

Improving Capital Access for Health Care Providers in New York State

Tuesday, October 2, 2012
9:30 a.m. – 4:30 p.m.

Proshansky Auditorium
CUNY Graduate Center
365 Fifth Avenue at 34th St.

On **Tuesday, October 2**, State Health Commissioner **Nirav R. Shah, M.D., M.P.H.**, is convening a panel of national experts to discuss and explore how to enhance health care providers' access to capital in New York State.

Leaders from the health care sector, finance industry and professional services arena will provide insights into the current environment and the future implications of health care reform. Panelists will also highlight how health systems in Boston, Detroit and other regions in the U.S. have implemented innovative solutions to successfully leverage capital to enhance services and facilities to meet increased public needs.

Panelists include:

Leo P. Brideau
David Burik
Ralph de la Torre, M.D.
Neil Faden
Michael Irwin

Peter J. Millock
Keith B. Pitts
Jason Radford
Paul Williams
Ian Wootton

Session moderators include:

Stephen Berger, Odyssey Investment Partners

Dr. John Ruggie, M.D., Hudson Headwaters Health System; member of the Public Health and Health Planning Council

James R. Tallon, Jr., United Hospital Fund

The public is invited to join the forum via a live webcast on the New York State Department of Health website from 9:30 am - 4:30 pm at health.ny.gov/capforum

NEW YORK
state department of
HEALTH

Improving Capital Access for Health Care Providers in New York State

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The forum will be open to the public and webcast at health.ny.gov/capforum.

9:30 – 9:45 I. Welcome & Opening Remarks

New York State Health Commissioner Nirav R. Shah, M.D., M.P.H.

9:45 – Noon II. Capital Access for New York Hospitals: What is the Outlook Today and for the Future?

Moderator: James R. Tallon, Jr., President, United Hospital Fund of New York

a. The Current Environment and a Look Ahead

9:45 – 10:30

i. Healthcare Association of New York State, Greater New York Hospital Association, Community Health Care Association of New York State, LeadingAge NY, New York State Health Facilities Association

10:30 – 11:00

ii. Issuers: Dormitory Authority of New York State, Primary Care Development Corporation

11:00 – 11:30

b. Overview: Law and Regulation Related to Ownership and Capital Formation for Health Care Providers

Peter J. Millock, Nixon Peabody

11:30 – Noon

c. Profile of Health Care Landscape in New York and the Nation

David Burik, Navigant

Break for Lunch

12:30 – 4:00 III. Meeting the Future: Models and Opportunities for Accessing Private Capital

Moderator: Stephen Berger, Partner, Odyssey Capital

12:30 – 1:00

a. Overview: Private Capital & Not-For-Profit Hospitals

Michael R. Irwin, Citicorp Global Markets, Inc.

1:00- 1:30

b. Innovative New Market Tax Credits & Other Tax Credit Structures

Neil S. Faden, Manatt, Phelps & Phillips, LLC

c. Investor-Owned Health Care: National Examples

1:30 – 2:00

i. Ascension Health Care Network - Leo Brideau, *Oak Hill Capital Partners*

2:00 – 2:30

ii. Detroit Medical Center - Keith Pitts, *Vanguard Health Systems*

2:30 – 3:00

iii. Caritas Christi Healthcare - Steward LLC - Dr. Ralph de la Torre, *Cerberus Capital*

3:00 – 4:00

d. Public/Private Partnerships (P3) in Healthcare

i. Paul T. Williams, Jr., *Dormitory Authority of New York State*

ii. Ian Woottan, *PricewaterhouseCoopers*

iii. Jason Radford, *Ashurst*

4:00 – 4:30 IV. Closing Remarks/Summary

Moderators

Stephen Berger

Partner, Odyssey Capital

Mr. Berger is one of the founders of Odyssey Investment Partners, LLC and was a general partner of the Manager's predecessor firm Odyssey Partners from 1993 to 1997. Mr. Berger currently serves on the board of directors of EAG, SM&A and TNT Crane & Rigging. Prior to joining Odyssey Partners in 1993, Mr. Berger was executive vice president of GE Capital Corporation (1990-1993) where he was responsible for a diverse portfolio of operating companies, as well as for GE Capital's lending and private equity activities. In this position, Mr. Berger was also responsible for establishing and growing GE Capital's insurance annuity business, including acquisitions in excess of \$1.1 billion. Previously, he was chairman and chief executive officer of Financial Guaranty Insurance Company, a municipal bond insurer wholly owned by GE Capital. Mr. Berger served as executive director of the Port Authority of New York and New Jersey (1985 - 1990), where he was responsible for directing New York's and New Jersey's airports, port facilities, tunnels, bridges, commuter trains and real estate investments. Previously, Mr. Berger was a principal with Odyssey Partners (1983 - 1985). Before joining Odyssey Partners, Mr. Berger served as director of corporate development at Oppenheimer & Co. Mr. Berger's public service positions also include: (i) chairman of the New York State Commission on Health Care Facilities in the 21st Century (2005 -), (ii) executive director of the New York State Emergency Control Board for the City of New York during the height of New York's financial crisis in 1976 and 1977; and (iii) chairman of the board of the United States Railway Association, where he was the United States Government "Banker" responsible

for structuring Conrail's emergence from bankruptcy. A native of New York, Mr. Berger graduated magna cum laude from Brandeis University with Honors in History. He also attended the University of Chicago on a fellowship to the Department of Political Science.

John Ruge, MD

President & CEO, Hudson Headwaters Health Network

Dr. Ruge is a family practitioner and founding chief executive officer of Hudson Headwaters Health Network, which operates 14 community health centers delivering primary and specialty care in upstate New York. Over the years, Dr. Ruge has served on numerous health policy councils in Albany, New York and Washington, D.C. He is currently board director of the New York State Primary Care Association and chair of the Health Planning Committee for the New York State Public Health and Health Planning Council. For the last several years, Dr. Ruge has been co-organizer of the Adirondack Region Medical Home Pilot, one of the nation's few all-payer demonstrations of the medical home model. Dr. Ruge received his A.B. (*magna cum laude*) from Williams College, his MTS from Harvard University Divinity School, and his M.D. from Yale University Medical School.

James R. Tallon, Jr.

President, United Hospital Fund of New York

James R. Tallon, Jr., a nationally recognized health care policy leader, is president of the United Hospital Fund of New York. The chair of The Commonwealth Fund as well as the Kaiser Commission on Medicaid and the Uninsured. He also serves as secretary/treasurer of the Alliance for Health Reform, is on the boards of the Institute on Medicine

as a Profession and the New York eHealth Collaborative, and serves on the advisory board for the Jonas Center for Nursing Excellence. Additionally, Mr. Tallon is a member of the New York State Board of Regents, the constitutionally established supervisory body of all education and education-related activities in New York. During the gubernatorial transition period in 2006, Mr. Tallon headed the Health Care Policy Advisory Committee; in 1998-99 he led the planning process that established The National Quality Forum. Mr. Tallon is a former member of the boards of the Joint Commission on Accreditation of Healthcare Organizations and the Center for Health Policy Development. He has held visiting lecturer appointments at Columbia University and Harvard University schools of public health. Prior to joining the Fund in 1993, Mr. Tallon represented Binghamton and parts of Broome County in the New York State Assembly for nineteen years, beginning in 1975. He chaired the health committee from 1979 to 1987, and was Majority Leader from 1987 to 1993. In September 1999, Empire State Reports named him one of 25 leaders whose work resulted in sweeping improvements in the lives of New Yorkers in the past 25 years. Mr. Tallon received a B.A., *cum laude*, in political science from Syracuse University, and an M.A. in international relations from Boston University. He has done additional graduate work at the Maxwell School of Citizenship and Public Affairs at Syracuse University. In 1995, he was awarded honorary doctorates of humane letters from the College of Medicine and School of Graduate Studies of the State University of New York Health Science Center at Brooklyn, and from New York Medical College. In May 2007 he was granted an honorary doctoral degree from the New York College of Podiatric Medicine. In March 2000 he was named an honorary fellow of the American College of Healthcare Executives.

Panelists

Leo P. Brideau

*President and Chief Executive Officer,
Ascension Health Care Network*

Prior to joining Ascension Health Care Network, Mr. Brideau was president and chief executive officer of Columbia St. Mary's, Milwaukee, and served as the Wisconsin/Missouri ministry market leader for Ascension Health, responsible for healthcare operations in Wisconsin and Missouri. Prior to joining Ascension Health, Mr. Brideau served as president of Strong Health Regional Network, Rochester, N.Y., and as general director and chief executive officer of Strong Memorial Hospital of the University of Rochester. Mr. Brideau has served on numerous national and state-level boards and commissions. He chaired the American Hospital Association Committee on Payment Reform Task Force as well as the Wisconsin Hospital Association Task Force on Future Physician Work Force. Additionally, he has served as a member of the board of trustees of the American Hospital Association (AHA), serving on its executive committee, and as a member of the AHA Commission on Workforce for Hospitals and Health Systems. Mr. Brideau received a Bachelor of Science Degree in International Economics from the Georgetown University School of Foreign Service and Master of Health Services Administration Degree from the Medical College of Virginia.

David Burik

Managing Director, Navigant

Mr. Burik is a managing director with Navigant's health care practice. He has over 30 years of consulting experience within all segments of the health care industry. His expertise includes the

definition and communication of key strategic issues, as well as the successful execution of solutions for those issues. Mr. Burik's creativity, listening skills and ability to respectfully challenge and clearly summarize the key issues at hand and to facilitate decision making are recognized throughout the health care industry. Mr. Burik received a B.A., Geography, from Northwestern University, and an M.M., Finance and Hospital Health Service Management, from the Kellogg School of Management, Northwestern University.

Ralph de la Torre, M.D.

*Chairman and Chief Executive Officer,
Steward Health Care System, LLC*

Dr. Ralph de la Torre is the chairman and chief executive officer of Steward Health Care System LLC, New England's largest fully integrated community care organization with eleven hospitals, 17,000 employees and other affiliates, including a home health care company, a nursing college and an imaging company. Within two years of becoming CEO of Caritas Christi, Dr. de la Torre dramatically improved the system. During this time, Dr. de la Torre implemented changes in governance, operational structure and strategy, leading to the creation of a fully integrated community care organization with significant participation in risk contracting. Before joining Caritas, Dr. de la Torre was the founder and CEO of the Cardiovascular Institute at Beth Israel Deaconess Medical Center (BIDMC) and Cardiovascular Management Associates, one of the nation's first totally integrated systems for treating cardiac patients. At the same time, Dr. de la Torre was chief of cardiac surgery at BIDMC and a Harvard Medical Faculty Physician at BIDMC. He has founded several health care-related businesses and has numerous issued or pending patents. A frequent commentator on national health care

policy issues, Dr. de la Torre has bylined and/or been featured in *BusinessWeek*, *Fortune* and *CNBC*, among others. He was recently voted one of the 25 most powerful physician executives in the United States by *Modern Healthcare* magazine. Dr. de la Torre is a graduate of Duke University in 1988 (B.S.E.), where he was a member of Phi Beta Kappa and Tau Beta Pi, and from a joint program between Harvard Medical School (M.D.) and the Massachusetts Institute of Technology (M.S.) in 1992.

Neil S. Faden

Partner, Manatt, Phelps, & Phillips, LLC

Mr. Faden practices transactional corporate and securities law with concentrations in organization and capitalization of collective investment funds, community development finance transactions and health care industry financing and transactional matters. Mr. Faden focuses on finance matters related to the New Markets Tax Credit program and renewable energy tax credit projects. His practice includes the representation of community development entities, investors, lenders and borrowers. Mr. Faden advises sponsors of collective investment vehicles, organized as limited liability companies and partnerships, ranging from hedge funds to real estate private equity funds. He regularly handles transactions structured in non-U.S. jurisdictions to enable investment by foreign investors and acquisitions of securities in compliance with U.S. law. Mr. Faden has lead responsibility for dozens of affordable housing finance transactions, including the formation of limited partnerships designed to invest in affordable housing generating federal low-income housing tax credits, negotiation with institutional investors in such partnerships, negotiation with lenders and negotiation of equity

investments in partnerships constructing or rehabilitating affordable housing. Mr. Faden has extensive experience representing developers of assisted living facilities including the formation of joint ventures for the development or ownership of assisted living facilities, compliance with regulatory requirements and the financing and sale of such facilities. Mr. Faden received a B.A., *magna cum laude*, from Tufts University, and a J.D. from New York University School of Law.

Daniel J. Heim

Executive Vice President of LeadingAge New York

Mr. Heim is executive vice president of LeadingAge New York (formerly the New York Association of Homes and Services for the Aging). He has been with the Association in a variety of roles since 1989. He oversees the Association's public policy efforts including policy development, regulatory affairs, member communications and litigation activities. LeadingAge NY represents nearly 500 not-for-profit and governmental providers of senior living and services throughout the state, including nursing homes, home care, senior housing, assisted living, managed long term care, retirement communities and other agencies. Prior to his LeadingAge NY employment, Mr. Heim was a fiscal analyst with the New York State Department of Health and a credit analyst for a commercial bank. He earned his Bachelor's in Finance from Siena College in Loudonville, N.Y and an M.B.A. from the University at Albany. Mr. Heim has served on numerous boards and advisory groups, and is a frequent speaker at conferences, seminars and other forums on long term care policy issues.

Richard J. Herrick

President & CEO, New York State Health Facilities Association, Inc.

Richard Herrick is president & CEO of the New York State Health Facilities Association, Inc. (NYSHFA) and the New York State Center for Assisted Living (NYSCAL), statewide, health care membership organizations representing over 270 skilled nursing and assisted living facilities. The membership is diversified and represents individual and multi-facility operations of proprietary, voluntary and government sponsorship. Members care for approximately 45,000 New Yorkers, and are dedicated to the highest standards of care and quality of life of all residents. Mr. Herrick joined NYSHFA in April 2002. Since then he has served on several state advisory groups including being invited to participate on the NYS Department of Health's Long Term Care Restructuring Initiative Advisory Council. At the national level, Mr. Herrick has served on the American Health Care Association (AHCA/ASCHAE) board of directors, is a member of AHCA's Council of States, Budget and Finance Committee, is vice chair of the ASHCAE, and is on the board of directors of the National Center for Assisted Living. AHCA is the nation's largest association of professional long term health care providers. A frequently requested speaker on long term care issues at the state and national level, Mr. Herrick has spoken at the National Investment Center for the Seniors Housing & Care Industry Conference, a NYS Bar Association conference, for the Berger Commission and at the National Medicaid/Medicare Leadership Conference among others. In addition he has served on many long term care panels. Prior to joining NYSHFA, Mr. Herrick spent seven years as president and COO of Wingate Health Care, Inc., which operates seven

nursing facilities in Massachusetts and three in New York State. He also served as executive vice president of the Ivey Companies, which operate three nursing facilities and a pharmacy in Massachusetts. Mr. Herrick is active on the boards of Berkshire Healthcare Systems which operates 19 SNFs and is treasurer of Berkshire Retirement Home. He is past chairman of the board of the Massachusetts Senior Care Association.

Michael R. Irwin

Managing Director, Citicorp Global Markets, Inc.

Michael Irwin is a seasoned financial professional with significant experience working with health care provider organizations around the country. Among his clients are prestigious academic medical centers and leading integrated health care systems. Michael is a frequent speaker on the capital markets and has been a faculty member of The Governance Institute for over a decade. Mr. Irwin's specialties include assisting health care providers in developing and executing comprehensive capital strategies, credit positioning and capital access plans, as well as transactions to improve market position and achieve growth objectives. He is a graduate of Providence College and the Lubin School of Business at Pace University.

Portia Lee

Managing Director, Dormitory Authority of New York State

Ms. Lee is the managing director of Public Finance and Portfolio Monitoring. She is responsible for supervising and directing Authority bond issuance in the capital markets, through financial feasibility analysis and financing structure determination for Authority clients; as well

as implementing and overseeing financing programs, including interest rate exchange and similar agreements; overseeing the Authority's compliance with continuing disclosure requirements and monitoring the financial condition of existing Authority clients. Ms. Lee previously served as senior investment officer at the New York State Comptroller's Office where she was responsible for assisting in the administration of the long-term fixed income portfolio of the New York State Common Retirement Fund, as well as the short-term portfolio, and the Securities Lending Program. From 1995 to 2005, Ms. Lee worked at Moody's Investors Service where she most recently served as vice president and senior credit officer in the Public Finance Housing Group. In addition, Ms. Lee has extensive public service experience working for over 10 years in various positions in the Governor's Office, NYS Department of Social Services, as well as the New York State Assembly. She holds a Bachelor's degree from the State University of New York at Albany.

Tom Manning

MBA, Managing Director, Capital Investment, Primary Care Development Corporation

Mr. Manning joined PCDC in 1994 and oversees the organization's lending operation, including underwriting, manages investor and borrower relations, and monitors overall market conditions. He is a Mayoral appointee to the board of the NYC Residential Mortgage Insurance Corporation. He also led PCDC's initial effort to become a federally designated Community Development Financial Institution (CDFI) and serves as an advisor to foundations and other organizations launching community health efforts in several states and localities. Prior to PCDC, Mr. Manning worked with the New York

City Department of Housing Preservation and Development, the State of New York Mortgage Agency, and the Mayor's Office of Management and Budget. He received his B.A. from Columbia University and an M.B.A. from the Columbia University Graduate School of Business.

Peter J. Millock

Partner, Nixon Peabody

Peter Millock focuses his practice in affiliations and networks of physicians, hospitals and other health, mental health and disability services providers, and regulatory and enforcement matters before state agencies. Between 1980 and 1995, Mr. Millock served as general counsel, New York State Department of Health. He was chief legal advisor to the commissioner of health and provided advice to state policy makers on all health related matters. Mr. Millock is a frequent speaker on health care issues before health and legal groups throughout the state. He is an associate professor at the State University of New York at Albany School of Public Health. Mr. Millock is a member of the Bar Association of the City of New York and the New York State Bar Association. He is also a past chair of the Health Law Section of the New York State Bar Association. Mr. Millock received an A.B., *magna cum laude*, from Harvard College, and a J.D., *cum laude*, from Harvard Law School.

Keith B. Pitts

Vice Chairman, Vanguard Health Systems

Keith Pitts currently is vice chairman of Vanguard Health Systems. Vanguard is a privately held company founded by senior healthcare executives in 1997 and owned by The Blackstone Group, management and Morgan Stanley Capital Partners. Currently, Vanguard owns and operates 19

acute-care hospitals and related outpatient businesses in five primary markets. Keith Pitts has over 25 years of health care experience, with varying responsibilities across multiple industry sectors. Mr. Pitts has significant experience in the acute care and managed care sectors of the health care industry. In addition, he has experience in the long-term care, physician practice management and specialty services sectors. Mr. Pitts' experience covers the functional areas of mergers and acquisitions, development, strategic planning, organizational development, operations, finance and information systems. Prior to joining Vanguard, he was the chairman and CEO of Mariner Post-Acute Network and its predecessor, Paragon Health Network. His career includes serving as OrNda HealthCorp's executive vice president and chief financial officer as well as over 15 years as a consultant to health care organizations, most recently as a Partner in Ernst & Young's Healthcare Consulting practice.

Jason Radford

Partner, Ashurst, LLP

Mr. Radford is the head of Ashurst's Americas energy, transport and infrastructure practice. He has over 15 years experience of advising on transactions totaling more \$244.5 billion in M&A, joint ventures, equity sales/disposals, PPP/P3, project finance transactions and fundraising. Mr. Radford is listed as a leading individual in both Legal 500 and Chambers and Partners. Chambers remarks how clients comment "[Jason] is credited with getting deals done easily". Mr. Radford is described in Chambers and Partners 2010 as "Mr Healthcare". He serves as a consultant editor to "A Practical Guide to PPP in the UK", which is described by Infrastructure Journal as "the PPP industry bible." Mr. Radford received a B.A. with honors from the University of York, UK.

Elizabeth Swain

President and CEO of the Community Health Care Association of New York State

Elizabeth Swain has been the President and CEO of the Community Health Care Association of New York State (CHCANYS) since July of 2005. CHCANYS is New York State's Primary Care Association (PCA), so designated by the Health Resources and Services Administration of DHHS with offices in Albany and New York City. The association provides technical assistance and training, advocacy and technology services to all of the federally qualified health centers in the state, as well as other health care related organizations and entities. As head of the PCA, Elizabeth was appointed to the Medicaid Redesign Team by Governor Cuomo in January 2011. Elizabeth represents New York State on the PCA Leadership Committee of NACHC. Prior to 2005, Elizabeth was Vice President for Policy for the Community Health Plan and Network of Washington and also held the position of Executive Director at the 45th Street Clinic, a community and homeless FQHC providing medical, dental and mental health services in Seattle. Elizabeth has extensive background in community-oriented primary care and public health practice, strategic communications, organizational development, government relations, public policy and executive leadership. She received her Masters in Sociology and Political Economics from Boston University, has written and presented extensively in the field, and has been on the faculty or a guest lecturer at several colleges in public health policy and community health.

Paul T. Williams, Jr.

President, Dormitory Authority of the State of New York

Paul T. Williams, Jr., president of the Dormitory Authority of the State of New York (DASNY), oversees the Authority's five operating divisions, three offices in Albany, New York City and Buffalo and DASNY's workforce of more than 550 employees. DASNY is one of the largest issuers of tax-exempt bonds in the nation, issuing for higher education, health care and state-supported services, with a portfolio of outstanding bonds worth approximately \$45 billion. The Authority is also a public builder of large scale projects, with a construction portfolio of more than 700 projects valued at over \$5.7 billion. Mr. Williams was first appointed to the Dormitory Authority in June 2008. He is a member of Governor Andrew Cuomo's MWBE Team and also serves as a member of the board of directors of the Moynihan Station Development Corp. A past president of 100 Black Men, Inc. of New York, he is also co-founder and director of the Eagle Academy Foundation and vice president of the National Association of Health & Education Facilities Finance Authorities (NAHEFFA). Prior to joining the Authority, Williams spent over thirty years in the private sector as a corporate attorney and investment banker. He holds a Bachelor's degree from Yale University and a Juris Doctor degree from Columbia University School of Law.

Ian Wootton

PricewaterhouseCoopers, LLC

Mr. Wootton is a Corporate Finance Partner, focused on health care PPP transactions. He joined PwC in 1994. He has advised many governments and sponsors around the world on structuring health care PPP transactions. In the late 1990s he advised many NHS

Trusts on infrastructure driven healthcare PPPs, and throughout the last decade advised both Governments and bidders in the UK and internationally (Canada, South Africa, Sweden, Spain and Italy), on policy, strategy and commercial structures. Over the last two years he has lead the global health care PPP team. Mr. Wootton has a BSc (Eng) from University College London and an MBA from the Wharton School of Business.

Elisabeth Wynn

Senior Vice President for Health Finance and Reimbursement, Greater New York Hospital Association

Elisabeth Wynn is the Senior Vice President for Health Finance and Reimbursement at the Greater New York Hospital Association (GNYHA) where she advocates on behalf of over 250 hospitals and continuing care facilities with the State and Federal government. In addition to her advocacy activities, Ms. Wynn provides technical assistance to members on the rules and requirements of public health insurance programs, including Medicare and Medicaid, funding under the New York State Health Care Reform Act, charity care, and other emerging finance and reimbursement issues. Before joining GNYHA in 1999, Ms. Wynn was a health care consultant with HCR Consulting, Inc. Ms. Wynn is a graduate of Middlebury College (B.A. History, 1997) and earned a Masters in Public Administration from New York University (M.P.A, Health Policy, 2004).