

# Arent Fox

January 4, 2008

**VIA OVERNIGHT COURIER**

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Albany, NY 12224

Honorable Sirs:

This firm represents the Medical Staff of Long Island College Hospital (the "Medical Staff"). On behalf of the Medical Staff, we respectfully file this complaint asking that the Commissioner of the New York State Department of Health investigate the affiliation between Long Island College Hospital ("LICH") and Continuum Health Partners, Inc. ("Continuum").

Under New York law, all mergers, acquisitions or delegation of control of a hospital, or management agreements between a hospital and managing entity, must receive prior approval from the Commissioner of the New York Department of Health ("DOH"). Over the past few years, Continuum has systematically assumed complete control of all management, financial and operational functions of LICH. However, upon information and belief, Continuum has not sought the required DOH approval. Accordingly, the Continuum/LIHC affiliation violates state and federal laws. Additionally, Continuum's control of LICH is a detriment to the community it serves, because it has resulted in repeated violations of the New York "Minimum Standards" and Medicare Conditions of Participation for hospitals with respect to its provision of essential services, such as adequate nursing care and prompt and accurate clinical laboratory testing services. Immediate relief is required directing a severance of the illegal Continuum control of LICH and restoring LICH's autonomy.

### The Parties

LICH is a non-profit hospital located in Brooklyn, New York. Until 1998, LICH operated as an independent hospital serving patients in the surrounding area. The Medical Staff operates under the By-Laws of the Medical Staff of LICH. It is comprised of approximately 800 members, including physicians, dentists and podiatrists who provide the professional medical and clinical

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services to LICH patients. The Medical Staff is charged by law with the responsibility of establishing and maintaining clinical standards and rules governing the professional conduct of the clinicians on staff at the hospital and, in accordance with its charter/By-Laws, the Medical Staff is also responsible for the quality of professional services provided at LICH. In 1998 LICH became one of Continuum's affiliated hospitals and Continuum began to improperly seize control of LICH. Continuum, an unlicensed, nonprofessional entity, is comprised of six hospitals, including LICH, Beth Israel Medical Center ("BIMC"), St. Luke's Roosevelt Hospital Center (two divisions) ("St. Luke's"), Kings Highway Hospital ("KHH"), and the New York Eye and Ear Infirmary.

### The Underlying Transaction

Pursuant to a letter agreement (the "Agreement"), dated April 1, 1998, LICH affiliated with Continuum. A copy of the Agreement is attached for your reference. The contemporaneously stated predicate for the Continuum/LICH affiliation was that Continuum would use its resources to improve LICH's financial condition. However, to be compliant with New York law, LICH's Board of Regents was required to maintain operational control of the hospital and responsibility for patient care, unless the DOH approved the affiliation in advance. 10 N.Y.C.R.R. § 405 *et seq.* Upon information and belief, neither Continuum nor LICH sought DOH approval for this transfer of control.

### Continuum's Control of LICH

In effect and in structure, Continuum seized total authority over LICH. The fact that LICH lost its independent autonomy is demonstrated by the following actions that have manifested over the past few years:

1. The Agreement required LICH to amend its Bylaws and Certificate of Incorporation so that Continuum became the sole member of LICH, vesting itself with the sole right and authority to elect the members of the LICH Board of Regents;
2. LICH's Certificate of Incorporation and By-Laws were amended so that Continuum would determine the size of LICH's Board of Regents. Ultimately this became the vehicle for Continuum control of LICH's management and financial matters, in violation of New York's independent governance requirements. After Continuum assumed control of LICH's Board of Regents, Continuum removed a number of LICH's Board Members. The individuals appointed by Continuum who now serve on the LICH Board of Regents have replaced prior LICH Board

members and serve interests inconsistent with or contrary to those of LICH and the LICH community;

3. To the extent LICH Board Members attempt to exercise independent professional judgment, their efforts are frustrated by the inadequate provision of meaningful financial information about LICH, which is necessary for them to review so that they are able to perform their fiduciary duties to LICH. Further, the financial reports that are provided by Continuum are consolidated and therefore do not separate LICH from other Continuum facilities. This allows Continuum to combine and unilaterally allocate expenses among the affiliates resulting in a distortion of LICH's reported performance;

4. LICH amended its By-Laws to permit three members of the Board of Trustees from each BIMC and St. Luke's to become voting members of LICH's Board. In April 2001, the bylaws of LICH, BIMC and St. Luke's were amended to create "mirror boards," with the result that the same trustees/regents sit on the board of each institution because board memberships were combined. In addition, major board committees (such as Finance) were also combined;

5. LICH's executive management personnel became reportable to Continuum and are required to act in "close coordination" with the CEO, COO and CFO of Continuum; and

6. LICH became required to submit strategic plans and budgets to Continuum.

Accordingly, Continuum gained control of all essential business and financial operations and clinical functions of LICH. As an institution, LICH lost its autonomy and the medical staff lost its ability to discharge its mandate as the organized medical staff of LICH.

## Continuum's Control of LICH Violates State and Federal Law

### State Law Violations

Under New York law, all mergers, acquisitions or cession of control of a hospital must have prior approval from DOH. 10 N.Y.C.R.R. § 405 *et. seq.* Similarly, management agreements between a hospital and a managing entity must receive prior approval from DOH. While parties to a management agreement may not consider their relationship to be subject to prior DOH approval, a management contract is defined as "an agreement between a hospital governing body and a contracting entity for the contracting entity to assume the primary responsibility for managing the day-to-day operations of an entire facility or a defined patient care unit of the

facility.” 10 N.Y.C.R.R. § 405.3(f)(1). Therefore, when parties enter into an agreement whereby one party becomes responsible for the other, **prior** DOH approval is required.

Further, 10 N.Y.C.R.R. § 405.2(b)(1) requires a hospital to have independent governance. A hospital may not delegate: (i) direct independent authority to appoint and discharge the chief executive officer or other key management employees; (ii) control of the books and records; or (iii) authority over the disposition of assets and the authority to incur on behalf of the facility liabilities not normally associated with the day-to-day operation of a facility. 10 N.Y.C.R.R. §§ 405.3 and 600.9. The regulations also provide that these criteria are used in determining whether there has been an improper delegation by the governing authority or operator of its responsibilities. All of the listed indicia need not be present in a given instance to result in an improper delegation of authority. 10 N.Y.C.R.R. § 600.9.

Additionally, the Continuum/LICH affiliation is noncompliant with the provisions of the New York hospital “Minimum Standards” (10 NYCRR §§ 405.1 *et seq.*). Examples include:

- Section 405.4 (“Medical Staff”): Continuum usurped the Medical Staff responsibilities, including certain staffing responsibilities. Since Continuum assumed control over LICH’s governing body, Medical Staff recommendations regarding issues such as physician appointments are not uniformly heeded and Continuum has appointed chairpersons to specific LICH clinical departments without consulting with the Medical Staff. This lack of consultation vitiates one of the most critical Medical Staff prerogatives, directly related to the quality of patient care;
- Section 405.12 (“Radiologic and Nuclear Medicine Services”): Continuum has foreclosed LICH from retaining or hiring adequate staff to provide radiology services to LICH’s patients;
- Section 405.16 (“Laboratory Services”): Continuum required LICH to forward specimens to BIMC’s laboratory for testing, instead of using LICH’s onsite laboratory testing services, resulting in delays in obtaining laboratory results. Thus, LICH physicians have been impaired in their ability to provide necessary and appropriate treatment in a timely manner;
- Section 405.17 (“Pharmaceutical Services”): Continuum has mandated that LICH implement a formulary controlled by Continuum. Continuum has foreclosed input from the LICH medical Staff in connection with the creation and maintenance of the formulary and therefore the formulary does not include drugs that the Medical Staff believes are beneficial for the treatment of the patients LICH typically serves. In addition, the formulary incorporates an onerous process in order to bypass the formulary to prescribe the necessary drugs that are not otherwise available. LICH’s patients therefore do not always receive the most effective and appropriate medication for their conditions; and

- Section 405.19 (“Emergency Services”): Under Continuum’s control, the LICH nurse staffing has been inadequate to meet the needs of the hospital’s emergency patient volume. The inadequacy is due to Continuum’s failure to hire and retain sufficient levels of essential core staffing. As a result, the core nursing staff is often supplemented with per diem and agency nurses who are generally less qualified and experienced than the full time staff, and often lack familiarity with the patient population.

### Federal Law Violations

The illegal affiliation also violates federal law. As a participant in the Medicare program, LICH is obligated to abide by the Medicare Conditions of Participation (“COPs”) governing hospitals. 42 C.F.R. § 482 *et. seq.* The COPs set forth, among other things, the minimum standards for patients’ rights, and for the provision of medical services, nursing services, pharmaceutical services, radiological services, pharmaceutical services, infection control and discharge planning. A fundamental principle of compliance with the COPs is the entity’s compliance with state laws. An entity that is operating in contravention of state law is automatically in violation of the COPs.

By virtue of the unlawful affiliation arising out of the 1998 agreement, COPs have been violated. Nonetheless, Continuum directs and compels LICH to certify compliance in its cost reports, as discussed further below. Examples of COP violations include: (i) COPs require that a hospital have an independent, effective governing body legally responsible for the conduct of the hospital as an institution; (ii) Continuum prevented LICH from having in place an adequate grievance process to handle patient complaints as required under the COPs; (iii) Continuum usurped control over LICH’s human resources and recruiting functions and has failed to retain or hire for LICH an adequate number of qualified nurses or speech and physical therapists as required by the COPs; (iv) Continuum’s domination of LICH’s finances caused a decline in the physical environment of the hospital and Continuum refused to scan LICH’s physical environment to determine the infectious organisms that were present in the hospital, in violation of the COPs; and (vi) Continuum failed to employ adequate measures to ensure that LICH retained a threshold number of social workers to manage the discharge planning activities at the hospital in violation of the COPs (see 42 C.F.R. § 482 *et. seq.*).

A failure to meet the COP is not merely a technical violation of law, but also gives rise to federal cost report violations. As a hospital, LICH filed with the United States Department of Health and Human Services, Centers for Medicare and Medicaid Services (“CMS”) cost reports as a condition for payment by federally funded health care programs. Under the circumstances here, each and every such certification filed by LICH at the direction of Continuum would be, as a matter of law, a fraudulent cost report certification, which gives rise to potential Federal False Claims Act liability.

Health Care Services Are Compromised Due to Continuum's Illegal Control of LICH

DOH must take immediate corrective action directed toward the illegal affiliation and restore LICH's independence. The loss of LICH's autonomy is not only unlawful but has resulted in unreasonable and unnecessary obstacles in providing optimal clinical care services, impediments to the provision of health care services impacting patient care and deterioration in the operation of the hospital and its physical plant and infrastructure. These adversities occasioned by Continuum management cuts to the very heart of the Medical Staff's ability to carry out its duties under the By-Laws and to optimally serve the patient population in the LICH catchment area. Further, it directly inhibits LICH's Medical Staff from satisfying its legal obligations to establish and maintain clinical and other policies and practices. It is only by virtue of the extraordinary efforts of the Medical Staff that the quality of care provided has not been completely compromised by Continuum's mismanagement.

Examples of LICH's loss of autonomy's negative impact on the hospital, patients and the Medical Staff include the following:

- During the period at issue, Continuum controlled LICH's human resources functions and did not take the requisite steps to hire and retain key personnel necessary for patient care, such as, medical specialists, nurses, social workers, speech therapists and other physical therapists;
- As previously discussed, due to policies implemented by Continuum, the LICH Medical Staff is excluded from participating in the ongoing drug formulary process;
- Continuum mandated that all laboratory tests be forwarded to BIMC, resulting in: (i) unreasonable delays in obtaining laboratory results; (ii) inaccurate laboratory results; and (iii) unnecessary patient hospital stays, which contributed to increased costs to the federal and state healthcare programs and heightened LICH's patients' risk of contracting airborne illnesses;
- Continuum mandated that LICH submit to BIMC radiologic exams and pathology studies for review by BIMC's physicians or staff, resulting in unreasonable delays in providing results to LICH physicians and their patients. These delays impaired the LICH physicians' ability to provide accurate or timely diagnosis;
- Continuum has systematically shifted funds away from LICH and toward other Continuum affiliates and failed to maintain LICH's infrastructure resulting in: (1) a failure to complete a renovation project leaving the facility in disrepair; (2) inadequate temperature control causing discomfort and health risks to patients; (3) inadequate supplies, equipment, sutures and drugs resulting, on some occasions, in LICH physicians being unable to timely complete surgical and other procedures; (4) inadequate lighting in LICH's operating room; (5) significant structural defects including, leaks in the hospital's

ceiling and faulty wiring in the operating room that resulted in fires; (6) inadequate space in the psychiatric Emergency Room resulting in patients being forced to sleep on the floor; (7) loose, broken tiles in the Psychiatric Department creating a health risk for suicidal patients; and (8) temperature control issues in the psychiatric department creating a hazardous environment for patients on certain medications;

- Continuum also failed to promote LICH's programs or invest in capital improvements. For example, Continuum did not comply with its obligation under the Agreement to provide \$15 million for the expansion of LICH's primary care network, thus, many of the patients in LICH's service area are not receiving the medical care that should be available to them. There is reason to believe that Continuum has diverted these monies and other resources earmarked for LICH to its own purposes, including benefiting other Continuum facilities, most principally BIMC in Manhattan. In addition to the \$15 million earmarked for the LICH primary care network, this diversion includes both additional sums earmarked for LICH physical improvements of its facilities and more than \$100 million in Othmer Trust funds donated by the Estate of Donald F. Othmer. Continuum has not accounted for the funds or property otherwise belonging to LICH.

- Despite existing in a densely populated area with a strong patient-base, and having as members of its medical staff many highly reputable and talented physicians, Continuum has budgeted LICH for a loss in the upcoming fiscal year and has failed to provide LICH's Board Members with adequate financial data to explain this loss or oversee the financial management of the hospital. In effect, this has prevented the LICH Board Members from discharging their fiduciary duty to oversee hospital affairs and has placed LICH in the position of, among other things, defaulting on its Federal Housing Administration insured mortgage.

- Under Continuum's management, LICH's financial condition has steadily deteriorated. In fact, based upon available Continuum data, Continuum now projects LICH's operating deficit for this year to be more than six times greater than Continuum's original loss projections.

In summary, by making LICH's Board of Regents answerable solely to Continuum, and through its mirror board, Continuum controls LICH. The combination of LICH into Continuum violates New York public policy and 10 NYCRR 405.2(b)1, which requires LICH to have independent governance, which is absent here because, inter alia: (i) the Agreement required LICH to amend its Bylaws and Certificate of Incorporation so that Continuum became the sole member of LICH, vesting Continuum with the sole right and authority to elect the members of the LICH Board of Regents; (ii) the Agreement vests in Continuum the right to determine the number and composition of LICH's Board; (iii) the Agreement allowed Continuum to exercise complete control over management, operational, clinical and financial matters at LICH; and (iv) Continuum created a mirror board that dominates all aspects of LICH's operations and finances.

Based upon the forgoing, the Agreement and resulting transfer of control from LICH to Continuum is not compliant with New York and federal law. It is the Medical Staff's belief that but for the mismanagement perpetuated by Continuum, LICH would be in sound financial condition and would be in a much better position to grow, develop new programs, and to generally serve the needs of its community. Continuum has not been receptive to any attempts made by the Medical Staff to rectify this situation, and in fact has threatened to retaliate against members of the Medical Staff by making baseless complaints against members of the Medical Staff who have expressed their concerns to Continuum. Thus, DOH must investigate and effectuate a dissolution of the affiliation and restore LICH's autonomy so that it can better serve the interests of its patients and community.

It is the intention of the Medical Staff, that upon the dissolution of the improper LICH-Continuum affiliation it would engage the services of an interim management firm to oversee LICH (with prior DOH approval) until such time as LICH's Board can be reconstructed with members of the LICH Medical Staff and community who have a strong interest in serving the community's interests and rehabilitating the financial state of the hospital. On behalf of the Medical Staff, a renowned and highly qualified consulting firm has been engaged with particular expertise in Hospital turn-around situations. Experts from that firm have reviewed available information and concluded that although LICH's financial condition has significantly deteriorated under Continuum's control, the Hospital remains financially viable if managed competently. However, the experts have further opined that if LICH's financial condition is permitted to continue to deteriorate under Continuum, the deterioration may soon be irreversible. The time remaining to effectuate a rehabilitation of LICH is short. This expert firm is further prepared to carefully review LICH's financial records and internal policies and procedures (assuming access to accurate and complete financial data is granted), and provide a report detailing the findings and setting forth specific recommendations to avert the imminent financial and operational failure of LICH.

If you have any questions or require additional information, please do not hesitate to contact me.

Very truly yours,

  
Jeffrey R. Ruggiero

JRR:rn  
Enclosure



**CONTINUUM HEALTH PARTNERS, INC.**  
555 West 57th Street  
New York, New York 10019

April 1, 1998

Mr. John Wren, Chairman of the Board  
The Long Island College Hospital  
Brooklyn, New York 11201-5509

Dear John:

We have been discussing the addition of your hospital ("LICH") as a partner in the system headed by Continuum Health Partners, Inc. ("Continuum"), of which the other present partners are Beth Israel Medical Center ("BIMC") and St. Luke's - Roosevelt Hospital Center ("SLRHC"), on the terms set forth below. The Trustees of Continuum and, where applicable, of BIMC and SLRHC, have approved these terms. Your signature below will confirm LICH's agreement to these terms, which I understand were approved by your Board of Regents last night. Of course, none of these terms will become effective until we respectively obtain such governmental and regulatory approvals as may be required (including the lapse of any required waiting periods) and the Secretaries or Assistant Secretaries of Continuum, BIMC, SLRHC and LICH respectively certify to us that their institution has adopted Bylaw amendments or other resolutions so as to effect the following terms in a manner each of us, with the advice of our respective counsel, may approve:

A. Governance

1. The Bylaws of Continuum shall be amended to provide that:

- (a) The Continuum Board of Trustees shall initially consist of fifteen (15) members;
- (b) Four (4) members of LICH's Board of Regents, including the Chairman of the Board ~~and the President and CEO~~ of LICH, ex officio, and ~~two~~ <sup>three</sup> additional Regents designated by the Board of Regents, will become members, with vote, of the Board of Trustees of Continuum;
- (c) None of the Trustees of Continuum may be removed, nor may its Bylaws be amended, except upon the affirmative vote of not less than two thirds of its Trustees, including the affirmative vote of one (1) Trustee from among the Trustees designated by the hospital the removal of whose designee is sought, or including the affirmative vote of one (1) Trustee from each hospital which may be adversely affected by the proposed amendment; and

- (d) Regents on the Board of Regents of LICH may be removed, with or without cause, only upon the affirmative vote of at least two-thirds of the Continuum Board of Trustees as fully constituted and without vacancies, including the affirmative vote of at least one Trustee designated by LICH; provided, however, that the entire Board of Regents of LICH (other than ex officio Regents) may be removed, with or without cause, upon only the affirmative vote of at least two-thirds of the Continuum Board of Trustees as fully constituted and without vacancies.
2. The Chairman of the Board of LICH will become, ex officio, a Vice Chairman of the Board of Continuum and the President and CEO of LICH, ex officio, will become an Executive Vice President of Continuum.
  3. The Bylaws of BIMC will be amended to provide that three (3) members of LICH's Board of Regents, who may but need not include the Chairman of the Board, designated by LICH's Board of Regents, will become members, with vote, of the Board of Trustees of BIMC.
  4. The Bylaws of SLRHC shall be amended to provide that three (3) members of LICH's Board of Regents, who may but need not include the Chairman of the Board, designated by LICH's Board of Regents, will become members, with vote, of the Board of Trustees of SLRHC.
  5. The Bylaws of LICH, and, where necessary, the Certificate of Incorporation of LICH, shall be amended to provide that:
    - (a) Continuum shall be the sole member of LICH and as such, shall have the sole right to elect the members of the Board of Regents of LICH. Continuum shall agree that it will allow to serve during the first year of operation of the combined institutions the same persons as are members of the Board of Regents of LICH on the date of consummation, subject, however, to Continuum's right to remove Regents pursuant to paragraph A.1 (d) above. Commencing in 1999, the annual meeting to elect the Regents will be held on the fourth Tuesday in May in each year;
    - (b) Section 4.1.2 shall be amended to provide that the number of Regents which shall constitute the whole Board shall be not less than fifteen (15) nor more than forty (40), plus the seven (7) ex officio Regents, and that Continuum, as the sole member, shall have the sole right to determine the exact number of Regents constituting the Board of Regents and the sole power to elect persons to fill vacancies in and to remove Regents (except ex officio Regents) from the Board;

- (c) Amendments to the Bylaws of LICH may be adopted by LICH's Board of Regents, but shall not become effective until approved by Continuum; and
  - (d) Three (3) members of the Board of Trustees of BIMC, who may but need not include the Chairman of the Board of BIMC, will become members, with vote, of LICH's Board of Regents, and three (3) members of the Board of Trustees of SLRHC, who may but need not include the Chairman of the Board of SLRHC, will become members, with vote, of LICH's Board of Regents.
6. Subject to the powers of Continuum and the addition of six (6) Board members from BIMC and SLRHC as set forth in paragraph 5 above, the LICH Board of Regents shall retain sole authority to determine for itself the identity of the persons who will hold office as ex officio members, the committee structure of its Board, and all other governance matters.
7. The LICH Corporation, the present holding company of LICH, will be dissolved or restructured as a subsidiary of LICH or otherwise removed from the control of LICH in a manner satisfactory to counsel for Continuum and LICH.

**B. Rôle of Local Institution**

1. LICH shall retain full status as an Article 28 acute care hospital and shall continue to be responsible for compliance with all laws, rules, and regulations applicable to it as such. The Board of Regents of LICH shall remain as its governing body for such purposes, and shall continue to be fully responsible for such compliance.
2. LICH shall retain the authority to appoint and to remove its President and CEO, who will continue to report directly to the LICH Board and to the LICH Chairman, while also having a reporting relationship with the President and CEO of Continuum.
3. The President and CEO of LICH shall continue to have full authority and responsibility for the operations of LICH, it being understood that he will carry out such responsibilities in close coordination with CEO, the COO and the CFO of Continuum.
4. Among other matters now its responsibility, LICH's Board of Regents shall retain authority and responsibility for the following areas:
  - (a) development activities, including investments of and control over its endowment funds, whether now existing or hereafter acquired;
  - (b) preparation of annual operating and capital budgets for LICH, it being understood and agreed that both budgets are subject to review by

- Continuum;
- (c) strategic planning of local initiatives, it being understood and agreed that additional strategic planning will be done at a system-wide level and that the implementation of all strategic plans will be subject to review by Continuum; and
  - (d) appointment of the Senior Vice President for Medical Affairs, the Chairpersons of the Clinical Departments, and the appointment, credentialing and delineation of privileges of all members of the LICH Medical Staff, responsibility for due process matters concerning members of the LICH Medical Staff and amendments to its Medical Staff Bylaws.

C. Academic and Medical Staff Affiliations

1. LICH shall be allowed to retain its long-standing academic relationship with State University of New York Health Science Center at Brooklyn ("SUNY/HSCB").
2. The Board of Regents of LICH shall retain authority and responsibility for all matters relating to academic affiliations and the size, structure and components of its medical education programs, graduate and undergraduate, including its School of Nursing.
3. No changes will be made in the governance of clinical departments at LICH unless agreed to by the Board of Regents of LICH. If a search committee is appointed to conduct a system-wide search for a Departmental Chair to be based at LICH, the search committee shall include persons appointed by SUNY/HSCB where required by agreements between LICH and SUNY/HSCB as well as a person appointed by BIMC and a person appointed by SLRHC. Similarly, if a search committee is appointed to conduct a system-wide search for a Departmental Chair to be based at BIMC or SLRHC, the search committee shall include a person appointed by LICH.
4. BIMC and SLRHC shall offer to all dentist and physician members of the LICH Medical Staff expedited appointments to their respective Medical Staffs.
5. LICH shall offer to all dentist and physician members of the BIMC and SLRHC Medical Staffs expedited appointments to the Medical Staff of LICH.
6. LICH physician organizations shall be invited to participate as fair and equitable partners with the physician organizations of BIMC and SLRHC, and to have fair and equitable representation on the boards of any combined physician organizations.

E. Expansion of Primary Care Network

1. Continuum shall make available the sum of Fifteen Million (\$15,000,000) Dollars

for expansion of the primary care network for the benefit of LICH, in accordance with the strategic plan adopted by LICH and approved by Continuum, which approval shall not be unreasonably withheld.

2. It is understood and agreed that allocation of system funds for any future capital needs of LICH, whether generated through local or system-wide strategic planning, shall be determined on a system-wide basis, based on the needs of the system as a whole, ability of the plan to meet patient needs, viability of the business plan presented and similar considerations.

F. Allocation of Corporate Expenditures

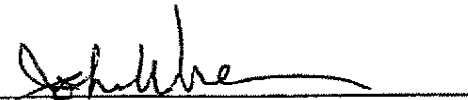
1. Initial sharing of corporate expenses at the system level shall be in the ratio of 50%:35%:15% allocated to BIMC, SLRHC and LICH, respectively. Such percentages shall be adjusted when additional institutions become members of the system, or if a change in proportionate costs of the system members makes such a reallocation equitable.

If the following correctly sets forth our understanding, please sign and return to me a copy of this letter which is enclosed, whereupon it shall become a binding agreement between our organizations.

Sincerely yours,

  
Morton P. Hyman  
Chairman of the Board

Accepted and agreed to as of  
the date first above written.  
THE LONG ISLAND COLLEGE HOSPITAL

By:   
John Wren  
Chairman of the Board