HEALTH AND HUMAN SERVICES COMMITTEE

OF THE

SUFFOLK COUNTY LEGISLATURE

Minutes

A regular meeting of the Health and Human Services Committee of the Suffolk County Legislature was held in the Rose Y. Caracappa Legislative Auditorium of the William H. Rogers Legislature Building, 725 Veterans Memorial Highway, Smithtown, New York, on Thursday, June 5, 2008, at 2:00 p.m.

Members Present:
Legislator Kate Browning, Chairperson
Legislator Jack Eddington, Vice-Chair
Legislator Tom Barraga
Legislator John Kennedy
Legislator Wayne Horsley

Also in Attendance:
Presiding Officer Bill Lindsay
Legislator Ed Romaine, Legislative District No. 1
Linda Bay, Aide to Minority Caucus
Paul Perillie, Aide to Majority Caucus
Jack Caffey, Aide to Presiding Officer Lindsay
Josh Slaughter, Aide to Legislator Browning
DuWayne Gregory
George Nolan, Counsel to the Legislature
Renee Ortiz, Chief Deputy Clerk, Suffolk County Legislature
Janet DeMarzo, Commissioner, SC Department of Social Services
Linda O'Donohoe, SC Department of Social Services
Ken Knappe, SC Department of Social Services
Dr. Humayun Chaudhry, Commissioner, SC Department of Health Services
Matt Miner, SC Department of Health Services
Ben Zwirn, Assistant County Executive
John Ortiz, Budget Review Office
Craig Freas, Budget Review Office
Len Marchese, SC Department of Health Services
Margaret Bermel, SC Department of Health Services
Fred Pollert, Deputy County Executive
Kim Brandeau, County Executive Budget Office
Allen Kovesday, County Executive's Office
Christine Malafi, County Attorney
Jessica Hogan, County Attorney's Office
Veronica Bencivegna, Horan, Martello, Morrone, PC
Anthony Morrone, Horan, Martello, Morrone, PC
Joe Martello, Horan, Martello, Morrone PC
James Budd, Horan, Martello, Morrone PC
Nancy Monteiga, John J. Foley Skilled Nursing Facility
Linda Molinelli, John J. Foley Skilled Nursing Facility
Steve Bory, Neighborhood Health Providers
Fred Weimann, Chief Operating Officer, Suffolk Health Plan
Steve Moll, Island Public Affairs
Rick Brand, Newsday

Reid Epstein, Newsday
All Other Interested Parties

Minutes Taken By:
Lucia Braaten, Court Stenographer

Minutes Transcribed By:
Kim Castiglione, Legislative Secretary

(THE MEETING WAS CALLED TO ORDER AT 2:08 PM)

CHAIRPERSON BROWNING:
Will everyone please rise for the salute to the flag led by Legislator Barraga.

Salutation

Good afternoon. We do have a presentation, a report, on the John J. Foley Skilled Nursing Facility. However, we will hold that off until -- we have a small agenda so we will go through the agenda, but we will do the public portion first. Our first speaker is Christopher Destio. We have a couple of cards. Anne Kellett will be next.

MR. DESTIO:
Good afternoon, everybody. Good afternoon to all the Legislators. Thank you for having me here today. I just want to bring up one little point here today. I'm just curious, why is it that our Legislators are always the last to the know about vital information on the management study on the John J. Foley Skilled Nursing Facility? Once it was complete it should been shared with all the 17 Legislators, especially when we are talking about people's lives here and their livelihood. This is a very serious issue we're talking about here.

I feel on issues such as our facility or issues concerning the clinics should be addressed in an expedient manner so when there is a committee meeting it can give our Legislators ample time to go over the information provided. Withholding information from our Legislators, especially when it comes to our higher government, is totally unacceptable and it is not fair to the parties involved. It is unjust to our 264 residents of John J. Foley and the 300 County employees here, whose jobs are in jeopardy, and it's totally wrong for our way to run the government.

We're not talking about purchasing new trucks here or preserving land for the future of Long Island. We're talking about information that is provided for you to review and to have five day -- you have only five days to review it, and two of those days are weekend days. That's only three days to review information to you. That's why it's so important for our Legislators to override this veto that's coming up on June 10th, and so you guys can do a fair management study on our building. Thank you.

CHAIRPERSON BROWNING:
Thank you, Chris. Anne Kellett and after that will be Mary Finnin.

MS. KELLETT:
My name is Anne Kellett and I am a resident of the east end of Suffolk County. Today I'd like to address the issues surrounding the proposed sale of the Suffolk County HMO, and to request that this committee slow down the process and relook at not only all reports related to the HMO and the sale, but the implications for the poor, the uninsured, the underinsured, in all of our communities.

In a recent report from the Department of Health there is a table that demonstrates that in 2007 Suffolk Health Plan was the largest HMO in the County. The enrollment was 10,770, representing

13% of those Medicaid eligible as being enrolled. In a current published report that number has written -- risen to 15,600, representing 25% of the population of the health centers. Now with the recent addition of Family Health Plus availability, which should again increase enrollment, and as I understand its purpose further support -- add further support for the centers.

In addition, the report I referred to states that the current challenges to County sponsorship include the following. Difficulties reacting in a timely manner to a rapidly changing health environment -- but we do that every day, all of us. Number two, executing contracts as rapidly as private sector competitors. Number three, designing and implementing marketing strategies, and number four, being burdened with State and local regulations such as living wage and Civil Service statutes. To me, these sound like management problems, but certainly not anything that can't be fixed rather than to jeopardize in any way or compromise the broad health services for which you are responsible to our communities.

Therefore, I again request that there be a thorough, serious review and analysis by this committee of all the information and most recent reports related to this, as well as a continued commitment to public health services. And I thank you.

Applause

CHAIRPERSON BROWNING:
Thank you. Mary Finnin and Helen Fitzgerald is next.

MS. FINNIN:
Good afternoon, ladies and gentlemen. Thanks for the opportunity to speak. First, I want to say I support the statement by the first speaker and hope that you override the veto with regard to John Foley Skilled Facility.

I also want to address today issues, some which were raised on June second regarding the sale of the Suffolk Health Plan. Len Marchese, I believe it was, made a statement that the County subsidizes every prenatal patient at $800 per. I've checked with the nurses. They tell me that PCAP funds 95% of the cases. So I think there's discrepancy in terms of what money funds these different programs.

The new provider claims to be able to cover all the patients in our clinic. They must be Medicaid eligible. Many of our patients are not, and who is going to pay for those patients? What guarantees do we have that the 18 million that the new insurance company said that they will give -- will go to health centers and care and not be buried in the General Fund?

Also, I want to know who are the owners of the Neighborhood Health Company and what is their connection to the North Shore System. And is this a case of unbundling, where you have nonprofit's spin off other companies, like insurance, to unbundle, to hide profits, etcetera. So that's a common practice in the health care industry so I think we really need to look into their organization and corporate structure.

The Suffolk Health Plan was established not to compete with the private sector, but to fund eligible patients receiving care at our centers. Recruitment for the Suffolk Health Plan was limited only to patients getting care in our centers. However, the other HMO's could compete, even sometimes set up their recruiters in our centers and they competed for our patients. Many of our patients signed in not understanding, because of language barriers, some of the things that were happening.

The intent of having ownership of this fund came when Medicaid demanded that we have HMO's and it was so that we would have a funding stream to care for the patients in our centers and use any excess to fund some of the uncompensated care. It was a cost effective program and I have not heard of any complaints from providers who are participating in this plan.

The recent QARR reports for Suffolk shows that Suffolk Health Plan had a more reasonable outcome than the current bidder. Quality of care doesn't seem to have been a consideration in the rush to sell this plan, and this is a plan that was serving the public. Staff positions were cut and 27 left unfilled, and the comparisons that were made by County management regarding the current Suffolk Health Plan are unfair and does a disservice to the diligent staff that have been working to maintain a quality program. How come a for-profit company can make money and promise to give 18 million to the County, but the County Exec claims the County can't continue to provide the program in a cost effective manner. What's wrong with the County management?

This program was successful until recently. What has changed? The current -- I will wrap it up. There is current increased revenue streams coming from the State to fund additional or increased funding for Medicaid Program and for special services provided in ambulatory care centers. I, just as a taxpayer, you know, why sell now? We can expect better reimbursement for our services and to expand existing programs in prenatal, diabetes, asthma, etcetera.

As a taxpayer I'm asking this Legislature to keep the Suffolk Health Plan as a public plan owned and controlled by the County, that way we can determine the services and assure the quality of care of our health centers -- the quality of care of our health center patients receive. He who pays the piper calls the tune, so in order to control the quality of care we should retain our program as a County program. And I will leave a copy of my remarks with the Clerk. Thank you.

Applause

CHAIRPERSON BROWNING:
Helen Fitzgerald and then Michael O'Neill.

MS. FITZGERALD:
I'm Helen Fitzgerald from East Hampton. I have a rather unique interest in two of the items that you're discussing today. For one, I was the ombudsman at the John J. Foley center for about nine months or a year. I was impressed with the place because there are five floors, it's a nice, clean, airy building. It treats AIDS patients, MS patients, other chronic diseases. I -- wasn't perfect, the administration was somewhat difficult for an ombudsman to interact with, but it certainly should remain.

A county is supposed to serve the people and health care is a right. For a County who has no hospital and set up these disparate health care centers to serve the populus, it seems bizarre that they're talking about selling them. Why should the County be rewarded for their poor stewardship? They will realize $19,600,000 profit for having starved the health centers of personnel and equipment. If these centers had only 15,000 plus members it was because of poor management and poor marketing. It certainly does not mean that only 15,000 people in Suffolk County are Medicaid eligible. Without any marketing and without having evening hours or weekend hours, patients who are working people do not have time to take care of their preventive medicine, their well baby visits, etcetera. And is this entity called the Neighborhood Health Plan a for-profit entity and how is that going to work. Thank you.

Applause

CHAIRPERSON BROWNING:
Thank you. Michael O'Neill, and the next is Jack -- after that is Jack Perna.

MR. O'NEILL:
Hello. My name is Michael O'Neill. Good afternoon. I represent the East Hampton Anti-Bias Task Force, and we are very concerned about the population that the County Health Services should be serving, and they are the most underserved. Minorities, people of color, who will suffer greatest from this ill-conceived idea to fix a budget deficit, a one-time fix for a budget deficit.

One of the things I wanted to mention was that it seems that the Board of the HMO, fine people all, including the very capable and wonderful Ben Zwirn, are all employees of the County. Not one public person on the board. So it seems to me that you have to take that with a grain of salt because they, of course, have to do their duties.

And lastly, I want to say that to sell a hospital, a nursing home, an HMO, serving indigent people, people with severe brain injuries, people with Alzheimer's, people without much ability to speak for themselves, is incredible to me when you could sell something like Bergen Point, the golf course, for a great deal more. Or the Indian Island Golf Course, with it's palatial clubhouse room, and, of course, we can go through the -- Great River, or the other golf courses that the County owns. Now, if the County doesn't want to sell them because it would be getting rid of open space for the needy people who have to use those golf courses, you could transfer it to the State for a great deal more money than 18 million, any one of those places, that are water view courses, prime land. The only one that's not on the water is the one in West Sayville, which is off Montauk Highway, the corridor and heart, perhaps, of our commercial -- of commercial Long Island.

Therefore, I hope 0you all will stand up to the County Executive and refuse this ill conceived concept he has just to balance a budget. Thank you.

Applause

CHAIRPERSON BROWNING:
Thank you. Jack Perna and Debbie Alloncius is after that. Is Jack Perna here?

MEMBER OF AUDIENCE:
I don't think so.

CHAIRPERSON BROWNING:
Okay. Debbie Alloncius and then Dot Kerrigan, I think.

MS. ALLONCIUS:
Good afternoon, members of the Legislature. My name is Debbie Alloncius. I am AME's Legislative Director. I stand here before you on behalf of Cheryl Felice and the Association of Municipal Employees, and I ask you to not support I.R. 1480, that we do not sell the Suffolk Health Plan.

The report that you were given, or the report that the Legislature was given within the past week, does deal with some of the issues, but not all of them. There are -- I remember a tremendous debacle when we -- that when Medicaid was allowed to use facilitated enrollers, who were very good in facilitating enrollment into the Medicaid system, so good that we now have a task force in Albany trying to straighten out a lot of the situations and a lot of the problems because of the people who have been frauding Medicaid for years.

The numbers are not correct. As Mary Finnin has pointed out, how can we be losing so much money on each pregnancy when we know we have a huge amount of the PCAP Program, and that's one hundred percent reimbursable, if I'm not -- and I would be very mistaken to come before you and say that most of those people who are on Medicare are being reimbursed. If the Suffolk Health Plan had that many people who were eligible for Medicaid I would assume that they would have done the correct paperwork, and if they didn't, that's not correct on our part either.

We, again, have a constitutional obligation to provide the general public with health care, and yet we're dismantling every system one after another. We're here before you beseeching that you don't close the Suffolk Health Plan if it is not -- if it is in any way going to impact the health centers.

We're hearing as I set forth and we're hearing that we have -- we're fairly safe for the first five years. What happens after five years, after the County Exec is gone and many of you will be gone.

What happens to the next Legislature? How do they deal with the fact that they might have no health care system? We have no hospital as has been pointed out to you. And I understand that an opinion was given that the Mary Hibberd Law regarding privatization does not come into play here because it's just a paper pushing entity. Well, again, an opinion is an opinion.

I also am here to ask you to stand firm and override the County Exec's veto on Presiding Officer Lindsay's resolution I.R. 1436. We have come before you over and over and over again showing you that there are many, many problems with the management and we feel that with a good management and consultant service in there to run the place, you're going to make money. To lose seven and a half million dollars over eight years because we don't collect the money that's due to us from people who we're servicing? And you have people out there that are there 24/7 365 days a year, that refuse to turn over the money that's coming to you? How many private nursing homes would put up with that? We have to because we have no place to put some of these people. And, again, you know you are not going to be able to place all of these people. Thank you.

Applause

CHAIRPERSON BROWNING:
Thank you, Debbie. Dot Kerrigan. I don't know if I said your name right.

MS. KERRIGAN:
Kerrigan. Thank you.

CHAIRPERSON BROWNING:
Kerrigan.

MS. KERRIGAN:
Hi. I stood up before you before. I'm not a great talker so I wrote everything down. My name is Dot Kerrigan. I'm on staff at the John J. Foley Skilled Nursing Facility. I'm here today again as a voice for the residents, their families, their staff and our families. I have lived in Suffolk County all my life. I work for the Suffolk County Department of Health Services. I am a public servant and I'm proud of my profession and what I do. I cannot explain how offended I am to read over and over again in the papers, like the Suffolk Life, what a burden I am, my work is, and our residents are to Suffolk County. These words are straight out of County Executive Levy's mouth.

How is it that while Nurses Week is celebrated all over the County, our County nursing home, in existence since the 1800's, does not even warrant a visit from our County Executive? I understand he's never been there. He's in public life for a long time, yet he has never visited this only nursing home in Suffolk County. Yet his picture is in the Suffolk Life celebrating Senior Citizen of the Week, who happens to be an employee of Suffolk Life, at an expensive restaurant, Momma Lombardi's. Is this not the height of hypocrisy? He is honoring a staff member of a newspaper that cannot say anything but how wonderful he is and how right he is to get rid of the burden of John J. Foley. Who's paying that tax -- who's paying that tab, is it us, the burdensome taxpayers and workers of Suffolk County?

There are, as most people know, three branches of government. It was important to our forefathers who wrote the Constitution that they form a government that did not allow one person to have too much control. While under the rule of the British king they learned that this was a bad system. For this reason the Constitution provides for three separate branches of the government, the Legislative, the Executive and the Judicial. Our Federal, State and local governments are framed this way also. As our founding fathers did not want a king, neither do the Suffolk County residents.

Thanks to the good men and women before us today, we have justice for all, we have democracy by consensus. The consensus is not to stop a long established tradition of Suffolk County that takes care of our own sick, disabled and elderly people. The consensus is 17-0 for resolution 1436.

We thank you all in front of us today, our real representatives, our real leaders who rode past and hopefully will have the courage to uphold resolution 1436. We thank you. Thank you very much.

Applause

CHAIRPERSON BROWNING:
Thank you. Next we will go to the agenda.

Tabled Resolutions

I.R. 1039, Amending the 2008 Capital Budget and Program and appropriating funds in connection with a Tick Eradication Study (CP 4085). (Romaine) Do I have a motion?

LEG. HORSLEY:
Motion to table.

CHAIRPERSON BROWNING:
Motion to table. Do I have a second? I'll second. Ben? You want to say anything on this? Have we spent any money on this? Is there money in place?

MR. ZWIRN:
There's still $155,000 that was appropriated last year. There was $100,000 that we understand that was given by the State to Cornell, which is managing the program. The program has begun, but it has -- I'm not quite sure where the contract stands with Cornell, but they've already started the program. This is $155,000. We're not sure what it's for. It would be some time in the future. We'd just be adding to the pipeline debt that, you know, some of the Legislators have been complaining about. So I would expect that -- I wouldn't address this until the time that that money is needed and there's a reason that it would be requested, I mean, for a particular purpose.

CHAIRPERSON BROWNING:
Okay. I guess Legislator Romaine would like to say something?

LEG. ROMAINE:
Yes. As the sponsor of this resolution, this was -- the first $155,000 was adopted last August. The County Executive knows full well what it was about. He attended a meeting with several of the people from Shelter Island, the Deer and Tick Committee, the then supervisor, many of the board members. He had received input on this and one of the reasons he agreed, I believe, is that a number of people who live on the Island who happen to be -- to use a bad turn of a phrase, more famous people, such as the former governor of this state, Governor Kerry; former Senator from Nebraska and now Dean or I guess President of the New School for Social Research, the other Kerrey spelled differently; one of the Kennedy's, I believe it was Rory Kennedy had contacted him, and several others. And based on that he agreed to fund this study. He met with this group. They explained to him exactly what this was for. Reports have been provided, and here we are, almost a year later. This program has been under way. I believe the Supervisor of Shelter Island, now Jim Dougherty, a Democrat, has repeatedly called and written to the supervisor about this -- excuse me, the County Executive about this.

To say this money isn't needed is disingenuous, misleading and as always, twisting and turning and not presenting the straight facts. I just thought I'd put that on the record. I don't control the contracting process, the County Executive does. He can certainly delay this contracting process. He can certainly not keep his word or keep faith with the people who he gave his word to. That's something I have no control over. That is between him and the electorate and certainly I'm sure the electorate in Shelter Island and certainly on Fire Island where the study of tick eradication would be taking place if this money was forthcoming will keep that in mind the next time the County Executive faces the electorate and I'm sure he will not be unopposed.

MR. ZWIRN:
If I might just respond. The political threats are very nice for the audience here today.

CHAIRPERSON BROWNING:
I'm just curious if the ticks are Democrats or Republicans at this stage.

MR. ZWIRN:
I'd have to ask Legislator Romaine. The fact is the County Executive did provide a CN for the first $155,000 in the appropriations so this project could move forward. In Legislator Romaine's original legislation, which I read, I think it was I.R. 1396, this was asked for 155,000 once and only once and it would not come back for additional money. That was Legislator Romaine's bill. He prepared it, he submitted it. The County Executive went along with it because that's what it said in part. And now Legislator Romaine wants to make political threats because of a bill that he had passed with the help of the County Executive. I think that's unfortunate.

CHAIRPERSON BROWNING:
I understand the hundred thousand that came from the State, the last time Cornell was here, they said that they had no plan yet for that money.

MR. ZWIRN:
They had no idea how they were going to budget that money.

CHAIRPERSON BROWNING:
Exactly.

MR. ZWIRN:
But then Legislator Romaine wants to throw another $155,000 at the project, which is typical.

CHAIRPERSON BROWNING:
So we had a motion and a second to table. All in favor? Opposed? Abstentions? Okay. Motion is tabled. **(Vote: 5-0-0-0).**

I.R. 1214, Requiring that the Suffolk Health Centers remain part of the Suffolk Health Plan Network. (Romaine) I believe that after the meeting that we had on Monday I guess we can't -- the ten years is, I guess we can't do that. So I guess I'll make a motion to table. Do we have a second?

LEG. EDDINGTON:
Second.

CHAIRPERSON BROWNING:
Second. All in favor? Opposed? Abstentions?

LEG. ROMAINE:
Madam Chairwoman. Could I speak on my bill briefly?

CHAIRPERSON BROWNING:
I guess so.

LEG. ROMAINE:
One of the largest concerns in the sale of the health plan that remains to this day is that the sale will have a debilitating affect financially on the operation of the health centers. Under the current plan that was finally revealed publicly, Neighborhood Network would make a commitment to continue to use the health centers for three years and then there'd be two one year extensions, which would have to be agreed to by both sides. So, essentially, you have a deal of three years. If, at the end of

those three years, Neighborhood Network or whoever they assign this to, because this is assignable, this may not be Neighborhood Network, the contract allows them to assign it to someone else. That at the end of those three years, should they decide to have the 16, 17,000 people enrolled in this program use facilities other than the health centers, the health centers will not be able to sustain themselves financially and will close. At least some of them will close, because it would not be financially feasible to operate them with the loss. The loss of Medicaid would be too significant to these health centers should Neighborhood Network go.

I introduced this bill because this requires a ten year condition. We haven't approved Neighborhood Network. If those people are serious about continuing health centers, this bill should pass. If it does pass, it will guarantee one of the conditions of sale would be a ten year agreement on whoever buys our HMO to deal with the health centers. Every time I hear that "well, we can't do this", yes we can. We're the Legislature. We can set any terms of conditions we want for the sale of our health plan. There are those who don't want to set these conditions. There is nothing that prevents us from setting these conditions. All this bill would do is ensure the financial stability of our health centers, and if people aren't looking to not only sell the health plan, but to close health centers, this bill should be passed. Because if it isn't, there is no guarantee that after three years the health centers will continue to operate.

So you can pass this today, Madam Chairwoman. There's no legal prevention from you passing this today and setting that as a condition of sale. We have not adopted and we won't adopt, of course if you have a majority I guess you can adopt, next Tuesday the sale of the health plan, but until that time we have the right to set any conditions we want. So I would urge this committee to consider passing this bill. Thank you.

CHAIRPERSON BROWNING:
George, I know you were here on Monday. Can you respond on that, the ten year issue?

MR. NOLAN:
Well, at the presentation on Monday there was -- I know there was discussion by some of the presenters that you couldn't do a deal for as long as ten years, but I do not know myself if that is actually the case. I haven't done any independent research, but I know somebody made that representation at the meeting.

Beyond that, I would just say that, obviously, this resolution, which would call for a ten year commitment to the health centers, is going to be inconsistent with the later resolution approving the sale of the HMO which has the three year -- so what I'm saying is if you pass this resolution, you probably shouldn't pass the other resolution, and vice versa.

MR. ZWIRN:
If I might just jump in. I think -- in part I think Legislator Romaine is correct, that if you wanted to pass this and then tie it up for ten years I think you could do that because the Legislature could set the guidelines as they see fit. But we picked, and I think BRO even agreed, that the reason that we picked the provider that we did is that they had no network in Suffolk County that competes with the health centers. And the cost of setting one up is almost prohibitive so that there's an incentive to use the health centers that are already here and to try to improve them and to try to make them more efficient.

We are the final providers of the care at the health centers. We're the ones providing the equipment that goes in there, which is state-of-the-art. We have improved them considerably and our commitment is there. But this is the manager of the health plan and we think this is a better way to go.

Some of the speakers said this is a one shot, there's money coming in beyond this year. I think one of the speakers said it was a 16 -- we're getting $16 million. A lot of that's coming from reserves. That's not what they're paying to become the provider network. So I don't think this is necessary.

We on our end tried to negotiate the options to renew so that if we could make the -- if things get more favorable then the County has an opportunity to reassess and to renegotiate a better deal for the taxpayers of the County. So that's why we looked at those numbers and that's why we had it out five years.

CHAIRPERSON BROWNING:
Tom.

LEG. BARRAGA:
At the Special Meeting we had the other day I was the one who approached, I think, the CEO of Neighborhood Health Plan in terms of the length of the contract with the Suffolk health centers. And he had indicated that in accordance with State law you couldn't have a very lengthy contract. He was the one who pointed out that it could be not longer than five years. So I guess the question came instead of three, one, one, why not have a straight five, you know, without the last two single years as being an option where they could pull out. He also said, too, if you recall, because you were sitting there, Ben, is that, you know, he didn't have -- they don't have a network out here. They really wanted these health centers and they would prefer a longer term contract.

Now, I don't know how long we can go. I mean, I was just taking his word that you couldn't go ten years, Ed. I mean, that's what he was saying. But can you go six or seven or eight and are they willing to do that? And if they are, why not? I mean, I'm going to support the bill later on, but I'd like to see between the time I support it and the time it gets before the horseshoe if something can be done here to lengthen that period of time on the contract.

MR. ZWIRN:
We talked about that and I think we will take that back.

CHAIRPERSON BROWNING:
Okay. Thank you. So we did have a motion to table and a second. All in favor? Opposed? Abstentions? Okay, the motion is tabled. **(Vote: 5-0-0-0)**

I.R. 1229, To ensure taxpayer money is used only to house Department of Social Services recipients in housing accommodations that meet applicable codes. (Romaine).

Again, I do have -- I know that I did sponsor this with the Legislator. However, with a lot of discussion we are trying to work it out with our towns to have a better cooperation with them. We're laying that on the table on Tuesday, so at this time I would like to make a motion to table this bill. Do I have a second?

LEG. HORSLEY:
Sure.

CHAIRPERSON BROWNING:
Second by Legislator Horsley.

LEG. ROMAINE:
Comment.

CHAIRPERSON BROWNING:
Comment by -- I was going to say Keith, I'm sorry. Legislator Romaine.

LEG. ROMAINE:
Thank you, Madam Chairman. Again, just to refresh my colleagues, this bill has been amended from the original bill, and it was amended, in fact, in cooperation with Legislator Browning, who was going to be a cosponsor of this as she was of the original, but chose not to be. I understand that she is

proposing a bill that will be forthcoming, am I correct, on Tuesday?

CHAIRPERSON BROWNING:
It will be laid on the table on Tuesday.

LEG. ROMAINE:
Okay. I look with great forward to that, but I will simply remind this is a simple bill that says that Social Service Department should not be spending taxpayers money to lease up housing that has major code violations, that lacks a certificate of occupancy, or in those towns that require it, a rental permit. Social Services currently is spending money, taxpayers money, on forcing Social Service recipients to live in less than standard housing, in substandard housing. I know if I owned a house on a block in which it was a Social Service rental, I would be a little bit aggravated at the Social Service Department for renting a house that had no CO, no rental permit, and major code violations. We are using taxpayers money in that case to enrich slum landlords and to create slum conditions. And this is particularly so because most of Social Service housing is located in 12, maybe 15 communities throughout Suffolk County. It's concentrated, it's not diffuse.

I look with great interest to see if Legislator Browning can resolve that problem, because, clearly, this is a problem. I am told informally that almost 70% of the housing that is leased up, and which Social Services pays money for, does not meet code. I know as a homeowner I've got to meet code, I've got to have a CO, and if I rent out a house I'd have to have a rental permit. Something to consider when the government chooses not to follow the laws of the State of the municipality, State building code and municipal town code regarding zonings and code violations. Thank you.

CHAIRPERSON BROWNING:
I would like to respond on that also, because I know some time ago I talked about a bill that Assemblyman Thiele sponsored, and I have spoken to Assemblyman Ramos, who is supporting that bill, and I'm working with also our State Legislators, because that's what we need, we need the State legislation. Because I know that the County -- Janet, if you wouldn't mind coming up and explaining what 143B's are, because when you're talking about code violations, I constantly am dealing with the Town of Brookhaven on code violations in that issue, and we -- the only time that I know that DSS can withdraw funding from a home is a 143B, and if you'd like to elaborate on that.

MS. DeMARZO:
Yes. Good afternoon. Thank you. The Department of Social Services has reached out to all the towns to advise them that we are available to work with them on the code enforcement issue. We have met with the Town of Babylon, we have met with the Town of Brookhaven, to establish communications so that as they find problem homes under the Code Enforcement Authority they have, that we can respond. The County Executive has reached out to the town supervisors to advise them that the Department of Social Services is available to work with them and that they can report problem homes to us. We have received a number of calls from -- Brookhaven Town being the most active, and gone out on a number of sites with them and withheld rent, which is what Legislator Browning's talking about.

In situations where a town identifies a problem of a health and safety, they advise us of that problem, and if there is a Social Services recipient who receives shelter allowance living there, we notify the landlord and the recipient that there are health and safety and we begin withholding shelter allowance if we pay it at that site. We have done that on a number of occasions. We have successfully worked with Brookhaven on withholding rent in a home in that township and they were able to work cooperatively with the landlord and we have removed the 143B. So I think the system where the town is working very cooperatively with the County and we're using our 143B process is working well. The primary responsibility for code enforcement is with the townships.

CHAIRPERSON BROWNING:
Thank you. And I can tell you, I've learned so much about social service law since I have taken office it's unbelievable, and again, it's needed in the Town of the Brookhaven and the various towns

to work with us.

With that, we did have a motion to table and a second. All in favor? Opposed? Abstentions? Okay, the motion is tabled. **(Vote: 5-0-0-0)**

Introductory Resolutions

I.R. 1443, Authorizing Estee Lauder Breast Cancer Awareness Program at the H. Lee Dennison Executive Office Building and Cohalan Court Complex. (Alden).

I'll make a motion to approve.

LEG. KENNEDY:
Second.

CHAIRPERSON BROWNING:
Second, Legislator Kennedy. All in favor? Opposed? Abstentions? Okay, motion is approved. **(Vote: 5-0-0-0)**.

I.R. 1480, A Resolution authorizing the County Executive to execute an agreement for the sale of the Suffolk Health Plan. (Co. Exec.) Do I have a motion? I guess I'll make the motion since I'm the only one that's listening. Do I have a second?

LEG. BARRAGA:
Second.

LEG. HORSLEY:
Second.

CHAIRPERSON BROWNING:
Okay. Second, Legislator Barraga. Any questions?

LEG. KENNEDY:
Madam Chair, I'm going to make a motion to table.

CHAIRPERSON BROWNING:
Okay. We had a motion to table. Is there a second? Failure for a motion to second. With that, I think that Monday we had a presentation, it was a three hour long presentation, where every Legislator had an option -- they had the opportunity to ask questions and get the answers I believe they needed. Legislator Kennedy, you have a question?

LEG. KENNEDY:
Just a comment, Madam Chair. First of all, again, as I had said to you, I commended you for holding a special session on Monday. It was informative. I personally don't feel, though, that I've had enough time to go ahead and be able to scrutinize or comprehend the full amount of the plan. I did have questions, as a matter of fact, on Monday. As of today, I still haven't gotten answers on it. And I find it extremely difficult to go ahead and to vote on a whim and a promise.

I further am concerned that what I saw in the briefing that BRO gave us was that the Selection Committee had no physician with it at all. We had three fiscal people, very respected and highly regarded people from our Health Department, but, nevertheless, no medical person on there.

I also on my own was able to do some research the other night and I do see that Neighborhood scored significantly below the balance of the plans in the State when it came to satisfaction on specialists.

I have strong reservations and strong concerns about this. I don't think it's any secret to my colleagues on the committee. And I've also attempted to communicate about some other alternatives as well. I know that we were faced with the sale of this plan as a $16 million revenue generator. I did speak at length with BRO, and I believe that there's been a sufficient answer. If I can, through the Chair.

CHAIRPERSON BROWNING:
Okay, BRO. Gail, would you like to say something?

MS. VIZZINI:
I think what Legislator Kennedy is referring to this morning is we did -- he and I did take another walk through our report and there was a question in terms of the contradiction between the presentation in the budget and the actual financial statements. But at the invitation of the Health Department, we met yesterday for more than an hour with the Health Department and the Budget Office. So the issue of whether the $4.5 million is available in the fund balance, we did receive a satisfactory explanation, so that that issue is no longer of paramount concern.

LEG. KENNEDY:
But, if I can, Gail, does that 4.5 characterize a reasonable amount to be held regarding the IB -- I keep mangling this acronym.

MR. LIPP:
IBNR.

LEG. KENNEDY:
Yes. Is that a realistic figure? Do we have any -- do we have any idea what the amount of claims are that are out there, or what's our history been?

MR. LIPP:
We had a brief conversation, I believe two days ago, with Deloitte Touche and they didn't -- they couldn't provide us with a number. They said it really -- Ernst and Young. I'm sorry, that was a previous one. They couldn't provide us with a number. So, you know, we're relying on what the Health Department is telling us is -- they think that that's a reasonable number. At the end of the day it's hard to say whether or not, because the run out will be over perhaps 18 months, two years, it's hard to say if that number is too high or too low. We may actually wind up with an additional surplus or perhaps a loss, but it's a plausible number. We can't estimate or haven't been able to date so we're just assuming that the Health Department has come up with a reasonable number.

LEG. KENNEDY:
All right. Thank you. I have no desire to monopolize the conversation. I'm -- my intention is to vote no on it at this point based on the items that I've stated and it's your prerogative, Madam Chair, to go forward.

CHAIRPERSON BROWNING:
Thank you.

MR. ZWIRN:
Madam Chairman. If I just might make one correction.

CHAIRPERSON BROWNING:
Yes.

MR. ZWIRN:
Legislator Kennedy, Dr. Mermelstein is on the Board of Directors. She is a physician and she voted in favor of the sale.

LEG. KENNEDY:
And if I can, Madam Chair, then perhaps maybe BRO can clarify because --

MR. ZWIRN:
On the Selection Committee.

LEG. KENNEDY:
-- I have a footnote here as far as the committee that was charged with ultimately selecting which of the providers made it through the first and the second or whatever round it was that we went to. I see three names, Matt Miner, Margaret Bermel and Len Marchese. Are any of them physicians?

MR. ZWIRN:
No, but on the --

LEG. KENNEDY:
Okay. That's the committee that I was referring to.

MR. ZWIRN:
Okay.

MR. KENNEDY:
Thank you.

CHAIRPERSON BROWNING:
So we did have a motion and I think I would like to see that we could have this in front of us all next week so we can all debate it. So we did have a motion to approve and a second. All in favor? Opposed?

LEG. KENNEDY:
Opposed.

CHAIRPERSON BROWNING:
One opposition. Abstain? Okay. Motion carries. **(Vote: 4-1-0-0 Opposition: Legislator Kennedy).**

CHAIRPERSON BROWNING:
Next we will have our presentation. Mr. Anthony Morrone from the management consulting firm of Horan, Martello, Morrone, PC, will make his presentation and findings regarding the John J. Foley facility.

MR. ZWIRN:
Thank you, Madam Chair. If I might just ask again the indulgence of the committee, if they can hold their questions until the end. I think that if I just might say as a preliminary is that this -- they've been working on this since last June. The original intent was to try to find ways where we could improve the management. They have interviewed people at the -- the staff at the nursing home to find ways which could mitigate some of the losses and try to make it more efficient and I think they have made a number of recommendations.

I think when the County Executive came up with the plan of trying to sell or close the nursing home in large part it came out of some of the recommendations that you'll hear today, and that despite the best efforts of trying to make it efficient, they just couldn't make it efficient enough to ever make this thing fly economically. But that will be for this -- the Legislature certainly to consider. But I would just ask you to give -- not shoot the messenger here today, but I think that they have done a comprehensive job and I think you'll see that. So I turn it over to them and I beg your indulgence. Thank you.

CHAIRPERSON BROWNING:
Thank you. Mr. Morrone, if you'd like to introduce everyone who's with you, and again, we'll let them do the presentation and questions afterwards.

MR. MORRONE:
Okay. My name is Tony Morrone. I'm a partner in the C.P.A. firm Horan, Martello, Marrone. Today I have Joe Martello, a partner of mine here. I have Veronica Bencivenga and James Budd with me. We performed the report and we're here to disclose our findings.

We were invited by the Honorable William Lindsay to come here and share some of these findings with you today. The actual report will be finalized and issued in the next ten to 14 days. We're awaiting the final report, the audit report, from the accountants for 2007.

In 2007, Suffolk County selected Horan, Martello, Morrone to conduct an operational study of the John J. Foley Skilled Nursing Facility in Yaphank through the competitive RFP process. The goal for the RFP was to reduce continued operational losses being sustained at the facility and the projection of increased losses for the coming years. The RFP required an analysis of current financial operations through budget, staffing programs, services, presentation of short term recommendations, on what should and can be done to immediately improve efficiencies of operations under the current operational structure, formation of the long term prognosis for the facility, including the projected future financial forecast, whether or not the facility may be able to be self-supporting in the future. Basically, eliminating loss if there would be that possibility, what options are available to policymakers regarding the future of the facility. This presentation will outline the results of our study and lay out possible options regarding the future of John J. Foley Skilled Nursing Facility.

The qualifications of Horan, Martello, Morrone. My firm was founded in 1980. Joe Martello, who's sitting next to me, Joe and I began work together in 1974. We are based in Hauppauge, New York. We currently serve as independent auditors and consultants for over 70 residential health care facilities, representing over 12,000 beds in New York State, which means we do one out of every ten or 11 beds in New York state. The region of our practice is as far west as Buffalo, north as Plattsburgh, the Hamptons, and the metropolitan area. We do for-profit, non-for-profit, and also public, governmental.

HMM has a significant understanding of current regulations in the nursing home industry, as well as the Medicare and Medicaid reimbursement systems. Horan, Martello, Morrone is a member of the Reimbursement Advisory Group for New York State Department of Health Office of Health Systems Management. HMM is a member of the Technical Advisory Committee for the Nursing Home Accounting and Reporting Manual. HMM is an American Institute of C.P.A. accountants, quality reviewed C.P.A. firm, whose clients include voluntary, governmental and not-for-profit facilities. I think I'll turn the next section over to Veronica from my office.

MS. BENCIVENGA:
Hi. I'd like to briefly discuss the environmental changes in the long-term care market in Suffolk County, which have contributed to the three studies that have been conducted over the last ten years regarding the sustainability of John J. Foley. Any of you who have a loved one, a parent, a grandparent or somebody who's needed some type of rehabilitative services in the recent past has probably come to understand that there's been quite a bit of change in the long-term care market or the rehab or the subacute care market over the last decade.

A number of contributing factors to that are that at the same time new beds were being added to handle the load for long-term care, options were being -- were being developed to avoid long-term care or institutionalization for many of these individuals. Alternatives to long-term care included assisted living, senior living, enriched housing, were coming on line at the same time these new beds had already been approved and were being built and started to be filled.

As a result of that, these things converged at the same time, which lead to the current state of our County, which is that we have 43 nursing homes which represent more than 8,500 beds and occupancy levels are at the lowest that many can remember in quite some time. Because of this low occupancy, operating a nursing home in Suffolk County is a very competitive business that may not be how it was back when John J. Foley was founded or back in the day when it originated as an almshouse, but it is the environment in which it competes now.

Market conditions have shifted from institutionalized care to community based care and alternatives to institutionalized living. That's been emphasized at the State level and at the Federal level. Funding is following that change in paradigm. The environmental changes today in the marketplace, at the State, and County levels apply to all facilities, not just John J. Foley as a public facility, but all voluntary and proprietary facilities as well. They all face the same challenges and struggle through the same issues.

In briefly talking about the environment in Suffolk County, we'd like to more specifically talk about John J. Foley and how it fits into this new, dynamic long-term care market. For many years, John J. Foley, as many other County homes, has been identified as a place of last resort or a refuge for people who had no place -- for people who had no place else to go. The primary driver of that was financial. They had no place else to go because they had no other means of payment. Much has changed since John J. Foley first began providing its exemplary service.

The previously held truth that the County home, specifically John J. Foley, was the only nursing home that would take uninsured and underinsured patients no longer applies. All 43 of Suffolk County nursing homes will accept Medicaid as fair payment for the services they'll render. To that point, 98% of the patients at John J. Foley are Medicaid eligible, and Medicaid is the predominant payer for most of the nursing homes in Suffolk County.

Additionally, oftentimes people refer to John J. Foley as the place of last resort because they're willing to accept patients that have been previously deemed hard to place. Well, in the new competitive environment, those individuals are suddenly not so hard to place. With lower census and soft occupancy, with other competing factors trying to draw away traffic from institutionalized facilities, such as assisted living, senior living, and enriched housing, all of a sudden people who didn't seem so wonderful before become nice options for you. They help you keep your census up, and keeping your census up and your building full is how you achieve operational and economical efficiencies that allow you to be a successful operator.

That's a little bit about the environment in Suffolk County and a little bit about what John J. Foley is up against in terms of competing in the environment in Suffolk County. And now I'd like turn it back over to Tony.

MR. MORRONE:
I'd like to address the operational review process, pretty much our steps that we used over at John J to come up with our findings. HMM began the study of John J. Foley's operational procedures and financial situations almost a year ago, in June of '07. HMM interviewed key Foley staff, including the departmental managers of finance, human resources, nursing, housekeeping, dietary, physical therapy and occupational therapy. The staff was encouraged to communicate their own solutions to offset the losses incurred at the facility. In essence, what we were doing is we were teachers, we were communicators, we were educators. We were trying to teach the staff about reimbursement, why there is a loss at the facility, comparing the data that we have at the facility compared to other

facilities and asking why we're atypical. The fact that we do so many nursing homes we can compare to others.

HMM categorized the cost into controllable and uncontrollable cost. Controllable costs are defined as those set costs which facility administration can control through management actions or resource allocations. Uncontrollable costs are defined as those costs that are beyond the control of the facility administration. Labor wage courses are defined as uncontrollable because the County is bound by contractual labor agreements that lock in salaries and benefits while limiting the flexibility of the facility to utilize part-time or per diem employees as is standard in every other nursing home in Suffolk County.

Basically, the uncontrollable factor, and this will be detailed in my report, when you take a look at the wage scale that we pay at the facility as opposed to what the State is willing to pay through their pricing system, it's excessive. And when we say it's uncontrollable, anybody that comes in as far as managing that facility, unless they could change the wage scale, they might be able to change the hours worked, but payroll is a function of rate times hours. We can touch one side of that equation, but we can't touch the other.

HMM scrutinized controllable costs to determine where costs could be streamlined and identified opportunities for revenue enhancements. Our first step in our study was we examined the financial shortfalls at John J. Foley by analyzing six years of financial data and various facility reports to identify reasons for change to the bottom line between the year 2000 and 2006. The net operating losses before subsidy grew from 430,000 -- 439,389 in 2000 to 12 million nine in 2007. The 2007 data is audited but not issued. It's in draft form at this moment. The loss is primarily due to labor cost wage and benefits increasing at a significantly higher rate than the increase in the Medicaid trend factor.

In addition to analyzing the what and why of current operating losses, we projected future losses based upon maintaining status quo operations. The 2008 losses are estimated at 15 million. Status quo. If the facility operation continues to operate under the status quo, the estimated losses will total over 50 million over the next three years. The following graph shows the facility's actual projected operating losses from 2000 to 2010.

MS. BENCIVENGA:
I'd just like to speak to that graph for a second. The graph you see before you is an analysis of the net operating losses from 2000 to 2010. It includes actual and projected information. If you look at the years identified by the solid red colors what you'll see is the information that's available to us through audited financial statements, and in particular for 2007, for the audited but not yet issued financial statements. An accumulative total for the actual losses for the years from 2000 to 2007 is $55.8 million. Projecting that forward to 2008, 2009 and 2010 based on currently available information regarding labor contracts, occupancy considerations, reimbursement considerations, we project that the losses from 2008 through 2010 will total more than $51 million, for a grand total over this period of time of over $100 million to support this 264 bed nursing home.

To clarify a little bit about what you'll hear repeatedly throughout this presentation and what you will see repeatedly throughout the documents that we'll be generating shortly, what you'll see is if you follow this chart, which highlights the expenditures compared to the revenues for John J. Foley, so this is now taking the operating loss and breaking it into its two parts of expense and revenue, and track them individually, it helps you get a better understanding that there is a tremendous gap that began quite some time ago and only continues to widen as time goes forward.

The red line indicates the expenditures from 2000 to 2007. The blue line shows you the revenue that John J. Foley has generated from 2000 to 2007. And as you can see, the rate of increase for the expenditures far exceeds the rate of increase for revenue. Tony.

MR. MORRONE:
The labor costs, salaries and the benefit component, are the most substantial contributor to the operating losses at John J. Foley Skilled Nursing Facility. According to the facility's 2006 audited financial statements, labor costs represented almost 70% of the total cost of operations. Labor costs at John J. Foley are significantly higher than that of any other nursing home in Suffolk County, including those with unions.

Wages. If we break it down to wages, John J. Foley staff are municipal employees hired through the Civil Service process, with compensation and benefits at the same level as all other County employees. Employees of the County receive step raises based upon grade and years of service. Over the years, the wages of John J. Foley employees have far outpaced that of the average nursing home employee. The fact is that through reimbursement the Medicaid Program is a prospective reimbursement formula, which means they take data from say 2002 cost and they increase it to present based upon inflation. So if the inflation increases 3.2% and our increase is 8%, the differential between those percentages times say $18 million, which is our labor, is a shortfall and it keeps on building every year. That's the problem that we have here.

On the benefit package. The benefit package given to County employees is very expensive in comparison to the benefits provided by other regional nursing hopes. While other nursing homes may have benefit costs of 39% of salary, the 1199 contract, for instance, we feel it's 39% on average, John J. Foley has benefit costs of over 53%. To give you an idea of the impact of that, the difference between 53% and 39% 14%. Fourteen percent of $18 million is two-and-a-half million dollars. That's uncontrollable. And as years go on that's going to keep on building. The compounding affect of the County wage scale has far exceeded the reimbursement increases provided by Medicaid trend factor, which is the cost of living increase that Medicaid provides through the reimbursement rates. Between 2002 and 2006, the trend factor increased by 17%, while John J. Foley's labor costs increased by 43%, as shown on the following chart.

MS. BENCIVENGA:
I'll speak to that chart. This chart represents the changes in labor costs compared to the percentage change in the Medicaid cost of living increase, which we refer to as the trend factor. It's the recurring theme throughout this presentation because it's probably the most compelling and least controllable cost faced by any management team that would embark upon John J. Foley.

What you'll see here is the red line indicates the change in John J. Foley's labor costs over the period of 2000 through 2006. The change during that time has been 42.86%, while the change in the Medicaid trend factor represented by the blue line has only amounted to 17.09%. Again, a shortfall that can't be breached by any math.

MR. MORRONE:
The operational review summation. HMM analyzed the John J. Foley operation and is recommending a number of actions that may be taken to reduce the net operating losses. It is important to note that the recommendations include reducing staff in the facility and outsourcing some services currently being performed by County employees. The process of the study was to communicate and educate, to tell the employee and management team why they were losing the money and trying to have them come up with solutions. These are the solutions. The expenditure savings recommendations, the reduction of staff to better align staffing levels with current reimbursement methodologies, while maintaining quality care patient care.

For example, redesign staffing on the seven units so less staff is needed per day. This recommendation requires a reduction of 50 employees in addition to operational -- operational and cultural changes. The need for agency nursing staff should be reduced or eliminated by redesign of the existing nursing staff. Outsourcing rehab department management, streamline efficiencies, and reduce bad debt expense through the development of a detailed accountability system promoting the collections of information from admission to the submission of the Medicaid application. This can be done.

The revenue generating recommendations. Continuation of Medicare Part B billing for PT, OT and speech services. This has been done already. Perform Medicaid Part B physician billing, and change in the Medicaid methodology -- the add on for 2002 rebasing, which is all detailed in my report in very much detail.

The best care scenario for cost containment recommendations. The best case scenario with full implementation of all the recommendations in my report will result in a reduction of the projected three year cumulative operating loss from 51 million to 28 plus million.

MS. BENCIVENGA:
And I'd like to speak to that just a second. On the next page you'll see a slide that exhibits that comment even further. The previous page we talked about the recommendations that we came up with, saying well, let's set aside the labor contract for just a moment and if somebody else were to come in and make some operational changes, what could they do, what is the best case scenario, what could they bring to the table to try to enhance the bottom line at John J. Foley.

Even after that was all said and done, and we realized that some of those recommendations will certainly be difficult. There's no way you can lay off 50 employees without having operational and cultural changes. It's not something that happens overnight and it's not something that happens easily. Even if you implement all of those changes, the best case scenario is that you are going to stand to lose over a three year period only $28 million. We really were not able to find a way to bridge that final gap, to address that final white elephant. How can you get to a point where you are self-sustaining and where you can minimize the losses to a point where they might be more in line with what could be expected to support a public facility.

With that, I'd like to address the long-term prognosis. We have evaluated the operations of John J. Foley and drafted a variety of recommendations which we just discussed and which will be available to you in greater detail once we issue our reports. Despite these recommendations, the facility will continue to lose millions of dollars due to the labor contract. The question faced by you, the policymakers, now is really whether continuing to fund the substantial losses of John J. Foley is fiscally prudent in light of current market conditions in Suffolk County.

You have 43 facilities whose occupancy is probably the lowest it's been in ten years. We'll find out as soon as we get those cost reports processed for 2007. There's a proliferation of alternatives to long-term care. People are choosing to stay home with community based services, so the person who typically might have stayed in your facility or might have stayed in your facility beyond their Medicare covered period, for a year or two years or five years, stays home. And across New York State, New York State is going through a reconfiguration and a right sizing. And to that end, Medicaid reimbursement is declining and efforts are being pushed forth by the State to realign the health system to get further away from institutional care in favor of lower cost community based services, which not only cost less, but also provide a better environment for the patient.

As required by the RFP, HHM has identified five possible disposition options regard the future of John J. Foley. The disposition options we reviewed at the request of the RFP were facility closure, sale of the facility, partial privatization of facility operations, complete privatization of facility operations, and sale of the bed license. One of the most important things to note is that in any choice that is made ultimately by our policymakers, that the New York State Department of Health's approval is required for any plan that would ultimately involve the discharge or transfer of patients to ensure the utmost consideration is given to their safety and well-being. The sixth option would be simply to continue to operate John J. Foley and subsidize the losses going forward as projected.

To provide additional information regarding the operating options, the disposition options we reviewed fall into one of two categories. The County continues to operate and own John J. Foley, or the County does not continue to operate John J. Foley. Starting with the first set, in a scenario where the County continues to own and operate John J. Foley, they could continue to operate as they are currently, with no changes -- and no changes to the existing union contract and the projected impact of that on the General Fund over the three year period is ultimately a loss of approximately 51.4 million.

If they instituted all of the changes recommended by HMM, which we agree some of them, because of their nature, will be difficult to implement but are implementable. In that case scenario, the best that you're going to be able to do is to reduce the operating loss over the three year period of 2008 to 2010 to approximately 28.6 million.

In addition to the recommendations we've made, there were some consideration given to partial privatization of facility operations, certain areas that you might be able to carve out and hand off to other operators who have more experience and are possibly more efficient in operating these areas, such as dietary, physical therapy and housekeeping. These are commonly done in industry practice. If you opted to pursue those options in addition to the remainder of the HMM studies, then the bottom line effect of that would be to reduce the projected loss to 26.3 million.

Speaking now to the non-operating options that would be available, and again, I'd just like to point out that any of these options to the extent that they involved transfer or discharge of a patient, those plans would have to be approved by the Department of Health, again, to ensure the safety and well-being of the patients.

Going through these non-operating options, facility closure. In this scenario we would close the facility, the residents would be transferred to other area skilled nursing facilities or back -- repatriated back into the community as appropriate based on their medical condition and available services. The projected impact on the 2008 to 2010 General Fund would be an approximate gain of 18.9 million. That would be primarily resulting from the sale of -- from the sale of the building and from some potential grant money that the County has applied for.

The sale of the facility is another option that would involve selling the bed license, the building, and the land to another operator who would agree to maintain operations at that location. So it would still be a nursing home, but it would no longer be owned and operated by the County. The impact of that to the bottom line for 2008 to 2010 would be a gain of 9.7 million.

Complete privatization of facility operations is yet another option that would involve selling the bed license, which is, by the way, the right to operate the beds in New York State. Selling the bed license to another operator, who would lease the building from the County, so in this case the County would retain ownership of the building and they would lease it with the agreement that they would use the bed license at the current location and continue to operate there. The projected impact on the General Fund would be a gain of 8.2 million from the sale of the bed license.

Sale of the bed license alone would allow an operator, if they chose to purchase the bed license, to take that license and use it in any location of their choosing, to the extent that it was approved by the Department of Health. That would mean that they would take the beds and the facility would no longer operate as a skilled nursing facility. The projected impact of that scenario to the General Fund for 2008 to 2010 would be an approximate gain of 2.9 million from the sale of the bed license, the retirement of the debt and the sale of the building.

These options, the numbers are quite compelling and there's quite a bit more detail we've given to you as addendums to this for your reference schedules that will support these numbers, the different transactions involved in deriving them, so that you'll have that for your consideration.

In summary, I'd like to basically just read from this line. I'm sorry, I try not to do that, but I found that in reading through the Commission on Health Care Facilities in the 21st Century, which has been quite a daunting task to begin the realignment, the reconfiguration and the restructure of health care in the State of New York to better serve its population now and in the years to come, I found this quote quite compelling and felt strongly that it was very appropriate to this setting.

The quote is from Steven Berger, Chairman, and David Sandman, PH.D. and Executive Director of the Commission on Health Care Facilities in the 21st Century. "Decisions to reconfigure or close health care institutions are never simple or without controversy. Even when a closure will have no adverse impact on the health care delivery and makes enormous economic sense, history has shown that opposition may arise. Such feelings of institutional loyalty are understandable. There are many groups, organizations and individuals with personal and often financial interests".

The HMM study is the third one conducted over the last decade on the sustainability of John J. Foley. To me, this indicates the painstaking care and diligence put forth by the County in addressing this matter. The same or similar operating issues and constraints were raised by each successive study with little or no progress. Does it make sense for the County to continue to be in the nursing home business in light of current market conditions? While not a decision to be made lightly, it may be that it is a decision whose time has finally come. It is a decision which rests in the hands of Suffolk's policymakers.

In accordance with the requirements of the RFP, HMM's analysis of the John J. Foley Skilled Nursing Facility's operation clearly indicates that the facility cannot be self-sustaining, primarily due to the current County employment structure in place. We thank you for your time.

CHAIRPERSON BROWNING:
Thank you. I know that the Presiding Officer had a couple of questions, but before he gets back, you know, I think all of us have met with staff from the Foley facility, and one of the concerns is they have a floor with HIV patients. Now, I don't know if this is something that you have looked at as to how many nursing homes throughout Suffolk County would be willing to take HIV patients?

MS. BENCIVENGA:
In making an application to try to obtain {HEAL} funding we reached out to a clinical consultant. There are many. We reached out to one who happened to have experience in the closure of four facilities recently in New York State. Through her guidance and having her look at basically some paper information and knowing full well of the HIV Unit that John J. Foley has, she felt fairly confident that all patients would be able to be safely and acceptably placed. Obviously that would ultimately be up to clinician to decide, but we did -- we were aware that obviously there's far more than just the economic impact in play here. So we did reach out to clinical consultants, professionals in the industry, well regarded ones, and asked them what they thought.

CHAIRPERSON BROWNING:
They would be in Suffolk County or how far? Because I know there's a 50 mile radius, correct? So my curiosity is, is how far would they have to go if they were to relocate these patients? How far would they have to go from the current facility?

MS. BENCIVENGA:
I think it's a great question and I think to the extent that you come to a point where you are saying we really need to visit these options seriously you'll get an answer to that question and probably many others that you have.

CHAIRPERSON BROWNING:
Okay. I don't know, John, you have questions, but I have another one. Okay, Tom. Another issue is, is that the AME members have -- there's a 50% rule, and as far as overtime is concerned, and I know that they contract nurses to come in when they -- when they can't hire AME staff. Have you looked at these contracts agencies and how much money has been spent over the past couple of years, the agencies verses if they had hired --

MR. MORRONE:
Yes. That would be detailed in the report, fully detailed in our report that will be coming out shortly.

CHAIRPERSON BROWNING:
Okay. So these are things that we need to know.

MR. MORRONE:
And these are things you will get --

CHAIRPERSON BROWNING:
Okay.

MR. MORRONE:
-- to make your decision.

CHAIRPERSON BROWNING:
And you talked about the closure. You are saying about selling it for $18.9 million, correct?

MS. BENCIVENGA:
No, that would be the net impact to the bottom line.

CHAIRPERSON BROWNING:
Okay, because it did cost 25 million to build it.

MS. BENCIVENGA:
It would be sold for -- there's an addendum that's attached, item number two, and that I think will provide you with some additional information regarding how that $18 million number was derived.

CHAIRPERSON BROWNING:
Okay. Legislator Barraga.

LEG. BARRAGA:
I want to thank you very much for your report. Certainly it's in depth and it's not about to make me do an Irish jig in terms of it's findings. Let me ask you a couple of questions. I think I've reached a point with this issue, is that, you know, you submit your report, and certainly it's about labor and benefits. And I take a look at the folks that come in here from the nursing home, you know, in a way they're in the right church, the wrong pew. I mean, most of us are supportive of John J. Foley. By the same token, the County Executive seems to be moving in a different direction.

Although you didn't take it up, for example, Nassau County, Holly Patterson. Several years ago they were in terrible, terrible shape and now they're making a profit. And when I read those articles, and you can correct me if I'm wrong, the gentleman who has really made the key decisions, he somehow involved Patterson, Holly Patterson, with Nassau University Medical Center. As a result of doing that, they were able to get much more in the way of financial aid at the State and Federal level. You didn't really pursue that, but that's something I think that has to be pursued.

The other thing is that if I was an existing employee at Foley and the place was going to close, I might be amenable to take a little less in salary and benefits. I might -- if I was the union I might say in the future, prospectively, anybody who's hired, they get the regional salary of whatever private nursing homes are paying and reduce the benefits to keep Foley opened, all right, to start saving on the expense side.

I guess the point I'm trying to make, I take a look at your report and I take a look at things you would like to do, and you cannot get those expenses down. You still have a gap here of $28 million. I'm just -- I'm beginning to feel we've reached a point, based on Legislative sessions with these folks coming down and what I'm reading about the County Executive and what's happening in Nassau County, that a suggestion should be made to the County Executive and maybe through the Presiding Officer, that a special committee of Legislators and County Executive staff, to put together a small group to really take a look at all of these options, because right now we're going nowhere. You're coming in with your report, the John J. Foley people have their position. You listen to them, you have to have empathy toward them. It's something that, you know, your heart goes out to them. You know from a patient perspective when you say 98% are Medicaid that the patients will be taken care of because you are not going to be placing a Medicaid with a Medicaid, because there is no private pays around anywhere.

I think at this point I'm hoping that the Presiding Officer and the County Executive would say look, you know, it's time to sit down and put a small group of people together. Let's take a look at a whole range of options, you know, from a management perspective, from a union perspective. If you want this place to stay open, we've got to reduce the expenses that increase the revenues.

You did a good job, but I think we've got to take this and go much further. I mean -- because the way we're going right now, we're going down two separate roads. And, you know, if I was the head of the municipal union I would say look, you know, some tough decisions may have to be made here. Maybe the employees have to take a little less in salary and benefits if that's what the problem is, and in the future when someone leaves and we hire someone, they come in at a lower salary at that facility with fewer benefits. You know the old story of tier one and then we had tier two, tier three, tier four, and it is inevitable in the State of New York we'll go to tier five. Each time they do it there's a little less, but prospectively when people come on board they know what the job pays and they know the benefits. They don't have to take it if they don't want it. That may be one of the ways, among many others, that have to be discussed at this point between the County Executive's people and the Legislature. Thank you.

CHAIRPERSON BROWNING:
Legislator Kennedy. Oh, sorry did you want to respond?

MR. MARTELLO:
May I address? Although we did not do a study at A. Holly Patterson, I have access to all their information through FOIL, Freedom of Information. Their actual loss before subsidy for 2006 was five million eight. Their loss for 2007, even thought it's not certified and not finalized, is about five million before subsidy. Although it's way down from what it was, I must say, because the situation is that they have certain considerations from the State that allowed them to be what we call hospital based, which gave them ten dollars more day, they're 300 beds and over gave them ten dollars more a day, and somewhere along the line, and this I do not know officially, I can tell you that the contract that they are dealing with, or the benefits they are paying, are substantially less than Suffolk County's.

LEG. BARRAGA:
Well, you see, that's something that committee I'm talking about should look at. Their situation has improved dramatically from a real deep deficit position several years ago. They had to take certain steps including, you know, attaching themselves to some sort of a hospital for better reimbursement. But, you know, if those employees are getting less in salaries and less in benefits -- but it seems to be working. It's seems to be working for everybody, you know, it's a question of maybe a lot of different groups giving a little, but in essence Patterson is on the plus side. It's moving in the right direction. If they can do that with that place, which was in terrible shape not too many years ago, I think with the talent and ability we have on both sides of the aisle here as far as Democrats, Republicans, the Executive Branch and the Legislative Branch, we ought to be able to come with a solution for John J. Foley that keeps it open.

Applause

LEG. BARRAGA:
I don't -- don't clap. It's just that, you know, an idea that I've had and I think we've reached that stage where we have to have some sort of special group put together to really look at this very, very thoroughly and in depth.

CHAIRPERSON BROWNING:
Thank you. Okay. Legislator Kennedy.

LEG. KENNEDY:
Thank you, Madam Chair. As usual, my colleague, Mr. Barraga, I think speaks with a lot of wisdom and it goes to much of his experience at multiple levels of government. And it occurred to me as I was listening to your presentation, I have to respect the fact that I -- you have great acumen and you're preeminent, I guess, in the field here in the State of New York and the operations of skilled nursing care facilities seems to have once again -- I wonder where that tipping point is between the level of care that's actually given to the patients and the business side of keeping these facilities open and in some cases profitable. We are government. By design we don't make a profit. We're not here to generate a profit. Nevertheless, we also have to be cognizant if we have any entity that's an arterial bleeder.

I was going to ask BRO, but I don't want to get into it now. I'd like to see the actual full report. I have never heard a municipal employees benefits package characterized at 53 to 54% of salary. And in my earlier years in County government I did work in Office for Aging where we costed out new hires that were at that time tier two's or tier three's. So I'd be interested to see how you arrived at that calculation. But, nevertheless, expenditure is what expenditure is.

I'm told that there was $750,000 expended last year on agency care. When I had the opportunity to go there with members of my office I did not see staff falling all over each other on those floors. Any nurse or aide who's doing direct care in that facility is basically doing yeoman's work. It is not an easy challenge, particularly with the Alzheimer's units and the HIV units.

The other thing that I say to you is it occurs to me - and that's why I guess I await your report with great interest. I know that the mean age of residents there in John J is about 42 or 43 years old. I know through personal family experience if you were to take Nesconset Nursing Center or St. James Health Care Facility or even St. Catherine's, there your average age is probably somewhere in the neighborhood of 70, maybe 65, 70 years old. The needs of care between the two age ranges certainly differs, and the responsibility, I guess for the facility to meet some of the needs of the patients themselves certainly are wildly different.

I also wonder if you had a chance to go ahead and take a look at the rehabilitative center that I got to see and whether or not it's being utilized optimally, and also the adult day-care facility and whether or not it's being utilized optimally. The sense that I get there is we have two very nice facilities with eye appeal, but I'm wondering if we're actually getting as many patients in or participants which could then go to positively impact our net revenue by additional enrollments.

I'd also ask you to look at, and again, I had nothing to do with the parameters that charged you in the first instance, but I'm a recipient of what you crafted. You took a six year range, I believe, when you looked at expenditures and revenues. I do know that we have had individual dialogue and contact and for whatever reason, I don't necessarily cast this as a fault of John J Foley's employees, in some cases patients went literally 12, 18, 24, 30 months without an application for Medicaid even being put in, nevertheless processed. So as we look at this ever escalating delta between a revenue -- I'm wondering what have you been able to look at.

Now, obviously, again, you're experts at this so you know not only how to go ahead and recover standard Medicaid revenue, but enhanced Medicaid revenue as well. But that presumes that the application is going to be put in and processed. And your 31 veterans residents might also have veterans administration revenue applied for and recovered.

I say I'm glad for what you've brought to me, but I very much like the opportunity to either individually, or as Legislator Barraga said, move towards what we can look at as far as enhancing the revenue. Possibly contemplate, I don't know, maybe a private food service might be able to do it and give us, you know, the same culinary needs. I don't mean to single any entity out, but I think each and every one of us has to think wide in this type of environment and I'd very much welcome part of that discussion. Thank you, Madam Chair.

CHAIRPERSON BROWNING:
Okay. Presiding Officer Lindsay.

P.O. LINDSAY:
First I'd like to thank you folks for coming and it was by my invitation. I really didn't know that this RFP went out, you realize that. I heard that from a third party. I had no idea that anybody was studying the efficiency of our nursing home. To sum up the report, if I understand correctly, you are saying there's an abundance of nursing homes -- beds on Long Island, and as time moves on, with alternate care, that abundance is going to grow. Is that the basic premise?

MS. BENCIVENGA:
That's one of the premises, yes.

P.O. LINDSAY:
Okay. Does that take into account the baby boomers coming of age?

MS. BENCIVENGA:
The aging out of Suffolk's population and the demographic changes to come?

P.O. LINDSAY:
Yes.

MS. BENCIVENGA:
Even with those factors taken into consideration, if you've had the opportunity or can take the opportunity to review the Berger Report, you'll see that --

P.O. LINDSAY:
Yes, we have.

MS. BENCIVENGA:
That even taking that into consideration they still project forward that there should be no new beds built on Long Island for at least five to ten years.

P.O. LINDSAY:
I don't think we're talking about building new beds. We're talking about shedding beds.

MS. BENCIVENGA:
Well, I believe that the reason why they focus on not building any new beds is because they realize that that would only serve to make worse a situation where we already have excessive capacity.

P.O. LINDSAY:
See, what troubles me is we have a population in Suffolk County that is rapidly approaching retirement years. I mean, this is the suburb, a World War II suburb where everybody -- all the World War II vets came to Long Island, started a family after the war, their families now, and I'm part of that baby boomer generation, is becoming seniors. I'd hate to see us sell a facility and then find that we need that facility here in another decade or less than a decade. And I know the Berger Commission -- we've looked at the Berger Commission. Truthfully, some of their recommendations

for our health delivery system on Long Island we scratched our heads about a little bit. So, I -- okay, but that's your source.

MS. BENCIVENGA:
Well, if I may. I think you bring up a very important point that obviously you have to look to the future. That's critical because you have more than just the 264 residents at John J. Foley who are dependent on you, but the hundred -- 1.5 million residents of Suffolk County, many of whom, as you point out, are going to age out sooner or later.

I know I can speak to that, not because I'm necessarily a baby boomer, but I have parents who are, and I have grandparents who are. And what I can say to that effect is that I have at present two grandmothers that live in the community, thanks to no small part of the community services that are available to them through the efforts of the County, as well as other institutions. At 88 and 86 they enjoy a very healthy lifestyle in community where they prefer to be, and at some point that may no longer be reasonable for them. But thinking that the average age of the nursing home resident is going to continue to trend upward as people who come behind them are healthier, live longer and have better means to stay in the community longer, I think that even though the baby boomer age range would typically or in the past have targeted a five or a ten year horizon, it may even extend out past that because of those other contributing factors that we won't fully experience until that time comes. But it's definitely something that you have to consider and I'm glad you brought it up.

P.O. LINDSAY:
Well, I have a lot of personal experience with seniors as well. I had an aunt that died at 99 1/2 at home with a home health aide, and I also have a father-in-law in the New York State Vets Home in Stony Brook that's 93 that's totally incapable of living on his own. I'm sure you folks have it toured the home, right?

MS. BENCIVENGA:
John J?

MR. MORRONE:
Yes.

P.O. LINDSAY:
I mean, I'm not saying that I'm a frequent visitor there, but I have been out there a few times. Most of the folks that I see there need a nursing home. I don't think, you know, I think it would be very difficult for them to live on their own, but you guys are the experts. Is the practice of cherry picking patients by nursing homes, does that go on?

MR. MARTELLO:
Not as much as it was ten years ago. Realize that the overall Suffolk County census today on the '06 reports, which were done last year, is 95%.

P.O. LINDSAY:
Private nursing home interviews someone who's in a hospital, has -- is a difficult patient, you know, difficult medical needs, maybe difficult psychological needs. They don't reject them? They don't ever reject them?

MR. MARTELLO:
If they're going to be covered by Medicare, which most patients are if they have had a three night hospital stay in a hospital, most facilities today will take a Medicare patient because Medicare will pay us a lot more money than Medicaid for the first hundred days. There has always been, and I can't change that, cherry-picking. If there is somebody walking around with a cane and they are very erratic --

P.O. LINDSAY:

That's all I -- a simple question. I asked does it go on.

MR. MARTELLO:
I don't know it factually.

P.O. LINDSAY:
We know it goes on.

MR. MARTELLO:
I do not, sir.

P.O. LINDSAY:
We know it goes on. Come on.

MR. MARTELLO:
I was at John J for quite a few hours and I have never seen -- we could not as financial people say that that could happen because we're not in the admissions department and we're not going to the hospital. We're, you know, accountants or consultants.

P.O. LINDSAY:
I know that. I know what you are. You look at the numbers.

MR. MARTELLO:
That's what we look at.

P.O. LINDSAY:
We got to look at the numbers, we've also got to look at the people. We have a disadvantage that you guys don't have. You can look at your graphs and your bottom lines and say we shed this, you know, we put another $10 million dollars in your pocket, you know.

MR. MARTELLO:
Again, sir, it depends on where you think the society is going.

P.O. LINDSAY:
In your analysis, you talk about labor rates are the biggest problem and you want to shed 50 people. Do you have a number for what your reporting for payroll there?

MR. MORRONE:
What we do is we have data on a lot of different nursing homes. But one of the key things we do is we compare the revenue coming in to the expenses and that --

P.O. LINDSAY:
So you're actually looking at the dollars that went out, not paid positions. Is that --

MR. MORRONE:
We're looking at the balance.

P.O. LINDSAY:
You're looking at like --

MR. MORRONE:
We're trying to find out where the balance is, where the differences are and why.

P.O. LINDSAY:
Worker expenses, how much it costs for worker expense.

MR. MORRONE:
Yes. So as I said before, there's two sides to labor. There's a rate part and there's an hour part. We could address the hour part, you know, the hour portion of that, and then we also -- in the report we also address the wage side of it and we --

P.O. LINDSAY:
Because on the permanent pay -- staff there, we're showing like a 23% vacancy rate.

MR. MORRONE:
What we as accountants work with is actual cost.

P.O. LINDSAY:
Right. So you're looking at the contract labor for the nurses where they're farming out the nursing services, which was asked before, right?

MR. MORRONE:
But what we look at is on a daily basis who is on the floor. That's what we're looking -- we're looking at hours worked, people that come through the door in the morning.

P.O. LINDSAY:
We're paying like a hundred dollars an hour for a contract nurse, you know that?

MR. MORRONE:
We have that in the report.

P.O. LINDSAY:
Okay. How many people would that account for on a permanent basis?

MR. MORRONE:
Again, we -- I think that if you read the report --

P.O. LINDSAY:
We'll read the report.

MR. MORRONE:
-- that data will be in the report.

P.O. LINDSAY:
The other thing with the payroll, which is a little bit disturbing to me, is reviewing the payroll records from John J. Foley we're finding people on the payroll that aren't working at the nursing home. I guess you guys don't check that, right? You don't have -- there is no way of checking that?

MR. MORRONE:
We have all the cost.

P.O. LINDSAY:
So you have the gross cost.

MR. MORRONE:
We have the cost.

P.O. LINDSAY:
Okay. I have a whole bunch of questions, but I'll wait for the report because I don't want to

monopolize the whole meeting. Did someone else want to ask questions?

CHAIRPERSON BROWNING:
Legislator Romaine, do you have one?

LEG. ROMAINE:
Yes, I have a number of short questions. About four weeks ago, this past Friday, I asked our Health Commissioner, Doctor Chaudhry, who is in the audience, for a copy of your report. And I first of all want to appreciate the effort of the -- of our Presiding Officer to allow you to do an overview. In no way is this your report I assume. You're going to be producing a formal report. I know that report. The work product of that was done some time ago, and we as Legislators are still waiting. The reason we're waiting, and I would hope to have that report as soon as possible, is because the County Executive, through his public pronouncements, have made the sale, closure or something of that nature, of the nursing a priority, and obviously we would like to be prepared before anything came our way so we had all the facts at our command.

Secondly, I'd like to ask our Budget Review Office, which is sitting in the audience, if I could get a copy of the RFP and the responses to the RFP, because I'd like to see what was asked of the RFP, you know, what the mission statement was.

P.O. LINDSAY:
The RFP wasn't let by the Legislature.

LEG. ROMAINE:
I understand that. I was let by I believe the County Executive, but I assume since all funding is approved by this Legislature, that was -- that was part of some budget process in which the ultimate approval, if only indirectly, was accomplished by this Legislature. I would like to understand and trace back the funding source for the RFP.

Next I'd ask Budget Review Office if they would prepare for me a copy of the payroll and all people who are listed on the John J. Foley payroll who are not currently working there. I'd like to get a copy of that. I'd like to know who those individuals are and what departments they're currently working for. I'm concerned that they may be working for other departments involved in selling other health assets.

Let's talk about the vacancy rate. As the Presiding Officer mentioned, there currently is a 23% vacancy rate in the nursing home in terms of the staffing levels, and these are based on the Operating Budget submitted by the County Executive of staff positions. Twenty-three percent of them are vacant. You are recommending shedding 50 more employees. Can I ask you something? In your view, would a profitable nursing home consist of low paid employees, low paid employees with -- that have diminished staff, the ability to maintain a cleanly nursing home?

My concern, and I'll go right to it, is I know you're making these recommendations from a financial point of view. But I have to say to myself we have a 23% vacancy rate now. You're suggesting shedding 50 more employees, how's the nursing home going to operate? What's your view of a profitable nursing home? If we have a 23% vacancy rate I assume 50 employees will take us to about a 30% vacancy rate. How is that going to allow the nursing home to serve the patients there? How do other nursing homes in the private sector become profitable? Do they pay their employees so little? How do they make a profit and a public nursing home doesn't? How much do we cut? What services do we impact? What's the, you know, totality of these recommendations? I'm trying to understand because there are other private nursing homes out there. What do they pay?

And did you find any departments, of all the departments that you examined, that were overstaffed, and did you find any that were understaffed? Maybe I'll ask that question. Did you find any departments that were overstaffed?

MR. MORRONE:
I mean, we could address it today, we could wait for the report. Yes, we did address all those questions. The fact is when we do nursing, when we look at nursing staff what we are doing is we are trying to compare what we're paying out to what the State is willing to pay us correspondingly at their ceiling price. We're not necessarily looking to come in under the ceiling price. And absolutely, as we disclosed over a three year period, if we're looking at $28 million, we're definitely experiencing some loss.

LEG. ROMAINE:
No question.

MR. MORRONE:
So, you know, what we're trying to do is we're trying to give you a model, a profile.

LEG. ROMAINE:
But you'll address those in the report?

MR. MORRONE:
It's addressed in the report.

LEG. ROMAINE:
Right. I would ask the indulgence of our Presiding Officer. It's nice to see the slide show. It would be much more helpful prior to seeing this had we had the report in our hands so we could ask more pointed and intelligent questions that you could address and we could have a better understanding of it. So I would ask possibly when the report is issued to all of us, and let me ask the Health Commissioner here or the representative of the County Executive, since I asked four weeks ago for this report and still have not received it, when it might be forthcoming for all 18 members?

MS. BENCIVENGA:
The reports will be issued final within seven to 14 days. I think -- I'm sorry. I thought we mentioned that before. I apologize.

LEG. ROMAINE:
Okay. I must have missed that. I apologize myself. I would ask the Presiding Officer, obviously since it will be into the July break that possibly we schedule a discussion of the report for our August committee meeting.

P.O. LINDSAY:
As soon as we get the report, I mean, they'll be many meetings on this subject.

LEG. ROMAINE:
Thank you, Mr. Presiding Officer. And thank you. I look forward to this. The one thing that I'd like to see, I don't know if it's addressed in the report, but you're spelling out the losses that you see John J. Foley Nursing Home, Skilled Nursing Home, incurring. To prevent that loss, it would seem the only option is a partial sale, a full sale, one of the five options that you mentioned, to further reduce that or eliminate that loss. I'd like to know how private nursing homes do it. They obviously must be paying extremely diminished wages if you're saying that a lot of this is just wage driven. They must have other things.

MR. MORRONE:
The New York State Department of Health reimburses on a regional basis, a regional wage, and our wages are higher than the region. And the differential is a shortfall because we're -- we pay over the ceiling price. The other nursing homes that you're talking about, we do quite a few on the Island, are paying substantially less.

LEG. ROMAINE:
Including the RN's and LPN's and things of that nature? They're paying them less? Because my information is that in the --

MR. MORRONE:
When you get into --

LEG. ROMAINE:
-- private sector -- we're actually paying less than the private sector for those titles in County government.

MR. MORRONE:
Again, that will be detailed fully in the report because, you know, it's a very significant number --

LEG. ROMAINE:
Right.

MR. MORRONE:
-- and it tells the story.

MS. BENCIVENGA:
I'm sorry, I just had one follow-up question because I want to make sure that we have it sufficiently covered in the report. I'm fairly certain we do, but you were mentioning the 23% vacancy rate and I believe that's in the positions --

LEG. ROMAINE:
Yes.

MS. BENCIVENGA:
-- slotted to be worked at John J. Foley?

LEG. ROMAINE:
Yes.

MS. BENCIVENGA:
So had those positions been filled and had they been running at the full capacity --

LEG. ROMAINE:
We'd probably have a larger deficit.

MS. BENCIVENGA:
The expense would be 23% higher and the revenue would be still the same as it is because those positions wouldn't necessarily generate any more revenue. I just wanted to --

LEG. ROMAINE:
Now, there are how many other nursing homes in Suffolk County?

CHAIRPERSON BROWNING:
Forty-three.

LEG. ROMAINE:
Forty-two --

CHAIRPERSON BROWNING:
I believe 43.

MS. BENCIVENGA:
Forty-three.

LEG. ROMAINE:
And are all of them profitable? I'd like to ask that question.

MR. MORRONE:
No.

LEG. ROMAINE:
Are the majority of them profitable?

MR. MORRONE:
What would you say, Joe?

MR. MARTELLO:
I would say yes.

LEG. ROMAINE:
You say the majority of them are profitable.

MR. MARTELLO:
Of all of the facilities that are not-for-profits, I don't mean County, not-for-profit.

P.O. LINDSAY:
Sir, you've got to talk into the mike because the stenographer --

MR. MARTELLO:
I'm sorry. Of all facilities that are either not-for-profit or are proprietaries, not -- well, there's only one County facility in Suffolk and there's only one in Nassau, but County facilities it's a different situation.

LEG. ROMAINE:
There's two government facilities that I'm aware of. The Suffolk County one and the Veterans Nursing Home in Stony Brook are the only two that I know that are governmentally run. I'm not aware of any others. But the proprietary ones or the not-for-profit ones, the majority of them operate at a profit?

MR. MARTELLO:
That's correct. We would have to -- by the way, what we do through FOIL, you know, and when the cost reports are filed, is we receive all 651 nursing home reports. We're able to tell in Nassau, Suffolk, and Albany and whatever county we want to, what the staffing levels are, what the profit margins are, and whatever else is going on. So we can find out anything we want to. It's a public business.

LEG. ROMAINE:
Right. Now, it's my understanding that the New York State Department of Health comes and visits these nursing homes on a regular basis and generates reports of things are good or there are deficiencies. Have you examined the ones that are running very low cost, how their ratings are with the State Health Department? Do they have more deficiencies than John J. Foley? I mean, those are types of -- I'm just trying to give you like information because I understand cost, but I also understand, you know, quality of service.

MS. BENCIVENGA:

It might be helpful for you to know that in making the comparisons the comparisons were based on average, which would have taken into consideration the lower ends as well as the higher ends. So to say that we would compare you to the finest facility and to say that we'd compare you to lowest facility, in fact, we compared you to the average.

LEG. ROMAINE:
Average facility. But in terms of these facilities all receive reports from the Health Departments, New York State Health Department, they've been inspected. During those inspections did the -- did the other, whether you used the average or the low, the high, did they have more, less, about the same amount of deficiencies?

MS. BENCIVENGA:
That would probably be a point that would come from the next level of investigation on this topic.

LEG. ROMAINE:
Okay. Because obviously --

MS. BENCIVENGA:
Obviously that would speak to clinical capabilities and that would have been outside the scope of our assessment.

LEG. ROMAINE:
So you can't tell if some of these private facilities that are running at a much lower cost, say much lower cost, because if you're talking about $28 million over three years, another 264 bed facility, 244 bed facility, if they're running at a much, much lower cost, if they had higher rates of deficiencies.

MS. BENCIVENGA:
Right. In the next stage, when you get to a point where you're trying to extrapolate out the outliers and certainly not wanting to compare yourself to people whose standard of care is less than what you've established at John J. Foley, and I can't blame you, I wouldn't want to do that either, you'll be able to make that distinction at that time. You'll be able to say okay, now based on the facility information that's available to me, strip out those people that have received a survey score of, and then you can create some parameters and that way you'll know that when you're doing your comparisons that they're more qualitatively comparable to what you want to be compared to.

LEG. ROMAINE:
And then there's the question of -- that Legislator Kennedy brought up that I'm going to ask you specifically to take a look at. I would like to know how long it takes on average, taking, what is it, 244 beds?

MR. MORRONE:
Two sixty-four.

LEG. ROMAINE:
Two sixty-four. On average how long it takes to file a Medicare or Medicaid reimbursement form, because I'm told that some of these forms on some of these patients haven't been filed, you know, as quickly as they should have been and there was a loss of revenue there. I'd like to be able to quantify an understanding of that because that's less the hard work of the people working there and more the administrative oversight of the Suffolk County Health Department. And I would like to take a look at that because that's, you know, the infirmary operates -- my understanding is the Executive Director may be leaving, but my understanding is that he has oversight and his staff has oversight from the Health Department.

I'd like to understand how that oversight worked, how long that went on, how long it took to get this reimbursement underway, and how much money was lost as a result of that. And what we could do, all things being equal -- let's say there was a decision and we said to the County Executive thank you for your suggestion, we're just going to promptly ignore it. One of the things that we might say might be what could we do with the existing facility to right staff it, not shedding staff, right staff it, and I understand in your report you make recommendations what the correct staffing is for each department, is that correct?

MR. MORRONE:
Yes.

LEG. ROMAINE:
So when we get that report we'll have a better understanding of each of the departments and an evaluation of those departments, and what right staffing would mean, is that correct?

MR. MORRONE:
That's correct.

LEG. ROMAINE:
Okay. What it would take to make that facility profitable, all things being equal in its current state. Have you made any recommendations about that? Is that in your report?

MR. MORRONE:
To make it profitable?

LEG. ROMAINE:
Yes. Without, you know, by right sizing it, by processing applications, things of that nature. Even by setting up a quasi -- for example, I know that some counties have set up like a -- excuse me?

LEG. KENNEDY:
Like an LDC?

LEG. ROMAINE:
Thank you. An LDC, a local development corp, where they'll transfer the asset out and do that. I mean, those types of financial arrangements that would be done. Is that mentioned in the report?

MS. BENCIVENGA:
It is. I think when you have an opportunity to look at the detailed report certainly, and maybe even have another glance at the summary presentation we've provided today, you'll see that bringing collections more in line with what would be appropriate has been addressed. We factored that in and it's one of the recommendations that we made. We recognized it as well that they should be collecting more of what they're billing when people are working so hard.

LEG. ROMAINE:
And lastly, if the County Executive has his way and the facility closes -- I just would like to air these questions out. Does the report in any way address the placement of the patients? Because my understanding is that, and I think Presiding Officer Lindsay made an excellent point about cherry-picking, that some of these patients are going to be very difficult to place and we may have to go as far as the Bronx to find nursing homes to place them in, that we may not be able to place them all within Suffolk County. That's a concern for some of the families and some of the other issues. That may be something, and that may not have been your original charge, but quite frankly as often the Legislators here are flying in the dark.

That's why I want to thank again Presiding Officer Lindsay for sponsoring this. This is an informative first step, but it's hard without seeing the report, without seeing the RFP, without seeing what your charge was, to understand the context of the information that you are presenting it in. But I appreciate your efforts and I appreciate the Presiding Officer. Thank you.

CHAIRPERSON BROWNING:
Okay. Legislator Kennedy.

LEG. KENNEDY:
Thank you. And I'll make this quick. When you --

LEG. ROMAINE:
I never said I would make it quick.

P.O. LINDSAY:
You said you had a few questions.

CHAIRPERSON BROWNING:
A few brief questions.

LEG. KENNEDY:
I did.

LEG. ROMAINE:
It's important.

LEG. KENNEDY:
I'm not positive, but I think that there are at least some minimum staffing requirements that you find for health care facilities that arise, no?

MR. MARTELLO:
Not true.

LEG. KENNEDY:
The New York State Department of Health will not say that there has to be --

MR. MARTELLO:
They don't want to, sir, because they don't want to pay. They don't want minimum staffing levels because then they would have to pay us to maintain those levels. That's why it's not been in writing and never has been. They still have a survey process. They ask you what your staffing is, make sure your quality of care is good, make sure your dietary meals are good, but there is no staffing minimum requirements.

LEG. KENNEDY:
All right. Well, I'm going to take issue with you because any licensed person on a floor at some point when they're faced with a dangerous situation will advise their charge nurse or their administrator that it's unsafe to go ahead and take a floor with that level of staffing that they've been provided with. So I'm going to disagree to a certain extent. Perhaps maybe there is not something codified that you find out of New York State Department of Health, but there is a certain level that every health care person knows that when they're presented at the beginning of a shift with 30 or 40 heavy care, quadriplegics, amputees, turns and things like that, that this is no longer a safe operation.

MR. MARTELLO:
I would agree with you 100 hundred percent. They have a license at risk, as we have a license at risk. I would not want to take care of someone that couldn't be taken care of, but you asked a question, was there a minimum standard from New York State and my answer was no.

LEG. KENNEDY:
Okay.

MR. MARTELLO:
If I was an DNS or I was an RN and someone said I had 40 patients to take care of and my license was on the line and I couldn't take care of them because I need three people to lift somebody or I need a chair or whatever I need to get the person out of bed, I'm going to make sure I have the staff to do that. And that's what your people and that's what we would hope everyone that has a license would do. I would not want you to risk anybody's health or life because of staffing, and none of us is saying that.

LEG. KENNEDY:
Wonderful. So then I can expect when I see your report your recommendations don't go to that level.

MR. MARTELLO:
That is correct.

LEG. KENNEDY:
Okay, good. The other thing I guess I'm going to restate to you then, if you can please is, and I don't know if this is in here. We didn't hear it in the presentation, but at least some treatment of the PT section for the purposes of trying to look at a separate revenue, a stream of revenue, and the adult day-care program. And perhaps something as far as growing the enrollment with that, not just by saying gee, we'd get more revenue if we had 20 more enrollees, but how we realistically can get there through, you know, possibly being out there and engaging in some dialogue or some marketing or some of the other things that we might need to do. Because I believe that if we succeed in maximizing the full gamut of revenue potential in there and then we look at some of the other items that we've talked about here, I don't know if we are going to get to break even, but I think we can do something to at least, you know, throw a bandage around the arterial bleeder. Thank you.

CHAIRPERSON BROWNING:
Okay. Thank you. And again going back, I'm learning that the contract agencies, it's RN's and LPN's, which are the ones you pay the most money for that we -- you know, I really do think it's necessary to look at what we're paying for RN's and LPN's through these contract agencies. You said -- how much did you say?

P.O. LINDSAY:
I heard it was a hundred dollars an hour.

CHAIRPERSON BROWNING:
A hundred dollars an hour. You know, with this 50% rule, how much could we save? I believe we could save something. Gail, do you --

MR. MARTELLO:
Yeah, like even though the RN's and LPN's get paid the most, we have more of the nurses aides. We might have 125 full-time equivalents, and if the differential is great there, the impact dollar wise could be greater at the lower pay, you know, with the differential on it. But that is indicated specifically in the report.

P.O. LINDSAY:
But don't you think that if the deficits were to be significantly reduced at this facility it isn't going to be in one area. It has to be a series of things that have to be done. And certainly when you're paying a hundred dollars an hour for a per diem nurse, because of lack of a flexible work schedule to allow people to work longer days or to work a little bit more overtime, every little bit were to help, I'm sure.

MR. MARRONE:

I agree.

MS. BENCIVENGA:
Absolutely. And I think when you get a chance to go back to slide 11 or addendum number one, what you'll you see is all the things that you're talking about, all of which are absolutely reasonable and absolutely will impact the bottom line. All are those things that we took point in recommending and quantifying that if the improvements were made, recognizing those same areas that need improvement, beefing up physical therapy, occupational therapy, making sure you're billing and collecting for the services, the need to reduce agency staff. You know, we factored that in and in the best case scenario that we present you with we have factored that that has been accomplished. So we agree with you.

P.O. LINDSAY:
How could it be accomplished when we have nurses -- I mean, the standard in the industry now is for nurses to work four ten hour shifts, right? Isn't that correct? No? Sometimes 12 in the hospitals?

MR. MORRONE:
Again, it's a very general question. I would rather you --

P.O. LINDSAY:
Okay. I -- then not to generalize it. Our nurses are working eight hours a day. They'd be happy to work ten hours a day at straight time.

MR. MORRONE:
What we work on is nursing hours per patient day. That's the standard, whether it's a ten hour shift, eight hour shift.

P.O. LINDSAY:
I understand that, but --

MR. MARRONE:
What we're trying to do is we're trying to give you indicators. What our report is going to try to do is give you the information needed so you could understand the situation.

P.O. LINDSAY:
But in spite of our salary scale, when we're paying contract nurses it's close to double what one of the permanent nurses makes per hour. Something -- you know, for that not to be consideration is crazy.

MR. MORRONE:
Again, I would suggest to read the report first.

P.O. LINDSAY:
We will, we will. I want to go to two other things that you mentioned, though, and I believe you've already mentioned them in the report. I had a conversation with a man that I'd not like to reveal his name, but was the operator of a not-for-profit nursing home in Suffolk County that was losing money and they turned it around. He told me that the key to the turnaround was billing, that you have to be meticulous.

MR. MORRONE:
Billing revenue?

P.O. LINDSAY:
Yes.

MR. MORRONE:
Yes, generating revenue.

P.O. LINDSAY:
You have to be meticulous with billing for every service that you give a patient and you can't let up on that charge day in and day out. Would you guys agree with that?

MS. BENCIVENGA:
Billing and collections are two of the areas we had recommended improvements in the report. We would agree.

P.O. LINDSAY:
Okay. And the last thing that I'm going to say is when you talk about subcontracting components of the facility, you know that we subcontracted the pharmacy services back a ways, and some of the reports I'm getting is that's costing us a lot of money because of the waste of drugs that are very expensive. Because of not having a pharmacy in the building we're getting orders of drugs that aren't usable or the parent dies or the -- whereas the pharmacy in the building can change -- can change distribution of drugs on a daily basis. Do you think that's the case?

MR. MARTELLO:
I can't say. I mean, we had a pharmacy at one of our Long Island homes, one of the bigger homes, and when part D, Medicare Part D came in about two years ago, they went out to an outside pharmacy service and they are rated the top nursing home in this area.

P.O. LINDSAY:
Okay. Are you familiar with our subcontract for pharmacy services?

MR. MARTELLO:
I am not. I don't know who it is.

P.O. LINDSAY:
Okay.

MR. MARTELLO:
But most facilities, unfortunately, when they run their own pharmacy, and we do another County facility and we have other facilities that have their own pharmacy, very few, from my experience has been it is not cost effective to have your own pharmacy. I don't know whether you're not paying the right prices, blue book. I'm not sure.

P.O. LINDSAY:
No, no. It isn't a question of prices, it is a question of waste of --

MR. MARTELLO:
They are not supposed to be wasted. Everything is supposed to be daily packed, punch packs, and all the packs are supposed to go back and you are supposed to get a credit. I mean, I'm not trying to tell you how to run the business, but that's --

P.O. LINDSAY:
No, and I -- this is not my business. I'd be the first to admit that. I'm simply asking a question, but it's being portrayed to me that we're wasting a tremendous amount of drugs in that facility.

MR. MARTELLO:
Something else we would -- we, again, we would not be qualified to tell you that, but I would tell you that most facilities are doing what we call blister pack. It's a 31 day pack for a 31 day month. If you don't use -- if you don't pop them out of all the different drugs that all these patients have --

MS. BENCIVENGA:
Certain drugs.

MR. MARTELLO:
Certain drugs. We send them back and get a credit. I know I see the credits. I see the money. I see the reduction.

P.O. LINDSAY:
And I have no idea whether we're doing that or not. It's being portrayed to me that we're not.

CHAIRPERSON BROWNING:
No, I believe we're not.

MR. MORRONE:
What you'll see in the report is you'll see what we're spending as opposed to what we're getting in revenue. Again, that's the report. What we receive in revenue broken out, itemized by cost center, compared to what we're paying.

P.O. LINDSAY:
Did you guys analyze our management team over there? Do we have more managers than the normal nursing home for that facility?

MR. MORRONE:
We did analyze that, yes.

P.O. LINDSAY:
Well, do we?

MR. MORRONE:
Again, to do that today -- I think you need to read the whole report before you start getting into anything, you know, specific.

P.O. LINDSAY:
Okay. No, I'm just asking a simple question. It's a 260 bed facility. Should they have eight managers, ten managers, five managers?

MR. MORRONE:
What we tried to do in this report, to answer your question with surveys, we do take -- and when we take a group of nursing homes to compare to, what we're doing is we're trying to compare our facility to those that have good surveys. In other words, we're not necessarily looking for the staffing per se type of numbers, we're looking for facilities that have reputations for good survey, places that are filled up most of the time because of their reputation, and that's what we're trying to do here.

We're trying to compare the best we can on a financial basis. We're accountants, so on a financial basis we're trying to understand the situation as far as you want to know are we comparing to others that have good surveys. Yes, we are definitely trying to mirror our operations to some other operation that has a good survey, and how they get there is they're different type of managers. But what we want to do is we want to report to this group, this committee, that information so you'll be prepared to make the correct decision. So we have a lot data in this report.

P.O. LINDSAY:
Well, we would certainly look forward to your report and read that, but you did already reveal to us a recommendation to shed 50 employees to make it more profitable. But nothing, you have no idea

about whether we have too many managers?

MR. MARRONE:
I would say that -- based upon the managers in administration?

P.O. LINDSAY:
Uh-huh.

MR. MARRONE:
It's on the high side, but I think it's within ceiling, to answer your question.

P.O. LINDSAY:
And you listed like six --

MR. MARRONE:
The cost is high, but it's within reimbursement parameters.

P.O. LINDSAY:
Okay. That's all I asked initially, did we have too many managers or do we have a lot of managers or whatever. Yeah, the answer seems to be yes. You offered six options to, you know, somehow cut back on the deficit. What I'm interested is you didn't list seventh. Have you looked at bringing in a manager or a subcontractor to manage the place more professionally maybe?

MS. BENCIVENGA:
It's discussed in the recommendations and the findings in our report. It's discussed in the same section as privatizing portions of the facility, such as rehab or dietary, housekeeping.

P.O. LINDSAY:
So you are looking at it. Okay.

MS. BENCIVENGA:
Yeah. It provides some basic guidance that you could go out and seek management firm to come in, oversee the operations with the recognition that that management team would be placed on top of the existing management team, because it's generally not a replacement situation. It's generally bringing in somebody to make sure that the management team you have in place is functioning and adhering to the operational goals and objectives that you have put in place.

P.O. LINDSAY:
I'm looking for a separate management team to come in and run the place. Because, you know, I mean, my experiences is from the private sector, okay? And all I know is if I'm running a business and our deficits are constantly growing over a five year period to tenfold, the first thing I'd want to do is change my managers. Right or wrong. That's what the private sector would do.

MR. MARRONE:
I think -- and I've been party, again, to some of this work, is you would set up a model. In other words, we're setting up a model for this facility and we're saying that based upon this model the costs that you expend are going to be reimbursed at a ceiling price. And then the manager that you would bring in later on would make sure and monitor that you hit those levels. That's what the manager would do.

In other words, we're hopefully going to set together a model for this facility to run at a level, at a performance level, and then the next stage is the manager would come in and make sure that you hit the levels. But if you hit these levels the way we put it together, that the three year period that we're talking about, you're going to experience a loss of $28 million at these levels.

MS. BENCIVENGA:
I think what he's trying to say is that you can bring in seven management teams if you'd like, but at the end of the day the largest uncontrollable cost they have is related to labor and there's little that they can change regarding that aside from some of the recommendations that we've made, which will probably be to shift or realign or reassign and get rid of the high cost agency nursing staff. We agree with you on those things.

I just think that to put another management team to task -- how much better would another management team perform? They probably would. They might be able to implement all the changes that we've recommended and maybe achieve the success that we would like to see them achieve. But would they be able to overcome a $28 million loss over a three year period without any change to your existing collective bargaining agreement? I'm not sure they could. That would be an interesting thing to see.

P.O. LINDSAY:
Well, one of the interesting things that you mentioned, and something to my knowledge hasn't been tried, and that's to sit down with the labor team out there and say, you know, are we going to save this together or are we going to let it sink or are we going to be forced to sell it. And I adhere to that philosophy. I'm done.

CHAIRPERSON BROWNING:
Okay. With that, are we done? Well, we do appreciate you coming and giving us the presentation. Thank you.

P.O. LINDSAY:
Thank you very, very much for coming.

CHAIRPERSON BROWNING:
And with that, please don't leave. I'm sorry, not you, Legislators please don't leave. Janet, if you would like to come up. There was something that I did forget to mention. I found out some information about a change in State funding for our child care. Could you please give us some information on that?

MS. DeMARZO:
I'd like to ask that the Clerk's Office distribute these. I'm sharing with you quickly. I know that you've had a long meeting and I appreciate the opportunity. I did not want anyone to not have the information because it is something that is coming down very quickly. The State of New York is finalizing their allocations for the Child Care Block Grant.

CHAIRPERSON BROWNING:
Could you hold on, Janet?

MS. DeMARZO:
Sure.

CHAIRPERSON BROWNING:
Did Legislator Kennedy leave? Do we have a quorum? We do. Sorry, go ahead.

MS. DeMARZO:
For the Child Care Block Grant and the State of New York has advised us that we will be losing monies that had been previously allocated to Suffolk County in the day-care area. It was originally anticipated to be up to six million. We now know it's in the two to three million dollar range. These monies had been anticipated by Suffolk and we are very concerned. The County Executive has

reached out to the State Delegation, as you see, that these cuts will jeopardize the continued open enrollment for the Day-Care Program. So we are expecting finalization of our allocation over the next week or so. There is a phone call tomorrow with the State. The Delegation has been alerted and we are hoping that we maintain the funding that has previously been allocated to Suffolk County so that we can ensure the open enrollment of the Child Care Program. Without these dollars we are in jeopardy of losing the ability to keep child care as it is now.

So I just wanted to make sure that everybody knew because I think that the State is about to finalize them and any actions that can be done to ensure our appropriate funding is critical. But barring the State taking that action, we will be closing day-care entry over the next month.

CHAIRPERSON BROWNING:
So it's not six million dollars?

MS. DeMARZO:
No. There was six million dollars in roll over. They have indicated to us they will take probably a little -- between two and three with the final allocation coming out over the next week, hopefully tomorrow.

CHAIRPERSON BROWNING:
So this is going to affect you when you have brand new applications or renewed applications.

MS. DeMARZO:
We are -- the way the authorization works to address the shortfall in funding is that first we would close intake for the highest income level individuals and then we could prioritize down. If those savings don't bring us everything we need then we would have to actually close open cases. There are a protected guaranteed population within the child care world and that's individuals that are eligible for temporary assistance or of the 185% of income level. So there is a protected population that regardless of how far down the State goes that becomes an absolute mandate. But then there are additional categories that we were providing for above that with these Federal and State Block Grant dollars and some local dollars.

CHAIRPERSON BROWNING:
Okay. Thank you. Anyone have questions? No? Okay. Thank you, Janet.

MS. DeMARZO:
Thank you very much.

CHAIRPERSON BROWNING:
With that, I'll make a motion to adjourn. Second, Legislator Kennedy. All in favor? We are adjourned.

(THE MEETING WAS ADJOURNED AT 4:33 PM)

{ } Denotes spelled phonetically