

**NEW JERSEY HEALTH CARE FACILITIES  
FINANCING AUTHORITY**

**- Agenda -**

1. Approval of Minutes
  - January 23, 2020
2. Approval of Consultant to Review Hospital Services in Bayonne, Salem and Trenton
3. Amendment to the 2020 Authority Budget
  - Special Projects Line Item for Consultant
4. Approval of Amended and Restated Memorandum of Agreement with the Department of Health to Provide Quarterly Financial Database Maintenance, Data Analysis and Other Financial Monitoring
5. Authority Expenditures
6. Staff Reports
  - Project Development Summary
  - Cash Reconciliation Report
  - Year-End Budget Report
  - Legislative Update
  - Executive Director's Report

Minutes of the New Jersey Health Care Facilities Financing Authority Meeting held on February 27, 2020 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 (Public Member); Robin Ford, Designee of the Department of Health; and, via telephone, Greg Lovell, Designee of the Commissioner of Human Services; and Manny Paulino, Designee of the Commissioner of Banking and Insurance

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

Mark Hopkins, Frank Troy, Ron Marmelstein, Cindy Kline, Bill McLaughlin, Alpa Patel, Edwin Fuentes, Ellen Lieber, Taryn Rommell, Taryn Brzdek, Jessica Lucas, John Johnson and Chris Kniesler

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

George Loeser and Victoria Nilsson, Attorney General's Office; Joy-Michele Johnson, Governor's Authorities Unit; Nate Horrell, HPAAE

## **CALL TO ORDER**

Dr. Kazmir called the meeting to order at 10:06 a.m. and announced that this was a regular Meeting of the Authority, held in accordance with the schedule adopted at the May 23, 2019 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 January 23, 2020 Authority Meeting**

Minutes for the Authority's January 23, 2020 regular meeting were distributed for review and approval prior to the meeting. Dr. Kazmir asked for a motion to approve the minutes. Ms. Ford made the motion. Mr. Lovell seconded. Dr. Kazmir asked if there were any questions or comments on the motion. There were no questions or comments. Dr. Kazmir then called for a vote. All Members voted in the affirmative and the minutes were approved.

## **2. APPROVAL OF A CONSULTANT TO REVIEW HOSPITAL SERVICES IN BAYONNE, SALEM AND TRENTON ECG Management Consultants**

Dr. Kazmir asked Mark Hopkins to provide the Members with an explanation of the RFP process and the selection of a consultant to the review hospital services in Bayonne, Salem and Trenton.

Mr. Hopkins told the Members that the New Jersey Health Care Facilities Financing Authority and the Department of Health are concerned with the maintenance of safe, efficient and effective delivery of hospital and health care services to the residents of the cities of Bayonne, Salem and Trenton. It was decided that it would be beneficial to engage a health care consulting firm to evaluate the current community needs for hospital services located in Bayonne, Salem and Trenton. The Authority Members approved a form of an Amended Request for Proposals (“RFP”) at the Authority meeting on January 23, 2020. The Authority Staff emailed the RFP to all the health care consulting firms on its list of health care consulting firms. The Authority also posted the full RFP on the Authority’s website and the State’s website. Proposals were due on February 6, 2020.

Mr. Hopkins explained that the purpose of the evaluation is to determine what the patient needs for hospital services are in Bayonne, Salem and Trenton, where those needs are currently being met, and to propose innovative solutions to meet those needs. The evaluation will be used by stakeholders in the area, State and local officials and the public at large to assist in implementing innovative solutions that continue and enhance needed access to hospital services but acknowledge the changing landscape of the delivery of health care.

Mr. Hopkins stated the report will be presented to the Commissioner of the Department of Health and the Executive Director of the Authority no later than April 30, 2020.

According to Mr. Hopkins, five (5) proposals were received from: Baker Tilly, ECG Management Consultants, EisnerAmper, Grassi Healthcare Advisors, LLC (in conjunction with PYA, PC) and Navigant Consulting, Inc., now known as Guidehouse Inc. The proposals were independently evaluated by Robin Ford and Maria Christensen from the Department of Health and, from the Authority, Frank Troy and Mr. Hopkins. Based on the combined technical scores of the evaluators and taking into account the proposed fees and expenses, the evaluators voted to recommend the appointment of ECG Management Consultants, as it demonstrated the necessary experience to undertake the services set forth in the RFP.

Mr. Hopkins reported that Baker Tilly received a technical score of 23.20; ECG Management Consultants received a technical score of 26.74; EisnerAmper received a technical score of 24.87; Grassi Healthcare Advisors, LLC (in conjunction with PYA, PC) received a technical score of 25.59; and Navigant Consulting, Inc. received a technical score of 29.33. Though ECG Management Consultants received the second highest technical score by a small margin, their

proposed fee was approximately \$500,000 less than the fee proposed by the firm ranked highest in technical scoring. Therefore, the evaluation committee determined that the selection of ECG Management Consultants is the most advantageous to the Authority, price and other factors considered.

Mr. Hopkins concluded by saying that the Authority staff is asking the Authority Members to approve the engagement of ECG Management Consultants to perform an assessment of the need for hospital services in Bayonne, Salem and Trenton for a fee of between \$125,000 and \$150,000 with expenses not to exceed \$15,000.

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

Dr. Kazmir asked for a motion to approve the resolution awarding a consultant contract to review hospital services in Bayonne, Salem and Trenton to ECG Management Consultants. Mr. Lovell made the motion. Ms. Ford seconded. Dr. Kazmir asked if there were any questions or comments on the motion. There were no questions or comments. Dr. Kazmir called for a vote. All Members voted in the affirmative and the motion passed.

#### **AB RESOLUTION NO. TT-49**

**NOW, THEREFORE, BE IT RESOLVED** that the Authority hereby approves a Resolution to award a consulting contract to conduct a review of the hospital services in Bayonne, Salem and Trenton to ECG Management Consultants.

### **3. AMENDMENT TO THE 2020 AUTHORITY BUDGET Special Projects Line Item for Consultant**

Dr. Kazmir called upon Mark Hopkins to explain to the Members the reason for amending the Special Projects line item of the Authority's 2020 budget.

Mr. Hopkins explained that, given that the Authority Members just approved ECG Management Consultant's engagement as the consultant to assess the need for hospital services in Bayonne, Salem and Trenton, the cost must be added to the Authority's 2020 budget. ECG Management Consultant's proposal included a fee of between \$125,000 and \$150,000, with expenses not to exceed \$15,000. Therefore, the Authority's staff is requesting an amendment to the Special Projects line item of the 2020 Budget increasing it by \$165,000 in order to pay for the consultant's engagement. This will increase total expenses in the Authority's 2020 Budget from \$3,831,420 (including \$149,000 in carry-overs from 2019) to \$3,996,420. As anticipated revenues for 2020 are expected to be \$4,112,954, the amended anticipated revenues over expenses will be \$116,534.

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

Dr. Kazmir asked for a motion to approve the resolution to amend the Special Projects line item in the Authority's 2020 budget by \$165,000 for ECG Management Consultants' fees and expenses to review the hospital services in Bayonne, Salem and Trenton. Ms. Ford offered the motion. Mr. Lovell seconded. Dr. Kazmir asked if there were any questions or comments on the motion. There were no questions or comments. Dr. Kazmir then called for a vote. All Members voted in the affirmative and the motion passed.

#### **AB RESOLUTION NO. TT-50**

**NOW, THEREFORE, BE IT RESOLVED**, that the Authority hereby approves a resolution amending the Special Projects line item in the Authority's 2020 budget by \$165,000 for ECG Management Consultants' fees and expenses to review the hospital services in Bayonne, Salem and Trenton.

#### **4. APPROVAL OF AN AMENDED AND RESTATED MEMORANDUM OF AGREEMENT WITH THE DEPARTMENT OF HEALTH TO PROVIDE QUARTERLY FINANCIAL DATABASE MAINTENANCE, DATA ANALYSIS AND OTHER FINANCIAL MONITORING**

Dr. Kazmir asked Mark Hopkins to explain the Memorandum of Agreement with the Department of Health for services provided.

Mr. Hopkins reminded the Members that the New Jersey Health Care Facilities Financing Authority (the "Authority") has provided Quarterly Financial Database Maintenance and Data Analysis to the Department of Health ("Department") for many years, with the latest renewal occurring with a Memorandum of Agreement effective July 1, 2018 through June 30, 2021, (the "Existing MOA"). Under the Existing MOA, the Authority provides the following:

- Maintain a data collection process and Access database at the Department to collect and analyze health care facility quarterly financial data in a manner similar to the NJHCFFA's Apollo System and maintenance of the monthly Early Warning Indicators spreadsheet;
- Prepare hospital financial quarterly reports for Department;
- Review financial information provided with Certificate of Need applications; and

- The services of the Authority’s Director of Research, Investor Relations and Compliance for up to two days a week for a temporary period as needed to oversee the billing, collection and audit of ambulatory care facility assessments for the Department.

Mr. Hopkins informed the Members that, the Authority’s Director of Research, Investor Relations and Compliance is no longer needed to oversee the billing, collection and audit of ambulatory care facility assessments for the Department. He has now been appointed by the Commissioner of Health as the monitor for Christ Hospital pursuant to the Commissioner’s powers under N.J.S.A. 26:2H-5.1a(2)(c). The Department and Authority staff believes it is advisable to enter into an Amended and Restated Memorandum of Agreement for Quarterly Financial Database Maintenance, Data Analysis and Other Financial Monitoring (“Amended and Restated MOA”). The Amended and Restated MOA removes the last bullet point above and adds the following to the services to be provided:

At the direction of the Commissioner in accordance with N.J.S.A. 26:2H-5.1a(2)(c), act as a monitor for any hospital in financial distress, or at risk of being in financial distress, to prevent further financial deterioration.

As a monitor, the Service Provider Agency:

- Shall be authorized to attend all hospital board meetings, executive committee meetings, steering committee meetings, finance committee meetings, or any other meetings concerning the hospital’s fiscal matters;
- Shall be authorized to receive any financial or utilization reports from the hospital as requested by the monitor;
- May be authorized to have voting and veto powers over actions taken in the above-mentioned meetings;
- Shall report to the Commissioner and the full hospital board of trustees in a manner prescribed by the Commissioner; and
- Shall serve for such a period of time as may be determined by the Commissioner in consultation with the hospital.

According to Mr. Hopkins, this added provision is general enough to permit the Commissioner to not only appoint a monitor for Christ Hospital but to allow for the Commissioner to appoint Authority staff for other monitoring assignments if she believes necessary. Other than the

changes described above, conforming changes in the WHEREAS clauses and elsewhere, updates to personnel names and titles, updates to the hourly rates of Authority employees providing services, and changing the effective starting date to February 1, 2020, there are no other substantive changes from the Existing MOA to the Amended and Restated MOA.

Mr. Hopkins said that a substantially final form of the Amended and Restated MOA was provided to the Authority Members in their meeting packets. The Office of the Attorney General has no objection to the Members' consideration of Amended and Restated MOA. Therefore, staff is asking for approval of the Amended and Restated MOA.

Mr. Hopkins then asked if the Members had any questions. There were no questions.

Dr. Kazmir asked for a motion to approve the resolution entering into the "Amended and Restated Memorandum of Agreement with the Department of Health to Provide Quarterly Financial Database Maintenance, Data Analysis and Other Financial Monitoring." Ms. Ford made the motion. Mr. Lovell seconded. Dr. Kazmir asked if there were any questions or comments on the motion. There were no questions or comments. Dr. Kazmir called for a vote. All Members voted in the affirmative and the motion passed.

#### **AB RESOLUTION NO. TT-51**

**WHEREAS**, the Members of the Authority have reviewed the memorandum dated February 14, 2020 regarding the Memorandum of Agreement with the Department of Health.

**NOW, THEREFORE, BE IT RESOLVED**, that the Authority hereby approves entering into the "**AMENDED AND RESTATED MEMORANDUM OF AGREEMENT BETWEEN THE DEPARTMENT OF HEALTH (DOH) DIVISION OF MANAGEMENT AND ADMINISTRATION AND THE NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY FOR QUARTERLY FINANCIAL DATABASE MAINTENANCE, DATA ANALYSIS AND OTHER FINANCIAL MONITORING.**"

#### **5. APPROVAL OF EXPENSES**

Dr. Kazmir referenced a summary of Authority expenses and invoices provided to the Members. Ms. Ford made the motion to approve the expenses. Mr. Lovell seconded. Dr. Kazmir asked if there were any questions or comments on the motion. There were no questions or comments. Dr.

Kazmir then called for a vote. All Members voted in the affirmative and the resolution was approved to approve the bills and to authorize their payment.

### **AB RESOLUTION NO. TT-52**

**WHEREAS**, the Members of the Authority have reviewed the memoranda dated February 19, 2020 summarizing expenses incurred by the Authority in connection with Trustee/Escrow Agent/Paying Agent fees and general operating expenses in the amounts of \$49,367.50 and \$34,171.63 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.

## **6. STAFF REPORTS**

Dr. Kazmir thanked staff for the Project Development Summary, Cash Reconciliation Report, Year-End Budget Report and Legislative Update.

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

Mr. Hopkins reported the following:

1. Mr. Hopkins reminded the Members that the Authority issued \$23 million in bonds on September 14, 2018 on behalf of Village Drive Urban Renewal LLC, which was to be used with other funds to construct a low-income assisted living facility in Millville, New Jersey. Mr. Hopkins stated he informed the Authority Members at the Authority's December 19, 2019 meeting, that Village Drive Urban Renewal, LLC had failed to fulfill its covenant in Section 4.1(a) of the Loan Agreement requiring it to have a Certificate of Occupancy by mid-November. Construction was delayed by several months due to litigation by contractors. As a result of the failure to comply with the covenant, the Authority provided the Trustee with a Notice of Default on December 12, 2019. Village Drive disclosed the construction delay on MSRB's EMMA website along with a revised set of projections, which contemplated receiving a Certificate of Occupancy by June 30, 2020. Furthermore, on February 12, 2020, the holders of the bonds issued a letter to the Trustee directing the Trustee not to take any action with respect to the default until June 30, 2020. The letter to the Trustee is being provided to Authority Members today, and has also been disclosed on EMMA.



2. Mr. Hopkins said that, as he mentioned at the last meeting, he would ask the Authority Members if they are comfortable receiving all the board meeting materials electronically by email. He then asked them to voice your opinion at this meeting, call him or send him an email in the next couple of weeks. If the Members agree to receive the board meeting materials by email, Authority staff will deliver the materials by both email and hard copy for the March 26, 2020 meeting. If that test works, the delivery of the board meeting materials will be solely by email for the April 23, 2020 meeting and beyond.

Dr. Kazmir stated he had no problem receiving the meeting packets via email. He then quickly polled to other Members for their opinions. All Members agreed to receive the meeting information via email.

### 3. New Jersey Hospital News

- a. AtlantiCare is seeking to become independent from Geisinger Health, which acquired it in 2015. Geisinger is suing AtlantiCare to prevent it from leaving.
- b. Atlantic Health System and CentraState Healthcare System have announced a clinical affiliation intended to accelerate the growth of CentraState's oncology and neuroscience programs through linkages with Atlantic Health's nationally recognized specialists and coordination of clinical and research activities.
- c. John DiAngelo, CEO of Inspira Health, announced he intends to retire from Inspira at the end of 2020 after twenty years leading the organization. Inspira is launching a national search for his successor.
- d. Hackensack Meridian Health has named M. Todd Way as regional president of its Central Market, including Bayshore Medical Center, JFK Medical Center, Raritan Bay Medical Center – Old Bridge, Raritan Bay Medical Center – Perth Amboy and Riverside Medical Center. Mr. Way was previously Executive Vice President and Chief Operating Office for Inspira Health.
- e. An op-ed by Robert Garrett, CEO of Hackensack Meridian Health, in ROI NJ discusses four things he took away from participating in the World Economic Forum in Davos, Switzerland.
- f. Barry Ostrowsky, CEO of RWJBarnabas Health, has an article in the February 17, 2020 Becker's Hospital Review about hospital and health systems partnering. In the same issue, Becker's reports that RWJBarnabas Health's annual operating revenue climbed more than 5% year over year in 2019, to \$5.6 billion, but expenses climbed 6.4% resulting in a 25% decline in operating income to \$161.5 million.

- g. A number of articles have been provided about RWJBarnabas Health's planned 12-story, 510,000 square foot cancer hospital to be built across the street from RWJBarnabas University Hospital in New Brunswick, which will also house the Rutgers Cancer Institute of New Jersey. The Rutgers University Board of Governors heard protests from people concerned that the new hospital will displace a New Brunswick public school.
- h. Inspira is addressing food insecurity in South Jersey by partnering with schools and food banks to provide monthly food pantries, featuring healthy foods, and nutrition counseling at local schools.
- i. RWJBarnabas Health is partnering with Pennrose, LLC, the City of Newark and the New Jersey Housing and Mortgage Finance Agency to provide about 70 affordable rental apartments for vulnerable residents in Newark's South Ward.
- j. Numerous articles on the CarePoint hospitals have been provided. The articles address:
  - i. the discussions CarePoint has been having with RWJBarnabas Health to sell Christ Hospital and Hoboken University Medical Center to RWJBarnabas;
  - ii. the difficulties arising from trying to sell the operating entities of those hospitals while the property is owned by other parties, including one property owned by a partial owner of one of the hospital operating companies;
  - iii. the impasse that has arisen between the parties regarding the price and ownership of the land;
  - iv. the attempts of local elected officials and legislators to resolve the impasse and get the State involved;
  - v. a request by legislators to investigate the insurance company founded by the largest owner of the CarePoint hospitals; and
  - vi. the appointment of Frank Troy by the Commissioner of Health to monitor the finances of Christ Hospital and attend its board meetings.

4. In Ratings News:

- a. Moody's Investors Service has affirmed its "Baa1" rating of Cooper Health System's \$232 million in outstanding bonds but has revised its outlook from "Stable" to "Positive."
- b. Fitch also released two articles on the negative effects Medicaid changes and U.S. health care policy proposals will have on not-for-profit hospitals.

5. New Jersey Health Care News

- a. Healthgrades ranked Morristown Medical Center and Overlook Medical Center among the top 50 hospitals in the country and AtlantiCare Regional Medical Center – Atlantic City, AtlantiCare Regional Medical Center – Mainland, Pomona and Valley Hospital among the top 250 hospitals in the country.
- b. Morristown Medical Center and St. Clare's Hospital – Dover were the only hospitals in New Jersey to receive five stars from the Center for Medicare and Medicaid Services' Overall Hospital Quality Star Ratings for 2020.
- c. A number of state rankings were announced this month:
  - i. New Jersey performed sixth best in infant mortality, with 4.5 deaths per 100,000 population from 2007 through 2017, compared to an average of 5.8 deaths per 100,000 nationwide with Mississippi, the District of Columbia and Arkansas scoring the worst at 8.7, 8.2 and 8.1, respectively. The best performing states were Massachusetts and Washington with 3.7 and 3.9, respectively.
  - ii. New Jersey also ranked in the top 8 for life expectancy at 80.5 years, with Hawaii and California leading at 82 and 81.3 years, respectively and Mississippi and West Virginia doing the worst at 74.9 and 75.3 years, respectively.
  - iii. The Trust for America's Health ranks New Jersey in the top third of states for health care and emergency response systems, along with the training and capacity to protect residents against communicable diseases, natural disasters and other calamities.
- d. Governor Murphy signed the Regional Health Hub program into law on January 21 creating health hubs from the Camden Coalition, the Trenton Health Team, the Greater Newark Healthcare Coalition and the Health Coalition of Passaic County, all currently Medicaid Accountable Care Organizations. As health hubs, the

organizations will support New Jersey's health priorities by providing health care data infrastructure and analysis, supporting care management and convening community stakeholders in close coordination with the Office of Medicaid Innovation.

- e. Governor Murphy has appointed Shabnam Salih as the first director of the Office of Health Care Accountability and Transparency, the creation of which was announced by the Governor during his State of the State speech last month. The Office will be part of the Governor's Office, which will "work across state agencies and lead critical efforts to reduce consumer health care costs, make insurance more affordable, and improve price transparency." Ms. Salih was formerly a Senior Policy Advisor to the Governor and had previously worked at the Camden Coalition.
- f. The New Jersey Hospital Association has installed St. Joseph's Health's CEO Kevin Slavin as its chair for 2020, succeeding Joseph Devine, CEO of Jefferson Health New Jersey.
- g. The New Jersey Hospital Association also released two reports over the last month indicating that New Jersey hospitals generate \$24.7 billion in economic activity and provide \$3.2 billion in community benefit. NJ Biz reports there are several more New Jersey hospitals and other health provider mergers on the horizon. It also predicted there will be fewer independent hospitals.
- h. The Affordable Care Act ("ACA") provided that hospitals with a high level of readmissions within 30 days of discharge should be penalized by a reduction to their overall Medicare payments. Frank Troy has provided a table from Kaiser Health News of each New Jersey hospital's Medicare payment reductions from 2015 through 2020. Additionally, the ACA required a 1% Medicare payment reduction for hospitals who had a higher than average percentage of avoidable complications, such as infections, falls, etc., The Kaiser Health News list of New Jersey hospitals that received the 1% reduction for each year from 2015 through 2020 is also provided.
- i. Two articles discuss New Jersey hospitals that are resisting the trend to merge into large systems: Holy Name Medical Center and Valley Hospital.
- j. Several articles are also being provided about the new hospital financial transparency legislation signed into law by Governor Murphy in late January.
- k. Several New Jersey hospitals and doctors are lobbying for legislation, which would allow them to perform elective angioplasties without the need for the hospital to have onsite cardiac surgery backup. Eighteen hospitals in the State

have a license to perform cardiac surgery. Under a prior demonstration project, 14 additional hospitals are permitted to perform elective angioplasties. All hospitals are permitted to perform emergency angioplasties. Critics of the bill argue that safety dictates that full cardiology surgery services be available in case there are complications, but proponents point out that complications only occur in about one in every 1,000 procedures.

1. Horizon Blue Cross Blue Shield of New Jersey has joined with 17 other Blue Cross Blue Shield plans across the country to partner with Civica, a nonprofit generic drug maker founded in 2018 by three national philanthropies and a group of health systems to address costs and supply of generic medications. The plans and Civica will form a subsidiary to focus on generics that currently carry a high price due to limited competition. It is expected to save hundreds of millions of dollars for consumers.

6. In National Health Care News:

- a. An interesting article from Stateline.org discusses whether nonprofit hospitals are doing enough to justify their various tax-exemptions, e.g. property, sales and income tax. In 2018, a Johns Hopkins School of Public Health study found that in the aggregate nonprofit hospitals do not deliver community benefits that outweighed the value of their tax exemptions. Nevertheless, 62% of nonprofit hospitals did deliver more community benefit than their tax exemptions but the remainder of nonprofit hospitals took that calculation into negative territory. On average, the study found the nonprofit status of hospitals saves them 6% in total expenses. The article highlights losses at Chicago's Stroger Hospital, which spent 54% of its net revenue on charity care compared to 1.7%, 1.2%, 1.0% and 0.6% spent on charity care delivered by surrounding hospitals: University of Illinois Hospital, Northwestern Memorial Hospital, University of Chicago Medical Center and Loyola University Medical Center, respectively.
- b. The New York Times featured an article by a physician and medical professor querying why nonprofit hospitals are so profitable. The author argues for a more strict interpretation of what qualifies as a community benefit entitling the hospital to be tax-exempt.
- c. Research appearing in JAMA Internal Medicine found that hospitals with high net incomes spend proportionately less than their peers on charity care. Hospitals in the top quartile of net income provided \$11.50 of charity care for uninsured patients per \$100 of net income and \$5.10 of charity care for insured patients per \$100 in net income. Those hospitals in the third quartile of net income provided \$72.30 of charity care for uninsured patients per \$100 in net income and \$40.90 of charity care per \$100 in net income for insured patients.

- d. A study in Health Affairs found that health systems invested at least \$2.5 billion in programs around social determinants of health from 2017 through 2019, with \$1.6 billion focused on housing, \$1.1 billion on employment, \$476 million on education, \$294 million on food security, \$253 million on social and community context and \$32 million on transportation. An article on the three things to know about social determinants of health is also provided.
- e. Modern Healthcare suggests that in the absence of federal action, some states are acting as trailblazers for policies regulating health care costs. The article cites Colorado's efforts to create a public insurance option and California's creations of an Office of Health Care Affordability.
- f. There were 85 hospital transactions announced in 2019, a 27% decline from 2018 according to Ponder & Co.
- g. The Federal Trade Commission ("FTC") indicated that it will step up oversight and scrutiny of potential hospital mergers in 2020, in an effort to improve competition on the health care industry. The FTC will now also analyze past health care mergers to determine whether they reduced or raised costs.

7. In Bond and Tax Legislation and Regulatory News:

- a. Janney has issued an article on how tax reform has changed the municipal bond market.
- b. The Public Finance Network and the Bond Dealers Association are lobbying for federal legislation that would restore tax-exempt advance refundings, restore and expand direct-pay Build America Bonds and increase bank-qualified bonds to \$30 million per issue and apply the limit to borrowers rather than issuers.
- c. The former chair of the Securities and Exchange Commission ("SEC"), Elisse Walter, has criticized municipal issuers for not making sufficient progress on improving the amount and timeliness of secondary market disclosure noting the push for more transparency has been going on for decades. She is now a member of the Fixed Income Market Structure Advisory Committee ("FIMSAC"), an advisory that provides recommendations to the SEC. The National Federation of Municipal Analysts have also emphasized that interim disclosure is critical to municipal bond investors. Many bond issuers only provide annual disclosure and investors argue that information may be stale.
- d. A number of articles discuss the proposal by the Municipal Securities Rulemaking Board ("MSRB") to impose a "submission calculator" that would more visibly

track the timeliness of secondary market disclosures, including the objections of issuers and the support by investors and FIMSAC. Ultimately, the SEC approved the MSRB rule changes creating the submission calculator on its EMMA website, over issuers' objections.

- e. Richard Lehman contributed an article in Forbes warning of the return of “staged” municipal bond defaults. Mr. Lehman noted that these “staged” defaults originally occurred when interest rates dropped significantly in the 1980s as a way to get out of high coupon bonds with no early call provision. Issuers or obligated persons would fail to make a bond payment, thus triggering a default. Then the issuer would call the bonds at a small premium. Mr. Lehman identified five bonds issued by the Public Finance Authority of Wisconsin for nursing home projects in North Carolina that had interest payment defaults declared by the Trustee. Later the same day, the Trustee provided a notice that the issuer was calling the bonds at the end of the month at a 1% premium. The bonds carried a coupon of 8.5% to 12.5%.

As there was no further business, Dr. Kazmir asked for a motion to adjourn. After a motion by Ms. Ford and a second by Mr. Paulino, the Members voted unanimously to adjourn the meeting at 11:41 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 ON FEBRUARY 27, 2020.

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Cindy Kline, Assistant Secretary