau of Managed Long Term Care, and Bureau of Managed Care Certification and Surveillance, have reviewed the compliance histories of the affiliated Health Maintenance Organizations/Managed Care Plans, Medicare Advantage Special Needs Plan, Managed Long Term Care Plan, and PACE Program, for the time period 2009 through 2016, and have reported that during that time period, there are no histories of enforcement actions being taken. The affiliated plans are all in current compliance.

A review of all personal qualifying information indicates there is nothing in the background of the board members of Providence Health Services, or Catholic Health Care System, d/b/a Archcare, to adversely affect their positions on the boards. The applicant has the appropriate character and competence under Article 36 of the Public Health Law.

Recommendation

**From a programmatic perspective, approval is recommended.**

## Financial Analysis

### Lease Agreement

The applicant has been submitted the lease agreement (with extension) related for the main office of DSFHS. The lease is classified as a Related Party Transaction. The terms are summarized below:

Date:	January 1, 2012
Premises:	Located at 299 North Highland Avenue, Ossining, New York 10562
Owner/Landlord:	Dominican Sisters of Hope, Inc.
Lessee:	Dominican Sisters Family Health Service, Inc.
Term:	One year extension until December 31, 2016
Rent:	\$207,120 per year, including utilities except for electric. (\$17,260 per month)
Provisions:	Electricity

DSFHS has additional clinical branch offices located as follows:

- 2 Perlman Drive, Suite 204, Spring Valley (Rockland County), New York 10877;
- 279 Alexander Avenue, Bronx (Bronx County), New York 10454;
- 225 West 34<sup>th</sup> Street, New York (New York County), New York 10122;
- 103-6 West Montauk Highway, Hampton Bays (Suffolk County), New York 11946; and
- Building 6, Medford (Suffolk County), New York 11763.

The applicant states there will be no change to the existing lease agreements for DSFHS offices as a result of the proposed change in sole corporate member.

### Operating Budget

The applicant has submitted its current results for 2015, and the projected first and third year operating budgets, in 2016 dollars, as summarized below:

	<u>Current (2015)</u>	<u>Year One</u>	<u>Year Three</u>
Revenues			
Medicaid	\$3,626,000	\$4,988,000	\$4,940,000
Medicare	19,413,000	25,366,000	24,851,000
Commercial	9,006,000	15,373,000	16,521,000
All Oher	<u>2,145,205</u>	<u>2,212,476</u>	<u>2,214,864</u>
Total Revenues	\$34,190,205	\$47,939,476	\$48,526,864
Expenses			
Operating	\$35,596,745	\$46,615,454	\$47,639,954
Capital	<u>806,930</u>	<u>910,740</u>	<u>783,903</u>
Total Expenses	\$36,403,675	\$47,526,194	\$48,423,857
Net Income or (Loss)	<u>(\$2,213,470)</u>	<u>\$413,282</u>	<u>\$103,007</u>
Average Revenue per Visit	\$160.52	\$160.41	\$160.81
Average Expense per Visit	\$170.91	\$159.03	\$160.47
Utilization-visits	212,993	298,844	301,767

Utilization by payor source for the current year (2015) and first and third years is as follows:

	<u>Current</u>	<u>Year One</u>	<u>Year Three</u>
Medicaid	12.2%	10.1%	10.0%
Medicare	47.7%	45.6%	46.1%
Commercial	36.0%	40.8%	40.4%
All Other	2.1%	1.5%	1.5%
Charity	<u>2.0%</u>	<u>2.0%</u>	<u>2.0%</u>
Total	100.0%	100.0%	100.0%

DSFHS will ensure the provision of charity care for each fiscal year meets the charity care requirement in accordance with Title 10 NYCRR Section 763.11(a) (11), in the amount of no less than two percent (2%) of the projected annual operating costs for that fiscal year. This commitment includes providing uncompensated services to uninsured patients lacking the financial resources to pay, as well as funding needed programs that are not self-supporting through existing reimbursement programs.

Rate and revenue projections are as follows:

- Medicare and Medicaid rates were reduced each year by the 2% mandatory sequestration factor while the other payer rates were held at their current year rate.
- Medicare and Medicaid episodes were increased by 1% in year one and by 1.4% in year three, based upon average growth over the last four years.
- Commercial and HMO fee-for-service visits were increased by 5% in year one and 5.4% in year three, based upon average growth over the last four years.
- Medicare's average episodic payment rate of \$3,107 includes the base Medicare rate, as well as payments for Low Utilization Payment Adjustments (LUPA's), Outliers, and Partial Episodic Payments (PEP's), which pay an amount lower than the base Medicare rate.
- Medicaid's average episodic payment rate of \$2,791 includes the base Medicaid rate, as well as payments for LUPA's, Outliers, and PEP's.
- Manage Care rates are negotiated with various payers.
- DSFHS's strategic plan is to realign volume to payers whose reimbursements are equal to or higher than their cost-per-unit.

Expenses are projected to increase by \$11,122,519 primarily as follows:

- Salaries and benefits are expected to increase \$8,806,525 by adding 86 FTEs (going from 268 to 354 FTEs) plus factoring in a 1.5% salary & wage increase. The added FTEs (primarily nurses) will be used to handle increased patient volume anticipated as a result of the affiliation with CHCS.
- Purchase services account for the remaining increase in expenses, partially offset by other expenses such as Blacktree Healthcare Consulting being phased out.

Utilization factors are as follows:

- The applicant expects its market share to increase due to its reputation for quality care and diversification in the following areas:
  - Centers of Excellence in Wound/Ostomy Education & Services;
  - Community-based Care Transitions Program;
  - Maternal-Infant/Child & Pediatric Programs;
  - Palliative Care program for adults and children;
  - CHHA-based Telehealth Pilot;
  - Shinnecock Nation population health pilot; and
  - Participation in two Balanced Incentives Payment program models for Care Transitions and home care delivery for individual with intellectual/developmental disabilities.
- As a founding member of Cardinal Health Partners IPA, LLC, DSFHS will grow as the number of Care Management cases continues to expand.
- The applicant anticipates that CHCS will refer those in need of CHHA and LTHHCP services to DSFHS and in particular to support the PACE program and Medicare Advantage Plan.

### Capability and Feasibility

There are no project costs associated with this application. There is no acquisition cost or purchase agreement involved in the transition of CHCS as the sole corporate member of DSFHS.

The change of sponsorship at the corporate member level will not affect existing cash flow or working capital. DSFHS will provide working capital from ongoing operations. BFA Attachment C is the projected cash flow and pro forma balance sheet, which shows equity turning positive in the second year.

DSFHS projects the first and third years will show a surplus of \$413,282 and \$103,007, respectively. The budget appears to be reasonable.

BFA Attachment D is the 2013-2014 certified financial summary of Dominican Sister Family Health Services, Inc. and their internal financial statements as of December 31, 2015, which shows an average negative working capital position and an average net loss of \$1,111,671. DSFHS hired Blacktree Healthcare Consulting to assist in improving operating results and implementing electronics systems (billing, collection and follow-up systems). With CHCS as their sole corporate member, DSFHS will be able to phase out Blacktree Healthcare Consulting saving over \$1 million in professional fees. It is expected that the financial results will improve as the two organizations work together sharing best practices.

BFA Attachment E is the 2014 certified financial summary of Catholic Health Care System and their internal financial statements as of December 31, 2015, which shows average positive working capital and average operating surplus of \$2,812,727. While net assets averaged a negative \$3,972,899, it included net equity transfers and debt forgiveness to related parties of \$6,242,744.

The applicant has demonstrated the capability to proceed in a financially feasible manner.

Recommendation

**From a financial perspective, approval is recommended.**

## Attachments

BFA Attachment A	Organization Chart before the change in sponsorship
BFA Attachment B	Organization Chart after the change in sponsorship
BFA Attachment C	Projected Cash Flow and Balance Sheet, Dominican Sister Family Health Services , Inc.
BFA Attachment D	Financial Summary, Dominican Sister Family Health Services, Inc. 2013-2014 certified financial statements and 2015 internal financial statements
BFA Attachment E	Financial Summary, Catholic Health Care System, 2014 certified financial statements and 2015 internal financial statements

RESOLUTION

RESOLVED, that the Public Health and Health Planning Council, pursuant to the provisions of Section 3606 of the Public Health Law, on this 4th day of August, 2016, having considered any advice offered by the Regional Health Systems Agency, the staff of the New York State Department of Health, and the Establishment and Project Review Committee of this Council, and after due deliberation, hereby approves the following application to establish Catholic Health Care System as the sole corporate member of Dominican Sisters Family Health Service Inc., and with the contingencies, if any, as set forth below and providing that each applicant fulfills the contingencies and conditions, if any, specified with reference to the application, and be it further

RESOLVED, that upon fulfillment by the applicant of the conditions and contingencies specified for the application in a manner satisfactory to the Public Health and Health Planning Council and the New York State Department of Health, the Secretary of the Council is hereby authorized to issue the approval of the Council of the application, and be it further

RESOLVED, that upon the failure, neglect or refusal of the applicant to submit documentation or information in order to satisfy a contingency specified with reference to the application, within the stated time frame, the application will be deemed abandoned or withdrawn by the applicant without the need for further action by the Council, and be it further

RESOLVED, that upon submission of documentation or information to satisfy a contingency specified with reference to the application, within the stated time frame, which documentation or information is not deemed sufficient by Department of Health staff, to satisfy the contingency, the application shall be returned to the Council for whatever action the Council deems appropriate.

NUMBER

APPLICANT/FACILITY

161245 E

Dominican Sisters Family Health Services, Inc.

APPROVAL CONTINGENT UPON:

1. Submission of the applicant's amended and executed Lease Agreement, acceptable to the Department. [CSL]
2. Submission of a photocopy of the executed Amended and Restated Certificate of Incorporation of the Dominican Sisters Family Health Service, Inc., acceptable to the Department. [CSL]
3. Submission of a photocopy of Catholic Healthcare System's executed bylaws, acceptable to the Department. [CSL]

APPROVAL CONDITIONED UPON:


1. The project must be completed within one year from the date of the Public Health and Health Planning Council recommendation letter. Failure to complete the project within the prescribed time shall constitute an abandonment of the application by the applicant and an expiration of the approval. [PMU]

Documentation submitted to satisfy the above-referenced contingencies shall be submitted within sixty (60) days. Enter a **complete** response to each **individual** contingency via the New York State Electronic Certificate of Need (NYSE-CON) system by the due date(s) reflected in the *Contingencies Tab in NYSE-CON*.



## MEMORANDUM

**To:** Public Health and Health Planning Council

**From:** Richard J. Zahnleuter  
General Counsel 

**Date:** June 27, 2016

**Subject:** Proposed Change of Corporate Name of RU System, Inc. / Proposed Certificate of Amendment to the Certificate of Incorporation of RU System, Inc.

---

RU System, Inc. currently operates under the assumed name, Rochester Regional Health. RU System, Inc. wants to change its corporate name to Rochester Regional Health and seeks Public Health and Health Planning Council (PHHPC) approval to file a Certificate of Amendment of the Certificate of Incorporation of RU System, Inc. to effectuate said change. Sections 804(a)(i) and 404(o) and (t) of New York Not-for-Profit Law require PHHPC's approval over this change.

There is no legal objection to the proposed corporate name change, and the proposed Certificate of Amendment of the Certificate of Incorporation of RU System, Inc. is in legally acceptable form.

Attachments



HARRIS BEACH <sup>PLLC</sup>  
ATTORNEYS AT LAW

May 31, 2016

99 GARNSEY ROAD  
PITTSFORD, NY 14534  
(585) 419-8800

ROBERT C. SCUTT

DIRECT: (585) 419-8634  
FAX: (585) 419-8812  
RSCUTT@HARRISBEACH.COM

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

NYS Public Health & Health Planning Council  
Corning Tower Room 1805  
Empire State Plaza  
Albany, New York 12237

Re: RU System, Inc.

Dear Sir or Madam:

Enclosed please find a proposed Certificate of Amendment of the Certificate of Incorporation of RU System, Inc. As you will see, this Certificate of Amendment will change the name of the corporation to Rochester Regional Health and is consequently being submitted for review and approval by PHHPC pursuant to Sections 804(a)(i) and 404(o) and (t) of the New York Not-for-Profit Corporation Law. Also enclosed for your reference is a copy of the Restated Certificate of Incorporation that will be amended.

RU System, Inc. already does business as Rochester Regional Health pursuant to the Certificate of Assumed Name that is also enclosed. Thus, the proposed Certificate of Amendment will simply bring its corporate name into conformity with its operations.

If you have any questions about this Certificate of Amendment, please contact the undersigned at (585) 419-8634. Thank you for your assistance with this matter.

Very truly yours,



Robert C. Scutt

RCS:jap  
Enclosures

**CERTIFICATE OF AMENDMENT  
OF THE  
CERTIFICATE OF INCORPORATION  
OF  
RU SYSTEM, INC.**

**Under Section 803 of the Not-For-Profit Corporation Law**

The undersigned, being the Executive Vice President and Chief Administrative Officer of RU System, Inc. (the "Corporation"), hereby certifies:

1. The name of the Corporation is RU System, Inc.
2. The Certificate of Incorporation was filed by the Department of State on July 1, 2014 under the Not-for-Profit Corporation Law.
3. The Corporation is a corporation as defined in subparagraph (a)(5) of Section 102 of the Not-For-Profit Corporation Law.
4. The Certificate of Incorporation, as now in full force and effect, is hereby amended to effect the following changes as authorized by Section 801 of the Not-For-Profit Corporation Law:

(a) Paragraph FIRST of the Certificate of Incorporation regarding the name of the corporation is hereby amended to read in its entirety as follows:

FIRST: The name of the corporation is Rochester Regional Health.

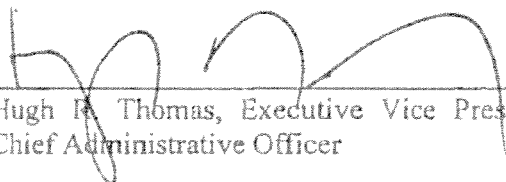
(b) Paragraph TENTH of the Certificate of Incorporation regarding the address for service of process is hereby amended to read in its entirety as follows:

TENTH: The Secretary of State of the State of New York is designated as the agent of the corporation upon whom process against the corporation may be served and the post office address to which the Secretary of State shall mail a copy of any process served upon him/her is Rochester Regional Health, Attention: General Counsel, 100 Kings Highway South, Rochester, New York 14617.

5. This Amendment to the Certificate of Incorporation was authorized by affirmative vote of a majority of the entire Board of Directors. The Corporation has no members.

6. The Secretary of State of the State of New York is designated as the agent of the corporation upon whom process against the corporation may be served and the post office address to which the Secretary of State shall mail a copy of any process served upon him/her is Rochester Regional Health, Attention: General Counsel, 100 Kings Highway South, Rochester, New York 14617.

IN WITNESS WHEREOF, I have signed this Certificate of Amendment this 25<sup>th</sup> day of May, 2016.

  
\_\_\_\_\_  
Hugh H. Thomas, Executive Vice President and  
Chief Administrative Officer

RESTATED CERTIFICATE OF INCORPORATION

OF

RU SYSTEM, INC.

UNDER SECTION 805 OF THE NOT-FOR-PROFIT CORPORATION LAW

THE UNDERSIGNED, being the Executive Vice President & Chief Administrative Officer of RU System, Inc. (the "Corporation"), hereby certifies:

1. The name of the Corporation is "RU System, Inc."
2. The Corporation's Certificate of Incorporation (the "Certificate of Incorporation") was filed by the Department of State on July 1, 2014
3. The Corporation's Certificate of Incorporation as now in full force and effect is hereby amended to effect the following amendment or change authorized in Section 801 of the Not-for-Profit Corporation Law of the State of New York:
  - a. To amend paragraph THIRD (regarding the purposes of the Corporation) to add The Clifton Springs Sanitarium Company dba Clifton Springs Hospital & Clinic to the list of companies supported by the Corporation in furtherance of its purpose to promote and support community health in the Greater Rochester, New York region.
4. The Certificate of Incorporation is hereby restated, as amended or changed, to read in its entirety as follows:

FIRST: The name of the corporation is RU System, Inc.

SECOND: The corporation is a corporation as defined in subparagraph (a)(5) of

Section 102 of the Not-For-Profit Corporation Law of the State of New York.

THIRD: The purpose or purposes for which the corporation is formed are as follows:

To promote and support community health in the Greater Rochester, New York region (the "Region"), including and more specifically, by supporting Behavioral Health Network, Inc.; GRHS Foundation, Inc., Independent Living for Seniors, Inc.; Newark-Wayne Community Hospital; Newark-Wayne Community Hospital Foundation; North Park Nursing Home, Inc.; Park Ridge Child Care Center, Inc.; Park Ridge Housing Development Fund Company, Inc.; Park Ridge Housing, Inc.; Park Ridge Nursing Home, Inc.; Park Way Commons Housing Development Fund Company, Inc.; PRCD, Inc.; Rochester General Hospital; Rochester General Hospital Foundation, Inc.; Rochester General Hudson Housing, Inc.; Rochester General Long Term Care, Inc.; Unity Aging Services, Inc.; Unity Ambulatory Surgery Center, Inc.; Unity Health System Foundation; The Unity Hospital of Rochester; St. Bernard's Housing Development Fund Company, Inc., Unity Housing Development Fund Corporation; Parma Housing Development Fund Corp., Woodland Village, Inc., United Memorial Medical Center and The Clifton Springs Sanitarium Company dba Clifton Springs Hospital & Clinic, so long as they are organizations described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), of which the corporation is a corporate member, or other such affiliated entities currently existing that were formed, or to be formed, to fulfill the mission and purpose of the corporation (collectively, the "Affiliates").

To that end, the corporation shall, in furtherance of its corporate purpose of improving the community health of the Region:

(a) oversee the integration, long-term planning and strategy of the Affiliates by supporting and assisting the Affiliates through approval, interpretation and coordination of

their missions and philosophies.

(b) oversee the annual planning and the annual capital and operating budgetary processes of the Affiliates;

(c) provide advisory and administrative support services for the Affiliates, each of which is a not-for-profit corporation organized and existing under the laws of the State of New York and an organization described in Section 501(c)(3) of the Code, exempt from federal income tax under Section 501(a) of the Code and described in Section 509(a)(1), (a)(2) or (a)(3) of the Code, of which the corporation, or any of the aforementioned corporations, is or hereafter becomes the sole voting member;

(d) do any other act or thing incidental to or connected with the foregoing purposes or in advancement thereof, but not for the pecuniary profit or financial gain of its members, directors, officers or any private person; and

(e) operate chemical dependence, alcoholism, and/or substance abuse services, within the meaning of Articles 19 and 32 of the Mental Hygiene Law and the Rules and Regulations adopted pursuant thereto as each may be amended from time to time, which shall require as a condition precedent before engaging in the conduct of any such services an Operating Certificate from the New York State Office of Alcoholism and Substance Abuse Services;

(f) operate inpatient and outpatient programs for the mentally disabled pursuant to Article 28 of the Public Health Law and Article 31 of the Mental Hygiene Law, subject to the issuance of an operating certificate by the Office of Mental Health. The Corporation may not establish any facility or program without first obtaining such operating certificate; and

(g) accept delegations pursuant to Section 701(b) of the Not-for-Profit

Corporation Law and share in the exercise of, and exercise, such additional decision-making authority as is permitted to be exercised by a corporation with authority to operate a hospital, residential health care facility, home health agency, adult home, diagnostic treatment center, or another type of health care facility or program, as the case may be, for and on behalf of the applicable Affiliates, to the extent that such additional decision-making authority has been named or referred to in this paragraph (e); more particularly, the corporation accepts the delegation of, and shall exercise, the following exclusive authority with respect to the applicable Affiliates: approve capital budgets; approve operating budgets; combine and centralize administrative and support functions; approve management contracts; and approve the submission of certain certificates of need applications; provided, however, that with respect to any such other not-for-profit corporations subject to establishment by the New York State Public Health and Health Planning Council, the exercise of any such authority shall be subject to a prior delegation therefore by such other not-for-profit corporation pursuant to Section 701(b) of the Not-for-Profit Corporation Law and the prior approval of the New York State Public Health and Health Planning Council for the establishment of the corporation and of such delegation, and further provided that, with respect to the corporations named or referred to herein and any such other not-for-profit corporation subject to establishment by the New York State Public Health and Health Planning Council, any additional decision-making authority shall be exercised by the corporation only after compliance with the requirements for prior notice to the New York State Department of Health as set forth in the certificates of incorporation of the corporations named or referred to herein and any such other not-for-profit corporation, and further provided that any future amendment to this certificate of incorporation to reduce or relinquish such additional decision-making authority shall require the prior approval of the New York State Public Health and Health Planning Council. The corporation shall provide a certified copy of any resolution of

its board of directors to cease exercising or surrender any such additional decision-making authority with respect to any corporation named or referred to herein or any such other not-for-profit corporation subject to establishment by the New York State Public Health and Health Planning Council.

Nothing contained herein shall authorize the corporation to engage in any activity for which consent or approval is required under Section 404 of the Not-for-Profit Corporation Law, without such consent or approval first having been obtained.

FOURTH: The following provisions are inserted for the regulation and conduct of the affairs of the corporation:

The corporation shall have and exercise any and all powers, rights and privileges which a corporation organized under the Not-For-Profit Corporation Law of the State of New York may now or hereafter have or exercise by law; provided, however, that:

(A) No part of the net earnings of the corporation shall inure to the benefit of or be distributable to, any non-charitable member, trustee, director, officer of the corporation, or any private individual (except that reasonable compensation may be paid for services rendered to or for the corporation), and no non-charitable member, trustee, director, officer of the corporation or any private individual shall be entitled to share in the distribution of any of the corporate assets on dissolution of the corporation.

(B) No substantial part of the activities of the corporation shall consist of carrying on propaganda or otherwise attempting to influence legislation; nor shall it in any manner participate or intervene (including the publication or distribution of statements) in any political campaign on behalf of any candidate for public office.

(C) The following statement related to the corporation's tax exempt status is not a statement of purposes or powers and, consequently, does not expand or alter the corporation's purpose or powers set forth in Paragraph THIRD. The corporation is organized exclusively for one or more of the following purposes: religious, charitable, scientific or educational purposes, or for the prevention of cruelty to children or animals as specified in Section 501(c)(3) of the Code, and shall not conduct or carry on any



activities not permitted to be conducted or carried on by an organization exempt from taxation under Section 501(c)(3) of the Code and by an organization, contributions to which are deductible under Section 170(c)(2) of the Code.

(D) Notwithstanding any other provision of this Certificate, if at any time or times the corporation is a private foundation within the meaning of Section 509 of the Code, then during such time or times:

(1) The corporation shall not engage in any act of self dealing, as defined in Section 4941(d) of the Code;

(2) The corporation shall distribute its income for each taxable year at such time and in such manner as not to subject the corporation to tax under Section 4942 of the Code;

(3) The corporation shall not retain any excess business holdings, as defined in Section 4943(c) of the Code;

(4) The corporation shall not make any investments in such a manner as to subject the corporation to tax under Section 4944 of the Code; and

(5) The corporation shall not make any taxable expenditures as defined in Section 4945(d) of the Code.

FIFTH: The management of the affairs of the corporation shall be vested in the board of directors.

SIXTH: The office of the corporation is to be located in Monroe County, New York.

SEVENTH: The corporation shall be a charitable corporation pursuant to Section 201 of the Not-For-Profit Corporation Law of the State of New York.

EIGHTH: The names and addresses of the persons constituting the initial board of directors of the corporation are:

Name	Address
Robert Dobies	1480 Clover Street Rochester, NY 14610
Faheem A.R. Masood	14 LaTour Manor Fairport, NY 14450
Michael Nuccitelli	417 Sundance Trail Webster, NY 14580
Robert S. Sands	400 East Avenue Rochester, NY 14618

NINTH: In the event of dissolution, all of the remaining assets and property of the corporation shall, after necessary expenses thereof, be distributed to one or more affiliates of the corporation, provided, that such distribute(s) are not-for-profit corporations, which shall then be organized and operated exclusively for exempt, charitable purposes within the meaning of Section 501(c)(3) of the Code and shall then be exempt from federal income tax under Section 501(a) and shall then qualify under Section 509(a)(1), (2) or (3) of the Code, pursuant to a plan of distribution approved by the board of directors of the corporation as required by this certificate of incorporation, and subject to any approvals, consents or proceedings required under applicable governing law regarding the dissolution of not-for-profit corporations.

If none of the affiliates of the corporation shall so qualify at the time of dissolution, then distribution shall be made to such other not-for-profit corporation or not-for-profit corporations that shall then be organized and operated exclusively for exempt, charitable purposes within the meaning of Section 501(c)(3) of the Code and engaged in activities substantially similar to those of the corporation, provided, that such distributee(s) shall then be exempt from federal income tax under Section 501(a) and shall then qualify under Section 509(a)(1), (2) or (3) of the Code, pursuant to a plan of distribution approved by the board of directors of the corporation as required by this certificate of incorporation, and subject to any

approvals, consents or proceedings required under applicable governing law regarding the dissolution of not-for-profit corporations.

For purposes of this paragraph NINTH, an "affiliate" shall mean any of the Affiliates and any other not-for-profit corporation which controls, is controlled by, or is under common control with the corporation.

TENTH: The Secretary of State of the State of New York is designated as the agent of the corporation upon whom process against the corporation may be served, and the post office address to which the Secretary of State shall mail a copy of any such process served upon him/her is RU System, Inc., Attention: General Counsel, 89 Genesee Street, Rochester, New York 14611.

5. The amendment and restatement of the Certificate of Incorporation were authorized by resolution of the Board of Directors of the Corporation. The Corporation has no members.

IN WITNESS WHEREOF, I have made and signed this certificate this 25<sup>th</sup> day of March, 2015.

  
\_\_\_\_\_  
Hugh R. Thomas, Executive Vice President and Chief  
Administrative Officer

RESTATED CERTIFICATE OF INCORPORATION

OF

RU SYSTEM, INC.

Under Section 805 of the Not-for-Profit Corporation Law

Mary Ellen O'Dell Schantz, Paralegal

Harter Secrest & Emery LLP

1600 Bausch & Lomb Place

Rochester, New York 14604-2711

FILING RECEIPT

=====

ENTITY NAME: RU SYSTEM, INC.

DOCUMENT TYPE: AMENDMENT (DOMESTIC NFP)  
PURPOSES RESTATED

COUNTY: MONR

=====

FILED: 04/30/2015 DURATION: \*\*\*\*\* CASH#: 150430000301 FILM #: 150430000284

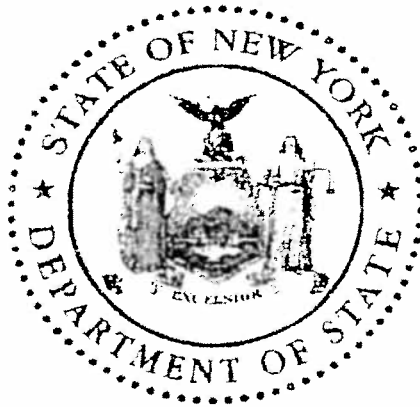
FILER:

-----

MARY ELLEN O'DELL SCHANTZ  
PARALEGAL-HARTER SECREST & EMERY  
1600 BAUSCH & LOMB PLACE  
ROCHESTER, NY 14604-2711

ADDRESS FOR PROCESS:

REGISTERED AGENT:



=====

SERVICE COMPANY: LIBERTY CORPORATE SERVICES, INC. - AL SERVICE CODE: AL

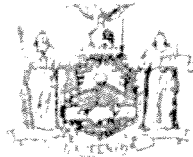
FEES 190.00  
-----  
FILING 30.00  
TAX 0.00  
CERT 0.00  
COPIES 10.00  
HANDLING 150.00

PAYMENTS 190.00  
-----  
CASH 0.00  
CHECK 0.00  
CHARGE 0.00  
DRAWDOWN 190.00  
OPAL 0.00  
REFUND 0.00

=====

58615

DOS-1025 (04/2007)




STATE OF NEW YORK  
OFFICE OF THE ATTORNEY GENERAL

ERIK T. SCHNEIDERMAN  
ATTORNEY GENERAL

DIVISION OF REGIONAL OFFICES  
ROCHESTER REGIONAL OFFICE

The Attorney General hereby approves pursuant to N-PCL §804(a)(ii)(A) the Revised and Restated Certificate of Incorporation of **RU SYSTEM, INC.** doing business as Rochester Regional Health System. Said approval is conditioned on submission to the Department of State for filing within 60 days hereafter. A copy of the filed certificate shall be provided to the Attorney General.

April 9, 2015  
Date

  
\_\_\_\_\_  
Audrey Cooper  
Assistant Attorney General



*PUBLIC HEALTH AND HEALTH PLANNING COUNCIL*

---

Empire State Plaza, Corning Tower, Room 1805  
Albany, New York 12180

(518) 402-0964  
PHHPC@health.state.ny.us

March 30, 2015

Patricia Smyth  
Cicero Consulting Associates  
701 Westchester Avenue, Suite 210W  
White Plains, New York 10604

Re: Restated Certificate of Incorporation of RU System, Inc.

Dear Ms. Smyth:

AFTER INQUIRY and INVESTIGATION and in accordance with action taken at a meeting of the Public Health and Health Planning Council held on the 2nd day of October, 2014, I hereby certify that the Public Health and Health Planning Council consents to the filing of the Restated Certificate of Incorporation of RU System, Inc., dated March 25, 2015.

Sincerely,

Colleen M. Leonard  
Executive Secretary

/cl

STATE OF NEW YORK  
OFFICE OF ALCOHOLISM AND SUBSTANCE ABUSE SERVICES  
ALBANY, NEW YORK

KNOWN ALL PERSONS BY THESE PRESENTS:

Pursuant to the provisions of Article 32 of the Mental Hygiene Law, and Section 301 of the Not-For-Profit Corporation Law, approval is hereby given to the filing of the Restated Certificate of Incorporation of

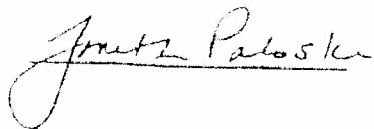
**RU SYSTEM, INC.**

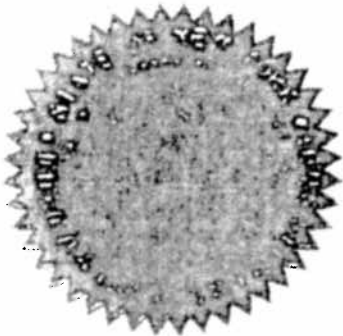
This approval shall not be construed as an authorization for the Corporation to engage in any activity for which the provisions of Article 32 of the Mental Hygiene Law require an Operating Certificate to be issued by the Office of Alcoholism and Substance Abuse Services unless said Corporation has been issued such Operating Certificate; nor shall it be construed to eliminate the need for the said Corporation to meet any and all of the requirements and conditions precedent set forth in Article 32 of such law and the regulations promulgated thereunder for issuance of said Operating Certificate.

IN WITNESS WHEREOF, this instrument is Executed and the Seal of the New York State Office of Alcoholism and Substance Abuse Services is affixed this 29<sup>th</sup> day of April, 2015

ROBERT A. KENT  
GENERAL COUNSEL  
NYS OASAS

By: Janet L. Paloski  
Acting Director  
Bureau of Certification and  
Systems Management

  
\_\_\_\_\_





STATE OF NEW YORK  
OFFICE OF MENTAL HEALTH  
ALBANY, NEW YORK

**KNOW ALL PERSONS BY THESE PRESENTS:**

Pursuant to the provisions of Section 31.22 of the Mental Hygiene Law and Section 803 of the Not-For-Profit Corporation Law, approval is hereby given to the filing of the Restated Certificate of Incorporation of

**RU System, Inc.**

This approval shall not be construed as an authorization for the corporation to engage in any activity for which the provisions of Article 31 of the Mental Hygiene Law requires an Operating Certificate issued by the Office of Mental Health unless said corporation has been issued such Operating Certificate; nor shall it be construed to eliminate the need for the said corporation to meet any and all of the requirements and conditions precedent set forth in Article 31 of such law and the regulations promulgated there under for the issuance of said Operating Certificate.

IN WITNESS WHEREOF this instrument is  
executed and the Seal of the Department of  
Mental Hygiene is affixed this 5<sup>th</sup> day of  
February 2015

**Ann Marie T. Sullivan, MD**  
Commissioner  
NYS Office of Mental Health

By: 

**Keith J. McCarthy, Director**  
Bureau of Inspection and Certification

201511130 63

CERTIFICATE OF ASSUMED NAME  
OF  
RU SYSTEM, INC.

Pursuant to General Business Law § 130

The undersigned, being an authorized person of RU System, Inc., hereby certifies:

- (1) The name of the corporation is RU System, Inc. ("RU System").
- (2) RU System was formed under the New York Not-for-Profit Corporation Law
- (3) RU System's assumed name shall be: Rochester Regional Health.
- (4) RU System's principal place of business in New York is 89 Genesee Street, Rochester, New York 14611.
- (5) RU System does business or intends to do business in the following counties: Genesee, Monroe, Ontario and Wayne.
- (6) RU System carries on, conducts or transacts business in New York State at the following addresses:

Address	Zip Code
55 Gould St., 710, Rochester, NY	14610
4425 Old Ridge Road, The Commons, Williamson, NY	14589
120 Erie Canal Dr., 160, Rochester, NY	14626
2067 Fairport Nine Mile Point Road, Penfield, NY	14526
1338 Ridge Road East, Rochester, NY	14621
1299 Portland Ave., Rochester, NY	14621
4400 Lakeville Road, Geneseo, NY	14454
2350 Ridgeway Ave., Rochester, NY	14626
309 Upper Falls Blvd., Unit 5, Rochester, NY	14605

201511130 63

1401 Stone Rd., 202, Rochester, NY	14615
201 West Main Street, Honeoye Falls, NY	14472
2000 Empire Blvd., Webster, NY	14580
2010 Empire Blvd., Webster, NY	14580
1850 Ridge Road East, Rochester, NY	14622
400 Crosskeys Office Park, 440, Fairport, NY	14450
2561 Lac De Ville Boulevard, Rochester, NY	14618
69 Monroe Avenue, Suite D Village Green, Pittsford, NY	14534
43 Willow Ponds Way, 1st floor, Penfield, NY	14526
1415 Portland Ave., Rochester, NY	14621
275 Upper Falls Blvd., Rochester, NY	14605
293 Upper Falls Blvd., Rochester, NY	14605
370 Ridge Road East, Rochester, NY	14617
218-224 Alexander Street, Rochester, NY	14607
60 Barrett Drive, Webster, NY	14580
3101 Ridge Road West, B, Rochester, NY	14626
1200 Fairway 7, Macedon, NY	14568
125 Red Creek Drive, Rochester, NY	14623
4201 Buffalo Road, 2, North Chili, NY	14514
12 Leach Road, Lyons, NY	14489
2300 Ridge Road West, 5th Floor, Rochester, NY	14626

214 Alexander Street, Rochester, NY	14607
2550 Bard Road, Penfield, NY	14526
1331 East Victor Rd., Victor, NY	14564
2200 Penfield Rd., Penfield, NY	14526
100 Crosskeys Office Park, Fairport, NY	14450
1255 Portland Ave., Rochester, NY	14621
80 West Ave., Brockport, NY	14420
6600 Middle Road, Sodus, NY	14551
6692 Middle Road, Sodus, NY	14551
6532 Anthony Drive, Victor, NY	14564
229 Humboldt Street (Carlson Park), Rochester, NY	14610
486 - 494 Ridge Road East, Rochester, NY	14617
1200 Driving Park Ave., Newark, NY	14513
1310 Driving Park Ave., Newark, NY	14513
1425 Portland Ave., Rochester, NY	14621
800 Carter St., Rochester, NY	14621
100 Sunset Drive, Newark, NY	14513
1550 Empire Blvd., Webster, NY	14580
2066 Hudson Avenue, Rochester, NY	14617
100 Kings Highway South, Rochester, NY	14617

10 Hagen Drive, Penfield, NY	14526
20 Hagen Drive, Penfield, NY	14526
30 Hagen Drive, Penfield, NY	14526
360 Linden Oaks Drive, Penfield, NY	14526
720 740 Carter St., Rochester, NY	14621
1208 Driving Park Ave., Newark, NY	14513
1360 Portland Avenue, Rochester, NY	14621
1445 Portland Ave., Rochester, NY	14621
2365 South Clinton Avenue, Rochester, NY	14618
75 Sunset Drive, Newark, NY	14513
6279 State Road 36, Hornell, NY	14843
2619 Culver Road, Rochester, NY	14609
200 North Street, Geneva, NY	14456
1150 State Routes 5 & 20, Geneva, NY	14456
4 Coulter Road, Clifton Springs, NY	14432
495 North Main Street, Canandaigua, NY	14424
401 South Main Street, Canandaigua, NY	14424
101 Canal Landing Blvd., Rochester, NY	14626
299 Main Street, Dansville, NY	14437
38 E. South Street, Geneseo, NY	14454
1945 East Ridge Road, Rochester, NY	14622

2255 East Ridge Road, Rochester, NY	14622
355 North Park Drive, Rochester, NY	14617
1702 Driving Park Avenue, Newark, NY	14513
1204 Driving Park Avenue, Newark, NY	14513
1500 Portland Avenue, Rochester, NY	14621
6254 Lawville Road, Wolcott, NY	14590
4115 Lake Avenue, Rochester, NY	14612
500 Webster Avenue, Rochester, NY	14609
485 N. Clinton Avenue, Rochester, NY	14605
655 Colfax Street, Rochester, NY	14606
625 Scio Street, Rochester, NY	14605
89 Genesee Street, Rochester, NY	14611
1555 Long Pond Road, Rochester, NY	14626
1565 Long Pond Road, Rochester, NY	14626
2060 Fairport Nine Mile Point Road, Penfield, NY	14526
2655 Ridgeway Avenue, Rochester, NY	14626
3179 Chili Avenue, Rochester, NY	14624
500 Island Cottage Road, Rochester, NY	14612
158 Orchard Street, Rochester, NY	14611
1100 Long Pond Road, Rochester, NY	14626
5 Land Re Way, Spencerport, NY	14559

2260 Lake Avenue, Rochester, NY	14612
6668 Fourth Section Road, Brockport, NY	14420
105 Canal Landings, Rochester, NY	14626
1561 Long Pond Road, Rochester, NY	14626
2300 Buffalo Road, Rochester, NY	14626
103 Canal Landing Blvd, Rochester, NY	14626
995 Senator Keating Blvd, Rochester, NY	14618
819 West Main Street, Rochester, NY	14611
915 Westfall Road, Rochester, NY	14618
81 Lake Avenue, Rochester, NY	14608
100 Pinewild Drive, Rochester, NY	14606
2650 Ridgeway Avenue, Rochester, NY	14626
2654 Ridgeway Avenue, Rochester, NY	14626
3379 Chili Avenue, Rochester, NY	14624
1025 Commons Way, Rochester, NY	14623
700 Island Cottage Road, Rochester, NY	14612
1477 Long Pond Road, Rochester, NY	14626
1456 Long Pond Road, Rochester, NY	14626
600 Island Cottage Road, Rochester, NY	14612
100 Leith Lane, Hilton, NY	
11 Chili Avenue, Rochester NY	
1471 Long Pond Road, Rochester, NY	14626
160 Elmgrove Park, Rochester, NY	14624
23 Hospital Fields Road, York, UK	YO10 4DZ

1900 Route 31, Macedon, NY	14502
15 North Street, Canandaigua, NY	14424
201 E. Main Street, Palmyra, NY	14522
Railroad Avenue, Clifton Springs, NY	14432
Spring Street, Clifton Springs, NY	14432
Spring Street & Park Avenue, Clifton Springs, NY	14432
9 E. Main Street, Clifton Springs, NY	14432
11 E. Main Street, Clifton Springs, NY	14432
1 Coulter Road, Clifton Springs, NY	14432
2 Broad Street, Clifton Springs, NY	14432
4 Broad Street, Clifton Springs, NY	14432



063

CERTIFICATE OF ASSUMED NAME  
OF  
RU SYSTEM, INC.

Under Section 130 of the General Business Law

ICC  
STATE OF NEW YORK  
DEPARTMENT OF STATE

FILED NOV 13 2015  
TAXES 361998  
BY: KD

RECEIVED

2015 NOV 12 PM 2:05

LCS - #AL

RU System, Inc.  
1425 Portland Avenue  
Rochester, New York 14621  
Attn: General Counsel

140701000214

Customer Ref.# 62388

2015 NOV 13 PM 12:47



Department  
of Health

ANDREW M. CUOMO  
Governor

HOWARD A. ZUCKER, M.D., J.D.  
Acting Commissioner

SALLY DRESLIN, M.S., F.I.H.  
Executive Deputy Commissioner

August 21, 2015

Mr. Frank M. Cicero  
Cicero Consulting Associates  
VCC, Inc.  
701 Westchester Avenue  
Suite 210W  
White Plains, New York 10604

RE: **RU System, Inc.**

Dear Mr. Cicero:

The request to use an assumed name for **RU System, Inc.** has been reviewed by the Division of Hospitals and Diagnostic & Treatment Centers. In accordance with the regulations set forth in NYCRR 401.3(b), the Department hereby approves **RU System, Inc.** to conduct business under the new assumed name **Rochester Regional Health**.

The D/B/A name is approved for use for marketing purposes only, provided it is not marketed in a manner which is confusing to the public. The D/B/A name will not result in a change to the operating certificate. If you have any questions or concerns, please contact Mary E. Hart, Health Facilities Certificate Coordinator at (518) 402-0911.

Sincerely,

*Mary E. Hart*

for Barbara DeCogliano  
Director  
Bureau of Project Management

cc: Mr. Wettergreen  
Regional Office *(Greg Young)*  
HFCU

RESOLUTION

RESOLVED, that the Public Health and Health Planning Council, on this 4th day of August, 2016, approves the filing of the Certificate of Amendment of Certificate of Incorporation of RU System, Inc., dated May 25, 2016.