

Minutes of the New Jersey Health Care Facilities Financing Authority meeting held on April 26, 2018 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); Robin Ford, Designee of the Commissioner of Health; Greg Lovell, Designee of the Department of Human Services; and Suzette Rodriguez, Public Member

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

Mark Hopkins, Frank Troy, Ron Marmelstein, Carole Conover, Bill McLaughlin, Marji McAvoy, John Johnson, Debra Coons, Neetu “Nikki” Thukral, Bernie Miller and Chris Kniesler

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

Cliff Rones General’s Office; Lauren Nathan-LaRusso, Governor’s Authorities Unit; Akanksha Thukral: Yvonne Hu, Anchor Real Estate Development

CALL TO ORDER

Dr. Kazmir called the meeting to order at 10:12 a.m. and announced that this was a regular meeting of the Authority, held in accordance with the schedule adopted at the May 25, 2017 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 Courier Post, enough in advance to permit the publication of an announcement at least 48 hours before the meeting.

1. APPROVAL OF MINUTES

March 22, 2018

Minutes for the Authority’s March 22, 2018 meeting were distributed for review and approval prior to the meeting.

Dr. Kazmir asked for a motion to approve the minutes of the March 22, 2018 Authority meeting. Mr. Lovell made the motion. Ms. Ford seconded the motion. Dr. Kazmir asked if the Members had any questions on the motion. There were no questions. Dr. Kazmir called for a vote. All Members voted in the affirmative and the minutes were approved.

2. AMENDMENT TO THE 2018 AUTHORITY BUDGET

Replace Computer Room Air-Conditioning System

Dr. Kazmir called upon John Johnson to provide the details of the request to increase the 2018 Authority Budget.

Mr. Johnson reported that the NJHCFFA Computer Room Air Conditioning system is in need of repair. The system provides the necessary supplemental cooling required for maintaining appropriate operating temperatures within the Authority's Computer Room that houses its business and communications systems.

According to Mr. Johnson, during the past six months, he noticed periodic increases in room temperature between routine maintenance windows for the system. During the January maintenance call, Tri-State Heating & Cooling (the facility's HVAC service contractor) discovered that the condensing unit located on the roof has developed a number of leaks, has deteriorated beyond repair and in need of replacement. The leaks result in an additional cost of \$800 per visit to replenish the R-410A gas refrigerant and do not prevent the eventual failure of the system.

Mr. Johnson stated that Tri-State Heating & Cooling supplied a proposal to replace the unit at a cost of \$7,895 and the details were provided in the Members' meeting packets. Mr. Johnson told the Members this is an unexpected this expenditure and, as such, the cost to replace the unit was not included in the Authority's 2018 Fiscal Budget.

Mr. Johnson concluded by saying that, due to the condition of the system and the cooling requirements for the upcoming summer season, the Authority staff is requesting the Board approve an amendment to the 2018 budget to include an additional expenditure of \$7,895 to repair and replace the system as outlined by Tri-State Heating & Cooling.

Mr. Johnson then offered to answer any questions from the Members. There were no questions.

Dr. Kazmir asked for a motion to approve the resolution increasing the Office Equipment line item by an amount not to exceed \$8,000 in the Authority's 2018 budget to replace the computer room air-conditioning unit. Ms. Rodriguez made the motion. Ms. Ford seconded the motion. Dr. Kazmir asked if the Members had any questions on the motion. There were no questions. Dr. Kazmir called for a vote. All Members voted in the affirmative and the motion passed.

AB RESOLUTION NO. RR-49

WHEREAS, the Members of the Authority have discussed the request to amend the 2018 Authority budget by increasing the Office Equipment line item by an amount not to exceed \$8,000;

NOW, THEREFORE, BE IT RESOLVED, that the Members of the Authority hereby approve amending the 2018 Authority budget by increasing the Office Equipment line item by an amount not to exceed \$8,000.

3. APPROVAL OF EXPENSES

Dr. Kazmir referenced a summary of Authority expenses and invoices provided to the Members. Dr. Kazmir asked for a motion to approve the expenses. Ms. Ford offered a motion to approve the bills and to authorize their payment. Mr. Lovell seconded the motion. Dr. Kazmir asked if the Members had any questions on the motion. There were no questions. Dr. Kazmir called for a vote. All Members voted in the affirmative and the motion carried.

AB RESOLUTION NO. RR-50

WHEREAS, the Members of the Authority have reviewed the memorandum dated April 18, 2018 summarizing expenses incurred by the Authority in connection with Trustee/Escrow Agent/Paying Agent fees and the memorandum dated April 18, 2018 summarizing general operating expenses, in the amounts of \$19,040.00 and \$169,345.98, 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.

4. STAFF REPORTS

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

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

Mr. Hopkins reported:

1. Authority Members and Senior Staff are required to file Financial Disclosure Statements with the State Ethics Commission by no later than May 15, 2018. Filings must be made electronically through the State Ethics Commission website. Late filers will be subject to a fine of up to \$50 per day. Authority Members are required to file the somewhat less onerous disclosure for Public Officers (not Public Employees). Mr. Hopkins said that if anyone had any questions about the process to call him or Robin Piotrowski, the Authority's Ethics Liaison Officer.
2. Mr. Hopkins directed the Authority Members to the blank slate of officers and suggested meeting dates provided in your meeting packets. The Authority Members will be asked to elect officers and vote on meeting dates at our annual meeting next month.

3. Hospital & Other News

- a. St. Francis Medical Center, part of Trinity Health, has named Daniel Moen as its new President to replace interim President David Ricci. Mr. Moen most recently served as Senior Vice President of Covenant Health and previously served as CEO of the Sisters of Providence Health System where he helped create Trinity Health New England. He was also interim President of St. Mary Medical Center in Langhorne, Pennsylvania, which is also part of Trinity Health.
- b. Bayshore Medical Center, part of Hackensack Meridian Health, has named Frank Citara as Chief Operating Officer reporting to President Timothy Hogan. Mr. Citara was previously perioperative services manager at Hackensack Meridian Health's Ocean Medical Center.
- c. Richard Miller, former President and CEO of Virtua Health, is now heading the health care unit at the consulting firm High Performing Culture.
- d. Jefferson Health, which recently acquired Kennedy Health in New Jersey, announced that it has signed a letter of intent to acquire Einstein Healthcare Network. Including Kennedy Health, Einstein would be Jefferson's sixth acquisition since 2015; the others were Abington Health, Aria Health and Philadelphia University, which would create an 18-hospital system in Philadelphia and its suburbs. Moody's recently revised the rating outlook for Jefferson from stable to negative as a result of its rapid expansion and the letter of intent with Einstein.
- e. Trinitas Regional Medical Center has acquired Bayonne Community Mental Health Center, which specializes in treating substance abuse and providing family and child therapy.
- f. Penn Medicine, which recently acquired Princeton Healthcare System, has joined Mercy Health System of Southeastern Pennsylvania and St. Mary Medical Center, both part of Trinity Health, in the formation of joint clinical care programs and population health initiatives in hopes of improving health care in the greater Philadelphia region.
- g. Trinitas Regional Medical Center in Elizabeth has filed a request to be recognized as a Level II trauma center, arguing that it is the only hospital in the state's four largest cities that does not have a trauma center and that it already receives and treats Level II trauma patients. University Hospital in Newark opposes Trinitas's application. University Hospital has a Level I trauma center and contends that trauma cases are relatively static and creating an additional trauma center at Trinitas would adversely impact University Hospital's finances.
- h. RWJBarnabas Health has created an Impact and Community Investment Department to address the social determinants of health in the system's

communities such as food insecurity, safe neighborhoods, healthy environments, equitable educational resources and stable employment.

- i. University Hospital has completed the first phase of its emergency department expansion, including a new ambulance entrance, three new resuscitation bays, a decontamination area and a care initiation and results waiting area. \
- j. Hackensack Meridian Health will be solely responsible for the start-up financing of the medical school it has started in conjunction with Seton Hall University. As a result, the name will be Hackensack Meridian School of Medicine instead of the previously identified name Seton Hall- Hackensack Meridian School of Medicine. The school will open this fall with 55 students from at least 2,000 applicants.
- k. In ratings news:
 - i. S&P Global Ratings has affirmed its “BB+” rating on approximately \$149 million in bonds issued by the Authority on behalf of Saint Peter’s University Hospital with an outlook of stable.
 - ii. Fitch Ratings and S&P Global Ratings have each assigned an “AA-” with stable outlooks for Hackensack Meridian Health’s \$300 million in taxable bonds issued yesterday. At the same time, Fitch also affirmed its “AA-” rating and S&P raised its rating from “A+” to “AA-” on prior bonds issued by the Authority on behalf of Hackensack Meridian.
 - iii. Moody’s issued preliminary medians for not-for-profit and public healthcare, which underscored the sector’s negative outlook, noting that margins hit a 10-year low. Moody’s also released a Sector Comment on the trend of health insurer’s acquiring health care providers.
 - iv. Fitch has announced updated rating criteria for Not-for-Profit Hospitals and Health Systems. Becker’s Hospital Review also discussed with Fitch’s head of the nonprofit healthcare group the three main concerns facing nonprofit hospitals: expenses rising faster than revenues, political uncertainty and nontraditional players entering the healthcare market.

In State Health Care News:

- l. ROI published an interview with Health Commissioner Elnahal touching on funding, reimbursements and his career path.
- m. Health Commissioner Shereef Elnahal and Human Services Commissioner Carole Johnson spoke at New Jersey Public Policy Perspective’s Progress 2018 conference, addressed eliminating the racial disparities in health, improving access to care, integrating behavioral health and medical care and providing better access to timely and quality health care data.

- n. The Leapfrog Group released its biannual patient safety scores of hospitals around the country. New Jersey ranked 17th in overall scores, down from 11th in the fall of 2017. 22 New Jersey hospitals received grades of “A,” down from 27 in the fall. University Hospital was the only New Jersey hospital to receive an “F” grade and one of only 22 “F” grades out of the more than 2,500 hospitals reviewed.
- o. Other articles on New Jersey health care provided today include:
 - i. New Jersey was ranked as the 9th best state for children’s health care according to WalletHub analysts;
 - ii. the State has budgeted the same amount in hospital subsidies for state fiscal year 2019 as it did in 2018: Charity Care is \$252 million, Graduate Medical Education is \$218 million and \$167 million for DSRIP (to reward quality and efficiency programs at hospitals);
 - iii. a bill to prevent surprise medical bills was passed last week by the State Senate and Assembly with the support of insurers and hospital organizations but with opposition of doctors’ organizations. Governor Murphy has yet to sign the bill;
 - iv. a judge has ordered Horizon Blue Cross Blue Shield of New Jersey to release the consulting report it used to determine which hospitals to include in Tier One of its OMNIA health insurance product. The report was sought by three hospitals who sued Horizon because they were not included in Tier One of the OMNIA plan and believed the hospitals that were chosen to be included did not meet Horizon’s stated criteria of quality and efficiency;
 - v. the statewide electronic health records exchange created by the Medical Society of New Jersey, OneHealth, has been approved by the Centers for Medicare and Medicaid Services;
 - vi. state legislation has been introduced to allow more hospitals to perform elective angioplasty; currently only hospitals with cardiac programs and hospitals that were part of a study on the subject can perform elective angioplasty; other hospitals could perform the service only in emergencies;
 - vii. Humana, MultiPlan, Quest Diagnostics, Optum and United Healthcare are creating a pilot program to give New Jersey health care consumers better access to data on health care providers using blockchain technology to share transactional data;

- viii. Becker's Healthcare announced its 150 places to work in healthcare for 2018, including New Jersey hospitals or systems: Atlantic Health System, Geisinger Health System (AtlantiCare), Hackensack Meridian Health, Inspira Health Network; RWJBarnabas Health and Trinitas Regional Medical Center; and
- ix. Hackensack Meridian Health was among the nine health systems with strong finances recognized by Becker's;

In National Health Care News:

- p. Several articles are included on the fact that the United States continues to be the country with the highest health care costs despite rather low health care outcomes. Prices are one of the main causes, according to one article and hospitals are driving health care price growth according to another.
- q. Other articles on national health care news include:
 - i. Health care and hospitals continue to be a leader in creating jobs creating 22,400 health care jobs in March, including 9,900, of which were in hospitals;
 - ii. Northwell Health's CEO dismisses reports that hospitals are becoming obsolete but instead are evolving, becoming increasingly outpatient and managing population health;
 - iii. Hospitals are hanging on, for now, despite the challenges posed by the likes of CVS, Optum and Walmart;
 - iv. Medicare spending is expected to climb by 7% each year from 2019 to 2028, with most of the growth in cost, not increases in enrollment;
 - v. Despite the fact more patients are seeking health care outside the high-cost emergency room, median charges continued to rise between 2011 and 2016 with urgent care centers growing much more rapidly than emergency room claims;
 - vi. globally, urgent care centers had revenue of \$20 billion last year and are expected to reach \$26 billion by 2023;
 - vii. a study by researchers at Harvard's T.H. Chan School of Public Health found that health care mergers can pose a patient safety risk, as most mergers are driven by finances and not quality or safety;
 - viii. two articles address the risks health care mega-mergers pose to small independent primary care clinics and physician practices;

- ix. Becker's Hospital Review's article on key challenges facing hospitals and health systems
 - x. an expected bill from Republican lawmakers to expand telehealth services under Medicare;
 - xi. the Medicare Payment Advisory Group's proposed Hospital Value Incentive Program merging the Hospital Readmissions Reduction Program and the Hospital Value-based Purchasing Program and eliminating the Inpatient Quality Reporting Program and Hospital-acquired Condition Reduction Program;
 - xii. two articles on unique Geisinger programs: a pilot patient transportation program in coordination with York, Pennsylvania's public transportation program to get patients to medical appointments and a refund program for patients who were not satisfied;
 - xiii. Reuters staff expects the combined efforts recently announced by JPMorgan, Berkshire Hathaway and Amazon to improve health care for their employees will lead to overall improvement in health care; and
 - xiv. recent polls by Gallup and HuffPost/YouGov show that health care is the top concern of voters leading up to the 2018 midterm elections.
- r. In regulatory, municipal bond and tax news, articles are being provided on:
- i. how tax reform has hurt municipal bonds in the first quarter of 2018, with volume down 30%;
 - ii. the MSRB has published an issuer brief on the regulatory framework for municipal market swaps and other derivatives which has drawn concern from issuers and dealer;
 - iii. the Securities and Exchange Commission will enact its markup disclosure requirements as scheduled on May 14, requiring dealers to disclose their markups and markdowns on certain municipal bond transactions in the confirmations they send to retail customers;
 - iv. the IRS has published remedial actions that state and local issuers can take to preserve the tax-advantaged status of bonds when they become jeopardized when bond-financed facilities are used for private or other nonqualified purposes;
 - v. the President and Executive Director of the Municipal Securities Rulemaking Board penned a commentary in *The Bond Buyer* about the MSRB's Electronic Municipal Market Access (EMMA) website's tenth

anniversary, noting the improvements in transparency it has provided to the municipal bond industry and educational tools it provides and plans on providing in the future; prior to EMMA municipal bond market information was scattered around several repositories;

- vi. RBC Capital's former municipal bond head wrote a commentary in *The Bond Buyer* advocating for wider acceptance of group net syndication in municipal bond underwriting;
- vii. a panel at the National Municipal Bond Summit speculated that banks are likely to reduce their municipal bond holdings in the future largely due to the decrease in the corporate tax rates from 35% to 21%; and
- viii. the Governmental Accounting Standards Board has published a new financial reporting standard for disclosures of direct borrowings and private placements by governments.

4. Authority News

- a. Hackensack Meridian Health issued \$300 million in taxable bonds yesterday, approximately \$130 million was used to defease the Hospital Asset Transformation Bonds issued by the Authority on behalf of JFK Medical Center in 2009.
- b. Controller Marji McAvoy announced she would be retiring from the Authority at the end of June after more than 25 years here. She is a true asset to the Authority and will be sorely missed.
- c. This is the day after Administrative Professionals' Day and Mr. Hopkins acknowledged the herculean efforts of the Authority's administrative professionals throughout the year Office Management Assistant Maria Kinney, Administrative Assistants Tracey Cameron and Taryn Brzdek and Executive Assistant/Office Manager/Custodian of the Record Carole Conover. Mr. Hopkins said that he is truly grateful for their wonderful work.

Mr. Hopkins asked the Members if they would prefer receiving the news articles by email rather than the hard copies provided at the meetings. The Members said that they would prefer receiving them by email.

As there was no further business, following a motion by Ms. Ford and a second by Mr. Lovell, the Members voted unanimously to adjourn the meeting at 10:34 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
APRIL 26, 2017.

Carole A. Conover, Assistant Secretary