

**NEW JERSEY HEALTH CARE FACILITIES
FINANCING AUTHORITY**

- Agenda -

1. Approval of Minutes
 - July 23, 2020
2. Authority Expenditures
3. Staff Reports
 - Project Development Summary
 - Cash Reconciliation Report
 - Semi Annual Budget Report
 - Legislative Update
 - Executive Director's Report

Minutes of the New Jersey Health Care Facilities Financing Authority meeting held on August 27, 2020 on the fourth floor of Building #4, Station Plaza, 22 South Clinton Avenue, Trenton, NJ.

The following ***Authority Members*** were in attendance:

Via telephone, Dr. Munr Kazmir, (Chairing) Vice Chair (Public Member); Robin Ford, Designee of the Department of Health; Greg Lovell, Designee of the Commissioner of Human Services; Manny Paulino, Designee of the Commissioner of Banking and Insurance; and Suzette Rodriguez (Public Member)

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

Mark Hopkins, Chris Kniesler and Ron Marmelstein; and via telephone, Cindy Kline, Frank Troy, Bill McLaughlin, Alpa Patel, Edwin Fuentes, Ellen Lieber, Michael Solidum, Jessica Waite, Tracey Cameron and Bernie Miller

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

Via telephone, Victoria Nilsson, Attorney General's Office; Lauren LaRusso, Governor's Authorities Unit; Tamara Cunningham, RWJBarnabas

CALL TO ORDER

Dr. Kazmir called the meeting to order at 10:05 a.m. and announced that this was the regular meeting of the Authority, held in accordance with the schedule adopted at the May 28, 2020 Authority meeting. Complying with the Open Public Meetings Act and the Authority's By-laws, notice of this meeting was mailed to *The Star-Ledger*, the *Courier Post*, and provided to numerous other newspapers and media outlets serving New Jersey, early enough to publish an announcement at least 48 hours in advance of this meeting.

1. APPROVAL OF MINUTES

July 23, 2020 Authority Meeting

Minutes for the Authority's July 23, 2020 regular meeting were distributed for review and approval prior to the meeting. Dr. Kazmir asked for a motion to approve the minutes. Mr. Lovell made the motion. Ms. Rodriguez 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 on the motion. All members voted in the affirmative and the minutes were approved.

2. 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. Paulino 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. UU-09

WHEREAS, the Members of the Authority have reviewed the memoranda dated August 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 \$30,022.50 and \$9,593.07 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.

3. STAFF REPORTS

Dr. Kazmir thanked staff for the Project Development Summary, Cash Reconciliation Report, Semi-Annual 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 explained that, initially, there was no report on the Authority's COVID-19 Emergency Loan Program because there was nothing new to report. However, since the last meeting, the Authority staff has learned that our sole loan recipient, Salem Medical Center, received over \$5 million in CARES Act funding on July 17, which under the loan documents should be used to pay back their \$1,420,789 COVID-19 Emergency Loan. Salem Medical Center initially indicated they would pay back their loan in full the third week of August. However, Salem's CFO contacted me earlier this week. He informed me that Salem has yet to receive COVID-19 Aid from FEMA in an expected approximate amount of \$9 million as partial reimbursement for over \$13 million in physical plant improvements, equipment and other expenses incurred by Salem to accommodate an additional 62 patient rooms, as requested by the Department of Health. Upon consulting the members of the loan committee, i.e. Robin Ford and Frank Troy, we determined that

it would be beneficial to provide Salem with an additional month to pay back the loan in hopes that the FEMA COVID-19 aid will be forthcoming shortly. The New Jersey Department of Health and New Jersey Office of Emergency Management are supportive of Salem's FEMA grant application.

2. Mr. Hopkins thanked the Authority Members and Senior Staff for filing their Financial Disclosure Statements with the State Ethics Commission timely by July 31, 2020.
3. Governor Murphy has nominated David G. Brown III to serve as a Public Member of the Authority. Mr. Brown is the Borough Administrator for Bradley Beach. He was previously the Executive Director of the Linden Roselle Sewage Authority and the Borough Administrator for Roselle. He was also a Specialist in the Army National Guard. He holds a Master's degree in Public Administration from Kean University. His appointment is subject to the approval of the State Senate.
4. New Jersey Coronavirus News:
 - a. Governor Murphy signed an Executive Order extending the COVID-19 public health emergency through August 31st.
 - b. Atlantic Health System CEO Brian Gragnolati spoke to CNBC on July 21st to discuss the progress in clinical innovations in the five months since COVID-19 came to the United States. He noted that fewer patients are put on ventilators; instead they were put in prone positions and/or placed on less powerful high concentration oxygen through CPAP and BiPAP machines to prevent the complications resulting from ventilators. He also noted the emergence of more effective pharmacological treatments like the anti-viral Remdesivir for severely sick patients.
 - c. Several articles are included on New Jersey's efforts to increase contact tracers, of which there were 1,344 as of August 1. Their job is to contact those who tested positive for COVID-19, ask them to give names of anyone they had come in contact with the days before their positive test. The contact tracers then call those who had been in contact with the COVID-19 positive person and advise them to get tested and isolate. The contact tracers are having difficulty reaching those who may be spreading because they have been able to contact less than two-thirds of those who tested positive and many of those people do not want to share who they had contact with.
 - d. New Jersey ranks 7th among states recovering the most from COVID-19 according to a WalletHub analysis published in Becker's Hospital Review on August 12. New York, Wyoming, Maine, Connecticut, Hawaii, and New Hampshire make up the top six, respectively. Mississippi, Florida, Idaho, Alabama and Nevada are the top five states recovering the least, respectively.

- e. A small study of 630 patients admitted to the Intensive Care Units of 13 Hackensack Meridian Hospitals in New Jersey, published in the journal “The Lancet Rheumatology,” indicates Tocilizumab, a drug traditionally used to treat rheumatoid arthritis and cancer, improved hospital survival of critically ill COVID-19 patients. Of the 210 patients in the study who received Tocilizumab, there was a roughly 36% decrease in hospital-related mortality compared to the 420 patients who did not receive the drug.
 - f. COVID-19 is the third leading cause of death in the United States, after heart disease and cancer, according to Tom Frieden, former Director of the Centers for Disease Control and Prevention. Also, two new studies are shedding further light on the disproportionate effect of COVID-19 on communities of color.
5. Other New Jersey Hospital and Health Care News:
- a. On July 30, U.S. News & World Report issued its latest rankings of best hospitals in the United States. Morristown Medical Center was the highest ranking hospital in New Jersey followed, respectively, by Hackensack University Medical Center, Saint Barnabas Medical Center, Robert Wood Johnson University Hospital, Jersey Shore University Medical Center, Valley Hospital, AtlantiCare Regional Medical Center (City) and Virtua Voorhees (tied for 7th) and Riverview Medical Center and Robert Wood Johnson University Medical Center Somerset (tied for 9th). No New Jersey hospital ranked in the top 20 nationally which included the Mayo Clinic, the Cleveland Clinic, Johns Hopkins Hospital, New York-Presbyterian Hospital-Columbia and Cornell, UCLA Medical Center, Massachusetts General Hospital, Cedars-Sinai Medical Center, UCSF Medical Center, NYU Langone Hospitals and Northwestern Memorial Hospital as the top ten respectively.
 - b. Barry Rabner, CEO of Penn Medicine Princeton Health, has announced he will be retiring as of January 1, 2021 after 18 years at the helm.
 - c. On August 11, Hudson Regional Hospital announced that its affiliate 29 E 29 Street LLC had completed the purchase of the property of Bayonne Medical Center for \$76 million from an LLC controlled by Avery Eisenreich, who also controls Alaris long-term care facilities. Bayonne Medical Center is operated by IJKG Opco, LLC, an affiliate of CarePoint Health System, which also has affiliates that own the majority interest in the operations and property at Christ Hospital and all the operations and a minority interest in the property of Hoboken University Medical Center. IJKG Opco LLC had negotiated to sell the operations of Bayonne Medical Center to BMC Hospital LLC, owned by several principals of Surgicore surgery centers. As the landlord now, 29 E 29 Street LLC must consent to the sublease of the property from IJKG Opco LLC to BMC Hospital

LLC. Hudson Regional Hospital has also reached an agreement to purchase the property of Hoboken University Medical Center from another LLC, whose majority owner is Avery Eisenreich, and has offered to acquire the operations of all three CarePoint affiliated hospitals, including Bayonne Medical Center. Many of the parties who own the properties and operations of each of the hospitals are suing each other. Due to the hurdles caused by the hospital operations being separate from the ownership of the property, the Hudson County Improvement Authority is in the process of considering taking the three hospital properties by eminent domain.

- d. State Senator Ron Rice and Newark Mayor Ras Baraka as well as labor leaders from HPAE and CWA have expressed concern over contemplated reorganization and possible merger of the Rutgers University's medical schools in Newark and New Brunswick and the ever-closer relationship between Rutgers University's health care programs and the RWJBarnabas Health system. Among their concerns is whether the arrangement will harm University Hospital and undermine historic agreements designed to protect the public health of Newark residents.
- e. Jersey City Medical Center is adding 60,000 square feet of new space on the southwest corner of the hospital on Grand Street to house a new state-of-the-art emergency department, surgery suites, additional patient rooms and other services.
- f. On August 10, University Hospital and Rutgers New Jersey Medical School launched a virtual urgent care center allowing patients to connect with emergency medicine clinicians remotely and have video visits. The center is available seven days a week from 7:00 a.m. to 11:00 p.m.
- g. Hackensack Meridian Health has partnered with Genomic Testing Cooperative to create a genomic laboratory at HMMH's JFK Medical Center in Edison. It will be a genetic sequencing reference laboratory for molecular profiling. It will use artificial intelligence software and algorithms developed by Genomic Testing Cooperative for the screening and prevention of diseases. The program will initially focus on cancer and will expand to immune diseases and various other chronic diseases.
- h. Virtua Health is using the cloud-based patient transportation platform Ride Health to lower patient transportation costs and reduce patient no-shows. The platform will be integrated into Virtua's Epic electronic health records system soon. Since adopting the program in 2018, average cost per ride has dropped over 50%, drastically reduced the time it took patients to be picked up from hours to minutes and improved inpatient bed availability.

- i. RWJBarnabas Health's new Chief Transformation Officer, Dr. Paul G. Alexander, was interviewed by Health Leaders. He discussed how the global pandemic presented opportunities to accelerate health care transformation and magnified the need to address social determinants of health and health equity. Dr. Alexander was previously Chief Medical Officer of Government Programs at Horizon Blue Cross Blue Shield of New Jersey.
- j. St. Joseph's University Medical Center in Paterson saw 153,201 patients in its emergency room in 2019, ranking it fifth busiest in the nation, behind only Parkland Health and Hospital System in Dallas, Lakeland Regional Health Medical Center in Lakeland, Florida, Los Angeles County + USC Medical Center and Texas Health Harris Methodist Hospital in Fort Worth.
- k. Hackensack Meridian Health was identified as one of ten health systems in the country with strong finances by Becker's Hospital Review.
- l. Prime Healthcare announced on August 14th that it had acquired St. Francis Medical Center in Lynwood, California. Including the two St. Clare's hospitals as well as St. Mary's Hospital and St. Michael's Hospital in New Jersey, Prime now has 46 hospitals in 14 states.
- m. John Brooks Recovery Center held a ribbon-cutting for its 120-bed residential substance use disorder treatment center in Mays Landing on August 13th. I was honored to be invited to say a few words along with Commissioner of Human Services Carole Johnson, Assemblyman John Amato, Executive Director of the Casino Reinvestment Development Authority Matthew Doherty and Atlantic County Sheriff Eric Scheffler as well as recently retired CEO Alan Oberman, current CEO Michael Santillo and board president Helen Weintrob. The Authority provided approximately \$11 million of the financing for the new facility through the Capital Asset Program. It has 48 short-term beds, 48 long-term beds and 24 detox beds, and replaces its two antiquated residential treatment facilities in Atlantic City. John Brooks has been treating and counseling those with substance use disorder for over 50 years, with both residential and outpatient services, including medication-assisted treatment, detox, counseling, recovery support services and education.

6. Rating Agency Actions and Sector Comments:

- a. Both Fitch Ratings and S&P Global Ratings have rated Hackensack Meridian Health's approximately \$1 billion 2020 taxable bonds "AA-" with an outlook of "Stable." Both also affirmed their "AA-" ratings on previous bonds issued by this Authority and the Economic Development Authority on behalf of Hackensack Meridian Health or legacy entities.

- b. Fitch Ratings released a Fitch Wire stating that the Rating Outlook for not-for-profit hospitals is expected to be “Stable” for the remainder of the year. Nevertheless, Fitch leaves its March Sector Outlook of “Negative” unchanged due to “other longer-term challenges to affect the sector over the next couple of years.” Fitch cited the bleak outlook for the overall economy, expected slightly lower volumes and unfavorable shifts in payer mix, as well as pandemic-caused changes in consumer behavior as evidenced by the slow return of emergency department visits and increases in telemedicine.
- c. Fitch also released a Fitch Wire noting that CARES Act grants to hospitals are expected to partially offset the effects of pandemic-related business disruption on revenues and EBITDA in the second quarter of 2020.
- d. S&P Global Ratings issued three relevant RatingsDirect publications providing 2019 median financial ratios for: (i) all U.S. not-for-profit acute health care; (ii) not-for-profit health care systems; and (iii) not-for-profit health care small stand-alone hospitals. The former notes that “2019 medians show stability while recent ratings actions signal weakness ahead.”

7. In National Health Care News:

- a. The United State Supreme Court will hear the case over the legality of the Affordable Care Act on November 10th (a week after the election). The Trump administration is asking the Supreme Court to strike down the entire Affordable Care Act because it was largely upheld based on the fact that it was constitutionally enforceable as a tax because of the mandate that every eligible citizen must procure insurance or pay a tax. However, the administration successfully removed the individual mandate and thus believes the tax justification for upholding the law no longer applies.
- b. A study by Kaufman Hall and commissioned by the American Hospital Association estimates hospital margins are down 96% this year and could sink to a negative 7%.
- c. On August 17, the Centers for Medicare and Medicaid Services (“CMS”) announced that hospitals will receive a 20% increase in Medicare payments for patients testing positive for COVID-19 within 14 days of hospital admission.
- d. Health Affairs created the Council on Health Care Spending and Value, a 22-member nonpartisan working group formed to develop recommendations to moderate health care spending growth while maximizing value. The members began their work in January 2019 by studying literature to find ways to reduce health care spending considered “excessive” which may be appropriate targets for

policy intervention. On August 3rd, Health Affairs issued an extensive and interesting article discussing COVID-19, market consolidation and price growth.

- e. On August 7, Healthcare Dive reported that private health insurers recorded massive profits in the second quarter of 2020, while COVID-19 was deferring care for many. Centene, Anthem and UnitedHealth doubled profits or more in the quarter. CVS and Humana raised their earnings outlook for the year. Molina and Cigna profits increased 40% and 25% respectively.
 - f. President Trump signed an Executive Order on August 3rd to expand telehealth and boost rural health care.
 - g. On August 3, CMS outlined long-awaited changes to its hospital star rating system, which has been subject to complaints that it is unpredictable, complex and unfair to safety-net hospitals.
8. In Bond and Tax Legislation and Regulatory News:
- a. Several articles are included on the need to reinstate advance refundings of tax-exempt municipal bonds, particularly now with the toll COVID-19 has taken on state and local governments and other beneficiaries of tax-exempt bonds.
 - b. Fitch warns of the exposure existing U.S. and U.K. structured finance transactions using LIBOR as a reference rate will have when LIBOR is replaced by a new reference rate in January of 2022.
 - c. Bond insurers have seen a surge in business in the first half of 2020, largely due to the uncertainty in the financial future of bond issuers caused by the pandemic.
9. Authority News:
- a. Bernie Miller, the Authority's Construction Compliance Officer, has notified me that he intends to retire on October 1 after more than 15 years of service to the Authority. Congratulations to Bernie, he will be missed. His position has been posted and advertised. Mr. Hopkins then asked Mr. Miller if he had anything he would like to say. Mr. Miller stated that it has been an enjoyable 15 years and that it was a great experience for him to work with the Authority staff and the various health care officials throughout the state. He added that he will miss everyone, but circumstances determined it was time for him to move on.
 - b. Human Resource Manager Robin Piotrowski's sister, Sandra "Sandy" Panfili passed away on August 8. Mr. Hopkins asked everyone to join him in expressing the Authority's condolences to Robin and her family.

As there was no further business, Dr. Kazmir asked for a motion to adjourn. After a motion by Mr. Lovell and a second by Ms. Ford the Members voted unanimously to adjourn the meeting at 10:27 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 AUGUST 27, 2020.

Ron Marmelstein, Assistant Secretary