Minutes of the New Jersey Health Care Facilities Financing Authority meeting held on September 22, 2016, on the fourth floor of Building #4, Station Plaza, 22 South Clinton Avenue, Trenton, NJ.

The following ***Authority Members*** *were in attendance:*
Dr. Munr Kazmir, Vice Chair (Chairing); Alison Gibson, Designee of the Commissioner of Health; Maryann Kralik, Designee of the Commissioner of the Department of Banking and Insurance; Jessica Feehan, Designee of the Commissioner of Human Services; and, via telephone, Suzette Rodriguez, Public Member.

The following ***Authority staff members*** *were in attendance:*
Mark Hopkins, Ron Marmelstein, Frank Troy, Bill McLaughlin, Carole Conover, Marji McAvoy, Carl MacDonald, Ellen Lieber, Taryn Rommell, Debra Coons, John Johnson, Neetu "Nikki" Thukral, Bernie Miller and Chris Kniesler.

The following ***representatives from the State and/or the public*** *were in attendance:*
Cliff Rones, Attorney General's Office; James Foley, Department of Health; Richard Davis, Chief Financial Officer, St. Barnabas Medical Center; John Kelly, Wilentz, Goldman & Spitzer; Katherine Meyers, Citigroup; Francine Tabas, Brian Carter and Nick Warner, Wells Fargo; Steve Fillebrown, Clearview Consulting Partners

CALL TO ORDER

Dr. Kazmir called the meeting to order at 10:04 a.m. and announced that this was a regular Meeting of the Authority, held in accordance with the schedule adopted at the May 26, 2016 Authority meeting. Complying with the Open Public Meetings Act and the Authority's By-laws, notice of this meeting was delivered to all newspapers with mailboxes at the Statehouse, including *The Star-Ledger* and the *Courier Post,* enough in advance to permit the publication of an announcement at least 48 hours before the meeting.

1. APPROVAL OF MINUTES
August 25, 2016 Authority Meeting

Minutes for the Authority's August 25, 2016 Authority meeting were distributed for review and approval prior to the meeting. Dr. Kazmir asked for a motion to approve the minutes. Ms. Rodriguez made the motion. Ms. Feehan seconded. All Members voted in the affirmative and the minutes were approved.

2. BOND SALE REPORT
St. Joseph's Healthcare System

Dr. Kazmir called upon Bill McLaughlin to provide the Members with an update of the St. Joseph's Healthcare System bond sale.

Mr. McLaughlin reported that, on August 16, 2016, the Authority, along with Morgan Stanley, as lead underwriter, priced the $246,845,000 publicly issued tax-exempt Series 2016 bond financing on behalf of the St. Joseph's Healthcare System. The bonds were rated Baa3/BBB- by Moody's and Standard & Poor's, respectively.

According to Mr. McLaughlin, the proceeds of the Series 2016 issuance will be used to: finance the completion of a $50 million new money project, which includes $22.5 million in expenses related to the construction of a new building, plus $27.5 million for equipment and technology expenses; to advance refund the Authority's Series 2008 Bonds; and, to pay the related costs of issuance.

Mr. McLaughlin told the Members that the transaction was structured with serial bonds from 2017 to 2036 and term bonds in 2041 and 2048. The order period began at 9:30 a.m. with the following priority of orders: friends and family; New Jersey retail; national retail; net designated; and, member. At the conclusion of the order period, the transaction was approximately eight times oversubscribed. The oversubscription led to the underwriting team adjusting the yields downward throughout the structure.

Mr. McLaughlin concluded by saying that Morgan Stanley made an offer to underwrite the bonds at the new levels and the Staff gave the verbal award. Yields on the Series 2016 bonds ranged from 0.95% on the 2017 maturity to 3.48% on the 2048 maturity. The transaction achieved net present value savings of $43.4 million or 20% of the refunded bonds. Further, the financing achieved $4.7 million of annual cash flow relief, despite increasing the amount of debt outstanding. The final all-in total interest cost for this transaction was 3.639%. This transaction closed on August 23, 2016.

Dr. Kazmir thanked Mr. McLaughlin for his report and asked if the Members had any questions. There were no questions.

3. TEFRA HEARING AND INFORMATIONAL PRESENTATION
RWJBarnabas Health

Dr. Kazmir announced that the following portion of the meeting was a public hearing in connection with the RWJBarnabas Health transaction. He stated that this hearing is taking place in accordance with the public notice and approval requirements of Section 147(f) of the Internal Revenue Code of 1986, as amended.

Dr. Kazmir asked Carl MacDonald to provide the Members with the details of the transaction.

Mr. MacDonald began by introducing Richard Davis, Chief Financial Officer from St. Barnabas Medical Center. He then reminded the Members that RWJBarnabas Health requested and received approval last month to undertake a tax-exempt public offering of approximately $1.1 billion. The proceeds of the transaction will be used to refinance a taxable commercial bank loan, which utilized acquisition financing to retire outstanding tax exempt obligations of Saint Barnabas Healthcare System, Robert Wood Johnson University Hospital, RWJ Hamilton and Children's Specialized Hospital.

According to Mr. MacDonald, the proceeds from the Series 2016 issue will also be used to either finance or reimburse the hospital for approximately $200 million in new capital expenditures related to the expansion projects currently underway at Clara Maass Medical Center. These projects include: the addition of another level to the existing garage, creating 185 new parking spaces; extending two passenger elevators to the new level; the demolition of a two-level section of the existing hospital; the installation of new drainage and utility lines; the construction of a new retaining wall and a new generator pad with two new generators; and, a new main road to the hospital. Also in the Clara Maass Medical Center plans are the construction of a 32 bed, 30,000 square foot intensive care unit attached to the main hospital, which will contain eight rooms that are designated for bariatric procedures and a 1000 kilowatt emergency generator.

Mr. MacDonald reported that, at Saint Barnabas Medical Center, the projects include: the construction of a new wing of the hospital, which will contain an approximately 30,000 square foot intensive care unit; the addition of a new level to the existing parking garage with connecting bridge to the new wing; and, the relocation of the main utility equipment and infrastructure for the facility site. The plans also include a 241,000 square foot expansion of the existing structure for a new 36-room Surgery Center, a new 30-bed step-down Surgery Nursing Unit, a new 24-room Oncology Nursing Unit, a new 48-bay Neonatal Intensive Care Unit, a new 24-room Orthopedics Unit, and an 18-bed General Surgical and Observation Unit.

At Monmouth Medical Center, Mr. MacDonald said that the projects include the renovation, remodeling and refurbishing of various portions of the existing facility, including the main lobby, as well as patient rooms and public areas in one or more wings of the facility. Also included are certain site enhancements and renovations to improve access to the site and improve parking at the site and to provide a dedicated outpatient entrance along the South campus façade. Additional projects include: the relocation of the existing mobile positron emission tomography–computed tomography trailer and associated clinical support spaces; the construction of 10 private intensive care unit rooms; the construction of private observation rooms and 54 private patient rooms; and, the construction of a multi-purpose room that can be used for consultations with families and staff education.

Lastly, Mr. MacDonald told the Members that Saint Barnabas Outpatient Center will renovate a 29,000 square foot same-day surgery center. Proceeds from the Series 2016 Issue will also fund a debt service reserve fund, if one is required, and pay the related costs of issuance.

Mr. MacDonald stated that it had been the intention to request approval of a Contingent Sale of Bonds at this meeting; therefore, notice was published for a TEFRA hearing. RWJBarnabas Health and their Counsel, however, decided to postpone the Contingent Sale.

Mr. MacDonald told the Members that since the TEFRA notice for a public hearing had been advertised, RWJBarnabas Health requested that the Authority hold the public hearing for this transaction and allow for public comment on the transaction. This public hearing does not mean that the Authority is making a commitment to approve the transaction. Today's public hearing satisfies the federal tax law provisions with regard to this transaction when and if it is approved by the Authority and the Governor.

Mr. MacDonald then stated that he, Mr. Davis, or a member of the Project Management staff would be happy to answer any questions related to the transaction or the projects currently underway at RWJBarnabas Health.

Dr. Kazmir thanked Mr. MacDonald for his report and asked if the Members had any questions. There were no questions.

He then reminded them this presentation was for informational purposes only, and no vote would be taken.

Dr. Kazmir then closed the public hearing in accordance with Section 147(f) of the Internal Revenue Code of 1986, as amended regarding the proposed financings on behalf of RWJBarnabas Health.

4. ADDITION TO THE AUTHORITY'S QUALIFIED BANKERS LIST

Dr. Kazmir asked Bill McLaughlin to present Staff's recommendations.

Mr. McLaughlin then told the Members that Acacia Financial Group, Inc. ("Acacia") has requested that the Authority add them to the list of Qualified Bankers as a Financial Advisor.

Mr. McLaughlin informed the Members that Acacia has completed the Authority's Request for Qualifications. The firm has significant relevant advisory experience with New Jersey-based issuers including the Authority. The firm has provided services to twenty-two healthcare clients for financings totaling over $2.3 billion. In 2015, the firm was ranked 5th nationally in the healthcare sector based on par amount issued.

According to Mr. McLaughlin, Acacia is an independent, women-owned financial advisory firm that provides comprehensive financial advisory services to governmental entities. The firm is headquartered in Marlton, New Jersey with offices Montclair, New Jersey; New York City; Columbus, Ohio; Burlingame, California; Anchorage, Alaska; and, Chicago, Illinois. Nationally, the firm has 22 employees, with 18 based in New Jersey. Additionally, Acacia is a registered municipal advisor with both the Securities and Exchange Commission and the Municipal

Securities Rulemaking Board under the municipal advisor rule which went into effect on July 1, 2014. If approved, the primary contact will be Kim Whelan, Co-President and Head of Public Finance.

Mr. McLaughlin said that, based upon the information provided, the firm has demonstrated that it is qualified under the Authority's standards. He then said that Staff therefore recommends approving Acacia to serve as a Financial Advisor.

Mr. McLaughlin then reported to the Members that the Authority received a request by MUFG Securities Americas Inc. ("MUFG") to be added to the list of the Authority's Qualified Bankers as a Remarketing Agent.

Mr. McLaughlin stated that MUFG is a registered broker-dealer affiliate of the Bank of Tokyo-Mitsubishi UFJ and MUFG Union Bank, N.A. The firm has an office in New Jersey with 4 employees. Nationally, the firm has approximately 350 employees and has offices in New York City, San Francisco, Houston and Chicago.

According to Mr. McLaughlin, MUFG completed the Authority's Request for Qualifications. The firm's Public Finance Short-Term Desk specializes in remarketing agent and commercial paper dealer services. Its short-term municipal portfolio is approximately $1.1 billion, with over $635 million of variable-rate demand note issues. Although the firm has no experience as a remarketing agent for New Jersey-based issuers, the professionals assigned to this engagement have very broad industry experience. The firm's distribution capabilities are concentrated on the institutional buyer.

Mr. McLaughlin said that MUFG is a general partnership organized under the laws of the State of New York in 1992. MUFG reported excess net capital of approximately $377 million. If approved, the primary contact will be Kevin Dunphy, Managing Director and Head of Public Finance.

Mr. McLaughlin concluded by saying that, based upon the information provided, the firm has demonstrated that it is qualified under the Authority's standards. He then said that Staff recommends approving MUFG to serve as a Remarketing Agent.

Mr. McLaughlin offered to answer any questions that the Members might have. There were no questions.

Dr. Kazmir then asked for a motion to approve the resolution adding MUFG Securities Americas Inc. as a Remarketing Agent on the Authority's Qualified Bankers List. Ms. Gibson made the motion. Ms. Feehan seconded. All Members voted in the affirmative and the motion was approved.

AB RESOLUTION NO. QQ-33

> **NOW, THERFORE, BE IT RESOLVED,** that the Authority hereby approves the appointment of MUFG Securities Americas Inc. to the Authority's Qualified Bankers List as a Remarketing Agent.

Dr. Kazmir then asked for a motion to approve the resolution adding Acacia Financial Group, Inc. as a Financial Advisor on the Authority's Qualified Bankers List. Ms. Feehan made the motion. Ms. Kralik seconded. All Members voted in the affirmative and the motion was approved.

AB RESOLUTION NO. QQ-34

> **NOW, THERFORE, BE IT RESOLVED,** that the Authority hereby approves the appointment of Acacia Financial Group, Inc. to the Authority's Qualified Bankers List as a Financial Advisor.

5. APPROVAL OF THE AUTHORITY FEE RESTRUCTURING PROPOSAL

Dr. Kazmir called on Executive Director Mark Hopkins to present the Staff's recommendations for restructuring the Authority's fee schedule.

Mr. Hopkins told the Members that, the Authority Staff is recommending a prospective restructuring of the Authority's fee schedule for the issuance of future bonds, notes and leases. The restructuring would consist of removing the cap on which the annual fee is charged (currently $96 million) and lowering the annual fee from 10 basis points to 5.5 basis points for refunding bonds and 6 basis points for new money bonds. After five years, the annual fee for new money bonds would be reduced to 5.5 basis points and, after ten years, the annual fee for all bonds would be lowered to 3 basis points. Annual fees would continue to be charged on the outstanding balance of the bonds, not the original par amount.

Mr. Hopkins said that, under the proposal, initial fees would remain at 2.5 basis points, but the amount of bonds upon which the fee will be collected (the "cap") will increase from $96 million to $100 million. This cap will be subject to increase by the average of the annual CPI-U Indices for New York City and Philadelphia starting January 1, 2018. Per series fees will remain at $10,000 for new money bonds but will increase from $5,000 for refunding bonds to $10,000.

According to Mr. Hopkins, the Authority's philosophy behind its fee structure has been to ensure that the Authority collects only the fees it needs to fulfill its mission to provide efficient, low cost financing to health care organizations and to match, as closely as possible, the services provided to the borrower with the costs to the Authority. In light of the changes to the health care delivery system, the Authority has, in the last three years, been undergoing a re-examination of its organization and its policies including annual and initial fees.

The Authority has already conducted a staff reorganization that has reduced staff over 15% since 2013 through attrition.

Mr. Hopkins said that, in Staff's view, this annual fee structure would be the fairest to all Authority borrowers because the fee is relative to the savings each borrower experiences. In 2015, borrowers saved, on average, 141 basis points (1.41%) compared to taxable rates, so fees ranging from 3 to 6 basis points (.03% to .06%) would only be a small offset to their savings. Staff has also observed that the Authority's current annual fee schedule unfairly penalizes smaller borrowers and, for issues over $175 million, does not cover the costs incurred by the Authority.

Mr. Hopkins told the Members that, for the reasons discussed at the August Authority meeting, this proposed restructured fee schedule more accurately reflects the costs and expenses the Authority incurs for a financing.

Mr. Hopkins then informed the Members that, had the proposed fees been in effect for all bonds outstanding and issued in 2015, the Authority would have netted $81,800 on income of $3,676,800.

Mr. Hopkins reminded the Members that the Chief Financial Officers from each New Jersey nonprofit hospital were invited to attend the Authority's August 25th meeting to provide comment or ask questions on the proposed fee restructuring. No comments or questions were raised at that meeting but written comments and questions were received from hospitals, which were provided to the Authority Members prior to the August 25, 2016 meeting. One additional comment was received telephonically since August 25th: Inspira Health Network's CFO has indicated he believes the proposed new fee structure is too high and the Authority should have done more to reduce its costs.

Mr. Hopkins said that Staff is asking the Authority Members to approve a resolution, provided today, enacting the following proposed new Authority fee structure for bonds, notes and leases:

- Imposition of an annual fee of five and one half (5.5) basis points for refunding financings for each of the first ten years outstanding.
- Imposition of an annual fee of six (6) basis points for new money financing for each of the first five years outstanding and five and one half (5.5) basis points for each of the next five years.
- Imposition of an annual fee of three (3) basis points after any bonds subject to this new fee structure are outstanding more than ten (10) years.
- The annual fee will have no cap and will be based on the outstanding principal balance of the financing.

- Initial fees for bonds only will be two and one half (2.5) basis points based on the original principal amount of the bonds and $10,000 per series of bonds. Until December 31, 2017, initial fees will be charged on up to the first $100,000,000 in bonds (the "Initial Fee Cap"). Thereafter, the Initial Fee Cap will be adjusted in January of each year by the average of the annual CPI-U of New York City and Philadelphia.
- Initial fees for equipment revenue notes, master leases, capital asset loans, composite financing and direct loans will remain unchanged.
- The new fee structure will be prospective only and will commence with the first collection of initial or annual fees after the Governor's veto period for this meeting expires. All financings that have received bills for annual fees prior to the effective date of this new fee structure will continue to be billed under their respective previous fee structures.

Mr. Hopkins then offered to respond to any questions or comments from the Members or the public. There were no questions.

Dr. Kazmir asked for a motion to approve the resolution changing the Authority's fee structure. Ms. Gibson made the motion. Ms. Feehan seconded. All Members voted in the affirmative and the motion was approved.

AB RESOLUTION NO. QQ-35

WHEREAS, the New Jersey Health Care Facilities Financing Authority (the "Authority") was duly created and now exists under the New Jersey Health Care Facilities Financing Authority Law, P.L. 1972, c.29, as amended (N.J.S.A. 26:2I-1, et seq.) (the "Act"), for the purpose of ensuring that all health care institutions have access to financial resources to improve the health and welfare of the citizens of the State of New Jersey (the "State"); and

WHEREAS, the Authority has the power to fix and revise fees charged to borrowers from time to time, pursuant to Section 5(m) of the Act; and

WHEREAS, the Authority's fee schedule has been structured to ensure that the Authority collects only the fees it needs to fulfill its mission to provide efficient, low cost financing to health care organizations and to match, as closely as possible, the services provided to the borrower with the costs to the Authority; and,

WHEREAS, the Authority's fee schedule was last revised in 2005; and

WHEREAS, there have been significant changes to the health care delivery system in New Jersey since 2005; and,

WHEREAS, as a result of the changes in the health care delivery system in New Jersey, the Authority has been reviewing its organization, policies and fees to ensure continued viability and efficiency; and,

WHEREAS, Staff has developed a new fee structure, consistent with the mission of the Authority and addressing the current conditions in the health care industry of New Jersey;

NOW THEREFORE BE IT RESOLVED, that the Authority hereby approves the following fee schedule:

- An imposition of an annual fee of five and one half (5.5) basis points for refunding financings for each of the first ten years outstanding.

- An imposition of an annual fee of six (6) basis points for new money financings for each of the first five years outstanding and five and one half (5.5) basis points for each of the next five years.

- An imposition of an annual fee of three (3) basis points after any bonds subject to this new fee structure are outstanding more than ten (10) years.

BE IT FURTHER RESOLVED, that the annual fee for any bonds subject to this new fee structure will be applied to the full outstanding principal balance of the financing (i.e. there will be no cap on which annual fees are assessed); and,

BE IT FURTHER RESOLVED, that initial fees for bonds will be two and one half (2.5) basis points based on the original principal amount of the bonds, plus $10,000 per series of bonds; and,

BE IT FURTHER RESOLVED, that until December 31, 2017, initial fees will be charged on up to the first $100,000,000 in bonds (the “Initial Fee Cap”). Thereafter, the Initial Fee Cap will be adjusted in January of each year by the average of the prior year’s annual increase or decrease in the CPI-U of New York City and Philadelphia; and,

BE IT FURTHER RESOLVED, that initial fees for equipment revenue notes, master leases, capital asset loans, composite program financings and direct loans will remain unchanged; and,

BE IT FURTHER RESOLVED, that the new fee structure will be prospective only and will commence with the first collection of initial or annual fees after the Governor's veto period for this meeting expires; and.

BE IT FURTHER RESOLVED, that all financings that have received bills for annual fees prior to the effective date of this new fee structure will continue to be billed under their respective previous fee structures; and

BE IT FURTHER RESOLVED, that this Resolution shall take effect ten (10) days, exclusive of Saturdays, Sundays and public holidays, after delivery (and not including the day of delivery) to the Governor of the minutes of the meeting of the Authority at which this Resolution is adopted or such earlier time as the Governor signs a statement of approval, all in accordance with the subsection (i) of Section 4 of the Act.

6. APPROVAL OF EXPENSES

Dr. Kazmir referenced a summary of Authority expenses and invoices provided to the Members. Ms. Feehan offered a motion to approve the bills and to authorize their payment. Ms. Gibson seconded the motion. All Members voted in the affirmative and the motion passed.

AB RESOLUTION NO. QQ-36

WHEREAS, the Members of the Authority have reviewed the memoranda dated September 14, 2016 summarizing expenses incurred by the Authority in connection with Trustee/Escrow Agent/Paying Agent fees and general operating expenses in the amounts of $38,788.00 and $1,990.40 respectively, and have found such expenses to be appropriate;

NOW, THEREFORE, BE IT RESOLVED, that the Members of the Authority hereby approve all expenses as submitted, and authorize the execution of checks representing the payment thereof.

7. STAFF REPORTS

Dr. Kazmir thanked Staff for the Project Development Summary, Cash Flow Statement and Legislative Advisory reports.

Dr. Kazmir asked Executive Director Hopkins to present his Executive Director's report.

Mr. Hopkins began by reminding the Members that there will be a Special Authority Meeting on October 5, 2016 at 10:00 am at the Authority offices. The meeting is to consider the contingent bond sale on behalf of RWJ Barnabas. Mr. Hopkins said that there may also be one more agenda item.

Mr. Hopkins also informed the Members that the Authority has sold approximately $1.2 billion in bonds so far this year. That number represents the second largest volume of bonds in Authority history. Mr. Hopkins added that, with the transactions pending, the Authority's total issuance will be over $2 billion – a new record. He also intimated that there may be another transaction in the offing this Fall.

Mr. Hopkins praised the efforts of the staff for this great accomplishment, in particular: the Project Management team, Bill McLaughlin and Carl MacDonald; the Operations team led by Ron Marmelstein; the Research, Investor Relations and Compliance team led by Frank Troy; and, all of the staff who really worked to make the financings happen.

Mr. Hopkins then presented the following items to Members:

1. Hospital & Other News

    a. Commissioner Bennett and the Department of Health convened the State's first Population Health Summit last week. According to an article in NJ Spotlight: population health "emphasizes keeping people and communities healthy," "seeks to shift the healthcare focus from primarily treating sick patients in costly settings . . . to programs that prevent diseases, improve nutrition and exercise, and better manage chronic illnesses like diabetes and heart disease." The summit was attended by representatives from eight State departments, including six cabinet members, as well as local officials and others from academic institutions, hospitals, insurers, philanthropic foundations and advocacy organizations.

    b. Governor Christie touted the success of Medicaid expansion in New Jersey under the Affordable Care Act. He was criticized in Republican circles at the time but more than 500,000 additional people in New Jersey are now covered by insurance, most as a result of Medicaid expansion. Additionally, costs to New Jersey have fallen and hospitals have benefited from fewer charity care patients because many of them are eligible for the higher paying Medicaid.

c. Former Health Commissioner Mary O'Dowd has been appointed as the Executive Director for Health Systems and Population Health Integration for Rutgers Health, the clinical arm of Rutgers University.

d. Dr. Risa Lavizzo-Mourey will be stepping down as president and CEO of the Robert Wood Johnson Foundation. Dr. Lavizzo-Mourey has led the foundation for almost 14 years. The Robert Wood Johnson Foundation is the largest philanthropic organization dedicated solely to healthcare.

e. Inspira Health Network has selected Skanska USA to build its new five-story, 204 bed hospital in Harrison, New Jersey. The hospital is expected to be completed by December 2019. Inspira also announced it is leasing space in a Clarksboro shopping center to open a primary care physician office.

f. St. Luke's University Health Network and Geisinger Health System are collaborating on an employee health insurance plan, a Medicare Advantage health insurance product and share data related to population health and value-based payment models. St. Luke's is the parent of St. Luke's Warren Hospital in Phillipsburg, NJ and Geisinger is the parent of AtlantiCare Regional Medical Center with campuses in Atlantic City and Pomona, NJ.

g. Deborah Heart & Lung Center is seeking classification as a rural hospital under Medicare guidelines. There are technically no rural areas in New Jersey, but a bill supported by Senator Menendez and Representative MacArthur would allow certain hospitals to be classified as rural. The rural designation would entitle Deborah to receive higher reimbursements from Medicare.

h. Hackettstown Medical Center has been given Tier 1 status for Horizon Blue Cross Blue Shield's OMNIA health plan, as a result of becoming a part of Atlantic Health System.

i. In ratings actions:

    i. S & P affirmed its "BBB" rating and upgraded its outlook to positive on bonds issued by the Authority on behalf of Trinitas Regional Medical Center based on its planned refunding and strong balance sheet.

ii. Moody's has assigned an A1 rating to bonds to be issued by the Authority on behalf of Atlantic Health System, with an outlook of positive. Standard and Poor's also affirmed its AA- rating with a stable outlook.
iii. Fitch has upgraded $389.8 million of bonds issued by the Authority and $52.8 million of bonds issued by the New Jersey Economic Development Authority on behalf of Hackensack University Medical Center to "A" from "A-" and revised the outlook from stable to positive. The merger with Meridian Health was cited as one of the key factors for the upgrade.

j. Sepsis mortality rates are down significantly in New Jersey, falling from 32% to 25% from 2014 to 2015. The success is the result of a collaboration of hospitals, led by the New Jersey Hospital Association, to identify and treat sepsis earlier. The effort resulted in an estimated 400 lives saved last year.

k. New Jersey hospitals also showed progress in reducing readmissions within 30 days of discharge. New Jersey experienced a 13.3% drop in readmissions last year compared to an 8% drop nationwide. The results suggest an estimated 6,800 people did not have to return to the hospital in New Jersey.

l. Faith-based healthcare programs are also showing positive effects in New Jersey. The program, supported by State and CDC funds, are aimed at promoting healthy eating and exercise. Religious organizations in Camden, Newark and Trenton are participating.

m. A recent survey put the State's health insurance coverage at 91.3% in 2015.

n. Health Republic Insurance of New Jersey has withdrawn from providing insurance in New Jersey on the Affordable Care Act's health insurance exchange. The withdrawal comes as a result of Health Republic's deteriorating financial condition and a State rehabilitation plan for the insurer. The withdrawal leaves Horizon Blue Cross Blue Shield of New Jersey and AmeriHealth as the only two remaining providers participating in the health insurance exchange in New Jersey.

o. The fact that a number of private insurers are dropping out of the health insurance exchanges around the country and in New Jersey has led to lawmakers seeking to reinstate the concept of a public option insurer to participate in the health insurance exchanges.

p. Horizon Blue Cross Blue Shield of New Jersey paid health care providers $59 million in shared savings in 2015 through value-based reimbursements designed to improve quality outcomes and lower the overall cost of care.

q. Articles included today on national health care issues include:

   i. the much lower than expected enrollment in health exchange insurance products than predicted by the Obama administration, less than half due to higher employer based plans;
   ii. CMS's efforts to shore up the insurance exchanges after several providers have dropped out due to losses;
   iii. efforts by consumer advocates to enroll more people in insurance through the exchanges;
   iv. mixed results delivered by the CMS Bundled Payments for Care Improvement initiative;
   v. significant spending increases predicted for Medicare, Medicaid and CHIP in 2016;
   vi. only one-third of Medicare Accountable Care Organizations qualified for bonuses in 2015;
   vii. a number of high-profile Accountable Care Organizations exited from the program this year, including Dartmouth's ACO;
   viii. 25% percent of physicians practices are now owned by hospitals representing 38% of all physicians;
   ix. the need for hospitals to increase productivity and savings to be profitable in the future;
   x. a Health Affairs study that found that surgeries at high-quality hospitals cost Medicare less;
   xi. an extensive story in the Pittsburg Post-Gazette on how for-profit hospitals provide less charity care;
   xii. Fierce Healthcare's story on the increase in prices resulting from hospital mergers; and,
   xiii. an extensive Bloomberg BNA article on how the CMS Star ratings skew poorly for hospitals in low income areas.

r. In municipal bond legal and regulatory news:

   i. the GFOA and NABL have published guidance on post-issuance tax compliance;
   ii. the SEC has charged 71 municipal bond issuers with misleading investors about their compliance with continuing disclosure obligations in their offering documents; and,
   iii. the House Financial Services Committee's passage of a bill that would divert funding from the MSRB for enforcement actions.

As there was no further business, following a motion by Ms. Gibson and a second by Ms. Feehan, the Members voted unanimously to adjourn the meeting at 10: 35 a.m.

I HEREBY CERTIFY THAT THE FOREGOING IS A TRUE COPY OF MINUTES OF THE NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY MEETING HELD SEPTEMBER 22, 2016.

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Carole A. Conover, Assistant Secretary