

Minutes of the New Jersey Health Care Facilities Financing Authority meeting held on May 25, 2017 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, Chairing (Vice Chair); Jim Foley, Designee of the Commissioner of Health; Jessica Feehan, Designee of the Commissioner of Human Services; Maryann Kralik, Designee of the Department of Banking and Insurance; and, via telephone, Suzette Rodriguez, Public Member.

*The following **Authority staff members** were in attendance:*

Mark Hopkins, Ron Marmelstein, Frank Troy, Carole Conover, Marji McAvoy, Edwin Fuentes, Taryn Rommell, Ellen Lieber, Debra Coons, Neetu “Nikki” Thukral, John Johnson, Nino McDonald, Michael Solidum and Chris Kniesler.

*The following **representatives from the State and/or the public** were in attendance:*

George Loeser, Attorney General’s Office; Labinot Berljajolli, Governor’s Authority’s Unit (arrived at 10:24 am); John Kelly of Wilentz, Goldman, and Spitzer; Joe Maruca, and Jill Ann Murphy, Mercadien

CALL TO ORDER

Dr. Kazmir called the meeting to order at 10:10 a.m. and announced that this was the Annual Meeting of the Authority, held in accordance with the schedule adopted at the May 28, 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.

Dr. Kazmir called for a moment of silence for the victims of the bombing tragedy in Manchester, England.

1. APPROVAL OF MINUTES

April 27, 2017 Authority Meeting

Minutes for the Authority’s April 27, 2017 Authority meeting were distributed for review and approval prior to the meeting. Dr. Kazmir asked for a motion to approve the minutes. Ms. Feehan made the motion. Mr. Foley seconded. All Members voted in the affirmative and the minutes were approved.

2. NEGOTIATED SALE REQUEST Equipment Revenue Note Program

Dr. Kazmir called on Michael Solidum to present the details of the Equipment Revenue Note Program annual renewal to the Members.

Mr. Solidum informed the Members that the Authority's Equipment Revenue Note Program offers borrowers a quick turnaround for financings no greater than \$60 million for the purpose of acquiring equipment or retrofitting a facility for equipment.

Mr. Solidum reported that, at prior meetings of the Authority, the Members pre-approved the use of a negotiated private placement for financings completed under this Program. A predetermination of this method of sale is permitted under Executive Order #26 and was requested by the Authority's Advisory Panel in order to complete these transactions in a more efficient and timely manner.

Mr. Solidum said that a copy of the resolution was included in the Members' packets. The resolution extends the ability to use negotiated private placements for the Equipment Revenue Note Program through May 31, 2018.

Mr. Solidum said that he would be willing to answer any questions that the Members had. There were no questions.

Mr. Hopkins interjected that the Equipment Revenue Note (ERN) Program has been in effect for about 20 years. The ERN was created in order to give hospitals a tax-exempt option for purchasing equipment as opposed to taxable manufacturer financing or bank loans. The ERN is a note program with a pre-approved negotiated sale to ensure a quick turnaround. Last year the Authority approved increasing the borrowing amount to \$60 million because items such as Electronic Health Record systems exceed the former \$15 million cap.

Dr. Kazmir asked for a motion to approve the negotiated sale in the form of a private placement on behalf of Equipment Revenue Note Program. Mr. Foley offered the motion. Ms. Feehan seconded the motion. Dr. Kazmir asked if the Members or public had any questions or comments on the motion. There were no questions. He then called for a vote. All Members voted in the affirmative and the resolution was approved.

AB RESOLUTION NO. RR-01

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby adopts the resolution entitled "**RESOLUTION OF INTENT TO ISSUE REFUNDING AND REVENUE BONDS BY A NEGOTIATED SALE IN THE FORM OF A PRIVATE PLACEMENT AND/OR A PUBLIC OFFERING TRANSACTION PURSUANT TO EXECUTIVE ORDER NO. 26.**"

(attached)

3. AMENDMENT TO THE BOND DOCUMENTS
RWJBarnabas Health and Hackensack Meridian Health

a. RWJ Barnabas Health

Dr. Kazmir asked Edwin Fuentes to inform the Members about the reasons for the amendments to the RWJBarnabas transaction.

Mr. Fuentes informed the Members that they were being asked to approve a resolution authorizing certain amendments to the documentation relating to RWJBarnabas' outstanding revenue and refunding bonds. The bond issues include: Barnabas Health Issue, Series 2012A, Revenue Bonds; Robert Wood Johnson University Hospital Issue, Series 2013A, Refunding Bonds; Barnabas Health Obligated Group Issue, Series 2014A; and Revenue Bonds, Robert Wood Johnson University Hospital Issue, Series 2014A and other incidental actions related thereto.

Mr. Fuentes reported that RWJBarnabas Health is a New Jersey not for profit healthcare system, formed by the merger of Barnabas Health and Robert Wood Johnson University Hospital during March of 2016. In support of the merger, RWJBarnabas Health established a new Master Trust Indenture in order to move all of the debt obligations of the legacy organizations under one security agreement. Pursuant to the establishment of the new Master Trust Indenture, RWJBarnabas Health issued, through the Authority, \$679,135,000 of tax-exempt bonds (the "Series 2016A Tax-Exempt Bonds") in November 2016. The proceeds of the 2016 Bonds were used to refund, redeem, or restructure most of the outstanding debt obligations of the legacy organizations. Financings not refunded by the 2016 bonds are Barnabas Health Series 2012A; RWJ University Hospital Series 2013A; Barnabas Health Issues Series 2014A; and RWJ University Hospital Series 2014A (the "Remaining Outstanding Bonds".)

According to Mr. Fuentes, the Remaining Outstanding Bonds require amendments to the respective loan documents in order to recognize the issuance of promissory notes under the new Master Trust Indenture and to conform financial covenants to mirror those utilized in the recently closed Series 2016A tax-exempt transaction.

Mr. Fuentes said that John Kelly of Wilentz, Goldman, and Spitzer, the Bond Counsel would present the Resolution. He concluded by saying that, following his presentation, he or Mr. Kelly would address any issues or questions the Members may have.

BOND RESOLUTION

John Kelly of Wilentz, Goldman, & Spitzer, the Bond Counsel, stated that, in order to effectuate the changes to the documents which have been previously described, the Resolution authorizes the Authority to enter into a separate First Supplement to the Series Resolution to each Series Resolution pursuant to which each of the four affected series of Bonds was issued, as well a

separate Amended and Restated Loan Agreement relating to each such series of Bonds. The Resolution also approves the form of each of the First Supplement to the Series Resolutions, and the form of each of the Amended and Restated Loan Agreements and authorizes the execution and delivery thereof by an Authorized Officer of the Authority. In addition, the Resolution also authorizes the Authorized Officers of the Authority to execute and deliver such other documents and to take such other action as may be necessary or appropriate to effectuate the execution and delivery of the First Supplement to the Series Resolutions and the Amended and Restated Loan Agreements.

Dr. Kazmir asked for a motion to approve the amendments to the bond documents for the RWJBarnabas transaction. Mr. Foley offered the motion. Ms. Kralik seconded the motion. Dr. Kazmir asked if the Members or public had any questions or comments on the motion. There were no questions. He then called for a vote. All Members voted in the affirmative and the resolution was approved.

AB RESOLUTION NO. RR-02

“RESOLUTION OF NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY AUTHORIZING CERTAIN AMENDMENTS TO THE DOCUMENTATION RELATING TO ITS OUTSTANDING REVENUE AND REFUNDING BONDS, BARNABAS HEALTH ISSUE, SERIES 2012A, REVENUE BONDS, ROBERT WOOD JOHNSON UNIVERSITY HOSPITAL ISSUE, SERIES 2013A, REVENUE AND REFUNDING BONDS, BARNABAS HEALTH OBLIGATED GROUP ISSUE, SERIES 2014A, AND REVENUE BONDS, ROBERT WOOD JOHNSON UNIVERSITY HOSPITAL ISSUE, SERIES 2014A AND OTHER INCIDENTAL ACTIONS RELATED THERETO.”

(attached)

b. Hackensack Meridian Health

Dr. Kazmir asked Edwin Fuentes to inform the Members about the request for amendments to the Hackensack Meridian Health transaction.

Mr. Fuentes advised the Members that they were being asked to approve a resolution authorizing certain amendments to the documentation relating to Hackensack Meridian Health’s outstanding refunding bonds: Meridian Health System Obligated Group Issue, Series 2011, Refunding

Bonds; Meridian Health System Obligated Group Issue, Series 2013A; and other incidental actions related thereto.

According to Mr. Fuentes, Hackensack Meridian Health is a New Jersey not for profit healthcare system, formed by the merger of Hackensack University Health Network and Meridian Health System Inc. in July of 2016. In support of the merger, Hackensack Meridian Health established a new Master Trust Indenture in order to move all of the debt obligations of the legacy organizations under one security agreement. Pursuant to the establishment of the new Master Trust Indenture, Hackensack Meridian Health issued, through the Authority, \$588,790,000 of tax-exempt bonds (the “Series 2017 Tax-Exempt Bonds”) in April 2017. The proceeds of the Series 2017 tax-exempt bonds were used to refund, redeem, or restructure most of the outstanding debt obligations of the legacy organizations. The bonds not refunded by the Series 2017 Tax-Exempt Bonds, for which promissory notes were substituted, are: Meridian Health Series 2011; Meridian Health Series 2013A; Hackensack UMC Series 2015A, Meridian Health Series 2003A; Meridian Nursing Series 2004A-3; Meridian Nursing Series 2006A-3; Meridian Health Series 2016A; Southern Ocean Series 2006; MHAC I Series 2006A-4; MHAC I Series 2006A-5; Meridian Nursing CAP Loan 2007; and Meridian Health Series 2015A (the “Remaining Outstanding Financings”).

Mr. Fuentes said that the Remaining Outstanding Financings require amendments to the respective loan documents in order to recognize the issuance of promissory notes under the new Master Trust Indenture and to conform financial covenants to mirror those utilized in the Series 2017A tax-exempt transaction. Due to a requirement to file annual continuing disclosure by May 31, 2017, Hackensack Meridian Health has requested to amend the loan documents for their Meridian Health Series 2011 Bonds and Meridian Health Series 2013A Bonds now. The Borrower expects to return to our June Authority Meeting in order to amend the remaining financings mentioned earlier.

Mr. Fuentes then said that John Kelly of Wilentz, Goldman, and Spitzer, the Bond Counsel, would present the resolution. He concluded by saying that he or Mr. Kelly would address any issues or questions after the presentation.

BOND RESOLUTION

John Kelly of Wilentz, Goldman, & Spitzer, the Bond Counsel, stated that, in order to effectuate the changes to the documents which have been previously described, the resolution authorizes the Authority to enter into a separate First Supplement to the Series Resolution to each Series Resolution pursuant to which each of the two affected series of Bonds was issued, as well as a separate Amended and Restated Loan Agreement relating to each such series of Bonds. The Resolution also approves the form of each of the First Supplement to the Series Resolutions, and the form of each of the Amended and Restated Loan Agreements and authorizes the execution and delivery thereof by an Authorized Officer of the Authority. In addition, the Resolution also authorizes the Authorized Officers of the Authority to execute and deliver such other documents and to take such other action as may be necessary or appropriate to effectuate the execution and delivery of the First Supplement to the Resolutions and the Amended and Restated Loan Agreements.

Dr. Kazmir asked for a motion to approve the amendments to the bond documents for the Hackensack Meridian Health transaction. Mr. Foley offered the motion. Ms. Feehan seconded the motion. Dr. Kazmir asked if the Members or public had any questions or comments on the motion. There were no questions. He then called for a vote. All Members voted in the affirmative and the resolution was approved.

AB RESOLUTION NO. RR-03

“RESOLUTION OF THE NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY AUTHORIZING CERTAIN AMENDMENTS TO THE DOCUMENTATION RELATING TO ITS OUTSTANDING REFUNDING BONDS, MERIDIAN HEALTH SYSTEM OBLIGATED GROUP ISSUE, SERIES 2011, AND REFUNDING BONDS, MERIDIAN HEALTH SYSTEM OBLIGATED GROUP ISSUE, SERIES 2013A AND OTHER INCIDENTAL ACTIONS RELATED THERETO.”

(attached)

4. AUDIT COMMITTEE REPORT

Dr. Kazmir asked Jim Foley to present the Audit Committee Report to the Members on behalf of Audit Committee Chair Alison Gibson.

Mr. Foley reported that the Auditors had only two recommendations for improvement. The first recommendation suggested a reconciliation of the petty cash account to the trial balance on a monthly basis. Staff has implemented this recommendation.

The second was the outstanding recommendation from 2015 for the procurement of an automated accounting system for the Trustee held funds and the general ledger. That issue is in the process of being resolved. The Authority issued an RFP last year and the responses were evaluated. Staff is now working to keep the project within the budgeted amount.

Further, Mercadien’s audit of the Authority’s financials found:

- No significant or unusual Authority transactions, no disagreements with management on the scope of the audit or application of accounting principles and no difficulties dealing with management.
- There were no unrecorded audit adjustments.

- In regards to all major accounting estimates, all of management's estimation processes appeared appropriate.
- The Auditors noted that the Authority is currently operating under GASB Statement No. 45, for *Financing Reporting for Postemployment Benefit Plans*. The Authority was informed that effective December 31, 2018 the Authority will have to comply with GASB No. 75, which will require different types of reports and disclosures. Mr. Foley noted that all public entities that issue bonds fall under this requirement.

Mr. Foley commended Marji McAvoy and Ellen Lieber for their work on the budget. Mr. Foley commented that the audit reflected the professionalism of the Authority staff and, in particular the Operations Department.

Mr. Hopkins noted that Jill Ann Murphy from Mercadien, who has worked on the Authority's audits since the beginning of their contract, is moving on to a new position within the company. Joe Maruca will now be handling the Authority's account with Kyle Neeld. He then asked if Ms. Murphy had any comments.

Ms. Murphy stated that, once again, the Authority has a clean audit. As part of routine procedure, they check with management to see if there are any management updates or legal issues through the current date.

Mr. Hopkins said that there were no management updates, but that he would like to check with the Authority's regularly assigned Deputy Attorney General with regard to any updates or legal issues.

Mr. Hopkins noted that this was the first audit in 30 years without Michael Ittleson as Controller. He complimented Marji McAvoy and Ellen Lieber for the smooth transition, with help of Mercadien.

Mr. Foley made the motion to approve the recommendation of the Audit Committee to accept the 2016 Audit and asked for a second. Mr. Foley revised his motion to make the approval contingent upon the receipt of a legal update from the Attorney General's Office. Ms. Feehan seconded the motion. Dr. Kazmir asked if the Members or public had any questions or comments on the motion. There were no questions. He then called for a vote. All Members voted in the affirmative and the resolution was approved.

AB RESOLUTION NO. RR-04

NOW, THEREFORE, BE IT RESOLVED, that Authority Members hereby approve a resolution to authorize the 2016 Audit's approval and submission to the Governor, Members of the Legislature, the Secretary of State, and the Comptroller of the Treasury, as is required by the Authority's enabling legislation, contingent upon the receipt of a legal update from the Attorney General's Office.

5. OLD/NEW BUSINESS

a. Election of Officers

Dr. Kazmir announced that the May meeting serves as the Authority's Annual Meeting and therefore, the Members were required to elect officers and approve meeting dates for the upcoming year. Dr. Kazmir asked for nominations for the offices.

Mr. Foley made the following nominations:

Officers of the Authority

Vice Chair	Dr. Munr Kazmir
Secretary	Suzette Rodriguez
Assistant Secretaries	Carole Conover Ron Marmelstein (vacant)
Treasurer	Suzette Rodriguez
Assistant Treasurer	(vacant)

Authority Finance Committee

Chairman	Suzette Rodriguez
Members	Dr. Munr Kazmir Suzette Rodriguez (vacant)
Alternate Member	(vacant)

Authority Evaluation Committee

Chairman	Suzette Rodriguez
Members	Suzette Rodriguez Dr. Munr Kazmir (vacant)

Mr. Foley also nominated the ex-officio Members from the Department of Health and Department of Banking and Insurance – or their designees – and a representative from Treasury to serve on the Audit Committee.

According to the Authority's enabling legislation, Cathleen D. Bennett, as Commissioner of Health, will remain as Chair.

Dr. Kazmir asked if there were any other nominations. There were none.

Dr. Kazmir asked for a motion to approve the slate of Officers as presented. Ms. Feehan made the motion. Ms. Kralik seconded. The vote was unanimous and the motion carried.

Dr. Kazmir noted that the terms of the Authority's elected officers begin immediately following the Governor's ten-day veto period, barring any veto notification from the Governor's Office.

AB RESOLUTION NO. RR-05

WHEREAS, with respect to the Authority's elected official positions, one of the three Assistant Secretary roles and the role of Assistant Treasurer will remain vacant and may be filled at a later date with the appointment of new Authority Members,

NOW, THEREFORE, BE IT RESOLVED, that the following individuals are hereby elected to serve in the official positions noted until May 24, 2018, or until the next election of officers:

Vice Chair – Dr. Munr Kazmir

Secretary – Suzette Rodriguez

Assistant Secretaries –Carole Conover and Ron Marmelstein

Treasurer – Suzette Rodriguez

BE IT FURTHER RESOLVED, that the Authority's Finance Committee will be chaired by Suzette Rodriguez with Dr. Munr Kazmir serving as Committee member.

BE IT FURTHER RESOLVED, that the Authority's Evaluation Committee will be chaired by Suzette Rodriguez with Dr. Munr Kazmir as Committee member.

BE IT FURTHER RESOLVED, that the Authority's Audit Committee consists of the ex-officio Members from the Department of Health and Department of Banking and Insurance – or their designees – and a representative from Treasury.

b. 2017/2018 Calendar

Dr. Kazmir referenced a proposed list of dates on which to conduct meetings of the Authority and its Finance Committee for the coming year. Ms. Kralik offered a motion to adopt the schedule; Mr. Foley seconded. The vote was unanimous and the motion carried.

AB RESOLUTION NO. RR-06

NOW THEREFORE, BE IT RESOLVED, that the Authority hereby adopts the following schedule of dates on which to conduct meetings of the Finance Committee and the Authority; and,

BE IT FURTHER RESOLVED, that, as provided by the provisions of the Open Public Meetings Act and the Authority's By-laws, the Assistant Secretary is authorized to provide notice of these meeting dates to the Authority's designated newspapers, to post notice in the Authority offices and on the Authority's website, and provide notice to the Secretary of State:

FINANCE 10:00 a.m.	AUTHORITY* 10:00 a.m.
2017	2017
Tuesday, June 6	Thursday, June 22
Tuesday, July 11	Thursday, July 27
Tuesday, August 8	Thursday, August 24
Tuesday, September 12	Thursday, September 28
Tuesday, October 10	Thursday, October 26
Wednesday, November 8	Thursday, November 16
Tuesday, December 5	Thursday, December 14
2018	2018
Tuesday, January 9	Thursday, January 25
Tuesday, February 6	Thursday, February 22
Tuesday, March 6	Thursday, March 22
Tuesday, April 10	Thursday, April 26
Tuesday, May 8	Thursday, May 24**

*A Finance Committee meeting has also been scheduled immediately following every Authority meeting.

**Annual Meeting

Dr. Kazmir noted for the record that, unless advertised to the contrary, all meetings are open to the public and shall be held in the Authority's office on the fourth floor of Building #4, Station Plaza, South Clinton Avenue, Trenton, New Jersey. She added that the Authority's staff will perform the required public announcement and notification of the meeting dates once the Governor's ten-day veto period has passed.

Mr. Hopkins noted that the dates for the Finance Committee are listed each month as a formality and serve as the official public notice in the event a meeting is required. Generally, the Finance Committee only meets in the fall during the budget preparation period.

6. APPROVAL OF EXPENSES

Dr. Kazmir referenced a summary of Authority expenses and invoices provided to the Members. Mr. Foley offered a motion to approve the bills and to authorize their payment. Ms. Feehan seconded the motion. The vote was unanimous and the motion carried.

AB RESOLUTION NO. RR-07

WHEREAS, the Members of the Authority have reviewed the memoranda dated May 17, 2017 summarizing expenses incurred by the Authority in connection with Trustee/Escrow Agent/Paying Agent fees and general operating expenses in the amounts of \$37,500.00 and \$590.20 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 Reconciliation Report, First Quarter Budget Report and Legislative Advisory reports.

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

Mr. Hopkins presented the following items to Members:

1. Mr. Hopkins thanked the Authority Members and Senior Staff for filing their Financial Disclosure Statements with the State Ethics Commission by the deadline of May 15, 2017.
2. Hospital & Other News
 - a. Commissioner Bennett appeared before the Assembly Budget Committee on May 10, 2017 to defend the Department of Health's 2018 \$1.6 billion budget. She faced questions about possible repeal of the ACA and New Jersey's reduced Charity Care payments, among others.
 - b. On the same day it received Certificate of Need approval from the Department of Health, Prime Healthcare Foundation withdrew its proposal to acquire The Memorial Hospital of Salem County. Memorial is currently owned by Community Health Systems, a Tennessee for-profit corporation, which is

divesting itself of several of its hospitals. Prime Healthcare Foundation is a nonprofit affiliate of Prime Healthcare Services, the California for-profit that recently acquired St. Clare's Hospital, St. Mary's Hospital and St. Michael's Medical Center in New Jersey.

- c. Last week Kennedy Health System unveiled its first phase of its expansion on its Cherry Hill campus. The \$80 million expansion included a new lobby and medical office building. The second phase, expected to cost about \$200 million, will consist of a new patient tower on the campus.
- d. On May 2, JFK Health entered into a definitive agreement to partner with Hackensack Meridian Health. The merger is subject to federal and state review. If approved, JFK will be the 12th acute care hospital in the Hackensack Meridian Health network.
- e. Hackensack Meridian Health also announced an agreement to form an accountable care program with United Healthcare to use data and technology to better coordinate patient care, manage chronic health conditions and address missed patient care opportunities.
- f. Hackensack Meridian Health will also be part of a pilot program for the partnership of COTA, Inc. (Cancer Outcome Tracking and Analysis) and IBM's Watson. The pilot will combine COTA's vast medical database with the learning ability of IBM's Watson to provide doctors with treatment recommendations.
- g. Prime St. Michael's Medical Center has announced that Marcello Guarneri has been hired as its new CFO, replacing Chris Fallon. Mr. Guarneri was formerly Assistant Vice President of Finance at The Hospital for Special Surgery in New York City and Vice President of Finance at Holy Name Medical Center in Teaneck.
- h. In ratings news:
 - i. Moody's has assigned an A2 rating to the approximately \$265 million in bonds being issued by the Authority on behalf of Inspira Health with an outlook of stable.
 - ii. Moody's also affirmed its Baa2 rating on approximately \$188 million of outstanding bonds issued by the Authority on behalf of Princeton Health Care System with an outlook of stable.
- i. Moody's also released its preliminary 2016 medians for the national not-for-profit healthcare and public hospital sector. Operating margin medians are slightly down due to revenue and expense pressures but are still sound. Moody's advises not-for-profit hospitals to focus on risk management going forward.

- j. In light of Governor Christie's February call for more psychiatric beds, legislators have proposed a bill to allow real-time tracking of available psychiatric beds in the state. Such a system would help people who need treatment to obtain it as quickly as possible. Mr. Hopkins noted that Frank Troy received 30 Certificate of Need applications for psychiatric beds to review for financial issues pursuant to the Authority's Memorandum of Agreement with the Department of Health.
- k. New Jersey lawmakers are also proposing a bill to make up for any shortfall to behavioral health providers due to the current switch from annual state contract amounts to fee for service reimbursement payments. The bill would set aside \$90 million in State fiscal year 2018 to make up for possible expenses like administrative costs, capital needs and other expenses, which might not adequately be addressed by the fee for service reimbursements during the transition period.
- l. Home healthcare and hospice care does not appear to be negatively affected by the proposals to repeal and replace the Affordable Care Act ("ACA"). As a result, two northeastern New Jersey hospital systems are forming a new company to provide in-home nursing services and hospice care to patients in Bergen, Passaic and Morris County. St. Joseph's Healthcare System and Hackensack Meridian Health are partnering to form the organization, called Visiting Health Services of New Jersey.
- m. On May 4, a revised American Health Care Act passed the house by a small margin. The AHCA would eliminate the individual mandate to purchase insurance and employer mandate to provide insurance. It would also end the 90% federal match for Medicaid expansion in 2020. Federal Medicaid payments to the states would further be changed into block grants or a flat fee per person rather than on an as-needed basis, which would reduce federal contributions significantly over time. States would be able to apply to opt out of requiring insurers to cover pre-existing conditions, as long as they had a high-risk pool set up, and could opt out of requiring insurers to cover certain essential health benefits currently required under the ACA. As with the earlier version of the bill, tax credits will replace the current subsidies to purchase individual insurance and older adults could be charged up to five times more than younger adults (as opposed to three times maximum under the ACA). Late yesterday the Congressional Budget Office ("CBO") scored the revised AHCA and estimated that through 2026 it would save \$119 billion and leave 23 million fewer Americans with health insurance, with 14 million losing coverage in the first year. The CBO scored the earlier version of the bill to save \$150 billion and leave 24 million fewer Americans with health insurance by 2026. The bill is estimated to increase average premiums by 20% in the first year compared to the ACA premiums for 2018 but only 5% higher than the ACA premiums would be for 2019. From 2020 and beyond, premiums may decline, depending on whether the insured lives in a state that received a waiver of essential health benefits. Even prior to the CBO scoring, the Senate Republican leadership indicated it would

likely craft its own repeal and replace bill rather than work with the AHCA. Two articles are being provided today that outline how the AHCA is expected to affect New Jersey.

- n. President Trump's proposed budget, which was unveiled on Tuesday, would cut \$1.91 trillion or 28.5% from health care services over the next 10 years, including \$627 billion from Medicaid and letting the Children's Health Insurance Program expire in a few years.
- o. Other articles about national health care issues include:
 - i. Modern Healthcare's article on the four health system mega-mergers during the first quarter of the year;
 - ii. Healthcare Dive's article on the need for competition in the consolidating hospital industry;
 - iii. Geisinger Health System's announced intent to form a joint venture with Highmark Blue Cross and Blue Shield to improve services and lower costs for patients in north central Pennsylvania;
 - iv. The improvements in transparency experienced from CMS requirements that pricing and quality data being made available to the consumer;
 - v. the future of bundled payments;
 - vi. a recent study finding an association between participation in an Accountable Care Organization and reduced rates of hospitalization as well as reduced Medicare spending; and
 - vii. Aetna's announcement that it will no longer participate in any of the ACA health care exchanges around the country after withdrawing from the Delaware, Iowa, Nebraska and Virginia ACA health care exchanges. Also noted was the announcement late yesterday the Blue Cross Blue Shield of Kansas City would leave the Missouri and Kansas health care exchanges.
- p. In regulatory and tax news, articles are being provided on:
 - i. the MSRB withdrew its proposed minimum denomination rule after dealers argued it was too complex and would hamper liquidity;
 - ii. issuers preparing for the Internal Revenue Service's new issue price rules, which takes effect June 7 and sets the issue price at the price at which the first 10% of a maturity of bonds is actually sold to the public;

- iii. numerous articles on comments from various municipal bond market participants on the SEC's proposed amendment to rule 15c2-12 to require disclosure of two additional event disclosures for municipal bond issuers and obligors of (a) non-publicly issued debt (such as private placements, direct placements and bank loans) and (b) defaults on non-publicly issued debt;
- iv. several discussions of how President Trump's proposed tax cuts will affect tax exempt bonds;
- v. the possibility that the IRS will allow more flexibility in the rules for public approval of tax-exempt private activity bonds; and,
- vi. continued lobbying for and speculation on whether tax-exempt bonds will survive broad tax reform.

3. Authority News:

- a. Frank Troy attended the 18th Annual Non-Profit Health Care Investor Conference in New York City yesterday and will be attending the Pennsylvania Institute of Certified Public Accountants' 2017 Health Care Conference on June 5 and 6.
- b. Mr. Hopkins will provide an overview of the Authority and our financing options at the New Jersey Alliance for Action's Hospital Capital Construction Conference on June 7.
- c. Bill McLaughlin and Frank Troy will be staffing the Authority's booth at the LeadingAge New Jersey's Annual Meeting & Expo in Atlantic City on June 15. LeadingAge is the industry association for nonprofit long-term care facilities.

As there was no further business, following a motion by Mr. Foley and a second by Ms. Feehan, the Members voted unanimously to adjourn the meeting at 10:50 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
MAY 25, 2017.

Carole A. Conover, Assistant Secretary