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### **Monte, Can You Spare \$510K?**

A bankruptcy court judge issued an order on March 12 allowing Montefiore to lend Westchester Square Medical Center money prior to a sale set for March 22. The community hospital is winding down operations—transferring patients and obtaining approvals for closure—but projected an operating cash shortfall of \$510,000. Westchester Square first asked the state Department of Health to fund the shortfall but was refused, according to court documents. Instead, Montefiore will allow the hospital to access up to \$750,000 of its deposit on the purchase. The Dormitory Authority of the State of New York agreed that if the sale doesn't go through, it will "backstop [WSMC's] obligation to repay" Montefiore the money. If the deal closes as planned, Montefiore gets credit on the purchase price for the advance. In a statement issued yesterday, Montefiore said it was working "to clear the final legal hurdles and ensure the facility is appropriately staffed for a seamless transition." The hospital plans to operate an emergency department, an ambulatory surgery center and, eventually, primary and specialty care services at Montefiore Westchester Square.

### **PCDC Loan**

The Children's Aid Society held a grand opening yesterday for its 40,000-square-foot Bronx headquarters, at 910 E. 172nd St., with a health center that will accommodate about 15,000 annual visits for 4,000 children, nearly double the capacity of its current South Bronx medical services. The project was financed in part by the Primary Care Development Corp., a nonprofit lender that provided a \$7 million loan through its New Markets Tax Credit Program, which offers below-market, long-term fixed-rate loans to expand primary care in low-income communities. The loan was operated in conjunction with HSBC Bank.

### **OMIG Audit Faults Elmhurst**

**The New York Post couldn't resist the headline "Exec bills Medicaid for Lexus." But a Medicaid audit on Elmhurst Care Center, released on March 12 by the New York State Office of the Medicaid Inspector General, wasn't triggered by the fact the home's administrator drives a Lexus and billed Medicaid for those costs. It was the home's failure to log vehicle use. "There's no issue with administrators using luxury cars," said an OMIG spokeswoman. As long as the proper forms are completed in a timely manner, executives can bill Medicaid up to \$600 a month for the use of such pricey vehicles, depending on how often the car is used on business. Still, the for-profit nursing home, with about 75% of its residents on Medicaid, was ordered to refund Medicaid \$1.6 million, including more than \$100,000 for leasing and insuring the Lexus and another vehicle for several years. The repayments were triggered by inaccurate reimbursement rates for patient care, and claiming the cost of building a co-generation power plant as a Medicaid expense. Elmhurst Care disputed the findings. The audit, which covers 2000 through 2006, is [online here](#).**

## **Limited budget funding for SUNY hospitals**

Funding for SUNY hospitals in the state budget looks bleak, because only the Assembly is willing to throw money at the troubled system. The Assembly's proposed budget restores funding that was cut from SUNY hospitals in past state budgets, according to an analysis by GNYHA. The gesture is meant to help SUNY stabilize SUNY Downstate's finances and pay for costs that are beyond the hospital's control, including the higher cost of contracts and pensions for state workers.

SUNY Downstate has in the past blamed its precarious finances in part on state-negotiated collective bargaining agreements that limit its ability to cut labor costs, which represent 70% of its cost base, according to *Modern Healthcare*.

The Assembly's budget also would authorize up to \$100 million in state loans to SUNY. The money comes with strings, of course. The funding and loans are contingent on SUNY Chancellor Nancy Zimpher developing by May 1 a long-term sustainability plan for the SUNY hospitals that are financially distressed.

While the Assembly's suggested handouts to SUNY are generous, neither the Senate nor the executive budget has SUNY hospital sustainability plan proposals.

*Modern Healthcare* reported yesterday that in a March 5 filing to bondholders, dated Feb. 27, the state's Division of the Budget reported that funding for SUNY hospitals that was added in the fiscal 2013 budget will be discontinued. The cuts eliminate \$29.8 million for the state's three academic medical centers.

### **At A Glance**

**WHO'S NEWS:** Dennis Connors, the deputy executive director of Lenox Hill Hospital since September 2012, has been promoted to executive director. Mr. Connors succeeds Frank Danza, who has been appointed senior vice president and chief revenue officer for the North Shore-LIJ Health System, a new position.