

ECONOMIC DEVELOPMENT COMMISSION

MINUTES

April 28, 2010

Present: Commissioners: Cyrus Settineri, Chair; John DePalma, Robert Kapusta, Susan Patrick, and Robert Stanton

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| Advisor: | Robert Gregory |
| Board of Aldermen Liaison: | Dan German |
| PZ Liaison: | Susan Shaw |
| Press: | Brian McCready, NH Register |
| Guest: | Joseph Pelaccia President, Milford Hospital |

Absent: Commissioners Susan Ashelford and Genevieve Salvatore
Advisor Kathy Alagno

- I. Chairman Settineri called the meeting to order at 8:05 a.m.
- II. Public Comments – None
- III. The minutes of the meeting of March 24, 2010 were approved as presented. Mr. Kapusta requested that members absent be noted in the minutes.
- IV. Guest Speaker – Chairman Settineri introduced Mr. Pelaccia, President of Milford Hospital.

Mr. Pelaccia gave a brief outline of the hospital and its holdings.

He explained the corporate structure of the hospital as a 501C-3 non-profit corporation. Milford Health and Medical is the parent corporation for 11 entities. A couple of those entities are for-profit corporations. Two are partnerships: SBBI for radiology and SBAC.

The hospital employs 827 people. The next largest organization is Home Care Plus that generates \$4 million in revenue and has 98 employees. Milford Medical Lab employs 10 individuals and provides lab services to the community.

Torry Corporation is a for-profit that pays taxes. It is the real estate entity of the parent corporation. A new office building is under construction at the site of the walk-in center. Total taxes

paid by the various entities of the hospital amount to \$168,000 a year to Milford.

The hospital is the largest private employer in Milford.

Mr. Pelaccia said health care is in a period of dramatic change. He explained the various conflicting aspects of the medical process.

Mr. Pelaccia gave a history of Blue Cross health insurance coverage and how it became an entitlement. The employers paid for the cost. People demand tests that are sometimes not necessary. Doctors order tests to protect themselves against malpractice suits.

Cost of end-of-life health care is most expensive.

One of the problems is the cost of malpractice insurance according to Mr. Pelaccia. The hospital paid \$450,000 in 2003 then in one year saw its cost escalate to \$1.7 million. So they went to an off shore captive insurance company involving three hospitals with a presence in the Cayman Islands.

Malpractice or tort reform is not part of the health care reform legislation.

Mr. Pelaccia said that Medicare came into existence in 1965 to insure that the elderly had the same health care as the working population. There was no incentive to control costs. In 1972 controls were put on payments to hospitals. Payments across the country were standardized for procedures with a wage differential for different areas.

RAC audits hospitals to find inefficiencies on an incentive basis.

State Medicaid pays hospitals a flat fee of \$7,000 for patients no matter how much the services rendered. Mr. Pelaccia cited several cases where costs far exceeded that cost.

Mr. Pelaccia said there were a number of cases where the hospital must absorb the difference between reimbursements and actual costs.

The good thing about the Health Care reform is that more people will have insurance, according to Mr. Pelaccia. However,

the government will pay for the reform by reducing Medicare payments and increasing taxes for everyone.

V. Economic Development Report

Mr. Gregory gave his report. (Attached)

VI. Correspondence – None

VII. Committee Reports

A. Neighborhood Preservation

Ms. Patrick reported that some action had been taken at an empty lot in Walnut Beach after she had filed a complaint with the Health Department.

B. Business Visitation Project

Mr. DePalma said he and Mr. Gregory would be visiting Q-Tran tomorrow.

C. Shop Local Campaign – No report

D. Land Use and Permitting Process

Mr. Settineri said he had heard some reports of problems with the Building Department and he will check on them.

E. Business Survey

Mr. Settineri said a survey form has been completed and it will be sent out to all members for review.

F. Building Numbers

Mr. Stanton passed out two regulations that cover numbers on buildings. He said the Fire Department does the enforcement. Enforcement seemed to be the problem.

G. Strategic Plan

Mr. Settineri suggested taking this item off the agenda. Ms. Patrick will check with Ms. Salvatore regarding this issue.

VIII. Old Business

Mr. Kapusta suggested that we move the meeting to noon. After discussion the meeting time will be moved to 8:30 a.m.

IX. New Business

Mr. Settineri said that he, Ms. Patrick, and Mr. DePalma had a meeting with Carl Russell of GJ Smith and Son regarding having commercial brokers meet at available properties.

The meeting was adjourned at 9:05 a.m.

Respectfully submitted,
Robert B. Gregory