

MONITOR'S REPORT ON THE ASSESSMENT OF UNIVERSITY HOSPITAL

Submitted to the Commissioner of the New Jersey Department of Health pursuant
to Governor Murphy's Executive Order 32

DECEMBER 7, 2018

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EXECUTIVE SUMMARY

In 2012, the “New Jersey Medical and Health Sciences Education Restructuring Act, P.L. 2012, c. 45 (“Restructuring Act” or “Act”) established University Hospital (“Hospital” or “UH”), which had been a component of the University of Medicine and Dentistry of New Jersey (“UMDNJ”) as an instrumentality of the State, a body corporate and politic of the State and treated and accounted for as a separate legal entity pursuant to Section 14(a) of the Restructuring Act, N.J.S.A. 18A:64G-6.1a. The Act provided that the exercise by University Hospital of its powers shall be deemed to be public and essential governmental functions necessary for the welfare and health of the State and the people of New Jersey. The Restructuring Act also called for maintenance of the level of services provided by University Hospital going forward. Additionally, the “Agreements Reached Between Community and Government Negotiators Regarding New Jersey College of Medicine and Dentistry and Related Matters of April 30, 1968” (“1968 Agreement”) to provide a comprehensive health program to the community in Newark, included ensuring access to all essential healthcare services provided by the Hospital be upheld.

The Restructuring Act established a Community Oversight Board and an eleven-member Board of Directors of the University Hospital.

FITCH BOND RATING

In July 2018, Fitch Ratings applied its revised “U.S. Not-For-Profit Hospitals and Health Systems Rating Criteria” (dated January 9, 2018) and downgraded the Bonds to “BB -”, a four-level downgrade. Fitch cited the Hospital’s pension liability, “weak leverage profile,” and “thin operating performance” as the basis for the lowered rating.

REGULATORY NON-COMPLIANCE RELATED TO PEDIATRIC BED REDUCTION

Prior to the downgrade, the Hospital filed an application with the State Department of Health to reduce its pediatric bed component and “merge” its pediatrics with the Children’s Hospital at Newark Beth Israel Hospital. As the application was pending the Hospital started to decrease its pediatric bed complement without the documented approval of the State and in seeming contradiction to the Restructuring Act and the 1968 Agreement.

LEAPFROG SCORE

Concurrent with the above concerns the Leapfrog Group, a non-profit watchdog organization that serves as a voice for healthcare purchasers, with the goal of fostering positive change in US healthcare rated University Hospital’s safety practices as an “F.” This represents the lowest score in New Jersey and one of only approximately 30 hospitals nationwide receiving this score. (recent release of Fall scores showed a slight improvement to a “D.”)

CEO CONTRACT RENEWAL

In June of 2018, the Board of Directors of University Hospital renewed the CEO’s contract for an additional three-year term commencing on July 1, 2019 and concluding on June 30, 2022 and granted him an increase in base salary.

EXECUTIVE ORDER 32

Based on the rating downgrade, the non-compliance with regulatory requirements, the Leapfrog score of “F” and a Board-endorsed employment agreement renewal with a substantial salary increase, Governor Murphy decided that additional oversight and interventions were needed.

Governor Murphy issued Executive Order No. 32 (2018) (EO 32) on July 27, 2018, directing the state Health Commissioner to install a monitor to review expenditures and assess the level of care provided at University Hospital in Newark in response to a series of concerns regarding the quality of care and the financial health of the institution. The Monitor was given broad authority to assess the level of care provided by the Hospital and to gain a deeper understanding of the financial affairs of the Hospital. Judith Persichilli was appointed as the Monitor.

MAJOR FINDINGS

University Hospital is in a unique position among all acute care hospitals in New Jersey. By the Newark 1968 Agreements and New Jersey Restructuring Act its position as an acute care academic medical center, with State support, is codified. During a time of radical change in healthcare while many hospitals are struggling with future sustainability, the State of New Jersey has assured University Hospital that it has an invaluable role in serving the healthcare needs of Newark and the surrounding community. It has been five years since the separation and University Hospital has not leveraged its unique position to focus on developing a culture of high performance. There are multiple reasons why a hospital fails in areas of quality and financial performance, but common themes do emerge.

At University Hospital there are several overarching themes affecting the performance overall:

- 1) Need for a transformational leader focused on creating a vision and building teams to execute the changes necessary to be a high performing organization
- 2) Absence of a strategic plan as a foundation for a shared vision and alignment on critical goals and objectives
- 3) An organizational culture not focused on a relentless pursuit of excellence
- 4) Board oversight not focused on holding leadership accountable for underperformance
- 5) Inconsistent leadership due to turnover resulting in a lack of alignment on strategy and performance objectives

RECOMMENDATION SUMMARY

Below is a summary of the recommendations included in this report:

COMMUNITY OVERSIGHT BOARD

- 1) Recommit to the Community Oversight Board and as required no later than January 10th of every year publish a schedule of its regular meetings that is posted and made available to the public.
- 2) Review the Board By-laws and determine if changes should be recommended to make the Board more responsive to its mission and the community.
- 3) Query the membership to determine if changes need to be made to encourage more active participation.

- 4) If ex-officio members cannot commit the time to attend the meetings and actively participate, conduct a legal review of the Restructuring Act to determine the ability of the ex-officio members to send designees willing and able to actively participate.

BOARD OF DIRECTORS

- 1) Develop a skills, competency, and diversity matrix to utilize as a basis for the recruitment of future board members.
- 2) Develop a formalized Board orientation process that includes presentations from executive team members and key directors on their areas of responsibilities and their goals/objectives for the year.
- 3) Develop an annual Board self-assessment process including a review of the Board's bylaws for recommendations for improvements/best practices in structure, composition and performance
- 4) Develop a Board education schedule to include on-going education in financial management, quality monitoring and the overall health of the organization.
- 5) Develop a process for the Board to monitor and enforce corrective actions in response to areas of underperformance.
- 6) Institute the strategic planning committee of the Board and develop a strategic plan that addresses University Hospital's longer-term mission in the community and its position as an academic medical center and public institution.
- 7) Complete a medical staff development plan that serves as a foundation in the clinical services agreement negotiations with the New Jersey Medical School.
- 8) Develop and adopt criteria for evaluating proposed new programs and services to assess key factors, e.g. financial feasibility, market potential, impact on quality and patient safety and other areas deemed necessary by the Board.
- 9) Engage Sullivan and Cotter, the Board's compensation consultants, to develop a template for incentive compensation awards for the CEO and executive team that are based on measurable stretch goals.

LEADERSHIP

- 1) Leadership must start the journey toward high reliability by setting the quality and safety strategy, communicating it throughout the organization and bringing it forth as the most important activity for everyone in the organization.
- 2) Quality and safety has to be at the top of every meeting agenda.
- 3) Safety initiatives must also address employee safety concerns.
- 4) Town meetings should be held quarterly for hospital wide transparent communication.
- 5) The leader needs to study and embrace transformational leadership to make the changes necessary to promote UH as a high performing organization.

QUALITY OF CARE

- 1) The Board must embrace quality and safety as their number one priority. Meeting agendas should include regular review of reports on quality and safety, errors and near misses and plans of correction.
- 2) All plans of correction need to include steps and timelines for completion that can be monitored by the Board.
- 3) Consider quality and safety expectations in all discussions/decisions about services, facilities, medical staff development and workforce development.
- 4) Develop a reporting process throughout the organization that displays quality/safety results in color-coded dashboards based on national benchmarks and standards and Joint Commission, CMS, Leapfrog and Vizient reportable measures.

- 5) Quality/safety results need to be incorporated in annual performance evaluations and incentive compensation awards holding the CEO and executive team individually and collectively responsible for quality and safety results.
- 6) Hold daily safety huddles.
- 7) Conduct a safety culture survey in first quarter 2019 and use as a comparison to the 2016 survey and as a baseline for improvement going forward.
- 8) Set measurable/realistic stretch goals to improve quality/safety results. Leapfrog scores should improve to an “A” or “B” within 2 years, if not sooner.
- 9) Perform an audit of data integrity to ensure that coding for key performance indicators is appropriate.
- 10) Review and embrace the recommendations of the Infection Prevention consultant.
- 11) Consider engaging an evidence-based approach to developing a culture of quality and safety.

EMERGENCY ROOM

- 1) Engage Emergency department consulting specialists to complete a full review of the ER to include but not be limited to, quality processes and outcomes, patient flow, staffing, regulatory and accreditation compliance, and infrastructure.
- 2) Consider opening an urgent care center on site to decant the ER of patients with ambulatory sensitive conditions.
- 3) Work with the Department of Health and Department of Community Affairs to address the ICU bed renovations and openings.

EMPLOYEE ENGAGEMENT

- 1) Share results of the Press Ganey Employee Engagement survey and progress on action plans at every meeting of the Board Governance, Ethics and Legal committee.
- 2) Recruit a Chief Diversity Officer reporting directly to the CEO.

COMMUNITY ENGAGEMENT

- 1) Launch the population health pilot.
- 2) Develop and initiate community engagement activities that build on current initiatives to educate and train adolescents and young adults in hospital services and opportunities for further education and future employment.

REGULATORY COMPLIANCE

- 1) Establish a regular outreach and information sharing with the Department of Health. The CEO should meet monthly with the Commissioner of Health for updates on progress.
- 2) Develop a relationship with the Department of Health to solicit guidance on issues which the Department provides oversight and/or are reviewed by the Department.
- 3) Develop a communication mechanism with the Board to keep them informed of actual or emerging issues and all Department of Health and CMS visits and surveys.

FITCH RATING DOWNGRADE AND UNIVERSITY HOSPITAL'S FINANCIAL PERFORMANCE

- 1) Set a target and time frame for financial improvement to a 6% EBITDA.
- 2) Develop plans for a 3% decrease in expenses and/or documented increases in revenue resulting in an \$18m improvement.
- 3) Institute a productivity benchmarking system and set overall benchmarks at the best practice percentile.
- 4) Maintain appropriate staffing levels and set targets for OT and Agency use.

- 5) Complete a review of consulting services and contracted services and eliminate redundant and out-of-date relationships.
- 6) Complete a review of comparison data to comparable NJ based hospitals and identify benchmarks and areas for improvement.
- 7) Complete a financial and compliance audit of the CSA.
- 8) Review the growth of the CSA and document justification for the 35% increase from 2013-2018.
- 9) Renegotiate the CSA using the strategic plan and the medical staff development plan as a basis for an agreement based on mutual benefit.
- 10) Due to the complicated financial processes caused by the separation and the State formulas for grants-in-aid consider a bottom-up, zero-based budgeting project. All departments and expense items should be considered, validated and justified.

INTRODUCTION

The mission of University Hospital is “to improve the quality of life for all those we touch through excellence in patient care, education, research, and community service.” The Hospital is licensed for 467 beds and operates with approximately 3300 FTEs (Full Time Equivalents). The annual budget is approximately \$670 million.

As stated previously, University Hospital as part of the Restructuring Act was formed as an independent hospital while maintaining its status as the principal teaching hospital of the New Jersey Medical School, the New Jersey Dental School and “any other medical education programs located in Newark.”

As a component of UMDNJ, the hospital operated as a subsidiary of the larger organization with Central Administration of UMDNJ handling various core activities such as human resources, financial operations, purchasing, legal services, supply change management, public relations and marketing and information technology. At the time of the separation those core functions along with approximately 3,000 full time equivalent employees had to be transferred to the new entity of University Hospital. This was and continues to be a significant undertaking that is not yet completed after five years and impacts the everyday workings of the institution.

Additionally, the Community Oversight Board and the Board of Directors had to be instituted and various resolutions had to be approved to codify the agreements with Rutgers on funds flow, real estate transactions, bond issues and continuing services. Also, the Board needed to institutionalize its activities through new by-laws and committee structures.

In discussions with Board members, it is not apparent that organized Board orientation and education to its fiduciary duties specifically in areas of quality monitoring and financial oversight was offered. Although some of the original Board members had previous Board experience or by ex officio status had expertise in the provision of quality of care applying that knowledge to promoting improvements throughout the organization is a distinct competency.

Board Committees were constituted and started to actively carry out its prescribed duties. However, although the by-laws codified a Strategic Planning Committee, the committee never met. Strategic Plans set the direction for success of the organization into the future and serves to align organizational performance goals. The strategic vision of the organization focused only on the development of a closer relationship with Barnabas-Newark Beth Israel. That may be a valuable component of University Hospital’s plans as part of a broader vision. In the absence of a broad strategic plan communicating the organizations future direction, aligning resources to accomplish the organization’s vision, is limited. A Strategic Plan owned by the hospital and involving all stakeholders can serve to promote engagement of medical staff and employees and encourage enthusiasm for a shared vision beneficial to all stakeholders including the community.

As the State’s only public hospital University Hospital is an indispensable asset to the vulnerable populations of Newark and the surrounding community. UH currently serves approximately 17,000 in-patients annually; and approximately 250,000 out patients annually in its campus-based clinics. Additionally, it serves as one of the State’s liver transplant services, and also as a Level 1 trauma service. University Hospital has also distinguished itself as a best practice Maternity service.

UNIVERSITY HOSPITAL CHALLENGES

University Hospital has challenges that most urban-based academic medical centers confront as well as some unique challenges that impede the University's progress. These include:

- 1) The case mix index (CMI) of University Hospital is over 1.7, which is one of the highest in the State;
- 2) The payer mix is significantly weighted to self-pay, charity and Medicaid and is the highest in the State at 67.5%;
- 3) The Hospital employees are represented by seven unions;
- 4) The Medical Staff are all members of the Faculty of NJMS and Dental School and Rutgers/Robert Wood Johnson (RWJ)/Barnabas with appointments and credentialing requiring all parties to be in agreement;
- 5) The Medical Staff are members of the University Physician Associates (UPA) which serves as the Faculty Practice Plan;
- 6) Based on the merger of RWJ and Barnabas, and most recently Barnabas and Rutgers Health, the role of the physicians as serving all entities in the enterprise along with the role of University Hospital within these arrangements is not clear;
- 7) In addition to the State's charity care subsidy of \$46 million, University Hospital also receives a grant in aid of approximately \$43 million for institutional support and additional GME funding of \$5.6 million. GME, Mental Health and DSRIP funding totals \$48 million in this fiscal year. In short, State support totals approximately \$143 million;
- 8) The State is responsible for the organization's pension liability;
- 9) The State also pays the fringe benefits of employees transferred to University Hospital at the time of the separation, up to an Full Time Equivalent (FTE) count of 2963;
- 10) The Clinical Services Agreement (CSA) with the Medical and Dental schools amounted to approximately \$46 million at the time of separation in 2013 and has increased to approximately \$62 million in 2018, an increase of approximately 35%;
- 11) The front door of the hospital is the Emergency Room, with approximately 80% of the admissions coming through the ER. The ER served approximately 80,000 patients in FY 2018; and
- 12) The University Hospital is bound by New Jersey State procurement laws, which hinders effective decision making. Although the Restructuring Act established University Hospital as an "independent instrumentality" and gave the Board authority to oversee the Hospital's operations, these procurement laws still apply.

University Hospital is a complex organization – in part an independent organization and in part a public institution. It is a hospital with an independent Board of Directors and, at the same time, it is a government instrumentality requiring the advice and consent of the Legislature to seat the Board Members.

Leading a hospital that provides high levels of care to under reimbursed patients is a challenge. Safety net hospitals in the United States care for close to 25 million people a year. In an article in Health Affairs on "How Five Leading Safety-Net Hospitals are Preparing for the Challenges and Opportunities of Health Care Reform", leaders of safety net hospitals identified common themes as building blocks for reform: strong and stable leadership and a long-term commitment to improving care and care delivery through investing in IT; developing integrated systems of care; and aligning safety net and academic missions.¹

¹ "How Five Leading Safety-Net Hospitals Are Preparing For The Challenges And Opportunities Of Health Care Reform," Coughlin, Teresa et al. Health Affairs, August 2012.
<https://www.healthaffairs.org/doi/full/10.1377/hlthaff.2012.0258>

The leadership team at University Hospital is new, with most members including the CEO having less than three years' tenure. Given the fact that the leadership team is new and have few years of working together there is need for strong leadership focusing on team dynamics to promote a collaborative work environment that supports a team centered approach. Without a shared vision and a strategic plan that focuses the team on its shared accountability for future success and improvements for quality and financial results, the team is working in a vacuum and in disparate silos.

Health care generally is a complex system of complicated inputs and processes. The complexity of healthcare in contrast to mechanical systems can result in unintended consequences such as adverse drug reactions, nosocomial infections, re-hospitalizations and functional decline. However, despite the complexity, the accountability of the Board and Leadership in preventing harm, improving the patient experience and lowering costs has never been clearer.

In a recent article in the New England Journal of Medicine's (NEJM) digital publication NEJM Catalyst, Dr. Peter Pronovost, a leading expert in quality and safety in hospitals, opines that improvement in quality in hospitals is reliant on viewing quality as a disciplined and integrated management system with robust governance.² He employs the concept of shared responsibility, which means the higher levels of the organization need to hold themselves accountable for giving the lower level leaders the tools to help them succeed and then holding them accountable for results. The results are then shared with Governance with the same rigor as financial data.

There needs to be a clear line of sight throughout the organization to the Board and back down to the operating units.

At University Hospital it appears that the front-line caregivers and employees are employing techniques and processes to improve care at all levels. Review of committee minutes and departmental benchmarking analysis speak to the departments understanding of the need to measure and improve outcomes. However, as noted in the Pronovost article aligning quality work in a common framework, ensuring data integrity and creating shared accountability needs to be addressed if sustainability of improvements is to be realized.

² "Taking Health Care Governance to the Next Level," Peter J. Pronovost, MD, PhD, C. Michael Armstrong, LHD, Renee Demski, MSW, MBA, Ronald R. Peterson, MHA & Paul B. Rothman, MD. NEJM Catalyst, published January 31, 2018.

MAJOR FINDINGS

University Hospital is in a unique position among all acute care hospitals in New Jersey. By the Newark 1968 Agreements and New Jersey Restructuring Act its position as an acute care academic medical center, with State support, is codified. During a time of radical change in healthcare while many hospitals are struggling with future sustainability, the State of New Jersey has assured University Hospital that it has an invaluable role in serving the healthcare needs of Newark and the surrounding community. It has been five years since the separation and University Hospital has not leveraged its unique position to focus on developing a culture of high performance. There are multiple reasons why a hospital fails in areas of quality and financial performance, but common themes do emerge.

There are several overarching themes affecting the overall performance of University Hospital:

- 1) Need for a transformational leader focused on creating a vision and building teams to execute the changes necessary to be a high performing organization
- 2) Absence of a strategic plan as a foundation for a shared vision and alignment on critical goals and objectives
- 3) An organizational culture not focused on a relentless pursuit of excellence
- 4) Board oversight not focused on holding leadership accountable for underperformance
- 5) Inconsistent leadership due to turnover resulting in a lack of alignment on strategy and performance objectives

GENERAL FINDINGS

- 1) The Board, although committed to University Hospital, are not representative of the community the hospital serves. There is not a broad mix of skills and competencies, gender and diversity necessary support UH's role in the community and to exercise its fiduciary responsibilities of foresight, oversight and insight.
- 2) The lack of Board continuing education in carrying out its fiduciary duties and holding leadership accountable for results, has impacted its effectiveness.
- 3) The Community Oversight Board as a means of transparent communication has not posted minutes since December of 2015 and a schedule has not been posted since February of 2016. Members of the committee interviewed stated that meetings are sometimes cancelled with little notice and /or they do not meet at all. As a result, there is a move to restore the Concerned Citizens Committee, that predated the separation.
- 4) The Strategic Planning Committee of the Board has never met. There is no strategic plan. The only strategy mentioned is an affiliation with Barnabas/Newark Beth Israel (NBI).
- 5) As a result of not having a strategic plan there is no medical staff development plan that can serve as the basis for negotiation of the Clinical Services Agreement (CSA).
- 6) The CSA has increased 35% since the separation in 2013.
- 7) The Quality of Care Committee of the Board meets regularly, and reviews results of departmental and program and services' performance results. The reporting to the Board is not in a format that focuses on and encourages areas for discussion and improvement. Color coded benchmarking dashboards are not presented thus impeding the Board's role to promote accountability.
- 8) Safety huddles, reviewing the issues/concerns/events of the last 24 hours, common in most hospitals for several years, were just introduced in August.
- 9) The Emergency Room is the front door of the hospital with 80% of admissions coming through the ER. Overcrowding is evident and wait times are significantly outside of national benchmarks.

- 10) Knowledge of New Jersey State regulations is lacking due to many new leaders with little New Jersey State experience. The new Director of Standards and Regulations has New Jersey experience, but he has been with the organization for only one year.
- 11) Financial results have deteriorated over the last three years from an EBITDA of 6.28% in 2013 to a current EBITDA of 2.25%.
- 12) A culture of quality and safety does not permeate the organization. The new Chief Medical Officer (CMO) is integral to improving performance but he cannot improve culture by himself.
- 13) Employee engagement scores on the Press Ganey survey are reported to be at the 4th percentile. Review of action planning on 65 areas does not appear to be effectively monitored.
- 14) Community engagement initiatives need support and strengthening.
- 15) Executive leadership meets on a regular basis. Issue tracking with documentation of responsible individuals with updates and time frames for resolution appears inconsistent.
- 16) The executive team are all experienced health care leaders with skills and competencies to improve performance but due to the absence of a strategic plan tied to performance objectives they appear to work in silos and on tactical rather than strategic issues.
- 17) Incentive compensation appears to reward tactical activities rather than measurable stretch strategic goals.
- 18) Transparent hospital-wide communication strategies i.e. town hall meetings, are not consistently held on a quarterly basis.
- 19) Executive leadership not invested in developing a shared vision for the organization going forward and building teams to execute on the needed changes.

GOVERNANCE

The Restructuring Act established University Hospital as an independent hospital that would maintain its status as the principal teaching hospital of the New Jersey Medical School, the New Jersey Dental School and any other medical education programs located in Newark. The exercise by UH of the powers conferred by the Act are deemed to be public and essential government functions necessary for the welfare and health of the State and the people of New Jersey. UH was designated as an instrumentality of the State.

UNIVERSITY HOSPITAL COMMUNITY OVERSIGHT BOARD

The Act called for the establishment of a nine-member advisory board to be designated as the University Hospital Community Oversight Board (“Board”). The purpose of the Board is to ensure that the mission of the hospital and the intent of the “Agreements Reached Between Community and Government Negotiators Regarding New Jersey College of Medicine and Dentistry and related matters of April 30, 1968” to provide comprehensive health programs to the community in the city of Newark including be upheld. Additionally, the Board is to ensure that access to all essential health care services provided by the hospital is upheld.

The Restructuring Act stipulated the composition of the Board as:

- Four members to serve as ex officio including the President of Rutgers University, the Chief Executive Officer, Chief Financial Officer and Chief Medical Officer of UH; and
- Five public members to be appointed as follows: 3 representatives of organized labor, one person who is a resident of Newark appointed by the Governor with advice and consent of the Senate, one person who is a resident of the City of Newark appointed by the President of the Senate, and one person appointed by the Speaker of the General Assembly.

Additionally, for a period of 5 years, any substantive changes to essential health services provided by UH are to be subject to review by the University Hospital Community Oversight Board and approval by the Department of Health through a licensing review process.

Essential health services as defined in the Act includes but is not limited to, emergency, pediatric, family health, outpatient ambulatory diagnostic, treatment and clinical services, cancer treatment services and all services essential to maintaining level one trauma status.

FINDINGS

As reported by members of the Community Oversight Board that were interviewed the Board meets infrequently and, in its opinion, has not fulfilled its duties as articulated in the Act. The Board is expected to meet bi-annually. In investigation, it appears that there are no posted minutes since December 8, 2015 and a schedule has not been posted since February 17, 2016. The importance of the Oversight Board to provide a forum for understanding and insight into the vision and goals of University Hospital cannot be overstated.

The Community Board can serve as an important forum for maintaining and enhancing UH's relationship with the community and the unions. In addition, it appears that members of the Community Oversight Board interviewed do not feel that they had ample input or the opportunity to review and opine on the pediatric relocation to NBI. However, minutes of a Board meeting on May 16, 2018 document that a discussion on pediatrics took place. Pediatrics, by statute, is considered an "essential health service."

The Act required the Board's review of any substantive changes to the essential health services for a five-year period. This five-year period ended at the end of July 2018. As a result, further input from the Board is consultative in nature only but should be considered as important input into the direction of UH in its quest to serve the needs of the Newark community and adhere to the Newark Agreements of 1968.

RECOMMENDATIONS

- 1) Recommit to the Community Board and no later than January 10th of every year, publish a schedule of its regular meetings that is posted and made available to the public in accordance with the Open Public Meetings Act (OPMA) at N.J.S.A. 10:4-6 et seq.
- 2) Complete a review of the by-laws and determine if changes need to be considered
- 3) Review the membership and query the members desire to maintain its seats on the Board and actively participate in its meetings.
- 4) If the ex-officio members cannot commit the time to attend and participate conduct a legal review of the Act and consider the ability of the ex officio members to send a designee willing and able to fulfill the purposes of the Board.

BOARD OF DIRECTORS

Pursuant to the Act, the management, supervision and administration of University Hospital shall be vested in an 11-member board of directors of University Hospital.

The Board shall be comprised of:

- Four members who shall serve ex-officio to include: The Dean of the Medical School, the Dean of New Jersey Dental School, the President of Rutgers, or a designee, and the Chancellor of the School of Biomedical and Health Sciences of Rutgers University; and
- Seven public members shall be appointed by the Governor for a five-year term with one of these members being a resident of the City of Newark and four of whom shall be appointed by the Governor without advice and consent of the Senate and upon expiration of the initial terms all seven public members will require advice and consent of the Senate.

The Board has the power to exercise general oversight over the affairs of UH to ensure the fulfillment of its mission.

The Board of Directors has a fiduciary obligation to manage, supervise and administrate University Hospital. A fiduciary obligation exists whenever a person places a special trust in another person- the fiduciary- to exercise his/her discretion and expertise to act on his/her behalf. Understanding the concept of fiduciary responsibilities is fundamental to be an effective board member. The responsibilities of a director arise out of the fiduciary obligation to act in the best interests of the organization to support the mission of UH to most effectively meet community need and respond positively to the responsibilities of UH under the Newark Accords and the Act.

Fiduciary responsibilities center around three core duties. Briefly, these are:

- 1) A *duty of obedience* to act with fidelity to the mission-based purposes of the organization as expressed in its by-laws. Fulfillment of this duty should be demonstrable in the board's work and decisions
- 2) A *duty of loyalty* to act in the best interest of the organization and the wider community it serves, not the narrow interest of any single individual or stakeholder group or the interest of another organization
- 3) A *duty of care* to exercise the level of diligence a prudent person would apply in a similar position and similar circumstances. The duty of care requires neither perfection nor knowing everything, rather preparing for meetings, attending faithfully, participating in decisions, and making sound and independent judgments.

In short, the Board has responsibilities of oversight, insight and foresight.

Oversight to hold themselves and fellow directors and management accountable for meeting performance goals including quality and financial objectives and to provide direction in an ethical manner consistent with all regulatory requirements; to approve long range financial plans and annual operating plans that support quality improvement, patient and employee safety, employee engagement, compliance and customer service excellence; to promote an organizational culture that encourages ethical conduct and a commitment to compliance with law and exercise oversight of such programs.

Insight to use its personal skills and competencies to guide and support decision-making that promotes expertise throughout the organization in furtherance of its mission. To advocate on behalf of the organization and to respect confidentiality in all governance activities; to participate in an annual Board self-assessment process that objectively identifies areas for improvement in carrying out the responsibilities of the Board.

Foresight to seek education and understanding of the health needs of the community and how well the population is being served. To participate in the strategic planning process of the organization and the formulation of performance goals to assure the sustainability of the organization over time

and to assure comprehensive, coordinated and accessible services are available to the community and are aligned with value-based processes promoting population health.

FINDINGS

The Board was formed after the separation and was duly constituted. The primary activities of the new board were extensive and included unwinding and negotiating real estate transactions; identifying funds flow from the State, UMDNJ and UH, developing by-laws, establishing a committee structure and overseeing the transfer of 3000 employees to University Hospital.

It appears that the activities common to developing a “new” functioning Board and Hospital did not occur. The Board competency and skills and diversity matrix for recruitment, Board orientation, a Board education schedule and a Board self- assessment process were not developed.

The Board meets on a regular basis, six times per year with special meetings called when necessary. The Board receives reports from the board committees with action items documented for approval by resolution. However, the Board packages/information do not appear to be received by the Board prior to the Board meeting with ample time for board members to review and be prepared for active discussion. The Board minutes posted on the Board site show Board meetings lasting from approximately 60 minutes with only a few meetings lasting over one hour. It appears that active discussion and engagement of the Board in the activities of the committees is lacking. The Strategic Planning Committee of the Board has never met and in person participation by Board members at Board meetings is irregular.

A strong, nimble, educated Board is integral to the viability of the Hospital. The Board sets the tone and expectations for sustainability of the Hospital and for a culture of quality and safety.

RECOMMENDATIONS

- 1) The Board needs to develop a skills and competency matrix that identifies the attributes they are seeking in board members to support the mission of the organization. The matrix should identify the need to recruit Board members who are representative of the communities University Hospital serves.
- 2) A Board orientation process needs to be developed with annual updates
- 3) A Board self-assessment process needs to be developed and completed annually. The annual board self-assessment and goal setting process should be treated as top priority by all board members and senior executives. An annual review of the Board’s by-laws needs to occur with recommendations for improvements/best practices in structure, composition and performance.
- 4) A Board education schedule needs to be developed annually and include ongoing education in financial management, quality monitoring and the overall health of the organization including patient satisfaction levels and employee engagement activities.
- 5) The Board needs to embrace its role in demanding corrective actions in response to underperformance on annual financial, quality and long-range plans. Due to the lack of strategic planning, long-range strategic plans may not exist.
- 6) The Strategic Planning Committee of the Board needs to be constituted and a strategic plan needs to be developed that identifies University Hospital’s longer-term mission as an indispensable asset to the community it serves and its role as the academic medical center for the New Jersey Medical School (NJMS) and New Jersey Dental School (NJDS). The plan should include a Medical Staff Development Plan that will serve as the basis for renegotiation of the Clinical Services Agreement. The plan may include affiliations/partnerships with other

institutions. The plan needs to address UH's key areas of expertise with branding and marketing plans that promote those Centers of Excellence. The Strategic Planning Committee needs to adopt criteria for evaluating proposed new programs and services to assess key factors e.g. financial feasibility, market potential, impact on quality and patient safety.

- 7) The Board Compensation Committee is responsible for developing the CEO's written performance goals/objectives that are mutually agreed upon with the full board prior to the performance period. The incentive compensation goals should be measurable stretch performance objectives not based on accomplishment of routine, expected CEO performance.

LEADERSHIP

Strong and effective leadership is critical for strengthening the quality, safety and financial performance of a hospital. Current studies by the National Institutes of Health cite a strong correlation between transformational leadership style and a culture of quality and safety. Leadership styles play an integral role in enhancing quality measures and performance overall. Much has been written about the behavioral characteristics that drive organizational effectiveness. Humility, curiosity, willingness to change, perseverance and self-discipline are often quoted as necessary leadership qualities.

In John Kotter's iconic book, "Leading Change", published in 1996, he opines that powerful macroeconomic forces will force organizations "to reduce costs, improve quality of products and services, locate new opportunities for growth, and increase productivity."³ His opinion has never been truer when applied to healthcare today. A review of contemporary literature on healthcare leadership still relies on Kotter's premises. Most quoted is his view that the function of leaders "is to produce change."

The 2013 Act stipulated a major change in the structure of University Hospital that required a significant shift in its vision of the future as a free-standing organization. The legal and tactical challenges required to accomplish the change were handled by the newly constituted board and leadership of the hospital. Additionally, the CEO managed the movement of approximately 3000 FTEs to the new entity. However, the hospital's progress has been marred by changes in both Board and hospital leadership.

As a result, the movement toward building a culture responsive to the community and reliant on a shared vision of the future, with the employees embracing that vision, did not occur. The critical component of any change movement is leadership at the top. The new leader recruited three years ago appears to have focused on only one strategic path and as a result the movement toward building teams committed to a shared vision and based on a deep understanding of where healthcare is going and the role UH can play in transformative change, that benefits the community, is missing.

University Hospital needs to be recognized as a strong, efficient, reliable quality organization, responsive to the changes in health care delivery and focused on improving the health of the community, University Health rather than University Hospital.

In an article published by the American Journal of Medicine, the authors posit that "Leadership for the 21st Century: Challenges and Opportunities," requires leaders to ask the following questions⁴:

- What have I done to improve the health of the community?

³ *Leading Change*. Kotter, J. P. Boston: Harvard Business School Press, 1996

⁴ "Leadership in Health Care for the 21st Century: Challenges and Opportunities," Arroliga, Alejandro C. et al. The American Journal of Medicine, Volume 127, Issue 3, 246 - 249

- How do we balance investments in the social determinants of health and more medical care?
- How do I develop a plan to achieve better community health care?

Having attended various meetings and presentations it is not evident that these questions are asked or discussed. Strategic discussions on the impact of changes in healthcare and the role of UH does not appear to be discussed nor is there a forum for such discussions.

There are a number of different qualities that the health care leader of the future will need. J Stephen Lindsey and John W Mitchell suggest that the health care leader of the future will⁵:

- be an independent thinker who understands the emerging healthcare market
- be passionate about serving the needs of the customer
- be a change agent for its organization
- have the ability to motivate and inspire
- run a lean, high-quality organization

In short, during a time of significant change in healthcare and a required significant cultural change at University Hospital...LEADERSHIP makes the difference.

Transformational leadership is the theory of leadership where a leader works with teams to identify needed change, creating a vision to guide the change through inspiration, and executes the change with a commitment of the members of the team.

Recently the focus in healthcare organizations is on developing high reliability organizations in healthcare. In a 2013 article, Quint Studer, founder and Chairman of the Board at Studer Group suggests that high reliability organizations are, “organizations with systems in place that make them exceptionally consistent in accomplishing its goals and avoiding potential catastrophic errors.”⁶ He further shares that high reliability organizations are:

- Sensitive to operations – being constantly aware of how processes and systems affect the organization;
- Reluctant to accept “simple” explanations for problems-willing to challenge long-held beliefs;
- Preoccupied with failure-shared attentiveness to ways processes can break down to create best practices;
- Willing to defer to expertise-listening to those who know the work the best regardless of hierarchy; and
- Resilient – relentless in responding to failures with swift problem solving and new solutions.

According to the Joint Commission Center for Transforming Healthcare, it believes that high reliability in healthcare results in consistent excellence in quality and safety for every patient.⁷ High reliability improves organizational effectiveness, improves efficiency, improves customer satisfaction, and improves compliance, organizational culture and documentation.

⁵ “*Tomorrow’s Top Healthcare Leaders: 5 Qualities of the Healthcare Leader of the Future*,” Lindsey, J. Stephen and Mitchell, John W. Becker’s Hospital Review, September 25, 2012.

⁶ “*5 Traits of High Reliability Organizations: How to Hardwire Each in Your Organization*,” Gamble, Molly. Becker’s Hospital Review, April 29, 2013.

⁷ Additional information on high reliability in healthcare from the Joint Commission Center for Transforming Healthcare can be found at: https://www.centerfortransforminghealthcare.org/hro_portal_main.aspx

The journey to high reliability is not an easy change for most hospitals/health systems but it is one that all organizations should undertake. It starts with the Board and Leadership being educated to the concepts of high reliability and being honest, i.e. brutally honest, as to where the organization is in relation to where it wants to be. Starting with identifying the desired state and then adopting robust process improvement tools and methods to make high rates of improvements sustainable.

FINDINGS

UH is far away from becoming a high-reliability organization. However, every journey starts with the first step and hiring a Chief Medical Officer with the depth of understanding was UH's first step. However, in the meetings attended and activities observed and in the interviews with various stakeholders' quality and safety does not appear to be at top of mind.

Senior executives are submerged with tactical activities requiring so much executive time, robust discussions amongst the group on how the hospital wants to present themselves to the community in relation to quality and safety garners very little strategic discussion. Hospital leaders must decide on the quality strategy and move that strategy throughout the organization with optimism and enthusiasm.

In interviews with various stakeholders in the organization it is obvious that there are individuals who are experienced and skilled and adept at leading its specific areas of expertise. What was not evident was an overall focus on concepts of quality and safety and its individual and collective roles in promoting and participating in the change necessary to make significant improvements.

"Simple" explanations to recurring problems appear to be accepted and as such transparency of the data throughout the organization and actions to improve appear to be lacking or problems are reported but not acted on.

Hospital Boards influence quality and safety largely through strategic initiatives but data also shows that executives can improve safety through more direct interactions with frontline workers. Leadership walk-rounds, voluntary error reporting systems and structured approaches to continuing problems and complaints are all leadership's responsibilities that promote a culture of quality and safety. Building a just culture environment supports the reporting of errors and near misses to support improvement activities.

RECOMMENDATIONS

- 1) Leadership must start the journey toward high reliability by setting the quality and safety strategy, communicating it throughout the organization and bringing it forth as the most important activity for everyone in the organization.
- 2) Quality and safety needs to be at the top of every meeting agenda not just Quality of Care Committee agendas.
- 3) Safety initiatives must also address employee safety concerns.
- 4) Hold quarterly town hall meetings for hospital wide transparent communication.
- 5) The leader needs to study and embrace transformational leadership to make the changes necessary to promote UH as a high performing organization.

REGULATORY COMPLIANCE

The array of regulations that govern healthcare can seem overwhelming with healthcare professionals sometimes thinking they spend more time on complying with rules that direct its work than actually doing the work itself. However most healthcare professionals recognize that some level of oversight is of utmost importance when issues of life and health are involved.

In December 2017, University Hospital expressed to the New Jersey Department of Health its intent to close its emergency pediatric unit and the pediatric intensive care unit. According to the Department of Health they advised University Hospital that written approval was required to start the process of closing these services that are deemed “essential.” (Pediatrics was also considered an essential health service based on the Restructuring Act.) While the application was pending the hospital started reducing the availability of some of the pediatric services and started a transfer of patients to Newark Beth Israel. On survey by the Department of Health, the Hospital was cited for failing to comply with the Certificate of Need Application and Review Process set forth at N.J.A.C. 8:33-3.2(c), which requires a facility that is discontinuing a service to not discontinue the service until the Department provides notice that no certificate of need is required or that a certificate of need is approved, as applicable.

FINDINGS

On review of the documentation from the Department of Health and on interview of the CEO, members of the executive team and the Regulatory and Standards Director and the Compliance Director it appears there are several central issues informing the pediatric situation. The issues include:

- 1) Misunderstanding of the directive by the Department coupled with a basic lack of knowledge of New Jersey regulations;
- 2) Few individuals in positions of authority with experience in New Jersey health care and as a result lack of relationships with the Department of Health that may have been helpful in this circumstance;
- 3) The view by leadership of the Department of Health as only bureaucratic enforcers rather than “partners” in the success of the only public hospital in New Jersey with obvious lack of respect for the role of the department;
- 4) Incorrect assumption that notifying the employees and community of this direction was also its acceptance of the move, resulting in a contentious community town hall meeting and complaints from Union leadership; and
- 5) Lack of substantive community engagement activities that support a partnership culture for success of the city and the hospital.

As discussed previously, situations such as the pediatric actions speak to a cultural issue. University Hospital leadership appears to be insular in nature, relying on internal directives. Developing stronger relationships with the Department of Health and community leaders would only be helpful in this regard.

RECOMMENDATIONS

- 1) Establish a regular outreach and information sharing mechanism with the Department of Health. The CEO should meet monthly with the Commissioner of Health for updates on progress.
- 2) Actively seek guidance when confronting difficult regulatory issues and/or potentially contentious issues.
- 3) Keep the Board of Directors informed and aware of issues that require community support and enlist its support as necessary.
- 4) Recommit to the Community Oversight Board and solicit its input on significant issues/actions under consideration that have the potential to change the offerings and staffing of University Hospital.
- 5) If regulatory compliance and financial and quality performance does not improve consider placing a full-time Department of Health representative at the hospital.

QUALITY OF CARE

The Leapfrog Group is a non-profit watchdog organization that serves as a voice for healthcare purchasers, using its collective influence to foster positive change in US healthcare. Leapfrog is the nation's premier advocate of hospital transparency-collecting, analyzing, and disseminating hospital data to inform value-based purchasing. The measures included on the survey are predicated on the latest science and are selected with guidance from scientific advisors at the Armstrong Institute for Patient Safety as well as Leapfrog's volunteer expert panels. Information submitted by hospitals is verified through intensive data review and on-site data verification processes. Using 27 evidence-based measures of patient safety, the Leapfrog Group calculates a numerical score for eligible reporting hospitals. The numerical score is then converted into one of five letter grades, "A" representing the best grade followed in order by "B", "C", "D", and "F." Hospitals with a numerical score between 1.5 standard deviations and 3.0 standard deviations below the mean earn a "D" and hospitals with numerical score more than 3.0 standard deviations below the mean earn an "F."

University Hospital was one of 30 hospitals of approximately 2700 reporting hospitals in the United States that received an F score from Leapfrog. The recent 2018 Fall Leapfrog report places University Hospital at a "D."⁸

It is important to note that Leapfrog is one of many organizations monitoring and reporting quality measures for public consumption. Quality reporting is not a new phenomenon. In 2003, the National Quality Forum (NQF), a not for profit organization, created to develop and implement a national strategy for healthcare quality measurement and reporting, published "Safe Practices for Better Healthcare: A Consensus Report."⁹ Leapfrog utilizes NQF updated reports to keep its data set current. The most recent version of the report endorsed 34 practices that should be used universally in applicable clinical care settings to reduce the risk of harm to patients. Leapfrog uses a subset of the 32 measures to score the reporting hospitals. Leapfrog asks its hospitals to report on its implementation of five NQF safe practices that, if adopted, can improve patient safety in health care settings. The five practices on the survey are: Culture of Safety and Leadership Structures and

⁸ University Hospital's Fall 2018 Leapfrog Hospital Safety Grade can be found at <http://www.hospitalsafetygrade.org/h/university-of-medicine-and-dentistry-of-new-jersey-the-university?findBy=hospital&hospital=university+hospital&rPos=7900&rSort=grade>

⁹ The 2010 update to the "Safe Practices for Better Healthcare: A Consensus Report" can be found at: https://www.qualityforum.org/Publications/2010/04/Safe_Practices_for_Better_Healthcare_%E2%80%93_2010_Update.aspx

Systems, Culture Measurement, Feedback and Intervention, Risks and Hazards, Nursing Workforce and Hand Hygiene.

Additionally, CMS (Centers for Medicare and Medicaid Services) uses quality measures to assure quality healthcare for Medicare beneficiaries through accountability and public disclosure and ties results to reimbursement. CMS has recently announced a new approach to quality measurement, called “Meaningful Measures.” This initiative will involve identifying the highest priorities to improve patient care through quality measurement and quality improvement efforts.

Quality is a complex concept with aspects in infrastructure, clinical processes, intermediate outcomes, and true outcomes. Outcome measures are the ultimate goal in evaluating performance. However, outcomes must be risk adjusted and the impact of and adjustment for socioeconomic factors has yet to be resolved.

However, the one aspect of quality that is the foundation for reducing harm to patients is a culture of quality and safety that permeates the organization from the Board of Directors to everyone that works in the organization.

A quality and safety culture start at the top. Governing Boards, medical staff and executive management must promote a culture of patient safety and make its commitment evident to the rest of the organization. Creating a culture of quality and safety is a major undertaking that includes strategies and infrastructure necessary to effect real and lasting change. The literature is ripe with roadmaps to a culture of quality and safety.

Common characteristics among the various articles include:

- 1) Leadership needs to “walk the talk” moving from meeting rooms and offices to the patient care units and connecting directly with medical staff and colleagues
- 2) Commitment to a patient safety culture needs consistency with funding for staff and education
- 3) Commitment needs to be rooted in a just environment; a just culture that offers non-punitive responses to adverse events and encourages reporting and transparency
- 4) Accurate data is the basis for reporting
- 5) There is a line of sight from the Board throughout the organization
- 6) The Board receives understandable quality and safety dashboards based on nationally accepted benchmarks and measurements
- 7) A clear vision, priorities and goals needs to be set and communicated throughout the organization
- 8) Plans of correction need to be timed, monitored and tracked.

High-performance organizations use measurements and analytics to allocate resources and manage quality improvement. They invest in its organizations with the goal of developing a culture that turns metrics and data analysis for system improvement, capability and performance. High performing organizations commit to:

- People with relevant knowledge and skills to analyze the data
- Committed investments for tools to support process improvement; and
- Access to data with transparent availability and full cooperation of data owners.

Lastly, at the root of all quality issues is variation. High performing organizations focus on high reliability. High reliability decreases waste and risk exposure, while excellent service results in loyal patients and engaged medical staff and employees. Measurement is the most fundamental tool in the hospital leader’s tool kit to identify and mitigate variation.

FINDINGS

At University Hospital, its Quality Program has been characterized by many good starts and little progress. There has been frequent turnover in staff. Leadership until recently has been inconsistent. The Quality Care Committee of the Board meets on a regular basis and receives reports from the departments. The reports to the Board are in written narrative form and do not provide the Board with easily understood variations from expected results and plans of correction.

The recently recruited CMO (June 2018) understands this work at a very granular level and is making progress in educating the hospital and the medical staff in the foundation of a high reliability, quality and safe organization. He has started reporting to the Board in a format that shares deviations from accepted benchmarks and goals for improvement. This reporting is in a nascent stage.

In 2016, a patient safety culture survey was completed and 7 of the 8 domains studied scored below the 10th percentile, with all 8 domains below the 25th percentile. No material action was taken to improve as there was no infrastructure in place. The report to the Quality of Care Committee of the Board states, "The 2016 Safety Culture survey results were reviewed depicting UH score and performance with AHRQ composite level comparative results displaying below threshold. Safety event data was displayed for 2016 indicating event type, review status and harm score. Significant data collection and reporting was found however analytic weakness exists subsequent to extreme scarcity of data analytic staff. An insufficient link was noted between staff education, driving clinical outcome, quality, value and IT planning and prioritization."

In reviewing the minutes of the Quality of Care Committee of the Board, it is apparent that there are teams of individuals actively working on improvement initiatives, but it appears that due to staff turnover and competing priorities a consistent approach to quality improvement has not taken hold.

Creating a culture of quality and safety is not an event that occurs in a silo and cannot rely on just one leader. The CMO has to take steps to engage all of leadership in UH's quest for excellence.

Data integrity and the ability to rely on timely information that is understandable and actionable forms the basis of an improvement program. In interviews with physicians, the quality of the data comes into question as well as data transparency throughout the organization.

INFECTION PREVENTION

Dr. Ana Pujols McKee, executive vice president and chief medical officer for the Joint Commission, in a March 1st release reiterated and emphasized the role of leadership in sentinel events by stating, "{Success} begins with leadership: its behaviors and actions set the bar. Establishing and improving safety culture is just as critical as the time and resources devoted to revenue and financial stability, system integration and productivity- because a lack of safety culture can have serious consequences for patients, staff and other stakeholders." As with all quality measures in the hospital, success depends on leadership taking an active and visible role in supporting the activities of the program staff. UH has infection preventionists that attempt every day to support good practices and monitoring and championing good practices. But as with all quality issues, they cannot do it alone. A culture of quality and safety needs to be endorsed by all medical staff, leadership and colleagues.

It is important to note that during the Monitor's review an outbreak of Acinetobacter in the NICU occurred. It appeared that no one in leadership was notified in a timely manner of the threat of an outbreak or to the actual outbreak in the NICU. Acinetobacter is seen primarily in Surgical Intensive Care Units. The Monitor undertook a review of the minutes of the Infection Prevention and Control Committee Meetings starting in July 2017.

FINDINGS

The review of the Infection Prevention and Control Committee Meeting minutes found the following:

- 1) A new Director was introduced in September of 2017
- 2) Minutes reflect monitoring and concerns that are identified have plans of correction
- 3) The Committee's membership was reviewed, and new members welcomed at the February meeting.
- 4) It appears by documentation in the minutes that the newly recruited infection control director is no longer with the hospital having stayed at UH for only a few months
- 5) A new director was recruited in April
- 6) The minutes of the June 2018 meeting document that processes were being instituted in the SICU for screening for and control of Acinetobacter. This is the first mention that cases of Acinetobacter were found in the SICU. The minutes state that there are no new cases since June 11th in the SICU, but 2 new cases were found in other departments.
- 7) By July 24th, processes were in place throughout the organization to contain/control Acinetobacter however 2 new cases were identified in the SICU. It appears that the identification of an Acinetobacter outbreak was identified and appropriate steps were being taken to prevent further spread.
- 8) However, Leadership throughout the organization was either not aware of the issue or did not appear to respond effectively when made aware.

Unfortunately, as noted by the Department of Health, an outbreak occurred in the NICU and the Department of health has placed a consulting Infection Control Practitioner at the hospital to review practices and processes and make recommendations for improvements.

As with several areas at UH, there are well-intentioned individuals with expertise and skills that are doing the everyday work, but issues and concerns are not being relayed throughout the organization and most importantly up to leadership. A culture of quality requires a line of sight to leadership and the Board for effective practices to be instituted and recognized.

RECOMMENDATIONS

- 1) The Board must embrace quality and safety as its number one priority. Meeting agendas should include regular review of reports on quality and patient safety, as well as discussions of errors and near misses, and the steps taken as a result. The Board needs to set performance goals for quality and safety improvement and hold management accountable for achieving those goals. Quality and safety expectations should be considered in all discussions and decisions about services, facilities, medical staff development and workforce development.
- 2) Develop a reporting process throughout the organization that displays quality/safety results in dashboards based on national benchmarks and standards and Joint Commission, CMS, Leapfrog and Vizient reportable measures.

- 3) The Board must hold the CEO and executive team individually and collectively responsible for the quality and safety results of the organization. This should be considered in annual performance goal setting and in performance evaluations and incentive compensation performance awards.
- 4) Institute daily safety huddles.
- 5) Consideration should be given to evidence-based approaches to developing a culture of quality and safety such as TeamSTEPPS. TeamSTEPPS is an approach designed to improve quality, safety, and efficiency of healthcare endorsed by the Agency for Healthcare Research and Quality.
- 6) Ensure data integrity. Data integrity needs to be addressed. If there is a prevailing thought that the data is not accurate or timely for appropriate responses or approaches the quality program based on key performance indicators will fail.
- 7) Receive and adopt the recommendations of the Infection Prevention consultant.

EMERGENCY ROOM SERVICES

No discussion on quality would be complete without a discussion on the emergency room of University Hospital. Approximately 80% of the admissions to University Hospital come through the emergency room. It is the front door of the hospital caring for approximately 80,000 visits annually. As such in the opinion of the Monitor it deserves a separate section.

Multiple measures for addressing emergency room quality have been in place for some time. As CMS developed the quality measures for hospitals the focus initially was on the Emergency department measures related primarily clinical processes. As CMS' quality reporting matured, its focus on the Emergency Department (ED) included "crowding measures" mostly related to the elements of patient throughput.

Generally, ED crowding compromises care quality, it is costly, and it can compromise community trust. ED crowding can be mitigated by improving patient flow.

The ED at University Hospital sees approximately 80,000 patients a year. The ED is crowded, and throughput measured at door to disposition has been documented to be as long as 900 minutes. The reasons for these delays are multifactorial and should be addressed in an organized focused manner. The loss of ICU beds due to infrastructure deficiencies that are in the process of being addressed are just one issue challenging the ED throughput.

Additionally, the Trauma level 1 ED is reported to treat approximately 3,000 patients per year and is highly regarded.

As with many Emergency Departments, mental health issues are present in patients presenting in the emergency room. Recent studies document that approximately 10% of all ED patients present with psychiatric illness. The psychiatric ER is a separate department that appears to be undersized for the volume of patients being treated.

FINDINGS

Visual observation of the Emergency Room showed an overcrowded, stressed environment. Wait times are far over accepted benchmarks. The psych ER appears too small for the volume of activity. Staffing according to an interview with an ER nurse is inadequate. According to the CEO recent

staff additions should address those concerns. However turnover affects staffing stability. Overall, it appears that the Emergency Room would benefit from a complete objective review.

RECOMMENDATIONS

- 1) Engage Emergency Department consulting specialists to do a complete review of the ER to include but not be limited to, quality outcome and process performance, staffing, infrastructure, quality improvement program, patient flow, regulatory and accreditation compliance.
- 2) Consider opening an urgent care center on site to decant the ER of patients with ambulatory sensitive conditions.
- 3) Work aggressively with the Department of Health and Department of Community Affairs to address the ICU bed renovations and opening

EMPLOYEE ENGAGEMENT

According to Press Ganey, an organization's relationship with its workforce is the fundamental building block of a culture that drives positive patient experiences, optimal clinical outcomes and solid financial performance. Reaching safety, quality and service goals is dependent on satisfied and highly engaged caregivers who are committed to and aligned with operational objectives. Organizations with the highest percentages of engaged employees are succeeding in critical areas of patient experience.

University Hospital performed an employee engagement survey between December 4, 2017 and January 2, 2018. Results of the survey were reported out to leadership in March of 2018. It was reported that the employee engagement score was at the 4th percentile.

The University Hospital CEO reports that both Press Ganey and Human Resources have conducted sessions for leadership on the results and follow up action planning. It is reported that at present 65 units have developed or are in various stages of implementing action plans.

FINDINGS

The employee engagement score is in the lower quartile, and to that end, the action planning initiatives should be presented and discussed at regular Executive Leadership meetings. No reports or documented action plans were produced for review. It also does not appear that these results and plans to improve have been shared with the Board of Directors. The Board, through its Governance, Ethics and Legal Committee, is responsible to "review, monitor, and make recommendations to the Board concerning programs to bolster the morale of the Hospital community and to instill in employees a feeling of pride in the hospital."

A workforce that represents the community it serves can provide better care to its patients because it can leverage unique employee perspectives on meeting needs and challenges of its service area. University Hospital's workforce is diverse representing 70% female and approximately 75% minority. Given the diversity of the community and its workforce it appears UH could benefit from employing a Diversity Officer who reports directly to the CEO and focuses on leveraging the strength of the current workforce to address the community's needs and the social determinants of health.

RECOMMENDATIONS

- 1) Share results of the Press Ganey Employee Engagement survey at every meeting of the Board Governance, Ethics, and Legal Committee along with the progress on the 65 action plans.
- 2) Consider recruiting a Chief Diversity, Inclusion, and Health Equity Officer who reports directly to the CEO.

COMMUNITY ENGAGEMENT

University Hospital is the only public hospital in New Jersey serving one of the most vulnerable populations in the State's most populated city. To discuss its involvement and engagement with the community it is important to focus on population health strategies.

There is often confusion around what is meant by the term "population health." Population health is the health outcomes of a defined group of people, including the distribution of such outcomes within the group. The American Hospital Association and the Association for Community Health Improvement offers five goals for hospitals in its quest to improve the health of the population they serve.

- 1) Coordinate hospital-based interventions with community stakeholders and other key partners through mature collaborations.
- 2) Increase preventive health services through coordinated care across the health care continuum.
- 3) Provide culturally and linguistically appropriate care.
- 4) Promote healthy behaviors.
- 5) Track population health metrics.

University Hospital has started the journey toward population health by studying the Emergency Room population of frequent visitors. They have identified and studied 145 high utilizers of emergency services. As a pilot program they are going to focus on this small subset of patients and use the concept of Community Health Care Workers to act as a liaison between the hospital care team and the patient. This pilot program should give the hospital valuable information on the coordination of care across the continuum and into the community space, and also insights in to the social determinants of health.

FINDINGS

The pilot program has been presented to various stakeholders and is poised to begin. Funding for the program appears to be an open item but given that UH is slightly behind most other organizations in its journey toward population health, they should accelerate this program with the understanding that it is a small step to a larger initiative.

RECOMMENDATIONS

- 1) Consider launching the population health pilot sooner than later and attempt to get grant funding for its infrastructure.

- 2) Develop and initiate community engagement activities that supports University Hospital's mission in Newark and provide a forum for partnerships with the city. Consider skills education and training of adolescents and young adults to promote future employment

BOND RATING DOWNGRADE AND UNIVERSITY HOSPITAL FINANCIAL PERFORMANCE

In January 2018, Fitch revised its rating criteria for U.S. Not for Profit Hospitals and Health Systems. The revised criteria include introduction of revenue defensibility, operating risk and financial profile rating factors as well as individual assessments for each of those factors. The revised criteria are designed to provide a more analytical view of the organization's ability to handle cost flexibility, as well as the organizations ability to handle cost pressures. The criteria are more focused on comparable ratios that more clearly highlight differences among credits for organizations, regardless of size and scope.

Under the revised criteria, Fitch assessed the leverage of the hospital including leases and net pension liabilities. According to Fitch, including UH's \$552.1 million net pension liability, results in a very weak net leverage profile, which would only worsen through a moderate economic stress scenario. Fitch further stated that even without the inclusion of the pension liability, UH has a weak leverage profile and limited liquidity. The rating downgrade also reflects UH's thin operating performance with EBITDA margins over the last three years between 3%-5%, a reliance on State appropriations to close sizable operating losses, and a payor mix with over 40% Medicaid.¹⁰

Fitch documents that the rating "BB-" took into account language in the Restructuring Act that established UH, in which the State recognized the essentiality of the services of UH and the need to fund those services. The Act states that the funding should be sufficient to maintain the level of community services provided at the time the Act was instituted (July 1, 2013) and to maintain UH as an acute care facility and trauma center. The State funding, although not sufficient to maintain investment grade financial profile, Fitch believes it supports the entity at a level that adequately mitigates default risk.

FINDINGS

As discussed previously the Restructuring Act identified University Hospital as a "body corporate and politic" to be treated as a separate non-profit legal entity. The Act stated that the amount of funding provided to University Hospital "shall be sufficient to maintain the level of community services provided on the effective date" of the Act. As with all hospitals in New Jersey, UH receives charity care funding based on the formula that utilizes charity amounts documented in prior years. The amounts allocated to the charity care fund varies based on the New Jersey State budgetary issues. After many years of funding declines, the current administration held the funding stable. However, no matter the amount allocated, or the funding mechanism used the hospitals in New Jersey provide far more charity care than they have ever been reimbursed for. Such is the case with University Hospital. UH provides the most charity care and self-pay (18.3%) and Medicaid (49.2%) than any hospital in New Jersey. University Hospital received \$48.1 million in charity care in 2018, which, by its records, is approximately a \$14 million underpayment. Additionally, the State in its recognition of UH as the major teaching hospital of the New Jersey Medical School and the Dental School an additional grant in aid of approximately \$43 million is allocated to UH. Given the requirements of the Act the State also reimburses University Hospital for the pension expense and fringe benefits for 2963 FTEs present at the time of the separation. So, it is important to note that although UH feels that the funding is

¹⁰ The Fitch Ratings summary can be found at <https://www.fitchratings.com/site/pr/10035311>

insufficient to cover the cost of its unreimbursed self-pay/charity care, all in, UH receives over \$150 million a year from the State of New Jersey.

At the time of the separation, UH posted an EBITDA of -1.40%. Through diligent work on expense reduction and revenue generation and the support of a management contract with Barnabas, University Hospital increased revenue by 5.6% while holding expenses flat resulting in an EBITDA of 6.28% in FY 2015 and 6.36% in FY 2016. Since FY 2016 the EBITDA has been decreasing resulting in a current EBITDA of 2.25%. There are several areas of focus to explain the decline. As with many hospitals the building of new programs and services requires up front expenses that are not recovered for at least a 2-3-year time frame. That return on investment should be documented in the business plans and included in the hospital's financial plans. The recruitment of a new liver transplant surgeon and the redevelopment of that program took place during this timeframe as did the initiation of a wound care program and the recruitment of a new neurosurgeon. However, on review of efficiency standards of length of stay, FTEs per adjusted occupied bed CMI adjusted, and expenses per adjusted admission CMI adjusted, they did not show favorable trends during this same time period. In order for the hospital to regain a 6% EBITDA, it would require approximately an \$18 million improvement. This can be accomplished by a 3% reduction in expenses or a combination of expense reduction and revenue generation. This should be approached as a leadership challenge rather than an impossible target.

There are several areas that leadership should consider in its quest to be more financially stable. Indicators identified in external reviews can be helpful to point the organization in the direction of greatest opportunities. The New Jersey Hospital Association (NJHA) FAST reports, the Health Care Facilities Financing Authority (HCFFA) Apollo reports and consulting information from O'Conco (currently under contract with UH) can immediately serve as source documents in this regard. Benchmarks like FTEs per adjusted occupied bed, hours per patient day by unit/cost center and average hourly wage by unit/cost center and direct and indirect in-patient cost/day may be helpful. Additionally, a complete review of GME reimbursement with attention given to the number of residents over the CAP should be undertaken.

Further areas to consider are an in-depth review of consulting services and contracted services with cost reductions identified.

The hospital engaged Truven (now Action OI) two years ago to provide a productivity benchmarking system to be used in executive management's operational reviews. The executive management team did not agree with the benchmarking analysis and despite trying to reconcile the differences the process was abandoned. Recently, Action OI has been engaged to reestablish the benchmarking system. The UH executive and management team needs to embrace a benchmarking system as a management tool to maintain and enhance staffing and productivity levels.

Of immediate concern is the current budget gap to meeting its FY 2019 approved budget. Leadership is engaged in a thorough review of all expense items and has set targets to accomplish its goals. However, recent declines in in-patient admissions and some lagging new service revenues continue to negatively affect the results. Unfortunately, the recent positive pick-ups of additional GME funds of \$5.6m and unbudgeted DSRIP pick-up of approximately \$1.4 million may be used to cover the deficit rather than improve the overall result.

Additionally, and as stated previously the organization does not have a strategic plan and as such does not have a financial plan. An organization's strategic plan focuses both on external market needs and how best to meet those needs with the organization's resources. Strategic planning comes before financial planning. The strategic plan tries to prepare the organization by forecasting marketplace changes, payer mix, and reimbursement changes and how best to use those changes to

the benefit of the organization. The mission and vision of the organization provides the foundation for the strategic plan and the plan defines the initiatives, programs, services and activities, required to fulfill the mission. The financial plan assesses the feasibility of the stated initiatives. The financial plan should not be developed in isolation from the strategic plan. Given the fact that there is not an overall strategic plan for the organization, business plans for new or reinstated programs and services are planned in a vacuum based on prior successes (as in liver transplant services) or generally accepted views/understanding of programs to support the community need.

CLINICAL SERVICES AGREEMENT (CSA)

The Clinical Services Agreement is a major component of UH's expense base. As such, it deserves much attention.

The CSA is negotiated with the Schools of Medicine and Dentistry. At the time of separation in 2013 the CSA amounted to approximately \$46 million. Most recent information sets the CSA at approximately \$62 million, approximately a 34% increase over five years. The CSA is not based on strategy, growth, productivity, or clinical performance measures for quality and/or satisfaction. Most of the funds are allocated for on-site and off-site coverage. A compliance review of attestations and contemporaneous documentation is not regularly conducted. This is not to suggest there is a problem in this regard but rather that good compliance practices dictate a regular review of high dollar amount contracts with physicians.

The hospital contracts with a consultant to provide support in negotiating the CSA. The consultant, Rick Carter, is very familiar with the components of the agreement and the funds flow and will serve as an excellent resource for the organization. The recent CSA has been signed for one year only in a desire by UH to renegotiate a more beneficial arrangement.

Review of the recent white paper from AAMC on the learning collaborative with Manatt Health on the next generation funds flow can serve as a foundation for the renegotiation.¹¹ The collaborative offered principles to guide future negotiations. The recommendations include:

- 1) Agree on enterprise wide strategic and financial plans and align resources to maximize the capacity to invest.
- 2) Convert historical arrangements into a transparent funds flow agreement linked to the strategic and operating plan
- 3) Reconsider funds flows transfers as investments vs, entitlements
- 4) Commit to simplification of agreements
- 5) Rebuild faculty compensation models through the Faculty Practice Plan standards and corresponding faculty tracks to align with strategic goals
- 6) Covert "entity responsibility" to shared responsibility and shred incentives for enterprise wide performance
- 7) Combine entity specific productivity expectations with shared enterprise wide performance goals.

As one can see, the basis for a productive renegotiation is rooted in a strategic plan and a shared responsibility for performance improvement. Shared responsibility for performance improvement can also serve as one of the foundational pillars of improved quality.

¹¹ "Next-Generation Funds Flow Model: Enhancing Academic Health System Alignment," Enders, Thomas et al. Manatt Health Update, November 26, 2018. <https://www.manatt.com/Insights/Newsletters/Health-Update/Next-Generation-Funds-Flow-Model-Enhancing>

RECOMMENDATIONS

- 1) Set a target and time frame for financial improvement to a 6% EBITDA. Due to current gap, a 2- to 3-year time frame appears reasonable.
- 2) Develop plans for a 3% decrease in expenses and/or documented increases in revenue resulting in an \$18 million improvement
- 3) Institute a productivity benchmarking system and set overall benchmarks at the best practice percentile. (consider 100 FTE reduction, 3% decrease= \$7-10 million salary expense reduction) Reductions should focus on first setting benchmark staffing and then focus on open positions and attrition.
- 4) Complete a deep dive review of all OT, Agency and set a target of a 3% to 5% reduction. (itemize yearly spend and decrease by 3%= ~\$1.0 million)
- 5) Complete a review of consulting services and contracted services and eliminate redundant and out of date relationships (amount TBD)
- 6) Conduct a compliance review of the CSA focusing on documentation of physician participation in on-site and off-site clinics, payment for mission support, and documentation of payments for committee participation.
- 7) Complete an audit of the CSA focusing on justification for increases over 2013-2018
- 8) Renegotiate the CSA after the strategic plan development and medical staff development plan identifies areas of mutual benefit.
- 9) Due to the complicated financial processes caused by the separation from UMDNJ/Rutgers consideration should be given to a bottom up, zero based budgeting project. All departments and expense items should be considered, validated and justified.

MONITOR ACKNOWLEDGMENTS

The review commenced on August 6, 2018 and I want to recognize and thank the countless individuals who gave generously of its time to share information, comments and opinions in furtherance of the noble mission of University Hospital. I met many Board members, medical staff, executive team members, stakeholders and employees of University Hospital who are dedicated to the mission and embrace the trust invested in them to care for the most vulnerable of the community with the highest possible standards.

My review was limited to Board interviews and activities, executive management interviews, interviews of key directors, review of financial management, review of benchmarking data, quality processes, meeting minutes, community engagement and employee engagement surveys. Recommendations are based on relevant published information by accrediting agencies and national quality standards and observations from my experience in the hospital field for over 40 years.

EXECUTIVE ORDER NO. 32

WHEREAS, in 2012, the “New Jersey Medical and Health Sciences Education Restructuring Act”, P.L.2012, c.45 (“Restructuring Act”), among other things, established University Hospital, which had previously been a component of the University of Medicine and Dentistry of New Jersey (“UMDNJ”); and

WHEREAS, pursuant to N.J.S.A. 18A:64G-6.1a, University Hospital is an instrumentality of the State, and is established as a body corporate and politic of the State and treated and accounted for as a separate legal entity; and

WHEREAS, N.J.S.A. 18A:64G-6.1a further provides that the exercise by University Hospital of its powers shall be deemed to be public and essential governmental functions necessary for the welfare and health of the State and the people of New Jersey; and

WHEREAS, University Hospital is one of three Level 1 Trauma Centers in New Jersey; and

WHEREAS, in 1968, in connection with the transfer of the hospital from Newark to UMDNJ, Newark and UMDNJ entered into “Agreements Reached Between Community and Government Negotiators

Regarding New Jersey College of Medicine and Dentistry and Related Matters of April 30, 1968" ("1968 Agreement") to provide a comprehensive health program to the community in Newark, including ensuring access to all essential health care services provided by the hospital are upheld, as referenced in N.J.S.A. 18A:64G-6.1b; and

WHEREAS, pursuant to N.J.S.A. 18A:64G-6.1a (d), University Hospital receives appropriations from the State pursuant to the annual Appropriations Act, which are intended to be sufficient to maintain the level of community services provided on the effective date of the Restructuring Act, which was August 22, 2012, and to maintain University Hospital as an acute care facility and trauma center; and

WHEREAS, N.J.S.A. 18A:64G-6.1b(a) established a nine-member advisory board, to be designated as the University Hospital Community Oversight Board ("Oversight Board"), to ensure that the mission of the hospital and the intent of the 1968 Agreement are upheld; and

WHEREAS, N.J.S.A. 18A:64G-6.1 established an eleven-member Board of University Hospital ("UH Board") that, among other things, has the power and duty to exercise general oversight over the affairs of University Hospital, including the power to direct and control expenditures of Hospital funds, and hire,

fire and fix salaries for all employees of University Hospital;
and

WHEREAS, in December 2017, University Hospital expressed to the New Jersey Department of Health ("DOH") its intent to close its Emergency Pediatric Unit ("EPU") and Pediatric Intensive Care Unit ("PICU"); and

WHEREAS, pursuant to N.J.A.C. 8:33-1.1 et seq., a hospital must receive written approval from DOH before it may reduce or eliminate essential healthcare services; and

WHEREAS, representatives from DOH advised University Hospital that to close its EPU and PICU, the facility must apply for DOH's approval and provide justification as to why the units should cease operations; and

WHEREAS, on April 2, 2018, DOH received University Hospital's application for closure of the PICU; and

WHEREAS, while University Hospital's application was pending before DOH and without approval from DOH, University Hospital took steps to dramatically reduce the number of EPU beds on site and transfer those services to Newark Beth Israel Medical Center, an affiliate of RWJBarnabas Health, and to consolidate the PICU beds into the adult Intensive Care Unit;
and

WHEREAS, as part of the Spring 2018 announcement of hospital safety reports by The Leapfrog Group, University

Hospital was given a grade of "F," the only one in New Jersey, for failing to prevent infections, patient falls, surgical deficiencies, medical errors, and staff communication and responsiveness; and

WHEREAS, University Hospital entered into a Loan Agreement, dated December 1, 2015, with the New Jersey Health Care Facilities Financing Authority ("Authority") by which the Authority loaned the Hospital the proceeds of its Revenue and Refunding Bonds, University Hospital Issue, Series 2015A ("Bonds"), and the Hospital granted a security interest to the Authority in its gross receipts, including funds appropriated to the Hospital by the State Legislature subject to certain exceptions; and

WHEREAS, in connection with the issuance of the Bonds, a lockbox arrangement ("Lockbox") was instituted pursuant to which all State appropriations flow to the Trustee for the Bonds who deducts amounts required for debt service for the Bonds prior to releasing the remaining appropriated funds to University Hospital for its operations; and

WHEREAS, in July 2018, Fitch Ratings downgraded the Bonds to "BB-," a four-notch downgrade, citing the Hospital's pension liability, "weak leverage profile," and "thin operating performance" as the basis for this lowered rating; and

WHEREAS, at the June 26, 2018 meeting of the UH Board, the

members voted to renew the employment contract of the Chief Executive Officer for a three-year term, and increased his salary to \$900,000 per year, in spite of the fact that University Hospital remains in poor financial condition; and

WHEREAS, pursuant to the Fiscal Year 2019 Appropriations Act, the State Legislature: (1) appropriated \$43,341,000 as a grant-in-aid for institutional support to University Hospital based on 2,923 State-funded staff; (2) appropriated \$10,000,000 for the University Hospital Self-Insurance Reserve Fund; and (3) included a provision which states that, in addition to the amounts herein appropriated for University Hospital, there are appropriated such additional amounts as are necessary to maintain the core operating functions of the Hospital, subject to the approval of the Director of the Division of Budget and Accounting (collectively, the "FY 2019 UH Appropriations"); and

WHEREAS, pursuant to N.J.S.A. 52:27B-31, the Governor may impound certain funds by freezing or prescribing the terms upon which a spending agency may expend State funds to ensure that appropriations are not used to support waste, mismanagement or extravagance; and

WHEREAS, University Hospital has mismanaged its appropriated funds because it failed to comply with the State statutes and regulations governing healthcare facilities when it took steps to close its EPU and PICU without DOH's approval,

thereby depriving the City of Newark of essential healthcare services; received the only failing grade in New Jersey for patient safety by the nationally-recognized Leapfrog Group; suffered a bond rating downgrade during this time as a result of its lack of financial stability; and executed a contract with its CEO for \$900,000 while these financial struggles continue to grow; and

WHEREAS, it is necessary to preserve the security of the Bonds while at the same time putting conditions on the use of the FY 2019 Appropriations by University Hospital to ensure that the Hospital complies with its statutory mission;

NOW, THEREFORE, I, PHILIP D. MURPHY, Governor of the State of New Jersey, determine based on the facts above and by virtue of the authority vested in me by the Constitution and by the Statutes of this State, do hereby ORDER and DIRECT:

1. Upon the release by the Trustee of the FY 2019 Appropriations to University Hospital, after deducting such amounts as are required for debt service on the Bonds, such amounts are subject to the conditions set forth below:

a. DOH shall appoint a Monitor who will be assigned to work directly with University Hospital and shall be responsible for assessing the level and quality of care provided to the community.

b. The Monitor shall also assess the financial health

of the hospital and any other matters related to the hospital's functions that arise during the course of this review.

c. In carrying out these responsibilities, the monitor shall: i) have full access to any and all records and information at University Hospital in order to gain an understanding of the prior and current level of care provided, as well as the financial decisions of the Hospital, ii) have full access to the senior management team and staff to determine, among other things, how strategic and patient care decisions are made, such as the attempted closure of the pediatric services, iii) attend all meetings of the UH Board and have full access to brief these members as a group or individually, and iv) report to the Commissioner of Health to facilitate the regulatory relationship.

d. University Hospital shall consult with the Oversight Board as required by the Restructuring Act and shall report the findings of the Oversight Board to DOH.

2. Until such time as this current state of affairs at University Hospital is resolved, I reserve the right to take such additional actions as may be necessary, including placing more conditions on the FY 2019 Appropriations, in order to ensure that University Hospital fulfills its mission as required by the Restructuring Act.

3. This Order shall take effect immediately and shall

remain in full force and effect until rescinded, modified, or supplemented in response to the ongoing situation at University Hospital.

GIVEN, under my hand and seal this

27th day of July,

Two Thousand and Eighteen,

and of the Independence of

the United States, the Two

Hundred and Forty-Third.



/s/ Philip D. Murphy

Governor

Attest:

/s/ Mary K. E. Maples

Deputy Chief Counsel to the Governor