Certified Transcripts
of the June 28, 2006
Applicant Conference for HEAL NY Phase 2

Please note that the information contained herein is not official. Readers should refer to Request for Grant Applications and the three sets of published Question and Answer sets for official information.

Transcript Correction:
Lora Lefebvre and Debbie Paden are listed as staff of the NYS Department of Health which is incorrect; they are employed by the Dormitory Authority of New York State.

STATE OF NEW YORK
DEPARTMENT OF HEALTH

HEAL NY Phase 2
Applicant Conference

DATE: June 28, 2006

TIME: 1:09 to 3:43 p.m.

LOCATION: Corning Tower
Meeting Room 6
Empire State Plaza
Albany, New York 12242

BEFORE: David Wollner

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APPEARANCES:

FOR DEPARTMENT OF HEALTH:

Neil Benjamin
Lora Lefebvre
Christopher Delker
Robert Schmidt
Dennis Kling
Debbie Paden
Robert Veino
Marybeth Hefner

ATTENDEES:

Janette Cooke
Lowell Feldman
Charlie Murphy
Kalpana Bhandarkar
Dinah Surh
Sheila Healy
Anna Rizzo
Ann Corrigan
Lee Hirsch
Carol Rainey
Patricia Wang
Paul FitzPatrick
Hemo Saf
Gregory Burke
Randy Roy
Paul Tenan
Michael Osborne
Bernadette Kingham-Bez

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Rosemary Frado
Deborah Kneidl
Donna Green
Richard Rank
Ingrid Henriksen
Tim Jonson
Karl Sisson
Patrick McNamara
Pat Tubbs
Angela Scredahuc

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(The bidders' conference commenced at 1:09 p.m.)

MR. WOLLNER: Good afternoon. I'd like to get started, and I'd like to first welcome you and introduce myself to you and then we'll -- we'll go right down the line here so you know who's sitting up front.

I don't know if you folks -- can you hear back there? No?

(Off-the-record discussion)

MR. WOLLNER: Can you hear now?

FROM THE FLOOR: Yes.

MR. WOLLNER: Wonderful. Thank you. I feel like I'm in a summer camp rec hall here on a rainy day.

So, first I want to welcome you to this HEAL Two bidders' conference. My name is David Wollner and I'm the director in the Office of Health Systems Management. And shortly I'll have folks up here introduce themselves to you so the -- you know, my sense is in the back it may be difficult to see us, so we'll do our very best. I apologize both for the -- sort of the setting here is probably not

necessarily ideal for this, and also for the weather today. For those of you that could get here we are certainly appreciative and -- and thankful that you arrived safely.

Unfortunately, I -- I do know from a conference call I just had with staff around the state that there are folks who may not be able to get here today because of certain parts of the Thruway have been closed, and we know that folks are dealing with some very difficult weather-related situations back in their -- their home districts. So, we -- we'll be very sensitive to that.

Now, everything will be recorded today so, you know, folks should be able to get -- transcripts will be made available. So, we want to make sure that everyone at the same time is getting exactly the same information.

You all know that this is a very important initiative. You know, the -- the governor has repeatedly said publicly that he's very interested in -- in right-sizing the healthcare-delivery system and we're very pleased and proud to announce that we now have this procurement

out on the street.

Today's bidders' conference is really intended to walk you through the R.G.A. And certainly I -- I'm -- I assume that most of you are here because you want to hear more about that, but also to hear what questions are raised and certainly, obviously, to hear what -- what answers are provided. So, certainly we want to -- to address your questions.

I think we have -- and I know we have a very expert panel up here that are very prepared and have spent an enormous amount of time rehearsing for this and -- and hopefully can answer all of your questions.

So, with that said, again, let me welcome you, and then what I'd like to do is just briefly have everyone just go down and introduce themselves, and then we should begin the program.

Neil.

MR. BENJAMIN: Hi. I'm Neil Benjamin, I'm with the Division of Health Facility Planning in the Heath Department, and along with the dormitory authority we will be administering this --

this particular procurement, and -- as well as the other -- you know, the other two years.

Actually, David, the way we had set this up I was going to introduce everybody and then --

MR. WOLLNER: Okay.

MR. BENJAMIN: -- to -- immediately to my left is Lora Lefebvre, who is the managing director for portfolio management at the dormitory authority, and I'm sure a lot of you know her and -- and what she does. They've been instrumental -- the dormitory authority's been instrumental in assisting us in a real collaborative way so that we can be responsive to -- to everyone out there in this initiative.

Next to Lora is Chris Delker and Chris is with our Division of Health Facility Planning. And Chris is cochair of the evaluation group for -- for the applications once they come in.

Next to Chris is Robert Schmidt, and he's a recent hire in -- in our Division of Health Facility Planning. And Bob will be heading up the HEAL implementation unit, along with some

dedicated staff just for this initiative.

Next to Bob is Dennis Kling. And Dennis is with the Division of Healthcare Financing, and he's cochair of the evaluation group, along with -- along with Chris. And Dennis certainly brings a wealth of expertise in -- in the finance and -- and accounting end of things.

Next -- next in line is Debbie Paden. Debbie is with counsel's office of the -- of the dormitory authority.

And finally, next to her is Robert Veino. Bob is with the Department of Health's Division of Legal Affairs. So, I think, you know, we have hopefully enough -- enough knowledge up here to -- to carry this all the way through.

I just wanted to mention a couple of general ground rules here, if -- if you may. The way that we thought this would operate the most efficiently is we have a series of slides here and we would hope that all questions could be held until the end of -- until the end of that presentation. And when -- you know, when we do -- at the end of that, when we do take questions, you know, we will all do

our best to answer and -- but regardless of whether we can give you a complete and thorough answer now or later on, all answers will be followed up with -- with official responses through the Q. and A. process. And they will be posted on the -- posted on the web.

And you know, we do have a transcriptionist here, so you know, this will all be recorded, for those of you who need to check and those who may come in late.

So, you know, at the end of this we would just ask, especially for -- for the transcriptionist, when you do ask a question if you could, you know, state your name and the organization that you're representing, it would be -- it would be very helpful.

So, as -- as David mentioned, this is an extremely important initiative. It -- it -- I think, you know, we don't really need to say too much about the nature of -- and the pressures that are facing the delivery system in New York State, particularly hospitals and nursing homes. We all know the -- you know, we all know the buzz words,

competition, advances in technology, consumer preference, outmigration of services, payer pressures, you know, an aging but healthier population, all of those things have contributed to an unprecedented pressure situation on -- on hospitals and nursing homes.

We're all -- you're all very well aware of the commission on healthcare facilities in the -- in the 21st century. The Department and the dormitory authority work closely with -- with the staff of the commission. And you know, what -- what we really are hoping here is that this HEAL New York competitive procurement, you know, would allow for facilities to, you know, work either collaboratively, or in -- in certain situations, on, you know, singular projects that would foster the concepts of a more right-sized, affordable, efficient, and high-quality delivery system.

That -- you know, that's -- that's a lot. You all have your own unique set of challenges, your own unique geographical situations, and certainly, you know, the demographics of -- of -- of everything presents, you know, quite a challenge

to you. But today we hope we -- we -- our -- our goal is to hopefully simplify for you the R.G.A., the process, what we think -- you know, what we're really going to be looking for, and -- and how -- what we think the most important elements will be.

So, you know, with -- with that in mind, I just want to give a brief background on the -- on the HEAL New York program. It's -- up to one billion dollars is available through -- the source of the money is -- is appropriations and bond proceeds, appropriations through the Department of Health, and the bond proceeds through the dormitory authority.

It's -- it's really in two main areas. One is the reason why we're all here today, to support restructuring plans in -- in regional -- in regions. And we can -- we're going to be talking more about that later.

And it's also to support health-information-technology projects on a -- on a -- on a regional level. And in that regard, I think, you know, pretty much everyone knows that the first round of HEAL New York

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health-information-technology awards was -- was granted recently. There will be another procurement going out for the second phase of that in the -- in the fairly near future.

But this particular -- this particular aspect, again, is a competitive procurement. And you know, that means a lot of -- a lot of steps that not only you'll need to take, but that we will need to take, certainly, as a government, because it won't -- you know, as things progress, the review of these -- of -- of these applications and potential awards, you know, will progress out of our realm and over through other parts of -- of state, most notably through the office of the state comptroller, who will have to approve every one of these -- every one of these contracts.

But what we're really -- what we're really trying to do here is -- and -- and these are key aspects, we're to provide grants to assist projects that will achieve closure, down-sizing, or physical reconfiguration of -- of hospitals and nursing homes. And also to support, within that context, capital restructuring plans in regional

areas that -- that result in improved quality, stability, and efficiency of -- of healthcare services.

You know, there's -- as -- as I mentioned earlier, all of these pressures. Putting that aside, though, there is -- there -- there is, in -- in -- in the view of -- of -- of the Department and the dormitory authority, there still is significant excess capacity out there. And that excess capacity does -- does really contribute towards the pressures that everyone is facing. And it's -- it's -- there are -- there are -- they -- they develop costs that someone has to pay for that are not necessarily representing the efficient production of healthcare services.

So, in that context, though, you all know -- you all know your -- your -- your demographics and your service areas and your unique challenges, and that's why this is all geared towards encouraging creative solutions collaboratively and/or individually, as -- as the case may be.

So, the objectives, I think, are -- are -- are -- are pretty clear. You know, the

improvement of quality. You know, quality, as we all know, where everybody's moving towards -- the federal government, the state, payers, they're all moving towards, you know, evidence-based initiatives, and you know, outcome measures, and with incentives in those areas to improve quality of care. Patients and -- and consumers are being much more selective and -- and continue to have a broader array, every day, of information available to them, upon which to make these choices. So, we're hoping that that is one of the key components that we'll see in these applications.

Stability and efficiency, you know, we know that there are -- there are, you know, several facilities out there that may be needed, but they are -- you know, their -- their financial stability is somewhat questionable. So, hopefully this will assist -- will -- will assist in projects that will improve that.

Talked about right-sizing, and you know, it's not -- you know, certainly not inconceivable to us that we may see some applications that would propose right-sizing through, you know,

closure, consolidation, and/or conversion of -- of providers, programs, and -- and beds. That could work in many different ways and -- and we'll talk a little bit more about that later.

And -- and of course, eliminating duplication of services within communities, including reducing hospital and -- and -- and nursing-home beds, and you know, not only eliminating -- not only eliminating duplication if -- but you know, especially in -- in -- in some of the more costly, you know, high-tech services that, you know, may contribute to what many have characterized, and I think the first governor's work group on healthcare reform characterized, as the -- the medical arms race. I know you all hear that and you know, a lot of what this is designed to do is to, you know, eliminate a lot of that.

We're also looking for projects that promote the development of services in the community at the appropriate level and cost, and at the appropriate level meaning it's -- it's -- and a simple example would be, you know, a nursing home. Not -- not simply, you know, have a business model

that strives to do nothing but keep the beds full for the -- the continued flow of dollars, but rather has that as -- as an end point for the patient, as the patient is managed through, you know, noninstitutional and potentially lower-level institutional alternatives.

Certainly one that is near and dear to Lora's heart, but it's very important. I mean, I think -- you know, Lora gave an excellent presentation to the Commission a few months ago. And you know, it's no secret the high amount of debt that's carried by institutions in this state, and the majority of that is financed through the dormitory authority, with a significant amount of that insured by -- by the federal government. And you know, the -- the credit-market reaction to all of this is going to be very important in terms of future access to capital.

And one thing that we -- that -- one thing that can't have here is, you know, a series of -- of initiatives that, you know, may, in the -- in -- in the short run, take cost and beds out of the system, but you know, would -- would cause, you know,

mortgage defaults and therefore a retreat of access to capital that's needed more than ever now because of the technology advances.

And of course, you know, this -- this -- this last one here covers everything: It's reduce the rate of increase in healthcare spending, and that trickles down to governmental payers, private payers, insurers, and -- and everyone else. And I'm sure that that's -- that's everyone -- everyone's goal, and hopefully improving the bottom line.

So, that -- that's just a general lead-in. We're going to be passing on down the line here responsibility for some of these other slides.

So, the next -- next one, I want to turn it over to -- to Bob Schmidt, who'll -- who'll take you through the next few -- next few slides.

MR. SCHMIDT: Neil, I'd first like to thank you for the nice introduction. I'm happy to be a part of your team.

I'm Bob Schmidt, I'm the head of the new HEAL implementation team. We're in the process right now of staffing up, because we're

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expecting a positive response -- oh, you can't hear -- you can't hear me in the back?

FROM THE FLOOR: No.

MR. SCHMIDT: All right. How's that, better?

FROM THE FLOOR: Yes.

MR. SCHMIDT: All right. We're expecting a positive response from phase one, and we'll be ready by the time your applications come in on July 31st.

HEAL New York phase-two funding allows up to two hundred and sixty-nine point four million dollars in funding. Capital appropriations to the health department is seventy-four point four million, and -- and the capital bonding authority, through the dormitory authority, is a hundred ninety-five million. And that's about seventy-two percent in bonded and -- and twenty-eight percent in capital appropriations.

Projects require at least a fifty percent match of nonstate funds, and if you're financially distressed you have to supply at least a thirty percent match.

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A financial-distress entity is defined in Section 1.8.3 in the R.G.A.

I have a quick overview, what a financially distressed entity is. There's three basic requirements: A loss of -- a loss from operations in each of the three consecutive preceding years; a negative fund balance or a negative equity position in each of the three consecutive preceding years; and a current ratio of less than one to one, and that would have to be evidenced by your independently certified financial statements. But Dennis is going to talk more about that in the financial portion of the presentation.

Okay. Grant funding sources; DASNY bond proceeds. State-supported grant funds must be used for capital work or purpose per State Finance Law, and that's Part 1680(j) of the Public Authorities Law. Capital work or purpose, briefly, can be defined as acquisition, construction, demolition, or replacement of fixed assets or assets, or it can also include major repairs or renovations to fixed assets. And in the R.G.A., Section 1.6 gives a complete definition of bond proceeds. If

they're tax-exempt bonds they'd also be consistent with Federal Tax Law.

And the next type of funding is the capital appropriations, and then the matching funds. They can be used for broader capital purposes. And a few examples are net-closure costs, but that's only for a two -- a twelve-month, one-year period; debt retirement or billing security and insurance. And basically funds that are available from state capital appropriations have less stringent requirements than bond allocations. And again, Dennis is going to go into more detail about that in the financial portion.

Okay. Okay. In the next slide we're going to look at the approximate regional allocation of funds. Now, this all adds up to two hundred and sixty-nine point four million. In the northern region there's twenty million available -- up to approximately twenty million available. western New York there's twenty-two point six, and the Hudson Valley has thirty-one point five million; Long Island has thirty-nine point one million; and central New York has forty-two point five million, and New York City is one hundred thirteen point seven

million. And that allocation distribution was determined by population.

And just -- well -- oops, I've got to go back one slide. Yeah. This slide basically, if -- when you look at your -- the cover page of the technical portion of the application, these -- this is what you see in the middle of it. You have to select a category and a region. So, the three categories are rural projects, small projects and regional awards.

And then you have to select the region that the project's going to be located in. And it seems that it might be a little confusing because you've got regional awards versus selecting your region, but basically by selecting your category you're deciding what pool of applicants you're going to be evaluated against. So, a regional award means you're being evaluated only against projects within your region where, with the small and rural projects, those are statewide applicants that meet the criteria for small or rural.

Okay. And the next slide. Whoops, I'm sorry. Here we go. All right. There's these

two project categories, rural and small. Rural projects, in the R.G.A. attachments three and four; in attachment three are definitions of rural and in attachment four there's a list of counties with a population of two hundred thousand or less, and towns with fewer than two hundred persons per square mile. If you want to see what the -- the -- how you can classify yourself as a rural project, there's a -- for rural projects there's up to twenty million dollars in total grant dollar available, and each individual grant request cannot exceed one point five million at a fifty percent match, or two point one million at a thirty percent match.

In the small projects category there is up to ten million dollars in total grant money available, and the grant request cannot exceed five hundred thousand dollars at the fifty percent match or seven hundred thousand at the thirty percent match.

Okay. The last category is regional category. As I showed earlier, there are six geographic regions within the state, and each grant request cannot exceed thirty-seven point five

million or fifty-two point five million at the thirty percent match, but also the grant request cannot exceed what your total region's allocation is for grant dollars.

And then this last bullet, the total dollar value of the grant award in a region will be reduced by the dollar value of the small and rural projects awarded in that region. So, if there's small and rural projects awarded in -- in your geographic region, that total dollars available in the region is reduced by that amount. So, just it's -- it's -- it reduces the pool of possible dollars for the region.

All right. Eligible applicants: You have to be an Article 28 hospital or nursing home, an active member of an Article 28 corporation, or it could be a multi-provider application. And in the case of multi-provider applications you have to designate a lead applicant who's going to be responsible for administering the grant funds.

And that's my portion of the slide show.

And Chris Delker is next.

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Thank you.

MR. DELKER: Okay. Can everybody hear me?

Okay. What we want to do in this section is just kind of illustrate what some of the capital restructuring projects might be, to give you some examples, to kind of get you thinking, if you're not already, along the lines that -- that we would expect to be supporting applications through Heal.

The pages in the R.G.A., a lot of this is -- is elaborated on in Section 1.3, that's pages four and five of the R.G.A. But let's just look at the several ways that you -- you might be able to apply for HEAL funds, and the type of projects we'd be looking for.

First, one of the primary purposes of HEAL is to reduce inpatient capacity, to take beds out of service. And there are a number of ways you can do that: One, you can outright close and maybe some of you have been thinking of that and this is -- this is something that HEAL will make palatable or worthwhile or something that -- that you could do.

Downsizing is another way.

Downsizing takes a number of different forms, but when you're talking about beds, it means just taking some beds out of service. If you have beds that, you know, you're not filling, that are not being used, this is an obvious way, downsizing, to just take those beds out of service.

Another approach to restructuring is consolidation. Now, what -- what does that mean? Well, I guess a full-blown consolidation would be an outright merger with another facility. Maybe some of you have been thinking of that, and maybe HEAL will help make this possible. Maybe it's something that you want to pursue.

There are other forms of consolidation. You can partially merge, or you can collaborate to perhaps deliver services or operate beds in collaboration with another facility in your area, another hospital or a nursing home. For example, suppose you're in an area where there are -- there are hospitals, every hospital in town has a linear accelerator, and they're all operating at something way below capacity. Maybe it would make sense for you to consolidate those lin-acc services

in that area, and to restructure your physical plan accordingly, using capital funds available from Heal. Maybe there's some sort of collaborative endeavor you can get into in there.

Operating-room capacity. You know, there are lots of places where the operating rooms are not being used at full capacity. We know of a number of areas in the state that have more O.R.s than really are needed. Perhaps you and some of the other facilities in your area could get together and decide how to collaborate in terms of surgery. Just something to think about, but these are -- these are examples of consolidation.

Some of the advanced imaging services, they're getting pretty expensive and the technology's changing really quickly, and everybody wants to have the latest device. But does that make a lot of sense? In some areas it might not. It might be good to have some sort of consolidated, collaborative relationship between hospitals.

I'm using hospitals as an example, but certainly there are -- there are certainly other activities in long-term care, in terms of nursing

homes, assisted living, or others.

We encourage you to be innovative in this, you know, to use what's become a cliche, think outside the box. Come up with some new models. I mean, I think -- I think resourcefulness and originality are something that certainly -- that -- that will be favored in Heal, especially if it involves significant downsizing, reduction in capacity, appropriate to community needs.

Where are we now? Sorry. Okay. I think this is it. Right.

Okay. Convert -- other examples. Convert challenged but needed hospitals. Maybe this is a matter of changing your emphasis. Perhaps you have a lot of inpatient capacity, but it's not used, and maybe your community really needs more ambulatory care, more outpatient care, maybe some specialty services, like special therapy services or rehab services, some extension clinics. If you've got a lot of bad birth outcomes in your area you probably don't need more maternity beds, but you need some prenatal care clinics, things like this. Can you right size or change your -- your physical plant,

reconfigure it, to better meet those community needs, and at the same time reduce unused capacity? These are the kind of things that we want you to think about.

Maybe you could convert all together into something else. For example, several years ago St. Mary's Hospital in Rochester closed down its inpatient facilities, its inpatient beds, and became basically what is a comprehensive ambulatory-care center, with appropriate linkages to other hospitals so that -- so that patients that do need inpatient care could be referred there quickly. This is a -- this is a different model; it's a different approach. The facility is still there, it just has a different kind of configuration and purpose.

Similar thing happened with Brooklyn Caledonian a few years ago, and Amsterdam Memorial Hospital a few years ago closed its med-surg beds and basically became a comprehensive urgent-care center with an ambulatory surgery center, and a center with some specialty inpatient beds like physical medicine and rehabilitation.

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In all of these instances the physical facility is still there, it's reconfigured. Most importantly, access to needed healthcare is still there in the community. And another consideration certainly is that there are still jobs there in healthcare for the people.

So, these are the kind of things that we urge you to think about and consider, on your own, if that's the way it works, but certainly in collaboration with other providers, if that makes it even more efficient and more practical and more responsive to community needs.

Next slide.

Oh, okay. You're ahead of me.

No, that's all right.

Same thing in nursing homes, there are a lot of new models in nursing-home/residential-healthcare-facility design being talked about to accommodate dementia patients, to make residential healthcare even more homelike than it -- than we all think it should be. There are a lot of new design approaches going on there. Maybe this is the time, if your nursing-home occupancy and

your inpatient side is going down, maybe you could redesign or reconfigure some of that space to have more of these common living areas and other special areas for residents. Those are things that HEAL could support the capital costs for.

Maybe you want to convert some of that space to assisted living or adult homes or other things like that. These are all things to consider, all across the long-term-care spectrum.

Okay. This is -- the next couple of slides are about the application itself. And the pages of the R.G.A. that pertain to this are pages thirty and thirty-one. So, this is how to put together the application. First part is the executive summary. Tell us who you are, what you're going to do, and how you're going to do it. And you can see from the number of people here, and the number of people who couldn't make it today because of the rain, and the fact that there are six hundred nursing homes in the state, more than that, more than two hundred hospitals, we're going to get a lot of applications. We got a hundred for the H.I.T. alone, when we were only giving out about fifty million

dollars.

So put yourself in our place. The reviewers are going to be working very hard. It will help a lot if you have a good, concise, clear, executive summary. It will help the reviewers a lot to understand your application, and to weigh it fairly, and to understand where you're trying to go, so we -- we really -- we really can't emphasize this enough. You really need to write a good executive summary when you're putting this together.

Okay. The project description. This is where you get into the meat of the proposal. Give us an overview. What are your goals; what are your objectives; and how do they relate to the need in the community? What's going on in your community; where's the over-capacity; where's the excess capacity? Is it in beds; is it in high-tech services; is it in major medical equipment; is it in just too many providers? Where are your community needs? What is your -- what's your community's health-status profile; what does your SPARCS data show; what are people being admitted for; what are they being discharged for?

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What -- what's the -- what are the morbidity and mortality indicators in your community? Is there a lot of preventive care needed; a lot of primary care needed? Is there a lot of chronic disease like hypertension and diabetes, things like that, that you should be aware of in your community?

How are you going to address them? Can you right size and address those needs and come out better, both in terms of your own efficiency in operations and in the way you serve the community?

Those are the kind of things you really need to address in the overview and in the outcomes.

Along with that, a project time line. As you know, these projects are generally funded for two years, and within that time line how are you going to accomplish what you say you're going to accomplish? Show us the milestones, show us the benchmarks, show us the major turning points, and so on that you have planned.

Also show us the -- the feedback, the monitoring. How are you going to address problems as they come up? How are you going to

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monitor your progress? How are you going to correct issues as they arise?

And who's your project team? Tell us how great your staff is and how they're going to get this done. These are the kind of things we -- we need to see in an application.

And to the extent that you can provide measurable indicators of A, what you're addressing and B, how you're going to measure the outcomes, the better your application is going to be, the easier it is for us to understand and to weigh it in terms of HEAL'S priorities. So, we just -- write as clearly and as -- as thoroughly as you can, and document wherever you can. Okay.

Next one.

Regulatory requirements. Now, you know, all -- HEAL does not exempt anyone from existing, you know, other parts of statutes or regulations, like C.O.N. requirements, State Environmental Quality Review and so on. And certainly you -- you still have to have services that are compatible with federal and state standards of care, Part 405, Part 415, 755, and all those other

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applicable regulations. So, address that in your application, how you're going to meet those regulatory requirements where they pertain to your project.

Okay. Is that -- am I done?

No, no. I've got one more. Okay.

As we said, these are two-year projects expected to start around October 1st of this year. So, design your projects with those in mind. If you're closing, you have a twelve -- a twelve-month project time frame. Bear in mind that all reimbursable costs must be incurred within the period of the grant-disbursement agreement. So, that's a two-year period.

Okay. Anything else?

All right. I'll turn this over to Dennis Kling from the Division of Healthcare Financing. He's going to talk about money.

MR. KLING: I think I get the easy section. A lot of what I will cover here probably already has been mentioned.

First, the -- the allowable expenditures.

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And can everyone hear me? Yes? Yes?

FROM THE FLOOR: Yes.

MR. KLING: Okay. For restructuring, reconfiguration, and debt restructuring, examples of what would be allowable are capital costs to reconfigure your infrastructure, equipment expense, capital acquisition costs associated with downsizing, foreclosure.

There are a number of examples that you will find in Section 1.8 of the R.G.A. One is any -- any type of closing costs, debt of existing -- or discharge of any existing long-term debt or mortgage associated with the facility being closed, payment of debts, security contracts on abandoned buildings, modifications to the closed building wing, appropriate employee-related expenses during the closure process, demolition of buildings, medical-record storage and transfer, building insurance during the closure process, and medical malpractice insurance during closure.

The application should justify all the costs and we'll go into that when we get to the

actual application itself, but whether the -- it is important that whether you believe this to be a capital expenditure that would be bondable, or whether it is a noncapital-type expenditure, as we talked earlier, there are limited dollars for noncapital expenditures.

Matching funds. Now, you can find the matching funds in your -- your G.D.A. It's under 1.8.2. As we spoke earlier, grants are normally up to fifty percent of the project cost. Projects that include one or more financially distressed entities could be up to seventy percent of the cost. You will be identifying how much of the grant you want to -- or how much of the cost you want to be included in the grant. It -- it is up to, it does not have to be that amount.

The financially distressed entities, as we talked about before, is in Section 1.8.3. There are three criteria that -- that you have to meet to be considered a financially distressed entity: A loss in operation from each of the last three consecutive years; a negative fund balance or a negative equity position for each of the

last three years; and a current ratio of less than one to one for each of the last three years. You must meet all three criteria to qualify. And you will be required to certify that you meet it.

Let's see. Let's go on here.

Another -- another issue that we have is if, during this reconfiguration or closure you're selling any assets as part of this reconstruction, that revenues must be counted -- must be applied to the project cost, and must -- it can be counted as matching funds. But it must be fully applied to the fund -- to the project.

Matching funds from other sources. Other -- other than the New York State grants you'll be asked to identify what the sources are. It could be applicant -- applicant funds, it can be program income, it can be foundation money, it can be loans. An applicant -- an applicant must provide written documentation of the funding commitments. It can be a contingent commitment until the -- the grant is awarded.

On the cost side. For these grants only direct cost will be -- be allowed and -- and

considered. No indirect cost such as administrative costs can be -- be included in these expenditures. Cost financed by program income during the project will qualify; verifiable in -- in-kind contributions, donated services at fair market value or rental rate.

And I would like to say that in-kind contributions and donated services in that area, if -- if you get a discount on a vendor, that is not a donated service. It has to be something you are putting in. The vendor -- if a vendor discounts, that is considered the cost.

The matching funds must be incurred during the G.D.A. And we would expect that the matching portion of the funds are throughout the G.D.A. and not the last dollars expended. Project planning costs, like in HIT, will not be counted towards a match and are not reimbursable.

Anyone who has any questions about the matching funds, that is Section 1.05 of the G.D.A.

Now, going into the application itself, the executive summary is very similar to what Chris just talked about. We're looking for a overall

view of the project, how the project meets the capital initiatives and -- and objectives of the -- of the Heal, and how the -- the -- yeah, the eligible applicant meets the eligibility criteria. That can be find -- found in Section 1.4.

The project budget. First, if you are certified financially distressed you -- you must put a certification in. You will find that as attachment ten of the G.D.A. It -- you -- you must be attesting that you meet this criteria, and you must -- the -- the applicant must sign it, but so -- if -- if there are multiple facilities and the financially distressed is not the same facility, then they must also sign it.

The actual budget expenditures and revenues can be found in attachment seven of the G.D.A. It's -- in there we have a cover sheet which we again ask you to identify what project you're requesting this for. As we said earlier, it will be evaluated differently, against different projects, depending on which one you -- you say you're -- you're trying to qualify for.

We also, in -- in this attachment

seven, have a form to be used for both the expenses and the revenues. And in the -- in the project budget itself we ask that you -- you identify the anticipated HEAL funds by item so that we can identify whether it is a capital item or not. We also ask you to identify the total expenditures for that item and we ask you to give a justification of why that is sufficient for the project.

Okay. Now, the project fund sources, which is a different schedule in this attachment seven, basically asks you what type of funds your -- your -- your matching funds are from. It is -- basically gives you options and there's also obviously some other areas to describe. We ask that you identify any commitments that you -- you have and any -- any contingent commitments you might have with it. And we ask that you provide this evidence with the application.

Any questions on that can be -- can be found -- there is a -- a -- actual instructions in that section which gives you a highlight of exactly what we're looking for.

Next area is the cost

effectiveness. We ask you to describe why this project is a cost-effective investment as compared to other alternatives. We ask you to describe the healthcare system relative to the project cost, and include all means by which the -- the project will be saving funds, and how it can be verified.

The project financial viability. We ask you to detail a discussion showing how the project will enable the institution to become more financially viable upon completion. We ask you to include any supporting documents such as project balance sheets, cash flows, from the start of the project to three years after the project has been completed.

Did I skip one? I think I skipped one.

Oh, no. Okay. If you are a financially distressed entity we ask that you provide a discussion on outlining how this project will improve the financial position of the financial distressed entity.

Okay. Eligible applicant financial stability. We ask that you provide evidence of

financial stability in the eligible applicant. This would be a copy of two prior annual audited financial statements and any other documents that you may have that will prove stability.

And the general -- general corporation -- corporate information; we ask you to provide a list of vendors or -- or contractors who have been contracted regarding this.

Applicant's business practices. We ask you to provide a list of grants applied for in the last -- for the last three years and whether the grants were awarded or declined. We ask you to provide name of any parent, sibling, subsidiary corporation of the applicant, and we ask you to include an -- with the application a copy of your 990, or evidence of -- of an up-to-date filing with the attorney general's office.

All of this information can be found in attachment -- or -- attachment seven, if you have any additional questions about it.

Next Lora will -- Lora Lefebvre will be talking about evaluation and selection.

MS. LEFEBVRE: Okay. Can everybody

hear me?

Okay. So, after you've done all this great thinking and you've followed all the rules and put the application together, I'm going to talk a little bit about how we're going to both, you know, evaluate, and then a little bit on how the award process is going to go. It's pretty much covered in Section 3.4 of the Request for Grant Application, the R.G.A., so I'll just briefly hit on the high points.

As Neil pointed out, this is a joint Department of Health, DASNY initiative, and so we will jointly review and award the -- the grants, along with D.O.H.

The first stage that we will look at in the evaluation process is really the completeness of the application. This is very important. Applications that are missing materials will be eliminated from further review. There is a very handy-dandy attachment five in your package, it's an application check list, so you can just make sure you go back and check through before you submit it, to make sure you don't miss anything. And it really will assist us and yourself, I think, in -- on

getting through that completeness review.

The second stage really goes to eligibility, both for the applicant and for -- eligibility of the applicant, and also the kind of financial eligibility review. The first stage, we're going to make sure that the applicant that has submitted the proposal is in fact a nursing home, a hospital, or an active member corporation, Article 28. It's pretty straightforward.

All right. The next piece of that is kind of a financial eligibility review. And at this point we're going to be looking to make sure that we have projects that are eligible for -- for grant proceeds. You've heard over and over again that this is a capital program. The appropriations that -- that are available, and the bond proceeds that are available, are available for capital expenditures. So, we really have to be sure at that point in time that we have applications that are asking for those types of projects. If we have an application that does not have those, you know, type of allowable expenses, we won't -- we won't continue to review it. So, it's very important to keep that

in mind.

And of course, as -- as Dennis has mentioned, you know, attachment seven where you're kind of verifying your -- your matching sources, we're going to be doing that at that point in time too. And thirty percent, if it's a financially distressed.

The last piece of it, once -- once we get through all of that, then we're going to turn the armies of evaluators loose on the applications. And there will be two ways, you know, that we're going to be evaluating: The -- the technical component, which, you know, is the -- the program component, and then the financial component, as Chris and Dennis -- Dennis have pointed out.

The -- the technical score -- the scoring breakouts that we have here, that we're telling you about today are different than what was published in the Request for Grant Application. It's a change. We are going to be awarding sixty-five percent or sixty-five points to the technical score, and thirty-five to -- to the financial score.

Okay. So, the evaluation criteria,

again, you know, it's woven throughout the R.G.A. I think we've been pretty specific at different points, too, about what we're looking for. And you know, it's -- it's repetitive, but bear with me. We're -- we're looking for a reduction in excess healthcare system cost and -- and usage. I mean, that's -- that's the intention.

It's very important for you to be able -- well, to -- to articulate, and we will be evaluating, the projects return on investment. You're asking for grant proceeds, we need to be able to -- to evaluate it on, you know, how much the state, and indeed the -- the system, is getting in return for -- for that -- for that grant application.

Cost effectiveness is another buzz word, and certainly an -- a criteria we'll be looking at.

Public healthcare need continuing to be met and indeed improved from -- as a result of the project. The ability to be able to meet your regulatory requirements and the timing is also a very critical factor that we will be looking at: How ready are you to get going and do this?

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The team that you're going to use to be able to implement these projects, very important. We'll be looking at, you know, the -- the -- the -- the ability that you -- you bring to the table.

The -- the matching part that you're going to be bringing to the table is also very important for us to see that you can deliver. We'll be evaluating on that. And as Dennis has pointed out, overall cost and reasonableness of the project budget is another factor that we're going to be looking at very closely. And of course, once again, completeness and responsiveness to the grant application; we'll be -- we'll be looking towards also.

So -- so, factors that we're going to kind of include when -- when we look at -- at selecting for awards, this is not -- these factors are not inclusive; these are examples. But clearly we -- we believe we will be considering minimum total scores for each -- for -- for -- for each of -- application. I think that it's important, because we expect that we will receive a lot of applications.

Also, it's very important to -- to demonstrate and -- and -- and be able to -- for us to be able to verify the savings that you -- that your application will yield. And that's another big factor for us. We're going to need to be able to see that.

As the process kind of moves forward, as -- as Bob pointed out, initially in terms of the dollar allocation, the rural -- the -- the -- the projects that are competing in the rural pot and the small projects pot will be necessarily selected first so that we can go ahead and figure out how many dollars we have to -- to do the regional allocations.

That being said, we move to the next slide. We -- we -- we reserve the right, and we have reserved it in this R.G.A. and others, to -- to award less than requested due to limitations that we have in terms of our dollars, and -- and -- and other factors that may be -- come up. The other thing that we are reserving the right to do is to reallocate funds among those categories and the regions, in order to -- in order to meet the interest as we get all of these applications in.

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I think that we're -- we're doing our best to, you know, live with the spirit of the statute, what -- which asks us to consider these grants, you know, on a regional basis in a competitive manner. And I think it's important for us to be able to -- to -- to balance between those as we're working through our way and awarding.

And I think that I am concluding and turning it over to Chris -- or Bob.

FROM THE FLOOR: It goes back to Bob right now.

MS. LEFEBVRE: Or Bob. Okay.

MR. SCHMIDT: The next couple of slides are just some procedural slides for your information.

Applications must be received by four p.m. on July 31st, 2006. And we just have to make it really clear, they have to be received, not postmarked by, not FedEx'd by, not courier sent on July 31st, and they have to be received room 1325, the contract unit room. It's Fred Genier's office, where -- that's the address that's listed for sending the applications in. I just have to say that's the

deadline.

Also, your applications must be clearly labeled, HEAL -- HEAL New York, phase two, capital restructuring initiatives and that's the R.G.A. number.

And the last bullet, applications must not include any cost information in the technical portion of the application. There's two separate review teams for each application. There's the project side and the finance side, and you can't have any financial information that might sway or alter how the project -- program evaluation may go. So, just don't put any of that in.

Okay. You need two complete signed original applications, along with eleven copies of the technical application, and six copies of the financial application. And as mentioned earlier, Lora had mentioned, use the application check list to make sure you're sending in a complete application so it's not excluded in the beginning. And Fred's address is here; it's also in the R.G.A. That's right here in Corning Tower in Albany.

Oh, I'm just going to talk about

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certifications.

MR. DELKER: I get to read the fine print. This is the -- the tedious, but this -- actually, this first bullet is -- is -- is more programmatically related. It -- the applicant will make every effort to ensure that the project is consistent with the goals and recommendations of the commission on healthcare facilities in the 21st Century. The commission's recommendations aren't going to be available till the end of the year, but I -- I think it's -- it's clear that the goals of HEAL and the goals of the Commission are quite compatible and -- and congruent, you know, right sizing, cost savings, meeting community need, innovation in healthcare, new models, all those things. So, I think if you address a lot of the factors we talked about today, you will be consistent with the goals of the commissions -- of the commission.

All contracts entered into are -- are -- are public work. The products are -- are public work, subject to the requirements of the Labor Law, and awardees will be considered state agencies

for the purpose of the Executive Law.

And then, if you do get funds awarded, they are solely for -- for HEAL purposes. They are not -- they are not meant to supplant other funds; they are for HEAL activities as outlined in the G.D.A., and no other purpose.

And then, of course, we have the right to recoup, as any contractor does, for nonperformance.

So, that's -- that's the small stuff. That's the fine print.

Bob, you get the last one.

MR. SCHMIDT: Yeah, the -- the last slide is -- it's the key dates and deadlines. We've been accepting questions at this e-mail address, and we have gotten quite a few questions in -- in already. We're going to be publishing those questions and answers on the D.O.H. Web site. And if you want to be informed of when the posting is made you can send an e-mail address -- you -- send your e-mail to that account, and we'll set up a listserv and inform you when the questions are posted.

So, all questions are due by July

7th and they're going to be posted by the 14th. So, that -- that will include questions that come up today, and so it will be a complete set. I think they might do that in stages. It might just be the complete set by the 14th, but we already have some in already and done, so.

Applications due, as I mentioned earlier, on July 31st. And the terms of the grant disbursement agreements are expected to begin in October of 2006. And I'll just also mention, if you by chance have a technical noncontent-related question about the grant, you can ask it after July 7th, but you know, like, I misplaced the address or whatever, but you know, your regular questions have to be in by July 7th.

And that's it; thanks.

MR. BENJAMIN: Okay. Well, that -- that pretty much concludes our -- our -- our presentation. I want to thank everybody for contributing to this. What -- what we thought we would do now is begin to be responsive to your -- to questions that you may have. And David was just saying that he'd like to get to know a lot more of

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you better, so he's volunteered to -- to take the microphone and -- and -- and walk through the -- walk through the audience, and -- you know, and -- and bring it to -- you know, on a -- on a first-come, first-serve basis, based on, you know, raising your hand, your questions, and you know, we'll do our best to answer them.

And as I remind you and as was just reminded again, but I -- I -- I can't emphasize enough, that we will be responding to all of these questions in an official way on the website by -- by July 14th.

And yes, please, and thank you, Lora.

And please when you do ask a question if you could state your name and -- and affiliation clearly?

Thank you.

MS. COOKE: Thanks.

Hi. Thank you all for going through this. It's very useful. My name is Janette Cooke and I'm from Sound Shore Health System in Westchester County.

And I just have a logistical question: Based on comments from a couple of you about meeting regulatory requirement and being expected to begin by October 1st, what does that mean in terms of the C.O.N. process? Does that essentially mean that our projects have to be moving along through that process now, or -- or does it mean that once something's awarded we can submit a C.O.N.?

I'm just unsure what you're looking for.

MR. BENJAMIN: Good question. And as -- as you know, in the C.O.N. process we've always been known as the purveyors of contingencies. As many of you need we can give you. But -- but seriously, you know, we -- the -- the timing -- the timing certainly is -- you know, you should -- you should work to coalesce the two together, and you know, we will be doing our best to expedite applications, either through the administrative or through the full review process, to meet these time lines.

But by no means does there have to be an approved C.O.N. in place before we -- we would

make an award, you know, or -- or vice versa. We can simply use contingencies or conditions at both ends of the spectrum, either -- either in language in the award process or through the -- or through the C.O.N. approval. And -- and as I stated, you know, you -- we do not -- I -- I kidded around a little bit earlier, but we do have -- we really do have a lot of flexibility in that process, to work and -- and to work this, to be as timely as everyone needs.

That -- that does not mean, though, that, you know, you shouldn't work diligently to make the language and the time lines in a particular C.O.N. application consistent with the time lines and the scope that is identified in the -- in the HEAL application.

MS. LEFEBVRE: And I would -- I would just add to that that one of the things as we've been going through the evaluation, you know, criteria is that the readier you are -- the more ready you are to begin the project, is -- is a -- is certainly a more favorable place to be.

MR. FELDMAN: Yes, I'd like to thank you for the meeting as well. My name is Lowell

Feldman, I'm president of the Terrace Healthcare Center in the Bronx.

As far as going back to the very beginning, regions versus counties, if two providers want to collaborate, one's Bronx, one's Yonkers, what would be the best suggestion to go for regional? Because it -- it -- it just mentioned Bronx -- upper Bronx was cut off. Would it be a regional project then, or do you provide applications in two counties on a collaborative basis?

MR. BENJAMIN: I -- I think what -- what we tried to do here, Lowell, was, you know, just -- just basically use examples, but I -- I don't believe that we have any intention to limit collaborations just simply based on, you know, a certain geography. I think it's more to whether or not, you know, the -- the program, or the content of it, makes sense, as -- as Chris was, you know, describing earlier, giving -- you know, throwing out all those different examples. So, I -- it's -- it's not our intent. If it came across that way that's something that we'll be sensitive to as we -- as we go through the amendment process.

MR. MURPHY: David, thank you.

My name is Charlie Murphy, I'm with Cicero Consulting Associates and I'm here representing a variety of providers. I have a series of questions, is that okay?

A follow up to Janette's question. Neil, do you -- if it's clearly indicated, if a C.O.N. is required for the -- for the -- for the program, you indicated maybe an expeditious treatment. Do you -- do you envision actually a separate track of C.O.N.s that are HEAL New York related? Not to pin you down or anything, but I mean, the -- the timing is -- is of an issue, to start and finish the project in the October-to-October period.

As an issue of a follow-up, I guess, for Lora, it's related; it's the timing of the bond. Do you -- do you envision a -- like a pooled bond issue to get the money out there so that it could be accessed by -- or are you going to have to do this bond issue with facility-specific names associated with it?

MS. LEFEBVRE: Who wants to go

first?

MR. FELDMAN: And I guess it's -- both of those are tied into the delay question.

MR. BENJAMIN: Yeah, we -- we had talked -- Charlie, we had talked about, you know, internally tracking applications, both administratively and full review. The administratives, you know, we are going to segregate those as you -- as you suggest. And -- but I think what we need to do through that is to get an additional directive out on the Web site relative to, you know, something that would allow us to easily identify up front C.O.N.s that, you know, have HEAL in them. We already have a lot of them in house, and we've just found them and gone through the normal process, but any that come in here we -- we will strive to have an easy identification, and then track those separately.

And then secondly, on the -- on the full reviews, we need to do that and -- and obviously that's a little bit different, because, you know, there's only six meetings of the state council every year. But again, we will -- we will make every

effort to -- to schedule those as -- as timely as possible.

MS. LEFEBVRE: And I guess as to the bonding question, Charlie, the bonding that we're going to do is to reimburse the state for their expense. So, the timing of our bonding will be commensurate with how the division of budget and the financial plan need to be reimbursed. In the first instance grants proceeds will be available from state dollars. So -- so, the timing of our bonding is merely to reimburse the state, and really should be transparent, you know, to -- to -- to applicants.

MR. MURPHY: And the -- and the costs associated with the bond issues come off the top, so the -- the applicant, the recipient, doesn't have a -- a cost of issuance?

MS. LEFEBVRE: That's correct. These are state-supported debt. This is state-supported debt, so there is no bond. It's actually the state's cost.

MR. MURPHY: Chris, you asked for resourcefulness and innovativeness and thinking outside the box. When you do that you often then run

into the regulatory obstacles of laws, like they get in the way.

MR. DELKER: Well, I didn't tell you to do anything illegal, Charlie.

MR. MURPHY: Is there any -- is there any plan for, you know, regulatory relief of -- of demo -- demonstration projects or anything else? You know, when -- when Tom gave his talk on the nursing home of the future, he did mention that it's a great idea, but then the regs have to be changed. I mean, if you come up with an innovative idea are you going to then run into a roadblock because it's -- it's not exactly in -- in keeping with current reg, Bob?

MR. DELKER: I'm looking to my left at learned counsel here.

MR. MURPHY: They can -- you can hold off on that and confer.

Lora and -- and Neil, if -- if on the -- on the difference between the state appropriation money and the bond money and the uses, the bond money has to be like, pure capital; and the state money could be closure costs and things like

that. Do you -- does the applicant -- can the applicant ask for a particular pool of the two pools of money or -- or is that going to be determined by the state in response? In other words could you ask for the less-encumbered money? Could you ask for simply the state appropriation money, even if you've got a pure capital piece, so as to avoid some -- some -- some restrictions? Or are you going to say, well, this -- this piece is eligible for bond proceeds, and this piece is appropriation?

MS. LEFEBVRE: I think what we're asking you to do in the first instance, Charlie, the applicant to do, is -- is take -- given -- given the directions that we've put into the grant, the R.G.A., is to take a stab at it yourself. In the first instance, you know, you -- you take your project costs that you think fit into a bondable category and -- and define that, and also define it for state approp.

There certainly is an exercise that we will do also, given the limitations that we have on funding, that we will go through and affirm it and/or maybe need to move some stuff -- stuff around.

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The thing I want to be clear on is that these are both -- while -- while the bond proceeds have a limitation, the additional limitations on it for capital -- you know, for pure capital projects, as defined by State Finance Law, the State Health Department's appropriation is a capital appropriation too. The appropriation language allowed for a little bit more flexibility than normally would be required out of the state capital appropriation, so you get into some of those other softer categories.

But it's a -- it's essentially all capital program, so just be aware of that as you're looking at stuff.

MR. MURPHY: Thanks for your patience. I only have a couple more.

The -- the ability to give less than requested, the -- the reserve clause that you've got, if -- if -- especially on a financially challenged facility, if the -- if the awarding of the less than requested generates a noncapability test, you can't do the deal, is that going to be taken into consideration? Say you're right on the brink and you

need the seventy percent, you review criteria guys, are you going to put that into your mix? You don't have to answer that, you just may want to think about it.

(Off-the-record discussion)

MR. MURPHY: Project planning -- on page ten, Dennis, it says they -- cost have got to be incurred within the October-to-October period.

MR. DELKER: Yes.

MR. MURPHY: But if it takes -- it takes cost to plan these things. It says -- just the curious wording, planning costs which are not capitalizable, but planning costs are generally part of project costs and capitalizable. Is -- is that --?

MR. KLING: The cost associated with designing the project initially, of what you're -- you're potentially going to do is the planning cost we're talking about, not the planning costs of -- of --

MR. MURPHY: Architect fees?

MR. KLING: -- actual architect and so on.

MS. LEFEBVRE: Right.

MR. MURPHY: So --.

MR. KLING: That would be done after you've designed the concept.

MR. MURPHY: So --.

FROM THE FLOOR: Could you repeat the answer in a mike?

MR. KLING: The planning cost that we -- we refer to as -- as not allowable is the initial project concept planning cost. When -- when you are doing your design or architectural-type planning, those are capital expenditures and would be allowable.

MS. LEFEBVRE: Right.

MR. MURPHY: Even if those costs are incurred prior to October 1st?

MR. KLING: No. All costs must be incurred from the date of -- during the G.D.A. So, it's only during the two-year period.

MR. MURPHY: So --.

MR. KLING: Matching and grant expenditures have to be during the G.D.A. So, it's -- it's from whenever you're -- you're awarded

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for -- for the two-year period.

MR. MURPHY: Okay. I only have two more.

If -- if -- if the -- there will be follow-ups on that last one I'm sure.

On the -- on the up to fifty percent for the -- for the general application, do -- have the selection guys thought -- guys and women, thought of -- on -- on the ranking, if you -- if you -- is less better? In other words, if -- if you, as an applicant, apply for less than fifty percent, which apparently you can do, does that give you a better score because is it in -- in the culture here to try to dole this out to more applicants?

MR. BENJAMIN: Charlie -- Charlie, that's -- that's one -- that's one factor that would be viewed favorably among many other -- among many other factors, but yes, that -- that would be viewed more favorably, but not -- but does not, on its own, you know, get -- simply get a higher ranking compared to others. It's within the review of --

MS. LEFEBVRE: The content --

MR. BENJAMIN: -- that particular

application.

MS. LEFEBVRE: -- yeah, the content; right.

MR. MURPHY: And -- and finally, is the -- the -- the -- I'm speaking from a little ignorance here, but the version on the -- on the -- on the Web site is a P.D.F., is there -- is there a downloadable application type of thing that you can -- you can actually fill in on a computer, or how -- how are we going to do this?

FROM THE FLOOR: Oh. No, there is a current letter, it's -- there -- is that a current letter?

FROM THE FLOOR: No, it's -- you're just talking about the attachment.

MS. LEFEBVRE: Yes, that's what he's talking about.

MR. BENJAMIN: I think -- I think what Charlie is asking is can -- is there a version that can be completely filed electronically, is really what --.

FROM THE FLOOR: No, you can't file electronically.

MR. BENJAMIN: So -- so -- so, that has to be downloaded, printed and -- and submitted in hard copy?

MS. LEFEBVRE: Yes.

FROM THE FLOOR: Yes.

MR. MURPHY: I think -- I didn't mean file electronically, I meant --

MR. BENJAMIN: Oh.

MR. MURPHY: -- download to -- to get to where you can fill it out and then hard copy it and -- and fulfill the obligation to get the copies in, like your C.O.N. forms.

MS. LEFEBVRE: I think it's out there now; right, maybe?

FROM THE FLOOR: It's out there as a P.D.F.

MS. LEFEBVRE: As a P.D.F. Oh, oh, oh, oh. So --.

FROM THE FLOOR: So that you have to recreate all these tables essentially, to put them in.

MR. BENJAMIN: Yeah, we're -- we'll -- we'll -- I apologize. We'll straighten this

out.

FROM THE FLOOR: Who has -- who has the microphone? No, Lisa has it --.

MR. DELKER: There are two microphones, one on this side, and one here, so look to the person on your side. There's -- I guess there's a lady there with a question.

I think we just lost another battery. Okay.

How about if you go over there and people here, this cord will reach a ways. I think this lady -- you're next.

MS. BHANDARKAR: Hi. Kalpana Bhandarkar from Manatt, Phelps and Phillips. For matching funds can land that is owned by a wholly owned subsidiary of a hospital be used?

(Off-the-record discussion)

MR. BENJAMIN: The -- the -- the -- well, first of all, the land would have to be owned by the applicant, the Article 28 applicant. It's simply if it's owned by a subsidiary that does not have Article 28 designation would not -- would not qualify. So, there would have to be some sort of a

transaction to transfer that ownership.

MS. BHANDARKAR: Okay.

MR. BENJAMIN: And then -- and then -- well, I guess do you have another question on that?

MS. BHANDARKAR: So, if -- even if it's solely -- if the subsidiary corporation is solely owned by the hospital?

MR. BENJAMIN: It has to be an Article -- be --

MS. BHANDARKAR: It has to be --.

MR. BENJAMIN: -- it has to be -- ownership of the asset has to be in the name of the Article 28.

MS. BHANDARKAR: Okay. And then would that transfer have to happen before the application goes in, before October 1?

MR. BENJAMIN: The --.

MS. BHANDARKAR: If -- if --.

MR. BENJAMIN: For us to -- for us to consider it as part of the match, that -- that the -- when the application is filed, that asset would have to be in the name of the eligible

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applicant.

MS. BHANDARKAR: Okay.

MS. LEFEBVRE: And also just add that, you know, there's some other rules on page ten there of the R.G.A. that -- that talks about how you would value that piece of property too, on the match.

MS. BHANDARKAR: Okay. Thank you.

MS. SURH: Hi, I'm Dinah Surh from the Brooklyn Hospital Center, and I have two short questions.

One is can you apply in more than one category? For instance, a small project and a regional application?

(Off-the-record discussion)

MS. LEFEBVRE: We've talked about the multiple-application phenomena and -- and we see that -- that there's no prohibition. You can -- you can apply for multiple -- I'm -- I'm looking at my team here. We've agreed that there's nothing that prohibited it, so, yes.

MS. SURH: Okay. And there's no -- is there any down side that you would have to be --?

MR. BENJAMIN: Well, they have to

be separate -- they have to be separate projects.

MS. LEFEBVRE: Yeah. Yeah.

MS. SURH: Yeah, separate projects.

MR. BENJAMIN: Yes. Okay.

MR. SURH: They're not the same item in both categories.

MR. BENJAMIN: Okay.

MS. SURH: Right. And the other question is if you're an Article 28 hospital and you want to establish an Article 28 diagnostic and treatment center and/or reconfigure an existing one or relocating an existing one, is that acceptable as part of the project scope?

MR. BENJAMIN: There was a lot to that. So, in other words your first question is if you're a hospital, but you want to establish an Article 28 diagnostic and treatment center?

MS. SURH: Right. Exactly.

MR. BENJAMIN: And that diagnostic and treatment center would be the applicant under Heal, is that your question?

MS. SURH: No. No.

MS. LEFEBVRE: No.

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MS. SURH: The hospital would be downsizing their property and establishing --

MR. BENJAMIN: I see.

MS. SURH: -- an Article 28 D.T.C., is that acceptable.

And then the -- part two of my question is if you have one already, and you want to reconfigure and/or relocate one, is that also an acceptable project?

MR. BENJAMIN: I -- the -- the answer to the first part of the question is -- is yes. I mean, that's something that -- that's something that is encouraged. And I think Chris gave you a couple of examples --

MS. SURH: Uh-huh.

MR. BENJAMIN: -- about, you know, how -- how we think those are -- you know, those are important delivery alternatives.

And the second -- the second -- your second question, it would -- it -- it's certainly not -- it's certainly not prohibited, but again, we would have to see it within the context of the overall plan.

MS. SURH: Exactly.

MR. BENJAMIN: Yeah.

MS. SURH: Okay. Thank you.

MS. HEALY: Hello. I'm Sheila Healy from Brown, McMann and Weinrobb (phonetic spellings).

Got a question about the -- under certifications, a little earlier you talked about that the application will need to make every effort to ensure the project is consistent with the goals of the -- what we call the Berger commission. Does that mean that a project, an application, that in fact does do that, makes that effort, will get extra credit?

MR. DELKER: Well, I think, as I said, I -- I -- I see the HEAL -- the goals of HEAL and those as the commission as very -- virtually congruent, you know, so I think if you're addressing the goals of Heal, you know, reduced capacity, right sizing, efficiency, quality, stability, meeting community need, access, I think if you read the enabling legislation for the commission, the goals are pretty much the same. So, you know, I'm assuming

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that any -- any -- any applicant -- any really good application would meet those goals, so --.

MS. HEALY: All right.

MR. RIZZO: I have a -- my mic already. Hi. Anna Rizzo from Loeb and Troper. I just have a few questions. Assuming a HEAL award is granted to an applicant and then they are successful in a C.O.N. total project cost, would that total project cost be reimbursed through depreciation for the long-term care facility? In other words it's -- say it's five million dollars, HEAL'S is two and a half million, will the depreciation be of that five million dollars and the Medicate rate?

FROM THE FLOOR: If we -- if we -- if we don't -- you know, if we're not clear yet let's just defer and --.

MR. KLING: Yeah, I -- I think we have to talk about that one.

MS. RIZZO: Okay.

MR. KLING: Is -- is the facility a proprietary or voluntary?

MS. RIZZO: It's a voluntary.

MR. KLING: So, they're --.

MS. LEFEBVRE: We'll do a good job of answering that question.

MS. RIZZO: Okay. Then with regards to the three years of budgets, would you anticipate that you'd like to see that in 2006 dollars and that remains constant with no inflation?

MR. BENJAMIN: That would be acceptable.

MS. RIZZO: Okay. And during the review process, will there be any questions or similar to a C.O.N. where there are thirty-day letters on the part of the reviewers, so it's pretty much you send it in complete and that's the way it comes out?

MR. BENJAMIN: Correct. Right.

MS. RIZZO: Okay.

MR. BENJAMIN: We don't have the ability to go back and forth. Charlie set the standard on questions, so you know, you can -- what do you have, about seventeen more available to you?

MS. RIZZO: I'm -- I'm okay. Thank you very much.

MR. DELKER: Ann.

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MS. CORRIGAN: Ann Corrigan from MediSys Health Network in Brooklyn and Queens. Is your -- your conversion to nonacute care, does that include conversion to psychiatry services?

MR. BENJAMIN: In -- in the O.M.H. solely licensed under Article 31, is that --?

MS. CORRIGAN: No.

MR. BENJAMIN: No.

MS. CORRIGAN: It -- so it does not?

MR. BENJAMIN: No, I -- I was asking you to clarify. You --.

MS. CORRIGAN: Oh, yes. Oh, no, I'm talking about med-surg beds, let us say, converting to psychiatry, Article 28 psychiatry beds.

MR. BENJAMIN: I -- I don't see -- there's -- I don't see any prohibition against that. Obviously that would have to, you know, again, fit within the overall context of all of the goals and objectives, but I don't -- I don't see any reason why it wouldn't, again, but it has to fit within the overall larger plan.

MR. DELKER: I -- I think, you

know, you'd have to demonstrate a community need, as we were saying, that you know, there's not enough, you -- you know, psych bed occupancy existing is -- is very high; med-surg is lower. I mean, you know, you'd have to describe your community and your target population, and we'd evaluate -- evaluate it on that basis.

MS. CORRIGAN: Okay. Following on then, the criteria that you're going to review on included, very prominently, cost savings and in addition, need. Is there going to be a weight between those two factors wherein if there's a very high public need, but not necessarily savings that can be demonstrated within the project itself, on perhaps long-term in the community, will that be acceptable? Or will we be downgraded because of the lack of demonstrable within-project cost savings?

MR. BENJAMIN: Well, community need and -- and -- I mean, I think Chris emphasized it two or three times in his presentation that, you know, again compatible with the needs of -- needs of the community. So, I think what, you know, that -- I think that -- in -- in term -- certainly in terms of

importance, as we rate or rank or score, I think that carries a higher weight than additionally requiring you to absolutely show cost savings.

So, I think that, you know, we don't -- again, we don't have a -- we -- we can't specifically say how one would match up against the other, other than to say that the community-need aspect, in a more affordable way, would -- would take priority.

MS. LEFEBVRE: And -- and I would just say, Ann, the reason that we highlighted, you know, in the presentation the -- the -- kind of the verifiable demonstrable kind of cost savings is because I think that we really are looking for you to be able to articulate that. So oftentimes it's -- it's a difficult thing, I think, to articulate, when -- when you're putting together an application of this nature.

I think that Neil is correct and we would balance both of those things, but I think we wanted to emphasize, you need to do a good thinking process around that demonstrable, you know, savings too.

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MR. HIRSCH: Jerry Hirsch (phonetic spelling) from North Shore Leche Health System. I have a couple of questions.

First, did you say that you were going to put a copy of your presentation up on the --

MS. LEFEBVRE: Yes.

MR. HIRSCH: -- as a -- as a PowerPoint presentation? That would be very helpful --

MS. LEFEBVRE: Yes.

MR. HIRSCH: -- if it went up as a PowerPoint presentation. Thank you.

If you have a construction project that goes three years, ten million, ten million, ten million, say over three years, you -- and you can only ask for two years. So, you take -- and say it phased out that way over the three years, so you'd be asking for a twenty-million-dollar HEAL grant, of which fifty percent would be matching or seventy percent.

Is that -- is that -- is that the way you're looking at this?

MR. BENJAMIN: Yeah. I mean, we --

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we can't -- if -- if -- if you're three years and we can't -- we can't penetrate into that third year. In other words that third year is solely up to you to demonstrate that that is fundable by you in whatever other format, absent HEAL --

MR. HIRSCH: Correct.

MR. BENJAMIN: -- absent HEAL dollars.

MR. HIRSCH: Okay. Okay. Well, if -- if you have -- what I gather is you're trying to get the beds out of the system and it's very clearly stated. If you have -- if you're part of a network and you're -- you have excess beds at one hospital and you have a need for beds at another hospital and that involves a capital project to do that, by shifting or converting beds from one facility to another, even -- is that the type of project you'd be looking for, even though it doesn't necessarily bring beds out of the whole health system, but it -- it's more efficient use of -- of those beds?

MR. BENJAMIN: That's -- that's -- again, that goes back to I think what we just said

before, you know, community need and -- and need for those services in an innovative way, and resourceful and all those big words that Chris used, and I don't understand half of them.

But you know -- but Jerry, that -- and -- and -- and to echo what Lora just said, though, you know, that is something that is clearly eligible under this program, but what -- but what we're not interested in seeing is the potential for those beds that come off line to somehow come back on line or there to be artificial demand created because of having those beds.

You know, everybody has their own theory about the cost of -- of -- of excess capacity. And -- and what we're trying to do in this is to, you know, eliminate or transform that excess capacity into something that is -- that is -- is needed and is affordable, but that does not increase the competition to pay for these excess or stranded costs.

MS. LEFEBVRE: So, it would be better if you -- you, you know, moved that excess capacity to -- to where the community and -- and this

other, you know, place, what -- you know, where -- where the community need was, but in -- but I think that would -- and also downsize the overall compliment. That would be a -- you know, a much -- a better, you know, I think, application from -- from an evaluation standpoint.

MS. RAINEY: Hello. I'm Carol Rainey from St. Barnabas in the Bronx. And I think you've touched on this issue a little bit, but I'd like to ask directly: Is this primarily about elimination of beds, or can we put this project into ambulatory care so that we could restructure ambulatory care in some way to meet -- better meet community need?

MR. BENJAMIN: Again, I think it would depend upon the context. I know that thing -- factors that are becoming more important to the Department are the initiatives that get right -- that drill right down to the community level and put forth plans that -- that -- that will, you know, address the reasons why there may be unnecessary hospitalizations in an area, the P.Q.I. indicators and those kinds of things. But -- but that, in and

of itself, though, would not -- would not be, you know, a -- a justifiable project. There would have to be some sort of a corresponding adjustment or reduction on the inpatient side to show that, you know, the applicant is serious about -- and -- about its expectations about the results of that primary-care investment.

I don't know exactly what -- what that would be, but that's -- that's the general approach that -- that we're taking. We are -- we are very encouraging of attempts by hospitals and providers in communities to really take a hard look at preventable admissions, and what are some of the grass roots healthcare, primary-care initiatives that you can begin to take that would begin to reduce those. And I -- again, I don't know what it is, but -- but that kind of -- but that kind of an approach, I think, would be -- would be viewed quite favorably.

Pat. That's Pat Wang from the Greater New York Hospital Association.

MS. WANG: Thank you. I don't have to introduce myself.

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I just have a couple of quick questions. On the demonstrable cost savings can you clarify that -- whether or not you will make a distinction between savings that were down to the state, for example, by reduced Medicaid or HCRA saved spending, or whether reduced spending overall, whether it's to a commercial payer or Medicare, will have the same weight?

All.

MS. LEFEBVRE: Global.

MS. WANG: Okay. All are equal?

MS. LEFEBVRE: Yeah. Yeah.

MS. WANG: In the categories of examples of projects, just going back to questions that were raised earlier about the sort of nonbonded, the seventy-four-million capital-appropriation piece, in the R.G.A. it says that those funds would be available for closures and downsizings in particular geographic regions. I don't know whether I'm over-reading that to think that you are thinking of kind of trying to target some of the sort of softer costs, softer closure-cost grant allocations to particular geographic regions. I wasn't sure what

that meant.

Okay. So, anybody around the state who wants to go for that money should just put it in their application?

MS. LEFEBVRE: Yes.

MS. WANG: Okay. The only other question that I had, and I may have missed it -- Chris, when you were doing the presentation, I think it was on slide seventeen, examples of the projects, there was a bullet about management of long-term and short-term debt that I think you might have skipped over, and I wonder whether you could go back to that once more?

MR. DELKER: Well, yeah, I skipped over it because I'm not very good at it, so I'll defer to my colleague from the dormitory authority.

MS. LEFEBVRE: Okay.

MR. DELKER: It's -- it's -- it's the one about --

MS. LEFEBVRE: Yeah, I'm --

MR. DELKER: -- appropriate usage.

MS. LEFEBVRE: -- looking at it. The -- the -- the bullet that you're talking about is

when -- when we offered examples of what could be -- money could be spent on, it's costs necessary to manage both long- and short-term capital debt obligations in a manner that will further the overall health system restructuring goals of HEAL and the commission.

And I -- and I think that -- that what we're -- what we were driving at here is that -- that we understand that, necessarily when you reconfigure and you right size, there may be issues of debt management associated with -- with doing that. We are saying that grant funds are available to do that. Very clearly, though, there's going to be a distinction.

Our bond proceeds will only be available to be used for debt management to the degree somebody is acquiring a piece of property, acquiring a hospital, or otherwise. We -- our -- our state-backed bonds need to be expensed for the purpose of -- of -- of a capital expense.

Paying for debt service, let's say, you know, for a two-year period while you're trying to manage a facility down into a smaller size or

whatever will need to be relegated to the state capital appropriation. So, there will be fewer dollars, obviously, available for that, but that's certainly one of the factors that we know will be a part of an application that's seeking to -- that -- that has debt and is seeking to reconfigure or downsize.

MR. FITZPATRICK: My name is Paul FitzPatrick and I'm representing Thompson Health System. And I just want to see if I can get some clarification on the relationship between the -- the action and the money that's requested. And if a -- if a -- an applicant is looking to decertify beds, say ten percent of their -- their physical plant beds, can they apply for funding to improve their H-VAC, to pay down some of their debt, to improve their information-technology systems, all of which would improve the overall effectiveness of the facility?

MR. BENJAMIN: I mean, in your example, Paul, you know, that -- that certainly is something that could be applied for. I'm just not quite sure how highly it would be ranked.

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MR. FITZPATRICK: Right.

MR. BENJAMIN: And -- and in consideration of everything in particular that -- you know, that Chris said. You know, if -- if there's other -- I mean, I -- I guess -- I guess I would encourage you to, you know, expand upon that in terms of taking a broader look at the community, and not just limit the -- not just limit the, you know, reinvestment, so to speak, into, you know, the mechanical systems of -- of the hospital. I think you need to look further into actual patient care, relative to the community need.

MR. FITZPATRICK: One other more technical question.

Lora, you mentioned the evaluation criteria by which the applications would be ranked, the sixty-five percent, I -- I guess, ranking system. Are those all equally ranked?

MS. LEFEBVRE: No.

MR. FITZPATRICK: Do they have the same value or do they --

MS. LEFEBVRE: No.

MR. FITZPATRICK: -- do they change

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from one application to the next?

MS. LEFEBVRE: The answer is no, they're not all equal. No, they're not. And -- and -- and I think that what we're doing at this point in time is trying to put the final touches on how exactly we're going to do that, but I can tell you that not every variable is going to be, you know, weighted the same. And I think that what we're trying to emphasize for you -- what we're trying to do here is emphasize for you things that we think are more important than -- than others, but --.

MR. FITZPATRICK: Will we know what you think is more important before we have to put in an application?

MS. LEFEBVRE: I think the R.G.A. does a great job.

MR. FITZPATRICK: Okay.

MS. LEFEBVRE: And I know Marybeth --.

MS. HEFNER: I -- I -- I just want to make sure, because it sounds to me like you have --.

FROM THE FLOOR: I think a

microphone might help.

MS. HEFNER: I just -- I want to make sure that we're really clear. Because it sounded to me like he may have asked will we have different application criteria for different applications.

MS. LEFEBVRE: Oh.

MS. HEFNER: And I -- and the answer -- okay. All right.

MS. LEFEBVRE: Okay.

MS. HEFNER: I wanted to make sure.

MS. LEFEBVRE: That's good clarity. Thank you, Marybeth.

MR. BENJAMIN: Just for the record, that was Marybeth Hefner from the Department of Health.

MS. SAF: Hi. Hemo Saf (phonetic spelling) NewYork-Presbyterian. I actually just wanted to clarify the one question that this lady asked. She said that could we have projects in different categories and did you mean the rural, the small, and the -- so -- so one entity could have a project in all three?

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MS. LEFEBVRE: Potentially.

MS. SAF: Okay. And then the other question was, based on the types of projects that you described in the R.G.A., Section 1.3, could an entity have a project that encompasses more than one of those types? For instance --

MS. LEFEBVRE: That would be great.

MS. SAF: -- it would -- okay. Okay.

Oh, I'm sorry. One more question.

MR. BENJAMIN: Sure.

MS. SAF: And could the entity's project be in its own environment, but in different environments, for instance, ambulatory and inpatient and something else?

MR. BENJAMIN: Yeah.

MS. SAF: Okay.

MS. LEFEBVRE: Thank you.

MS. SAF: Thank you.

MR. BURKE: Hello. Oh, just go through the tallest. All right.

Greg Burke from Montefiore. I actually wanted to -- to go back to a question that

my colleague over there asked about investments by financially distressed institutions in information technology or infrastructure. If -- if you're having difficulty meeting payroll, you may not be investing as much in either the I.T. side or infrastructure. And if it is in fact a needed community facility, those are justifiable investments that are probably the kind of things you'd want to do in this proposal. You know, it's -- those by themselves are necessary for the survival or the -- for the financial health going forward of the institution.

Would you need to couple that with something programmatic or something else simply -- I mean, if -- if it's a -- if it's a needed facility, those are needed capabilities.

MR. BENJAMIN: Yes. The answer is yes, Greg. I -- I certainly understand, you know, the situation that -- that you're talking about, but unfortunately, you know, this -- this is not designed to just simply end at that point, to -- you know, something that would simply improve, you know, the ability to collect cash or -- or whatever. It -- it has to have -- every one of these applications has to

have a patient care and a program element to it that can demonstrate improvements, efficiency, cost savings, whatever it is, in -- in whatever area that's important to you and to the community.

MS. ROY: Hi. I'm Randy Roy from Loeb and Troper. My question relates to the fifty percent match. Is the total project cost intended to be -- are you intending that we would put up fifty percent of that in terms of is it -- is it double? Just if you could explain the fifty percent match in terms of a five-hundred-thousand-dollar project, that's the grant request, and we're asking -- we have to put up two fifty, or we put up five hundred and you give us a million? Well, not in that category, but you understand what I'm asking.

MR. BENJAMIN: The -- the -- I mean but if the project -- if the project itself at the end of the day, everything you're going to spend it on is going to cost you a million dollars, okay, the maximum -- and you're not financially distressed, the maximum that you can request from HEAL participation is five hundred thousand dollars.

MS. ROY: Right.

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MR. BENJAMIN: And seven hundred if -- if you're -- if you're financially distressed. Does that --?

MS. ROY: And the thirty-seven point five million, that -- that's the amount for an individual project that you would fund, and it could be double that? Or you would -- we would only fund fifty percent of that?

(Off-the-record discussion)

MR. BENJAMIN: Well, that -- that -- it's -- the thirty-seven is the maximum that -- that would be available from Heal.

MS. ROY: Okay.

MR. BENJAMIN: So, again, the project would be -- would be seventy -- maximum would be seventy-five.

MS. ROY: Okay.

MR. BENJAMIN: Or whatever the math is for the thirty percent.

MS. ROY: Okay. And a very simple question. The executive summary, I assume, can be the same for the financial and the technical portion of the application?

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MR. BENJAMIN: Marybeth is shaking her head yes, so, yes.

MS. ROY: Okay. Thank you.

MR. DELKER: There's a question over on this side we haven't gotten to yet.

MR. TENAN: I'm Paul Tenan with the American Pace Exchange. I have a couple of questions just to clarify about types of projects that could be funded and a couple of questions on -- from a technical standpoint about the application itself, the document.

You gave a couple of examples about acute care and long-term care, but is it in fact possible for --?

MR. BENJAMIN: Paul, sorry. Can everybody hear him?

Go ahead.

MR. TENAN: So far so good. Okay.

MR. DELKER: Okay.

MR. TENAN: This was feeding back on Greg. Maybe it was -- it's just -- just is something he's carrying. So, I'm a little nervous about the -- the equipment here.

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The question is this: If you wanted to transfer or trade in acute-care beds for the objective of doing something in the long-term-care realm, such as assisted living, adult daycare, and new resources in the community for that purpose, is that -- is that an acceptable approach? You gave an -- in your examples it's been acute care to an acute-care service, nursing home to another type of long-term-care service. This crosses over, and I'd like to make sure that it's certain.

MR. BENJAMIN: It goes right back to what Chris emphasized, you know, community need.

MR. TENAN: Okay. Okay. A corollary question is if the closed beds are at one location and the development of the new service that's to be community-based and long-term care, can it be in the same service area, but at a different location, or must it stay on that hospital campus? Must it stay within the multiple floors of a -- of a -- of an old patient-care tower?

No? Okay. That's --

MS. LEFEBVRE: No.

MR. TENAN: -- thank you.

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Then thirdly, on the same -- same connection here, the thread, can you support lease-hold improvements owned by the applicant based on long-term lease for the new -- new service location? Would that be plausible?

If you have -- if you have control of the location and, you're asking for additional capital to be spent, obviously a lower intensity than in a hospital to do the community-based service, can you do that?

MS. PADEN: Is -- is your question do you have --?

THE REPORTER: I'm sorry, speak in -- you speak into a microphone?

MS. PADEN: Oh, I'm sorry.

Is -- is your question do you have to own the property, or can you have a long-term lease to --?

MR. TENAN: In a -- in a -- in a case where it may be a long-term lease for the property, can you seek support through the -- from the HEAL monies in order to do leasehold improvements and equipment?

MS. PADEN: Yes. But there may be -- you may have to look at the term of that lease in light of the term or the useful life of what it is you're looking to finance.

MR. BENJAMIN: Right.

MS. PADEN: If you've got a one-year lease --

MR. TENAN: Right.

MS. PADEN: -- we're not going to want to see bond proceeds put into that facility.

MR. TENAN: Yeah, and in turn I'm assuming from your investment standpoint you want to see that the --

MS. PADEN: Yes.

MR. TENAN: -- applicant has control of the site for a very long period of time.

MS. PADEN: Yes. Yes.

MR. TENAN: A very foreseeable time.

Just about a couple things on the process for the application itself, with the deadline and some of the points that -- that Bob was making on submission. I'm assuming, on a practical level, that

for -- of all intents and purpose, this is hand delivered to the thirteenth floor of the Tower Building. Because it's not being electronically submitted, number one. There's many attachments that you're asking for, so bundling this up and delivering it is logical. And my question, actually, is, what would you recommend we do to get through the security provision when we make the delivery?

MR. SCHMIDT: We'll have someone meet you at the front desk with a cart.

MR. TENAN: Okay.

MR. BENJAMIN: Paul, we'll -- we'll -- we'll look at that.

MR. TENAN: Thanks.

(Off-the-record discussion)

MS. HEFNER: Thank you. What I usually do is say I'm -- look like you're getting a little confused, like I'm delivering a HEAL New York application, they'll let you right through. So, we'll make sure that you get through security or we'll leave someone down there, depending on what they tell us that day.

MR. TENAN: Yeah, I wondered --.

MS. HEFNER: We'll get you through.

MR. TENAN: Thanks. About the -- the proviso on no financial information being in the technical part of -- of the provision, do you mean really the budgetary information that -- that Dennis spoke about primarily, but you do expect, in order to derive benefits and display benefits, cost savings, transfer of cost in a societal or governmental basis, would be part of the program application content?

MR. DELKER: Yeah, I think -- I think we would need at least some of that in general terms to -- you know, to talk about quality and efficiency, particularly efficiency, which is one of the goals of the technical part as well.

MR. TENAN: Okay.

MS. LEFEBVRE: The emphasis there was just to make sure that you understand that we're going to -- your -- your applications are going to be scored from a financial basis and from a technical basis, and that they need to be totally separated in order to do that evaluation.

MR. TENAN: Okay. And my last question is a follow-up from one of Charlie's

earlier. So, as it relates to the format and the application, as I looked at it I thought that we'd basically have to structure a -- a narrative format. There's -- there's not really a format that you're dictating unless I'm overlooking something.

There are tables in the financial area that are very specific and ought to be used pretty much as they exist now. They can't change them. But the narrative aspect and everything else you're asking in terms of describing who the applicant is and the community and so on and so forth really is a narrative document to follow your criteria; is it not? We're creating it wholly and originally, and then sending it to you?

MR. DELKER: Yeah, I -- I think it is largely narrative, but certainly when you're looking at any data you want to submit, census data, morbidity, mortality, SPARCS, certainly those would be in tables. Also your time line, you know, you may use a critical path or a Gantt chart or whatever you -- you favor, but you know, there isn't -- there isn't much in the way of schedules, like there is in a conventional C.O.N. application.

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MR. OSBORNE: Hi. This is Mike Osborne from Catholic Health System. The question has been asked a couple times and I want to make sure I'm clear on it.

In the example where a system has several Article 28 facilities, if one facility were to decertify beds with no capital investment, just decertify beds at a particular facility, could -- can they then, I guess, use that as their right-sizing portion of the grant, but then say, build a new primary-care center at another Article 28 facility, if it met community need?

MR. DELKER: Yeah. I would say yes. You're reducing bed capacity in favor of primary-care capacity, or some -- that you demonstrate is needed in the community.

Are -- are you talking about -- when you say a network are you talking about an actually established Article 28 network?

MR. OSBORNE: Yeah. My system has four hospitals within it, with an active parent.

MR. DELKER: Right.

MR. OSBORNE: But one Article 28

has excess beds say --

MR. DELKER: Right.

MR. OSBORNE: -- another Article 28 would want to invest in a new service line or rebuilding a primary-care center, for example.

MR. DELKER: Right. But -- but in that instance there would be one applicant. That's your -- your network --

MR. OSBORNE: Yes.

MR. DELKER: -- your active parent established network. So, we would look at that as one endeavor, you know, one applicant who -- that is reconfiguring services, reducing beds in favor of some other needed service. So, you -- you -- you are downsizing your -- in some way on your inpatient excess capacity side, and --

MR. OSBORNE: Right. But the capital investment is not in the downsize side.

MR. DELKER: -- in the -- in the ambulatory or primary care, yeah, that would be acceptable.

MS. LEFEBVRE: I -- I think the emphasis, again and again, is to try not to -- to get

out of the four walls of your hospital or your nursing home, and really start looking at regional, community, you know, whatever word you want to use, healthcare delivery in -- in -- in a way that's -- that -- that -- that meets the objectives of kind of trying to squeeze out, maybe, some of the excess that -- that may reside there, but also then address the community need that may or may not be left there.

But I think that, you know, getting outside of the walls of the hospital is -- is really -- and -- and looking at things a little bit differently is what we're -- what we're -- or nursing home is what we're looking for.

MS. KINGHAM: I'm Bernadette Kingham from St. Vincent Catholic Medical Centers. I just wanted to circle back to there's been a lot of discussion, Pat raised a question about the demonstrate the savings of healthcare expenses, and you know, as you look at -- at reducing excess capacity, and then looking at the long-term impact on the healthcare spend, it's hard to document some of the initiatives that might be more demonstration-type projects that might take three or four years to

really show a reduction in -- in overall hospitalization, for example, of a certain service area. So, I'm trying to balance that out, and if you reduce -- if you come up with a more efficient delivery system, shifting more of a focus to reducing hospitalizations, but aren't able -- how much documentation, how much projection are you looking at on the healthcare overall spend aspect of it?

MR. DELKER: Well, I think -- yeah, you're right, because some of these results aren't going to show up for several years, especially if you're putting emphasis on prevention. But I think if you -- if you have statistics or data that -- that shows that that type of approach is needed, it would be reasonable to, you know, infer or to project that there will be reductions.

Poor birth outcomes, I mean, you open -- you make more prenatal care available, the better -- the better births aren't -- outcomes aren't going to show up right away, you know, it's going to take a few years, but I -- I mean, it's -- if you can demonstrate how poor the birth outcomes are right now, through vital records or whatever, or -- or

whatever, you know, knowledge of your market area and so on, I think -- I think looking at that, I mean, it's -- it's well documented that those kind of interventions do have an effect over time, and I think we would look at it in that regard.

Same with the chronic disease end, you know. If you have a lot of hypertension and diabetes there are interventions you can put in the community that will show benefits in time.

MS. LEFEBVRE: And I would just add, you know, that -- that's -- that's the -- the -- but I would also add that's like the patient, you know, quality kind of savings. I mean, but there's -- but there's other savings that I think that you should be able to demonstrate, like if you're closing a facility, there -- there's a multiplier effect that -- that you can quantify.

I think that if you're downsizing acute-care capacity there should be a way to be able to demonstrate that you're basically saving the system money, I mean, both in terms of capital, operating expense, all that other thing. I think what we're asking you to do is do your best to

document that, and -- and -- and project it into -- in -- into the future as -- as -- as your project dictates.

MS. FRADO: I'm Rosemary Frado, Orange Regional Medical Center. If an applicant applies for funding to retire existing debt on a facility that is to be closed, does the actual physical closure of that facility have to occur by October of 2008 or is the retirement of the debt that occurs by that date?

MR. BENJAMIN: We -- we can look at it. I think we're going to look at it in the context of, you know, whether or not if anything -- if any part of the plan needs to extend beyond that, you know, the reasons for it. And we're going to -- we -- we would balance that against, you know, the true benefits of -- you know, of the entire proposal. And we'll -- we're -- we'll -- we'll really know when we see it, but let us -- let us think a little bit about that.

MS. FRADO: Okay. Fine. I just have a follow-up question.

On the vendor list that you're

looking for, could you please clarify what exactly you need there? Is it vendors associated with this project, is it vendors in general, how many you're looking for?

MR. KLING: We're actually looking for vendors or contractors who can be contacted regarding your business practices. So, vendors you've dealt with in the past.

MS. FRADO: Do you want a number?

FROM THE FLOOR: Sorry, you've got to use the mic.

MS. FRADO: Do you -- do you want a --

MR. BENJAMIN: I'm sorry.

MS. FRADO: -- a minimum number or --?

MR. BENJAMIN: We have not asked for a minimum number, just a listing of -- of who you -- who you can ever provide for us.

MS. FRADO: Okay. Fair enough. And we usually --.

MS. KNEIDL: I'm Deborah Kneidl from Peconic Bay Medical Center in Suffolk County. I

just have two quick questions.

One, is there a page limitation to the application? It didn't seem that way.

FROM THE FLOOR: Uh-oh.

MS. LEFEBVRE: There were no page limitations. There was great debate, but no, there -- there's no -- there's no --.

MR. BENJAMIN: However many pages you can get in seventeen pounds.

MS. KNEIDL: And then my second question, if applying for two applications, say a small project and then with a regional capacity, can you be the lead agency in both applications, or do you recommend being the lead agency in only one of the applications, or does it not matter?

FROM THE FLOOR: Doesn't matter.

MS. LEFEBVRE: I don't think that -- the way that we read this, the -- the way that we constructed it, there is not a prohibition. You can be a lead agency in either one, but they have to be separate applications.

MS. GREEN: Hi, I'm Donna Green with the New York City Health and Hospitals

Corporation.

I just wanted to give you some clarification. If you don't have a certified network, but you have a system and you want to add services that are needed in the community on the long-term-care side, noninstitutional based services; on the acute side if you have the availability to downsize, but you need -- you know, but you don't have that ability on the long-term-care side because your occupancy is very high, are you able to do that through the application?

MR. DELKER: What was -- what was the first part?

MS. GREEN: Say you have a system --

MR. DELKER: Yeah.

MS. GREEN: -- and it's not a -- you know, not a certified network --

MR. DELKER: A.T.F.C.?

MS. GREEN: -- yeah, A.T.F.C., okay. And -- and you want to add alternative long-term care services --

MR. DELKER: Okay.

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MS. GREEN: -- but your occupancy rate and your long-term care services currently are very high, so you can't decert there, but you do have acute-care services where you could potentially --

MR. DELKER: Yeah.

MS. GREEN: -- downsize beds.

MR. DELKER: Yeah. Right. And -- and -- and downsize them in favor of more long-term care?

MS. GREEN: Right.

MR. DELKER: Yeah, I think --.

MS. GREEN: Okay. Thanks.

MS. BHANDARKAR: Hi. Kalpana again, from Manatt, Phelps and Phillips.

A quick clarification and another question based on the question from Greater New York Hospital Association. State capital appropriations, can -- can they be used to pay off a mortgage in the process of closing beds and restructuring?

MS. LEFEBVRE: Yes.

MS. BHANDARKAR: Okay. And then, you mentioned program income can be used as matching funds. Can that be general operating income, or is

that --?

MS. LEFEBVRE: I don't see why not. You -- you -- you mean profit from the -- just like operating --

MS. BHANDARKAR: Yes.

MS. LEFEBVRE: -- margin cash --

MS. BHANDARKAR: Uh-huh.

MS. LEFEBVRE: -- that somebody -- I didn't know New York State hospitals had that.

(Off-the-record discussion)

MS. LEFEBVRE: Just kidding. I don't -- I don't see why not, why -- why -- why that wouldn't -- I don't know. What do my colleagues think?

FROM THE FLOOR: Well, we'll have to assess it in the financial. It would have to be looked at.

FROM THE FLOOR: Yes.

MS. LEFEBVRE: Yeah? Okay.

MS. BHANDARKAR: And then --

MS. LEFEBVRE: Well, is -- is that --?

MR. BENJAMIN: Yeah, Pat, could we

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just wrap up over here? Sorry.

MS. LEFEBVRE: No, she's a -- it's follow-up. She's asking what's program income --.

MR. BENJAMIN: I just wanted everybody to hear the -- the question. What's --

MS. BHANDARKAR: Sure.

MR. BENJAMIN: -- the question?

MS. BHANDARKAR: What is program income?

MS. LEFEBVRE: What is program income?

MR. DELKER: We don't define it.

MS. LEFEBVRE: What -- what is program income, Marybeth?

MR. KLING: Well, I think it's -- I think it's --.

MR. BENJAMIN: Dennis?

MR. KLING: I -- I believe it's -- it's normal revenues generated by the hospital.

MS. BHANDARKAR: Okay.

MR. KLING: Or nursing home, whichever the case may be.

MS. BHANDARKAR: And last question,

can we -- can we or do we need to submit a contingency plan if a nearby hospital happens to close in the time when we submit an application and when the grant is funded, not related to our application?

MS. LEFEBVRE: Say that again. I'm sorry.

MS. BHANDARKAR: Can we submit a contingency plan if a nearby hospital happens to close, unrelated to our application or anything?

MS. LEFEBVRE: It's like a qualified application, is that what you're saying? It's like we are submitting this application, but what?

MS. BHANDARKAR: But if this hospital -- hospital happens to close and you know, some of the -- the in-flow of patients from that hospital comes to us --.

MS. LEFEBVRE: It would be -- it would be better if you incorporated that whole concept into the application, you know.

MS. BHANDARKAR: Anyway? As a potential.

MS. LEFEBVRE: Yeah.

MS. BHANDARKAR: Okay. Okay. Thank you.

MR. FELDMAN: Lowell Feldman, Terrace Healthcare again. One more question. It hasn't been raised, but in previous grant applications letters of community support, are they necessary in the HEAL grant?

MR. DELKER: Well, they're helpful. I mean, they're not necessary, but I mean --.

MR. FELDMAN: It wasn't raised, so I was curious. Thank you.

MS. LEFEBVRE: That -- that -- that actually gets to a clarifying point that I think we -- we will make also, is that -- and -- and this will come out in the form of another form or an amended form, is that if you are working with another institution to kind of submit an application, it can't be like a hostile-take-over application. You -- you can't basically decide that you want to close this hospital down and -- without a -- without -- without -- you know, without having like, you know, a consensus. So I guess that kind of gets

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to community support, and we're going to also revise some forms so that you have all parties agreeing that they're participating happily.

(Off-the-record discussion)

MR. DELKER: Charlie, this gentleman has had his hand up for a long time. Could he -- could he go first? Thanks.

MR. RANK: Thanks. It's Rich Rank at St. Baranabas. Just two clarifying points. We can quantify cost savings in the technical section?

MR. DELKER: Yes.

MS. LEFEBVRE: Yes.

MR. RANK: And just another point. Is there a matching requirement for the financing side as well or just the grant?

MS. LEFEBVRE: Help me out with that, Rich.

MR. RANK: Is -- is the matching for all HEAL grants?

MS. LEFEBVRE: The whole project.

MR. RANK: But if you -- if you just have the financing piece of it, if you're only requesting that, does that require a matching?

MS. LEFEBVRE: And what do you mean -- by the financing piece you mean what?

MR. BENJAMIN: With -- with the -- I'm sorry --.

MR. RANK: The bonding. The bonding.

MR. BENJAMIN: You were saying if you're simply seeking assistance in debt retirement or no?

MR. RANK: Yes.

MS. LEFEBVRE: Yeah.

MR. RANK: Yeah.

MR. BENJAMIN: Yes, that's -- there's a matching -- yeah, there's a matching requirement, you know, regardless of the proposed use of the money.

MR. RANK: Okay. Thank you.

MR. MURPHY: Lora, the -- the -- the answer to the question on the lease and then the lease hold improvements, led me to believe -- leads me to believe there's a linkage between the -- the end user of the money and the -- and the bond proceeds of some sort; right? There's -- there's a

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linkage here.

My question is kind of a threshold question: These are tax exempt bonds; right, that are going to be issued; are -- are proprietary facilities eligible for the end use of the money?

MS. LEFEBVRE: Yes.

MS. PADEN: Can I -- I -- I think there's -- there's some confusion, and -- and I have the same problem myself, is the -- what we'll be issuing in terms of bonds is state-supported debt. It won't be on behalf of a particular hospital or nursing home. We won't have to look at -- and they -- they wouldn't be participating in -- in the financing process at all. When you -- when we do our regular financings and we loan bond proceeds to an institution, there are a lot of limitations on what can be done with those. When we're issuing bonds --.

FROM THE FLOOR: That's --.

MR. PADEN: When we're issuing bonds, the proceeds of which -- which will be used for grants, the limitations are very different and so yes, we can issue tax-exempt bonds, the proceeds of which will go to benefit a for-profit entity. So,

the -- the rules are different than what we're used to.

MR. MURPHY: I'm -- I'm sorry, I had one more. The -- the grant -- the award letter will go out and an applicant will have ninety days, it -- it lives for ninety days. Do you envision establishing almost like a wait list?

And I say that, I mean would -- would -- would an applicant know if they -- if they didn't get the -- the -- the first -- if they didn't get a grant, but then someone doesn't proceed, you reserve the right to reallocate the funds to -- to other eligible applicants. Would that be someone who -- presumably that would be someone who didn't get the first award, so -- but that could be another -- that could be three months later. I -- I mean do you envision that being the case, that -- that someone who didn't get the first award, if funds became available, you'd go down basically a waiting list?

MS. LEFEBVRE: Yes.

MR. BENJAMIN: Yes. Yes.

MR. MURPHY: Would the applicant

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know -- would that be a published thing that the applicant would know that they're next in line --

MS. LEFEBVRE: No.

MR. MURPHY: -- so they could gear up --

MS. LEFEBVRE: No.

MR. MURPHY: -- to proceed within what is now an eighteen-month cycle?

MR. BENJAMIN: Well, the first part of your question, Charlie, is the -- you know, regardless of -- no, the second part. You know, that particular applicant would have to be in the queue initially. I mean we're not -- you know, there's not -- there -- we're -- we're not going to allow subsequent solicitations if it be -- if -- if it's known that there might be excess dollars available.

So, the first rule is you have to be in the queue right from the get-go by July 31st.

And on the second piece of it, we -- we -- we did not plan on, and I don't think we would, publish, you know, those -- you know, information that would, you know, allow someone to -- to make that determination. You know, we have

internal protocols that, you know, will dictate to us how and -- and when we're going to allocate that money.

MS. HENRIKSEN: Hi, I'm Ingrid Henriksen, and I'm representing Kingsbrook Jewish Medical Center. My first question -- I just have two, is in regards to acceptable sources for matching funds. Do you consider funds received from say a New York City council acceptable? It's government funding, but it's city government.

So, that is acceptable?

MS. LEFEBVRE: Yeah.

MR. BENJAMIN: Yeah.

MS. LEFEBVRE: Yeah, I would think so. It's just state; right, that we do -- state -- the -- the only thing that -- the governmental fund that would be prohibited in that is a state grant.

MS. HENRIKSEN: That's what I thought. I just wanted to clarify.

Also, suppose you have a hospital that has closed in your area within the last year. It's not a part of this particular -- it -- it wouldn't be a part of your particular grant

application, however, your facility is dealing with and restructuring their services to accommodate that closure, that's appropriate?

So, your --

MS. LEFEBVRE: Yes.

MS. HENRIKSEN: -- application doesn't say, "we're closing this hospital," but it says, "a hospital in our area closed, and we are now having an influx in new kinds of needs that we have to meet in the community." So, it's -- it's -- it's resizing, but it's --

MS. LEFEBVRE: Yes, it is.

MS. HENRIKSEN: -- there's not a direct decrease in --?

MS. LEFEBVRE: Again -- again, how that type of project scores against the -- a project that comes in and says, you know, "and we're closing, you know, count -- a hundred beds," I think -- I think it's a -- it's just a relative --.

MS. HENRIKSEN: Okay. But it still falls within --

MS. LEFEBVRE: It -- it --.

MS. HENRIKSEN: -- appropriate, it

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just may not have a higher --?

MS. LEFEBVRE: Right.

MS. HENRIKSEN: Okay. Thank you.

MR. JONSON: I'm Tim Jonson from the Greater New York Hospital Association. When do you expect to announce the grants?

MR. WOLLNER: Well -- well, I have learned, over the time, to talk about awards in -- in -- in seasons rather than months. So, we're in summer, I guess, although you wouldn't know that from looking outside. We're hopeful, you know, sometime in the fall. I -- I don't know whether that will be early, mid or late fall.

Obviously with the attendance today being what it is, and -- and the interest in this particular solicitation, I assume, I think we can all assume that a lot of folks are going to apply, which means it's going to take us a while to -- to score and evaluate and -- and get our principles comfortable with the recommendations. With all of that said, you know, we'll try to do this as quickly as possible.

As I said at the very beginning,

this is, you know, a very important agenda item for the governor and for this administration, so we intend to spend a lot of time working on this.

The short answer is, you know, the fall, but I don't know more than that at this time.

MR. JONSON: Just a couple other --.

MR. WOLLNER: And then -- and then there's the -- the second part is, you know, when do we actually announce, and -- and -- and whether that's in the form of a release, or an event or events, that's -- it's way too early to -- to -- to make that call. But we'll -- we'll promise to -- to keep folks apprised, and we'll certainly, through the associations and other means, try to do our best to make sure people are, you know, kept informed.

MR. JONSON: Thank you. Just a couple other quick questions, one related to that. And I think somebody brought this up, and I've been thinking about this. The -- the Commission, as I understand it, is expected to make their recommendations in December, and to the extent that the HEAL funds are supposed to be used in consort

with what the Commission might be doing, and people may have some expectations about what the Commission might come out with, how does one address that in an application? Is it through things like a couple of different scenarios? I mean what would be the best way to present that kind of information?

MR. BENJAMIN: Well, I'll take a shot at that one. I deal with the -- the Commission staff on a -- on a regular basis.

I think that it's up to the applicant to be as knowledgeable as possible about, you know, all of the information and data that is -- that is -- that is public that the Commission is -- is considering, and act appropriately within the application. We are not going to be able to review applications on an -- you know, an if -- you know, or an -- on an or scenario. Now, in other words, "here's our proposal, you know, if the Commission says this, but if the Commission says that, here's our proposal." We're -- we're -- we're not going to be able to accommodate that unfortunately. You know, I think you're going to have to make your -- you know, everyone is going to have to make their best

judgments in -- in -- in terms of -- in terms of that situation.

MR. JONSON: And just -- I'm sorry.

MS. LEFEBVRE: And I would just to add to that that what -- that what we're asking for, I mean the -- the -- the timing is -- doesn't dovetail very perfectly, but it also asks for, you know, you to address the goals of what the Commission is after also, not only their recommendation.

MR. JONSON: Right.

MS. LEFEBVRE: So, in -- in that manner you can --.

MR. JONSON: And would you be consulting with the Commission in making determinations about awards?

MR. BENJAMIN: We don't anticipate doing that. As -- as Lora mentioned at the very beginning of the presentation, this program is being jointly administered by both the State Department of Health and the Dormitory Authority. So, I don't anticipate any direct, you know, involvement or role by -- by the Commission membership or their staff.

MR. JONSON: And just -- I'm sorry,

one -- one quick follow-up -- one quick last question related to the matching costs. When I read the R.G.A., the issue about the matching costs being eligible costs are -- may be incurred anytime from project start-up to the end date of the G.D.A., the grant disbursement agreement, I read that to be similar to the way it was done with phase one, that is there was a certain period where eligible planning costs, even planning costs that were incurred prior to the first day of the grant disbursement agreement would be eligible, but what I heard, I believe, in Mr. Kling's comments was that it had to actually be a cost that was as of the first day of the grant disbursement agreement. So, this is different from phase one?

MR. KLING: Correct. 1.5 -- Section 1.5, the last sentence, says all reimbursable and matching costs must be incurred within the period of the grant disbursement agreement. The other one had a start date. And if you met that start date, even if you didn't have the agreement, it qualified. That is not in here. There is no start date. It must be within the period of the grant agreement.

MR. JONSON: Okay.

MR. BENJAMIN: I'm sorry, the gentleman over here.

Thank you.

MR. SISSON: Yeah, Karl Sisson from Heritage Village. Page thirty-five, provide a list of grants applied for in the last three years and whether the grants were awarded or declined, is that simply state grants or would that be foundational grants as well?

MR. BENJAMIN: Huh.

MS. LEFEBVRE: What do you think, Marybeth?

MR. SISSON: Okay. Question number two, what --?

FROM THE FLOOR: What was the answer?

MS. LEFEBVRE: We will get back to you on that, rather than try to create an answer.

MR. SISSON: Question number two. An attempt to -- to right size, if we were to decertify beds and go through a renovation process in

a portion of our facility, we would, in that section that's being renovated, do -- do some updates, or -- that would include sprinkling the building, new carpeting, et cetera; could we also include, as a part of the project, doing those things to the existing building that would remain in nursing home beds?

MR. BENJAMIN: I -- you -- you could -- you could conceivably include those in there, but that -- but that piece of the project would not be viewed very favorably.

MR. SISSON: Even if the -- you know, the sprinkling is really something that the State would desire?

MR. BENJAMIN: But that -- but that -- yeah, but that, in and of itself, I mean, you know, those -- those code requirements and regulatory requirements are here regardless of the HEAL New York program, so we -- we're not -- we're not inclined to go in that direction.

MR. SISSON: Okay. And lastly, back to the grant category question, we could qualify either for rural or regional, and up on the board

earlier it said rural and small projects in each region will be selected first. Does that indicate that we should apply as rural first, or could we apply as rural and regional? Because it says to circle one, obviously, for just one single project.

MS. LEFEBVRE: Okay. Yeah, you need to choose which category you're going to be competing in, you know, rural, small project or regional, and then you just need to identify whatever category you choose where you're from --

MR. SISSON: Right.

MS. LEFEBVRE: -- what region you're from.

MR. SISSON: So, if I understood it right, let's say you're -- you're awarding the rural projects first, and we were to ask --

MS. LEFEBVRE: Yeah, go ahead.

MR. SISSON: -- and we were to ask for a million dollars, and you said, "we will give you a half a million out of the rural, but we can give the other half a million out of the regional," do you have that ability?

MR. BENJAMIN: No.

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MS. LEFEBVRE: There will have to be two -- there -- if I understand it, there -- you would be submitting two separate applications.

MR. SISSON: No, we would submit one application.

MS. LEFEBVRE: Okay. You'd have to choose which category you're competing in.

MR. BENJAMIN: You have to choose.

MR. SISSON: And how do we know which one is the most advantageous; is there any way to determine that at all?

MS. LEFEBVRE: I -- I don't know. You'd have to assess that. I think what we're saying is that -- that we've said is there's -- there's a dollar allocation based on census population that -- that -- for each region of the state, and out of that pot is going to come the small projects up to a certain amount, and -- and -- and the rural projects out of that amount. In order to get to funding the regional projects, we're going to need to know how many, you know, or how much we've spent on rural and small projects first. That's what that was intended to do, to --.

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MR. SISSON: So you'll consider the rural projects first, though?

MR. BENJAMIN: Correct.

MS. LEFEBVRE: Yeah, up -- up to the amount --.

MR. SISSON: Okay.

MS. LEFEBVRE: Yeah, and small projects.

MR. SISSON: Okay.

MR. MCNAMARA: Patrick McNamara from MediSys Health Network. I have a question about the qualification as an entity as to stress, the application talks about the three criteria. Would there be consideration given if there was a circumstance where one, the criteria weren't met, or are those absolute criteria?

MR. KLING: You must meet all three criteria. There -- there would be no exception to that.

MR. MCNAMARA: Yeah. If there was an instance, for example, if an entity emerging from bankruptcy had a fresh start entry, accounting entry, that gave them a positive net asset balance in one of

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the early years, but met all other criteria, they -- they would be excluded from that?

MR. KLING: Yes.

MS. TUBBS: I think I'm next. Pat Tubbs with United Helpers of St. Lawrence County. We've got two facilities, both of which would be eligible for this. Is it best to put that under one provider application or do I -- do they submit them as two separate ones?

They -- you know, they're both good projects, both --.

MR. BENJAMIN: It -- I think, Pat, it depends upon the -- the -- you know, it depends upon the nature of the project, and if there is collaboration, you know, between the two --

MS. TUBBS: Okay.

MR. BENJAMIN: -- if you -- you know, if you qualify to apply as one and there is that collaboration, I -- I -- I would think that you would apply as one. But if they're kind of, you know, standalone and there are different goals and objectives that don't necessarily cross over that much, you're probably better off applying for two.

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MS. TUBBS: But if it would -- it would decrease the beds in the county overall, then -- then they would be considered -- you know, they would both contribute to that overall goal?

MR. BENJAMIN: I -- without -- without seeing -- you know, I mean if that's -- if that's -- if that's the -- if that's the extent of it, I don't know if it really matters if you --

MS. TUBBS: Okay.

MR. BENJAMIN: -- you apply one or two, but I -- we would just hope that, you know, obviously there would be more to it than --

MS. TUBBS: Right.

MR. BENJAMIN: -- than simply that.

MS. TUBBS: Yeah, there is.

MR. BENJAMIN: Okay.

MS. TUBBS: Okay. Another quick question. In the guidelines there's not a lot in there about things like tabs and what kind of binding and pagination and those kinds of things, is that best left to just put that -- ask that on the Web site and have that posted there, or is that up to us, I mean, in terms of packaging and things like that?

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MR. BENJAMIN: Marybeth?

FROM THE FLOOR: Microphone.

MR. BENJAMIN: Oh.

MS. HEFNER: It is up to you how you tab it, but we really like things tabbed.

MS. TUBBS: I thought so. Okay.

MS. HEFNER: We have a lot of them to go through, and it's really easy to find stuff if it's very well tabbed.

And you know, we said earlier that it's sort of free form in the technical application, but we did give you sort of an order to put things in --

MS. TUBBS: Right.

MS. HEFNER: -- and we'd really like you to follow that order.

MS. TUBBS: Okay. One last thing. How much sell do you want in this? I mean I know we've got the basic things, but are you looking for, you know, nice pictures and quotes and things like that, is that going to be a factor in this or not?

MR. DELKER: Put yourself in the position of a reviewer that's going to read --

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MS. TUBBS: Okay.

MR. DELKER: -- and score some of these things.

MS. TUBBS: Got you.

MR. DELKER: You know, the more succinct, you are the more you get to the point, the better your prose is.

MS. TUBBS: Okay.

MR. DELKER: I mean it's -- it's --

MS. TUBBS: Okay. Fair enough.

MR. DELKER: -- going to make their jobs easier, and it will enable them to weigh your application more fairly.

MS. TUBBS: Thank you.

MR. BENJAMIN: And I -- I, myself, will be involved more heavily in reviews on Tuesdays during late July and August.

MS. SCREDAHUC: Hi. Angela Scredahuc (phonetic spelling) from the Northern Metropolitan Hospital Association. At this point some of our members are considering affiliating loosely in order to provide services that meet the needs of the community in accordance with the grant

guidelines. Because they are previously unaffiliated what process would you suggest they go through in order to receive the antitrust protection offered through the Commission, but yet still be able to apply for the grant in a timely fashion?

MR. BENJAMIN: One of the questions, Bob, is would -- you know, would -- would the HEAL program itself, if you're prepared to answer this, would it -- would it provide any sort of state action?

MR. WOLLNER: We'll have to talk about that one.

MR. BENJAMIN: Yeah, we'll need to talk about that one. We'll -- we'll get back to you.

MS. WANG: I -- I know that you probably are not prepared to answer this question today, but just maybe to ask you the general question, so that you can perhaps give guidance. It's not the subject of today's meeting, I know, but the portion of HEAL that is allocable on a sole source basis to distressed facilities that meet a somewhat different definition, can that -- can -- if I'm a distressed facility that meets that definition,

and perhaps also meets the definitions of the R.G.A., and there is a portion of my project that fits within the larger R.G.A., but it would be augmented or enhanced by also doing the sole source portion, would you advise trying to do them together, or do you have any guidance in that area?

MR. WOLLNER: Just a -- that was Pat Wang from the Greater New York Hospital Association. Pat, the -- the set-aside program that you referred to is -- is a separate track, it's a discretionary allocation to the Department of Health, and it really is handled separately and apart from the R.G.A. that we're here talking about today.

MS. WANG: Thank you.

MR. BENJAMIN: Yes, Mr. Burke?

MR. BURKE: Greg Burke from Montefiore. Is there likely to be a closer relationship between the amount of money requested and the grant in this iteration of HEAL than perhaps we may have seen in an earlier iteration?

There are -- I mean these are real capital projects that have real costs, and if we're filing a C.O.N. that postulates fifty percent of the

money being grant funds it would be a little unfortunate to fall way short of that in terms of that particular source of funds. I'm -- I'm just wondering if -- if you're going to, you know, stay closer to the actual request on -- on this --.

MS. LEFEBVRE: We're sensitive to -- to that issue.

MS. SAF: A quick question. Hemo Saf, NewYork-Presbyterian.

FROM THE FLOOR: Identify again.

MS. SAF: Pardon?

FROM THE FLOOR: Would you identify yourself again?

MS. SAF: Yes. Oh, Hemo Saf, NewYork-Presbyterian. Because we're allowed to put - back to that other question again - multiple projects in different categories, and then but you also have a regional restriction as to how much -- how much funding will be allotted in each region.

MS. LEFEBVRE: Region.

MS. SAF: Is there a restriction as to how many -- how many projects can be funded per entity; and is it possible for an entity to get

funded in more than one category, realistically?

MS. LEFEBVRE: Yeah, I think that the answer to the first question, which is are you restricted -- is an entity restricted in filing applications --?

MS. SAF: Right. I mean we're not?

MS. LEFEBVRE: Not.

MS. SAF: Are you -- are you restricted in terms of the award? Would -- are you -- would you be awarding --?

MS. LEFEBVRE: It depends on how you score I think.

MS. SAF: Okay.

MS. LEFEBVRE: The answer would be it depends on how that application scores.

MS. SAF: Okay. Okay. And then because there is a regional restriction it wouldn't be like one -- it wouldn't -- I guess I'm thinking of fair distribution of funds across --.

MS. LEFEBVRE: We -- we -- we did not -- we did not deal with that eventuality in the R.G.A. I mean -- and if -- if there's a change of direction, or that we can refine that, or clarify

that, we'll put -- we'll certainly put that out in a question and answer. But at this point in time I think the application stands on its own two feet.

MR. JONSON: If a -- if a project fits within -- well, I guess any project, but some projects might fit within multiple categories, and the cap is reached, would the project be moved to the -- another category for consideration? So, if for example, you file a project that technically fits within the small project category, but you select regional, and it doesn't meet it there, you're not going to then move it to the small project for consideration?

MS. LEFEBVRE: That's right. You choose. You choose up front.

MS. KNEIDL: Just a quick question. If you're --

FROM THE FLOOR: You want to identify yourself?

MS. KNEIDL: -- already in the process of --?

FROM THE FLOOR: Would you identify yourself?

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MS. KNEIDL: Oh, I'm sorry. Deborah Kneidl from Peconic Bay Medical Center in Suffolk County. If you're already in the process of reconfiguring your healthcare organization, your C.O.N. is approved, you anticipated to start reconfiguration capital, construction acquisition in the fall with a community campaign to assist you in -- in supporting this endeavor would you still be eligible to apply for these funds?

MR. DELKER: If your C.O.N. has already been approved, its financial feasibility has been approved, so you would be asking HEAL to supplant what you've already demonstrated you can put up, so no.

MS. BHANDARKAR: Hi, Kalpana Bhandarkar from Manatt. Just a technical question on page seven, the last paragraph of 1.6. A little -- I just need clarification on the first sentence, the proceeds of HEAL bonds however could be used to help finance the acquisition of a capital asset, thereby enabling the transfer of the asset to utilize the sale proceeds for the above non-capital purposes. Who would be the -- could you give an example of who

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the transfer would be and --?

MS. LEFEBVRE: What we were thinking of there is that if there was a community where there were two institutions, one institution was going to close, the -- the remaining institution could, in fact, apply for HEAL proceeds to help them acquire that physical asset and reduce the debt or whatever with -- with HEAL proceeds.

MS. PADEN: But I -- I think -- I think what you have to keep in mind is it's not -- it's got to be two different entities at that point.

MS. LEFEBVRE: Right. Thanks, Deb.

MS. PADEN: Can we go back for a second? One of your -- one of your earlier questions, I -- I think I was a little confused on the -- on the timing. You -- you asked about the transfer of property. If -- I think if you're looking to include the value of that transfer as part of your match, I don't think you want it to happen until you have your G.D.A. I think when -- when you apply you've got to let us know that there's a commitment to do that, but you've got to be sure that then the transfer falls within the period for which

you're eligible to apply for matching funds. I don't know if that helps.

MS. BHANDARKAR: I think you can still use that as -- that value as matching. If that transfer happens after the G.D.A. is signed, you could still use the value?

MS. PADEN: Yes.

MS. BHANDARKAR: Okay. Thank you.

MR. BENJAMIN: Any -- anyone else? Going once.

Seriously, though, but just -- just to remind you all that, you know, you have until July 7th to, you know, ask questions via the -- via the web.

And again, July 4 -- listen, thank -- thank everybody. This has been as helpful for us hopefully as it has been for you. We appreciate your patience and understanding and look forward to working with you in the future.

Thank you.

(The bidders' conference concluded at 3:43 p.m.)

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I, Nathan B. Roberts, do hereby certify that the foregoing was taken by me, in the cause, at the time and place, as stated in the caption hereto, at Page 1 hereof; that the foregoing typewritten transcription, consisting of pages number 1 to 145, inclusive, is a true record prepared by me and completed by Associated Reporters Int'l., Inc. from materials provided by me.

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Nathan B. Roberts, Reporter

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