

Minutes of the New Jersey Health Care Facilities Financing Authority meeting held on November 19, 2020, held remotely via telephone due to Governor's Weather State of Emergency declaration.

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

Via telephone, Dr. Kazmir, (Chairing) Vice Chair (Public Member); Robin Ford, Designee of the Commissioner of Health; Greg Lovell, Designee of the Commissioner of Human Services; Manny Paulino, Designee of the Commissioner of Banking and Insurance; David Brown (Public Member); and Suzette Rodriguez (Public Member) (joined at 10:10 a.m.)

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

Via telephone, Mark Hopkins, Chris Kniesler, Cindy Kline, Frank Troy, Bill McLaughlin, Ron Marmelstein, Alpa Patel, Taryn Rommell, Jessica Waite, Edwin Fuentes, Tracey Cameron, Bill Lohman and Michael Solidum

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

Via telephone, George Loeser Attorney General's Office; Joy Johnson, Governor's Authorities Unit; Mark Sblendorio, VP of Legal Services for St. Luke's University Health Network; Tamara Cunningham, RWJBarnabas Health

## **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 November 19, 2020 Authority Meeting**

Minutes for the Authority's November 19, 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. Ford seconded. Dr. Kazmir asked if there were any questions or comments on the motion. There were no questions or comments. Dr. Kazmir, Ms. Ford, Mr. Paulino, Mr. Lovell and Mr. Brown voted in the affirmative. Ms. Rodriguez had not joined the meeting at that time. The motion passed.

## **2. RESOLUTION OF ANNUAL NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY INCUMBENCY CERTIFICATES**

Dr. Kazmir asked Ron Marmelstein to explain the resolution authorizing annual incumbency certificates to the Members.

Mr. Marmelstein began by informing the Members that this resolution is an annual requirement needed to expedite decisions made on projects funded by Authority bonds. He reminded the Members that, in the Authority bond documents, an “Authorized Officer”, shall mean the Chairman, Vice-Chairman, Secretary, Assistant Secretary, Treasurer, Assistant Treasurer or Executive Director or Deputy Executive Director, and when used with reference to any act or document, also means any other person authorized by the by-laws or any resolution of the Authority to perform such act or execute such document”

Mr. Marmelstein explained that, pursuant to the Authority’s requisition policies, the Authority is responsible for approving expenditures of the costs of the projects. Therefore, the Authority recognizes the need for prompt and timely decisions made by Authority personnel in order to facilitate investment purchases and to provide direction to Bond Trustees of revenues, in accordance with bond indentures.

According to Mr. Marmelstein, in December 2020, Members approved a Resolution delegating the staff identified in Exhibit A of the meeting materials, as Authorized Officers of the Authority. These employees are responsible for the day-to-day activities related to the requests of disbursement requisitions, investments, allocation of revenues, and to take such other action as may be necessary or appropriate in order to effectuate the actions contemplated by this Resolution. Under advice of counsel, it was decided that each year the Members would be asked to re-approve the Authorized Officers of the Authority contained within Exhibit A.

Mr. Marmelstein stated that the Authority staff was requesting the Members to approve the resolution delegating authorization to those individuals designated in Exhibit A.

Mr. Marmelstein concluded by offering to answer the Members’ questions.

Dr. Kazmir asked for a motion to approve the resolution authorizing annual incumbency certificates. Mr. Lovell made the motion. Mr. Brown seconded. Dr. Kazmir asked if there were any questions 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. UU-24

WHEREAS, the Authority hereby approves a resolution entitled, **“RESOLUTION OF THE NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY AUTHORIZING THE ADOPTION OF ANNUAL INCUMBENCY CERTIFICATES PROVIDED TO THE APPROVED TRUSTEE BANKS.”**

### 3. CAPTIVE INSURANCE AUDIT WAIVER

#### St. Luke’s Warren Hospital

Dr. Kazmir called upon Taryn Rommell to explain St. Luke’s Warren Hospital’s request for a captive insurance audit waiver to the Members.

Ms. Rommell began by introducing Mark Sblendorio, VP of Legal Services for St. Luke’s University Health Network, who was participating by telephone.

Ms. Rommell informed the Members that from last year’s waiver request, in May 2015, the Financial Accounting Standards Board issued a new standard, Accounting Standards Update (ASU) 2015-09. ASU 2015-09 standard would require St. Luke’s Health Network Insurance Company, A Reciprocal Risk Retention Group (“RRRG”) to disclose in the footnotes to its financial statements reserves and claims for specific years rather than in total as it has done historically. RRRG’s counsel believes this information would prejudice the RRRG during claim negotiations with plaintiffs. The expanded footnote disclosures are required for RRRG’s beginning with the fiscal period ending December 31, 2017. In addition in 2016, the Financial Accounting Standards Board issued Accounting Standards Update 2016-01, “Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities” (“ASU 2016-01”). Because of the accrual-based accounting and the reciprocal nature of St. Luke’s Health Network Insurance Company, as an RRRG, poses some unique challenges in adopting the standards of ASU 2016-01. As a reciprocal group, profits (including investment income) and losses are allocated back to each member’s subscriber savings account. Therefore, the Company could find itself in a circumstance in which it is allocating income and paying distributions based upon unrealized gains which may never be fully realized. ASU 2016-01 was to be adopted beginning with the fiscal period ending December 31, 2019.

According to Ms. Rommell, the Vermont Department of Financial Regulation (the “DFR”), the regulatory body charged with oversight of the RRRG, has recognized the burden that these accounting standards place on small, privately held, insurance companies such as the RRRG, and has stated the DFR’s willingness to grant a permitted practice (a waiver) to exclude the new disclosures required by the provisions of ASU 2015-09 or the potential accounting anomalies under ASU 2016-01. Management of the RRRG applied to the DFR by letter dated October 23, 2017 to obtain a permitted practice relating to ASU 2015-09, and the request to grant such permitted practice was approved by the DFR on October 24, 2017. Management of the RRRG

applied to the DFR by letter dated October 25, 2019 to obtain a permitted practice relating to ASU 2016-01, and the request to grant such permitted practice was approved by the DFR on October 28, 2019. The foregoing permitted practice requests and approvals were provided as Exhibit A to the memo provided in your meeting packets. As recommended in the DFR, management of the RRRG discussed the potential permitted practice relating to ASU 2015-09 and ASU 2016-01 with their independent auditor, Crowe LLP. Crowe LLP indicated that under the foregoing circumstances, Generally Accepted Accounting Principles require Crowe LLP to issue a qualified opinion. The form of this qualified opinion (the “Qualified Opinion”) was attached to the memo provided in your meeting packets as Exhibit B. Pursuant to Section 6.11 of the Series 2013 Loan Agreement, the Hospital is required to deliver evidence that the self-insurance or captive insurance program has been audited by a nationally recognized Independent firm of public accountants and has received an unqualified opinion (the form of which opinion shall not be unacceptable to the Authority).

Ms. Rommell then told the Members that the waiver included in the board packet is being requested so that a qualified opinion will not deem the RRRG noncompliant due to the 2019 Audit. This matter will need to be revisited in future years to decide if the Authority would like to grant the waiver again to the RRRG. Ms. Rommell stated that the Authority not received any other requests for such waivers from any other institutions to date. She noted that St. Luke’s Health Networks’ Audit will remain unqualified; it is only St. Luke’s Health Network Insurance Company, A Reciprocal Risk Retention Group that has received the qualified opinion due only to the omission of the footnote disclosures discussed.

Ms. Rommell concluded by saying that the Attorney General’s office has reviewed the waiver and has no objection to the Members’ consideration of this request. She concluded by saying that she or Mr. Sblendorio would answer any questions the Members had. There were no questions

Dr. Kazmir asked for a motion to adopt the resolution approving the captive insurance audit waiver for St. Luke’s Warren Hospital. Mr. Paulino made the motion. Mr. Brown seconded. Dr. Kazmir asked if there were any questions on the motion. There were no questions or comments. Dr. Kazmir then called for a vote. Dr. Kazmir, Mr. Paulino, Mr. Lovell, Ms. Rodriguez and Mr. Brown voted in the affirmative, Ms. Ford abstained, and the motion passed.

#### **AB RESOLUTION NO. UU-25**

**NOW, THEREFORE, BE IT RESOLVED**, that the Authority hereby authorizes approving the captive insurance audit waiver for St. Luke’s Warren Hospital; and,

**BE IT FURTHER RESOLVED**, that the Executive Director is authorized to execute said document and take any related actions necessary to effectuate the waiver.

#### **4. SAFE DEPOSIT BOX ACCESS AUTHORIZATION RESOLUTION** **TD Bank**

Dr. Kazmir called upon Alpa Patel to provide the Members with the Authority staff's recommendation to update the staff access to the Authority's safe deposit box at TD Bank.

Ms. Patel advised the Members that the Authority maintains a safe deposit box at TD Bank. The primary reason for the box is to store daily tape back-ups of data and information on the Authority's computer servers. The current Safe Deposit Box Lease Contract lists former employees of the Authority as staff members authorized to have access to the safe deposit box. As a result, Authority staff is asking that former employees be removed from having access to the safe deposit box and the following staff members be authorized to have access to the safe deposit box: Executive Assistant/Office Manager Cindy Kline, Administrative Assistant Jessica Rinderer, Administrative Assistant Tracey Cameron, Assistant Account Administrator Taryn Brzdek, Controller Alpa Patel, Accountant Ellen Lieber, Project Manager and IT Assistant Edwin Fuentes and Network Administrator John Johnson.

Ms. Patel concluded by offering to answer the Members' questions.

Mr. Lovell asked if this action would be required annually. Ms. Patel responded that it would not. This authorization was prompted by the recent termination of an employee and several retirements over the last few years. It was then that it was discovered that the access list was outdated.

Mr. Lovell asked if this was something that should be done on a regular basis. Ms. Patel replied that it is not necessary unless there is a personnel change.

Dr. Kazmir asked for a motion to adopt the resolution authorizing access to the Authority's safe deposit box at TD Bank. Ms. Ford made the motion. Ms. Rodriguez seconded. Dr. Kazmir asked if there were any questions 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 was approved.

#### **AB RESOLUTION NO. UU-26**

**WHEREAS**, the Members of the Authority have reviewed the memorandum dated December 9, 2020 regarding the lease for the Authority's safe deposit box; and

**WHEREAS**, the Members of the Authority recognize the necessity of a safe deposit box for off-site storage of the Authority's data backup tapes as part of its disaster recovery plan; and

**WHEREAS**, certain staff members of the Authority are regularly required to access the safe deposit box; and

**WHEREAS**, several staff members who were previously authorized to access the safe deposit box are no longer employed by the Authority and have been replaced by other staff members who, according to their job duties, should have access to the safe deposit box:

**NOW, THEREFORE, BE IT RESOLVED**, that Taryn Brzdek, Tracey Cameron, Edwin Fuentes, Ellen Lieber, John Johnson, Cindy Kline, Alpa Patel and Jessica Rinderer shall be authorized to access to the safe deposit box at TD Bank; and

**NOW, THEREFORE, BE IT FURTHER RESOLVED**, that the Members of the Authority hereby authorize Executive Director Mark Hopkins to enter into a new or amended Safe Deposit Box Lease Contract in substantially the same form as the existing Safe Deposit Box Lease Contract, with such changes as are necessary to effectuate the intent of this resolution.

## **5. UPDATE ON PROJECT STATUS AND BONDHOLDER FORBEARANCE Village Drive Urban Renewal, LLC**

Dr. Kazmir called upon Taryn Rommell and Bill Lohman to provide the Members with an update on the bondholder forbearance and project status of the Village Drive Urban Renewal, LLC assisted living facility.

Ms. Rommell reminded the Members that, at the Authority's November 19, 2020 meeting, she reported that Village Drive Urban Renewal LLC had failed to meet the September 30, 2020 Certificate of Occupancy date set forth in the second Forbearance Agreement dated June 6, 2020. Due to this failure, on October 5, 2020, the Authority provided the Trustee with a Notice of Default. The Trustee held a conference call with the Borrower and the Bondholders on November 5, 2020 and indicated to the Authority a third Forbearance Agreement will be forthcoming within the next few weeks. The Trustee indicated to Authority staff on December 7, 2020 a draft Forbearance Agreement has been circulated and once executed the Authority will receive a copy.

Ms. Rommell then turned the meeting over to Bill Lohman, the Authority's Construction Manager, to provide the Members an update on the construction of the project.

Mr. Lohman reported that construction continues on Village Drive, located in Millville, New Jersey, towards the anticipated late February 2021 completion of this project, with the following building trades at work:

- The building envelope is closed in, with concrete site work, curbing and sidewalks, completed. Final grading around the building and paving will be scheduled starting next week. Landscaping also to be installed (in coordination with the weather).

- Through-wall heating units are up and running in providing temporary heat to allow interior finishes to be installed.
- On the interior, fire caulking and sheetrock installation is completed and acoustic tile ceiling track installation in the corridors and main rooms is continuing.
- Kitchenette casework installation continues in resident rooms, with cabinetry already installed on floors 1 & 2 in Building B.
- Kitchen equipment installation has commenced.

Dr. Kazmir reminded the Members that this report was for information only and that no action was required at this time.

## **6. AUTHORITY EXPENSES**

Dr. Kazmir referenced a summary of Authority expenses and invoices provided to the Members. Mr. Lovell made the motion to approve the expenses. 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. All Members voted in the affirmative and the resolution was approved to approve the bills and to authorize their payment.

### **AB RESOLUTION NO. UU-27**

*WHEREAS*, the Members of the Authority have reviewed the memoranda dated December 9, 2020 summarizing expenses incurred by the Authority in connection with Trustee/Escrow Agent/Paying Agent fees and general operating expenses in the amounts of \$15,080.00 and \$30,753.57 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 and Legislative Update.

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

Mr. Hopkins reported the following:

1. The Final Report: Hospital Services Evaluation for Bayonne, Salem and Trenton is expected to be completed early next week. ECG Management Consultants, who prepared the report at the behest of the New Jersey Department of Health and the Authority, will be leading stakeholders from each region through a summary of each region on conference calls to be held Monday and Tuesday of next week. The report will be made public shortly thereafter on the Authority's website. Authority Members will receive an email containing the report shortly before the report is made public.
2. As discussed at the last two meetings, the COVID-19 Emergency Loan committee, comprised of Mr. Hopkins, Robin Ford and Frank Troy, agreed to extend the repayment of the sole COVID-19 Emergency Loan issued by the Authority to Salem Medical Center in the amount of \$1,420,789 from August 17, 2020 for two additional months because Salem Medical Center had not yet received approximately \$9 million in funding from FEMA for expanding bed capacity to treat COVID-19 patients. Having still not received FEMA funding, in November Salem offered to make payments towards the loan in the amount of \$100,000 every other week until it either pays off the loan in full or until the FEMA funds are forthcoming, upon which Salem will pay the loan in full. After consultation with the COVID-19 Emergency Loan committee, we agreed to accept that offer. Salem made its first two \$100,000 payments since the last meeting, leaving a loan balance of \$1,220,789. Due to the fact that Salem has not received the FEMA funding yet combined with the impact on Salem from the second wave of COVID-19, the COVID-19 Emergency Loan Committee has determined it will not seek any more payments from Salem through the end of December unless Salem receives the FEMA funding before then.
3. Coronavirus News:
  - a. With COVID-19 cases continuing on an upswing, on November 22, Governor Murphy signed an Executive Order extending the COVID-19 public health emergency for an additional 30 days. Due to concerns about hospital capacity, on December 1, Governor Murphy also set the limitations on outdoor gatherings to 25, and suspended indoor organized sports for all but college and professional teams through January 2, 2021. The Department of Health provided guidance urging residents to limit Christmas caroling, menorah lighting and other holiday festivities to outdoors only and having indoor holiday celebrations with only those in your bubble.
  - b. On December 9, the New Jersey Department of Health predicted that if residents were not very careful around the holidays a worst-case scenario could be a peak of approximately 8,747 patients



hospitalized on January 13, 2021. The New Jersey Office of Innovation estimated a peak of 8,689 people hospitalized on February 5. Governor Murphy did not rule out suspending elective surgeries again if cases appear to be heading toward the worst-case scenario. Under a more moderate scenario, where people used more caution to avoid COVID-19, there is an estimated peak of 6,333 patients hospitalized on January 14, according to the Department of Health and an estimated peak of 5,752 people on January 31 according to the Office of Innovation. The first wave peak for hospitalizations in New Jersey was 8,270 on April 14. As of December 15, there were 3,672 people hospitalized in New Jersey; since March, 415,075 New Jersey residents have been diagnosed with COVID-19 and 18,003 have died.

- c. 74% of New Jersey residents diagnosed with COVID-19 are not cooperating with contact tracers seeking to find out who else may have come in contact with them.
- d. A series of articles was distributed to Authority Members on the COVID-19 mRNA vaccines, including what we know about them, that State health officials call the Pfizer/BioNTech vaccine “safe and effective” and the Food and Drug Administration (“FDA”) noted that it provides 52% prevention rate after only the first injection of the two-injection treatment and had a 94% prevention rate after both injections, according to the third phase of its clinical trial. The FDA approved the Pfizer/BioNTech vaccine for emergency use last weekend and the first injections started to be given to New Jersey health care providers on Tuesday, with a University Hospital nurse receiving the first vaccine in New Jersey. The State received 76,000 doses this week, expects to receive 86,000 doses next week and 76,000 doses shortly thereafter. The third stage trial of Moderna’s vaccine showed a 94% prevention rate and is expected to be considered for emergency use approval by the FDA this week and will possibly be available next week. New Jersey could receive up to 154,000 doses of the Moderna vaccine next week. Both the Pfizer/BioNTech and Moderna vaccines require two injections three to four weeks apart.
- e. The mortality rate for patients hospitalized with COVID-19 in New Jersey fell from 25.3% in April to 6% in August according to the New Jersey Hospital Association’s Center for Health Analytics, Research and Transformation. The reduction is partially due to improved knowledge of the disease and treatment options as well as shifting demographics, including more young people being hospitalized.

- f. Following national and world-wide trends, many patients in New Jersey who were diagnosed with COVID-19 are experiencing significant cognitive impairment.
- g. Inspira Health Network and Virtua Health have temporarily closed some of their urgent care centers to provide more staff in the hospitals during the second wave of COVID-19.
- h. A study from Argentina published in the New England Journal of Medicine indicates that convalescent plasma provides no real benefit to patients with COVID-19. A study conducted in India from October showed similar results.
- i. The COVID-19 vaccine developed by Oxford University and AstraZeneca has demonstrated an average prevention rate of 70% in third stage trials. The vaccine is cheaper and easier to store and handle than the Pfizer/BioNTech and Moderna vaccines. It may seek emergency use approval early next month.

#### 4. New Jersey Hospital and Health Care News:

- a. The Federal Trade Commission (“FTC”) has filed a complaint to prevent the proposed merger of Hackensack Meridian Health with Englewood Hospital and Medical Center. Hackensack Meridian and Englewood announced their plans to merge in October of 2019. Both hospitals said they will defend the merger in court. The FTC argues that the merger would allow Hackensack Meridian to demand higher rates from insurers, which could lead to higher premiums, co-pays, deductibles and other costs for patients due to the market dominance Hackensack Meridian has in the region. A trial on the complaint has been scheduled to begin on June 15, 2021. It is one of five hospital deals challenged by the FTC or the U.S. Justice Department this year, including Jefferson Health’s proposed acquisition of Einstein Healthcare in the Philadelphia region. On December 8, 2020, a federal district court rejected the FTC’s bid to block the merger. The FTC has said it will appeal that decision.
- b. Cape Regional Health System has broadened its relationship with Penn Medicine’s Penn Cancer Network to include radiation oncology.

- c. Hudson Regional Hospital, which through an affiliate earlier this year purchased the building and property housing Bayonne Medical Center, part of the CarePoint Health System, is claiming that IJKG Opco, LLC, the company leasing the facility and operating the hospital at Bayonne Medical Center, is in default on its lease. Hudson Regional argues that the Certificate of Need application to sell an interest in IJKG Opco, LLC to BMC Hospital, LLC violates the lease agreement. IJKG Opco, LLC sold 9.9% of the interest in IJKG Opco, LLC last month and is seeking to sell another 39.1% of the interest, which would require a Certificate of Need from the Department of Health. Hudson Regional argues the application for the Certificate of Need would breach the lease agreement and should be enjoined. Hudson Regional is seeking to run Bayonne Medical Center instead of having it sold to BMC Hospital, LLC. The owners of the operations of Bayonne Medical Center deny they are in breach of the lease.
- d. St. Joseph's Regional Medical Center has reached a property tax settlement with the City of Paterson, agreeing to pay approximately \$1.2 million in community service contributions to the city each year from 2020 through 2024.
- e. Barry Ostrowsky, CEO of RWJBarnabas Health and Amy Perry CEO of the hospital division of Atlantic Health System, have been named to Modern Healthcare's 100 Most Influential People in Healthcare for 2020.
- f. The Leapfrog Group is out with its hospital safety report for the fall of 2020. In this remarkable year of COVID-19, Leapfrog decided to take the extraordinary step of honoring one hospital in the entire country for its work on the pandemic. Englewood Health received the prestigious recognition of being the Pandemic Hero of the Year. Englewood Health operates Englewood Hospital and Medical Center.
- g. The Leapfrog Group's fall 2020 ratings showed New Jersey hospitals slipped somewhat from previous ratings, ranking 17 in the nation with 37.3% of its hospitals scoring a grade of A. Last year New Jersey ranked 8. A full list of the New Jersey hospital Leapfrog's fall 2020 grades has been provided in alphabetical order.

- h. Horizon Blue Cross Blue Shield of New Jersey, the State’s largest health insurance company, is seeking to overhaul its corporate structure and modernize its business practices by becoming a nonprofit mutual holding company that would allow it to separate its health insurance operations from other aspects of its business. Horizon covers about 3.6 million people in New Jersey. Horizon says the new structure will allow it to make greater investments in new technology, seek additional partnership opportunities and explore other steps to reduce the cost of care. A similar restructuring was last attempted in December of 2019 and has been under discussion for years. Blue Cross Blue Shield entities in 18 other states have undergone similar restructurings to the one proposed by Horizon. Patient advocates have raised concerns that the restructuring is a veiled attempt to convert the company into a for-profit. Given the unique structure of Horizon as a legislatively created “health service corporation” with many of its assets considered a public trust, the changes would require legislation, which is being drafted by Assemblyman John McKeon, and a significant payment from Horizon.

5. In Ratings Actions and Outlooks:

- a. Fitch Ratings and S&P Global have assigned ratings of “A+” and “A-” respectively to the approximately \$44.5 million in bonds to be issued by the Authority on behalf of Hunterdon Medical Center later this month. Both rating agencies have assigned an outlook of “Stable.”
- b. Moody’s Investor Service has affirmed its “A2” rating on Thomas Jefferson University’s outstanding \$1.7 billion in debt but has revised its outlook to “Stable” from “Negative.” Thomas Jefferson University is the parent of the former Kennedy Health System in south western New Jersey.
- c. Fitch Ratings and S&P Global have each assigned a rating of “AA-” to the approximately \$300 million in taxable bonds to be issued by Trinity Health. Each also assigned an outlook of “Stable.” Trinity is the parent of St. Francis Medical Center in Trenton.
- d. Fitch Ratings and Moody’s Investor Service have each issued their 2021 outlooks for Not-for-Profit Health and Public Healthcare with both predicting a negative outlook for the year.
- e. Moody’s Investor Service also released a “Sector In-Depth” on Not-for-Profit and Public Healthcare noting the aging population

and lower reimbursement will drive social risks to not-for-profit hospitals.

6. In National Health Care News:

- a. A federal district court judge has denied a preliminary injunction request from the Federal Trade Commission and the Pennsylvania Attorney General to block the acquisition of the Einstein Healthcare Network, noting that the FTC's case failed to mesh with the reality of the Philadelphia-area health care market and relied on not credible testimony from health insurers.
- b. A report from Kaufman Hall concludes that operating margins at hospitals and health systems have fallen 18.7% since the beginning of 2020, due largely to the COVID-19 pandemic. Without the CARES Act funding, operating margins would have fallen nearly 70%. Hospitals are struggling with lower patient volumes and higher expenses.
- c. New Jersey ranked as the most expensive state for emergency room visits, according to data from Hospital Pricing Specialists. The average charge for a moderate-severity emergency room visit at New Jersey hospitals for the 12 months ended June 30, 2020 was \$3,750. Colorado, Florida, California, and Nevada rounded out the five most expensive at \$3,377, \$3,160, \$2,969 and \$2,694, respectively. The least expensive was Maryland at \$710 followed by Montana at \$961, North Dakota at \$964, Maine at \$965 and West Virginia at \$1,087.
- d. The Center for Medicare and Medicaid Services ("CMS") included in its sweeping 2021 payment rule locking in a number of permanent expansions to the telehealth services Medicare covers, and significantly increasing payments for evaluation and management visits. The changes mostly benefit general medicine at the expense of specialty medicine in the physician fee schedule.
- e. Hospitals are preparing to publicly disclose the negotiated prices they reach with insurers for the services on January 1, 2021, absent any intervention from a federal appeals court. The requirement is under a CMS rule that will become effective January 1.

7. In Bond and Tax Legislation and Regulatory News:

- a. No updates for December.

8. Authority News:

- a. Mr. Hopkins wished everyone a Happy 8<sup>th</sup> night of Hanukah, a Merry Christmas next week and a Happy New Year the following week.

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. Rodriguez, the Members voted unanimously to adjourn the meeting at 10:45 a.m.