

Valley View sale process targeted

Administrative group has right to match highest bid

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The business paid nearly \$700,000 a year to run Orange County's Valley View Center for Nursing Care and Rehabilitation stands first in line to buy the facility if County Executive Ed Diana's push to privatize it succeeds.

The group, known as Orange Administrative Services, was hired in 2002 to supply an administrator and deputy administrator, plus a third employee whose position — director of plant operations — was added to its contract in 2004. Those services cost the county \$687,000 this year and would cost \$704,000 in 2012.

Under a longstanding contract clause that has fueled suspicion among Valley View employees and Legislature Democrats, the county must make its initial offer to the contractor if it decides to sell or lease the nursing home — as it will likely do soon if lawmakers approve Diana's plan to stop funding Valley View by July.

The contract, which took effect in January 2003 and has been renewed at least three times, gives Orange Administrative Services up to 45 days to accept or reject the county's terms, then another 45 days to close on the deal once the state Public Health Council approves a transfer of operations.

Nonprofit raises concerns

A recent report on Valley View by the nonprofit Center for Governmental Research noted the controversy over the company's "right of first refusal," saying it had "raised questions about the actual motivations and role of OAS in carrying out its administrative function." It also recommended that any search for potential buyers "be accompanied by a strong statement and requirement that guarantees the openness of the proposal process."

"It is vital that the process not be viewed as tainted or predetermined," the authors wrote.

In an interview last week, Diana dismissed any suggestion of a "predetermined" outcome, saying that the county would seek proposals from prospective buyers before making Orange Administrative Services a sale offer, and that the company would have to match the highest bid of any competitor to win.

While addressing lawmakers Tuesday, Diana also said bidders would be asked to explain what services they would offer and how many jobs they would retain if they took over Valley View — factors that the county could weigh in addition to the sale price.

OAS to review potential offer

Veteran nursing-home administrator William Pascocello has run Valley View for Orange Administrative Services since 2007. According to the county, the company's "sole owner" is John Chobor, former executive director of the Greater New York Health Care Facilities Association.

Asked by email Wednesday if his business wants to buy Valley View, Chobor replied, "If the County decides to issue an RFP (request for proposal) to sell the facility, OAS will review the specifications, etc., and make a determination at that time."

The Valley View report released in August also drew attention to the cost of the Orange Administrative Services contract, which has become a fresh target for employees and Democratic lawmakers as they seek potential cost savings to avert privatization.

In the report, the consultants argued that the \$700,000 annual expense could be cut by \$215,000 or more by contracting solely for an administrator, and either eliminating the other two positions or making them county-payroll jobs at lower cost.

The report also questioned the value of the county's contract with CareNext, which was hired in 2010 to boost occupancy and is projected to earn \$510,000 over three years. The consultants note that CareNext has "business links" to Orange Administrative Services, which the county describes as a 3 percent ownership stake that Pascocello holds.

During a meeting on Valley View on Tuesday, Legislator Christopher Eachus, D-New Windsor, suggested the county immediately "defund" both Orange Administrative Services and CareNext to "stop the bleeding right now."

Contract runs through 2012

But it doesn't appear that any administration savings would be possible before 2013. The latest contract extension for Orange Administrative Services runs until the end of 2012 and locks in annual payment increases of 2.5 percent in both 2011 and 2012. There is no provision allowing the county to withdraw from the pact without cause.

Asked about the cost on Wednesday, Diana spokeswoman Orysia Dmytrenko said in an emailed response: "The scope of the contract with OAS consists of much more than the salaries and benefits of three employees."

Diana has proposed selling Valley View to a private operator because of its mounting costs, which he says will reach \$19 million for county taxpayers next year. Lawmakers must decide within weeks whether to approve his plan to defund the nursing home by July, when it would either close or move to new ownership.

The consultant's report estimated that selling the home could take 12 to 18 months or longer, a time frame that would guarantee Valley View's closure, at least temporarily. Diana told lawmakers on Tuesday that he hopes the state will expedite its approvals of such transfers, but that the county has begun developing a closure plan as a precaution.

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