

Local Law #1 Of 2004

A Local Law To Authorize Ulster County To Contract With Westchester Health Care Corporation For The Services Of Ellenville Hospital And Make Payments To Prevent The Hospital's Closure

The Special Committee on Ellenville Regional Hospital (Chairman Stock and Legislators Cummings, DePew, Donaldson, Hyatt, and Stoeckeler) offers the following:

Section 1: Legislative Findings and Intent

The County Legislature finds as follows:

- A. The area of the Village of Ellenville ("Ellenville Area") is located in an economically depressed area of the County. The Village is located in the Town of Wawarsing and its economic base had declined significantly since the 1980s. Numerous employers have entirely ceased operations (such as Channel Master Corporation), the hotel and hospitality industry has shrunk, and most recently, Imperial-Shrade Cutlery has eliminated jobs. It is one of a few areas in the country which are part of a Rural Economic Area Partnership Zone. Ellenville and Wawarsing are in lower income zones than the rest of the County. Census data from 2000 indicates that the median household income for Ellenville was 64.6% of the median income for the whole of the County and that of Wawarsing was about 84%. Twenty three percent of households were below the poverty level in Ellenville and 17% in Wawarsing, compared with 10.5% of households in the County as a whole. Significant numbers of children are included in those percentages.
- B. The needs of the Ellenville area for basic emergency and local community hospital care are presently met by the Ellenville Regional Hospital, (hereinafter "Ellenville Hospital" or "Hospital"), a facility licensed for 51 beds, but which generally operates at less than twenty-five percent of that capacity.
- C. The Ellenville Hospital is an assumed name for the Westchester-Ellenville Hospital, a non-profit corporation, which is a wholly controlled subsidiary (through another non-profit corporation) of Westchester County Health Care Corporation, a public benefit corporation organized and existing pursuant to Chapter 11 of the Laws of 1997.
- D. The Ellenville Hospital is presently operating under the protection of the bankruptcy statutes, having initiated a voluntary proceeding in the fall of 2003, and

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its operations over the last several years have produced significant deficits, amounting to \$6.8 million in 2002 and \$1.9 million in 2003.

- E. The Hospital has applied for and expects to receive later in 2004 a designation as a Critical Access Hospital (CAH) which will improve its allowable reimbursement charges and expects that this change, coupled with renegotiations of rates paid by health maintenance organizations and insurers, and eventually, the reorganization of the Hospital's operations and services so that they are more reflective of the actual demands and needs of the area served ("Reorganization") will eliminate future deficits.
- F. At the present time, and until the changes outlined in the preceding paragraph are implemented, the Hospital continues to operate at a deficit and will close completely and cease operations in March, 2004 unless it secures additional revenue.
- G. The unplanned and unexpectedly sudden closure of this Hospital will create an immediate gap in the availability of medical services in the Ellenville area, as there is no other hospital within about forty to forty five minutes driving time from this Hospital and no other existing resource for needed hospital care, emergency care and auxiliary care in the form of outpatient services such as radiology in the Ellenville area. In 2003, there were 219 inpatient Medicaid visits to the Hospital and 6010 outpatient visits paid for by the County, according to County records. In addition the Hospital provides a substantial level of care which is paid for by the bad debt and charity care pool, the recipients of which are largely unable to pay for care.
- H. The Hospital has been pursuing and will continue to pursue all other sources of funds to remain open, both public and private.

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For the purposes of insuring the temporary continuation of hospital care, associated emergency care and other auxiliary services such as radiology, for the benefit of the needy and children of the Ellenville area, in particular, and to prevent closure of the Ellenville Hospital without other provision for continuation of such services, the County acting through its Legislative Chairman or Purchasing Agent, may contract with the Westchester County Health Care Corporation and the Hospital for the hospital care, emergency care, related auxiliary medical services such as radiology, as are now provided, and as will be provided pursuant to such contract by the Ellenville Regional Hospital, within the limits of appropriations provided for such purpose by and as authorized by resolution of the Ulster County Legislature, subject to the conditions of this local law.

Section 3: Conditions and Limitations to Contracts

Any such contract entered into under the provisions of this local law:

A. Shall provide that any monies payable hereunder shall be expended for the provision of current medical care and services during the period thereof, and shall not be used to pay any creditors of the Hospital in its pending bankruptcy, nor to pay any past or current charges for use by the Hospital of the facilities and/or land, in and upon which the Hospital is located, nor to reimburse or repay any person or entity for any monies or services advanced to the Hospital prior to such contract, except as the County Legislature shall specifically approve by resolution.

B. Shall provide that the Hospital present to the County Legislature within ninety days, a detailed plan for obtaining funds from other public and private sources and for its reorganization and the redeployment of its resources as a Critical Access Hospital which shall allow the continuation of hospital care, emergency care and related auxiliary medical services in the Ellenville area without the necessity of contracting for services under the authority of this local law. Such plan shall be subject to the review and approval of the County Legislature.

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C. Shall not allow for advance payments for services to be provided, but may provide for payment on a weekly basis after rendition thereof.

D. Shall be approved by the bankruptcy court having jurisdiction over the Hospital's proceedings in bankruptcy within 30 days, but this provision shall not prevent the making of payments for services prior to such approval.

E. Shall be for an initial period which shall not be less than four months, nor greater than six months, but may be extended, renewed, or renegotiated for a greater or different period or with different levels of service within the amount of appropriations provided and upon a specific finding by the County Legislature that substantially the same factual conditions as described in Section 1 are then in existence and continuing.

F. May be terminated by the County by resolution of its Legislature, on at least 10 days notice.

Section 4: Requirement of Local Agreements

Any agreement authorized hereunder and the payment of any funds pursuant thereto shall be contingent upon the existence of substantially similar agreements between both the Town of Wawarsing and the Village of Ellenville and the Hospital and Westchester Health Care Corporation which will each provide substantially the same revenues and payments to prevent closure of the Hospital as any agreement authorized hereunder, or such other or different level and proportion of revenues and payments as may be approved by resolution of the County Legislature.

Section 5: Effective Date

This Local Law shall take effect immediately,
and moves its adoption.

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ADOPTED BY THE FOLLOWING VOTE:

AYES: 30

NOES: 1

(Legislator Every)

(Absention: Leg. Stoeckeler)

(Absent: Leg. Hathaway)

ADOPTED: MARCH 11, 2004

Legislator Provenzano motioned, seconded by Legislator Lomita, to delete in Section 2 the words "acting through its Legislative Chairman or Purchasing Agent" and add to the end of Section 3 the words "G. Must be approved by a majority of the Ulster County Legislature."

AMENDMENT DEFEATED BY THE FOLLOWING VOTE:

AYES: 10 NOES: 22

(Legislators Bartels, Berardi, Dart, Kraft,

Lomita, Loughran, Provenzano, Rodriguez, Shapiro and Zimet)

(Absent: Legislator Hathaway)

FINANCIAL IMPACT:

NONE

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